

Effect of the Affiliation Agreement between Huntington Hospital and Cedars-Sinai Health System on the Availability and Accessibility of Healthcare Services to the Communities Served by Huntington Hospital

Prepared for the Office of the California Attorney General

September 28, 2020

Table of Contents

Introduction & Purpose	3
Background Description of the Transaction	4
The Hospital.....	4
The Trust.....	6
History of Huntington Hospital.....	7
Reasons for the Transaction	7
Timeline of the Transaction	9
Summary of the Affiliation Agreement.....	10
Use of Net Sale Proceeds.....	16
Profile of Purchaser	17
Overview.....	17
Statement of Operations	20
Key Statistics	21
Hospital Compare	23
Leapfrog Hospital Safety Grade	24
Profile of Huntington Hospital.....	26
Overview of the Hospital	26
Key Statistics	27
Programs and Services.....	28
Accreditation, Certifications and Awards	30
Quality Measures.....	31
Seismic Issues	33
Payer Mix.....	35
Medi-Cal Managed Care	36
Medical Staff.....	37
Patient Utilization Trends	38
Financial Profile	40
Cost of Hospital Services.....	41
Charity Care	42
Community Benefit Services.....	45
Analysis of the Hospital’s Service Area	50
Service Area Definition	50
Service Area Map.....	51
Health Professional Shortage Areas (HPSA)	53
Medically Underserved Areas & Medically Underserved Populations.....	54
ST Elevation Myocardial Infarction (STEMI) Receiving Centers in Los Angeles County.....	55
Certified Stroke Centers in Los Angeles County	56
Service Area Trauma Services.....	57
Demographic Profile	59
Medi-Cal Eligibility	61
Selected Health Indicators.....	61
2019 Community Health Needs Assessment.....	64
Service Area Market Share by Individual Hospital.....	65
Service Area Market Share by Health System	66
Market Share by Payer Type-Individual Hospital.....	67
Market Share by Payer Type-Health System	68
Market Share by Service Line-Individual Facility	69
Market Share by Service Line-Health System	71

Huntington Hospital Analysis by Bed Type	73
Hospital Supply and Demand	73
Medical/Surgical Capacity Analysis	74
Intensive Care Capacity Analysis	75
Obstetrics Capacity Analysis	76
Neonatal Intensive Care Capacity Analysis.....	77
Pediatrics Capacity Analysis.....	78
Pediatric Intensive Care Capacity Analysis	79
Psychiatric Care Capacity Analysis	80
Physical Rehabilitation Capacity Analysis	81
Emergency Services Analysis	82
Emergency Services Capacity Analysis.....	83
Summary of Interviews	84
Reasons for the Proposed Transaction	84
Importance of the Hospital to the Community	85
Selection of Cedars-Sinai Health System for the Proposed Transaction	86
Impact on the Availability & Accessibility of Healthcare Services	87
Assessment of Potential Issues Associated with the Availability or Accessibility of Healthcare Services	88
Importance of the Hospital to the Community	88
Continuation as a General Acute Care Hospital	88
Emergency Services	88
Medical/Surgical Services	89
Intensive Care Services	89
Obstetrics/Perinatal Services.....	89
Neonatal Intensive Care Services	90
Pediatric Care Services	90
Rehabilitation Services	90
Psychiatric Care Services	90
Reproductive Health Services	91
Effects on Services to Medi-Cal & Other Classes of Patients.....	92
Effects on the Level & Type of Charity Care Historically Provided	92
Effects on Community Benefit.....	92
Effects on Staffing & Employee Rights.....	93
Effects on Medical Staff	93
Conclusions	94
Potential Conditions for Transaction Approval by the California Attorney General	94
Appendix	99
List of Interviewees.....	99
Health Systems and Hospitals.....	100
Huntington Hospital Charity Care Policy	101
Huntington Hospital License.....	115

Introduction & Purpose

JD Healthcare, Inc. was retained by the Office of the California Attorney General to assess the potential impact of the proposed Affiliation Agreement by and between Cedars-Sinai Health System, a California nonprofit public benefit corporation (“Cedars-Sinai”), and Pasadena Hospital Association Ltd., a California nonprofit public benefit corporation (“PHA”) d/b/a Huntington Hospital, and the Trustees of the Collis P. and Howard Huntington Memorial Hospital Trust (the “Trust”), on the availability and accessibility of healthcare services to the communities served by Huntington Hospital (“Hospital”).¹

PHA has requested the California Attorney General’s consent to the affiliation which contemplates that the Hospital will become a part of the Cedars-Sinai’s integrated healthcare delivery system, and Cedars-Sinai will become the Hospital’s sole member.

This healthcare impact statement analyzes the possible effects that the proposed transaction may have on the availability and accessibility of healthcare services to the residents served by the Hospital.

In its preparation of this report, JD Healthcare, Inc. performed the following:

- A review of the written notice submitted to the California Attorney General on July 22, 2020, and supplemental information subsequently provided by the Hospital;
- A review of press releases and news articles related to the proposed Affiliation Agreement and other hospital transactions;
- Interviews with community representatives, representatives of the Hospital’s medical staff, management, and employees, members of the Hospital’s Board of Directors, Cedars-Sinai representatives, and others as listed in the Appendix;
- An analysis of financial, utilization, and service information provided by the Hospital and the California Office of Statewide Health Planning and Development (OSHPD²); and
- An analysis of publicly available data and reports regarding the Hospital, Cedars-Sinai, and the service area, including demographic characteristics and trends, payer mix, hospital utilization rates and trends, health status indicators, and hospital market share.

¹ We understand the Attorney General’s Office is conducting a competitive impact review of this transaction. Nothing in this report is intended to express an opinion one way or the other on that review or its outcome.

² California’s Office of Statewide Health Planning and Development (OSHPD) collects data and disseminates information about California’s healthcare infrastructure. It also monitors the construction, renovation, and seismic safety of hospitals and skilled nursing facilities and provides loan insurance to assist the capital needs of California’s not-for-profit healthcare facilities.

Background Description of the Transaction

The Hospital

Founded in 1892, the Hospital operates as a 619 licensed-bed general acute care hospital located at 100 W. California Blvd., in the City of Pasadena within the San Gabriel Valley,³ in Los Angeles County. The Hospital also provides outpatient services through its California Health & Safety Code Section 1206(l) medical foundation clinics and conducts the management and business affairs of various joint venture entities.

The Hospital is currently governed by a twenty-four (24) member Board of Directors with responsibility for overseeing the management and financial needs of the Hospital. The Hospital has other entities and joint ventures as described below.

Congress Services Corporation

Incorporated in 1985 as a for-profit corporation, Congress Services Corporation is a wholly owned subsidiary of Huntington Hospital and is a partial owner of two imaging joint ventures.

Huntington Ambulatory Surgery Center

Started in 2010, the Huntington Ambulatory Surgery Center is a limited liability company that is owned 99.8% by the Hospital with the remaining balance owned by a physician group. It is located adjacent to the campus at 625 S. Fair Oaks Avenue, Suite 380 in Pasadena.

The Huntington Medical Foundation

Organized in 1993 as a California non-profit public benefit corporation and a 1206(l) medical foundation⁴, the Huntington Medical Foundation (also known as Huntington Health Physicians) conducts medical research and health education and provides health care to its patients in settings or place(s) of service including private practice offices, outpatient imaging centers, and the Hospital. Health care services are provided by the Huntington Foundation Medical Group, the Hill Medical Group for Radiology Services, and the Huntington Aligned Medical Group under three (3) separate professional services agreements. The foundation has over 78 providers, including advanced practice providers. Sixty-five (65) of the providers are on a full-time basis.

³ The San Gabriel Valley is located in the eastern region of Los Angeles County and includes 31 cities covering an area of 400 square miles with over 1.8 million residents (source LA Economic Development Corporation).

⁴ The Medical Foundation operates under California Health and Safety Code section 1206(l). Under section 1206(l), a clinic operated by a nonprofit corporation that conducts medical research and health education and provides healthcare to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than ten board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic, is not required to be licensed.

The Huntington Medical Foundation is contracted with Davita Healthcare Partners, which was recently acquired by Optum in May 2020, as the exclusive primary care provider for approximately 23,800 commercial enrollees. In 2018, the Huntington Medical Foundation accounted for 156,000 outpatient visits/encounters. The Hospital is the sole corporate member of the Foundation.

Huntington Hill Imaging

Huntington Hill Imaging is a limited liability company formed in 2019 as a joint venture owned 50% by Congress Services Corporation and 50% by Hill Radiology. It provides outpatient imaging services to patients at several locations including the Jim & Eleanor Randall Breast Center on the Hospital campus.

Huntington Outpatient Imaging Centers

A limited liability company formed in 1997, Huntington Outpatient Imaging Centers is owned by four entities: Hill Medical Corporation (42%), which is a radiology medical group; Huntington Medical Research Institute (28%), which is an independent, tax-exempt research organization; Congress Services Corporation (29%) and the Hospital (1%). Since, 1985, Huntington Outpatient Imaging Centers has an affiliation agreement with the Hospital focused on sharing resources, including recruiting physicians to enhance research activities and the Hospital's patient care activities, conferring general medical education opportunities, and a commitment to use the same Institutional Review Board.

Huntington Care Network Accountable Care Organization (ACO)

Formed in 2013 as a limited liability company, the Huntington Care Network ACO participated in the federal Medicare Shared Savings Program⁵ as an enrolled ACO⁶ but has since terminated the contract in January 2019. At that time, there were 110 participating providers in the ACO, of which 90 were primary care physicians. The Huntington Medical Foundation is the sole member of the ACO. The Hospital provides certain administrative services to the ACO via an administrative services agreement.

⁵ According to the Centers for Medicare & Medicaid Services, the Shared Savings Program offers providers and suppliers an opportunity to create an accountable care organization that agrees to be held accountable for the quality, cost, and experience of care of an assigned Medicare fee-for-service beneficiary population.

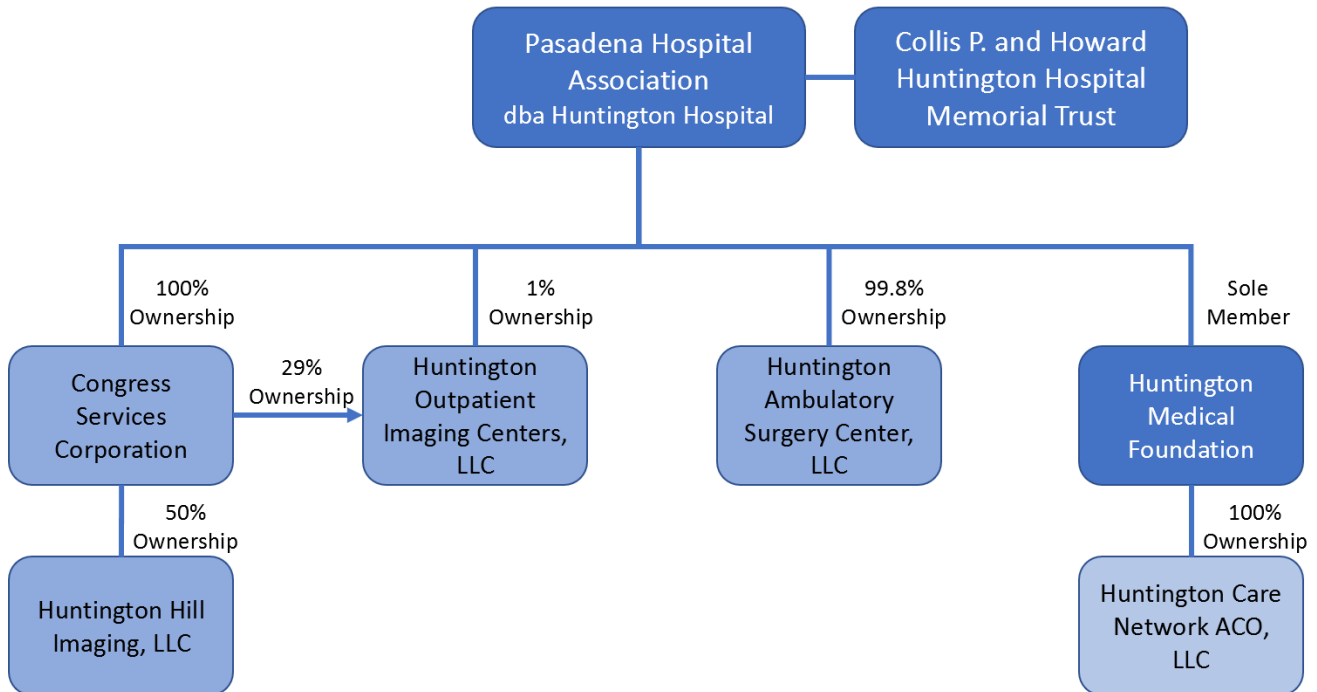
⁶ ACOs are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high-quality care to their Medicare patients (CMS.gov)

The Trust

The Trust was created in 1932 by court order pursuant to the will of Henry E. Huntington. It exists for the benefit and support of the Hospital, its sole beneficiary, and manages an endowment that funds specific maintenance and operational programs at the Hospital. The Trust has five (5) Trustees, who are appointed for life and serve as ex-officio Directors on the Board of Directors of the Hospital. The affirmative vote of a majority of the five trustees is necessary for the transaction of certain business of the Hospital and can block but not compel action.

The Trust assets include an investment portfolio of \$240 million. It owns the land on which the Hospital is located and other adjacent real estate and leases the hospital land to the Hospital. The Trust is also a co-obligor of Hospital debt (approximately \$195 million are callable in 2024 and \$100 million callable in 2028).

Below is an organizational chart depicting the relationship of the various entities.



Note: dark blue shaded boxes are non-profit and lighter blue shaded boxes are for-profit organizations

History of Huntington Hospital

The Hospital was founded in 1892 as a 16-bed hospital that was originally known as Pasadena Hospital. In 1932 the Hospital was re-named Huntington Memorial Hospital after Henry E. Huntington endowed the hospital with a \$2 million gift and established the Collis P. and Howard Huntington Memorial Hospital Trust. In 1975 the Neonatal Intensive Care Unit (NICU) opened at the Hospital and is currently a level III NICU, the highest level available in the San Gabriel Valley. In 1983 the Hospital became a Level II trauma center and the only one in the San Gabriel Valley. The five story Carmen and Charles Hale East Hospital Tower opened in 1998. In 2007 the Hospital continued to expand, when the West Hospital Tower opened. In 2011 the Hospital received Magnet designation⁷, which is a prestigious distinction awarded to certain hospitals for nursing excellence and quality patient outcomes. The emergency department was expanded in 2014 doubling the Hospital's ability to treat emergency patients. In 2020 the Hospital was ranked the 12th best hospital in Los Angeles and 20th best in California according to U.S. News & World Report Hospital Rankings.

Reasons for the Transaction⁸

The Hospital plans to affiliate with Cedars-Sinai in order to join its integrated healthcare delivery system, which together intend to maintain and improve healthcare quality and access throughout the communities of Los Angeles and the San Gabriel Valley.

The affiliation includes commitments for continued investment in the Hospital, including its identified needs for information technology, ambulatory services and physician development.

The Hospital's Board of Directors states the following goals for the affiliation:

- Enhance the Hospital's ability to fulfill its mission and vision;
- Develop a compatible culture with Cedars-Sinai, with a focus on collaboration and a commitment to quality and community;
- Recognize the Hospital's commitment to and relationship with its community as key foundational assets to be maintained and built upon;
- Develop the leading clinically integrated healthcare delivery platform in the Hospital's service area;

⁷ The designation of "Magnet Hospital" is awarded by the American Nurses Credentialing Center (ANCC). Before achieving Magnet status, a hospital must demonstrate excellence in nursing and patient care as well as innovation in professional nursing practice. This coveted honor helps hospitals attract patients, nurses, and other medical staff.

⁸ The Board of Director's goals as stated in the written notice submitted to the California Attorney General.

- Enhance the relationship with the Hospital’s medical provider community;
- Commit to the wellness of the Hospital’s service area;
- Balance the current economic realities of the greater Los Angeles area;
- Enable the Hospital to continue and enhance its ambulatory growth strategy;
- Support investment in the ambulatory resources necessary to provide value-based care;
- Position the Hospital to be a leader in a value-based care environment with specific competencies, including the ability to enter into risk-based payment arrangements, coordinate care effectively, perform sophisticated data analytics and provide broad access to care;
- Implement an enterprise-wide information technology strategy, including electronic health records, ambulatory population health management and wellness, and revenue cycle management;
- Provide the resources necessary to support the development of a full-service management services organization and offer competitive employment and quasi-employment options to the medical community;
- Consider strategic and economic realities, balancing the possible effects on the Hospital’s current partnerships and relationships;
- Support the full spectrum of the clinical services the Hospital offers to the community, particularly in areas of cardiology and oncology;
- Commit to clinical quality;
- Demonstrate alignment with the Hospital’s focus upon excellence in nursing and its medical staff;
- Continue the Hospital’s existing commitment to research and education;
- Provide financial strength and stability to support the combined capital needs of the Hospital and Cedars-Sinai;
- Ensure ongoing commitment to the Hospital’s relationship with the community as well as its existing mission, including a meaningful role in governance for the Hospital’s Board and the Trust;
- Demonstrate that the affiliation with the Hospital is a strategic priority for Cedars-Sinai; and

- Successfully execute an affiliation strategy.

Timeline of the Transaction

The events leading up to this transaction are chronologically ordered as follows:

- Late 2018 - The Hospital's Board began evaluating a variety of potential transactions intended to preserve and strengthen the quality and scope of healthcare services that the Hospital and its affiliates provide to their communities, including its charity care and community benefit services, as well as to provide the Hospital with access to additional resources to support its current and anticipated capital needs into the future;
- The Hospital's Board authorized the formation of a committee (the "Rose Committee") to explore alternatives for the Hospital to consider and evaluate options. The Rose Committee consisted of trustees, Hospital board and management team members, and advisors;
- February 5, 2019 – The Rose Committee identified and refined the Hospital's priorities, which it determined included mission, culture, clinical programs and services, physician alignment, ambulatory strategies, value-based care capabilities, IT resources, financial resources, and strategic alignment, as well as effects on the community governance of the Hospital and its relationship with the Trust;
- February 26, 2019 – The Rose Committee presented to the Board a summary of possible strategic partnerships, along with a review of the first draft of potential partnership goals;
- April 25, 2019 - A follow-up presentation and discussion of healthcare trends was held by the Rose Committee;
- May 29, 2019 – The Hospital's Board determined that it would be in the best interests of the Hospital and its charitable purposes to pursue a process designed to generate interest in an affiliation transaction in which the Hospital could join a health system that best met the Hospital's priorities. The Board authorized the reconstitution of the Rose Committee as the "Partnership Committee," adjusted the membership of the Partnership Committee to consist solely of volunteer directors, including directors who are also trustees of the Trust, and granted broad authority to the Partnership Committee to explore strategic alternatives for the Hospital;
- July 8, 2019 - The Partnership Committee explored strategic alternatives for the Hospital, including identifying health systems whose missions, values and operations provided a reasonable basis to believe that an affiliation with one of the systems could help the

Hospital meet its objectives. The Partnership Committee sent a request for proposals to Cedars-Sinai and other health care organizations on a potential partnership;

- September 12, 2019 – The Partnership Committee received and reviewed RFP responses;
- October 1, 2019 - Follow up questions were submitted to potential partners to clarify elements indicated in the response to the Hospital’s proposal;
- November 7, 2019 – Responses were presented, and the Hospital’s Board voted to continue discussions with three organizations and discontinue discussions with one organization;
- November 2019 – December 2019 – A series of internal due diligence processes occurred at the Hospital;
- January 23rd - The Partnership Committee distributed draft Letters of Intent (LOIs) to potential partners;
- February 10, 2020 – The Partnership Committee reviewed the final LOIs received from potential partners;
- March 6, 2020 - The Hospital Board voted to enter into a LOI with Cedars-Sinai;
- March 2020 - The Hospital and Cedars-Sinai entered into due diligence discussions and began the development of affiliation documents;
- July 2, 2020 – The Hospital Board held a meeting to review and discuss the terms of the affiliation;
- July 13, 2020 – Cedars-Sinai approved the affiliation documents; and
- July 14, 2020 – The Hospital Board approved the affiliation with Cedars-Sinai.

Summary of the Affiliation Agreement

The Affiliation Agreement was made and entered into as of July 15, 2020, by and between the Cedars-Sinai and the Hospital.

The Affiliation Agreement includes commitments for continued investment in the Hospital—including its identified needs in information technology, ambulatory services and physician development.

The Affiliation Agreement provides for an ongoing commitment to advancing the Hospital’s mission and culture as a community institution governed by its local community board. The major provisions of the Affiliation Agreement include the following.

Change in Control and Governance

- Cedars-Sinai will become the sole member of the Hospital and will designate the Hospital as one of the supported organizations of Cedars-Sinai. Cedars-Sinai will have certain reserved powers, as specified in the bullets below, over the governance and operations of the Hospital and its affiliates.
- Hospital Board Representation:
 - The number of Directors on the Hospital Board is not less than thirteen (13) and not more than twenty-eight (28);
 - Cedars-Sinai will add two (2) Directors to the the Hospital Board;
 - The Trust will have five (5) Directors on the Board;
 - There will be three (3) physician Directors on the Board;
 - The remaining eighteen (18) individuals will be Community Directors, including the Chief Executive Officer (CEO) of the Hospital; and
 - The ten (10) person Hospital Executive Committee will include one (1) person from Cedars-Sinai.
- Cedars-Sinai Health System Board Representation
 - At all times, at least one (1) member of Cedars-Sinai's Board of Directors shall be a Hospital representative;
 - The Hospital will nominate three (3) individuals constituting a minimum of ten (10) percent of the total number of directors to serve on Cedars-Sinai's Board of Directors; and
 - Cedars-Sinai will elect the Hospital's nominated directors to serve on the Board of Directors.

Hospital and Cedars-Sinai Member Powers

- The Hospital Board will continue to be a fiduciary board of the Hospital and shall have reserve powers for the business affairs of the Hospital except as noted below, and subject to the provisions of the Affiliation Agreement and Bylaws.
- The Hospital Board and Cedars-Sinai Board shall have joint approval powers for the following:
 - Unbudgeted expenditures over \$5 million;
 - Loans in excess of 2% of net assets (except for intercompany transfers); and
 - Community benefit plan.

- The Hospital Board, with at least three (3) of five (5) Trust directors approval, and the Cedars-Sinai Board shall have joint approval powers for the following:
 - Change in the mission, vision, or values;
 - Change in the Hospital name;
 - Change to legal form of the Hospital (except as part of a Change in Control);
 - Dissolution (except as part of a Change in Control);
 - Any action that jeopardizes the tax-exempt status of the Trust;
 - Sale of the Hospital physician network assets (except an internal reorganization); and
 - Sale of assets with value exceeding 2% of net revenue (except as part of a Change in Control),

- The Hospital Board, with at least three (3) of five (5) Trust directors approval, and the Cedars-Sinai Board shall have joint approval powers for the first five (5) years after Closing⁹ for the following:
 - Approval of successor to the person serving as the CEO as of Closing;
 - Ammendment of Articles or Bylaws; and
 - Any action or decision that would change the size or composition of the Hospital Board.

- The Board, with at least three (3) of five (5) Trust directors approval, and the Cedars-Sinai Board shall have joint approval powers for the first ten (10) years after Closing for the following:
 - Sale of Hospital real property (except as part of a Change in Control).

- The Cedars-Sinai Board shall have, subject to the Hospital Board’s reserved powers, exclusive power over the following:
 - Periodic strategic plans (other than the capital plan);
 - Annual operating and capital budgets;
 - Appointment and removal of the CEO other than the approval of successor to the incumbent CEO during the first five (5) years after Closing;
 - Borrowed indebtedness (except leases under \$5 million);
 - Including the Hospital in an obligated group;

⁹ Closing means completion of the Affiliation and shall take place remotely via exchange of documents and signature pages.

- Settlement or consent decree (except for non-governmental settlements; no reputational impact on Cedars-Sinai);
- Change in the legal form of the Hospital;
- Change in Control of the Hospital;
- Closure, sale, lease, transfer, exchange, disposition, or change in use of the Hospital;
- Dissolution of the Hospital;
- Election of individuals to serve as Community Directors on the Hospital Board;
- Removal of Community Directors from the Hospital Board;
- Sale of the Hospital's real property after ten (10) years from Closing;
- Internal reorganization of physician network assets;
- Sale of assets with value exceeding 2% of net revenue (except as part of a Change in Control); and
- Selection of an independent auditor.

Capital and Operating Expenses

- Cedars-Sinai approves the Hospital's long-range \$560 million strategic capital plan through December 31, 2029. If the Hospital's days cash on hand falls below 60 days, then Cedars-Sinai will fund up to \$300 million of the strategic capital plan from sources other than operating cash of the Hospital (e.g., borrowings or intercompany loans);
- Annual capital spending is subject to a budget approval processes, except that a current three-year \$85 million strategic capital plan (a portion of the \$560 million) is pre-approved for major capital projects for existing commitments;
- The Hospital is responsible for a proportional share of Cedars-Sinai "system-level" operating expenses; and
- The Hospital is responsible for a proportional share of Cedars-Sinai "system-level" capital expenses.

Electronic Health Records

- Cedars-Sinai agrees, within three years after Closing, to install Epic software for an enterprise integrated electronic health records system at the Hospital. Cedars-Sinai agrees to fund the capital costs of this project from sources other than operating cash of the Hospital.

Employees

- Employees of the Hospital and its affiliates will remain employed at Closing. For 90 days after Closing Cedars-Sinai will not trigger obligations under federal or state Worker Adjustment and Retraining Notification (WARN) laws. For five years after Closing Cedars-Sinai will not reassign employees to other affiliates of Cedars-Sinai without the prior consent of the Hospital. If such reassignment ever occurs, employees will receive full credit for their years of service to the Hospital for purposes of eligibility and vesting, to the extent applicable.

Medical Staff

- The Hospital will retain a separate, independent medical staff and separate medical staff bylaws for the Hospital. At Closing, its elected and appointed medical staff leadership will remain the same and membership status and clinical privileges will remain the same.

Charity Care and Community Benefit

- Cedars-Sinai commits to the Hospital providing charity care and community benefit programs at levels required by the California Attorney General.

Healthcare Service Commitments

Cedars-Sinai commits to the Hospital continuing important aspects of its healthcare operations and for the periods determined by the California Attorney General, including the following:

- The Hospital will continue as a licensed general acute care hospital, including to the extent that the Hospital is able to meet the requirements of applicable accreditation agencies, maintaining each of the following with the same types and levels of services as currently provided:
 - Level II Trauma Center;
 - Level III Neonatal Intensive Care Unit;
 - Comprehensive Stroke Center;
 - STEMI Receiving Center;
 - Advanced Cardiology and Cardiovascular Surgery Programs;
 - Advanced Robotic Surgery;
 - Orthopedic Service Line;
 - Oncology Service Line;
 - Neurology Service Line;
 - Graduate Medical Education Programs;
 - Senior Care Network;
 - Women's Health Services; and
 - End of Life Services.
- The Hospital will continue to participate in the Medi-Cal and Medicare programs;
- Any future sale or change in control of the Hospital will require the prior approval of the California Attorney General; and

- The Hospital will use commercially reasonable efforts to maintain Magnet Status with substantially the same types and levels of services as currently provided.

Trust-Related Terms

- The Trust will gift to the Hospital the legal title to the Hospital land (the Hospital already holds the beneficial and lessee interests). As a result, the ground lease for the Hospital land will be terminated;
- The Trust commits to make the two types of annual distributions to the Hospital through the year 2029, so long as the Hospital and its tax-exempt affiliates continue to be tax-exempt, the Hospital continues as a general acute care hospital, Cedars-Sinai continues to be the sole member of the Hospital, and Cedars-Sinai complies with its obligations under the Affiliation Agreement:
 - The Trust will make annual distributions to fund the general medical education program at The Hospital. In 2021, the amount of this annual distribution is \$5,300,000. The amount of this distribution will increase in subsequent years by 2.5% per year; and
 - The Trust will make annual distributions to fund the Hospital projects selected by the Trust and approved by the the Hospital Board. The annual amount of this distribution will be 2.5% of the market value of certain cash and marketable securities owned by the Trust (that have a minimum hold or exit provision of less than six (6) months).

Conditions to Closing

Conditions to the Closing of the Affiliation include the following, among other standard closing conditions:

- The 30-day period under the Hart-Scott-Rodino Act will have expired or been terminated;
- The California Attorney General will have issued its approval of the Affiliation with terms of approval comparable to other recent nonprofit hospital acquisitions;
- The Trust will have received court approval of the actions to be taken by the Trust in connection with the Affiliation;
- At Closing, certain conditions stated in the Reimbursement Agreement dated as of July 15, 2020, among Cedars-Sinai, CSMC and the Trust will continue to be in full force and effect:
 - The Trust will remain as co-obligor of existing Hospital debt for the \$85 million strategic capital plan through 2024;
 - By July 1, 2024, the Trust will be released from its obligations related to the Series 2014A and 2014B bonds;
 - By July 1, 2028, the Trust will be released of any and all other obligations under the master indenture of trust and related agreements involving the bond indebtedness of the Hospital; and
 - All parties will be released from all claims and liabilities, other than surviving Trust rights and obligations.

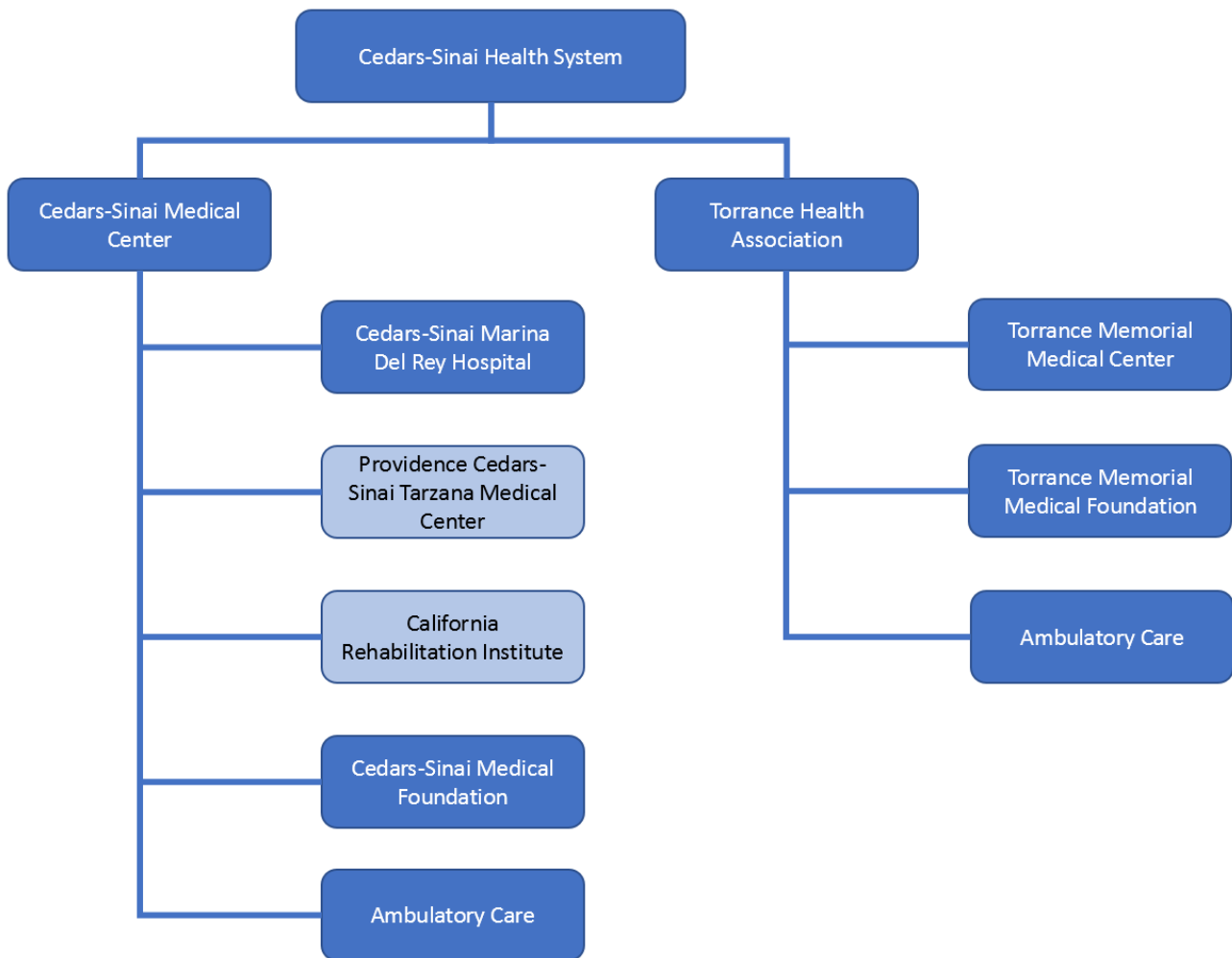
Use of Net Sale Proceeds

The Affiliation will result in Cedars-Sinai becoming the sole member of the Hospital and does not involve the sale, transfer, merger or other disposition of any assets of the Hospital. Immediately after Closing, the Hospital will retain its assets and liabilities and continue to own and operate the Hospital. There will be no net proceeds as a result of the proposed transaction.

Profile of Purchaser

Overview

Cedars-Sinai is a nonprofit, public benefit corporation and the sole corporate member of Cedars-Sinai Medical Center, CFHS Holdings Inc., a California nonprofit public benefit corporation, doing business as Cedars-Sinai Marina Del Rey Hospital, and Torrance Health Association, Inc. – the sole corporate member of Torrance Memorial Medical Center and Torrance Memorial Medical Center Health Care Foundation. The health system was formed on May 1, 2017 to facilitate the affiliation between Cedars-Sinai Medical Center and Torrance Health Association, Inc., and functions as an integrated parent organization of nonprofit healthcare organizations that establishes maintains, sponsors, and promotes activities relating to the improvement of health and wellbeing.



Note: Light blue shaded boxes are joint ventures where Cedars Sinai has a minority ownership

Cedars-Sinai Medical Center (CSMC) is a California nonprofit, public benefit corporation that owns and operates a general acute care hospital with 886 licensed beds located at 8700 Beverly Boulevard, Los Angeles, California. The hospital provides patient care, medical education and research, health education, and community service. CSMC is also the sole corporate member of Cedars-Sinai Medical Care Foundation and Cedars-Sinai Marina Del Rey Hospital.

Cedars-Sinai Medical Care Foundation (CSMCF) is a California nonprofit, public benefit corporation that operates, manages, and maintains multi-specialty clinics, holds payer contracts and the assets of acquired physician and physician group practices and independent practice associations; and contracts for physician services pursuant to professional services agreements.

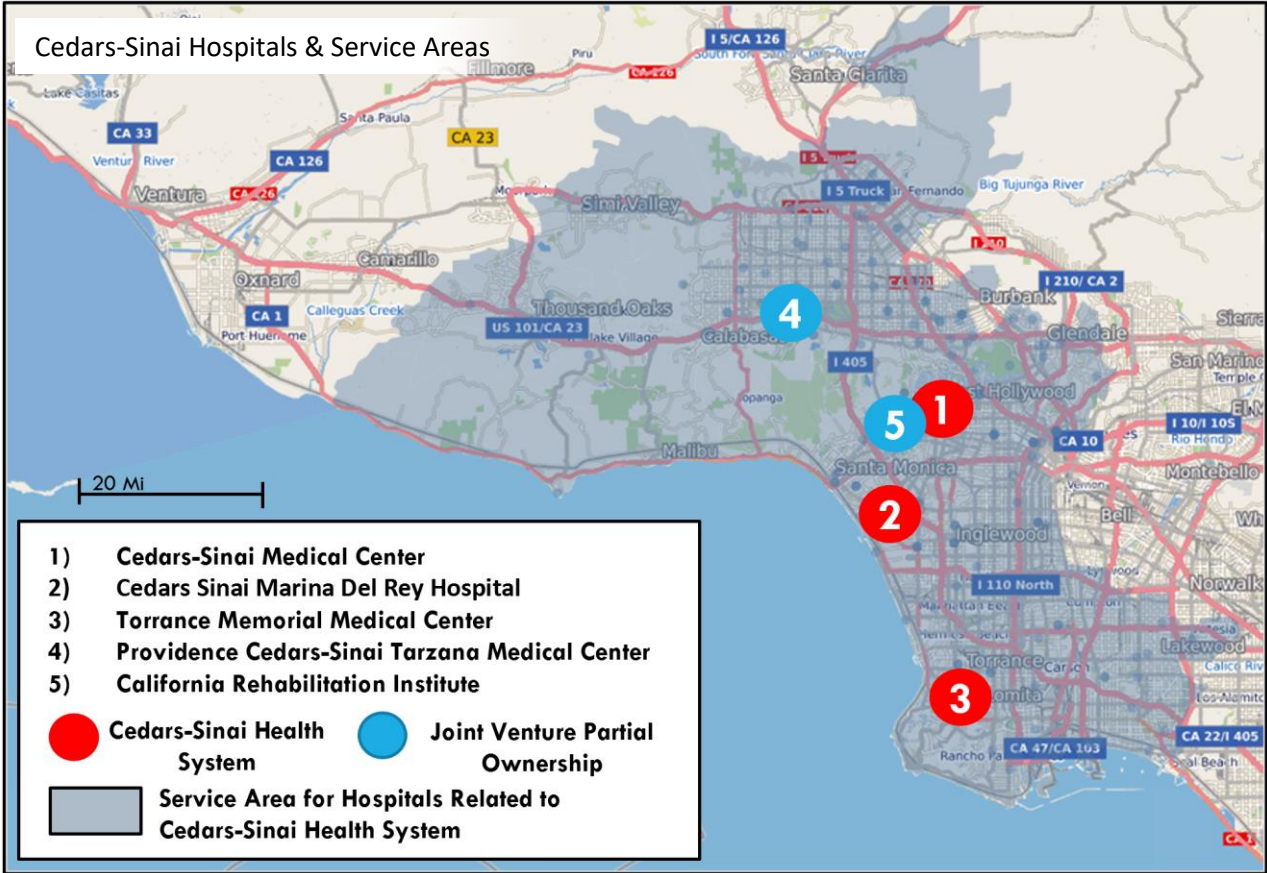
Cedars-Sinai Marina Del Rey Hospital was acquired in 2015, by the Cedars-Sinai and operates as a general acute care hospital licensed for 133 beds located at 4650 Lincoln Boulevard in Marina Del Rey. The hospital provides general acute care medical services, emergency services, and surgical services.

California Rehabilitation Institute, LLC, a joint venture created in December 2013, with Select Hospital Investors, Inc. and UCLA Health, is a 145-bed acute rehabilitation hospital. It is located in Century City, where Cedars-Sinai owns 38.1% of the venture.

Torrance Memorial Medical Center entered into an affiliation agreement with Cedars-Sinai and established joint system-level governance over their operations in 2017. It is a general acute care hospital licensed for 596 beds located at 3330 Lomita Boulevard in Torrance, California. The hospital offers medical services including emergency, neonatal intensive, cardiovascular, oncology, pediatric, and maternal and child health services.

On March 12, 2019, Providence St. Joseph Health (Providence) and CSMC formed a joint venture agreement for Providence Cedars-Sinai Tarzana Medical Center (PCSTMC). Providence is the majority owner and will operate PCSTMC with CSMC as a minority interest owner. Providence and CSMC will jointly continue the build-out and redevelopment of the PCSTMC campus. The joint venture expands primary and specialty care services on or near the PCSTMC campus, and enhances other programs, including heart, cancer and women's services.

A map with the service area and locations of hospitals related to Cedars-Sinai is shown below.



Statement of Operations

The following table below shows Cedars-Sinai's FY 2019 and FY 2018 Consolidated Statements of Operations which include the accounts of CSMC and its affiliates.

Cedars-Sinai Health System Consolidated Statements of Operations and Changes in Net Assets FY 2018 - FY 2019 (In Thousands)		
REVENUES, GAINS AND OTHER SUPPORT	FY 2018	FY 2019
Patient service revenue (net of contractual allowances and discounts)	\$ 3,739,817	
Provision for bad debts	(37,352)	
Net patient service revenue before Medi-Cal Fee Program	3,702,465	\$ 4,354,791
Medi-Cal Fee Program revenue	183,228	132,625
Net patient service revenue	3,885,693	4,487,416
Premium revenue	168,236	263,941
Other operating revenues	113,499	134,295
Net assets released from restrictions	198,434	225,407
Total revenues, gains, and other support	4,365,862	5,111,059
EXPENSES		
Salaries and related costs	2,073,133	2,359,996
Professional fees	286,387	349,357
Materials, supplies, and other	1,333,224	1,583,067
Medi-Cal Fee Program expense	191,273	129,849
Interest	40,643	45,165
Depreciation and amortization	212,064	239,881
Total expenses	4,136,724	4,707,315
Income from operations	229,138	403,744
NONOPERATING INCOME		
Investment income	110,620	144,973
Gain on equity method investments	8,001	5,264
Excess of revenues over expenses before inherent contribution from affiliation	347,759	553,981
Inherent contribution from affiliation	508,088	-
Excess of revenues over expenses	855,847	553,981
Deficit (excess) of revenues over expenses attributable to non-controlling interests	(2,938)	2,687
Excess of revenues over expenses attributable to the Health System	\$852,909	\$556,668

Source: Cedars-Sinai Health System Audited Financial Statements Years Ended June 30, 2019 and 2018

Key Statistics

A detailed profile of the hospitals that are part of the Cedars-Sinai Health System is provided in the table below.

CEDARS-SINAI HEALTH SYSTEM HOSPITALS						
	Cedars-Sinai Medical Center		Cedars-Sinai Marina Del Rey Hospital		Torrance Memorial Medical Center	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018*
City/Area	Los Angeles		Marina Del Rey		Torrance	
Licensed Beds	886	886	133	133	596	596
Patient Days	260,550	263,201	12,417	13,822	111,032	58,013
Discharges	49,901	50,136	3,886	4,299	26,701	13,658
ALOS	5.2	5.2	3.2	3.2	4.2	4.2
Average Daily Census	714	721	34	38	304	159
Occupancy	81%	81%	26%	28%	51%	54%
ED Visits	92,111	91,064	36,008	32,564	85,461	43,125
Inpatient Surgeries	16,657	15,970	3,760	3,657	6,663	3,385
Outpatient Surgeries	15,141	14,705	1,918	4,306	9,064	4,614
Births	6,664	6,440	-	-	2,790	1,245
Payer Mix (Based on Discharges):						
Medicare Traditional	41.6%	40.8%	37.3%	42.2%	24.8%	24.9%
Medicare Managed Care	4.0%	4.3%	11.8%	12.5%	26.1%	27.8%
Medi - Cal Traditional	6.1%	5.6%	5.3%	4.0%	3.3%	3.0%
Medi - Cal Managed Care	6.0%	6.3%	5.6%	6.2%	4.8%	5.2%
Third - Party Traditional	2.1%	1.9%	1.2%	6.2%	0.9%	0.9%
Third - Party Managed Care	38.9%	39.6%	28.8%	27.4%	38.0%	36.4%
Other Payers	1.3%	1.4%	9.8%	1.4%	2.1%	1.8%
Other Indigent	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
County Indigent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%	100%	100%
Income Statement:						
Net Patient Revenue	\$2,947,129,071	\$3,092,144,785	\$93,101,164	\$106,396,752	\$626,896,694	\$323,946,960
Other Operating Revenue	\$323,726,613	\$341,194,334	\$2,118,588	\$2,829,658	\$21,913,614	\$12,992,265
Total Operating Revenue	\$3,270,855,684	\$3,433,339,119	\$95,219,752	\$109,226,410	\$648,810,308	\$336,939,225
Total Operating Expense	\$2,966,031,795	\$3,149,102,784	\$106,631,934	\$111,323,933	\$640,280,825	\$331,269,589
Net From Operations	\$304,823,889	\$284,236,335	(\$11,412,182)	(\$2,097,523)	\$8,529,483	\$5,669,636
Non-operating Revenue	(\$23,540,726)	\$25,367,418	\$81,532	\$99,506	\$39,085,851	\$5,089,987
Non-operating Expense	\$5,547,027	\$6,054,556	\$0	\$0	\$12,759,894	\$6,073,236
Net Income	\$275,736,136	\$303,549,197	(\$11,330,650)	(\$1,998,017)	\$34,855,440	\$4,686,387
Other Financial:						
Charity Care Charges	\$30,502,264	\$31,091,400	\$2,127,920	\$273,265	\$19,347,611	\$13,375,434
Bad Debt Charges	\$24,983,772	\$2,311,284	\$7,952,413	\$9,092,318	\$11,727,755	\$2,939,330
Total Uncompensated Care	\$55,486,036	\$33,402,684	\$10,080,333	\$9,365,583	\$31,075,366	\$16,314,764
Cost to Charge Ratio	16.9%	16.9%	24.1%	20.6%	17.3%	16.3%
Cost of Charity	\$5,154,949	\$5,241,781	\$512,648	\$56,283	\$3,350,516	\$2,184,194
Uncompensated Care as % of Chgs.	0.4%	0.2%	2.3%	1.8%	0.9%	0.8%
Disproportionate Share Hospital	NON-DSH		NON-DSH		NON-DSH	

Source: OSHPD Pivot Profile, FY 2017 & 2018

Note: Excludes Normal Newborns.

* Torrance Memorial Medical Center switched financial reporting procedures from calendar year to fiscal year midway through 2018, and therefore only reported half a year's volume.

A detailed profile of hospitals that are joint ventures with Cedars-Sinai Medical Center is provided in the table below.

JOINT VENTURE HOSPITALS WITH CEDARS-SINAI HEALTH SYSTEM				
	Providence Cedars-Sinai Tarzana Medical Center		California Rehabilitation Institute	
	FY 2017	FY 2018	FY 2017	FY 2018
City/Area	Tarzana		Los Angeles	
Licensed Beds	249	249	138	138
Patient Days	52,145	47,432	24,390	37,693
Discharges	13,249	12,822	1,888	2,715
ALOS	3.9	3.7	12.9	13.9
Average Daily Census	143	130	67	103
Occupancy	57%	52%	48%	75%
ED Visits	52,433	51,829	-	-
Inpatient Surgeries	3,137	2,881	-	-
Outpatient Surgeries	7,112	6,581	-	-
Births	2,612	2,541	-	-
Payer Mix (Based on Discharges):				
Medicare Traditional	36.3%	33.9%	62.9%	69.6%
Medicare Managed Care	6.5%	8.6%	3.5%	4.3%
Medi - Cal Traditional	7.7%	6.8%	0.1%	0.1%
Medi - Cal Managed Care	14.8%	14.8%	0.1%	0.1%
Third - Party Traditional	0.7%	0.6%	29.4%	25.5%
Third - Party Managed Care	32.9%	34.0%	0.0%	0.0%
Other Payers	0.1%	0.7%	0.7%	0.4%
Other Indigent	0.9%	0.5%	3.2%	0.0%
County Indigent	0.0%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%
Income Statement:				
Net Patient Revenue	\$260,098,362	\$264,059,033	\$70,756,894	\$96,124,998
Other Operating Revenue	\$1,773,409	\$1,789,106	\$85,778	\$104,006
Total Operating Revenue	\$261,871,771	\$265,848,139	\$70,842,672	\$96,229,004
Total Operating Expense	\$272,547,934	\$283,902,012	\$68,372,813	\$84,920,675
Net From Operations	(\$10,676,163)	(\$18,053,873)	\$2,469,859	\$11,308,329
Non-operating Revenue	\$1,607,934	(\$28,865)	\$0	\$0
Non-operating Expense	\$915,342	\$437,650	\$0	\$0
Net Income	(\$9,983,571)	(\$18,520,388)	\$2,469,859	\$11,308,329
Other Financial:				
Charity Care Charges	\$17,743,161	\$13,511,713	\$3,276,005	\$0
Bad Debt Charges	\$1,613,470	\$2,780,727	\$1,478,912	\$1,949,000
Total Uncompensated Care	\$19,356,631	\$16,292,440	\$4,754,917	\$1,949,000
Cost to Charge Ratio	19.2%	21.8%	51.0%	37.9%
Cost of Charity	\$3,405,327	\$2,949,024	\$1,669,470	\$0
Uncompensated Care as % of Chgs.	1.4%	1.3%	3.5%	0.9%
Disproportionate Share Hospital	NON-DSH		NON-DSH	

Source: OSHPD Pivot Profile, FY 2017 & 2018

Note: Excludes Normal Newborns.

Hospital Compare

The Centers for Medicare & Medicaid Services' (CMS) Hospital Compare website is a hospital rating system that summarizes 57 quality measures into a single quality Star Rating in order to rank and provide information about the quality of care at over 4,000 Medicare-certified hospitals, including over 130 Veterans Administration (VA) medical centers, across the country. The information assists the public in making decisions about where to get health care services and encourages hospitals to improve the quality of care they provide.

The 57 quality measures are summarized into seven categories. These include:

- **General information:** Name, address, telephone number, type of hospital, and other general information about the hospital;
- **Survey of patients' experiences:** How patients recently discharged from the hospital responded to a survey about their hospital experience. The survey asks questions such as how well a hospital's doctors and nurses communicated with the patient;
- **Timely and effective care:** How often or how quickly hospitals give recommended treatments known to get the best results for people with certain common conditions;
- **Complications and deaths:** How likely patients will have complications while in the hospital or after certain inpatient surgical procedures, and how often patients died within 30 days of being in the hospital for a specific condition;
- **Unplanned hospital visits:** Whether patients return to a hospital after an initial hospital stay or outpatient procedure, and how much time they spend back in the hospital;
- **Use of medical imaging:** How a hospital uses outpatient medical imaging tests (like CT scans and MRIs); and
- **Payment and value of care:** How payments made by patients treated at individual hospitals compare to hospitals nationally.

CMS updated its overall hospital Quality Star Ratings in February 2020, recognizing 407 hospitals country-wide with 5-Star Ratings. Below is a breakdown of the Star Ratings:

- **1-Star:** 228 hospitals
- **2-Stars:** 710 hospitals
- **3-Stars:** 1,450 hospitals
- **4-Stars:** 1,138 hospitals
- **5-Stars:** 407 hospitals

CSMC achieved the top five-star rating, while the Hospital achieved a four-star rating as shown below:

Hospital Compare Star Ratings		
	Hospital	Star Rating
Cedars-Sinai Health System	Cedars-Sinai Medical Center	★★★★★
	Cedars-Sinai Marina Del Rey Hospital	★★★
	Torrance Memorial Hospital	★★★★
	Huntington Hospital	★★★★

Source: Medicare.gov, July, 2020

Leapfrog Hospital Safety Grade

Leapfrog Hospital Safety Grade is a composite score made up of up to 28 national performance measures of patient safety measures that indicate how well hospitals protect patients from preventable errors, injuries and infections. Submission of a Leapfrog Hospital Survey from general acute-care hospitals in the U.S. is encouraged though not required for hospitals to receive a grade. The composite score is based on data compiled by CMS and measures from Leapfrog Group’s own customized survey developed by a panel of patient safety experts. The patient safety criteria used to determine the score include outcome and process measures.

Outcome measures include, among other measures:

- Infections, including: central line-associated bloodstream infections, catheter-associated urinary tract infections, surgical site infections for colon surgery, MRSA and C. diff;
- Falls and trauma, very severe pressure ulcers; and
- Preventable complications from surgery such as foreign objects retained in the body and accidental punctures or lacerations.

Process/structural measures include, among other measures:




- Strong nursing leadership and engagement;
- Computerized physician order entry systems to prevent medication errors;
- Safe medication administration;
- Hand hygiene policies; and
- The right staffing for the Intensive Care Unit (ICU).

The Leapfrog Hospital Safety Grade does not measure:

- Issues commonly considered quality measures, such as death rates for certain procedures;
- Measures of hospital quality, such as ratings by specialty or procedure; and
- Readmission rates.

Hospitals are then assigned a grade twice annually, using a scoring algorithm to determine each hospital’s score as an A, B, C, D, or F letter grade.

Below are Leapfrog’s Safety Grades for the hospitals.

Leapfrog Hospital Safety Grade				
	Hospital	Safety Letter Grade	Hospital	Safety Letter Grade
Cedars-Sinai Health System	Cedars-Sinai Medical Center		Torrance Memorial Medical Center	
	Huntington Hospital			

Source: Leapfrog Hospital Safety Grade

Note: Cedars-Sinai Marina Del Rey Hospital not reported.

Profile of Huntington Hospital

Overview of the Hospital

The Hospital is a 619-bed general acute care facility located at 100 W. California Boulevard in Pasadena, California that primarily serves the San Gabriel Valley area.

The table below shows the Hospital’s licensed beds by type for 2020. A copy of the license can be found in the appendix.

BED DISTRIBUTION 2020	
Bed Type	Number of Beds
General Acute Care	372
Chemical Dependency Recovery	12
Intensive Care	38
Neonatal Intensive Care	51
Pediatric	25
Perinatal	56
Rehabilitation	24
Total General Acute Care Beds	578
Acute Psychiatric (D/P)*	41
Total Licensed Beds	619

Source: Hospital License 2020

*“Distinct part” refers to a portion of an institution or institutional complex (e.g., a nursing home, psychiatric unit or a hospital) that is certified to provide the distinct services. A distinct part must be physically distinguishable from the larger institution and fiscally separate for cost reporting purposes.

A number of beds are “suspended” on the license, meaning that these are not being operated or used as licensed. These include 12 Chemical Dependency Recovery beds, 7 Pediatric beds, and 34 Unspecified General Acute Care beds.

The Hospital has a “basic” emergency department¹⁰ with 50 licensed emergency treatment stations and is designated a Level II Trauma Center¹¹. It also has 15 surgical operating rooms and three cardiac catheterization labs for inpatient and outpatient cardiac catheterization services.

¹⁰ A “basic” emergency department provides emergency medical care in a specifically designated part of a hospital that is staffed and equipped at all times to provide prompt care for any patient presenting urgent medical problems.

¹¹ A Level II Trauma Center is able to initiate definitive care for all injured patients. Level II Trauma requirements include 24-hour immediate coverage by general surgeons, as well as coverage by the specialties of orthopedic surgery, neurosurgery, anesthesiology, emergency medicine, radiology and critical care.

Key Statistics

For FY 2018, the Hospital had a total of 28,635 inpatient discharges, 121,897 patient days, and an average daily census of 334 patients per day (approximately 72% occupancy on 578 total licensed beds).

HUNTINGTON HOSPITAL KEY STATISTICS FY 2016 - FY 2018			
	FY 2016	FY 2017	FY 2018
Inpatient Discharges	29,561	29,712	28,635
Licensed Beds	578	578	578
Patient Days	130,259	126,305	121,897
Average Daily Census	357	346	334
Occupancy	61.6%	59.9%	57.8%
Average Length of Stay	4.4	4.3	4.3
Cardiac Catheterization Procedures ¹	934	1,140	1,323
Emergency Service Visits ¹	70,779	75,338	75,802
Coronary Artery Bypass Graft (CABG) ¹	97	82	100
Total Live Births	3,518	3,675	3,558

Sources: OSHPD Disclosure Reports, FY 2016 - FY 2018

¹ OSHPD Alerts Annual Utilization Reports

- Since FY 2016, inpatient discharges have decreased by 3%, from 29,561 discharges to 28,635 discharges in FY 2018;
- Between FY 2016 and FY 2018, the average daily census decreased by 6.4% from 357 to 334 patients;
- Between FY 2016 and FY 2018, patient days visits decreased by 6.4% to 121,897 visits in FY 2018;
- Between FY 2016 and FY 2018, total live births remained relatively stable from 3,518 in FY 2016 to 3,558 in FY 2018; and
- Cardiac catheterization procedures increased by 42% from 934 in FY 2016 to 1,323 in FY 2018.

Programs and Services

The Hospital offers a comprehensive range of services, including emergency and trauma care, internal medicine, neonatal intensive care, cardiovascular, oncology, pediatric, behavioral health, rehabilitation, psychiatric and maternity and children's services. A more thorough description of services is provided below:

- Behavioral health services include a licensed 41-bed acute psychiatric unit that provides inpatient services and outpatient treatments. The Hospital has a Psychiatric Evaluation Team that has 5150¹² authority and conducts mobile crisis evaluation services for patients who are experiencing, or are at risk of experiencing, a psychotic episode;
- Brain and Spine services include neuroradiology, movement disorders treatment, neurosurgery, epilepsy and brain mapping, and a spine program;
- Cancer services include treatment for breast cancer, colorectal cancer, gynecological cancer, lung cancer, and prostate cancer that includes the use of radiation oncology and radiology;
- Cardiac services include a non-invasive vascular lab, cardiothoracic surgery, cardiac rehabilitation, cardiac electrophysiology, cardiac catheterization, cardiac screening and diagnostics. The Hospital is also a designated STEMI Receiving Center;
- Emergency and trauma services include an emergency department with 50 treatment stations and a Level II Trauma Center along with the following designations:
 - Emergency Department Approved for Pediatrics (EDAP);
 - Certified Advanced Comprehensive Stroke Center; and
 - Designated Paramedic Base Station.
- Designated Level II Trauma Center that meets the essential criteria by providing the necessary resources and scope of specialty physician services in order to provide comprehensive trauma coverage, as verified by the American College of Surgeons;
- Digestive system services include gastroenterology, nutrition counseling, and weight loss surgery;

¹² Welfare and Institutions Code, Section 5150: When a person, as a result of a mental health disorder, is a danger to oneself or others, a peace officer, professional person, or member of the staff at a designated 5150 Receiving Center may, upon probable cause, hold the person at the 5150 facility for evaluation and treatment over a 72-hour period.

- Lung & Kidney services include lung cancer program, bronchoscopy, urology and super dimension urology;
- Imaging services include mammography, CT, PET, MRI, ultrasound, X-ray, nuclear medicine, and radiation therapy;
- Intensive care/critical care services include a nursing unit that is a combined intensive medical, surgical, and cardiac care unit;
- Men's health services include prostate health, gastroenterology health, and urological health;
- Obstetric services include labor & delivery, high risk pregnancy, childbirth classes, Level III NICU, maternal wellness program, breast feeding center and gestational diabetes program;
- Pathology services include tissue registry;
- Inpatient pediatric services;
- Rehabilitation services include physical therapy, occupational therapy, and speech therapy;
- Respiratory care services include respiratory therapy and pulmonary rehab;
- Senior care services include injury prevention and a senior care network;
- Surgical services include general, trauma, cardiac, thoracic, neurological, orthopedic, ophthalmologic, otolaryngologic, laparoscopic, plastics, urology, total joint replacement, gastrointestinal, and vascular surgical services;
- Wellness & community services include blood donation, community outreach, disaster preparedness and asthma education & management; and
- Women's health services include obstetrics and maternity, Level III neonatal intensive care unit services, imaging and oncology.

Accreditation, Certifications and Awards

The Hospital is accredited for three years by The Joint Commission, effective September 2017. Over the years, the Hospital received several awards and accolades including the following:

- Certified by The Joint Commission as an Advanced Comprehensive Stroke Center effective May 2019 through May 2022;
- Certified by The Joint Commission as an Advanced Total Hip and Total Knee Replacement effective January 2020 through January 2022;
- In February 2020, Blue Shield of California selected the Hospital as a Blue Distinction Center for Knee and Hip Replacement, part of the Blue Distinction Specialty Care program. Blue Distinction Centers are nationally designated health care facilities that show a commitment to delivering high-quality patient safety and better health outcomes, based on objective measures that were developed with input from the medical community and leading accreditation and quality organizations;
- In 2020, the Hospital received America's 100 Best Hospital awards for cardiac care, coronary intervention and general surgery;
- In 2019, the Hospital received an Outstanding Patient Experience Award. This award recognizes organizations that are the top in the nation for overall patient experience based on nine measures related to doctor and nurse communication, hospital cleanliness and noise levels, and medication and post-discharge care instructions;
- In 2019, the Hospital also received America's 100 Best Hospital awards for gastrointestinal care excellence and general surgery;
- In 2018, the Hospital also received America's 100 Best Hospital awards for spine surgery, general surgery and orthopedic surgery excellence; and
- According to the U.S News and World Report, the Hospital ranked 12th best in Los Angeles and 20th best in California in 2020.

Quality Measures

The Value-Based Purchasing Program, established by the Federal Patient Protection and Affordable Care Act (ACA¹³) in 2012, encourages hospitals to improve the quality and safety of care. The Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payment increases and reductions by determining hospital performance on four domains that reflect hospital quality: the clinical process of care and outcomes domain, the patient and caregiver centered experience of care/care coordination domain, the safety domain, and the efficiency and cost reduction domain. In FY 2019, the Centers for Medicare & Medicaid Services increased Medicare payments to the Hospital by 0.34%. For FY 2020, the Centers for Medicare & Medicaid Services increased payments to the Hospital by 0.35%.

The following table reports the Hospital’s performance compared to all hospitals across the nation for the seven categories that comprise Hospital Compare’s overall quality rating:

QUALITY MEASURES	
Condition/Procedure	National Average
Mortality	Above the national average
Safety of Care	Same as the national average
Readmission	Below the national average
Patient Experience	Same as the national average
Effectiveness of Care	Below the national average
Timeliness of Care	Below the national average
Efficient Use of Medical Imaging	Above the national average

Source: Data.medicare.gov Hospital Compare, June 2020

¹³ The Affordable Care Act (ACA) is a comprehensive health care reform law enacted in March 2010. Its goals are to make affordable health insurance available to more people, provide consumers with subsidies (“premium tax credits”) that lower costs for households with incomes between 100% and 400% of the federal poverty level and expand to cover all adults with income below 138% of the federal poverty level.

The Federal Hospital Readmissions Reduction Program¹⁴, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following six applicable conditions: chronic obstructive pulmonary disease, heart attack, heart failure, pneumonia, stroke and hospital-wide readmissions. The penalty is administered by reducing all of a hospital’s reimbursement payments under the Medicare program by a certain percentage for the entire year.

In FY 2019, the Hospital was penalized with a 0.26% reduction in reimbursement. For FY 2020, the Hospital is penalized with a 0.15% reduction in reimbursement. The following table shows the Hospital’s 30-day readmission rates for chronic obstructive pulmonary disease, heart attack, heart failure, pneumonia, and all causes hospital-wide. The Hospital’s 30-day readmission rate is higher than the national average for chronic obstructive pulmonary disease, heart failure, pneumonia and hospital-wide conditions.

30-DAY READMISSION RATES		
Condition/Procedure	Huntington Hospital	National Average
Chronic Obstructive Pulmonary Disease	21.2%	19.5%
Heart Attack	15.2%	15.7%
Heart Failure	21.7%	21.6%
Pneumonia	17.5%	16.6%
Hospital-Wide	15.4%	15.3%

Source: Data.medicare.gov Hospital Compare, August 2020

¹⁴ The formula for determining hospital reimbursement payments under the Hospital Readmissions Reduction Program varies by hospital and geographic location and may not correspond directly to state and national hospital averages.

Seismic Issues

Using the HAZUS seismic criteria¹⁵, the Hospital's structures that are subject to seismic compliance have been classified according to the California Senate Bill 1953 Seismic Safety Act for the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC), as shown in the table below.

HUNTINGTON HOSPITAL		
Building Name	SPC Compliance	NPC Compliance
	Status	Status
East Tower (3 Story)	3	2
West Tower	5	4
La Vina Building	3	2
Daily Martin Center - Psychiatric B	N/A	N/A
Emergency Plant	5	4
Chiller Building	4	4
Cooling Towers	N/A	N/A
Wingate/Hanh Building	1	3
Service Building	1	2
1938 Building	1	2
1921 Building	1	2
Electrical Switchgate Vault	4	4
East Tower (7 Story)	5	2
East Tower Lobby	3	2
New Boiler Building	5	4
ED Addition	5	4
Ambulance Canopy	5	4
West Tower Tunnel	N/A	2
South Campus Utility Tunnel	N/A	4
East Tower Utility Tunnel	N/A	4
ED Utility Tunnel	N/A	4
East Tower Pedestrian Tunnel	4	4
Bulk Oxygen Storage	N/A	4
Bulk Oxygen	N/A	4

Source: OSHPD

¹⁵OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

Structural Performance Category (SPC) Rating of Hospital Buildings

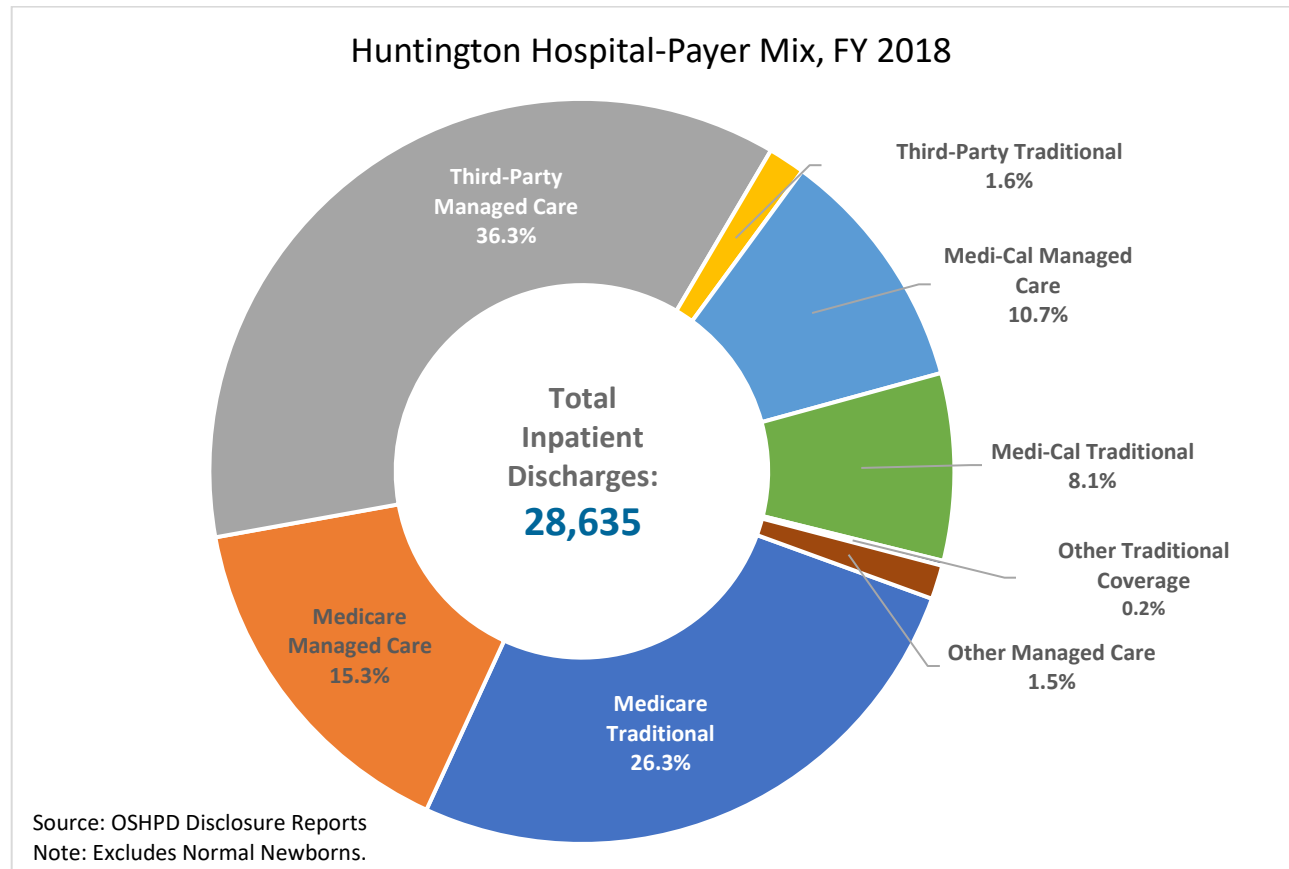
- The Hospital has six buildings rated as SPC-5. Buildings in this category will have been constructed or reconstructed under a building permit obtained through OSHPD. These buildings may be used without restriction to January 1, 2030, and beyond;
- The Hospital has three buildings rated SPC-4. These buildings are in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act (SBC 1953). Buildings in this category will have been constructed, or reconstructed, under a building permit obtained through OSHPD and may be used for inpatient services through to January 1, 2030, and beyond;
- The Hospital has three buildings rated as SPC-3. Buildings with this rating may experience structural damage which does not significantly jeopardize life but may not be repairable or functional following strong ground motion. Buildings in this category will have been constructed or reconstructed under a building permit obtained through OSHPD. These buildings may be used to January 1, 2030, and beyond; and
- Four of the Hospital's buildings are rated as SPC-1. These structures pose a risk of collapse and danger to the public. The structures require seismically compliant upgrades if they were to be made operational for patient services. Services in these buildings include a morgue, kitchen, and the supply, processing and distribution department. There are plans to move these departments as the buildings will not be seismically retrofitted.

Non-Structural Performance Category (NPC) Rating of Hospital Buildings

- The Hospital has 13 buildings rated as NPC-4. These buildings meet the criteria for NPC-3 and all architectural, mechanical, electrical systems, components and equipment meet the bracing and anchorage requirements of Part 2, Title 24 of the California Building Code. This classification category is used for the purposes of the Office of Emergency Services. The deadline to meet the requirement was either January 1, 2020 or 2030 depending on the Seismic Design Category and extension request requirements;
- The Hospital has one building rated as NPC-3. This building meets the criteria for NPC-2 and in critical care areas, clinical laboratory services spaces, pharmaceutical service spaces, radiological service spaces, and central and sterile supply areas, the following components for this building meet the bracing and anchorage requirements of Part 2, Title 24; and
- The Hospital has eight buildings rated as NPC-2. For these buildings, the communication systems, emergency power supply, bulk medical gas systems, fire alarm systems and emergency lighting equipment for the building are either anchored in accordance with the

Payer Mix

The Hospital’s payer mix for FY 2018 consisted of a large proportion of Medicare (Traditional and Managed Care) patients that accounted for 41.6% of all inpatient hospital discharges. Third-Party Managed Care patients accounted for 36.3% of all inpatient discharges, with Medi-Cal Managed Care at 10.7% and Medi-Cal Traditional at 8.1%.



The following table provides the Hospital’s FY 2018 inpatient discharge payer mix compared to Los Angeles County and the State of California for CY 2018. The comparison shows that the Hospital has much lower percentages of Medi-Cal Managed Care patients (10.7%) and Medi-Cal Traditional Patients (8.1%) relative to Los Angeles County and California overall. The table also shows that the Hospital has a higher percentage of Third Party Traditional and Managed Care patients (37.9%) relative to Los Angeles County (25.5%) and California overall (27.7%).

PAYER MIX COMPARISON						
Payer Type	Hospital ¹ (FY 2018)		Los Angeles County (CY 2018)		California (CY 2018)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Managed Care	3,056	10.7%	189,247	19.4%	673,236	19.0%
Medi-Cal Traditional Coverage	2,325	8.1%	144,413	14.8%	399,695	11.3%
Medi-Cal Total	5,381	18.8%	333,660	34.3%	1,072,931	30.3%
Medicare Traditional Coverage	7,531	26.3%	228,313	23.4%	866,924	24.5%
Medicare Managed Care	4,384	15.3%	125,080	12.8%	445,211	12.6%
Medicare Total	11,915	41.6%	353,393	36.3%	1,312,135	37.1%
Third-Party Managed Care	10,396	36.3%	224,421	23.0%	884,468	25.0%
Third-Party Traditional Coverage	459	1.6%	24,403	2.5%	96,701	2.7%
Third-Party Total	10,855	37.9%	248,824	25.5%	981,169	27.7%
Other Traditional Coverage	62	0.2%	35,847	3.7%	155,937	4.4%
Other Managed Care	422	1.5%	2,265	0.2%	16,709	0.5%
Other Total	484	1.7%	38,112	3.9%	172,646	4.9%
Grand Total	28,635	100%	973,989	100%	3,538,881	100%

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

¹ FY 2018 OSHPD Disclosure Report

Medi-Cal Managed Care

The Medi-Cal Managed Care Program contracts for healthcare services through established networks of organized systems of care. Over 12 million Medi-Cal beneficiaries in all 58 counties in California receive their healthcare through six models of managed care, including: County Organized Health Systems, the Two-Plan Model, Geographic Managed Care, the Regional Model, the Imperial Model, and the San Benito Model.

Los Angeles County has a Two-Plan Model that offers a local initiative plan and a commercial plan. The Two-Plan Model is provided by L.A. Care Health Plan and Health Net Community Solutions, Inc. The local initiative and commercial plans contract with the Medi-Cal Managed Care program. The percentage of Los Angeles County residents with Medi-Cal Managed Care coverage has fluctuated as a result of the ACA and California initiatives to expand managed care. Since 2014, the number of Medi-Cal eligible people in Los Angeles County has increased from 3,622,367 in 2014 to 3,895,310 in 2018 and decreased to 3,690,133 people in 2020.

Medical Staff

According to OSPHD, the Hospital has 739 physicians on its active medical staff. The five largest active specialties, comprising 51% of the medical staff, include: internal medicine, pediatric medicine, obstetrics/gynecology, anesthesiology, and general surgery. The table below lists the active medical staff at the Hospital.

ACTIVE MEDICAL STAFF PROFILE 2018		
Specialty	Count	% of Total
Internal Medicine	117	15.8%
Pediatric Medicine	94	12.7%
Obstetrics and Gynecology	70	9.5%
Anesthesiology	52	7.0%
General Surgery	47	6.4%
Cardiovascular Diseases	37	5.0%
Oncology	33	4.5%
Orthopedic Surgery	30	4.1%
Plastic and Reconstructive Surgery	27	3.7%
Urology	25	3.4%
Ophthalmology	23	3.1%
Pulmonary Disease	23	3.1%
Radiology	23	0.3%
Neurology	19	2.6%
Gastroenterology	14	1.9%
Thoracic Surgery	14	1.9%
Otolaryngology	11	1.5%
Neurological Surgery	10	1.4%
Psychiatry	10	1.4%
Vascular Surgery	10	1.4%
General/Family Practice	9	1.2%
Pediatric-Cardiology	9	1.2%
Pediatric-Surgery	6	0.8%
Dermatology	5	0.7%
Physical Medicine/Rehabilitation	5	0.7%
Podiatry	5	0.7%
Pathology	4	0.5%
Colon and Rectal Surgery	3	0.4%
Allergy and Immunology	2	0.3%
Oral Surgery (Dentists Only)	2	0.3%
TOTAL	739	97%

Source: OSHPD

Note: Not all specialties were listed in OSHPD as some specialties may be rolled up into another category

Patient Utilization Trends

The table below shows volume trends at the Hospital from FY 2014 through FY 2018:

HUNTINGTON HOSPITAL SERVICE VOLUMES FY 2014- FY 2018					
PATIENT DAYS	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Medical/Surgical ¹	69,871	76,110	84,535	81,839	79,471
Intensive Care	7,304	7,217	8,388	7,305	7,207
Neonatal Intensive Care	6,807	7,372	8,244	8,007	8,143
Obstetrics	10,796	10,589	10,825	11,544	11,500
Pediatric Intensive Care ³	415	513	590	478	372
Pediatric Acute	2,745	2,693	2,824	2,728	2,511
Physical Rehabilitation Care	4,586	4,155	4,780	4,913	4,797
Psychiatric Care	7,079	7,080	6,748	6,052	6,111
Chemical Dependency Services ⁴	3,585	3,510	3,325	3,439	1,785
Total	113,188	119,239	130,259	126,305	121,897
DISCHARGES					
Medical/Surgical ¹	18,093	19,490	21,956	22,018	21,189
Intensive Care	373	369	386	339	398
Neonatal Intensive Care	390	445	445	493	476
Obstetrics	3,482	3,479	3,704	3,854	3,790
Pediatric Intensive Care ³	97	85	93	100	82
Pediatric Acute	2,512	2,530	1,232	1,142	1,147
Physical Rehabilitation Care	337	295	323	358	357
Psychiatric Care	966	885	911	864	847
Chemical Dependency Services ⁴	497	466	511	544	349
Total	26,747	28,044	29,561	29,712	28,635
AVERAGE LENGTH OF STAY					
Medical/Surgical ¹	3.9	3.9	3.9	3.7	3.8
Intensive Care	19.6	19.6	21.7	21.5	18.1
Neonatal Intensive Care	17.5	16.6	18.5	16.2	17.1
Obstetrics	3.1	3.0	2.9	3.0	3.0
Pediatric Intensive Care ³	4.3	6.0	6.3	4.8	4.5
Pediatric Acute	1.1	1.1	2.3	2.4	2.2
Physical Rehabilitation Care	13.6	14.1	14.8	13.7	13.4
Psychiatric Care	7.3	8.0	7.4	7.0	7.2
Chemical Dependency Services ⁴	7.2	7.5	6.5	6.3	5.1
Total	4.2	4.3	4.4	4.3	4.3
AVERAGE DAILY CENSUS					
Medical/Surgical ¹	191	209	232	224	218
Intensive Care	20	20	23	20	20
Neonatal Intensive Care	19	20	23	22	22
Obstetrics	30	29	30	32	32
Pediatric Intensive Care ³	1	1	2	1	1
Pediatric Acute	8	7	8	7	7
Physical Rehabilitation Care	13	11	13	13	13
Psychiatric Care	19	19	18	17	17
Chemical Dependency Services ⁴	10	10	9	9	5
Total	310	327	357	346	334
OTHER SERVICES					
Inpatient Surgeries	7,264	7,646	8,539	7,897	7,548
Outpatient Surgeries	4,331	4,285	4,470	4,791	5,459
Emergency Service Visits ²	60,721	65,756	70,779	75,338	75,802
Total Live Births	3,474	3,428	3,518	3,675	3,558

Sources: OSHPD Disclosure Reports, FY 2014 - FY 2018

Note: Excludes Normal Newborns.

¹ Includes Definitive Observation Beds

² OSHPD Alerts Annual Utilization Reports

³ The Hospital closed the Pediatric Intensive Care Unit in 2019.

⁴ The Hospital closed the Chemical Dependency Unit in 2018.

A review of the Hospital's historical utilization trends, between FY 2014 and FY 2018, supports the following conclusions:

- Over the last five fiscal years, patient days increased by 15.1% the first three years from 113,188 in FY 2014 to 130,259 in FY 2016, then decreased by 6.4% the last two fiscal years from 126,305 in FY 2017 to 121,897 in FY 2018;
- Between FY 2014 to FY 2017, total discharges increased by 10.5% before decreasing by 3.6% in FY 2018 to 28,635 discharges;
- Outpatient surgeries increased by 26% over five years to 5,459 cases in FY 2018;
- Neonatal intensive care days increased 20% over five years resulting in an average daily census of 17 patients in FY 2018;
- Pediatric intensive care discharges decreased over the last five years with an average daily census of only one patient in FY 2018. (The unit was closed in 2019);
- The chemical dependency unit was closed in 2018;
- Psychiatric care discharges decreased over five years by 12.3%; and
- Total live births increased by 2% over five years to 3,474 births in FY 2018.

Financial Profile

Over the last five fiscal years, the Hospital's net income has varied, ranging from approximately \$15.2 million profit to -\$17.4 million loss. However, the Hospital's operating income has consistently been negative over the past five years ranging from a -\$9.2 million to -\$23.7 million loss.

HUNTINGTON HOSPITAL FINANCIAL AND RATIO ANALYSIS FY 2014 - FY 2018						
Volumes	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
Patient Days	113,188	119,239	130,259	126,305	121,897	
Discharges	26,491	26,779	29,561	29,712	28,635	
ALOS	4.4	4.5	4.4	4.3	4.3	
Financials (In Thousands)						
Net Patient Revenue	\$513,846	\$552,371	\$646,922	\$654,876	\$646,767	
Other Operating Revenue	\$24,576	\$23,632	\$23,896	\$17,701	\$13,790	
Total Operating Revenue	\$538,423	\$576,002	\$670,819	\$672,577	\$660,557	
Operating Expenses	\$547,676	\$591,567	\$685,362	\$696,320	\$674,473	
Net from Operations	(\$9,253)	(\$15,565)	(\$14,544)	(\$23,744)	(\$13,917)	
Net Non-Operating Revenues/Expense:	\$14,558	\$19,399	\$20,658	\$38,970	(\$3,529)	
Net Income	\$5,305	\$3,834	\$6,114	\$15,226	(\$17,445)	
Ratios						2018 California Data
Current Ratio	4.54	4.45	4.15	4.15	3.75	1.74
Days in A/R	66	66	51	52	58	56
Bad Debt Rate	0.19%	0.86%	0.54%	0.53%	0.41%	0.70%
Operating Margin	-1.72%	-2.70%	-2.17%	-3.53%	-2.11%	4.45%

Source: OSHPD Disclosure Reports, FY 2014 - FY 2018

The Hospital's current ratio¹⁶ has decreased over the last five years from 4.54 in FY 2014 to 3.75 in FY 2018 (the California average in FY 2018 was 1.74). The Hospital's percentage of bad debt in FY 2018 is 0.41% and lower than the statewide average of 0.7%.

¹⁶The current ratio compares a company's current assets to its current liabilities to measure its ability to pay short-term and long-term debt obligations. A low current ratio of less than 1.0 could indicate that a company may have difficulty meeting its current obligations. The higher the current ratio, the more capable the company is of paying its obligations as it has a larger proportion of assets relative to its liabilities.

Cost of Hospital Services

The Hospital's cost of services includes both inpatient and outpatient care. In FY 2018, 47% of total costs were associated with Medicare, followed by 33% with Third-Party, and 17% with Medi-Cal.

HUNTINGTON HOSPITAL					
OPERATING EXPENSES BY PAYER CATEGORY FY 2014 - FY 2018					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
(In Thousands)					
Operating Expenses	\$547,676	\$591,567	\$685,362	\$696,320	\$674,473
Cost of Services By Payer:					
Medicare	\$256,312	\$278,205	\$316,332	\$325,286	\$318,858
Medi-Cal	\$78,426	\$90,224	\$107,728	\$112,211	\$117,013
County Indigent	\$204	\$673	\$1,000	\$306	\$263
Third-Party	\$198,519	\$212,380	\$246,795	\$245,563	\$225,689
Other Indigent	\$7,078	\$2,084	\$1,188	\$1,602	\$1,515
All Other Payers	\$7,137	\$8,001	\$12,320	\$11,353	\$11,136

Source: OSHPD Disclosure Reports, FY 2014 - FY 2018

Charity Care

The following table shows the charity care and bad debt of the Hospital compared to the averages of all general acute care hospitals in the State of California. The Hospital's five-year (FY 2014 – FY 2018) average of charity care and bad debt, as a percentage of gross patient revenue, was 1.13% and lower than the four-year statewide average of 1.86%. According to OSHPD, "...the determination of what is classified as charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account." The Hospital's Charity Care and Discount Policy states that persons with family income at or below 350% of the federal policy level, and without other sources to pay for care received, qualify for the financial assistance program¹⁷.

HUNTINGTON HOSPITAL										
CHARITY CARE COMPARISON FY 2014 - FY 2018 (In Thousands)										
	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
	Hospital	Avg. of California Hospitals	Hospital	Avg. of California Hospitals	Hospital	Avg. of California Hospitals	Hospital	Avg. of California Hospitals	Hospital	Avg. of California Hospitals
Gross Patient Revenue (Charges)	\$2,223,040	\$1,084,367	\$2,580,466	\$1,171,479	\$2,952,885	\$1,270,602	\$3,039,739	\$1,308,295	\$3,239,299	\$1,396,645
Charity	\$38,941	\$16,391	\$13,035	\$11,030	\$7,404	\$11,083	\$9,751	\$9,181	\$10,076	\$12,710
Bad Debt	\$4,220	\$13,993	\$22,163	\$10,457	\$16,039	\$9,965	\$16,036	\$8,855	\$13,242	\$9,867
Total Charity & Bad Debt Gross Rev.	\$43,160	\$30,384	\$35,198	\$21,487	\$23,443	\$21,048	\$25,787	\$18,036	\$23,319	\$22,577
Charity Care as a % of Gross Patient Rev.	1.75%	1.51%	0.51%	0.94%	0.25%	0.87%	0.32%	0.70%	0.31%	0.91%
Bad Debt as a % of Gross Patient Rev.	0.19%	1.29%	0.86%	0.89%	0.54%	0.78%	0.53%	0.68%	0.41%	0.71%
Total as a % of Gross Patient Rev.	1.94%	2.80%	1.36%	1.80%	0.79%	1.70%	0.85%	1.40%	0.72%	1.62%
Uncompensated Care										
Cost to Charge Ratio	23.5%	23.6%	22.0%	24.1%	22.4%	23.8%	22.3%	23.0%	20.4%	23.0%
Charity	\$9,163	\$3,868	\$2,869	\$2,658	\$1,659	\$2,638	\$2,176	\$2,112	\$2,056	\$2,922
Bad Debt	\$993	\$3,302	\$4,878	\$2,520	\$3,593	\$2,372	\$3,579	\$2,037	\$2,701	\$2,269
Total Cost of Charity Care & Bad Debt	\$10,156	\$7,177	\$7,747	\$5,174	\$5,251	\$5,007	\$5,756	\$4,149	\$4,757	\$5,190

Source: OSHPD Disclosure Reports FY 2014 - FY 2018

¹⁷ The Hospital's financial assistance program helps low-income, uninsured or underinsured patients who need help paying for all or part of their medical care. The specific discount amount is determined based on a sliding scale, with patients whose income and monetary assets are below 200% of the federal poverty level receiving a 100% discount (one end of the scale) and those whose income is between 300% and 350% of the federal poverty level receiving a 25% discount (the other end of the scale), with gradations in between. In no event are patients who are eligible for financial assistance charged more than amounts generally billed for comparable care to patients with insurance. A copy of the Hospital's charity care policy is provided in the Appendix.

In the written notice on July 22, 2020 to the California Attorney General, the Hospital mistakenly reported charity care gross charges and not charity care costs. The following revised table, provided by the Hospital, shows the distribution of charity care costs by inpatient, outpatient, and emergency room visits. Note that some of the totals are also different than what the Hospital previously reported to OSHPD.

COST OF CHARITY CARE BY SERVICE FY 2014 - FY 2019				
	Emergency	Inpatient	Outpatient	Total Costs
FY 2019:				
Cost of Charity	\$2,470,330	\$2,184,937	\$145,399	\$4,800,666
Visits/Discharges	2,283	47	312	2,642
FY 2018:				
Cost of Charity	\$2,399,631	\$2,280,034	\$93,734	\$4,773,399
Visits/Discharges	3,413	47	366	3,826
FY 2017:				
Cost of Charity	\$4,232,940	\$3,199,605	\$92,857	\$7,525,402
Visits/Discharges	5,285	48	390	5,723
FY 2016:				
Cost of Charity	\$601,963	\$1,007,915	\$48,764	\$1,658,642
Visits/Discharges	946	12	82	1,040
FY 2015:				
Cost of Charity	\$693,162	\$2,073,048	\$102,726	\$2,868,936
Visits/Discharges	1,123	37	77	1,237
FY 2014:				
Cost of Charity	\$2,624,963	\$5,084,861	\$88,445	\$7,798,269
Visits/Discharges	N/A	N/A	N/A	N/A

Source: Huntington Hospital

The table below shows the Hospital’s historical costs for charity care as was reported to OSHPD and the recent update provided to JD Healthcare Inc. by the Hospital. The average cost of charity care as reported by the Hospital for the last five-year period was \$4,924,930 while the three-year average cost of charity care was \$4,652,481. In FY 2017 and FY 2018, the Hospital used a presumptive charity care definition in their audited financial statements and community benefit reporting, recording higher amounts than reported to OSHPD.

HUNTINGTON HOSPITAL				
COST OF CHARITY CARE FY 2014 - FY 2018				
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care As Reported By OSHPD	Cost of Charity Care As Reported from the Hospital
FY 2018	\$10,076,314	20.40%	\$2,055,568	\$4,773,399
FY 2017	\$9,750,809	22.32%	\$2,176,381	\$7,525,402
FY 2016	\$7,404,390	22.40%	\$1,658,583	\$1,658,642
FY 2015	\$13,035,263	22.01%	\$2,869,061	\$2,868,936
FY 2014	\$38,940,643	23.53%	\$9,162,733	\$7,798,269*
FY 2016 - FY 2018 Average			\$1,963,511	\$4,652,481
FY 2014 - FY 2018 Average			\$3,584,465	\$4,924,930

Source: OSHPD Disclosure Reports FY 2014 - FY 2018

*The \$38,940,643 reported charges in 2014 mistakenly included \$5.8 million of self-pay revenue.

Community Benefit Services

The Hospital has a history of providing several community benefit¹⁸ services. As shown in the table below, the average annual cost of community benefit services over the five years was \$34.7 million.

COST OF COMMUNITY BENEFIT SERVICES FY 2015 - FY 2019							
Community Benefit Programs	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	5-Year Average	Total
Benefits for Vulnerable Populations	\$4,625,012	\$6,453,295	\$6,377,757	\$5,147,890	\$4,103,228	\$5,341,436	\$26,707,182
Benefits for Broader Community	\$6,159,484	\$5,296,374	\$8,282,312	\$7,705,398	\$8,422,644	\$7,173,242	\$35,866,212
Health Research Education and Training	\$17,739,808	\$20,777,023	\$22,319,864	\$25,347,622	\$24,550,843	\$22,147,032	\$110,735,160
Total	\$28,524,304	\$32,526,692	\$36,979,933	\$38,200,910	\$37,076,715	\$34,661,711	\$173,308,554

Source: Huntington Hospital

Note: Grant donations, restricted donations or fees collected not included.

The following table lists the Hospital's community benefit services over the past five fiscal years that cost over \$10,000, followed by descriptions of these community benefit services:

COST OF COMMUNITY BENEFIT SERVICES FY 2015 - FY 2019					
Programs and Services over \$10,000 in cost:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Blair Health Careers Academy Partnership	\$77,326	\$94,530	\$105,485	\$71,536	\$79,149
Cancer RN Navigators/Dietitian/Social Worker	\$1,446,965	\$1,157,895	\$1,705,621	\$1,773,844	\$1,905,714
Cash Donations to Organizations for HRET	\$260,635	\$254,078	\$265,214	\$265,149	\$262,806
Cash Donations to Organizations for OBBC	\$82,330	\$54,021	\$41,576	\$46,205	\$41,000
Cash Donations to Organizations for OBVP	\$33,750	\$57,075	\$66,775	\$59,675	\$68,050
Clinical Nurse Navigators	\$0	\$0	\$1,473,431	\$1,504,636	\$1,441,138
Clinical Research	\$979,488	\$1,198,674	\$1,165,475	\$1,339,118	\$1,129,837
Clothing for Patients	\$27,402	\$23,846	\$18,041	\$30,608	\$67,087
Community Benefit Operations and Health Needs Assessment	\$94,227	\$156,986	\$157,950	\$153,784	\$156,171
Community Education and Support Groups (Various Conditions)	\$1,597,871	\$1,281,743	\$1,242,944	\$818,016	\$1,190,469
Community Organization Support - General and In-Kind	\$36,658	\$223,834	\$336,195	\$286,338	\$333,116
Community Outreach Services	\$819,999	\$807,290	\$851,478	\$781,794	\$759,058
Constance G. Zahorik Appearance Center	\$68,094	\$87,218	\$92,825	\$99,691	\$117,563
Discounted Equipment/Supplies for Patients	\$7,037	\$114,478	\$19,348	\$50,523	\$102,281
Discounted or Free Prescription Drugs	\$38,505	\$73,272	\$44,523	\$70,746	\$57,373
Education Nursing/Nursing Students	\$8,366,106	\$9,265,977	\$12,068,744	\$12,109,267	\$13,205,552
Education Other Health Professions	\$2,131,603	\$3,382,529	\$2,708,008	\$4,309,826	\$4,593,385
Graduate Medical Education Program	\$5,415,091	\$5,923,028	\$5,578,674	\$6,552,132	\$4,557,759
Hospital Website and Calendar of Events	\$127,430	\$196,628	\$408,841	\$656,445	\$1,151,444
Huntington Ambulatory Care Center	\$1,209,900	\$1,991,300	\$2,201,300	\$1,678,100	\$910,700
Huntington Health eConnect	\$1,907,066	\$1,308,618	\$1,590,315	\$1,081,297	\$1,084,116
Huntington Health Services Library	\$509,559	\$658,207	\$428,264	\$700,594	\$722,355
Integrative Oncology	\$161,270	\$184,498	\$250,081	\$192,056	\$214,630
Interpreter Services	\$68,200	\$183,012	\$249,960	\$249,451	\$237,299
Palliative Care (Special care, beyond routine)	\$511,956	\$523,253	\$702,751	\$773,024	\$506,038
Physician Referral Services	\$151,644	\$95,654	\$187,772	\$224,395	\$200,117
Senior Care Programs	\$1,849,267	\$2,766,809	\$2,700,068	\$1,846,750	\$1,574,446
Shelter and Conservatorships for Patients	\$271,827	\$223,039	\$88,750	\$150,237	\$96,138
Transportation Assistance (Various Programs)	\$264,895	\$230,619	\$220,402	\$317,553	\$302,617

Source: Huntington Hospital

Note: Grant donations, restricted donations or fees collected not included.

¹⁸ Community benefit means a hospital's activities that are intended to address community needs and priorities primarily through disease prevention and improvement of health status.

The Hospital's community benefit services have supported many important programs for the community as described below:

- Blair Health Careers Academy Partnership: Through partnerships with Blair Health Careers Academy and Pasadena Unified School District Center for Independent Study - Medical Arts Program, the Hospital provided various health-related internships for high school students;
- Cancer RN Navigators/Dietitian/Social Worker: The program provides nurse navigators to cancer patients to assist with decision making, treatment organization and emotional support;
- Cash Donations to Organizations for Health Research Education and Training (HRET): The Hospital provides cash donations to local organizations that conduct health research, education and training. The Hospital has also provided cash donations to Huntington Medical Research Institute;
- Cash Donations to Organizations for Other Benefit for Broader Community (OBBC): The Hospital provides cash donations to local organizations serving the broader community;
- Cash Donations to Organizations for Other Benefit for Vulnerable Population (OBVP): Local organizations serving the poor and low-income populations received cash donations from the Hospital;
- Clinical Nurse Navigators: The program provided a group of nurse navigators and a community navigator to assist patients in improving their hospital experience and ensuring a safe and successful transition to their home following hospitalization. Navigators collaborated with other health care personnel to:
 - Provide patients with information about medical conditions, treatments and services
 - Explore patients' goals, barriers to treatment, and needs in self-management and
 - Assist with setting appointments, obtaining transportation and medications, and connecting patients to community resources
- Clinical Research: The Hospital worked with Cedars-Sinai Medical Center, UCLA Ronald Reagan Medical Center and Torrance Memorial Medical Center to subsidize clinical research on improving care for elderly patients;
- Clothing for Patients: This service provided clothing for patients at the Hospital;
- Community Benefit Operations and Health Needs Assessment: Consulting assistance for triannual Community Health Needs Assessments (e.g., 2016, 2019), Community Benefits Plan meetings and reporting, and maintaining the Healthy Pasadena website;

- Community Education and Support Groups (Various Conditions): This program supports health education and support groups, including topics such as CPR, disaster preparedness, fitness/exercise, heart disease, cancer, blood pressure, and stress management. The support groups are regularly offered for NICU, stroke, diabetes, cancer, and bereavement grief;
- Community Organization Support - General and In-Kind: The Hospital organizes various activities, including sponsorship of community organizations, advocacy, coalition building, and use of hospital meeting rooms/equipment;
- Community Outreach Services: Registered nurses conduct free health screenings and counseling (e.g., BMI measurements, blood pressure, and blood glucose), and provide health education classes and information to underserved populations in community settings;
- Constance G. Zahorik Appearance Center: The Hospital provides services of licensed cosmetologist to cancer patients, including hair/wigs, makeup and use of scarves and hats;
- Discounted Equipment/Supplies for Patients: Home health care visits, IV antibiotics or medications, durable medical equipment and nonmedical supplies for uninsured or underinsured persons;
- Discounted or Free Prescription Drugs: This program supplies medication for uninsured and/or indigent patients who have no other means to obtain medications;
- Education for Nursing/Nursing Students: The education program provides training for nurses;
- Education for Other Health Professions: This funds education and training of health care professionals: such as interns in pharmacy, physical therapy and speech language pathology, radiology technology, social work, occupational therapy, dietetic, surgical technologists, cardiovascular and echocardiography technologists and clinical lab scientists;
- Graduate Medical Education Program: The Hospital supports a training program for Graduate Medical Education with approximately 50 residents in general surgery and internal medicine;
- Hospital Website and Calendar of Events: The Hospital provides funds to support a website with community health information, calendar of events, and general health education;

- Huntington Ambulatory Care Center (HACC): HACC provides primary and specialty care for uninsured and underinsured residents. HACC is a full-service medical clinic staffed by the Hospital's internal medicine and surgical residents;
- Huntington Health eConnect: Health information exchange for use by all providers in the community to improve the quality of healthcare through access to data needed for optimal patient care;
- Huntington Health Services Library: The library serves as an information resource center for medical, nursing, and allied health staff; residents and students, employees, volunteers, health professional from the community, and the community at large. Services provided include: retrieval of health care information, assistance/training to access information from the library's medical databases, reference services to health information and document delivery services to the Hospital's healthcare professionals and employees;
- Integrative Oncology: This integrative medicine service is offered at no charge to cancer patients by a licensed and certified Ph.D. nurse practitioner. Services include acupuncture, meditation, yoga, and nutritional counseling;
- Interpreter Services: The Hospital offers various interpreter services (Stratus Video Interpreter, Language Line, and Life Signs) to assist non-English speaking patients and visitors and those using American Sign Language in their communications with Hospital staff;
- Palliative Care (Special care, beyond routine): This program is a palliative care program offered to patients, in addition to standard care;
- Physician Referral Services: This service supplies free physician referrals for those who call a dedicated number or use web services. This program assists Medi-Cal beneficiaries to locate providers and offers information on health education classes and support groups;
- Senior Care Programs: These dedicated programs for seniors and family members include Care Coordination programs, dedicated Resource Center services, hospital liaisons, Health Connection membership, and noon hour lecture for seniors on topics of interest;
- Shelter and Conservatorships for Patients: This service provides shelter and conservatorships for patients; and

- **Transportation Assistance (Various Programs):** The programs provide transportation assistance - cab fare, bus tokens, ambulance, and ride sharing services - to those without funds or transportation access.

Analysis of the Hospital's Service Area

Service Area Definition

Based on the Hospital's CY 2018 inpatient discharges, the Hospital's service area is comprised of 36 ZIP Codes from which 76% of the Hospital's inpatient discharges emanate. Approximately 44% of the Hospital's discharges originated from the top eight ZIP Codes, located in Pasadena, Altadena and Los Angeles. In CY 2018, the Hospital's market share was approximately 20% based on total service area discharges.

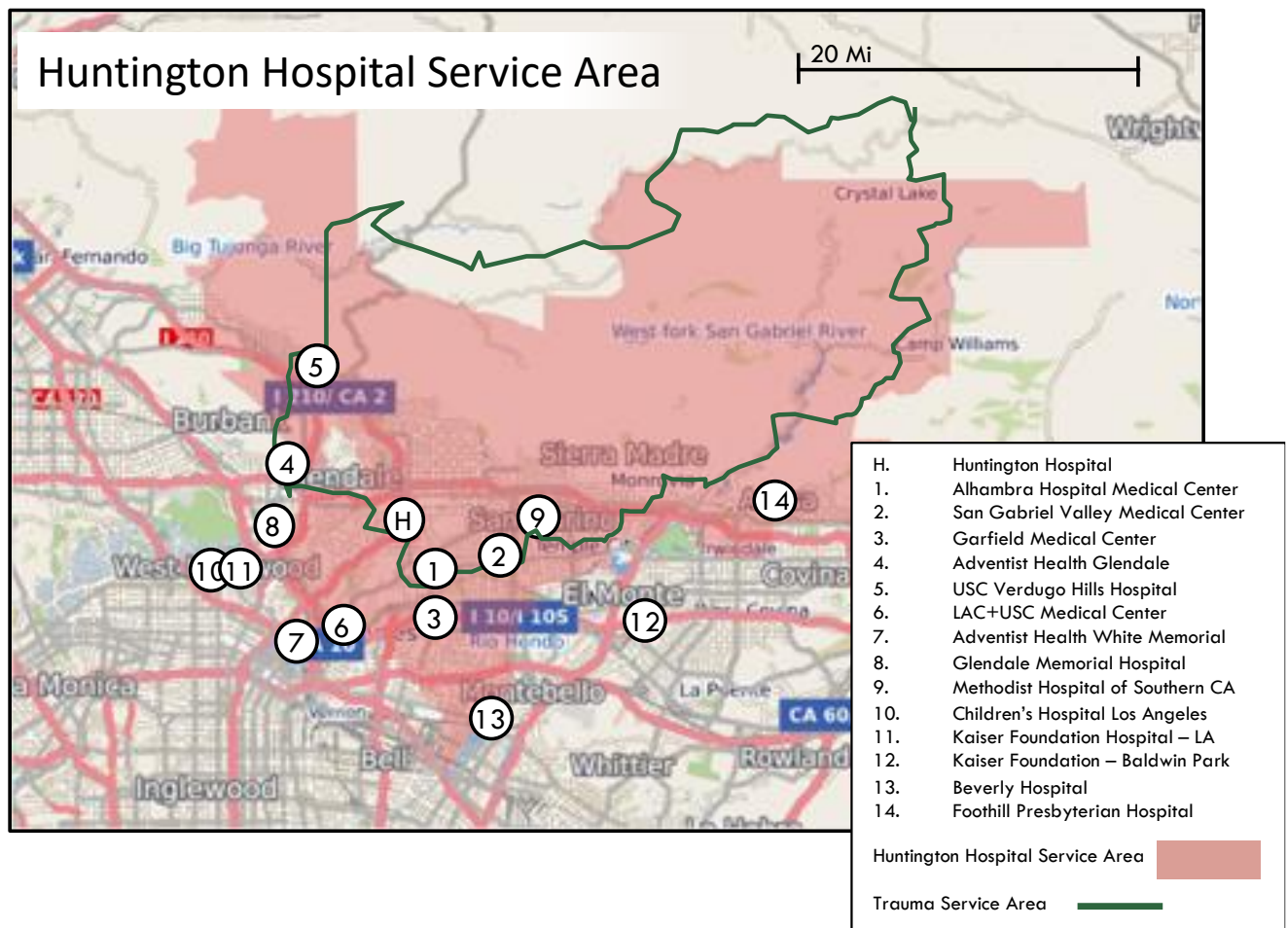
Patient Origin, CY 2018						
Patient ZIP	Patient City	Hospital Discharges	Percentage of Discharges	Cumulative Percentage	Market Share	Total Discharges
91105	Pasadena	2,068	7.0%	7.0%	75.9%	2,723
91104	Pasadena	2,036	6.9%	13.8%	53.2%	3,825
91103	Pasadena	2,009	6.8%	20.6%	49.2%	4,084
91001	Altadena	1,957	6.6%	27.2%	51.1%	3,828
91107	Pasadena	1,468	4.9%	32.1%	44.5%	3,302
90042	Los Angeles	1,212	4.1%	36.2%	23.9%	5,064
91101	Pasadena	1,205	4.1%	40.3%	61.4%	1,961
91106	Pasadena	1,152	3.9%	44.2%	58.6%	1,967
91030	South Pasadena	966	3.3%	47.4%	51.0%	1,895
91801	Alhambra	820	2.8%	50.2%	18.1%	4,536
91016	Monrovia	681	2.3%	52.5%	16.8%	4,042
90032	Los Angeles	625	2.1%	54.6%	14.5%	4,323
91775	San Gabriel	419	1.4%	56.0%	20.6%	2,037
91011	La Canada Flintridge	404	1.4%	57.3%	26.9%	1,504
91803	Alhambra	387	1.3%	58.7%	15.3%	2,526
91108	San Marino	369	1.2%	59.9%	47.2%	782
90065	Los Angeles	347	1.2%	61.1%	8.6%	4,050
90041	Los Angeles	342	1.2%	62.2%	12.8%	2,671
91770	Rosemead	327	1.1%	63.3%	4.8%	6,881
91007	Arcadia	323	1.1%	64.4%	10.4%	3,096
91214	La Crescenta	315	1.1%	65.5%	12.3%	2,552
91006	Arcadia	301	1.0%	66.5%	12.6%	2,394
91024	Sierra Madre	300	1.0%	67.5%	30.3%	989
91754	Monterey Park	285	1.0%	68.5%	8.0%	3,564
91010	Duarte	285	1.0%	69.4%	9.9%	2,890
91780	Temple City	277	0.9%	70.3%	8.2%	3,384
91702	Azusa	273	0.9%	71.3%	5.2%	5,285
91776	San Gabriel	265	0.9%	72.2%	8.1%	3,279
90031	Los Angeles	184	0.6%	72.8%	5.8%	3,186
90640	Montebello	175	0.6%	73.4%	2.6%	6,830
91755	Monterey Park	160	0.5%	73.9%	7.1%	2,265
91208	Glendale	160	0.5%	74.4%	10.9%	1,462
91042	Tujunga	160	0.5%	75.0%	4.9%	3,239
91741	Glendora	159	0.5%	75.5%	6.2%	2,577
91020	Montrose	66	0.2%	75.7%	6.8%	965
91008	San Marino	7	0.0%	75.8%	10.0%	70
Sub-Total		22,489	75.8%	75.8%	20.4%	110,028
All Other		7,193	24.2%	100%		
Grand Total		29,682	100.0%			

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

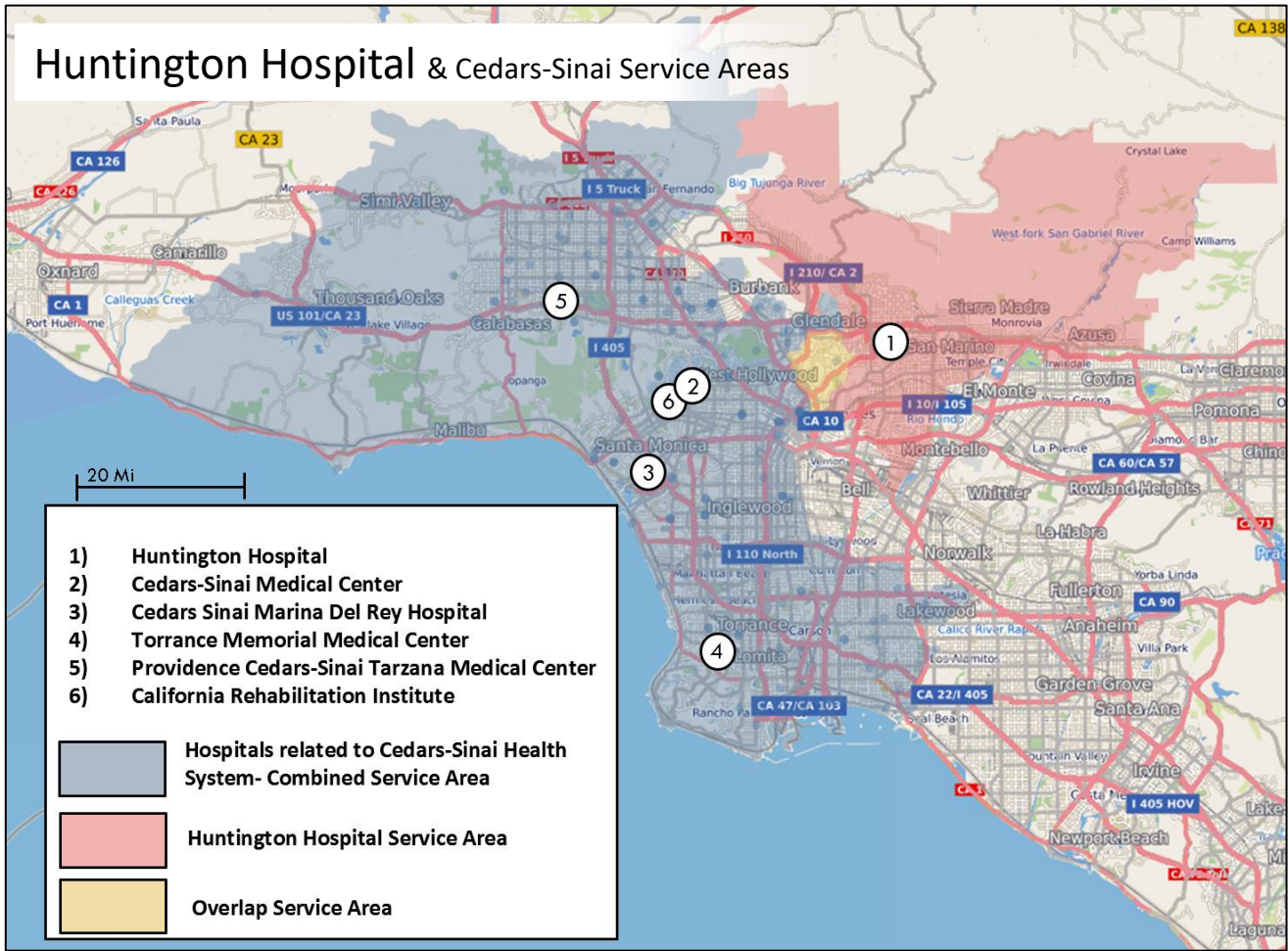
Service Area Map

The Hospital’s service area, with approximately 1.2 million residents, includes the communities of Pasadena, Los Angeles, South Pasadena, Monrovia, Alhambra, San Gabriel, La Canada Flintridge, San Marino, Rosemead, La Crescenta, Sierra Madre, Monterey Park, Temple City, Duarte, Azusa, Montebello, Montrose, Glendale and Tujunga.

There are nine other hospitals located within the Hospital’s service area, including Alhambra Hospital Medical Center, San Gabriel Valley Medical Center, Garfield Medical Center, USC Verdugo Hills Hospital, LAC+USC Medical Center, Adventist Health White Memorial, Methodist Hospital of Southern California, Beverly Hospital and Foothill Presbyterian Hospital-Johnston Memorial. Adventist Health Glendale, Glendale Memorial Hospital and Health Center, Children’s Hospital of Los Angeles, Kaiser Foundation Hospital-Los Angeles, and Kaiser Foundation Hospital-Baldwin Park are located just outside of the service area but provide healthcare services to service area residents. The Hospital is the inpatient market share leader in the service area.



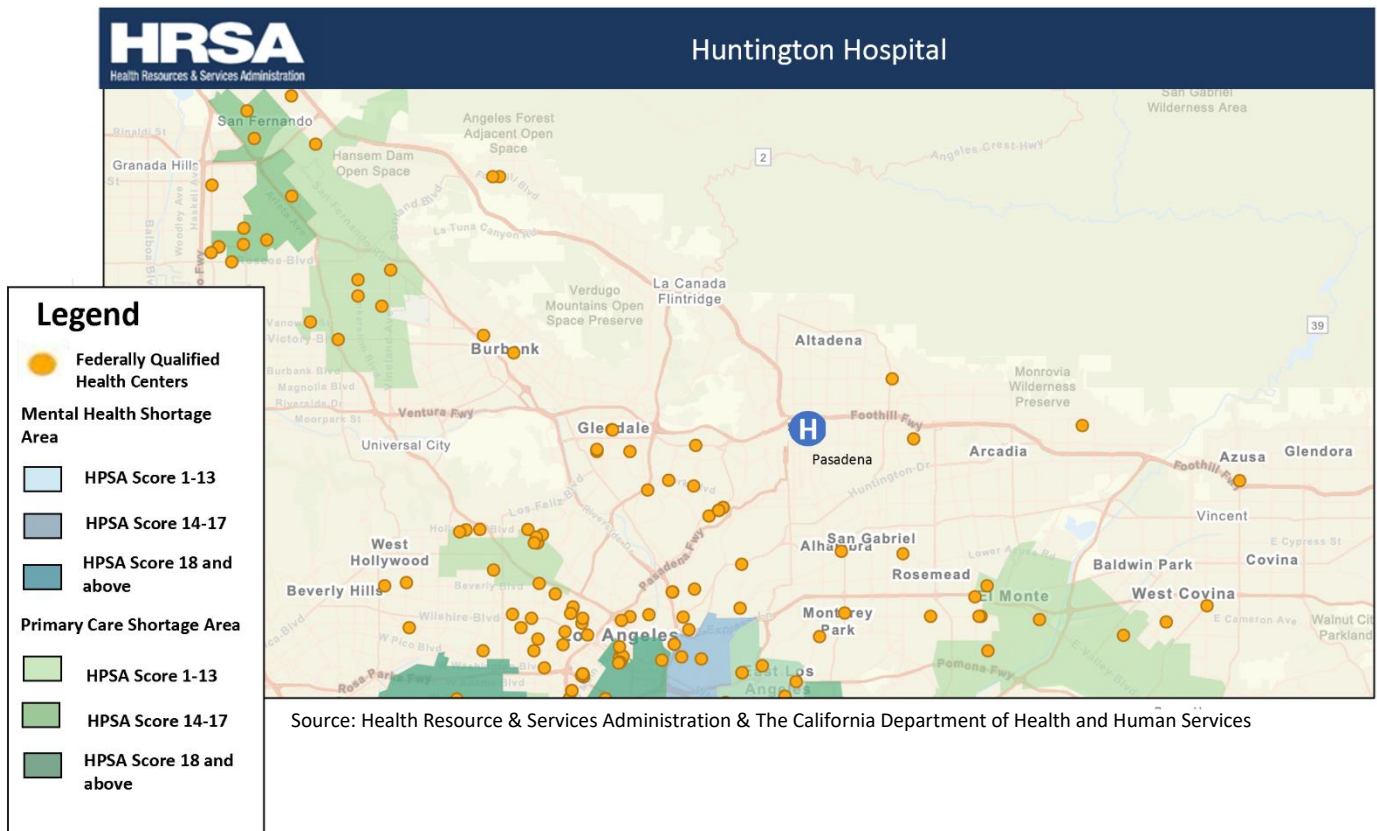
The following map shows the Hospital's service area relative to Cedar-Sinai's service area.



Health Professional Shortage Areas (HPSA)

The Federal Health Resources and Services Administration (HRSA) designates Health Professional Shortage Areas (HPSA) as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population), or institutions (i.e., comprehensive health centers). The Hospital and the majority of its service area are not in a designated Health Professional Shortage Area. The map below depicts primary health shortage and mental health shortage areas relative to the Hospital's location.

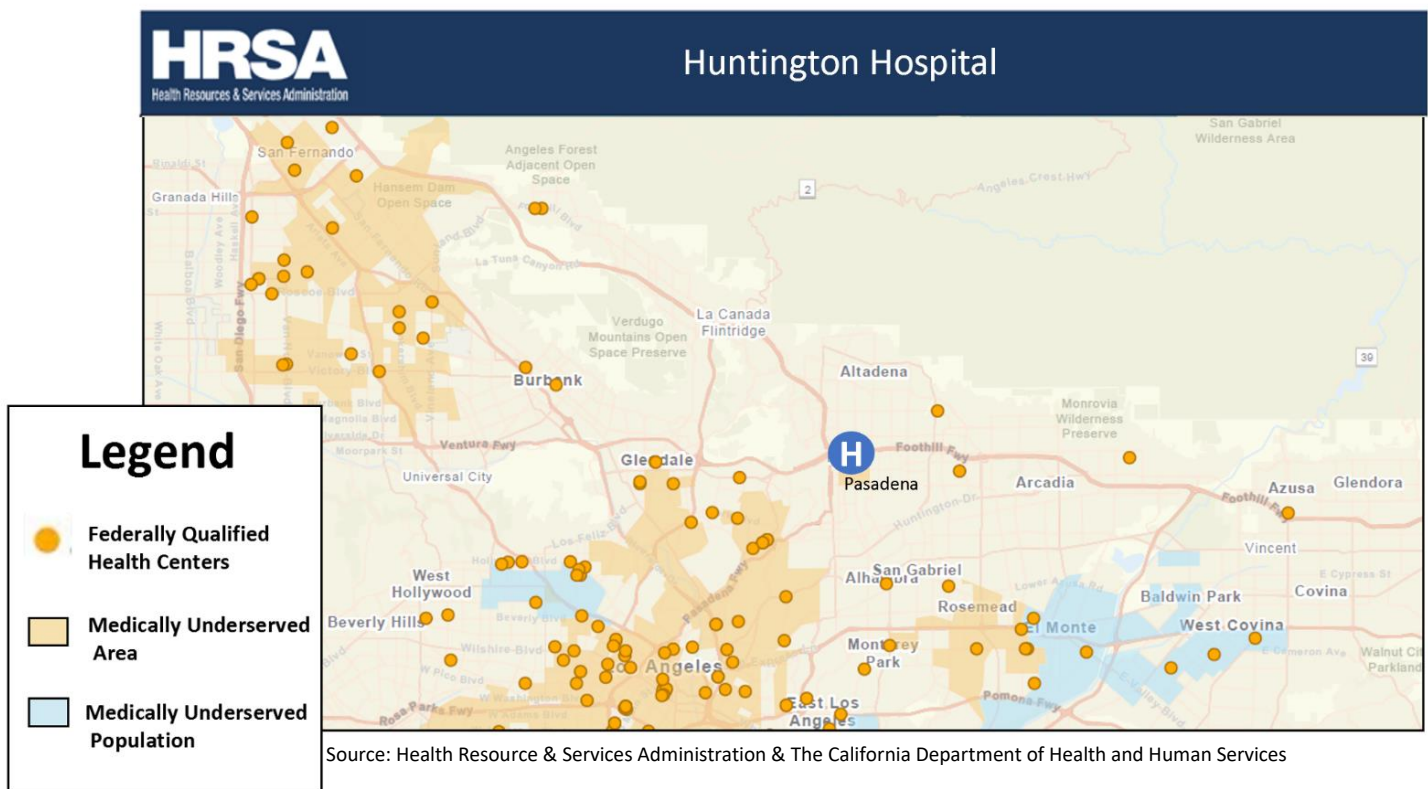
HPSA scores are calculated based on three scoring criteria including population to provider ratio, percentage of the population below 100% of the Federal Poverty Level and travel time to the nearest source of care outside the HPSA designation area. Once designated, HRSA scores HPSAs on a scale of 0-25 for primary care and mental health, with higher scores indicating greater need.



Medically Underserved Areas & Medically Underserved Populations

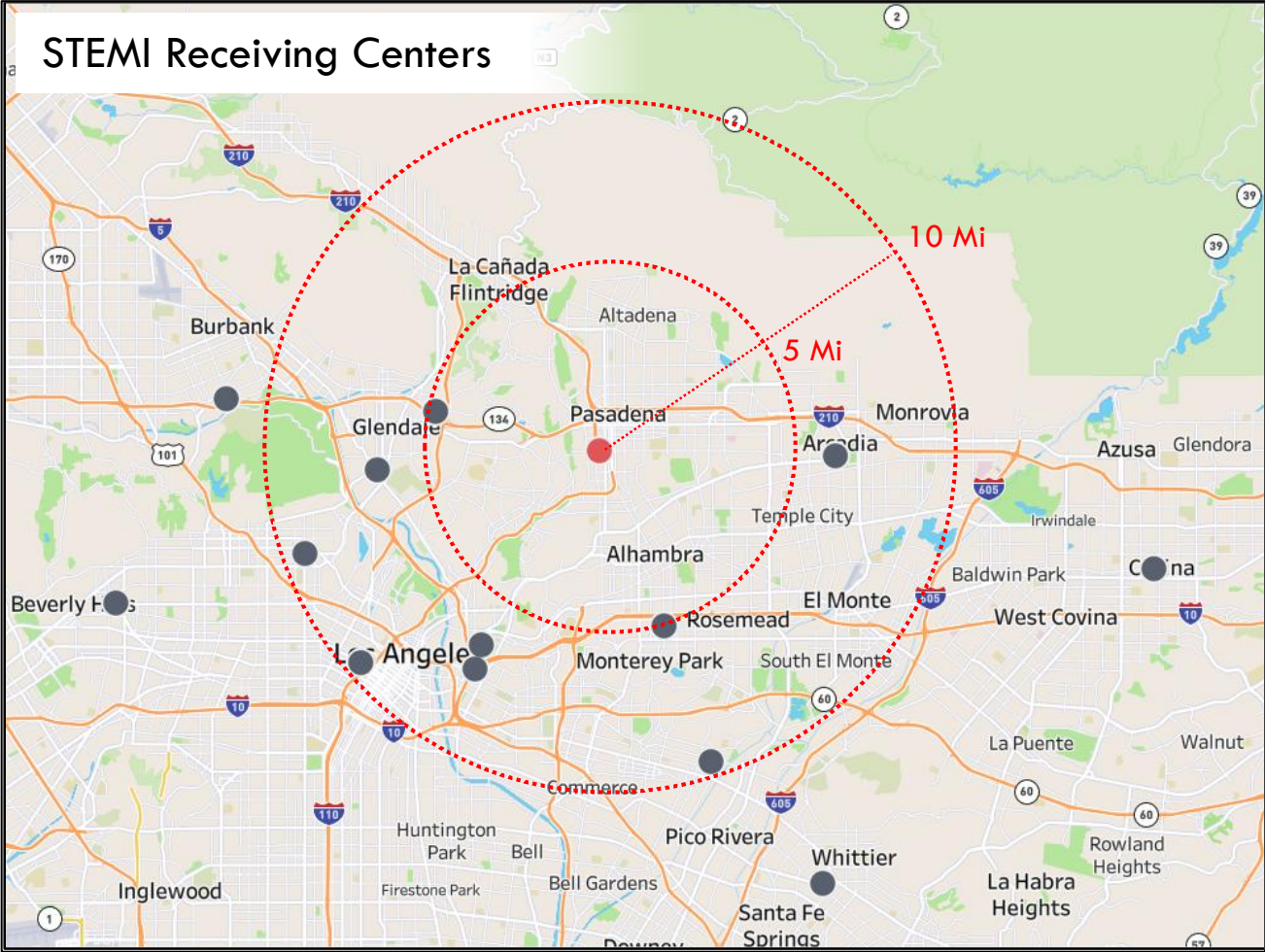
Medically Underserved Areas and Medically Underserved Populations are defined by the Federal Government to include areas or population groups that demonstrate a shortage of healthcare services. This designation process was originally established to assist the government in allocating community health center grant funds to the areas of greatest need. Medically Underserved Areas are identified by calculating a composite index of need indicators compiled and compared with national averages to determine an area's level of medical "under service." Medically Underserved Populations are identified based on documentation of unusual local conditions that result in access barriers to medical services. The map below depicts the Medically Underserved Areas /Medically Underserved Populations relative to the Hospital's location.

The Hospital location and the surrounding five-mile radius is not located in a designated Medically Underserved Areas/Medically Underserved Populations area.



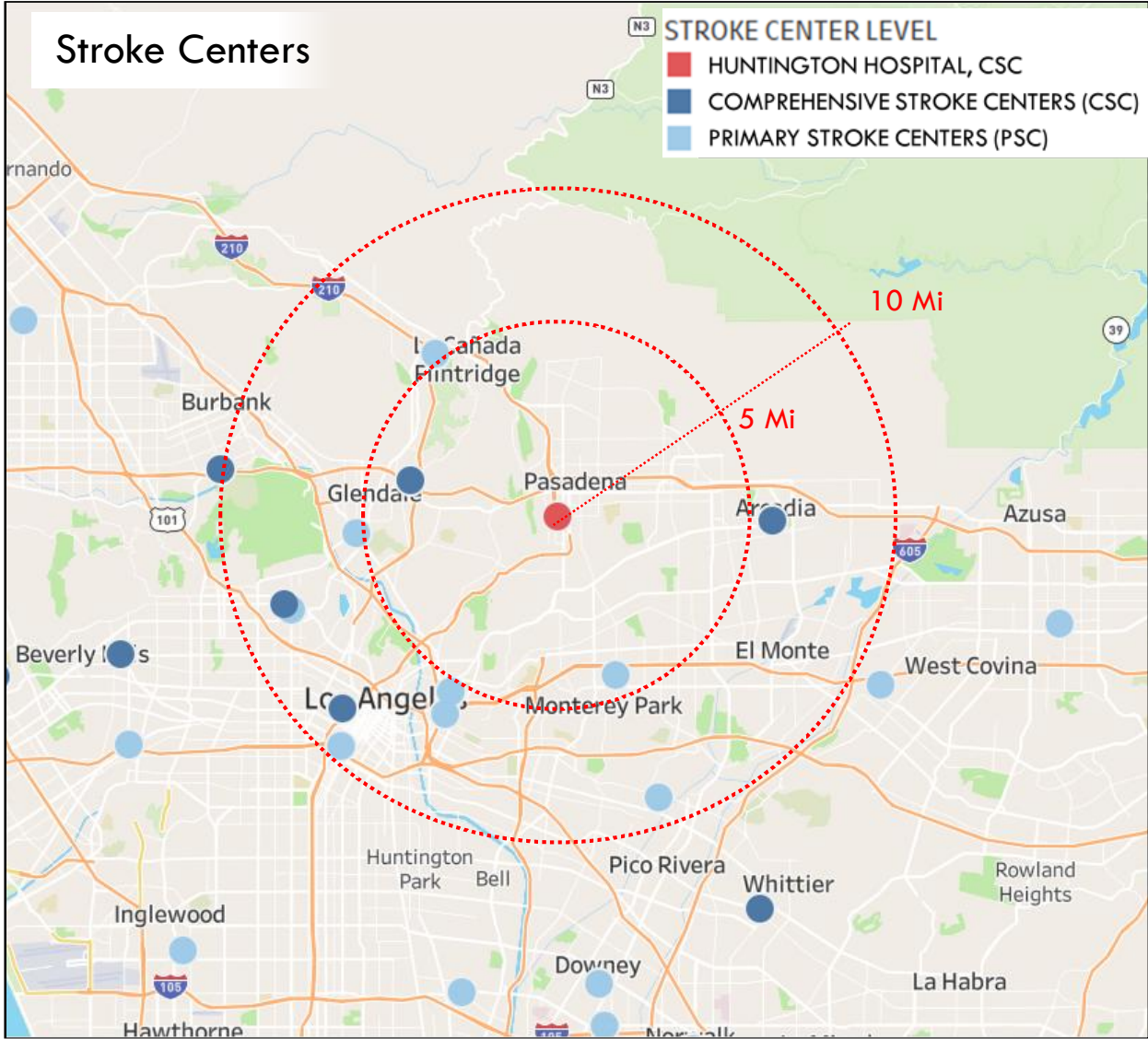
ST Elevation Myocardial Infarction (STEMI) Receiving Centers in Los Angeles County

Within Los Angeles County, there are over 30 STEMI Receiving Centers that are specialized to administer percutaneous coronary intervention for patients experiencing an acute heart attack. The Hospital is one of the ten STEMI Receiving Centers within a 10-mile radius and is an important provider of percutaneous coronary intervention treatment services for service area residents.



Certified Stroke Centers in Los Angeles County

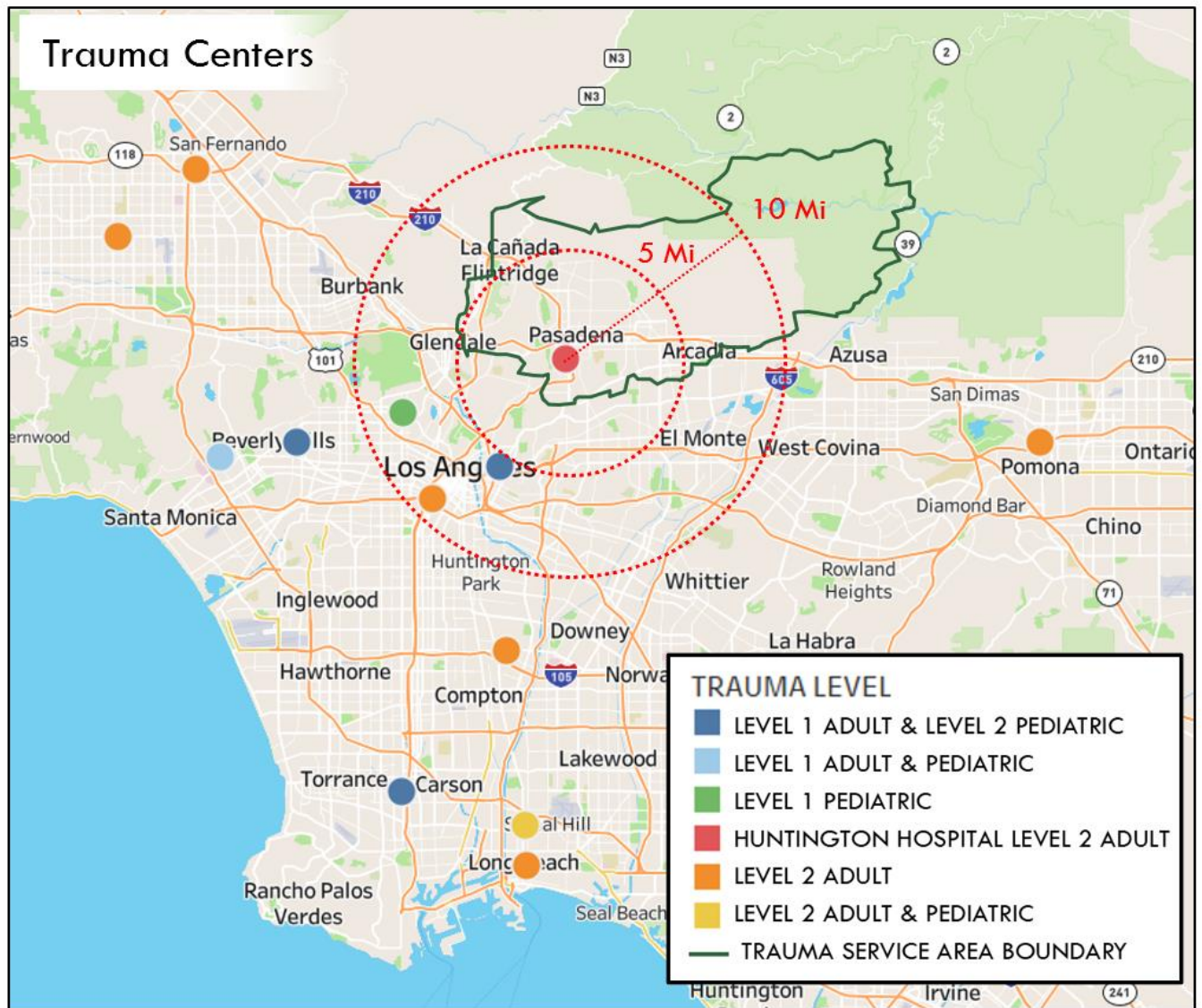
As of June 2020, there are 52 stroke centers with additional resources and processes that are certified through the Joint Commission within Los Angeles County. This includes the Hospital which is one of the 15 that are designated as Comprehensive Stroke Centers.



Service Area Trauma Services

The American College of Surgeons' Committee on Trauma classifies trauma centers as Level I through Level IV. Level I Trauma Centers provide the highest level of trauma care, while those designated as Level IV provide initial trauma care and transfer trauma patients to a higher-level trauma center if necessary.

The map below illustrates the Hospital's trauma service area boundary, as defined by the Emergency Medical Services Agency – Los Angeles County, relative to other trauma centers within Los Angeles.



The Hospital is a Level II Trauma Center and is thus required to have emergency and surgical services with immediate 24-hour coverage by general surgeons, as well as coverage by the specialties of orthopedic surgery, neurosurgery, anesthesiology, emergency medicine, radiology and critical care. A Level II Trauma Center must also have an in-house lab and be able to provide immediate advanced life support for air and ambulance transport, as well as have the necessary equipment and staff available in the intensive care unit, emergency department, and operating rooms.

- The Hospital is the only Level II Trauma Center in the service area; and
- There are three other trauma centers located within 10 miles of the Hospital: LAC+USC Medical Center, California Hospital Medical Center, and Children’s Hospital Los Angeles (for pediatrics only).

Demographic Profile

The Hospital’s service area population is projected to increase by 0.8% over the next five years. This is lower than the expected growth rate for Los Angeles County (1.4%) and lower than the State of California (3.4%).

SERVICE AREA POPULATION STATISTICS						
	2020 Estimate			2025 Projection		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
Population	1,179,766	10,173,432	39,648,525	1,189,537	10,311,054	40,742,448
Households	394,149	3,338,199	13,300,367	395,814	3,377,828	13,638,985
Percentage Female	51.3%	49.4%	50.3%	51.2%	49.5%	49.7%

Source: Esri Demographics

The ethnicity with the largest population in the Hospital’s service area is White (44%) followed by Asian (31%) and Some Other Race (16 %). Approximately 41% of the service area population is of Hispanic origin. This is lower than Los Angeles County (49.0%) and California (39.7%).

SERVICE AREA POPULATION RACE /ETHNICITY						
	2020 Estimate			2025 Projection		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
White Alone	44.3%	48.5%	54.6%	43.6%	48.0%	53.1%
Black Alone	3.5%	8.2%	5.9%	3.4%	7.9%	5.7%
American Indian Alone	0.7%	0.7%	0.9%	0.6%	0.7%	0.9%
Asian Alone	30.8%	15.0%	14.9%	31.6%	15.8%	16.0%
Pacific Islander Alone	0.1%	0.3%	0.4%	0.1%	30.0%	0.4%
Some Other Race Alone	16.2%	22.4%	17.9%	16.2%	22.4%	18.2%
Two or More Races	4.4%	4.9%	5.4%	4.5%	5.0%	5.6%
Total	100%	100%	100%	100%	100%	100%
Hispanic Origin (Any Race)	40.6%	49.0%	39.7%	41.1%	49.7%	41.0%
Non Hispanic Origin	59.4%	51.0%	60.3%	58.9%	50.3%	59.0%
Total	100%	100%	100%	100%	100%	100%

Source: Esri Demographics

The median age of the population in the Hospital’s service area is 39.6 years, older than the statewide median age of 36.3 years and Los Angeles County’s median age of 36.0 years. The percentage of adults over the age of 65 is the fastest growing age cohort, predicted to increase by approximately 12.4% between 2020 and 2025.

SERVICE AREA POPULATION AGE DISTRIBUTION						
	2020 Estimate			2025 Projection		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
0-14	16.6%	18.5%	19.1%	16.0%	17.8%	18.7%
15-44	40.2%	43.6%	42.1%	39.8%	43.3%	41.9%
45-64	26.4%	32.3%	24.2%	25.4%	32.3%	23.1%
65+	16.8%	5.6%	14.6%	18.7%	6.6%	16.4%
Total	100%	100%	100%	100%	100%	100%
Female 15-44	20.0%	21.5%	20.5%	19.6%	21.2%	20.5%
Median Age	39.6	36.0	36.3	40.8	37.3	37.2

Source: Esri Demographics

Households in the Hospital’s service area have an average median household income of \$77,896. This is 11.6% higher than the Los Angeles County average of \$69,795 and 4.5% higher than the State of California average of \$74,520. The percentage of higher-income households (\$150,000+) in the Hospital’s service area is projected to grow at the same rate (3.1%) as Los Angeles County rate of (3%) and slower than the State of California rate of approximately (4%).

SERVICE AREA HOUSEHOLD INCOME DISTRIBUTION						
	2020 Estimate			2025 Projection		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
<\$15,000	9%	10%	9%	8%	9%	7%
\$15,000 - \$24,999	7%	8%	8%	6%	7%	6%
\$25,000 - \$34,999	7%	8%	7%	6%	7%	6%
\$35,000 - \$49,999	10%	11%	11%	9%	10%	9%
\$50,000 - \$74,999	16%	16%	16%	15%	16%	15%
\$75,000 - \$99,999	12%	12%	12%	12%	13%	13%
\$100,000 - \$149,999	18%	16%	17%	19%	17%	19%
\$150,000 - \$199,999	9%	8%	9%	10%	9%	11%
\$200,000+	13%	11%	12%	15%	13%	14%
Total	100%	100%	100%	100%	100%	100%
Median Household Income	\$77,896	\$69,795	\$74,520	\$85,752	\$77,588	\$86,333

Source: Esri Demographics

Medi-Cal Eligibility

With the implementation of the ACA and the statewide expansion of Medi-Cal, 13.2 million of the State of California’s population are eligible for Medi-Cal (33% of California’s population). In Los Angeles County, the California Department of Health Care Services estimated 3,895,310 people were eligible for Medi-Cal in September 2018 (37% of Los Angeles County’s population). Out of the total estimated population in Los Angeles County, 29% of the population was enrolled for Medi-Cal Managed Care. Since the population in the Hospital’s service area has a higher median household income than Los Angeles County, it is expected that the percent eligible for Medi-Cal would not exceed 29%. In the future, Medi-Cal eligibility could be significantly impacted by political changes (e.g., potential repeal of the ACA and/or economic changes such as a viral pandemic).

Selected Health Indicators

A review of health indicators that are available for Los Angeles County (deaths, diseases, and births) is shown on the following tables. Los Angeles County is generally better in natality statistics than the National Goal and better than the State of California except for a higher percentage of low birth weight infants.

NATALITY STATISTICS: 2019			
Health Status Indicator	Los Angeles County	California	National Goal
Low Birth Weight Infants	7.2%	6.8%	7.8%
First Trimester Prenatal Care	84.8%	83.6%	77.9%
Adequate/Adequate Plus Care	80.7%	79.2%	77.6%

Source: California Department of Public Health

Los Angeles County had higher morbidity rates than the State of California for six of the eight health status indicators;

MORBIDITY STATISTICS: 2019			
RATE PER 100,000 POPULATION			
Health Status Indicator	Los Angeles County	California	National Goal ²
HIV/AIDS Incidence (Age 13 and Over) ¹	595.9	397.7	N/A
Chlamydia Incidence	589.4	514.6	N/A
Gonorrhea Incidence Female Age 15-44	277.3	252.4	251.9
Gonorrhea Incidence Male Age 15-44	616.7	444.8	194.8
Tuberculosis Incidence	5.8	5.3	1.0
Congenital Syphilis	29.4	44.4	9.6
Primary Secondary Syphilis Female	2.4	3.5	1.3
Primary Secondary Syphilis Male	33.4	26.2	6.7

Source: California Department of Public Health. Note: Crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population.

¹ California Department of Public Health, Office of AIDS, Surveillance Section reporting periods are: Current Period 2014-2016, Previous Period 2011-

² Health People 2020 Goals have not been established for the measures of HIV/AIDS Incidence and Chlamydia Incidence

The overall age-adjusted mortality rate for Los Angeles County is lower than that of the State of California. Los Angeles County reported higher age-adjusted mortality rates on six of the 18 causes compared to the state of California’s age adjusted rates.

MORTALITY STATISTICS: 2019 RATE PER 100,000 POPULATION			
Selected Cause	Los Angeles County Age Adjusted Death Rate	California Age Adjusted Death Rate	HP 2020 National Objective
All Causes	574.1	641.1	a
- All Cancers	132.8	151.0	161.4
- Colorectal Cancer	13.1	13.9	14.5
- Lung Cancer	24.8	33.6	45.5
- Female Breast Cancer	18.5	20.7	20.7
- Prostate Cancer	19.2	20.2	21.8
- Diabetes	22.9	20.8	N/A
- Alzheimer's Disease	35.6	30.8	N/A
- Coronary Heart Disease	101.7	103.8	103.4
- Cerebrovascular Disease (Stroke)	34.0	35.9	34.8
- Influenza/Pneumonia	18.7	16.3	N/A
- Chronic Lower Respiratory Disease	28.2	35.9	N/A
- Chronic Liver Disease And Cirrhosis	13.2	11.7	8.2
- Accidents (Unintentional Injuries)	23.7	27.9	36.4
- Motor Vehicle Traffic Crashes	7.9	7.6	12.4
- Suicide	8.0	10.2	10.2
- Homicide	6.1	5.1	5.5
- Firearm-Related Deaths	7.4	7.8	9.3
- Drug-Induced Deaths	8.5	11.1	11.3

Source: California Department of Public Health

Healthy People 2020 is the federal government’s prevention agenda for building a healthier nation. It is a statement of national health objectives designed to identify the most significant preventable threats to health and to establish national goals to reduce these threats. The vision of Healthy People 2020 is to have a society in which all people live long, healthy lives. The overarching goals of Healthy People 2020 are to: attain high-quality, longer lives free of preventable disease, disability, injury, and premature death; achieve health equity, eliminate disparities, and improve the health of all groups; create social and physical environments that promote good health for all; and promote quality of life, healthy development, and healthy a: Healthy People (HP) 2020 National Objective has not been established.

2019 Community Health Needs Assessment

In an effort to understand the communities served by the Hospital, their most critical healthcare needs, and the resources available to meet those needs, the Hospital conducts a Community Health Needs Assessment¹⁹ (CHNA) every three years. The Hospital's most recent 2019 assessment incorporated primary data collected through interviews, focus groups and surveys. Secondary data was gathered from a variety of studies and reports compiled by numerous organizations at the local, state, and national levels. The region of focus for the CHNA is defined by four geographic regions that include: Altadena, Pasadena, San Marino and South Pasadena. The top three areas of community needs were identified as the following:

- **Housing Insecurity and Homelessness:** There are approximately 58,936 people experiencing homelessness in Los Angeles County. As of January 2019, there were 677 homeless individuals living in the city of Pasadena, about a quarter of whom are chronically homeless and forty percent of whom are over the age of 50. In Pasadena, there was an approximately 27% increase in the number of homeless people in Pasadena since 2016 (from 530 people to 677 people). Although the service area is a rather affluent area in the Pasadena area, community members and key stakeholders voiced concerns that the current economic trends, including the increasing cost of rental housing combined with comparatively stagnant wages, have put more residents in a position where they have little expendable income, and therefore less money to spend on nutritious food, transportation, childcare and other basic necessities. Another theme heard from the community was that a growing number of residents are at risk of missing rent payments and/ or are facing eviction;
- **Mental Health:** There was a concern about anxiety and depression becoming more widespread. Those interviewed have observed an increase in people reporting symptoms of trauma- and stress related disorders, particularly among veterans and people experiencing homelessness. Many agreed there is a need for more funding and services for children for mental health support, prevention, and early intervention. There is also a need for psychiatrists to serve the youth and homeless populations; and
- **Access to Care:** Despite an increase of insured people in Pasadena, many residents still struggle to connect with and pay for health care. Some residents with health insurance said they do not seek care because they will not be able to cover the additional co-pays and other costs associated with treatment. Many residents have an income just over the threshold to qualify for Medi-Cal. Part-time workers who do not qualify for employer-based health insurance can find themselves in a situation where they are required to purchase their own insurance, but their income does not allow them to afford Covered California²⁰

¹⁹ The IRS per Section 501(r)(3)(A) of the Internal Revenue Code requires a non-profit hospital organization to conduct a community health needs assessment (CHNA) every three years and to adopt an implementation strategy to meet the community health needs identified through the CHNA. (IRS.gov)

²⁰ Covered California is the health insurance marketplace in the U.S. state of California established under the ACA. The exchange enables eligible individuals and small businesses to purchase private health insurance coverage at federally subsidized rates. It is administered by an independent agency of the government of California.

plans. Residents also reported struggling with navigating health care systems due to the complexity of the system, and confusion in the community over what health services would be considered “public charge” (and therefore count against an undocumented immigrant’s appeals in the immigration process). Stakeholders explained that the lack of access to linguistically, culturally, and socioeconomically responsive services, including health care navigation services, acts as a barrier to health care access.

Service Area Market Share by Individual Hospital

The table below shows inpatient service area market share by hospital from CY 2016 to CY 2018.

SERVICE AREA MARKET SHARE TREND, CY 2016-2018- INDIVIDUAL HOSPITAL				
Facility Name	2016	2017	2018	Trend
HUNTINGTON HOSPITAL	19.9%	20.3%	20.4%	↗
METHODIST HOSPITAL OF SOUTHERN CALIFORNIA	10.5%	10.1%	10.0%	↘
GARFIELD MEDICAL CENTER	6.6%	5.8%	5.5%	↘
SAN GABRIEL VALLEY MEDICAL CENTER	5.9%	5.7%	5.6%	↘
ADVENTIST HEALTH GLENDALE	6.2%	5.8%	5.4%	↘
KAISER FOUNDATION HOSPITAL - LOS ANGELES	4.4%	4.7%	4.9%	↗
ALHAMBRA HOSPITAL MEDICAL CENTER	3.3%	3.3%	3.3%	→
LAC+USC MEDICAL CENTER	3.2%	3.2%	3.2%	→
USC VERDUGO HILLS HOSPITAL	3.2%	3.4%	3.4%	↗
KAISER FOUNDATION HOSPITAL - BALDWIN PARK	2.9%	2.8%	2.7%	↘
BEVERLY HOSPITAL	2.5%	2.8%	2.9%	↗
FOOTHILL PRESBYTERIAN HOSPITAL-JOHNSTON MEMORIAL	2.1%	2.2%	2.2%	→
ADVENTIST HEALTH WHITE MEMORIAL	2.1%	2.1%	2.1%	→
GLENDALE MEMORIAL HOSPITAL AND HEALTH CENTER	1.8%	1.8%	1.8%	→
CHILDREN'S HOSPITAL OF LOS ANGELES	1.5%	1.6%	1.6%	→
CEDARS-SINAI MEDICAL CENTER	1.3%	1.2%	1.2%	→
All Other	22.6%	23.3%	23.8%	
Grand Total	111,983	111,768	110,028	↘

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

- From CY 2016 to CY 2018, the Hospital has ranked first in overall service area market share based on discharges. The Hospital increased its market share in the service area from 19.9% in CY 2016 to 20.4% in CY 2018 by increasing service area discharges 0.9% while total inpatient discharges emanating from the service area decreased by 1.7%;
- Methodist Hospital of Southern California located 10 miles away, is second in market share with 10% market share; and
- Cedars-Sinai Medical Center has 1.2% market share in the service area.

Service Area Market Share by Health System

The table below shows inpatient service area market share by health system from CY 2016 to CY 2018. A list of hospital facilities that were part of the system at that time is included in the appendix.

SERVICE AREA MARKET SHARE TREND, CY 2016-2018 - HEALTH SYSTEM				
Facility/Health System	2016	2017	2018	Trend
HUNTINGTON HOSPITAL	19.9%	20.3%	20.4%	↗
AHMC HEALTHCARE	17.4%	16.3%	15.8%	↘
METHODIST HOSPITAL OF SO CAL	10.5%	10.1%	10.0%	↘
KAISER FOUNDATION HOSPITALS	8.4%	8.5%	8.7%	↗
ADVENTIST HEALTH	8.3%	7.9%	7.5%	↘
KECK MEDICINE OF USC	4.8%	5.0%	5.1%	↗
EMANATE HEALTH	4.2%	4.3%	4.3%	→
LAC+USC MEDICAL CENTER	3.2%	3.2%	3.2%	→
BEVERLY HOSPITAL	2.5%	2.8%	2.9%	↗
DIGNITY HEALTH	2.4%	2.4%	2.4%	→
BHC ALHAMBRA HOSPITAL	1.0%	1.2%	1.6%	↗
CHILDREN'S HOSPITAL OF LOS ANGELES	1.5%	1.7%	1.6%	→
PIH HEALTH HOSPITALS	1.5%	1.4%	1.5%	→
CEDARS-SINAI	1.4%	1.3%	1.4%	→
UCLA HEALTH	1.2%	1.0%	1.1%	→
SOUTHERN CALIFORNIA HOSPITAL	0.7%	0.8%	1.0%	↗
PROVIDENCE & ST. JOSEPH HOSPITALS	1.0%	1.0%	1.0%	→
All Other	10.1%	10.9%	10.5%	↗
Service Area Total	100.0%	100.0%	100.0%	
Total Discharges	111,983	111,768	110,028	↘

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

Note: Each entity includes several facilities operated by the health system or just an independent hospital where the patients in the Hospital's market share received care.

- Among health systems, AHMC Healthcare reported the most inpatient discharges (15.8%) in the service area; and
- Over the past three years, Kaiser Foundation Hospitals as a system reported the highest increase in market share (212 discharges) in the service area over the past three years.

Market Share by Payer Type-Individual Hospital

The following table shows the CY 2018 service area inpatient market share by payer type for each individual hospital listed below:

SERVICE AREA MARKET SHARE BY PAYER TYPE, CY 2018 - INDIVIDUAL FACILITY						
Payer	Medicare	Private Coverage	Medi-Cal	All Other Payers	Total Market Share	Discharges
HUNTINGTON HOSPITAL	18.3%	27.8%	15.4%	20.3%	20.4%	22,489
METHODIST HOSPITAL OF SOUTHERN CALIFORNIA	13.9%	11.7%	2.4%	6.4%	10.0%	11,012
SAN GABRIEL VALLEY MEDICAL CENTER	6.3%	2.6%	7.8%	5.5%	5.6%	6,116
GARFIELD MEDICAL CENTER	6.4%	2.3%	6.6%	10.9%	5.5%	5,999
ADVENTIST HEALTH GLENDALE	6.3%	4.1%	5.8%	4.1%	5.4%	5,973
KAISER FOUNDATION HOSPITAL - LOS ANGELES	4.6%	9.4%	1.0%	0.7%	4.9%	5,395
USC VERDUGO HILLS HOSPITAL	5.3%	2.8%	1.5%	1.1%	3.4%	3,747
ALHAMBRA HOSPITAL MEDICAL CENTER	4.4%	0.8%	4.7%	0.4%	3.3%	3,591
LAC+USC MEDICAL CENTER	1.5%	0.6%	8.8%	4.2%	3.2%	3,525
BEVERLY HOSPITAL	3.1%	0.9%	5.4%	0.9%	2.9%	3,209
KAISER FOUNDATION HOSPITAL - BALDWIN PARK	2.7%	5.0%	0.6%	0.3%	2.7%	3,018
FOOTHILL PRESBYTERIAN HOSPITAL-JOHNSTON MEMORIAL	2.6%	1.5%	2.4%	1.3%	2.2%	2,378
ADVENTIST HEALTH WHITE MEMORIAL	1.6%	0.8%	4.0%	3.7%	2.1%	2,277
GLENDALE MEMORIAL HOSPITAL AND HEALTH CENTER	1.6%	0.8%	3.7%	0.5%	1.8%	2,034
CHILDREN'S HOSPITAL OF LOS ANGELES	0.0%	2.0%	3.9%	0.1%	1.6%	1,725
BHC ALHAMBRA HOSPITAL	0.3%	4.2%	0.7%	0.2%	1.6%	1,725
KECK HOSPITAL OF USC	1.8%	1.5%	0.4%	4.9%	1.5%	1,654
CEDARS SINAI MEDICAL CENTER	0.9%	2.5%	0.4%	0.5%	1.2%	1,356
CITRUS VALLEY MEDICAL CENTER - QV CAMPUS	0.6%	0.6%	2.9%	1.1%	1.2%	1,286
MONTEREY PARK HOSPITAL	0.9%	0.3%	1.7%	2.8%	1.0%	1,114
CITRUS VALLEY MEDICAL CENTER - IC CAMPUS	1.2%	0.4%	1.3%	0.7%	1.0%	1,085
All Other	17.8%	18.3%	21.5%	33.1%	17.6%	19,320
PAYER MIX	41.0%	29.2%	25.3%	4.4%	100.0%	
TOTAL	100%	100%	100%	100%		
TOTAL DISCHARGES	45,111	32,155	27,873	4,889		110,028

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

Note: Each entity includes several facilities operated by the health system or just an independent hospital where the patients in the Hospital's market share received care.

- The largest payer category of service area inpatient discharges is Medicare with 45,111 inpatient discharges (41%), followed by Private Coverage with 32,155 inpatient discharges (29.2%), and Medi-Cal with 27,873 inpatient discharges (25.3%); and
- The Hospital is the market share leader for Private Coverage (27.8%) and All Other (20.3%) which includes self-pay, workers' compensation, other government, and other payers.

Market Share by Payer Type-Health System

The following tables show the CY 2018 service area inpatient market share by payer type for each health system listed below:

SERVICE AREA MARKET SHARE BY PAYER TYPE, CY 2018 - HEALTH SYSTEM						
	Medicare	Private Coverage	Medi-Cal	All Other Payers	Total Percentage	Discharges
HUNTINGTON HOSPITAL	18.3%	27.8%	15.4%	20.3%	20.4%	22,489
AHMC HEALTHCARE	18.4%	6.2%	21.9%	19.9%	15.8%	17,363
METHODIST HOSPITAL OF SO CAL	13.9%	11.7%	2.4%	6.4%	10.0%	11,012
KAISER FOUNDATION HOSPITALS	8.2%	16.4%	1.9%	1.3%	8.7%	9,563
ADVENTIST HEALTH	7.9%	4.9%	9.9%	7.8%	7.5%	8,262
KECK MEDICINE OF USC	7.3%	4.5%	2.0%	7.2%	5.1%	5,633
EMANATE HEALTH	4.4%	2.5%	6.5%	3.1%	4.3%	4,749
LAC+USC MEDICAL CENTER	1.5%	0.6%	8.8%	4.2%	3.2%	3,525
BEVERLY HOSPITAL	3.1%	0.9%	5.4%	0.9%	2.9%	3,209
DIGNITY HEALTH	1.8%	1.3%	5.0%	0.9%	2.4%	2,660
BHC ALHAMBRA HOSPITAL	0.3%	4.2%	0.7%	0.2%	1.6%	1,725
CHILDRENS HOSPITAL OF LOS ANGELES	0.0%	2.0%	3.9%	0.1%	1.6%	1,725
CEDARS- SINAI	1.1%	2.8%	0.4%	0.5%	1.4%	1,525
All Other	13.8%	14.5%	15.7%	27.2%	15.1%	16,588
PAYER MIX	41.0%	29.2%	25.3%	4.4%	100.0%	
TOTAL	100%	100%	100%	100%		
TOTAL DISCHARGES	45,111	32,155	27,873	4,889		110,028

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

Note: Each entity includes several facilities operated by the health system or just an independent hospital where the patients in the Hospital's market share received care.

- The Hospital is the market share leader for Private Coverage (27.8%) and All Other (20.3%);
- AHMC Healthcare is the market share leader for Medicare (18.4%) and Medi-Cal (21.9%) and; and
- Cedars-Sinai's total market share in the Hospital's service area is 1.4%.

Market Share by Service Line-Individual Facility

The following two tables show the CY 2018 service area inpatient market share by service line for each individual hospital listed below:

SERVICE AREA MARKET SHARE BY SERVICE LINE, CY 2018 - INDIVIDUAL FACILITY													
	General Medicine	Obstetrics	Cardiac Services	Behavioral Health	General Surgery	Orthopedics	Neurology	Neonatology	Oncology/Hematology (Medical)	Urology	Gynecology	Total Percentage	Total Discharges
HUNTINGTON MEMORIAL HOSPITAL	20%	22%	18%	11%	22%	25%	19%	28%	19%	24%	20%	20%	22,489
METHODIST HOSPITAL OF SOUTHERN CALIFORNIA	11%	8%	13%	1%	11%	14%	14%	7%	10%	7%	12%	10%	11,012
SAN GABRIEL VALLEY MEDICAL CENTER	6%	10%	5%	3%	4%	4%	4%	6%	5%	4%	12%	6%	6,116
GARFIELD MEDICAL CENTER	5%	7%	8%	0%	5%	3%	8%	6%	6%	8%	11%	5%	5,999
ADVENTIST HEALTH GLENDALE	5%	5%	7%	6%	5%	5%	7%	5%	4%	4%	4%	5%	5,973
KAISER FOUNDATION HOSPITAL - LOS ANGELES	4%	8%	6%	3%	4%	4%	4%	11%	5%	5%	4%	5%	5,395
USC VERDUGO HILLS HOSPITAL	5%	1%	3%	1%	3%	5%	4%	1%	2%	6%	1%	3%	3,747
ALHAMBRA HOSPITAL MEDICAL CENTER	5%	0%	4%	1%	3%	2%	4%	0%	5%	4%	2%	3%	3,591
LAC+USC MEDICAL CENTER	3%	1%	4%	1%	5%	3%	3%	3%	5%	5%	5%	3%	3,525
BEVERLY HOSPITAL	4%	1%	4%	0%	3%	2%	3%	1%	3%	4%	3%	3%	3,209
KAISER FOUNDATION HOSPITAL - BALDWIN PARK	2%	7%	2%	0%	3%	5%	2%	5%	2%	2%	2%	3%	3,018
FOOTHILL PRESBYTERIAN HOSPITAL-JOHNSTON MEM	3%	2%	3%	0%	3%	2%	2%	1%	2%	3%	1%	2%	2,378
ADVENTIST HEALTH WHITE MEMORIAL	2%	3%	2%	1%	2%	2%	2%	2%	2%	1%	2%	2%	2,277
GLENDALE MEMORIAL HOSPITAL AND HEALTH CENTE	1%	4%	2%	1%	1%	1%	2%	4%	1%	1%	1%	2%	2,034
BHC ALHAMBRA HOSPITAL	0%	0%	0%	18%	0%	0%	0%	0%	0%	0%	0%	2%	1,725
CHILDREN'S HOSPITAL OF LOS ANGELES	2%	0%	1%	0%	2%	2%	3%	1%	4%	2%	1%	2%	1,725
KECK HOSPITAL OF USC	1%	0%	2%	0%	4%	3%	2%	0%	1%	4%	1%	2%	1,654
CEDARS-SINAI MEDICAL CENTER	1%	2%	1%	0%	2%	2%	1%	3%	1%	2%	1%	1%	1,356
ALL OTHER FACILITIES	18%	18%	15%	50%	20%	18%	19%	16%	23%	15%	16%	21%	22,805
Total Percentage	32%	12%	11%	9%	7%	6%	5%	4%	4%	2%	1%	100%	
Total Discharges	35,007	12,715	12,248	9,822	8,200	7,056	5,797	4,231	3,920	1,701	1,582		110,028

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

SERVICE AREA MARKET SHARE BY SERVICE LINE, CY 2018 - INDIVIDUAL FACILITY

	ENT	Spine	Vascular Services	Trauma	Spine Surgery	Neurosurgery	Thoracic Surgery	Ophthalmology	Rehabilitation	Ungroupable	Total Percentage	Total Discharges
HUNTINGTON MEMORIAL HOSPITAL	23%	37%	18%	29%	28%	22%	19%	20%	12%	0%	20%	22,489
METHODIST HOSPITAL OF SOUTHERN CALIFORNIA	6%	12%	11%	9%	13%	7%	5%	8%	2%	0%	10%	11,012
SAN GABRIEL VALLEY MEDICAL CENTER	3%	4%	7%	4%	4%	2%	5%	5%	0%	17%	6%	6,116
GARFIELD MEDICAL CENTER	4%	1%	6%	5%	7%	7%	8%	3%	0%	0%	5%	5,999
ADVENTIST HEALTH GLENDALE	6%	3%	7%	3%	4%	6%	6%	3%	0%	0%	5%	5,973
KAISER FOUNDATION HOSPITAL - LOS ANGELES	4%	5%	3%	5%	3%	7%	7%	4%	0%	50%	5%	5,395
USC VERDUGO HILLS HOSPITAL	2%	0%	1%	4%	6%	1%	2%	3%	0%	0%	3%	3,747
ALHAMBRA HOSPITAL MEDICAL CENTER	4%	0%	3%	3%	3%	1%	3%	4%	63%	0%	3%	3,591
LAC+USC MEDICAL CENTER	5%	1%	2%	10%	2%	6%	3%	19%	0%	0%	3%	3,525
BEVERLY HOSPITAL	4%	1%	5%	3%	3%	1%	0%	2%	0%	0%	3%	3,209
KAISER FOUNDATION HOSPITAL - BALDWIN PARK	1%	0%	4%	1%	0%	0%	0%	0%	0%	0%	3%	3,018
FOOTHILL PRESBYTERIAN HOSPITAL-JOHNSTON MEMORIAL	1%	0%	2%	1%	2%	1%	1%	1%	0%	0%	2%	2,378
ADVENTIST HEALTH WHITE MEMORIAL	3%	3%	3%	1%	1%	1%	1%	2%	0%	0%	2%	2,277
GLENDALE MEMORIAL HOSPITAL AND HEALTH CENTER	0%	1%	3%	1%	2%	0%	2%	0%	0%	0%	2%	2,034
BHC ALHAMBRA HOSPITAL	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	1,725
CHILDREN'S HOSPITAL OF LOS ANGELES	12%	2%	1%	2%	0%	3%	2%	11%	0%	0%	2%	1,725
KECK HOSPITAL OF USC	4%	7%	4%	2%	2%	10%	8%	2%	0%	0%	2%	1,654
CEDARS-SINAI MEDICAL CENTER	1%	3%	1%	1%	2%	2%	2%	0%	0%	0%	1%	1,356
ALL OTHER FACILITIES	17%	19%	18%	18%	17%	24%	25%	14%	23%	33%	21%	22,805
Total Percentage	1%	1%	1%	1%	1%	1%	1%	0%	0%	0%	100%	
Total Discharges	1,341	1,204	1,197	1,150	1,012	964	557	192	126	6		110,028

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

- The Hospital is a service line leader in 18 of 20 service lines including: general medicine (20%), obstetrics (22%), cardiac services (18%), general surgery (22%), orthopedics (25%), neurology (19%), neonatology (28%), oncology/hematology medical (19%), urology (24%), gynecology (20%), ENT (23%), spine (37%), vascular services (18%), trauma (29%), spine surgery (28%), neurosurgery (22%), thoracic surgery (19%), and ophthalmology (20%); and
- The Hospital also reported the second most behavioral health inpatient discharges behind BHC Alhambra, which is a specialty behavioral health hospital.

Market Share by Service Line-Health System

The following two tables shows the CY 2018 service area inpatient market share by service line for each health system listed below:

SERVICE AREA MARKET SHARE BY SERVICE LINE, CY 2018 - HEALTH SYSTEM													
	General Medicine	Obstetrics	Cardiac Services	Behavioral Health	General Surgery	Orthopedics	Neurology	Neonatology	Oncology/Hematology (Medical)	Urology	Gynecology	Total Percentage	Total Discharges
HUNTINGTON MEMORIAL HOSPITAL	20%	22%	18%	11%	22%	25%	19%	28%	19%	24%	20%	20%	22,489
AHMC HEALTHCARE	19%	19%	19%	4%	13%	9%	17%	12%	17%	17%	27%	16%	17,363
METHODIST HOSPITAL OF SOUTHERN CALIFORNIA	11%	8%	13%	1%	11%	14%	14%	7%	10%	7%	12%	10%	11,012
KAISER FOUNDATION HOSPITALS	7%	17%	8%	3%	9%	10%	7%	18%	8%	8%	8%	9%	9,563
ADVENTIST HEALTH	7%	8%	9%	8%	7%	7%	8%	8%	6%	5%	6%	8%	8,262
KECK MEDICINE OF USC	6%	1%	5%	1%	7%	8%	6%	1%	6%	11%	2%	5%	5,633
EMANATE HEALTH	5%	6%	6%	2%	5%	4%	4%	5%	3%	5%	3%	4%	4,749
LAC+USC MEDICAL CENTER	3%	1%	4%	1%	5%	3%	3%	3%	5%	5%	5%	3%	3,525
BEVERLY HOSPITAL	4%	1%	4%	0%	3%	2%	3%	1%	3%	4%	3%	3%	3,209
DIGNITY HEALTH	2%	5%	3%	2%	2%	2%	2%	4%	2%	1%	3%	2%	2,660
CHILDREN'S HOSPITAL OF LOS ANGELES	2%	0%	1%	0%	2%	2%	3%	1%	4%	2%	1%	2%	1,725
BHC ALHAMBRA HOSPITAL	0%	0%	0%	18%	0%	0%	0%	0%	0%	0%	0%	2%	1,725
PIH HEALTH HOSPITALS	1%	2%	2%	0%	1%	2%	2%	2%	1%	1%	2%	1%	1,626
CEDARS-SINAI	1%	2%	1%	0%	2%	2%	1%	3%	1%	2%	1%	1%	1,525
UCLA HEALTH	1%	1%	1%	0%	2%	1%	1%	1%	2%	1%	1%	1%	1,173
SOUTHERN CALIFORNIA HOSPITAL	1%	0%	0%	4%	0%	0%	1%	0%	0%	0%	0%	1%	1,106
PROVIDENCE & ST. JOSEPH HOSPITALS	1%	2%	1%	0%	1%	2%	1%	2%	1%	2%	2%	1%	1,051
ALL OTHER FACILITIES	9%	5%	5%	43%	8%	7%	8%	5%	11%	6%	5%	11%	11,632
Total	32%	12%	11%	9%	7%	6%	5%	4%	4%	2%	1%	100%	
Total Discharges	35,007	12,715	12,248	9,822	8,200	7,056	5,797	4,231	3,920	1,701	1,582		110,028

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

Note: Each entity includes several facilities operated by the health system or just an independent hospital where the patients in the Hospital's market share received care.

SERVICE AREA MARKET SHARE BY SERVICE LINE, CY 2018 - HEALTH SYSTEM

	ENT	Spine	Vascular Services	Trauma	Spine Surgery	Neurosurgery	Thoracic Surgery	Ophthalmology	Rehabilitation	Ungroupable	Total Percentage	Total Discharges
HUNTINGTON MEMORIAL HOSPITAL	23%	37%	18%	29%	28%	22%	19%	20%	12%	0%	20%	22,489
AHMC HEALTHCARE	13%	6%	17%	12%	15%	9%	18%	14%	63%	17%	16%	17,363
METHODIST HOSPITAL OF SOUTHERN CALIFORNIA	6%	12%	11%	9%	13%	7%	5%	8%	2%	0%	10%	11,012
KAISER FOUNDATION HOSPITALS	6%	7%	8%	8%	4%	11%	9%	4%	0%	50%	9%	9,563
ADVENTIST HEALTH	8%	7%	10%	3%	5%	7%	7%	5%	0%	0%	8%	8,262
KECK MEDICINE OF USC	6%	8%	5%	5%	8%	11%	10%	5%	0%	0%	5%	5,633
EMANATE HEALTH	2%	1%	5%	1%	4%	2%	1%	1%	0%	0%	4%	4,749
LAC+USC MEDICAL CENTER	5%	1%	2%	10%	2%	6%	3%	19%	0%	0%	3%	3,525
BEVERLY HOSPITAL	4%	1%	5%	3%	3%	1%	0%	2%	0%	0%	3%	3,209
DIGNITY HEALTH	2%	1%	3%	2%	3%	1%	2%	1%	0%	17%	2%	2,660
CHILDREN'S HOSPITAL OF LOS ANGELES	12%	2%	1%	2%	0%	3%	2%	11%	0%	0%	2%	1,725
BHC ALHAMBRA HOSPITAL	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	1,725
PIH HEALTH HOSPITALS	1%	2%	2%	1%	2%	3%	2%	0%	0%	0%	1%	1,626
CEDARS-SINAI	1%	4%	1%	1%	2%	2%	3%	0%	0%	0%	1%	1,525
UCLA HEALTH	2%	1%	2%	1%	1%	4%	3%	5%	0%	0%	1%	1,173
SOUTHERN CALIFORNIA HOSPITAL	1%	1%	0%	1%	1%	0%	0%	1%	2%	17%	1%	1,106
PROVIDENCE & ST. JOSEPH HOSPITALS	1%	2%	1%	1%	1%	2%	3%	0%	3%	0%	1%	1,051
ALL OTHER FACILITIES	8%	9%	8%	9%	8%	11%	14%	5%	18%	0%	11%	11,632
Total	1%	1%	1%	1%	1%	1%	1%	0%	0%	0%	100%	
Total Discharges	1,341	1,204	1,197	1,150	1,012	964	557	192	126	6		110,028

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

Note: Each entity includes several facilities operated by the health system or just an independent hospital where the patients in the Hospital's market share received care.

- AHMC Healthcare, which represents 16% of the service area discharges, is a service line leader in two of the 20 service lines including: cardiac services (19%), and gynecology (27%).

Huntington Hospital Analysis by Bed Type

The tables on the following pages show existing hospital bed capacity, occupancy, and bed availability for medical/surgical, intensive/coronary care, obstetrics, pediatrics, pediatric intensive care, neonatal intensive care, acute psychiatric care, physical rehabilitation, chemical dependency, and emergency services using FY 2018 and FY 2019 data.

Hospital Supply and Demand

There are nine other general acute care hospitals within the Hospital’s service area that, together with the Hospital, have a combined total of 3,017 licensed beds and an aggregate occupancy rate of approximately 66%. Hospitals in the service area run at occupancy rates that range between 53% at Beverly Hospital and approximately 80%, at LAC+USC Medical Center.

The hospitals listed in the table below were analyzed to determine available bed capacity in the area.

AREA HOSPITAL DATA 2018								
Hospital	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles from Hospital
Huntington Hospital	Pasadena	X	578	28,635	121,897	334	57.8%	
Alhambra Hospital Medical Center*	Alhambra	x	144	5,027	32,938	90	62.7%	3.5
San Gabriel Valley Medical Center*	San Gabriel	x	273	9,220	65,228	179	65.5%	4.5
Garfield Medical Center*	Monterey Park	x	210	10,215	54,126	148	70.6%	5.6
USC Verdugo Hills Hospital*	Glendale	x	158	6,873	32,401	89	56.2%	7.9
LAC+USC Medical Center*	Los Angeles	x	670	30,175	195,296	535	79.9%	8.5
Adventist Health White Memorial	Los Angeles	x	353	19,171	85,045	233	66.0%	8.8
Methodist Hospital of Southern California	Arcadia	x	324	15,478	74,602	204	63.1%	10.0
Beverly Hospital	Montebello	x	202	9,915	38,893	107	52.8%	18.6
Foothill Presbyterian Hospital - Johnston Memorial	Glendora	x	105	5,690	23,030	63	60.1%	19.3
SUB-TOTAL			3,017	140,399	723,456	1,982	65.7%	
Adventist Health Glendale	Glendale		515	19,879	100,611	276	53.5%	6.3
Glendale Memorial Hospital and Health Center*	Glendale		334	9,758	42,582	117	34.9%	9.5
Children’s Hospital of Los Angeles*	Los Angeles		495	17,677	118,243	324	65.4%	11.7
Kaiser Foundation Hospital- Los Angeles	Los Angeles		528	27,468	138,036	378	71.6%	12.5
Kaiser Foundation Hospital- Baldwin Park	Baldwin Park		257	10,797	36,108	99	38.5%	14.4
TOTAL			5,146	225,978	1,159,036	3,175	61.7%	

Source: OSHPD Disclosure Reports
* 2019 Data

- The Hospital’s 578 licensed beds represent approximately 19% of the service area’s beds, and inpatient volume accounts for approximately 20% of discharges and 17% of patient days among hospitals that are located in the service area.

Medical/Surgical Capacity Analysis

The Hospital has 372 medical/surgical beds representing 22% of all licensed medical surgical beds available in the service area and 20% of the medical/surgical inpatient discharges among hospitals that are located in the service area.

AREA HOSPITAL DATA : MEDICAL/SURGICAL, FY 2018							
Hospital	Miles from	Within	Licensed	Discharges	Patient Days	Average Daily	Percent
	Hospital	Service Area	Beds			Census	Occupied
Huntington Hospital	-	X	372	21,189	79,471	218	58.5%
Alhambra Hospital Medical Center*	3.5	x	88	4,168	17,452	48	54.3%
San Gabriel Valley Medical Center*	4.5	x	127	5,981	26,352	72	56.8%
Garfield Medical Center*	5.6	x	106	6,866	34,244	94	88.5%
USC Verdugo Hills Hospital*	7.9	x	86	5,006	14,309	39	45.6%
LAC+USC Medical Center*	8.5	x	329	22,492	119,139	326	99.2%
Adventist Health White Memorial	8.8	x	158	11,019	47,136	129	81.7%
Methodist Hospital of Southern California	10.0	x	204	12,717	53,472	146	71.8%
Beverly Hospital	18.6	x	134	8,235	31,176	85	63.7%
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	74	4,436	17,100	47	63.3%
SUB-TOTAL			1,678	102,109	439,851	1,205	71.8%
Adventist Health Glendale	6.3		291	14,669	61,329	168	57.7%
Glendale Memorial Hospital and Health Center*	9.5		180	5,887	21,952	60	33.4%
Children's Hospital of Los Angeles*	11.7		-	-	-	-	-
Kaiser Foundation Hospital- Los Angeles	12.5		256	15,581	72,681	199	77.8%
Kaiser Foundation Hospital- Baldwin Park	14.4		172	7,084	24,667	68	39.3%
TOTAL			2,577	145,330	620,480	1,700	65.8%

Source: OSHPD Disclosure Reports

Includes Definitive Observation

* 2019 Data

- In FY 2019, LAC+USC Medical Center, ran at the highest medical/surgical bed occupancy rate of 99% among hospitals in the service area; and
- The Hospital reported 21,189 inpatient hospital discharges for its medical/surgical beds with 79,471 patient days resulting in an occupancy rate of 59% and an average daily census of 218 patients.

Intensive Care Capacity Analysis

The Hospital has 30 adult intensive care beds, which represent 8.8% of all adult intensive care beds and 6.8% of the critical care discharges among hospitals that are located in the service area.

AREA HOSPITAL DATA : INTENSIVE CARE, FY 2018							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital	-	X	30	398	7,207	20	65.8%
Alhambra Hospital Medical Center*	3.5	x	13	624	2,609	7	55.0%
San Gabriel Valley Medical Center*	4.5	x	19	267	4,091	11	59.0%
Garfield Medical Center*	5.6	x	22	341	5,743	16	71.5%
USC Verdugo Hills Hospital*	7.9	x	12	276	2,667	7	60.9%
LAC+USC Medical Center*	8.5	x	120	2,246	31,050	85	70.9%
Adventist Health White Memorial	8.8	x	34	243	4,455	12	35.9%
Methodist Hospital of Southern California	10.0	x	49	492	8,119	22	45.4%
Beverly Hospital	18.6	x	25	501	4,984	14	54.6%
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	18	406	4,220	12	64.2%
SUB-TOTAL			342	5,794	75,145	206	60.2%
Adventist Health Glendale	6.3		32	507	6,992	19	59.9%
Glendale Memorial Hospital and Health Center*	9.5		24	264	3,883	11	44.3%
Children's Hospital of Los Angeles*	11.7		-	-	-	-	-
Kaiser Foundation Hospital- Los Angeles	12.5		96	2,690	25,609	70	73.1%
Kaiser Foundation Hospital- Baldwin Park	14.4		12	174	2,960	8	67.6%
TOTAL			506	9,429	114,589	314	61.9%

Source: OSHPD Disclosure Reports

* 2019 Data

- In FY 2018, the Hospital’s adult intensive care beds had an occupancy rate of 66% and an average daily census of 19 patients;
- The Hospital’s adult intensive care beds are an important resource for supporting the Hospital’s designation as a Level II trauma center; and
- During 2020, the Hospital has been an important provider of care to patients infected with COVID-19 that require intensive care.

Obstetrics Capacity Analysis

There are 242 obstetrics beds located in the service area with an aggregate occupancy rate of 48%. The Hospital reported 56 licensed obstetric beds with an occupancy rate of 56%.

AREA HOSPITAL DATA : OBSTETRICS, FY 2018							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital	-	X	56	3,790	11,500	32	56.3%
Alhambra Hospital Medical Center*	3.5	x	-	-	-	-	-
San Gabriel Valley Medical Center*	4.5	x	29	2,033	5,702	16	53.9%
Garfield Medical Center*	5.6	x	34	2,454	6,267	17	50.5%
USC Verdugo Hills Hospital*	7.9	x	12	427	1,034	3	23.5%
LAC+USC Medical Center*	8.5	x	32	1,044	3,518	10	30.0%
Adventist Health White Memorial	8.8	x	24	3,445	7,132	20	81.2%
Methodist Hospital of Southern California	10.0	x	24	1,491	4,014	11	45.7%
Beverly Hospital	18.6	x	18	653	1,366	4	20.8%
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	13	848	1,710	5	36.0%
SUB-TOTAL			242	16,185	42,243	116	47.8%
Adventist Health Glendale	6.3		30	1,842	5,026	14	45.9%
Glendale Memorial Hospital and Health Center*	9.5		24	1,650	4,664	13	53.2%
Children's Hospital of Los Angeles*	11.7		-	-	-	-	-
Kaiser Foundation Hospital- Los Angeles	12.5		27	3,085	4,522	12	45.9%
Kaiser Foundation Hospital- Baldwin Park	14.4		53	3,259	5,315	15	27.5%
TOTAL			376	26,021	61,770	169	45.0%

Source: OSHPD Disclosure Reports

Includes Alternate Birthing Centers

* 2019 Data

- Within the service area, the Hospital provided 23% of licensed obstetrics beds and reported approximately 23% of the 16,185 discharges among hospitals that are located in the service area; and
- Adventist Health White Memorial had the second most discharges among hospitals located in the service area with 3,445.

Neonatal Intensive Care Capacity Analysis

As shown below, the occupancy rate for neonatal intensive care services among the service area hospitals is approximately 40% based on 184 licensed beds.

AREA HOSPITAL DATA : NEONATAL INTENSIVE CARE, FY 2018								
Hospital	Miles from Hospital	Within Service Area	Designation	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital	-	X	Level III	51	476	8,143	22	43.7%
Alhambra Hospital Medical Center*	3.5	x	-	-	-	-	-	-
San Gabriel Valley Medical Center*	4.5	x	Level II	12	130	1,761	5	40.2%
Garfield Medical Center*	5.6	x	Level II	20	172	2,400	7	32.9%
USC Verdugo Hills Hospital*	7.9	x	Level II	6	40	331	1	15.1%
LAC+USC Medical Center*	8.5	x	Level III	40	351	5,977	16	40.9%
Adventist Health White Memorial	8.8	x	Level III	28	479	6,617	18	64.7%
Methodist Hospital of Southern California	10.0	x	Level II	17	134	1,097	3	17.7%
Beverly Hospital	18.6	x	Level II	10	40	196	1	5.4%
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	-	-	-	-	-	-
SUB-TOTAL				184	1,822	26,522	73	39.5%
Adventist Health Glendale	6.3		Level III	14	153	2,989	8	58.5%
Glendale Memorial Hospital and Health Center*	9.5		Level III	13	322	2,211	6	46.6%
Children's Hospital of Los Angeles*	11.7		Level IV	98	708	27,585	76	77.1%
Kaiser Foundation Hospital- Los Angeles	12.5		Level III	33	400	7,588	21	63.0%
Kaiser Foundation Hospital- Baldwin Park	14.4		Level III	20	280	3,166	9	43.4%
TOTAL				362	3,685	70,061	192	53.0%

Source: OSHPD Disclosure Reports

* 2019 Data

- The Hospital operates 51 licensed neonatal intensive care beds, making up approximately 28% of the service area's neonatal intensive care beds and recorded an occupancy rate of approximately 44%;
- The Hospital reported 476 inpatient hospital discharges and 8,143 patient days in FY 2018, resulting in an average daily census of approximately 22 patients; and
- The Hospital operates a Level III neonatal intensive care unit that cares for newborn infants with extreme prematurity who are critically ill or require surgical intervention.

Pediatrics Capacity Analysis

In FY 2018, there were 93 pediatric beds located within the service area with an aggregate occupancy rate of approximately 27%. The Hospital reported 25 licensed pediatric beds with an average daily census of seven patients and occupancy rate of 27%. However, because of a lack of fire safety sprinklers and to be in compliance with a CMS survey, the Hospital requested seven of the 25 beds be placed in suspense.

AREA HOSPITAL DATA: PEDIATRIC ACUTE, FY 2018							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital	-	X	25	1,147	2,511	6.9	27.4%
Alhambra Hospital Medical Center*	3.5	x	-	-	-	-	-
San Gabriel Valley Medical Center*	4.5	x	-	-	-	-	-
Garfield Medical Center*	5.6	x	-	-	-	-	-
USC Verdugo Hills Hospital*	7.9	x	-	-	-	-	-
LAC+USC Medical Center*	8.5	x	25	1,057	3,024	8.3	33.0%
Adventist Health White Memorial	8.8	x	28	1,095	2,302	6.3	22.5%
Methodist Hospital of Southern California	10.0	x	-	-	-	-	-
Beverly Hospital	18.6	x	15	486	1,171	3.2	21.3%
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	-	-	-	-	-
SUB-TOTAL			93	3,785	9,008	24.6	26.5%
Adventist Health Glendale	6.3	-	-	-	-	-	-
Glendale Memorial Hospital and Health Center*	9.5	-	-	-	-	-	-
Children's Hospital of Los Angeles*	11.7	-	324	14,248	72,239	197.9	60.9%
Kaiser Foundation Hospital- Los Angeles	12.5	-	32	1,782	5,905	16.2	50.4%
Kaiser Foundation Hospital- Baldwin Park	14.4	-	-	-	-	-	-
TOTAL			449	19,815	87,152	238.8	53.0%

Source: OSHPD Disclosure Reports

* 2019 Data

- Just outside the service area, Children's Hospital of Los Angeles, located 12 miles from the Hospital, is licensed for 324 pediatric beds and has an occupancy rate of 61%; and
- The Hospital is also an EDAP (Emergency Department Approved for Pediatrics) with specially designed equipment for children and staff trained in pediatric emergency medicine and advanced life support.

Pediatric Intensive Care Capacity Analysis

In FY 2018, there were 23 pediatric intensive care beds located within the service area with an aggregate occupancy rate of approximately 28%. The Hospital reported 8 licensed pediatric intensive care beds with an average daily census of only one patient and an occupancy rate of 13%. Because of a continuing low census, the Hospital closed the unit in 2019.

AREA HOSPITAL DATA: PEDIATRIC INTENSIVE CARE FY 2018							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital	-	X	8	82	372	1	12.7%
Alhambra Hospital Medical Center*	3.5	x	-	-	-	-	-
San Gabriel Valley Medical Center*	4.5	x	-	-	-	-	-
Garfield Medical Center*	5.6	x	-	-	-	-	-
USC Verdugo Hills Hospital*	7.9	x	-	-	-	-	-
LAC+USC Medical Center*	8.5	x	10	213	1,578	4	43.1%
Adventist Health White Memorial	8.8	x	5	126	425	1	23.2%
Methodist Hospital of Southern California	10.0	x	-	-	-	-	-
Beverly Hospital	18.6	x	-	-	-	-	-
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	-	-	-	-	-
SUB-TOTAL			23	421	2,375	6	28.2%
Adventist Health Glendale	6.3		-	-	-	-	-
Glendale Memorial Hospital and Health Center*	9.5		-	-	-	-	-
Children's Hospital of Los Angeles*	11.7		73	2,721	18,419	50	68.9%
Kaiser Foundation Hospital- Los Angeles	12.5		16	250	2,860	8	48.8%
Kaiser Foundation Hospital- Baldwin Park	14.4		-	-	-	-	-
TOTAL			112	3,392	23,654	65	57.7%

Source: OSHPD Disclosure Reports

* 2019 Data

- Children's Hospital of Los Angeles, 12 miles away has a licensed pediatric intensive care bed capacity of 73 beds that are about 69% occupied.

Psychiatric Care Capacity Analysis

There are 223 licensed psychiatric care beds located in the service area with an aggregate occupancy rate of 77%. The Hospital has 41 licensed psychiatric beds consisting of 26 general adult psychiatric beds, 12 psychiatric intensive care beds and 3 seclusion rooms. All the psychiatric care beds are in locked units.

The Hospital is the only provider of psychiatric intensive (isolation) care beds in the service area. Psychiatric intensive (isolation) care is inpatient mental health care, assessment and comprehensive treatment for individuals experiencing the most acutely disturbed phase of a serious mental disorder. The next closest hospital that offers psychiatric intensive (isolation) care services is Adventist Health Glendale located 6.3 miles away.

AREA HOSPITAL DATA: PSYCHIATRIC CARE BEDS, FY 2018							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital¹	-	X	41	847	6,116	17	40.8%
Alhambra Hospital Medical Center*	3.5	x	-	-	-	-	-
San Gabriel Valley Medical Center*	4.5	x	42	779	12,602	35	82.0%
Garfield Medical Center*	5.6	x	-	-	-	-	-
USC Verdugo Hills Hospital*	7.9	x	24	551	8,543	23	97.3%
LAC+USC Medical Center*	8.5	x	59	651	17,312	47	80.2%
Adventist Health White Memorial	8.8	x	33	2,185	9,555	26	79.1%
Methodist Hospital of Southern California	10.0	x	-	-	-	-	-
Beverly Hospital	18.6	x	24	551	8,543	23	97.3%
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	-	-	-	-	-
SUB-TOTAL			223	5,564	62,671	171	76.8%
Adventist Health Glendale ¹	6.3		80	2,107	17,109	47	58.4%
Glendale Memorial Hospital and Health Center*	9.5		49	1,309	6,413	18	35.8%
Children's Hospital of Los Angeles*	11.7		-	-	-	-	-
Kaiser Foundation Hospital- Los Angeles	12.5		68	3,680	18,871	52	75.8%
Kaiser Foundation Hospital- Baldwin Park	14.4		-	-	-	-	-
TOTAL			420	12,660	105,064	288	68.3%

Source: OSHPD Disclosure Reports

* 2019 Data

¹ Hospitals with Psychiatric Intensive (Isolation) Care Beds

- In the service area service area, the Hospital reported 847 psychiatric discharges which represented 15% of the total discharges in the service area; and
- Adventist Health White Memorial had the most discharges with 2,185.

Physical Rehabilitation Capacity Analysis

The Hospital is licensed to operate 24 physical rehabilitation beds. The Hospital is one of five general acute care hospitals in the service area that are licensed to operate physical rehabilitation beds. It reported an occupancy rate of nearly 55% and an average daily census of 13 patients.

AREA HOSPITAL DATA: PHYSICAL REHABILITATION CARE, FY 2018							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Huntington Hospital	-	X	24	357	4,797	13	54.6%
Alhambra Hospital Medical Center*	3.5	x	17	230	3,389	9	54.5%
San Gabriel Valley Medical Center*	4.5	x	-	-	-	-	-
Garfield Medical Center*	5.6	x	28	382	5,472	15	53.4%
USC Verdugo Hills Hospital*	7.9	x	-	-	-	-	-
LAC+USC Medical Center*	8.5	x	-	-	-	-	-
Adventist Health White Memorial	8.8	x	16	233	2,973	8	50.8%
Methodist Hospital of Southern California	10.0	x	30	644	7,900	22	71.9%
Beverly Hospital	18.6	x	-	-	-	-	-
Foothill Presbyterian Hospital - Johnston Memorial	19.3	x	-	-	-	-	-
SUB-TOTAL			115	1,846	24,531	67	58.3%
Adventist Health Glendale	6.3		28	601	7,166	20	69.9%
Glendale Memorial Hospital and Health Center*	9.5		14	326	3,459	9	67.5%
Children's Hospital of Los Angeles*	11.7		16	233	2,973	8	50.8%
Kaiser Foundation Hospital- Los Angeles	12.5		-	-	-	-	-
Kaiser Foundation Hospital- Baldwin Park	14.4		-	-	-	-	-
TOTAL			173	3,006	38,129	104	60.2%

Source: OSHPD Disclosure Reports

* 2019 Data

- Methodist Hospital of Southern California operated at the highest occupancy of 72% on 30 beds and an average daily census of 22 patients on 30 beds.

Emergency Services Analysis

In CY 2019, the Hospital reported 50 emergency treatment stations and nearly 78,000 total emergency department visits. The table below shows the visits by severity category for area emergency departments as reported by OSHPD's Automated Licensing Information and Report Tracking System.

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2019												
Hospital	Miles from Hospital	Within Service Area	ER Level/Trauma Level	Stations	Total Visits	Percentage Admitted	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/ Threat	
Huntington Hospital	-	X	Basic/Level II	50	77,899	26.7%	4.8%	7.2%	27.5%	27.4%	33.1%	
Alhambra Hospital Medical Center	3.5	X	Basic	8	19,891	16.9%	4.1%	16.0%	39.4%	24.1%	16.3%	
San Gabriel Valley Medical Center	4.5	X	Basic	12	26,882	15.6%	1.5%	19.0%	44.4%	23.9%	11.3%	
Garfield Medical Center	5.6	X	Basic	21	24,782	25.7%	0.2%	11.2%	27.1%	30.0%	31.5%	
USC Verdugo Hills Hospital	7.9	X	Basic	13	31,099	13.2%	17.8%	13.1%	24.1%	27.8%	17.2%	
LAC+USC Medical Center	8.5	X	Comprehensive/Level I	106	156,368	13.8%	4.4%	21.8%	54.6%	17.8%	1.4%	
Adventist Health White Memorial	8.8	X	Basic	28	66,539	16.2%	1.0%	16.5%	30.7%	28.7%	23.0%	
Methodist Hospital of Southern California	10.0	X	Basic	26	48,368	15.2%	2.8%	13.0%	19.3%	59.8%	5.0%	
Beverly Hospital	18.6	X	Basic	32	37,543	22.1%	8.5%	2.1%	23.8%	40.3%	25.3%	
Foothill Presbyterian - Johnston Memorial	19.3	X	Basic	22	41,346	10.9%	0.0%	6.9%	44.4%	17.4%	31.3%	
SUB-TOTAL				318	530,717	17.2%	4.3%	14.3%	37.3%	27.7%	16.5%	
Adventist Health Glendale	6.3		Basic	39	52,730	24.1%	0.5%	6.4%	21.7%	32.9%	38.5%	
Glendale Memorial Hospital and Health Center	9.5		Basic	16	37,193	15.5%	7.2%	22.8%	37.3%	21.6%	11.1%	
Children's Hospital of Los Angeles	11.7		Basic/Level I Peds	39	104,656	8.4%	0.5%	18.1%	29.0%	28.3%	24.1%	
Kaiser Foundation Hospital- Los Angeles	12.5		Basic	57	73,606	11.2%	6.3%	7.3%	30.0%	42.0%	14.3%	
Kaiser Foundation Hospital- Baldwin Park	14.4		Basic	30	86,509	6.1%	5.5%	11.2%	30.2%	41.2%	12.0%	
TOTAL				499	885,411	13.8%	4.0%	13.7%	34.1%	30.3%	17.9%	

Source: OSHPD Alirts Annual Utilization Reports, 2019

- The Hospital admitted 27% of the patients seen at the emergency room. This is higher than the service area average of 17% of emergency department visits that resulted in an admission.

Emergency Services Capacity Analysis

Industry sources, including the American College of Emergency Physicians (ACEP), have used a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an emergency department. In 2018, the median number of visits per emergency station/bed for all hospitals in California was 1,765. Based upon the ACEP benchmark, in CY 2019, the Hospital's emergency department was operating at 78% of its 50-bed capacity.

EMERGENCY DEPARTMENT CAPACITY 2019								
Hospital	Within		ER Level/Trauma Level	Stations	Total Visits	Capacity	Remaining Capacity	Ambulance Diversion Hours
	Miles from Hospital	Service Area						
Huntington Hospital	-	X	Basic/Level II	50	77,899	100,000	22,101	1,419
Alhambra Hospital Medical Center	3.5	X	Basic	8	19,891	16,000	(3,891)	556
San Gabriel Valley Medical Center	4.5	X	Basic	12	26,882	24,000	(2,882)	103
Garfield Medical Center	5.6	X	Basic	21	24,782	42,000	17,218	456
USC Verdugo Hills Hospital	7.9	X	Basic	13	31,099	26,000	(5,099)	1,126
LAC+USC Medical Center	8.5	X	Comprehensive/Level I	106	156,368	212,000	55,632	2,254
Adventist Health White Memorial	8.8	X	Basic	28	66,539	56,000	(10,539)	29
Methodist Hospital of Southern California	10.0	X	Basic	26	48,368	52,000	3,632	1,186
Beverly Hospital	18.6	X	Basic	32	37,543	64,000	26,457	164
Foothill Presbyterian - Johnston Memorial	19.3	X	Basic	22	41,346	44,000	2,654	67
SUB-TOTAL				318	530,717	636,000	105,283	7,360
Adventist Health Glendale	6.3		Basic	39	52,730	78,000	25,270	13
Glendale Memorial Hospital and Health Center	9.5		Basic	16	37,193	32,000	(5,193)	16
Children's Hospital of Los Angeles	11.7		Basic/Level I Peds	39	104,656	78,000	(26,656)	240
Kaiser Foundation Hospital- Los Angeles	12.5		Basic	57	73,606	114,000	40,394	2,121
Kaiser Foundation Hospital- Baldwin Park	14.4		Basic	30	86,509	60,000	(26,509)	4,156
TOTAL				499	885,411	998,000	112,589	13,906

Source: OSHPD Alirts Annual Utilization Reports, 2019

- Alhambra Hospital Medical Center, the closest hospital to the Hospital, operated at 124% of capacity. Three others of the ten hospitals in the service area operated over capacity including San Gabriel Valley Medical Center (112% of capacity), USC Verdugo Hills Hospital (120% of capacity), and Adventist Health White Memorial (119% of capacity); and
- Service area hospitals reported over 7,300 hours of diversion in CY 2019. When a hospital goes on diversion, incoming ambulances are diverted to other hospital emergency department departments. Hospitals may go on diversion for a variety of reasons including high volume, insufficient staffing or physician availability, unavailable intensive care beds or operating rooms etc.

Summary of Interviews

In August and September of 2020, interviews were conducted by telephone and video conference with representatives of the Hospital and Cedars-Sinai, as well as physicians and other community representatives. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding any potential impact on healthcare availability and accessibility as a result of the proposed transaction. The list of individuals who were interviewed is located in the Appendix of this report. The major findings of these interviews are summarized below.

Reasons for the Proposed Transaction

Those interviewed cited multiple reasons for the transaction, including the following:

- The Hospital has been losing money on operations over recent years and has only had a positive net income in the recent past because of the contributions of non-operating income. However, the Hospital also had a negative net income in 2018, and is continuing to experience financial challenges that have been further aggravated by the COVID-19 pandemic. As a result of financial pressures, the Hospital is concerned that it may not be able to fund long term capital needs for information technology, seismic related building improvements, ambulatory service expansion, physician recruitment to its medical foundation, and population health programs. A projection of 10-year cash flows revealed that while the Hospital may be able to fund many of its planned capital requirements, any unexpected shifts in the market, increased competition, COVID-19 or other pandemics, major earthquakes, or other significant events could jeopardize those plans.;
- Healthcare providers in the Los Angeles area are increasingly consolidated and represented by larger and more integrated healthcare systems including Kaiser Permanente, Providence, Adventist Health, Dignity, PIH Health, and UCLA Health. The Hospital Board and management believe these health systems have competitive advantages including size, geographic coverage, expanded ambulatory services, ability to access capital, and more developed physician alignment models. The Hospital would be at a competitive disadvantage if it were to remain an independent, standalone hospital provider;²¹
- The Hospital lacks the ability to attract new physicians to the community without a stronger physician alignment structure that offers a competitive alternative to Kaiser Permanente, larger medical groups, competitor medical foundations and faculty practice plans;

²¹ This report does not express an opinion one way or the other as to whether this reason given by interviewees is in fact true or how it might affect healthcare consumers.

- The Hospital lacks the size and scale to fund investment in new technologies, population health programs and clinical initiatives to most effectively and efficiently benefit the community;
- An affiliation with Cedars-Sinai will help assure the financial viability of the Hospital and can provide patients access to increased clinical expertise, sub-specialty care and innovations in care; and
- The Board members interviewed believed that it was better to seek an affiliation partner while the Hospital was still in a position of organizational strength. The Board was also concerned that there may be fewer opportunities in the future to become affiliated with a health system of their preference.

Importance of the Hospital to the Community

According to all who were interviewed, the Hospital is a critically important provider of healthcare services to the local community. In its service area, the Hospital holds the largest market share and is the market leader in the majority of clinical service lines. Some of the programs and services that were mentioned in the interviews as especially important include the following:

- Emergency and Level II trauma services;
- Obstetric and Level III neonatal intensive care services;
- Cardiovascular services, including designation as a STEMI Receiving Center;
- Behavioral health and psychiatric services;
- Intensive care services;
- Neurology and neurosurgical services, including certification as a Comprehensive Stroke Center;
- Oncology services;
- Orthopedic services;
- Graduate Medical Education;
- Senior Care Network;
- Women’s health services;
- Pediatric services, including designation as an Emergency Department Approved for Pediatrics;
- Planning and care for COVID-19 patients;
- Provision of inpatient services for Shriners for Children Medical Center – Pasadena;
- Community benefit services for the community; and
- Public health relationship with the City of Pasadena for COVID-19, pulmonary clinic, emergency preparedness, and maternal and child health services.

If the Hospital does not maintain its current level of healthcare services, significant availability and accessibility issues would be created for residents of the communities served by the Hospital.

Selection of Cedars-Sinai Health System for the Proposed Transaction

The Board of Directors concluded that as a result of the growing needs of the community and the changing healthcare market, the Hospital needed to become formally affiliated with a health system that has the size, financial capability, clinical expertise and support infrastructure necessary to continue and enhance the services it provides to the local community and remain competitive in the long-term. The members of the Hospital's management team and Board who were interviewed indicated that a number of factors were considered in selecting Cedars-Sinai for the transaction, including the following:

- Compatibility of mission, vision, and culture;
- Vision as an integrated delivery system;
- Financial strength and access to capital;
- Cedars-Sinai support for the Hospital's long-range capital plan;
- Ability to support the development of an electronic health record using the EPIC electronic health record system and Cedars-Sinai IT personnel;
- Academic status and strength of clinical programs;
- The Cedars-Sinai model of governance encourages the continuation of local governance and decision-making;
- Expectation of continuing a local hospital fiduciary decision-making Board that would also have participation and influence in a new larger health system;
- Enhanced access to tertiary and quaternary level services;
- Support for women's reproductive health service;
- Access to research and clinical trials;
- Collaboration among physicians and sharing of clinical best practices;
- Expectation of service expansion and increased innovation;
- Economies of scale and the ability to attain efficiencies due to scale and size;
- Improved purchasing and negotiating positions;
- Population health and care management initiatives;
- Strong brand and reputation;
- Ability to recruit and retain physicians and employees; and
- A record of a successful transaction experience with Torrance Memorial Medical Center.

Representatives from Cedars-Sinai explained that affiliating with the Hospital will provide the opportunity to become part of a larger integrated delivery system that will be better equipped to meet their respective missions and improve the health of the population of the greater Los Angeles area through strengthened clinical capabilities, access to capital, efficiencies, research, manpower, resources, and scale.

All of those interviewed expressed support for the selection of Cedars-Sinai and were not aware of any opposition from physicians, employees or the community. While still being supportive, some physicians did express concern that the physicians on medical staff who also have relationships with other health systems may be displaced by physicians affiliated with Cedars-Sinai.

Impact on the Availability & Accessibility of Healthcare Services

All interviewed believed that the affiliation would not have a negative impact on the availability or accessibility of healthcare services. In fact, it was believed that the affiliation with Cedars-Sinai would enhance the expansion of facilities, information technology, ambulatory services, physician recruitment, specialty services and operations and therefore, enhance access. Furthermore, Cedars-Sinai is committed to preserve existing services at the Hospital and sharing clinical best practices among the physicians at both institutions.

Assessment of Potential Issues Associated with the Availability or Accessibility of Healthcare Services

Importance of the Hospital to the Community

The Hospital is a critically important provider of healthcare services to the residents of the surrounding communities. The Hospital is essential for its provision of emergency, trauma, obstetrics, and mental health services to residents within the service area, as well as for the broader community. In addition, the Hospital provides specialized and tertiary services that are not available at many community hospitals, such as cardiothoracic surgery, neurology, neurosurgery, bariatric surgery, cancer care, mental health services, rehabilitation services, STEMI, comprehensive stroke, cancer, and level III neonatal intensive care. As the only Level II Trauma Center in the San Gabriel Valley, the Hospital treats over 1,400 patients each year for traumatic injuries. The Hospital has also been an important resource during the pandemic treating patients infected with COVID-19. Over the last year the Hospital has had varying numbers of COVID-19 patients reaching a census of almost 80 patients a day, and at times having the fourth highest volume in California.

Continuation as a General Acute Care Hospital

None of the parties to the transaction anticipate that there will be any reductions in the availability or accessibility of healthcare services as a result of the transaction. Furthermore, Cedars-Sinai has agreed to comply with the conditions set forth by the Attorney General. The Health System will also operate the Hospital as a general acute care hospital maintaining each of the following with the same types and levels of services as currently provided: level II trauma center, level III neonatal intensive care unit, comprehensive stroke center, STEMI receiving center, advanced cardiology and cardiovascular surgery programs, advanced robotic surgery, orthopedic services, oncology services, neurology services, GME programs, senior care network, women's health services, and end of life services.

Emergency Services

The Hospital is an important provider of emergency services to the residents of its surrounding communities. In FY 2019, the Hospital's 50 emergency treatment stations reported 77,899 emergency service visits, operating at 78% of capacity. Additionally, the Hospital's Level II Trauma Center is the largest in the region and the only Level II Trauma Center in the San Gabriel Valley.

Almost half of the emergency departments within the service area are operating close to or over 100% capacity. Some emergency departments in the area are overburdened and functioning beyond desirable capacity, including Alhambra Hospital Medical Center (124%), San Gabriel Valley Medical Center (112%), USC Verdugo Hills Hospital (120%), and Adventist Health White Memorial (119%). Collectively, service area emergency departments are

operating at 83% of total capacity. In addition, the Hospital's emergency department sees a greater percentage of high severity patients (56% of all emergency department visits are classified "Severe with Threat") when compared to service area hospitals overall. A higher percentage of patients are admitted through the Hospital's emergency department (27%) when compared to the service area hospitals overall (17%).

As a result of the uncertainties of the future of the ACA and healthcare reform, a widespread and potentially prolonged COVID pandemic, and aging demographics, utilization of the emergency department may increase.

Keeping the Hospital's Emergency Department open, and maintaining its Level II Trauma Center designation, is critical to providing emergency services within the Hospital's service area.

Medical/Surgical Services

The Hospital reported an occupancy rate of 59%, on its 372 licensed medical/surgical beds in FY 2018. LAC+USC Medical Center with 329 licensed medical/surgical beds is nine miles away and is operating at 99% capacity. Within the service area, the Hospital is the largest provider of medical/surgical services. Keeping the Hospital's medical/surgical beds available for use is important to meeting the needs in the Hospital's service area.

Intensive Care Services

The Hospital's 30 adult intensive care beds had an occupancy rate of about 66% in FY 2018. Intensive care services are important for supporting the emergency department, trauma center, and other surgical and medical services at the Hospital. The Hospital reported the second highest occupancy in the service area. Area hospitals are running at a combined occupancy rate of approximately 60% on 342 total intensive care beds. Maintaining intensive care services at the Hospital is important to ensure the accessibility and availability of intensive care beds in the service area. The importance of having ICU bed availability at the Hospital was highlighted by the needs in the community that were created by the COVID-19 pandemic.

Obstetrics/Perinatal Services

The Hospital has an occupancy rate of 56% on its 56 beds used for obstetrics services based on an average daily census of approximately 31 patients. With 3,558 reported deliveries in FY 2019, the Hospital held the largest market share in the service area in CY 2018, with approximately 23% of inpatient obstetrics discharges. The Hospital is a very important provider of obstetrics services to the local community.

Neonatal Intensive Care Services

In FY 2018, the Hospital operated 51 neonatal intensive care beds, had 476 discharges, and an average daily census of 22 patients. The Hospital maintains a Level III NICU with an occupancy rate of nearly 44%. Because the Hospital has nearly 3,600 deliveries and receives neonatal referrals from other hospitals due to its higher acuity Level III NICU, it is important to continue operating the NICU.

Pediatric Care Services

In FY 2018, the Hospital reported 25 pediatric beds with 1,147 discharges and an average daily census of only 6.9 patients resulting in an occupancy rate of 27%. The Hospital is one of four hospitals in the service area operating licensed inpatient pediatric beds and reported the second highest occupancy in its service area. However, due to facility safety issues, the Hospital placed seven of the 25 beds in suspense. Children's Hospital of Los Angeles with 325 pediatric beds and a 61% occupancy in CY 2018, is 12 miles away also has capabilities to meet the community needs for pediatric patients.

Rehabilitation Services

The Hospital reported an occupancy rate of 55%, on its 24 licensed physical rehabilitation beds in FY 2018. Within the service area, the Hospital is the third largest hospital provider of physical rehabilitation services. Keeping the Hospital's physical rehabilitation beds available is important to meeting the needs in the Hospital's service area.

Psychiatric Care Services

In FY 2018, the Hospital operated 41 adult psychiatric care beds where 26 are general psychiatric care beds, 12 are psychiatric intensive care beds, and 3 are seclusion rooms. Although the occupancy rate of the Hospital's psychiatric beds was only 40.8%, all of the other hospitals in the service area are operating above 79%. Due to the shortage of available psychiatric beds in the service area and in Los Angeles County overall, maintaining the current number of psychiatric beds at the Hospital at current licensure with the same type and/or level of services is critical to ensuring continued access for community residents. Furthermore, because the Hospital is only one of two area hospitals offering psychiatric intensive (isolation) care services, it is important that the Hospital continue operating these services to meet the needs of the community residents.

Reproductive Health Services

The Hospital is an important provider of a range of healthcare services for women. Neither the Hospital nor Cedars-Sinai have restrictions on the provision of any reproductive healthcare services. No changes on the availability or accessibility of these services are expected as a result of the transaction. It is therefore expected that the Hospital will continue to provide reproductive services including tubal ligations and sterilizations.

HUNTINGTON HOSPITAL		
CY 2018 REPRODUCTIVE SERVICE BY DIAGNOSTIC RELATED GROUP		
MS DRG	MS-DRG Title	CY 2018
767	Vaginal Delivery with Sterilization and/or D&C	50
768	Vaginal Delivery with O.R. Proc Except Steril &/or D&C	43
776	Postpartum & Post Abortion Diagnoses without O.R. Procedure	39
778	Threatened Abortion	33
777	Ectopic Pregnancy	33
770	Abortion with D&C, Aspiration Curettage or Hysterotomy	33
779	Abortion without D&C	17
769	Postpartum & Post Abortion Diagnoses with O.R. Procedure	4
Total Discharges		252

Source: OSHPD Discharge Database, CY 2018, Excludes Normal Newborns

D&C is an abbreviation for Dilation and Curettage

Out of the eight diagnostic related groups for reproductive healthcare services, MS-DRG 767- Vaginal Delivery with Sterilization and/or D&C had the highest number of inpatient reproductive health discharges at the Hospital in CY 2018.

Effects on Services to Medi-Cal & Other Classes of Patients

Approximately 60.4% of the Hospital's inpatients are reimbursed through Medicare (41.6%) and Medi-Cal (18.8%). The Hospital currently participates in the Medicare and Medi-Cal program, and contracts with both of the County's Medi-Cal managed care plans (L.A. Care Health Plan and Health Net Community Solutions, Inc.) Cedars-Sinai has committed to maintaining the Hospital's Medicare and Medi-Cal managed care contracts outlined in the Affiliation Agreement. If the Hospital did not participate in the Medicare and Medi-Cal programs, eligible patients could be denied access to certain non-emergency healthcare services, thus creating a negative impact on the availability or accessibility for these patient populations.

Effects on the Level & Type of Charity Care Historically Provided

Many uninsured and under-insured individuals in the community rely on the Hospital for healthcare services. Between FY 2014 and FY 2018, the Hospital provided an average of \$4,924,930 in charity care costs per year over the five-year period. Medicaid expansion and the ACA increased access to healthcare insurance coverage and therefore reduced the amount of charity care provided to uninsured patients at the Hospital. Charity care costs at the Hospital decreased from \$7.8 million in FY 2014 to \$4.8 million in FY 2018. In its application to the Office of the California Attorney General, Cedars-Sinai has agreed to provide an annual amount of charity care set forth by the California Attorney General.

Effects on Community Benefit

The Hospital has historically provided a significant amount of community benefit services, averaging approximately \$34,661,711 per year over the last five years. Furthermore, in its application to the Office of the California Attorney General, Cedars-Sinai committed to providing an annual amount of community benefit services at such levels as required by the California Attorney General.

Effects on Staffing & Employee Rights

In the Affiliation Agreement, employees of the Hospital and its affiliates will remain employed at Closing. For 90 days after Closing Cedars-Sinai will not trigger obligations under federal or state WARN laws. For five years after Closing Cedars-Sinai will not reassign employees to other affiliates of Cedars-Sinai without the prior consent of the Hospital. If such reassignment ever occurs, employees will receive full credit for their years of service to the Hospital for purposes of eligibility and vesting, to the extent applicable. Neither the Hospital's employees nor Cedars-Sinai employees are represented by unions.

Effects on Medical Staff

As a result of the affiliation, no changes to the Hospital's medical staff are expected. If services are expanded at the Hospital, physicians from Cedars-Sinai may be added to the Hospital's medical staff.

Alternatives

If the proposed Affiliation Agreement is not approved, it is expected that the Hospital would evaluate alternative proposals from other health systems for a transaction.

Conclusions

Based on Cedars-Sinai's commitments outlined in the Affiliation Agreement and subsequent correspondence regarding the Hospital, the proposed transaction is likely to continue the availability and accessibility of healthcare services provided by the Hospital in the communities served. It is anticipated that access for Medi-Cal, Medicare, uninsured and other types of insured patients will remain unchanged. All persons interviewed expressed that because of the benefits of joining Cedars-Sinai, the Hospital would expand access to services with additional physicians, outpatient services and inpatient capabilities.

Potential Conditions for Transaction Approval by the California Attorney General

If the California Attorney General approves the proposed transaction, JD Healthcare, Inc. recommends that the following conditions be required in order to minimize any potential negative healthcare impact²² that might result from the transaction:

1. For at least ten years from the Closing Date, the Hospital shall continue to operate as a general acute care hospital;
2. For at least ten years from the Closing Date, the Hospital shall maintain 24-hour emergency and trauma medical services at no less than current licensure and designation with the same types and/or levels of services, including the following:
 - a. At a minimum, 50 emergency treatment stations;
 - b. Designation as a Level II Trauma Center;
 - c. Designation as a 5150 Receiving Facility, as defined by the Welfare and Institutions Code, Section 5150, for behavioral health patients under involuntary evaluation;
 - d. Designation as an Emergency Department Approved for Pediatrics (EDAP);
 - e. Designation as a Paramedic Base Station; and
 - f. Certification as an Advanced Comprehensive Stroke Center.
3. For at least ten years from the Closing Date, the Hospital shall maintain the following inpatient and outpatient services at current licensure, types, and/or levels of services:
 - a. Cardiac services, including three cardiac catheterization labs and the designation as a STEMI Receiving Center;
 - b. Critical care services, including a minimum of 30 intensive care unit beds;
 - c. Neonatal intensive care services, maintaining a Level III NICU including a minimum of 51 neonatal intensive care beds;

²² These conditions do not address any conditions imposed, or any decision made as a result of, the competitive impact review of the Attorney General's Office.

- d. Neurology and neurosurgery services;
 - e. Women’s health services, including reproductive health and women’s imaging services;
 - f. Pediatric services, including a designated area with at least 18 general acute care beds for pediatric patients;
 - g. Oncology services;
 - h. Behavioral health and psychiatric acute care services, including a minimum of 41 psychiatric acute care beds including 12 psychiatric intensive care beds and 3 seclusion rooms all with locked capabilities;
 - i. Orthopedic surgical services;
 - j. Advanced robotic surgical services; and
 - k. Perinatal services, including a minimum of 56 perinatal beds.
4. For at least ten years from the Closing Date, the Hospital shall maintain the same types and/or levels of women’s healthcare services and mammography services, currently provided at the location below or an equivalent location:
- a. Jim and Eleanor Randall Breast Center, located at 625 S. Fair Oaks Blvd., Pasadena, California;
5. For at least five years from the Closing Date, the Hospital shall maintain the outpatient healthcare services provided at the locations below or a similar location with equivalent services:
- a. Admitting/Reg/Pre-Op Testing services, located at 625 S. Fair Oaks Blvd., Suite #355, Pasadena, California;
 - b. Cancer services/Radiation therapy/CT services, located at 625 S. Fair Oaks Blvd., Suite #100, Pasadena, California;
 - c. Heart & Vascular Lab, located at 625 S. Fair Oaks Blvd., Suite #345, Pasadena, California;
 - d. Neurosciences/Sleep Center, located at 625 S. Fair Oaks Blvd., Suite #325, Pasadena, California;
 - e. Rehabilitation-Physical, Occupational or Speech Therapy, located at 630 South Raymond Ave., Suite 340 and Suite 120, Pasadena, California; and
 - f. Senior Care Network services, located at 837 S. Fair Oaks Ave., Pasadena, California.
6. For at least five years from the Closing Date, the Hospital shall maintain a charity care policy that is no less favorable than its current charity care policy (see Appendix for detail) and in compliance with California and Federal law and shall provide an annual amount of charity care equal to or greater than \$4,924,930, (the “Minimum Charity Care Amount”). Alternatively, because of uncertainty concerning the impact of the COVID-19 pandemic and the future of the ACA on the need for charity care, the

California Attorney General could consider adjusting the required commitment to charity care based on available data from more recent time periods. An example would be to require a commitment based on a five-year rolling average of the most recent available data. For purposes herein, the term “Charity Care” shall mean the amount of charity care costs (not charges) incurred by the Hospital in connection with the operations and provision of services at the Hospital. The definition and methodology for calculating “Charity Care” and the methodology for calculating “cost” shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics). Additionally, the Hospital Fair Pricing Policies, Health and Safety Code section 127405 gives the Hospital the flexibility to adjust eligibility for its discount payment and charity care policies. The Attorney General may consider imposing other charity care protections such as improving the charity care policy and disclosure requirements as was done for the Dignity Health (now Common Spirit Health) transaction issued on November 21, 2018;

7. For at least ten years from the Closing Date, the Hospital shall continue to expend no less than \$34,661,711 annually in community benefit services (Minimum Community Benefits Amount). If the Hospital receives any grant funds for community benefit services, those grant funds may not be applied to the Minimum Community Benefits Amount. The Minimum Community Benefits Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics). In addition, the following community benefit programs shall continue to be offered and/or supported for at least five years from the Closing Date:
 - a. Community Education and Support Groups;
 - b. Community Organization Support;
 - c. Community Outreach Services;
 - d. Graduate Medical Education Program;
 - e. Education for Nursing/ Nursing Students Program;
 - f. Education for Other Health Professions;
 - g. Huntington Ambulatory Care Center;
 - h. Huntington Health eConnect; and
 - i. Huntington Health Services Library.

8. For at least ten years from the Closing Date, the Hospital shall maintain its participation in the Medicare program, by maintaining a Medicare Provider Number and providing the same types and/or levels of emergency and non-emergency

services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals;

9. For at least ten years from the Closing Date, the Hospital shall be certified to participate in the Traditional Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;
10. For at least ten years from the Closing Date, the Hospital shall maintain its participation in the Medi-Cal Managed Care program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal Managed Care beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage, including continuation of the following contracts:
 - a. Local Initiative Plan: L.A. Care Health Plan; and
 - b. Commercial Plan: Health Net Community Solutions, Inc., or its successor.
11. For at least five years from the Closing Date, the Hospital shall maintain its current city/county contracts for the programs listed below subject to the request and agreement of the appropriate city/county:
 - a. Trauma Center Service Agreement between the County of Los Angeles and the Hospital, for the provision of trauma center designation services;
 - b. Master Agreement and all its components between the County of Los Angeles and the Hospital for Specialty Care Center Designations;
 - c. Mental Health Services Agreement, Contract Allowable Rate - Fee For Service, Medi-Cal Acute Psychiatric Inpatient Hospital Services between the County of Los Angeles and the Hospital for reimbursement of Psychiatric Inpatient Hospital Services for Medi-Cal beneficiaries;
 - d. Master Agreement between the County of Los Angeles and the Hospital for designation as a Comprehensive Stroke System;
 - e. Master Agreement No. H-708207 between the County of Los Angeles and the Hospital for Specialty Care Center Designations as amended by Amendment No. 1; and
 - f. Social Program Agreement (Contract # CP-05-377) dated March 5, 2020, between the County of Los Angeles and the Hospital, regarding a \$5,000 grant for health and social service initiatives and programs.
12. For at least five years from the Closing Date, the Hospital shall maintain the Hospital services agreement (including Amendment I through Amendment VI) between Shriners Hospitals for Children on the same terms and conditions as indicated in the agreement and related amendments;

13. Cedars-Sinai and the Hospital shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at the Hospital through 2030 under the Alfred Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Safety. Code, § 129675-130070);
14. Cedars-Sinai and the Hospital, within three years after Closing, will install Epic software for an enterprise integrated electronic health records system at the Hospital. Cedars-Sinai will fund the capital costs of this project from sources other than operating cash of the Hospital;
15. Cedars-Sinai and the Hospital will fund the \$560 million long-range strategic capital plan through December 31, 2029. If the Hospital's days cash on hand falls below 60 days, then Cedars-Sinai will fund up to \$300 million of the strategic capital plan from sources other than operating cash of the Hospital (e.g., borrowings or intercompany loans);
16. The Collis P. and Howard Huntington Memorial Hospital Trust will gift to the Hospital the legal title to the Hospital land;
17. The Trust will contribute two types of annual distributions to the Hospital through the year 2029, so long as the Hospital and its tax-exempt affiliates continue to be tax-exempt, the Hospital continues operating as a general acute care hospital, Cedars-Sinai continues to be the sole member of the Hospital, and Cedars-Sinai complies with its obligations under the Affiliation Agreement:
 - a. First, the Trust will make annual distributions to fund the general medical education program at the Hospital. In 2021, the amount of this annual distribution is \$5,300,000. The amount of this distribution will increase in subsequent years by 2.5% per year; and
 - b. Second, the Trust will make annual distributions to fund the Hospital projects selected by the Trust and approved by the Hospital Board. The annual amount of this distribution will be 2.5% of the market value of certain cash and marketable securities owned by the Trust (that have a minimum hold or exit provision of less than six (6) months).
18. The Hospital Center shall maintain written policies that prohibit discrimination against lesbian, gay, bisexual, or transgender individuals and reproductive rights care.

Appendix

List of Interviewees

Last Name	First Name	Position	Organization
Albert, MD	Tim	Physician- Medical Foundation	Huntington Hospital
Battaglia	Steven	MD Chair of Credentials Committee	Huntington Hospital
Birnie	Allison	Emergency Department and Behavioral Health Director	Huntington Hospital
Bowles, MD	Harry	Chief of Staff	Huntington Hospital
Bruno	Diana	Interim Director of Obstetrics & Women's Health	Huntington Hospital
Chidester	Cathy	Director	Los Angeles County Emergency Medical Services
Cinxi	Gail	Vice President of Procedural & Support Services/Cardiac	Huntington Hospital
Cohen, MD	Robbin G.	Professor of Cardiothoracic Surgery Keck/USC	Huntington Hospital
Dikranian, MD	Armen	Chair of Surgery	Huntington Hospital
Dougherty	Christopher	Administrator	Shriners for Children Medical Center
Frieders	Bryan	Fire Chief/EMS	Pasadena Fire Department
Goh, MD	Ying-Ying	Director and Health Officer	City of Pasadena Public Health
Haderlein	Jane	Senior Vice President of Philanthropy, Public Relations & Community Benefits	Huntington Hospital
Havner	Ron	Board Member/Partnership Committee	Huntington Hospital
Jacobs	Richard	Executive Vice President & Chief Strategy Officer	Cedars-Sinai Health System
Kirchheimer	David	Board Member/Partnership Committee	Huntington Hospital
Laster, MD	Daniel	MD Chair of Medical Quality	Huntington Hospital
Lew, DO	Brandon	Emergency Department Medical Director/ Chief of Staff Elect	Huntington Hospital
Margaret	Martinez	Chief Executive Officer	ChapCare
Mathies, MD	Allen	Board Member	Huntington Hospital
Matsuda, MD	George	OB/GYN Physician	Huntington Hospital
Mohr	Steve	Chief Financial Officer	Huntington Hospital
Morgan, MD	Lori J.	Chief Executive Officer	Huntington Hospital
Obaid-Schmidt, MD	Amal	Trauma Physician	Huntington Hospital
Olson	Liz	Board Member	Huntington Hospital
Powers, MD	Jamie	Pediatrics Physician	Huntington Hospital
Priselac	Thomas	President and Chief Executive Officer	Cedars-Sinai Health System
Quinones Chino	Michelle	Board, Trustee, & Chair-Quality Comm.	Huntington Hospital
Rosenberg, MD	Peter	Secretary/Treasurer, Medical Executive	Huntington Hospital
Rudie	Sheryl	Executive Director of Ambulatory & Oncology	Huntington Hospital
Sanchez-Rico	Gloria	Chief Nursing Officer	Huntington Hospital
Shindy, MD	Waleed	Physician - Medicine Chair	Huntington Hospital
Studenmund	Jaynie	Board Chair, Trustee, Partnership Committee	Huntington Hospital
Takhar	Raj	Senior Vice President of Strategy	Huntington Hospital
Verrette, MD	Paula	Chief Medical Officer	Huntington Hospital
Yang, MD	Roger	Medical Director	Huntington Hospital

Health Systems and Hospitals

HEALTH SYSTEMS WITH MULTIPLE HOSPITALS THAT PROVIDED INPATIENT CARE FOR SERVICE AREA RESIDENTS	
Health System	Hospitals
Adventist Health Locations	Adventist Health Bakersfield, Adventist Health Feather River, Adventist Health Glendale, Adventist Health Hanford, Adventist Health Lodi Memorial, Adventist Health Simi Valley, Adventist Health St. Helena, Adventist Health Ukiah Valley, Adventist Health Vallejo, and Adventist Health White Memorial
AHMC	Alhambra Hospital Medical Center, Garfield Medical Center, Greater El Monte Community Hospital, Monterey Park Hospital, San Gabriel Valley Medical Center, and Whittier Hospital Medical Center
Cedars-Sinai	Cedars-Sinai Medical Center, California Rehabilitation Hospital, Cedars-Sinai Marina Del Rey Hospital and Torrance Memorial Medical Center
Dignity Health	California Hospital Medical Center - Los Angeles, Community Hospital of San Bernardino, Glendale Memorial Hospital and Health Center, Northridge Hospital Medical Center, St. Bernardine Medical Center, and St. Mary Medical Center - Long Beach
Emanate Health	Citrus Valley Medical Center-Inter Community Campus, Foothill Presbyterian Hospital-Johnston Memorial, and Citrus Valley Medical Center-Queen of the Valley Campus
Kaiser Foundation Hospital Locations	Baldwin Park, Downey, Fontana, Fremont, Fresno, Los Angeles, Manteca, Moreno Valley, Oakland/Richmond, Orange County - Anaheim, Panorama City, Redwood City, Riverside, Roseville, Sacramento, San Diego – Zion, San Francisco, San Jose, San Leandro, San Rafael, Santa Clara, Santa Rosa, South Bay, South Sacramento, South San Francisco, Walnut Creek, West Los Angeles, and Woodland Hills
Keck Medicine of USC	Keck Hospital of USC, USC Kenneth Norris, Jr. Cancer Hospital, and USC Verdugo Hills Hospital
PIH Health	PIH Downey and PIH Whittier
Providence & St. Joseph Hospitals	Providence Holy Cross Medical Center, Providence Little Company of Mary Medical Center - San Pedro, Providence Little Company of Mary Medical Center Torrance, Providence Saint John's Health Center, Providence Saint Joseph Medical Center, Providence Cedars-Sinai Tarzana Medical Center, St. Joseph Hospital – Orange, and St. Mary Medical Center - Apple Valley
Southern California Hospital	Southern California Hospital at Culver City and Southern California Hospital at Hollywood
UCLA Health	UCLA Ronald Reagan UCLA Medical Center, and Santa Monica - UCLA Medical Center and Orthopedic Hospital

Source: OSHPD Discharge Database

Huntington Hospital Charity Care Policy

HUNTINGTON HOSPITAL ADMINISTRATIVE POLICY & PROCEDURE

SUBJECT: FINANCIAL ASSISTANCE, PREVIOUSLY REFERRED TO AS "CHARITY CARE"	POLICY NO: 329	PAGE 1 of 14
AUTHORIZED APPROVAL:	EFFECTIVE DATE: 01/01/2019	SUPERCEDES/REPLACE S 01/01/2016

PURPOSE

The purpose of this policy is to establish the criteria by which patients can apply for financial assistance and the process and guidelines used in that process in compliance with applicable financial assistance regulations.

POLICY

Huntington Hospital provides a reasonable amount of its services without charge to financially eligible patients who cannot afford to pay for care. All emergency and medically necessary services as defined by Medicare as services or items reasonable and necessary for the diagnosis or treatment of illness or injury, except for elective cosmetic procedures, can be considered for financial assistance. Financial assistance discounts will be written off based on a determination under this policy that the patient/other responsible party has demonstrated an inability to pay. However, in cases where it is determined that the account has not been paid and no demonstrated hardship under this policy has been provided, such accounts will be characterized as "bad debts" and collection of such accounts will be pursued, including referrals of such accounts to a collection agency.

DEFINITIONS

I. FINANCIAL ASSISTANCE previously referred to as CHARITY CARE, IS DEFINED AS FOLLOWS:

Financial Assistance is financial aid to a patient or responsible party and does not include discounts normally given to insurance policy holders, contract prices that are negotiated with insurance companies or other adjustments once the final bill has been created. When the patient is able to pay part of their bill, consideration will be given to writing off a portion of that account as partial financial assistance. Financial Assistance may also include assistance to patients who have incurred high medical costs as defined as yearly healthcare costs greater than 10% of household income.

Financial Assistance is not to be considered a substitute for personal responsibility and patients are expected to cooperate with Huntington Hospital's procedure for applying for Financial Assistance, and to contribute to the cost of their care based on their individual ability to pay.

REASONABLE PAYMENT PLAN: means monthly payments that are not more than 10 percent of the patient's family income for a month, excluding deductions for essential living expenses.

"Essential living expenses" means expenses of any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.

If after a payment plan is established and there is a period of 90 days of no payment, the payment plan will be deemed to be no longer operative.

II. FINANCIAL ASSISTANCE PATIENTS ARE DEFINED AS FOLLOWS:

- A. Uninsured patients (those without third party insurance, Medicare, Medicaid, or with injuries or conditions qualifying for coverage worker's compensation or automobile insurance for injuries) who do not have the ability to pay based on criteria described in the Eligibility section below.
- B. Insured patients whose insurance coverage and ability to pay are inadequate to cover their out of pocket expenses.
- C. Insured patient unable to pay for portion of the bill due to uncollected co-payments, deductibles and non-covered services. .
- D. An insured or uninsured patient with high medical costs, whose household income does not exceed 350% of the federal poverty level, but whose out-of-pocket medical costs or expenses exceed 10% of their income for the prior year.
- E. Any patient who demonstrates an inability to pay, versus bad debt, which is the unwillingness of the patient to pay.

III. AMOUNTS GENERALLY BILLED

The AGB, (Amounts Generally Billed) is defined as the maximum amount a patient who qualifies under the financial assistance policy for a discount which is equal to the average amounts historically allowed as a percentage of billed charges for all services provided under the Medicare program for a 12-month look back period calculated in accordance with IRC 501(r). Please see appendix A for the AGB calculation.

IV. COVERED ENTITIES

Only Huntington Hospital, which includes all services and areas listed on our license from the state of California including but not limited to inpatient and outpatient services, medication management clinic, Huntington Ambulatory Care Clinic, and the Senior Care Network, is covered under this financial assistance policy. Any ancillary physician billing that may be generated during a patient's stay, i.e. pathology, radiology, anesthesia services are not covered under this policy.

Emergency Room physicians are not covered under this financial assistance policy but have their own financial assistance policy per Health and Safety Code Sections 127450-127462. Please see appendix B for a list of providers that provide emergency and medically necessary services at Huntington Hospital.

PROCEDURES

I. NOTICE TO PATIENTS

- A. Communication and notification of the availability of the financial assistance policy within the community of each hospital shall be in accordance with AB774, SB350, SB1276 and the federal PPACA.
- B. The hospital will post notices informing patients of the hospital's financial assistance program. The notice will be posted in inpatient and outpatient areas of the hospital, including the

- emergency department, billing office, patient admissions and registration offices and outpatient settings. The notice will include contact information on how a patient may obtain more information on the financial assistance program.
- C. All patients will be informed of the hospital's financial assistance program at the time of admission or registration and will be offered a copy of the plain language version of the policy as well as an application for assistance.
 - D. The hospital will provide the financial assistance policy and application translated into the language spoken by the patient consistent with section 12693.30 of the Insurance Code and Health and Safety Code Section 127410(a).
 - E. All printed statements of accounts to the patient will include a summary of the financial assistance policy with contact information on how to obtain an application for assistance and the copy of the complete policy. A summary of the FAP, the application for assistance with instructions will be sent out with the first two statements of account to the guarantor.
 - F. The financial assistance policy and the plain language summary are available on the hospital's web site and/or the on-line patient portal.

II. ELIGIBILITY DETERMINATION:

- A. Gross income should fall within established standards for determination of the federal poverty level, considering family or household size, geographic area and other pertinent factors. (See grid in Section IV).
- B. The term "income" shall mean the annual family or household earnings and cash benefits from all sources before taxes, less payment made for alimony and child support. Proof of earnings may be determined by annualizing year-to-date family or household income. (see II E below for definition of Family or household)
- C. Financial assets will be considered to the extent allowed by financial assistance regulations.
- D. Employment status will be considered along with the projected availability of future earnings sufficient to meet the obligation within a reasonable period of time.
- E. Family or household size will be considered. For this purpose, "Family or Household" for an adult patient is defined as spouse, domestic partner, dependent children under the age of 21, whether living at home or not and anyone else claimed as a dependent on the patient's federal tax return. For patients under the age of 18, "Family or household" is defined as the patient's parent(s) and/or caretaker relatives, other children under 21 years of age of the parent or caretaker relative and anyone else claimed as a dependent on the patient's federal tax return.
- F. Other financial obligations, including living expenses and other items of a reasonable and necessary nature will be analyzed.
- G. Patients whose out-of-pocket medical expenses exceed 10% of their prior year income and whose household income is 350% or below of the federal poverty level are eligible for financial assistance.
- H. For financial assistance consideration, (charity care policy), monetary assets are included in determining eligibility. The first ten thousand dollars (\$10,000) of a patient's monetary assets shall not be counted in determining eligibility, nor shall 50 percent of a patient's monetary assets over the first ten thousand dollars (\$10,000) be counted in determining eligibility. Discounts under other financial discount policies do not count monetary assets in determining eligibility.
- I. A letter is requested to be submitted, along with the other documentation, detailing the patient's need for financial assistance and stating a request for aid.
- J. The amount(s) and frequency of the hospital bill(s) in relation to all of the factors outlined above will be considered.

- K. There will be a credit report run to verify financial and related information that will assist in making a determination about the patient's eligibility for financial assistance.
- L. Before making any determination of whether all or part of an account qualifies for financial assistance treatment and the amount of any write-off that should be applied, the patient shall be required to assist the Hospital in obtaining payment from and helping to assure that all other resources will be first applied, including Medi-Cal, welfare and other third-party sources.
- M. Patients that are eligible for Government sponsored low-income assistance programs (e.g. Medi-Cal /Medicaid, Healthy Families, California Children's Services and any other applicable state or local low-income programs) to be automatically eligible for full financial assistance when payment is not made by the governmental program. For example, patients who qualify for Medi-Cal/Medicaid as well as other programs serving the needs of low-income patients (e.g. CHDP, Healthy Families, and some CCS) where the program does not make payment for all services or days during a hospital stay are eligible for Financial Assistance coverage. Under Huntington Hospital's financial assistance policy, these types of non-reimbursed patient account balances are eligible for full write-off as financial assistance. Specifically, included as financial assistance are charges related to denied stays or denied days of care. All Treatment Authorization Request (TAR) denials provided to Medi-Cal/Medicaid and other patients covered by qualifying low-income programs, and other denials (e.g. restricted coverage) are to be classified as Financial Assistance.
- N. In cases where the patient is non-responsive and/or other sources of information are readily available to perform an individual assessment of financial need, i.e., existing eligibility for Medicaid or PARO score, these sources of information can be used to support and/or validate the decision for qualifying a patient for full financial assistance.
Unless a patient is informed otherwise, Financial Assistance provided under this Policy shall be valid for one full year beginning on the first day of the month of the screening. However, Huntington Hospital reserves the right to reevaluate a patient's eligibility for Financial Assistance during that one year time period if there is any change in the patient's financial status. Additionally, financial assistance provided to non-responsive patients based on other sources of information will not be valid for the full year, and will only be applicable for the eligible retroactive dates of service.
- O. Patients will be notified in writing of the financial assistance approval amount. If a full discount was not approved the notification will indicate why and what additional steps if any that could be taken to obtain additional coverage.
- P. The business office has the final authority to determine if reasonable efforts have been made to determine FAP eligibility.
- Q. Patients completing Financial Assistance Applications are responsible for making reasonable effort to supply the information needed to make a determination. Failure to provide that information may result in a denial of the Financial Assistance Application.
- R. To the extent the patient is determined to not be FAP eligible or at least not determined to be eligible at the time of the charge, (i.e. billing was issued prior to submitting a completed application), the patient may be charged in excess of the AGB.
- S. Under no circumstances will a FAP application be considered in excess of 240 days from the date of first billing.

Financial Assistance status will be determined after the time of discharge by the Business Office after all required documentation is submitted by the patient or responsible party (see Section III.B.). There may be some instances where, because of complications unforeseen at the time of admission, the hospital charges turn out to be considerably greater than anticipated or estimated, and the patient is unable to pay the full amount. A patient may request a financial assistance

application form from a financial counselor at any time. If the patient is unable to complete the form, the patient's surrogate decision maker may assist in completing the form, or the patient may ask for assistance from the financial counselor.

Once the account is settled, the information used for determination will be kept on file in the Business Office.

Patients who are not eligible for financial assistance or are eligible to receive partial assistance which leaves them owing a balance due to the Hospital may request a payment plan from the Business Office.

In the event of non-payment of a discounted amount due under this financial assistance policy the hospital may engage in further collection activity. The details of the further collection actions can be found in the Billing and Collection policy. A copy of this policy can be obtained by contacting the business office.

III. FINANCIAL ASSISTANCE AND OTHER DISCOUNTS:

A. General Relief

General Relief patients usually do not qualify for Medi-Cal, because they are normally single, have no children, are unemployed and homeless. General Relief patients are considered financial assistance eligible patients.

B. Financial Assistance (full and partial)

To be eligible for financial assistance, a patient's or responsible family member's income must be at or below 350% of the federal poverty level. The patient or responsible family member must complete the financial assistance form and include the documentation as stated in Section IV.

- Patients whose income and monetary assets are below 200% of the federal poverty level will receive financial assistance equal to 100% of the Amounts Generally Billed as defined in Section III above.
- Patients whose income is between 200% and 250% of the federal poverty level will receive a financial assistance discount equal to 75% of the Amounts Generally Billed as defined in Section III above.
- Patients whose income is between 250% and 300% of the federal poverty level will receive a financial assistance discount equal to 50% of the Amounts Generally Billed as defined in Section III above.
- Patients whose income is between 300% and 350% of the federal poverty level will receive a financial assistance discount equal to 25% of the Amounts Generally Billed as defined in Section III above.

The remaining balance, for patients qualifying for partial financial assistance, may be paid in interest-free installments as mutually agreed upon between the patient and Huntington Hospital. If a payment plan cannot be agreed upon mutually, the "Reasonable Payment Plan" as defined will be applied. Payment will not be considered delinquent, nor will further collection activity occur, as long as any payments made pursuant to a payment plan are not more than 90 days delinquent under the terms of that plan. If an outside collection agency is utilized to

collect the unpaid debt, the agency agrees to abide by the requirements of this policy and will not garnish wages or place a lien on a principal residence.

C. Presumptive Eligibility for Financial Assistance

Huntington Hospital understands that certain patients may be non-responsive to the financial assistance application process. Under these circumstances, Huntington Hospital may utilize other sources of information to make an individual assessment of financial need. This information will enable Huntington Hospital to make an informed decision on the financial need of non-responsive patients utilizing the best estimates available in the absence of information provided directly by the patient.

Huntington Hospital will utilize a third-party (PARO) to conduct an electronic review of patient information to assess financial need. This review utilizes a healthcare industry-recognized model that is based on public record databases. This predictive model incorporates public record data to calculate a socio-economic and financial capacity score that includes estimates for income, assets and liquidity. The model is designed to assess each patient to the same standards and is calibrated against historical approvals for Huntington Hospital's financial assistance under the traditional application process.

The electronic technology will be deployed prior to bad debt assignment after in-house collection efforts and all other eligibility and payment sources have been exhausted. This allows Huntington Hospital to screen all patients for financial assistance prior to pursuing any extraordinary collection actions. The data returned from this electronic eligibility review will constitute adequate documentation of financial need under this policy and will include:

- PARO Financial Assistance Score – Score rank from 0 to 999. A lower score indicates a lower socioeconomic status, suggesting that the guarantor is more likely to require financial assistance. A higher score indicates a higher socioeconomic status suggesting that the guarantor is less likely to require financial assistance. The score is calculated from a series of index values used to define factors relating to liquidity, asset level, socio-economic standing and poverty. Based on historical approvals this score will be less than or equal to 554, as calculated by PARO.
- Federal Poverty Level (FPL) – The estimated income to household ratio compared to income thresholds determined by the US Department of Health and Human Services. This is used as a measure to determine if a person or family is eligible for assistance through hospital financial assistance programs, as well as various federal programs. This estimate is used as the secondary rule for qualification as it adds another level of likely liquidity. Based on historical approvals, this score will be less than or equal to 200% FPL, as reported by PARO.
- Residence Status – An indication of the guarantor's property ownership status. This estimate is used as the secondary rule for qualification as it adds another level of likely liquidity.

When electronic enrollment is used as the basis for presumptive eligibility, the highest discount levels will be granted for eligible services for retrospective dates of service only. If a patient does not qualify under the electronic enrollment process, the patient may still be considered under the traditional financial assistance application process.

Patient accounts granted presumptive eligibility will be reclassified under the financial assistance policy. They will not be sent to collection, will not be subject to further collection actions, will not be notified of their qualification and will not be included in the hospital's bad debt expense.

D. Self-Pay/Uninsured Patient Discount

Huntington Hospital provides discount options for our self-pay/uninsured patient financial needs.

Uninsured patients will automatically be given a self-pay discount on charges for hospital based medical services. The amount of the discount is similar to Medicare rates. This discount is applied automatically at the time of billing.

- This discount is not available on elective pre-paid procedures which must be paid in full prior to the time of service (i.e. cosmetic procedures, bariatric procedures).
- This discount is not available if some form of insurance or third-party payer may be responsible for paying for the care provided (i.e. worker's compensation, third party liability company). The difference between amount received and total charges for patients with coverage from entities that have no contractual relationship with the hospital (out of network) and qualify for financial assistance under this policy shall be considered as uncompensated care. In addition, non-covered or denied services to insured patients who otherwise would qualify for financial assistance shall be considered as uncompensated care.

E. Prompt Pay Discount

Huntington Hospital also offers patients a 10% prompt pay discount, upon request, when the patient is willing to pay the entire outstanding balance of their bill. Prompt pay discounts are not applied to accounts which have a payment plan set-up. Prompt payment must be made within 30 days of the bill date.

IV. ELIGIBILITY STANDARDS:

- A. Eligibility is based on the current years' Federal Poverty Guidelines which are issued annually by the Federal Register by the Department of Health and Human Services (HHS)
<https://aspe.hhs.gov/poverty-guidelines>

V. OTHER FUNDING**A. Patient Services Assistance (Huntington Hospital Ambulatory Care Clinic (HACC) only)**

When a patient receiving services from HACC cannot pay the bill, they may qualify for patient services funding. To qualify, the patient must:

- Live in the immediate area (i.e., Alhambra, Altadena, Arcadia, Duarte, Eagle Rock, Glendale, Monrovia, Pasadena, South Pasadena, Temple City)
- Apply for financial assistance as stated in Part II of this policy.

Funds donated to the hospital and restricted for financial assistance care purposes will be used to cover all or part of the self-pay obligation of patients who meet the donated fund qualifications.

B. Trauma Patients

To obtain trauma funds, Patient Financial Services must have the following:

- The Trauma Service County Eligibility (TSCE) form must be filled out and signed by the patient or responsible relative/party.
- If the patient is medically unable to sign and there is no family member available, the "Certificate when Patient Unable to Cooperate" form will be filled out by a financial counselor. The reason why the TSCE form could not be signed will be recorded. The preparer must sign their name on the line for Hospital Reviewer.

C. Victims of Crime (VOC)

Patients who are a victim of a crime could be eligible for State of California funding from the VOC program. The patient can apply at the District Attorney's office at the courthouse in Pasadena. The patient will not qualify if:

- There is insurance involved
- He/she initiated the crime
- He/she expires

VI. ITEMIZED BILLS

The final bill will be produced within ten days after discharge. The Business Office will automatically send the itemized bill. If a bill is not received, one can be obtained by calling the Business Office at (626) 397-5324.

If the patient wishes to request an itemized bill while still a patient in the hospital, they may do so by calling (626) 397-5324 or by asking a financial counselor. The patient should keep in mind that an itemized bill requested during their stay will be incomplete and only list charges that have been put in the system through midnight of the previous day.

VII. FINANCIAL ASSISTANCE FORM

The financial assistance form is located at the end of this policy.

Instructions:

Please print and complete the form. Attach your most recent paycheck stub or your previous year's tax form. In addition, please write a letter stating your circumstances and request for financial assistance. Then, mail the form, letter, and supporting documents to:

Huntington Hospital
Attn: Patient Financial Services, Customer Service
100 W. California Boulevard
P.O. Box 7013
Pasadena, CA 91109-7013

For questions regarding this form, please call: (626) 397-5324 from 8:00am-4:00pm M-F. Assistance completing the application, obtaining copies of this policy, or answering any related financial assistance questions can be obtained at the Help Hub in the lobby of the main hospital 8:00am-4:00pm M-F.

The approved application and any discounts can be applied to any subsequent hospital visits in the same calendar year the application was first approved.

The application and accompanying documents must be returned to business office within 10 days. If an additional time is needed to complete the application please call the business office.

Copies of all the financial assistance policies and the application can be found on our website www.huntingtonhospital.com

The polices are also available translated into the following languages: Spanish, Chinese, Armenian, Korean, Arabic, Vietnamese, Russian, Czech, and Farsi.

VIII. FINANCIAL ASSISTANCE APPLICATION REVIEW/APPROVAL PROCESS

- a. A Financial Assistance Application will be reviewed by a business office financial counselor. If gross income is at or below 250% of FPG, the counselor may approve the financial assistance application, based on the information submitted with the application (proof of income required). If the gross income is more than 250% but less than 350% of FPG, an assessment for qualification of partial financial assistance based on income, assets, and medical debt load will be made by the financial counselor.
- b. Financial Assistance Applications will be reviewed and approved, denied or returned to the patient with a request for additional information within ten (10) business days of receipt.
- c. Collection agency requests for financial assistance or Financial Assistance Applications received from a collections agency shall be reviewed by a RBO Financial Counselor. The counselor shall follow the review process described in (b) above in determining ability to pay and approving partial, total or no financial assistance. Standard transaction approval levels will apply.
- d. An approved financial assistance determination is applicable to all services referenced in the application AND services provided up to the end of the calendar year within which the

services were rendered, provided there is no change in the applications financial status that would warrant a reevaluation.

- e. If financial assistance is approved at 100%, any patient deposits paid toward accounts approved for financial assistance must be refunded to the account guarantor. This does NOT apply to any third-party payments, including casualty insurance payments or settlements paid from attorney trust accounts. Those payments will be retained and financial assistance will be granted for the difference between gross charges and the sum of those excluded payments. Refunds under this provision will include interest at the rate prescribed in Section 685.010 of the Code of Civil Procedure. In the event the refund is \$5 or less, no monies will be refunded.

VIII. DISPUTE RESOLUTION

In the event of a dispute, a patient may seek review from the Business Office Manager by calling (626) 397-5324.

SOURCES

Patient Financial Services
Compliance & Internal Audit Services

Financial Assistance Policy Summary

Huntington Hospital is dedicated to making healthcare services accessible to our patients and acknowledges the financial needs of our community who are unable to afford the charges associated with the cost of their medical care. Huntington Hospital provides Financial Assistance for qualifying patients who receive emergency or medically necessary care. Patients must complete an application, submit verification documents and meet the eligibility requirements listed below. This policy does not cover any other providers of service except Huntington Hospital.

Who is eligible for financial assistance?

Our program helps low-income, uninsured or underinsured patients who need help paying for all or part of their medical care. Patients are eligible for Financial Assistance when their family income is at or below 350% of the Federal Poverty Guidelines (FPG). Additional information may be requested and ultimately may affect the hospital's decision.

Patients who are eligible for Financial Assistance will not be charged more than amounts generally billed (AGB) for emergency or other medically necessary care to patients with insurance. (AGB as defined by IRS Section 501(r)). See appendix A in Financial Assistance Policy.

What does the program cover?

The Financial Assistance program covers medically necessary care provided at Huntington Hospital. Elective cosmetic services are not covered under this policy.

What will I need to provide to submit an application?

- 1) Previous year's income tax return
- 2) Current paycheck stubs for the last 2 months (Self/Spouse if applicable)
- 3) Letter of hardship (Description supporting your financial needs)

You must provide information about your family's income. Income verification is required to determine financial assistance. All family members 18 years or older in the household must provide their income.

There are detailed explanations on the financial assistance application.

Who can I contact if I have questions filling out the application?

For Assistance on completing the application or to request a copy of the policy you may receive help at any of the following sources:

- At any inpatient, outpatient or emergency department patient intake areas.
- Call the business office at (626) 397-5324 between the hours 8:00am to 4:00PM M-F, (leave a message after hours). Live translation services are available
- The Help Hub in the main lobby of the hospital, M-F 8:00am – 4:00pm
- By mail at the address shown below
- Or you can download an application and copy of polices at www.huntingtonhospital.com

Is there language assistance available?

The policy and application forms are available in most languages spoken in our community and are available at the above mentioned locations. Interpreter services are also available.

**Huntington Hospital
100 W. California Blvd.
PO Box 7013 Pasadena, Ca 91109-7013
Attention: Business Office**

Reviewed and Updated Quarterly

**APPENDIX A
CALCULATION OF AMOUNT GENERALLY OWED BY INDIVIDUALS
 ELIGIBLE FOR FINANCIAL ASSISTANCE**

The hospital limits the amount owed by individuals eligible under this Financial Assistance Policy who received services except for cosmetic and elective procedures to an Amount Generally Billed (AGB) to patients covered by Medicare. In addition, the hospital also limits the eligible patient's financial responsibility to less than total charges. The hospital shall periodically, at least once a year, update the AGB calculation and re-evaluate the method used. The AGB shall be based on all services provided to Medicare patients fully adjudicated as of the end of a recent 12-month look back period ending no more than 120 days prior to the effective date of the policy or every January 1st thereafter. The calculation of the current AGB is as follows:

**Total Medicare Expected Reimbursement / Total Medicare Gross Charges = AGB Percentage
 (current AGB is 15% effective January 1, 2019)**

The eligible individual's financial responsibility is calculated as follows and applied to the patient liability only (excluding any portion assumed or paid by insurance or other entities on behalf of the patient):

Total Gross Charges for the Services Rendered X AGB Percentage = Patient Financial Responsibility

FAP Eligibility Percentage and the latest published Federal Poverty Level (FPL) Guideline

Annual Income is	FAP Eligibility %
Below 200% of FPL	100% or FREE
200% to less than 250% of FPL	75%
250% to less than 300% of FPL	50%
300% to 350%	25%
Greater than 350%	0%

Persons in Family or Household	100% Poverty Level Annual Income	200% Poverty Level Annual Income	250% Poverty Level Annual Income	300% Poverty Level Annual Income	350% Poverty Level Annual Income
1	\$12,140	\$24,280	\$30,350	\$36,420	\$42,490
2	\$16,460	\$32,920	\$41,150	\$49,380	\$57,610
3	\$20,780	\$41,560	\$51,950	\$62,340	\$72,730
4	\$25,100	\$50,200	\$62,750	\$75,300	\$87,850
5	\$29,420	\$58,840	\$73,550	\$88,260	\$102,970
6	\$33,740	\$67,480	\$84,350	\$101,220	\$118,090
7	\$38,060	\$76,120	\$95,150	\$114,180	\$133,210
8	\$42,380	\$84,760	\$105,950	\$127,140	\$148,330
For families with more than 8 persons, add for each additional person	\$4,320	\$8,640	\$10,800	\$12,960	\$15,120

SOURCE: Federal Register, Vol. 83, No. 12, pp. 2642-2644

The AGB will apply to services received from the hospital inpatient and outpatient departments.

Appendix B

Dear Patients:

Huntington Hospital is very pleased that you and your primary care physician have shown such confidence in us as evidenced by this admission to the hospital. We realized that there are many options open to you in a free society and we are especially gratified that you considered us your care provider of choice.

In that spirit and to avoid possible future confusion we would like to advise you that although Huntington and your primary care physician may be contracted with your insurance carrier, there may be other "hospital-based" physicians (Anesthesiologist, Emergency, Hospitalists, Intensivists, Lab/Pathologist, Pediatrics, Radiologist) who may not be contracted with your carrier and from whom you may receive balance due statements separate from the hospital's statements to you.

If you should receive billing from the Anesthesiology, Emergency, Hospitalists, Intensivists, Pathology, Pediatrics, and/or Radiology groups and if you have any questions regarding their billings, we encourage you to contact them directly at the telephone numbers listed below. They will be able to explain all of the aspects of their billing methods and contractual relations (if any) with your carrier.

Anesthesiology

ABC Billing
8905 SW Nimbus Ave Ste 300
Beaverton, OR 97008
(800) 275 2152

Emergency Physicians

HMH Emergency Med Grp
PO BOX 60259
Los Angeles, CA 90060
(877) 346 2455

Hospitalists

Academic Hospitalists Med Grp
50 Bellefontaine St Ste 307
Pasadena, CA 91105
(626) 352 1444

Intensivists

Huntington Pulmonary MG
39 Congress St
Pasadena, CA 91105
(626) 486 0181

Lab/Pathology

Huntington Pathology Med Grp
5700 Southwyck Blvd
Toledo, OH 43614-1509
(800) 536 1197

OB Hospitalists

OBHG California PC
PO Box 6127
Greenville, SC 29606
(800) 967 2289

Pediatrics

CA Med Business Serv
PO Box 60049
Arcadia, CA 91066
(626) 821 1411

Radiation Oncology

Huntington Rad Onc Med Grp
PO Box 67808
Los Angeles, CA 90067
(310) 273 7365

Radiology

CA Med Business Serv
PO Box 60049
Arcadia, CA 91066
(626) 821 1411

Reviewed and Updated Quarterly

Huntington Hospital License

License: 93000372
Effective: 03/01/2020
Expires: 02/28/2021
Licensed Capacity: 619

State of California
Department of Public Health

In accordance with applicable provisions of the Health and Safety Code of California and its rules and regulations, the Department of Public Health hereby issues

this License to

Pasadena Hospital Association, Ltd

to operate and maintain the following **General Acute Care Hospital**

Huntington Memorial Hospital

100 W California Blvd
Pasadena, CA 91105-3010

Bed Classifications/Services

- 578 General Acute Care
- 56 Perinatal
- 51 Intensive Care Newborn Nursery
- 38 Intensive Care
- 25 Pediatric
- 24 Rehabilitation
- 12 Chemical Dependency Recovery
- 372 Unspecified General Acute Care
- 41 Acute Psychiatric (D/P)

Other Approved Services

- Basic Emergency Medical
- Cardiovascular Surgery
- Nuclear Medicine
- Occupational Therapy
- Outpatient Services - Admitting/Reg./Pre-Op Testing at 625 S. FAIR OAKS AVE., SUITE #355, PASADENA
- Outpatient Services - Cancer Center/Rad. Therapy/CT at 625 S. FAIR OAKS AVE., SUITE #100, PASADENA
- Outpatient Services - Heart & Vascular Lab at 625 S. FAIR OAKS AVE., SUITE #345, PASADENA
- Outpatient Services - Neurosciences/Sleep Center at 625 S. FAIR OAKS AVE., SUITE # 325, PASADENA
- Outpatient Services - Rehabilitation - Physical, Occupational, or Speech Therapy at 630 South Raymond Ave. Suite 340, Suite 120, Pasadena
- Outpatient Services - Senior Care Network at 837 S. FAIR OAKS AVE., PASADENA
- Physical Therapy
- Radiation Therapy
- Respiratory Care Services
- Social Services
- Speech Pathology

(Additional Information Listed on License Addendum)

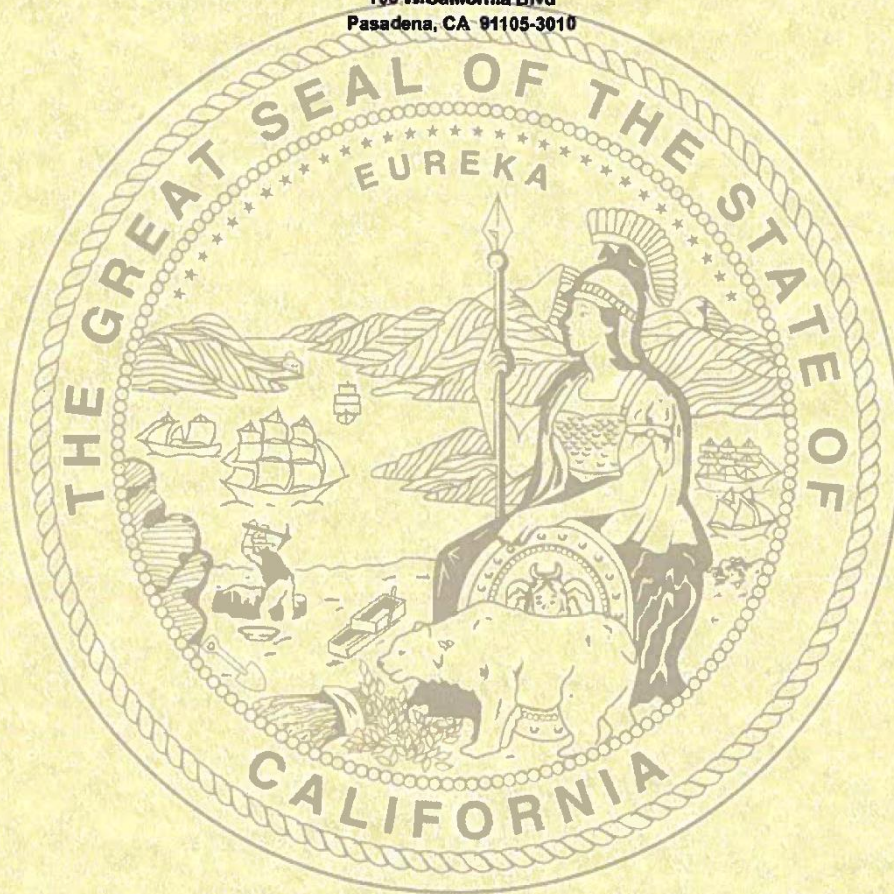
Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, L.A. Acute/Ancillary Unit, 3400 Aerojet Ave., Suite 323, El Monte, CA 91731, (626)312-1104

POST IN A PROMINENT PLACE

**State of California
Department of Public Health
License Addendum**

License: 930000372
Effective: 03/01/2020
Expires: 02/28/2021
Licensed Capacity: 619

Huntington Memorial Hospital (Continued)
100 W. California Blvd
Pasadena, CA 91105-3010



This **LICENSE** is not transferable and is granted solely upon the following conditions, limitations and comments:

- 12 Chemical Dependency Recovery beds suspended from 03/01/2020 to 02/28/2021.
- 7 Pediatric beds suspended from 03/22/2019 to 03/21/2020.
- 34 Unspecified General Acute Care beds suspended from 09/28/2019 to 09/27/2020.

Sonia Y. Angell, MD, MPH

State Public Health Officer & Director

Rose McDowall, Staff Service Manager I

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, L.A.
Acute/Ancillary Unit, 3400 Aerojet Ave., Suite 323, El Monte, CA 91731, (626)312-1104

POST IN A PROMINENT PLACE