

Effect of the Asset Purchase Agreement between Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center and Prime Healthcare Services, Inc. on the Availability and Accessibility of Healthcare Services to the Communities Served by St. Francis Medical Center

Prepared for the Office of the California Attorney General

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Introduction & Purpose

JD Healthcare, Inc. was retained by the Office of the California Attorney General to assess the potential impact of the proposed Asset Purchase Agreement by and between the Verity Health System of California, Inc., a California nonprofit public benefit corporation, and Verity Holdings, LLC¹, a California limited liability company (collectively “Verity Health”), St. Francis Medical Center, a California nonprofit public benefit corporation (collectively “Sellers”), and Prime Healthcare Services, Inc., a Delaware for-profit corporation, and one or more of its affiliates (collectively “Prime”), on the availability and accessibility of healthcare services to the communities served by St. Francis Medical Center (“Hospital”).

Verity Health is the owner and operator of the Hospital, a general acute care hospital licensed for 384 beds, located in the city of Lynwood, California. The Hospital is a Medicaid disproportionate share hospital and a major recipient of Medi-Cal Hospital Quality Assurance Fee (QAF)² funds.

On August 31, 2018, Verity Health and its Affiliated Hospitals³ filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code with the United States Bankruptcy Court for the Central District of California, Los Angeles Division. The Sellers and Prime intend to effectuate the transaction of the Hospital through a sale of the assets approved by the Bankruptcy Court pursuant to Section 363 of Title 11 of the Bankruptcy Code.

The Asset Purchase Agreement, dated April 3, 2020, includes the sale of substantially all assets of the Hospital, hiring substantially all of its employees, and continuing its operations as a healthcare facility to ensure community access to needed healthcare services. Prime has agreed to honor the majority of the conditions issued by the Attorney General’s office in September of 2019 as part of its review and approval of the sale of St. Francis Medical Center, St. Vincent Medical Center and Seton Medical Center to Strategic Global Management, Inc. Strategic Global Management, Inc. failed to complete the transaction resulting in Verity Health again soliciting bids for the purchase of its remaining assets.

A detailed summary of the Asset Purchase Agreement can be found in the Appendix of this report.

¹ Verity Holdings, LLC is a direct subsidiary of its sole member Verity Health. It was created in 2016 to hold and finance Verity Health’s interests in six medical office buildings whose tenants are primarily physicians, medical groups, and healthcare providers.

² The amount of supplemental Medi-Cal payments received by those hospitals that serve a high percentage of Medi-Cal and other low-income patients, as provided by SB 855 (Statutes of 1991). These payments are funded by intergovernmental transfers from public agencies (counties, districts, and the University of California system) to the State and from federal matching funds. SB 855 Disproportionate Share Payments are received by qualifying hospitals for each Medi-Cal paid inpatient day, up to a certain maximum, and are included in Medi-Cal Net Patient Revenue.

³ Affiliated Hospitals include the Hospital, St. Vincent Medical Center, Seton Medical Center (and Seton Coastside), O’Connor Hospital, and St. Louise Medical Center.

Prime, founded by Dr. Prem Reddy in 2001, operates 30 acute care hospitals with approximately 6,400 beds, located in California, Florida, Indiana, Kansas, Michigan, Nevada, New Jersey, Pennsylvania, Rhode Island, and Texas. Prime operates nine hospitals in California.

Prime agrees to close the transaction as long as any conditions imposed by the Office of the California Attorney General are not materially more burdensome than the Conditions⁴ (as set forth in Exhibit 5.8(c) of the Asset Purchase Agreement). These Conditions are a modification of the existing conditions that resulted from the transaction approved by the Office of the California Attorney General, on September 25, 2019, by and between Verity Health System of California, Inc., Verity Holdings, St. Francis Medical Center, and purchaser Strategic Global Management, Inc.

This report, prepared for the Office of the Attorney General, describes the possible effects that the proposed transaction may have on the delivery, accessibility, and availability of healthcare services in the Hospital's service area.

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

- A review of the written notice submitted to the Office of the California Attorney General on April 16, 2020 and supplemental information subsequently provided by Verity Health and the Hospital;
- A review of press releases and news articles related to the proposed Asset Purchase Agreement and other hospital transactions;
- Interviews with community representatives, representatives of Verity Health, representatives of the Hospital's board, management, medical staff, and employees, representatives of Prime, and others as listed in the Appendix;
- An analysis of financial, utilization, and service information provided by the management of the Hospital, Verity Health, and the Office of Statewide Health Planning and Development (OSHPD); and
- An analysis of publicly available data and reports regarding the Hospital, Prime, and the service area, including demographic characteristics and trends, payer mix, hospital utilization rates and trends, health status indicators, and hospital market share.

⁴ California Attorney General Required Conditions to approval of the Change in Control and Governance of St. Francis Medical Center and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, St. Francis Medical Center, and purchaser Strategic Global Management, Inc.

Reasons for the Transaction

Verity Health's Board believes the sale of Verity Health's assets is necessary due to the financial crisis facing Verity Health, including losses that amounted to approximately \$175 million annually on a cash flow basis. As of June 30, 2018, Verity Health's consolidated unaudited financial statements reflected total assets of approximately \$847 million and total liabilities of approximately \$1.278 billion. Verity Health's unaudited Statement of Operations for the ten months ending June 30, 2019 showed losses for the system totaling \$167 million. Verity Health's outstanding secured and unsecured debt after the sale of O'Connor Hospital Saint Louise Regional Hospital and St. Vincent Medical Center is approximately \$607.5 million with a cash burn rate of approximately \$3 million per month. Despite past infusions of capital and new management, Verity Health's Board believes that the problems facing Verity Health are too large to solve without a formal court supervised restructuring. As such, Verity Health and Verity Health Hospitals and affiliated entities each filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code.

Verity Health's Board provided the following additional reasons for Verity Health's poor financial condition that led to the formal court supervised restructuring:

- The legacy burden of more than a billion dollars of bond debt and unfunded pension liabilities;
- An inability to renegotiate collective bargaining agreements and payer contracts;
- The continued need for significant capital expenditures for seismic obligations and aging infrastructure, combined with the general financial and operational challenges facing the hospital industry; and
- The desire to protect the original legacy of the Daughters of Charity (Daughters) to the extent possible by retiring debt incurred over the past 18 years and freeing Verity Health hospitals of financial burden so as to continue to operate the hospitals under new ownership and leadership without the accumulated debt.

Timeline of the Transaction

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

- February 2005 – Bonds are issued in the amount of \$364 million to refinance existing debt and fund future capital expenditures⁵;

⁵ This amount is gross of an estimated \$26 million in the debt service reserved funds that were used to defease the 2005 Bonds.

- November 2008 –Bonds⁶ are issued in the amount of \$143.7 million to refinance existing debt;
- February 24, 2012 – Daughters executes a memorandum of understanding with Ascension Health Alliance as a precursor to system integration discussions;
- June 20, 2012 – Daughters and Ascension Health Alliance effect an amendment to the memorandum of understanding;
- December 2012 – Daughters and Ascension Health Alliance execute an affiliation agreement that did not involve a transfer of assets or liabilities or a change of control. Rather, Daughters and its hospital corporations became participants in various purchasing programs of Ascension Health and obtained access to other Ascension Health support services;
- March 15, 2013 – Daughters solicits offers for O’Connor Hospital and Saint Louise Regional Hospital, and sends out a request for proposal and confidential descriptive memorandum to 15 potential partners, of which five submit indications of interest;
- August 5, 2013 – Daughters solicits offers for Seton Medical Center and Seton Medical Center Coastside, and sends out a request for proposal and confidential descriptive memorandum to eight organizations, of which three submit indications of interest;
- October 2013 – The 2008 Bonds are retired⁷;
- January 2014 – Daughters indicates that it will remain independent from Ascension Health Alliance and is no longer pursuing a merger;
- January 2014 – Daughters announces the initiation of its process to evaluate strategic alternatives for the entire system;
- February 2014 – Request for Proposal process is initiated by contacting over 133 health systems and other buyers who could have an interest in acquiring the system in its entirety, individual (or groups of) hospitals, or other assets;

⁶ The 2008 Bonds are the California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System) Series 2008A Bonds that include a debt service reserve fund of \$13.7 million.

⁷ In October 2013, Daughters of Charity Foundation, an organization separate and independent from Daughters, made a restricted donation of \$130 million for the benefit of Daughters by depositing sufficient funds with the bond trustee to redeem the \$143.7 million principal amount of the 2008 Bonds.

- February 2014 – Prime, along with 71 other potential buyers, sign confidentiality agreements and receive a confidential information memorandum summarizing key facts about Daughters and its related entities;
- March 21, 2014 – Daughters receives 29 bids by the first-round deadline;
- May 30, 2014 – Daughters’ Board decides to focus efforts on full system bidders, concluding that no combination of proposals to purchase individual facilities would provide an adequate solution to Daughters’ pressing financial situation;
- July 30, 2014 – Daughters secures \$110 million in short-term “bridge financing” in order to access working capital to continue operations through the sale process (2014 Bonds, Series A & B);
- August 27, 2014 – Daughters secures an additional \$15 million under the 2014 Bonds (Series C);
- September 12, 2014 – Daughters receives four final proposals;
- October 3, 2014 – Daughters’ Board passes a resolution to authorize the execution of the Definitive Agreement between Daughters, Ministry, and Prime, and recommends the approval of the transaction to Ministry’s Board of Directors (Ministry’s Board);
- October 9, 2014 – St. Francis Medical Center’s Board passes a resolution to authorize any necessary or advisable amendments to the Articles of Incorporation and Bylaws of St. Francis and St. Francis’s Foundation, and recommends approval of the transaction to Ministry’s Board;
- October 9, 2014 – Ministry’s Board passes a resolution to authorize the amendment of Daughters’ articles of incorporation and bylaws as necessary to effect the transaction and authorizes the execution of the Definitive Agreement between Daughters, Ministry, and Prime;
- October 10, 2014 – Ministry and Daughters enter into the Definitive Agreement with Prime;
- October 23, 2014 – Ministry and Daughters enter into Amendment No. 1 to Definitive Agreement with Prime;
- October 24, 2014 – “Notice of Submission and Request for Consent” is submitted by Daughters to the California Attorney General;

- January 2015 – The California Attorney General holds six public meetings, two in Southern California and four in Northern California, to receive comments on the proposed change in governance and control of each of the Health Facilities;
- February 20, 2015 – The California Attorney General conditionally consents to the proposed change in governance and control of Daughters;
- March 9, 2015 – Prime terminates its transaction agreement with Daughters;
- March 2015 – Request for Proposal process is initiated by contacting 86 potential buyers who could possibly have an interest in acquiring the system in its entirety, individual (or groups of) hospitals, or other assets;
- March 2015 – BlueMountain Capital, along with 75 other parties, sign confidentiality agreements and receive a confidential information memorandum supplemental update summarizing important information about Daughters and its related entities;
- April 15, 2015 – Daughters receives 14 first round bids, including one from BlueMountain Capital;
- April & May 2015 – Daughters’ Board reviews current active bids and determines that full system bids are the most viable option to address Daughters’ transaction objectives;
- May 2015 – Houlihan Lokey sends final bid letters to parties still pursuing full system offers;
- May 22, 2015 – BlueMountain Capital submits an amended first round bid to Daughters;
- June 29, 2015 – Daughters receives four final proposals by the deadline, including one from BlueMountain Capital;
- July 14, 2015 – Daughters’ Board reviews the final proposals and passes a resolution to authorize the execution of the System Agreement between Daughters, Ministry, BlueMountain Capital, and Integrity Healthcare, LLC (the management company responsible for operations), and recommends the approval of the transaction to Ministry’s Board;
- July 15, 2015 – St. Francis Medical Center’s Board passes a resolution to authorize the execution of the System Agreement between Ministry, Daughters, BlueMountain Capital, and Integrity Healthcare, LLC;

- July 15, 2015 – Ministry’s Board passes a resolution to authorize the amendment of Daughters’ articles of incorporation and bylaws as necessary to effect the transaction and authorizes the execution of the System Agreement between Ministry, Daughters, BlueMountain Capital, and Integrity Healthcare, LLC;
- July 17, 2015 – Ministry and Daughters enter into the System Agreement with BlueMountain Capital and Integrity Healthcare, LLC;
- July 31, 2015 – “Notice of Submission and Request for Consent” is submitted by Daughters to the Office of the California Attorney General;
- September 2015 - Ministry and Daughters enter into Amendment No. 1 to System Restructuring and Support Agreement with BlueMountain and Integrity Healthcare, LLC;
- December 3, 2015 – California Attorney General Approves sale of Daughters to BlueMountain Capital;
- December 14, 2015 – Daughters and BlueMountain Capital Management closed the deal and renamed the health system to Verity Health System of California, Inc.;
- July 2017 – NantWorks acquires a controlling stake in Integrity Healthcare, LLC (the management company responsible for operating Verity Health);
- August 31, 2018 – Verity Health and each Verity Health Hospital (along with other Verity Health affiliated entities) each filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code;
- December 4, 2018 – Verity Health Board met and discussed choosing the stalking horse⁸ bidder and reviewed the resolutions to approve Strategic Global Management as the stalking horse bidder;
- February 7, 2019 – Verity Health Board passed the stalking horse resolution and ratified all actions;
- April 15, 2019 – The Verity Health Board met to review the final bids submitted and apply the requirements of the Bankruptcy Court approved bid procedures;
- April 15, 2019 – Verity Health Board approve Strategic Global Management as the winning bidder;

⁸ A stalking horse bidding process is where the debtor enters into the agreement with a bidder in advance of an auction for the sale of the debtor’s assets. This bid serves as what is referred to as the “stalking horse”, an initial bid which sets a baseline bid for the auction. The stalking horse agreement is then approved by the court and thereby made public together with open auction bidding procedures using the “stalking horse” as the base bid.

- May 7, 2019 – “Notice of Proposed Submission and Request for Consent” is submitted by Verity Health to the Office of the California Attorney General;
- September 25, 2019 - The Office of the California Attorney General conditionally consents to Verity Health's proposed sale of the assets of St. Francis Medical Center, St. Vincent Medical Center, including its St. Vincent Dialysis Center, and Seton Medical Center to Strategic Global Management and/or one or more of its affiliates;
- October 2, 2019 – Verity Health filed a motion in the U.S. Bankruptcy Court for the Central District of California to enforce the sale order related to its four hospitals – St. Francis Medical Center, St. Vincent Medical Center, Seton Medical Center and Seton Coastside – to Strategic Global Management;
- December 9, 2020 - Strategic Global Management misses court- ordered deadline to close on the \$600 million purchase of St. Francis Medical Center, St. Vincent Medical Center, Seton Medical Center and Seton Coastside. Verity Health has a pending action against Strategic Global Management for, among other things, breach of contract;
- January 15, 2020 - Marketing process recommences to identify parties potentially interested in acquiring St. Francis Medical Center as a going concern. Letters are sent to all potential interested purchasers, outlining the proposed sale timeline and requesting the submission of all indications of interest by January 31, 2020. Ultimately, 61 parties executed non-disclosure agreements with respect to the renewed marketing process and were granted access to an online data room;
- January 31, 2020 - Seven indications of interest are received for a potential acquisition of St. Francis Medical Center. One potential purchaser that submitted an indication of interest did not continue with the process to submit a bid;
- February 10, 2020 – Verity Health filed a motion with the Bankruptcy Court requesting approval of the bidding procedures to govern the contemplated sale of St. Francis Medical Center and related auction process. The Bankruptcy Court entered an order approving the bidding procedures. The bidding procedures also established a deadline for bidders to submit bids by April 3, 2020;
- April 1-3, 2020 – Presentations of all received bids were presented to the St. Francis Medical Center Board;
- April 3, 2020 - Verity Health Board selects Prime as the stalking horse bidder;
- April 9, 2020 - St. Francis Medical Center Board recommends the transaction with Prime to the Verity Health Board;

- April 9, 2020 – Verity Health Board approves the transaction with Prime;
- April 9, 2020 - Bankruptcy Court approves the proposed sale of St. Francis Medical Center to Prime; and
- April 16, 2020 - A written notice is submitted to the Office of the California Attorney General detailing the proposed transfer of St. Francis Medical Center to Prime and the request for consent.

Summary of the Asset Purchase Agreement

The Asset Purchase Agreement was made and entered into as of the April 3, 2020 by and between the Sellers and Prime.

The major provisions of the Asset Purchase Agreement include the following:

- Purchase price includes the following:
 - At Closing⁹, Prime shall pay to Sellers an aggregate amount equal to the purchase price of (\$200,000,000);
 - Sellers shall retain QAF V Payments¹⁰ and the QAF VI Seller Net Payments¹¹ which are currently estimated at (\$29,000,000) and (\$83,000,000), respectively¹²;
 - A cash payment of (\$61,000,000) as consideration for the accounts receivable transferred at Closing, subject to adjustment based upon the final amount collected;
 - At Closing, a cash payment for Sellers’ payroll liabilities which, as of October 31, 2019, had an aggregate value of approximately (\$5,000,000);

⁹ Closing shall be deemed to occur and to be effective as of 12:00 a.m. pacific time on the day immediately after the Closing Date (The date of consummation of the transactions contemplated by the Asset Purchase Agreement).

¹⁰ All payments received or to be received by the Hospital with respect to QAF V.

¹¹ An amount equal to the product of: (A) all payments received or to be received by the Hospital under the QAF Program in respect of QAF VI minus all payments already made, required to be made in the future or to be offset by the government with respect to QAF VI, multiplied by (B) the Closing Date Percentage.

¹² Provided, that in the event at Closing the annualized normalized EBITDA is more than Fifty Million Dollars (\$50,000,000) less than the prior period annualized normalized EBITDA, Prime shall offset from the portion of the remaining QAF V net receipts collected after Closing (but not by more than an aggregate of Thirty Million Dollars (\$30,000,000)) one dollar for every dollar of difference between prior period annualized normalized EBITDA and annualized normalized EBITDA over Fifty Million Dollars (\$50,000,000) up to Eighty Million Dollars (\$80,000,000). In the event that the QAF V payments are insufficient to satisfy the amount of offset, then Purchaser shall have offset rights from the Seller’s QAF VI Seller Net Payments.

- At Closing, a cash payment for accrued vacation and other paid time-off of Sellers' employees which, as of October 2019, had an aggregate value of approximately (\$10,000,000);
 - At Closing, an amount equal to the Cure Costs¹³ associated with outstanding liabilities of Sellers under any Assigned Leases¹⁴ and/or Assigned Contracts¹⁵; and
 - Prime has deposited an amount equal to \$27,725,342.48. The deposit shall be non-refundable, except in the event the Closing does not occur due to Prime's termination of the Asset Purchase Agreement pursuant to Sections 9.1 of the Asset Purchase Agreement. Upon Closing, the Deposit will be credited against the purchase price.
- Separate from, and in addition to, the purchase price, Prime commits to invest (\$47,000,000) in capital expenditures for the Hospital including NPC-3¹⁶ seismic compliance responsibilities;
 - Prime and Sellers agree that because the change of ownership and regulatory approval process may take an extended period of time, at the Effective Time¹⁷, the agreed upon assets, Medicare/Medi-Cal agreements, managed care agreements, and private payor agreements will be sold to Prime and immediately leased back to Sellers in the form of a Sale Leaseback Agreement. Major provisions of the Sale Leaseback Agreement include:
 - Immediately following the Closing, and until Prime obtains the new licenses (that include licenses necessary to operate the Hospital as an acute care hospital by the California Department of Public Health, and a permit to operate a hospital-based pharmacy by the California Board of Pharmacy) the parties desire to lease back or license all of the then-acquired assets used in the operation of the Hospital. Specifically, the leased or licensed assets shall include; the Hospital, tangible personal property (including, but not limited to, fixtures, furnishings, hard copy medical and financial records and hardware to operate and run the electronic health record systems, hospital operating systems, laboratory information systems, and financial reporting systems), and

¹³ Means all amounts that must be paid and all obligations that otherwise must be satisfied, including pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code in connection with the assumption and/or assignment of the Assigned Contracts and Assigned Leases to Purchaser.

¹⁴ Leases subject to evaluation by Prime for assumption or rejection.

¹⁵ Contracts subject to evaluation by Prime for assumption or rejection.

¹⁶ Non-Structural Performance Category (NPC). The classifications given to the Hospital's structures specify the need for construction in order to comply with the California Office of Statewide Health Planning and Development's seismic safety standards.

¹⁷ Period immediately after Closing.

intangible intellectual property saved or embodied in the electronic health record systems, hospital operating systems, laboratory information systems, and financial reporting systems (which shall be licensed for use by the Hospital);

- This Leaseback Agreement shall automatically terminate upon the termination of the Interim Management Agreement¹⁸;
 - The Hospital shall at all times during the term of this Sale Leaseback Agreement be the owner of pharmacy Assets. The parties acknowledge, however, that under the Interim Management Agreement, Prime will be managing the Hospital's pharmacy during the Management Period¹⁹;
 - The Hospital shall be responsible for purchasing drugs and dangerous devices identified by Prime as necessary for the operations of the Hospital, and Prime shall reimburse the Hospital for all costs and expenses incurred for such purchases;
 - The parties shall pay all utilities and services supplied to the Hospital during the term of the Sale Leaseback Agreement, including but not limited to water, gas, air conditioning, heat, light, power, telephone service, and waste removal services;
 - The parties shall pay all taxes, assessments, and levies of any kind or nature whatsoever, including real property taxes, personal property taxes, income taxes, employment taxes, and sales or use taxes, that are taxed, assessed, levied, invoiced or imposed upon the Hospital after the Effective Time;
 - The parties shall pay for all insurance coverages, including premiums, deductibles, stop-loss, and any other insurance covering the Hospital; and
 - During the term of this Sale Leaseback Agreement, the parties shall pay all costs of repairing and maintaining the leased or licensed assets of the Hospital required by any applicable governmental law, statute, ordinance, rule or regulation, including the California Office of Statewide Health Planning and Development.
- Pursuant to the Asset Purchase Agreement, the Hospital, Verity Health, and the Prime, are entering into an Interim Management Agreement that enables Prime to manage the day-to-day operations of the Hospital following the Closing until Prime is issued the

¹⁸ Enables Prime to manage the day-to-day operations of the Hospital following the Closing until Prime is issued the licenses necessary to operate the Hospital.

¹⁹ Management Period shall commence as of the Effective Time and continue until the earlier of the licensure date or June 30, 2021.

licenses necessary to operate the Hospital. Major provisions of the Interim Management Agreement include:

- The term of the Interim Management Agreement shall commence as of the Effective Time and shall continue until the earlier of the Licensure Date²⁰ or “June 30, 2021” (Management Period). The Hospital, Verity Health, and Prime acknowledge that, during the management Period, the Hospital shall remain the licensee of the Hospital, and in that capacity, and during such period, shall retain statutory and regulatory authority and responsibility for the Hospital and for oversight of Prime;
- During the Management Period, the Hospital appoints Prime as the sole and exclusive provider of certain services and grants Prime the exclusive right to manage the Hospital under the Hospital’s Licenses as a general acute care hospital;
- Management services shall include management and operation of the Hospital’s pharmacy on behalf of the Hospital, even though the pharmacy assets will not be transferred until the Licensure Date;
- During the Management Period, the Prime shall submit claims for services rendered by the Hospital to various governmental and non-governmental entities, patients, and other third parties pursuant to the Corporation’s provider agreements and payor contracts;
- During the Management Period, Prime shall be subject to all applicable legal and regulatory requirements, and agrees to assume and discharge all responsibilities, duties, liabilities, payments, and obligations in connection with properly maintaining the Hospital in full compliance with all regulations and standards required of a general acute care hospital facility so licensed. In addition, Prime’s services shall include, but not be limited to, the following duties, which Prime shall perform at its sole cost and expense:
 - Managing the operations of the Hospital as a general acute care hospital in compliance with all applicable laws, regulations, provider agreements, payor contracts, CDPH requirements for maintenance of the Licenses in good standing, Medicare conditions of participation and requirements for payment with respect to governmental programs, and the requirements for maintenance of the Hospital’s accreditations;

²⁰ Licensure Date is the date certain licenses are issued and obtained. These include a general acute care hospital license from the California Department of Public Health and a hospital pharmacy permit from the California Board of Pharmacy.

- Employing and managing employees and any other non-clinical and clinical personnel deemed necessary for the operation of the Hospital as a general acute care hospital;
 - Maintaining and repairing, as needed, the Hospital so as to ensure material compliance with all applicable local, state and federal law, and construction timelines imposed by OSHPD;
 - Providing security services reasonably necessary to prevent unlawful entry or damage to the Hospital;
 - Maintaining, all licenses, permits consents, approvals, accreditations, and certifications currently held by the Hospital in good standing, in active status, and in compliance with all applicable local, state, and federal laws, including the timely payment of all applicable fees to support or renew these approvals;
 - Maintaining and obtaining all insurance coverages, from and after the Effective Time, for the Hospital;
 - Coordinating with the governing board and the organized medical staff on the appropriateness and quality of medical care and all medical staff issues requiring governing board oversight; and
 - Paying all costs and expenses in connection with and incidental to ownership of the Hospital's assets all Hospital operating costs, employee-related costs, and taxes;
- During the Management Period, Prime may do any of the following, in consultation with the Hospital and subject to the requirements of applicable local, state, and federal law, at Prime's sole cost and expense:
 - Make alterations, improvements, and repairs to the interior or exterior of the Hospital, including structural alterations, improvements, and repairs;
 - Remove and dispose of furniture, fixtures, equipment (other than equipment owned by equipment lessors), and supplies at the Hospital;
 - Move into and install furniture, fixtures, equipment, and supplies at the Hospital;
 - Prepare the Hospital for a name change, except that no such name change may take effect, and no signage reflecting such change shall be installed, during the Management Period; and
 - Perform, or permit to be performed, any other activities at the Hospital Premises that are not inconsistent with operating the Hospital under the licenses.
- Prime shall not take any action that interferes with the Hospital's transfer of funds to pay itself out of the Hospital revenues or remove, withdraw, or

authorize removal or withdrawal of funds from the Hospital's bank accounts or lockboxes to the extent that the Hospital would be unable to fully pay;

- As full and complete payment for Prime's Services, Prime shall be entitled to receive an amount equal to the Hospital revenues less the following amounts that will be paid to the Hospital by Prime:
 - All costs and expenses incurred by the Hospital's for the Hospital's purchase of drugs and dangerous devices that Prime determines are necessary for the operation of the Hospital;
 - All salaries, stipends, costs and expenses associated with the employment or engagement of the Board of directors of the Hospital and Verity Health, and any other retained employees or contractors of the Hospital primarily or exclusively providing services necessary for the operation of the Hospital and compliance with applicable laws, if any; and;
 - All other costs and expenses associated with keeping the Hospital in good standing, maintaining its hospital licenses and maintaining the necessary contracts, including, but not limited to, filings with the secretary of state, filing tax returns, board of directors expenses, directors and officers insurance, employment practices liability insurance, compensation, benefits, and such other costs and expenses incurred by a hospital corporation in the normal course of business.
- The Hospital shall issue invoices to Prime on a weekly basis with reasonable supporting detail. Prime shall pay such invoices within ten (10) business days of receipt of such invoices; and
- Verity Health shall be responsible for all the Hospital liabilities and losses incurred or accrued during the management period.
- Items to be delivered by Purchaser at Closing. At or before the Closing, Purchaser shall deliver or cause to be delivered to Sellers the following:
 - Payment of the Purchase Price, minus the Deposit;
 - Execution of necessary agreements the due adoption and text of the resolutions of the Board of Directors of Prime authorizing the execution, delivery and performance of the Asset Purchase Agreement and all additional documents contemplated by the Asset Purchase Agreement;
 - Preliminary change of ownership reports with respect to the owned property, duly executed by Prime; and

- Any such instruments, certificates, consents or other documents which Prime and Sellers mutually deem reasonably necessary to carry out the transactions contemplated by the Asset Purchase Agreement.
- On the Closing Date, Sellers shall sell, assign, transfer, convey and deliver to Prime, free and clear of all interests, including but not limited to all liens, privileges, pledges, security interests, rights of first refusal, options, defects in title and encumbrances, and Prime shall acquire, all of Sellers' right, title and interest in and to only the following assets and properties, as such assets shall exist on the Closing Date, to the extent not included among the Excluded Assets, such transfer being deemed to be effective at the Effective Time:
 - All of the tangible personal property owned by Sellers, or to the extent assignable or transferable by Sellers, and used by Sellers in the operation of the Hospital, including equipment, furniture, fixtures, machinery, vehicles, office furnishings and leasehold improvements;
 - All of Sellers' rights, to the extent assignable or transferable, to all licenses, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued to Sellers for use in the operation of the Hospital;
 - All of Sellers' interest in and to the owned real property and all of Sellers' interest, to the extent assignable or transferable and that have been designated by Purchaser;
 - All of Sellers' interest in, and to the extent assignable or transferable, the Hospital's Medicare Provider Agreement (and provider number) and the Hospital's Medi-Cal Provider Agreement;
 - All of Sellers' interest in, and all of Sellers' obligations due under, to the extent assignable or transferable, in and to any of the Hospital's managed care, pre-paid, capitated or other full-risk health plan agreements;
 - All of Sellers' interest in, to the extent assignable or transferable, any of the Hospital's services, participation or provider agreements with private health plans, insurers or other third-party payors;
 - To the extent assignable or transferable, all inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables located at the Hospital or used in the operation of the Hospital;
 - To the extent assignable or transferable, all of the following that are not proprietary to Sellers and/or owned by or proprietary to Sellers' affiliates:

operating manuals, files and computer software with respect to the operation of the Hospital, including, without limitation, all patient records, medical records, employee records, billing records, financial records, equipment records, construction plans and specifications, and medical and administrative libraries;

- All right, title and interest in and to the name “St. Francis Medical Center,” including any associated Hospital trademarks, service marks, trade names, and logos;
 - To the extent assignable or transferable, Sellers’ lock box account(s) associated with Medicare or Medi-Cal fee-for-service receivables;
 - All accounts and interest, notes and interest and other receivables of Sellers, including, accounts, including or any health care provider or network (such as a health maintenance organization, preferred provider organization or any other managed care program) or any fiscal intermediary of the foregoing, private pay patients, private insurance or by any other source and all claims, rights, interests and proceeds relating to any grant or governmental awards directly or indirectly related to COVID-19, and trauma payments, disproportionate share payments, California Health Foundation & Trust payments, cost report, and Seller Cost Report settlements; and
 - All QAF payments, other than QAF payments received prior to Closing or specifically excluded, as due to the Hospital from the State of California or any of its administrative entities or other entitles, including without limitations, Medi-Cal managed care plans.
- Sellers shall retain all interests, rights and other assets owned directly or indirectly by Sellers including:
 - All QAF payments received prior to Closing under any QAF Program;
 - All Disproportionate Share Hospital Payments received on or after the Effective Time but calculated based on data from periods prior to the Effective Time;
 - All contracts that are not assigned contracts and all risk sharing agreements with independent physician associations;
 - Any private payor agreement that is not a transferred private payor agreement and any managed care agreement that is not a transferred managed care agreement;
 - All collective bargaining agreements or other arrangements with unions representing Sellers’ employees;

- All leases that have not been designated as assigned leases;
 - All of Sellers' organizational or corporate record books, minute books and tax records;
 - All deposits made with any entity that provides utilities to the Hospital;
 - All unclaimed property of any third party as of the Effective Time, including, without limitation, property which is subject to applicable escheat laws;
 - All bank accounts of Sellers;
 - All tax refunds and tax assets of Sellers;
 - All patient records and medical records which are not part of any electronic medical record software transferred to Purchaser and are not required by law;
- Promptly following the Signing Date, representatives of Sellers who are parties to the Hospital's related collective bargaining agreements and of Prime, respectively, shall meet and confer from time to time as reasonably requested by either to discuss strategic business options including terms contained under all operative collective bargaining agreements. The applicable Sellers and Prime shall each participate in all negotiations related to the potential modification and assignment of specific Seller's collective bargaining agreements to Prime. The applicable Sellers shall use commercially reasonable efforts to initiate discussions with Prime and unions and conduct discussions to renegotiate each collective bargaining agreement currently in effect with each applicable union. The applicable Sellers will not unreasonably withhold, condition or delay Bankruptcy Court approval of any successfully renegotiated collective bargaining agreement. The parties recognize that Seller's failure to conclude a successor collective bargaining agreement shall not be a breach of Sellers' obligation under the Asset Purchase Agreement or otherwise excuse Prime's obligations under the Asset Purchase Agreement;
 - On or before the date that is thirty (30) days after the Sale Order Date, the negotiations shall have resulted in each, such labor unions, agreeing to either modification of the Hospital related collective bargaining agreements under terms that are to be substantially consistent with the Purchaser's existing and most current collective bargaining agreements with each such respective labor union, and that settle all liabilities under the existing Seller collective bargaining agreements that shall be assigned to Prime, provided that there are shall be no cure obligations to the Sellers or enter into new collective bargaining agreements that are substantially consistent with Prime's existing collective bargaining agreements with each such respective labor union; provided, that if Prime and each labor union have not entered into such agreements described above, then Sellers shall have the absolute right to file or take any other action to reject and terminate any such collective bargaining agreement and,

in such event, the Bankruptcy Court shall have entered an order granting Sellers' requested rejection of such collective bargaining agreement prior to the Closing Date;

- Prime agrees to make offers of employment, to substantially all persons (whether such persons are full time employees, part-time employees, on short-term or long-term disability or on leave of absence, military leave or workers compensation leave) who, immediately prior to the Effective Time are employees of the Hospital; and
- With respect to any collective bargaining agreements or labor contract with respect to any union employees, Purchaser shall comply with the applicable laws, or to the extent applicable, Bankruptcy Court orders relating to collective bargaining agreements or labor contracts.

A summary of the Conditions set forth in Exhibit 5.8(c) of the Asset Purchase Agreement include:

California Attorney General Conditions from Exhibit 5.8(c) of the Asset Purchase Agreement		
Conditions	Prime Agrees:	Years of Condition
1. For ten (10) years, provide written notice to Office of the Attorney General sixty (60) days prior to entering into any sale or transfer agreement;	Yes	10
2. For at least ten years from closing, the Hospital shall continue to operate as a general acute care hospital;	Yes	10
3. For at least ten years from closing, 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:	Yes	10
a. At a minimum, 46 emergency treatment stations;	Yes	10
b. Designation as a Level II Trauma Center;	Yes	10
c. Designation as a 5150 Receiving Facility, as defined by the Welfare and Institutions Code, Section 5150, for behavioral health patients under involuntary evaluation;	Yes	10
d. Psychiatric evaluation team;	Yes	10
e. Designation as an Emergency Department Approved for Pediatrics (EDAP);	Yes	10
f. Designation as a Paramedic Base Station; and	Yes	10
g. Certification as a Primary Stroke Center.	Yes	10
4. For at least ten years from the closing date of the Asset Purchase Agreement, St. Francis Medical shall maintain on-call coverage contracts and/or comparable coverage arrangements with physicians that are necessary to retain its qualification as a Level II trauma center. The following on-call coverage contracts and/or comparable coverage arrangements are required to retain St. Francis Medical Center's status as a Level II trauma center:	Yes	10
c. Neurology;		
d. Obstetrical/gynecological;		
e. Ophthalmology;		
f. Oral or maxillofacial or head and neck;		
g. Plastic surgery;		
h. Replantation/microsurgery capability; and		
i. Urology;		
5. For at least ten years from closing, the Hospital shall maintain the following services at current licensure, types, and/or levels of services:		
a. Cardiac services, including at a minimum, three cardiac catheterization labs and the designation as a STEMI Receiving Center;	Yes	10
b. Critical care services, including a minimum of 36 intensive care unit beds or 24 intensive care beds and 12 definitive observation beds;	Yes	10
c. Neonatal intensive care services, including a minimum of 29 neonatal intensive care beds, and at minimum, maintaining a Level II NICU;	Yes	10
d. Women's health services, including women's imaging services;	Yes	10
e. Cancer services, including radiation oncology;	No	10
f. Pediatric services, including a designated area with at least five general acute care beds for pediatric services;	Yes	10
g. Orthopedic and rehabilitation services;	Yes	10
h. Wound care services;	Yes	10
i. Behavioral health services, including a minimum of 40 distinct part inpatient acute psychiatric beds; and	Yes	10
j. Obstetric services, including a minimum of 50 obstetrics beds.	Yes	10

California Attorney General Conditions from Exhibit 5.8(c) of the Asset Purchase Agreement

Conditions	Prime Agrees:	Years of Condition
6. For at least ten years from the closing date of the Asset Purchase Agreement, St. Francis Medical Center shall maintain the same types and/or levels of women’s healthcare services currently provided at the location below or a location within three miles of St. Francis Medical Center: a. Family Life Center at St. Francis Medical Center, located at 3630 E Imperial Highway, Lynwood, California.	Yes	10
7. For at least five years from the closing date of the Asset Purchase Agreement, Purchaser shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be moved to a different location within a three-mile radius of each clinic’s current location, and St. Francis Medical Center can utilize an alternative structure in providing such services. The following clinics are subject to this condition: a. Pediatric services at Children’s Counseling Center, 4390 Tweedy Ave, South Gate, California; b. The multi-specialty services, including wound care at Wound Care Center, 3628 E. Imperial Highway, Suite 103, Lynwood, California; and c. Orthopedic services at 3628 E. Imperial Highway, Suite 300, Lynwood, California.	No No Yes	5 5 5
8. For ten years from the closing date of the Asset Purchase Agreement, Purchaser shall: a. Be certified to participate in the Medi-Cal program at St. Francis Medical Center; b. Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) - Local Initiative: L.A. Care Health Plan or its successor; and - Commercial Plan: Health Net Community Solutions, Inc. or its successor. c. Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care), on the same terms and conditions as other similarly situated hospitals, as required in these Conditions.	Yes Yes Yes	10 10 10
9. For six fiscal years from the closing date of the Asset Purchase Agreement, Purchaser shall provide an annual amount of Charity Care (as defined below) at St. Francis Medical Center equal to or greater than \$12,793,435 (the Minimum Charity Care Amount). For purposes hereof, the term “charity care” shall mean the amount of charity care costs (not charges) incurred in connection with the operation and provision of services at St. Francis Medical Center. The definition and methodology for calculating “charity care” and the methodology for calculating “costs” shall be the same as that used by Office of Statewide Health Planning Development (OSHDP) for annual hospital reporting purposes;	Conditionally: Provide an annual amount of Charity Care equal to or greater than \$8,000,000.	5
10. For six fiscal years from closing, the Hospital shall continue to expend an average of no less than \$1,139,301 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for Los Angeles-Long Beach-Anaheim, California. The following community benefit programs and services shall continue to be offered: a. Southern California Crossroads Program; b. Health Benefit Resource Center; c. Welcome Baby Program; d. Healthy Community Initiatives; e. American Career College access for onsite training; f. Paramedic Training and Education; and g. Patient Transportation support.	Yes Yes Yes Yes Yes Yes Yes	5 5 5 5 5 5 5

California Attorney General Conditions from Exhibit 5.8(c) of the Asset Purchase Agreement

Conditions	Prime Agrees:	Years of Condition
11. For at least ten years from closing, the Hospital shall maintain its current contracts, subject to the request of the County of Los Angeles, for services, including the following:	Yes	10
a. Participation in the Hospital Preparedness Program between the Hospital and Los Angeles County;	Yes	10
b. Department of Mental Health Legal Entity Contract between the Hospital and Los Angeles County;	Yes	10
c. Paramedic Base Hospital Services between the Hospital and Los Angeles County;	Yes	10
d. Radiation Therapy Services between the Hospital and Los Angeles County;	Yes	10
e. Designation Agreement between the County of Los Angeles Department of Mental Health (LAC-DMH) and the Hospital and approved as a 72-hour Evaluation and Intensive	Yes	10
f. Affiliation Agreement for physicians in post graduate training;	No	10
g. Trauma Center Service Agreement between the Hospital and Los Angeles County; and	Yes	10
h. Paramedic Training Institute Students between the Hospital and Los Angeles County.	Yes	10
12. For at least ten years from the closing date of the Asset Purchase Agreement, Purchaser shall provide to the Los Angeles County Department of Health Services and Los Angeles County of Department of Mental Health information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Francis Medical Center;	Yes	10
13. For ten years from the closing date of the Asset Purchase Agreement, Purchaser shall have at St. Francis Medical Center a Local Governing Board of Directors. Purchaser shall consult with the Local Governing Board of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, including making changes to the charity care and collection policies, and making changes to charity care services provided at St. Francis Medical Center;	Yes	10
14. Purchaser shall commit to reserve or expend for St. Francis Medical Center for capital improvements to the hospital over the five-year period from the closing of the Asset Purchase Agreement, the amount of capital that remains unexpended from the \$180 million commitment required of Blue Mountain Capital Management, LLC as part of the Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among St. Francis Medical Center, Seton Medical Center and St. Vincent Medical Center;	Purchaser will commit to expend approximately \$35 million on the Hospital, over the five-year period, from the closing of the Asset Purchase Agreement.	
15. Purchaser shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at the Hospital through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Safety. Code, § 129675-130070);	Yes	-
16. Purchaser shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at St. Francis Medical Center;	Yes	-
17. There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at St. Francis Medical Center, and no restriction or limitation on providing or making reproductive health services available at St. Francis Medical Center, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Purchaser's written policies, adhered to, and strictly enforced; and	Yes	-
18. For eleven fiscal years from the closing date of the Asset Purchase Agreement Purchaser shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Purchaser shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.	Yes	11

Use of Net Sale Proceeds

The money received from the sale will be distributed to creditors in conjunction with the Bankruptcy Court and there will be no net proceeds as a result of the transaction.

Profile of Verity Health

Verity Health

Verity Health is a nonprofit healthcare system headquartered in El Segundo, California. The healthcare system was originally established by the Daughters of Charity of St. Vincent de Paul, Province of the West, to support the mission of the Catholic Church through a commitment to the sick and poor.

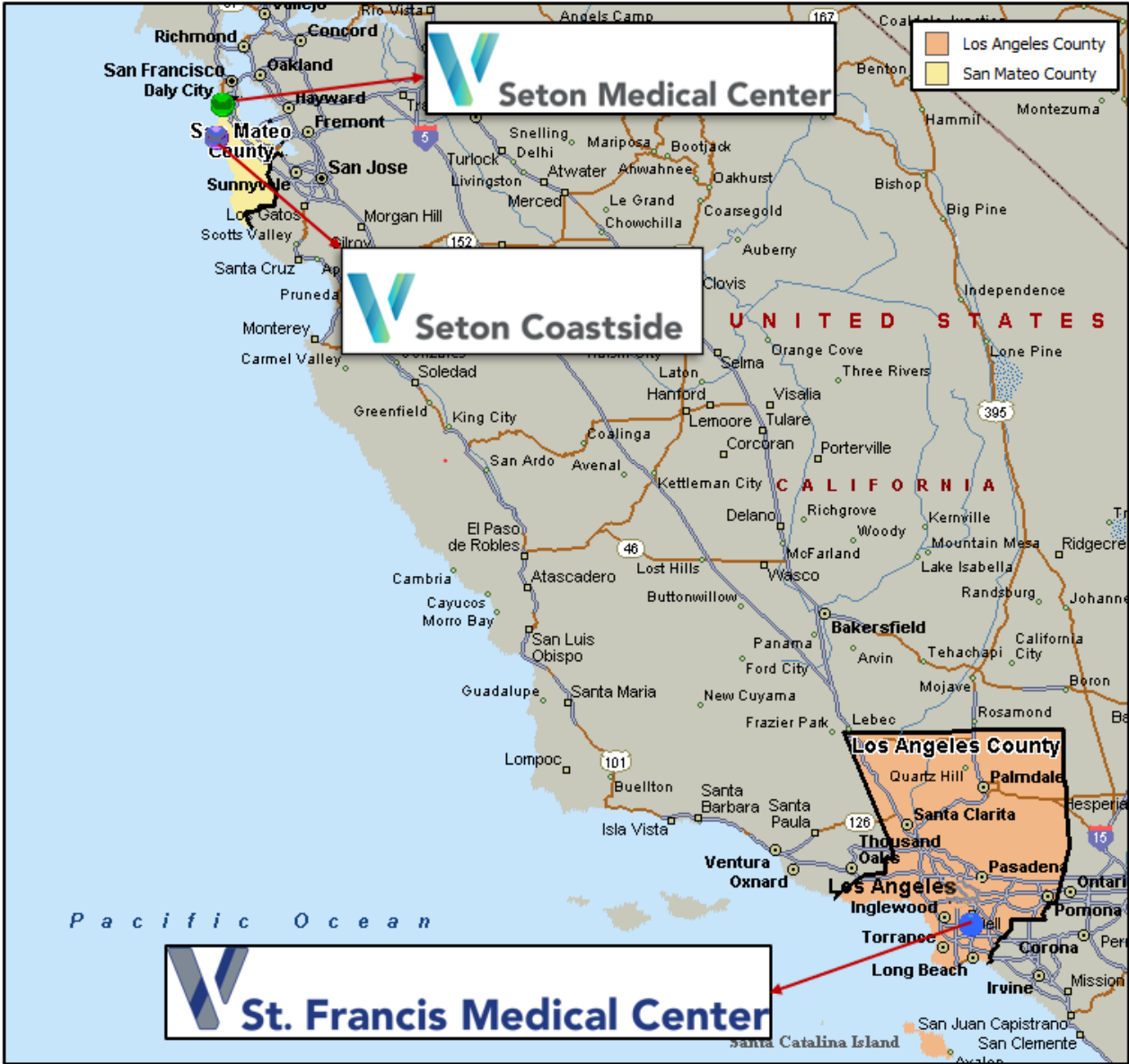
Daughters of Charity, a group of women dedicated to caring for the needs of the poor, was started in France by St. Vincent de Paul and St. Louise de Marillac in 1633. The Daughters of Charity continued its mission and opened its first hospital in Los Angeles in 1856. Daughters of Charity expanded its hospitals into San Jose in 1889 and San Francisco in 1893. These hospitals were the forerunners of St. Vincent Medical Center, O'Connor Hospital, and Seton Medical Center. During the 1980s, Daughters of Charity expanded to include Seton Medical Center Coastside (1980), St. Francis Medical Center (1981), and Saint Louise Regional Hospital (1987). In 1986, the hospitals joined Daughters of Charity National Health System, based in St. Louis, Missouri. In 1995, the hospitals left Daughters of Charity National Health System and merged with Catholic Healthcare West. The hospitals withdrew from Catholic Healthcare West in 2001 and operated as Daughters of Charity until December 2015 when the transaction with BlueMountain Capital Management, LLC and Integrity Healthcare, LLC resulted in a renaming of the organization as Verity Health System.

Verity Health operated six hospitals until March 1, 2019, when Santa Clara County assumed responsibility for two Verity Health hospitals; O'Connor Hospital, in San José, California, and St. Louise Regional Hospital, in Gilroy, California. Today, the two hospitals are a part of the County of Santa Clara Health System. St. Vincent Medical Center ceased operating in January 2020 and surrendered its hospital license. Verity Health subsequently leased the facility to the California Department of Health Services for operations as a surge facility for COVID-19 patients. It was reopened in March as the Los Angeles Surge Hospital with Dignity Health and Kaiser Permanente, both contracted to oversee the hospital through June 30, 2020. In April 2020, Patrick Soon-Shiong, MD purchased the facility from Verity Health for purposes other than as a general acute care hospital. The remaining three Verity Health hospitals are:

- **St. Francis Medical Center:** The Hospital was established in 1945 and gained sponsorship from Daughters of Charity, Province of the West, in 1981. The Hospital, a 384-bed general acute care facility, provides comprehensive healthcare services and operates one of the busiest emergency trauma centers in Los Angeles County. The Hospital serves the nearly 1.7 million residents of Southeast Los Angeles, located in the communities of Lynwood, South Gate, Downey, Huntington Park, Bell Gardens, Maywood, and Compton;

- **Seton Medical Center:** The hospital was originally founded as Mary's Help Hospital by the Daughters of Charity of St. Vincent de Paul in 1893. The facility was destroyed in the San Francisco Earthquake of 1906, and by 1912, Mary's Help Hospital reopened a new facility in San Francisco. In 1965, the hospital moved to its current location at 1900 Sullivan Avenue in Daly City. The hospital, renamed Seton Medical Center in 1983, is currently licensed for 357 beds and serves residents from the San Francisco and San Mateo areas. After the sale to SGM failed, the San Mateo County Board of Supervisors agreed to provide \$20 million to support the struggling hospital in an effort to save hundreds of jobs and expand treatment capacity for COVID-19 patients. The hospital shares a consolidated license with Seton Coastside located at 600 Marine Boulevard in Moss Beach. Verity Health is requesting approval from the California Attorney General for the sale of Seton Medical Center and Seton Coastside to AHMC Healthcare, Inc; and
- **Seton Coastside:** The hospital was founded as Moss Beach Rehabilitation Hospital in 1970. In 1980, the City of Half Moon Bay acquired ownership of the hospital and signed an agreement for Daughters of Charity to head operations of the hospital and rename it St. Catherine's Hospital. In 1993, St. Catherine's Hospital became Seton Coastside as it was integrated into one administrative entity with Seton Medical Center. Today, Seton Coastside is licensed for 116 skilled nursing beds and five general, acute-care beds. Seton Coastside also operates the only 24-hour "standby" emergency department along the 55-mile stretch between Santa Cruz and Daly City. Under a consolidated license, Seton Medical Center and Seton Coastside share the same Board of Directors, executive leadership team, charity care policies, and collective bargaining agreements.

Verity Health’s three current hospital locations are shown on the map below:



Verity Health Inpatient Statistics

Between FY 2017 and FY 2018, the number of Verity Health inpatient discharges increased by 3% from approximately 50,300 discharges in FY 2017 to approximately 51,700 discharges in FY 2018. Over this same period, inpatient days increased by 2% resulting in an average daily census of 856 patients per day in FY 2018. The following table provides inpatient volume trends for FY 2017 and FY 2018:

VERITY HEALTH SYSTEM UTILIZATION STATISTICS ²								
FY 2017 & FY 2018								
	St. Francis Medical Center		Seton Medical Center*		Seton Medical Center Coastside		Verity Health System Total ¹	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Total Licensed Beds	384	384	357	357	121	121	1,679	1,679
Total Discharges	21,049	22,687	5,695	5,263	121	76	50,308	51,745
Total Patient Days	103,599	105,438	45,242	44,359	39,889	41,503	306,831	312,583
Average Length of Stay	4.9	4.6	7.9*	8.4*	N/A	N/A	5.3**	5.2**
Average Daily Census	283.8	288.9	124.0	121.5	109.3	113.7	840.6	856.4
Outpatient Surgeries	2,310	2,774	2,721	2,900	-	-	12,849	12,878
Inpatient Surgeries	3,112	3,347	1,267	1,116	-	-	9,611	10,127
Outpatient ED Visits	64,480	61,831	23,478	22,984	2,635	2,631	186,342	182,705
Clinical Visits	-	-	93,720	99,162	3,071	5,394	203,469	170,236
Case Mix Index ³ Total	1.42	1.49	1.81	1.80	1.40	1.41	-	-

Source: Verity Health Audited Financials

Note: FY 2018 Unaudited

* Includes subacute patients.

**Excludes Seton Coastside.

N/A: Patient level detail not available.

¹ Includes all other entities (St. Vincent Medical Center, System Office, System Elimination Obligated Group, Non-Obligated Group, and System Elimination Non-Obligated Group).

² The figures provided by Verity Health differs from information reported to OSHPD and found in subsequent sections of this report.

³ The Case Mix Index (CMI) is the average relative DRG weight of a hospital's inpatient discharges, calculated by summing the Medicare Severity-Diagnosis Related Group (MS-DRG) weight for each discharge and dividing the total by the number of discharges. The CMI reflects the diversity, clinical complexity, and resource needs of all the patients in the hospital. A higher CMI indicates a more complex and resource-intensive case load.

Internal utilization data for FY 2017 and FY 2018, reported by Verity Health, shows the following:

- Total discharges at St. Francis Medical Center increased 8%;
- Outpatient emergency department visits have decreased slightly across all Verity Health Hospitals; and
- Seton Medical Center's Case Mix Index (CMI) is highest among the four reported hospitals with a CMI of 1.80 in FY 2018. A higher CMI indicates a more complex and resource-intensive cases are performed generally resulting in higher reimbursement.

Statement of Operations

VERITY HEALTH SYSTEM STATEMENT OF OPERATIONS ²												
FY 2017 - FY 2019 (thousands)												
	St. Francis Medical Center			Seton Medical Center			Seton Medical Center Coastside			Verity Health System Total ¹		
Unrestricted Revenues and Other Support:	FY 2017	FY 2018	FY 2019*	FY 2017	FY 2018	FY 2019*	FY 2017	FY 2018	FY 2019*	FY 2017	FY 2018	FY 2019*
Net Patient Revenue	\$443,825	\$496,142	\$361,461	\$230,312	\$238,621	\$174,813	\$21,866	\$22,686	\$18,182	\$1,269,567	\$1,432,013	\$888,518
Provision for Doubtful Accounts	(\$12,742)	(\$23,483)	(\$1,870)	(\$3,212)	(\$6,512)	(\$9,096)	(\$314)	(\$616)	(\$612)	(\$33,318)	(\$58,702)	(\$19,298)
Premium Revenue	\$80,039	\$100,579	\$86,395	-	-	-	-	-	-	\$98,607	\$151,915	\$109,519
Other Revenue	\$1,985	\$1,700	\$1,640	\$3,458	\$7,743	\$998	\$574	\$579	\$448	\$12,647	\$45,984	\$18,419
Contributions	\$2,755	\$4,184	\$3,214	\$223	\$352	\$73	-	-	-	\$4,288	\$31,244	\$6,413
Total unrestricted revenues and other support	\$515,862	\$579,122	\$450,840	\$230,781	\$240,204	\$166,788	\$22,126	\$22,649	\$18,018	\$1,351,791	\$1,602,454	\$1,003,571
Expenses:												
Salaries and Benefits	\$200,689	\$214,622	\$192,993	\$136,212	\$144,752	\$125,557	\$15,951	\$17,699	\$14,525	\$703,146	\$804,084	\$615,345
Supplies	\$147,515	\$42,452	\$35,498	\$82,303	\$31,826	\$22,724	\$4,132	\$1,954	\$1,604	\$424,462	\$198,516	\$128,414
Purchased Services, Medical Claims and Other	\$38,617	\$244,547	\$175,112	\$31,451	\$84,758	\$57,483	\$1,935	\$6,453	\$3,913	\$166,520	\$634,499	\$362,560
Goodwill and intangible Asset Impairment	\$45,508	-	-	-	-	-	-	-	-	\$55,534	\$7,218	-
Depreciation and amortization	\$10,048	\$9,201	\$6,955	\$6,019	\$5,525	\$4,219	\$161	\$132	\$103	\$32,123	\$32,624	\$22,825
Interest	\$4,284	\$3,951	\$3,155	\$3,440	\$5,339	\$4,505	(\$5)	(\$9)	-	\$27,641	\$36,887	\$41,162
Total Expenses	\$446,661	\$514,773	\$413,713	\$259,425	\$272,200	\$214,488	\$22,174	\$26,229	\$20,145	\$1,409,426	\$1,713,828	\$1,170,306
Operating Loss/Gain	\$69,201	\$64,349	\$37,127	(\$28,644)	(\$31,996)	(\$47,700)	(\$48)	(\$3,580)	(\$2,127)	(\$57,635)	(\$111,374)	(\$166,735)
Investment Income	-	-	-	-	-	\$247	-	-	-	-	(\$7,545)	\$5,094
Gain (Loss) on Hospital Sales	-	-	-	-	-	-	-	-	-	-	-	\$174,598
Reorganization Items	-	-	(\$16,683)	-	-	(\$9,418)	-	-	(\$880)	-	-	(\$46,274)
Excess (Deficit) of Revenue over Expenses	\$69,201	\$64,349	\$20,444	(\$28,644)	(\$31,996)	(\$56,871)	(\$48)	(\$3,580)	(\$3,007)	(\$57,635)	(\$118,919)	(\$33,317)

Source: Verity Health Audited Financials

Note: FY 2018 and FY 2019 are unaudited.

* Only the first 10 months are provided in the Application to the Attorney General.

¹ Includes all other entities (St. Vincent Medical Center, System Office, System Elimination Obligated Group, Non-Obligated Group, and System Elimination Non-Obligated Group)

² The figures provided by Verity Health differs from information reported to OSHPD and found in subsequent sections of this report.

Verity Health's audited FY 2017 and unaudited FY 2018 and unaudited FY 2019 (ten months), statement of operations reports the individual performance of the Verity Health Hospitals in conjunction with Verity Health's system-wide performance²¹. All the hospitals, with the exception of the Hospital, show significant operating losses in FY 2018 and FY 2019. The Hospital made a gain of \$64.3 million in FY 2018 and \$37.1 million for the ten months of FY 2019. For the twelve months ended June 30, 2018, Verity Health recorded an operating loss of \$111.4 million, equating to an operating margin of -7.0%. For the ten months of FY 2019, Verity Health recorded an operating loss of \$166.7 million, equating to an operating margin of -11.6%. The operating performance for the twelve months ended June 30, 2018 included \$171.8 million of net income generated from the QAF program.

Net Patient Service Revenue

Net patient service revenue, less provision for doubtful accounts, of \$1.4 billion for FY 2018 represents a net increase of \$106.1 million or 8.4% as compared to FY 2017. The net overall change in net patient service revenue was impacted by an increase of \$129.2 million in QAF program revenue.

²¹ Verity Health's FY 2017, FY 2018 and FY 2019 audited and unaudited financials include business entities no longer a part of Verity Health today.

Operating Expenses

Total operating expenses of \$1.7 billion for FY 2018 include an increase in expenses of \$199 million, or 13.1%, as compared to FY 2017. The overall net change in operating expenses is due to an increase in salaries and benefits expense of \$73.8 million, an increase in supplies expense of \$26.1 million, an increase of \$95.6 million in purchased services, medical claims and other expense, and an increase of \$8.8 million in interest expense. This was partially offset by a decrease in depreciation expense of \$2.3 million and a decrease in goodwill and intangible asset impairment of \$3.0 million. The management agreement fee expense for the twelve months ended June 30, 2018 is \$60.3 million of which \$40.2 million was deferred and \$20.1 million was payable in cash.

Financial Position and Debt Obligations

As of June 30, 2018, Verity Health's unrestricted days cash on hand was 15.3 days. The average cash on hand average among hospitals nationally is 204.7 days. Verity Health's declining days cash on hand is one indicator of its liquidity challenges.

In order to address the lack of liquidity and outstanding obligations, Verity Health and its management company Integrity Healthcare, LLC, took out a series of secured notes. On December 14, 2015, the California Public Finance Authority issued \$160 million revenue notes for the benefit of Verity Health.

In September 2017, the California Public Finance Authority issued \$21 million of tax-exempt notes for the benefit of Verity Health. The notes were purchased by NantWorks, LLC (NantWorks), the former majority stake owner in Verity Health's management company, Integrity Healthcare, LLC. The notes have an interest rate of 7.25% and the principal is due at the maturity date in December 2020.

In October 2017, Verity MOB Financing, LLC, an affiliate of NantWorks, made a loan in the amount of \$46.2 million to Verity Holdings, LLC, which is an affiliated entity of Verity Health. The loan is secured by four medical office buildings and matures in October 2020.

In December 2017, the California Public Finance Authority issued \$21 million of tax-exempt notes for the benefit of Verity Health. These Notes were purchased by NantWorks. The Notes have a lien on property owned with an interest rate of 7.25% and a maturity date in December 2020.

Credit Rating and Outlook

When Verity Health took control of Daughters of Charity Health System, the health system had a credit rating from Standard & Poor’ of “B-.” The rating of “B-” represents less-than-investment grade status. Since 2014, Standard & Poor’s has downgraded Verity Health’s credit rating further and in September 2018, after receiving news of Verity Health’s filing for Chapter 11 bankruptcy, downgraded Verity Health from “CCC” to “CC”. Standard & Poor’s defines “CC” as “highly vulnerable to nonpayment”. The “CC” rating is used when a default has not yet occurred but “expects default to be a virtual certainty, regardless of the anticipated time to default”.

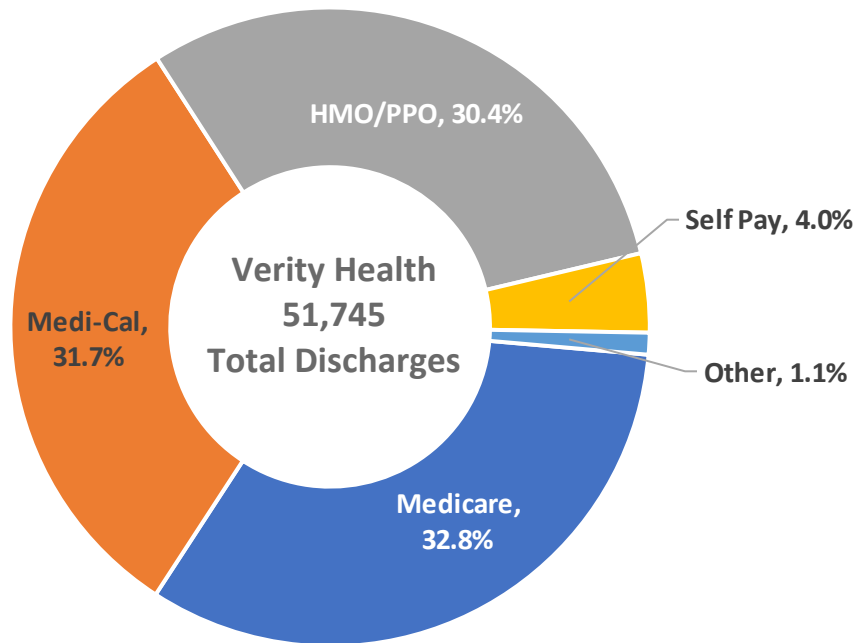
Category	Definition
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments.
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than
BBB	An obligor rated 'BBB' has adequate capacity to meet its financial commitments.
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments.
CCC	An obligor rated 'CCC' is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An obligor rated 'CC' is currently highly vulnerable and expects default to be a virtual certainty, regardless of the anticipated time to default.
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition.
D	A 'D' rating is assigned when S&P Global Ratings believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due.

Source: Standard & Poor’s

An issuers' credit quality is generally reflective of its financial condition and ability to meet ongoing debt service obligations. A downgrade can pose future challenges for an issuer to raise capital in the debt markets as the cost of debt rises because buyers of lower rated bonds require higher rates of return to justify the greater relative risk incurred.

Verity Health Payer Mix

In FY 2018, approximately 65% of Verity Health’s inpatient payer mix consisted of Medicare (33%) and Medi-Cal (32%) patients. Approximately (30%) of Verity Health’s inpatient payer mix consisted of Private Pay (HMO/PPO) patients. The remaining (5%) of Verity Health’s inpatient discharges consisted of Self Pay (4%), and Other Payers* (1%).



* “Other” includes self-pay, workers’ compensation, other government, and other payers
Source: Verity Health Internal Unaudited Financial Statements, FY 2018 (based on inpatient discharges)

Unionized Employees

Verity Health has relationships with various unions across the State of California. In addition, each of the Verity Health Hospitals have collective bargaining agreements (CBAs) with unions, including with Service Employees International Union, National Union of Healthcare Workers, California Nurses Association, United Nurses Association of California, International Union of Operating Engineers, Local 39, and Engineering Scientists of California, Local 20. Approximately 80% of Verity Health’s employees are covered under CBAs.

UNION PARTICIPATION AMONG VERITY HEALTH EMPLOYEES					
Union	Seton Medical Center & Seton Medical Center Coastside	St. Francis Medical Center	Verity Business Services	Verity Corporate	Total
National Union of Healthcare Workers	680				680
California Nurses Association	355				355
Local 20, Engineers & Scientists of California	30				30
Local 39, International Union of Operating Engineers	24				24
Service Employees International Union-United Healthcare Workers		944			944
United Nurses Association of California		793			793
Total Represented by Unions	1,089	1,737			2,826
Total Non-Represented Employees	192	279	153	104	728
Total Employees	1,281	2,016	153	104	3,554
Total Percentage of Employees Represented by Unions	85%	86%	0%	0%	80%

Source: Verity Health

EXPIRATION DATES		
Union	Seton Medical Center & Seton Medical Center Coastside	St. Francis Medical Center
National Union of Healthcare Workers	10/31/2019	
California Nurses Association	Master 12/21/2020 Local 12/21/2020	
Local 20, Engineers & Scientists of California	4/30/2020	
Local 39, International Union of Operating Engineers	9/30/2020	
Service Employees International Union-United Healthcare Workers	10/31/2021	10/31/2021
United Nurses Association of California		12/29/2021

Source: Verity Health

Profile of Purchaser

Overview

Dr. Prem Reddy is the founder and CEO of both Prime Healthcare Services, Inc. and Prime Healthcare Foundation.

- Prime, a for-profit healthcare system was founded in 2001. The health system operates 30 acute care hospitals with approximately 6,400 beds in California, Florida, Indiana, Kansas, Michigan, Nevada, New Jersey, Pennsylvania, Rhode Island, and Texas. The health system was originally formed for the purpose of reacquiring Desert Valley Medical Group, established in 1985 by Dr. Reddy and Desert Valley Hospital, also established in 1994, also by Dr. Reddy, from PhyCor. Since 2001, Prime has continued to expand its presence by acquiring hospitals across the nation. Prime's nine California hospitals are Alvarado Hospital Medical Center, Centinela Hospital Medical Center, Chino Valley Medical Center, Medical Center, Desert Valley Hospital, Garden Grove Hospital Medical Center, Paradise Valley Hospital, San Dimas Community Hospital, Shasta Regional Medical Center and West Anaheim Medical Center; and
- In 2006, Dr. Reddy founded the Prime Healthcare Foundation for the purpose of providing healthcare services to the communities served by Prime's hospitals and supporting other charitable activities, such as medical education, scholarships, community educational programs, and other community benefit programs including; Make-A-Wish Foundation of America, Unforgettables Foundation, Venice Family Clinic, Westside Children's Center, World Children's Initiative, Project Heart Uganda, ONE Generation, Steven's Hope for Children, and many others. With a commitment of \$60 million, the Prime Healthcare Foundation funded a new medical school in California, the "California University of Science and Medicine", located in San Bernardino, California. Prime, or an affiliated entity, donated fifteen hospitals to the Prime Healthcare Foundation; six of which are located in California: Encino Hospital Medical Center, Huntington Beach Hospital, Montclair Hospital Medical Center, Sherman Oaks Hospital, La Palma Intercommunity Hospital, and Glendora Oaks Behavioral Health Hospital.

Prime and Prime Healthcare Foundation's most recent acquisition includes the following:

- February 2016 -Prime acquired Lehigh Regional Medical Center in Florida, Southern Regional Medical Center in Georgia, Suburban Community Hospital (formerly Mercy Suburban Hospital) in Pennsylvania and River Valley Health Partners in Ohio.
- May 2016 - Prime acquired Saint Michael's Medical Center in New Jersey;
- November – 2016 Prime acquired Coshocton County Memorial Hospital in Coshocton, Ohio; and

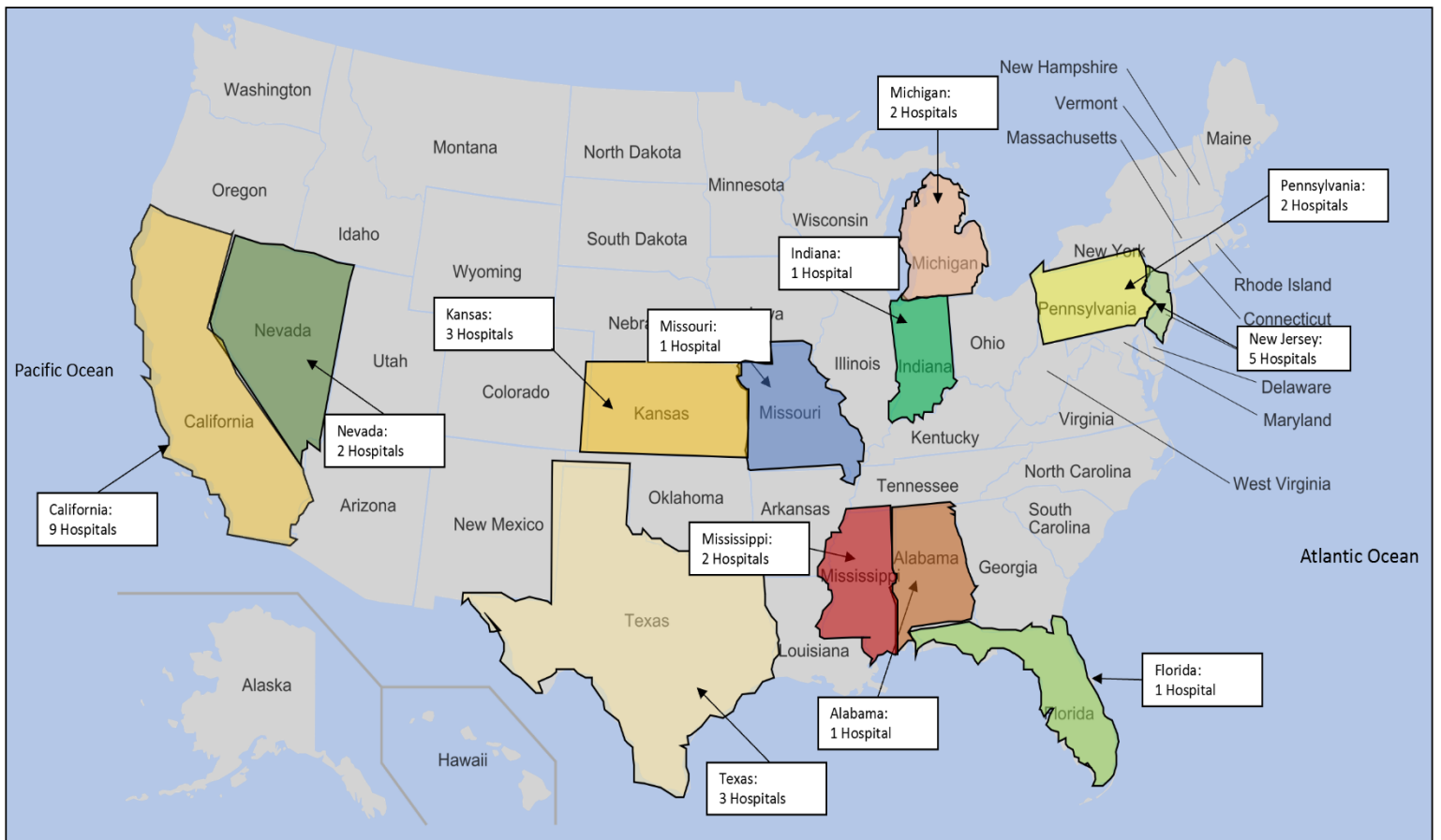
- May 2017- Prime Healthcare Foundation acquired Mission Regional Medical Center in Texas.

A map with the locations of hospitals in California that are operated by Prime and Prime Healthcare Foundation is shown below.



- Prime
- Prime Healthcare Foundation

A national map of all the locations of hospitals operated by to Prime is shown below.



A detailed profile of hospitals operated by Prime are provided in the following tables.

HOSPITALS RELATED TO PRIME IN CALIFORNIA									
	Paradise Valley Hospital		San Dimas Community Hospital		Shasta Regional Medical Center		West Anaheim Medical Center		
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	
City	National City		San Dimas		Redding		Anaheim		
Licensed Beds	291	291	101	101	226	226	219	219	
Patient Days	55,603	54,284	13,681	12,179	32,962	33,245	41,193	39,198	
Discharges	10,157	9,292	3,895	3,578	7,688	7,008	6,258	6,551	
ALOS	5.5	5.8	3.5	3.4	4.3	4.7	6.6	6.0	
Average Daily Census	152	149	37	33	90	91	113	107	
Occupancy	52%	51%	37%	33%	40%	40%	52%	49%	
ED Visits	33,412	31,151	18,366	17,807	39,999	39,145	31,479	31,030	
Inpatient Surgeries	633	612	915	801	1,907	1,756	756	777	
Outpatient Surgeries	672	623	814	854	1,334	1,208	108	124	
Births	924	843	567	525	-	-	-	-	
Payer Mix (Based on Discharges):									
Medicare Traditional	27.1%	23.4%	28.3%	25.2%	62.3%	65.0%	41.0%	29.7%	
Medicare Managed Care	8.8%	5.0%	20.8%	23.6%	1.3%	1.8%	14.1%	13.1%	
Medi - Cal Traditional	34.6%	50.9%	4.5%	4.3%	2.6%	2.8%	7.5%	6.4%	
Medi - Cal Managed Care	13.0%	13.2%	14.9%	14.5%	17.4%	19.7%	24.4%	30.2%	
Third - Party Traditional	6.9%	3.5%	5.4%	4.3%	10.6%	5.8%	5.9%	4.5%	
Third - Party Managed Care	0.0%	1.8%	20.3%	22.4%	4.5%	4.0%	3.1%	2.5%	
Other Payers	9.2%	1.6%	5.6%	5.5%	1.3%	0.8%	4.0%	13.7%	
Other Indigent	0.1%	0.6%	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%	
County Indigent	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Income Statement:									
Net Pt. Revenue	\$149,161,069	\$146,724,221	\$60,495,029	\$60,003,496	\$160,490,335	\$157,378,412	\$138,621,219	\$122,583,080	
Other Operating Rev.	\$2,371,389	\$1,460,051	\$380,733	\$280,827	\$1,254,290	\$2,163,639	\$925,025	\$740,494	
Total Operating Rev.	\$151,532,458	\$148,184,272	\$60,875,762	\$60,284,323	\$161,744,625	\$159,542,051	\$139,546,244	\$123,323,574	
Total Operating Exp.	\$157,456,181	\$144,361,168	\$60,678,463	\$57,220,160	\$148,650,276	\$149,470,726	\$111,146,355	\$109,730,052	
Net From Operations	(\$5,923,723)	\$3,823,104	\$197,299	\$3,064,163	\$13,094,349	\$10,071,325	\$28,399,889	\$13,593,522	
Non-operating Rev.	\$1,912,943	\$2,260,671	\$712,758	\$682,989	\$186,216	\$108,756	\$155,801	\$162,086	
Non-operating Exp.	\$746,275	\$624,017	\$464,661	\$289,728	\$411,206	\$301,866	\$72,292	\$76,053	
Net Income	(\$4,757,055)	\$5,459,758	\$445,396	\$3,457,424	\$12,869,359	\$9,878,215	\$28,483,398	\$13,679,555	
Other Financial:									
Charity Care Charges	\$2,346,640	\$5,983,195	\$358,094	\$659,699	\$747,533	\$1,293,333	\$1,103,972	\$661,682	
Bad Debt Charges	\$14,602,088	\$6,130,473	\$7,624,549	\$5,210,072	\$9,913,048	\$9,403,305	\$10,622,511	\$11,510,141	
Total Uncompensated Care	\$16,948,728	\$12,113,668	\$7,982,643	\$5,869,771	\$10,660,581	\$10,696,638	\$11,726,483	\$12,171,823	
Cost to Charge Ratio	32.3%	31.9%	22.6%	22.9%	17.2%	18.2%	21.5%	20.9%	
Cost of Charity	\$757,844.56	\$1,906,724.90	\$81,058.18	\$150,776.53	\$128,258.58	\$235,465.88	\$237,266.43	\$138,490.08	
Uncompensated Care as % of Chgs.	3.5%	2.7%	3.0%	2.4%	1.2%	1.3%	2.3%	2.3%	
State of Calif. Uncompensated Care	1.40%		1.40%		1.40%		1.40%		
Disproportionate Share Hospital	YES		NO		NO		NO		
Fiscal Year Ending	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	

Source: OSHPD Pivot Profile, FY 2017 & 2018

HOSPITALS OPERATED BY PRIME IN CALIFORNIA								
	Paradise Valley Hospital		San Dimas Community Hospital		Shasta Regional Medical Center		West Anaheim Medical Center	
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Third - Party Managed Care	0.0%	1.8%	20.3%	22.4%	4.5%	4.0%	3.1%	2.5%
Other Payers	9.2%	1.6%	5.6%	5.5%	1.3%	0.8%	4.0%	13.7%
Other Indigent	0.1%	0.6%	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%
County Indigent	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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State of Calif. Uncompensated Care	1.40%		1.40%		1.40%		1.40%	
Disproportionate Share Hospital	YES		NO		NO		NO	
Fiscal Year Ending	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018

Source: OSHPD Pivot Profile, FY 2017 & 2018

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 it is that 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

Prime and Verity Health’s hospitals Star Ratings are as follows:

Hospital Compare Star Ratings by Hospital		
	Hospital	Star Rating
Prime	Alvarado Hospital Medical Center	★★★★★
	Centinela Hospital Medical Center	★★★
	Chino Valley Medical Center	★★★★
	Desert Valley Hospital	★★★
	Garden Grove Hospital Medical Center	★★★
	Paradise Valley Hospital	★★★
	San Dimas Community Hospital	★★
	Shasta Regional Medical Center	★★★
	West Anaheim Medical Center	★★★
Verity Health	St. Francis Medical Center	★★
	Seton Medical Center	★★★

Source: Medicare.gov, May 5, 2020.

- Of Prime’s nine general acute care hospitals, eight of the hospitals achieved a 3- star rating or higher with Alvarado Hospital Medical Center receiving a 5-start rating; and
- Of Verity Health’s two general acute care hospitals, St. Francis Medical Center achieved a 2-Star Rating and Seton Medical Center achieved a 3-Star Rating.

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 hospital in the U.S. is encouraged though not required for hospitals to receive a grade. The data used for the composite score is compiled from Centers for Medicare & Medicaid Services (CMS), and measures from their own customized survey developed by a panel of patient safety experts. Criteria of patient safety used to determine the score includes:

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 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.

Leapfrog Hospital Safety Grade by Hospital				
	Hospital	Safety Letter Grade	Hospital	Safety Letter Grade
Prime	Alvarado Hospital Medical Center		Centinela Hospital Medical Center	
	Desert Valley Hospital		Garden Grove Hospital Medical Center	
	Paradise Valley Hospital		San Dimas Community Hospital	
	Shasta Regional Medical Center		West Anaheim Medical Center	
Verity Health	St. Francis Medical Center		Seton Medical Center	

Source: Leapfrog Hospital Safety Grade
 Note: Chino Valley Medical Center not reported.

Profile of St. Francis Medical Center

Overview of the Hospital

The Hospital, located at 3630 East Imperial Highway in Lynwood, California, is a 384-bed general acute care facility that provides comprehensive healthcare services and operates one of the busiest emergency trauma centers in Los Angeles County. The Hospital is licensed by type of bed as shown below:

BED DISTRIBUTION 2020	
Bed Type	Number of Beds
General Acute Care	164
Intensive Care	36
Neonatal Intensive Care	29
Pediatric	14
Perinatal	71
Total General Acute Care Beds	314
Acute Psychiatric (D/P)	40
Skilled Nursing (D/P)	30
Total Licensed Beds	384

Source: Hospital License 2020

The Hospital is the sole corporate member of St. Francis Medical Center Foundation. St. Francis Medical Center Foundation was incorporated in 1983 as a nonprofit public benefit corporation and is governed by a volunteer Board of Trustees. Charitable donations and endowments help fund the acquisition of new equipment, the expansion of the Hospital's facilities, healthcare services, and community outreach programs. St. Francis Medical Center Foundation raises funds through grants, special events, and individual donors. As of May 31, 2018, St. Francis Medical Center Foundation had a balance of \$656,118.24 in temporarily restricted assets for the purpose of funding programs such as the Children's Counseling Center, nurse education, and the annual Women's Luncheon in support of mammography equipment.

The Hospital has a "basic" emergency department²² with 46 licensed emergency treatment stations and is designated a Level II Trauma Center²³. It also has nine surgical operating rooms and three cardiac catheterization labs for inpatient and outpatient cardiac catheterization services.

²² 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.

²³ 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.

In 2020, as a result of the COVID-19 pandemic, the Hospital played a significant role providing healthcare services to infected patients. Through mid-May, the Hospital had one of the highest census of COVID-19 patients requiring hospitalizations among Los Angeles County hospitals reaching a peak daily census of 71 infected inpatients.

Key Statistics

For FY 2019, the Hospital had a total of 20,115 inpatient discharges, 100,308 patient days, and an average daily census of 275 patients per day (approximately 72% occupancy on 384 total licensed beds).

ST. FRANCIS MEDICAL CENTER			
KEY STATISTICS FY 2017 FY 2019			
	FY 2017	FY 2018	FY 2019
Inpatient Discharges	21,049	22,687	20,115
Licensed Beds	384	384	384
Patient Days	103,599	105,438	100,308
Average Daily Census	283.8	289.0	274.8
Occupancy	73.9%	75.2%	71.6%
Average Length of Stay	4.9	4.6	5.0
Cardiac Catheterization Procedures	3,803	3,884	3,885
Emergency Service Visits ²	81,643	76,383*	70,459*
Total Live Births	4,723	4,457	4,054

Sources: OSHPD Disclosure Reports, FY 2017- FY 2019

² OSHPD Alerts Annual Utilization Reports

* Disclosure Reports shown, Alerts Annual Utilization Reports unavailable.

- Since FY 2017, inpatient discharges have decreased by 4%, from 21,049 discharges to 20,115 discharges in FY 2019. Over the same period, patient days have decreased by 3% to 100,308 patient days in FY 2019;
- Between FY 2017 and FY 2019, emergency department visits decreased by 7.8% to 70,459 visits in FY 2019;
- Between FY 2017 and FY 2019, total live births decreased by 14% from 4,723 to 4,054 in FY 2019; and
- Cardiac catheterization procedures increased from FY 2018 by 7% to 3,885 in FY 2019.

Programs and Services

The Hospital offers a comprehensive range of services, including emergency and trauma care, neonatal intensive, cardiovascular, oncology, pediatrics, behavioral health, and maternity and children's services.

- Cardiac services include: Inpatient non-invasive and minimally invasive surgical techniques, diagnostic and interventional catheterizations, angioplasty, open heart surgery, drug-eluting stent implantation, and pacemaker monitoring at the Pacemaker Clinic. The Hospital is also a designated STEMI Receiving Center;
- Behavioral health services include: A licensed 40-bed acute psychiatric unit that provides inpatient stabilization and outpatient treatments. The Hospital has a Psychiatric Evaluation Team that has 5150²⁴ authority and conducts mobile crisis evaluation services for patients who are experiencing, or are at risk of experiencing, a psychotic episode;
- Cancer services include: Radiation oncology and intensity modulated radiation therapy, a technique to provide cancer treatment for stomach, lung, prostate, and other cancers;
- Imaging services include: Mammography, CT, MRI, ultrasound, X-ray, nuclear medicine, and radiation therapy;
- Emergency and trauma services include: An emergency department with 46 treatment stations, Fast Track services, a Rapid Medical Evaluation area, heliport, and a Level II Trauma Center. The Hospital's emergency department is one of the busiest trauma centers in Los Angeles County and has the following designations:
 - Emergency Department Approved for Pediatrics (EDAP);
 - Certified Primary Stroke Center;
 - Designation as a 5150 Receiving Facility for behavioral health patients under involuntary evaluation; 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;
- Women's health services include: Obstetrics and maternity, Level II neonatal intensive care unit services, imaging, oncology, and cardiovascular services;

²⁴ 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.

- Intensive care/critical care services include: A 36-bed unit that is a combined intensive medical, surgical, and cardiac care unit;
- Rehabilitation services include: Physical therapy, occupational therapy, and speech therapy provided for inpatient, outpatient, and skilled nursing unit patients;
- Skilled nursing services include: A 30-bed unit that provides skilled nursing care to an adult and geriatric patient population. The skilled nursing unit offers basic nursing care, oxygen administration, medication and fluid administration, tube feedings, physical therapy, social work services, and patient/family education;
- Pediatric services include: A 14-bed unit that provides general acute care pediatric services and the Children's Counseling Center which provides mental health care and care management services;
- Surgical services include: General, trauma, cardiac, thoracic, neurological, orthopedic, ophthalmologic, otolaryngologic, laparoscopic, urological, gastrointestinal, and vascular surgical services; and
- Wound Care services include: Inpatient services and an outpatient clinic that provides treatment for patients with chronic, non-healing wounds.

Accreditation

The Hospital is accredited for three years by The Joint Commission, effective October 2018. Over the years, the Hospital received several awards and accolades including the following:

- Accredited by The Joint Commission as a Primary Stroke Center effective June, 2018 through September, 2020;
- In 2018, the Hospital received Performance Excellence Awards from Collaborative Alliance for Nursing Outcomes (CALNOC); and
- In 2017, the Hospital received the Supply Chain Excellence award from Premier, Inc.

Quality Measures

The Value-Based Purchasing Program, established by the Federal Patient Protection and Affordable Care Act 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 0.39%. For FY 2020, the Centers for Medicare & Medicaid Services decreased payments to the Hospital by 0.19%.

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	Same as the national average
Safety of Care	Below the national average
Readmission	Below the national average
Patient Experience	Below the national average
Effectiveness of Care	Same as the national average
Timeliness of Care	Below the national average
Efficient Use of Medical Imaging	Same as the national average

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

The Federal Hospital Readmissions Reduction Program²⁵, 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 0.15% reduction in reimbursement. For FY 2020, the Hospital is penalized with a 0.33% 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 heart attack, heart failure and hospital wide conditions.

30-DAY READMISSION RATES		
Condition/Procedure	St. Francis Medical Center	National Average
Chronic Obstructive Pulmonary Disease	19.1%	19.5%
Heart Attack	16.1%	15.7%
Heart Failure	24.8%	21.6%
Pneumonia	16.0%	16.6%
Hospital-Wide	15.6%	15.3%

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

²⁵ 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 criteria²⁶, the Hospital’s structures 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.

ST. FRANCIS MEDICAL CENTER SEISMIC OVERVIEW		
Building Name	SPC Compliance	NPC Compliance
	Status	Status
Family Life Center	5	2
Health Services Pavilion	3	2
Central Plant	4	2
New Hospital Tower	5	2
Psychiatric Care Unit	N/A	-

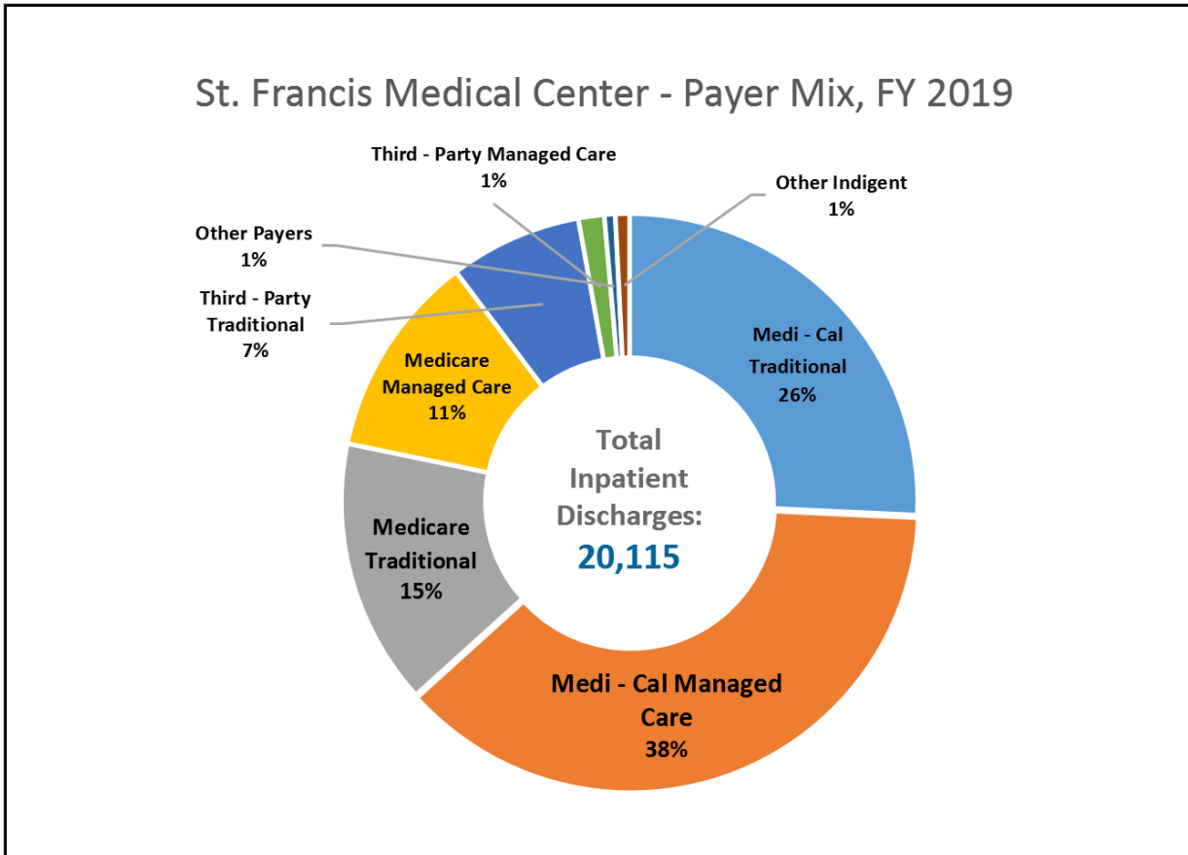
Source: OSHPD

- The Hospital has two 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 one 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 one building rated as SPC-3. This building 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
- The Hospital has four buildings rated as NPC-2. The following systems including: 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 Part 2, Title 24 of the California Building Code or approved by the Department of General Services, Office of Architecture and Construction, Structural Safety Section.

²⁶OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

Payer Mix

The Hospital’s payer mix for FY 2019 consisted of a large proportion of Medi-Cal patients that accounted for 64% of all inpatient hospital discharges. As a result, the Hospital receives significant disproportionate share hospital funding from the federal government. Medicare patients accounted for (26%) of all inpatient discharges, with Medicare Traditional at (15%) and Medicare Managed Care at (11%). Third-Party Managed Care (1%) and Third-Party Traditional accounted for (7%) of all inpatient hospital discharges.



*“Other” includes self-pay, workers’ compensation, other government, and other payers
 Source: OSHPD Disclosure Reports

The following table provides the Hospital’s FY 2019 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 higher percentages of Medi-Cal Managed Care patients (37.6%) and Medi-Cal Traditional Patients (25.7%) relative to Los Angeles County and California overall. The table also shows that the Hospital has a very low percentage of Third Party Traditional and Managed Care patients (8.9%) relative to Los Angeles County (25.0%) and California overall (27.7%).

PAYER MIX COMPARISON						
Payer Type	Hospital ¹ (2019)		Los Angeles County (2018)		California (2018)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Managed Care	5,177	25.7%	189,247	19.4%	673,236	19.0%
Medi-Cal Traditional Coverage	7,556	37.6%	144,413	14.8%	399,695	11.3%
Medi-Cal Total	12,733	63.3%	333,660	34.3%	1,072,931	30.3%
Medicare Traditional Coverage	3,006	14.9%	228,313	23.4%	866,924	24.5%
Medicare Managed Care	2,306	11.5%	125,080	12.8%	445,211	12.6%
Medicare Total	5,312	26.4%	353,393	36.3%	1,312,135	37.1%
Third-Party Managed Care	1,496	7.4%	224,421	23.0%	884,468	25.0%
Third-Party Traditional Coverage	292	1.5%	24,403	2.5%	96,701	2.7%
Third-Party Total	1,788	8.9%	248,824	25.5%	981,169	27.7%
Other Traditional Coverage	123	0.6%	35,847	3.7%	155,937	4.4%
Other Managed Care	159	0.8%	2,265	0.2%	16,709	0.5%
Other Total	282	1.4%	38,112	3.9%	172,646	4.9%
Grand Total	20,115	100%	973,989	100%	3,538,881	100%

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

¹ FY 2019 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 increased significantly as a result of the Affordable Care Act (ACA) and California initiatives to expand managed care. Since 2014, the Medi-Cal eligibles count in Los Angeles County has increased by 8% from 3,622,367 Medi-Cal eligibles in 2014 to 3,754,607 Medi-Cal eligibles in 2019.

Medical Staff

According to Verity Health, the Hospital has 366 physicians on its active medical staff. The five largest active specialties, comprising nearly 41% of the medical staff, include: internal medicine, emergency medicine, obstetrics/ gynecology, internal medicine-nephrology and pediatrics. The table below lists the active medical at the Hospital.

ACTIVE MEDICAL STAFF PROFILE 2020					
Specialty	Count	% of Total	Specialty	Count	% of Total
Anesthesiology	21	5.7%	Orthopedic Surgery – Hand Surgery	1	0.3%
Cardiothoracic Vascular Surgery	3	0.8%	Otolaryngology	2	0.5%
Emergency Medicine	23	6.3%	Pain Management	1	0.3%
Family Medicine	7	1.9%	Pathology	4	1.1%
General Practice	4	1.1%	Pediatric Dentistry	2	0.5%
Internal Medicine	57	15.6%	Pediatrics	25	6.8%
Internal Medicine – Cardiovascular Disease	9	2.5%	Pediatrics - Neonatal-Perinatal Medicine	6	1.6%
Internal Medicine – Cardiac Electrophysiology	1	0.3%	Pediatric Cardiology	4	1.1%
Internal Medicine – Critical Care Medicine	4	1.1%	Pediatric Pulmonary Medicine	1	0.3%
Internal Medicine – Endocrinology	1	0.3%	Plastic Surgery	4	1.1%
Internal Medicine – Gastroenterology	5	1.4%	Podiatry	7	1.9%
Internal Medicine – Hematology/Oncology	8	2.2%	Psychiatry	12	3.3%
Internal Medicine – Infectious Disease	3	0.8%	Radiology	11	3.0%
Internal Medicine - Nephrology	22	6.0%	Radiation Oncology	2	0.5%
Internal Medicine – Pulmonary Disease	8	2.2%	Radiology – Vascular and Interventional	1	0.3%
Maternal Fetal Medicine	2	0.5%	Surgical Critical Care	12	3.3%
Neurological Surgery	3	0.8%	Surgery – General	14	3.8%
Obstetrics & Gynecology	22	6.0%	Surgery – Vascular Surgery	3	0.8%
Obstetrics & Gynecology - GYN-Oncology	1	0.3%	Surgery – Surgical Oncology	3	0.8%
Ophthalmology	18	4.9%	Teleradiology	9	2.5%
Oral & Maxillofacial Surgery	3	0.8%	Thoracic Surgery	1	0.3%
Orthopedic Surgery	13	3.6%	Urology	3	0.8%
			Total Active Physicians	366	100%

Source: Verity Health

Patient Utilization Trends

The table below shows volume trends at the Hospital from FY 2015 through FY 2019:

ST. FRANCIS MEDICAL CENTER SERVICE VOLUMES FY 2015- FY 2019					
PATIENT DAYS	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Medical/Surgical ¹	40,492	43,979	52,502	57,220	53,990
Neonatal Intensive Care	7,996	6,793	7,088	6,082	5,319
Intensive Care	8,689	8,569	10,221	10,923	11,043
Obstetrics	12,645	12,182	11,644	10,990	9,512
Pediatrics Acute	1,593	1,190	1,399	1,191	794
Skilled Nursing	6,110	6,910	7,879	5,410	6,686
Psychiatric Acute - Adult	12,102	12,535	12,866	13,622	12,964
Total	89,627	92,158	103,599	105,438	100,308
DISCHARGES					
Medical/Surgical ¹	9,448	10,619	11,539	13,157	11,698
Neonatal Intensive Care	529	571	546	524	433
Intensive Care	813	842	891	853	778
Obstetrics	5,425	5,282	5,203	5,066	4,421
Pediatrics Acute	1,120	413	474	419	273
Skilled Nursing	295	312	292	264	308
Psychiatric Acute - Adult	2,493	2,024	2,104	2,404	2,204
Total	20,123	20,063	21,049	22,687	20,115
AVERAGE LENGTH OF STAY					
Medical/Surgical ¹	4.3	4.1	4.5	4.3	4.6
Neonatal Intensive Care	15.1	11.9	13.0	11.6	12.3
Intensive Care	10.7	10.2	11.5	12.8	14.2
Obstetrics	2.3	2.3	2.2	2.2	2.2
Pediatrics Acute	1.4	2.9	3.0	3.3	2.9
Skilled Nursing	20.7	22.1	27.0	20.5	21.7
Psychiatric Acute - Adult	4.9	6.2	6.1	5.7	5.9
Total³	4.2	4.3	4.6	4.5	4.7
AVERAGE DAILY CENSUS					
Medical/Surgical ¹	110.9	120.5	143.8	156.8	147.9
Neonatal Intensive Care	21.9	18.6	19.4	16.7	14.6
Intensive Care	23.8	23.5	28.0	29.9	30.3
Obstetrics	34.6	33.4	31.9	30.1	26.1
Pediatrics Acute	4.4	3.3	3.8	3.8	2.2
Skilled Nursing	16.7	18.9	21.6	14.8	18.3
Psychiatric Acute - Adult	33.2	34.3	35.2	37.3	35.5
Total	246.0	252.0	283.8	289.0	274.8
OTHER SERVICES					
Inpatient Surgeries	2,766	3,140	3,216	3,356	2,943
Outpatient Surgeries	2,606	2,433	2,157	2,756	N/A
Emergency Service Visits ²	70,855	67,627	81,643	76,383*	70,459*
Total Live Births	5,120	4,980	4,723	4,457	4,054

Sources: OSHPD Disclosure Reports, FY 2015 - FY 2019

* Disclosure Reports shown, Alirts Annual Utilization Reports unavailable.

¹ Includes Definitive Observation Beds

² OSHPD Alirts Annual Utilization Reports

³ Excludes Skilled Nursing

A review of the Hospital's historical utilization trends, between FY 2015 and FY 2019, supports the following conclusions:

- Total patient days have increased by approximately 12%, while total discharges stayed relatively the same;
- Pediatric acute discharges have decreased by approximately 75%;
- Neonatal intensive care days have decreased 18% resulting in an average daily census of 15 patients in FY 2019;
- Psychiatric acute discharges have decreased by 12%; and
- Total live births have decreased by 21% to 4,054 births in FY 2019.

Financial Profile

Over the last four fiscal years, the Hospital has maintained a positive net income ranging from approximately \$70.5 million in FY 2015 to \$18.7 million in FY 2019.

A significant portion of the Hospital's revenue is derived from the federal government through the Hospital's designation as a disproportionate share hospital and through Hospital Quality Assurance Fees. Hospitals designated as a disproportionate share hospital are eligible to receive matching qualified Medi-Cal expenditures and additional revenue from the federal government for the unrecovered costs associated with providing care to Medi-Cal and other indigent patients. The Hospital Quality Assurance Fees provide supplemental payments to California hospitals that serve a disproportionately greater percentage of Medi-Cal and uninsured patients. The Hospital is dependent on these two programs to operate with a positive net income. Between FY 2018 and FY 2019, the Hospital received over \$47 million disproportionate share payments alone and quality assurance fees. If these funding sources are reduced or eliminated their payments, the Hospital may not remain profitable.

ST. FRANCIS MEDICAL CENTER						
FINANCIAL AND RATIO ANALYSIS FY 2015 - FY 2019						
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
Patient Days	89,627	92,158	103,599	105,438	100,308	
Discharges	19,563	20,063	21,049	22,687	20,115	
ALOS	4.6	4.6	4.9	4.6	5.0	
Net Patient Revenue	\$500,134,977	\$451,126,605	\$525,691,564	\$573,239,344	\$527,500,723	
Other Operating Revenue	\$5,208,536	\$3,828,322	\$2,128,596	\$1,951,513	\$1,720,483	
Total Operating Revenue	\$505,343,513	\$454,954,927	\$527,820,160	\$575,190,857	\$529,221,206	
Operating Expenses	\$441,735,229	\$429,594,350	\$461,182,231	\$514,663,838	\$513,416,642	
Net from Operations	\$63,608,284	\$25,360,577	\$66,637,929	\$60,527,019	\$15,804,564	
Net Non-Operating Revenues/Expenses	\$6,852,134	\$3,523,883	\$2,560,797	\$3,820,882	\$2,855,040	
Net Income	\$70,460,418	\$28,884,460	\$69,198,726	\$64,347,901	\$18,659,604	
						2018 California Data ¹
Current Ratio	2.19	2.45	2.48	3.33	2.58	1.74
Days in A/R	41.5	47.9	60.6	41.7	42.5	56.09
Bad Debt Rate	0.70%	0.60%	0.70%	1.20%	0.30%	0.70%
Operating Margin	12.59%	5.57%	12.63%	10.52%	2.99%	4.45%

Source: OSHPD Disclosure Reports, FY 2014 - FY 2018

¹ FY 2019 California data was not available when the data was collected to prepare this report.

The Hospital's current ratio²⁷ has increased over the last five years from 2.19 in FY 2015 to in 2.58 FY 2019 (the California average in FY 2018 was 1.74). The Hospital's percentage of bad debt is 0.30% and lower than the statewide average of 0.8%.

Cost of Hospital Services

The Hospital's cost of services includes both inpatient and outpatient care. In FY 2019, 51% of total costs were associated with Medi-Cal, followed by 32% with Medicare, and 11% with Third – Party.

ST. FRANCIS MEDICAL CENTER					
OPERATING EXPENSES BY PAYER CATEGORY FY 2015 - FY 2019					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating Expenses	\$441,735,228	\$429,594,350	\$461,182,231	\$514,663,838	\$513,416,612
Cost of Services By Payer:					
Medicare	\$126,286,779	\$128,478,055	\$126,472,788	\$139,612,914	\$165,999,279
Medi-Cal	\$256,909,202	\$244,990,912	\$276,005,994	\$274,021,008	\$259,526,020
County Indigent	\$8,231,127	\$5,693,386	\$3,718,446	\$11,199,702	\$12,772,211
Third-Party	\$30,422,252	\$36,650,263	\$39,933,966	\$67,287,476	\$58,873,468
Other Indigent	\$12,150,202	\$7,342,704	\$7,924,607	\$8,746,975	\$6,772,072
All Other Payers	\$7,735,666	\$6,439,030	\$7,126,430	\$13,795,763	\$9,473,562

Source: OSHPD Disclosure Reports, FY 2015 - FY 2019

²⁷The 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.

Charity Care

The following table shows a comparison of charity care and bad debt for the Hospital to all general acute care hospitals in the State of California. The five-year (FY 2015 – FY 2019) average of charity care and bad debt, as a percentage of gross patient revenue, was 2.9% and higher than the four-year statewide average of 1.6%. 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."

ST. FRANCIS MEDICAL CENTER CHARITY CARE COMPARISON FY 2015 - FY 2019 (in Thousands)											
	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA ¹	
Gross Patient Revenue	\$1,501,137	\$365,501,463	\$1,554,371	\$396,427,743	\$1,742,574	\$408,188,146	\$1,923,223	\$435,753,169	\$1,896,998		
Charity	\$46,460	\$3,441,227	\$39,640	\$3,457,868	\$42,079	\$2,864,615	\$32,686	\$3,965,418	\$25,022		
Bad Debt	\$9,903	\$3,262,642	\$9,210	\$3,108,971	\$12,742	\$2,762,692	\$23,483	\$3,078,632	\$6,089		
Total Charity & Bad Debt	\$56,363	\$6,703,869	\$48,850	\$6,566,839	\$54,821	\$5,627,307	\$56,169	\$7,044,050	\$31,111		
Charity Care as a % of Gross Patient Revenue	3.1%	0.9%	2.6%	0.9%	2.4%	0.7%	1.7%	0.9%	1.3%		
Bad Debt as a % of Gross Patient Revenue	0.7%	0.9%	0.6%	0.8%	0.7%	0.7%	1.2%	0.7%	0.3%		
Total as a % of Gross Patient Revenue	3.8%	1.8%	3.1%	1.7%	3.1%	1.4%	2.9%	1.6%	1.6%		
Uncompensated Care											
Cost to Charge Ratio	29.1%	24.1%	27.4%	23.8%	26.3%	23.0%	26.7%	23.0%	27.0%		
Charity	\$13,520	\$829,336	\$10,861	\$822,973	\$11,067	\$658,861	\$8,727	\$911,650	\$6,749		
Bad Debt	\$2,882	\$786,297	\$2,524	\$739,935	\$3,351	\$635,419	\$6,270	\$707,777	\$1,642		
Total	\$16,402	\$1,615,632	\$13,385	\$1,562,908	\$14,418	\$1,294,281	\$14,997	\$1,619,427	\$8,392		

Source: OSHPD Disclosure Reports FY 2015 - FY 2019

¹ California data unavailable

The table on the following page shows the Hospital's historical costs for charity care as reported to OSHPD. Charity care costs have decreased from \$13,519,902 in FY 2015 to \$6,755,886 in FY 2019. The average cost of charity care for the last five-year period was \$10,186,173 while the three-year average cost of charity care was \$8,851,210.

ST. FRANCIS MEDICAL CENTER COST OF CHARITY CARE FY 2015 FY 2019			
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital
FY 2019	\$25,021,800	27.00%	\$6,755,886
FY 2018	\$32,686,155	26.66%	\$8,714,129
FY 2017	\$42,079,027	26.34%	\$11,083,616
FY 2016	\$39,639,760	27.39%	\$10,857,330
FY 2015	\$46,460,146	29.10%	\$13,519,902
FY 2017 - FY 2019 Average			\$8,851,210
FY 2015 - FY 2019 Average			\$10,186,173

Source: OSHPD Disclosure Reports FY 2015 - FY 2019

In the written notice to the California Attorney General, the Hospital reported the following combined distribution of charity care costs by inpatient, outpatient, and emergency room visits. Note that these totals are different than what the Hospital reported to OSHPD. The Hospital’s Charity Care and Discount Policy states that persons with family income at or below 200% of the federal policy level, and without other sources to pay for care received, qualify to receive free care. For Self-Pay patients whose family income is between 201% and 350% of the federal policy level, and without other sources to pay for care received, qualify to receive financial assistance using the Discounted Payment Program²⁸.

ST. FRANCIS MEDICAL CENTER				
COST OF CHARITY CARE BY SERVICE FY 2015 - FY 2019				
	Inpatient	Emergency	Outpatient	Total Costs
FY 2019:				
Cost of Charity	\$2,119,167	\$4,283,324	\$117,092	\$6,519,583
Visits/Discharges	242	3,054	118	3,414
FY 2018:				
Cost of Charity	\$1,706,396	\$6,805,186	\$215,621	\$8,727,203
Visits/Discharges	198	5,120	141	5,459
FY 2017:				
Cost of Charity	\$2,552,655	\$4,815,759	\$230,161	\$7,598,575
Visits/Discharges	449	5,443	488	6,380
FY 2016:				
Cost of Charity	\$1,967,641	\$8,294,152	\$772,119	\$11,033,912
Visits/Discharges	371	8,961	1,244	10,576
FY 2015:				
Cost of Charity	\$3,736,941	\$9,128,037	\$645,514	\$13,510,492
Visits/Discharges	320	10,991	1,547	12,858

Source: Verity Health

²⁸ In the Discounted Payment Program, Self-Pay Patients whose family income is between 201 percent and 350 percent, inclusive, of the Federal Poverty Level, the Hospital shall limit the expected payment for services provided by the Hospital to the lesser of (A) the amount generally billed of Medicare Fee for Service, as calculated by the Hospital using the “Look-back Method” as defined in applicable regulations implementing Section 501(r) of the Internal Revenue Code, or (B) the highest amount of payment the Hospital would expect, in good faith, to receive for providing services from Medicare, Medi-Cal, the Healthy Families Program, or another government-sponsored health program of health benefits in which the Hospital participates. For the Hospital, the amount generally billed effective June 30, 2018 for inpatient services is 22% and the amount generally billed for outpatient services is 9%.

Community Benefit Services

In the last five fiscal years, the Hospital has provided several community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years was \$2,132,804.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	5-Year	Total
Benefits for Persons Living in Poverty	\$308,184	\$296,923	\$259,120	\$1,421,448	\$2,817,941	\$1,402,572	\$5,103,616
Benefits for Broader Community	\$368,616	\$254,798	\$796,376	\$1,016,586	\$445,393	\$730,232	\$2,881,769

Source: Verity Health, FY 2015-2019

(1) Grant funds and grant supported programs 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					
Services over \$10,000 in cost:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Baby Friendly	\$43,673	\$0	\$0	\$0	\$0
Bet Tzedek Legal Services	\$104,876	\$0	\$0	\$0	\$0
Children's Counseling Center	\$112,932	\$66,275	\$93,002	\$117,230	\$78,769
Community Benefit Planning & Reporting	\$12,768	\$9,500	\$16,958	\$5,656	\$8,515
South Los Angeles Access to Care - SFMC Compton Clinic	\$255,059	\$0	\$0	\$0	\$0
COPE Clinical Health Extenders	\$93,986	\$91,900	\$94,400	\$42,199	\$72,949
Dental Grant	\$6,000	\$3,500	\$2,500	\$0	\$0
Footprints	\$15,906	\$0	\$0	\$0	\$0
Health Benefits Resource Center	\$1,172,733	\$651,094	\$340,590	\$1,888,468	\$2,014,976
Healthy Community Initiatives	\$900,511	\$813,971	\$385,591	\$363,483	\$366,407
Paramedic Training and Education	\$62,065	\$98,189	\$503,978	\$842,192	\$935,339
Patient Transportation - Taxi Vouchers	\$44,950	\$45,826	\$48,980	\$66,325	\$55,868
Senior Wellness and Educational Program	\$22,389	\$6,025	\$323	\$650	\$0
Southern California Crossroads Program	\$95,655	\$91,065	\$98,325	\$83,956	\$84,055
GRYD Gang Reduction Youth Development	\$0	\$0	\$0	\$0	\$10,344
Support Groups	\$63,861	\$8,535	\$4,492	\$0	\$0
Trauma Injury Prevention Program	\$65,000	\$65,000	\$110,602	\$99,744	\$868,926
Welcome Baby	\$1,404,358	\$1,811,567	\$1,712,808	\$1,692,927	\$1,955,563
Senior Dinners	\$10,384	\$3,756	\$4,240	\$4,631	\$10,742
Vincentian Fund (Rx, med equip, food vouchers, etc)	\$114,966	\$93,883	\$24,813	\$371,102	\$42,417
Bus Tokens (Homeless Discharge Policy)	\$0	\$0	\$3,520	\$10,560	\$14,590
Clinical Affiliations - Nursing Schools	\$0	\$0	\$80,599	\$52,010	\$78,588
Cash Donations to Other Organizations Comm Ben Progs	\$4,000	\$0	\$10,000	\$1,850	\$0
Senior/Family Health Fair	\$0	\$0	\$0	\$0	\$45,014
Volunteer Services	\$152,372	\$108,762	\$75,857	\$68,210	\$48,660
Community Boards to promote wellness	\$3,450	\$7,100	\$11,948	\$188	\$0
Community Health Needs Assessment	\$0	\$5,925	\$5,925	\$0	\$17,500

Source: Verity Health

Note: Includes grant dollars

The Hospital's community benefit services have supported many important programs for the community including: Baby Friendly, Healthy Community Initiatives, Vida Sana/Healthy Life Community Wellness Program, Trauma & Injury Prevention Program, Children's Counseling Center, Welcome Baby, and others as described below:

- Baby Friendly Hospital Initiative: The Baby Friendly Hospital Initiative program's purpose is to encourage breastfeeding rates to reduce childhood illness and death. The three-year grant provided by First 5 LA to fund the program and help the Hospital to achieve its Baby Friendly designation ended in FY 2015. Although the program is closed, the Hospital continues to maintain its Baby Friendly Hospital designation;
- Children's Counseling Center: The Children's Counseling Center, located on the Hospital's main campus and in a satellite office in South Gate, provides mental health, case management, and medication services to decrease emotional and behavioral distress. The school-based counselor addresses emotional and behavioral distress and helps reduce barriers to successful learning;
- COPE Clinical Health Extenders: The program provided pre-health clinical interns with the opportunity to act as part of a patient-care team to gain clinical experience. The program closed in FY 2018;
- Health Benefits Resource Center (HBRC): This grant supported program assists individuals and families to enroll in health insurance and social services programs to improve access to ongoing healthcare coverage. The HBRC also educates residents about the Covered California Medi-Cal program;
- Healthy Community Initiatives (HCI): The HCI program brings health screenings, immunizations, and health education directly to area schools, churches, businesses, and community organizations. The HCI program depends in-part on grant funds to support the various health screening initiatives;
- Patient and Family Centered Care (PFCC): This program involves volunteers and hospital directors that organize a model of patient care that develops a collaboration and involvement of patients, their family, physicians and other care givers for better outcomes;
- Paramedic Training and Education: The program provides paramedic training through the Hospital's emergency department;
- Patient Transportation – Taxi Vouchers: The program provides taxi vouchers for individuals without any means for transportation in order to access outpatient care and treatment;

- Senior Wellness and Educational Program: The program provides activities and educational sessions that are tailored for seniors. Monthly dinners on the Hospital's main campus offer nutritious and balanced meals and entertainment. Wellness programs address health concerns specific to seniors and flu immunization are also held. Through these activities, seniors benefit from opportunities for regular socialization and health education;
- Southern California Crossroads Program: The non-profit organization is committed to assisting young people living in at-risk neighborhoods lead healthy, peaceful, productive lives through prevention and intervention. The Hospital partners with Southern California Crossroads as part of the hospital's trauma and injury prevention efforts;
- St. Francis Career College: The St. Francis Career College prepares students interested in healthcare professions by providing education and career training, including vocational nursing and certified nurse assistant training. In June 2013, the Hospital transferred ownership to American Career College. This past year, the American Career College at St. Francis campus closed, however, the Hospital continues to provide on-site clinical rotations for nursing students of American Career College;
- Trauma and Injury Prevention Program: The program, which is supported through grant funding, works with schools, hospitals, and other organizations to help prevent traumatic injury. The Hospital collaborates with organizations including Violence Prevention Coalition, HAVEN (Hospitals Against Violence-Empowering Neighborhoods, Every 15 Minutes drunk-driving prevention, ICAN (Inter-Agency Council on Child Abuse and Neglect), Walk This Way safe street crossing, Los Angeles Violence Intervention Training Academy, Urban Peace Academy, and local safety fairs; and
- Welcome Baby: The program provides primary care health prevention, parent education, and social services to the Hospital's maternity patients. Services include personalized prenatal care, post-partum care, and hospital visits with a Parent Coach. First 5 LA, a nonprofit child-advocacy organization, fully funds the Hospital's Welcome Baby program.

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 30 ZIP Codes from which 79% of the Hospital's inpatient discharges emanate. Approximately 54% of the Hospital's discharges originated from the top eight ZIP Codes, located in Lynwood, South Gate, Los Angeles, Bell, Compton, Bell Gardens, and Huntington Park. In CY 2018, the Hospital's market share was approximately 11% based on total area discharges.

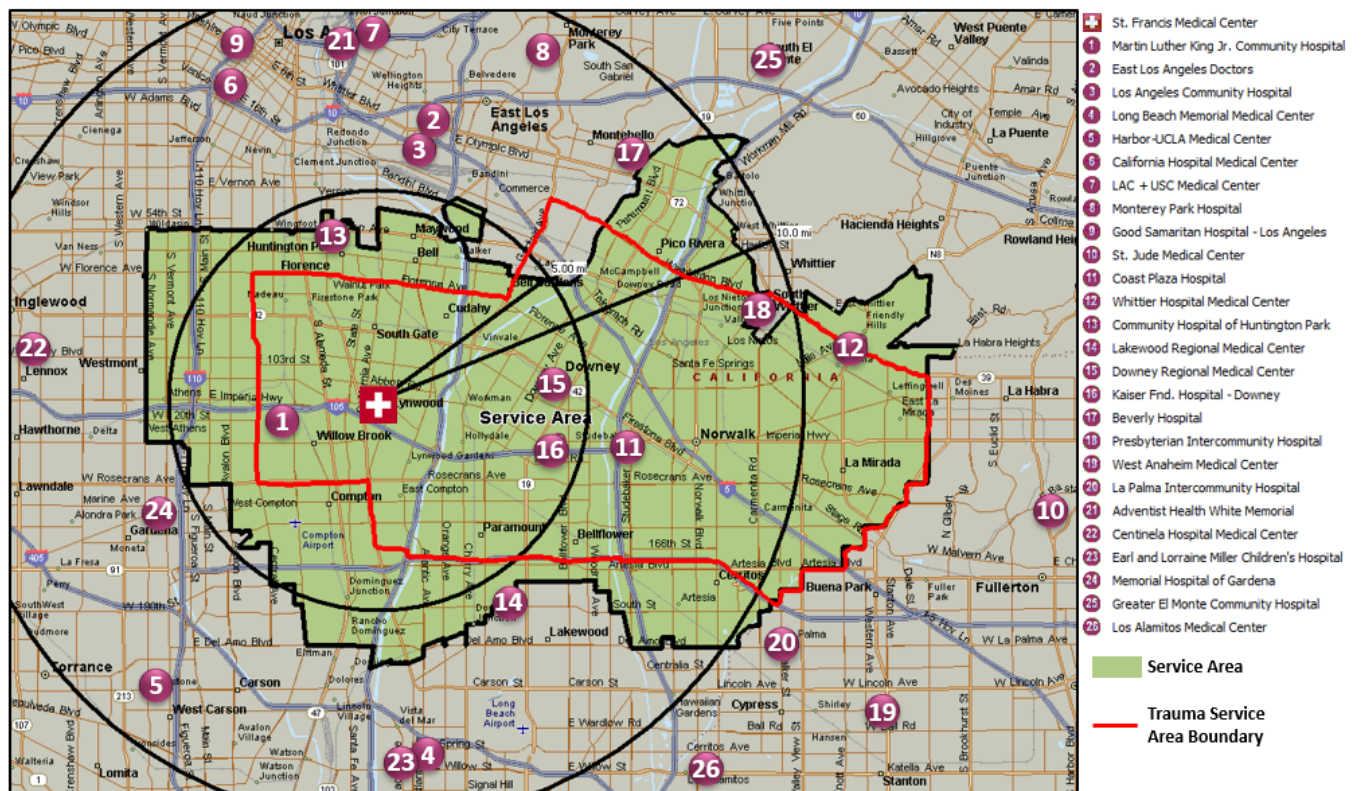
Patient Origin, CY2018						
Patient ZIP	Patient City	St. Francis Discharges	Percentage of Discharges	Cumulative Percentage	Market Share	Total Discharges
90262	Lynwood	3,004	13.5%	13.5%	41.9%	7,174
90280	South Gate	2,263	10.2%	23.6%	30.0%	7,543
90221	Compton	1,419	6.4%	30.0%	24.6%	5,766
90201	Bell Gardens	1,386	6.2%	36.2%	16.3%	8,482
90002	Los Angeles	1,095	4.9%	41.1%	18.8%	5,836
90255	Huntington Park	979	4.4%	45.5%	15.8%	6,191
90001	Los Angeles	958	4.3%	49.8%	16.4%	5,829
90059	Los Angeles	890	4.0%	53.8%	13.5%	6,601
90220	Compton	811	3.6%	57.5%	14.1%	5,732
90222	Compton	753	3.4%	60.9%	18.6%	4,052
90003	Los Angeles	595	2.7%	63.5%	7.5%	7,980
90723	Paramount	544	2.4%	66.0%	11.5%	4,728
90044	Los Angeles	509	2.3%	68.2%	4.2%	12,223
90650	Norwalk	380	1.7%	70.0%	3.6%	10,509
90061	Los Angeles	368	1.7%	71.6%	9.8%	3,744
90242	Downey	304	1.4%	73.0%	6.8%	4,499
90270	Maywood	281	1.3%	74.2%	12.7%	2,209
90706	Bellflower	246	1.1%	75.3%	3.3%	7,425
90805	Long Beach	230	1.0%	76.4%	2.4%	9,566
90241	Downey	206	0.9%	77.3%	5.2%	3,950
90240	Downey	78	0.4%	77.6%	3.9%	2,007
90660	Pico Rivera	70	0.3%	78.0%	1.1%	6,647
90605	Whittier	58	0.3%	78.2%	1.2%	4,658
90670	Santa Fe Springs	44	0.2%	78.4%	2.6%	1,712
90703	Cerritos	38	0.2%	78.6%	1.0%	3,962
90638	La Mirada	37	0.2%	78.8%	0.9%	4,203
90701	Artesia	35	0.2%	78.9%	1.9%	1,818
90606	Whittier	35	0.2%	79.1%	1.1%	3,294
90604	Whittier	29	0.1%	79.2%	0.8%	3,833
90603	Whittier	11	0.0%	79.2%	0.5%	2,063
Sub-Total		17,656	79.2%	79.2%	10.8%	164,236
All Other		4,624	20.8%	100%		
Grand Total		22,280	100.0%			

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

Service Area Map

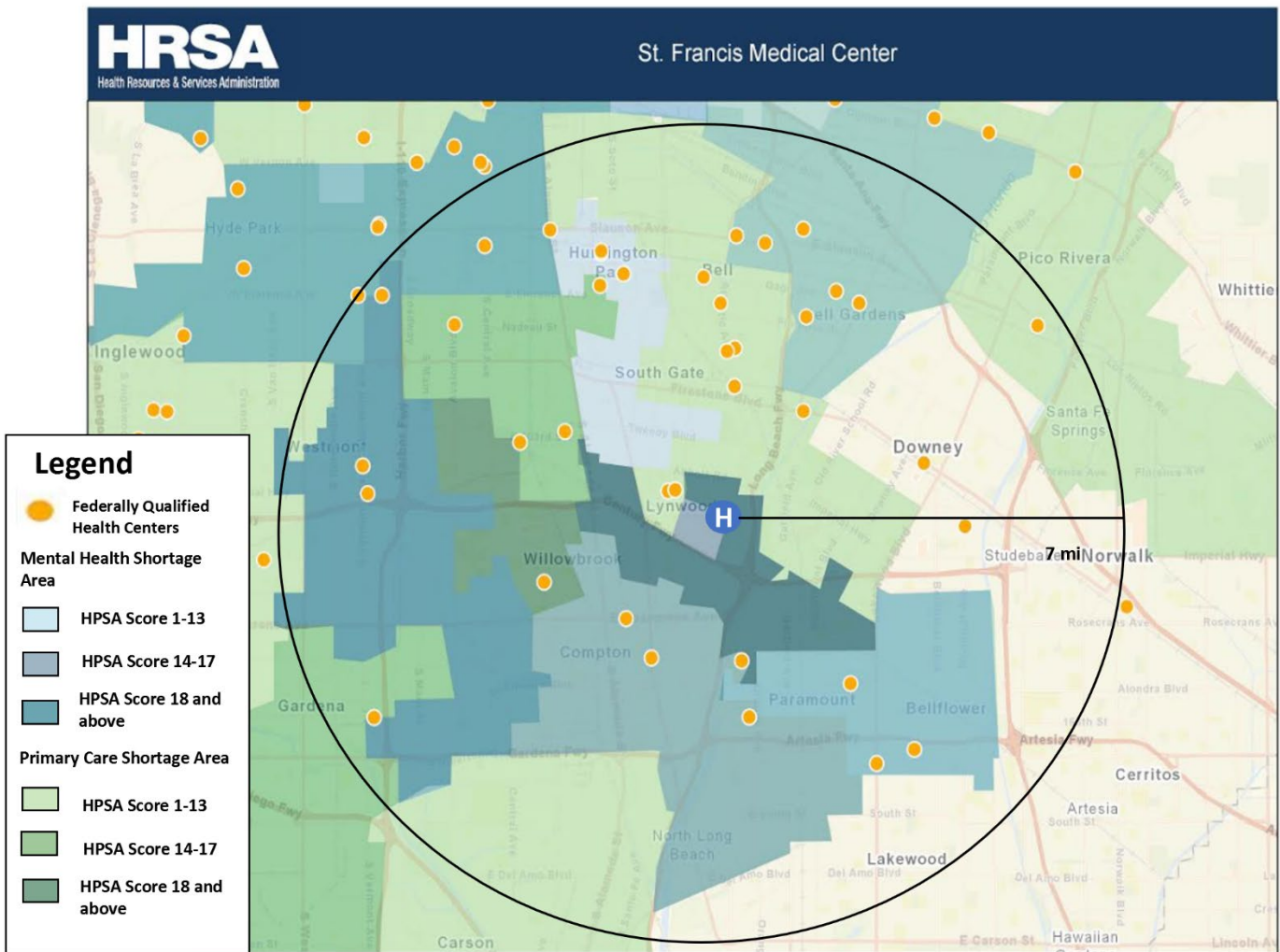
The Hospital's service area, with approximately 1.7 million residents, includes the communities of Lynwood, South Gate, Los Angeles, Compton, Bell Gardens, Huntington Park, Paramount, Maywood, Long Beach, Downey, Bellflower, Whittier, La Mirada, Artesia, Santa Fe Springs, and Pico Rivera.

There are eight other hospitals located within the Hospital's service area, including Downey Regional Medical Center, Community Hospital of Huntington Park, Martin Luther King, Jr. Community Hospital, and Whittier Hospital Medical Center. Lakewood Regional Medical Center, Memorial Hospital of Gardena, Presbyterian Intercommunity Hospital, Los Angeles Community Hospital, and Centinela Hospital Medical Center 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.



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's location, and the majority of its service area, is designated as a Health Professional Shortage Area. The map below depicts primary health shortage and mental health shortage areas relative to the Hospital's location.

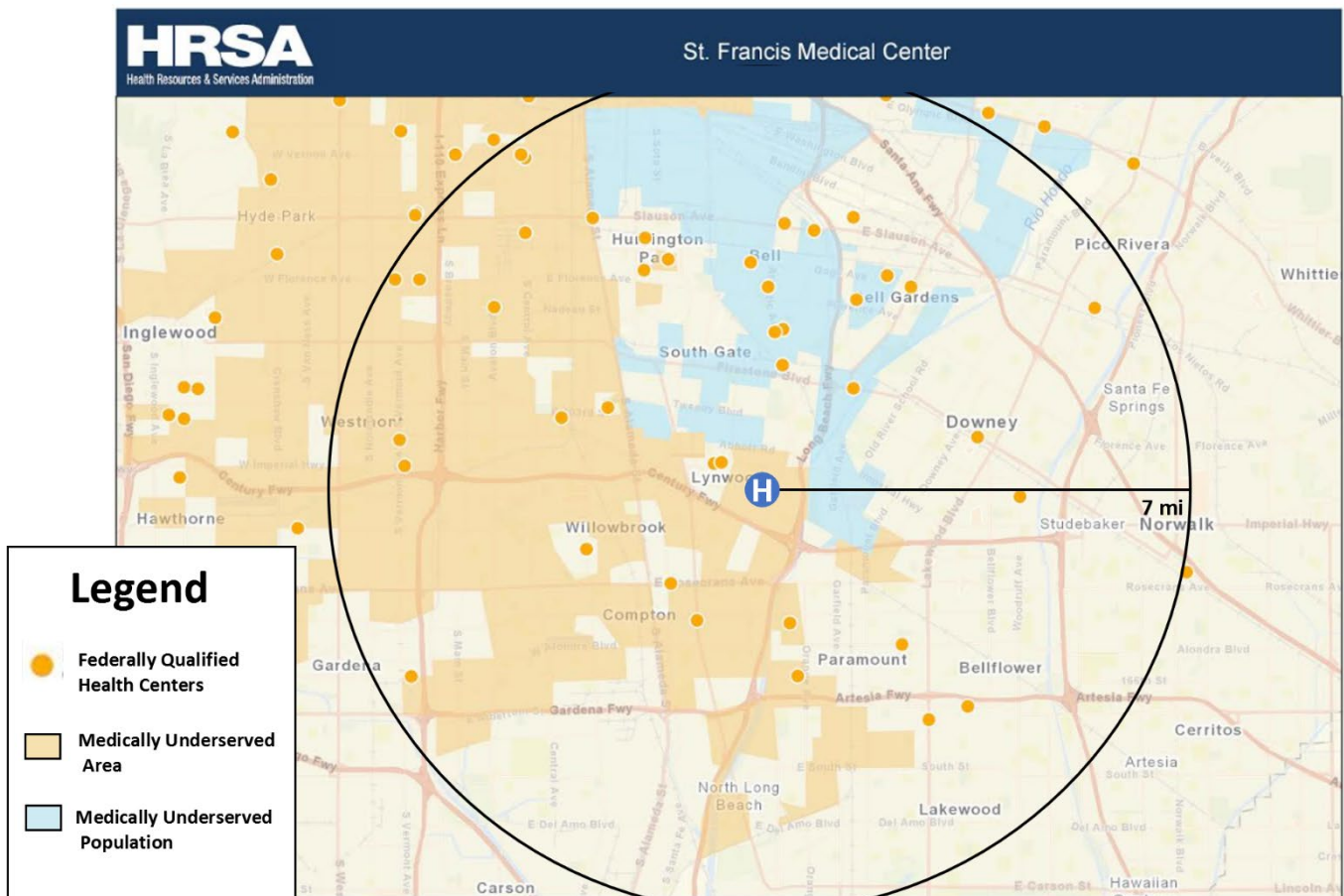


Source: Health Resource & Services Administration & The California Department of Health and Human Services

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 (FPL) and travel time to the nearest source of care (NSC) 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. Medically Underserved Areas and Medically Underserved Populations are permanently set and no renewal process is necessary. The map below depicts the Medically Underserved Areas /Medically Underserved Populations relative to the Hospital's location.



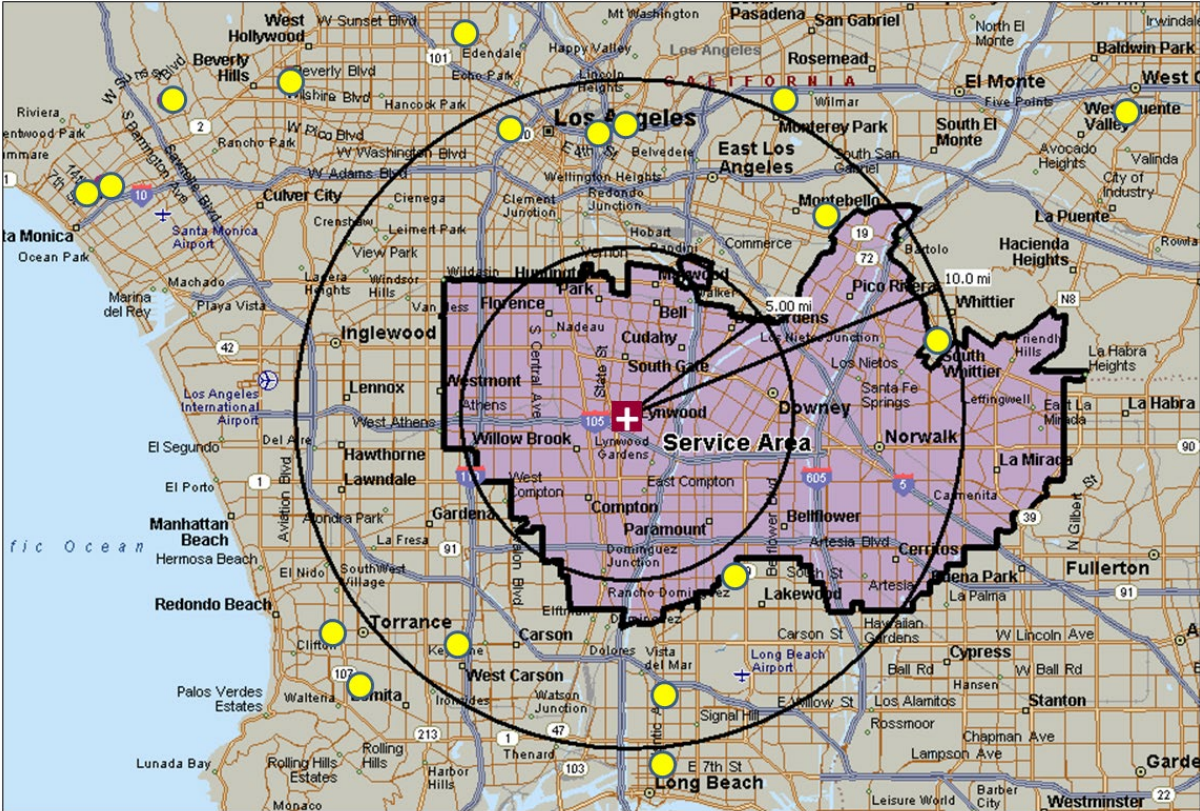
Source: Health Resource & Services Administration & The California Department of Health and Human Services

The census tract in which the Hospital is located is in a designated Medically Underserved Areas/Medically Underserved Populations area.

There are over 35 Federally Qualified Health Centers within a 7-mile radius of the Hospital. They are health clinics that qualify for enhanced reimbursement from Medicare and Medicaid. They must provide primary care services to an underserved area or population, offer a sliding fee scale, have an ongoing quality assurance program, and have a governing board of directors. The ACA included provisions that increased federal funding to Federally Qualified Health Centers to help meet the anticipated demand for healthcare services by those individuals who gained healthcare coverage through the various health exchanges. Many of the area Federally Qualified Health Centers’ patients utilize the services of the Hospital.

STEMI Receiving Centers in Los Angeles County

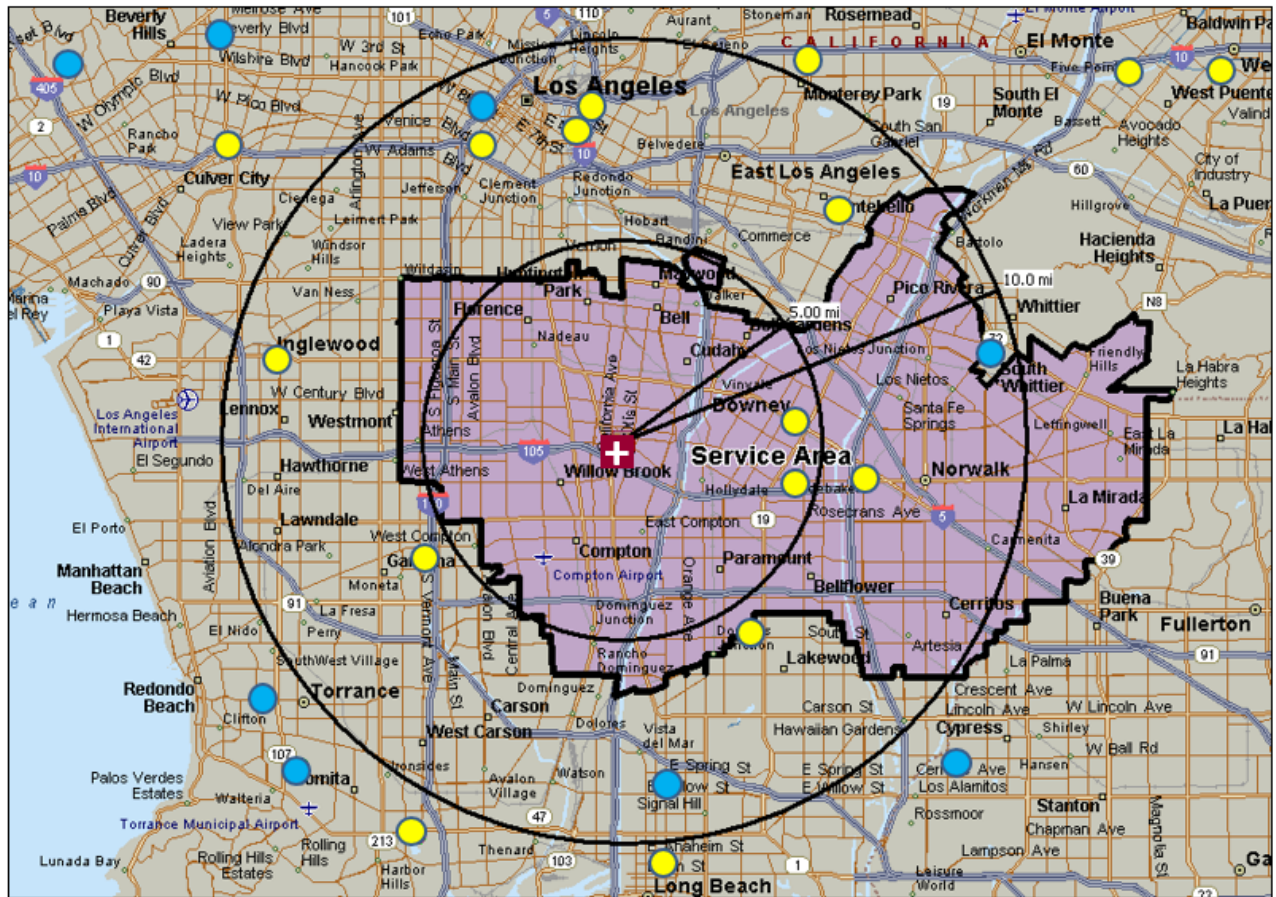
Within Los Angeles County, there are 36 STEMI Receiving Centers that administer percutaneous coronary intervention for patients experiencing an acute heart attack. The Hospital is the only STEMI Receiving Center within the Hospital’s service area and is an important provider of percutaneous coronary intervention treatment services for service area residents.



- + = St. Francis Medical Center
- = Service Area
- = STEMI Receiving Center

Certified Stroke Centers in Los Angeles County

As of May 2019, there were 49 stroke centers certified through the Joint Commission within Los Angeles County. This includes 15 Comprehensive Stroke Centers and 34 Primary Stroke Centers. Downey Regional Medical Center, Coast Plaza Doctors Hospital, and Kaiser Foundation Hospital – Downey are the other certified Primary Stroke Centers within the Hospital’s service area.

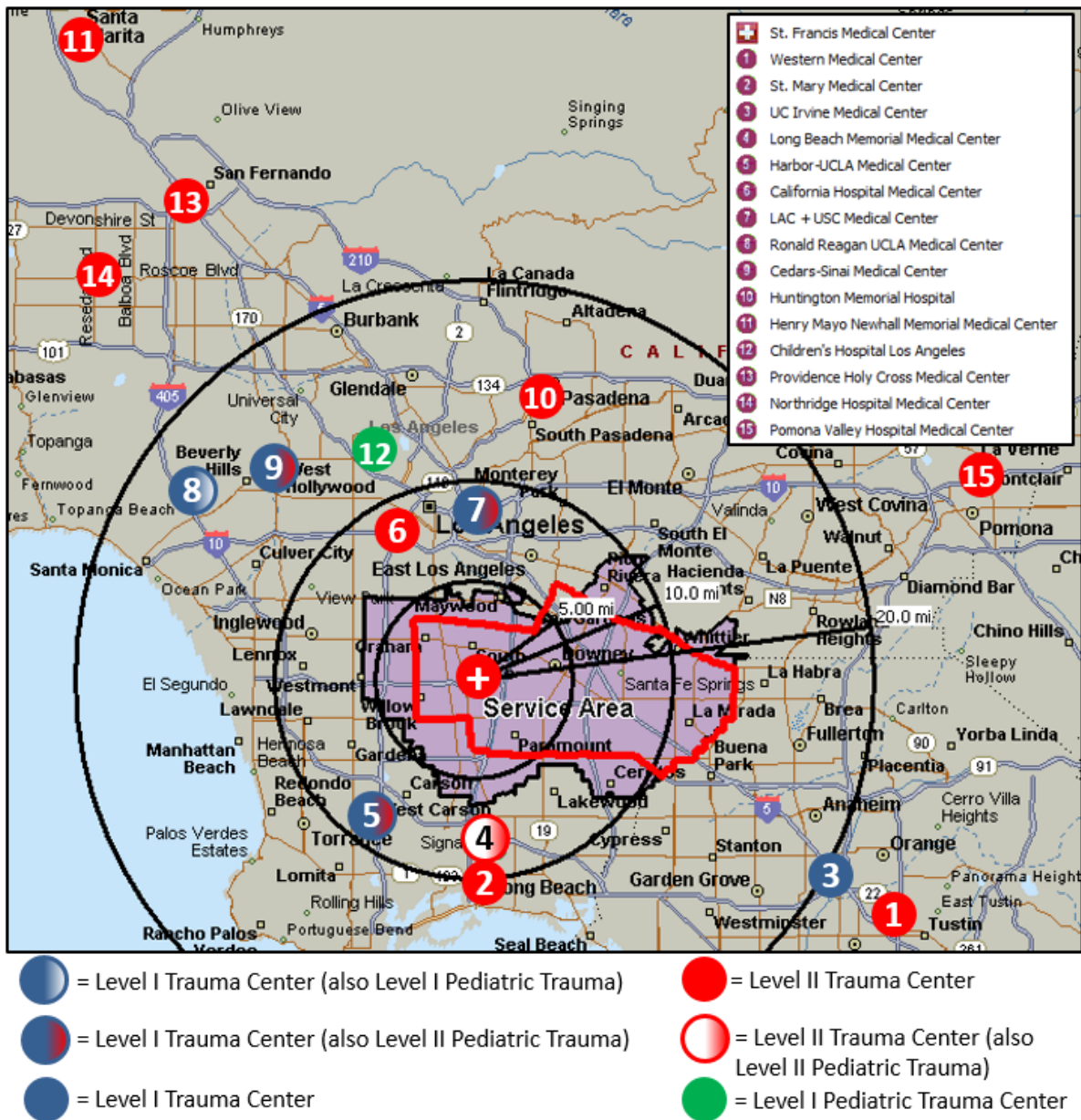


- + = St. Francis Medical Center
- = Service Area
- = Primary Stroke Center
- = Comprehensive Stroke Center

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 area trauma centers within Los Angeles and north Orange County.



The Hospital is a Level II Trauma Center and is thus required to have emergency and surgical services 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. 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 trauma center in the service area;
- There are four other trauma centers located within 10 miles of the Hospital: Long Beach Memorial Medical Center, Harbor – UCLA Medical Center, California Hospital Medical Center, and LAC+USC Medical Center;
- The Hospital's trauma boundary includes the cities of Bellflower, Bell Gardens, Cerritos, Compton, Downey, La Mirada, Lynwood, Norwalk, Paramount, Pico Rivera, and South Gate; and
- As one of the busiest emergency trauma centers in Los Angeles County, the Hospital provides care to over 2,200 trauma patients per year via a network of air and ground transportation capabilities.

Demographic Profile

The Hospital’s service area population is projected to grow 1.2% over the next five years. This is lower than the expected growth rate for Los Angeles County (2.1%) and lower than the State of California (3.4%).

SERVICE AREA POPULATION STATISTICS		
	2019	2024
Population	1,654,734	1,675,871
Households	428,377	431,665
Percentage Female	50.9%	50.8%
Source: Esri Demographics		

The ethnicity with the largest population in the Hospital’s service area is White (42%) followed by Some Other Race (35%) and Black (11 %). Approximately 74% of the service area population is of Hispanic origin. This is higher than Los Angeles County (48.9%) and California (39.7%).

SERVICE AREA POPULATION RACE /ETHNICITY		
	2019	2024
White Alone	42%	42%
Black Alone	12%	11%
American Indian Alone	1%	1%
Asian Alone	7%	7%
Pacific Islander Alone	0%	0%
Some Other Race Alone	35%	35%
Two or More Races	4%	4%
Total	100%	100%
Hispanic Origin (Any Race)	74%	74%
Non Hispanic Origin	27%	26%
Total	100%	100%

Source: Esri Demographics

The median age of the population in the Hospital’s service area is 31.3 years and is younger than the statewide median age of 36.3 years and Los Angeles County’s median age of 35.9 years. The percentage of adults over the age of 65 is the fastest growing age cohort, predicted to increase by approximately 16.4% between 2019 and 2024.

SERVICE AREA POPULATION AGE DISTRIBUTION				
	2019		2024	
0-14	381,944	23%	373,817	22%
15-44	751,386	45%	749,278	45%
45-64	352,754	21%	356,462	21%
65+	168,650	10%	196,314	12%
Total	1,654,734	100%	1,675,871	100%
Female 15-44	376,573	23%	373,154	22%
Median Age	31.3		33.2	

Source: Esri Demographics

The Hospital’s service area households have an average median household income of \$54,151. This is 22% lower than the Los Angeles County average of \$66,297 and 35% lower 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 a faster rate (10%) than the Los Angeles County rate of (7%) and the State of California rate of approximately (4%).

SERVICE AREA HOUSEHOLD INCOME DISTRIBUTION						
		2019			2024	
	Service Area	LA County	California	Service Area	LA County	California
<\$15,000	12%	10%	9%	10%	9%	7%
\$15,000 - \$24,999	10%	9%	8%	8%	7%	6%
\$25,000 - \$34,999	10%	8%	7%	8%	7%	6%
\$35,000 - \$49,999	14%	11%	11%	13%	10%	9%
\$50,000 - \$74,999	19%	17%	16%	18%	16%	15%
\$75,000 - \$99,999	13%	12%	12%	14%	13%	13%
\$100,000 - \$149,999	14%	16%	17%	17%	18%	19%
\$150,000 - \$199,999	5%	8%	9%	7%	10%	11%
\$200,000+	3%	10%	12%	5%	12%	14%
Total	100%	100%	100%	100%	100%	100%
Median Household Income	\$54,151	\$66,297	\$74,520	\$62,443	\$78,998	\$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 is poorer than Los Angeles County, it is expected that the percent eligible for Medi-Cal would exceed 29%. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

Selected Health Indicators

A review of health indicators for Los Angeles County (deaths, diseases, and births) is shown below.

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 for six of the eight health status indicators than the State of California;

MORBIDITY STATISTICS: 2019 RATE PER 100,000 POPULATION			
Health Status Indicator	Los Angeles		
	County	California	National Goal
HIV/AIDS Incidence (Age 13 and Over) ¹	595.9	397.7	a
Chlamydia Incidence	589.4	514.6	c
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
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 2011-2013.

a: Healthy People 2020 (HP 2020) National Objective has not been established.

b: National Objective is based on both underlying and contributing cause of death which requires use of multiple cause of death files. California’s data exclude multiple/contributing causes of death.

c: Prevalence data are not available in all California counties to evaluate the Healthy People 2020 National Objective STD-1, as the Healthy People objective is restricted to females who are 15-24 years old and identified at a family planning clinic, and males and females under 24 years old who participate in a national job-training program.

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)	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	615.7	574.1	641.1	N/A
- All Cancers	142.2	132.8	151.0	161.4
- Colorectal Cancer	14.0	13.1	13.9	14.5
- Lung Cancer	26.4	24.8	33.6	45.5
- Female Breast Cancer	21.7	18.5	20.7	20.7
- Prostate Cancer	16.8	19.2	20.2	21.8
- Diabetes	24.6	22.9	20.8	N/A
- Alzheimer's Disease	39.1	35.6	30.8	N/A
- Coronary Heart Disease	110.7	101.7	103.8	103.4
- Cerebrovascular Disease (Stroke)	36.3	34.0	35.9	34.8
- Influenza/Pneumonia	20.1	18.7	16.3	N/A
- Chronic Lower Respiratory Disease	29.9	28.2	35.9	N/A
- Chronic Liver Disease And Cirrhosis	14.4	13.2	11.7	8.2
- Accidents (Unintentional Injuries)	24.7	23.7	27.9	36.4
- Motor Vehicle Traffic Crashes	8.2	7.9	7.6	12.4
- Suicide	8.3	8.0	10.2	10.2
- Homicide	6.1	6.1	5.1	5.5
- Firearm-Related Deaths	7.6	7.4	7.8	9.3
- Drug-Induced Deaths	8.8	8.5	11.1	11.3

Source: California Department of Public Health

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 Assessment 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 Hospital defined its service area for purposes of the assessment to include the communities that correspond to Service Planning Areas 6, 7, and 8.

- The communities of Service Planning Area 6 include: Athens, Compton, Crenshaw, Florence, Hyde Park, Lynwood, Paramount, and Watts;
- The communities of Service Planning Area 7 include: Artesia, Bell, Bellflower, Bell Gardens, Cerritos, City of Commerce, City Terrace, Cudahy, Downey, East Los Angeles, Hawaiian Gardens, Huntington Park, La Habra Heights, Lakewood, La Mirada, Los Nietos, Maywood, Montebello, Norwalk, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, Walnut Park, Whittier, and others; and
- The communities of Service Planning Area 8 include: Athens, Avalon, Carson, Catalina Island, El Segundo, Gardena, Harbor City, Hawthorne, Inglewood, Lawndale, Lennox, Long Beach, Hermosa Beach, Manhattan Beach, Palos Verdes Estates, Rancho Dominguez, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, San Pedro, and Wilmington.

Based on findings from the 2019 Community Health Needs Assessment, the following priorities were identified as the most important health and socioeconomic needs:

- **Chronic diseases** – Heart disease, cancer, and stroke are the top three causes of death in the service area. Diabetes is the fourth leading cause of death and lung disease is the fifth leading cause of death. In the hospital service area 12.2% of adults have been diagnosed with diabetes, which is higher than the county rate (9.8%);
- **Access to health care** – Among the service area, 96.9% of children 17 and under have insurance and 85.2% of the service area adults have health insurance. 95.8% of children and 72.9% of adults in the service area have a regular source of health care. Stakeholders noted that long wait for appointments and lack of transportation are barriers to receive healthcare services;

- **Mental health** – In the hospital service area, 6% of adults in SPA 6 and 9.1% of adults in SPA 7 have seriously thought about committing suicide and 9.5% of SPA 6 adults and 10.8% of adults in SPA 7 had experienced serious psychological distress in the past year. Stakeholders noted there is a stigma associated with mental health. Many people do not want to talk about their mental health issues, and often, there may be shame associated with seeking mental health services that prevents people from getting these services;
- **Substance use and misuse** – In the Hospital’s service area, 12.5% of adults smoke cigarettes. The Healthy People 2020 objective for cigarette smoking among adults is 12%. In SPA 6, 47% of the population had tried marijuana and in SPA 7, 41% of the population had tried marijuana. For those who had misused prescription drugs, sedatives were the most likely drugs to be misused in the communities served by the Hospital;
- **Housing and homelessness** – In the service area, 8.6% of adults reported being homeless or not having their own place to live or sleep. This is higher than the county rate (4.8%). Since 2015 to 2018, there has been an increase in the homeless population with chronic illness in the communities served by the Hospital; and
- **Overweight and obesity** – 31.6% of adults in the service area are obese with a Body Mass Index of 30.0 or above. This is higher than the rate of obesity in the county (23.5%). The Healthy People 2020 objective for adult obesity is 30.5%.

Hospital Supply, Demand & Market Share

There are nine other general acute care hospitals within the Hospital's service area that, together with the Hospital, have a combined total of 2,334 licensed beds and an aggregate occupancy rate of approximately 55%. Hospitals in the service area run at occupancy rates that range between 25% at Coast Plaza Hospital and approximately 81%, at College Hospital.

An analysis of the services offered by the Hospital in comparison to services offered by other providers is shown on the following pages. The hospitals listed in the table below were analyzed to determine area hospital available bed capacity by service.

SERVICE AREA HOSPITAL DATA 2019								
Hospital	City	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Francis Medical Center	Lynwood	-	X	384	20,115	100,308	274.8	71.6%
Martin Luther King Jr. Community Hospital*	Los Angeles	2.9	X	131	9,790	37,532	102.8	78.5%
Kaiser Foundation Hospital - Downey	Downey	4.8	X	352	15,660	63,257	173.3	49.2%
PIH Health Hospital - Downey	Downey	5.0	X	199	9,267	31,708	86.9	43.7%
Community Hospital of Huntington Park*	Huntington Park	5.4	X	81	3,385	13,865	38.0	46.9%
Coast Plaza Hospital*	Norwalk	6.6	X	117	2,401	10,857	29.7	25.4%
College Hospital*	Cerritos	8.0	X	187	5,377	55,209	151.3	80.9%
Lakewood Regional Medical Center	Lakewood	9.1	X	172	8,884	40,369	110.6	64.3%
PIH Health Hospital - Whittier*	Whittier	10.9	X	533	19,148	83,217	228.0	42.8%
Whittier Hospital Medical Center	Whittier	12.8	X	178	7,040	31,602	86.6	48.6%
SUB-TOTAL				2,334	101,067	467,924	1,282.0	54.9%
Memorial Hospital of Gardena*	Gardena	7.9		172	7,069	47,818	131.0	76.2%
Los Angeles Community Hospital	Los Angeles	9.0		212	9,502	59,799	163.8	77.3%
Centinela Hospital Medical Center	Inglewood	9.0		362	16,135	64,734	177.4	49.0%
Miller Children's & Women's Hospital	Long Beach	9.1		357	15,205	67,517	185.0	51.8%
MemorialCare Long Beach Medical Center	Long Beach	9.2		453	21,808	104,112	285.2	63.0%
Beverly Hospital*	Montebello	9.7		224	9,915	38,893	106.6	47.6%
Monterey Park Hospital	Monterey Park	9.9		101	4,898	18,866	51.7	51.2%
Los Angeles County/Harbor-UCLA Medical Center	Torrance	11.1		453	17,090	101,803	278.9	61.6%
California Hospital Medical Center	Los Angeles	13.2		318	18,530	73,193	200.5	63.1%
Gardens Regional Hospital & Medical Center	Hawaiian Gardens	13.2		137	N/A	N/A	-	-
East Los Angeles Doctor's Hospital*	Los Angeles	13.5		127	2,901	20,982	57.5	45.3%
Good Samaritan Hospital - Los Angeles	Los Angeles	13.9		408	12,998	69,403	190.1	46.6%
Adventist Health White Memorial*	Los Angeles	14.1		345	19,171	85,045	233.0	67.5%
LAC+USC Medical Center	Los Angeles	14.5		670	30,175	195,296	535.1	79.9%
La Palma Intercommunity Hospital*	La Palma	15.3		140	3,056	14,152	38.8	27.7%
Children's Hospital Los Angeles	Los Angeles	18.6		495	17,677	118,243	324.0	65.4%
Cedars - Sinai Medical Center	Los Angeles	21.4		886	50,468	268,011	734.3	82.9%
TOTAL				8,194	357,665	1,815,791	4,974.8	60.7%

Source: OSHPD Disclosure Reports

* 2018 Data

- The Hospital's 384 licensed beds represent approximately 16% of the area's beds, and inpatient volume accounts for approximately 22% of discharges and 23% of patient days; and
- The Hospital's occupancy rate of 72% is averaged over the entire year and is likely much higher in the winter months when flu season is in effect.

Hospital Market Share

The table below shows inpatient service area market share by hospital from CY 2013 to CY 2018.

SERVICE AREA MARKET SHARE BY HOSPITAL, CY 2013-2018							
Hospital	2013	2014	2015	2016	2017	2018	Trend
St. Francis Medical Center	9.8%	9.8%	10.1%	10.6%	10.9%	10.8%	↗
Kaiser Foundation Hospital - Downey	8.4%	8.4%	8.3%	7.9%	7.7%	7.3%	↘
PIH Hospital - Whittier	6.8%	6.9%	7.0%	6.5%	6.5%	6.9%	→
Miller Childrens Hospital	4.3%	4.3%	4.2%	4.4%	4.4%	4.2%	→
PIH Hospital - Downey	5.2%	5.2%	4.2%	4.2%	4.2%	4.5%	↘
Martin Luther King, Jr. Community Hospital	-	-	0.9%	3.4%	4.2%	4.5%	↗
LAC/Harbor-UCLA Medical Center	4.2%	4.2%	3.6%	3.6%	3.5%	3.2%	↘
Lakewood Regional Medical Center	3.3%	3.3%	3.4%	3.3%	3.5%	3.4%	→
Long Beach Memorial Medical Center	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	→
California Hospital Medical Center - Los Angeles	2.5%	2.5%	2.6%	2.7%	2.8%	2.7%	↗
LAC+USC Medical Center	3.1%	3.1%	2.8%	2.9%	2.7%	2.7%	↘
Adventist Health White Memorial	2.7%	2.5%	2.6%	2.5%	2.6%	2.6%	→
Centinela Hospital Medical Center	3.0%	3.0%	2.8%	2.4%	2.1%	2.1%	↘
Whittier Hospital Medical Center	2.1%	2.1%	2.3%	2.3%	2.2%	2.2%	→
Beverly Hospital	1.7%	1.7%	1.6%	1.6%	1.7%	2.0%	↗
Community Hospital of Huntington Park	2.0%	2.0%	1.6%	1.6%	1.6%	1.6%	↘
Coast Plaza Hospital	1.7%	1.7%	1.8%	1.8%	1.5%	1.3%	↘
St. Mary Medical Center - Long Beach	1.2%	1.2%	1.3%	1.5%	1.5%	1.6%	↗
Children's Hospital of Los Angeles	1.1%	1.1%	1.3%	1.4%	1.4%	1.4%	↗
Memorial Hospital Of Gardena	1.7%	1.7%	1.8%	1.5%	1.3%	1.4%	↘
Norwalk Community Hospital	1.3%	1.3%	1.2%	1.2%	1.2%	1.5%	↗
Kaiser Foundation Hospital - Los Angeles	1.1%	1.1%	1.1%	1.2%	1.2%	1.3%	↗
Kaiser Foundation Hospital - South Bay	1.2%	1.3%	1.3%	1.2%	1.1%	1.3%	→
Cedars Sinai Medical Center	1.0%	1.0%	1.0%	1.1%	1.1%	1.2%	↗
Los Angeles Community Hospital	1.2%	1.2%	1.1%	1.1%	1.0%	1.1%	→
All Other	26.1%	26.1%	26.8%	25.1%	24.6%	24.1%	↘
Total Percentage	100%	100%	100%	100%	100%	100%	
Total Discharges	160,786	160,356	161,005	163,277	163,356	164,241	↗

Source: OSHPD Discharge Database, CY 2013-2018

Note: Excludes normal newborns

- From CY 2013 to CY 2018, the Hospital has ranked first in overall service area market share based on discharges. The Hospital grew market share from 9.8% in CY 2013 to 10.8% in CY 2018 in a relatively stable market, reporting over 164,000 inpatient discharges annually in CY 2018;
- PIH Hospital - Whittier, located 11 miles away, is third in market share with 6.9% market share (Kaiser Foundation Hospital with 7.3% is second);
- Martin Luther King, Jr. Community Hospital has increased service area market share considerably, from 0.9% in CY 2015 to 4.5% in CY 2018 (the hospital reopened in July 2015); and
- Centinela Hospital Medical Center, a Prime hospital, has 2.1% market share in the service area.

Market Share by Payer Type

The following table shows service area inpatient market share by payer type for CY 2018:

SERVICE AREA MARKET SHARE BY PAYOR TYPE, CY 2018															
Payer	TOTAL DISCHARGES	ST. FRANCIS MEDICAL CENTER	KAISER FOUNDATION HOSPITAL - DOWNEY	PRESBYTERIAN INTERCOMMUNITY HOSPITAL	MARTIN LUTHER KING, JR. COMMUNITY HOSPITAL	PIH HOSPITAL - DOWNEY	EARL AND LORRAINE MILLER CHILDRENS HOSPITAL	LAKWOOD REGIONAL MEDICAL CENTER	LONG BEACH MEMORIAL MEDICAL CENTER	LAC/HARBOR-UCLA MEDICAL CENTER	CALIFORNIA HOSPITAL MEDICAL CENTER - LA	LACHUSC MEDICAL CENTER	CENTINELA HOSPITAL MEDICAL CENTER	ALL OTHERS	Total
Medi-Cal	75,295	14.9%	1.9%	2.7%	6.9%	2.7%	7.0%	1.8%	2.9%	5.6%	4.9%	4.8%	2.4%	41.6%	100%
Medicare	51,200	9.3%	7.6%	12.8%	3.6%	7.6%	0.0%	5.5%	4.2%	1.1%	1.1%	0.8%	2.8%	43.6%	100%
Private Coverage	32,319	3.7%	20.2%	8.3%	0.6%	4.2%	4.5%	3.9%	3.1%	0.6%	0.5%	0.5%	0.4%	49.5%	100%
All Other	2,774	1.5%	0.3%	2.7%	7.1%	0.9%	1.3%	2.5%	1.2%	7.4%	0.9%	7.8%	0.0%	66.4%	100%
Self Pay	2,653	18.8%	4.2%	4.1%	2.3%	3.7%	1.4%	1.7%	2.8%	3.8%	1.7%	2.5%	3.2%	49.8%	100%
TOTAL PERCENTAGE		10.8%	7.3%	6.9%	4.5%	4.5%	4.2%	3.4%	3.3%	3.2%	2.7%	2.7%	2.1%	44.3%	100%
GRAND TOTAL	164,241	17,656	11,990	11,404	7,451	7,413	6,828	5,557	5,432	5,315	4,471	4,466	3,465	72,793	

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

- The largest payer category of service area inpatient discharges is Medi-Cal with 75,295 inpatient discharges (46%), followed by Medicare with 51,200 inpatient discharges (31%), and Private Coverage with 32,319 inpatient discharges (20%);
- The Hospital is the market share leader for Medi-Cal (15%) and Self-Pay (19%);
- Kaiser Foundation Hospital - Downey is the inpatient leader for Private Coverage with over 20% market share; and
- PIH Hospital - Whittier is the inpatient leader for Medicare with 13% market share.

Market Share by Service Line

The following table shows service area inpatient market share by service line for CY 2018.

SERVICE AREA MARKET SHARE BY SERVICE LINE, CY 2018																
Service Line	Total Discharges	ST. FRANCIS MEDICAL CENTER	KAISER FOUNDATION HOSPITAL - DOWNEY	INTERCOMMUNITY HOSPITAL	MARTIN LUTHER KING, JR. COMMUNITY HOSPITAL	PIH HOSPITAL - DOWNEY	EARL AND LORRAINE MILLER CHILDRENS HOSPITAL	LAKELAND REGIONAL MEDICAL CENTER	LONG BEACH MEMORIAL MEDICAL CENTER	LAC/HARBOR-UCLA MEDICAL CENTER	CALIFORNIA HOSPITAL MEDICAL CENTER - LOS ANGELES	LAC-USC MEDICAL CENTER	ADVENTIST HEALTH WHITE MEMORIAL	CENTINELA HOSPITAL MEDICAL CENTER	All Other	Grand Total
General Medicine	53,515	9.0%	6.3%	7.5%	7.1%	5.7%	3.2%	4.6%	3.4%	2.8%	2.3%	2.7%	1.9%	3.3%	40.4%	100%
Obstetrics	23,211	14.1%	0.5%	0.5%	1.4%	0.4%	0.2%	0.5%	0.3%	1.0%	0.3%	1.1%	1.8%	0.1%	78.0%	100%
Cardiac Services	19,542	11.3%	5.9%	9.0%	5.9%	6.6%	0.2%	5.3%	4.5%	2.7%	2.7%	2.3%	2.3%	3.2%	38.0%	100%
Behavioral Health	12,844	14.1%	0.5%	0.5%	1.4%	0.4%	0.2%	0.5%	0.3%	1.0%	0.3%	1.1%	1.8%	0.1%	78.0%	100%
General Surgery	12,684	7.9%	7.3%	8.6%	4.1%	4.0%	3.0%	3.5%	4.3%	6.3%	2.4%	4.2%	2.2%	1.1%	41.2%	100%
Unknown	9,436	10.5%	5.5%	10.4%	3.3%	4.3%	1.7%	4.1%	5.7%	2.9%	2.0%	2.7%	1.8%	3.3%	41.7%	100%
Neonatology	7,294	10.7%	18.7%	4.5%	1.2%	1.2%	16.2%	0.0%	0.0%	3.4%	5.8%	3.2%	4.0%	0.7%	30.3%	100%
Orthopedics	7,223	7.9%	4.3%	12.2%	2.0%	5.7%	2.0%	5.8%	5.6%	4.8%	2.4%	2.9%	2.7%	1.0%	40.7%	100%
Oncology/Hematology (Medical)	4,920	6.9%	7.6%	6.1%	3.5%	5.1%	4.3%	3.4%	6.9%	6.4%	1.8%	4.8%	1.7%	1.3%	40.3%	100%
Gynecology	2,259	9.4%	6.7%	5.1%	1.8%	4.5%	1.6%	3.3%	6.5%	10.8%	3.2%	5.4%	3.2%	1.0%	37.5%	100%
ENT	1,989	10.2%	2.9%	4.5%	2.5%	4.0%	10.2%	2.4%	7.7%	6.4%	3.4%	6.1%	3.7%	1.0%	35.1%	100%
Neurology	1,963	11.8%	3.2%	4.0%	4.8%	5.2%	5.3%	3.5%	2.9%	3.5%	2.1%	2.0%	2.5%	4.4%	44.7%	100%
Urology	1,820	9.6%	4.7%	5.3%	3.7%	4.7%	2.3%	4.8%	4.4%	4.9%	1.4%	6.6%	1.5%	1.3%	44.6%	100%
Vascular Services	1,787	9.7%	5.1%	10.7%	5.0%	3.6%	0.2%	6.2%	4.3%	5.3%	2.1%	2.9%	2.7%	2.8%	39.2%	100%
Spine	1,622	6.4%	9.2%	9.8%	1.5%	3.0%	1.0%	4.8%	6.5%	3.2%	2.2%	1.9%	5.3%	3.3%	42.0%	100%
Other	1,583	13.9%	5.4%	6.9%	2.9%	2.5%	3.5%	4.5%	6.8%	6.1%	2.8%	6.1%	0.9%	1.1%	36.7%	100%
Ophthalmology	328	8.5%	3.4%	5.2%	0.9%	3.0%	1.8%	1.5%	8.2%	11.9%	4.0%	14.3%	1.2%	3.0%	32.9%	100%
Rehabilitation	118	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	94.9%	100%
Neurosurgery	103	8.7%	1.0%	5.8%	0.0%	0.0%	3.9%	2.9%	2.9%	2.9%	1.0%	7.8%	2.9%	0.0%	60.2%	100%
Total Percentage	100%	11%	7%	7%	5%	5%	4%	3%	3%	3%	3%	3%	3%	2%	42%	100%
Total Discharges	164,241	17,656	11,990	11,404	7,451	7,413	6,828	5,557	5,432	5,315	4,471	4,466	4,299	3,465	68,494	164,241

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

- The Hospital is a service line leader in 8 of 18 service lines including: general medicine (9.0%), obstetrics (14.1%), cardiac services (11.3%), behavioral health (14.1%), neurology (11.8%), urology (9.6%), and neurosurgery (8.7%);
- Kaiser Foundation Hospital – Downey is the service line leader in neonatology (18.7%) and oncology/hematology medical (7.6%); and
- PIH Hospital – Whittier is the service line leader in 4 of 18 service lines including: general surgery (8.6%), orthopedics (12.2%), spine (9.8%), and vascular services (10.7%).

Market Share by ZIP Code

The following table shows service area inpatient market share by ZIP Code for CY 2018.

SERVICE AREA MARKET SHARE BY ZIP CODE, CY 2018																
Pat ZIP	Discharges by ZIP	ST. FRANCIS MEDICAL CENTER	KAISER FOUNDATION HOSPITAL DOWNEY	PRESBYTERIAN INTERCOMMUNITY HOSPITAL	MARTIN LUTHER KING, JR. COMMUNITY HOSPITAL	PIH HOSPITAL DOWNEY	EARL AND LORRAINE MILLER CHILDRENS HOSPITAL	LAKWOOD REGIONAL MEDICAL CENTER	LONG BEACH MEMORIAL MEDICAL CENTER	LAC/HARBOR UCLA MEDICAL CENTER	CALIFORNIA HOSPITAL MEDICAL CENTER LOS ANGELES	LAC+USC MEDICAL CENTER	ADVENTIST HEALTH WHITE MEMORIAL	WHITTIER HOSPITAL MEDICAL CENTER	CENTINELA HOSPITAL MEDICAL CENTER	Grand Total
90044	12,223	4.2%	0.9%	0.2%	5.9%	0.2%	1.5%	0.2%	0.6%	6.6%	9.5%	3.7%	1.8%	0.0%	17.8%	100%
90650	10,509	3.6%	11.6%	10.2%	0.1%	7.1%	3.2%	4.3%	1.9%	1.5%	0.6%	1.4%	1.1%	2.0%	0.1%	100%
90805	9,566	2.4%	5.5%	0.3%	0.5%	0.7%	14.6%	12.2%	23.0%	3.1%	0.4%	0.7%	0.3%	0.1%	0.1%	100%
90201	8,482	16.3%	6.9%	2.2%	0.9%	13.4%	2.7%	1.0%	1.1%	1.5%	2.0%	5.5%	6.9%	0.4%	0.1%	100%
90003	7,980	7.5%	1.8%	0.1%	9.8%	0.6%	2.0%	0.2%	0.9%	6.8%	12.7%	5.6%	3.9%	0.1%	6.3%	100%
90280	7,543	30.0%	10.9%	1.5%	2.0%	10.3%	4.1%	2.0%	1.8%	2.7%	1.5%	3.2%	4.1%	0.5%	0.1%	100%
90706	7,425	3.3%	13.8%	1.4%	0.7%	5.1%	7.3%	17.1%	6.1%	2.5%	0.4%	1.1%	0.7%	0.5%	0.2%	100%
90262	7,174	41.9%	7.7%	0.5%	3.1%	3.8%	4.9%	1.6%	2.2%	3.2%	1.2%	2.6%	1.4%	0.1%	0.4%	100%
90660	6,647	1.1%	7.7%	26.3%	0.0%	2.2%	1.0%	0.7%	0.3%	0.3%	0.4%	2.8%	4.3%	2.1%	0.1%	100%
90059	6,601	13.5%	4.2%	0.1%	30.8%	0.7%	3.0%	0.7%	1.3%	4.6%	3.3%	2.5%	1.5%	0.1%	1.3%	100%
90255	6,191	15.8%	6.9%	1.2%	1.1%	4.1%	2.1%	1.0%	0.7%	2.1%	3.1%	6.1%	11.1%	0.2%	0.2%	100%
90002	5,836	18.8%	4.0%	0.3%	14.6%	1.1%	3.4%	0.6%	1.5%	5.7%	5.8%	3.6%	3.3%	0.1%	2.4%	100%
90001	5,829	16.4%	4.5%	0.4%	6.1%	1.7%	2.2%	0.7%	0.5%	3.6%	6.6%	7.6%	6.9%	0.0%	2.0%	100%
90221	5,766	24.6%	8.4%	0.3%	4.9%	1.5%	9.6%	5.4%	6.8%	5.1%	1.4%	1.0%	1.2%	0.1%	0.6%	100%
90220	5,732	14.1%	5.0%	0.3%	9.0%	0.7%	7.3%	2.7%	5.2%	7.6%	1.4%	1.2%	0.6%	0.1%	1.3%	100%
90723	4,728	11.5%	11.7%	1.1%	1.2%	6.2%	9.2%	14.0%	5.9%	3.6%	0.7%	1.2%	1.2%	0.3%	0.1%	100%
90605	4,658	1.2%	6.8%	36.9%	0.0%	0.8%	0.8%	0.5%	0.3%	0.4%	0.3%	1.4%	1.1%	24.1%	0.0%	100%
90242	4,499	6.8%	15.1%	2.6%	0.3%	19.0%	3.5%	2.6%	2.1%	1.6%	0.7%	1.6%	1.0%	0.5%	0.2%	100%
90638	4,203	0.9%	5.8%	26.4%	0.0%	0.8%	1.0%	0.7%	0.9%	0.2%	0.0%	0.3%	0.3%	13.1%	0.0%	100%
90222	4,052	18.6%	5.7%	0.3%	17.4%	1.0%	6.8%	1.9%	3.1%	5.6%	1.8%	1.4%	0.8%	0.1%	1.0%	100%
90703	3,962	1.0%	11.0%	1.6%	0.1%	1.5%	3.0%	7.2%	5.6%	0.9%	0.1%	0.3%	0.2%	0.4%	0.2%	100%
90241	3,950	5.2%	14.8%	4.9%	0.3%	27.5%	3.8%	2.4%	2.2%	1.5%	0.5%	1.7%	1.8%	0.6%	0.1%	100%
90604	3,833	0.8%	7.9%	36.0%	0.1%	1.0%	1.0%	0.3%	0.4%	0.5%	0.3%	1.2%	0.8%	15.6%	0.1%	100%
90061	3,744	9.8%	1.8%	0.2%	12.5%	0.2%	4.0%	0.3%	0.8%	8.0%	5.2%	2.5%	1.7%	0.0%	4.1%	100%
90606	3,294	1.1%	7.6%	46.5%	0.1%	0.8%	1.2%	0.7%	0.3%	0.5%	0.4%	2.5%	3.0%	5.7%	0.1%	100%
90270	2,209	12.7%	6.2%	1.9%	0.5%	4.5%	2.1%	0.6%	0.5%	1.4%	2.2%	7.6%	10.4%	0.2%	0.2%	100%
90603	2,063	0.5%	6.4%	41.3%	0.0%	0.5%	0.3%	0.1%	0.3%	0.1%	0.0%	0.5%	0.5%	16.9%	0.0%	100%
90240	2,007	3.9%	13.9%	7.3%	0.1%	26.8%	2.9%	2.4%	2.8%	1.0%	0.5%	2.8%	2.1%	1.4%	0.1%	100%
90701	1,818	1.9%	7.5%	1.7%	0.0%	2.6%	3.1%	9.1%	3.9%	2.0%	0.3%	0.6%	0.5%	0.8%	0.1%	100%
90670	1,712	2.6%	10.4%	39.6%	0.0%	3.4%	1.2%	1.7%	0.9%	0.5%	0.3%	1.9%	2.3%	4.0%	0.1%	100%
90639	5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.0%	0.0%	100%
Total Percentage		10.8%	7.3%	6.9%	4.5%	4.5%	4.2%	3.4%	3.3%	3.2%	2.7%	2.7%	2.6%	2.1%	2.1%	100%
Total Discharges	164,241	17,656	11,990	11,404	7,451	7,413	6,828	5,557	5,432	5,315	4,471	4,466	4,299	3,526	3,465	

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

- The Hospital is the inpatient market share leader in 10 service area ZIP Codes representing the cities of Bell, South Gate, Lynwood, Huntington Park, Los Angeles, Compton, and Maywood; and
- Centinela Hospital Medical Center, owned by Prime is the inpatient market share leader in one ZIP Code.

St. Francis Medical Center 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, neonatal intensive care, acute psychiatric care, skilled nursing, and emergency services using FY 2019 data.

Medical/Surgical Capacity Analysis

The Hospital has 185 medical/surgical beds. Within the service area, there are 1,081 additional medical/surgical beds that provide care to patients from the service area. Combined, the service area hospitals operated at an occupancy rate of nearly 55%.

SERVICE AREA HOSPITAL DATA : MEDICAL/SURGICAL, FY 2019							
Hospital	Miles from	Within Service	Licensed Beds	Discharges	Patient Days	Average Daily	Percent
	Hospital	Area					
St. Francis Medical Center	-	X	185	11,698	53,990	147.9	80.0%
Martin Luther King Jr. Community Hospital*	2.9	X	53	4,906	19,090	52.3	98.7%
Kaiser Foundation Hospital - Downey	4.8	X	182	9,546	36,442	99.8	54.9%
PIH Health Hospital - Downey	5	X	154	7,909	25,590	70.1	45.5%
Community Hospital of Huntington Park*	5.4	X	77	3,288	12,043	33.0	42.9%
Coast Plaza Hospital*	6.6	X	110	2,265	9,034	24.8	22.5%
College Hospital*	8	X	-	0	0	0.0	-
Lakewood Regional Medical Center	9.1	X	140	8,225	33,729	92.4	66.0%
PIH Health Hospital - Whittier*	10.9	X	253	12,374	45,445	124.5	49.2%
Whittier Hospital Medical Center	12.8	X	112	4,788	16,683	45.7	40.8%
SUB-TOTAL			1,266	64,999	252,046	690.5	54.5%
Memorial Hospital of Gardena*	7.9		70	6,067	18,437	50.5	72.2%
Los Angeles Community Hospital	9		122	7,415	34,484	94.5	77.4%
Centinel Hospital Medical Center	9		237	14,679	50,675	138.8	58.6%
Miller Children's & Women's Hospital	9.1		-	-	-	-	-
MemorialCare Long Beach Medical Center	9.2		309	20,695	85,132	233.2	75.5%
Beverly Hospital*	9.7		156	8,235	31,176	85.4	54.8%
Monterey Park Hospital	9.9		85	3,573	14,671	40.2	47.3%
Los Angeles County/Harbor-UCLA Medical Center	11.1		270	12,850	65,760	180.2	66.7%
California Hospital Medical Center	13.2		176	13,201	50,971	139.6	79.3%
Gardens Regional Hospital & Medical Center	13.2		119	N/A	N/A	-	-
East Los Angeles Doctor's Hospital*	13.5		79	2,233	9,426	25.8	32.7%
Good Samaritan Hospital - Los Angeles	13.9		197	8,911	42,009	115.1	58.4%
Adventist Health White Memorial*	14.1		158	11,019	47,136	129.1	81.7%
LAC+USC Medical Center	14.5		329	21,010	109,368	299.6	91.1%
La Palma Intercommunity Hospital*	15.3		105	2,642	9,099	24.9	23.7%
Children's Hospital Los Angeles	18.6		-	-	-	-	-
Cedars - Sinai Medical Center	21.4		598	36,803	202,964	556.1	93.0%
TOTAL			4,276	234,332	1,023,354	2,803.7	65.4%

Source: OSHPD Disclosure Reports

Note: Includes Definitive Observations

* 2018 Data

- In FY 2019, the Hospital's medical/surgical beds represented nearly 15% of beds in the service area;
- In FY 2019, Martin Luther King, Jr. Community Hospital, the closest general acute care facility to the Hospital, ran at a high occupancy rate of nearly 99% and would not have the capacity to accept additional medical/surgical patients; and

- The Hospital reported 11,698 inpatient hospital discharges for its medical/surgical beds with 53,990 patient days resulting in a high occupancy rate of 80% and an average daily census of 148 patients.

Intensive Care Capacity Analysis

The Hospital has 36 intensive care beds. Within the service area, there are 252 additional intensive care beds that provide care service area residents. Combined they operated at an occupancy rate of about 62%.

SERVICE AREA HOSPITAL DATA : INTENSIVE CARE, FY 2019							
Hospital	Miles from	Within Service	Licensed Beds	Discharges	Patient Days	Average Daily	Percent
	Hospital	Area					
St. Francis Medical Center	-	X	36	778	11,043	30.3	84.0%
Martin Luther King Jr. Community Hospital*	2.9	X	61	4,086	16,400	44.9	73.7%
Kaiser Foundation Hospital - Downey	4.8	X	30	305	4,525	12.4	41.3%
PIH Health Hospital - Downey	5.0	X	18	266	3,435	9.4	52.3%
Community Hospital of Huntington Park*	5.4	X	4	97	1,822	5.0	124.8%
Coast Plaza Hospital*	6.6	X	7	136	1,823	5.0	71.4%
College Hospital*	8.0	X	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	32	659	6,640	18.2	56.8%
PIH Health Hospital - Whittier*	10.9	X	84	3,352	16,499	45.2	53.8%
Whittier Hospital Medical Center	12.8	X	16	230	2,736	7.5	46.8%
SUB-TOTAL			288	9,909	64,923	177.9	61.8%
Memorial Hospital of Gardena*	7.9		10	279	3,019	8.3	82.7%
Los Angeles Community Hospital	9.0		12	199	3,219	8.8	73.5%
Centinela Hospital Medical Center	9.0		19	400	4,604	12.6	66.4%
Miller Children's & Women's Hospital	9.1		-	0	0	0.0	-
MemorialCare Long Beach Medical Center	9.2		60	624	11,857	32.5	54.1%
Beverly Hospital*	9.7		25	501	4,984	13.7	54.6%
Monterey Park Hospital	9.9		4	80	1,116	3.1	76.4%
Los Angeles County/Harbor-UCLA Medical Center	11.1		42	772	12,105	33.2	79.0%
California Hospital Medical Center	13.2		36	457	6,259	17.1	47.6%
Gardens Regional Hospital & Medical Center	13.2		18	N/A	N/A	-	-
East Los Angeles Doctor's Hospital*	13.5		10	110	1,615	4.4	44.2%
Good Samaritan Hospital - Los Angeles	13.9		68	642	10,294	28.2	41.5%
Adventist Health White Memorial*	14.1		34	243	4,455	12.2	35.9%
LAC+USC Medical Center	14.5		120	2,246	31,050	85.1	70.9%
La Palma Intercommunity Hospital*	15.3		8	137	1,570	4.3	53.8%
Children's Hospital Los Angeles	18.6		-	-	-	-	-
Cedars - Sinai Medical Center	21.4		114	1,908	30,014	82.2	72.1%
TOTAL			868	18,507	191,084	523.5	60.1%

Source: OSHPD Disclosure Reports

* 2018 Data

- In FY 2019, the Hospital's intensive care beds had a high occupancy rate of 84% and an average daily census of 30 patients;
- Martin Luther King, Jr. Community Hospital, located approximately 3 miles from the Hospital, is operating at an occupancy rate of 74% on its intensive care beds; and
- The Hospital's intensive care beds are an important resource for supporting the Hospital's designation as a Level II trauma center and providing surge capacity due to COVID-19.

Obstetrics Capacity Analysis

In FY 2019, there were 247 obstetrics beds located in the service area with an aggregate occupancy rate of 36%. The Hospital reported 50 licensed obstetric beds with an occupancy rate of 52%.

SERVICE AREA HOSPITAL DATA : OBSTETRICS, FY 2019							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Francis Medical Center	-	X	50	4,421	9,512	26.1	52.1%
Martin Luther King Jr. Community Hospital*	2.9	X	17	798	2,042	5.6	32.9%
Kaiser Foundation Hospital - Downey	4.8	X	66	4,597	8,199	22.5	34.0%
PIH Health Hospital - Downey	5.0	X	20	1,006	2,147	5.9	29.4%
Community Hospital of Huntington Park*	5.4	X	-	-	-	-	-
Coast Plaza Hospital*	6.6	X	-	-	-	-	-
College Hospital*	8.0	X	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	-	-	-	-	-
PIH Health Hospital - Whittier*	10.9	X	66	1,988	5,336	14.6	22.2%
Whittier Hospital Medical Center	12.8	X	28	2,011	4,818	13.2	47.1%
SUB-TOTAL			247	14,821	32,054	87.8	35.6%
Memorial Hospital of Gardena*	7.9		23	649	2,103	5.8	25.1%
Los Angeles Community Hospital	9.0		-	-	-	-	-
Centinel Hospital Medical Center	9.0		29	442	1,197	3.3	11.3%
Miller Children's & Women's Hospital	9.1		59	6,114	16,923	46.2	78.6%
MemorialCare Long Beach Medical Center	9.2		-	-	-	-	-
Beverly Hospital*	9.7		18	653	1,366	3.7	20.8%
Monterey Park Hospital	9.9		12	1,245	3,079	8.4	70.3%
Los Angeles County/Harbor-UCLA Medical Center	11.1		29	1,083	3,432	9.4	32.4%
California Hospital Medical Center	13.2		37	3,651	8,948	24.5	66.3%
Gardens Regional Hospital & Medical Center	13.2		-	N/A	N/A	-	-
East Los Angeles Doctor's Hospital*	13.5		13	522	1,486	4.1	31.3%
Good Samaritan Hospital - Los Angeles	13.9		69	2,711	7,574	20.8	30.1%
Adventist Health White Memorial*	14.1		24	3,445	7,132	19.5	81.4%
LAC+USC Medical Center	14.5		11	962	3,468	9.5	86.4%
La Palma Intercommunity Hospital*	15.3		11	111	257	0.7	6.4%
Children's Hospital Los Angeles	18.6		-	-	-	-	-
Cedars - Sinai Medical Center	21.4		82	9,456	18,389	50.4	61.4%
TOTAL			664	45,865	107,408	294.3	44.3%

Source: OSHPD Disclosure Reports

* 2018 Data

- In FY 2019, the Hospital provided 20% of licensed obstetrics beds within its service area and reported approximately 30% of the service area's 14,821 discharges;
- The two closest "non-Kaiser" hospitals offering licensed obstetrics beds, Martin Luther King, Jr. Community Hospital and PIH Health Hospital – Downey, operated at an occupancy rate of 33% and 34%, respectively; and
- Martin Luther King, Jr. Community Hospital provides 17 licensed obstetric beds resulting in 2,042 patient days and an average daily census of 6 patients.

Neonatal Intensive Care Capacity Analysis

As shown below, the occupancy rate for neonatal intensive care services within the service area hospitals is approximately 49% based on 119 licensed beds.

SERVICE AREA HOSPITAL DATA : NEONATAL INTENSIVE CARE, FY 2019							
Hospital	Miles from	Within Service	Licensed	Discharges	Patient Days	Average Daily Census	Percent Occupied
	Hospital	Area	Beds				
St. Francis Medical Center	-	X	29	433	5,319	14.6	50.3%
Martin Luther King Jr. Community Hospital*	2.9	X	-	-	-	-	-
Kaiser Foundation Hospital - Downey	4.8	X	49	528	11,189	30.7	62.6%
PIH Health Hospital - Downey	5.0	X	7	86	536	1.5	21.0%
Community Hospital of Huntington Park*	5.4	X	-	-	-	-	-
Coast Plaza Hospital*	6.6	X	-	-	-	-	-
College Hospital*	8.0	X	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	-	-	-	-	-
PIH Health Hospital - Whittier*	10.9	X	34	383	4,376	12.0	35.3%
Whittier Hospital Medical Center	12.8	X	-	-	-	-	-
SUB-TOTAL			119	1,430	21,420	58.7	49.3%
Memorial Hospital of Gardena*	7.9	-	-	-	-	-	-
Los Angeles Community Hospital	9.0	-	-	-	-	-	-
Centinela Hospital Medical Center	9.0	-	9	71	1,514	4.1	46.1%
Miller Children's & Women's Hospital	9.1	-	95	1,264	20,130	55.2	58.1%
MemorialCare Long Beach Medical Center	9.2	-	-	-	-	-	-
Beverly Hospital*	9.7	-	10	40	196	0.5	5.4%
Monterey Park Hospital	9.9	-	-	-	-	-	-
Los Angeles County/Harbor-UCLA Medical Center	11.1	-	27	58	2,405	6.6	24.4%
California Hospital Medical Center	13.2	-	26	486	5,827	16.0	61.4%
Gardens Regional Hospital & Medical Center	13.2	-	-	N/A	N/A	-	-
East Los Angeles Doctor's Hospital*	13.5	-	-	-	-	-	-
Good Samaritan Hospital - Los Angeles	13.9	-	23	394	5,729	15.7	68.2%
Adventist Health White Memorial*	14.1	-	28	479	6,617	18.1	64.7%
LAC+USC Medical Center	14.5	-	40	351	5,977	16.4	40.9%
La Palma Intercommunity Hospital*	15.3	-	-	-	-	-	-
Children's Hospital Los Angeles	18.6	-	73	708	27,585	75.6	103.5%
Cedars - Sinai Medical Center	21.4	-	45	662	10,662	29.2	64.9%
TOTAL			495	5,943	108,062	296.1	59.8%

Source: OSHPD Disclosure Reports

* 2018 Data

- The Hospital has 29 licensed neonatal intensive care beds, making up approximately 41% of the service area's "non-Kaiser" neonatal intensive care beds and recorded an occupancy rate of approximately 50%;
- The Hospital reported 433 inpatient hospital discharges and 5,319 patient days in FY 2019, resulting in an average daily census of approximately 15 patients; and
- The Hospital operates a Level II 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 2019, there were 65 pediatric beds located within the service area with an aggregate occupancy rate of approximately 13%. The Hospital reported 14 licensed pediatric beds with an occupancy rate of 16%.

SERVICE AREA HOSPITAL DATA: PEDIATRIC ACUTE, FY 2019							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Francis Medical Center	-	X	14	273	794	2.2	15.5%
Martin Luther King Jr. Community Hospital*	2.9	X	-	-	-	-	-
Kaiser Foundation Hospital - Downey	4.8	X	17	549	2,091	5.7	33.6%
PIH Health Hospital - Downey	5.0	X	-	-	-	-	-
Community Hospital of Huntington Park*	5.4	X	-	-	-	-	-
Coast Plaza Hospital*	6.6	X	-	-	-	-	-
College Hospital*	8.0	X	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	-	-	-	-	-
PIH Health Hospital - Whittier*	10.9	X	34	-	-	-	-
Whittier Hospital Medical Center	12.8	X	-	-	-	-	-
SUB-TOTAL			65	822	2,885	7.9	12.1%
Memorial Hospital of Gardena*	7.9	-	-	-	-	-	-
Los Angeles Community Hospital	9.0	-	-	-	-	-	-
Centinel Hospital Medical Center	9.0	-	-	-	-	-	-
Miller Children's & Women's Hospital	9.1	-	173	7,288	25,377	69.3	40.1%
MemorialCare Long Beach Medical Center	9.2	-	-	-	-	-	-
Beverly Hospital*	9.7	-	15	486	1,171	3.2	21.3%
Monterey Park Hospital	9.9	-	-	-	-	-	-
Los Angeles County/Harbor-UCLA Medical Center	11.1	-	25	1,559	3,486	9.6	38.1%
California Hospital Medical Center	13.2	-	12	735	1,188	3.3	27.0%
Gardens Regional Hospital & Medical Center	13.2	-	-	N/A	N/A	-	-
East Los Angeles Doctor's Hospital*	13.5	-	-	-	-	-	-
Good Samaritan Hospital - Los Angeles	13.9	-	-	-	-	-	-
Adventist Health White Memorial*	14.1	-	28	28	1,095	3.0	10.7%
LAC+USC Medical Center	14.5	-	25	1,057	3,024	8.3	33.0%
La Palma Intercommunity Hospital*	15.3	-	-	-	-	-	-
Children's Hospital Los Angeles	18.6	-	324	14,248	72,239	197.9	60.9%
Cedars - Sinai Medical Center	21.4	-	31	1,193	3,085	8.5	27.2%
TOTAL			698	27,416	113,550	311.1	44.4%

Source: OSHPD Disclosure Reports

* 2018 Data

- The Hospital is the only “non-Kaiser” provider of pediatric beds in the service area. In 2015, PIH Health Hospital – Whittier suspended pediatric services on its 34-bed unit in 2017; and
- There are two children’s hospitals within 19 miles of the Hospital. Miller Children’s & Women’s Hospital, located approximately 11 miles from the Hospital, is licensed for 173 pediatric beds and has an occupancy rate of approximately 40%. Additionally, Children’s Hospital of Los Angeles, located 19 miles from the Hospital, is licensed for 324 pediatric beds and has an occupancy rate of 61%.

Skilled Nursing/Subacute Capacity Analysis

The Hospital is licensed to operate 30 distinct part²⁹ skilled nursing beds. The Hospital is one of two general acute care hospitals in the service area that are licensed to operate inpatient skilled nursing beds. The Hospital reported an occupancy rate of nearly 61% and an average daily census of 18 patients.

SERVICE AREA HOSPITAL DATA : SKILLED NURSING, FY 2019							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Francis Medical Center	-	X	30	308	6,686	18	60.9%
Martin Luther King Jr. Community Hospital*	2.9	X					
Kaiser Foundation Hospital - Downey*	4.8	X	-	-	-	-	-
PIH Health Hospital - Downey	5.0	X	-	-	-	-	-
Community Hospital of Huntington Park*	5.4	X	-	-	-	-	-
Coast Plaza Hospital*	6.6	X	-	-	-	-	-
College Hospital*	8.0	X	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	-	-	-	-	-
PIH Health Hospital - Whittier*	10.9	X	35	610	6,627	18	51.7%
Whittier Hospital Medical Center	12.8	X	22	11	7,365	20	91.5%
Distinct Part Sub-Total		X	87	929	20,678	57	64.9%
Stand-Alone Skilled Nursing Beds Sub-Total		X	5,107	16,544	1,713,090	4,693	91.9%
Total			5,194	17,473	1,733,768	4,750	91.5%

Source: OSHPD Disclosure Reports

* 2018 Data

- The closest general acute care hospital with skilled nursing beds to the Hospital was PIH Health Hospital - Whittier that operated at an occupancy rate of 52% and an average daily census of 18 patients on 35 beds.

²⁹ Distinct part skilled nursing facilities exist as a part of an acute-care hospital or hospital system. Distinct part skilled nursing facilities, compared to freestanding community-based skilled nursing facilities, care for more medically complex patients, and are often the only option for patients with complex medical needs and behavioral challenges living in rural areas.

Psychiatric Capacity Analysis

There are 186 acute psychiatric beds within the Hospital's service area with an overall occupancy rate of approximately 100%. The Hospital has 40 licensed psychiatric acute beds that were 89% occupied on average in FY 2019 (average daily census of 36 patients).

SERVICE AREA HOSPITAL DATA : PSYCHIATRIC ACUTE, FY 2019							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Francis Medical Center	-	X	40	2,204	12,964	35.5	88.6%
Martin Luther King Jr. Community Hospital*	2.9	X	-	-	-	-	-
Kaiser Foundation Hospital - Downey	4.8	X	-	-	-	-	-
PIH Health Hospital - Downey	5.0	X	-	-	-	-	-
Community Hospital of Huntington Park*	5.4	X	-	-	-	-	-
Coast Plaza Hospital*	6.6	X	-	-	-	-	-
College Hospital*	8.0	X	146	4,279	55,209	151.3	103.3%
Lakewood Regional Medical Center	9.1	X	-	-	-	-	-
PIH Health Hospital - Whittier*	10.9	X	-	-	-	-	-
Whittier Hospital Medical Center	12.8	X	-	-	-	-	-
SUB-TOTAL			186	6,483	68,173	187	100.4%
Memorial Hospital of Gardena*	7.9	-	-	-	-	-	-
Los Angeles Community Hospital	9.0	-	32	1,807	10,193	27.9	87.0%
Centinel Hospital Medical Center	9.0	-	-	-	-	-	-
Miller Children's & Women's Hospital	9.1	-	-	-	-	-	-
MemorialCare Long Beach Medical Center	9.2	-	-	-	-	-	-
Beverly Hospital*	9.7	-	-	-	-	-	-
Monterey Park Hospital	9.9	-	-	-	-	-	-
Los Angeles County/Harbor-UCLA Medical Center	11.1	-	38	506	12,853	35.2	92.4%
California Hospital Medical Center	13.2	-	-	-	-	-	-
Gardens Regional Hospital & Medical Center	13.2	-	-	-	-	-	-
East Los Angeles Doctor's Hospital*	13.5	-	-	-	-	-	-
Good Samaritan Hospital - Los Angeles	13.9	-	-	-	-	-	-
Adventist Health White Memorial*	14.1	-	33	2,185	9,555	26.2	79.1%
LAC+USC Medical Center	14.5	-	59	651	17,312	47.4	80.2%
La Palma Intercommunity Hospital*	15.3	-	16	166	3,226	8.8	55.1%
Children's Hospital Los Angeles	15.3	-	-	-	-	-	-
Cedars - Sinai Medical Center	18.6	-	-	-	-	-	-
TOTAL			364	11,798	121,312	332	91.1%

Source: OSHPD Disclosure Reports

* 2018 Data

There is a shortage of area beds licensed for psychiatric services, making the Hospital's inpatient psychiatric unit essential and of critical importance for the provision of behavioral health services to residents within the Hospital's service area and the rest of Los Angeles County. College Hospital, the only other provider of acute psychiatric services in the service area, operated over capacity with an occupancy rate of 105% in FY 2018 and 103% in FY 2019. Any reduction in the level of psychiatric services provided at the Hospital's inpatient psychiatric unit and emergency department, or any reduction to the number of licensed psychiatric beds at the Hospital, would negatively impact the availability and accessibility of these types of services for service area and Los Angeles County residents.

- The average daily census for all hospitals in the service area was 187 based on 68,173 patient days; and

- The Hospital provided 22% of the service area’s acute psychiatric beds in FY 2019 and discharged 34% of the service area’s patients.

Emergency Services Analysis

In CY 2017, the Hospital reported 46 emergency treatment stations and nearly 82,000 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 2017												
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/Threat	Percentage Admitted	Hours of Diversion
St. Francis Medical Center	-	X	Basic	46	81,643	3,293	7,373	25,462	28,151	17,364	18.1%	1,122
Martin Luther King Jr. Community Hospital	2.9	X	Basic	29	63,329	414	342	21,914	19,389	21,270	10.7%	1,051
Kaiser - Downey	4.8	X	Basic	63	105,865	3,878	4,694	73,416	19,405	4,472	7.7%	2,094
PIH - Downey	5.0	X	Basic	22	58,342	1,447	6,009	19,350	22,295	9,241	9.9%	879
Community Hospital of Huntington Park	5.4	X	Basic	14	38,237	661	8,667	11,002	12,588	5,319	7.1%	262
Coast Plaza Hospital	6.6	X	Basic	16	14,508	170	4,076	3,410	4,153	2,699	14.9%	1
College Hospital	8	X	-	-	-	-	-	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	Basic	14	47,407	1,134	2,875	13,607	15,723	14,068	14.1%	1,382
PIH - Whittier	10.9	X	Basic	56	77,672	1,338	9,607	24,048	29,213	13,466	11.2%	302
Whittier Hospital Medical Center	12.8	X	Basic	11	33,611	800	5,206	13,268	8,295	6,042	16.6%	145
SUBTOTAL				271	520,614	13,135	48,849	205,477	159,212	93,941	11.8%	7,238
Memorial Hospital of Gardena	7.9		Basic	10	33,366	574	11,219	8,243	9,834	3,496	8.8%	737
Los Angeles Community Hospital	9		Standby	3	8,355	583	2,762	1,893	724	2,393	24.3%	0
Centinel Hospital Medical Center	9.0		Basic	44	53,043	1,325	1,685	10,328	12,350	27,355	19.8%	14
Earl and Lorraine Miller Childrens Hospital	9.1		-	-	-	-	-	-	-	-	-	-
Long Beach Memorial Medical Center	9.2		Basic	64	106,365	5,978	26,814	40,410	21,186	11,977	13.9%	2,143
Beverly Hospital	9.7		Basic	17	35,687	3,287	783	8,605	14,881	8,131	19.7%	499
Monterey Park Hospital	9.9		Basic	6	25,829	108	5,547	8,828	7,809	3,537	10.6%	136
LAC/Harbor-UCLA Medical Center	11.1		Basic	75	84,430	2,629	22,509	41,774	16,615	903	13.3%	1,195
California Hospital Medical Center	13.2		Basic	35	91,590	7,230	11,194	30,523	20,812	21,831	12.5%	876
Tri City Regional Medical Center	13.2		Basic	-	-	-	-	-	-	-	-	-
East Los Angeles Doctors Hospital	13.5		Basic	8	11,618	79	2,001	3,497	4,113	1,928	14.2%	1
Good Samaritan Hospital-Los Angeles	13.9		Basic	12	35,271	312	2,251	8,245	11,679	12,784	14.5%	1,475
White Memorial Medical Center	14.1		Basic	28	63,210	885	10,647	19,007	18,760	13,911	15.7%	28
LAC+USC Medical Center	14.5		Comprehensive	106	150,991	6,660	32,854	82,485	26,897	2,095	13.9%	-
La Palma Intercommunity Hospital	15.3		Basic	10	18,150	813	287	3,058	5,709	8,283	16.2%	80
Pacific Alliance Medical Center, Inc	15.3		-	-	-	-	-	-	-	-	-	-
Children's Hospital Los Angeles	18.6		Basic	39	90,666	25,281	27,859	25,563	11,586	377	8.4%	30
Cedars Sinai Medical Center	21.4		Basic	51	86,639	3,280	6,929	22,522	22,462	31,446	26.8%	2,531
TOTAL				779	1,415,824	72,159	214,190	520,458	364,629	244,388	13.8%	16,983

Source: OSHPD Allirts Annual Utilization Reports, 2017

- The Hospital admitted 18% of the patients seen at the emergency room. This is higher than the service area average of 12% of emergency department visits that resulted in an admission;
- Service area hospitals experienced a high number of hours on diversion (collectively, over 7,200 hours of diversion in CY 2017). When a hospital goes on diversion, incoming ambulances are diverted to other hospital emergency department departments as a response to high emergency department congestion; and
- The Hospital provides a greater proportion of emergency department visits classified as “severe with/without threat” when compared to all hospitals in the service area (56% versus 49%).

Emergency Services Capacity

Industry sources, including the American College of Emergency Physicians, have used a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an emergency department. Based upon this benchmark, in CY 2017, the Hospital’s emergency department was operating at 89% of its 46–bed capacity.

EMERGENCY DEPARTMENT CAPACITY 2017							
Hospital	Miles from Hospital	Within	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
		Service Area					
St. Francis Medical Center	-	X	Basic	46	81,643	92,000	10,357
Martin Luther King Jr. Community Hospital	2.9	X	Basic	29	63,329	58,000	(5,329)
Kaiser - Downey	4.8	X	Basic	63	105,865	126,000	20,135
PIH - Downey	5.0	X	Basic	22	58,342	44,000	(14,342)
Community Hospital of Huntington Park	5.4	X	Basic	14	38,237	28,000	(10,237)
Coast Plaza Hospital	6.6	X	Basic	16	14,508	32,000	17,492
College Hospital	8	X	-	-	-	-	-
Lakewood Regional Medical Center	9.1	X	Basic	14	47,407	28,000	(19,407)
PIH - Whittier	10.9	X	Basic	56	77,672	112,000	34,328
Whittier Hospital Medical Center	12.8	X	Basic	11	33,611	22,000	(11,611)
SUBTOTAL				271	520,614	542,000	21,386
Memorial Hospital of Gardena	7.9		Basic	10	33,366	20,000	(13,366)
Los Angeles Community Hospital	9		Standby	3	8,355	6,000	(2,355)
Centinela Hospital Medical Center	9.0		Basic	44	53,043	88,000	34,957
Earl and Lorraine Miller Childrens Hospital	9.1		-	-	-	-	-
Long Beach Memorial Medical Center	9.2		Basic	64	106,365	128,000	21,635
Beverly Hospital	9.7		Basic	17	35,687	34,000	(1,687)
Monterey Park Hospital	9.9		Basic	6	25,829	12,000	(13,829)
LAC/Harbor-UCLA Medical Center	11.1		Basic	75	84,430	150,000	65,570
California Hospital Medical Center	13.2		Basic	35	91,590	70,000	(21,590)
Tri City Regional Medical Center	13.2		Basic	-	-	-	-
East Los Angeles Doctors Hospital	13.5		Basic	8	11,618	16,000	4,382
Good Samaritan Hospital-Los Angeles	13.9		Basic	12	35,271	24,000	(11,271)
White Memorial Medical Center	14.1		Basic	28	63,210	56,000	(7,210)
LAC+USC Medical Center	14.5		Comprehensive	106	150,991	212,000	61,009
La Palma Intercommunity Hospital	15.3		Basic	10	18,150	20,000	1,850
Pacific Alliance Medical Center, Inc.	15.3		-	-	-	-	-
Children’s Hospital Los Angeles	18.6		Basic	39	90,666	78,000	(12,666)
Cedars Sinai Medical Center	21.4		Basic	51	86,639	102,000	15,361
TOTAL				779	1,415,824	1,558,000	142,176

Source: OSHPD A1irts Annual Utilization Reports, 2017

- Emergency departments in the Hospital’s service area operated at over 96% capacity; and
- Martin Luther King, Jr. Community Hospital, the closest hospital to St. Francis Medical Center, operated at nearly 110% of capacity. Half of the hospitals in the service area operated over capacity including PIH – Downey (132% of capacity), Community Hospital of Huntington Park (137% of capacity), Lakewood Regional Medical Center (169% of capacity), and Whittier Hospital Medical Center (153% of capacity).

Summary of Interviews

In April and May of 2020, telephone and video interviews were conducted with representatives of the Hospital, Verity Health, Prime, as well as physicians, representatives of Los Angeles County, the Hospital's employees and union representatives, and other community members. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding potential impacts on healthcare availability and accessibility as a result of the proposed transaction. The list of individuals interviewed is located in the Appendix of this report. The major findings of the interviews are summarized below.

Reasons for the Proposed Transaction

Members of Verity Health and the Hospital's management team, medical staff, and Board cited a number of reasons for why the transaction is necessary, including the following:

- Verity Health does not have the financial resources required to repay outstanding debt. Additionally, Verity Health is unable to provide financial support for the underfunded pension plans, seismic related requirements, plant and equipment maintenance, and operational deficits. As such, Verity Health filed for relief under Chapter 11 of Title 11 of the United States Code. As a result of a facilitated process to find a buyer, through a sale of the assets approved by the United States Bankruptcy Court for the Central District of California, SGM was initially selected as the successful bidder. However, after the sale was approved by the California Attorney General and the bankruptcy court, SGM failed to complete the sale. Subsequently, Verity initiated another process to find interested and qualified buyers and Prime's bid was selected for the Hospital. Almost all interviewees believe that the transaction with Prime is necessary to continue to operate the Hospital and preserve its services;
- Without the transaction, Verity Health would not be able to meet its financial obligations and continue the operation of the Hospital. It would be likely that Verity Health would still need to sell the Hospital and the affected communities' access to services could be severely impacted making it operationally challenging for other area hospitals to meet the demand for inpatient services;
- Given the Hospital's important role in providing healthcare for the poor and indigent, without the transaction the community could be at risk of losing key services that are essential for the uninsured and under-insured patient populations;
- Almost all of those interviewed believe that the sale to Prime is necessary to keep the Hospital from eliminating essential services or selling to another buyer that would not provide the same levels of commitment; and

- Many interviewed believe that the Hospital provided significant financial support to Verity Health and could be sustainable on its own if it were independent of other Verity Health hospitals.

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 and known for providing essential services to the uninsured and under-served populations. The Hospital holds the largest market share of inpatient discharges in its service area. Some of the programs and services that were mentioned in the interviews as especially important include the following:

- Emergency services and designation as a Level II Trauma Center and Emergency Department Approved for Pediatrics (EDAP);
- Behavioral health and psychiatric services;
- Obstetrics and the Level II NICU;
- Cardiac services, including designation as a STEMI Receiving Center;
- Stroke services, including certification as a Primary Stroke Center;
- Health Benefits Resource Center;
- Cancer services including radiation oncology;
- Women and children’s services, including the Welcome Baby Program and women’s diagnostic services;
- Orthopedic services;
- Pediatric services including the Children’s Counseling Center;
- Wound care services; and
- Various community benefits services,

Representatives Los Angeles County and other community representatives all believed that it was essential for the Hospital to retain all or most of the services that it currently offers, especially obstetrics, emergency services, behavioral health, cardiology, stroke services, and designation as a Level II Trauma Center.

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

Selection of Prime for the Proposed Transaction

While other organizations submitted alternative proposals to Verity Health for consideration, representatives of Verity Health explained that a number of factors were involved in finalizing the selection of Prime including the following:

- Prime provided the largest bid, considering all components, and a commitment to continue the operation of the hospitals and accept the majority of conditions required by the Office of the California Attorney General from the prior transaction between Verity Health, the Hospital, and SGM that was approved on September 25, 2019;
- Access to Prime’s advanced electronic health record system (Epic);
- Enhanced financial support and access to capital;
- Plans to expand some services;
- Experience with safety net hospitals and distressed hospital turnarounds;
- Awards for patient care and safety at many hospitals operated by Prime; and
- Experience operating community hospitals efficiently and profitably.

Almost all of those interviewed from Verity Health, the Hospital’s management and medical staff, and the community were supportive of the proposed transaction and the selection of Prime and expressed a strong desire for the transaction to be finalized. Additionally, most people also conveyed an overall understanding and knowledge of the pressing financial issues of the Hospital and the necessity for the Hospital to become financially and operationally sustainable;

Some interviewed were very concerned that if the Office of the California Attorney General required conditions for approval of the transaction that were overly burdensome to Prime, then they would withdraw from the transaction and, without a viable alternative immediately available, the Hospital would have to downsize and eliminate services. Some of those interviewed believed that the conditions required by the California Attorney General limit the ability to change the way in which the Hospital operates and therefore inhibit the ability to successfully improve the Hospital’s financial performance. Some believed that it would be necessary for Prime to change or eliminate services in order to make the Hospital financially viable.

While the majority of those interviewed expressed support for the transaction with Prime, some individuals also expressed concerns regarding the potential negative effects that the proposed transaction could have on the Hospital if the transaction were approved. Some of the concerns with the selection of Prime included the following:

- The motivations of Prime to make a profit are different than nonprofit operators and may be in conflict with the interests of the community to operate the Hospital and continue all of its services;
- The lack of history and experience of Prime in operating a general acute care facility with a Level II Trauma Center;
- Prime may reduce or eliminate unprofitable services, and in doing so, negatively impact the accessibility and availability of healthcare services for the communities served by the Hospital;
- Prime may reduce staffing and other types of infrastructure, which in turn, could have a negative impact on the quality and delivery of patient care;
- Prime will not accept the underfunded pension liability;
- Prime may not provide all current services including oncology;
- Prime may not negotiate market rate union collective bargaining agreements; and
- Prime may not fairly negotiate or may cancel certain health insurance contracts, making access to hospital services for some patients difficult.

Most of the Hospital employees interviewed, some of whom were also members of unions, understood the reasons for the transaction and felt it was most important to secure a buyer and establish operational stability. Some interviewed believed that if the sale to Prime were not approved, a more suitable buyer/operator could be found that would complete a purchase of the hospital. A small number of those interviewed preferred that the California Attorney General not approve the transaction and Verity Health should select a different buyer. Some expressed cautious optimism towards Prime as a buyer as long as employees are treated well, union contracts are fairly negotiated and honored, and the surrounding communities continue to be served by the Hospital.

Impact on the Availability and Accessibility of Healthcare Services

Almost all interviewed believed that the proposed transaction would lead to some level of change in regard to access and/or the availability of certain services. While many believed that the transaction was necessary, they also believed there could be further reductions and elimination

of some unprofitable services, resulting in a negative impact on the availability or accessibility of some healthcare services to lower-income and underserved populations historically served by the Hospital. However, many also believed that Prime could develop new service lines based on community needs and/or grow profitable services as part of its turnaround strategy.

Alternatives

Almost all of those interviewed believed that the transaction with Prime was necessary in order to avoid insolvency and the closure of services. However, many also expressed that if this transaction was not finalized, the Hospital would likely be acquired by another organization due to its history of positive financial performance.

While many interviewed were not familiar with Prime, most were cautiously optimistic that Prime's ownership would ensure the future financial sustainability and operation of the Hospital. Many individuals mentioned their belief that Prime's operational experience and ownership of other distressed hospitals in Southern California could be valuable for preserving the Hospital's services for the future.

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 safety-net 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. Other key services offered at the Hospital include cardiac care, cancer services, imaging services, women's health services, the Level II neonatal intensive care unit, designation as a STEMI Center, certification as a Primary Stroke Receiving Center, rehabilitation services, surgical services, wound care services, as well as other programs and services. In addition to the provision of key medical services, the Hospital has also provided a significant level of charity care and community benefit services for low-income, uninsured, and under-insured populations residing in the surrounding communities.

Continuation as a General Acute Care Hospital

Prime has agreed to complete the transaction so long as any conditions imposed by the California Attorney General are substantially consistent with the conditions set forth in Exhibit 5.8(c) of the Asset Purchase Agreement. Acceptance of these conditions includes operation of the Hospital for at least ten years as a general acute care hospital. In Exhibit 5.8(c), Prime indicated that it was unwilling to support cancer services, the Children's Counseling Center and the Wound Care Center, in the interviews with JD Healthcare, and in subsequent correspondence Prime stated that they would accept conditions to provide those services.

Emergency Services

The Hospital is an important provider of emergency services to the residents of its surrounding communities. In FY 2017, the Hospital's 46 emergency treatment stations reported 81,643 emergency service visits, operating at 89% of capacity. Additionally, the Level II Trauma Center is one of the busiest trauma centers in Los Angeles County with over 2,000 trauma cases per year.

Almost all Emergency Departments within the service area are operating over or close to 100% capacity. Area emergency departments are overburdened and functioning beyond desirable capacity, including Martin Luther King, Jr. Community Hospital (109%), PIH-Downey (132%), Community Hospital of Huntington Park (137%), Lakewood Regional Medical Center (169%), and Whittier Hospital Medical Center (153%). Collectively, service area emergency departments are operating at over 96% of 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/without Threat") when compared to service area hospitals overall (49% of all emergency department visits are classified "Severe with/without Threat"). A higher

percentage of patients are admitted through the Hospital's emergency department (18%) when compared to the service area hospitals overall (12%).

As a result of the uncertainties of the future of the ACA and healthcare reform, aging demographics, and with the entire service area designated as having a shortage of primary care physicians, utilization of the emergency department may be expected to increase.

Keeping the Hospital's Emergency Department open, and maintaining its Level II Trauma Center, is critical to providing emergency services within the Hospital's service area. Additionally, Prime has expressed interest in evaluating an upgrade to a Level I Trauma Center.

Medical/Surgical Services

The Hospital reported an occupancy rate of 80%, on its 185 licensed medical/surgical beds in FY 2019. The next closest hospital, Martin Luther King, Jr. Community Hospital, is three miles away and is operating at 98.7% capacity. Within the service area, the Hospital is the second largest provider of medical/surgical services. Keeping the Hospital's medical/surgical beds available is important to meeting the needs in the Hospital's service area.

Intensive Care Services

The Hospital's intensive care beds had an occupancy rate of about 84% in FY 2019. Intensive care services are important for supporting the emergency department, trauma center, and other surgical and medical services at the Hospital. Area hospitals are running at a combined occupancy rate of nearly 62% on 288 total intensive care beds. In FY 2019, Community Hospital of Huntington Park had an occupancy rate of approximately 125% on its 4-bed intensive care unit. Maintaining intensive care services at the Hospital is important to ensure the accessibility and availability of ICU/CCU 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 52% on its 50³⁰ beds used for obstetrics services based on an average daily census of approximately 26 patients. With 4,054 reported deliveries in FY 2019, the Hospital is an important provider of obstetrics services, holding the largest market share in CY 2018, with approximately 14% of inpatient obstetrics discharges within its service area. The Hospital is a very important provider of obstetrics services to low-income patients, as a high percentage of obstetrics patients are Medi-Cal beneficiaries.

³⁰ A request for a change in licensure from 71 to 52 perinatal beds was submitted to the California Department of Public Health on December 28, 2018.

Neonatal Intensive Care Services

In FY 2019, the Hospital operated 29 neonatal intensive care beds, had 433 discharges, and an average daily census of 15 patients. The Hospital maintains a Level II NICU with an occupancy rate of nearly 50%. Excluding Kaiser, the Hospital operates the only Level II NICU in the service area (PIH – Whittier’s NICU is designated as Level III). Because the Hospital has nearly 4,100 deliveries with a high percentage of births considered high-risk, it is important to continue operating the NICU.

Pediatric Care Services

In FY 2019, the Hospital reported 14 pediatric beds with 273 discharges and an average daily census of only 2 patients resulting in an occupancy rate of 16%. The Hospital is the only non-Kaiser hospital in the service area operating inpatient pediatric beds. In the last several years, PIH-Whittier and Community Hospital of Huntington Park both closed their inpatient pediatric units because of low volumes and the availability of high quality inpatient pediatric care at area children’s hospitals. There are two children’s hospitals within 19 miles of the Hospital, including Earl and Lorraine Miller Children’s Hospital and Children’s Hospital of Los Angeles. Although the Hospital’s average daily census of two pediatric patients per day is low and does not require all 14 licensed pediatric beds, in FY 2018, nearly 18,000 emergency department visits (or 23%) were pediatric patients, making the Hospital’s ability to provide pediatric services important to the residents of the service area.

Skilled Nursing/Sub-acute Care Services

In FY 2019, the Hospital reported 30 distinct part licensed skilled nursing beds. Although the hospital is one of two general acute care hospitals in the service area that are licensed to operate inpatient skilled nursing beds, a reduction or elimination in the number of skilled nursing beds would have little impact on the availability and accessibility of skilled nursing services in the service area. This is because there are numerous other stand-alone skilled nursing facilities in the Hospital’s service area that also provide skilled nursing services to area residents. Any reduction or elimination in the number of skilled nursing beds operated by the Hospital would therefore have little impact on the availability and accessibility of skilled nursing services in the service area and could adequately be accommodated elsewhere. Additionally, Prime has indicated they would consider repurposing these beds for rehabilitation services which could be beneficial to the Hospital’s trauma center.

Psychiatric Services

In FY 2019, the Hospital operated 40 distinct part inpatient psychiatric beds with a high occupancy rate of 89%. There is a shortage of beds in the area designated for psychiatric and behavioral health services, making the Hospital an essential provider of these types of services for the community. The Hospital is only one of two area hospitals offering inpatient behavioral health psychiatric services. College Hospital is the other provider of these services in the Hospital's service area with 146 licensed acute psychiatric beds and a high occupancy rate over 103%.

Due to the severe 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.

Oncology/Cancer Services

The Hospital serves about 360 inpatient oncology patients and provides about 3,500 outpatient visits annually and, as such, is an important provider of oncology services to community residents. While between FY 2017 and FY 2019, the Hospital's radiation oncology patient volume decreased by approximately 9% from 15,216 visits to 13,970 visits, excluding Kaiser, the Hospital has the second largest market share for cancer services in the service area. It is especially important for the local community that the Hospital offer these services as there are few other options close by and transportation can be a hindrance when traveling to other centers. Prime did not agree to maintain or expand cancer care in Exhibit 5.8(c) to the Asset Purchase Agreement. However, in the interview with JD Healthcare, Inc. and in subsequent correspondence, Prime indicated that they would agree to continue the cancer services. Cancer is the leading cause of death in Los Angeles County and therefore providing oncology services at the Hospital is important to meeting the needs of community residents.

ST. FRANCIS MEDICAL CENTER CANCER SERVICES VOLUME			
	FY 2017	FY 2018	FY 2019
Radiation Oncology Patients	3,804	3,889	3,492
Radiation Oncology Patients Visits	15,216	15,556	13,970

Source: Verity Health

Reproductive Health Services

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

The Hospital provides reproductive services to a large underserved population that has low rates of prenatal care resulting in an increased number of high-risk births. This can increase instances of stillborn delivery, miscarriage, and fetal abnormalities. The table below shows instances where the Hospital recorded reproductive-related procedures in CY 2018.

ST. FRANCIS MEDICAL CENTER	
CY 2017 REPRODUCTIVE SERVICE BY DIAGNOSTIC RELATED GROUP	
	CY 2018
776-Postpartum & Post Abortion Diagnoses without O.R. Procedure	49
778-Threatened Abortion	39
767-Vaginal Delivery with Sterilization &/or D&C ¹	36
770-Abortion with D&C, Aspiration Curettage or Hysterotomy ¹	34
777-Ectopic Pregnancy	31
779-Abortion without D&C ¹	19
769-Postpartum & Post Abortion Diagnoses with O.R. Procedure	8
768-Vaginal Delivery with O.R. Proc Except Sterilization &/Or D&C ¹	6
Total Discharges	222

Source: OSHPD Inpatient Discharge Database, CY 2018

¹D&C is an abbreviation for Dilation and Curettage

Out of the eight diagnostic related groups, 776-Postpartum & Post Abortion Diagnoses without O.R. Procedure has the highest number of inpatient reproductive health discharges at the Hospital.

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

Approximately 89% of the Hospital's inpatients are reimbursed through Medicare (24.9%) and Medi-Cal (64.9%). 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.). Prime has committed to maintaining the Hospital's Medicare and Medi-Cal managed care contracts for ten years from the closing date of the Asset Purchase 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 2015 and FY 2019, the Hospital provided an average of \$10,186,173 in charity care costs per year over the five-year period. Medicaid expansion and the ACA³¹ increased access to healthcare insurance coverage and therefore decreased the amount of charity care provided to uninsured patients at the Hospital. The amount of charity care costs at the Hospital has decreased from \$13.5 million in FY 2015 to \$6.8 million in FY 2019. In its Application to the Office of the California Attorney General, Prime has agreed to provide an annual amount of charity care amount of equal to or greater than \$8.0 million, adjusted each year for inflation, for the next six fiscal years.

Effects on Community Benefit

The Hospital has historically provided a significant amount of community benefit services, averaging approximately \$2,132,804 per year over the last five years. Furthermore, in its Application to the Office of the California Attorney General, Prime committed to providing an annual amount of community benefit services equal to or greater than \$1,139,301, adjusted each year for inflation, and exclusive of any fund grants. The most recent five-year community benefit average increased due to a greater level of community benefit expenditures in FY 2019. Prime also committed to providing continued support for specified community benefit programs, including the Health Benefit Resource Center, Welcome Baby Program, Healthy Community Initiatives, St. Francis Career College's access to onsite training, Paramedic Training and Education, and Patient Transportation Support.

³¹ The Affordable Care Act (ACA) is comprehensive health care reform law enacted in March 2010. Its goals is 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.

Effects on Staffing & Employee Rights

Prime agrees to make offers of employment to substantially all persons who, immediately prior to the Effective Time, are employees of the Hospital. All employees who are hired shall cease to be employees of the Hospital and become employees of Prime.

Before Closing Date, Prime will participate with Sellers in union negotiations aimed at modifying the collective bargaining agreements to further the strategic business operations of Prime. It is likely that Prime will try to reduce the cost of labor at the Hospital which may over time, eliminate some positions and personnel.

Effects on Medical Staff

Under the Asset Purchase Agreement, Prime has committed to retaining all current members of the Hospital's medical staff in good standing as of the Effective Time. As a result, no immediate changes are expected. Prime is likely to renegotiate physician on-call and other physician coverage agreements which may affect the retention of some physicians due to decreased payments.

Alternatives

If the proposed Asset Purchase Agreement is not approved, it is expected that Verity Health would evaluate alternative proposals for a sales transaction.

Conclusions

Based on Prime's commitments outlined in the Asset Purchase Agreement and subsequent correspondence regarding the Hospital, the proposed transaction is likely to continue the availability and accessibility of most healthcare services in the communities served. It is anticipated that access for Medi-Cal, Medicare, uninsured and other classes of patients for most services will remain unchanged.

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 impact 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, 46 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. Psychiatric evaluation team;
 - e. Designation as an Emergency Department Approved for Pediatrics (EDAP);
 - f. Designation as a Paramedic Base Station; and
 - g. Certification as a Primary Stroke Center.
3. For at least ten years from the Closing Date, the Hospital shall maintain on-call coverage contracts and/or comparable coverage arrangements that are necessary to retain its qualification as a Level II trauma center. The following on-call coverage contracts and/or comparable coverage arrangements are required to retain the Hospital's status as a Level II trauma center include:
 - a. Neurology;
 - b. Obstetrics/gynecology;
 - c. Ophthalmology;
 - d. Oral or maxillofacial or head and neck;
 - e. Orthopedics;

- f. Plastic surgery;
 - g. Reimplantation/microsurgery capability (this surgical service may be provided through a written transfer agreement); and
 - h. Urology.
4. For at least ten years from the Closing Date, the Hospital shall maintain the following 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 36 intensive care unit beds;
 - c. Neonatal intensive care services, including a minimum of 29 neonatal intensive care beds, and at minimum, maintaining a Level II NICU;
 - d. Women’s health services, including women’s imaging services;
 - e. Cancer services, including radiation oncology;
 - f. Pediatric services, including a designated area with at least five general acute care beds for pediatric services;
 - g. Orthopedic and rehabilitation services;
 - h. Wound care services;
 - i. Behavioral health services, including a minimum of 40 distinct part inpatient acute psychiatric beds; and
 - j. Perinatal services, including a minimum of 50 perinatal beds.
5. 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. Family Life Center at St. Francis Medical Center, located at 3630 E Imperial Highway, Lynwood, California.
6. 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. Pediatric services at the Hospital and at Children’s Counseling Center, 4390 Tweedy Ave, South Gate, California; (maybe add another location)
 - b. Wound care services at Wound Care Center, 3628 E. Imperial Highway, Suite 103, Lynwood, California; and
 - c. Orthopedic services at 3628 E. Imperial Highway, Suite 300, Lynwood, California.

7. 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 and in compliance with California and Federal law and shall provide an annual amount of charity care equal to or greater than \$10,186,173 (the “Minimum Charity Care Amount”). Alternatively, because of the impact of Medi-Cal expansion and the ACA, the California Attorney General could consider adjusting the required commitment to charity care based on available data from time periods after implementation of the ACA. An example would be to require a commitment based on a three-year rolling average of the most recent available data. For FY 2020, the Hospital’s required Minimum Charity Care amount using the three-year rolling average from FY 2017 to FY 2019 would be \$8,851,210. 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) The Attorney General may consider imposing other charity care protections such as improving the charity care policy and disclosure requirements as he did in the Dignity Health (now Common Spirit Health) transaction issued on November 21, 2018;
8. For at least five years from the Closing Date, the Hospital shall continue to expend no less than \$2,132,804 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. Southern California Crossroads Program;
 - b. Patient and Family Centered Care (PFCC);
 - c. Health Benefit Resource Center;
 - d. Welcome Baby Program;
 - e. Healthy Community Initiatives;
 - f. St. Francis Career College’s access for onsite training;
 - g. Paramedic Training and Education; and
 - h. Patient Transportation support.

9. For at least ten years from the Closing Date, the Hospital shall maintain its participation in the Medicare program, 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, by maintaining a Medicare Provider Number;
10. For at least ten years from the Closing Date, the Hospital shall be certified to participate in the Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;
11. 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 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.
12. For at least ten 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. Designation Agreement between the County of Los Angeles Department of Mental Health (LAC-DMH) and the Hospital and approved as a 72-hour Evaluation and Intensive Treatment facility;
 - b. Affiliation Agreement for physicians in post graduate training, or an agreeable substitute;
 - c. Participation in the Hospital Preparedness Program between the Hospital and Los Angeles County;
 - d. Mental Health Service Entity Contract between Los Angeles County and the Hospital;
 - e. Mental Health Service - Children 's Counseling between Los Angeles County and the Hospital;
 - f. Memorandum of Understanding for Mental Health Hospital Portal between the Superior Court of California, County of Los Angeles and the Hospital;
 - g. Paramedic Base Hospital Services between the Hospital and Los Angeles County;
 - h. Master Agreement between Los Angeles County and the Hospital for Radiation Therapy Services;
 - i. Trauma Center Service Agreement between the Hospital and Los Angeles County; and
 - j. Paramedic Training Institute Students between the Hospital and State of California- El Camino College District.

13. The Hospital Center shall maintain written policies that prohibit discrimination against lesbian, gay, bisexual, or transgender individuals;
14. Prime 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); and
15. Prime shall expend at least \$35 million for capital improvements, excluding seismic retrofit costs, at the Hospital over the five-year period from the Closing Date.

Appendix

List of Interviewees

Last Name	First Name	Position	Affiliation
Adcock	Rich	Chief Executive Officer	Verity Health
Anderson, MD	Maxine	Trauma Surgeon & Chief of Staff	St. Francis Medical Center
Baackes	John	Chief Executive Officer	L.A. Care Health Plan
Bergeron	Ana	Registered Nurse & Vice President	United Nurses Association of California, Union of Health Care Professionals
Bhatia, MD	Kavitha	Foundation Chair and Prime CMO, Strategy	Prime Healthcare
Bhatia, MD	Sunny	Chief Medical Officer	Prime Healthcare
Bookatz, MD	Allen	Emergency Department	St. Francis Medical Center
Bouzaglou, MD	Armand	Radiation Oncologist	St Francis Medical Center
Bowens, MD	Karol	Obstetrics & Gynecology	St. Francis Medical Center
Cervantes	Rosemarie	Director of Labor & Delivery	St. Francis Medical Center
Chidester	Cathy	Director	Los Angeles County Emergency Medical Services Agency
Cruikshank	Deborah	Manager of Orthopedics & Multispecialty Clinics	St. Francis Medical Center
DeBeche	Jackie	Director of Emergency Department	St. Francis Medical Center
Drake	Derek	Chief Nursing Officer	St. Francis Medical Center
Druten	Chad	Board Chair	St. Francis Medical Center
Farah, MD	Amin	Cardiologist	St. Francis Medical Center
Calles	Edward	Senior Director of Network Development	L.A. Care Health Plan
Friedberg, MD	David	Orthopedic Surgeon	St. Francis Medical Center
Gunderson	Alice	Member of the Patient Family Advisory Committee	St. Francis Medical Center
Guzman	Noe	Union Steward & Representative	Service Employees International Union
Hyman	Ursula	Board Member	St. Francis Medical Center
Knighten	Mary Lynne	Member of the Patient Family Advisory Committee	St. Francis Medical Center
Moosa, MD	Andy	Newborn Intensive Care Unit	St. Francis Medical Center
Nguyen-Clark, MD	Hanh	Chief of Staff-Elect	St. Francis Medical Center
Nunez	Maria	Nurse Representative	United Nurses Associations of California
Pasion	Terri	Chief Financial Officer	St. Francis Medical Center
Pratap	Rowena	Director of Maternity Center & Post Partum	St. Francis Medical Center
Ramirez	Eleanor	Interim President & CEO	St. Francis Medical Center
Reddy, MD	Prem	Chairman, President and CEO	Prime Healthcare
Richards	Suzanne	Transaction Lead	Prime Healthcare
Richlin	Joel	Deputy General Counsel	Prime Healthcare
Shepherd, MD	Tchaka	Trauma Surgeon	St. Francis Medical Center
Tadeo	Richard	Assistant Director	Los Angeles County Emergency Medical Services Agency
Woo	Linda	Director of Marketing & Communications	St. Francis Medical Center
Ynzunza	Samuel	Board Member	St. Francis Medical Center

Purchaser Provisions' of the Asset Purchase Agreement

APA Provision	Summary Description
<p>Closing Date APA § 1.3</p>	<p>The "Closing Date" shall occur within three (3) business days following the satisfaction or waiver of the conditions precedent to Closing set forth in Articles 7 and 8 of the APA.</p>
<p>Consideration APA § 1.1</p>	<p>(a) Purchaser commits to pay a purchase price (the "Purchase Price"), as follows:</p> <p>(i) Cash base purchase price (the "Base Price") of Two Hundred Million Dollars (\$200,000,000); <u>provided</u>, that in the event at Closing the Annualized Normalized EBITDA (as defined in Schedule 1.1(a)(i)) is more than Fifty Million Dollars (\$50,000,000) less than the Prior Period Annualized Normalized EBITDA (as defined in Schedule 1.1(a)(i)), the Purchaser shall offset from the portion of the remaining QAF V⁴ net receipts collected after Closing (but not by more than an aggregate of Thirty Million Dollars (\$30,000,000)) one dollar for every dollar of difference between Prior Period Annualized Normalized EBITDA and Annualized Normalized EBITDA over Fifty Million Dollars (\$50,000,000) up to Eighty Million Dollars (\$80,000,000). In the event that the QAF V payments are insufficient to satisfy the amount of offset, then Purchaser shall have offset rights from the Seller's QAF VI Seller Net Payments;</p> <p>(ii) Cash payment of Sixty-One Million Dollars (\$61,000,000) (the "A/R Target Amount") as consideration for the Accounts Receivable transferred at Closing (subject to adjustment in Section 1.12, as set forth below);</p> <p>(iii) Cash payment for Sellers' payroll liabilities at Closing (the "Payroll Amount") (which as of October 31, 2019, had an aggregate value of approximately Five Million Dollars (\$5,000,000));</p> <p>(iv) Cash payment for accrued vacation and other paid time-off of Sellers' employees at Closing (the "PTO Amount") (which as of October 31, 2019, had an aggregate value of approximately Ten Million Dollars (\$10,000,000)); and</p> <p>(v) An amount equal to the Cure Costs associated with outstanding liabilities of Sellers under any Assigned Leases and/or Assigned Contracts.</p> <p>(b) Purchaser shall also pay certain prorated items of income and expense as set forth in Section 1.6.</p> <p>(c) Sellers shall retain, as an Excluded Asset, the QAF V Payments and the QAF VI Seller Net Payments as described in Section 1.8(b), which are currently estimated at Twenty-Nine Million Dollars (\$29,000,000) in connection with the QAF V Payments and Eighty-Three Million Dollars (\$83,000,000) in connection with the QAF VI Seller Net Payments.</p> <p>(d) Purchaser commits to invest Forty-Seven Million Dollars (\$47,000,000) in capital expenditures for St. Francis (including NPC-3 seismic compliance responsibilities).</p>
<p>Good Faith Deposit APA § 1.2</p>	<p>Purchaser has deposited an amount equal to \$27,725,342.48 (the "Deposit") by wire transfer to Chicago Title Insurance Company ("Escrow Agent"). All fees of the Escrow Agent shall be paid by Purchaser. The Deposit shall be non-refundable in all events, except in the event the Closing does not occur due to Purchaser's termination of the APA pursuant to Sections 9.1 (a), (c), (d), (f), (g), (h) or (i) of the APA. Upon Closing, the Deposit will be credited against the Purchase Price.</p>

⁴ For purposes of the APA, the "QAF Program" means the California Department of Healthcare Services ("**DHCS**") Hospital Quality Assurance Fee Programs V ("**QAF V**") and VI ("**QAF VI**").

APA Provision	Summary Description
<p style="text-align: center;">Accounts Receivable Reconciliation APA § 1.12</p>	<p>During the 135-day period immediately following the Closing Date, Purchaser shall (using good faith, commercially reasonable best efforts) collect the Accounts Receivable (collectively, the “<u>Final A/R Collected</u>”). Within thirty (30) days of the end of that period, Purchaser shall provide Sellers an accounting of the Final A/R Collected (the “<u>A/R Accounting Schedule</u>”), together with reasonably detailed support. In the interim, Purchaser shall provide Sellers with weekly written updates on its collection of the Accounts Receivable.</p> <p>Sellers and their advisors shall have sixty (60) days to review the proposed Final A/R Collected, the A/R Accounting Schedule, and the work papers used in the preparation thereof. They shall also be given reasonable access to Purchaser’s personnel, books, records and other materials to assist in this review.</p> <p>If Sellers disagree with the A/R Accounting Schedule and/or proposed Final A/R Collected, they shall notify Purchaser in writing of their disagreements (the “<u>Statement of Objections</u>”), which Purchaser and Sellers shall reasonably cooperate to resolve. If Purchaser and Seller are unable to resolve all such disagreements within thirty (30) days following notification, such disagreements shall be submitted to the Bankruptcy Court for resolution. The A/R Accounting Schedule and Final A/R Collected shall become final on the earlier of (i) failure by Sellers to deliver a Statement of Objections within the time period required by this section; (ii) mutual written agreement by Sellers and Purchaser; or (iii) a determination by the Bankruptcy Court.</p> <p>Once the A/R Accounting Schedule and Final A/R Collected become final, the following shall occur within ten (10) business days of Purchaser’s delivery of the accounting of the Final A/R Collected to Sellers:</p> <ul style="list-style-type: none"> (i) if the Final A/R Collected (excluding any governmental grants or awards directly or indirectly related to COVID-19) is more than the A/R Target Amount, then such excess amount shall be paid by Purchaser to Sellers; (ii) if the Final A/R Collected (including any governmental grants or awards directly or indirectly related to COVID-19) is less than the A/R Target Amount, then such deficit amount shall be paid by Sellers to Purchaser or offset by Purchaser against Seller’s QAF VI Seller Net Payments; or (iii) if the Final A/R Collected (including any governmental grants or awards directly or indirectly related to COVID-19) is equal to the A/R Target Amount, then no adjusting payments in respect of the Accounts Receivable shall be required.

APA Provision	Summary Description
<p style="text-align: center;">Consideration APA § 1.1</p>	<p>(a) Purchaser commits to pay a purchase price (the “<u>Purchase Price</u>”), as follows:</p> <p>(i) Cash base purchase price (the “<u>Base Price</u>”) of Two Hundred Million Dollars (\$200,000,000); <u>provided</u>, that in the event at Closing the Annualized Normalized EBITDA (as defined in Schedule 1.1(a)(i)) is more than Fifty Million Dollars (\$50,000,000) less than the Prior Period Annualized Normalized EBITDA (as defined in Schedule 1.1(a)(i)), the Purchaser shall offset from the portion of the remaining QAF V⁴ net receipts collected after Closing (but not by more than an aggregate of Thirty Million Dollars (\$30,000,000)) one dollar for every dollar of difference between Prior Period Annualized Normalized EBITDA and Annualized Normalized EBITDA over Fifty Million Dollars (\$50,000,000) up to Eighty Million Dollars (\$80,000,000). In the event that the QAF V payments are insufficient to satisfy the amount of offset, then Purchaser shall have offset rights from the Seller’s QAF VI Seller Net Payments;</p> <p>(ii) Cash payment of Sixty-One Million Dollars (\$61,000,000) (the “<u>A/R Target Amount</u>”) as consideration for the Accounts Receivable transferred at Closing (subject to adjustment in Section 1.12, as set forth below);</p> <p>(iii) Cash payment for Sellers’ payroll liabilities at Closing (the “<u>Payroll Amount</u>”) (which as of October 31, 2019, had an aggregate value of approximately Five Million Dollars (\$5,000,000));</p> <p>(iv) Cash payment for accrued vacation and other paid time-off of Sellers’ employees at Closing (the “<u>PTO Amount</u>”) (which as of October 31, 2019, had an aggregate value of approximately Ten Million Dollars (\$10,000,000)); and</p> <p>(v) An amount equal to the Cure Costs associated with outstanding liabilities of Sellers under any Assigned Leases and/or Assigned Contracts.</p> <p>(b) Purchaser shall also pay certain prorated items of income and expense as set forth in Section 1.6.</p> <p>(c) Sellers shall retain, as an Excluded Asset, the QAF V Payments and the QAF VI Seller Net Payments as described in Section 1.8(b), which are currently estimated at Twenty-Nine Million Dollars (\$29,000,000) in connection with the QAF V Payments and Eighty-Three Million Dollars (\$83,000,000) in connection with the QAF VI Seller Net Payments.</p> <p>(d) Purchaser commits to invest Forty-Seven Million Dollars (\$47,000,000) in capital expenditures for St. Francis (including NPC-3 seismic compliance responsibilities).</p>
<p style="text-align: center;">Good Faith Deposit APA § 1.2</p>	<p>Purchaser has deposited an amount equal to \$27,725,342.48 (the “<u>Deposit</u>”) by wire transfer to Chicago Title Insurance Company (“<u>Escrow Agent</u>”). All fees of the Escrow Agent shall be paid by Purchaser. The Deposit shall be non-refundable in all events, except in the event the Closing does not occur due to Purchaser’s termination of the APA pursuant to Sections 9.1 (a), (c), (d), (f), (g), (h) or (i) of the APA. Upon Closing, the Deposit will be credited against the Purchase Price.</p>

⁴ For purposes of the APA, the “QAF Program” means the California Department of Healthcare Services (“DHCS”) Hospital Quality Assurance Fee Programs V (“QAF V”) and VI (“QAF VI”).

APA Provision	Summary Description
<p>Accounts Receivable Reconciliation</p> <p>APA § 1.12</p>	<p>During the 135-day period immediately following the Closing Date, Purchaser shall (using good faith, commercially reasonable best efforts) collect the Accounts Receivable (collectively, the “<u>Final A/R Collected</u>”). Within thirty (30) days of the end of that period, Purchaser shall provide Sellers an accounting of the Final A/R Collected (the “<u>A/R Accounting Schedule</u>”), together with reasonably detailed support. In the interim, Purchaser shall provide Sellers with weekly written updates on its collection of the Accounts Receivable.</p> <p>Sellers and their advisors shall have sixty (60) days to review the proposed Final A/R Collected, the A/R Accounting Schedule, and the work papers used in the preparation thereof. They shall also be given reasonable access to Purchaser’s personnel, books, records and other materials to assist in this review.</p> <p>If Sellers disagree with the A/R Accounting Schedule and/or proposed Final A/R Collected, they shall notify Purchaser in writing of their disagreements (the “<u>Statement of Objections</u>”), which Purchaser and Sellers shall reasonably cooperate to resolve. If Purchaser and Seller are unable to resolve all such disagreements within thirty (30) days following notification, such disagreements shall be submitted to the Bankruptcy Court for resolution. The A/R Accounting Schedule and Final A/R Collected shall become final on the earlier of (i) failure by Sellers to deliver a Statement of Objections within the time period required by this section; (ii) mutual written agreement by Sellers and Purchaser; or (iii) a determination by the Bankruptcy Court.</p> <p>Once the A/R Accounting Schedule and Final A/R Collected become final, the following shall occur within ten (10) business days of Purchaser’s delivery of the accounting of the Final A/R Collected to Sellers:</p> <ul style="list-style-type: none"> (i) if the Final A/R Collected (excluding any governmental grants or awards directly or indirectly related to COVID-19) is more than the A/R Target Amount, then such excess amount shall be paid by Purchaser to Sellers; (ii) if the Final A/R Collected (including any governmental grants or awards directly or indirectly related to COVID-19) is less than the A/R Target Amount, then such deficit amount shall be paid by Sellers to Purchaser or offset by Purchaser against Seller’s QAF VI Seller Net Payments; or (iii) if the Final A/R Collected (including any governmental grants or awards directly or indirectly related to COVID-19) is equal to the A/R Target Amount, then no adjusting payments in respect of the Accounts Receivable shall be required.

APA Provision	Summary Description
<p style="text-align: center;">Transfer of Assets APA § 1.7</p>	<p>On the Closing Date, subject to the APA, free and clear of Encumbrances (defined in the APA) other than Permitted Exceptions (defined below), and excluding Excluded Assets (defined below), Sellers shall transfer to Purchaser the following property, rights, and interests, as they exist on the Closing Date, <i>to the extent assignable or transferable</i>, and that have been designated or elected by Purchaser (the “<u>Assets</u>”), as defined and more specifically described in Section 1.7 of the APA: Personal Property and related manufacturer/vendor warranties; Licenses; Assigned Leases (including Leased Real Property and Tenant Leases); Assigned Contracts; Medicare/Medi-Cal Agreements; Transferred Managed Care Agreements; Transferred Private Payor Agreements (excluding risk-sharing agreements with independent physician associations); Inventory (subject to exclusions); Prepaids (excluding Utility Deposits); non-proprietary operating manuals, files, and computer software; the name “St. Francis Medical Center” (including associated trademarks, service marks, trade names, logos and domain names but excluding the domain https://stfrancis.verity.org and content therein); goodwill; operation telephone/facsimile numbers; Lockboxes (related to Medicare/Medi-Cal fee-for-service receivables); Receivables (including Accounts Receivable and Other Receivables) and related documents and records; QAF payments due to the Hospital (other than already received prior to Closing or specifically excluded as QAF V Payments or QAF VI Seller Net Payments); claims, causes of action, and rights (except as excluded); and other assets owned and used primarily in the operation of the Hospital.</p> <p>“<u>Permitted Exceptions</u>” means (i) the Transferred Obligations; (ii) liens for taxes not yet due and payable; (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property; (iv) imperfections of title or encumbrances identified in the Title Commitments other than those specifically identified in Schedule 1.7(I); and (iv) other imperfections of title or encumbrances, if any, which are not monetary in nature and that are not, individually or in the aggregate, material to the business of the Hospital.</p>

APA Provision	Summary Description
<p style="text-align: center;">Excluded Assets (including Causes of Action) APA § 1.8</p>	<p>“<u>Excluded Assets</u>” include, as defined and more specifically described in Section 1.8 of the APA: cash and equivalents; QAF V Payments and QAF VI Seller Net Payments; Disproportionate Share Hospital Payments; Sellers Plans and their reversionary assets; non-assigned contracts and risk sharing agreements with independent physician associations; non-transferred Private Payor Agreements and Managed Care Agreements; collective bargaining agreements or other arrangements with unions representing Sellers’ employees; non-assigned Leases, non-assigned Contracts, and related rents, deposits, prepayments, and similar amounts; disposed, expended, or canceled Inventory and Prepays; vendor-owned assets; organizational or corporate books, minute books and tax records; except as included in Sections 1.7(k) or 1.7(s), claims, counterclaims and causes of action of Sellers or their chapter 11 estates, including Avoidance Claims (except as related to the Assigned Contracts and Assigned Leases, which Purchaser will acquire and be deemed to release and waive against counterparties), non-bankruptcy claims, counterclaims and causes of action, rights to challenge liens, and the proceeds from any of the foregoing; insurance policies, contracts, and coverages (subject to exclusions); Utility Deposits; unclaimed third-party property; non-Lockbox bank accounts; material protected by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection; the rights of Sellers to receive mail and other communications with respect to Excluded Assets or Excluded Liabilities; tax refunds and tax assets; materials the Parties agree that Sellers are required by law to retain or prohibited by third-party contract to transfer; patient and medical records that cannot be electronically transferred to Purchaser and are not required by law (including § 351) to be maintained by Purchaser as of the Effective Time; deposits or other prepaid charges and expenses paid, and other rights or documents relating to any Excluded Liability or other Excluded Asset; rights or remedies provided to Sellers under the APA; rights or remedies relating to the SGM APA; personnel files for employees of Sellers who are not hired by Purchaser; documents primarily related to any Excluded Assets; documents necessary to prepare tax returns; and any assets identified in Schedule 1.8(bb).</p> <p>Excluded Assets also includes rights and entitlements in respect of that certain Settlement Agreement, executed as of April 29, 2019, by and between, on the one hand, Premier, Inc., Premier Services, LLC (“<u>Premier GP</u>”), Premier Healthcare Alliance, L.P. (“<u>Premier LP</u>”), Premier Healthcare Solutions, Inc. (“<u>PHSI</u>”) and each of Premier, Inc.’s other subsidiaries (collectively and including Premier GP, Premier LP and PHSI, “<u>Premier</u>”), and on the other hand, VHS, as approved by the Bankruptcy Court by order entered on May 29, 2019 [Docket No. 2461], including but not limited to the right to convert and exchange partnership interests arising under that certain Amended and Restated Limited Partnership Agreement, effective as of October 1, 2013, as amended, by and among Premier LP, Premier GP and the limited partners of Premier LP party thereto (including VHS).</p> <p>For the avoidance of doubt, Purchaser is not acquiring any asset owned by any affiliate of Sellers.</p>

APA Provision	Summary Description
<p>Transferred Obligations APA § 1.9</p>	<p>“Transferred Obligations” include (a) the Assigned Contracts, after Sellers pay the Cure Costs from the proceeds of the Purchase Price; (b) the Assigned Leases, after Sellers pay the Cure Costs from the proceeds of the Purchase Price; (c) all liabilities and obligations arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation by Purchaser of the Hospital or any of the Assets on or after the Effective Time; (d) all liabilities and obligations related to the Hired Employees arising on or following the Effective Time (which for avoidance of doubt, does not include any duties, obligations or liabilities arising from or related to employment-related documentation required to be maintained by such Seller prior to the Effective Time, including but not limited to, documentation of I-9 compliance for Sellers’ employees and any alternative work schedule compliance duties, obligations or liabilities that relate to Sellers’ employees); (e) all unpaid real and personal property taxes, if any, that are attributable to the Assets after the Effective Time, subject to the prorations provided in Section 1.6; (f) all liabilities and obligations relating to utilities being furnished to the Assets, subject to the prorations provided in Section 1.6; (g) any documentary, sales and transfer tax liabilities of Sellers incurred as a result of the consummation of the transaction contemplated by the APA; (h) all liabilities or obligations provided for in Section 5.3; and (i) any other obligations and liabilities identified in Schedule 1.9(i).</p>
<p>Excluded Liabilities APA § 1.10</p>	<p>Purchaser shall have those duties, obligations and liabilities set forth in the APA, the IMA, the Leaseback Agreement, the Transition Services Agreement, the Bill of Sale, the Transfer Agreement and the Real Estate Assignment(s) and shall be responsible for the Transferred Obligations. However, except as expressly set forth in the APA, Purchaser is not assuming any liabilities of Sellers related to the Assets, Sellers’ employees or the Hospitals, is purchasing the Assets free and clear of the Encumbrances except the Permitted Exceptions and shall not be deemed a successor to Sellers or their estates by reason of any theory of law or equity with respect to any claims or liens against Sellers or the Assets (the “Excluded Liabilities”).</p>
<p>Assumption of Transferred Contracts and Assignment APA § 1.11</p>	<p>Each Seller will assign to Purchaser the Assigned Leases and such other contracts and leases as are subject to evaluation by Purchaser for assumption or rejection (collectively “Evaluated Contracts”). Along with its Bid submission, Purchaser notified each Seller in writing of which Evaluated Contracts are to be assigned (the “Assigned Contracts”) or rejected (the “Rejected Contracts”); provided, that Purchaser may designate any contracts on the Assigned Contract list as a Rejected Contract by 5:00 p.m. pacific time on the day that is thirty (30) days prior to Closing Date, and Sellers shall have the absolute right to remove any Evaluated Contract from the list of Assigned Contracts in order to preserve avoidance claims; provided, however, that notwithstanding anything to the contrary, and to enable Sellers to comply with the terms of the Bidding Procedures Order with respect to UnitedHealthcare Insurance Company (“UnitedHealthcare”), Purchaser shall irrevocably designate all UnitedHealthcare agreements as Assigned Contracts or Rejected Contracts by the date that is two (2) calendars days after the Bankruptcy Court enters the Sale Order. The final list of Assigned Contracts at Closing will appear on Schedule 1.7(d).</p>

APA Provision	Summary Description
<p>Employment Provisions APA § 5.3</p>	<p>Purchaser agrees to make offers of employment, effective as of the Effective Time, to substantially all persons (whether such persons are full time employees, part-time employees, on short-term or long-term disability or on leave of absence, military leave or workers compensation leave) who, immediately prior to the Effective Time are: (i) employees of St. Francis; or (ii) employed by another Seller or affiliate and are listed on Schedule 5.3 (collectively, the “<u>Hospital Employees</u>”). For the avoidance of doubt, the Hospital Employees shall not include any employees of VHS or any other affiliate of Sellers unless such individual is listed on Schedule 5.3. Any of the Hospital Employees who accept an offer of employment with Purchaser as of or after the Effective Time shall be referred to in the APA as the “<u>Hired Employees</u>.”</p> <p>All employees who are Hired Employees shall cease to be employees of Sellers or its affiliates as of the Closing Date.</p>
<p>Sale Order’s Acceptability APA § 6.1(c)</p>	<p>Sellers agree, subject to the reasonable exercise of their fiduciary duties, to expeditiously obtain a “<u>Sale Order</u>” approving the APA. For purposes of the APA, the Sale Order must be in form and substance reasonably acceptable to Purchaser.</p>
<p>Requested Findings as to Good Faith APA § 6.1(d)</p>	<p>Sellers agree, subject to the reasonable exercise of their fiduciary duties, to expeditiously seek a Bankruptcy Court determination that Purchaser is a good faith purchaser within the meaning of Section 363(m) of the Bankruptcy Code and in good faith to file such declarations and other evidence as may be required to support a determination.</p>
<p>Buyer’s Termination Rights APA § 9.1</p>	<p>The APA may be terminated by Purchaser if (a) Purchaser has complied with Section 3.8 and a material breach of the APA has been committed by Sellers, which material breach has resulted, or would more likely than not result, in a Material Adverse Effect on the Assets taken as a whole, and such breach has not been (i) waived in writing by Purchaser or (ii) cured by Sellers to the reasonable satisfaction of Purchaser within fifteen (15) business days after Purchaser provides Sellers of a written notice which describes the nature of such breach and acceptable cure actions; <i>provided, however</i>, Purchaser shall not be permitted to terminate the APA pursuant to Section 9.1(c) if Purchaser is also in material breach of the APA; (b) satisfaction of any condition in Article 8 is or becomes impossible and Purchaser has not waived such condition in writing (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of Purchaser to comply with its obligations under the APA or (ii) Sellers’ failure to provide their closing deliveries on the Closing Date as a result of Purchaser not being ready, willing and able to close the transaction on the Closing Date); (c) the Bankruptcy Court enters an order dismissing the Bankruptcy Case prior to the sale closing or fails to approve the sale of the Assets to Purchaser; and (d) the Closing has not occurred (other than through the failure of any Party seeking to terminate the APA to comply fully with its obligations under the APA) on or before September 1, 2020 (the “<u>Termination Date</u>”); provided, that the Termination Date shall be extended in the event the conditions set forth in Section 7.4 and Section 8.3 have not been satisfied (but the conditions to Closing in Article 7 and Article 8 have otherwise been satisfied other than such conditions that are to be satisfied by payments and deliveries to be made at the Closing) to the earlier of (A) ten (10) business days after the satisfaction of the conditions set forth in Section 7.4 and Section 8.3 or (B) December 31, 2020.</p>

APA Provision	Summary Description
<p>Record Retention APA § 10.2</p>	<p>From the Licensure Date until seven (7) years thereafter or such longer period as required by law (the "<u>Document Retention Period</u>"), Purchaser shall keep and preserve all medical records, patient records, medical staff records and other books and records which are among the Assets as of the Effective Time, but excluding any records which are among the Excluded Assets. Purchaser will afford the Sellers and other parties designated in the APA as "<u>Seller Parties</u>" full and complete access to, and copies of, such records with respect to time periods prior to the Licensure Date (including, without limitation, access to records of patients treated at the Hospital prior to the Licensure Date) to the extent reasonably needed by any Seller Party for any lawful purpose. Purchaser shall abide by rules and regulations relating to the confidential information it acquires. Purchaser shall maintain the patient and medical staff records at the Hospital in accordance with applicable law and the requirements of relevant insurance carriers. After the expiration of the Document Retention Period, if Purchaser intends to destroy or otherwise dispose of any of the documents described in this section, Purchaser shall provide written notice to Sellers of Purchaser's intention no later than forty-five (45) calendar days prior to the date of such intended destruction or disposal, at which point (and during such period) any of the Seller Parties shall have the right, at its sole cost, to take possession of such documents.</p>

License: 930000157
Effective: 04/14/2020
Expires: 12/31/2020
Licensed Capacity: 384

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

St. Francis Medical Center

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

SAINT FRANCIS MEDICAL CENTER

3630 E Imperial Hwy
Lynwood, CA 90262-2636

Bed Classifications/Services

- 314 General Acute Care
- 71 Perinatal
- 36 Intensive Care
- 29 Intensive Care Newborn Nursery
- 14 Pediatric
- 164 Unspecified General Acute Care
- 40 Acute Psychiatric (D/P)
- 30 Skilled Nursing (D/P)

Other Approved Services

- Basic Emergency Medical
- Cardiovascular Surgery
- Nuclear Medicine
- Occupational Therapy
- Outpatient Services - Orthopedic Clinic at Orthopedic Clinic, 3628 E. Imperial Highway, Suite 300, Lynwood
- Outpatient Services - Pediatrics at Children's Counseling Center, 4390 Tweedy Ave., South Gate
- Outpatient Services - Wound Care at Wound Care Center, 3628 E. Imperial Hwy., Ste. 103, Lynwood
- Physical Therapy
- Radiation Therapy
- Respiratory Care Services
- Social Services
- Speech Pathology

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

- 15 Perinatal beds being utilized as LDRP rooms.
- Pursuant to the Proclamation Of A State Of Emergency, issued March 4, 2020 – 19 Perinatal beds converted to General Acute Care (Unspecified) beds and an additional 6 General Acute Care (Unspecified) beds is approved effective from April 14, 2020 to June 30, 2020.

Sonia Y. Angell, MD, MPH

State Public Health Officer & Director

Rose McDowall

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