



# Daughters of Charity Health System

## Management Presentation

May 2014



HOULIHAN LOKEY

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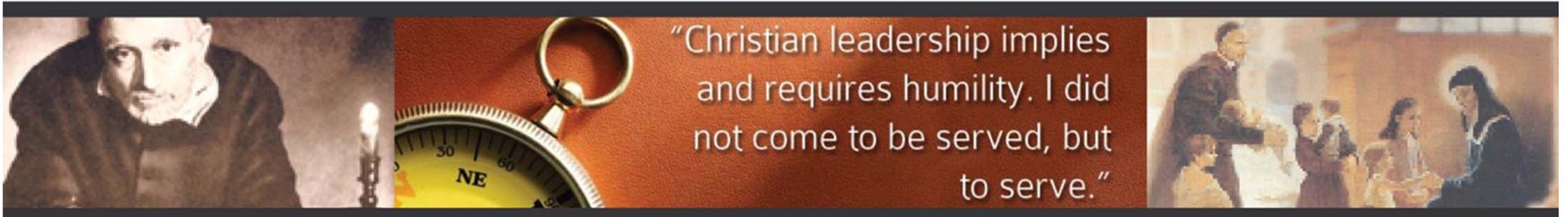
## HOULIHAN LOKEY

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## System Overview



# Mission, Vision and Values

## MISSION

To advance the healing mission of the Catholic Church by providing comprehensive, excellent health care

## VISION

To promote healthy families, responsible stewardship of the environment and a just society through value-based relationships and community-based collaboration

## VINCENTIAN VALUES

Respect: Recognizing our own value and the value of others

Compassionate Service: Providing excellent care with gentleness and kindness

Simplicity: Acting with integrity, clarity and honesty

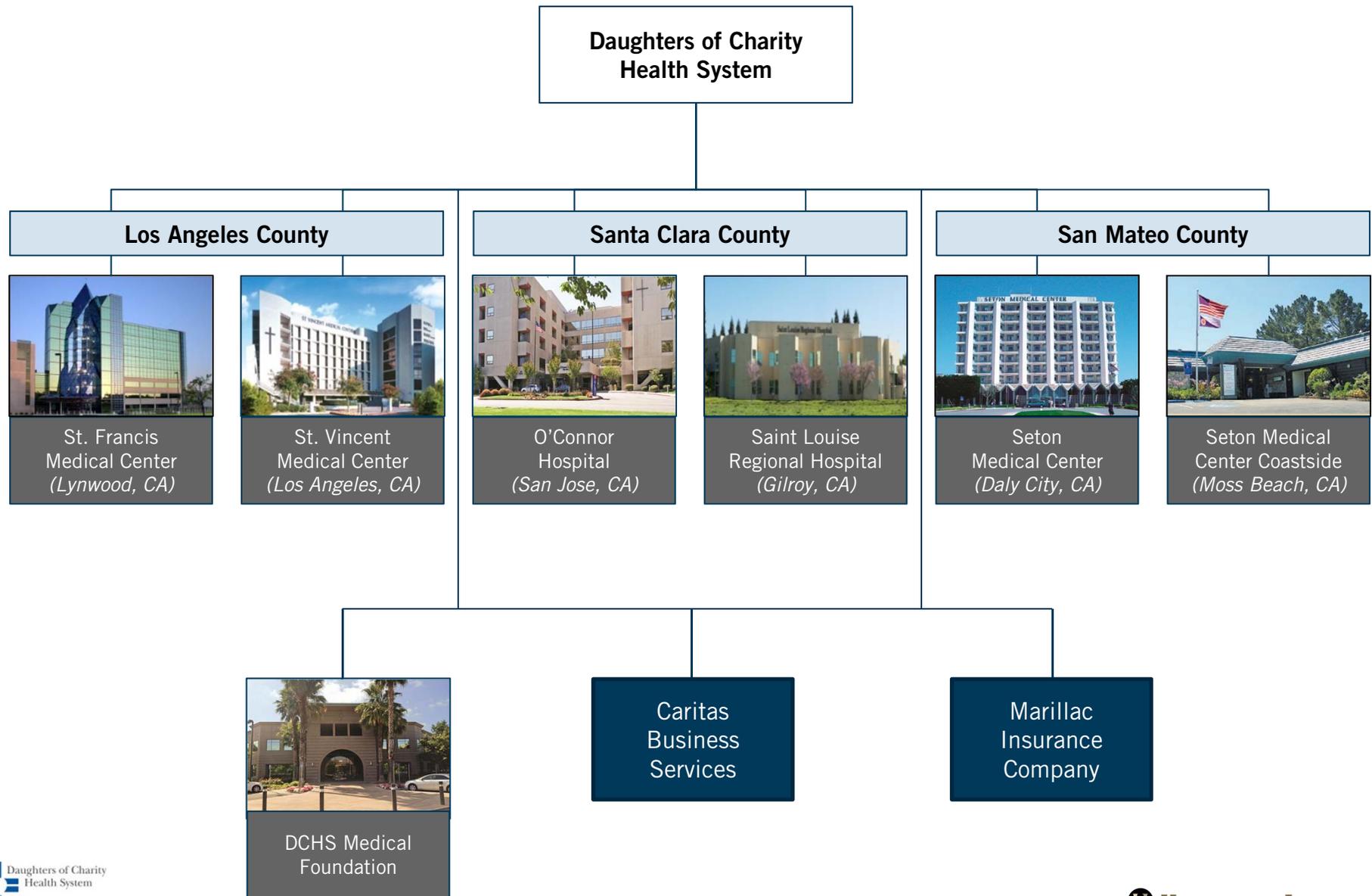
Advocacy for the Poor: Supporting those who lack resources for a healthy life and full human development

Inventiveness to Infinity: Being continuously resourceful and creative

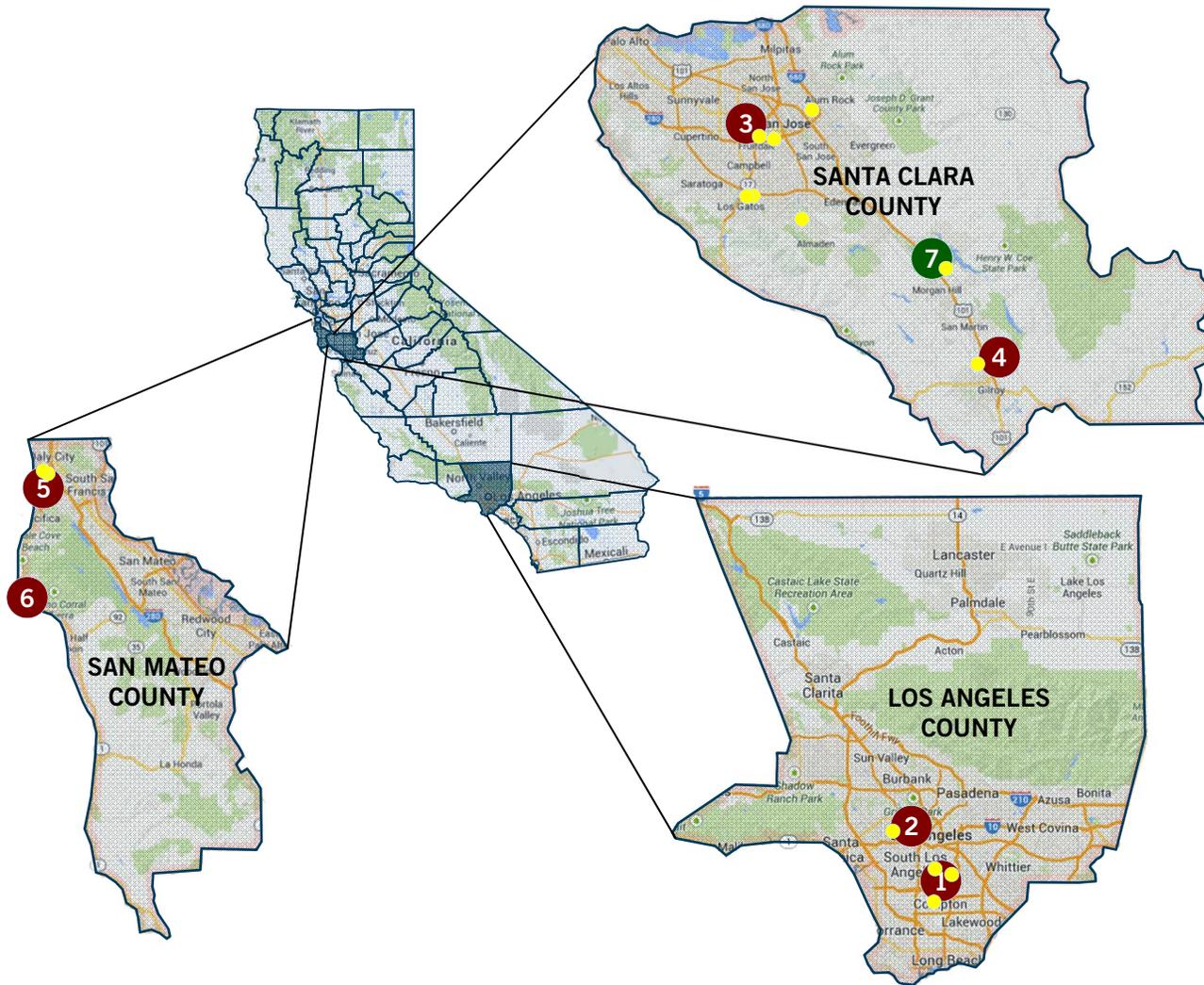
### **DCHS Mission Statement:**

*“In the spirit of our founders, St. Vincent de Paul, St. Louise de Marillac and St. Elizabeth Ann Seton, the Daughters of Charity Health System is committed to serving the sick and the poor. With Jesus Christ as our model, we advance and strengthen the healing mission of the Catholic Church by providing comprehensive, excellent health care that is compassionate and attentive to the whole person: body, mind and spirit. We promote healthy families, responsible stewardship of the environment and a just society through value-based relationships and community-based collaboration.”*

# System Overview



# System Coverage



## Facility Locations

Los Angeles County: 10.0 million

1 St. Francis Medical Center

2 St. Vincent Medical Center

Santa Clara County: 1.8 million

3 O'Connor Hospital

4 Saint Louise Regional Hospital

San Mateo County: 0.7 million

5 Seton Medical Center

6 Seton Medical Center Coastside

Source: Estimated 2011 population per U.S. Census Bureau

## Other Locations

7 DePaul Urgent Care Center

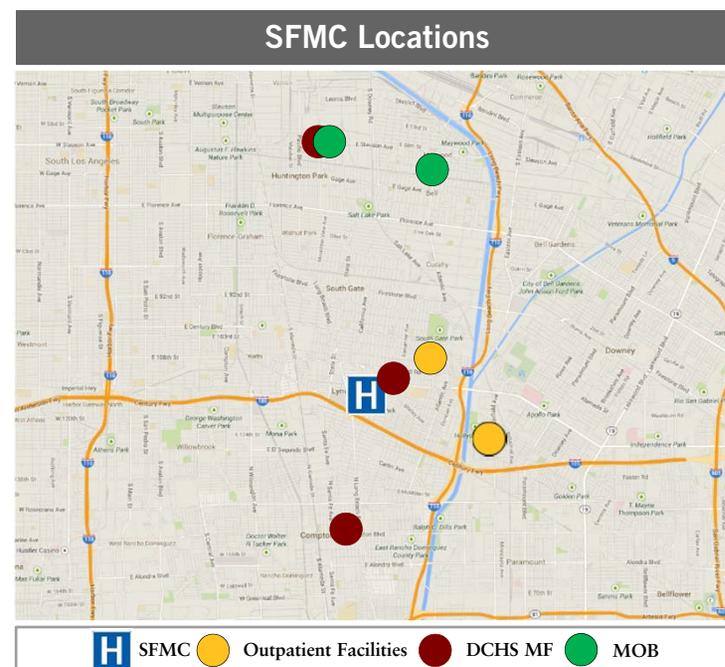
● DCHS Medical Foundation Offices



## **St. Francis Medical Center**

# SFMC: Overview

- The only comprehensive, not-for-profit healthcare institution serving southeast Los Angeles
  - 384 licensed beds
  - 2,123 associates (unions include: UNAC and SEIU)
  - 376 physicians
- Comprehensive range of acute care services, including:
  - Behavioral Health Services
  - Cardiac care
  - Maternal-child health
  - Pediatrics
  - Neonatal intensive care
  - Oncology
- One of Los Angeles County's busiest emergency and Level II trauma centers
  - 70,000 patients annually
  - Became a STEMI receiving center in March 2014
- Family Life Center records ~5,000 births annually



# SFMC: Campus Map



ST. FRANCIS  
MEDICAL CENTER  
*our mission is life*

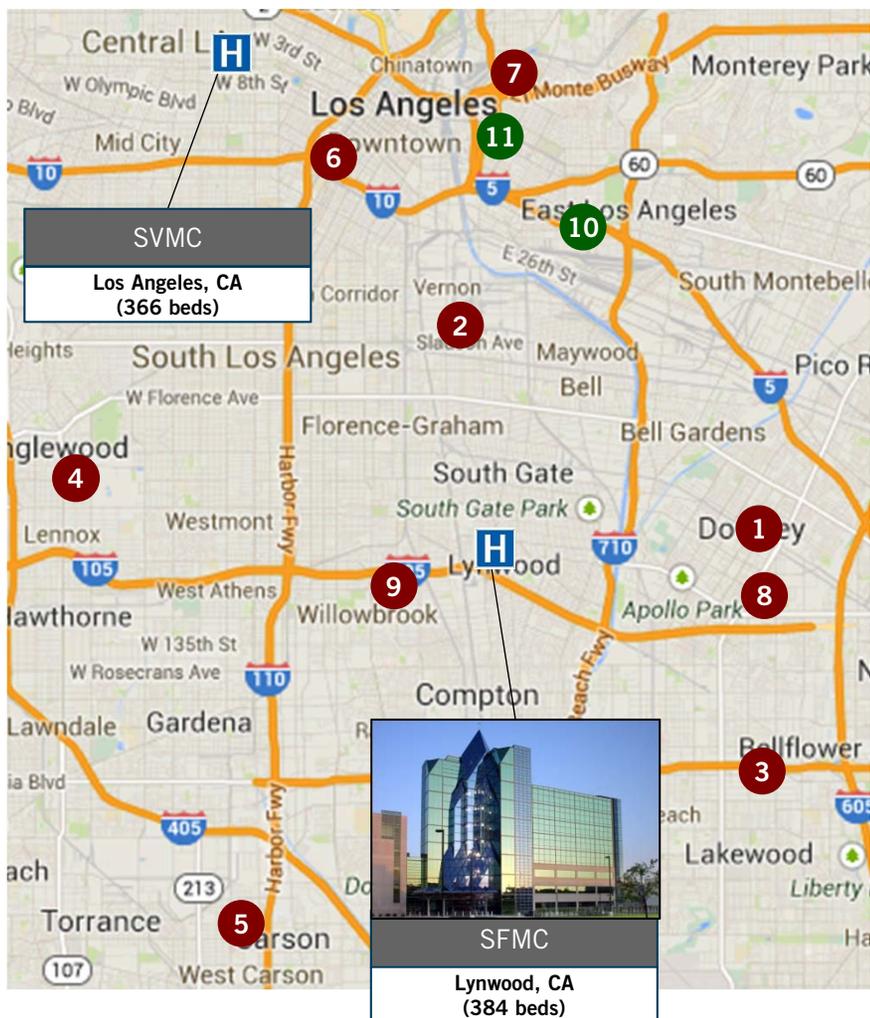
3630 East Imperial Highway  
Lynwood, CA 90262  
(310) 900-8900



# SFMC: Select Awards and Recognitions

Select Awards and Recognitions	
	<ul style="list-style-type: none"> <li>■ Recognized as a High Performing Hospital in Ear, Nose &amp; Throat, Nephrology, and Urology in 2012</li> </ul>
	<ul style="list-style-type: none"> <li>■ Ranked in top 50 cardiovascular hospitals in 2012</li> </ul>
	<ul style="list-style-type: none"> <li>■ Honorable Mention Award for top performance in Evidence-Based Care, Mortality, and Cost of Care in 2011</li> </ul>
	<ul style="list-style-type: none"> <li>■ Recognized by the Institute for Patient- and Family-Centered Care (PFCC) as an organization dedicated to role modeling and advancing the understanding and practice of PFCC</li> </ul>

# SFMC: Competitive Landscape



	Affiliation	Beds	Distance (mi)	
<b>PRIMARY COMPETITION</b>				
1	Downey Regional	PIH Health	181	5
2	Community Hospital of Huntington Park	Avanti Hospitals	81	5
3	Bellflower Medical Center	Standalone	117	7
4	Centinela Hospital Medical Center	Prime Healthcare	345	9
5	LA County – UCLA Harbor	LAC	538	11
6	California Hospital Medical Center	Dignity Health	318	9
7	LAC-USC Medical Center	LAC	724	10
8	Kaiser Downey	Kaiser Permanente	352	5
9	MLK, Jr. Community Hospital	Standalone, opening in 2015	141	3
<b>OTHER COMPETITION</b>				
10	Los Angeles Community Hospital	Alta Hospitals System	130	8
11	Promise Hospital of East Los Angeles	Promise Healthcare	36	8

# SFMC: Investment Highlights and Opportunities

Strengths and Investment Highlights	Opportunities
<ul style="list-style-type: none"> <li>■ Key safety net provider                             <ul style="list-style-type: none"> <li>● Market leader in major clinical services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Accelerate physician recruitment with focus to support tertiary services</li> </ul>
<ul style="list-style-type: none"> <li>■ Strong relationship with Los Angeles County</li> </ul>	<ul style="list-style-type: none"> <li>■ Maximize referral potential by expanding IPA relationships</li> </ul>
<ul style="list-style-type: none"> <li>■ Physician loyalty and alignment with IPAs</li> </ul>	<ul style="list-style-type: none"> <li>■ Enhance care management to drive outcomes and reduce costs</li> </ul>
<ul style="list-style-type: none"> <li>■ Capitated agreements with health plans and aligned IPAs easily transform into population health management                             <ul style="list-style-type: none"> <li>● 35,230 of capitated lives under management</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Development of PCP/Patient-centered Medical Home expertise</li> </ul>
<ul style="list-style-type: none"> <li>■ Founding member of Private Essential Access Community Hospitals (PEACH)</li> </ul>	<ul style="list-style-type: none"> <li>■ Unify care delivery network with the MLK Hospital</li> </ul>
<ul style="list-style-type: none"> <li>■ State-of-the-art facility conforms to all structural seismic regulations</li> </ul>	<ul style="list-style-type: none"> <li>■ Achieve Stroke Center accreditation and designation by EMS in 2Q2014</li> </ul>
<ul style="list-style-type: none"> <li>■ Full-time CMIO with EMR meeting Meaningful Use Stage One</li> </ul>	<ul style="list-style-type: none"> <li>■ Establish Orthopedic Clinic and inpatient service line by 3Q2014</li> </ul>
<ul style="list-style-type: none"> <li>■ 40+ schools of nursing and other affiliations providing clinical rotations for pre-licensure students to Advanced Practice Nurses</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue government advocacy</li> </ul>

# SFMC: Key Services

Key Service Lines	Clinics and Specialty Services
<ul style="list-style-type: none"> <li>■ Maternal-Child Health</li> </ul>	<ul style="list-style-type: none"> <li>■ Primary Care &amp; Obstetrical Prenatal Clinics</li> </ul>
<ul style="list-style-type: none"> <li>■ Neonatal Intensive Care (Level II)</li> </ul>	<ul style="list-style-type: none"> <li>■ Occupational Health Clinic</li> </ul>
<ul style="list-style-type: none"> <li>■ Cardiovascular Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Wound Care Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Surgical Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Children's Counseling Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Emergency Services/Paramedic Base Station</li> </ul>	<ul style="list-style-type: none"> <li>■ Health Benefits Resource Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Trauma Services (Level II)</li> </ul>	<ul style="list-style-type: none"> <li>■ Vida Sana Healthy Life Community Wellness</li> </ul>
<ul style="list-style-type: none"> <li>■ STEMI Receiving Center</li> </ul>	<ul style="list-style-type: none"> <li>■ Mobile Health Unit</li> </ul>
<ul style="list-style-type: none"> <li>■ Behavioral Health Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Senior Wellness Program and Casa de Esperanza Transitional Housing</li> </ul>

# SFMC: Operating Statistics

## Key Operating Statistics (\$ millions)

	FY2013	LTM Feb-2014
<u>Discharges</u>		
General Acute	16,738	16,275
SNF	388	319
Psych	1,831	2,156
Total	<u>18,957</u>	<u>18,750</u>
<u>Average Daily Census</u>		
Acute	191	190
SNF	19	14
Psych	30	30
Total	<u>240</u>	<u>234</u>
<u>Average Length of Stay (Days)</u>		
Acute	4.2	4.3
SNF	17.6	17.5
Psych	6.0	5.0
Total	4.6	4.7
Births	4,901	4,975
<u>Trauma</u>		
OP Emergency Room / Trauma Visits	63,329	65,213
County Trauma Net Patient Revenue (including Measure B funding)	\$ 12.9	\$ 12.1

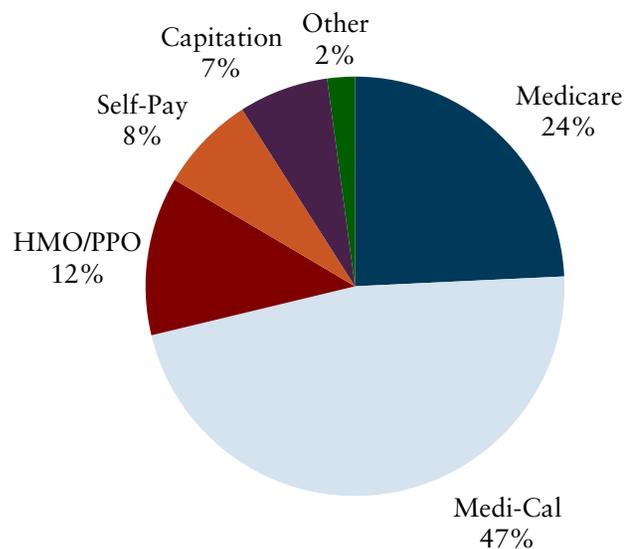
## Other Operating Statistics

	FY2013	LTM Jan-2014
<u>Emergency Services</u>		
IP Visits	11,567	11,374
OP Visits	63,329	65,078
Total	<u>74,896</u>	<u>76,452</u>
<u>Surgery</u>		
IP Minutes	358,188	378,689
OP Minutes	141,054	151,008
Total	<u>499,242</u>	<u>529,697</u>
Total Cases	4,969	5,315
<u>Wound Care Clinic</u>		
Total Visits	2,577	2,507
<u>Gastro-Intestinal Services</u>		
IP Visits	662	742
OP Visits	869	913
Total	<u>1,531</u>	<u>1,655</u>
<u>Rehabilitation Services</u>		
IP Procedures	20,643	19,281
OP Procedures	16,211	14,065
Total	<u>36,854</u>	<u>33,346</u>
<u>Renal Dialysis</u>		
IP Treatments	14,582	15,488
OP Treatments	652	664
Total	<u>15,234</u>	<u>16,152</u>

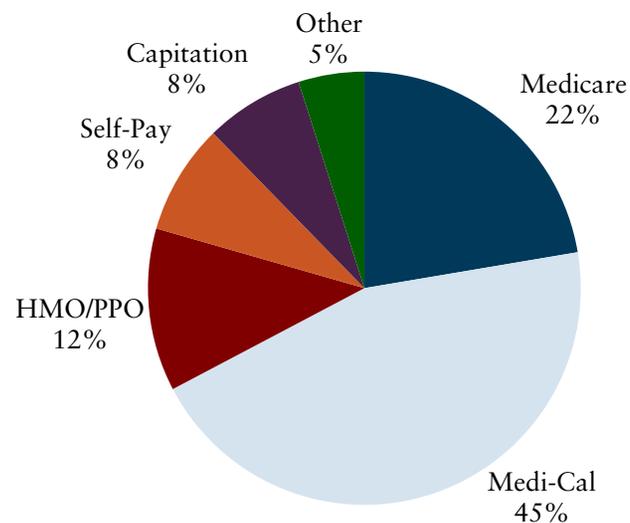
# SFMC: Payor Mix

Patient Days by Payor (FY2013 and FY2014 YTD) \*

FY2013



FY2014 YTD as of February 2014



# SFMC: Supplemental Funding

## Net Supplemental Funding (FY2011–14 YTD) (\$ millions)

	FY2011	FY2012	FY2013	LTM Feb-2014
<b>Provider Fee</b>				
Medi-Cal	\$ 64	\$ 76	\$ 54	\$ 49
Medi-Cal Managed Care	22	7	49	49
Provider Tax	(35)	(34)	(43)	(40)
Net Provider Fee	51	48	60	58
<b>Other Grants</b>				
SB 1255	8	9	8	8
SB 1732	8	8	8	4
SB 855	28	26	32	28
SB 474	2	2	2	2
Total Other Payments	46	46	50	43
Meaningful Use	-	5	4	3
<b>Total</b>	<b>\$ 98</b>	<b>\$ 99</b>	<b>\$ 114</b>	<b>\$ 104</b>

## New Three-Year Provider Fee Program (a) (\$ millions)

	Jan-14 - Jun-14	Jul-14 - Jun-15	Jul-15 - Jun-16	Jul-16 - Dec-16	Total
Medi-Cal	\$ 28	\$ 70	\$ 81	\$ 43	\$ 222
Medi-Cal Managed Care	22	47	56	31	156
Provider Tax	(19)	(44)	(51)	(27)	(141)
<b>Net Provider Fee</b>	<b>\$ 31</b>	<b>\$ 73</b>	<b>\$ 86</b>	<b>\$ 47</b>	<b>\$ 236</b>

Note: Fiscal year ends June 30

(a) Three-year Provider Fee program effective January 1, 2014. Funding estimates are based on California Hospital Association fee model dated September 16, 2013 and exclude payments to the California Health Foundation and Trust.

# SFMC: Employee Summary

## Employee Summary by Type as of January 2014

Employee Category	Count	FTEs (a)
<i>Union</i>		
UNAC	762	598
SEIU Local 250	543	421
SEIU Local 250 Technical	286	197
Total Union	1,591	1,216
<i>Non-Union</i>		
Manager	44	44
Director	36	36
Supervisor	37	33
Administration	7	7
Other	408	339
Total Non-Union	532	458
<b>Total</b>	<b>2,123</b>	<b>1,674</b>

# SFMC: Physician Summary

- SFMC has relationships with the following five large IPAs: AppleCare Medical Group, OmniCare Medical Group, Health Care LA IPA, Angeles IPA and AltaMed

## Summary of Physicians by Specialty (January 2014)

Specialty	Count	% of Total
<i>Active Physicians</i>		
1. Pediatrics	24	9%
2. Internal Medicine	23	9%
3. Obstetrics/Gynecology	23	9%
4. Nephrology	17	7%
5. Family Practice	16	6%
6. Emergency Medicine	14	5%
7. General Surgery	13	5%
8. Anesthesiology	11	4%
9. Cardiology	11	4%
10. Orthopedic Surgery	8	3%
11. Other	97	38%
Total Active	257	100%
Non-Active (a)	119	
Total	376	



# SFMC: Financial Performance

## Summary of Financial Performance (a) (\$ millions)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 214.3
Supplemental Funding Receipts (b)	143.8
Other Revenue	43.8
Total Revenue	<u>401.9</u>
Salaries	(151.8)
Pension Expense	(3.2)
Other Benefits	(38.4)
Supplies	(32.9)
Purchased Services and Other	(76.9)
Provider Fee Tax	(39.8)
Total Expenses (c)	<u>(343.0)</u>
<u>Allocated Shared Services</u>	
Corporate	(8.8)
CBS	(1.5)
IT	(12.6)
Total Shared Services	<u>(22.9)</u>
EBIDA Before Adjustments	36.0
<u>EBIDA Adjustments:</u>	
Third-Party Settlements	(2.2)
Adjusted EBIDA	\$ 33.8
Adjusted EBIDA (w/o Shared Services)	56.7
Adjusted EBIDA (w/o Shared Services and DB Pensions)	59.9
Capital Expenditures	\$ (9.1)

### Notes:

- (a) Legal entity level financials that include SFMC Foundation
- (b) Includes gross Provider Fee receipts, SB 1255, SB 1732, SB 855, SB 474 and Meaningful Use proceeds
- (c) Excludes Depreciation, Amortization, Interest and Asset Impairment

# SFMC: Capital Expenditures Projects

Summary Historical CapEx (FY2011-13) (\$ millions)

	FY2011	FY2012	FY2013
<u>Building, Fixtures and Leasehold</u>			
1. Building Fixtures	\$ 0.2	\$ 1.1	\$ -
2. Building Improvements	1.3	5.2	1.5
3. Furniture & Fixtures	0.2	0.2	0.2
Subtotal	1.7	6.5	1.7
4. Medical Equipment	3.7	2.5	2.6
<u>Software and IT</u>			
5. Software	1.5	11.2	8.6
6. Computer Equipment	0.6	0.5	0.1
7. Network Equipment	2.3	1.0	1.1
8. Telephone Equipment	-	0.1	0.5
Subtotal	4.4	12.7	10.2
9. Vehicles	-	-	0.0
<b>Total</b>	<b>\$ 9.8</b>	<b>\$ 21.6</b>	<b>\$ 14.5</b>

Summary of Major Near-Term CapEx Needs (\$ millions)

CapEx Need	Estimated		Description
	Cost	Timing	
Building Improvements	\$0.2	< 2 years	Air Handler replacement
Building Improvements	0.3	< 2 years	Elevator upgrades
CT units	1.9	< 2 years	CT units (two-unit package)
Med. Equip.	0.4	< 2 years	Radiology Units (2)
Med. Equip.	0.3	< 2 years	Infant Security System
Med. Equip.	0.3	< 2 years	Radiation Therapy EMR
Med. Equip.	1.3	< 2 years	Cath Lab upgrade
Med. Equip.	0.5	< 2 years	Surgical Suite upgrade
<b>Total</b>	<b>\$5.2</b>		

# SFMC: Seismic Considerations

- Four SFMC buildings are subject to SB1953 and require approximately \$3.4 million (fire sprinkler bracing) to comply with current seismic standards beyond 2030

Building	Structural Performance Category (SPC) Compliance Status	Non-Structural Performance Category (NPC) Compliance Status
1. Family Life Center	<ul style="list-style-type: none"> <li>■ SPC-5 (allows acute care operations beyond 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
2. Health Services Pavilion	<ul style="list-style-type: none"> <li>■ SPC-3 (allows acute care operations beyond 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
3. Central Plant	<ul style="list-style-type: none"> <li>■ SPC-4 (allows acute care operations beyond 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
4. Hospital Tower	<ul style="list-style-type: none"> <li>■ SPC-5 (allows acute care operations beyond 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>

# SFMC: Owned MOBs

- SFMC has a large on-campus MOB facility which contains 55,372 SF of leasable area in addition to two off-campus MOB properties

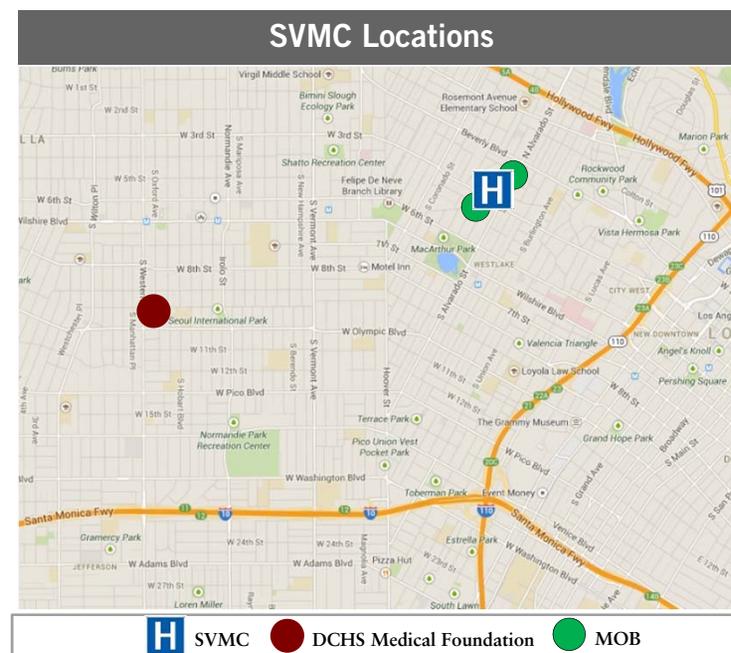
Property Overview		
		
<b>Property Name</b>	Huntington Park MOB	Maywood MOB
<b>Property Address</b>	2700 E Slauson Ave Huntington Park, CA 90255	5953 S. Atlantic Blvd Maywood, CA 90270
<b>Age</b>	Constructed in 1988	Constructed in 1949
<b>Total Land Area</b>	15,676 SF (1.42 acres)	27,810 SF (0.64 acres)
<b>Occupancy (Feb 2014)</b>	<p><b>Total GLA:</b> 12,038 SF</p> <p><b>Physician Practices:</b> 0 SF (0% of total)</p> <p><b>Hospital Operations:</b> 4,745 SF (39% of total)</p> <p><b>Other Occupied:</b> 0 SF (0% of total)</p> <p><b>Vacant:</b> 7,293 (61% of total)</p>	<p>7,320 SF</p> <p>7,320 SF (100% of total)</p> <p>0 SF (0% of total)</p> <p>0 SF (0% of total)</p> <p>0 SF (0% of total)</p>
<b>Lease Type</b>	Triple Net	Triple Net
<b>LHM Operations In MOB</b>	<ul style="list-style-type: none"> <li>SFMC hospital based Primary Care Community Clinic                             <ul style="list-style-type: none"> <li>The clinic is in the process of converting over to the DCHS Medical Foundation (non-hospital clinic)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>



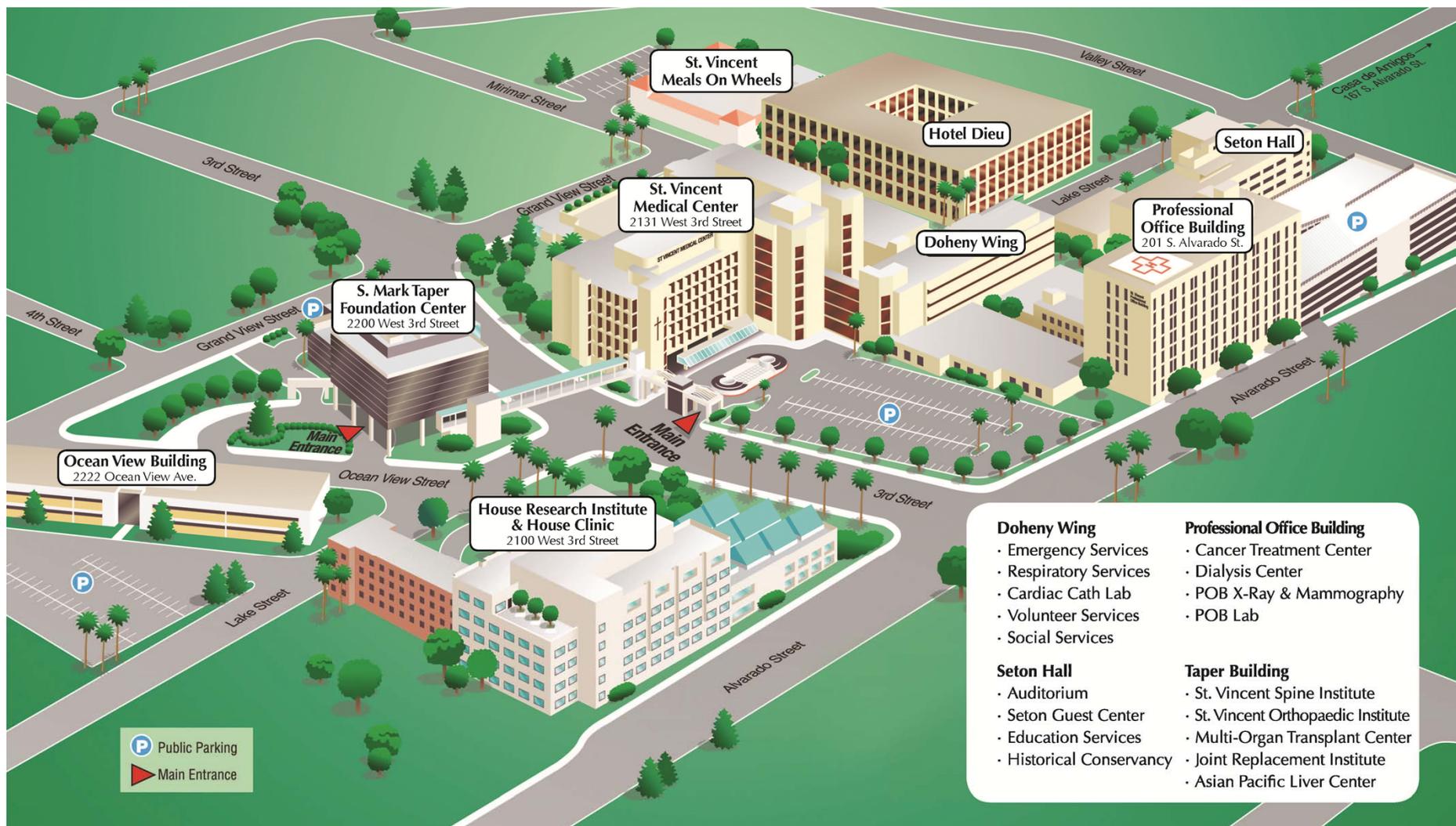
**St. Vincent Medical Center**

# SVMC: Overview

- Internationally recognized surgical specialty hospital serving downtown Los Angeles
  - 366 licensed beds
  - 1,166 employees (unions include: SEIU and CNA)
  - 481 physicians
- Comprehensive acute, tertiary and primary care including:
  - Orthopaedic and joint-replacement
  - Advanced kidney and pancreas transplant
  - Spine care
  - Cancer treatment
  - Minimally invasive cardiovascular services
  - Neurosurgery
  - World-renowned House Ear Clinic
- SVMC records more than 50,000 patient days and ~9,000 discharges annually
- Full-service Emergency Department scheduled to open in Fall 2014



# SVMC: Campus Map

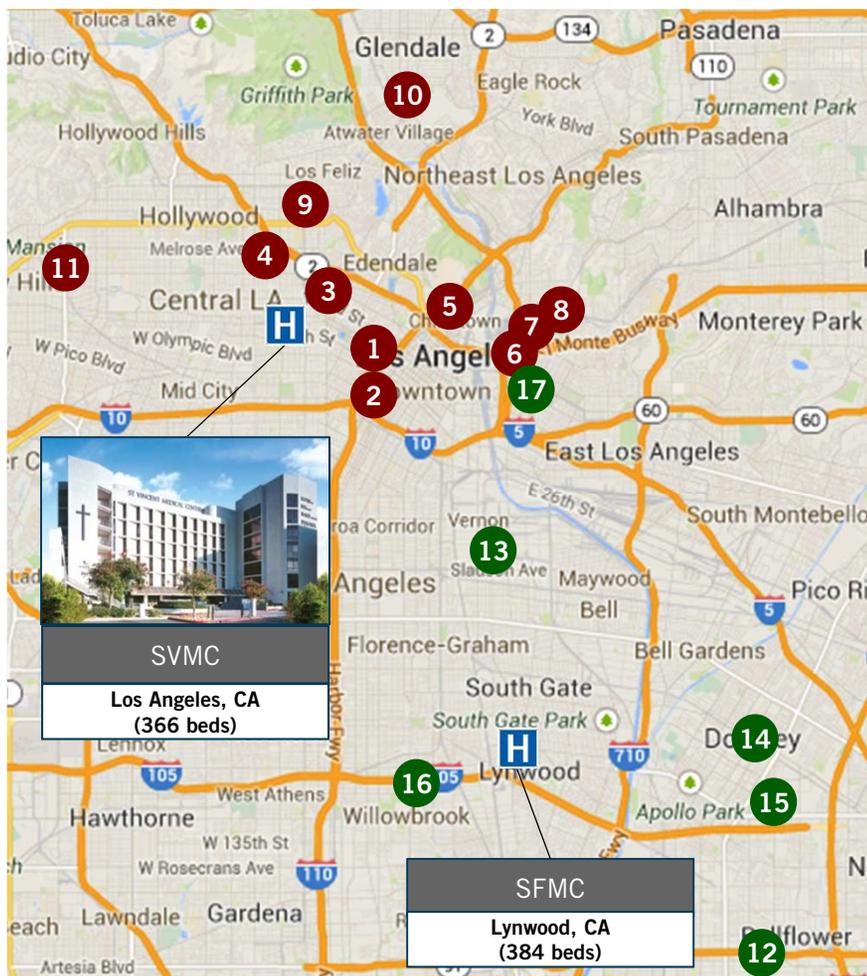


Note: “St. Vincent Meals on Wheels” and “Hotel Dieu” are owned by an independent organization (not part of SVMC). House Research Institute & House Clinic are also owned independently but are subject to a ground lease with SVMC.

# SVMC: Select Awards and Recognitions

Select Awards and Recognitions	
	<ul style="list-style-type: none"><li>■ High Performing in Nephrology, Neurology &amp; Neurosurgery, Orthopedics and Urology, 2013 – U.S. News &amp; World Report</li></ul>
	<ul style="list-style-type: none"><li>■ Silver-Level Award, SVMC's Multi-Organ Transplant Center, 2012 - U.S. Department of Health and Human Services</li></ul>
	<ul style="list-style-type: none"><li>■ A Top 100 Best Orthopedic Programs in the Country, 2012 – Becker's Hospital Review</li></ul>
	<ul style="list-style-type: none"><li>■ Recognized as one of the Top 50 Hospitals in the U.S. in 2012 and 2013 by Healthgrades</li></ul>

# SVMC: Competitive Landscape



		Affiliation	Beds	Distance (mi)
<b>PRIMARY COMPETITION</b>				
1	Good Samaritan Hospital	Standalone	408	1
2	California Hospital Med Center	Dignity Health	318	3
3	Silver Lake Medical Center	Success Healthcare	235	1
4	Temple Community Hospital	Standalone	170	1
5	Pacific Alliance Medical Center	Standalone	142	2
6	White Memorial Medical Center	Adventist Health	353	4
7	LAC – USC Medical Center	County of Los Angeles	676	5
8	Keck USC Medical Center	USC	411	5
9	Hollywood Presbyterian	CHA Health Systems	434	3
10	Glendale Memorial	Dignity Health	334	5
11	Cedars – Sinai	UCLA, USC, WGU	947	6
<b>OTHER COMPETITION</b>				
12	Bellflower Medical Center	Standalone	117	18
13	Community Hospital of Huntington Park	Avanti Hospitals	81	7
14	Downey Regional	PIH Health	181	14
15	Kaiser Downey	Kaiser Permanente	352	16
16	MLK Hospital	Standalone, opening in 2015	141	11
17	Promise Hospital of East Los Angeles	Promise Healthcare	36	4

# SVMC: Investment Highlights and Opportunities

Strengths and Investment Highlights	Opportunities
<ul style="list-style-type: none"> <li>■ Superb reputation and large service area with diverse Pacific Rim and Central American populations</li> </ul>	<ul style="list-style-type: none"> <li>■ Increased volumes driven by opening of full-service ER in October 2014</li> </ul>
<ul style="list-style-type: none"> <li>■ Ranked as one of the Top 10 Best Hospitals and fifth in the Los Angeles Metropolitan area</li> </ul>	<ul style="list-style-type: none"> <li>■ Expanding services to include acoustic neuroma and Balance Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Recognized nationally and internationally for kidney and pancreas transplant (93% Medicare mix)</li> </ul>	<ul style="list-style-type: none"> <li>■ Exploring partnership with DaVita to further expand its renal care program</li> </ul>
<ul style="list-style-type: none"> <li>■ Association with the world-renowned House Ear Clinic located across the street</li> </ul>	<ul style="list-style-type: none"> <li>■ Investing capital to establish an inpatient psychiatric program</li> </ul>
<ul style="list-style-type: none"> <li>■ Significant knowledge and experience with managing chronic disease states, including end-stage renal disease, and advanced cardiac care program</li> </ul>	<ul style="list-style-type: none"> <li>■ Affiliation with an Academic Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Well established services to senior populations (68%) and a growing commercial payor mix (16%)</li> </ul>	<ul style="list-style-type: none"> <li>■ Creation of a long-term care unit</li> </ul>
<ul style="list-style-type: none"> <li>■ In addition to the main campus that is seismically compliant through 2030, SVMC owns significant adjacent real estate</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of neurosurgical services to include all skull-based non malignant tumors</li> </ul>
	<ul style="list-style-type: none"> <li>■ Expansion of transplant and orthopaedic services to patients in Central California</li> </ul>

# SVMC: Key Services

Key Service Lines	Clinics and Specialty Services
<ul style="list-style-type: none"> <li>■ Cardiovascular Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Acute Rehabilitation</li> </ul>
<ul style="list-style-type: none"> <li>■ Kidney and Pancreas Transplant</li> </ul>	<ul style="list-style-type: none"> <li>■ Cancer Treatment Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Neurology and Neurotology Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Cardiac Care Institute</li> </ul>
<ul style="list-style-type: none"> <li>■ Orthopaedics, Joint and Spine Care</li> </ul>	<ul style="list-style-type: none"> <li>■ House Ear Clinic</li> </ul>
<ul style="list-style-type: none"> <li>■ St. Vincent Dialysis Center</li> </ul>	<ul style="list-style-type: none"> <li>■ Joint Replacement Institute</li> </ul>
<ul style="list-style-type: none"> <li>■ Surgical Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Multi-Organ Transplant Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Internal Medicine</li> </ul>	<ul style="list-style-type: none"> <li>■ St. Vincent Orthopaedic Institute</li> </ul>
<ul style="list-style-type: none"> <li>■ Nephrology</li> </ul>	<ul style="list-style-type: none"> <li>■ St. Vincent Spine Institute</li> </ul>
<ul style="list-style-type: none"> <li>■ Emergency Services (full-service ER opening in Fall 2014)</li> </ul>	<ul style="list-style-type: none"> <li>■ Skilled Nursing Facilities</li> </ul>

# SVMC: Operating Statistics

## Key Operating Statistics

	FY2013	LTM Feb-2014
<u>Discharges</u>		
General Acute	8,156	7,407
Rehabilitation	440	411
TCU	617	634
Total	9,213	8,452
<u>Average Daily Census</u>		
Acute	106	98
SNF	24	24
Rehabilitation	15	14
Total	145	136
<u>Average Length of Stay (Days)</u>		
Acute	4.8	4.8
SNF	14.0	13.8
Rehabilitation	12.3	12.4
Total	5.7	5.9

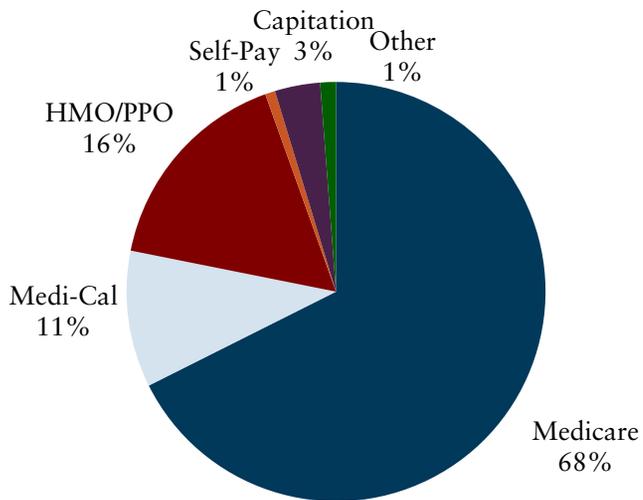
## Other Operating Statistics

	FY2013	LTM Feb-2014
<u>Emergency Services</u>		
IP Visits	4,727	4,197
OP Visits	10,504	11,036
Total	15,231	15,233
<u>Joint Replacement Institute Clinic</u>		
OP Visits	3,476	3,323
<u>Orthopedic Clinic</u>		
OP Visits	7,152	8,169
<u>Spine Clinic</u>		
OP Visits	2,187	3,091
<u>Cancer Treatment Center</u>		
Total Procedures (IP and OP)	13,445	14,013
<u>Short Stay Unit</u>		
Manual	7,269	7,126
<u>Surgery - Main</u>		
Total Minutes (IP and OP cases incl. Open Heart)	601,710	585,726
Total Cases (IP and OP cases incl. Open Heart)	4,006	3,975
<u>Surgery - Doheny</u>		
Total Minutes (Doheny IP and OP Cases)	223,289	228,874
Total Cases (Doheny IP and OP Cases)	1,410	1,380
<u>Cardiac Catheterization Services</u>		
Angioplasty (PTCA)	188	237
Stents	212	515
Angiogram	664	649
ICD Implants	76	94
Pacemakers	166	135
Other (Adult)	5,954	7,723
Total Procedures	7,260	9,353
<u>Cardiology Services</u>		
Total IP Procedures (incl. ICGs and Other)	11,969	10,371
Total OP Procedures (incl. ICGs and Other)	6,011	6,507
<u>Radiology - Diagnostic</u>		
Total Procedures (IP and OP)	35,563	31,402
<u>Therapy (Physical, Speech and Occupational)</u>		
Total Treatments	230,389	237,189
<u>St. Vincent Dialysis Center</u>		
OP Treatments (Chronic)	18,963	19,544

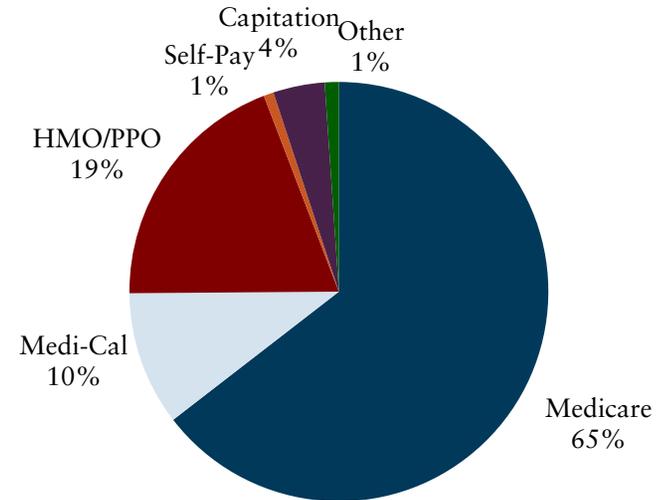
# SVMC: Payor Mix

Patient Days by Payor (FY2013 and FY2014 YTD) \*

FY2013



FY2014 YTD as of February 2014



# SVMC: Employee Summary

Employee Summary by Type as of January 2014		
Employee Category	Count	FTEs (a)
<i>Union</i>		
SEIU	419	358
CNA	364	309
Total Union	783	666
<i>Non-Union</i>		
Director	33	33
Manager	24	24
Supervisor	28	23
Administration	5	5
Other	293	255
Total Non-Union	383	340
<b>Total</b>	<b>1,166</b>	<b>1,006</b>

# SVMC: Physician Summary

- Physician partnerships consist of six outpatient clinics, co-management with House Ear Clinic, emergency department partnership with California Emergency Physicians (CEP) group, as well as 20 IPA/medical group ancillary contracts and DCHS Medical Foundation

## Summary of Physicians by Specialty (January 2014)

Specialty	Count	% of Total
<i>Active Physicians</i>		
1. Cardiology	23	13%
2. Emergency Medicine	22	12%
3. Internal Medicine	20	11%
4. Nephrology	17	9%
5. Anesthesiology	13	7%
6. Gastroenterology	13	7%
7. Orthopedic Surgery	11	6%
8. General Surgery	9	5%
9. Urology	9	5%
10. Family Practice	8	4%
11. Other	39	21%
Total Active	184	100%
Non-Active (a)	297	
Total	481	



# SVMC: Financial Performance

## Summary of Financial Performance (a) (\$ millions)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 168.5
Supplemental Funding Receipts (b)	14.1
Other Revenue	19.2
Total Revenue	<u>201.8</u>
Salaries	(82.8)
Pension Expense	(3.5)
Other Benefits	(19.3)
Supplies	(44.8)
Purchased Services and Other	(50.3)
Provider Fee Tax	<u>(16.2)</u>
Total Expenses (c)	(216.8)
<u>Allocated Shared Services</u>	
Corporate	(5.8)
CBS	(1.1)
IT	<u>(9.0)</u>
Total Shared Services	(15.9)
EBIDA Before Adjustments	(30.9)
<u>EBIDA Adjustments:</u>	
Third-Party Settlements	2.7
Adjusted EBIDA	\$ (28.2)
Adjusted EBIDA (w/o Shared Services)	(12.3)
Adjusted EBIDA (w/o Shared Services and DB Pensions)	(8.8)
Capital Expenditures	\$ (14.3)

### Notes:

- (a) Legal entity level financials that include SVMC Foundation and Dialysis Center
- (b) Includes Provider Fee and Meaningful Use proceeds
- (c) Excludes Depreciation, Amortization, Interest and Asset Impairment

# SVMC: Capital Expenditures Projects

## Summary of Recent CapEx (FY2011-13) (\$ millions)

	FY2011	FY2012	FY2013
<u>Building, Fixtures and Leasehold</u>			
1. Building Fixtures	\$ 0.5	\$ 0.4	\$ 0.3
2. Building Improvements	0.0	1.0	2.6
3. Leasehold Improvements	-	-	0.1
4. Furniture & Fixtures	0.2	0.2	0.1
Subtotal	0.7	1.6	3.2
5. Medical Equipment	3.5	2.2	3.9
<u>Software and IT</u>			
6. Software	0.4	0.4	9.9
7. Computer Equipment	0.3	0.3	0.1
8. Network Equipment	0.8	0.4	0.3
9. Telephone Equipment	-	0.2	-
Subtotal	1.4	1.2	10.3
<b>Total</b>	<b>\$ 5.6</b>	<b>\$ 5.0</b>	<b>\$ 17.4</b>

## Summary of Major Near-Term CapEx Needs (\$ millions)

CapEx Need	Estimated		Description
	Cost	Timing	
<b>ER</b>	\$3.3	In Progress	Full-service ER completion
<b>Med. Equip.</b>	0.8	Urgent	Audio-Visual System Replacement
<b>Med. Equip.</b>	0.3	Urgent	Stealth Medtronic System
<b>Med. Equip.</b>	0.3	Urgent	B. Braun Hemodialysis Machines – 20
<b>Med. Equip.</b>	0.3	Urgent	Replacement of Holding Area Patient Monitors
<b>Med. Equip.</b>	0.3	Urgent	G.E. Dash 4000 v6 Price Includes 1 yr Plus 1 Yr Extended Warranty
<b>Med. Equip.</b>	1.2	Routine	Endoscopic Video System Upgrade
<b>Med. Equip., Construction / Renovation</b>	2.5	Other Routine	Neptune suction, piping replacement (all floors incl. Doheny Building), breast tomosynthesis, anesthesia machines, Leica / Pentero microscope, Surgical Tables-Skytron, ventilators, Spine table-Jackson
<b>Strategic</b>	1.0	Regulatory	Transplant DB Software
<b>Non-Med Supp</b>	0.4	Regulatory	Automated Drug Management Systems (Box Picker Hardware & Software)
<b>Construction / Renovation</b>	0.1	Regulatory	Amsco 400 Series 60" Steam Sterilizer
<b>Building Imp.</b>	12.0	FY2014	Elevator Upgrade
<b>Total</b>	<b>\$22.4</b>		

# SVMC: Seismic Considerations

- Four SVMC buildings are subject to SB1953 and require less than \$12 million to comply with current seismic standards through 2030

Building	Structural Performance Category (SPC) Compliance Status	Non-Structural Performance Category (NPC) Compliance Status
1. Main Hospital	<ul style="list-style-type: none"> <li>■ SPC-1                             <ul style="list-style-type: none"> <li>● OSHPD approved project to bring to SPC-2 (allows acute care operations until 2030)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
2. Doheny Wing	<ul style="list-style-type: none"> <li>■ SPC-1                             <ul style="list-style-type: none"> <li>● OSHPD approved project to bring to SPC-2 (allows acute care operations until 2030)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
3. Central Plant / Parking Garage	<ul style="list-style-type: none"> <li>■ SPC-1                             <ul style="list-style-type: none"> <li>● OSHPD approved project to bring to SPC-2 (allows acute care operations until 2030)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
4. Cath Lab Building	<ul style="list-style-type: none"> <li>■ SPC-5                             <ul style="list-style-type: none"> <li>● No structural improvements required</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>

# SVMC: Owned MOBs

## Property Overview



Property Name	St. Vincent Professional Office Building	Ocean View Pavilion
Property Address	201 S. Alvarado St Los Angeles, CA 90057	2222 W. Ocean View Ave Los Angeles, CA 90057
Age	Constructed in 1977	Constructed in 1975
Total Land Area	1.23 acres (53,579 SF)	1.22 acres (52,942 SF)
Occupancy (Feb 2014)		
<b>Total GLA:</b>	110,003 SF	34,449 SF
<b>Physician Practices:</b>	65,019 SF (59% of total)	2,918 SF (8% of total)
<b>Hospital Operations:</b>	25,482 SF (23% of total)	13,594 SF (39% of total)
<b>Other Occupied:</b>	3,323 SF (3% of total)	8,894 SF (26% of total)
<b>Vacant:</b>	16,179 (15% of total)	9,043 (26% of total)
Lease Type	Modified Gross	Modified Gross
LHM Operations In MOB	<ul style="list-style-type: none"> <li>■ Cancer Treatment Center</li> <li>■ Dialysis Center</li> <li>■ IT Department</li> <li>■ SVMC Cardiology Institute</li> <li>■ SVMC Radiology/Outpatient Laboratory</li> <li>■ Health Benefits Resource Center</li> </ul>	<ul style="list-style-type: none"> <li>■ SVMC Accounting Department</li> <li>■ Multicultural Health Awareness &amp; Prevention Center</li> </ul>

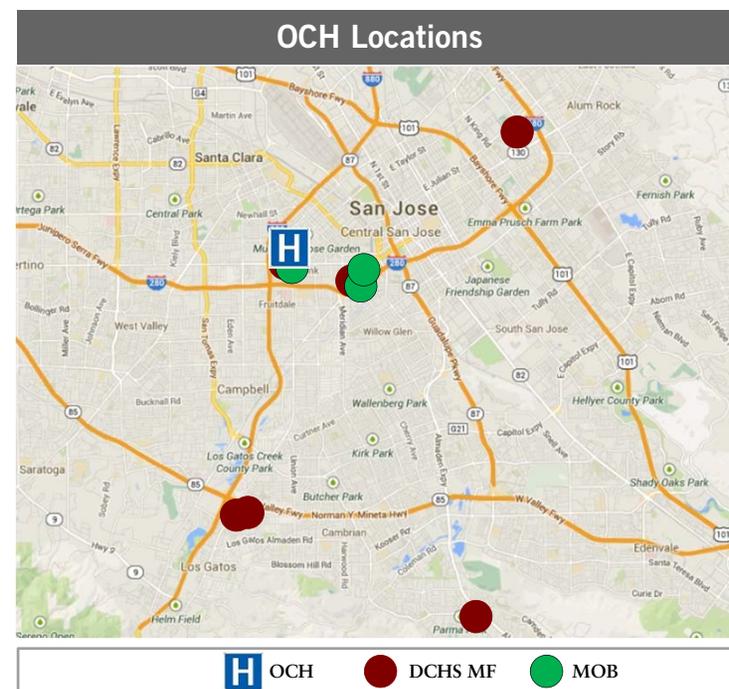


# O'Connor Hospital

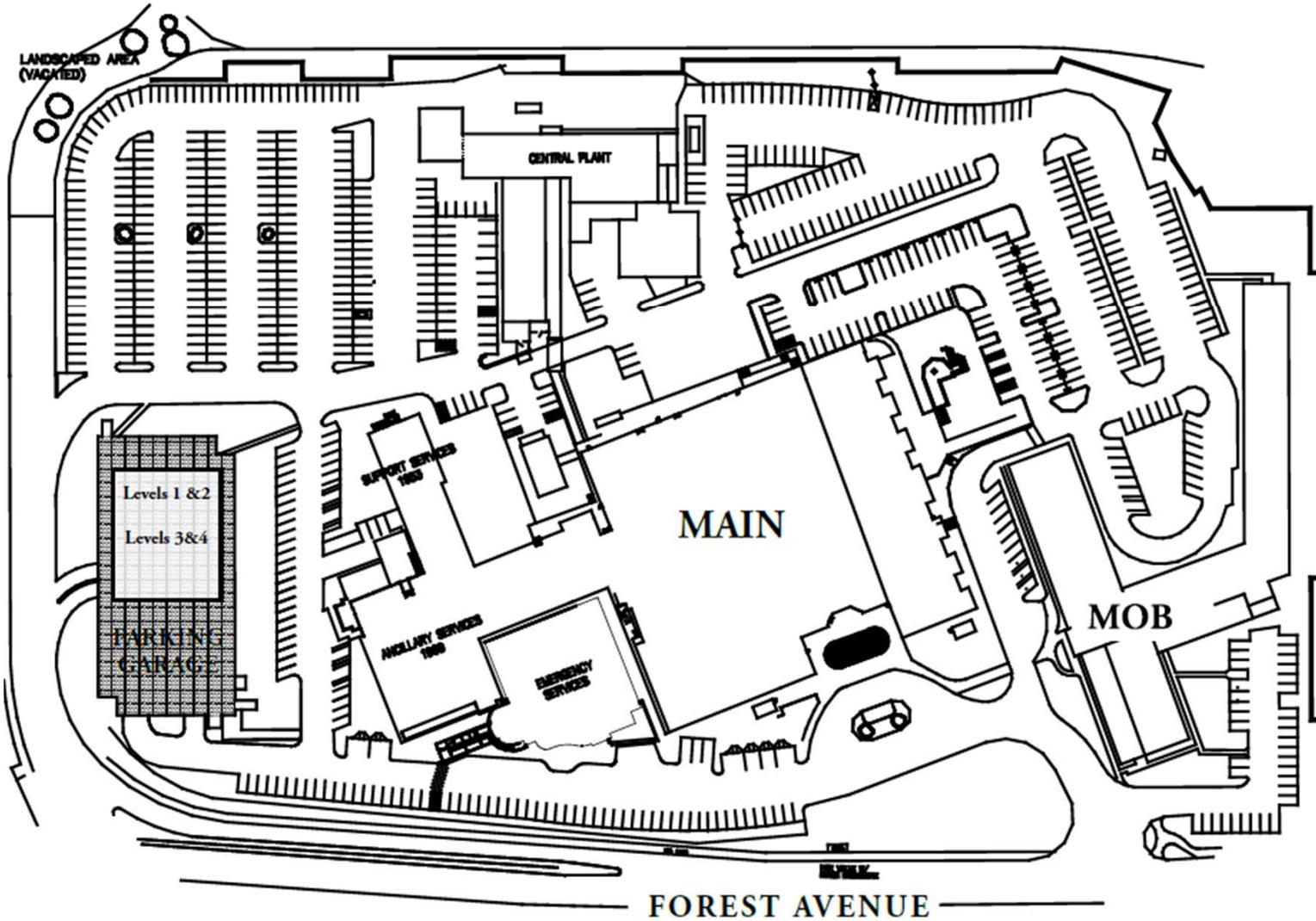


# OCH: Overview

- First hospital in Santa Clara County and the only Catholic hospital in San Jose
  - 358 licensed beds
  - 1,594 employees (unions include: CNA, SEIU, Local 39, CLVNA and Local 20)
  - 582 physicians
- Full range of I/P and O/P medical, surgical and specialty programs, including:
  - Women's and children's services
  - Cardiology and cardiac rehab
  - Oncology
  - Orthopedic services
  - Vascular care
  - Advanced medical imaging
  - Emergency care
  - Wound care clinic and hyperbaric medicine
- Home to the only Family Medicine Residency Program in the local service area, affiliated with Stanford University



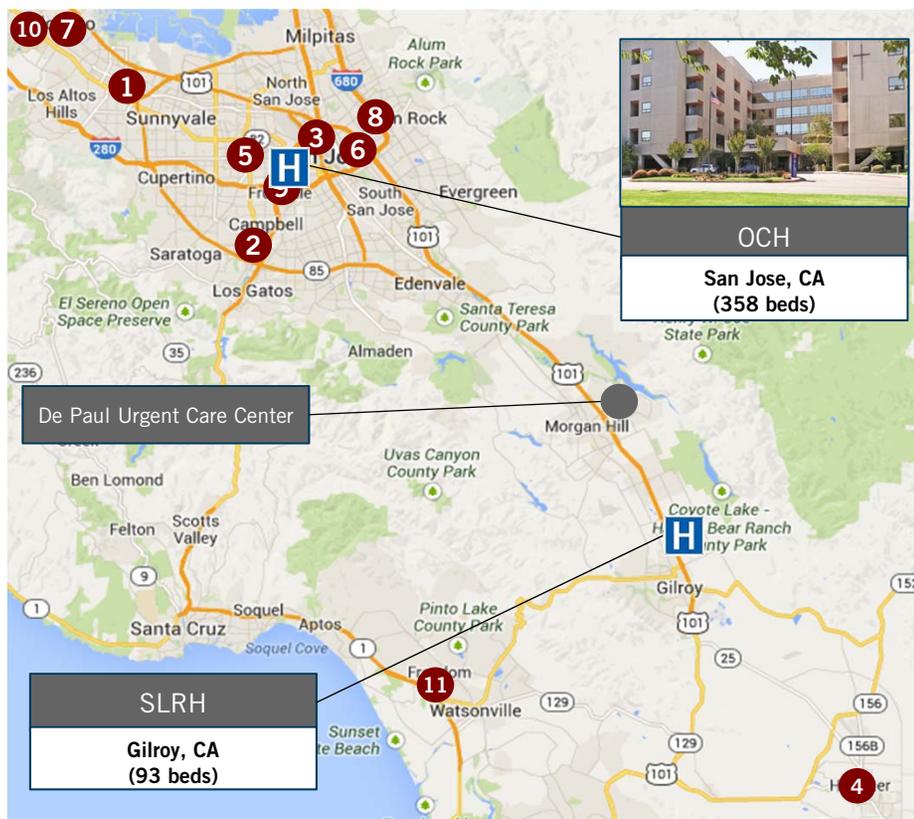
# OCH: Campus Map



# OCH: Select Awards and Recognitions

Select Awards and Recognitions	
	<ul style="list-style-type: none"> <li>■ Earned Get with the Guidelines 2013 Stroke Gold Plus Performance Award from the American Heart Association/American Stroke Association</li> </ul>
	<ul style="list-style-type: none"> <li>■ Highest rated hospital for Patient Safety in all of Santa Clara County</li> </ul>
	<ul style="list-style-type: none"> <li>■ Certified Primary Stroke Center by the Joint Commission</li> <li>■ Joint Commission “Centers of Excellence”: Hip Replacement, Knee Replacement, Wound Care, Advanced Primary Stroke Center</li> </ul>
<p>Designated as a</p> 	<ul style="list-style-type: none"> <li>■ Designated as a Blue Distinction Center for Cardiac Care in 2013</li> </ul>
<p>Designated as a</p> 	<ul style="list-style-type: none"> <li>■ Identified as a Blue Distinction Center+ for Knee and Hip Replacement in 2013</li> </ul>
	<ul style="list-style-type: none"> <li>■ “A” Rating for Hospital Safety, The Leapfrog Group Hospital Safety Score Program, 2013 Rating</li> </ul>

# OCH: Competitive Landscape



	Affiliation	Beds	Distance (mi)	
<b>PRIMARY COMPETITION</b>				
1	El Camino Hospital (Mountain View)	District Hospital	300	11
2	El Camino Hospital (Los Gatos)	District Hospital	143	7
3	Good Samaritan Hospital (San Jose)	HCA	349	8
4	Hazel Hawkins Memorial Hospital (Hollister)	District Hospital	113	53
5	Kaiser Foundation Hospital (Santa Clara)	Kaiser Permanente	327	4
6	Kaiser Foundation Hospital (San Jose)	Kaiser Permanente	217	12
7	Lucile Salter Packard Children's Hospital at Stanford (Palo Alto)	Stanford University	302	17
8	Regional Medical Center of San Jose (San Jose)	HCA	216	6
9	Santa Clara Valley Medical Center (San Jose)	County of Santa Clara	574	1
10	Stanford University Hospital (Stanford)	Stanford University	613	17
11	Watsonville Community Hospital (Watsonville)	Standalone	106	42

# OCH: Investment Highlights and Opportunities

Strengths and Investment Highlights	Opportunities
<ul style="list-style-type: none"> <li>■ Recognized as safest hospital in Santa Clara County by most recent Consumer Report Survey</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue the expansion of physician network through collaboration/partnership with DCHS Medical Foundation and other physician practices</li> </ul>
<ul style="list-style-type: none"> <li>■ Geographic breadth of Delivery System in Santa Clara County</li> </ul>	<ul style="list-style-type: none"> <li>■ Partnership with local, large employers and commercial payors through commercial accountable organizations</li> </ul>
<ul style="list-style-type: none"> <li>■ Extensive network of affiliated physicians</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand capacity for high-acuity profitable programs</li> </ul>
<ul style="list-style-type: none"> <li>■ Surgical Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Additional Joint Ventures on outpatient surgery centers</li> </ul>
<ul style="list-style-type: none"> <li>■ Medical office buildings with available capacity</li> </ul>	<ul style="list-style-type: none"> <li>■ Complete ACO ready Market Leading Healthcare Delivery System with additional:               <ul style="list-style-type: none"> <li>● OP Surgery Centers</li> <li>● OP Imaging Centers</li> <li>● Urgent Care Centers</li> <li>● OP Laboratories</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>■ Campus provides space for expansion or development</li> </ul>	
<ul style="list-style-type: none"> <li>■ Strategically located in Santa Clara County at the intersection of I-280 and I-880, in the heart of prestigious Silicon Valley</li> </ul>	
<ul style="list-style-type: none"> <li>■ Leading programs include hip and knee replacement, wound care and family center</li> </ul>	
<ul style="list-style-type: none"> <li>■ Excellent Quality Indicators</li> </ul>	
<ul style="list-style-type: none"> <li>■ Market leading Patient Satisfaction Scores</li> </ul>	
<ul style="list-style-type: none"> <li>■ Well established medical foundation</li> </ul>	

# OCH: Key Services

Key Service Lines	Clinics and Specialty Services
<ul style="list-style-type: none"> <li>■ Cardiac Services and Cardiac Surgery</li> </ul>	<ul style="list-style-type: none"> <li>■ Family Medicine Residency Program</li> </ul>
<ul style="list-style-type: none"> <li>■ Emergency Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Health Benefits Resource Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Orthopedics and Joint Replacement</li> </ul>	<ul style="list-style-type: none"> <li>■ Community Outreach and Education</li> </ul>
<ul style="list-style-type: none"> <li>■ Stroke Program and Neurosciences</li> </ul>	<ul style="list-style-type: none"> <li>■ Cancer Care Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Vascular Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Sports Medicine Fellowship Program</li> </ul>
<ul style="list-style-type: none"> <li>■ Women's and Children's Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Subacute Care Program</li> </ul>
<ul style="list-style-type: none"> <li>■ General Medicine</li> </ul>	<ul style="list-style-type: none"> <li>■ Vascular Center</li> </ul>
<ul style="list-style-type: none"> <li>■ General Surgery</li> </ul>	<ul style="list-style-type: none"> <li>■ Family Center</li> </ul>
<ul style="list-style-type: none"> <li>■ Spine Surgery and Pain Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Wound Care Clinic</li> </ul>
<ul style="list-style-type: none"> <li>■ Oncology Services</li> </ul>	<ul style="list-style-type: none"> <li>■ Rehabilitation and Sports Therapy</li> </ul>

# OCH: Operating Statistics

## Key Operating Statistics

	<u>FY2013</u>	<u>LTM Feb-2014</u>
<u>Discharges</u>		
General Acute	8,530	8,372
Obstetrics	3,195	3,009
Subacute	26	25
Total	<u>11,751</u>	<u>11,406</u>
<u>Average Daily Census</u>		
Acute	123	119
Subacute	20	21
Total	<u>143</u>	<u>140</u>
<u>Average Length of Stay (Days)</u>		
Acute	3.8	3.8
Total	4.4	4.5

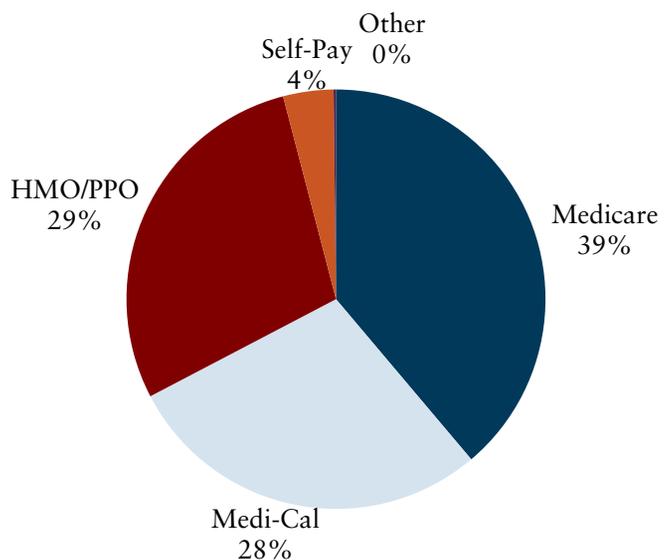
## Other Operating Statistics

	<u>FY2013</u>	<u>LTM Feb-2014</u>
<u>Emergency Services</u>		
IP Visits	6,692	6,531
OP Visits	50,303	51,825
Total	<u>56,995</u>	<u>58,356</u>
<u>Wound Care</u>		
Total Visits	8,043	8,643
<u>Surgery (IP and OP)</u>		
Total Minutes	652,919	644,632
Total Cases (excl. Open Heart)	6,527	6,606
<u>Cardiac Catheterization Lab</u>		
IP Procedures	943	1,114
OP Procedures	1,062	1,338
Total	<u>2,005</u>	<u>2,452</u>
<u>Cardiology Services</u>		
IP EKG Procedures	12,891	12,572
OP EKG Procedures	14,809	15,821
Total	<u>27,700</u>	<u>28,393</u>
<u>Radiology</u>		
Total Exams (IP and OP)	42,688	41,221
<u>Radiation Therapy</u>		
Total Procedures (IP and OP)	8,335	7,247
<u>Dialysis</u>		
IP Procedures	1,999	1,729
OP Procedures	197	201
Total	<u>2,196</u>	<u>1,930</u>

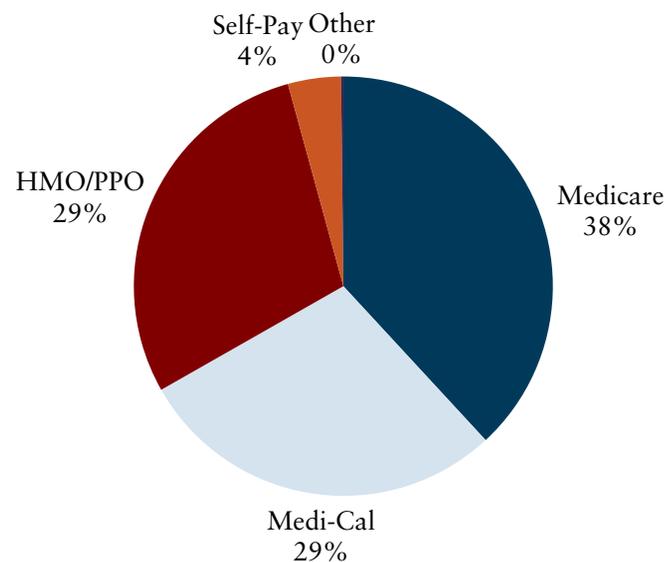
# OCH: Payor Mix

Patient Days by Payor (FY2013 and FY2014 YTD) \*

FY2013



FY2014 YTD as of February 2014



# OCH: Supplemental Funding

## Net Supplemental Funding (FY2011–14 YTD) (\$ millions)

	FY2011	FY2012	FY2013	LTM Feb-2014
<b>Provider Fee</b>				
Medi-Cal	\$ 10	\$ 14	\$ 10	\$ 9
Medi-Cal Managed Care	6	2	14	14
Provider Tax	(15)	(14)	(17)	(16)
Net Provider Fee	0	1	7	7
Meaningful Use	-	1	2	2
<b>Total</b>	<b>\$ 0</b>	<b>\$ 3</b>	<b>\$ 9</b>	<b>\$ 10</b>

## New Three-Year Provider Fee Program (a) (\$ millions)

	Jan-14 - Jun-14	Jul-14 - Jun-15	Jul-15 - Jun-16	Jul-16 - Dec-16	Total
Medi-Cal	\$ 6	\$ 16	\$ 18	\$ 10	\$ 50
Medi-Cal Managed Care	7	15	18	10	49
Provider Tax	(9)	(20)	(22)	(12)	(63)
<b>Net Provider Fee</b>	<b>\$ 5</b>	<b>\$ 11</b>	<b>\$ 13</b>	<b>\$ 7</b>	<b>\$ 36</b>

Note: Fiscal year ends June 30



(a) Three-year Provider Fee program effective January 1, 2014. Funding estimates are based on California Hospital Association fee model dated September 16, 2013 and exclude payments to the California Health Foundation and Trust.

# OCH: Employee Summary

Employee Summary by Type as of April 2014		
Employee Category	Count	FTEs (a)
<b><u>Union</u></b>		
CNA	618	388
SEIU Local 250	405	283
SEIU Local 250 Technical	104	61
Local 39 Engineers	17	17
Local 20	44	28
CLVNA	23	16
Total Union	1,211	793
<b><u>Non-Union</u></b>		
Directors	28	28
Managers (incl. Assisted Nurse Managers)	24	23
Supervisors (incl. House Supervisors)	20	15
Other (incl. non-ex, exempt and Administration)	311	211
Total Non-Union	383	277
<b>Total</b>	<b>1,594</b>	<b>1,070</b>

# OCH: Physician Summary

- OCH has pursued a physician alignment strategy through its strong partnership with the DCHS Medical Foundation to address the joint contracting and integration of physicians into the health system

## Summary of Physicians by Specialty (January 2014)

Specialty	Count	% of Total
<i>Active Physicians</i>		
1. Internal Medicine	57	12%
2. Pediatrics	48	10%
3. Family Medicine	41	8%
4. Cardiology	38	8%
5. Obstetrics/Gynecology	36	7%
6. Orthopedic Surgery	21	4%
7. Anesthesiology	19	4%
8. Teleradiology	18	4%
9. General Surgery	18	4%
10. Emergency Medicine	14	3%
11. Other	178	36%
Total Active	488	100%
Non-Active (a)	94	
Total	582	



Notes:

(a) Includes administrative, provisional, courtesy, temporary and other medical staff

# OCH: Financial Performance

## Summary of Financial Performance (a) (\$ millions)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 249.4
Supplemental Funding Receipts (b)	25.7
Other Revenue	20.5
Total Revenue	<u>295.6</u>
Salaries	(144.4)
Pension Expense	(6.6)
Other Benefits	(40.9)
Supplies	(43.5)
Purchased Services and Other	(35.7)
Provider Fee Tax	<u>(16.1)</u>
Total Expenses (c)	(287.2)
<u>Allocated Shared Services</u>	
Corporate	(8.4)
CBS	(6.3)
IT	<u>(9.2)</u>
Total Shared Services	(23.9)
EBIDA Before Adjustments	(15.4)
<u>EBIDA Adjustments:</u>	
Third-Party Settlements	(2.2)
Adjusted EBIDA	\$ (17.6)
Adjusted EBIDA (w/o Shared Services)	6.2
Adjusted EBIDA (w/o Shared Services and DB Pensions)	12.8
Capital Expenditures	\$ (8.2)

### Notes:

- (a) Legal entity level financials that include OCH Foundation
- (b) Includes Provider Fee payments and Meaningful Use proceeds
- (c) Excludes Depreciation, Amortization, Interest and Asset Impairment



# OCH: Capital Expenditures Projects

## Summary of Recent CapEx (FY2011-13) (\$ millions)

	FY2011	FY2012	FY2013
<u>Building, Fixtures and Leasehold</u>			
1. Building Fixtures	\$ 0.5	\$ 0.2	\$ 0.1
2. Building Improvements	3.0	0.4	1.1
3. Furniture & Fixtures	0.4	0.0	-
Subtotal	3.9	0.7	1.2
4. Medical Equipment	1.4	1.9	2.3
<u>Software and IT</u>			
5. Software	10.3	3.8	1.1
6. Computer Equipment	0.5	0.2	0.0
7. Network Equipment	1.2	0.6	0.6
8. Telephone Equipment	0.2	0.1	-
Subtotal	12.2	4.6	1.7
<b>Total</b>	<b>\$ 17.4</b>	<b>\$ 7.2</b>	<b>\$ 5.2</b>

## Summary of Major Near-Term CapEx Needs (\$ millions)

CapEx Need	Estimated		Description
	Cost	Timing (FY)	
<b>Patient Area</b>	\$7.1	2015-2016	Radiology Department Upgrade (IRR)
<b>Patient Area</b>	5.9	2015-2016	Radiation Therapy Replacement
<b>Patient Area</b>	4.4	2015-2016	Patient room refresh
<b>Exterior</b>	3.7	2015-2016	Building Exterior Seal
<b>Exterior</b>	1.6	2015-2016	Elevator Controls Upgrade
<b>Exterior</b>	1.2	2015-2016	Roof replacement (1969, 1981 Bldgs.)
<b>Clinical Equipment</b>	1.3	2015-2016	Patient monitoring system
<b>Clinical Equipment</b>	1.4	2015-2016	Nuclear Medicine equipment replacement
<b>Clinical Equipment</b>	2.1	2015-2016	Anesthesia machines replacements
<b>Clinical Equipment</b>	1.9	2015-2016	CT replacement
<b>Clinical Equipment</b>	1.5	2015-2016	Laboratory equipment
<b>Patient Area</b>	2.0	2015-2016	Surgery lighting and equipment
<b>Total</b>	<b>\$34.1</b>		

# OCH: Seismic Considerations

- Five OCH buildings are subject to SB1953 and require less than \$15.7 million to comply with current seismic standards through 2030

Building	Structural Performance Category (SPC) Compliance Status	Non-Structural Performance Category (NPC) Compliance Status
1. Replacement Boiler House	<ul style="list-style-type: none"> <li>■ SPC-4 (allows acute care operations beyond 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
2. Replacement Facility (Main Hospital)	<ul style="list-style-type: none"> <li>■ SPC-4 (allows acute care operations beyond 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
3. 1969 Addition	<ul style="list-style-type: none"> <li>■ SPC-2 (allows acute care operations until 2030)</li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-2                             <ul style="list-style-type: none"> <li>● NPC-3 compliance deferred until 2030</li> </ul> </li> </ul>
4. 1953 Boiler Plant	<ul style="list-style-type: none"> <li>■ SPC-1                             <ul style="list-style-type: none"> <li>● Plans in design and under OSHPD review to retrofit to SPC-2 (allows acute care operations until 2030)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-1                             <ul style="list-style-type: none"> <li>● Pending sign off for NPC-2 and approval of NPC-3 compliance deferral until 2030</li> </ul> </li> </ul>
5. 1953 Building	<ul style="list-style-type: none"> <li>■ SPC-1                             <ul style="list-style-type: none"> <li>● Plans in design and under OSHPD review for a partial demolition to bring to SPC-2 (allows acute care operations until 2030)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ NPC-1                             <ul style="list-style-type: none"> <li>● Pending sign off for NPC-2 and approval of NPC-3 compliance deferral until 2030</li> </ul> </li> </ul>

# OCH: Owned MOBs

## Property Overview



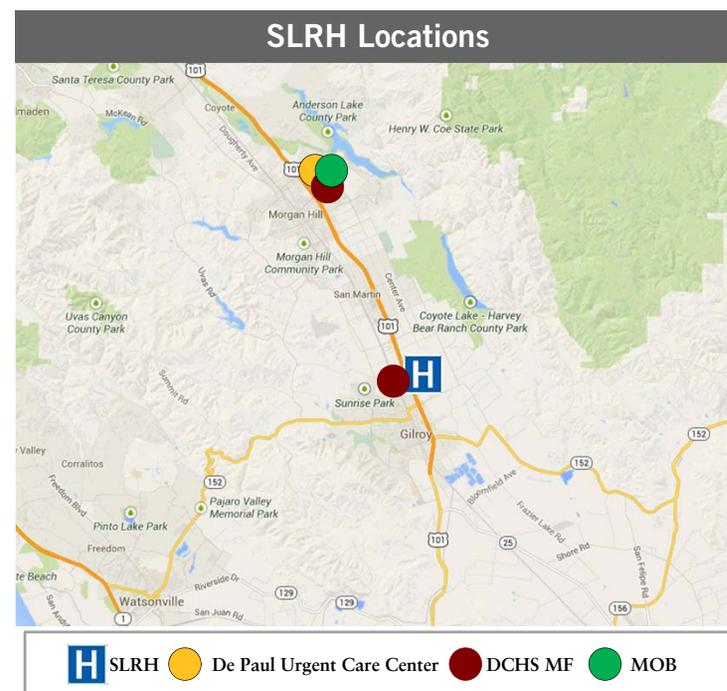
<b>Property Name</b>	O'Connor Medical Office Building	Clarmar Building MOB	Barclay Building Medical Office Condo
<b>Property Address</b>	2101 Forest Ave. San Jose, CA 95128	2030 Forest Ave San Jose, CA 95128	2039 Forest Ave., Units B2 and 204 San Jose, CA 95128
<b>Age</b>	Constructed in 1951 and renovated to MOB in 1977	Constructed in 1958 and renovated in 1975	Constructed in 1985
<b>Underlying Site Area</b>	777,546 SF (17.85 acres of hospital campus)	24,829 SF (0.57 acres)	N/A
<b>Occupancy (Feb 2014)</b>			
<b>Total GLA:</b>	35,476 SF	10,533 SF	3,656 SF
<b>Physician Practices:</b>	20,396 SF (57% of total)	4,182 SF (40% of total)	0 SF (0% of total)
<b>Hospital Operations:</b>	Please see below	4,361 SF (41% of total)	0 SF (0% of total)
<b>Other Occupied:</b>	0 SF (0% of total)	0 SF (0% of total)	0 SF (0% of total)
<b>Vacant:</b>	8,811 (25% of total)	2,541 SF (24% of total)	3,656 SF (100% of total)
<b>Lease Type</b>	Modified Full Service	Medical Gross Expense Basis	Triple Net
<b>LHM Operations In MOB</b>	<ul style="list-style-type: none"> <li>■ IT department</li> <li>■ Auditorium space</li> <li>■ Family Residency Office</li> </ul>	<ul style="list-style-type: none"> <li>■ DCHS Medical Foundation</li> </ul>	<ul style="list-style-type: none"> <li>■ None</li> </ul>



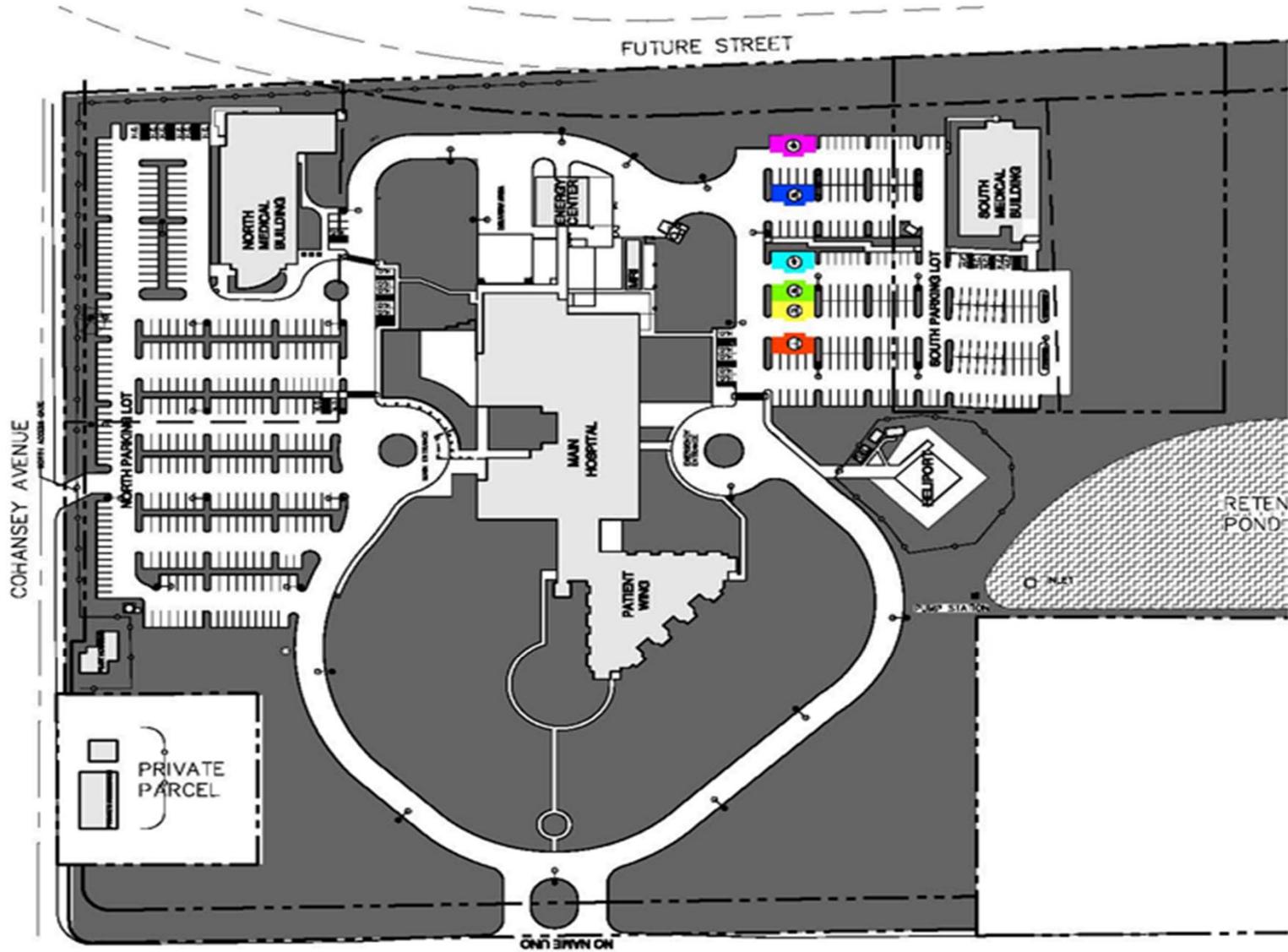
**Saint Louis Regional Hospital**

# SLRH: Overview

- An acute care community hospital located in Gilroy, CA offering a wide range of services in a 100,000 square-foot campus
  - 93 licensed beds
  - 552 associates (unions include: SEIU, CNA, Local 39 and CLVNA)
  - 206 physicians
- Comprehensive range of services, including:
  - Surgical services
  - General medicine
  - Maternal and child health
  - Emergency
  - Diagnostic imaging
  - Wound care clinic and hyperbaric medicine
  - De Paul Urgent Care
- Home to one of the busiest emergency departments per bed in Santa Clara County
  - Over 26,000 visits per year
- Over 3,000 annual discharges



# SLRH: Campus Map



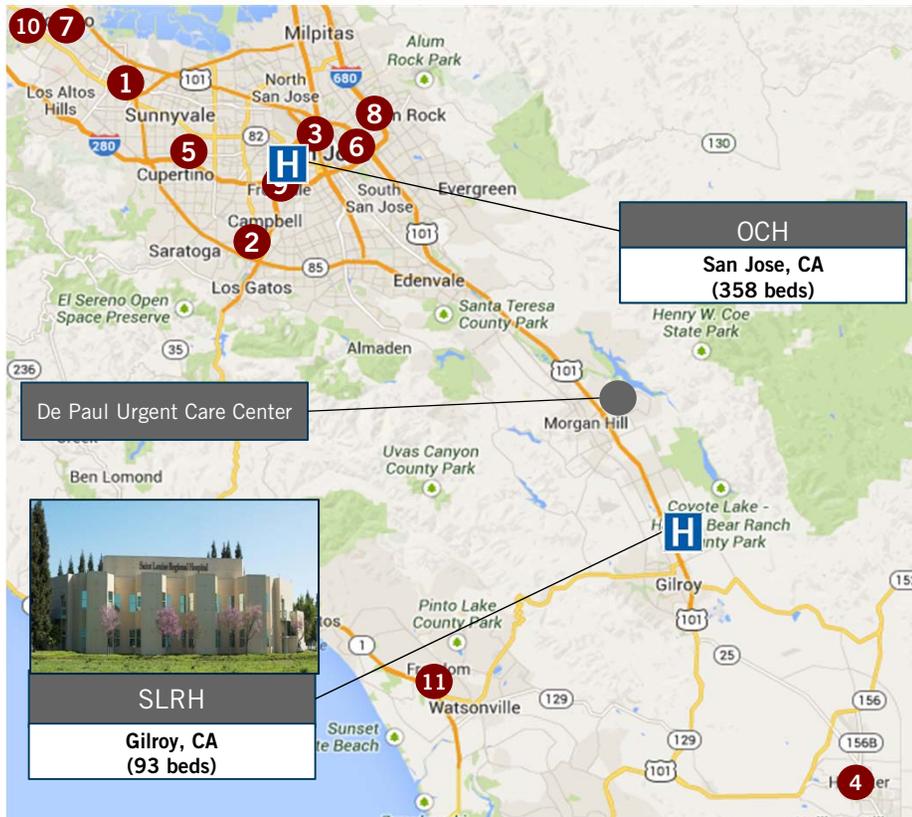
# SLRH: De Paul Campus Map



# SLRH: Select Awards and Recognitions

Select Awards and Recognitions	
	<ul style="list-style-type: none"><li>■ Three-year term of accreditation from the American College of Radiology (ACR)</li></ul>
	<ul style="list-style-type: none"><li>■ Winner of Making Medicine Mercury Free Award</li></ul>
	<ul style="list-style-type: none"><li>■ Certified Primary Stroke Center by the Joint Commission</li></ul>
	<ul style="list-style-type: none"><li>■ Superior rating by California Maternal Quality Care Collaborative (CMQCC) in perinatal quality</li><li>■ Ranked in top 10 hospitals in California for having the highest percentage of mothers who breastfeed while in the hospital</li></ul>

# SLRH: Competitive Landscape



	Affiliation	Beds	Distance (mi)	
<b>PRIMARY COMPETITION</b>				
1	El Camino Hospital (Mountain View)	District Hospital	300	40
2	El Camino Hospital (Los Gatos)	District Hospital	143	31
3	Good Samaritan Hospital (San Jose)	HCA	349	29
4	Hazel Hawkins Memorial Hospital (Hollister)	District Hospital	113	19
5	Kaiser Foundation Hospital (Santa Clara)	Kaiser Permanente	327	35
6	Kaiser Foundation Hospital (San Jose)	Kaiser Permanente	217	21
7	Lucile Salter Packard Children's Hospital at Stanford (Palo Alto)	Stanford University	302	47
8	Regional Medical Center of San Jose (San Jose)	HCA	216	30
9	Santa Clara Valley Medical Center (San Jose)	County of Santa Clara	574	30
10	Stanford University Hospital (Stanford)	Stanford University	613	47
11	Watsonville Community Hospital (Watsonville)	Standalone	106	21

# SLRH: Investment Highlights and Opportunities

Strengths and Investment Highlights	Opportunities
<ul style="list-style-type: none"> <li>■ Vital market presence in the community as the only acute care hospital in South Santa Clara County</li> </ul>	<ul style="list-style-type: none"> <li>■ Complete transition from the Medi-Cal FFS program to DRG reimbursement system through 2017</li> </ul>
<ul style="list-style-type: none"> <li>■ Home to one of the busiest emergency departments per bed in the county                             <ul style="list-style-type: none"> <li>● Features a CALSTAR emergency hospital air ambulance transport on the premises</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Evaluate options to appropriately address unnecessary emergency room visits, including                             <ul style="list-style-type: none"> <li>● Fast-track approach to triage and redirect patients to appropriate care settings</li> <li>● Develop an urgent care service with the Federally Qualified Health Center</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>■ Well known in the community for providing high-quality care in a multitude of areas, including maternal and child health, orthopedic and joint replacement, wound care and minimally invasive surgery</li> </ul>	<ul style="list-style-type: none"> <li>■ Develop organized physician delivery network, enhancing specialty services that capture a greater share of South Santa Clara County's growing patient population and minimizes leakage to other healthcare providers</li> </ul>
<ul style="list-style-type: none"> <li>■ Operates DePaul Urgent Care Center in nearby Morgan Hill</li> </ul>	<ul style="list-style-type: none"> <li>■ Opportunity to expand strategic relationships with OCH</li> </ul>
<ul style="list-style-type: none"> <li>■ Certified Primary Stroke Center—the only designated center in South Santa Clara County</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of Morgan Hill Services                             <ul style="list-style-type: none"> <li>● Urgent Care expansion</li> <li>● Diagnostic and Therapeutic Services</li> <li>● Ambulatory Surgery Center</li> <li>● Integrate/Expand DHCS Medical Foundation presence</li> <li>● Expand scope of physicians services</li> </ul> </li> </ul>

# SLRH: Key Services

Key Service Lines	Clinics and Specialty Services
■ Critical Care	■ Breast Care Center
■ Diagnostic Imaging	■ Cardiopulmonary Rehab
■ Emergency Services	■ Community Health and Diabetes Education
■ Medical/Surgical	■ De Paul Urgent Care Center
■ Maternal Child Health Services	■ Health Benefits Resource Center
■ Nuclear Medicine	■ Wound Care and Hyperbaric Medicine
■ Orthopedic and Sports Medicine	
■ Minimally Invasive Surgery	
■ Stroke Care	

# SLRH: Operating Statistics

## Key Operating Statistics

	FY2013	LTM Feb-2014
<u>Discharges</u>		
ICU	191	225
Med/Surg 4 East	2,143	2,127
OB/GYN	687	704
Total	3,021	3,056
<u>Referred Outpatients</u>		
SLRH Referred Outpatients (excl. De Paul)	49,207	47,095
De Paul Referred Outpatients	7,372	8,450
Total	56,579	55,545
<u>Average Daily Census</u>		
Total (Acute)	30	30
<u>Average Length of Stay (Days)</u>		
Total (Acute)	3.6	3.5

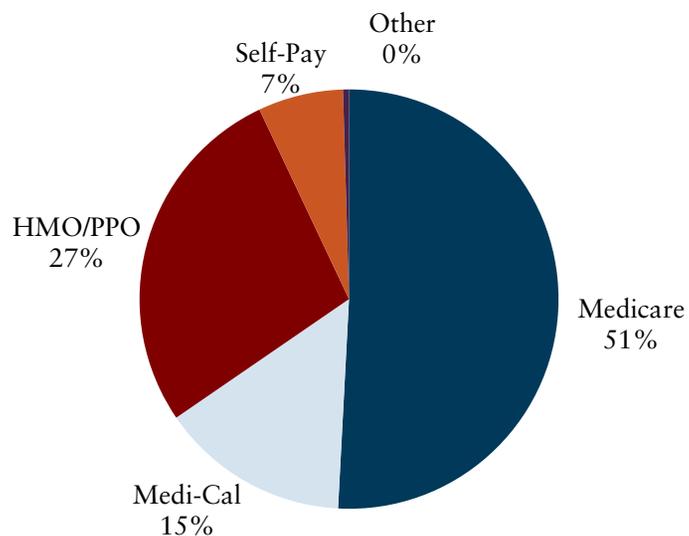
## Other Operating Statistics

	FY2013	LTM Feb-2014
<u>Emergency Services</u>		
IP Visits	1,934	2,103
OP Visits	24,354	24,406
Total	26,288	26,509
<u>Wound Care</u>		
Total Visits	2,291	2,400
<u>Surgery</u>		
Total Minutes (IP and OP)	193,236	198,337
Total IP Cases	794	877
Total OP Cases	1,677	1,601
<u>Radiology (IP and OP)</u>		
Total Exams (X-ray, Ultrasound, Mammo)	25,437	25,574
Total Exams (CT Scanner RVU)	8,004	8,345
<u>Nuclear Medicine</u>		
IP Procedures	30	22
OP Procedures	223	197
Total	253	219
<u>MRI</u>		
IP Procedures	265	341
OP Procedures	1,055	1,213
Total	1,320	1,554
<u>Dialysis</u>		
IP Procedures	277	249
OP Procedures	8	7
Total	285	256
<u>Therapy (Physical, Speech and Occupational)</u>		
Total Treatments	28,014	31,181
<u>Urgent Care Center</u>		
OP Visits	6,412	7,247

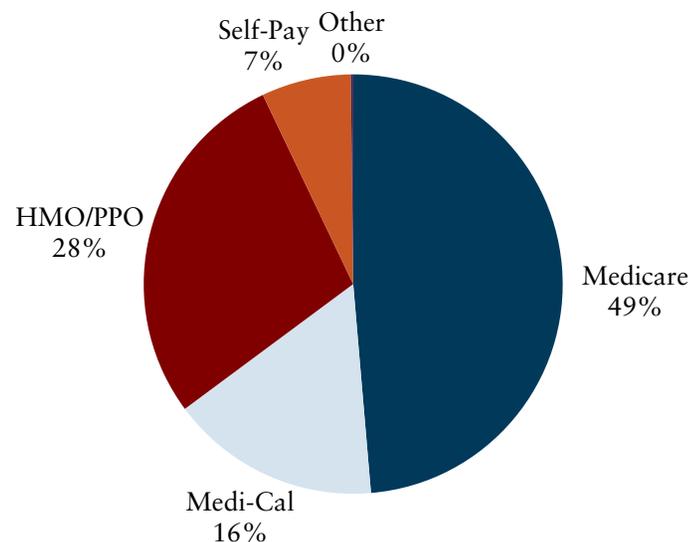
# SLRH: Payor Mix

Patient Days by Payor (FY2013 and FY2014 YTD) \*

FY2013



FY2014 YTD as of February 2014



# SLRH: Supplemental Funding

## Net Supplemental Funding (FY2011–14 YTD) (\$ millions)

	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>LTM Feb-2014</u>
<b>Provider Fee</b>				
Medi-Cal	\$ 4	\$ 5	\$ 3	\$ 3
Medi-Cal Managed Care	1	0	3	3
Provider Tax	(3)	(3)	(4)	(4)
Net Provider Fee	2	2	2	2
Meaningful Use	-	1	-	2
<b>Total</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 4</b>

## New Three-Year Provider Fee Program (a) (\$ millions)

	<u>Jan-14 - Jun-14</u>	<u>Jul-14 - Jun-15</u>	<u>Jul-15 - Jun-16</u>	<u>Jul-16 - Dec-16</u>	<u>Total</u>
Medi-Cal	\$ 2	\$ 5	\$ 6	\$ 3	\$ 16
Medi-Cal Managed Care	3	6	7	4	19
Provider Tax	(2)	(5)	(6)	(3)	(16)
<b>Net Provider Fee</b>	<b>\$ 3</b>	<b>\$ 6</b>	<b>\$ 7</b>	<b>\$ 4</b>	<b>\$ 20</b>

Note: Fiscal year ends June 30

(a) Three-year Provider Fee program effective January 1, 2014. Funding estimates are based on California Hospital Association fee model dated September 16, 2013 and exclude payments to the California Health Foundation and Trust.

# SLRH: Employee Summary

## Employee Summary by Type as of April 2014

Employee Category	Count	FTEs (a)
<i><u>Union</u></i>		
SEIU Local 250	209	117
CNA	204	106
Local 39 Engineers	11	10
Local 20	17	8
CLVNA	8	6
Total Union	449	247
<i><u>Non-Union</u></i>		
Administrators/VPs	3	3
Directors	19	19
Managers	4	4
Supervisors/Assistant Nurse Managers	9	5
Other Non-Union	68	45
Total Non-Union	103	76
<b>Total</b>	<b>552</b>	<b>323</b>

# SLRH: Physician Summary

## Summary of Physicians by Specialty (January 2014)

Specialty	Count	% of Total
<i>Active Physicians</i>		
1. Emergency Medicine	11	11%
2. Family Practice	8	8%
3. Internal Medicine	8	8%
4. Obstetrics/Gynecology	8	8%
5. General Surgery	6	6%
6. Pediatrics	6	6%
7. Anesthesiology	5	5%
8. Cardiology	4	4%
9. Nephrology	4	4%
10. Orthopedic Surgery	4	4%
11. Other	32	33%
Total Active	96	100%
Non-Active (a)	110	
Total	206	



# SLRH: Financial Performance Overview

## Summary of Financial Performance (a) (\$ millions)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 75.5
Supplemental Funding Receipts (b)	7.5
Other Revenue	1.9
Total Revenue	<u>84.9</u>
Salaries	(43.4)
Pension Expense	(2.0)
Other Benefits	(12.4)
Supplies	(7.5)
Purchased Services and Other	(12.1)
Provider Fee Tax	<u>(3.8)</u>
Total Expenses (c)	(81.3)
<u>Allocated Shared Services</u>	
Corporate	(2.5)
CBS	(1.9)
IT	<u>(2.8)</u>
Total Shared Services	(7.2)
EBIDA Before Adjustments	(3.6)
<u>EBIDA Adjustments:</u>	
Third-Party Settlements	(0.1)
Adjusted EBIDA	\$ (3.7)
Adjusted EBIDA (w/o Shared Services)	3.5
Adjusted EBIDA (w/o Shared Services and DB Pensions)	5.5
Capital Expenditures	\$ (2.9)

### Notes:

- (a) Legal entity level financials that include SLRH Foundation and DePaul
- (b) Includes Provider Fee payments and Meaningful Use proceeds
- (c) Excludes Depreciation, Amortization, Interest and Asset Impairment

# SLRH: Capital Expenditure Summary

- SLRH is in compliance with all current seismic standards
  - All buildings are SPC-3 compliant and may be used beyond 2030
  - All buildings are NPC-3 compliant and may be used until 2030

Summary of Recent CapEx (FY2011-13) (\$ millions)			
	FY2011	FY2012	FY2013
<u>Software and IT</u>			
Software	\$ -	\$ 2.5	\$ 6.3

Summary of Major Near-Term CapEx Needs (\$ millions)			
CapEx Need	Estimated		Description
	Cost	Timing (FY)	
ER Capacity Expansion	\$0.7	2015	To expand the existing ER and its configuration to be able to accept and treat higher demands
Replace Imaging Equipment	0.8	2015	To replace outdated imaging equipment (i.e., mammography unit)
<b>Total</b>	<b>\$1.5</b>		

# SLRH: Owned MOBs

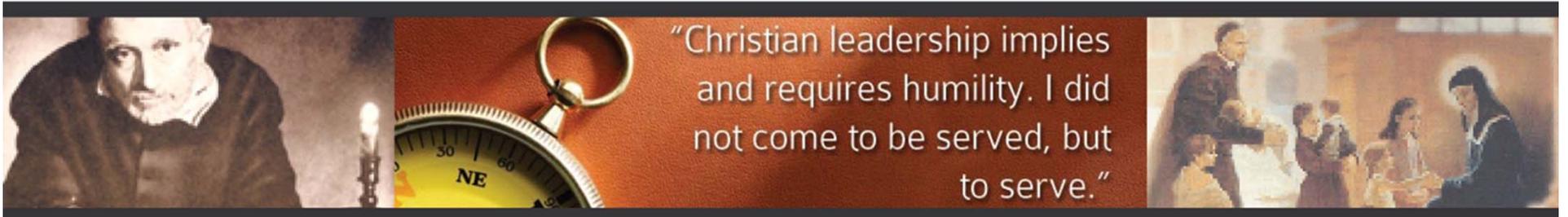
## Property Overview



<b>Property Name</b>	Morgan Hill MOB										
<b>Property Address</b>	18550 Saint Louise Dr Morgan Hill, CA 95037										
<b>Age</b>	Constructed in 1989										
<b>Total Land Area</b>	24.55 acres (including vacant former hospital)										
<b>Occupancy (Feb 2014)</b>	<table border="0"> <tr> <td><b>Total GLA:</b></td> <td>19,759 SF</td> </tr> <tr> <td><b>Physician Practices:</b></td> <td>15,130 SF (77% of total)</td> </tr> <tr> <td><b>Hospital Operations:</b></td> <td>3,350 SF (17% of total)</td> </tr> <tr> <td><b>Other Occupied:</b></td> <td>0 SF (0% of total)</td> </tr> <tr> <td><b>Vacant:</b></td> <td>1,279 (6% of total)</td> </tr> </table>	<b>Total GLA:</b>	19,759 SF	<b>Physician Practices:</b>	15,130 SF (77% of total)	<b>Hospital Operations:</b>	3,350 SF (17% of total)	<b>Other Occupied:</b>	0 SF (0% of total)	<b>Vacant:</b>	1,279 (6% of total)
<b>Total GLA:</b>	19,759 SF										
<b>Physician Practices:</b>	15,130 SF (77% of total)										
<b>Hospital Operations:</b>	3,350 SF (17% of total)										
<b>Other Occupied:</b>	0 SF (0% of total)										
<b>Vacant:</b>	1,279 (6% of total)										
<b>Lease Type</b>	Modified Full Service										
<b>LHM Operations In MOB</b>	<ul style="list-style-type: none"> <li>■ DCHS Medical Foundation (1,128 SF)</li> <li>■ Administrative Offices</li> <li>■ Urgent Care (1,506 SF)</li> <li>■ SLRH Radiology Department (716 SF)</li> <li>■ Laboratory patient service center</li> </ul>										



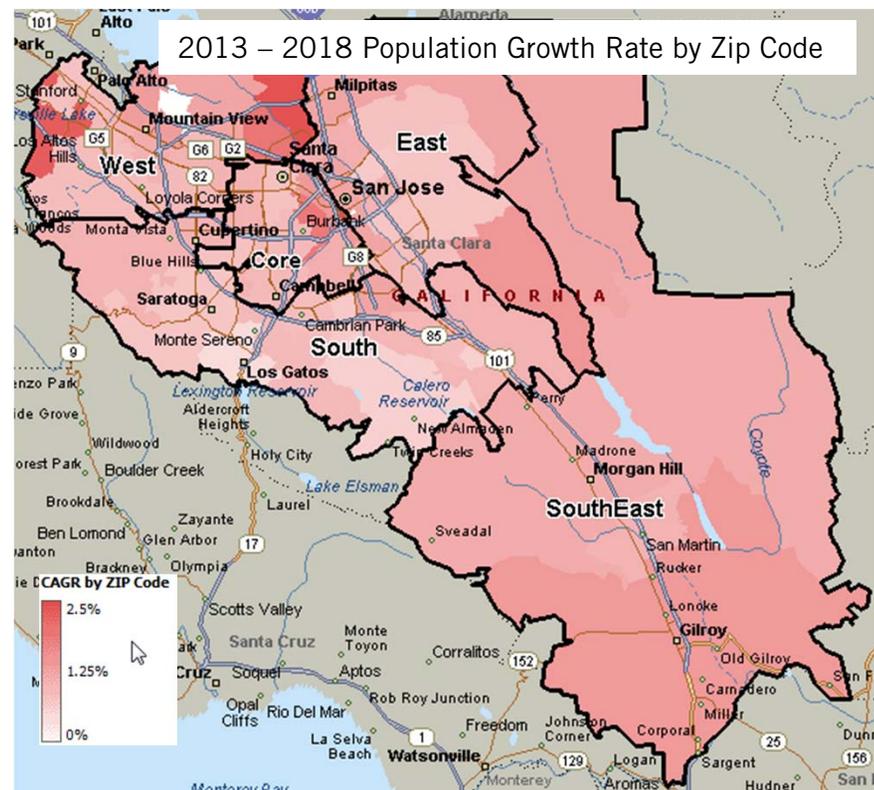
## What is the Market?



# OCH's Service Area Includes San Jose, Santa Clara and Surrounding Areas

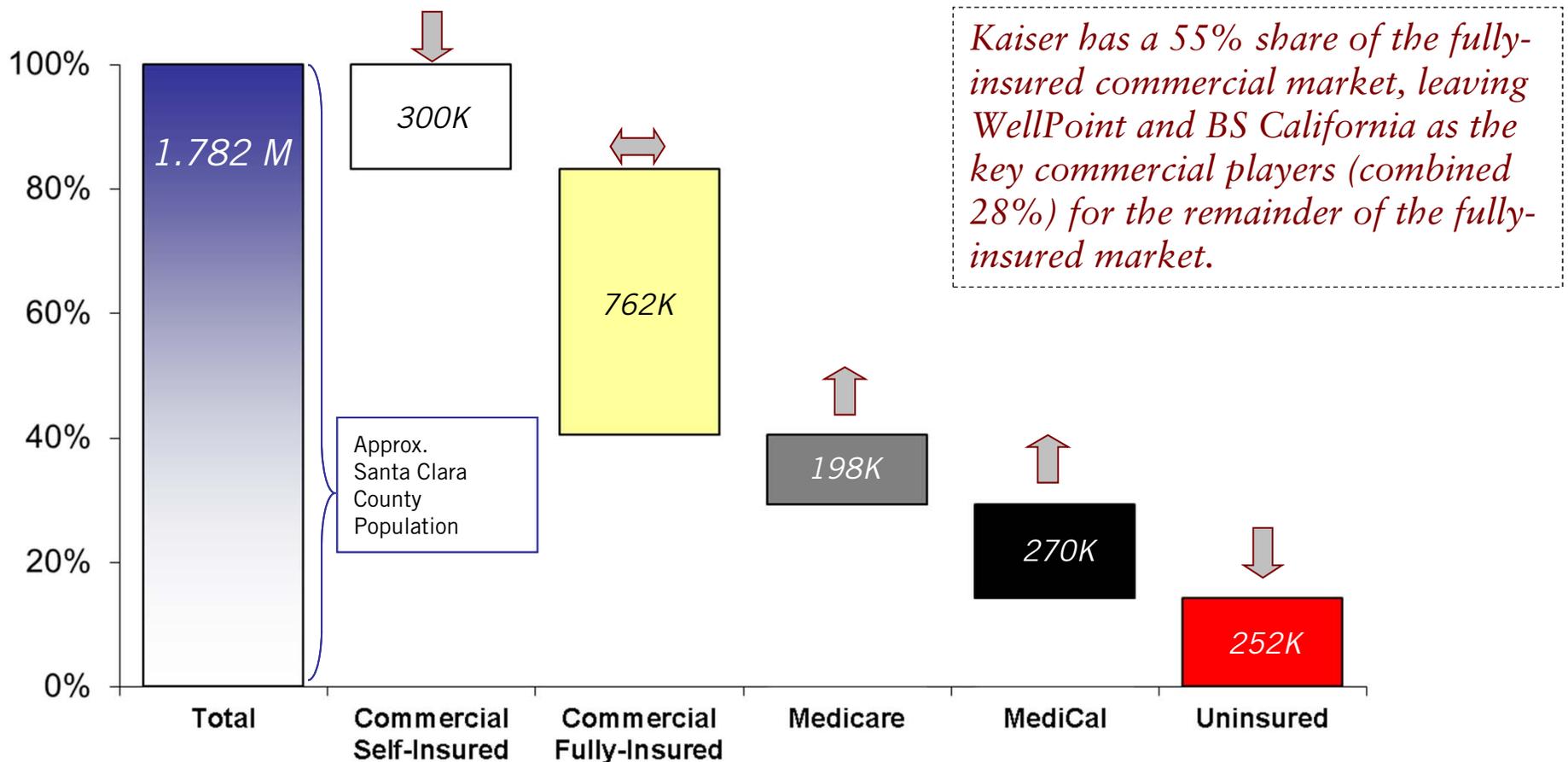
## ■ Demographics:

- 1.8 million people in the market, projected to grow annually at 1.1% over the next five years
- Service area is predominantly White, Asian, and Hispanic
- The average household income is \$93,599, much higher than the average household income in California (\$61,400)



# The Relatively Young Population and the Prevalence of Kaiser Drive a Favorable Payer Mix for the Overall County (60% Commercial)

Santa Clara County - Market Lives Summary by Major Payer, 2011 Estimates



# Seven Competitors in OCH's Service Area with Kaiser Leading the Market

## ■ Competition:

- There are seven competitors within the five service areas and SLRH
  - Kaiser is the market leader with 24% market share
  - OCH is sixth in the market with 9% market share
- El Camino and Regional are the only facilities that realized volume increases since 2009

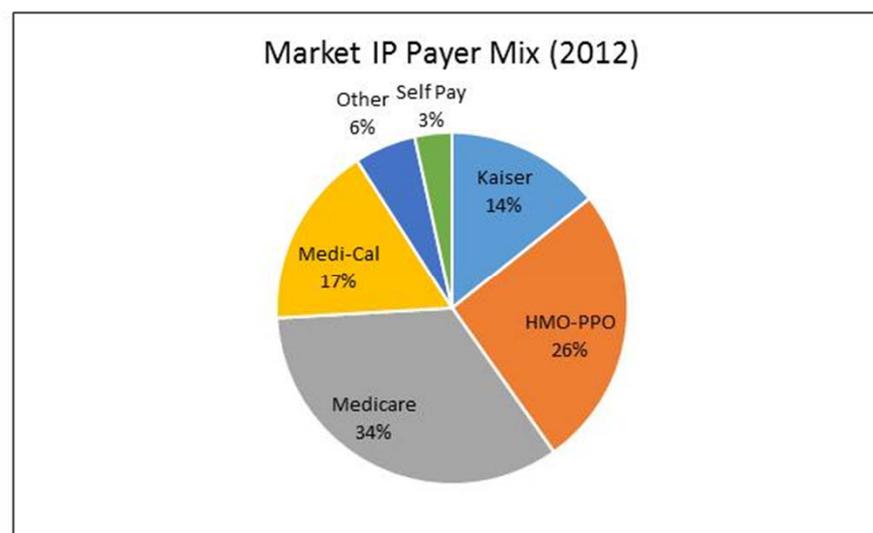
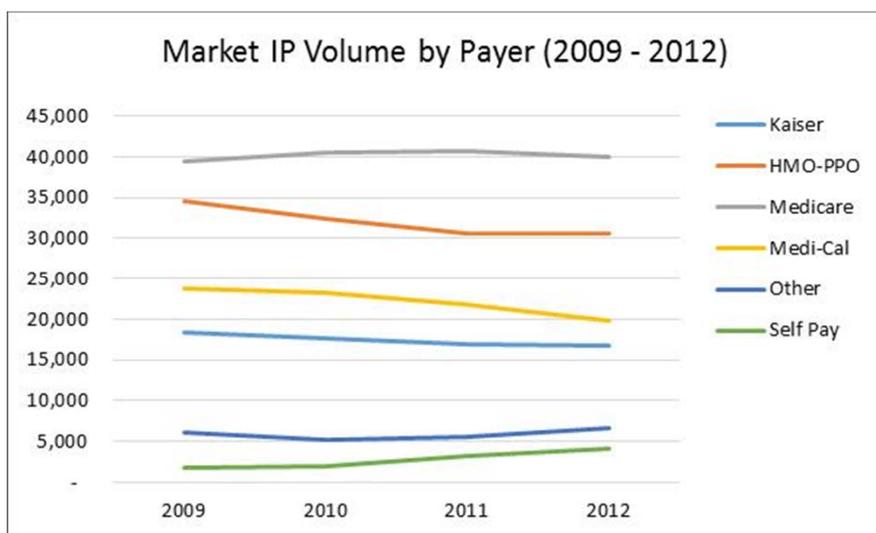


Source: 2009 – 2012 OSHPD CA State Inpatient Database; AHD.com  
Note: Kaiser includes Kaiser San Jose, Kaiser Santa Clara, and P.H.F.  
Note: DRG 795 has been removed

# Strongest Payers Have Declined While Self Pay Has Increased

## ■ Payer Profile:

- Medicare accounts for 34% of the payer market, followed by HMO-PPO at 26%
- Overall market has declined 4%, whereas Medicare is flat and self pay has increased 33%

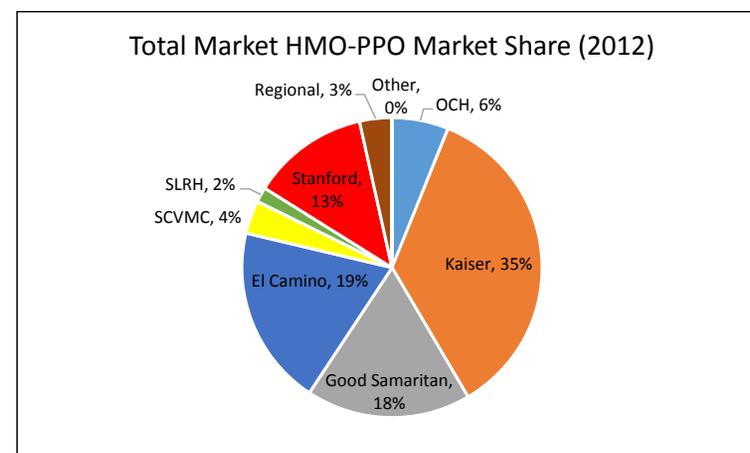
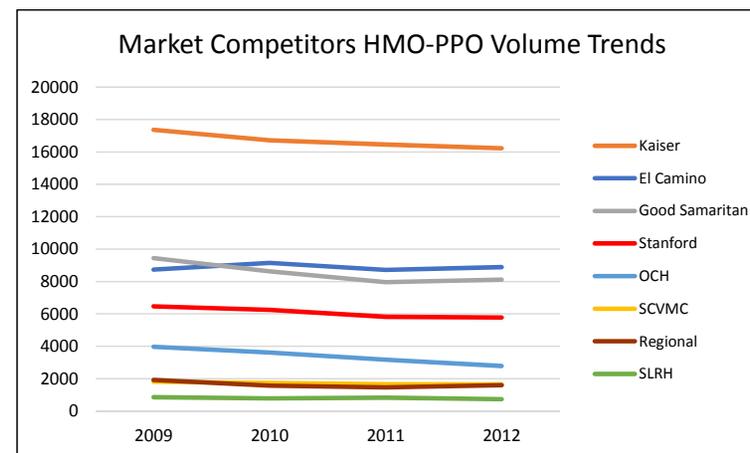


Source: 2009 – 2012 OSHPD CA State Inpatient Database; AHD.com  
Note: Kaiser includes Kaiser San Jose, Kaiser Santa Clara, and P.H.F.  
Note: DRG 795 has been removed

# Kaiser Leads in the Declining HMO-PPO Market, the Most Profitable Market

## ■ HMO-PPO/Kaiser Environment:

- Kaiser is the market leader in HMO-PPO
  - /Kaiser environment with 35% of the market
  - El Camino has 19%
  - Good Samaritan has 18%
  - OCH has 6%
  
- Good Samaritan and OCH have lost more volume than any other facilities
  - Good Samaritan lost 1,318 cases
  - OCH lost 1,181 cases

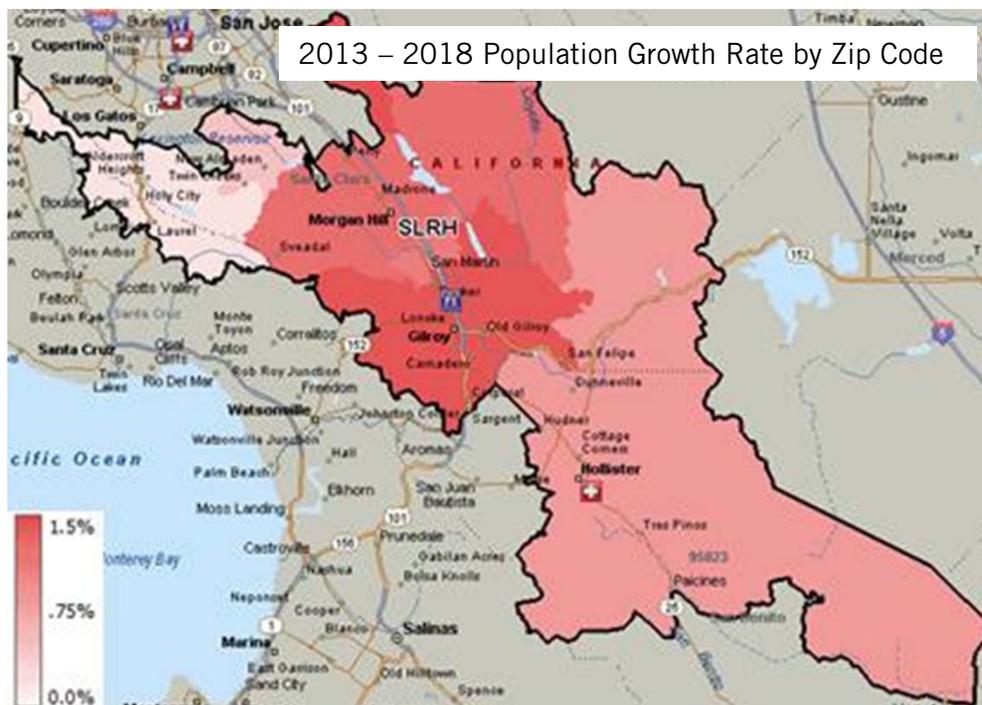


Source: 2009 – 2012 OSHPD CA State Inpatient Database; AHD.com  
 Note: Kaiser includes Kaiser San Jose, Kaiser Santa Clara, and P.H.F.  
 Note: DRG 795 has been removed

# SLRH's Service Area Includes Morgan Hill, Gilroy and Hollister

## ■ Demographics:

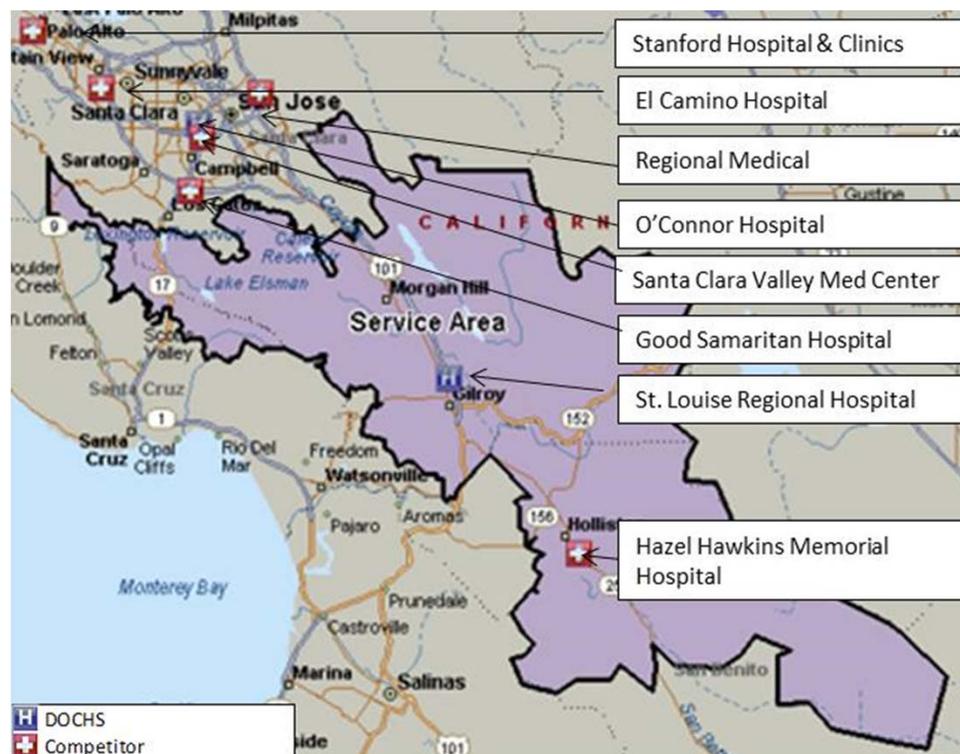
- 232,900 people in the service area, projected to grow annually at 1.1% over the next five years
- Service area is predominantly White and Hispanic accounting for 44% and 38% of the population respectively
- The average household income in Gilroy is \$78,000, much higher than the average household income in California (\$61,400) but lower than Morgan Hill (\$101,310)



# Kaiser Has the Inpatient Leading Position in the SLRH Market

## ■ Competition:

- There are seven competitors within the Core Service Area (CSA) in addition to OCH
- Kaiser is the market leader with 24%
- SLRH has 18%
- El Camino realized the largest volume increase with 299 cases

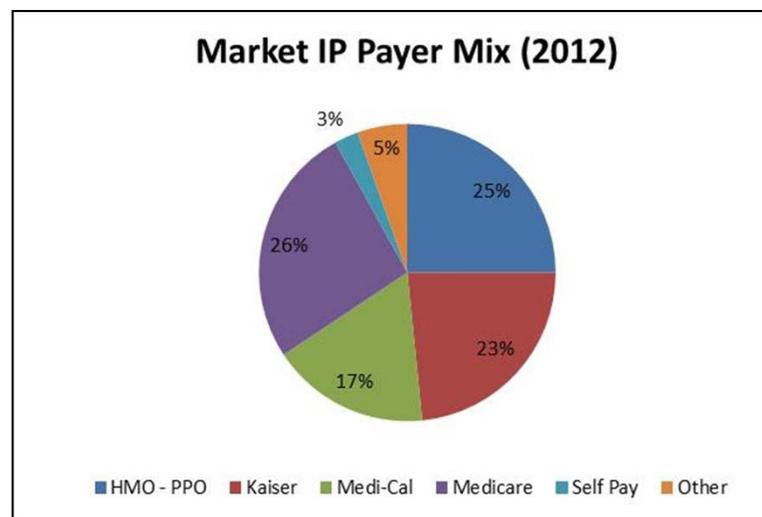
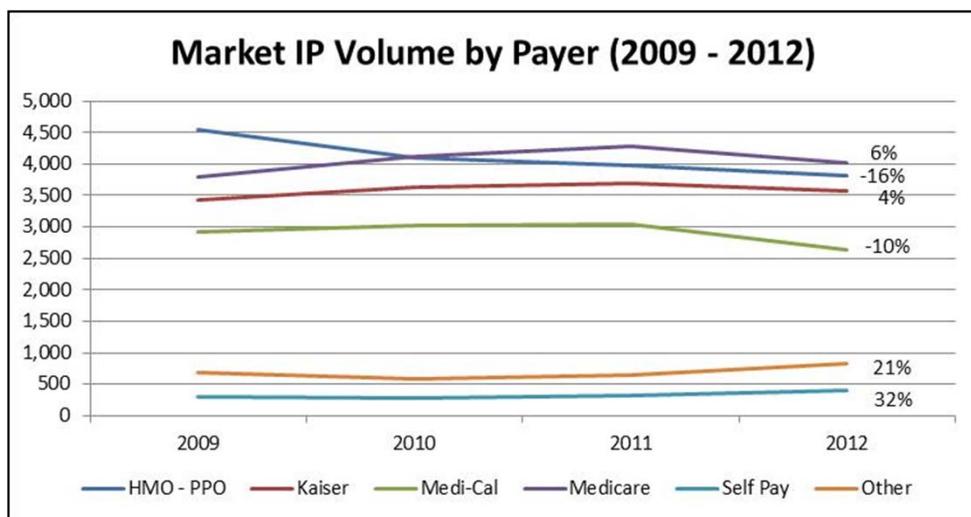


Facility	Total Beds	Cases from Market	2012 Market Share	Volume Gain (Loss) Since 2009
Kaiser	500+	3,574	23%	152
SLRH	50 – 99	2,821	18%	(348)
Good Sam	300 – 399	2,275	15%	(209)
Hazel Hawkins	< 50	2,188	14%	(321)
SCVMC	500+	1,445	9%	(5)
Stanford	500+	1,122	7%	70
El Camino	300 – 399	813	5%	299
OCH	300 – 399	569	4%	(134)
Regional Medical	200 – 299	451	3%	86

# Medicare, HMO-PPO and Kaiser Comprise 75% of the SLRH Market

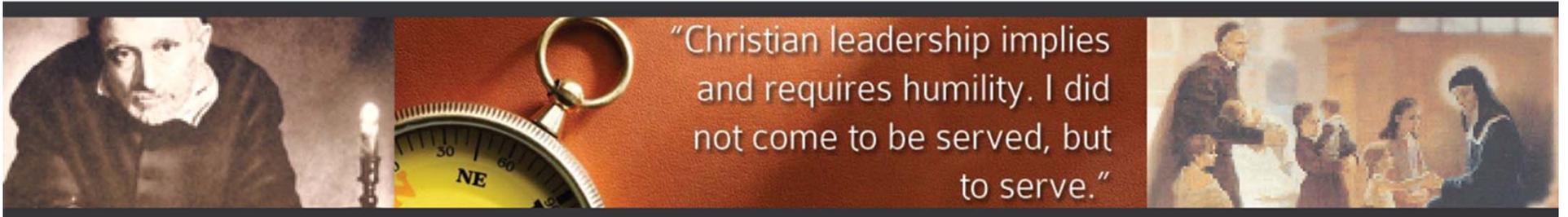
## ■ Payer Environment:

- Growth seen in Medicare and Kaiser payer, while all other payers have declined
- Medicare has grown 6% since 2009
- Kaiser has grown 4% since 2009
- Overall market has declined 3% since 2009





## What is OCH and SLRH's position in the market?



# OCH Just Received the Highest Safety Score of All Hospitals in Santa Clara

- Consumer Reports ranked OCH higher than all other hospitals in safety including Stanford



## Compare Hospitals

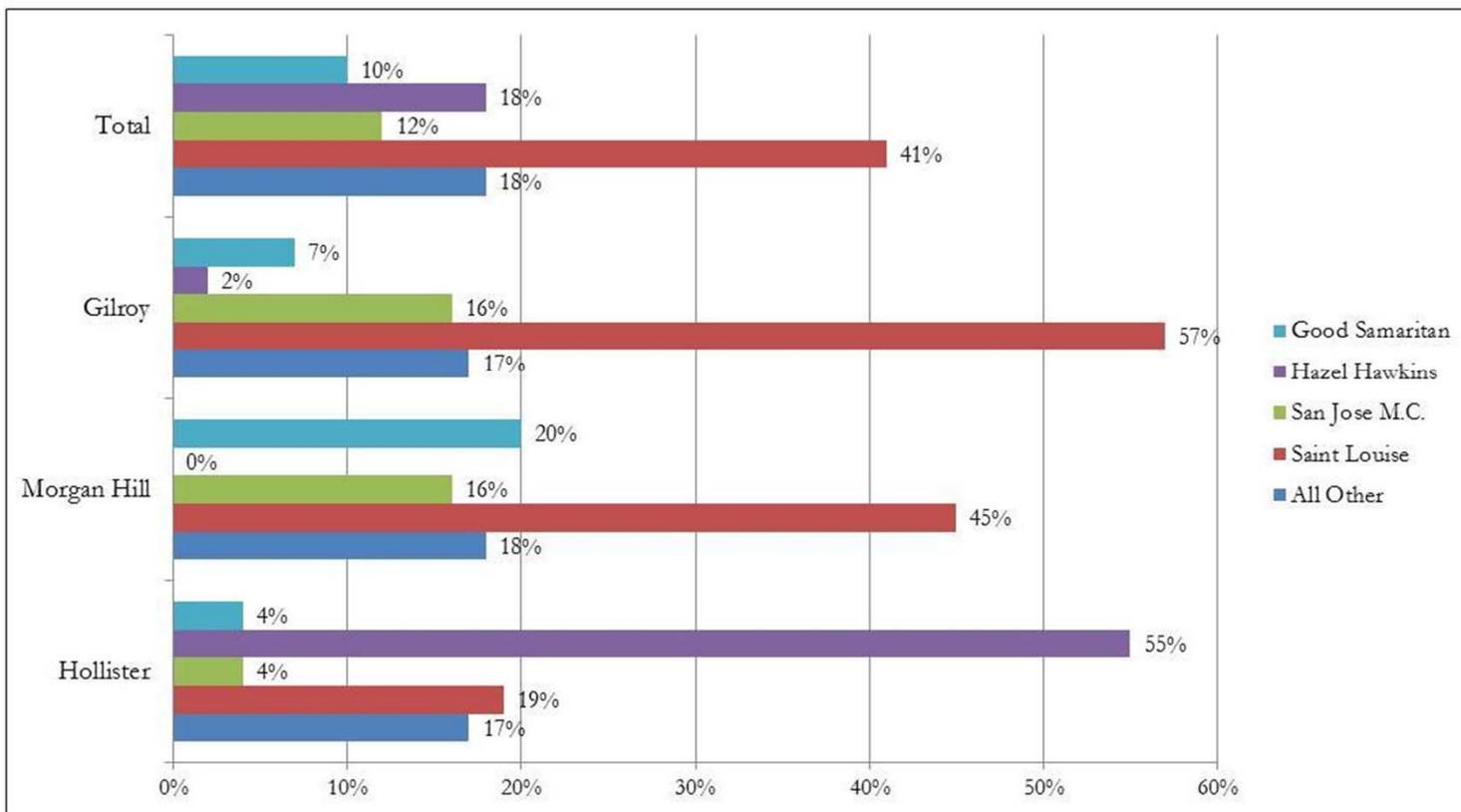
This shows how the hospitals you select compare with each other. You can compare up to five hospitals, and delete or add hospitals to your list.



	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>
	<a href="#">O'Connor Hospital</a> San Jose, CA	<a href="#">El Camino Hospital</a> Mountain View, CA	<a href="#">Stanford Hospital and Clinics</a> Palo Alto, CA	<a href="#">Saint Louise Regional Hospital</a> Gilroy, CA	<a href="#">Veterans Affairs Palo Alto Health Care System</a> Palo Alto, CA
<input type="checkbox"/> Safety Score					
<input type="checkbox"/> Safety score	95 59 100	95 57 100	95 57 100	95 40 100	Not Yet Rated
	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>	<a href="#">REMOVE</a>
	<a href="#">Good Samaritan Hospital</a> San Jose, CA	<a href="#">Regional Medical Center of San Jose</a> San Jose, CA	<a href="#">Kaiser Permanente San Jose Medical Center</a> San Jose, CA	<a href="#">Santa Clara Valley Medical Center</a> San Jose, CA	
	95 47 100	95 53 100	Not Yet Rated	95 44 100	

# SLRH Has Strong Community Loyalty

Top of Mind Awareness (First Mention/All Respondents)



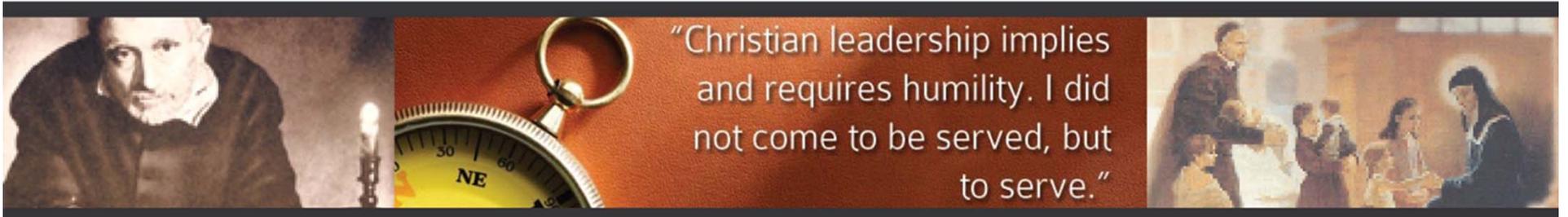
# The Medical Foundation Has a Growing Diverse Membership

- More than 300 primary care and specialty physicians in Northern and Southern California
  
- Key groups in Northern California
  - Almaden Family Physicians Medical Group
  - Daly City Family Practice
  - Daly City Internal Medicine
  - Family Medicine Associates of San Jose, Inc.
  - Gilroy Family Practice
  - Morgan Hill Medical Associate
  - Northern Cal Advantage Med Group
  - O'Connor Urgent Care
  - Samaritan Family Practice
  - San Jose Medical Group





## What are the opportunities for OCH and SLRH?



# Future Opportunities for OCH/SLRH

With the market declining and increased competition, can OCH/SLRH make the changes required to be successful?

**Yes!**

Baseline efforts have already been put into place and having impact

Additional opportunity to invest and build off a strong platform

# Opportunities for OCH/SLRH

## ■ Four major areas of opportunity for a new system

### 1. Physicians development

- DCHS Medical Foundation
- IPAs
- Clinical co-management and other alignment models

### 2. Ambulatory deployment

- Targeted joint ventures
- Urgent care
- Destination campuses for outpatient care

### 3. Hospital inpatient investments

- Technology investments
- Payer mix

### 4. Cost management

- Program consolidation and leakage
- Back office consolidation
- Union negotiations

# Opportunities - Physicians

## 1. Continue to build the DCHS Medical Foundation

- Acquire new primary care physicians
- Reduce leakage of referrals outside the DCHS network from both primary care and specialists

## 2. Develop and expand the IPA

- Exclusive partnership opportunities between the Medical Foundation and other IPAs
- Increase the size of NorCal, 70 MD IPA purchased by DCHS to expand in the South Bay

## 3. Expand co-management opportunities

- Clinical co-management agreements in cardiology have resulted in volume growth of 20% and improved physician satisfaction
- Explore additional opportunities in orthopedics and general surgery

## 4. Other opportunities

- Ownership interest in DaVita Home Training program LLC
- Ownership opportunities in future ambulatory development sites

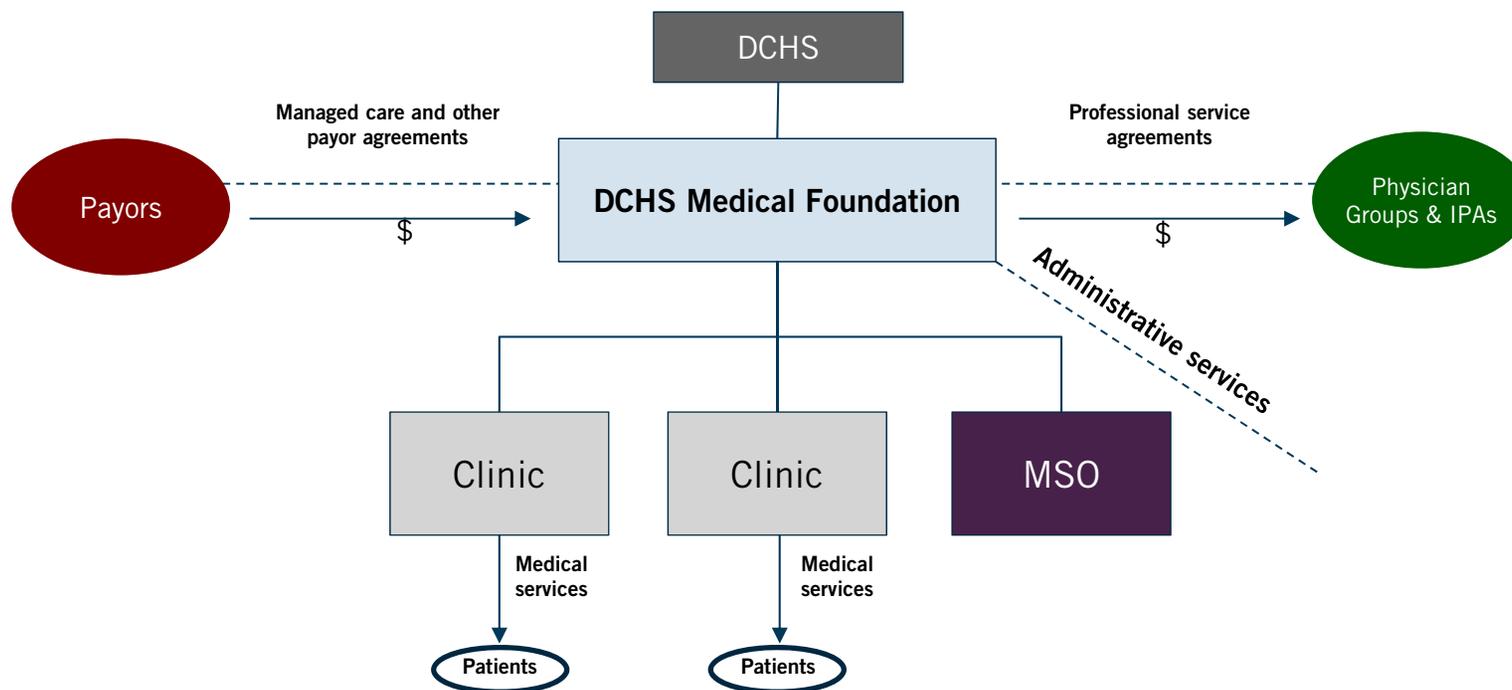


## **DCCHS Medical Foundation**



# DCHS MF: Overview

- DCCHS Medical Foundation began its operations after acquiring assets from San Jose Medical Group, including a full-service MSO that provides support for clinical operations
  - In 2013, acquired 16 additional physician practices, NCA and Allied IPA



# DCHS MF: Overview (cont.)

DCHS Medical Foundation Physician Practices (April 2014)			
Northern California (a)		Southern California	
Physician Group	Count	Physician Group	Count
■ Almaden Family Physicians Medical Group	7	■ All Care Medical Group	12
■ CFM Associates	7	■ Allied Healthcare Providers Medical Group (IPA)	26
■ Daly City Family Practice	1	■ Compton Obstetrics and Gynecology	1
■ Daly City Internal Medicine	1	■ Los Angeles Internal Medicine	1
■ Family Medicine Associates of San Jose, Inc.	13	■ Lynwood General Surgery	2
■ Gilroy Family Practice	1	■ St. Francis Multispecialty Medical Group	5
■ Los Gatos Internal Medicine	1		
■ Morgan Hill Medical Associate	1		
■ Northern Cal Advantage Med Group (IPA)	209		
■ O'Connor General Surgery	1		
■ O'Connor Urgent Care	2		
■ Samaritan Family Practice	5		
■ San Jose Medical Group	74		
<b>Total</b>	<b>323</b>		<b>47</b>

# DCHS MF: Key Statistics

## Key Statistics (CY2013)

### Revenue Management

#### Visits

FFS	249,025
HMO	119,197
Total	368,222

FFS Visits / Workday	1,078
Revenue / Visit	\$ 231

#### HMO Enrollment (Average)

Commercial HMO	24,122
Senior HMO	10,547
Medi-Cal HMO	2,673
Total	37,342

### Cost Management

Total Salaries as % of Revenue	61%
Purchased Medical Services as % of HMO Revenue	41%
Materials & Supplies as % of Revenue	12%

# DCHS MF: Financial Performance Overview

## Summary of Financial Performance (*\$ millions*)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 45.8
Other Revenue	33.4
Total Revenue	<u>79.2</u>
Salaries	(49.1)
Other Benefits	(10.8)
Supplies	(8.6)
Purchased Services and Other	<u>(30.5)</u>
Total Expenses (a)	(99.0)
Adjusted EBIDA	\$ (19.7)
Adjusted EBIDA (w/o DB Pensions)	(19.7)
Capital Expenditures	\$ (2.7)



## Seton Medical Center

# SMC: Overview

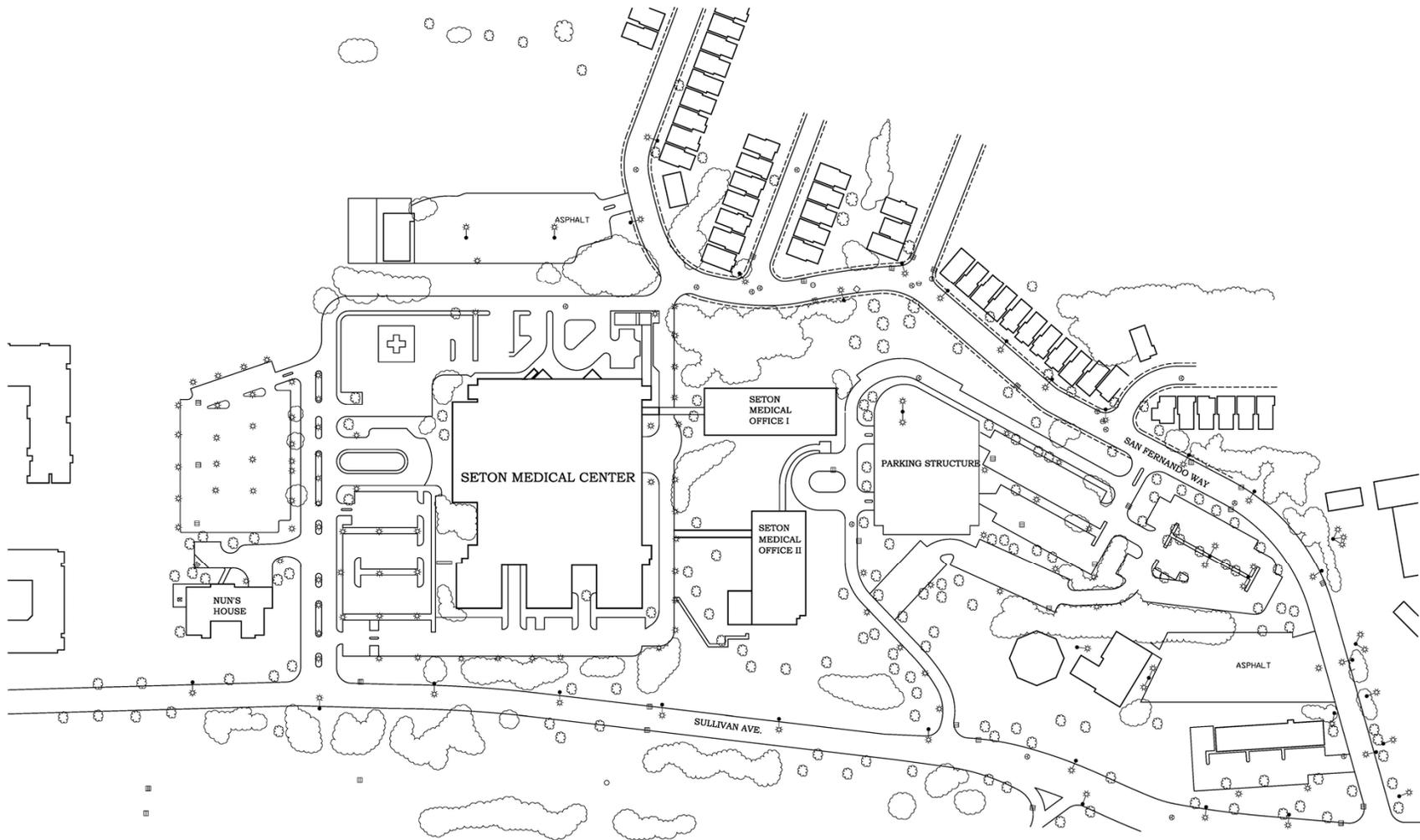
- Strategically located acute care hospital in Daly City, CA serving San Francisco and San Mateo Counties
  - 357 licensed beds
  - 1,355 employees (unions include: SEIU, CNA, Local 39 and Local 20)
  - 414 physicians
- SMC offers a comprehensive range of medical specialties, such as:
  - Orthopedics
  - Joint replacement
  - Cancer care
  - Women's health
  - Wound care
  - Perinatal care
- A community center for health and healing, offering education classes (asthma, diabetes and prenatal), fitness classes and support groups



## SMC Locations



# SMC: Campus Map



# SMC: Select Awards and Recognitions

Select Awards and Recognitions	
	<ul style="list-style-type: none"><li>■ Earned the Gold Plus Performance Achievement Award from the American Heart Association/American Stroke Association in 2013</li></ul>
	<ul style="list-style-type: none"><li>■ Recognized as a Top 5 Bay Area Hospital in 2011-12 by U.S. News and World Report</li></ul>
	<ul style="list-style-type: none"><li>■ Outstanding Leadership Award for Achievements in Eliminating Ventilator-Associated Pneumonia (VAP) from the U.S. Department of Health &amp; Human Services</li></ul>

# SMC: Competitive Landscape



	Affiliation	Beds	Distance (mi)	
<b>PRIMARY COMPETITION</b>				
1	California Pacific Medical Center – Pacific Campus	Sutter Health	785	8
2	Kaiser Foundation Hospital – Redwood City	Kaiser Permanente	213	20
3	Kaiser Foundation Hospital – South San Francisco	Kaiser Permanente	120	3
4	Kaiser – San Francisco	Kaiser Permanente	215	9
5	Lucile Salter Packard Children’s Hospital at Stanford	Stanford University	302	25
6	Mills – Peninsula Medical Center	Sutter Health	241	10
7	San Francisco General Hospital	UCSF	460	8
8	San Mateo Medical Center	San Mateo County	509	15
9	Sequoia Hospital	Dignity Health	330	20
10	Stanford University Hospital	Stanford University	613	25
11	UCSF Medical Center	UCSF	722	7

# SMC: Investment Highlights and Opportunities

Strengths and Investment Highlights	Opportunities
<ul style="list-style-type: none"> <li>■ The San Francisco Heart &amp; Vascular Institute is recognized by major insurance carriers for expertise and commitment in cardiac care</li> </ul>	<ul style="list-style-type: none"> <li>■ San Mateo County is currently funding \$1.2 million per month on account of Measure A</li> </ul>
<ul style="list-style-type: none"> <li>■ Strategic alignment with the Health Plan San Mateo and San Mateo County</li> </ul>	<ul style="list-style-type: none"> <li>■ \$135 million in remaining Measure A funding (\$15 million per annum) over the remaining nine years of the ballot measure to support development of a seismically compliant facility</li> </ul>
<ul style="list-style-type: none"> <li>■ Several centers of excellence, each with clinical outcomes among the best in the nation</li> </ul>	<ul style="list-style-type: none"> <li>■ Long-term strategic plan to address current seismic challenges through the development of a diversified medical campus</li> </ul>
<ul style="list-style-type: none"> <li>■ Health Benefit Resource Center provides comprehensive services, including a Covered California enrollment center</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand capacity for high-acuity and post-acute programs</li> </ul>
<ul style="list-style-type: none"> <li>■ Convenient location with access to both public transportation and highways (US-1 and I-280)</li> </ul>	<ul style="list-style-type: none"> <li>■ Physician recruitment</li> </ul>
<ul style="list-style-type: none"> <li>■ Large campus with expansion and development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>■ Opening gero-psychiatric unit on the eighth floor</li> </ul>
<ul style="list-style-type: none"> <li>■ High-volume ED — approximately 66% of SMCs admissions are sourced through the ED</li> </ul>	<ul style="list-style-type: none"> <li>■ Re-opening skilled nursing unit on the seventh floor</li> </ul>
<ul style="list-style-type: none"> <li>■ Strong services, including cardiac care, spine care, cath lab, 24-hour interventional radiology, STEMI program, hospitalist program, orthopedics and joint replacement</li> </ul>	<ul style="list-style-type: none"> <li>■ Maximize referral potential</li> </ul>

# SMC: Key Services

Key Service Lines	Clinics and Specialty Services
■ Cardiovascular Services	■ Breast Health Center
■ Cancer Care / Oncology	■ Campus Diagnostic Imaging
■ Diabetes Services	■ Health Benefits Resource Center (HBRC)
■ Emergency Services	■ Physical Rehabilitation Center
■ Orthopedics and Joint Replacement	■ RotaCare Clinic
■ Rehabilitation Services	■ San Francisco Heart and Vascular Institute
■ Spine Care	■ Seton Express Care
■ Stroke Care	■ Seton Spine Institute
■ Surgical Services	■ Seton Orthopedic Institute
■ Wound Care	■ Seton New Life Center

# SMC: Operating Statistics

## Key Operating Statistics

	FY2013	LTM Feb-2014
<u>Discharges</u>		
General Acute	6,454	6,195
OB (Acute)	626	636
Neuro Care	45	39
Total	7,125	6,870
<u>Average Daily Census</u>		
Acute	92	89
Neuro	38	37
Total	130	126
<u>Average Length of Stay (Days)</u>		
Acute	4.8	4.8
Neuro	306.5	358.9
Total	6.7	6.8

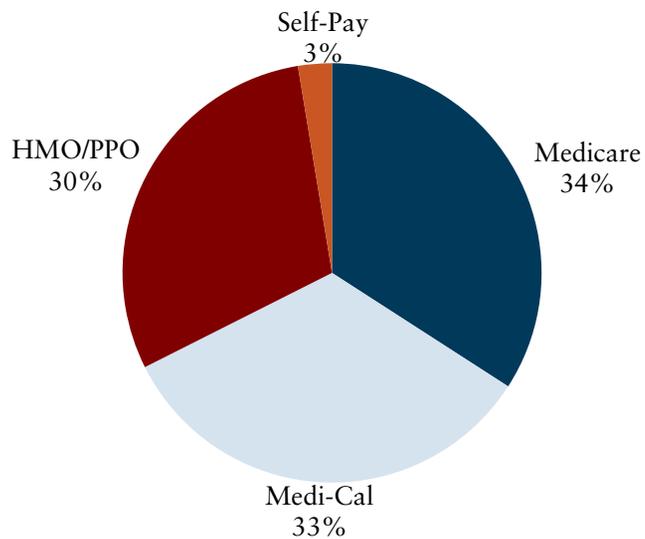
## Other Operating Statistics

	FY2013	LTM Feb-2014
<u>Emergency Services</u>		
IP Visits	5,050	4,944
OP Visits	21,369	21,857
Total	26,419	26,801
<u>Surgery</u>		
Total Minutes (IP and OP)	351,656	341,079
Total IP Cases	1,832	1,906
Total OP Cases	1,412	1,265
<u>Cardiac Catheterization Services</u>		
IP Procedures	1,631	1,658
OP Procedures	1,627	1,480
Total	3,258	3,138
<u>Cardiac Rehabilitation</u>		
OP Treatments RVUs	54,968	46,408
OP Visits	14,561	13,034
<u>Radiology</u>		
IP Procedures	24,246	25,141
OP Procedures	24,638	25,891
Total	48,884	51,032
<u>Pulmonary Services</u>		
Total Rehabilitation Treatments	16,210	15,521
Total Function Services	2,786	3,112
<u>Gastro-Intestinal Services</u>		
IP Procedures	616	508
OP Procedures	1,552	1,466
Total	2,168	1,974
<u>Therapy (Physical, Speech and Occupational)</u>		
Total Treatments	69,062	68,090

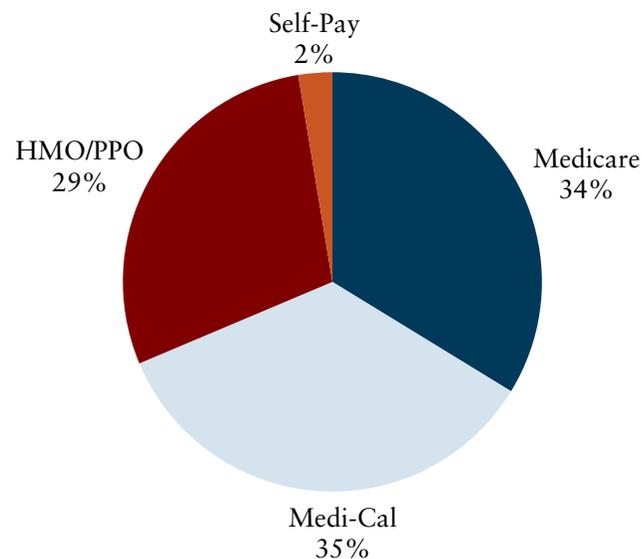
# SMC: Payor Mix

Patient Days by Payor (FY2013 and FY2014 YTD) \*

FY2013



FY2014 YTD as of February 2014



# SMC: Supplemental Funding

## Net Supplemental Funding (FY2011–14 YTD) (\$ millions) \*

	FY2011	FY2012	FY2013	LTM Feb-2014
<u>Provider Fee</u>				
Medi-Cal	\$ 10	\$ 11	\$ 8	\$ 7
Medi-Cal Managed Care	4	1	13	13
Provider Tax	(14)	(13)	(16)	(15)
Net Provider Fee	(0)	(1)	5	5
Meaningful Use	-	1	-	2
Measure A	-	-	-	6
<b>Total</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ 5</b>	<b>\$ 13</b>

## New Three-Year Provider Fee Program (a) (\$ millions) \*

	Jan-14 - Jun-14	Jul-14 - Jun-15	Jul-15 - Jun-16	Jul-16 - Dec-16	Total
Medi-Cal	\$ 4	\$ 9	\$ 10	\$ 5	\$ 28
Medi-Cal Managed Care	9	18	21	12	59
Provider Tax	(7)	(16)	(19)	(10)	(53)
<b>Net Provider Fee</b>	<b>\$ 5</b>	<b>\$ 10</b>	<b>\$ 12</b>	<b>\$ 7</b>	<b>\$ 34</b>

\* Represents total SMC and SMCC funding

Note: Fiscal year ends June 30

(a) Three-year Provider Fee program effective January 1, 2014. Funding estimates are based on California Hospital Association fee model dated September 16, 2013 and exclude payments to the California Health Foundation and Trust.

# SMC: Employee Summary

Employee Summary by Type (January 2014)		
Employee Category	Count	FTEs (a)
<i>Union</i>		
SEIU Local 250	569	413
CNA	475	293
Local 39 Engineers	21	21
Local 20	33	16
Total Union	1,098	743
<i>Non-Union</i>		
Manager	26	23
Director	16	16
Supervisor	14	13
Administration	5	5
Other	196	128
Total Non-Union	257	185
<b>Total</b>	<b>1,355</b>	<b>928</b>

# SMC: Physician Summary

## Summary of Physicians by Specialty (January 2014)

Specialty	Count	% of Total
<i>Active Physicians</i>		
1. Internal Medicine	31	13%
2. Cardiology	20	8%
3. Orthopedic Surgery	16	7%
4. Family Practice	15	6%
5. Pediatrics	14	6%
6. Emergency Medicine	13	5%
7. Podiatry	11	5%
8. Anesthesiology	11	5%
9. Oral & Maxillofacial Surgery	10	4%
10. Obstetrics/Gynecology	9	4%
11. Other	91	38%
Total Active	241	100%
Non-Active (a)	173	
Total	414	



# SMC: Financial Performance

## Summary of Financial Performance (a) (\$ millions)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 216.2
Supplemental Funding Receipts (b)	28.0
Other Revenue	12.5
Total Revenue	<u>256.7</u>
Salaries	(118.4)
Pension Expense	(6.7)
Other Benefits	(31.4)
Supplies	(37.6)
Purchased Services and Other	(31.1)
Provider Fee Tax	<u>(14.7)</u>
Total Expenses (c)	(240.0)
<u>Allocated Shared Services</u>	
Corporate	(8.2)
CBS	(5.6)
IT	<u>(8.4)</u>
Total Shared Services	(22.2)
EBIDA Before Adjustments	(5.4)
<u>EBIDA Adjustments:</u>	
Third-Party Settlements	(1.5)
Adjusted EBIDA	\$ (6.9)
Adjusted EBIDA (w/o Shared Services)	15.2
Adjusted EBIDA (w/o Shared Services and DB Pensions)	<u>21.9</u>
Capital Expenditures	\$ (7.9)

### Notes:

- (a) Legal entity overview include SMC Foundation
- (b) Includes Provider Fee, Meaningful Use and Measure A payments
- (c) Excludes Depreciation, Amortization, Interest and Asset Impairment

# SMC: Capital Expenditures Projects

## Summary of Recent CapEx (FY2011-13) (\$ millions)

	FY2011	FY2012	FY2013
<u>Building, Fixtures and Leasehold</u>			
1. Building Fixtures	\$ 0.1	\$ 0.1	\$ 0.0
2. Building Improvements	0.1	5.1	0.5
3. Furniture & Fixtures	0.0	0.1	0.0
Subtotal	0.2	5.3	0.5
4. Medical Equipment	0.7	2.5	0.0
<u>Software and IT</u>			
5. Software	1.0	0.3	8.1
6. Computer Equipment	0.2	0.1	0.1
7. Network Equipment	0.2	0.4	1.6
8. Telephone Equipment	-	0.0	0.2
Subtotal	1.4	0.8	10.0
9. Vehicles	-	-	0.1
<b>Total</b>	<b>\$ 2.4</b>	<b>\$ 8.6</b>	<b>\$ 10.6</b>

## Summary of Major Near-Term CapEx Needs (\$ millions)

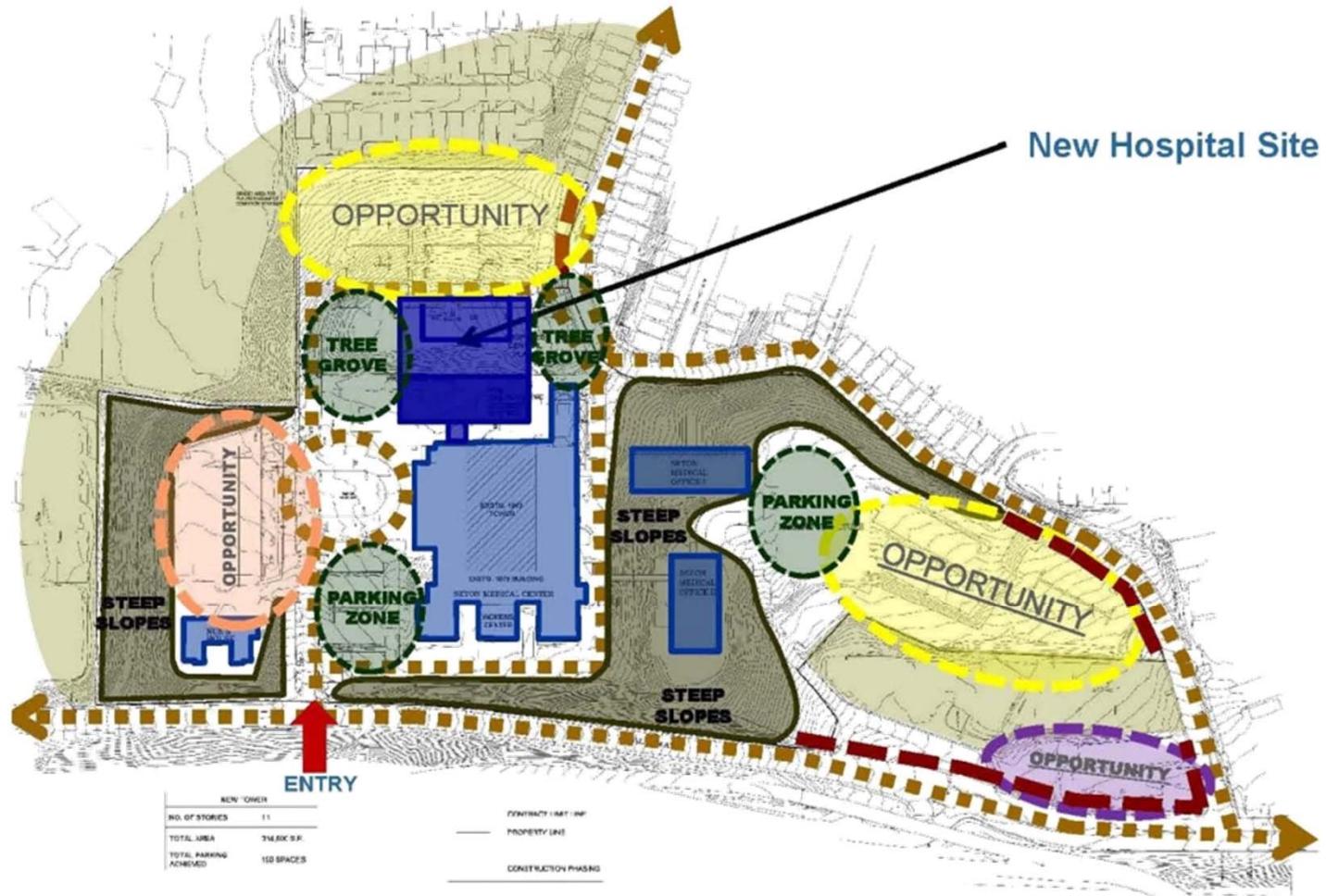
CapEx Need	Estimated		Description
	Cost	Timing	
<b>Infrastructure</b>	\$3.2	Beyond FY2015	Hospital Facilities
<b>Infrastructure / IT</b>	5.8	Beyond FY2015	Tenant Facilities & IT
<b>Equipment</b>	3.9	Beyond FY2015	Medical Equipment
<b>Total</b>	<b>\$12.9</b>		

- Purchased new infusion system devices for approximately \$1.3 million in FY2012

# SMC: Seismic Considerations – Master Plan

- DCHS engaged Jensen + Partners to update and revise the Master Plan to address seismic issues, which management used as the basis to develop its corresponding long-term strategic plan for the SMC campus
  - Plans recommend construction of a new hospital tower with 104 beds (84 general acute, eight perinatal and 12 critical care) capitalizing on the hospital's 33 acre site
  - Other recommendations include:
    - Transition existing inpatient, acute care services in the 1963/1978 structures to outpatient and supplemental support services
    - Investment and upgrade of existing medical office building space to support outpatient care on campus
    - Optimize the potential of the SMC site as a continuing care community
    - Provide a combination of LTAC, acute rehab, SNF, memory care, hospice, assisted living, senior housing and commercial space in new structures on the upper and lower campus
    - Create new parking structures to support traffic to the SMC
- The total construction cost for the 104 bed hospital is estimated at approximately \$157 million
  - The total project budget is projected approximately \$209 million with parking and central utility plant

# SMC: Potential Redevelopment Campus



# SMC: Owned MOBs

## Property Overview



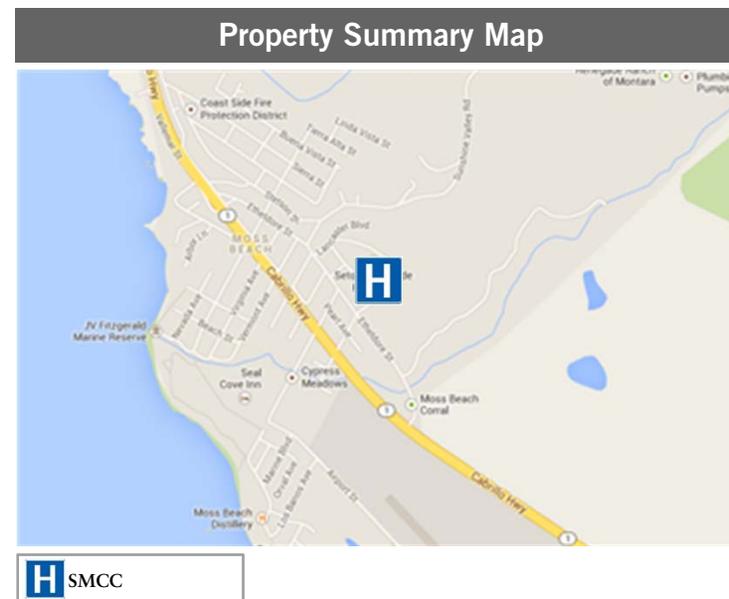
Property Name	Serramonte MOB	SMOC #1 MOB	SMOC #2 MOB
Property Address	1500 Southgate Ave Daly City, CA 94015	1800 Sullivan Ave Daly City, CA 94015	1850 Sullivan Ave Daly City, CA 94015
Age	Constructed in 1974	Constructed in 1975	Constructed in 1988
Underlying Site Area	76,230 SF (1.75 acre)	32,452 SF (0.75 acre)	47,916 SF (1.10 acre)
Occupancy (Feb 2014)	<p><b>Total GLA:</b> 35,697 SF</p> <p><b>Physician Practices:</b> 18,235 SF (51% of total)</p> <p><b>Hospital Operations:</b> 5,639 SF (16% of total)</p> <p><b>Other Occupied:</b> 1,171 SF (3% of total)</p> <p><b>Vacant:</b> 10,652 (30% of total)</p>	<p>58,723 SF</p> <p>43,630 SF (74% of total)</p> <p>1,081 SF (2% of total)</p> <p>1,268 SF (2% of total)</p> <p>12,744 SF (22% of total)</p>	<p>88,634 SF</p> <p>45,397 SF (51% of total)</p> <p>28,044 SF (32% of total)</p> <p>0 SF (0% of total)</p> <p>15,193 SF (17% of total)</p>
Lease Type	Full Service	Full Service	Full Service
LHM Operations In MOB	<ul style="list-style-type: none"> <li>■ St. Elizabeth Ann Seton New Life Center</li> <li>■ SMC New Life Center Training</li> <li>■ DCHS Medical Foundation (Shared with Pacific Cardiovascular Surgeons)</li> </ul>	<ul style="list-style-type: none"> <li>■ DCHS Medical Foundation</li> </ul>	<ul style="list-style-type: none"> <li>■ Neuroskeletal Imaging Center/Breast Health</li> <li>■ Orthopedic Institute &amp; Express Care</li> <li>■ Registration &amp; Lab (STAR)</li> <li>■ Outpatient Surgery Center</li> </ul>



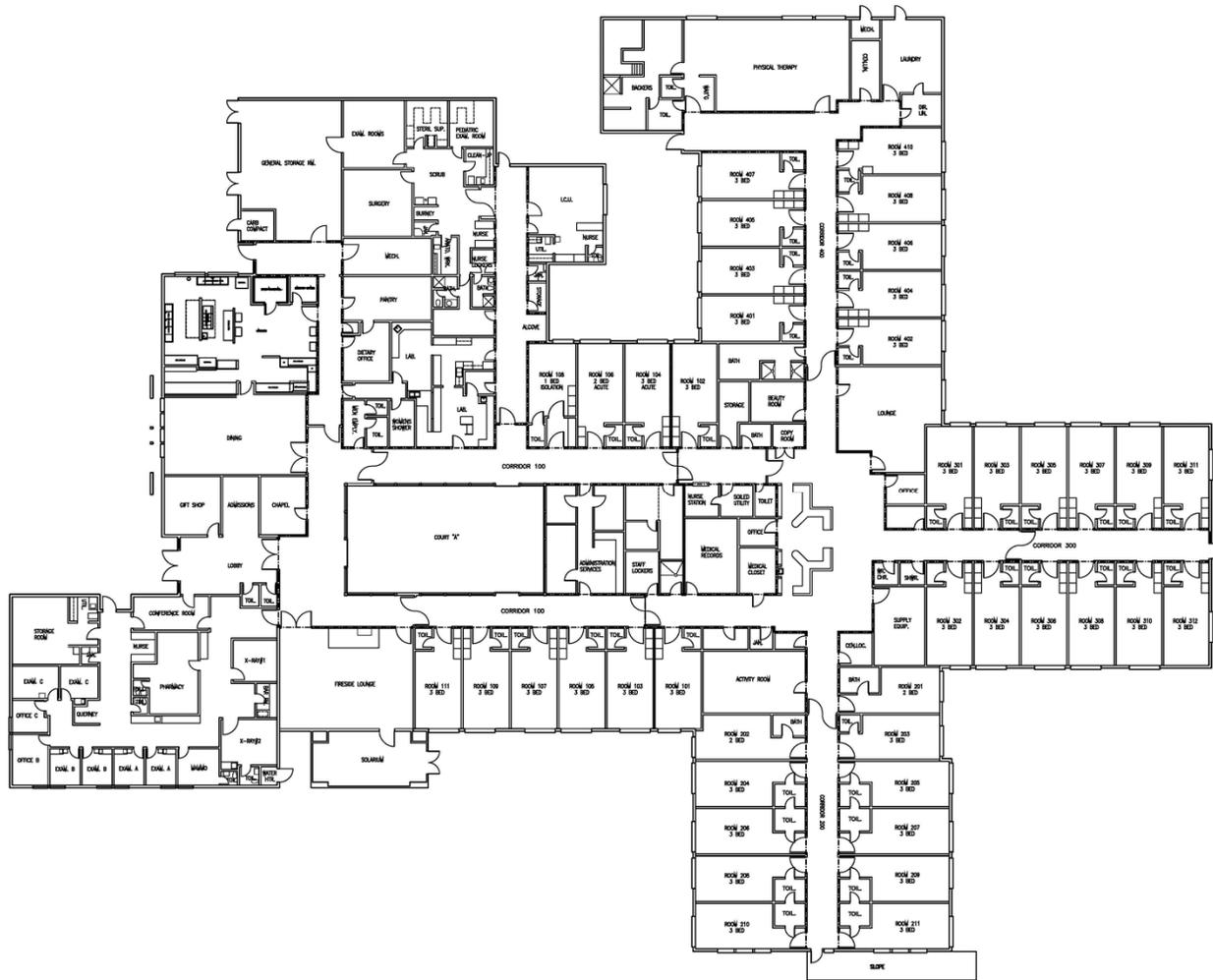
## Seton Medical Center Coastside

# SMCC: Overview

- An accredited rural hospital providing emergency services, skilled nursing care and outpatient ancillary services
  - 121 licensed beds (5 acute 116 skilled nursing beds)
  - 164 employees (unions include: SEIU and Local 39)
  - 10 physicians
- SMCC offers several inpatient and outpatient programs, including:
  - Physical, occupational and speech therapies
  - Radiology / Mammography
  - Laboratory
  - Spiritual care
  - Community outreach
  - Emergency services
- The only 24-hour standby emergency department on the Pacific Coast from Daly City to Santa Cruz



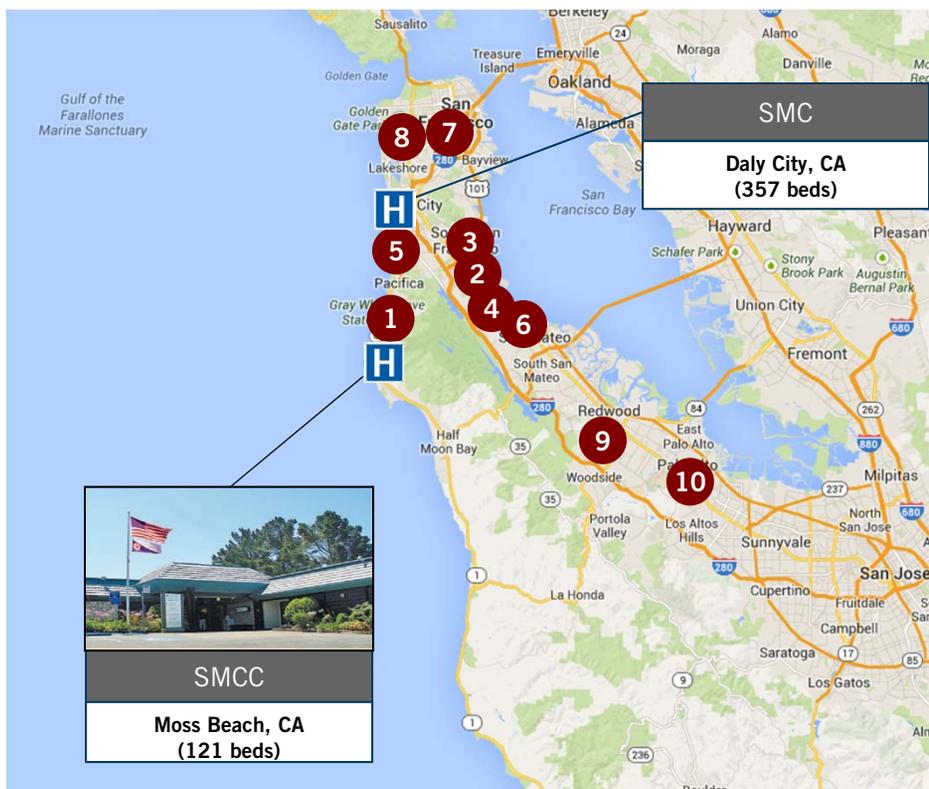
# SMCC: Facility Map



# SMCC: Select Awards and Recognitions

Select Awards and Recognitions	
	<ul style="list-style-type: none"><li>■ Accredited by the Joint Commission and the California Department of Health Services</li></ul>
	<ul style="list-style-type: none"><li>■ Winner of the Waste Reduction Award Program</li></ul>

# SMCC: Competitive Landscape



Top Competitors		Beds	Distance (mi)
1	Linda Mar Care Center – Pacifica	59	6
2	Mills– Peninsula Skilled Nursing – Burlingame	62	17
3	A&C Convalescent Hospital of Millbrae – Millbrae	138	16
4	Peninsula Medical Center D/P SNF – Burlingame	75	16
5	Pacifica Nursing and Rehab Center – Pacifica	68	11
6	San Bruno Skilled Nursing Hospital – San Bruno	45	14
7	St. Francis Convalescent Pavilion – Daly City	239	14
8	St. Francis Heights Convalescent Hospital – Daly City	102	13
9	Brookside Skilled Nursing Hospital – San Mateo	99	18
10	San Mateo Medical Center D/P SNF – San Mateo	375	17

# SMCC: Investment Highlights and Opportunities

Strengths and Investment Highlights	Opportunities
<ul style="list-style-type: none"><li>■ Strong relationship with San Mateo County and HPSM</li></ul>	<ul style="list-style-type: none"><li>■ Maximize referral potential</li></ul>
<ul style="list-style-type: none"><li>■ Only 24-hour standby Emergency Department (five beds) on the Pacific Coast from Daly City to Santa Cruz</li></ul>	<ul style="list-style-type: none"><li>■ Expand capacity for high-acuity programs and focus on ultra and very high RUG patients</li></ul>
<ul style="list-style-type: none"><li>■ Critical to community to ensure access to healthcare, serving a significant need</li></ul>	<ul style="list-style-type: none"><li>■ Expand Medicare SNF beds</li></ul>
<ul style="list-style-type: none"><li>■ One of few standalone SNFs in the region that accepts Medi-Cal</li></ul>	<ul style="list-style-type: none"><li>■ Open the fast track in the emergency room in 2014</li></ul>
<ul style="list-style-type: none"><li>■ Little competition with no alternative SNF placement opportunities in the County</li></ul>	<ul style="list-style-type: none"><li>■ Improve payor mix and enhance facility programming</li></ul>

# SMCC: Key Services

## Key Services, Clinics and Specialty Services

- Skilled Nursing Facility
- Coastside Community Outreach Programs
- Emergency Services
- Health Insurance Assistance
- Outpatient – Ancillary Services
- RotaCare Clinic
- Spiritual Care Services

# SMCC: Operating Statistics

## Key Operating Statistics

Site Size (Acres)	6.2	Operating Beds	116
Building Area (Sq. Ft.)	38,000		
Floors	1	Five Star Rating	4
Year Built	1960	# of Deficiencies	8

### RUGs Distribution Detail (FY2014 YTD as of December 2013)

Category	Distribution	Category	Distribution
Extensive		Rehab	
ES2	11.0%	RMC	10.0%
ES2	37.2%	RMA	8.6%
Other Extensive	0.0%	RHC	4.5%
Total - Extensive	48.3%	RMB	3.9%
		Other - Rehab	2.4%
		Total - Rehab	29.5%
Special		Complex	
LD1	6.1%	CB1	2.9%
LC1	3.6%	CC1	1.2%
HB1	2.1%	CA1	0.9%
LB1	2.1%	CD1	0.0%
Other Special	1.5%	Other Complex	0.0%
Total - Special	15.4%	Total - Complex	5.0%
		Other	1.8%
		Total RUGs	100.0%

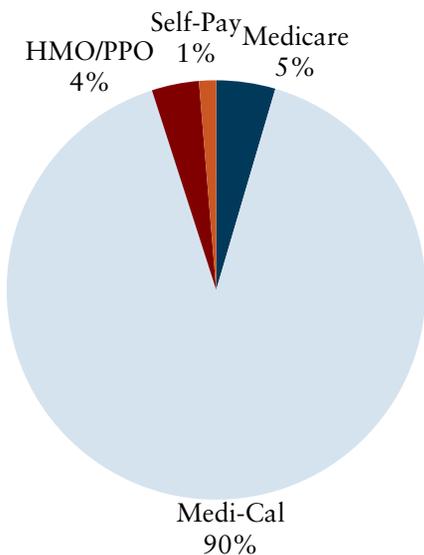
## Other Operating Statistics

	FY2013	LTM Feb-2014
<u>Emergency Services</u>		
IP Visits	1	1
OP Visits	3,002	2,944
Total	3,003	2,945
<u>Clinical Laboratory Services</u>		
IP Tests	6,938	6,768
OP Tests	12,178	9,069
Total	19,116	15,837
<u>Radiology</u>		
IP Procedures	220	202
OP Procedures	1,408	1,331
Total	1,628	1,533
<u>Therapy (Physical, Speech and Occupational)</u>		
Total Treatments	15,544	14,652

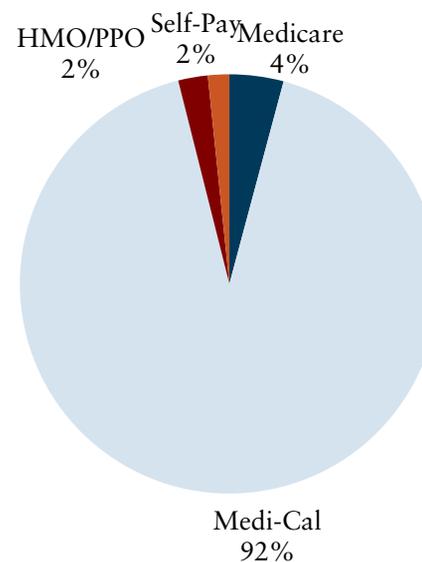
# SMCC: Payor Mix

Patient Days by Payor (FY2013 and FY2014 YTD) \*

FY2013



FY2014 YTD as of February 2014



# SMCC: Employee and Physician Summary

## Employee Summary by Type (January 2014)

Employee Category	Count	FTEs (a)
<i>Union</i>		
SEIU Local 250	134	100
Local 39 Engineers	1	1
Total Union	135	101
<i>Non-Union</i>		
Manager	2	2
Director	1	1
Supervisor	3	3
Other	23	12
Total Non-Union	29	18
<b>Total</b>	<b>164</b>	<b>119</b>

## Summary of Physicians by Specialty (January 2014)

Specialty	Count	% of Total
1. Emergency Medicine	8	80%
2. Internal Medicine	1	10%
3. Podiatry	1	10%
Total	10	100%

# SMCC: Financial Performance

## Summary of Financial Performance (\$ millions)

	<u>LTM Feb-14</u>
Patient Revenue	\$ 24.0
Other Revenue	2.5
Total Revenue	<u>26.4</u>
Salaries	(12.2)
Pension Expense	(0.3)
Other Benefits	(4.0)
Supplies	(1.6)
Purchased Services and Other	(2.2)
Provider Fee Tax	-
Total Expenses (a)	<u>(20.2)</u>
<u>Allocated Shared Services</u>	
Corporate	-
CBS	(0.5)
IT	(0.5)
Total Shared Services	<u>(1.0)</u>
EBIDA Before Adjustments	5.2
<u>EBIDA Adjustments:</u>	
Third-Party Settlements	(2.6)
Adjusted EBIDA	\$ 2.6
Adjusted EBIDA (w/o Shared Services)	3.6
Adjusted EBIDA (w/o Shared Services and DB Pensions)	3.9
Capital Expenditures	\$ (0.1)

# SMCC: Capital Expenditures Projects

- SMCC is exempt from current seismic standards, with no seismic expenditures required

Summary of Recent CapEx (FY2011-13) (\$ millions)

	FY2011	FY2012	FY2013
<u>Building, Fixtures and Leasehold</u>			
1. Building Fixtures	\$ 0.0	\$ -	\$ -
2. Building Improvements	-	0.5	-
3. Furniture & Fixtures	-	0.1	0.0
Subtotal	0.0	0.6	0.0
4. Medical Equipment	-	0.1	0.1
<u>Software and IT</u>			
5. Software	0.0	0.0	0.0
6. Computer Equipment	-	-	0.0
7. Network Equipment	0.0	0.0	0.0
8. Telephone Equipment	-	-	0.0
Subtotal	0.0	0.0	0.1
9. Vehicles	-	-	-
<b>Total</b>	<b>\$ 0.0</b>	<b>\$ 0.7</b>	<b>\$ 0.2</b>

Summary of Major Near-Term CapEx Needs (\$ millions)

CapEx Need	Estimated		Description
	Cost	Timing	
<b>Infrastructure</b>	\$0.1	Beyond FY2015	Hospital Facilities
<b>Equipment</b>	0.1	Beyond FY2015	Medical Equipment
<b>Total</b>	<b>\$0.2</b>		