

Effect of the Sale of Parkview Community Hospital Medical Center to AHMC Healthcare Inc. on the Availability and Accessibility of Healthcare Services to the Communities Served by Parkview Community Hospital Medical Center

Prepared for the Office of the California Attorney General

November 16, 2018

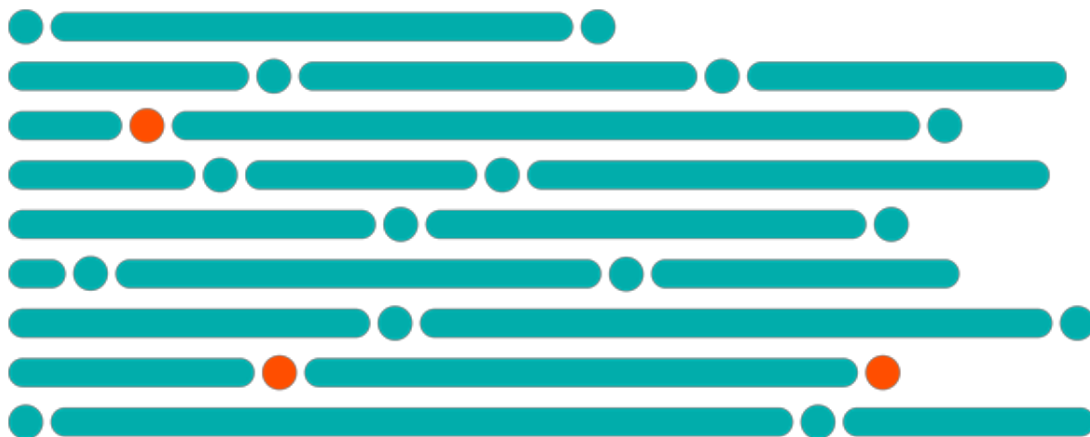


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Introduction & Purpose

Vizient, Inc. and JD Healthcare, Inc. were retained by the Office of the California Attorney General to prepare this healthcare impact statement to assess the potential impact of the proposed sale of substantially all of the assets of Parkview Community Hospital Medical Center, a California nonprofit public benefit corporation (Parkview Corporation), to AHMC Healthcare Inc. a California corporation (AHMC), or its assignees(s), on the availability and accessibility of healthcare services to the communities served by Parkview Community Hospital Medical Center (the Hospital). Parkview Corporation is the licensed owner and operator of the Hospital, a 193-licensed bed general acute care hospital located in the City of Riverside, California. The Hospital is a Medicaid Disproportionate Share Hospital and is a recipient of Medi-Cal Hospital Quality Assurance Fee funds. Parkview Corporation is the sole corporate member of Parkview Community Hospital Foundation (the Foundation), a California non-profit public benefit corporation organized as a grant making entity to support the Hospital. AHMC is a for-profit healthcare system serving communities in Southern California. AHMC operates six general acute care hospitals (and is affiliated with another), two post-acute facilities, a Knox Keene Health Plan. AHMC is affiliated and aligned with several independent practice associations (IPA), an accountable care organization (ACO), and an affiliated medical school, and accredited educational institutions providing medical, post graduate, and ancillary practitioner training.

Parkview Corporation has requested the California Attorney General's consent to the sale of substantially all of the assets of Parkview Corporation to AHMC.

Purpose

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

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

- A review of the written notice submitted to the California Attorney General and supplemental information subsequently provided by the Hospital;
- A review of press releases and articles related to this and other hospital transactions;
- Interviews with community representatives, representatives of Parkview Corporation and the Hospital's medical staff, management, and employees, AHMC representatives, representatives of health insurers and others as listed in the Appendix;

- An analysis of financial, utilization, and service information provided by the Hospital and the California Office of Statewide Health Planning and Development (OSHPD); and
- An analysis of publicly available data related to the service area for the Hospital including hospital utilization rates and trends and hospital inpatient market share.

Background & Description of the Transaction

Parkview Community Hospital Medical Center

The Hospital is a 193 licensed-bed general acute care hospital located in the City of Riverside, California. The Hospital is the only nonprofit community hospital in the City of Riverside. It is a three-story facility with a basement that comprises approximately 153,000 square feet. The Hospital's original 50-bed hospital was founded in 1958 by five physicians. In 1967, the Hospital became a nonprofit hospital and gradually expanded to 193 beds. The Hospital was built in four phases between 1959 to 1978. The most recent addition was built in 1978 and contains the emergency department (ED), nuclear medicine, radiology, and ultrasound areas. The Hospital is currently constructing a new ED, that will be a one-story, 18,500 square-foot, 28-treatment station expansion and will take the place of the current ED that has 14 treatment stations. The estimated ED project completion date is the first quarter of 2019.

Parkview Community Hospital Foundation

The Foundation is a separate California nonprofit public benefit corporation whose sole corporate member is Parkview Corporation. The Foundation was established as a grant-making entity to support the Hospital.

Transaction Process & Timing

Parkview Corporation has frequently faced financial issues associated with insufficient revenue and cash flows that were exacerbated by declining inpatient volumes and aging buildings and equipment. In 2002, Parkview Corporation filed for bankruptcy as a result of financial losses and problems with federal regulators. They were able to emerge from bankruptcy in 2003. In 2010 Parkview Corporation acquired a U.S. Housing and Urban Development (HUD) loan that enabled it to pay off a lender and avoid foreclosure. In 2016 Parkview Corporation obtained an additional HUD loan to build a new, expanded ED that is expected to result in greater patient volume. However, the added expenses associated with the HUD loan and the cost of operating the expanded ED are not expected to significantly improve the Hospital's financial position.

As a result of continued concerns about the viability of the Hospital as a stand-alone entity, in November 2016, the Board of Directors of Parkview Corporation (Board) began exploring options for a strategic transaction that would help the Hospital to survive and improve its financial position. The Board initially considered various options to affiliate with other provider groups or hospitals through participation in a provider network or joint-venture. In January 2017, the Board

began to discuss other strategic options, including finding a capital partner, or the sale of the Hospital.

On October 16, 2017 the Board solicited interest from 19 hospitals and health systems. The transaction objectives provided to all potential acquisition partners were as follows:

- Continue to maintain the Hospital's mission and licensed healthcare services;
- Continue to maintain the Hospital's medical staff with existing bylaws, structure and officers with no requirement for re-appointment or re-credentialing;
- Continued retention of the Hospital's employees;
- Assign and assume, as permitted, the Hospital's benefit plans including without limitation its defined benefit retirement plan (frozen in 1999);
- Accept the transfer of all assets and assume all liabilities, or the transfer of corporate control; and
- Make a cash contribution for a community foundation.

Based on these objectives, the Board established the following evaluation criteria for selecting a potential acquisition partner:

- Commitment and ability to meet all transaction objectives;
- Ability to obtain approval from, HUD and the California Attorney General;
- Commitment to improve patient care and access in the service area;
- Successful history of operating healthcare facilities/systems in California
- Demonstrated ability to consummate a transaction in California; and
- Ability to strategically position the Hospital to meet all aspects of healthcare reform.

In phase I of the transaction process, Parkview Corporation received preliminary proposals from AHMC, Hospital Corporation of America (HCA), Deanco Healthcare LLC (Deanco) and a joint offer from Adventist Health System West and Loma Linda University Medical Center (Adventist). All of these bidders were invited to phase II of the transaction process. As part of phase II, bidders were provided access to an online data room to conduct their due diligence review of the Hospital's operations and were instructed to complete their due diligence efforts and submit a final offer by February 20, 2018. The Board received final offers from AHMC, Deanco, and HCA. Adventist decided not to proceed further. On February 28, 2018, the Board and its advisors

examined the details of the bids. During March 2018, HCA, AHMC, and Deanco made presentations to the Board.

The Board met on March 28th, 2018 and chose AHMC as the successful bidder and entered into a period of exclusive negotiation where additional detail and terms were added to the initial proposal.

Summary of the Asset Purchase Agreement

The major provisions of the Asset Purchase Agreement, dated June 5, 2017, are summarized in the following sections.

Purchase of Assets

Parkview Corporation will sell, and AHMC will purchase, substantially all of the assets owned by Parkview Corporation, including but not limited to, Net Working Capital¹, and real, personal, and intangible property. The following assets of Parkview Corporation are to be sold, assigned, conveyed, transferred, and delivered to AHMC or its assignee(s) on the Closing Date².

- Net Working Capital, including all current assets and all amounts equal to Medicaid Disproportionate Share Hospital³ payments and supplemental payments recorded on Parkview Corporation's financial statements;
- All Quality Assurance Fees⁴ receivables arising out of or related to time periods on and after the Closing Date;
- Medicaid Disproportionate Share Hospital and supplemental payments payable with respect to service periods from and after the Closing Date, regardless of the date of utilization data used to determine such payments;
- All real property owned and leased by Parkview Corporation;
- All construction in progress related to the Hospital, including the ED Project;
- All tangible personal property owned by Parkview Corporation, including all furniture, fixtures, machinery, vehicles, owned or licensed computer systems and equipment;

¹Net Working Capital is defined as the following formula:

(Net Account Receivables + Inventories + Prepaid Expenses + Medi-Cal DHS Due) – (Accounts Payable + Accrued PTO + Other Payables)

² Shall mean the 10th business day following the receipt off all regulatory approvals and the satisfaction or waiver of all other conditions precedent to closing, or another date and time mutually agreed to by Parkview Corporation and AHMC.

³The Disproportionate Share Hospital Payment Adjustment Program (DSH) is a federally-mandated program designed to compensate those hospitals that serve a disproportionate share of Medicaid or other low-income and/or underserved patients. If a hospital qualifies as a disproportionate share hospital, that hospital is eligible for supplemental payments.

⁴ The Hospital Quality Assurance Fee Program uses fees assessed by the state on hospitals to draw down federal matching funds. These provider fees are then issued as supplemental payments to hospitals. These provider fees are an integral element to improving access to healthcare for some of California's most vulnerable residents

- All inventories of useable supplies, drugs, food, janitorial and office supplies, maintenance and shop supplies, and other disposables that are owned by Parkview Corporation and located at and used in conjunction with the operation of the Hospital;
- All intangible property of every kind and nature that is used by Parkview Corporation in connection with operating the Hospital, including the following;
 - All intellectual property, but excluding all intellectual property owned by the Foundation that is used in the operation of the Foundation;
 - All trademarks, trade names, service marks and logos except for those relating to the Foundation;
 - All telephone numbers;
 - To the extent they are transferable, all licenses and permits;
 - All Insurance proceeds arising in connection with property damage prior to the Closing Date;
 - All deposits, surety accounts, advance payments, prepayments and prepaid expenses that exist as of the Closing Date, except for prepaid used in the calculation of working capital;
 - Goodwill;
 - the Hospital's right, title and interest in assigned contracts, that include any real property leases;
 - All warranties and guarantees owned by Parkview Corporation;
 - All financial, medical staff, personnel and other records of the Hospital, to the extent transferable, and the transfer of custody only of patient medical records located at the Hospital;
 - All proceeds from any sale after July 19, 2018; and
 - The Hospital's specific marketing materials and patient brochures provided that AHMC completely erases from such items or covers the name "Parkview Community Hospital Foundation" and any variants thereof, and any logo of the Foundation.

Excluded Assets

The following assets are specifically excluded from the Asset Purchase Agreement and are not part of the sale:

- Any hospital records that Parkview Corporation is required by law to retain, and any corporate records, attorney client privileged communications and confidential records or correspondence of the Hospital;

- All cash, restricted cash, cash equivalents, “other receivables” recorded on Parkview Corporation’s financial statements, marketable securities and investment assets;
- AHMC shall retain 81% of accounts receivable as of the Closing Date as part of Net Working Capital. For accounts receivable collected post-closing in excess of 81% of accounts receivable, AHMC will convey to Parkview Corporation, or the Foundation, 85% of the amount collected not to exceed six million dollars.
- All items of inventory disposed or exhausted after July 19,2018 and prior to the Closing Date, and purchased assets transferred or disposed of;
- The ownership or use of the names and logos associated with the Foundation;
- All rights associated with the Foundation and its assets;
- Provider contracts with government payment programs except for the Medicare provider agreement and Medi-Cal provider agreement;
- All amounts equal to Medicaid Disproportionate Share Hospital payments and supplemental for service periods prior to the Closing Date that are not recorded on Parkview Corporation’s financial statements;
- To the extent not included in the calculation of Net Working Capital, any cost report credit balances or other settlement amounts owed to Parkview Corporation relating to cost report periods ending on or before the Closing Date; and
- Insurance prepaids not included in the calculation of Net Working Capital.

Assumed Liabilities

Along with the purchase of assets, AHMC will assume certain outstanding liabilities and obligations of Parkview Corporation, including but not limited to:

- The Hospital’s defined benefit retirement plan (frozen in 1999);
- Two loans, a mortgage refinancing loan for \$29,098,700 and a construction loan, \$30,112,000, guaranteed by the U.S. Department of Housing and Urban Development (“HUD Debt”), that require monthly principal and interest payments in the amount of \$188,520 and \$232,206, respectively. The maturity and final payment of the refinancing loan is May 1, 2031 and the maturity and final payment of the construction loan is February 1, 2034;
- Revolving line of credit in the original principal amount of \$2,200,000 with Citizens Business Bank; and

- All costs and liabilities associated with the ED Project.

Cash Consideration

AHMC will purchase Parkview Corporation's Net Working Capital. As of May 31, 2018 Parkview, Corporation's Net Working Capital was calculated to be approximately \$21.6 million; and

Additionally, AHMC shall make a dedicated purpose donation/contribution of \$10 million to the Foundation over a 10-year period with two million dollars paid at Closing.

AHMC Commitments

In addition to the obligations and consideration described above, AHMC has agreed to the following, post-closing covenants:

- Investment - AHMC will invest a minimum of \$25 million in the Hospital over seven years for capital improvements, equipment, working capital, information technology, service and program expansions, physician recruitment, and programs within the service area of the Hospital focused on mitigating the social determinants of health care;
- Retention of Existing Medical Staff – AHMC will retain all current members of the Hospital medical staff as of the Closing Date;
- Retention of Parkview Employees – AHMC will offer to employ essentially all employees of the Hospital working at the Hospital on the same terms and conditions applicable to similarly situated employees of AHMC. AHMC also committed to retaining such employees for at least 90 days after the Closing Date;
- Advisory Hospital Community Board – AHMC will appoint a Hospital community advisory board comprised of approximately ten members that will include the Hospital's medical staff members and community representatives;
- Charity Care and Community Benefit Programs – For a period of five years following the Closing Date, or for so long as may otherwise be required by the California Attorney General, AHMC will maintain policies for the treatment of indigent patients at the Hospital similar to those that are currently in effect at the Hospital. AHMC will also provide community benefit services at an annual amount no less than the average amount provided by the Hospital for the four fiscal years preceding the Closing Date;
- Operation as a General Acute Care Hospital – AHMC will continue to operate the Hospital as a licensed general acute care hospital for a period of not less than 10 years, and will continue to maintain existing licensed services for a period of time not less than as may be required by the California Attorney General; and

- Completion of ED Project – AHMC will complete the current ED construction project, including the construction of a 17,600 gross square foot, twenty-eight bed emergency department at the existing Hospital, the provision of sufficient equipment, inventory and other tangible property, and will be responsible for payment of all indebtedness related to the project.

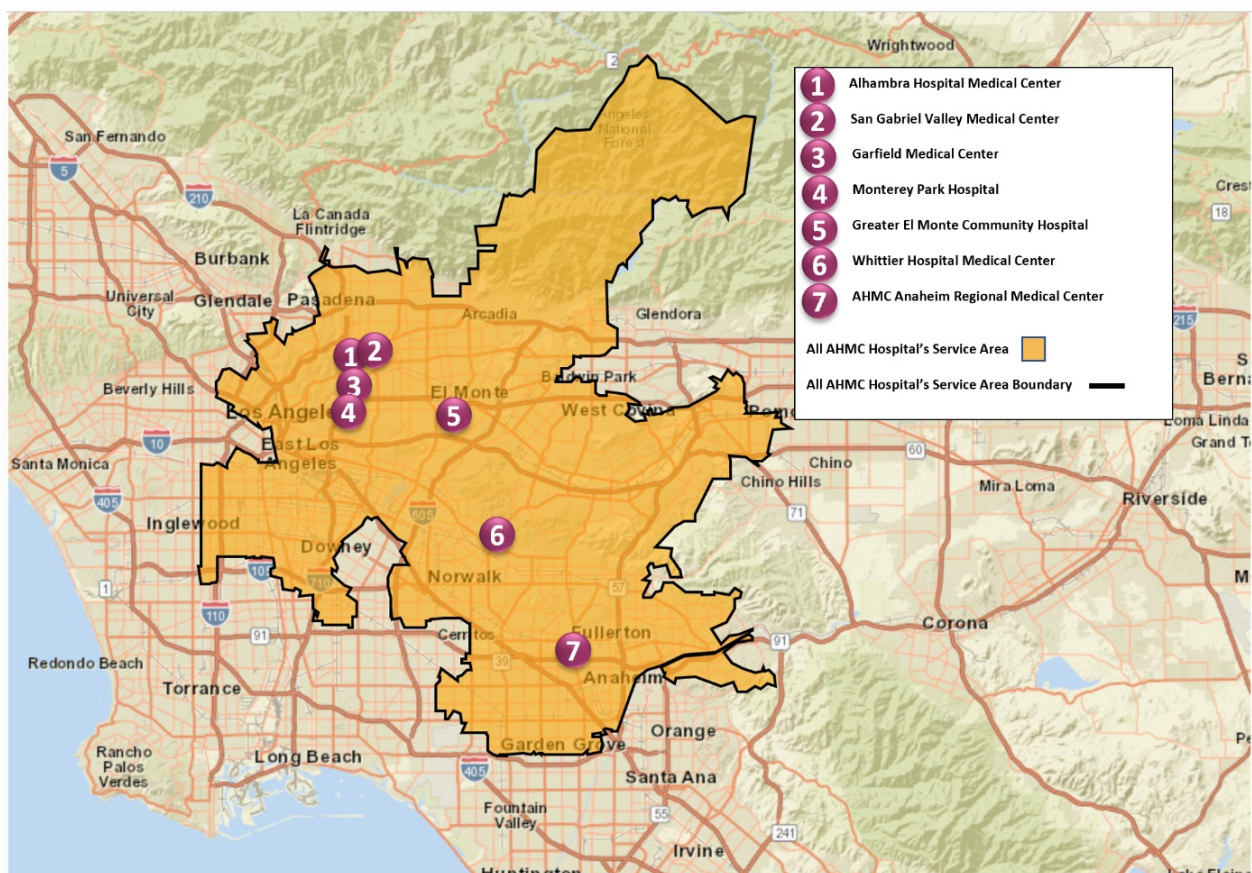
Use of Net Sale Proceeds

Any net proceeds arising from the Asset Purchase Agreement will be held by Parkview Corporation and used to initially pay any retained liabilities and other wind down expenses. Thereafter, Parkview Corporation entity will transfer any remaining assets to the Foundation and dissolve. The Board will retain the discretion to transfer funds or assets to the Foundation during the wind down period as it deems appropriate.

Profile of AHMC

AHMC operates six general acute care hospitals (and is affiliated with another), two post-acute facilities, a Knox Keene Health Plan. AHMC is affiliated and aligned with several independent practice associations, an accountable care organization, an affiliated medical school and an accredited educational institution providing medical, post graduate and ancillary practitioner training. Dr. Jonthan Wu is the CEO of AHMC, and through various family trusts, controls AHMC. He purchased Alhambra Hospital Medical Center in 1998. In 2004 he purchased four general acute care hospitals from Tenet Healthcare Corporation (Garfield Medical Center, Greater El Monte Community Hospital, Monterey Park Hospital, and Whittier Hospital Medical Center). Three years later in 2007, Dr. Wu purchased San Gabriel Valley Medical Center from Catholic Healthcare West (later reorganized as Dignity Health). Dr. Wu's most recent hospital purchase was Anaheim Regional Memorial Medical Center from Memorial Care in 2009.

A map of the locations of AHMC hospitals, and the affiliated Alhambra Hospital Medical Center is shown below with the hospitals' combined service area.

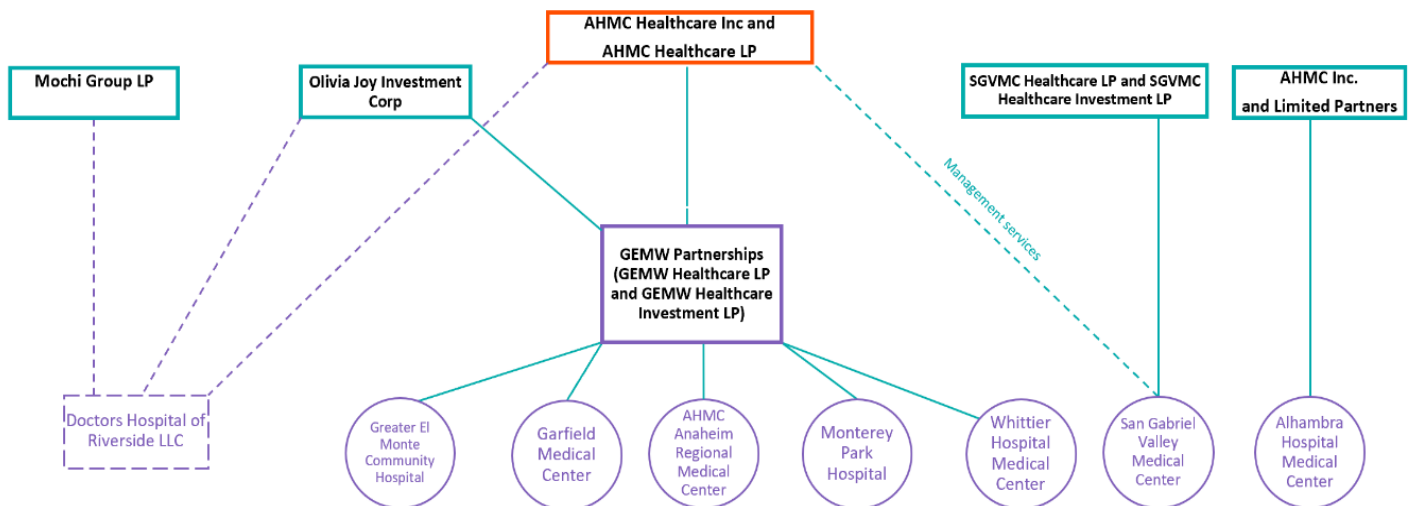


Source: ESRI

AHMC hospitals have over 2,500 physicians on their combined hospitals' medical staffs and employ over 5,000 employees. In addition, AHMC is affiliated with several entities including AHMC International Cancer Center, located in the City of Monterey Park, Alhambra Medical University located in the City of Alhambra and Allied Pacific of California IPA.

AHMC also has a nonprofit health foundation, the AHMC Health Foundation, formed in 2009 that uses its funds to support projects and programs located within the service area of AHMC's hospitals.

There are numerous corporate entities that either own or operate AHMC's general acute care hospitals; however, they are all controlled by Dr. Wu. Doctors Hospital of Riverside LLC was created in 2018 to facilitate the acquisition of the Hospital, as all of the assets and liabilities to be conveyed in the asset purchase agreement will be conveyed to Doctors Hospital of Riverside LLC. AHMC would enter into a management contract with Doctors Hospital of Riverside LLC to operate the Hospital.



Key Statistics

AHMC hospitals' key statistics and financial performance are shown below.

AHMC FY 2017 KEY STATISTICS							
	San Gabriel Valley Medical Center	AHMC Anaheim Regional Medical Center	Alhambra Hospital Medical Center	Garfield Medical Center	Monterey Park Hospital	Greater El Monte Community Hospital	Whittier Hospital Medical Center
Inpatient Discharges	9,577	10,698	5,564	12,136	5,798	3,474	8,915
Licensed Beds	273	223	144	210	101	117	178
Patient Days	59,345	47,738	33,393	56,859	19,963	18,722	38,144
Average Daily Census	163	131	91	156	55	51	105
Occupancy	59.60%	58.60%	63.50%	74.20%	54.20%	43.80%	58.70%
Average Length of Stay	6.2	4.5	6.0	4.7	3.4	5.4	4.3
Emergency Visits	27,812	41,623	19,133	28,459	24,478	22,425	32,652
Total Live Birth	2,466	1,239	-	4,213	1,876	303	3,356
Inpatient Surgeries	4,263	2,280	687	2,142	1,724	360	2,539
Outpatient Surgeries	2,878	2,541	914	2,417	1,619	516	1,405
Payer Mix (Based on Discharges)							
Medicare Traditional	28.3%	23.3%	28.9%	22.1%	12.5%	16.5%	14.0%
Medicare Managed Care	14.2%	18.1%	20.1%	16.2%	12.7%	7.9%	11.7%
Medicare Total	42.5%	41.4%	49.0%	38.3%	25.2%	24.4%	25.7%
Medi-Cal Traditional	8.9%	10.3%	4.3%	11.7%	14.0%	26.3%	13.8%
Medi-Cal Managed Care	28.3%	28.9%	37.9%	25.0%	40.7%	41.1%	28.1%
Medi-Cal Total	37.2%	39.2%	42.1%	36.6%	54.6%	67.4%	41.9%
Third - Party Traditional	2.0%	1.1%	0.4%	1.1%	0.2%	0.1%	0.8%
Third - Party Managed Care	13.7%	16.4%	7.8%	9.4%	6.5%	5.0%	15.9%
Third-Party Total	15.7%	17.5%	8.2%	10.4%	6.7%	5.1%	16.7%
Other Payers	4.5%	1.7%	0.4%	14.2%	13.3%	2.6%	15.3%
Other Indigent	0.1%	0.2%	0.3%	0.5%	0.2%	0.5%	0.4%
County Indigent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Total	4.6%	1.9%	0.7%	14.7%	13.5%	3.1%	15.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income Statement							
Gross Patient Revenue	\$1,025,258,888	\$1,351,868,043	\$519,701,610	\$1,699,669,467	\$662,964,329	\$315,788,847	\$829,627,969
Net Patient Revenue	\$153,107,622	\$232,984,538	\$187,723,502	\$281,411,151	\$105,250,731	\$69,913,645	\$132,716,540
Other Operating Revenue	\$579,494	\$1,194,440	\$592,763	\$1,395,883	\$503,092	\$260,651	\$306,776
Total Operating Revenue	\$153,687,116	\$234,178,978	\$188,316,265	\$282,807,034	\$105,753,823	\$70,174,296	\$133,023,316
Total Operating Expense	\$174,944,261	\$220,129,756	\$177,613,320	\$278,964,456	\$89,403,941	\$65,763,193	\$117,618,463
Net from Operations	(\$21,257,145)	\$14,049,222	\$10,702,945	\$3,842,578	\$16,349,882	\$4,411,103	\$15,404,853
Net Income	(\$20,547,162)	\$14,572,284	\$11,609,244	\$6,096,805	\$17,189,716	\$4,623,517	\$15,959,403
Other Financials							
Charity Care Charges	\$682,885	\$2,637,283	\$4,526,478	\$3,614,577	\$1,668,109	\$1,096,304	\$1,787,626
Provision for Bad Debt	\$5,337,016	\$12,669,904	\$2,891,420	\$8,360,837	\$8,263,349	\$5,471,993	\$9,880,356
Total Uncompensated Care	\$6,019,901	\$15,307,187	\$7,417,898	\$11,975,414	\$9,931,458	\$6,568,297	\$11,667,982
Cost to Charge Ratio	17.01%	16.20%	34.06%	16.33%	13.41%	20.74%	14.14%
Cost to Charity	\$116,138	\$427,109	\$1,541,807	\$590,287	\$223,687	\$227,401	\$252,775
Uncompensated Care as % of Charges	0.60%	1.10%	1.40%	0.70%	1.50%	2.10%	1.40%

Source: OSHPD Disclosure Reports FY 2017

A review of AHMC's key statistics supports the following conclusions:

- Each of the seven hospitals except San Gabriel Valley Medical Center reported a positive net income; and
- Medicare and Medi-Cal together made up between 68% and 92% for each of the hospitals.

Payer Mix

In FY 2017, AHMC hospitals' combined inpatient payer mix consisted of predominantly Medi-Cal Managed Care (31%) and Medicare Traditional (22%) patients. The remaining 48% of AHMC's inpatient discharges were comprised of Medicare Managed Care (15%), Medi-Cal Traditional (12%), Third Party Managed Care (12%), Other Payers (8%) and Third Party Traditional (1%), and patients.

PAYER MIX COMPARISON				
	AHMC Health System (FY 2017)		California (FY 2017)	
	Discharges	% of Total	Discharges	% of Total
Medi - Cal Traditional	6,553	12%	448,745	13%
Medi - Cal Managed Care	17,232	31%	619,581	18%
Medi-Cal Total	23,785	42%	1,068,326	31%
Medicare Traditional	12,039	22%	841,218	25%
Medicare Managed Care	8,437	15%	460,119	13%
Medicare Total	20,476	37%	1,301,337	38%
Third - Party Traditional	542	1%	108,683	3%
Third - Party Managed Care	6,606	12%	843,862	25%
Third-Party Total	7,148	13%	952,545	28%
Other Payers	4,583	8%	52,987	2%
Other Indigent	170	0%	17,427	1%
County Indigent	0	0%	18,609	1%
Other Total	4,753	8%	89,023	3%
Total	56,162	100%	3,411,231	100%

Source: OSHPD Disclosure Reports, FY 2017

Profile of Parkview Community Hospital Medical Center

Overview

The Hospital is a 193 licensed – bed general acute care facility, located at 3865 Jackson St, in the City of Riverside, California. It offers services including a 24 – hour emergency services, bariatric surgery services and critical care services. In addition, the Hospital has centers of excellence for weight loss surgery and joint replacement.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER LICENSED BED DISTRIBUTION 2018	
Licensed Bed Type	Number of Beds ¹
General Acute Care Beds	
Intensive Care	13
Perinatal	28
Pediatric ²	15
Intensive Care Newborn Nursery	12
Unspecified General Acute Care Beds	125
Total General Acute Care Beds	193
Total Licensed Beds	193

¹2018 Hospital License

²Beds are in suspense as of CY 2016

Key Statistics

For CY 2017, the Hospital had a total of 8,149 inpatient discharges, 34,337 patient days, and an average daily census of 94 patient days (approximately 49% occupancy on the total licensed beds).

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER KEY STATISTICS CY 2015 CY 2017 ¹			
	CY 2015	CY 2016	CY 2017
Inpatient Discharges	10,059	8,977	8,149
Licensed Beds	193	193	193
Patient Days	42,095	38,658	34,337
Average Daily Census	115	106	94
Occupancy	59.8%	54.9%	48.7%
Average Length of Stay	4.2	4.3	4.2
Emergency Service Visits	47,324	46,005	47,183
Total Live Births	2,410	2,224	2,068

Sources: OSHPD Disclosure Reports, CY 2015 – CY 2017

¹CY 2015 and CY 2017 data is from audited OSHPD Disclosure Reports whereas CY 2017 data is from unaudited.

- Since CY 2015, inpatient discharges and patient days have decreased by 19% and 18% respectively;
- In CY 2017, the Hospital reported a fairly consistent number of 47,183 ED visits; and

- Between CY 2015 and CY 2017, total live births at The Hospital decreased by 14.2% from 2,410 to 2,068 in CY 2017.

Programs & Services

The Hospital offers a spectrum of medical services, including, but not limited to, the following:

- Joint Replacement Center includes: hip and knee replacement;
- Surgical Weight Loss services include: Roux-En-Y Gastric Bypass, Lap Band, Vertical Sleeve and Revisions that are designed to address the weight loss through pre and post – operative care including physician consultations, education, dietary counseling, and surgical follow ups;
- Women’s and Children’s Services include: Maternity education and tours, Labor and Delivery Services (LDS), high – risk obstetrics, breastfeeding clinic, Level III NICU, and an affiliation with Children’s Hospital of Orange County (CHOC) neonatologists providing 24/7 coverage for babies in the NICU;
- Emergency services include: 24 – hour “basic” ED licensed for 14 treatment stations and a designated paramedic receiving center;
- Certification as a Primary Stroke Center;
- Outpatient Imaging Center services include: X – ray, CT scanner, CT angiography, MRI (wide and short bore), ultrasound, digital mammography and Bone Densitometry (DEXA) for osteoporosis diagnosis; and
- Palliative Care services include: treatment of the whole person by addressing the patient’s medical, emotional, spiritual, and social needs, and providing support for the family. In addition, there is also a grief support group and hospital-to-home program.

Accreditation, Certifications & Awards

The Hospital holds numerous accreditation and certifications.

- Accredited, Hospital Accreditation Program by The Joint Commission (Medicare Deemed Status);
- Accredited, Laboratory Accreditation Program by The Joint Commission;
- Advanced Palliative Care Certification by The Joint Commission;

- Advanced Primary Stroke Center Certification by The Joint Commission;
- Baby-Friendly Designation by Baby – Friendly USA, Inc.;
- Bariatric Center of Excellence by the American Society of Metabolic and Bariatric Surgery;
- Bariatric Center of Excellence by United Health Resources, Cigna and Aetna;
- Blue Distinction Center for Bariatrics by Blue Cross Plus;
- Blue Distinction Center for Bariatrics by Blue Shield; and
- Blue Distinction for Knee and Hip Designation by Anthem Blue Cross, an independent licensee of Blue Cross Association.

Quality Measures

The Hospital Value-Based Purchasing Program, established by the 2010 Federal Patient Protection and Affordable Care Act (ACA) in 2012, encourages hospitals to improve the quality and safety of care. The Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payments and payment reductions by determining hospital performance on four domains that reflect hospital quality: the clinical process of care and outcomes domain, the patient and caregiver centered experience of care/care coordination domain, the safety domain, and the efficiency and cost reduction domain. In FY 2017, the Centers for Medicare & Medicaid Services increased Medicare payments to the Hospital by 0.17%. For FY 2018, the Centers for Medicare & Medicaid services is increasing payments to the Hospital by 0.05%.

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

QUALITY MEASURES	
Category	Parkview Community Hospital Medical Center
Mortality	Same as the national average
Safety of Care	Above the national average
Readmission	Below the national average
Patient Experience	Below the national average
Effectiveness of Care	Below the national average
Timeliness of Care	Below the national average
Efficient Use of Medical Imaging	Same as the national average

Source: Data.medicare.gov Hospital Compare, October 2018

The Hospital Readmissions Reduction Program⁹, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following three applicable conditions: heart attack, heart failure, and pneumonia. The penalty is administered by reducing all of a hospital's reimbursement payments under the Medicare program by a certain percentage for the entire year.

In 2018, the Hospital was penalized with a 0.56% reduction in reimbursement. In 2019, the Hospital will be penalized with a 0.52% reduction in reimbursement. The following table shows the Hospital's 30-day readmission rates for chronic obstructive pulmonary disease, heart attack, heart failure, pneumonia, stroke, hip/knee replacement, and all causes hospital-wide. The average of the Hospital's 30-day readmission rates for all causes is lower than the national average rate.

30 DAY READMISSION RATES		
Condition/Procedure	Parkview Community Hospital Medical Center	National Average
Chronic Obstructive Pulmonary Disease	20.8%	19.6%
Heart Failure	19.8%	21.7%
Pneumonia	19.3%	16.7%
Hospital-Wide	16.2%	15.3%
Hip/Knee Replacement	4.7%	4.2%

Source: Medicare.gov Hospital Compare, October 2018

Seismic Issues

Using the HAZUS seismic criteria⁵, the Hospital's structures subject to seismic compliance have been classified according to the California Senate Bill 1953 Seismic Safety Act for the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC), as shown in the table below.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER SEISMIC OVERVIEW		
Building Name	SPC Compliance Status	NPC Compliance Status
Original Hospital Building and 1961 Addition	2	2
1971 Tower	2	2
Diagnostic & Treatment Wing & Addition	5s	2
Utility Plant Building	5s	4s
Emergency Department Addition	5s	4s

Source: OSHPD

"s" indicates self-reported from the Hospital.

- The Hospital has two buildings rated as SPC-2. These buildings must be seismically retrofitted by January 1, 2030 in order to continue providing acute care services;
- The Hospital has three building rated as SPC-5. Buildings in this category will have been constructed or reconstructed under a building permit obtained through OSHPD. These buildings may be used without restriction to January 1, 2030, and beyond;
- The Hospital has three buildings rated as NPC-2. The following systems including: communication systems, emergency power supply, bulk medical gas systems, fire alarm systems and emergency lighting equipment for the building are either anchored in accordance with the Part 2, Title 24 of the California Building Code⁶ or approved by the Department of General Services, Office of Architecture and Construction, Structural Safety Section; and
- The Hospital has two buildings rated as NPC-4. The building meets the criteria for NPC-3 and all architectural, mechanical, electrical systems, components and equipment, and hospital equipment meet the bracing and anchorage requirements of Part 2, Title 24 of the California Building Code. This category for this classification is used for the purposes of the Office of Emergency Services. The deadline to meet the requirement is January 1, 2020 or 2030 depending on the Seismic Design Category and extension request requirements.

⁵OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

⁶The California Building Code serves as the basis for the design and construction of buildings in California.

Payer Mix

The following table provides the Hospital's CY 2017 inpatient discharge payer mix compared to Riverside County and the State of California. The comparison shows that the Hospital has much higher percentages of Medi-Cal Managed Care patients and Medi-Cal Traditional Patients relative to Riverside County and California overall.

PAYER MIX COMPARISON						
Payer Type	Parkview Hospital Community (CY 2017)		Riverside County (FY 2017)		California (FY 2017)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi - Cal Traditional	1,024	13%	16,598	10%	448,745	13%
Medi - Cal Managed Care	2,772	34%	36,026	21%	619,581	18%
Medi-Cal Total	3,796	47%	52,624	30%	1,068,326	31%
Medicare Traditional	1,342	17%	35,870	21%	841,218	25%
Medicare Managed Care	1,332	16%	35,017	20%	460,119	13%
Medicare Total	2,674	33%	70,887	41%	1,301,337	38%
Third - Party Traditional	151	2%	10,933	6%	108,683	3%
Third - Party Managed Care	1,383	17%	35,157	20%	843,862	25%
Third-Party Total	1,534	19%	46,090	27%	952,545	28%
Other Payers	143	2%	3,136	2%	52,987	2%
Other Indigent	2	-	406	0%	17,427	1%
County Indigent	-	-	199	0%	18,609	1%
Other Total	145	2%	3,741	2%	89,023	3%
Total	8,149	100%	173,342	100%	3,411,231	100%

Source: OSHPD Financial and Utilization Data, CY 2017

Managed Medi-Cal Managed Care

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

Riverside County has a Two-Plan Model that offers a local initiative plan and a commercial plan. The local initiative and commercial plans contract with the Medi-Cal Managed Care program. The percentage of Riverside County residents with Medi-Cal Managed Care coverage has increased significantly as a result of the Affordable Care Act (ACA) and California initiatives to expand managed care. In Riverside County, the Two-Plan Model is provided by Inland Empire Health Plan and Molina Healthcare.

Medical Staff

The Hospital has 365 medical staff members representing multiple specialties. The five largest specialties, comprising 48% of the medical staff, include: diagnostic radiology, general/family practice, internal medicine, pediatric medicine, and orthopedics. Of the 365 members of the medical staff, all are considered “active” users of the Hospital.

MEDICAL STAFF PROFILE		
Specialty	Count	% of Total
Allergy and Immunology	1	0.3%
Anesthesiology	16	4.4%
Cardiovascular Diseases	14	3.8%
Dermatology	2	0.5%
Diagnostic Radiology	45	12.3%
Gastroenterology	14	3.8%
General/Family Practice	35	9.6%
General Surgery	20	5.5%
Internal Medicine	33	9.0%
Neurology	8	2.2%
Obstetrics and Gynecology	20	5.5%
Oncology	3	0.8%
Ophthalmology	1	0.3%
Orthopedic Surgery	30	8.2%
Otolaryngology	5	1.4%
Pathology	3	0.8%
Pediatric Medicine	33	9.0%
Plastic and Reconstructive Surgery	2	0.5%
Podiatry	1	0.3%
Psychiatry	1	0.3%
Pulmonary Disease	14	3.8%
Radiology	2	0.5%
Thoracic Surgery	4	1.1%
Urology	11	3.0%
Vascular Surgery	2	0.5%
Other Specialties	45	12.3%
Total	365	100%

Source: OSHPD Disclosure Report, FY 2017

Patient Utilization Trends

The following table shows volume trends at the Hospital from CY 2013 through CY 2017:

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER					
SERVICE VOLUMES CY 2013 CY 2017 ¹					
PATIENT DAYS	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Medical/Surgical ²	27,653	28,870	30,093	27,932	24,970
Neonatal Intensive Care	2,704	2,749	2,589	2,355	2,036
Intensive Care	3,686	3,513	3,774	3,330	3,000
Obstetrics	3,916	5,022	5,012	4,664	4,331
Pediatrics Acute	614	550	627	384	-
Total	38,573	40,704	42,095	38,665	34,337
DISCHARGES					
Medical/Surgical ²	6,368	6,579	6,803	6,122	5,640
Neonatal Intensive Care	216	236	225	214	217
Intensive Care	184	486	216	200	172
Obstetrics	1,901	2,418	2,460	2,240	2,120
Pediatrics Acute	315	290	355	201	-
Total	8,984	10,009	10,059	8,977	8,149
AVERAGE LENGTH OF STAY					
Medical/Surgical ²	4.3	4.4	4.4	4.6	4.4
Neonatal Intensive Care	12.5	11.6	11.5	11	9.4
Intensive Care	20	7.2	17.5	16.7	17.4
Obstetrics	2.1	2.1	2.0	2.1	2.0
Pediatrics Acute	1.9	1.9	1.8	1.9	-
Total	4.3	4.1	4.2	4.3	4.2
AVERAGE DAILY CENSUS					
Medical/Surgical ²	75.8	79.1	82.4	76.5	68.4
Neonatal Intensive Care	7.4	7.5	7.1	6.5	5.6
Intensive Care	10.1	9.6	10.3	9.1	8.2
Obstetrics	10.7	13.8	13.7	12.8	11.9
Pediatrics Acute	1.7	1.5	1.7	1.1	-
Total	106	112	115	106	94
OTHER SERVICES					
Inpatient Surgeries	5,805	2,171	3,169	2,087	1,943
Outpatient Surgeries	1,638	1,464	1,494	1,619	1,475
Emergency Service Visits	42,489	45,839	47,324	46,005	47,183
Total Live Births	1,858	2,363	2,410	2,224	2,068

Sources: OSHPD Disclosure Reports, CY 2013 – CY 2017

¹ CY 2013 to CY 2017 data is from audited OSHPD Disclosure Reports whereas CY 2017 is from unaudited.

² Includes Definitive Observation Beds

A review of the Hospital's historical utilization trends between CY 2013 and CY 2017 supports the following conclusions:

- Pediatric Acute Beds were placed in suspense in CY 2016;
- Total patient days decreased by 11%;
- Medical/Surgical inpatient discharges decreased by 11%; and

- Inpatient surgeries decreased by 67%.

Financial Profile

Over the last five calendar years, the Hospital has maintained positive net income ranging from approximately \$3.2 million to \$578,726. Between CY 2013 and CY 2017, net patient revenue and total operating revenue increased by nearly 6%. Over the same period, the Hospital's operating expenses increased by approximately 5% from \$146 million in CY 2013 to \$153 million in CY 2017. Other operating revenue⁷ decreased over the five-year period by 36% from approximately \$1.7 million to \$1.1 million.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER FINANCIAL AND RATIO ANALYSIS CY 2013 - CY 2017 ¹						
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	
Patient Days	38,573	40,704	42,095	38,658	34,337	-
Discharges	8,984	10,009	10,059	8,977	8,149	-
ALOS	4.3	4.1	4.2	4.3	4.2	-
Net Patient Revenue	\$142,986,801	\$148,685,303	\$159,634,246	\$157,909,129	\$151,914,314	-
Other Operating Revenue	\$1,698,680	\$1,001,198	\$906,537	\$1,918,993	\$1,085,164	-
Total Operating Revenue	\$144,685,481	\$149,686,501	\$160,540,783	\$159,828,122	\$152,999,478	-
Operating Expenses	\$145,746,405	\$143,919,005	\$155,089,500	\$162,101,736	\$152,672,667	-
Net from Operations	(\$1,060,924)	\$5,767,496	\$5,451,283	(\$2,273,614)	\$326,811	-
Net Non-Operating Revenues and Expenses	\$4,243,219	\$1,466,824	\$3,427,776	\$2,157,725	\$251,915	-
Net Income	\$3,182,295	\$7,234,320	\$8,879,059	(\$115,889)	\$578,726	-
						2016 California ²
Current Ratio	1.20	1.22	1.53	1.49	1.51	1.56
Days in A/R	85.3	93.7	90.5	91.9	84.6	57.1
Bad Debt Rate	1.0%	1.0%	1.1%	3.0%	3.1%	0.8%
Operating Margin	-0.73%	3.85%	3.40%	-1.42%	0.21%	2.74%

Source: OSHPD Disclosure Reports, CY 2013 - CY 2017

¹ CY 2013 to CY 2017 data is from audited OSHPD Disclosure Reports whereas CY 2017 is from unaudited.

² CY 2017 California data was not available when the data was collected to prepare this report.

The Hospital's current ratio⁸ has increased over the last five years from 1.20 in CY 2013 to 1.51 in CY 2017 (the California average in CY 2016 was 1.56). the Hospital's percentage of bad debt is 2.3% and higher than the statewide average of 0.8%.

⁷Other operating revenue represents amounts received for services that are central to the provision of healthcare services but are not directly related to patient care.

⁸The current ratio compares a company's current assets to its current liabilities to measure its ability to pay short-term and long-term debt obligations. A low current ratio of less than 1.0 could indicate that a company may have difficulty meeting its current obligations. The higher the current ratio, the more capable the company is of paying its obligations as it has a larger proportion of assets relative to its liabilities.

Cost of Hospital Services

The Hospital's cost of services includes both inpatient and outpatient care. In CY 2017, 42% of total costs were associated with Medi-Cal, followed by 36% with Medicare, and 19% with Third – Party.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER OPERATING EXPENSES BY PAYER CATEGORY CY 2013 CY 2017 ¹					
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Operating Expenses	\$145,746,405	\$143,919,005	\$155,089,500	\$162,101,736	\$152,672,667
Cost of Services By Payer:					
Medicare	\$54,836,977	\$51,833,851	\$54,744,447	\$60,737,716	\$55,643,035
Medi-Cal	\$47,013,271	\$56,600,727	\$65,645,322	\$65,623,059	\$63,570,995
County Indigent	\$4,493,474	-	-	-	\$5,273
Third-Party	\$27,486,900	\$29,540,394	\$28,633,535	\$30,059,044	\$29,652,177
Other Indigent	\$675,940	\$516,631	\$392,963	\$477,583	\$278,456
All Other Payers	\$11,239,843	\$5,427,401	\$5,673,231	\$5,204,334	\$3,522,731

Source: OSHPD Disclosure Reports, CY 2013 – CY 2017

¹ CY 2013 to CY 2017 data is from audited OSHPD Disclosure Reports whereas CY 2017 is from unaudited.

Charity Care

The following table shows a comparison of charity care and bad debt for the Hospital to all general acute care hospitals in the State of California. The five-year (CY 2013 – CY 2017) average of charity care and bad debt, as a percentage of gross patient revenue, was 2.48% and slightly lower than the four-year statewide average of 2.5%. According to OSHPD, "...the determination of what is classified as charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER CHARITY CARE COMPARISON CY 2013 CY 2017 ¹ (In Thousands)											
	CY 2013		CY 2014		CY 2015		CY 2016		CY 2017		
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA ²	
Gross Patient Revenue	\$665,960	\$320,382,471	\$728,707	\$338,322,364	\$776,377	\$365,501,463	\$784,034	\$396,427,743	\$765,922	-	
Charity	\$5,154	\$6,563,487	\$4,653	\$5,113,965	\$6,098	\$3,441,227	\$4,815	\$3,457,868	\$2,631	-	
Bad Debt	\$6,539	\$5,891,632	\$7,477	\$4,365,936	\$8,255	\$3,262,642	\$23,819	\$3,108,971	\$23,431	-	
Total Charity & Bad Debt	\$11,693	\$12,455,119	\$12,130	\$9,479,902	\$14,353	\$6,703,869	\$28,634	\$6,566,839	\$26,062	-	
Charity Care as a % of Gross Patient Revenue	0.8%	2.0%	0.6%	1.5%	0.8%	0.9%	0.6%	0.9%	0.3%	-	
Bad Debt as a % of Gross Patient Revenue	1.0%	1.8%	1.0%	1.3%	1.1%	0.9%	3.0%	0.8%	3.1%	-	
Total as a % of Gross Patient Revenue	1.8%	3.9%	1.7%	2.8%	1.8%	1.8%	3.7%	1.7%	3.4%	-	
Uncompensated Care											
Cost to Charge Ratio	21.6%	24.5%	19.6%	23.6%	19.9%	24.1%	20.4%	23.8%	19.8%	-	
Charity	\$1,115	\$1,608,711	\$913	\$1,207,919	\$1,211	\$828,647	\$984	\$822,627	\$521	-	
Bad Debt	\$1,414	\$1,444,039	\$1,466	\$1,031,234	\$1,639	\$785,644	\$4,866	\$739,624	\$4,637	-	
Total	\$2,529	\$3,052,750	\$2,379	\$2,239,153	\$2,850	\$1,614,292	\$5,850	\$1,562,251	\$5,158	-	

Source: OSHPD Disclosure Reports CY 2013 – CY 2017

¹ CY 2013 to CY 2017 data is from audited OSHPD Disclosure Reports whereas CY 2017 is from unaudited.

² CY 2017 California data was not available when the data was collected to prepare this report.

The table on the following page shows the Hospital's historical costs for charity care as reported to OSHPD. Charity care costs have decreased from \$1.1 million in CY 2013 to \$520,754 in CY

2017. The average cost of charity care for the last five-year period was \$948,596, while the three-year average cost of charity care was \$905,183.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER COST OF CHARITY CARE CY 2013 CY 2017 ¹			
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital
CY 2017	\$2,631,196	19.8%	\$520,754
CY 2016	\$4,814,953	20.4%	\$983,723
CY 2015	\$6,098,272	19.9%	\$1,211,073
CY 2014	\$4,653,349	19.6%	\$912,639
CY 2013	\$5,153,899	21.6%	\$1,114,792
CY 2015 - CY 2017 Average			\$905,183
CY 2013 - CY 2017 Average			\$948,596

Source: OSHPD Disclosure Reports CY 2013 - CY 2017

¹ CY 2013 to CY 2016 data is from audited OSHPD Disclosure Reports whereas CY 2017 is from unaudited.

In the application to the California Attorney General, the Hospital reported the following combined distribution of charity care costs by inpatient, outpatient, and emergency room cost. Note that these totals are different than what the Hospital reported to OSHPD.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER COST OF CHARITY CARE BY SERVICE CY 2013 CY 2017				
	Inpatient	Emergency	Outpatient	Total Costs
CY 2017:				
Cost of Charity	\$454,228	\$250,532	\$58,285	\$763,045
Visits/Discharges	435	466	88	
CY 2016:				
Cost of Charity	\$766,320	\$177,901	\$22,315	\$966,536
Visits/Discharges	564	352	45	
CY 2015:				
Cost of Charity	\$974,509	\$211,170	\$4,085	\$1,189,764
Visits/Discharges	623	455	61	
CY 2014:				
Cost of Charity	\$634,686	\$250,391	\$10,200	\$895,277
Visits/Discharges	494	481	57	
CY 2013:				
Cost of Charity	\$572,241	\$488,191	\$35,937	\$1,096,369
Visits/Discharges	1,212	775	57	

Source: Parkview Community Hospital Medical Center

Community Benefit Services

In the last four calendar years⁹, the Hospital has consistently provided community benefit services. As shown in the table below, the average annual cost of community benefit services over the four years has been \$727,436. Over the four-year period, the Hospital's combined total cost of community benefit services decreased from \$839,211 in CY 2014 to \$745,276 million in CY 2017.

Community Benefit Programs	CY 2014	CY 2015	CY 2016	CY 2017	4 Year Average
Community Benefit Operations	\$177,861	\$194,054	\$282,678	\$227,784	\$220,594
Community Health Improvement Services	\$134,844	\$140,162	\$77,749	\$238,655	\$147,853
Cash and In-Kind Contributions	\$52,592	\$51,159	\$58,000	\$94,720	\$64,118
Subsidized Health Services	\$345,488	\$58,043	\$95,312	\$13,973	\$128,204
Home to Home Program ¹	\$31,384	\$48,645	\$47,261	\$43,285	\$42,644
Palliative Care Program ¹	\$97,042	\$139,089	\$133,103	\$126,859	\$124,023
Total	\$839,211	\$631,152	\$694,103	\$745,276	\$727,436

Source: Parkview Benefit Plan Reports

¹Not included in Parkview Benefit Plan Reports, but indicated by Parkview to be a community benefit

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

Parkview Community Hospital Medical Center Community Benefit				CY 2014	CY 2017
Services over \$10,000	CY 2014	CY 2015	CY 2016	CY 2017	
Childbirth And Family Education	\$234,722	\$205,697	\$172,988	\$201,596	
Chronic Disease Mgmt/Support Groups	\$14,915	\$17,279	\$16,486	\$19,632	
Community Health Education	\$35,232	\$72,094	\$90,458	\$107,289	
Hospital To Home Program	\$31,384	\$48,645	\$47,261	\$43,285	
Palliative Care Program	\$97,042	\$139,089	\$133,103	\$126,859	
Sweet Success	\$95,884	\$96,088	\$65,096	\$95,889	

Source: Parkview Community Hospital Medical Center

The Hospital's community benefit services have supported many programs for the community, including community health education, childbirth education, palliative care program and others, as described below:

- Childbirth Education: Classes for pregnant women on childbirth, breastfeeding and parenting;

⁹ 2013 Community Benefit Information was not available

- Chronic Disease Management and support groups: Ongoing programs include a series of diabetes management workshops and support groups for patients with COPD¹⁰ and post-op bariatric surgery patients;
- Community Health Education: Seminars and health fairs covering health prevention and wellness topics ranging from mental health issues, nutrition, Alzheimer's disease, stroke prevention, menopause, and arthritis, that may include screenings along with presentations;
- Hospital to Home Program: Provides for a part-time social worker. The social worker identifies patients who are at high – risk for inappropriate readmission and provides home visits and/or follow-up calls to prevent obstacles to patient recovery. These include ensuring that prescriptions are filled, appointments with primary care physicians are made, durable medical equipment is received and other resources are available to the patient;
- Palliative Care Program: Provides for a part-time medical director, nurse and social worker who are part of the Palliative Care team providing these services to the Hospital's patients and families; and
- Sweet Success: Provides for an RN diabetic educator who provides diabetes management education for pregnant women.

Reproductive Health

For CY 2017, the Hospital reported 56 inpatient discharges related to women's reproductive health services. The table below lists all reproductive services by diagnostic related group (DRG) discharges for CY 2017.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER CY 2017 REPRODUCTIVE SERVICE BY DIAGNOSTIC RELATED GROUP	
	Discharges
778-Threatened Abortion	15
777-Ectopic Pregnancy	13
770-Abortion W D&C ¹ , Aspiration Curettage Or Hysterotomy	2
779-Abortion W/O D&C ¹	9
767-Vaginal Delivery W Sterilization &/Or D&C ¹	17
Total Discharges:	56

Source: CY 2017 OSHPD Patient Discharge Database

¹D&C is an abbreviation for Dilation and Curettage

- Out of the five diagnostic related groups, 767-Vaginal Delivery W Sterilization &/Or D&C has the highest number of reproductive service inpatient discharges.

¹⁰Chronic Obstructive Pulmonary Disease is a chronic inflammatory lung disease that causes obstructed airflow from the lungs.

Analysis of the Hospital's Service Area

Service Area Definition

The Hospital's service area is comprised of 15 ZIP Codes from which approximately 100% of its inpatient discharges originated in CY 2017. Approximately 53% of the Hospital's discharges originated from the top three ZIP Codes. Furthermore, 82% of the Hospital's inpatient discharges were from the top eight ZIP Codes. In CY 2017, the Hospital's market share in the service area was 9.6%.

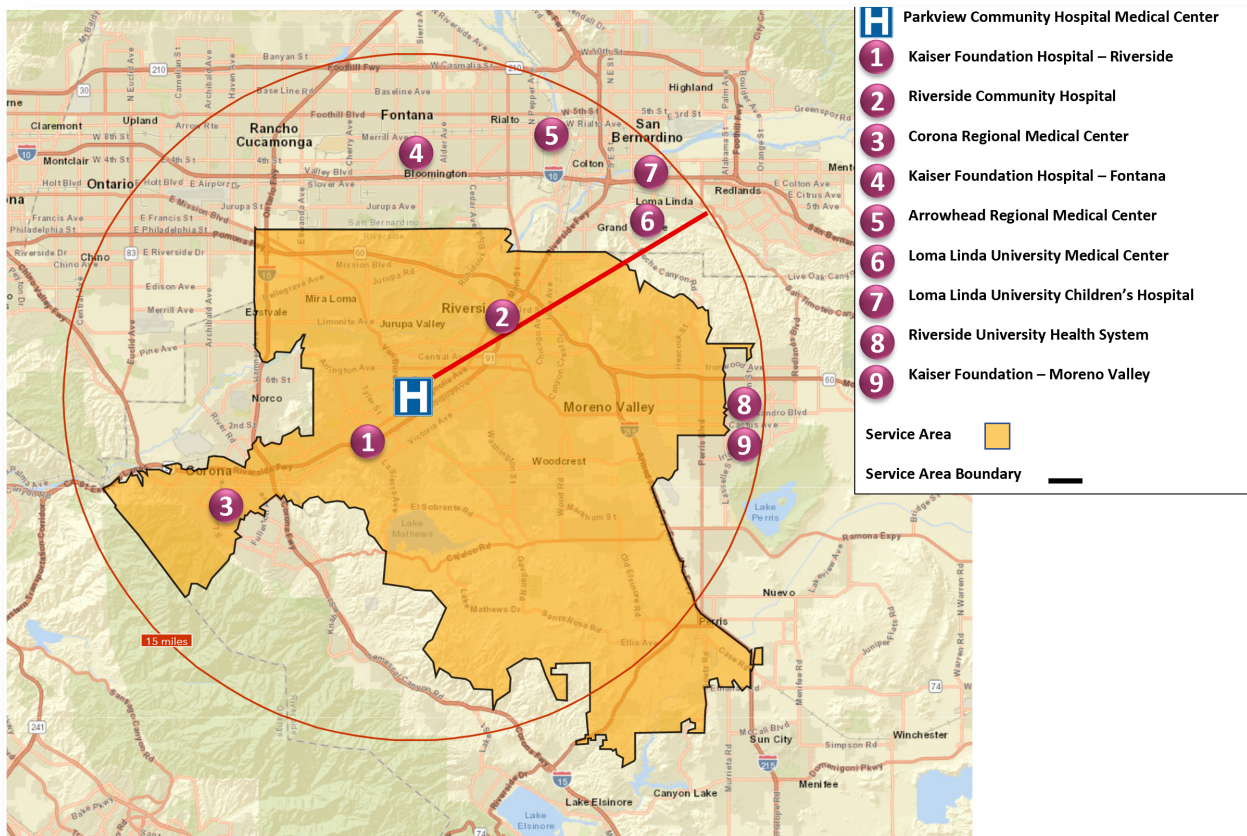
SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: CY 2017						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
92503	Riverside	1,627	26.7%	26.7%	7,316	22.2%
92504	Riverside	898	14.7%	41.5%	5,029	17.9%
92505	Riverside	721	11.8%	53.3%	3,967	18.2%
92509	Riverside	679	11.2%	64.5%	6,519	10.4%
92506	Riverside	307	5.0%	69.5%	3,761	8.2%
92553	Moreno Valley	305	5.0%	74.5%	6,504	4.7%
92507	Riverside	252	4.1%	78.7%	4,082	6.2%
92570	Perris	224	3.7%	82.3%	5,087	4.4%
92879	Corona	221	3.6%	86.0%	3,740	5.9%
92882	Corona	202	3.3%	89.3%	4,892	4.1%
91752	Mira Loma	199	3.3%	92.5%	2,880	6.9%
92557	Moreno Valley	178	2.9%	95.5%	4,152	4.3%
92501	Riverside	136	2.2%	97.7%	3,157	4.3%
92508	Riverside	134	2.2%	99.9%	1,985	6.8%
92518	March Air Reserve Base	6	0.1%	100.0%	147	4.1%
Total		6,089	100.0%	100.0%	63,218	9.6%

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

Service Area Map

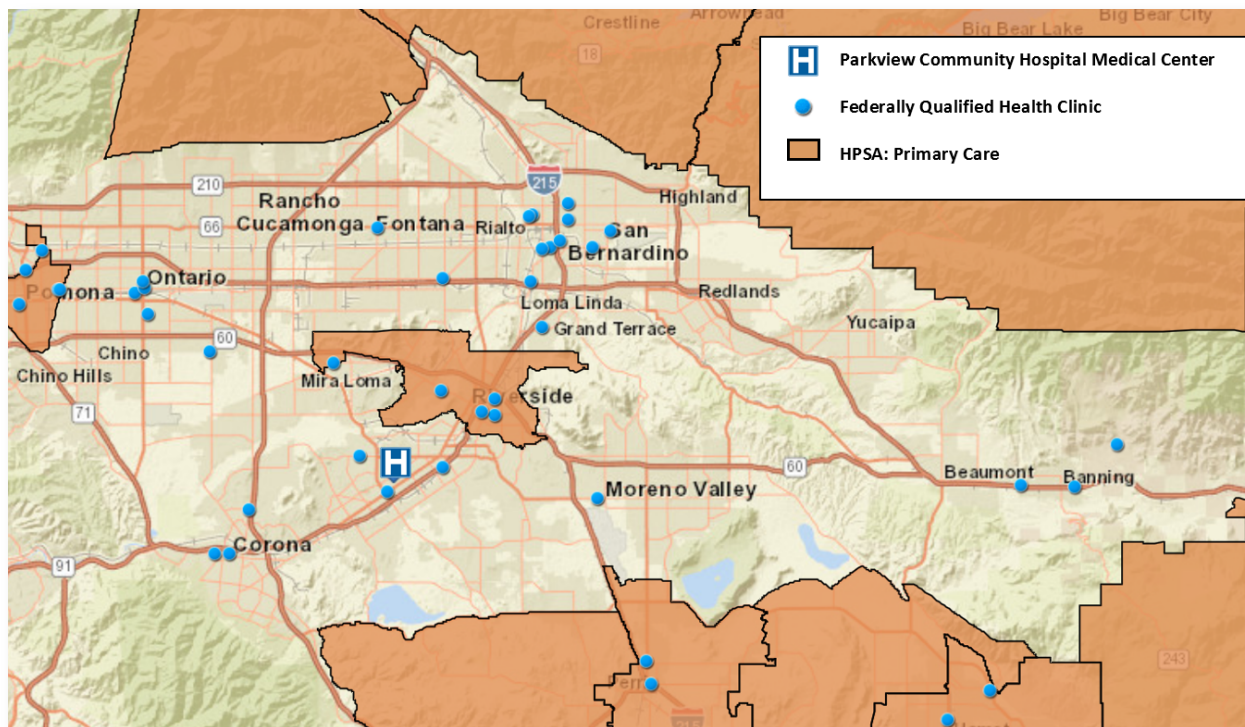
The Hospital's service area has approximately 793,692 residents. There are three other hospital's located in the Hospital's service area. There are six other hospitals located within 15 miles of the Hospital. Riverside Community Hospital is the inpatient market share leader in the service area.



Source: ESRI

Health Professional Shortage Areas (HPSA)

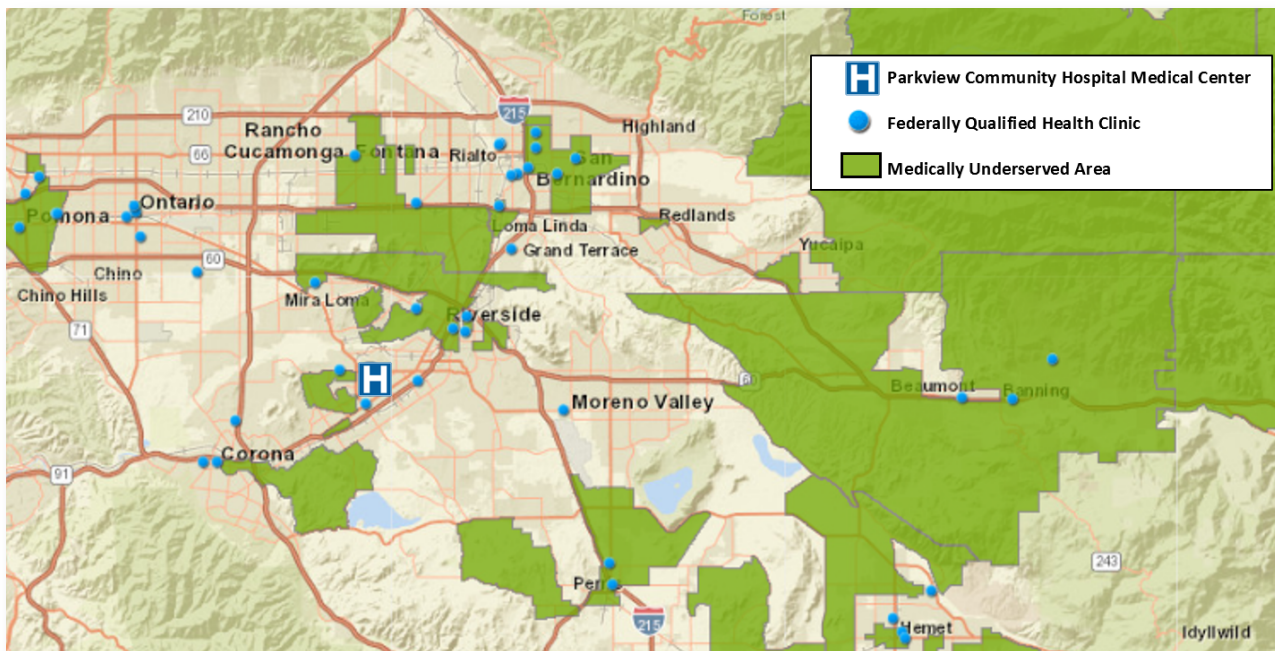
The Federal Health Resources and Services Administration designates Health Professional Shortage Areas as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population),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



Source: ESRI and California Department of Health and Human Services

Medically Underserved Areas & Medically Underserved Populations

Medically Underserved Areas and Medically Underserved Populations are defined by the Federal Government to include areas or population groups that demonstrate a shortage of healthcare services. This designation process was originally established to assist the government in allocating community health center grant funds to the areas of greatest need. Medically Underserved Areas are identified by calculating a composite index of need indicators compiled and compared with national averages to determine an area's level of medical "under service." Medically Underserved Populations are identified based on documentation of unusual local conditions that result in access barriers to medical services. Medically Underserved Areas and Medically Underserved Populations are permanently set, and no renewal process is necessary. The map below depicts the Medically Underserved Areas/Medically Underserved Populations relative to the Hospital's location.



Source: ESRI and California Health and Human Services

The census tract where the Hospital is located is designated as a Medically Underserved Area or as a Medically Underserved Population. There are also over 36 Federally Qualified Health Centers within a 40-mile radius of the Hospital. Federally Qualified Health Centers are health clinics that qualify for enhanced reimbursement from Medicare and Medicaid. They must provide primary care services to an underserved area or population, offer a sliding fee scale, have an ongoing quality assurance program, and have a governing board of directors. The ACA included provisions that increased federal funding to Federally Qualified Health Centers to help meet the anticipated

demand for healthcare services by those individuals who gained healthcare coverage through the various health exchanges.

Demographic Profile

The Hospital's service area population is projected to grow by nearly 5.5% over the next five years. This is lower than the expected growth rate for Riverside County (6.9%) and higher than the State of California (4.1%).

SERVICE AREA POPULATION STATISTICS			
	2018 Estimate	2023 Estimate	% Change
Total Population	793,692	837,334	5.5%
Total Households	224,839	236,534	5.2%
Percentage Female	50.4%	50.3%	-

Source: ESRI

The ethnicity with the largest population in the Hospital's service area is White (50.9%) followed by Some Other Race (27.6%) and Black (8.0%). Approximately 63.4% of the service area population is of non-Hispanic origin. This is higher than Riverside County (51%) and higher than the California non-Hispanic population of 61%.

SERVICE AREA POPULATION RACE/ETHNICITY		
	2018 Estimate	2023 Projection
White	50.9%	49.3%
Black	8.0%	8.0%
American Indian	1.0%	1.0%
Asian	6.7%	7.1%
Pacific Islander	0.4%	0.4%
Some Other Race	27.6%	28.7%
Multiple Races	5.4%	5.5%
Total	100%	100%
Hispanic Origin	36.6%	37.8%
Non-Hispanic or Latino	63.4%	62.2%
Total	100%	100%

Source: ESRI

The median age of the population in the Hospital's service area is 32 years and lower than the statewide median age of 34.3 years. The percentage of adults over the age of 65 is the fastest growing age cohort, increasing by approximately 1.6% between 2018 and 2023.

SERVICE AREA POPULATION AGE DISTRIBUTION				
	2018 Estimate		2023 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	175,375	22.1%	183,337	21.9%
Age 15-44	360,216	45.4%	378,453	45.2%
Age 45-64	177,058	22.3%	176,594	21.1%
Age 65+	81,043	10.2%	98,950	11.8%
Total	793,692	100%	837,334	100%
Female 15-44	178,556	22.5%	186,551	22.3%
Median Age	32		33	-

Source: ESRI

The Hospital's service area households have an average median household income of \$43,771. This is 37% lower than the Riverside County average of \$63,492 and 39% lower than the State of California average of \$65,223. The percentage of higher-income households (\$150,000+) in the Hospital's service area is projected to grow at a slower rate (16%) than the Riverside County rate of 21% and the State of California rate of approximately (17%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION						
	Service Area	2018 Estimate		Service Area	2023 Projection	
		Riverside County	California		Riverside County	California
\$0 - \$15,000	15.4%	9.2%	9.6%	14.7%	7.8%	8.0%
\$15 - \$24,999	13.4%	9.1%	8.3%	12.5%	7.5%	6.8%
\$25 - \$34,999	11.8%	8.7%	7.8%	10.7%	7.3%	6.5%
\$35 - \$49,999	14.2%	12.2%	11.1%	13.2%	10.8%	9.9%
\$50 - \$74,999	17.9%	17.2%	16.1%	18.2%	16.1%	15.2%
\$75 - \$99,999	10.9%	12.9%	12.2%	11.6%	13.0%	12.3%
\$100 - \$149,999	10.3%	16.3%	16.1%	11.9%	18.3%	17.7%
\$150,000 - \$199,999	3.3%	7.4%	8.1%	3.9%	9.1%	9.6%
\$200,000+	2.8%	7.1%	10.7%	3.3%	10.1%	14.0%
Total	100%	100%	100%	100%	100%	100%
Median Household Income	\$43,771	\$63,482	\$65,223	\$48,418	\$75,770	\$74,370

Source: ESRI

Medi-Cal Eligibility

With the implementation of the ACA and the statewide expansion of Medi-Cal, the number of the State of California's population that is eligible for Medi-Cal was 13.2 million (33% of California's population). As of 2018, an estimate of 23.9%¹¹ of the population in Riverside County's service area was enrolled for Medi-Cal coverage. According to the California Department of Health Care Services, an estimated 830,986 people were eligible for Medi-Cal in Riverside County as of May 2018 (34% of Riverside County's population). Since the population in the Hospital's service area is poorer than Riverside County, it is expected that the percent eligible for Medi-Cal would exceed 34%. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

¹¹The estimate is provided by the US Census Bureau, American Community Survey.

Selected Health Indicators

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

2018 NATALITY STATISTICS: RATE PER 1,000 LIVE BIRTHS			
Health Status Indicator	Riverside County	California	National Objective
Low Birth Weight Infants	6.7%	6.8%	7.8%
First Trimester Prenatal Care	83.2%	83.3%	77.9%
Adequate/Adequate Plus Prenatal Care	74.9%	77.9%	77.6%

Source: California Department of Public Health

Riverside County has lower morbidity rates for each of the eight health status indicators than the State of California;

2018 MORBIDITY STATISTICS: RATE PER 100,000 POPULATION			
Health Status Indicator	Riverside County	California	National Objective
HIV/AIDS Incidence (Age 13 and Over) ¹	323.0	391.7	a
Chlamydia Incidence	388.6	480.3	c
Gonorrhea Incidence Female Age 15-44	165.9	218.0	251.9
Gonorrhea Incidence Male Age 15-44	224.2	372.6	194.8
Tuberculosis Incidence	2.4	5.4	1.0
Congenital Syphilis	#	30.6	9.6
Primary Secondary Syphilis Female	1.0*	2.6	1.3
Primary Secondary Syphilis Male	18.5	22.5	6.7

Source: California Department of Public Health

* Rates are deemed unreliable based on fewer than 20 data elements.

¹California Department of Public Health, Office of AIDS, HIV/AIDS Surveillance Section reporting periods are: Current Period 2013-2015, Previous Period 2010-2012.

#: Denotes a suppressed data element in accordance with Data De-Identification Guidelines. Please see County Health Status Profiles Profile 2018, Technical Notes, Data Definitions.

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

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

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

The overall age – adjusted mortality rate for Riverside County is higher than that of the State of California. Riverside County's rates for seven out of the 18 reported causes are lower than the statewide rate; and

Riverside County reported lower age – adjusted mortality on 5 of the 18 reported national goals based on underlying and contributing cause of death.

2018 MORTALITY STATISTICS: RATE PER 100,000 POPULATION					
Selected Cause	Riverside County		California	Age Adjusted National Objective	
	Crude Death Rate	Age Adjusted Death Rate			
All Causes	677.6	631.5	608.5		a
All Cancers	157.9	146.2	140.2		161.4
Colorectal Cancer	15.2	14.1	12.8		14.5
Lung Cancer	34.4	31.7	28.9		45.5
Female Breast Cancer	24.1	21.3	19.1		20.7
Prostate Cancer	18.7	19.9	19.6		21.8
Diabetes	20.9	19.3	20.7		b
Alzheimer's Disease	39.4	36.2	34.2		a
Coronary Heart Disease	113.8	104.6	89.1		103.4
Cerebrovascular Disease (Stroke)	36.8	34.2	35.3		34.8
Influenza/Pneumonia	11.3	10.6	14.3		a
Chronic Lower Respiratory Disease	44.3	41.1	32.1		a
Chronic Liver Disease And Cirrhosis	14.2	13	12.2		8.2
Accidents (Unintentional Injuries)	36.3	35.7	30.3		36.4
Motor Vehicle Traffic Crashes	11.5	11.4	8.8		12.4
Suicide	10.9	10.8	10.4		10.2
Homicide	4.0	4.1	5.0		5.5
Firearm-Related Deaths	7.3	7.2	7.6		9.3
Drug-Induced Deaths	15.4	15.2	12.2		11.3

Source: California Department of Public Health

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

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

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

2016 Community Health Needs Assessment

In an effort to understand the communities served by the Hospital, their most critical healthcare needs, and the resources available to meet those needs, the Hospital conducts a Community Health Needs Assessment every three years. The Hospital's most recent 2016 assessment incorporated primary data collected through interviews, focus groups and surveys conducted by Hospital Association of Southern California, Inland Counties', and it incorporated secondary data from a variety of studies and reports compiled by numerous organizations at the local, state, and national levels. Communities and ZIP Codes included in the Hospital's assessment are listed below:

ZIP Code	Community	ZIP Code	Community
92503	Riverside	92518	March Air Reserve Base
92504			
92505	Riverside	92553	Moreno Valley
92506			
92507	Highgrove	92557	Moreno Valley
92509			
91752	Mira Loma	92571	Perris
92501			
92508	Riverside	92879	Corona
92881			
92882	Corona		

Source: 2016 Community Health Needs Assessment

Based on feedback from community stakeholders, the following priorities, in order were identified as the most important healthcare needs:

- Health Outcomes: Diabetes, behavioral health, heart disease and stroke, chronic obstructive pulmonary disease, cancer and obesity;
- Social Determinants: High rates of poverty, lower median incomes and lower educational attainment;
- Clinical Care: Poor access to primary care and behavioral health, lack of preventive screenings for cancer and inadequate prenatal care; and
- Built Environment: Housing shortage and lack of access to healthy food.

Hospital Supply, Demand & Market Share

There are three other general acute care hospitals within the Hospital's service area: Kaiser Permanente Hospitals – Riverside, Corona Regional Medical Center and Riverside Community Hospital. Together, the hospitals reported a combined total of 1,113 licensed beds with an overall occupancy rate of approximately 57%. As a result of additional construction, the Hospital's 2018 hospital license reports 193 total beds that ran at an occupancy of 48.7%. While the Hospital currently reports 193 licensed beds, the hospital has had 15 pediatric beds in suspense as of March 2018.

SERVICE AREA HOSPITAL DATA								
Hospital	City	Within Service Area	Licensed Beds	Inpatient Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles From Hospital
Parkview Community Hospital Medical Center*	Riverside	X	193	8,149	34,337	94	48.7%	
Kaiser Permanente Hospitals – Riverside ¹ *	Riverside	X	226	9,408	40,154	110	48.7%	3
Corona Regional Medical Center*	Corona	X	238	9,360	52,046	143	59.9%	10
Riverside Community Hospital ¹ *	Riverside	X	456	22,697	104,943	288	63.1%	8
Sub-Total			1,113	49,614	231,480	634	57.0%	
Kaiser Foundation Hospitals – Fontana ¹ *	Fontana		626	30,120	122,661	336	53.7%	14
Arrowhead Regional Medical Center	Colton		456	21,430	113,723	312	68.3%	19
Loma Linda University Medical Center ¹	Loma Linda		533	10,997	64,833	178	33.3%	18
Loma Linda University Children's Hospital ¹	Loma Linda		343	8,320	38,742	106	30.9%	16
Riverside University Health System ¹	Moreno Valley		439	17,253	102,735	281	64.1%	22
Kaiser Permanente Hospitals - Moreno Valley*	Moreno Valley		99	3,768	11,366	31	31.5%	24
Total			3,609	141,502	685,540	1,878	52.0%	

Source: OSHPD Disclosure Report 2017

* Reported on a Calendar Year

¹2017 Audited data unavailable, 2017 submitted data shown

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

Hospital Market Share

The table below shows market share of inpatient discharges by individual hospital within the Hospital's service area from CY 2013 to CY 2017.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER					
HOSPITAL MARKET SHARE					
Hospital	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Riverside Community Hospital	25.9%	25.4%	26.5%	26.0%	25.7%
Riverside University Health System - Medical Center	15.7%	13.7%	12.6%	13.3%	13.1%
Parkview Community Hospital Medical Center	11.2%	12.4%	11.9%	10.7%	9.6%
Kaiser Permanente Hospitals - Riverside	10.2%	10.1%	10.2%	9.6%	9.4%
Corona Regional Medical Center-Main	6.5%	6.9%	7.2%	6.6%	7.5%
Kaiser Foundation Hospitals - Fontana	2.4%	2.8%	2.9%	3.4%	3.6%
Loma Linda University Medical Center	6.2%	5.7%	3.3%	3.8%	3.6%
Loma Linda University Children's Hospital	0.0%	0.4%	3.0%	3.3%	3.4%
Arrowhead Regional Medical Center	1.3%	1.5%	1.8%	2.1%	2.2%
Kaiser Foundation Hospitals - Moreno Valley	2.3%	2.2%	2.1%	2.2%	2.0%
Other Hospitals	18.3%	18.8%	18.5%	19.1%	20.0%
Total Percentage	100.0%	100.0%	100.0%	100.0%	100.0%
Total Discharges	63,952	64,338	65,306	65,187	63,218

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- From CY 2013 to CY 2017, the Hospital has consistently ranked third in terms of overall market share for its service area based on discharges (9.6% in 2017); and
- Riverside Community Hospital has the largest market share (25.7% in 2017). Followed by Riverside University Health System-Medical Center (13.1% in 2017).

Market Share by Payer Type

The following table shows inpatient market share by hospital and payer type for the Hospital's service area for CY 2017.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER HOSPITAL MARKET SHARE BY PAYER TYPE CY 2017											
Payer Type	Total Discharges	Riverside Community Hospital	Riverside University Health System Medical Center	Parkview Community Hospital Medical Center	Kaiser Permanente Hospitals - Riverside	Corona Regional Medical Center Main	Kaiser Foundation Hospital Fontana	Loma Linda University Medical Center	Loma Linda University Children's Hospital	All Others	Total
Medi-Cal	24,291	26.7%	19.7%	11.5%	2.9%	7.9%	1.3%	3.1%	6.0%	20.9%	100.0%
Medicare	18,486	28.8%	12.0%	10.9%	10.0%	10.4%	3.5%	4.7%	0.0%	19.7%	100.0%
Private Coverage	17,180	20.6%	2.4%	6.8%	19.4%	4.5%	7.5%	2.8%	2.9%	33.1%	100.0%
Self-Pay	1,668	14.4%	35.7%	5.5%	3.1%	5.8%	1.8%	4.7%	5.5%	23.5%	100.0%
All Other	1,593	40.9%	15.1%	2.3%	0.3%	2.4%	0.4%	4.2%	5.1%	29.3%	100.0%
		25.7%	13.1%	9.6%	9.4%	7.5%	3.6%	3.6%	3.4%	24.2%	100.0%
Grand Total	63,218	16,241	8,256	6,089	5,929	4,737	2,282	2,266	2,146	15,272	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The largest payer categories of service area inpatient discharges are Medi-Cal with 24,291 inpatient discharges (38%), followed by Medicare with 18,486 inpatient discharges (29%), and Private Coverage with 17,180 inpatient discharges (27%);
- Riverside Community Hospital is the inpatient market share leader for Medicare (28.8%), Medi-Cal (26.7%), and Private Coverage (20.6%); and
- Riverside University Health System – Medical Center is the inpatient market share leader for Self-Pay (35.7%).

Market Share by Service Line

The following table shows inpatient market share by hospital and service line for the Hospital's service area for CY 2017.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER HOSPITAL MARKET SHARE BY SERVICE LINE CY 2017											
Service Line	Total Discharges	Riverside Community Hospital	Riverside University Health System Medical Center	Parkview Community Hospital Medical Center	Kaiser Permanente Hospitals Riverside	Corona Regional Medical Center Main	Kaiser Foundation Hospital Fontana	Loma Linda University Medical Center	Loma Linda University Children's Hospital	All Others	Total
General Medicine	18,519	28.7%	13.4%	10.9%	8.9%	9.5%	3.3%	3.7%	3.1%	18.5%	100.0%
Obstetrics	11,217	24.0%	6.7%	14.4%	16.2%	5.9%	3.8%	0.2%	4.3%	24.5%	100.0%
Cardiac Services	5,928	39.9%	11.1%	7.2%	6.0%	7.4%	4.2%	5.2%	1.0%	18.0%	100.0%
General Surgery	5,573	27.6%	10.7%	9.9%	9.2%	6.9%	3.9%	5.2%	3.0%	23.5%	100.0%
Behavioral Health	4,755	2.4%	36.9%	0.8%	0.6%	12.1%	0.3%	0.4%	0.2%	46.3%	100.0%
Neonatology	4,173	19.8%	9.7%	6.9%	20.0%	3.9%	4.9%	0.0%	5.8%	28.9%	100.0%
Orthopedics	3,209	21.8%	11.5%	16.2%	5.0%	5.2%	3.1%	6.3%	1.9%	28.9%	100.0%
Neurology	2,666	28.5%	16.3%	7.3%	5.4%	5.3%	4.1%	5.9%	5.0%	22.3%	100.0%
Oncology/Hematology (Medical)	1,746	25.1%	11.4%	7.7%	8.6%	6.1%	4.2%	6.9%	7.4%	22.6%	100.0%
Other	1,010	34.8%	17.5%	2.5%	5.3%	1.2%	5.5%	3.4%	4.2%	25.6%	100.0%
Spine	863	24.7%	8.2%	6.7%	0.7%	7.6%	7.1%	5.3%	2.1%	37.5%	100.0%
Gynecology	796	29.0%	11.2%	9.4%	6.3%	11.7%	0.9%	12.2%	1.0%	18.3%	100.0%
Vascular Services	713	37.2%	8.1%	8.1%	11.6%	11.8%	1.7%	2.5%	0.1%	18.8%	100.0%
Urology	677	23.5%	7.4%	7.5%	8.6%	9.3%	8.1%	9.7%	1.6%	24.2%	100.0%
ENT	622	19.3%	14.1%	2.1%	2.7%	4.0%	4.2%	8.8%	24.1%	20.6%	100.0%
Neurosurgery	515	22.7%	6.8%	0.4%	1.2%	0.4%	12.2%	15.0%	6.2%	35.1%	100.0%
No-match-found	103	9.7%	16.5%	9.7%	5.8%	4.9%	1.9%	4.9%	5.8%	40.8%	100.0%
Ophthalmology	83	14.5%	27.7%	3.6%	0.0%	0.0%	2.4%	20.5%	13.3%	18.1%	100.0%
Rehabilitation	50	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	92.0%	0.0%	6.0%	100.0%
Grand Total	63,218	16,240	8,256	6,089	5,929	4,737	2,282	2,266	2,146	15,273	100.0%

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Riverside Community Hospital is the service line leader in 12 of 19 service lines including: general medicine (28.7%), obstetrics (24.0%), cardiac services (39.9%) general surgery (27.6%), orthopedics (21.8%), neurology (28.5%), oncology/hematology (medical) (25.1%) spine (24.7%), gynecology (29.0%), vascular services (37.2%), urology (23.5%) and neurosurgery (22.7%);
- Riverside University Health System – Medical Center is a service line leader in two of 19 service lines including: behavioral health (36.9%) and ophthalmology (27.7%); and
- The Hospital, while not a leader in any service line has significant market share in obstetrics (14.4%), orthopedics (16.2%) and general medicine (10.9%).

Market Share by ZIP Code

The following table shows hospital market share by ZIP Code in the Hospital's service area for CY 2017.

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER HOSPITAL MARKET SHARE BY ZIP CODE CY 2017												
ZIP Code	Community	Total Discharges	Riverside Community Hospital	Riverside University Health System Medical Center	Parkview Community Hospital Medical Center	Kaiser Permanente Hospitals Riverside	Corona Regional Medical Center Main	Kaiser Foundation Hospital Fortana	Loma Linda University Medical Center	Loma Linda University Children's Hospital	All Others	Total
92503	Riverside	7,316	24.7%	6.4%	22.2%	14.6%	5.3%	2.2%	2.6%	3.7%	18.3%	100.0%
92509	Riverside	6,519	38.2%	5.7%	10.4%	5.7%	2.1%	9.6%	3.7%	4.0%	20.6%	100.0%
92553	Moreno Valley	6,504	17.7%	38.9%	4.7%	3.8%	1.0%	1.8%	4.2%	4.3%	23.7%	100.0%
92570	Perris	5,087	11.3%	26.8%	4.4%	4.9%	1.6%	1.4%	3.3%	3.8%	42.6%	100.0%
92504	Riverside	5,029	36.3%	5.4%	17.9%	11.7%	2.8%	1.9%	3.4%	2.8%	17.7%	100.0%
92882	Corona	4,892	6.9%	1.6%	4.1%	11.0%	36.4%	1.7%	1.9%	1.3%	35.0%	100.0%
92557	Moreno Valley	4,152	18.7%	29.6%	4.3%	5.9%	1.1%	2.6%	6.6%	4.4%	26.7%	100.0%
92507	Riverside	4,082	42.9%	5.9%	6.2%	10.0%	1.6%	3.4%	4.3%	5.6%	20.0%	100.0%
92505	Riverside	3,967	29.5%	4.8%	18.2%	16.3%	5.5%	1.8%	3.1%	2.6%	18.2%	100.0%
92506	Riverside	3,761	44.6%	3.2%	8.2%	13.6%	1.1%	2.7%	4.8%	3.4%	18.5%	100.0%
92879	Corona	3,740	8.9%	2.2%	5.9%	12.6%	39.0%	2.5%	2.3%	1.8%	24.8%	100.0%
92501	Riverside	3,157	38.7%	31.6%	4.3%	4.6%	0.8%	2.7%	3.1%	2.1%	12.0%	100.0%
91752	Mira Loma	2,880	16.7%	2.8%	6.9%	3.0%	8.9%	16.3%	3.7%	2.6%	39.1%	100.0%
92508	Riverside	1,985	30.0%	8.5%	6.8%	17.3%	2.0%	3.0%	4.1%	4.0%	24.3%	100.0%
92518	March Air Reserve Base	147	27.2%	40.8%	4.1%	2.7%	0.7%	1.4%	5.4%	0.0%	17.7%	100.0%
Grand Total			25.7%	13.1%	9.6%	9.4%	7.5%	3.6%	3.6%	3.4%	24.2%	100.0%
Grand Total			63,218	16,241	8,256	6,089	5,929	4,737	2,282	2,266	2,146	15,272

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Riverside Community Hospital is the inpatient market share leader in nine of the 15 service area ZIP Codes;
- Riverside University Health System – Medical Center is the inpatient market share leader in four of the 15 service area ZIP Codes; and
- The Hospital is not a market share leader in any ZIP Codes.

Parkview Service Availability by Bed Type

The tables on the following pages show the Hospital's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive care, obstetrics, and neonatal intensive care services for CY 2017.

Medical/Surgical Capacity Analysis

There are 682 medical/surgical beds within the Hospital's service area that operated with an occupancy rate of 56.1%. In CY 2017, the Hospital reported 140 medical/surgical beds that represented 21% of the beds in this category for the service area.

SERVICE AREA HOSPITAL DATA								
Hospital	City	Within Service Area	Licensed Beds	Inpatient Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles From Hospital
Parkview Community Hospital Medical Center*	Riverside	X	140	5,640	24,970	68	48.9%	
Kaiser Permanente Hospitals – Riverside*	Riverside	X	150	5,566	25,168	69	46.0%	3
Corona Regional Medical Center*	Corona	X	80	3,118	10,974	30	37.6%	10
Riverside Community Hospital*	Riverside	X	312	17,252	78,560	215	69.0%	8
Sub-Total			682	31,576	139,672	383	56.1%	
Kaiser Foundation Hospitals – Fontana*	Fontana		424	19,938	76,990	211	49.7%	14
Arrowhead Regional Medical Center	Colton		203	11,113	59,434	163	80.2%	19
Loma Linda University Medical Center	Loma Linda		334	4,976	41,566	114	34.1%	18
Loma Linda University Children's Hospital	Loma Linda		-	-	-	-	-	16
Riverside University Health System	Moreno Valley		192	9,347	44,203	121	63.1%	22
Kaiser Permanente Hospitals - Moreno Valley*	Moreno Valley		73	2,752	7,997	22	30.0%	23
Total			1,908	79,702	369,862	1,013	53.1%	

Source: OSHPD Disclosure Report 2017

* Reported on a Calendar Year

¹ 2017 Audited data unavailable, 2017 submitted data shown

- The Hospital reported 5,640 inpatient hospital discharges and 24,970 patient days resulting in an occupancy rate of 48.9% and an average daily census of 68 patients for CY 2017.

Intensive Care Capacity Analysis

There are 120 intensive care beds within the service area with an overall occupancy rate of approximately 54.3%. In CY 2017, the Hospital reported 13 intensive care beds with a 63.2% average occupancy rate in CY 2017 (average daily census of 8 patients).

SERVICE AREA HOSPITAL DATA								
Hospital	City	Within Service Area	Licensed Beds	Inpatient Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles From Hospital
Parkview Community Hospital Medical Center*	Riverside	X	13	172	3,000	8	63.2%	
Kaiser Permanente Hospitals – Riverside*	Riverside	X	22	376	5,052	14	62.9%	3
Corona Regional Medical Center*	Corona	X	22	264	2,772	8	34.5%	10
Riverside Community Hospital*	Riverside	X	63	842	12,942	35	56.3%	8
Sub-Total			120	1,654	23,766	65	54.3%	
Kaiser Foundation Hospitals – Fontana*	Fontana		70	1,417	17,870	49	69.9%	14
Arrowhead Regional Medical Center	Colton		48	1,740	15,314	42	87.4%	19
Loma Linda University Medical Center	Loma Linda		45	1,307	3,194	9	19.4%	18
Loma Linda University Children's Hospital	Loma Linda		-	-	-	-	-	16
Riverside University Health System	Moreno Valley		36	450	8,277	23	63.0%	22
Kaiser Permanente Hospitals - Moreno Valley*	Moreno Valley		10	151	2,141	6	58.7%	24
Total			329	6,719	70,562	193	58.8%	

Source: OSHPD Disclosure Report 2017

- For CY 2017, the total average daily census for all service area hospitals was 65 patients based on 70,562 patient days; and
- In CY 2017, the Hospital provided over 10% of the service area's intensive care beds.

Obstetrics Capacity Analysis

In CY 2017, there were 120 obstetrics beds located in the service area with an aggregate occupancy rate of 42.8%. In CY 2017, the Hospital reported 28 licensed obstetric beds with an occupancy rate of 42.4%.

SERVICE AREA HOSPITAL DATA									
Hospital	City	Within Service Area	Licensed Beds	Inpatient Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles From Hospital	
Parkview Community Hospital Medical Center*	Riverside	X	28	2,120	4,331	12	42.4%		
Kaiser Permanente Hospitals – Riverside ^{1*}	Riverside	X	35	3,009	4,812	13	37.7%	3	
Corona Regional Medical Center*	Corona	X	12	1,148	2,201	6	50.3%	10	
Riverside Community Hospital ^{1*}	Riverside	X	45	3,564	7,392	20	45.0%	8	
Sub-Total			120	9,841	18,736	51	42.8%		
Kaiser Foundation Hospitals – Fontana ^{1*}	Fontana		62	6,175	11,137	31	49.2%	14	
Arrowhead Regional Medical Center	Colton		48	3,578	11,016	30	62.9%	19	
Loma Linda University Medical Center ¹	Loma Linda		-	-	-	-	-	18	
Loma Linda University Children's Hospital ¹	Loma Linda		71	1,655	4,271	12	16.5%	16	
Riverside University Health System ¹	Moreno Valley		40	1,748	4,747	13	32.5%	22	
Kaiser Permanente Hospitals - Moreno Valley*	Moreno Valley		16	865	1,228	3	21.0%	24	
Total			357	23,862	51,135	140	39.2%		

Source: OSHPD Disclosure Report 2017

* Reported on a Calendar Year

¹2017 Audited data unavailable, 2017 submitted data shown

- In CY 2017, the Hospital provided 23.3% of licensed obstetrics beds within its service area and reported approximately 22% of the service area's 9,841 discharges.

Neonatal Intensive Care Unit Capacity Analysis

As shown below, the occupancy rate for neonatal intensive care services at the service area hospitals is approximately 64.1% based on 51 licensed neonatal intensive care beds.

SERVICE AREA HOSPITAL DATA								
Hospital	City	Within Service Area	Licensed Beds	Inpatient Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles From Hospital
Parkview Community Hospital Medical Center*	Riverside	X	12	217	2,036	6	46.5%	
Kaiser Permanente Hospitals – Riverside ^{1*}	Riverside	X	19	457	5,122	14	73.9%	3
Corona Regional Medical Center*	Corona	X	-	-	-	-	-	10
Riverside Community Hospital ^{1*}	Riverside	X	20	429	4,779	13	65.5%	8
Sub-Total			51	1,103	11,937	33	64.1%	
Kaiser Foundation Hospitals – Fontana ^{1*}	Fontana		36	433	9,928	27	75.6%	14
Arrowhead Regional Medical Center	Colton		30	331	5,435	15	49.6%	19
Loma Linda University Medical Center ¹	Loma Linda		-	-	-	-	-	18
Loma Linda University Children's Hospital ¹	Loma Linda		84	2,940	12,379	34	40.4%	16
Riverside University Health System ¹	Moreno Valley		32	368	5,303	15	45.4%	22
Kaiser Permanente Hospitals - Moreno Valley*	Moreno Valley		-	-	-	-	-	24
Total			233	5,175	44,982	123	52.9%	

Source: OSHPD Disclosure Report 2017

* Reported on a Calendar Year

¹2017 Audited data unavailable, 2017 submitted data shown

- The Hospital has 12 licensed neonatal intensive care beds, comprising approximately 24% of the service area neonatal intensive care beds, while reporting an occupancy rate of approximately 46.5%; and
- The Hospital reported 217 inpatient hospital discharges and 2,036 patient days in CY 2017, resulting in an average daily census of approximately six patients.

Emergency Department Volume at Hospitals in the Service Area

In CY 2017, the Hospital had 14 emergency treatment stations. Due to the ED expansion project expected to be completed in 2019, the number of treatment stations will increase from 14 to 28. As of CY 2017, there are currently 152 treatment stations among all service area hospitals. The table below shows the visits by severity category for area EDs as reported by OSHPD's Automated Licensing Information and Report Tracking System.

EMERGENCY DEPARTMENT VISITS BY CATEGORY: CY 2017												
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/Threat	Percentage Admitted	Hours of Diversion
Parkview Community Hospital Medical Center		X	Basic	14	41,905	9,656	11,191	7,756	7,015	6,290	13.0%	0
Kaiser Permanente Hospitals – Riverside	3	X	Basic	42	52,060	895	3,425	36,781	9,213	1,746	7.0%	0
Corona Regional Medical Center	10	X	Basic	46	49,077	791	4,723	16,079	18,361	9,123	29.7%	0
Riverside Community Hospital	8	X	Basic	50	117,537	4,496	6,854	55,822	30,198	20,167	12.4%	9
Sub-Total				152	260,579	15,838	26,193	116,438	64,787	37,326	15.5%	9
Kaiser Foundation Hospitals – Fontana	14		Basic	52	98,439	9,608	8,449	63,491	12,990	3,901	10.6%	0
Arrowhead Regional Medical Center	19		Basic	43	89,577	8,906	14,776	39,247	15,236	11,412	17.6%	0
Loma Linda University Medical Center	18		Basic	6	75,420	1,139	12,292	26,957	13,650	21,382	16.8%	688
Loma Linda University Children's Hospital	16		-	-	-	-	-	-	-	-	-	0
Riverside University Health System	22		Basic	40	72,953	7,884	3,167	20,584	17,860	15,902	11.6%	0
Kaiser Permanente Hospitals - Moreno Valley	24		Basic	28	45,827	793	1,429	34,667	7,810	1,128	3.9%	0
Total				321	642,795	44,168	66,306	301,384	132,333	91,051	12.1%	697

Source: OSHPD Alirits CY 2017

- The Hospital's 14 emergency treatment stations accounted for 9.2% of all service area emergency treatment stations. In addition, out of the Hospital's 41,905 emergency service visits, 13% were admitted to the Hospital; and
- The Hospital reported 16.1% of the total ED visits within the service area.

Emergency Department Capacity

Industry sources, including the American College of Emergency Physicians, have used a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an ED. Based upon this benchmark, in CY 2017, the Hospital's ED was operating at 150% of its 14 – bed capacity.

EMERGENCY DEPARTMENT CAPACITY: CY 2017							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
Parkview Community Hospital Medical Center	-	X	Basic	14	41,905	28,000	-13,905
Kaiser Permanente Hospitals – Riverside	3	X	Basic	42	52,060	84,000	31,940
Corona Regional Medical Center	10	X	Basic	46	49,077	92,000	42,923
Riverside Community Hospital	8	X	Basic	50	117,537	100,000	-17,537
Sub-Total				152	260,579	304,000	43,421
Kaiser Foundation Hospitals – Fontana	14		Basic	52	98,439	104,000	5,561
Arrowhead Regional Medical Center	19		Basic	43	89,577	86,000	-3,577
Loma Linda University Medical Center	18		Basic	6	75,420	12,000	-63,420
Loma Linda University Children's Hospital	16		-	-	-	-	-
Riverside University Health System	22		Basic	40	72,953	80,000	7,047
Kaiser Permanente Hospitals - Moreno Valley	24		Basic	28	45,827	56,000	10,173
Total				321	642,795	642,000	-795

Source: OSHPD Alirts CY 2017

*2017 Audited data unavailable, 2017 submitted data shown

- The ED at Riverside Community Hospital is operating over capacity, at 118%; and
- Overall, the service area hospitals' EDs are at approximately 85% of their capacity.

Summary of Interviews

In October of 2018, both in-person and telephone interviews were conducted with representatives of Parkview Corporation, the Hospital, and AHMC, as well as physicians and other healthcare and community representatives. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding any potential impact on healthcare availability and accessibility as a result of the proposed transaction. The list of individuals who were interviewed is located in the Appendix of this report. The major findings of these interviews are summarized below.

Reasons for the Proposed Transaction

Those interviewed cited a number of reasons for the transaction, including the following:

- The Hospital, historically has had financial difficulties with not enough access to capital to make investments in programs, services, facilities and equipment;
- Because of the Hospital's inconsistent financial performance, the Hospital's employee salaries, wages, and benefits have not kept pace with the market;
- In order to attract more physicians and patients the Hospital would need to invest in programs and services. However, because of its financial difficulties the Hospital has lost opportunities for growth through expansion;
- Both payers and physicians are unable to utilize the Hospital more because of its limited programs and services;
- As a result of healthcare reform and marketplace changes, hospitals across the region have joined healthcare systems and formed partnerships and integrated delivery systems to develop the resources and expertise to improve physician recruitment, patient care coordination, quality, and to lower cost. The Hospital could be at a competitive disadvantage if it were to remain an independent, nonprofit standalone hospital provider;
- Despite a precarious financial position, since the Hospital has been profitable in the most recent years, the Board felt that it would be a better time to look for transaction partners now rather than at a future date when the financial performance may be worse; and
- The sale of the Hospital to a health system that could invest in facilities, programs, and services could ensure the viability of the Hospital and provide patients with increased access to clinical expertise, innovations in healthcare, and sub-specialty care.

Importance of Parkview to the Community

According to all who were interviewed, the Hospital is a critically important provider of healthcare services to the local community. Except for Riverside Community Hospital and Kaiser Permanente Hospitals-Riverside, it is the only other general acute care hospital in the City of Riverside. It is viewed as an important hospital option that provides a competitive alternative to Riverside Community Hospital. Some of the programs and services at the Hospital that were mentioned in the interviews as especially important include the following:

1. Emergency Department;
2. Obstetrics;
3. Neonatal Intensive Care Unit (Level III);
4. Orthopedics (Joint Replacement);
5. Bariatric Services/ Surgery; and
6. Community Education for the greater community.

Selection of AHMC Healthcare, Inc. for the Proposed Transaction

The Board concluded that the Hospital needed to partner with a health system that has the clinical expertise and supportive infrastructure necessary to continue and enhance the services it provides to the local community. The members of the Hospital's management team and the Board that were interviewed indicated that a number of factors were considered in selecting AHMC for the transaction including the following:

- The compatibility of mission, vision, and culture, since AHMC has experience operating similar sized hospitals that serve disproportionately more Medi-Cal and Medicare patients;
- The ability to provide to new or additional clinical expertise and enhance sub-specialties;
- The ability to provide capital and expertise for completion of the of ED and other improvements to the facility;
- Opportunities for enhanced collaboration among physicians and sharing of clinical best practices between other hospitals in AHMC's system;
- An expectation of service expansion and increased innovation;

- Economies of scale due to the size of AHMC;
- Improved purchasing and negotiating positions;
- Enhanced brand and reputation; and
- The ability to recruit and retain physicians and employees.

There were multiple organizations initially considered by the Board. However, after review, the only other organization under consideration for a transaction with the Hospital was HCA, that operates the only other general acute care community hospital (Riverside Community Hospital) in Riverside besides Kaiser Permanente Hospitals- Riverside. AHMC was chosen over HCA due to the following reasons:

- AHMC offered a longer commitment (ten years versus five years) to operate the Hospital;
- AHMC has a reputation of maintaining and expanding services of acquired facilities, whereas HCA might consolidate services at Riverside Community Hospital, or repurpose, reduce or close services after five years;
- The offers were considered to be financially similar; and
- Representatives of area physicians, payers, and community members believed that AHMC would bring additional competition to the service area that would benefit the community and patients.

All of those interviewed expressed support for the selection of AHMC and were not aware of any opposition from physicians, employees or community representatives.

Impact on the Availability & Accessibility of Healthcare Services

All interviewed believed that the sale to AHMC would not have a negative impact on the availability or accessibility of healthcare services. In fact, it was believed that AHMC would enhance the Hospital's services and operations and therefore, improve the access and availability of healthcare services for the communities served.

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

Continuation as a General Acute Care Hospital

None of the parties to the transaction expect that there will be any reductions in the availability or accessibility of healthcare services. It is expected that as a result of the transaction, the Hospital will operate in a similar manner as in the past, with additional access to significant expertise, services, and resources provided by AHMC. AHMC has committed in the Asset Purchase Agreement to operate the Hospital as a general acute care facility for a period of no less than ten years after the Closing Date. It is very important for the delivery of healthcare services to the community that the Hospital continue to operate with at least its current complement of services.

Emergency Services

The Hospital is an important provider of emergency services to the residents of the surrounding communities. In CY 2017, the Hospital reported nearly 41,905 emergency service visits to its 14 emergency treatment stations, operating at 150% capacity. The Hospital is in the process of replacing its ED with 28 new beds, with opening expected in March 2019. It is important that the ED expansion project be completed.

Riverside Community Hospital (118%) is the only other non-Kaiser Permanente, general acute care hospital within the City of Riverside and is functioning beyond desirable capacity. As a result of healthcare reform, aging demographics, and the growing shortage of primary care physicians, ED utilization is expected to continue to increase within the service area.

Keeping the Hospital's ED open with all of the beds that are scheduled to be added in 2019 is critical to providing emergency services within the service area.

Medical/Surgical Services

The Hospital, with 20.5% of the licensed medical/surgical beds within the service area and an average daily census of approximately 68 patients is an important provider of medical/surgical services.

Intensive Care Services

The Hospital provided 10.8% of the service area's intensive care beds in CY 2017 with an occupancy rate of 63.2%. These services are an important resource for supporting the ED and other surgical and medical services. Kaiser Permanente Hospitals – Riverside, the closest service area hospital, is running at 62.9% occupancy and has an average daily census of 14 patients. In addition, Riverside Community Hospital, located approximately eight miles away, is running at an occupancy of 56.3% with an average daily census of 35 patients. Without the intensive care unit at the Hospital, the availability of intensive care services could be negatively impacted.

Obstetrics/Perinatal Services

The Hospital reported an occupancy rate of 42.4% on its 28 licensed obstetrical beds in CY 2017, with an average daily census of 12 patients. With over 2,000 deliveries and a market share of 23% for service area obstetrical services in CY 2017, the Hospital is an important provider of obstetrics services for service area residents. A reduction in the number of obstetrics beds could have an adverse effect on the availability and accessibility of these healthcare services in the community.

Neonatal Intensive Care Services

The Hospital operates 12 licensed Level III neonatal intensive care beds and maintains an occupancy rate of approximately 46.5%. Two of the three other service area hospitals provide neonatal intensive care services and run at occupancy rates of over 60%. Because the Hospital Community Hospital Medical Center had 2,068 deliveries in CY 2017, some of which are at high risk, it is important for the Hospital to continue its operations of the Level III neonatal intensive care unit.

Reproductive Health Services

The Hospital is an important provider of a range of healthcare services for women. Neither the Hospital nor AHMC has restrictions on the provision of any reproductive healthcare services. The table below shows inpatient reproductive-related healthcare procedures that the Hospital provided in CY 2017:

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER CY 2017 REPRODUCTIVE SERVICE BY DIAGNOSTIC RELATED GROUP	
	Discharges
778-Threatened Abortion	15
777-Ectopic Pregnancy	13
770-Abortion W D&C ¹ , Aspiration Curettage Or Hysterotomy	2
779-Abortion W/O D&C ¹	9
767-Vaginal Delivery W Sterilization &/Or D&C ¹	17
Total Discharges:	56

Source: CY 2017 OSHPD Patient Discharge Database

¹D&C is an abbreviation for Dilation and Curettage

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

Approximately 79% of the Hospital's inpatients are reimbursed through Medicare (32.8%) and Medi-Cal (46.6%). The Hospital currently participates in the Medicare and Medi-Cal, and contracts with both area's Medi-Cal managed care plans (Inland Empire Health Plan and Molina Healthcare). If the Hospital did not participate in the Medicare and Medi – Cal programs, eligible patients would be denied access to certain non-emergency healthcare services. A denial of access

would negatively impact the availability or accessibility of healthcare services for these patient populations.

Effects on the Level & Type of Charity Care Historically Provided

AHMC has committed to maintaining policies for the treatment of indigent and charity care patients at the Hospital similar to those policies of the Hospital that are currently in effect for a period of five years following the Closing Date.

Effects on Community Benefit Programs

The Hospital has historically provided a significant amount of community benefit services, averaging approximately \$727,000 per year over the last four years. AHMC has committed to provide community benefit services at the Hospital at an annual amount no less than the average amount of community benefit services provided by the Hospital for the four fiscal years preceding the Closing Date or as otherwise required by the California Attorney General;

Effects on Staffing & Employee Rights

In the Asset Purchase Agreement, AHMC will offer to employ, effective as of the Closing Date, all employees of the Hospital working at the Hospital Business¹² on the same terms and conditions (i.e., salaries, wages, benefits, job duties, titles and responsibilities) applicable to the hired employees consistent with similarly situated employees of AHMC.

Effects on Medical Staff

The Asset Purchase Agreement states that AHMC has committed to retain all current members of the Hospital's current medical staff as of Closing with no requirements for re-appointment or re-credentialing. As a result, no changes are expected.

Alternatives

If the proposed Asset Purchase Agreement is not approved, it is expected that the Hospital Corporation would either negotiate with previous bidders or solicit additional proposals for a transaction.

¹²Hospital Business means the operation or conduct of business of the Hospital associated with the Purchased Assets.

Conclusions

Based on AHMC's commitments outlined in the Asset Purchase Agreement, the proposed transaction is likely to continue the availability and accessibility of healthcare services in the communities served. It is anticipated that access for Medi-Cal, Medicare, uninsured and other classes of patients will either remain unchanged or will improve. Furthermore, AHMC's plan to invest in services, programs, facilities and medical staff development is expected to lead to improvements in healthcare delivery.

Potential Conditions for Transaction Approval by the California Attorney General

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

1. For at least ten years from the Closing Date of the Asset Purchase Agreement, the Hospital shall continue to operate as a general acute care hospital;
2. For at least ten years from the Closing Date of the Asset Purchase Agreement, the Hospital shall maintain 24-hour emergency services. For the first five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall maintain 14 emergency treatment stations until completion of the new ED expansion in 2019. Once completed, the Hospital will be required to maintain 28 treatment stations for the remaining portion of the initial five-year period;
3. For at least five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall maintain the following services at current licensure, types, and/or levels of services:
 - a. Perinatal services, including a minimum of 28 licensed perinatal beds;
 - b. Intensive care services, including a minimum of 13 intensive care beds; and
 - c. Intensive Care Newborn Nursery services, including a minimum of 12 licensed NICU beds; and
 - d. Certification as a Primary Stroke Center;
4. For at least five years from the Closing Date of the Asset Purchase Agreement, The Hospital shall maintain currently provided women's healthcare services, as well as the mammography services, currently located at 9041 Magnolia Ave, Suite 100, Riverside, California;
5. For at least five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall maintain a charity care policy that is no less favorable than its current charity care policy and in compliance with California and Federal law, and shall provide an annual amount of charity care equal to or greater than \$948,586 (the "Minimum

Charity Care Amount”). Alternatively, because of the impact of Medi-Cal expansion and the ACA, the California Attorney General could consider adjusting the required commitment to charity care based on available data from time periods after implementation of the ACA. An example would be to require a commitment based on a three-year rolling average of the most recent available data. For CY 2018, the Hospital’s required Minimum Charity Care amount using the three-year rolling average from CY 2015 to CY 2017 would be \$905,183. For purposes herein, the term “Charity Care” shall mean the amount of charity care costs (not charges) incurred by the Hospital in connection with the operations and provision of services at the Hospital. The definition and methodology for calculating “Charity Care” and the methodology for calculating “cost” shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index from the U.S. Bureau of Labor Statistics;

6. For at least five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall continue to expend no less than \$757,436 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index from the U.S. Bureau of Labor Statistics. In addition, the following community benefit program shall continue to be offered for at least five years from the Closing Date:
 - a. Childbirth and Family Education;
7. For at least five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall maintain its participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;
8. For at least five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall be certified to participate in the Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;
9. For at least five years from the Closing Date of the Asset Purchase Agreement, the Hospital shall maintain its participation in the Medi-Cal Managed Care program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage, including continuation of the following contracts:
 - a. Commercial Plan: Molina Healthcare, or its successor; and

- b. Local Initiative Plan: Inland Empire Health Plan, or its successor;
10. For at least five years after the sale the Asset Purchase Agreement, the Hospital shall maintain its current city/county contracts for the programs listed below subject to the request of the appropriate city/county:
- a. Laboratory Testing Services Agreement between the County of Riverside CHS/DPH Laboratory and the Hospital under that the County of Riverside processes certain laboratory tests for the Hospital;
 - b. Hospital Preparedness Program Agreement between the County of Riverside and the Hospital for disaster preparedness;
 - c. Primary Stroke Center Designation Agreement between the County of Riverside and the Hospital;
 - d. Intra-County Plan of Cooperation between Riverside County Department of Child Support Services and the Hospital to coordinate Title IV-D program services including the location of absent parents, determination of paternity and establishment and enforcement of child support obligations;
 - e. Riverside County Exclusive Provider Organization Hospital Agreement between the County of Riverside and the Hospital to participate in the County's Exclusive Provider Organization;
 - f. Medically Indigent Services Program Hospital Agreement between the County of Riverside and the Hospital to provide emergency medical services to indigent patients; and
 - g. Agreement for Community Class Affiliation between Riverside County Superintendent of Schools and the Hospital for providing technical education for students;
11. AHMC shall comply with the \$25 million "Capital Investment" commitment over seven years after the Closing Date set forth in section 8.1 of the Asset Purchase Agreement;
12. AHMC shall make a dedicated purpose donation/contribution to the Foundation as set forth in section 2.5(g) of the Asset Purchase Agreement in the aggregate amount of \$10,000,000 over a ten-year period, with \$2,000,000 at the time of closing;
13. AHMC shall ensure that the ED Project is completed; and
14. The Hospital Center shall maintain written policies that prohibit discrimination against lesbian, gay, bisexual, or transgender individuals.

Appendix

List of Interviewees

Last Name	First Name	Position	Affiliation
Andersen	Dan	President	Riverside Community Health Foundation
Baigi	Norma	Registered Nurse, UNAC Member	Parkview Community Hospital Medical Center
Batista	David	Executive Vice President	AHMC
Bowie-Hussey DrPH	Shené	Vice President of Health Strategies/Chief Strategic Officer	Riverside Community Health Foundation
Burnett	Marlene	Director of Business Development/Marketing	Parkview Community Hospital Medical Center
Cardullo	Amy	Executive Director of Parkview Foundation	Parkview Community Hospital Medical Center
Carpenter	Judy	President and Chief Operating Officer/Board of Trustees	Riverside Medical Clinic, Parkview Foundation
Chad, M.D.	Clark. L	Emergency Room Director, Medical Executive Committee	Parkview Community Hospital Medical Center
Chulhwe, M.D.	Koo	Pediatrics, Medical Staff Executive Committee	Parkview Community Hospital Medical Center
Delgado	Ninfa. E	Vice President/ Chief Operating Officer	Riverside Community Health Foundation
Descent	Karen. T	Chief Nursing Officer	Parkview Community Hospital Medical Center
Estrada	Guilleán	Emergency Room Director	Parkview Community Hospital Medical Center
Gilbert, M.D.	Bradley. P	Chief Executive Officer	Inland Empire Health Plan
Heydt, M.D.	John. A	Chief Academic Officer	Borrego Health
Hung	Maan- Heui	General Counsel	AHMC
Hutchins	Leigh	Chief Executive Officer	North American Medical Management California Inc
Krahn, M.D.	Douglas. M	Bariatric Surgery, Chief of General Surgery, Bariatric Medical Director	Parkview Community Hospital Medical Center
Ojeda, M.D.	Alonzo. R	Obstetrician/Gynecologist, Medical Staff Executive Committee	Parkview Community Hospital Medical Center
Popkin	Steve	Chief Executive Officer	Parkview Community Hospital Medical Center
Reynolds	Patricia	Chair of Board of Directors	Parkview Community Hospital Medical Center
Richardson	Josh	Lab Technician, SEIU Member	Parkview Community Hospital Medical Center
Saesim, M.D.	Daniel	Neonatal Intensive Care Unit, Medical Staff Executive Committee	Parkview Community Hospital Medical Center
Saner	Howard	Chief Executive Officer/Foundation Executive Committee, Vice Chair	Riverside Physician Network/Parkview Foundation
Seibert	Greg	Senior Vice President of Networks	United Healthcare
Stowe	Matthew	Foundation Executive Committee, Chair	Parkview Community Hospital Medical Center
Tate	Dwight	Board of Directors, Foundation Executive Committee	Parkview Community Hospital Medical Center
Tucker	Wendel	Governing Board of Directors, Foundation Executive Committee	Parkview Community Hospital Medical Center
Tuckman	Eric	President	Strategy Health Advisory
Vega	Denis	Director of Community relations	Community Health System
Wilson	Nancy. V	Chief Financial Officer	Parkview Community Hospital Medical Center

Parkview Community Hospital Medical Center License

License: 250000186
Effective: 07/11/2018
Expires: 04/30/2019
Licensed Capacity: 193

State of California
Department of Public Health

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

this License to

Parkview Community Hospital Medical Center

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

PARKVIEW COMMUNITY HOSPITAL MEDICAL CENTER

3865 Jackson St
Riverside, CA 92503-3919

Bed Classifications/Services

193 General Acute Care
28 Perinatal
15 Pediatric
13 Intensive Care
12 Intensive Care Newborn Nursery
125 Unspecified General Acute Care

Other Approved Services

Basic Emergency Medical
Nuclear Medicine
Occupational Therapy
Outpatient Services - Bariatric at Parkview
Bariatric, 9041 Magnolia Avenue, Riverside
Outpatient Services - Imaging Radiology at
9041 Magnolia Avenue, Ste.#101, Riverside
Physical Therapy
Respiratory Care Services
Social Services
Speech Pathology

This **LICENSE** is not transferable and is granted solely upon the following conditions, limitations and comments:
15 Pediatric beds suspended from 03/26/2018 to 03/25/2019.
Approved five LDR rooms.

Karen L. Smith, MD, MPH

Director and State Public Health Officer



Rose McDowall, Staff Service Manager I

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification,
Riverside District Office, 625 E. Carnegie Drive, Suite 280, San Bernardino, CA 92408, (909)388-7170

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