

Effect of the Proposed Change in Control and Governance of  
St. Joseph Health System and Providence Health & Services on  
the Availability and Accessibility of Healthcare Services to the  
Communities Served by Providence Little Company of Mary  
Medical Center-Torrance and Providence Little Company of  
Mary Medical Center-San Pedro

Prepared for the Office of the California Attorney General

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## TABLE OF CONTENTS

<b>INTRODUCTION &amp; PURPOSE .....</b>	<b>5</b>
<b>BACKGROUND &amp; DESCRIPTION OF THE TRANSACTION .....</b>	<b>8</b>
Reasons for the Health System Combination Agreement .....	8
Transaction Process & Timing .....	9
Health System Combination Agreement .....	11
Use of Net Sale Proceeds .....	16
<b>PROFILE OF PROVIDENCE HEALTH &amp; SERVICES .....</b>	<b>17</b>
Key Statistics .....	21
Payer Mix .....	21
Quality & Awards .....	22
Financial Profile .....	23
<b>PROFILE OF ST. JOSEPH HEALTH SYSTEM .....</b>	<b>25</b>
Key Statistics .....	28
Payer Mix .....	29
Quality & Awards .....	29
Financial Profile .....	31
<b>PROFILE OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-TORRANCE .....</b>	<b>33</b>
Overview of Providence Little Company of Mary Medical Center-Torrance .....	33
Key Statistics .....	34
Programs & Services .....	35
Accreditations, Certifications, & Awards .....	36
Quality Measures .....	37
Seismic Issues .....	39
Patient Utilization Trends .....	40
Payer Mix .....	41
Medi-Cal Managed Care .....	42
Medical Staff .....	43
Unionized Employees .....	44
Financial Profile .....	44
Cost of Hospital Services .....	45
Charity Care .....	46
Community Benefit Services .....	47
<b>ANALYSIS OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-TORRANCE'S SERVICE AREA .....</b>	<b>51</b>
Service Area Definition .....	51
Service Area Map .....	52
Service Area STEMI Receiving Centers .....	53
Service Area Certified Stroke Centers .....	54
Demographic Profile .....	55
Hospital Supply, Demand & Market Share .....	57
Hospital Market Share .....	58
Market Share by Payer Type .....	59
Market Share by Service Line .....	60
Market Share by ZIP Code .....	61
Service Availability by Bed Type .....	62
Medical/Surgical Capacity Analysis .....	62
Intensive Care Unit/Coronary Care Unit Capacity Analysis .....	63

Obstetrics Capacity Analysis .....	64
Neonatal Intensive Care Capacity Analysis .....	65
Pediatric Capacity Analysis.....	66
Skilled Nursing Capacity Analysis .....	67
Emergency Department Volume at Hospitals in the Service Area .....	68
Emergency Department Capacity .....	69
<b>PROFILE OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-SAN PEDRO .....</b>	<b>70</b>
Overview of Providence Little Company of Mary Medical Center-San Pedro.....	70
Key Statistics .....	71
Programs & Services .....	72
Accreditations, Certifications, & Awards .....	73
Quality Measures .....	74
Seismic Issues.....	76
Patient Utilization Trends .....	77
Payer Mix .....	78
Medi-Cal Managed Care .....	79
Medical Staff .....	80
Unionized Employees.....	81
Financial Profile.....	81
Cost of Hospital Services .....	82
Charity Care.....	83
<i><b>Community Benefit Services</b></i> .....	85
<b>ANALYSIS OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-SAN PEDRO'S SERVICE AREA .....</b>	<b>89</b>
Service Area Definition .....	89
Service Area Map .....	90
Service Area Certified Stroke Centers.....	91
Demographic Profile .....	92
Hospital Supply, Demand & Market Share .....	94
Hospital Market Share .....	95
Market Share by Payer Type .....	96
Market Share by Service Line.....	97
Market Share by ZIP Code.....	98
Service Availability by Bed Type.....	99
Medical/Surgical Capacity Analysis.....	99
Intensive Care Unit/Coronary Care Unit Capacity Analysis .....	100
Obstetrics Capacity Analysis .....	101
Psychiatric Acute Care Capacity Analysis.....	102
Chemical Dependency Acute Care Capacity Analysis .....	103
Rehabilitation Capacity Analysis .....	104
Sub-Acute Care Capacity Analysis.....	105
Emergency Department Volume at Hospitals in the Service Area .....	105
Emergency Department Capacity .....	106
<b>ANALYSIS OF SOUTH LOS ANGELES COUNTY.....</b>	<b>107</b>
Health Professional Shortage Areas, Medically Underserved Areas, & Medically Underserved Populations .....	107
Medi-Cal Eligibility .....	111
Selected Health Indicators .....	111
2013 Community Health Needs Assessment .....	113

<b>SUMMARY OF INTERVIEWS</b> .....	114
Reasons for the Proposed Transaction .....	114
Importance of Little Company-Torrance and Little Company-San Pedro to the Community .....	114
Selection of St. Joseph Health System for the Proposed Combination .....	116
Impact on the Availability and Accessibility of Healthcare Services.....	117
Alternatives .....	117
<b>ASSESSMENT OF POTENTIAL ISSUES ASSOCIATED WITH THE AVAILABILITY OR ACCESSIBILITY OF HEALTHCARE SERVICES</b> .....	119
Importance of Little Company-Torrance and Little Company-San Pedro to the Community .....	119
Continuation as General Acute Care Hospitals .....	119
Emergency Services .....	119
Medical/Surgical Services .....	120
Intensive Care Services .....	120
Obstetrics Services .....	121
Neonatal Intensive Care Services.....	121
Pediatric Services .....	122
Psychiatric Services .....	122
Chemical Dependency Services .....	122
Inpatient Rehabilitation Services .....	123
Skilled Nursing Services.....	123
Sub-Acute Care Services .....	123
Reproductive Health Services .....	123
Effects on Services to Medi-Cal, County Indigent, and Other Classes of Patients.....	125
Effects on the Level and Type of Charity Care Historically Provided .....	125
Effects on Staffing and Employee Rights .....	127
Effects on Medical Staff .....	127
Alternatives .....	127
<b>CONCLUSIONS</b> .....	128
Potential Conditions for Transaction Approval by the California Attorney General .....	128
<b>APPENDIX</b> .....	134
Overview of Providence Saint John’s Health Center .....	134
Previously Issued Conditions .....	134
List of Interviewees .....	143
Hospital Licenses.....	144



## INTRODUCTION & PURPOSE

MDS Consulting, a Vizient, Inc. business (MDS) was retained to prepare healthcare impact statements for the Office of the California Attorney General to assess the potential impact of the proposed Health System Combination Agreement by and between St. Joseph Health System and Providence Health & Services on the availability and accessibility of healthcare services to the communities served by Providence Little Company of Mary Medical Center Torrance and Providence Little Company of Mary Medical Center San Pedro. Providence Health & Services-Southern California<sup>1</sup> owns and operates Providence Little Company of Mary Medical Center Torrance, a general acute care hospital located in Torrance, California (Little Company-Torrance), and Providence Little Company of Mary Medical Center San Pedro, a general acute care hospital located in San Pedro, California (Little Company-San Pedro). Additionally, Providence Health & Services-Southern California is the sole member Providence Saint John's Health Center<sup>2</sup>, a general acute care hospital located in Santa Monica, California.

St. Joseph Health System and Providence Health & Services are multi-institutional, Catholic healthcare systems that are sponsored by a Public Juridic Person<sup>3</sup>. St. Joseph Health Ministry is the sponsor and sole corporate member of St. Joseph Health System, a California nonprofit public benefit corporation. Providence Ministries is the sponsor and sole corporate member of Providence Health & Services, a Washington nonprofit corporation.

St. Joseph Health System is the sole corporate member of the following Northern California nonprofit hospitals: Queen of the Valley Medical Center, Redwood Memorial Hospital, Santa Rosa Memorial Hospital, and St. Joseph Hospital-Eureka. St. Joseph Health System is the co-member with Covenant Health Network, Inc.<sup>4</sup> of the following Southern California nonprofit hospitals: Hoag Memorial Hospital Presbyterian, Mission Hospital Regional Medical Center, St. Joseph Hospital of Orange, and St. Jude Medical Center. St. Joseph Health System also operates Petaluma Valley Hospital pursuant to a Lease Agreement and Transfer Agreement with Petaluma Health Care District<sup>5</sup>. Please refer to the summary organizational chart below:

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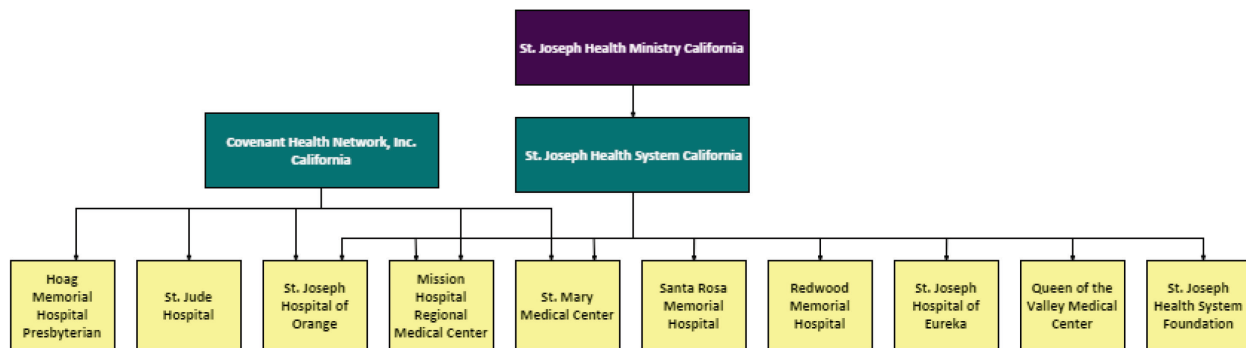
<sup>1</sup> Providence Health & Services is the sole corporate member of Providence Health & Services-Southern California.

<sup>2</sup> As a result of a previous change in governance in 2014, Providence Saint John's Health Center is subject to conditions placed by the California Attorney General until 2019. Accordingly, an analysis of Providence Saint John Health Center's financial, utilization, and service information, as well as other publicly available data, is not included within this healthcare impact statement. More information regarding Providence Saint John's Health Center and the previous change in governance is available in the Appendix.

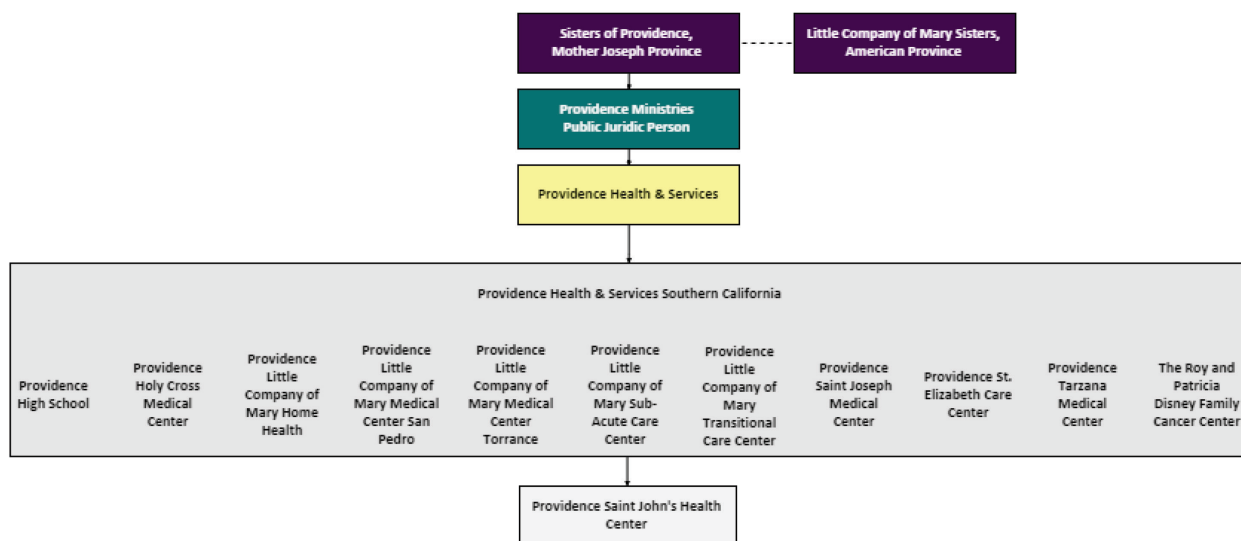
<sup>3</sup> A Public Juridic Person is a group of persons approved by the Roman Catholic Church to oversee and ensure that the mission of its healthcare organization is carried out according to Catholic principles.

<sup>4</sup> Covenant Health Network, Inc., established in 2013, is a nonprofit public benefit corporation created by Hoag Memorial Hospital Presbyterian and St. Joseph Health System.

<sup>5</sup> In 1997, Petaluma Health Care District entered into a 20-year Lease Agreement with SRM Alliance Hospital Services, whose sole member is Santa Rosa Memorial Hospital, and a 20-year Transfer Agreement with SRM Alliance Hospital Services and Santa Rosa Memorial Hospital. Through these agreements, St. Joseph Health System currently operates Petaluma Valley Hospital. The Lease Agreement expires in January 2017. Petaluma Health Care District is conducting due diligence to determine options for the continued operations of Petaluma Valley Hospital.



Providence Health & Services-Southern California is the sole member of Providence Saint John's Health Center. Providence Health & Services-Southern California also owns and operates the following California nonprofit hospitals that are not separately incorporated: Providence Holy Cross Medical Center, Providence Little Company of Mary Medical Center San Pedro, Providence Little Company of Mary Medical Center Torrance, Providence Saint Joseph Medical Center, and Providence Tarzana Medical Center. Please refer to the summary organizational chart below:



Together, St. Joseph Health System and Providence Health & Services operate 18 general acute care hospitals in California.

St. Joseph Health System and Providence Health & Services have requested the California Attorney General's consent to enter into a Health System Combination Agreement to establish joint system-level governance control over their operations through the creation of a new Washington nonprofit parent corporation named, "Providence St. Joseph Health." St. Joseph Health Ministry and Providence Ministries will establish co-sponsorship of Providence St. Joseph Health (the Co-Sponsors Council). The Co-Sponsors Council will be the sole corporate member of Providence St. Joseph Health.

In its preparation of this report, MDS performed the following:

- A review of the application submitted by St. Joseph Health System and Providence Health & Services to the California Attorney General on November 24, 2015, and supplemental information and documents subsequently provided by St. Joseph Health System and Providence Health & Services;
- A review of press releases and news articles related to the proposed combination and other hospital transactions;
- Interviews with community representatives, health plan representatives, representatives of Little Company-Torrance and Little Company-San Pedro's Board of Directors, medical staff, management, and employees, members of St. Joseph Health System and Providence Health & Services' corporate offices, St. Joseph Health System's Board of Trustees, Providence Health & Services' Board of Directors, St. Joseph Health Ministry, Providence Ministries, and others listed in the Appendix;
- An analysis of financial, utilization, and service information provided by the management of Little Company-Torrance and Little Company-San Pedro, St. Joseph Health System, Providence Health & Services, and the California Office of Statewide Health Planning and Development (OSHPD); and
- An analysis of publicly available data and reports regarding Providence Health & Services, St. Joseph Health System, and Little Company-Torrance and Little Company-San Pedro's service areas including:
  - Demographic characteristics and trends;
  - Payer mix;
  - Hospital utilization rates and trends;
  - Health status indicators; and
  - Hospital market share.

## BACKGROUND & DESCRIPTION OF THE TRANSACTION

### ***Reasons for the Health System Combination Agreement***

The primary objectives stated by Providence Health & Services' Board of Directors and St. Joseph Health System's Board of Trustees for the proposed transaction are to establish the best possible partnership in order to expand healthcare access, share clinical and administrative best practices, increase revenue streams, and drive efficiency due to the changing healthcare environment as a result of the 2010 Federal Patient Protection and Affordable Care Act (ACA) and various other market factors. Providence Health & Services' Board of Directors and St. Joseph Health System's Board of Trustees believe these goals will be accomplished more effectively with their proposed combination. In addition, Providence Health & Services' Board of Directors and St. Joseph Health System's Board of Trustees anticipate that their proposed combination will produce the following benefits:

- Continue the presence of Catholic healthcare in the United States;
- Create advocacy opportunities for social justice, with an emphasis on poor and vulnerable populations;
- Allow for closer integration and/or adoption of specific programs to address the healthcare needs of poor and vulnerable populations;
- Unite and strengthen the mission programs of Providence Health & Services and St. Joseph Health System;
- Honor current affiliations, partnerships, and other arrangements with organizations that have maintained their original faith tradition or secular status;
- Enhance the ability to establish new affiliations, partnerships, and other arrangements with like-minded, faith-based, and secular organizations;
- Strengthen the delivery of healthcare through a nonprofit, charitable model;
- Improve patient access, safety, and satisfaction, and the quality, continuity, and coordination of care;
- Establish stronger infrastructure to serve specific populations, including the Medi-Cal and uninsured patient population;
- Provide an enhanced ability to combine and coordinate the response to community needs across an increased scale and broader geography;

- Adopt and implement the Triple Aim<sup>6</sup> for clinical expertise, growth, diversification, innovation, and shared services;
- Obtain financial benefits through access to capital through the creation of a single obligated group that will allow Providence Health & Services and St. Joseph Health System to become jointly and severally liable;
- Improve the work environment;
- Support the ability to attract and retain the talent and expertise required to best serve community healthcare needs;
- Share clinical and administrative best practices across regions; and
- Maintain and enhance medical group management infrastructure to improve clinical practices.

### ***Transaction Process & Timing***

St. Joseph Health System and Providence Health & Services stated that they engaged in a deliberate process to explore ways to most effectively serve their communities. As a result of their discussions, St. Joseph Health System and Providence Health & Services mutually desired to implement the Health System Combination Agreement.

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

- Early 2015 – Providence Ministries, St. Joseph Health Ministry, Providence Health & Services' Board of Directors, St. Joseph Health System's Board of Trustees, and the management of Providence Health & Services and St. Joseph Health System began to explore a potential partnership between the two organizations;
- April 7, 2015 – St. Joseph Health System's Board of Trustees holds a special meeting with St. Joseph Health Ministry to discuss an overview of Providence Health & Services and to consider the potential partnership between the organizations;
- April 16, 2015 – St. Joseph Health Ministry and Providence Ministries meet to discuss the potential partnership between the two organizations;

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<sup>6</sup> The Triple Aim is a framework developed by the Institute for Healthcare Improvement, a 501(c)(3) with a mission to improve health and healthcare worldwide, for optimizing health system performance by simultaneously accomplishing three objectives: 1) improve the health of the population, 2) enhance the patient experience of care, and 3) reduce the per capital cost of healthcare.

- April 30, 2015 – Members of Providence Health & Services’ Board of Directors meet to discuss an overview of St. Joseph Health System and the potential partnership between the two organizations;
- May 6, 2015 – St. Joseph Health System’s Board of Trustees and St. Joseph Health Ministry meet to discuss the potential partnership with Providence Health & Services;
- May 21, 2015 – Members of Providence Health & Services’ Board of Directors hold a meeting to discuss the potential partnership and to share current management perspectives;
- June 5, 2015 – Providence Health & Services’ Board of Directors meets to provide an update on the transaction process and to share Providence Health & Services’ and St. Joseph Health System’s draft vision statement;
- June 17, 2015 – Providence Ministries and Providence Health & Services’ Board of Directors meet and agree to engage in discussions with St. Joseph Health System to prepare the Letter of Intent;
- June 25, 2015 – St. Joseph Health Ministry and St. Joseph Health System’s Board of Trustees pass a resolution authorizing the preparation of the Letter of Intent;
- July 27, 2015 – Providence Health & Services’ Board of Directors and St. Joseph Health System’s Board of Trustees hold a joint meeting to review the Letter of Intent and the Letter of Intent approval process;
- July 29, 2015 – Providence Health & Services’ Board of Directors and Providence Ministries pass a joint resolution authorizing the execution of the Letter of Intent and establishing a negotiating team and special committee to conduct negotiations on the terms and conditions of the transaction with St. Joseph Health System;
- July 29, 2015 – St. Joseph Health System’s Board of Trustees and St. Joseph Health Ministry pass a joint resolution authorizing the execution of the Letter of Intent and establishing a negotiating team and special committee to conduct negotiations on the terms and conditions of the transaction with Providence Health & Services;
- July 29, 2015 – St. Joseph Health System and Providence Health & Services enter into a Letter of Intent to unite St. Joseph Health System and Providence Health & Services as a fully integrated, Catholic-sponsored, nonprofit healthcare system;
- July 31, 2015 – Providence Health & Services and St. Joseph Health System issue a press release announcing their potential partnership;

- September 18, 2015 – Providence Health & Services’ Board of Directors approves and passes a resolution authorizing the execution of the Health System Combination Agreement;
- September 25, 2015 – St. Joseph Health System’s Board of Trustees approves and passes a resolution authorizing the execution of the Health System Combination Agreement and the Supplemental Agreement with Hoag Memorial Hospital Presbyterian;
- September 25, 2015 – Providence Health & Services’ Board of Directors approves and passes a resolution authorizing the execution of the Supplemental Agreement with Hoag Memorial Hospital Presbyterian;
- November 24, 2015 – “Notice of Submission and Request for Consent” is submitted by Providence Health & Services and St. Joseph Health System to the Office of the California Attorney General; and
- November 25, 2015 – Providence Health & Services and St. Joseph Health System issue a press release announcing that the California Attorney General is reviewing the proposed change in governance.

### ***Health System Combination Agreement***

The proposed Health System Combination Agreement, dated November 23, 2015, contains the following major provisions:

- Together, St. Joseph Health System and Providence Health & Services shall form Providence St. Joseph Health, a new Washington nonprofit corporation, to become the sole corporate member of Providence Health & Services and St. Joseph Health System effective upon closing;
  - Providence St. Joseph Health will serve as the parent corporation over Providence Health & Services and St. Joseph Health System;
  - Providence Health & Services and St. Joseph Health System shall continue to operate according to their respective governing documents, subject to the reserved powers of Providence St. Joseph Health;
  - The purpose and function of the subsidiary boards of Providence Health & Services and St. Joseph Health System shall not change and shall continue to operate according to their respective governing documents;

- Providence St. Joseph Health intends to form a single-obligated group that will allow both Providence Health & Services and St. Joseph Health System to:
  - Become jointly and severally liable for all organization tax-exempt debt; and
  - Allocate risk and optimize borrowing strategy.
- Providence St. Joseph Health intends to create a single-cash and integrated investment program.
- St. Joseph Health Ministry and Providence Ministries will enter into a separate co-sponsorship agreement establishing the Co-Sponsors Council through contractual obligations exercised by St. Joseph Health Ministry and Providence Ministry;
  - The Co-Sponsors Council will become the sole corporate member of Providence St. Joseph Health; and
  - Some of the reserved rights of the Co-Sponsors Council are:
    - Approve any change to mission, philosophy, vision, and values;
    - Adopt, amend, or repeal civil Articles of Incorporation or Bylaws of Providence St. Joseph Health, of any civil corporation of which Providence St. Joseph Health is a controlling member, to the extent permitted by applicable law;
    - Monitor the application of the Ethical and Religious Directives within Providence St. Joseph Health and its Catholic subsidiaries, and in the case of non-compliance, require the correction of any anomaly;
    - Fix the number and appoint and/or remove the trustees of Providence St. Joseph Health and of any corporation of which Providence St. Joseph Health is the controlling member;
    - Approve incurrences of indebtedness or the sale, transfer, assignment, or encumbering of the assets of Providence St. Joseph Health and any corporation of which Providence St. Joseph Health is the controlling member, pursuant to policies established from time to time by the Co-Sponsors Council;
    - Appoint the President/Chief Executive Officer of Providence St. Joseph Health, and to remove such President/Chief Executive Officer of Providence St. Joseph Health, with or without cause, after consideration of input from the Providence St. Joseph Health Board;
    - Approve, on a consolidated system-wide basis, the annual operating and capital budget of Providence St. Joseph Health, and approve of any deviations from such budgets in excess of an amount of percentage specified from time to time by resolution of the Co-Sponsors Council;
    - Approve the merger, dissolution, or sale of substantially all Providence St.



- Joseph Health division or local ministry assets; and
  - Approve the initiation or closure of any major work of Providence St. Joseph Health and of any corporation of which Providence St. Joseph Health is the controlling member.
- St. Joseph Health System and Providence Health & Services shall establish the Providence St. Joseph Health Board as follows:
  - The Providence St. Joseph Health Board shall consist of fourteen elected members with equal voting rights;
  - The President and Chief Executive Officer of Providence St. Joseph Health shall serve as an ex-officio member, with voting privileges;
  - Seven members of the Providence St. Joseph Health Board shall be appointed by St. Joseph Health System and seven members shall be appointed by Providence Health & Services;
  - Each elected member shall serve an initial three-year term, subject to the reserved rights of their respective Sponsors during the initial term;
  - Following the initial three-year term, the elected members shall be self-perpetuating, with members serving staggered terms, without regard to representational requirements, and subject to the reserved rights of the Co-Sponsors Council;
  - No member of the Providence St. Joseph Health Board may serve more than nine consecutive years, excluding the President and Chief Executive Officer; and
  - Voting shall be decided by a simple majority, unless a greater majority is required by law.
- The restated bylaws of Providence Health & Services and the restated bylaws of St. Joseph Health System will reserve rights to Providence St. Joseph, such as the ability to:
  - Approve and recommend to Co-Sponsors Council the appointment and/or removal of the Providence St. Joseph Health Board of Directors;
  - Approve and recommend to Co-Sponsors Council the appointment and/or removal of Providence St. Joseph Health Board Chair;
  - Approve and recommend to Co-Sponsors Council the amendment of articles, bylaws, or other governing documents of Providence St. Joseph Health, St. Joseph Health System, or Providence Health & Services;

- Approve and recommend to Co-Sponsors Council the affiliation or acquisition involving Providence St. Joseph Health, St. Joseph Health System or Providence Health & Services;
- Approve the strategic plan for all Catholic facilities, ministries and operations of Providence St. Joseph Health, Providence Health & Services, and St. Joseph Health System;
- Approve Providence St. Joseph Health's goals and objectives;
- Approve and recommend to Co-Sponsors Council the initiation or closure of a major work of Providence St. Joseph Health, St. Joseph Health System, or Providence Health & Services;
- Approve initiation or closure of programs and services of St. Joseph Health System or Providence Health & Services;
- Approve and recommend to Co-Sponsors Council the dissolution, liquidation, consolidation, or merger of Providence St. Joseph Health, St. Joseph Health System or Providence Health & Services;
- Approve and recommend to Co-Sponsors Council the annual consolidated Providence St. Joseph Health's budget;
- Approve debt authorization (including loan guarantees) up to an amount to be determined;
- Approve the long-range financial plan of Providence St. Joseph Health;
- Approve budgeted substitutions of Providence St. Joseph Health;
- Approve unbudgeted expenditures of Providence St. Joseph Health;
- Approve sale of non-church real and personal property/assets of Providence St. Joseph Health, St. Joseph Health System, or Providence Health & Services; and
- Approve system-wide Providence St. Joseph Health compliance program and policies.
- All employees shall remain employed by the entity that currently employs them with compensation and benefits established by their respective employers, and both St. Joseph Health System and Providence Health & Services will continue maintaining their respective employee benefit plans to be in material compliance with applicable laws;

- The medical staff shall not be adversely affected nor require a change to the medical staff privileges held by any member of the medical staff of the hospitals;
- Capital projects approved by either St. Joseph Health System or Providence Health & Services prior to closing shall not be subject to an additional review process;
- Divisional headquarters for St. Joseph Health System and Providence Health & Services' California operations shall be located in Irvine, California. System headquarters for Providence St. Joseph Health shall be located in Renton, Washington;
- St. Joseph Health System and Providence Health & Services have made the following commitments:
  - Maintain the hospitals as general acute care hospitals for a period of five years;
  - Maintain and provide 24-hour emergency department services as currently licensed for a period of five years;
  - Continue to participate in the Medicare program and have a Medicare provider number for a period of five years to provide the same types and levels of services as provided as of closing of the transaction;
  - Continue to participate in the Medi-Cal program for a period of five years, including maintaining Medi-Cal Managed Care contracts on competitive terms that provide the same types and levels of services as in the existing contracts;
  - Continue contracts with local government agencies on current terms for a period of five years, unless such contracts expire or are terminated for cause;
  - Provide an annual amount of charity care at each of the hospitals for a period of five years that is no less than the Fiscal Year (FY) 2014-2015 average of each of the hospitals;
  - Provide an annual amount of community benefit services at each of the hospitals for a period of five years that is no less than the four year (FY 2011-2014) average at each of the hospitals, subject to Consumer Price Index adjustments; and
  - Continue key service lines at the hospitals, including women's health services, for a period of five years as listed in the summary table below:

ST. JOSEPH HEALTH SYSTEM & PROVIDENCE HEALTH & SERVICES: SERVICE LINE COMMITMENT	
Hospital	Service Line
<b>St. Joseph Health System</b>	
Mission Hospital Regional Medical Center	Behavioral health, cardiology, diabetes, emergency, gastroenterology, imaging/radiology, intensive care, laboratory, neurosciences, obstetrics and neonatal intensive care, oncology, orthopedics, pediatrics, rehabilitation, respiratory, surgery, trauma, vascular, and women's services
Petaluma Valley Hospital	Emergency, imaging/radiology, intensive care, laboratory, obstetrics, oncology, orthopedics, palliative care, rehabilitation, vascular, and women's services
Queen of the Valley Medical Center	Cardiology, emergency, imaging/radiology, interventional radiology, intensive care, laboratory, neurosciences, obstetrics and neonatal intensive care, oncology, orthopedics, palliative care, rehabilitation, surgery, wellness, women's, and wound care services
Redwood Memorial Hospital	Cardiology, emergency, gastroenterology, imaging/radiology, intensive care, laboratory, neurosciences, obstetrics, oncology, orthopedics, palliative care, rehabilitation, and surgery services
Santa Rosa Memorial Hospital	Bariatric surgery, behavioral health, cardiology, emergency, imaging/radiology, interventional radiology, intensive care, laboratory, neurosciences, obstetrics, oncology, orthopedics, palliative care, rehabilitation, surgery, trauma, vascular, and women's services
St. Joseph Hospital-Eureka	Cardiology, emergency, gastroenterology, imaging/radiology, interventional radiology, intensive care, laboratory, neurosciences, obstetrics and neonatal intensive care, oncology, orthopedics, palliative care, rehabilitation, and surgery services
St. Joseph Hospital of Orange	Anesthesia, bariatric surgery, behavioral health, cardiology, emergency services, gastroenterology, imaging/radiology, interventional radiology, intensive care, kidney dialysis, laboratory, neurosciences, obstetrics oncology, ophthalmology, orthopedics, palliative care, rehabilitation, surgery, urology, women's, and wound care services
St. Jude Medical Center	Anesthesia, cardiology, emergency, gastroenterology, geriatric, imaging/radiology, interventional radiology, laboratory, neurosciences, obstetrics and neonatal intensive care, oncology, orthopedics, palliative care, pathology, rehabilitation, speech therapy, surgery, wellness and fitness, women's, and wound care services
St. Mary Medical Center	Cardiology, diabetes, emergency, imaging/radiology, intensive care, laboratory, obstetrics and neonatal intensive care, rehabilitation, surgery, women's, and wound care services
<b>Providence Health &amp; Services</b>	
Providence Holy Cross Medical Center	Ambulatory surgery, cardiac catheterization, cardiology, emergency, endoscopy, imaging/radiology, intensive care, interventional radiology, laboratory, neurosciences, obstetrics and neonatal intensive care, oncology, orthopedics, palliative care, pulmonary, rehabilitation, sub-acute, telemetry, trauma, vascular, and women's services
Providence Little Company of Mary Medical Center-San Pedro	Acute psychiatry, center for optimal aging, chemical dependency, community outreach, diabetes, emergency, endocrinology, imaging/radiology, intensive care, internal medicine, laboratory, neurosciences, nutritional, obstetrics, oncology, palliative care, pathology, rehabilitation, respiratory, spiritual care, surgery, sub-acute, women's, and wound care services
Providence Little Company of Mary Medical Center-Torrance	Blood donor center, cardiovascular, community outreach, emergency, diabetes, endocrinology, imaging/radiology, intensive care, internal medicine, laboratory, neurosciences, nutritional, obstetrics and neonatal intensive care, orthopedics, oncology, palliative, pathology, pediatrics, respiratory, spiritual care, surgery, rehabilitation, urology, volunteer, women's, and wound care services
Providence Saint Joseph Medical Center	Ambulatory surgery, cardiac catheterization, cardiology, emergency, paramedic base station, endoscopy, imaging/radiology, intensive care, interventional radiology, laboratory, neurosciences, orthopedics, obstetrics and neonatal intensive care, oncology, palliative care, pulmonary, rehabilitation, surgery, telemetry, vascular, and women's services
Providence Tarzana Medical Center	Ambulatory surgery, cardiac catheterization, cardiology, emergency, endoscopy, imaging/radiology, intensive care, interventional radiology, laboratory, neurosciences, obstetrics and neonatal intensive care, oncology, orthopedics, palliative care, pulmonary, surgery, pediatric and pediatric intensive care, telemetry, vascular, and women's services

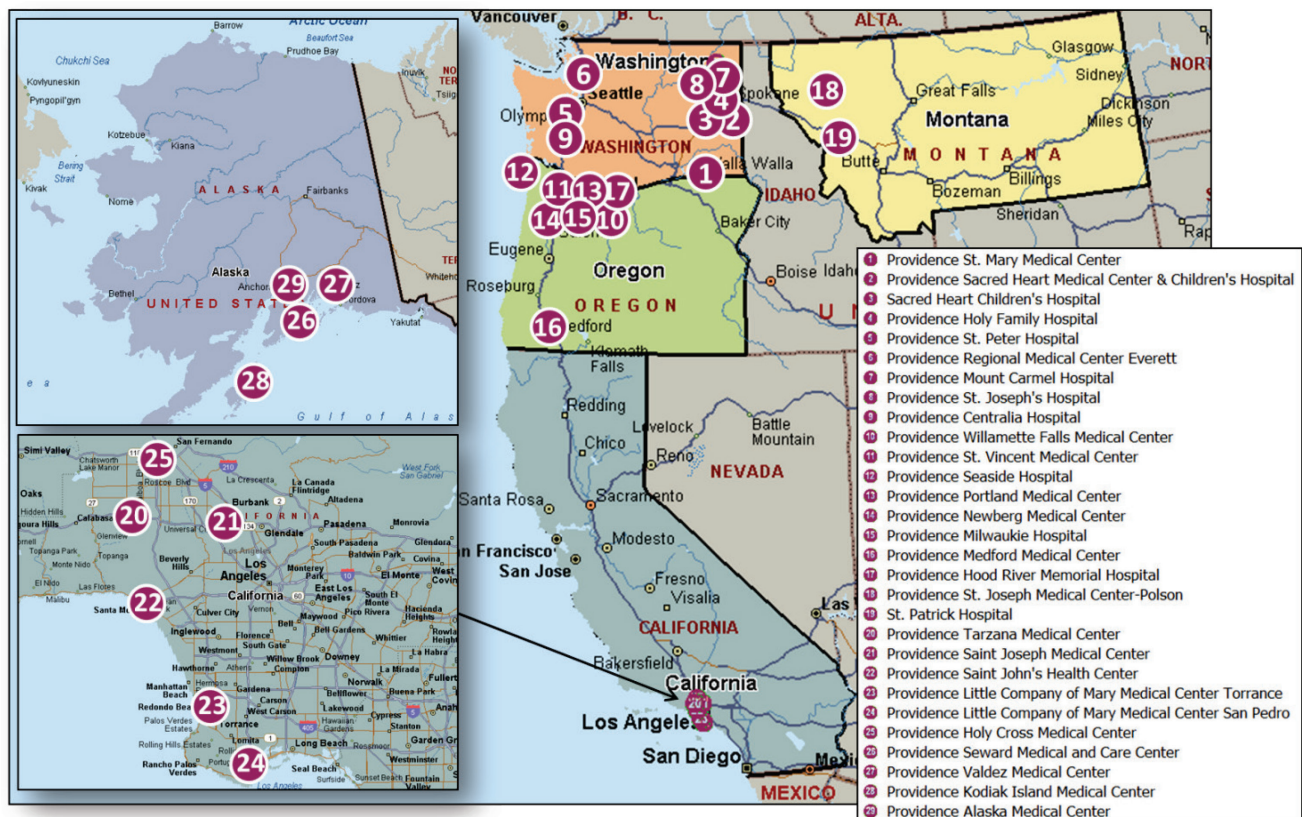
## Use of Net Sale Proceeds

There will be no net proceeds as a result of the proposed transaction.

## PROFILE OF PROVIDENCE HEALTH & SERVICES

Providence Health & Services is a nonprofit Catholic healthcare system that traces its beginnings back to 1843 when a religious community of Catholic women, later called the Sisters of Providence, was founded in Montreal, Canada. In 1856, Mother Joseph of the Sacred Heart led a group of four Sisters of Providence to the Washington Territory, where the pioneer sisters began caring for elderly women, orphaned children, and the sick in what was called the "Providence Enclosure." In 1858, they opened St. Joseph Hospital, one of the first hospitals in the Northwest, and by 1859, the Sisters of Providence created the structure for the current network of healthcare services known as Providence Health & Services.

Providence Health & Services has grown to be one of the largest nonprofit health systems in the United States. Providence Ministries is the Catholic sponsor of Providence Health & Services. Today, Providence Health & Services, headquartered in Renton, Washington, employs 76,000 employees, who provide a diverse range of services across five states: Alaska, California, Montana, Oregon, and Washington. Providence Health & Services currently operates 34 hospitals, 475 physician clinics, 22 long-term care facilities, 19 hospice and home health programs, and 693 supportive housing units. Providence Health & Services operates Providence Health Plan, an Oregon nonprofit healthcare service contractor, that provides Medicare, Medicaid, and individual and family health insurance plans to 436,000 members.



Approximately 70 years ago, Providence Health & Services began its operations in Southern California, where it currently operates the following hospitals: Providence Holy Cross Medical Center, Providence Little Company of Mary Medical Center San Pedro, Providence Little Company of Mary Medical Center Torrance, Providence Saint John's Health Center, Providence Saint Joseph Medical Center, and Providence Tarzana Medical Center. Descriptions of Providence Health & Services-Southern California's hospitals are provided below:

**Providence Holy Cross Medical Center** is located in Mission Hills, was founded in 1961, and provides healthcare services to the San Fernando, Santa Clarita, and Simi Valley communities. It is a general acute care hospital that is currently licensed for 377 beds and has a medical staff consisting of over 600 physicians. The Medical Center offers both inpatient and outpatient health services, including oncology, cardiology, orthopedics, neurosciences, rehabilitation services, women's and children's services. The Medical Center is designated as a Level II Trauma Center and STEMI Receiving Center, and is certified as a Primary Stroke Center.

**Providence Little Company of Mary Medical Center San Pedro** is located in San Pedro, was founded in 1925, and provides healthcare services to the South Bay community. It is a general acute care hospital that is currently licensed for 356 beds and has a medical staff consisting of over 400 physicians. The hospital offers a variety of medical services, including emergency care, intensive care, medical and surgical services, obstetrics, and orthopedics. The hospital is also certified as a Primary Stroke Center.

**Providence Little Company of Mary Medical Center Torrance** is located in Torrance, was opened in 1960, and provides healthcare services to the South Bay Community. It is a general acute care hospital that is currently licensed for 442 beds, employs approximately 2,100 individuals, and has a medical staff consisting of approximately 900 physicians. The hospital offers general medical, surgical, and critical care services. The hospital also offers cardiovascular, oncology, emergency care, and women's and children's health services. The hospital is designated as Level III Neonatal Intensive Care Unit and a STEMI Receiving Center, and is certified as a Primary Stroke Center.

**Providence Saint John's Health Center** is located in Santa Monica, was founded in 1942, and provides healthcare services to communities in West Los Angeles. Today, the health center is a general acute care hospital that is currently licensed for 266 beds. The health center provides emergency, heart and vascular care, oncology, orthopedics, and women's health services. The health center is also designated as a STEMI Receiving Center. Providence Saint John's Health Center is the sole corporate member of the John Wayne Cancer Institute, an institute that conducts research to advance the treatment of complex cancers.

**Providence Saint Joseph Medical Center** is located in Burbank and was founded in 1943 by the Sisters of Providence. The Medical Center is a general acute care hospital that is currently licensed for 446 beds, has approximately 2,300 employees, over 700 physicians, and is the second-largest hospital serving the San Fernando and Santa Clarita Valleys. The Medical Center offers a variety of services and programs through its Roy & Patricia Disney Family Cancer



Center, heart and vascular center, The Hycy and Howard Hill Neuroscience Institute, breast health center, and Trinity Hospice. The Medical Center is also designated as a STEMI Receiving Center and certified as a Primary Stroke Center.

**Providence Tarzana Medical Center** is located in Tarzana, was founded in 1973, and provides healthcare services to the San Fernando Valley communities. It is a general acute care hospital that is licensed for 249 beds, has a medical staff consisting of nearly 800 physicians, and has over 1,300 employees. The Medical Center offers a comprehensive range of healthcare services that include cardiology, vascular, orthopedics, women's services, pediatrics, neonatal, and emergency care. The Medical Center is designated as a STEMI Receiving Center and a Level III Neonatal Intensive Care Unit, and is certified as a Primary Stroke Center.

Providence Health & Services –Southern California also operates the following entities:

### **Providence Medical Institute**

Providence Medical Institute operates as a nonprofit medical practice foundation<sup>7</sup> and provides primary and specialty care services, including family and internal medicine, obstetrics and gynecology, pediatrics, cardiology, and dermatology services. Providence Medical Institute was founded in 1995, and is currently affiliated with the following medical groups: Providence Medical Group, Providence Care Network, Affiliates in Medical Specialties, and Axminster Medical Group. Together, they employ over 200 providers located at more than 30 medical offices throughout the Greater Los Angeles area.

### **Facey Medical Foundation**

Facey Medical Foundation operates as a nonprofit medical practice foundation and manages Facey Medical Group. Facey Medical Group provides primary and specialty care services, including family and internal medicine, obstetrics and gynecology, pediatrics, behavioral health, ophthalmology, and gastroenterology services, to the residents of San Fernando Valley, Santa Clarita Valley, and Simi Valley. Facey Medical Group is currently comprised of over 200 healthcare providers in 12 locations.

### **Providence High School**

Providence High School, located in Burbank, was founded in 1955 by the Sisters of Providence. It is a private, co-educational, independent, college preparatory Catholic high school, accredited by the Western Catholic Education Association and the Western Association of Schools and

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<sup>7</sup> Providence Medical Institute and Facey Medical Foundation operate under California Health and Safety Code section 1206(l). Under section 1206(l), a clinic operated by a nonprofit corporation that conducts medical research and health education and provides healthcare to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than ten board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic, is not required to be licensed.

Colleges. It is also a member of the California Association of Independent Schools, and is nationally recognized as a Blue Ribbon High School.

### **Providence St. Elizabeth Care Center**

Providence St. Elizabeth Care Center, located in North Hollywood, is a skilled nursing facility licensed for 52 skilled nursing beds. Healthcare services include skilled nursing care, geriatric services, intravenous medication therapy, and respiratory services.

### **Providence TrinityCare Hospice**

Providence TrinityCare Hospice provides end-of-life services for patients in need of palliative and hospice care throughout Southern California. Providence TrinityCare Hospice, which is supported by Providence TrinityCare Hospice Foundation, provides care for patients in hospitals, nursing homes, rehabilitation facilities, and in the home.

### **Providence Little Company of Mary Home Health**

Providence Little Company of Mary Home Health provides a range of home health and clinical specialty programs for patients receiving treatment for illness, hospitalization, or surgery. Healthcare services include patient assessment and monitoring, IV therapy, total parenteral nutrition, gastric feeding tube services, wound care treatment, and pain management services.

### **Providence Little Company of Mary Sub-Acute Care Center**

Providence Little Company of Mary Sub-Acute Care Center, located in San Pedro, is an adult care facility that specializes in the treatment of ventilator and tracheostomy-dependent patients, including inhalation therapy, tracheotomy care, intravenous tube feeding, and complex wound management care.

### **Providence Little Company of Mary Transitional Care Center**

Providence Little Company of Mary Transitional Care Center, located in Torrance, provides skilled nursing care for patients transitioning from inpatient acute care to the home.

### **The Roy and Patricia Disney Family Cancer Center**

The Roy and Patricia Disney Family Cancer Center, located in Burbank, provides prevention, detection, diagnosis, medical and surgical treatment, rehabilitation, and support services for patients with cancer, including the Providence Saint Joseph Breast Health Center.



## Providence House

Providence House, founded in 1991 and located in Oakland, provides 40 apartments for individuals on fixed incomes living with HIV/AIDs and disabilities.

## Key Statistics

Key statistics for the Providence Health & Services-Southern California hospitals include the following:

- In FY 2014, the hospitals operated a total of 2,116 licensed beds with an average occupancy rate of 56% and an average daily census of 1,171 patients;
- From FY 2013 to FY 2014, total inpatient discharges increased approximately 15% from 74,733 to 85,759; and
- Based on FY 2014 inpatient discharges, the percentages of Medicare and Medi-Cal were 45% and 20%, respectively.

## Payer Mix

The following table illustrates the Providence Health & Services-Southern California hospitals' inpatient discharge payer mix compared to Los Angeles County and the State of California for FY 2014. The comparison shows that the six combined hospitals have higher percentages of Medicare Traditional, Medicare Managed Care, Third Party Traditional, and Third-Party Managed Care patients and lower percentages of Medi-Cal Traditional and Medi-Cal Managed Care patients relative to the average for all hospitals in Los Angeles County and the State of California.

PAYER MIX COMPARISON						
	Providence Health & Services (FY 2014)		Los Angeles County (FY 2014)		California (FY 2014)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	8,657	10.1%	157,394	18.5%	448,311	15.8%
Medi-Cal Managed Care	8,688	10.1%	135,429	16.0%	435,129	15.3%
<b>Medi-Cal Total</b>	<b>17,345</b>	<b>20.2%</b>	<b>292,823</b>	<b>34.5%</b>	<b>883,440</b>	<b>31.1%</b>
Medicare Traditional	27,855	32.5%	233,810	27.5%	805,912	28.4%
Medicare Managed Care	10,965	12.8%	85,330	10.1%	273,709	9.6%
<b>Medicare Total</b>	<b>38,820</b>	<b>45.3%</b>	<b>319,140</b>	<b>37.6%</b>	<b>1,079,621</b>	<b>38.0%</b>
Third-Party Managed Care	20,981	24.5%	158,487	18.7%	610,781	21.5%
<b>Third-Party Managed Care Total</b>	<b>20,981</b>	<b>24.5%</b>	<b>158,487</b>	<b>18.7%</b>	<b>610,781</b>	<b>21.5%</b>
Third-Party Traditional	6,937	8.1%	30,357	3.6%	121,054	4.3%
Other Payers	762	0.9%	22,969	2.7%	62,617	2.2%
Other Indigent	914	1.1%	7,231	0.9%	32,930	1.2%
County Indigent	0	0.0%	17,931	2.1%	51,759	1.8%
<b>Other Total</b>	<b>8,613</b>	<b>10.0%</b>	<b>78,488</b>	<b>9.2%</b>	<b>268,360</b>	<b>9.4%</b>
<b>Total</b>	<b>85,759</b>	<b>100%</b>	<b>848,938</b>	<b>100%</b>	<b>2,842,202</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2014

## Quality & Awards

All of the Providence Health & Services-Southern California hospitals have received accreditation from The Joint Commission as indicated below:

Hospital	Effective Date
Providence Holy Cross Medical Center	5/8/2015
Providence Little Company of Mary Medical Center-San Pedro	1/17/2015
Providence Little Company of Mary Medical Center-Torrance	9/25/2015
Providence Saint John's Health Center	9/12/2015
Providence Saint Joseph Medical Center	8/8/2015
Providence Tarzana Medical Center	8/9/2014

Source: The Joint Commission

The Centers for Medicare & Medicaid Services developed the online tool, Hospital Compare, as a part of its Hospital Quality Initiative. Hospital Compare is designed to help improve hospitals' quality of care by distributing objective, easy to understand data on hospital performance, and quality information from consumer perspectives. The following table shows the most recent quality scores for the Providence Health & Services-Southern California hospitals in California as reported by Hospital Compare for measures of overall recommended care, readmission rate, overall patient experience, and overall surgical care:

PROVIDENCE HEALTH & SERVICES: QUALITY SCORES				
Hospital	Overall Recommended Care	Readmission Rate	Overall Patient Experience	Overall Surgical Care
<b>State of California Average</b>	<b>96.9%</b>	<b>19.4%</b>	<b>68.0%</b>	<b>97.9%</b>
Providence Holy Cross Medical Center	96.2%	19.9%	74.0%	99.7%
Providence Little Company of Mary Medical Center San Pedro	95.3%	19.5%	68.0%	96.4%
Providence Little Company of Mary Medical Center Torrance	98.2%	19.9%	75.0%	99.8%
Providence Saint John's Health Center	96.3%	19.2%	73.0%	99.9%
Providence Saint Joseph Medical Center	97.6%	19.8%	75.0%	99.8%
Providence Tarzana Medical Center	95.3%	19.4%	59.0%	98.0%

Source: Medicare.gov Hospital Compare

- For measures of overall recommended care, four of the hospitals (Providence Holy Cross Medical Center, Providence Little Company of Mary Medical Center San Pedro, Providence Saint John's Health Center, and Providence Tarzana Medical Center) had slightly lower rates than the State of California average. However, two hospitals (Providence Little Company of Mary Medical Center Torrance and Providence Saint Joseph Medical Center) scored above the State of California average;
- Four of the six hospitals had slightly higher rates of readmission than the State of California Average. Providence Tarzana Medical Center's readmission rate was the same as the State of California average (19.4%), and Providence Saint John's Health Center's readmission rate was lower than the statewide average (19.2%);

- Five of the six hospitals' overall patient experience scores met or exceeded the State of California average. Providence Tarzana Medical Center's overall patient experience score was lower than the State of California average (59.0% and 68.0%, respectively); and
- For measures of overall surgical care, only Providence Little Company of Mary Medical Center San Pedro's score of 96.4% fell below the State of California average.

## Financial Profile

### Combined Statement of Operations

PROVIDENCE HEALTH & SERVICES COMBINED STATEMENT OF OPERATIONS: CALENDAR YEARS ENDED 2013 & 2014 (In Thousands of Dollars)				
	Providence Health & Services System-Wide		Providence Health & Services Southern California	
	2013	2014	2013	2014
Net Patient Service Revenue	\$9,357,529	\$10,294,637	\$1,647,280	\$1,840,535
Provision for Bad Debts	(\$299,791)	(\$193,018)	(\$48,600)	(\$71,899)
<b>Net Patient Service Revenue Less Provision for Bad Debts</b>	<b>\$9,057,738</b>	<b>\$10,101,619</b>	<b>\$1,598,680</b>	<b>\$1,768,646</b>
Premium and Capitation Revenues	\$1,445,107	\$1,682,968	\$198,965	\$243,103
Other Revenues	\$633,835	\$696,390	\$65,332	\$92,240
<b>Total Operating Revenues</b>	<b>\$11,136,680</b>	<b>\$12,480,977</b>	<b>\$1,862,977</b>	<b>\$2,103,989</b>
Salaries and Wages	\$4,748,873	\$5,248,196	\$695,251	\$792,798
Employee Benefits	\$1,161,130	\$1,220,078	\$184,509	\$86,796
Purchased Healthcare	\$767,161	\$909,154	\$47,886	\$79,462
Professional Fees	\$463,838	\$514,990	\$173,737	\$213,768
Supplies	\$1,533,092	\$1,792,707	\$226,875	\$284,480
Purchased Services	\$944,487	\$977,247	\$258,663	\$153,017
Depreciation	\$596,623	\$676,357	\$80,766	\$102,861
Interest and Amortization	\$134,489	\$161,014	\$37,853	\$38,187
Other Operating Expenses	\$749,316	\$762,082	\$184,422	\$78,346
<b>Total Operating Expenses</b>	<b>\$11,099,009</b>	<b>\$12,261,825</b>	<b>\$1,889,962</b>	<b>\$1,829,715</b>
<b>Excess of Revenues Over Expenses from Operations</b>	<b>\$37,671</b>	<b>\$219,152</b>	<b>(\$26,985)</b>	<b>\$274,274</b>
Gains from Affiliations	-	\$476,110	-	-
Loss on Extinguishment of Debt	(\$1,671)	(\$85,522)	-	-
Investment Income, Net	\$248,572	\$178,043	-	-
Pension Settlement Costs and Other	(\$30,302)	(\$16,361)	-	-
<b>Total Net Nonoperating Gains</b>	<b>\$215,599</b>	<b>\$552,270</b>	<b>\$16,132</b>	<b>\$143,908</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$253,270</b>	<b>\$771,422</b>	<b>(\$10,853)</b>	<b>\$418,182</b>
Net Assets Released from Restriction for Capital	\$10,786	\$13,646	(\$594)	\$3,924
Change in Noncontrolling Interests in Consolidated Joint Ventures	(\$29,139)	\$584	(\$811)	\$553
Pension Related Changes	\$385,702	(\$249,011)	-	-
Interdivision Transfers	-	-	(\$29,915)	(\$414,211)
Contributions, Grants, and Other	(\$4,040)	(\$8,639)	\$4,077	(\$16,054)
<b>Increase in Unrestricted Net Assets</b>	<b>\$616,579</b>	<b>\$528,002</b>	<b>(\$38,096)</b>	<b>(\$7,606)</b>

Source: Providence Health & Services Combined Financial Statement, FY 2013 & 2014 (KPMG)

### Providence Health & Services System-Wide Performance

Providence Health & Services' audited combined financial statements<sup>8</sup> for FY 2013 and FY 2014 display the system-wide performance of the entity and its affiliates. The system displays increasing operating revenues and excess of revenues over expenses from operations.

<sup>8</sup> Providence Health & Services' audited combined financial statements, prepared by KPMG, pertain to the entire Providence Health & Services system, including its operations outside of California.

- Net patient service revenue (less provision for bad debts) of \$10.1 billion in FY 2014 represents a net increase of \$1.0 billion (11.5%) as compared to FY 2013. Total operating revenues increased by \$1.3 billion (12%) to \$12.5 billion in FY 2014;
- Total operating expenses increased by 10.5% in FY 2014 to \$12.3 billion. Providence Health & Services' salaries and benefits expenses accounted for 42.8% of total expenses;
- In FY 2014, Providence Health & Services realized a net non-operating gain of \$552.3 million, representing a 156% increase from the net non-operating gain of \$215.6 million in FY 2013. This increase included investment income from trading securities, income from recipient organizations, pension settlement costs, and other income. Contributions from affiliations with Providence Saint John's Health Center, Pacific Medical Centers, and Kadlec Health System also are included in net non-operating gains in FY 2014; and
- Excess of revenues over expenses from operations increased from \$37.7 million in FY 2013 to \$219.2 million in FY 2014.

### **Providence Health & Services-Southern California Performance**

Providence Health & Services-Southern California's combined financial statements for FY 2013 and FY 2014 display the performance of the Providence Health & Services-Southern California entities and affiliates. The region shows increasing operating revenues and excess of revenues over expenses from operations.

- Net patient service revenue (less provision for bad debts) of \$1.77 billion in FY 2014 represents a net increase of \$170 million (10.6%) as compared to FY 2013. Total operating revenues increased by \$241 million (13.0%) to \$2.1 billion in FY 2014;
- Total operating expenses decreased by 3.2% in FY 2014 to \$1.83 billion. The salaries and wages expenses accounted for approximately 43.3% of total expenses;
- In FY 2014, Providence Health & Services-Southern California realized a net non-operating gain of \$143.9 million, representing a significant increase from the net non-operating gain of \$16.1 million in FY 2013; and
- Excess of revenues over expenses from operations increased from a loss of \$27.0 million in FY 2013 to a gain of \$274.3 million in FY 2014.

## PROFILE OF ST. JOSEPH HEALTH SYSTEM

St. Joseph Health System is a ministry of the Sisters of St. Joseph of Orange, whose origins can be traced back to the 17th Century. In 1650, Father Jean Pierre Medaille, a traveling Jesuit priest and missionary, encountered a group of women in Le Puy, France who were providing care to the homeless and sick members of their community. Father Madaille formally organized the group of women into a religious community named the “Sisters of Saint Joseph.” In 1912, at the invitation of the local bishop, a small contingent of the Sisters of St. Joseph traveled to establish a school in Eureka, California. A few years later in 1918, the great influenza epidemic broke out and caused the Sisters to temporarily give up their education efforts in order to provide care for the sick. The Sisters of St. Joseph determined that the community needed a hospital. In 1920, the Sisters opened St. Joseph Hospital-Eureka with 28 beds.

Today, St. Joseph Health System is organized into three regions: Northern California, Southern California, and West Texas/Eastern New Mexico. St. Joseph Health System employs 24,733 individuals who provide care across a full range of facilities including 14 acute care hospitals, home health agencies, hospice care, outpatient services, skilled nursing facilities, community clinics, and physician organizations.





St. Joseph Health System operates the following hospitals in Southern California: Hoag Memorial Hospital Presbyterian, Hoag Orthopedic Institute, St. Joseph Hospital-Eureka, Redwood Memorial Hospital, Santa Rosa Memorial Hospital, Petaluma Valley Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Orange, St. Jude Medical Center, St. Mary Medical Center, and Mission Hospital Regional Medical Center, which operates two general acute care hospitals under the same license. Descriptions of St. Joseph Health System's Southern California hospitals are provided below:

**Hoag Memorial Hospital Presbyterian** has campuses in Newport Beach and Irvine, was founded over 60 years ago, and provides healthcare services to the Orange County community. Both campuses are licensed as general acute care hospitals and are currently licensed for a combined total of 527 beds. The hospitals provide emergency, medical/surgical, cardiovascular, maternity, neonatal intensive care, critical care, and chemical dependency services. They are both designated as STEMI Receiving Centers, and the Newport Beach campus is designated as a Stroke Neurology Receiving Center.

**Hoag Orthopedic Institute** is an orthopedic specialty hospital in Irvine. The institute is licensed for 70 beds and has a medical staffing consisting of over 300 specialty physicians who provide a range of orthopedics services including spine care, joint care, sports medicine, trauma and fracture care, and sarcoma treatment services.

**St. Mary Medical Center** is located in Apple Valley and first opened in 1956 as a 29-bed acute and maternity care facility. Today, the hospital is a general acute care hospital that is currently licensed for 212 beds and has a medical staff consisting of over 300 physicians. It provides healthcare services to the Apple Valley community, including 24-hour emergency services, pediatric care, cardiology services, and wellness and prevention programs such as diabetes education. It is designated as a STEMI Receiving Center.

**St. Jude Medical Center** is located in Fullerton, has been in operation for over 50 years, and provides healthcare services to the Orange County community. The Medical Center is a general acute care hospital that is currently licensed for 351 beds and has a medical staff consisting of nearly 600 physicians. The Medical Center provides medical services across a wide range of specialties and subspecialties, including oncology, cardiology, maternity, orthopedics, and outpatient rehabilitation services. It is designated as a STEMI Receiving Center and is certified as a Comprehensive Stroke Center.

**St. Joseph Hospital of Orange** is located in Orange, opened in September of 1929, and provides healthcare services to the Orange County community. It is a general acute care hospital that is currently licensed for 463 beds, employs over 3,100 staff, and has a medical staff consisting of over 1,000 physicians. The hospital offers bariatric surgery, behavioral health, orthopedics, and kidney transplant services. The hospital has the Nasal and Sinus Center, the Heart and Vascular Center, the Center for Cancer Prevention and Treatment, and the Kidney Dialysis Center. It is designated as a STEMI Receiving Center and is certified as a Primary Stroke Center.

**Mission Hospital Regional Medical Center** has campuses in Mission Viejo and Laguna Beach. Both are general acute care hospitals that provide a wide range of patient services and are currently licensed for a combined total of 552 beds with a medical staff of over 750 physicians. The Medical Center has several specialty centers that include Heart Center, Spine Center, Women's Center, and the Imaging Center. The Mission Viejo campus is designated as a Level II Trauma Center and STEMI Receiving Center and is certified as a Primary Stroke Center.

St. Joseph Health System operates the following hospitals in Northern California: St. Joseph Hospital-Eureka, Redwood Memorial Hospital, Santa Rosa Memorial Hospital, Petaluma Valley Hospital, and Queen of the Valley Medical Center. Descriptions of St. Joseph Health System's Northern California hospitals are provided below:

**St. Joseph Hospital-Eureka** is located in Eureka, first opened in 1920, and provides healthcare services to the Eureka community. It is a general acute care hospital that is currently licensed for 153 beds with a medical staff of over 300 physicians. It provides emergency, cardiology, surgical, pediatric, maternity, and rehabilitation services. It also has a Sexual Assault Response Team and operates a Level II Neonatal Intensive Care Unit.

**Redwood Memorial Hospital** is located in Fortuna and provides healthcare services to the Fortuna community. It is a general acute care and critical care access hospital that is currently licensed for 35 beds with a medical staff of over 100 physicians. The hospital provides emergency, critical care, obstetric, surgical, outpatient rehabilitation, and radiology services, including ultrasound, digital mammography, and bone density services.

**Santa Rosa Memorial Hospital** is located in Santa Rosa and serves the communities of Sonoma County, Mendocino County, Napa County, and Lake County. The hospital is a general acute care hospital and is currently licensed for 278 beds with a medical staff of nearly 500 physicians. The hospital provides a range of specialty services, including emergency, pediatric, maternal and child health, joint replacement, and rehabilitation services. It is designated as a STEMI Receiving Center, certified as a Primary Stroke Center, and operates the region's only Level II Trauma Center.

**Petaluma Valley Hospital** is located in Petaluma in Sonoma County. It is a general acute care hospital that is currently licensed for 80 beds with a medical staff of over 250 physicians. The hospital offers 24-hour emergency, intensive care, and surgical services. It also operates a Family Birth Center.

**Queen of the Valley Medical Center** is located in Napa, was founded in 1958 by the Sisters of St. Joseph of Orange, and provides services to the Napa Valley community. The Medical Center is a general acute care hospital that is currently licensed for 208 beds with a medical staff of over 300 physicians. It provides oncology, orthopedics, imaging, cardiac, maternity and infant care, emergency, and wellness services. It is designated as a STEMI Receiving Center.

St. Joseph Health System also operates the following entities:

### **St. Joseph Heritage Healthcare**

St. Joseph Heritage Healthcare operates as a nonprofit medical practice foundation<sup>9</sup> and provides primary and specialty care services, including family and internal medicine, pediatrics, dermatology, cardiology, and obstetrics and gynecology services. St. Joseph Heritage Healthcare is comprised of eight medical groups, including St. Jude Heritage Medical Group, St. Joseph Heritage Medical Group, Mission Heritage Medical Group, Hoag Medical Group, St. Mary High Desert Medical Group, Annadel Medical Group, Queen of the Valley Medical Associates, and Humboldt Medical Specialists. St. Joseph Heritage Healthcare also has several contracted physician networks that include St. Jude Affiliated Physician Network, St. Joseph Hospital Affiliated Physician Network, Mission Hospital Affiliated Physician Network, Hoag Affiliated Physician Network, and Premier IPA. In total, St. Joseph Heritage Healthcare is comprised of over 400 healthcare providers.

### **St. Joseph Health System Foundation**

The St. Joseph Health System Foundation, also known as the St. Joseph Health Community Partnership Fund, supports St. Joseph Health System's mission to improve the health and wellbeing of low-income individuals and families by raising and allocating funds and resources to various community programs.

### ***Key Statistics***

Key statistics for St. Joseph Health System's California hospitals include the following:

- In FY 2014, the hospitals operated a total of 2,357 licensed beds with an average occupancy rate of 48% and an average daily census of 1,183 patients;
- From FY 2013 to FY 2014, total inpatient discharges decreased 8%, from 129,967 to 119,420; and
- The percentage of Medicare and Medi-Cal inpatient discharges in FY 2014 were 44% and 21%, respectively.

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<sup>9</sup> The medical foundation operates under California Health and Safety Code section 1206(l). Under section 1206(l), a clinic operated by a nonprofit corporation that conducts medical research and health education and provides healthcare to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than ten board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic, is not required to be licensed.



## Payer Mix

The following table illustrates St. Joseph Health System's California hospitals' inpatient discharge payer mix compared to the State of California for FY 2014. The comparison shows that St. Joseph Health System's California hospitals have higher percentages of Medicare Traditional, Third Party Managed Care, and County Indigent patients and lower percentages of Medi-Cal Managed Care and Third-Party Traditional patients relative to all hospitals in California.

PAYER MIX COMPARISON: FY 2014				
	St. Joseph Health System		California	
	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	10,337	10.6%	448,311	15.8%
Medi-Cal Managed Care	9,761	10.0%	435,129	15.3%
<b>Medi-Cal Total</b>	<b>20,098</b>	<b>20.6%</b>	<b>883,440</b>	<b>31.1%</b>
Medicare Traditional	32,046	32.8%	805,912	28.4%
Medicare Managed Care	11,039	11.3%	273,709	9.6%
<b>Medicare Total</b>	<b>43,085</b>	<b>44.1%</b>	<b>1,079,621</b>	<b>38.0%</b>
Third-Party Managed Care	27,166	27.8%	610,781	21.5%
<b>Third-Party Managed Care Total</b>	<b>27,166</b>	<b>27.8%</b>	<b>610,781</b>	<b>21.5%</b>
Third-Party Traditional	3,000	3.1%	121,054	4.3%
Other Payers	2,007	2.1%	62,617	2.2%
Other Indigent	327	0.3%	32,930	1.2%
County Indigent	2,103	2.2%	51,759	1.8%
<b>Other Total</b>	<b>7,437</b>	<b>7.6%</b>	<b>268,360</b>	<b>9.4%</b>
<b>Total</b>	<b>97,786</b>	<b>100%</b>	<b>2,842,202</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2014

## Quality & Awards

St. Joseph Health System's California hospitals are accredited as shown below:

Hospital	Accreditation Organization	Effective Date
Hoag Memorial Hospital Presbyterian	Det Norske Veritas Healthcare, Inc.	1/21/2013
Hoag Orthopedic Institute	Det Norske Veritas Healthcare, Inc.	11/19/2013
Mission Hospital Regional Medical Center	The Joint Commission	5/9/2015
Petaluma Valley Hospital	The Joint Commission	4/26/2014
Queen of the Valley Hospital	The Joint Commission	10/11/2014
Redwood Memorial Hospital	Healthcare Facilities Accreditation Program	Current
Santa Rosa Memorial Hospital	The Joint Commission	5/16/2014
St. Joseph Hospital-Eureka	Healthcare Facilities Accreditation Program	Current
St. Joseph Hospital of Orange	The Joint Commission	1/7/2015
St. Jude Medical Center	The Joint Commission	4/11/2015
St. Mary Medical Center	The Joint Commission	5/8/2015

Source: Det Norske Veritas Healthcare, Inc., The Joint Commission, & Healthcare Facilities Accreditation Program

The following table reports the most recent quality scores for St. Joseph Health System's California Hospitals as reported by Hospital Compare for measures of overall recommended care, readmission rate, overall patient experience, and overall surgical care:

ST. JOSEPH HEALTH SYSTEM: QUALITY SCORES				
Hospital	Overall Recommended Care	Readmission Rate	Overall Patient Experience	Overall Surgical Care
<b>State of California Average</b>	<b>96.9%</b>	<b>19.4%</b>	<b>68.0%</b>	<b>97.9%</b>
Hoag Memorial Hospital Presbyterian	95.9%	18.1%	84.0%	98.9%
Hoag Orthopedic Institute	100.0%	-	87.0%	100.0%
Mission Hospital Regional Medical Center	95.0%	18.5%	74.0%	97.8%
Petaluma Valley Hospital	95.7%	17.7%	69.0%	96.7%
Queen of the Valley Hospital	95.5%	18.2%	73.0%	99.2%
Redwood Memorial Hospital	96.4%	17.7%	-	-
Santa Rosa Memorial Hospital	95.5%	16.3%	69.0%	98.9%
St. Joseph Hospital-Eureka	96.1%	17.4%	57.0%	96.4%
St. Joseph Hospital of Orange	98.6%	18.0%	78.0%	100.0%
St. Jude Medical Center	97.5%	18.1%	74.0%	98.5%
St. Mary Medical Center	91.0%	20.4%	63.0%	95.0%

Source: Medicare.gov Hospital Compare

- For measures of overall recommended care, eight of the 11 hospitals' rates were slightly below the State of California average of 96.9%;
- Overall, the hospitals' readmission rates were lower than the State of California average of 19.4%, with only St. Mary Medical Center reporting a higher readmission rate of 20.4%;
- The majority of the hospitals reported higher overall patient experience scores than the State of California's score of 68.0%, with the exception of St. Joseph Hospital-Eureka (57.0%) and St. Mary Medical Center (63.0%); and
- For measures of overall surgical care, six of the hospitals exceeded the State of California average of 97.9%, while the remaining four hospitals scored slightly below the State of California average.

## Financial Profile

### Combined Statement of Operations

ST. JOSEPH HEALTH CONSOLIDATED STATEMENT OF OPERATIONS: FY 2014 & 2015 (in Thousands of Dollars)				
	St. Joseph Health System System-Wide		St. Joseph Health System - California	
	FY 2014	FY 2015	FY 2014	FY 2015
Patient Service Revenue, Net of Contractual Allowances and Discounts	\$4,480,661	\$4,955,644	\$3,482,028	\$3,848,303
Provision for Doubtful Accounts	\$205,438	\$182,093	\$152,695	\$133,150
<b>Net Patient Service Revenue, Net of Provision for Doubtful Accounts</b>	<b>\$4,275,223</b>	<b>\$4,773,551</b>	<b>\$3,329,333</b>	<b>\$3,715,153</b>
Premium and Capitation Revenues	\$1,130,559	\$1,192,711	\$316,304	\$137,830
Other Revenues	\$225,884	\$272,254	\$66,751	\$69,744
<b>Total Revenues</b>	<b>\$5,631,666</b>	<b>\$6,238,516</b>	<b>\$3,712,388</b>	<b>\$3,922,727</b>
Compensation and Benefits	\$2,467,614	\$2,535,488	\$1,710,935	\$1,690,419
Supplies and Other	\$1,139,382	\$1,494,824	\$813,735	\$1,093,027
Professional Fees and Purchased Services	\$1,598,746	\$1,705,587	\$699,878	\$545,945
Depreciation and Amortization	\$303,521	\$343,777	\$237,237	\$243,515
Interest	\$110,737	\$103,460	\$84,235	\$79,014
Impairment of Goodwill	\$27,754	-	\$1,002	-
<b>Total Expenses</b>	<b>\$5,647,754</b>	<b>\$6,183,136</b>	<b>\$3,547,022</b>	<b>\$3,651,920</b>
Operating Income	(\$16,088)	\$55,380	\$165,366	\$270,807
Net Nonoperating Gains	\$324,875	\$4,899	\$297,152	\$39,652
<b>Excess of Revenues Over Expenses</b>	<b>\$308,787</b>	<b>\$60,279</b>	<b>\$462,518</b>	<b>\$310,459</b>
Less Excess of Revenues of Expenses Attributable to Noncontrolling Interests	\$15,985	\$17,192	\$17,443	\$20,106
<b>Excess of Revenues Over Expenses Attributable to Controlling Interests</b>	<b>\$292,802</b>	<b>\$43,087</b>	<b>\$445,075</b>	<b>\$290,353</b>
Excess of Revenues Over Expenses Attributable to Controlling Interests	\$292,802	\$43,087	-	-
Net Assets Related from Restrictions and Other Attributable to Controlling Interests	\$2,425	\$50,773	-	-
Increase in Unrestricted Net Assets Attributable to Controlling Interests	\$295,227	\$93,860	-	-
Excess of Revenues Over Expenses Attributable to Noncontrolling Interests	\$15,985	\$17,192	-	-
Net Assets Related from Restrictions and Other Attributable to Noncontrolling Interests	\$15,221	\$21,204	-	-
Increase in Unrestricted Net Assets Attributable to Noncontrolling Interests	\$31,206	\$38,396	-	-
<b>Increase in Unrestricted Net Assets</b>	<b>\$326,433</b>	<b>\$132,256</b>	<b>-</b>	<b>-</b>
Net Restricted Contributions and Other	\$60,205	\$83,073	-	-
Restricted Net Assets Released from Restrictions	(\$33,384)	(\$47,459)	-	-
Increase in Temporarily and Permanently Restricted Net Assets	\$26,821	\$35,614	-	-
<b>Increase in Net Assets</b>	<b>\$353,254</b>	<b>\$167,870</b>	<b>-</b>	<b>-</b>
<b>Net Assets at Beginning of Period</b>	<b>\$4,963,861</b>	<b>\$5,317,115</b>	<b>-</b>	<b>-</b>
<b>Net Assets at End of Period</b>	<b>\$5,317,115</b>	<b>\$5,484,985</b>	<b>-</b>	<b>-</b>

Source: St. Joseph Health Consolidated Financial Statements and Supplementary Information, FY 2014 and 2015 (Ernst & Young LLP)

Note: The increase in unrestricted net assets, the increase in net assets, the net assets at beginning of period, and the increase in temporarily and permanently restricted net assets are unavailable for St. Joseph Health System - California

### St. Joseph Health System's System-Wide Performance

St. Joseph Health System's audited consolidated financial statements for FY 2014 and FY 2015 display the system-wide performance of the entity and its affiliates.

- Net patient service revenue (less provision for bad debts) of \$4.8 billion in FY 2015 represents a net increase of approximately \$500 million (11.7%) as compared to FY 2014. Total revenues increased by \$607 million (10.8%) to \$6.2 billion in FY 2015;
- Total expenses increased by 9.5% in FY 2015 to \$6.2 billion. St. Joseph Health System's salaries and benefits expense accounted for approximately 43.7% of total expenses;
- In FY 2015, St. Joseph Health System realized a net non-operating gain of \$4.9 million, representing a substantial decrease from the net non-operating gain of \$324.9 million in FY 2014. Included in non-operating gains is interest, dividends, and realized gains on sales of marketable securities of \$154.7 million and \$174.7, net of related fees, for the fiscal years ended June 30, 2015 and 2014, respectively. Also included in non-operating gains are unrealized losses of \$102.6 million and net unrealized gains of approximately

\$182 million for fiscal years 2015 and 2014 respectively; and

- Operating income increased from a loss of \$16.1 million in FY 2014 to a gain of \$55.4 million in FY 2015. Excess of revenues over expenses decreased from \$308.8 million in FY 2014 to \$60.3 million in FY 2015 in part due to a large decrease in the net non-operating gain.

### **St. Joseph Health System's California Performance**

St Joseph Health System California's consolidated financial statements for FY 2014 and FY 2015 report the performance of St. Joseph Health System's Northern and Southern California entities and affiliates. St. Joseph Health System's Northern and Southern California performance displays increasing operating revenues and operating incomes year over year.

- Net patient service revenue (less provision for bad debts) of \$3.72 billion in FY 2015 represents a net increase of approximately \$385.8 million (11.6%) as compared to FY 2014. Total revenues increased by \$210.3 million (5.7%) to \$3.92 billion in FY 2015;
- Total expenses increased by approximately 3.0% in FY 2015 to \$3.7 billion. Compensation and benefits expense accounted for approximately 46.3% of total expenses in FY 2015;
- In FY 2015, St. Joseph Health System's Northern and Southern California entities realized a net non-operating gain of \$39.7 million, representing a substantial decrease from the net non-operating gain of \$297.2 million in FY 2014; and
- Operating income increased from \$165.4 million in FY 2014 to \$270.81 million in FY 2015. Excess of revenues over expenses decreased by 33% from \$462.52 million in FY 2014 to \$310.5 million in FY 2015.

## PROFILE OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-TORRANCE

### *Overview of Providence Little Company of Mary Medical Center-Torrance*

Providence Health & Services-Southern California operates Little Company-Torrance, a 442 licensed-bed general acute care facility, located at 4101 Torrance Boulevard in Torrance. Little Company-Torrance has a “basic” emergency department<sup>10</sup> with 29 licensed treatment stations. It also has 11 surgical operating rooms and two cardiac catheterization labs.

BED DISTRIBUTION 2015	
Bed Type	Number of Beds
General Acute Care	230
Intensive Care	28
Neonatal Intensive Care	34
Pediatric	13
Perinatal	22
<b>Total General Acute Care Beds</b>	<b>327</b>
Skilled Nursing (D/P)	115
<b>Total Licensed Beds</b>	<b>442</b>

Source: Hospital License 2015

The 115 licensed skilled nursing beds provide transitional care services for patients at the Transitional Care Center, located at 4320 Maricopa Street in Torrance. The Transitional Care Center is located approximately 0.2 miles from Little Company-Torrance’s campus.

### **Providence Little Company of Mary Foundation**

Providence Little Company of Mary Foundation is the philanthropic foundation in support of Little Company-Torrance. Providence Little Company of Mary Foundation raises funds through charitable donations, planned gifts, and appreciated securities in order to fund advanced medical technology and facilities. In recent years, the funds raised by Providence Little Company of Mary Foundation have supported the planning and development of the Cardiovascular Center for Excellence, new CT scan equipment, portable imaging equipment, and modernized operating suites.

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

## Key Statistics

KEY STATISTICS: FY 2012 - 2014			
	FY 2012	FY 2013	FY 2014
Inpatient Discharges	20,921	19,905	19,438
Licensed Beds	442	442	442
Patient Days	90,969	90,641	87,600
Average Daily Census	249	248	240
Occupancy	56.3%	56.1%	54.3%
Average Length of Stay	4.3	4.6	4.5
Emergency Services Visits <sup>1</sup>	66,946	68,300	72,579
Cardiac Catheterization Procedures <sup>1</sup>	2,378	2,507	2,910
Coronary Artery Bypass Graft (CABG) Surgeries <sup>1</sup>	79	59	79
Total Live Births	2,739	2,670	2,654

Physicians on Medical Staff	905
Employees (Full-Time Equivalents) <sup>2</sup>	1,766

Sources: OSHPD Disclosure Reports, 2012-2014 & Little Company-Torrance

<sup>1</sup> OSHPD Alerts Annual Utilization Reports

<sup>2</sup> Providence Health & Services

For FY 2014, Little Company-Torrance had a total of 19,438 inpatient discharges, 87,600 patient days, and an average daily census of 240 patients (approximately 54% occupancy on the total licensed beds).

- Since FY 2012, both inpatient discharges and patient days have decreased by approximately 7% and 4%, respectively;
- In FY 2014, Little Company-Torrance reported 72,579 emergency department visits, an 8% increase since FY 2012;
- In FY 2014, Little Company-Torrance reported approximately 2,910 cardiac catheterization cases and 79 coronary artery bypass graft surgeries; and
- Between FY 2012 and FY 2014, total live births at Little Company-Torrance have decreased by 3% from 2,739 in FY 2012 to 2,654 in FY 2014.

## ***Programs & Services***

Little Company-Torrance offers a broad spectrum of medical services, including cardiology, oncology, neonatal intensive care, obstetric, pediatric, and emergency services.

- Blood donation services include: Blood donation for hospitalized patients in partnership with American Red Cross;
- Oncology services include: Education, prevention, screening, detection, and treatment, including Intensity Modulated Radiation Therapy, rehabilitation, support groups, and long-term follow-up care;
- Emergency services include: 24-hour “basic” emergency department services including 29 licensed treatment stations. The emergency department is a designated Paramedic Base Station, STEMI Receiving Center, Paramedic Base Station, and Emergency Department Approved for Pediatrics;
- Diabetes services include: Self-management education, blood-glucose monitoring, and insulin injections, and the Cardiometabolic Health Center, which provides diagnostic services for individuals at risk for diabetes;
- Heart and vascular services include: Non-invasive diagnostic testing, invasive diagnostic and interventional therapy, comprehensive screening, and STEMI Receiving Center services;
- Home health services include: Patient assessment and monitoring, bedside protime monitoring, IV therapy, total parenteral nutrition, gastric feeding tube, V.A.C. therapy, pain management, injections, and ostomy management;
- Imaging services include: CT, MRI, PET/CT, ultrasound, diagnostic imaging, nuclear medicine, digital mammography, breast MRI, and diagnostic breast evaluation;
- Neurology and stroke services include: Primary Stroke Center services and diagnosis, and treatment and rehabilitation for neurological injuries, disorders, and diseases;
- Neonatal intensive care services include: Neonatal intensive care for premature births, difficult deliveries, breathing problems, infections, and birth defects;
- Obstetric services include: Prenatal, labor and delivery, and postpartum services;
- Orthopedic services include: Diagnosis, treatment, and rehabilitation for musculoskeletal injuries, fractures, and pain, including partial knee replacement and sports medicine services;

- Pediatric services include: Pediatric hospitalist services that include admission history, physical exam, testing, evaluation, procedures, and stabilization services. Little Company-Torrance's emergency department is designated as an Emergency Department Approved for Pediatrics to provide specialized care for pediatric emergencies;
- Rehabilitation services include: Inpatient and outpatient rehabilitation services that include physical, occupational, and speech therapy for neurological disorders, Parkinson's disease, cerebrovascular accidents, multiple sclerosis, muscular dystrophy, traumatic brain injury, rheumatic disorders, and infant and pediatric developmental disorders;
- Transitional care services include: The Transitional Care Center provides skilled nursing care for patients transitioning from inpatient acute care to home;
- Surgery services include: Minimally invasive surgery to treat bladder cancer, coronary artery disease, endometriosis, gynecologic cancer, uterine bleeding, kidney disorders, kidney cancer, prostate cancer, and uterine fibroids; and
- Women's health services include: Reproductive health, irregular menstruation, fibroid tumors, incontinence, menopause, and imaging services that include digital mammography, breast MRI, diagnostic breast evaluation, ultrasound, non-surgical biopsy.

### ***Accreditations, Certifications, & Awards***

Little Company-Torrance is accredited by The Joint Commission, effective September 2015 through September 2018. Over the years, Little Company-Torrance has received several awards and accolades as a provider of quality care, some of which include the following:

- Designation as an Emergency Department Approved for Pediatrics by the Los Angeles County Health Department;
- Certification as a Primary Stroke Center by The Joint Commission, effective November 2014 through November 2016;
- The 2012 "A" in Patient Safety Award from the Leapfrog Group;
- A Certificate of Achievement from Patient Safety First for reducing the number of premature births;
- The 2015 Distinguished Hospital Clinical Excellence Award by HealthGrades; and



- The 2013 Spine Surgery Excellence Award, Prostatectomy Excellence Award, and Orthopedic Surgery Excellence Award by HealthGrades.

## Quality Measures

The Hospital Value-Based Purchasing Program, established by the ACA in 2012, encourages hospitals to improve the quality and safety of care. Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payments and payment reductions by determining hospital performance on the following three sets of measures: timely and effective care, surveys of patient experience, and 30-day mortality rates for heart attack, heart failure, and pneumonia patients. In FY 2015, the Centers for Medicare & Medicaid Services rewarded Little Company-Torrance with a 0.01% Medicare payment bonus. For FY 2016, the Centers for Medicare & Medicaid services will reward Little Company-Torrance with a 0.13% payment bonus.

The following table reports Little Company-Torrance's most recent scores as reported by Hospital Compare for each of the measures within the four domains in comparison to the California and national averages:

QUALITY SCORES COMPARISON				
Domain	Measure	Little Company-Torrance	California Average	National Average
Clinical Process of Care Domain	Average of Acute Myocardial Infarction, Heart Failure, Pneumonia, Surgical Care Improvement & Healthcare Associated Infection Measures	99.3%	97.6%	97.3%
Patient Experience of Care Domain	Average of Measures for the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey	68.5%	67.0%	71.0%
Outcome Domain	Average of Outcome Measures for Acute Myocardial Infarction, Heart Failure & Pneumonia 30-Day Mortality Rates & Central-Line Bloodstream Infection Rates	12.3%	12.1%	12.4%
Efficiency Domain	Medicare Spending per Beneficiary Ratio	0.97	0.99	0.98

Source: Medicare.gov Hospital Compare, 2015

- For the clinical process of care domain, Little Company-Torrance scored above (99.3%) the California average (97.6%) and the national average (97.3%);
- Little Company-Torrance scored between (68.5%) the California average (67.0%) and the national average (71.0%) for the patient experience of care domain;
- Within the outcome domain, Little Company-Torrance has similar 30-day mortality rates and central-line bloodstream infection rates (12.3%) compared to the California and national averages (12.1% and 12.4%, respectively); and
- With a ratio of 0.97, Little Company-Torrance spends less per patient for an episode of care initiated at its facility than California hospitals (0.99) and national hospitals (0.98).

The Hospital Readmissions Reduction Program<sup>11</sup>, 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. In FY 2016, 224 California hospitals will be penalized at an average of 0.40%. 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.

Little Company-Torrance was penalized by a 0.59% reduction in reimbursement in FY 2014 and a 0.48% reduction in reimbursement in FY 2015. The following graph shows Little Company-Torrance's 30-day readmission rates for heart attack, heart failure, and pneumonia patients:

30-DAY READMISSION RATES			
Condition	Little Company-Torrance	National Average	California Average
Heart Attack	19.4%	17.0%	17.0%
Heart Failure	22.5%	22.0%	22.1%
Pneumonia	15.6%	16.9%	16.9%
<b>Average 30-Day Readmission Rate</b>	<b>19.2%</b>	<b>18.6%</b>	<b>18.6%</b>

Source: IPRO & Medicare.gov Hospital Compare, 2015

- Little Company-Torrance had more 30-day readmissions (19.2%) than the national and statewide averages of 18.6%; and
- Little Company-Torrance will be penalized with a 0.89% reduction in reimbursement in FY 2016.

<sup>11</sup> The formula for determining hospital reimbursement payments under the Hospital Readmissions Reduction Program is complicated, varies by hospital and geographic location, and may not correspond directly to state and national hospital averages.

## Seismic Issues

Using the HAZUS seismic criteria<sup>12</sup>, Little Company-Torrance'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. These classifications require that Little Company-Torrance's structures undergo construction to comply with the California Office of Statewide Health Planning and Development's seismic safety standards.

SEISMIC OVERVIEW		
Building	SPC Compliance Status	NPC Compliance Status
1) Original Hospital	SPC-2	NPC-2
2) 11 Technology Center & Lab	SPC-5s*	NPC-4
3) West Tower Building	SPC-5s*	NPC-2
4) Radiation Therapy Building Walkway	SPC-5s*	NPC-2
5) Dining Room Addition	SPC-4s*	NPC-3
6) Generator Building	SPC-5	NPC-2
7) ER/Cardiac Wing	SPC-2	NPC-2
8) Administrative Wing	SPC-2	NPC-3
9) South Tower Addition	SPC-5	NPC-4
10) Earl Street Loading Dock Improvement	SPC-5s*	NPC-4
11) South Tower Building	SPC-4s*	NPC-2
12) 11 Central Plant	SPC-5s*	NPC-4
13) Dietary Loading Dock and Storage	SPC-5s*	-
14) Entrance Canopy	SPC-3s*	NPC-3
15) Radiation Therapy Building	SPC-5s*	NPC-3

Source: OSHPD

\* "S" indicates rating as self-reported by hospital

- Little Company-Torrance has three buildings that are rated as SPC-2. These buildings must be seismically retrofitted by January 1, 2030 in order to continue providing the delivery of acute care services.

<sup>12</sup> OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

## Patient Utilization Trends

The following table shows volume trends at Little Company-Torrance for FY 2010 through FY 2014:

SERVICE VOLUMES: FY 2010-2014					
PATIENT DAYS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Medical/Surgical	37,011	38,043	36,701	36,231	33,729
Neonatal Intensive Care	3,868	4,635	3,687	4,250	4,166
Intensive Care	8,559	8,271	7,654	7,462	6,885
Pediatric Acute	1,458	1,466	1,339	1,570	1,374
Obstetrics	8,109	7,997	7,660	7,634	7,459
Skilled Nursing	25,010	22,666	23,106	23,427	23,155
Definitive Observation	11,826	12,596	10,822	10,067	10,832
<b>Total</b>	<b>95,841</b>	<b>95,674</b>	<b>90,969</b>	<b>90,641</b>	<b>87,600</b>
DISCHARGES					
Medical/Surgical	9,650	9,707	10,995	10,447	9,911
Neonatal Intensive Care	209	211	232	237	192
Intensive Care	589	595	668	567	525
Pediatric Acute	578	575	587	689	621
Obstetrics	3,028	3,011	2,851	2,798	2,821
Skilled Nursing	2,370	2,353	2,245	2,226	2,221
Definitive Observation	2,801	2,829	3,343	2,941	3,147
<b>Total</b>	<b>19,225</b>	<b>19,281</b>	<b>20,921</b>	<b>19,905</b>	<b>19,438</b>
AVERAGE LENGTH OF STAY					
Medical/Surgical	3.8	3.9	3.3	3.5	3.4
Neonatal Intensive Care	18.5	22.0	15.9	17.9	21.7
Intensive Care	14.5	13.9	11.5	13.2	13.1
Pediatric Acute	2.5	2.5	2.3	2.3	2.2
Obstetrics	2.7	2.7	2.7	2.7	2.6
Skilled Nursing	10.6	9.6	10.3	10.5	10.4
Definitive Observation	4.2	4.5	3.2	3.4	3.4
<b>Total</b>	<b>5.0</b>	<b>5.0</b>	<b>4.3</b>	<b>4.6</b>	<b>4.5</b>
AVERAGE DAILY CENSUS					
Medical/Surgical	101.4	104.2	100.6	99.3	92.4
Neonatal Intensive Care	10.6	12.7	10.1	11.6	11.4
Intensive Care	23.4	22.7	21.0	20.4	18.9
Pediatric Acute	4.0	4.0	3.7	4.3	3.8
Obstetrics	22.2	21.9	21.0	20.9	20.4
Skilled Nursing	68.5	62.1	63.3	64.2	63.4
Definitive Observation	32.4	34.5	29.6	27.6	29.7
<b>Total</b>	<b>262.6</b>	<b>262.1</b>	<b>249.2</b>	<b>248.3</b>	<b>240.0</b>
OTHER SERVICES					
Inpatient Surgeries	4,087	4,186	4,156	4,071	3,484
Outpatient Surgeries	4,047	4,162	4,092	4,157	4,121
Emergency Visits <sup>1</sup>	61,247	62,243	66,946	68,300	72,579
Cardiac Catheterization Procedures <sup>1</sup>	912	2,962	2,378	2,507	2,910
Obstetric Deliveries	2,892	2,831	2,739	2,670	2,654

Sources: OSHPD Disclosure Reports, FY 2010-2014 & Little Company-Torrance

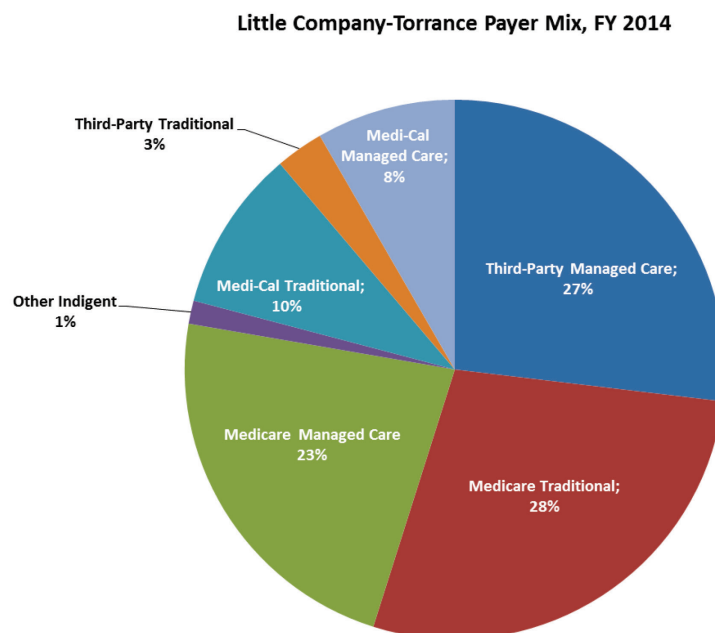
<sup>1</sup> OSHPD Alerts Annual Utilization Reports

A review of historical utilization trends between FY 2010 and FY 2014 supports the following conclusions:

- Total patient days have decreased by 9% over the five-year period;
- Inpatient discharges have remained relatively stable over the five-year period;
- The average daily census has decreased 9% from 263 patients in FY 2010 to 240 patients in FY 2014;
- In FY 2014, Little Company-Torrance reported an average daily census of 177 patients excluding the skilled nursing services; and
- Obstetric deliveries have decreased 8% from 2,892 in FY 2010 to 2,654 in FY 2014.

### ***Payer Mix***

In FY 2014, approximately 51% of Little Company-Torrance's inpatient payer mix consisted of Medicare Traditional (28%) and Medicare Managed Care (23%) patients. Approximately 30% of Little Company-Torrance's inpatient payer mix consisted of Third-Party Managed Care (27%) and Third-Party Traditional (3%) patients. In addition, approximately 18% of Little Company-Torrance's inpatient payer mix consisted of Medi-Cal Traditional (10%) and Medi-Cal Managed Care (8%) patients. The remaining 1% of the inpatient discharges is attributed to Other Indigent patients.



**Total Discharges = 19,438**

Source: OSHPD Financial Disclosure Report, FY 2014 (based on inpatient discharges).

The following table illustrates Little Company-Torrance's inpatient discharge payer mix compared to Los Angeles County and the State of California for FY 2014. The comparison shows that Little Company-Torrance has higher percentages of Medicare Managed Care and Third-Party Managed Care patients and lower percentages of Medi-Cal Traditional and Medi-Cal Managed Care patients relative to other hospitals in Los Angeles County and the State of California.

PAYER MIX COMPARISON						
	Little Company-Torrance (FY 2014)		Los Angeles County (FY 2014)		California (FY 2014)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	1,865	9.6%	157,394	18.5%	448,311	15.8%
Medi-Cal Managed Care	1,602	8.2%	135,429	16.0%	435,129	15.3%
<b>Medi-Cal Total</b>	<b>3,467</b>	<b>17.8%</b>	<b>292,823</b>	<b>34.5%</b>	<b>883,440</b>	<b>31.1%</b>
Medicare Traditional	5,386	27.7%	233,810	27.5%	805,912	28.4%
Medicare Managed Care	4,394	22.6%	85,330	10.1%	273,709	9.6%
<b>Medicare Total</b>	<b>9,780</b>	<b>50.3%</b>	<b>319,140</b>	<b>37.6%</b>	<b>1,079,621</b>	<b>38.0%</b>
Third-Party Managed Care	5,173	26.6%	158,487	18.7%	610,781	21.5%
<b>Third-Party Managed Care Total</b>	<b>5,173</b>	<b>26.6%</b>	<b>158,487</b>	<b>18.7%</b>	<b>610,781</b>	<b>21.5%</b>
Third-Party Traditional	552	2.8%	30,357	3.6%	121,054	4.3%
Other Payers	60	0.3%	22,969	2.7%	62,617	2.2%
Other Indigent	267	1.4%	7,231	0.9%	32,930	1.2%
County Indigent	0	0.0%	17,931	2.1%	51,759	1.8%
<b>Other Total</b>	<b>879</b>	<b>4.5%</b>	<b>78,488</b>	<b>9.2%</b>	<b>268,360</b>	<b>9.4%</b>
<b>Total</b>	<b>19,438</b>	<b>100%</b>	<b>848,938</b>	<b>100%</b>	<b>2,842,202</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2014

## Medi-Cal Managed Care

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

Los Angeles County has a Two-Plan Model for managed care that offers Medi-Cal beneficiaries a "Local Initiative" and a "commercial plan." In FY 2014, Los Angeles County had approximately 300,000 inpatient discharges from patients with either Medi-Cal Traditional (55%) or Medi-Cal Managed Care coverage (45%). The percentage of Los Angeles County residents with Medi-Cal Managed Care coverage is expected to increase significantly as a result of the ACA and state initiatives to expand managed care.

L.A. Care Health Plan is the Local Initiative plan for Los Angeles County. Medi-Cal beneficiaries can choose L.A. Care Health Plan or one of the contracting partners that include Blue Cross of California, Care 1<sup>st</sup>, Community Health Plan, and Kaiser Permanente. The second Medi-Cal plan in Los Angeles County is a private commercial plan provided by Health Net Community Solutions, Inc., in partnership with Molina Healthcare. Currently, Little Company-Torrance is not

contracted with either the Local Initiative or commercial Medi-Cal managed care plans.

## Medical Staff

Little Company-Torrance has 905 medical staff members representing multiple specialties. The five largest specialties comprising 34% of the medical staff include: hospitalists, pediatrics, obstetrics-gynecology, orthopedic surgery, and cardiology. Of the 905 members on the medical staff, 456 members are considered “active” users of Little Company-Torrance (representing approximately 50% of the medical staff).

Little Company-Torrance is affiliated with Providence Medical Associates, Providence Specialty Medical Group, and HealthCare Partners.

MEDICAL STAFF PROFILE 2016					
Specialty	Count	% of Total	Specialty	Count	% of Total
Anesthesiology	32	3.5%	Oncology	9	1.0%
Cardiology	46	5.1%	Ophthalmology	23	2.5%
Cardiothoracic Surgery	1	0.1%	Oral/Maxillofacial Surgery	10	1.1%
Cardiovascular Disease	3	0.3%	Orthopedic Surgery	51	5.6%
Cardiovascular Surgery	4	0.4%	Otolaryngology	18	2.0%
Clinical Psychology	1	0.1%	Pain Management	13	1.4%
Colon/Rectal Surgery	4	0.4%	Palliative Care	6	0.7%
Dermatology	4	0.4%	Pathology	14	1.5%
Emergency Medicine	36	4.0%	Pediatric Allergy/Immunology	1	0.1%
Endocrinology	11	1.2%	Pediatric Cardiology	3	0.3%
Family Practice	35	3.9%	Pediatric Dentistry	4	0.4%
Gastroenterology	32	3.5%	Pediatric Emergency Medicine	4	0.4%
General Surgery	32	3.5%	Pediatric Gastroenterology	1	0.1%
Geriatrics	1	0.1%	Pediatric Hematology	1	0.1%
Gynecology	6	0.7%	Pediatric Neurology	1	0.1%
Gynecological Oncology	2	0.2%	Pediatric Surgery	4	0.4%
Hematology	8	0.9%	Pediatrics	67	7.4%
Hematology Oncology	4	0.4%	Perinatology	1	0.1%
Hospitalist	90	9.9%	Physical Medicine & Rehabilitation	4	0.4%
Infectious Disease	11	1.2%	Plastic Surgery	21	2.3%
Intensivist	9	1.0%	Podiatry	18	2.0%
Internal Medicine	41	4.5%	Psychiatry	4	0.4%
Interventional Cardiology	2	0.2%	Pulmonary Disease	14	1.5%
Maternal/Fetal Medicine	11	1.2%	Radiology	15	1.7%
Neonatology	8	0.9%	Radiation Oncology	9	1.0%
Nephrology	26	2.9%	Radiation Therapy	3	0.3%
Neurology	11	1.2%	Reproductive Endocrinology	3	0.3%
Neurophysiology	2	0.2%	Rheumatology	7	0.8%
Neurosurgery	8	0.9%	Thoracic Surgery	5	0.6%
Nuclear Medicine	1	0.1%	Urology	25	2.8%
Obstetrics	3	0.3%	Vascular Surgery	4	0.4%
Obstetrics-Gynecology	57	6.3%	-	-	-
<b>Total Medical Staff</b>	<b>905</b>				

Source: Providence Health & Services



## Unionized Employees

Little Company-Torrance has a Collective Bargaining Agreement (CBA)<sup>13</sup> with California Nurses Association through June 30, 2019 that represents 827 employees. In total, approximately 33% of Little Company-Torrance's employees are covered by CBAs.

EMPLOYEES REPRESENTED BY UNIONS	
Union	Total
California Nurses Association	827
<b>Total Employees Represented by Unions</b>	<b>827</b>
Total Non-Union Employees	1,678
<b>Total Employees</b>	<b>2,505</b>
<b>Total Percentage of Employees Represented by Unions</b>	<b>33%</b>

Source: Providence Health & Services

## Financial Profile

Over the five reported fiscal years, Little Company-Torrance's net income has fluctuated from \$22.8 million in FY 2010 to a loss of \$52.9 million in FY 2014. Much of the reported losses in FY 2014 can be attributed to the large increase in operating expenses of nearly \$50 million between FY 2013 and FY 2014 while operating revenue increased only \$4.5 million over the same period. Other operating revenue, totaling more than \$7 million in FY 2014, has served to offset a portion of the increased operating expenses. Other operating revenue represents amounts received for services that are central to the provision of healthcare services, but are not directly related to patient care.

Little Company-Torrance's current ratio<sup>14</sup> has increased over the last five years from 1.17 in FY 2010 to 1.78 in FY 2014 (the California average in 2014 was 1.72). Little Company-Torrance's percentage of bad debt is approximately 0.7% and is higher than the California average of 1.3%.

<sup>13</sup> A Collective Bargaining Agreement is an agreement between employers and employees aimed at regulating working conditions.

<sup>14</sup> The current ratio compares a company's total 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.

FINANCIAL AND RATIO ANALYSIS: FY 2010-2014						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	-
Patient Days	95,841	95,674	90,969	90,641	87,600	-
Discharges	19,225	19,281	20,921	19,905	19,438	-
ALOS	5.0	5.0	4.3	4.6	4.5	-
Net Patient Revenue	\$317,570,875	\$327,920,508	\$338,320,260	\$348,468,109	\$353,195,663	-
Other Operating Revenue	\$5,342,828	\$6,720,279	\$8,549,647	\$7,324,226	\$7,053,043	-
Total Operating Revenue	\$322,913,703	\$334,640,787	\$346,869,907	\$355,792,335	\$360,248,706	-
Operating Expenses	\$306,509,094	\$330,919,180	\$338,792,293	\$344,311,078	\$392,191,129	-
Net from Operations	\$16,404,609	\$3,721,607	\$8,077,614	\$11,481,257	(\$31,942,423)	-
Net Non-Operating Revenue	\$6,718,486	\$4,450,061	\$5,147,600	\$5,246,536	\$4,271,996	-
Net Income	\$22,780,419	\$7,227,346	\$12,026,393	\$16,119,232	(\$52,858,954)	-
						2014 California Average
Current Ratio	1.17	1.16	1.15	1.14	1.78	1.72
Days in A/R	42.3	40.7	38.1	39.7	52.2	62.2
Bad Debt Rate	0.9%	0.9%	0.7%	0.6%	0.7%	1.3%
Operating Margin	5.08%	1.11%	2.33%	3.23%	-8.87%	2.48%

Source: OSHPD Disclosure Reports, 2010-2014

## Cost of Hospital Services

Little Company-Torrance's operating cost of services includes both inpatient and outpatient care. In FY 2014, approximately 48% of total costs were associated with Medicare patients, 32% with Third Party payers, and 17% with Medi-Cal patients. The remaining 3% is attributed to Other Indigent. In FY 2014, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

COST OF SERVICES BY PAYER CATEGORY 2010-2014					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Expenses	\$306,509,094	\$330,919,180	\$338,792,293	\$344,311,078	\$392,191,129
Cost of Services By Payer:					
Medicare	\$144,720,312	\$156,704,828	\$162,744,729	\$164,267,056	\$187,243,561
Medi-Cal	\$41,606,443	\$44,637,058	\$43,335,646	\$47,747,563	\$67,857,370
County Indigent	\$0	\$0	\$0	\$0	\$0
Third Party	\$107,691,549	\$115,261,064	\$117,742,683	\$118,586,592	\$125,233,714
Other Indigent	\$5,363,795	\$7,253,571	\$12,512,414	\$11,558,885	\$8,927,836
Other Payers	\$7,126,994	\$7,062,659	\$2,456,822	\$2,150,982	\$2,928,648

Source: OSHPD Disclosure Reports, 2010-2014

## Charity Care

According to OSHPD, Little Company-Torrance's charity care charges have decreased from \$55.0 million in FY 2011 to approximately \$23.3 million in FY 2015. The five-year average for charity charges was approximately \$49.1 million.

CHARITY CARE	
TOTAL CHARGES: FY 2011-2015	
Year	OSHPD Disclosure Reports
2015	\$23,301,210
2014	\$41,656,412
2013	\$60,576,287
2012	\$65,131,977
2011	\$55,007,595
<b>5-Year Average</b>	<b>\$49,134,696</b>

Source: OSHPD Disclosure Reports, FY 2011-2015 & Providence Health & Services

The following table shows a comparison of charity care and bad debt for Little Company-Torrance and all general acute care hospitals in the State of California. The five-year (FY 2011-2015) average of charity care and bad debt for Little Company-Torrance, as a percentage of gross patient revenue, was 3.5%. This is equal to the four-year statewide average of 3.5%. 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."

CHARITY CARE COMPARISON										
CHARITY CARE - FY 2011-2015										
(Millions)										
	2011		2012		2013		2014		2015	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$1,784.4	\$288,636.7	\$1,763.5	\$303,278.6	\$1,804.4	\$317,543.8	\$1,829.9	\$337,773.2	\$1,999.3	-
Charity	\$55.0	\$6,171.5	\$65.1	\$6,251.0	\$60.6	\$6,209.9	\$41.7	\$4,571.0	\$23.3	-
Bad Debt	\$16.7	\$4,815.5	\$12.8	\$5,007.6	\$11.3	\$5,549.5	\$13.7	\$4,420.4	\$17.0	-
<b>Total</b>	<b>\$71.7</b>	<b>\$10,987.0</b>	<b>\$77.9</b>	<b>\$11,258.6</b>	<b>\$71.8</b>	<b>\$11,759.4</b>	<b>\$55.3</b>	<b>\$8,991.4</b>	<b>\$40.3</b>	<b>-</b>
Charity as a % of Gross Rev.	3.1%	2.1%	3.7%	2.1%	3.4%	2.0%	2.3%	1.4%	1.2%	-
Bad Debt as a % of Gross Rev.	0.9%	1.7%	0.7%	1.7%	0.6%	1.7%	0.7%	1.3%	0.9%	-
Total as a % of Gross Rev.	4.0%	3.8%	4.4%	3.7%	4.0%	3.7%	3.0%	2.7%	2.0%	-
<b>Uncompensated Care</b>										
Cost to Charge Ratio	18.2%	24.6%	18.7%	24.6%	18.7%	24.4%	21.0%	23.5%	20.1%	-
Cost of Charity	\$10	\$1,520.9	\$12.2	\$1,539.1	\$11.3	\$1,514.6	\$8.8	\$1,074.2	\$4.7	-
Cost of Bad Debt	\$3	\$1,186.8	\$2.4	\$1,232.9	\$2.1	\$1,353.5	\$2.9	\$1,038.8	\$3.4	-
<b>Total</b>	<b>\$13</b>	<b>\$2,707.7</b>	<b>\$14.6</b>	<b>\$2,772.0</b>	<b>\$13.4</b>	<b>\$2,868.1</b>	<b>\$11.6</b>	<b>\$2,113.0</b>	<b>\$8.1</b>	<b>-</b>

Source: OSHPD Disclosure Reports, 2011-2015 & Providence Health & Services

The table below shows Little Company-Torrance's historical costs for charity care as reported by OSHPD. Little Company-Torrance's charity care costs have decreased from approximately \$10.0 million in FY 2011 to \$4.7 million in FY 2015. The average cost of charity care for the last five-year period was approximately \$9.4 million.

COST OF CHARITY CARE				
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital	Percent of Total Costs Represented by Charity Care
FY 2015	\$23,301,210	20.1%	\$4,683,543	1.6%
FY 2014	\$41,656,412	21.0%	\$8,767,281	2.2%
FY 2013	\$60,576,287	18.7%	\$11,313,003	3.3%
FY 2012	\$65,131,977	18.7%	\$12,196,655	3.6%
FY 2011	\$55,007,595	18.2%	\$9,994,007	3.0%
<b>5-Year Average</b>	<b>\$49,134,696</b>		<b>\$9,390,898</b>	

Source: OSHPD Disclosure Reports, 2011-2015 & Providence Health & Services

Little Company-Torrance reported the following combined distribution of charity care by inpatient, outpatient, and emergency room charges.

COST OF CHARITY CARE BY SERVICE				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2015:</b>				
Cost of Charity	\$2,056,513	\$98,146	\$1,515,944	\$3,670,604
Visits/Discharges	3,067	146	2,261	
<b>2014:</b>				
Cost of Charity	\$3,846,325	\$171,540	\$4,300,151	\$8,318,015
Visits/Discharges	3,081	137	3,445	
<b>2013:</b>				
Cost of Charity	\$5,767,345	\$223,374	\$4,591,926	\$10,582,646
Visits/Discharges	4,754	184	3,785	
<b>2012:</b>				
Cost of Charity	\$6,565,051	\$196,146	\$4,726,509	\$11,487,706
Visits/Discharges	4,880	146	3,513	
<b>2011:</b>				
Cost of Charity	\$5,396,356	\$1,159,681	\$2,661,013	\$9,217,051
Visits/Discharges	6,141	1,320	3,028	

Source: Providence Health & Services

## Community Benefit Services

Little Company-Torrance has consistently provided a contribution to community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years has been \$6,878,768 per year.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	5-Year Average	Total
Benefits for Persons Living in Poverty	\$3,708,153	\$4,624,877	\$4,863,159	\$2,760,033	\$3,306,241	\$3,852,492	\$19,262,462
Benefits for Broader Community	\$1,586,795	\$1,585,313	\$1,754,766	\$2,338,486	\$3,006,058	\$2,054,283	\$10,271,417
<b>Total</b>	<b>\$5,294,948</b>	<b>\$6,210,189</b>	<b>\$6,617,925</b>	<b>\$5,098,519</b>	<b>\$6,312,299</b>	<b>\$5,906,776</b>	<b>\$29,533,880</b>

Source: Little Company-Torrance

Note: Community Benefit programs and services excludes grants

- Little Company-Torrance's five-year average cost of community benefit services for persons living in poverty is approximately \$3.9 million per year;
- Little Company-Torrance's five-year average cost of community benefit services for the broader community is approximately \$2.1 million per year; and
- Over the five-year period, Little Company-Torrance's combined total cost of community benefit services has increased from \$5.3 million in FY 2011 to \$6.3 million in FY 2015.

Little Company-Torrance's community benefit services over the past five fiscal years included the following programs over \$10,000:

COST OF COMMUNITY BENEFIT SERVICES FY 2011-2015					
Services over \$10,000 in cost:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Cash Donations	\$126,887	\$19,788	\$11,765	\$52,060	\$45,767
Children's Health Insurance Program	\$110,804	\$134,401	\$90,642	\$87,029	\$129,844
Community Outreach/Administration	\$243,125	\$299,230	\$272,080	\$270,413	\$425,867
Creating Opportunities for Physical Activity	\$385,962	\$383,981	\$365,317	\$481,009	\$448,709
El Camino Nursing (LCMH)	\$11,754	-	-	-	-
Health Resource Center	\$36,104	\$35,335	\$40,223	\$17,180	\$16,478
Hospice Bereavement/Gathering Place	\$390,753	\$549,107	\$395,618	\$336,789	\$372,471
Medical Library	\$28,794	\$31,092	\$21,001	\$17,468	-
Mother Joseph Fund	\$116,081	\$102,481	\$102,481	\$102,481	\$140,031
Palliative Care Assessments	\$466,401	\$1,083,539	\$1,212,023	\$552,075	\$720,166
Partners for Healthy Kids (PFHK)	\$424,321	\$457,202	\$448,552	\$412,613	\$468,867
Pastoral Education	\$29,021	\$46,815	\$49,089	\$43,559	-
Preceptorships (Including Urban Scholars)	\$900,051	\$839,260	\$1,140,010	\$1,820,379	\$2,461,043
Preventive Education (GOAL)	\$32,072	\$144,207	\$197,247	\$68,623	\$201,940
Promotoras/Linkage Services/Diabetes Education	\$141,798	\$172,028	\$147,219	\$151,649	\$96,559
Sexual Assault Response Team (SART)	\$103,058	\$46,850	\$41,548	\$23,257	\$30,903
Support Groups	\$5,415	\$5,415	\$12,650	\$12,650	-
Transportation/Taxi Vouchers for Medically Indigent	\$25,063	\$33,217	\$29,198	\$24,007	\$42,917
Trinity Kids Care (Hospice)	\$1,306,124	\$1,255,775	\$1,533,762	\$162,554	\$220,931
Vasek Polak Health Clinic	\$1,050,477	\$987,546	\$780,630	\$755,691	\$565,133

Source: Little Company-Torrance

Note: The cost of community benefit programs reflects direct and indirect expenses

Little Company-Torrance's community benefit services have supported many programs for the community, including health insurance enrollment assistance, physical activity initiatives, mobile health services, and others as described below<sup>15</sup>:

- Cash Donations: Provides cash and in-kind donations to nonprofit community organizations that promote healthy living and provide outreach to vulnerable populations;
- Children's Health Insurance Program: Administers a community-wide initiative to help eligible children and adults enroll in a health insurance plan;
- Community Outreach/Administration: Provides management and oversight of community health programs and outreach activities;
- Creating Opportunities for Physical Activity: Operates a physical activity initiative program designed to increase physical activity in children within elementary schools in underserved communities;
- Health Resource Center: Facilitates health insurance outreach and enrollment, and provides access to Providence support groups;
- Hospice Bereavement/Gathering Place: Operates a community education resource, and coordinates support groups to help children and adults cope with loss;
- Medical Library: Provides information and research services to physicians, students, and other health professionals in training;
- Mother Joseph Fund: Offers financial support for community outreach activities targeting the poor and vulnerable;
- Palliative Care Assessments: Provides hospital-based consultation to patients and physicians related to pain and symptom management for adults with life-threatening illnesses;
- Partners for Healthy Kids: Operates a mobile health clinic that travels to 16 schools across four public school districts to provide children with free health screenings, treatment, immunizations, education, insurance enrollment assistance, and referral services;

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<sup>15</sup> The following community benefit programs and services are no longer being provided and were merged into Preceptorships: El Camino Nursing and Pastoral Education.

- Preceptorships: Provides preceptorships and mentorships for students from local colleges related to a variety of health professions, including pharmacy, respiratory therapy, nursing, and hospice;
- Preventive Education (GOAL): Provides patients with a diabetes self-management education program;
- Promotoras/Linkage Services/Diabetes Education: Provides diabetes classes, support groups, and self-care workshops at Vasek Polak Health Clinic, Providence Wellness and Activity Center, and other community locations;
- Sexual Assault Response Team (SART): Operates the Providence Little Company of Mary SART Center that provides a post-assault forensic exam in a supportive environment and assists in the prosecution of perpetrators;
- Support Groups: Provides ongoing support and linkage to community resources for individuals with chronic health issues;
- Transportation Services/Taxi Vouchers for the Medically Indigent: Provides transportation for individuals who would not otherwise have a way to get home safely;
- Trinity Kids Care (Hospice): Provides unreimbursed healthcare services in the home for children with terminal illnesses; and
- Vasek Polak Health Clinic: Offers primary care for uninsured adults using a low-cost, fixed-priced service delivery model.



## ANALYSIS OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER- TORRANCE'S SERVICE AREA

### *Service Area Definition*

Based upon Little Company-Torrance's 2014 inpatient discharges, Little Company-Torrance's service area is comprised of 34 ZIP Codes from which 83% of its inpatient discharges originated. Approximately 50% of Little Company-Torrance's discharges originated from the top 10 ZIP Codes located in Hawthorne, Torrance, Redondo Beach, Lawndale, Gardena, Carson, and Manhattan Beach. In 2014, Little Company-Torrance's market share in the service area was approximately 15% based on total area discharges.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: 2014						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
90250	Hawthorne	1,961	9.7%	9.7%	9,340	21.0%
90503	Torrance	1,661	8.2%	18.0%	4,371	38.0%
90278	Redondo Beach	1,098	5.4%	23.4%	3,418	32.1%
90260	Lawndale	1,015	5.0%	28.5%	3,120	32.5%
90277	Redondo Beach	899	4.5%	32.9%	3,026	29.7%
90504	Torrance	835	4.1%	37.1%	2,905	28.7%
90247	Gardena	817	4.1%	41.1%	5,222	15.6%
90745	Carson	751	3.7%	44.8%	6,045	12.4%
90501	Torrance	720	3.6%	48.4%	3,867	18.6%
90266	Manhattan Beach	675	3.3%	51.8%	2,419	27.9%
90505	Torrance	657	3.3%	55.0%	3,516	18.7%
90249	Gardena	502	2.5%	57.5%	2,801	17.9%
90275	Rancho Palos Verdes	427	2.1%	59.6%	3,473	12.3%
90304	Inglewood	415	2.1%	61.7%	2,436	17.0%
90254	Hermosa Beach	400	2.0%	63.7%	1,236	32.4%
90303	Inglewood	341	1.7%	65.4%	2,940	11.6%
90274	Palos Verdes Peninsula	333	1.7%	67.0%	2,168	15.4%
90047	Los Angeles	325	1.6%	68.6%	6,888	4.7%
90746	Carson	314	1.6%	70.2%	2,988	10.5%
90301	Inglewood	314	1.6%	71.8%	4,774	6.6%
90044	Los Angeles	303	1.5%	73.3%	11,765	2.6%
90502	Torrance	288	1.4%	74.7%	1,863	15.5%
90731	San Pedro	274	1.4%	76.0%	6,551	4.2%
90717	Lomita	264	1.3%	77.4%	2,241	11.8%
90248	Gardena	239	1.2%	78.5%	1,145	20.9%
90245	El Segundo	227	1.1%	79.7%	1,179	19.3%
90710	Harbor City	217	1.1%	80.7%	2,374	9.1%
90744	Wilmington	198	1.0%	81.7%	4,854	4.1%
90732	San Pedro	157	0.8%	82.5%	2,394	6.6%
90305	Inglewood	101	0.5%	83.0%	1,814	5.6%
90510	Torrance	14	0.1%	83.1%	69	20.3%
90251	Hawthorne	7	0.0%	83.1%	50	14.0%
90261	Lawndale	6	0.0%	83.1%	16	37.5%
90748	Wilmington	5	0.0%	83.2%	62	8.1%
<b>Subtotal</b>		<b>16,760</b>	<b>83.2%</b>	<b>83.2%</b>	<b>113,330</b>	<b>14.8%</b>
Other ZIPs		3,393	16.8%	100%		
<b>Total</b>		<b>20,153</b>	<b>100.0%</b>			

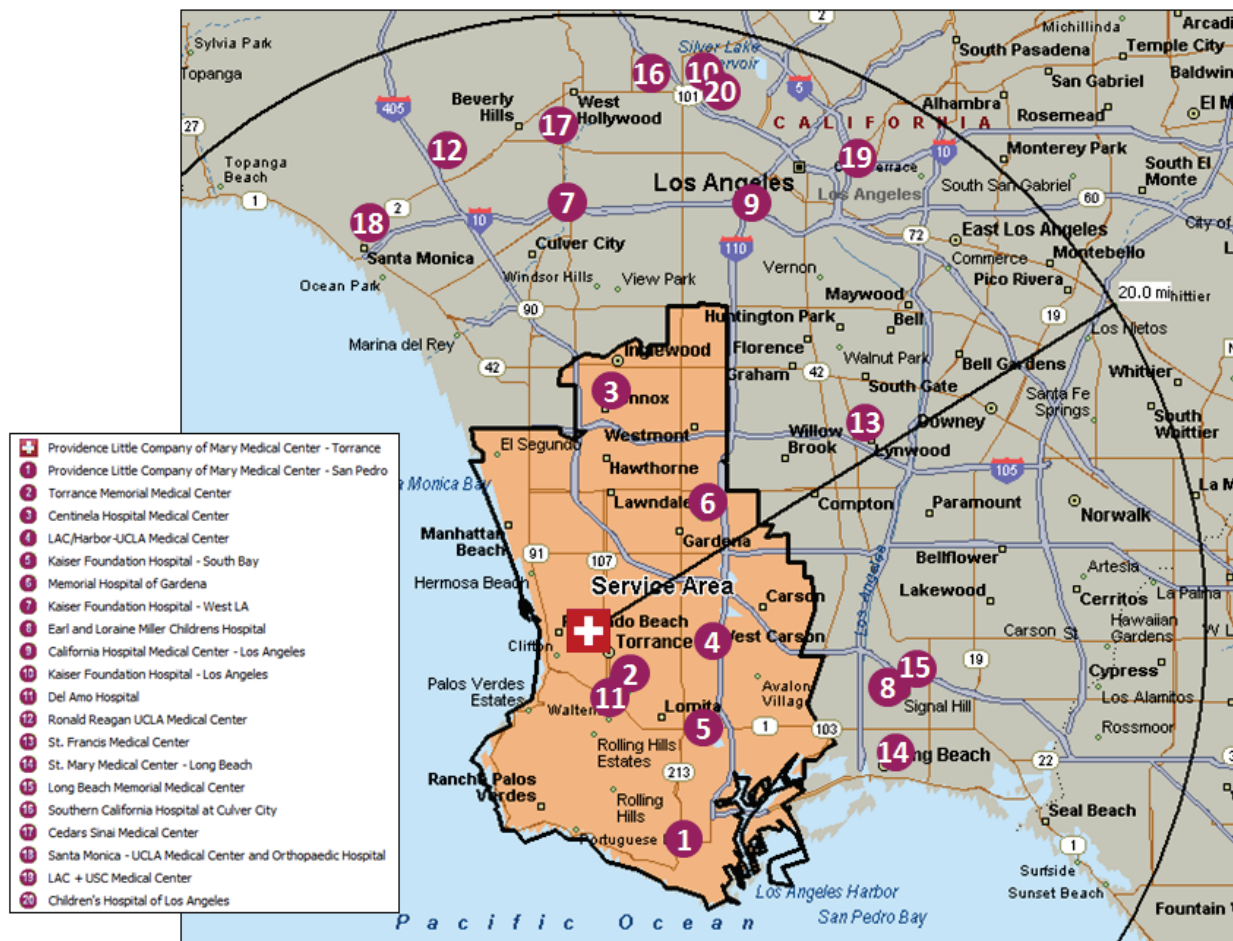
Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

## Service Area Map

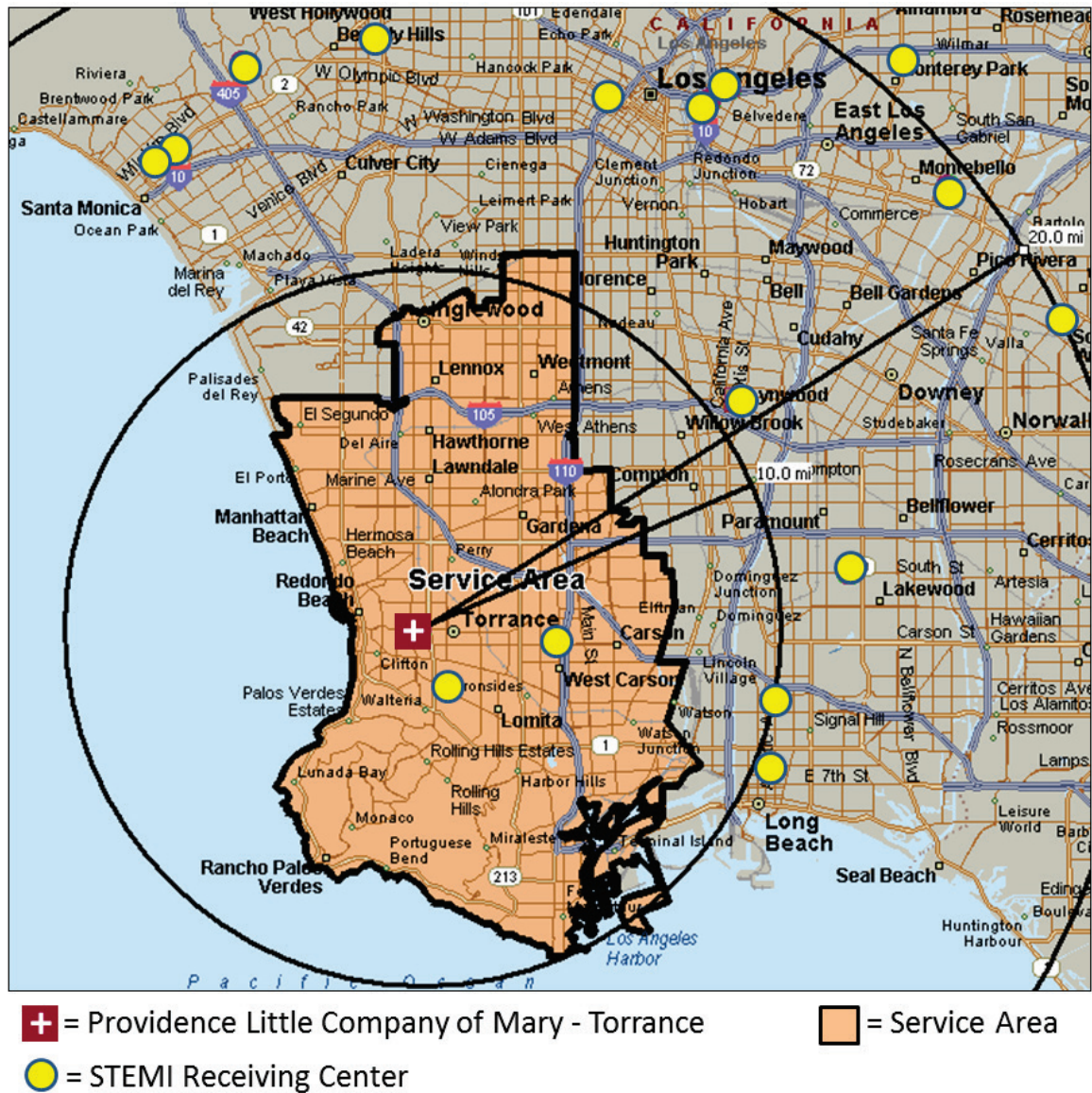
Little Company-Torrance's service area, with approximately 1.2 million residents, includes the communities of Hawthorne, Torrance, Redondo Beach, Lawndale, Gardena, Carson, Manhattan Beach, Gardena, Rancho Palos Verdes, Inglewood, Hermosa Beach, Palos Verdes Peninsula, Los Angeles, San Pedro, Lomita, El Segundo, Harbor City, and Wilmington.

There are seven other hospitals located within Little Company-Torrance's service area, including Little Company-San Pedro, Torrance Memorial Medical Center, Del Amo Hospital, Centinela Hospital Medical Center, Harbor-UCLA Medical Center, Kaiser Foundation Hospitals-South Bay, and Memorial Hospital of Gardena. There are three other hospitals located just outside of the service area and within approximately ten miles from Little Company-Torrance: Earl and Loraine Miller Children's Hospital, St. Mary Medical Center-Long Beach, and Long Beach Memorial Medical Center. Little Company-Torrance ranks second in inpatient market share in the service area.



## Service Area STEMI Receiving Centers

Little Company-Torrance is one of three STEMI Receiving Centers within its service area and is an important provider of percutaneous coronary intervention treatment services for service area residents. Within all of Los Angeles County, there are 32 STEMI Receiving Centers.







## Service Area Certified Stroke Centers

Little Company-Torrance is one of four stroke centers in the service area including Little Company-San Pedro, Torrance Memorial Medical Center, and Kaiser Foundation Hospitals-South Bay. Within all of Los Angeles County, there are 35 certified stroke centers including two Comprehensive Stroke Centers and 33 Primary Stroke Centers certified through The Joint Commission.



-  = Providence Little Company of Mary - Torrance
-  = Service Area
-  = Primary Stroke Center
-  = Comprehensive Stroke Center

## Demographic Profile

Little Company-Torrance's service area is expected to grow 2.2% over the next five years. This is lower than the expected growth rate for both Los Angeles County (2.5%) and the State of California (3.7%).

SERVICE AREA POPULATION STATISTICS			
2015-2020			
	2015 Estimate	2020 Projection	% Change
Total Population	1,126,136	1,151,233	2.2%
Households	385,141	393,805	2.2%
Percentage Female	51.2%	51.0%	-

Source: Esri

The median age of the population of Little Company-Torrance's service area is 37 years and is higher than the State of California median age of 35.7 years. The percentage of adults over the age of 65 years old is the fastest growing age cohort and is forecasted to increase approximately 15% by 2020. The number of women of child-bearing age is expected to increase by only 0.02% over the next five years.

SERVICE AREA POPULATION AGE DISTRIBUTION: 2015-2020				
	2015 Estimate		2020 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	220,720	19.6%	216,660	18.8%
Age 15-44	460,800	40.9%	465,077	40.4%
Age 45-64	294,636	26.2%	297,588	25.8%
Age 65+	149,980	13.3%	171,908	14.9%
<b>Total</b>	<b>1,126,136</b>	<b>100%</b>	<b>1,151,233</b>	<b>100%</b>
Female 15-44	231,081	20.5%	231,126	20.1%
Median Age	37.0	-	37.9	-

Source: Esri

The largest population cohorts in Little Company-Torrance's service area are White (43%), Some Other Race (20%), Asian or Pacific Islander (16%), and Black (17%). Approximately 41% of the service area population is of Hispanic ethnicity. This is greater than the Los Angeles County Hispanic ethnic population (39%) but less than the State of California Hispanic ethnic population (49%).

SERVICE AREA POPULATION RACE/ETHNICITY: 2015-2020		
	2015	2020
White	42.8%	42.3%
Black	16.5%	15.9%
American Indian	0.6%	0.6%
Asian or Pacific Islander	15.6%	16.2%
Some Other Race	19.5%	19.7%
Two or More Races	5.2%	5.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Hispanic Ethnicity	40.8%	42.0%
Non-Hispanic or Latino	59.2%	58.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

Little Company-Torrance's service area has an average household income of \$88,549. This is 8% higher than the average for Los Angeles County (\$82,066) and 2% higher than that State of California Average (\$87,152). The percentage of high-income households (\$150,000+) is growing at slower rate (16%) than those for both Los Angeles County (17%) and the State of California (19%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2015-2020						
Annual Income	2015 Estimate			2020 Estimate		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
\$0 - \$15,000	12.2%	13.2%	11.1%	11.3%	12.2%	10.3%
\$15 - \$24,999	9.5%	10.2%	9.0%	7.0%	7.6%	6.6%
\$25 - \$34,999	9.4%	9.9%	9.3%	8.0%	8.4%	7.7%
\$35 - \$49,999	11.8%	12.5%	12.2%	11.0%	11.7%	11.3%
\$50 - \$74,999	16.6%	16.7%	16.5%	16.0%	16.3%	15.9%
\$75 - \$99,999	11.3%	11.3%	12.3%	12.9%	13.1%	14.2%
\$100 - \$149,999	13.9%	13.1%	14.9%	16.2%	15.0%	16.6%
\$150,000+	15.2%	13.3%	14.6%	17.6%	15.5%	17.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Average Household Income</b>	<b>\$88,549</b>	<b>\$82,066</b>	<b>\$87,152</b>	<b>\$101,463</b>	<b>\$94,026</b>	<b>\$99,512</b>

Source: Esri

## Hospital Supply, Demand & Market Share

In FY 2014, the service area hospitals had a combined total of 2,635 licensed beds and an aggregate occupancy rate of nearly 60%. Little Company-Torrance had 442 licensed beds that operated at an occupancy rate of almost 54%. Furthermore, Little Company-Torrance was responsible for nearly 17% of the service area discharges and approximately 15% of the patient days.

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

AREA HOSPITAL DATA 2014									
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupied Beds	Percent Occupied	Miles from Hospital
Little Company-Torrance	Providence Health & Services	Torrance	X	442	19,438	87,600	240	54.3%	-
Torrance Memorial Medical Center	Torrance Hospital Association	Torrance	X	446	23,964	97,210	266	59.7%	2.3
Del Amo Hospital	Universal Health Services	Torrance	X	166	5,682	43,235	118	71.4%	2.5
Harbor-UCLA Medical Center	LA County Dept. of Health Services	Torrance	X	453	19,436	118,625	325	71.7%	4.2
Kaiser Foundation Hospitals - South Bay	Kaiser Foundation Hospitals	Harbor	X	231	12,304	40,022	110	47.5%	6.1
Memorial Hospital of Gardena	Avanti Healthcare System	Gardena	X	172	6,717	51,137	140	81.5%	6.2
Centinela Hospital Medical Center	Prime Healthcare Services	Inglewood	X	369	17,414	70,948	194	52.7%	8.4
Little Company-San Pedro	Providence Health & Services	San Pedro	X	356	6,724	65,785	180	50.6%	11.2
<b>SUB-TOTAL</b>				<b>2,635</b>	<b>111,679</b>	<b>574,562</b>	<b>1,574</b>	<b>59.7%</b>	
Earl and Loraine Miller Children's Hospital	Memorial Health Services	Long Beach		373	15,922	69,390	190	51.0%	13.4
Long Beach Memorial Medical Center	Memorial Health Services	Long Beach		420	21,182	97,377	267	63.5%	13.6
Southern California Hospital at Culver City (Brotman) *	Brotman Medical Center	Culver City		406	9,256	66,268	182	44.7%	14.7
Kaiser Foundation Hospitals - West Los Angeles	Kaiser Foundation Hospitals	Los Angeles		305	11,889	38,437	105	34.5%	14.8
St. Mary Medical Center	Dignity Health	Long Beach		302	11,104	49,310	135	44.7%	15.5
St. Francis Medical Center	Daughters of Charity	Lynwood		384	18,857	87,693	240	62.6%	15.7
Cedars-Sinai Medical Center	Cedars-Sinai Medical Center	Los Angeles		886	45,343	234,271	642	72.4%	17.9
Ronald Reagan UCLA Medical Center	Regents of the University of California	Los Angeles		466	23,453	165,333	453	97.2%	18.8
California Hospital Medical Center	Dignity Health	Los Angeles		318	16,148	66,484	182	57.3%	19.4
Kaiser Foundation Hospitals - Los Angeles	Kaiser Foundation Hospitals	Los Angeles		464	25,563	124,070	340	73.3%	25.1
<b>TOTAL</b>				<b>6,959</b>	<b>310,396</b>	<b>1,573,195</b>	<b>4,310</b>	<b>61.9%</b>	

Source: OSHPD Disclosure Reports, 2014; Google Maps, & Little Company-Torrance

\* 2012



## Hospital Market Share

The table below illustrates service area hospital inpatient market share from 2012 to 2014:

HOSPITAL MARKET SHARE: 2012-2014				
Hospital	2012	2013	2014	Trend
Torrance Memorial Medical Center	18.2%	17.8%	18.5%	↗
<b>Little Company of Mary Medical Center - Torrance</b>	<b>14.9%</b>	<b>15.0%</b>	<b>14.8%</b>	↔
Centinela Hospital Medical Center	8.8%	8.5%	8.9%	↔
LAC/Harbor-UCLA Medical Center	6.8%	7.3%	7.2%	↔
Kaiser Foundation Hospital - South Bay	7.3%	6.9%	7.0%	↔
Little Company of Mary Medical Center - San Pedro	5.4%	5.1%	5.0%	↘
Memorial Hospital of Gardena	3.6%	3.6%	3.4%	↔
Cedars Sinai Medical Center	2.6%	2.7%	2.5%	↔
Kaiser Foundation Hospital - West LA	1.9%	2.2%	2.1%	↔
Earl and Loraine Miller Childrens Hospital	2.0%	2.1%	2.0%	↔
Other Discharges	28.4%	28.8%	28.6%	↔
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>119,088</b>	<b>113,169</b>	<b>113,330</b>	↘

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The number of discharges in the Little Company-Torrance's service area decreased by nearly 5% between 2012 and 2014; and
- Little Company-Torrance has consistently ranked second in market share for its service area based on discharges with approximately 15% in 2014. Torrance Memorial Medical Center ranked first in inpatient discharges with 19% market share.

## Market Share by Payer Type

The following table illustrates hospital market share by payer category for 2014:

HOSPITAL MARKET SHARE BY PAYER TYPE: 2014											
Payer Type	Total Discharges	Torrance Memorial Medical Center	Little Company of Mary Medical Center - Torrance	Centinela Hospital Medical Center	LAC/Harbor-UCLA Medical Center	Kaiser Foundation Hospital - South Bay	Little Company of Mary Medical Center - San Pedro	Memorial Hospital of Gardena	Cedars Sinai Medical Center	All Others	Total
Medicare	42,106	24.4%	19.5%	10.9%	2.8%	8.0%	6.6%	3.0%	1.9%	22.8%	100%
Medi-Cal	33,919	4.8%	9.1%	13.0%	17.0%	1.5%	4.4%	6.5%	1.1%	42.7%	100%
Private Coverage	31,756	27.1%	14.7%	2.1%	1.4%	12.3%	3.5%	0.7%	5.0%	33.2%	100%
Self Pay	3,154	7.1%	17.3%	14.0%	13.8%	5.0%	6.6%	3.5%	1.2%	31.5%	100%
All Other	2,395	9.5%	10.8%	0.0%	12.6%	0.4%	5.3%	1.3%	2.0%	58.1%	100%
<b>Total Percentage</b>		<b>18.5%</b>	<b>14.8%</b>	<b>8.9%</b>	<b>7.2%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>3.4%</b>	<b>2.5%</b>	<b>32.7%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>113,330</b>	<b>20,979</b>	<b>16,760</b>	<b>10,123</b>	<b>8,115</b>	<b>7,925</b>	<b>5,694</b>	<b>3,817</b>	<b>2,877</b>	<b>37,040</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The largest categories of service area inpatient discharges are comprised of Medicare at approximately 42,100 discharges (37%), Medi-Cal at nearly 33,900 discharges (30%), and Private Coverage at approximately 31,800 discharges (30%), and;
- Little Company-Torrance is the market share leader for Self Pay with 17% market share;
- Torrance Memorial Medical Center is the market share leader for Medicare (24%) and Private Coverage (27%) and Harbor-UCLA Medical Center is market share leader for Medi-Cal (17%); and
- Little Company-Torrance also provides care to a significant proportion of Medicare patients with a 20% market share.

## Market Share by Service Line

The following table illustrates service area hospital market share by service line for 2014:

HOSPITAL MARKET SHARE BY SERVICE LINE: 2014											
Service Line	Total Discharges	Torrance Memorial Medical Center	Little Company of Mary Medical Center - Torrance	Centinela Hospital Medical Center	LAC/Harbor-UCLA Medical Center	Kaiser Foundation Hospital - South Bay	Little Company of Mary Medical Center - San Pedro	Memorial Hospital of Gardena	Cedars Sinai Medical Center	All Others	Total
General Medicine	36,382	17.2%	16.4%	12.8%	6.9%	7.6%	6.5%	4.9%	1.4%	26.2%	100%
Obstetrics	15,161	19.0%	15.1%	3.5%	4.2%	9.9%	4.1%	5.1%	4.4%	34.7%	100%
Cardiac Services	12,678	23.0%	18.2%	15.5%	5.6%	5.4%	3.6%	3.4%	1.9%	23.4%	100%
General Surgery	8,280	24.0%	13.9%	5.0%	10.6%	9.7%	2.8%	1.9%	3.2%	28.9%	100%
Behavioral Health	7,543	1.6%	1.9%	1.0%	4.8%	0.5%	7.2%	0.4%	0.0%	82.6%	100%
Orthopedics	6,206	22.6%	15.9%	3.1%	9.2%	10.5%	4.9%	1.5%	2.8%	29.6%	100%
Neurology	5,555	17.0%	18.5%	17.0%	6.2%	4.8%	5.8%	3.3%	1.4%	25.8%	100%
Neonatology	4,163	17.0%	13.5%	2.7%	8.9%	10.1%	1.1%	2.5%	7.5%	36.7%	100%
Oncology/Hematology (Medical)	3,872	15.2%	12.9%	8.5%	11.8%	7.0%	3.3%	2.6%	4.2%	34.5%	100%
Rehabilitation	2,507	37.3%	17.4%	7.7%	0.0%	0.0%	14.4%	0.0%	1.7%	21.5%	100%
Spine	2,019	21.3%	15.8%	5.5%	3.3%	1.4%	3.7%	0.6%	6.0%	42.3%	100%
Gynecology	1,888	30.9%	15.3%	2.9%	11.5%	5.0%	2.7%	1.9%	2.8%	27.1%	100%
Vascular Services	1,716	18.4%	13.3%	14.7%	9.4%	8.9%	2.4%	2.5%	2.1%	28.3%	100%
Other	1,543	17.6%	10.4%	7.3%	21.6%	2.3%	2.9%	0.6%	3.4%	34.0%	100%
ENT	1,426	18.0%	11.4%	3.3%	15.6%	5.5%	1.6%	1.3%	1.8%	41.5%	100%
Urology	1,377	20.6%	12.1%	4.5%	8.3%	7.8%	4.6%	1.5%	4.0%	36.5%	100%
Neurosurgery	674	9.2%	6.5%	5.9%	11.3%	1.5%	1.8%	0.0%	7.6%	56.2%	100%
<All others>	340	11.5%	5.6%	4.4%	20.9%	4.7%	2.9%	4.1%	3.8%	42.1%	100%
<b>Total Percentage</b>		<b>18.5%</b>	<b>14.8%</b>	<b>8.9%</b>	<b>7.2%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>3.4%</b>	<b>2.5%</b>	<b>32.7%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>113,330</b>	<b>20,979</b>	<b>16,760</b>	<b>10,123</b>	<b>8,115</b>	<b>7,925</b>	<b>5,694</b>	<b>3,817</b>	<b>2,877</b>	<b>37,040</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Little Company-Torrance is the service line leader in neurology (19%);
- Little Company-Torrance also has significant service line market share in general medicine (16%), obstetrics (15%), cardiac services (18%), general surgery (14%), orthopedics (16%), rehabilitation (17%), spine (16%), gynecology (15%), and vascular services (13%);
- Torrance Memorial Medical Center is the market share leader for 13 service lines including general medicine (17%), obstetrics (19%), cardiac services (23%), general surgery (24%), orthopedics (23%), neonatology (17%), oncology/hematology (15%), rehabilitation (17%), spine (21%), vascular services (18%), ear, nose, and throat (18%), and urology (21%); and
- Harbor-UCLA Medical Center has the highest market share in neurosurgery with 11% market share.

## Market Share by ZIP Code

The following table illustrates service area hospital market share by ZIP Code for 2014:

HOSPITAL MARKET SHARE BY ZIP CODE: 2014													
ZIP Code	Community	Total Discharges	Little Company of Mary			Little Company of Mary			Memorial Hospital of Gardena	Cedars Sinai Medical Center	All Others	Total	
			Torrance Memorial Medical Center	Mary Medical Center - Torrance	Centinela Hospital Medical Center	LAC/Harbor-UCLA Medical Center	Kaiser Foundation Hospital - South Bay	Medical Center - San Pedro					
90044	Los Angeles	11,765	1.3%	2.6%	23.4%	7.0%	3.2%	0.2%	4.4%	2.1%	55.8%	100%	
90250	Hawthorne	9,340	11.0%	21.0%	13.0%	7.7%	5.1%	0.6%	6.8%	2.5%	32.2%	100%	
90047	Los Angeles	6,888	2.9%	4.7%	24.7%	5.1%	4.7%	0.3%	2.4%	4.4%	51.0%	100%	
90731	San Pedro	6,551	10.3%	4.2%	0.2%	6.5%	9.7%	39.1%	0.2%	0.9%	28.9%	100%	
90745	Carson	6,045	26.7%	12.4%	0.4%	17.4%	10.9%	2.6%	1.0%	0.7%	27.9%	100%	
90247	Gardena	5,222	13.7%	15.6%	2.2%	8.8%	7.1%	0.8%	22.9%	1.5%	27.3%	100%	
90744	Wilmington	4,854	17.2%	4.1%	0.1%	12.9%	13.8%	10.8%	0.3%	0.7%	40.2%	100%	
90301	Inglewood	4,774	2.4%	6.6%	40.0%	4.5%	0.8%	0.2%	1.0%	3.5%	41.0%	100%	
90503	Torrance	4,371	28.6%	38.0%	0.3%	3.4%	5.0%	1.0%	0.7%	1.3%	21.7%	100%	
90501	Torrance	3,867	33.8%	18.6%	0.6%	13.6%	8.1%	2.4%	0.9%	0.7%	21.2%	100%	
90505	Torrance	3,516	46.3%	18.7%	0.1%	3.7%	5.9%	1.5%	0.5%	1.2%	22.1%	100%	
90275	Rancho Palos Verdes	3,473	43.8%	12.3%	0.3%	1.5%	7.5%	13.3%	0.1%	3.1%	18.3%	100%	
90278	Redondo Beach	3,418	28.1%	32.1%	0.4%	3.6%	5.9%	1.3%	0.6%	5.7%	22.3%	100%	
90260	Lawndale	3,120	17.2%	32.5%	3.3%	8.3%	7.2%	0.8%	4.2%	1.3%	25.2%	100%	
90277	Redondo Beach	3,026	37.9%	29.7%	0.3%	2.1%	5.6%	1.2%	0.1%	3.3%	19.8%	100%	
90746	Carson	2,988	16.3%	10.5%	0.8%	12.7%	18.5%	1.4%	2.5%	1.7%	35.6%	100%	
90303	Inglewood	2,940	3.0%	11.6%	29.6%	5.7%	3.1%	0.3%	2.8%	3.7%	40.2%	100%	
90504	Torrance	2,905	32.3%	28.7%	0.3%	4.9%	9.1%	1.4%	1.8%	1.2%	20.3%	100%	
90249	Gardena	2,801	13.6%	17.9%	4.9%	6.0%	11.2%	0.8%	12.8%	1.7%	31.0%	100%	
90304	Inglewood	2,436	4.8%	17.0%	24.9%	7.6%	1.7%	0.2%	4.9%	1.3%	37.5%	100%	
90266	Manhattan Beach	2,419	23.0%	27.9%	0.1%	1.7%	4.2%	0.8%	0.2%	11.6%	30.5%	100%	
90732	San Pedro	2,394	17.3%	6.6%	0.0%	2.4%	12.8%	39.7%	0.2%	2.7%	18.4%	100%	
90710	Harbor City	2,374	32.6%	9.1%	0.3%	11.4%	15.2%	6.4%	0.6%	0.7%	23.6%	100%	
90717	Lomita	2,241	45.1%	11.8%	0.1%	7.2%	9.5%	4.6%	0.8%	0.8%	19.9%	100%	
90274	Palos Verdes Peninsula	2,168	49.2%	15.4%	0.0%	2.3%	4.5%	3.9%	0.0%	4.6%	20.1%	100%	
90502	Torrance	1,863	31.3%	15.5%	0.1%	16.7%	8.0%	2.7%	2.5%	0.9%	22.3%	100%	
90305	Inglewood	1,814	3.1%	5.6%	27.8%	3.3%	3.2%	0.6%	1.1%	7.1%	48.2%	100%	
90254	Hermosa Beach	1,236	25.8%	32.4%	0.1%	1.4%	3.6%	1.3%	0.0%	9.8%	25.7%	100%	
90245	El Segundo	1,179	20.9%	19.3%	2.5%	1.6%	3.2%	1.8%	0.3%	7.2%	43.3%	100%	
90248	Gardena	1,145	17.9%	20.9%	0.8%	8.2%	10.2%	1.5%	11.2%	2.8%	26.6%	100%	
90510	Torrance	69	46.4%	20.3%	0.0%	7.2%	2.9%	0.0%	0.0%	0.0%	23.2%	100%	
90748	Wilmington	62	16.1%	8.1%	1.6%	8.1%	32.3%	3.2%	0.0%	0.0%	30.6%	100%	
90251	Hawthorne	50	8.0%	14.0%	8.0%	10.0%	4.0%	0.0%	2.0%	16.0%	38.0%	100%	
90261	Lawndale	16	0.0%	37.5%	0.0%	0.0%	0.0%	0.0%	12.5%	0.0%	50.0%	100%	
Total Percentage			18.5%	14.8%	8.9%	7.2%	7.0%	5.0%	3.4%	2.5%	32.7%	100%	
Total Discharges			113,330	20,979	16,760	10,123	8,115	7,925	5,694	3,817	2,877	37,040	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Little Company-Torrance is the market share leader in nine of the service area ZIP Codes, represented by Torrance, Redondo Beach, Lawndale, and Hermosa Beach;
- Torrance Memorial Medical Center is the market share leader in the communities of Carson, Wilmington, Torrance, Rancho Palos Verdes, Redondo Beach, Harbor City, Palos Verdes Peninsula, Lomita, and El Segundo; and
- Centinela Hospital Medical Center is the market share leader in six service area ZIP Codes located in the communities of Los Angeles and Inglewood.

## Service Availability by Bed Type

Using FY 2014 data, the tables on the following pages illustrate Little Company-Torrance's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive/coronary care, obstetrics, neonatal intensive care, pediatrics, definitive observation, skilled nursing, and emergency services.

## Medical/Surgical Capacity Analysis

The medical/surgical beds within Little Company-Torrance's service area operated at an overall occupancy rate of nearly 60%. Little Company-Torrance's 185 licensed medical/surgical beds<sup>16</sup> represented nearly 16% of the beds in this category for the service area.

MEDICAL/SURGICAL BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Little Company-Torrance</b>	-	-	<b>185</b>	<b>9,911</b>	<b>33,729</b>	<b>92</b>	<b>50.0%</b>
Torrance Memorial Medical Center	2.3	X	185	11,102	37,481	103	55.5%
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	266	14,274	76,148	209	78.4%
Kaiser Foundation Hospitals - South Bay	6.1	X	167	9,186	31,074	85	51.0%
Memorial Hospital of Gardena	6.2	X	38	4,286	10,748	29	77.5%
Centinela Hospital Medical Center	8.4	X	244	15,659	54,529	149	61.2%
Little Company-San Pedro	11.2	X	104	4,514	15,627	43	41.2%
<b>SUB-TOTAL</b>			<b>1,189</b>	<b>68,932</b>	<b>259,336</b>	<b>711</b>	<b>59.8%</b>
Earl and Loraine Miller Children's Hospital	13.4	-	-	-	-	-	-
Long Beach Memorial Medical Center	13.6	-	197	12,915	52,646	144	73.2%
Southern California Hospital at Culver City (Brotman) *	14.7	-	245	5,704	26,145	72	29.2%
Kaiser Foundation Hospitals - West Los Angeles	14.8	-	227	9,663	29,928	82	36.1%
St. Mary Medical Center	15.5	-	143	5,911	24,871	68	47.7%
St. Francis Medical Center	15.7	-	185	9,099	38,896	107	57.6%
Cedars-Sinai Medical Center	17.9	-	383	26,437	119,302	327	85.3%
Ronald Reagan UCLA Medical Center	18.8	-	204	12,310	74,116	203	99.5%
California Hospital Medical Center	19.4	-	132	6,222	25,624	70	53.2%
Kaiser Foundation Hospitals - Los Angeles	25.1	-	192	14,626	57,209	157	81.6%
<b>TOTAL</b>			<b>3,097</b>	<b>171,819</b>	<b>708,073</b>	<b>1940</b>	<b>62.5%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps, & Little Company-Torrance

\* 2012 Data

- Little Company-Torrance reported 9,911 hospital discharges and 33,729 patient days that resulted in an occupancy rate of 50% and an average daily census of 92 patients.

<sup>16</sup> Since FY 2014, Little Company-Torrance increased its bed licensure and is currently licensed for 230 medical/surgical beds. Additionally, in FY 2014, Little Company-Torrance was licensed for 45 definitive observation beds. Since FY 2014, Little Company-Torrance reduced its bed licensure and is no longer licensed for definitive observation beds.

## Intensive Care Unit/Coronary Care Unit Capacity Analysis

There were 179 intensive care unit/coronary care unit beds within the service area that operated at an overall occupancy rate of approximately 68%. Little Company-Torrance had 28 licensed intensive care unit beds with an average occupancy rate of approximately 67% and an average daily census of 19 patients.

INTENSIVE CARE UNIT/CORONARY CARE UNIT BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Little Company-Torrance</b>	-	X	<b>28</b>	<b>525</b>	<b>6,885</b>	<b>19</b>	<b>67.4%</b>
Torrance Memorial Medical Center	2.3	X	36	579	7,960	22	60.6%
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	42	657	13,589	37	88.6%
Kaiser Foundation Hospitals - South Bay	6.1	X	20	211	2,394	7	32.8%
Memorial Hospital of Gardena	6.2	X	10	215	3,560	10	97.5%
Centinela Hospital Medical Center	8.4	X	31	465	7,856	22	69.4%
Little Company-San Pedro	11.2	X	12	172	2,286	6	52.2%
<b>SUB-TOTAL</b>			<b>179</b>	<b>2,824</b>	<b>44,530</b>	<b>122</b>	<b>68.2%</b>
Earl and Lorraine Miller Children's Hospital	13.4		-	-	-	-	-
Long Beach Memorial Medical Center	13.6		61	751	13,756	38	61.8%
Southern California Hospital at Culver City (Brotman) *	14.7		20	370	5,116	14	70.1%
Kaiser Foundation Hospitals - West Los Angeles	14.8		33	200	3,806	10	31.6%
St. Mary Medical Center	15.5		47	1,452	6,008	16	35.0%
St. Francis Medical Center	15.7		36	653	9,214	25	70.1%
Cedars-Sinai Medical Center	17.9		118	1,057	25,604	70	59.4%
Ronald Reagan UCLA Medical Center	18.8		117	3,325	41,704	114	97.7%
California Hospital Medical Center	19.4		36	797	7,625	21	58.0%
Kaiser Foundation Hospitals - Los Angeles	25.1		96	2,816	28,562	78	81.5%
<b>TOTAL</b>			<b>743</b>	<b>14,245</b>	<b>185,925</b>	<b>509</b>	<b>68.4%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

\* 2012

- Among the service area hospitals, the average daily census was 122 patients based on 44,530 days;
- Little Company-Torrance provided nearly 16% of the service area's intensive care beds; and
- Little Company-Torrance accounted for nearly 19% of the service area's intensive care discharges.

## Obstetrics Capacity Analysis

As shown below, there were 187 obstetric beds located in the service area with an aggregate occupancy rate of nearly 46%. Little Company-Torrance reported 22 licensed obstetric beds with an occupancy rate of nearly 93% and an average daily census of 20 patients.

OBSTETRICS BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Little Company-Torrance</b>	-	X	<b>22</b>	<b>2,821</b>	<b>7,459</b>	<b>20</b>	<b>92.9%</b>
Torrance Memorial Medical Center	2.3	X	28	3,280	8,975	25	87.8%
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	29	1,046	3,133	9	29.6%
Kaiser Foundation Hospitals - South Bay	6.1	X	34	2,689	5,118	14	41.2%
Memorial Hospital of Gardena	6.2	X	23	1,125	3,008	8	35.8%
Centinela Hospital Medical Center	8.4	X	29	787	2,074	6	19.6%
Little Company-San Pedro	11.2	X	22	643	1,442	4	18.0%
<b>SUB-TOTAL</b>			<b>187</b>	<b>12,391</b>	<b>31,209</b>	<b>86</b>	<b>45.7%</b>
Earl and Loraine Miller Children's Hospital	13.4		59	4,862	12,445	34	57.8%
Long Beach Memorial Medical Center	13.6		-	-	-	-	-
Southern California Hospital at Culver City (Brotman) *	14.7		-	-	-	-	-
Kaiser Foundation Hospitals - West Los Angeles	14.8		28	1,824	2,937	8	28.7%
St. Mary Medical Center	15.5		25	2,968	8,746	24	95.8%
St. Francis Medical Center	15.7		50	5,433	12,935	35	70.9%
Cedars-Sinai Medical Center	17.9		112	6,007	17,467	48	42.7%
Ronald Reagan UCLA Medical Center	18.8		17	2,034	5,845	16	94.2%
California Hospital Medical Center	19.4		37	4,200	10,509	29	77.8%
Kaiser Foundation Hospitals - Los Angeles	25.1		27	2,593	4,402	12	44.7%
<b>TOTAL</b>			<b>542</b>	<b>42,312</b>	<b>106,495</b>	<b>292</b>	<b>53.7%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps & Little Company-Torrance

\* 2012

- Little Company-Torrance provided nearly 12% of the licensed obstetrics beds within its service area, and reported almost 23% of the service area's 12,391 discharges; and
- Hospitals within the service area had varying levels of available capacity. The occupancy rates ranged from 18% at Little Company-San Pedro to approximately 89% at Torrance Memorial Medical Center.



## Neonatal Intensive Care Capacity Analysis

There were 105 neonatal intensive care beds within the service area that operated at an overall occupancy rate of nearly 42%. Little Company-Torrance had 34 licensed neonatal intensive care beds with an average occupancy rate of nearly 34% (average daily census of 11 patients).

NEONATAL INTENSIVE CARE BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Little Company-Torrance</b>	-	X	<b>34</b>	<b>192</b>	<b>4,166</b>	<b>11</b>	<b>33.6%</b>
Torrance Memorial Medical Center	2.3	X	25	307	4,913	13	53.8%
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	27	64	3,428	9	34.8%
Kaiser Foundation Hospitals - South Bay	6.1	X	10	218	1,436	4	39.3%
Memorial Hospital of Gardena	6.2	X	-	-	-	-	-
Centinela Hospital Medical Center	8.4	X	9	106	2,062	6	62.8%
Little Company-San Pedro	11.2	X	-	-	-	-	-
<b>SUB-TOTAL</b>			<b>105</b>	<b>887</b>	<b>16,005</b>	<b>44</b>	<b>41.8%</b>
Earl and Loraine Miller Children's Hospital	13.4		107	1,271	21,092	58	54.0%
Long Beach Memorial Medical Center	13.6		-	-	-	-	-
Southern California Hospital at Culver City (Brotman) *	14.7		17	202	1,766	5	28.5%
Kaiser Foundation Hospitals - West Los Angeles	14.8		-	-	-	-	-
St. Mary Medical Center	15.5		25	191	2,739	8	30.0%
St. Francis Medical Center	15.7		29	528	7,397	20	69.9%
Cedars-Sinai Medical Center	17.9		45	489	9,953	27	60.6%
Ronald Reagan UCLA Medical Center	18.8		29	346	9,360	26	88.4%
California Hospital Medical Center	19.4		26	491	7,805	21	82.2%
Kaiser Foundation Hospitals - Los Angeles	25.1		33	376	8,120	22	67.4%
<b>TOTAL</b>			<b>416</b>	<b>4,781</b>	<b>84,237</b>	<b>231</b>	<b>55.3%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

\* 2012

- Among the service area hospitals, the average daily census was 44 patients based on 16,005 days; and
- Little Company-Torrance provided approximately 32% of the service area's neonatal intensive care beds and accounted for nearly 22% of the service area's discharges.

## Pediatric Capacity Analysis

Service area hospitals had 58 licensed pediatric beds that operated at an occupancy rate of approximately 41%. Little Company-Torrance reported 13 pediatric beds with 1,374 patient days and an occupancy rate of 29%.

PEDIATRIC ACUTE CARE BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Little Company-Torrance</b>	-	-	<b>13</b>	<b>621</b>	<b>1,374</b>	<b>4</b>	<b>29.0%</b>
Torrance Memorial Medical Center	2.3	X	20	721	1,755	5	24.0%
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	25	1,842	5,582	15	61.2%
Kaiser Foundation Hospitals - South Bay	6.1	X	-	-	-	-	-
Memorial Hospital of Gardena	6.2	X	-	-	-	-	-
Centinela Hospital Medical Center	8.4	X	-	-	-	-	-
Little Company-San Pedro	11.2	X	-	-	-	-	-
<b>SUB-TOTAL</b>			<b>58</b>	<b>3,184</b>	<b>8,711</b>	<b>24</b>	<b>41.1%</b>
Earl and Loraine Miller Children's Hospital	13.4		152	6,742	21,878	60	39.4%
Long Beach Memorial Medical Center	13.6		-	-	-	-	-
Southern California Hospital at Culver City (Brotman) *	14.7		-	-	-	-	-
Kaiser Foundation Hospitals - West Los Angeles	14.8		-	-	-	-	-
St. Mary Medical Center	15.5		16	243	1,596	4	27.3%
St. Francis Medical Center	15.7		14	623	1,780	5	34.8%
Cedars-Sinai Medical Center	17.9		31	1,395	3,475	10	30.7%
Ronald Reagan UCLA Medical Center	18.8		41	2,564	13,922	38	93.0%
California Hospital Medical Center	19.4		12	1,697	2,153	6	49.2%
Kaiser Foundation Hospitals - Los Angeles	25.1		32	1,831	5,816	16	49.8%
<b>TOTAL</b>			<b>356</b>	<b>18,279</b>	<b>59,331</b>	<b>163</b>	<b>45.5%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

\* 2012

- Among the service area hospitals, the average daily census was 24 patients based on 8,711 days; and
- Little Company-Torrance provided approximately 22% of the service area's pediatric beds and accounted for nearly 20% of the service area's discharges.

## Skilled Nursing Capacity Analysis

Little Company-Torrance was one of only three hospital providers within the service area to operate skilled nursing beds. Little Company-Torrance had 115 licensed beds that were approximately 55% occupied on average with an average daily census of 63 patients.

SKILLED NURSING BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>General Acute Care Hospitals</b>							
Little Company-Torrance	-	X	115	2,221	23,155	63	55.2%
Torrance Memorial Medical Center	2.3	X	40	1,410	12,818	35	87.8%
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	-	-	-	-	-
Kaiser Foundation Hospitals - South Bay	6.1	X	-	-	-	-	-
Memorial Hospital of Gardena	6.2	X	-	-	-	-	-
Centinela Hospital Medical Center	8.4	X	24	-	-	-	-
Little Company-San Pedro	11.2	X	-	-	-	-	-
<b>SUB-TOTAL</b>			<b>179</b>	<b>3,631</b>	<b>35,973</b>	<b>99</b>	<b>55.1%</b>
<b>Long-Term Care Facilities</b>							
32 Long-Term Care Facilities	-	X	3,111	9,526	978,386	2,681	86.2%
<b>TOTAL</b>			<b>3,290</b>	<b>13,157</b>	<b>1,014,359</b>	<b>2,779</b>	<b>84.2%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps & Little Company-Torrance

\* 2012

- Among hospital providers within the service area, Little Company-Torrance provided approximately 64% of the skilled nursing beds and reported nearly 61% of the service area's 3,631 discharges;
- There are numerous other long-term care facilities in Little Company-Torrance's service area with a combined total of 3,111 skilled nursing beds with a combined occupancy rate of 86%; and
- Among both hospital and long-term care providers, Little Company-Torrance provided approximately 3% of the skilled nursing beds and reported 17% of the service area's 13,157 discharges.

## Emergency Department Volume at Hospitals in the Service Area

In 2014, Little Company-Torrance had 29 emergency treatment stations. In total, there were 249 treatment stations among all service area hospitals. As shown below, Little Company-Torrance reported 72,579 visits that totaled approximately 17% of all visits among the service area hospitals (420,310 visits).

The table below shows the visits by severity category for area emergency departments as reported by OSHPD Automated Licensing Information and Report Tracking System.

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2014												
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
<b>Little Company-Torrance</b>	-	-	Basic	29	72,579	652	4,170	22,557	22,651	22,549	17.3%	689
Torrance Memorial Medical Center	2.3	X	Basic	29	65,898	137	5,111	24,263	18,366	18,021	20.0%	183
Del Amo Hospital	2.5	X	-	-	-	-	-	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	Basic	84	73,516	1,849	18,597	37,095	7,648	8,327	18.0%	1,772
Kaiser Foundation Hospitals - South Bay	6.1	X	Basic	37	60,682	657	6,181	41,158	11,547	1,139	10.4%	662
Memorial Hospital of Gardena	6.2	X	Basic	10	36,479	46	2,262	14,598	12,256	7,317	12.7%	68
Centinela Hospital Medical Center	8.4	X	Basic	44	65,074	3,108	4,889	13,905	12,723	30,449	19.5%	1
Little Company-San Pedro	11.2	X	Basic	16	46,082	516	3,965	16,194	13,223	12,184	6.8%	258
<b>SUB-TOTAL</b>				<b>249</b>	<b>420,310</b>	<b>6,965</b>	<b>45,175</b>	<b>169,770</b>	<b>98,414</b>	<b>99,986</b>	<b>15.6%</b>	<b>3,633</b>
Earl and Lorraine Miller Children's Hospital	13.4	-	-	-	-	-	-	-	-	-	-	-
Long Beach Memorial Medical Center	13.6	-	Basic	53	98,421	192	263	41,783	46,319	9,864	16.0%	1,709
Southern California Hospital at Culver City (Brotman) *	14.7	-	Basic	27	25,294	4,645	7,599	4,709	2,816	5,525	28.4%	254
Kaiser Foundation Hospitals - West Los Angeles	14.8	-	Basic	53	66,707	285	8,708	44,332	11,275	2,107	9.5%	596
St. Mary Medical Center *	15.5	-	Basic	26	54,823	2,798	11,267	23,216	9,100	2,159	11.5%	2,204
St. Francis Medical Center	15.7	-	Basic	46	75,222	5,106	8,284	26,139	21,023	14,670	12.8%	3,504
Cedars-Sinai Medical Center	17.9	-	Basic	51	87,061	3,319	13,778	23,771	18,919	27,274	24.4%	97
Ronald Reagan UCLA Medical Center	18.8	-	Comprehensive	33	43,945	5,170	4,485	8,561	11,236	14,493	20.4%	3,242
California Hospital Medical Center	19.4	-	Basic	35	75,846	5,151	10,531	39,134	14,735	6,295	10.5%	1,323
Kaiser Foundation Hospitals - Los Angeles	25.1	-	Basic	45	66,365	487	11,083	47,799	6,123	873	12.4%	3,349
<b>TOTAL</b>				<b>618</b>	<b>1,013,994</b>	<b>34,118</b>	<b>121,173</b>	<b>429,214</b>	<b>239,960</b>	<b>183,246</b>	<b>15.5%</b>	<b>19,911</b>

Source: OSHPD Alerts Annual Utilization Reports, 2014

\* Does not include the 6,283 admitted patient s in visit type totals.

- Approximately 17% of Little Company-Torrance's 2014 emergency department visits resulted in admission to the hospital;
- Little Company-Torrance went on diversion<sup>17</sup> for 689 hours in 2014; and
- Approximately 62% of Little Company-Torrance's 2014 emergency department visits were classified as severe with/without threat in severity and is higher than the service area average of almost 47%.

<sup>17</sup> A hospital goes on diversion when there are not enough beds or staff available in the emergency room or the hospital itself to adequately care for patients. When a hospital goes on diversion, it notifies the area Emergency Medical Services Agency so that patients can be transported to other area hospitals with sufficient capacity.

## 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 emergency department. Based upon this benchmark, in 2014, Little Company-Torrance's emergency department was operating at approximately 125% of its 29-station capacity.

EMERGENCY DEPARTMENT CAPACITY 2014							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
<b>Little Company-Torrance</b>	-	-	Basic	29	72,579	58,000	(14,579)
Torrance Memorial Medical Center	2.3	X	Basic	29	65,898	58,000	(7,898)
Del Amo Hospital	2.5	X	-	-	-	-	-
Harbor-UCLA Medical Center	4.2	X	Basic	84	73,516	168,000	94,484
Kaiser Foundation Hospitals - South Bay	6.1	X	Basic	37	60,682	74,000	13,318
Memorial Hospital of Gardena	6.2	X	Basic	10	36,479	20,000	(16,479)
Centinela Hospital Medical Center	8.4	X	Basic	44	65,074	88,000	22,926
Little Company-San Pedro	11.2	X	Basic	16	46,082	32,000	(14,082)
<b>SUB-TOTAL</b>				<b>249</b>	<b>420,310</b>	<b>498,000</b>	<b>77,690</b>
Earl and Loraine Miller Children's Hospital	13.4		-	-	-	-	-
Long Beach Memorial Medical Center	13.6		Basic	53	98,421	106,000	7,579
Southern California Hospital at Culver City (Brotman) *	14.7		Basic	27	25,294	54,000	28,706
Kaiser Foundation Hospitals - West Los Angeles	14.8		Basic	53	66,707	106,000	39,293
St. Mary Medical Center *	15.5		Basic	26	54,823	52,000	(2,823)
St. Francis Medical Center	15.7		Basic	46	75,222	92,000	16,778
Cedars-Sinai Medical Center	17.9		Basic	51	87,061	102,000	14,939
Ronald Reagan UCLA Medical Center	18.8		Comprehensive	33	43,945	66,000	22,055
California Hospital Medical Center	19.4		Basic	35	75,846	70,000	(5,846)
Kaiser Foundation Hospitals - Los Angeles	25.1		Basic	45	66,365	90,000	23,635
<b>TOTAL</b>				<b>618</b>	<b>1,013,994</b>	<b>1,236,000</b>	<b>222,006</b>

Source: OSHPD A1irts Annual Utilization Reports, 2014

- In addition to Little Company-Torrance, three other service area hospitals are operating at overcapacity levels, including Torrance Memorial Medical Center (114%), Providence Little Company of Mary Medical Center San Pedro (144%), and Memorial Hospital of Garden (182%); and
- Overall, the service area hospitals' emergency departments are operating at approximately 84% capacity.

## PROFILE OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-SAN PEDRO

### *Overview of Providence Little Company of Mary Medical Center-San Pedro*

Providence Health & Services-Southern California operates Little Company-San Pedro, a 356 licensed-bed general acute care facility, located at 1300 West 7<sup>th</sup> Street in San Pedro. Little Company-San Pedro has a “basic” emergency department with 16 licensed treatment stations. It also has six surgical operating rooms.

BED DISTRIBUTION 2015	
Bed Type	Number of Beds
General Acute Care	104
Intensive Care	12
Perinatal	22
Rehabilitation	20
<b>Total General Acute Care Beds</b>	<b>158</b>
Chemical Dependency	48
Acute Psychiatric (D/P)	25
Skilled Nursing (D/P)	125
<b>Total Licensed Beds</b>	<b>356</b>

Source: Hospital License 2015

Little Company-San Pedro’s 48 licensed chemical dependency beds provide chemical dependency services at a nearby facility located at 1386 West 7<sup>th</sup> Street in San Pedro. The 125 licensed skilled nursing beds provide sub-acute care services for patients at a facility located at 1322 West 6<sup>th</sup> Street in San Pedro. Both of these facilities are located within 0.2 miles of Little Company-San Pedro’s campus.

### **Providence Little Company of Mary Foundation**

In addition to Little Company-Torrance, Providence Little Company of Mary Foundation also supports Little Company-San Pedro. In recent years, the funds raised by Providence Little Company of Mary Foundation have supported the purchasing of new CT scan equipment, portable imaging equipment, the Partner for Healthy Kids Mobile Clinic, and modernized operating suites.

## Key Statistics

KEY STATISTICS: FY 2012 - 2014			
	FY 2012	FY 2013	FY 2014
Inpatient Discharges	7,485	6,870	6,954
Licensed Beds	356	356	356
Patient Days	73,869	69,129	67,786
Average Daily Census	202	189	186
Occupancy	56.8%	53.2%	52.2%
Average Length of Stay	9.9	10.1	9.7
Emergency Services Visits <sup>1</sup>	37,695	37,628	46,082
Total Live Births	712	621	597

Physicians on Medical Staff	420
Employees (Full-Time Equivalents) <sup>2</sup>	787

Sources: OSHPD Disclosure Reports, FY 2012-2014 & Little Company-San Pedro

<sup>1</sup> OSHPD Alerts Annual Utilization Reports

<sup>2</sup> Providence Health & Services

<sup>3</sup> Includes sub-acute care

For FY 2014, Little Company-San Pedro had a total of 6,954 inpatient discharges, 67,786 patient days, and an average daily census of 186 patients (approximately 52% occupancy on the total licensed beds).

- Since FY 2012, both inpatient discharges and patient days have decreased by approximately 10% and 11%, respectively;
- In FY 2014, Little Company-San Pedro reported 46,082 emergency department visits, a 22% increase from FY 2012; and
- Between FY 2012 and FY 2014, total live births at Little Company-San Pedro have decreased by 16% from 712 in FY 2012 to 597 in FY 2014.

## ***Programs & Services***

Little Company-San Pedro offers a broad spectrum of medical services, including oncology, chemical dependency, emergency, obstetrics, and psychiatric services.

- Oncology services include: Cancer prevention, detection, education, and support, including radiation oncology, gynecological oncology, hematology, pathology. The Breast Center provides digital mammography, ultrasound, and breast MRI;
- Senior services include: Outpatient physical therapy, occupational therapy, pharmacy, dietitian, and strength, balance, mobility, and cognitive performance assessment services;
- Chemical dependency services include: Inpatient, partial hospitalization, and outpatient treatment for alcohol and/or drug substance abuse issues;
- Diabetes services include: A team of diabetes nurse educators and certified registered dietitians that provide diabetes education, support, and self-management skills for diabetic patients;
- Emergency services include: 24-hour “basic” emergency department services, including 16 licensed treatment stations, Primary Stroke Center services, Fast Track services, and the Sexual Assault Rape Team Center for sexually assaulted victims;
- Neurology and stroke services include: Stroke testing, diagnosis, and treatment to minimize and potentially reverse brain damage. Little Company-San Pedro is designated as a Primary Stroke Center by The Joint Commission;
- Obstetric services include: Childbirth and breastfeeding education and prenatal, labor and delivery, recovery, and postpartum services. Little Company-San Pedro is designated as a “Baby Friendly Hospital<sup>18</sup>”;
- Orthopedic services include: Diagnosis and treatment of musculoskeletal injuries, fractures, and pain, including joint replacement, sports medicine, minimally-invasive arthroscopic surgery, physical therapy, and occupational therapy services;
- Psychiatric services include: Inpatient, partial hospitalization, and outpatient treatment for Alzheimer’s disease, dementia, sleep disorders, social withdrawal, depression, anxiety, psychosis, and malnutrition, including individualized assessment services;

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<sup>18</sup> The Baby Friendly Hospital Initiative is a global program that was launched by the World Health Organization and the United Nations Children’s Fund in 1991 to encourage and recognize hospitals and birthing centers that offer an optimal level of care for infant feeding and mother/baby bonding.



- Rehabilitation services include: Acute rehabilitation and outpatient therapy for stroke, brain injury, spinal cord injury, multiple trauma, amputation, and neurological patients;
- Sub-acute care services include: Long-term care, including ventilation and tracheostomy management, wound care, pain management, IV therapy, and physical, occupational, and speech therapy for ventilator or tracheostomy-dependent adult patients; and
- Surgical services include: General, thoracic, orthopedic, total joint replacement, spine, urologic, pediatric, neurosurgery, podiatry, gynecology, vascular, oral, plastic, eye, laser, and ear, nose, and throat surgery.

### ***Accreditations, Certifications, & Awards***

Little Company-San Pedro is accredited by The Joint Commission, effective January 2015 through January 2018. Over the years, Little Company-San Pedro has received several awards and accolades as a provider of quality care, some of which include the following:

- Certification as a Primary Stroke Center by The Joint Commission, effective November 2015 through November 2017;
- Designation as a Baby-Friendly Hospital by Baby-Friendly USA, Inc.;
- The 2015 Performance Excellence Award for reducing hospital-based infections by the Collaborative Alliance for Nursing Outcomes;
- Recognition as one of California's 2014 10 Best Value Hospitals by Verras Healthcare International, LLC; and
- Recognition as a 2014 Top Performer on Key Quality Measures by The Joint Commission.

## Quality Measures

In FY 2015, the Centers for Medicare & Medicaid Services reduced Medicare payments to Little Company-San Pedro by 0.63%. For FY 2016, the Centers for Medicare & Medicaid services will reduce payments to Little Company-San Pedro by 0.04%.

The following table reports Little Company-San Pedro's most recent scores as reported by Hospital Compare for each of the measures within the four domains in comparison to the California and national averages:

QUALITY SCORES COMPARISON				
Domain	Measure	Little Company-San Pedro	California Average	National Average
Clinical Process of Care Domain	Average of Acute Myocardial Infarction, Heart Failure, Pneumonia, Surgical Care Improvement & Healthcare Associated Infection Measures	96.1%	97.6%	97.3%
Patient Experience of Care Domain	Average of Measures for the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey	68.5%	67.0%	71.0%
Outcome Domain	Average of Outcome Measures for Acute Myocardial Infarction, Heart Failure & Pneumonia 30-Day Mortality Rates & Central-Line Bloodstream Infection Rates	12.2%	12.1%	12.4%
Efficiency Domain	Medicare Spending per Beneficiary Ratio	0.96	0.99	0.98

Source: Medicare.gov Hospital Compare, 2015

- For the clinical process of care domain, Little Company-San Pedro scored slightly below (96.1%) the California average (97.6%) and the national average (97.3%);
- Little Company-San Pedro scored between (68.5%) the California average (67.0%) and the national average (71.0%) for the patient experience of care domain;
- Within the outcome domain, Little Company-San Pedro has similar 30-day mortality rates and central-line bloodstream infection rates (12.2%) compared to the California and national averages (12.1% and 12.4%, respectively); and
- With a ratio of 0.96, Little Company-San Pedro spends less per patient for an episode of care initiated at its facility than California hospitals (0.99) and national hospitals (0.98).

Little Company-San Pedro was penalized by a 0.09% reduction in reimbursement in FY 2014 and a 0.23% reduction in reimbursement in FY 2015 for its 30-day readmission rates. The following graph shows Little Company-San Pedro's 30-day readmission rates for heart failure and pneumonia patients:

30-DAY READMISSION RATES			
Condition	Little Company-San Pedro	National Average	California Average
Heart Attack	-	17.0%	17.0%
Heart Failure	<b>22.4%</b>	22.0%	22.1%
Pneumonia	<b>16.7%</b>	16.9%	16.9%
<b>Average 30-Day Readmission Rate</b>	<b>19.6%</b>	<b>18.6%</b>	<b>18.6%</b>

Source: IPRO & Medicare.gov Hospital Compare, 2015

- Little Company-San Pedro had more 30-day readmissions (19.6%) than the national and the State of California averages of 18.6%; and
- Little Company-San Pedro will be penalized with a 0.47% reduction in reimbursement in FY 2016.

## Seismic Issues

Using the HAZUS seismic criteria, Little Company-San Pedro'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. These classifications require that Little Company-San Pedro's structures undergo construction to comply with the California Office of Statewide Health Planning and Development's seismic safety standards.

SEISMIC OVERVIEW		
Building	SPC Compliance Status	NPC Compliance Status
1) Central Wing North	SPC-2	NPC-2
2) West Wing & Entrance Canopy	SPC-1	NPC-2
3) East Wing	SPC-3	NPC-2
4) Laboratory Addition	SPC-4	NPC-2
5) Conference Center	SPC-5	NPC-3
6) Central Wing Tower	SPC-1	NPC-2
7) Central Wing South	SPC-2	NPC-2
8) Central Wing Stair Tower	SPC-2	NPC-3
9) West Wing Elevator Tower	SPC-2	NPC-2
10) Drop-Off Canopy	SPC-2	NPC-3

Source: OSHPD

- Little Company-San Pedro's has seven buildings that are rated as SPC-1 or SPC-2. In order to continue providing the delivery of acute care services, the buildings with a SPC-1 rating must be seismically retrofitted by January 1, 2020, while the buildings with an SPC-2 rating must be seismically retrofitted by January 1, 2030.

## Patient Utilization Trends

The following table shows volume trends at Little Company-San Pedro for FY 2010 through FY 2014:

SERVICE VOLUMES: FY 2010-2014					
PATIENT DAYS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Medical/Surgical	19,700	18,428	18,298	16,036	15,627
Intensive Care	2,834	2,304	2,253	1,972	2,286
Psychiatric Acute	7,058	7,436	7,210	6,938	6,070
Obstetrics	2,005	1,733	1,817	1,569	1,442
Chemical Dependency	4,016	3,647	3,407	3,374	2,944
Physical Rehabilitation	4,782	4,287	4,035	4,287	4,103
Sub-Acute Care	36,917	35,687	36,849	34,953	35,314
<b>Total</b>	<b>77,312</b>	<b>73,522</b>	<b>73,869</b>	<b>69,129</b>	<b>67,786</b>
DISCHARGES					
Medical/Surgical	4,880	4,798	5,045	4,514	4,514
Intensive Care	186	190	175	178	172
Psychiatric Acute	606	573	574	549	526
Obstetrics	849	738	781	667	643
Chemical Dependency	483	475	440	418	346
Physical Rehabilitation	314	321	281	298	301
Sub-Acute Care	198	370	189	246	452
<b>Total</b>	<b>7,516</b>	<b>7,465</b>	<b>7,485</b>	<b>6,870</b>	<b>6,954</b>
AVERAGE LENGTH OF STAY					
Medical/Surgical	4.0	3.8	3.6	3.6	3.5
Intensive Care	15.2	12.1	12.9	11.1	13.3
Psychiatric Acute	11.6	13.0	12.6	12.6	11.5
Obstetrics	2.4	2.3	2.3	2.4	2.2
Chemical Dependency	8.3	7.7	7.7	8.1	8.1
Physical Rehabilitation	15.2	13.4	14.4	14.4	13.6
<b>Total</b>	<b>10.3</b>	<b>9.8</b>	<b>9.9</b>	<b>10.1</b>	<b>9.7</b>
AVERAGE DAILY CENSUS					
Medical/Surgical	54.0	50.5	50.1	43.9	42.8
Intensive Care	7.8	6.3	6.2	5.4	6.3
Psychiatric Acute	19.3	20.4	19.8	19.0	16.6
Obstetrics	5.5	4.7	5.0	4.3	4.0
Chemical Dependency	11.0	10.0	9.3	9.2	8.1
Physical Rehabilitation	13.1	11.7	11.1	11.7	11.2
Sub-Acute Care	101.1	97.8	101.0	95.8	96.8
<b>Total</b>	<b>211.8</b>	<b>201.4</b>	<b>202.4</b>	<b>189.4</b>	<b>185.7</b>
OTHER SERVICES					
Inpatient Surgeries	1,131	1,118	1,054	904	800
Outpatient Surgeries	1,430	1,565	1,486	1,501	4,808
Emergency Services Visits <sup>1</sup>	33,886	35,426	37,695	37,628	46,082
Obstetric Deliveries	786	674	712	621	597

Sources: OSHPD Disclosure Reports, FY 2010-2014 & Little Company-San Pedro

<sup>1</sup> OSHPD Alerts Annual Utilization Reports

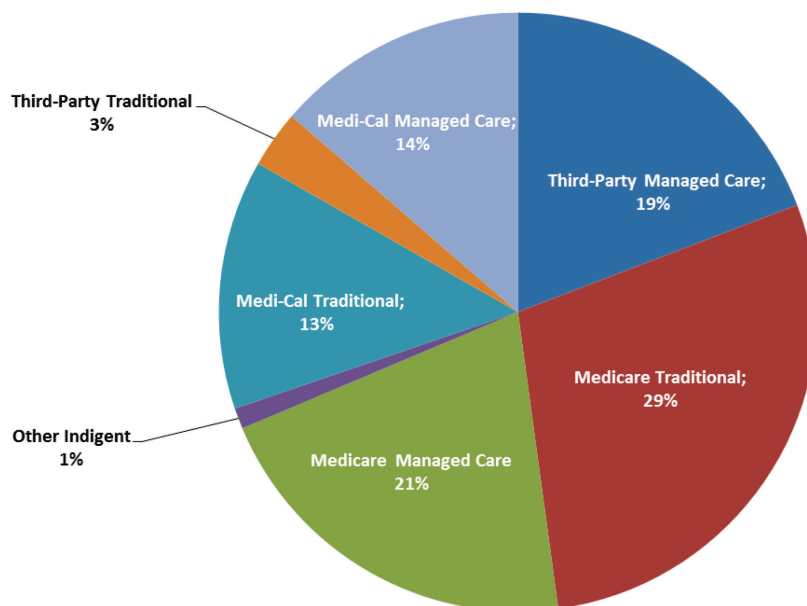
A review of historical utilization trends between FY 2010 and FY 2014 supports the following conclusions:

- Total patient days have decreased by 12% over the five-year period;
- Inpatient discharges have decreased by 8% from 7,516 in FY 2010 to 6,954 in FY 2014;
- The average daily census has decreased by 12% from 212 patients in FY 2010 to 186 patients in FY 2014; and
- Obstetric deliveries have decreased 24% from 786 in FY 2010 to 597 in FY 2014.

### ***Payer Mix***

In FY 2014, approximately 50% of Little Company-San Pedro's inpatient payer mix consisted of Medicare Traditional (29%) and Medicare Managed Care (21%) patients. Approximately 27% of Little Company-San Pedro's inpatient payer mix consisted of Medi-Cal Managed Care (14%) and Medi-Cal Traditional (13%) patients. In addition, 22% of Little Company-San Pedro's inpatient payer mix consisted of Third-Party Managed Care (19%) and Third-Party Traditional (3%) patients. The remaining 1% of the inpatient discharges consisted of Other Indigent patients.

**Little Company-San Pedro Payer Mix, FY 2014**



### **Total Discharges =6,954**

Source: OSHPD Financial Disclosure Report, FY 2014 (based on inpatient discharges).

The following table illustrates Little Company-San Pedro's inpatient discharge payer mix compared to Los Angeles County and the State of California for FY 2014. The comparison shows that Little Company-San Pedro has higher percentages of Medicare Managed Care patients and lower percentages of Medi-Cal Traditional, Medi-Cal Managed Care, and Third-Party Traditional patients relative to other hospitals in Los Angeles County and the State of California.

PAYER MIX COMPARISON						
	Little Company-San Pedro (FY 2014)		Los Angeles County (FY 2014)		California (FY 2014)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	902	13.0%	157,394	18.5%	448,311	15.8%
Medi-Cal Managed Care	913	13.1%	135,429	16.0%	435,129	15.3%
<b>Medi-Cal Total</b>	<b>1,815</b>	<b>26.1%</b>	<b>292,823</b>	<b>34.5%</b>	<b>883,440</b>	<b>31.1%</b>
Medicare Traditional	1,917	27.6%	233,810	27.5%	805,912	28.4%
Medicare Managed Care	1,392	20.0%	85,330	10.1%	273,709	9.6%
<b>Medicare Total</b>	<b>3,309</b>	<b>47.6%</b>	<b>319,140</b>	<b>37.6%</b>	<b>1,079,621</b>	<b>38.0%</b>
Third-Party Managed Care	1,283	18.4%	158,487	18.7%	610,781	21.5%
<b>Third-Party Managed Care Total</b>	<b>1,283</b>	<b>18.4%</b>	<b>158,487</b>	<b>18.7%</b>	<b>610,781</b>	<b>21.5%</b>
Third-Party Traditional	207	3.0%	30,357	3.6%	121,054	4.3%
Other Payers	35	0.5%	22,969	2.7%	62,617	2.2%
Other Indigent	75	1.1%	7,231	0.9%	32,930	1.2%
County Indigent	0	0.0%	17,931	2.1%	51,759	1.8%
<b>Other Total</b>	<b>317</b>	<b>4.6%</b>	<b>78,488</b>	<b>9.2%</b>	<b>268,360</b>	<b>9.4%</b>
<b>Total</b>	<b>6,954</b>	<b>100%</b>	<b>848,938</b>	<b>100%</b>	<b>2,842,202</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2014

### ***Medi-Cal Managed Care***

Little Company-San Pedro is currently contracted with both the Local Initiative, L.A. Care Health Plan, and the commercial plan, Health Net Community Solutions, Inc., to provide services to Medi-Cal Managed Care patients.



## Medical Staff

Little Company-San Pedro has 420 medical staff members representing multiple specialties. Hospitalists, emergency medicine, anesthesiology, and gastroenterology are the four largest specialties, comprising 31% of the medical staff. Of the 420 medical staff members, 136 members of the medical staff are considered “active” users of Little Company-San Pedro (representing approximately 32% of the medical staff). The 292 “non-active” users of Little Company-San Pedro include allied health professional, courtesy, associate, provisional, and other medical staff.

Little Company-San Pedro is affiliated with Providence Medical Associates, Providence Specialty Medical Group, and HealthCare Partners.

MEDICAL STAFF PROFILE 2016					
Specialty	Count	% of Total	Specialty	Count	% of Total
Acupuncture	1	0.2%	Oncology	9	2.1%
Allergy & Immunology	3	0.7%	Ophthalmology	8	1.9%
Anesthesiology	17	4.0%	Oral/Maxillofacial Surgery	1	0.2%
Cardiology	6	1.4%	Orthopedic Surgery	11	2.6%
Clinical Psychology	4	1.0%	Otolaryngology	4	1.0%
Dermatology	1	0.2%	Pain Management	2	0.5%
Diagnostic Radiology	1	0.2%	Palliative Care	4	1.0%
Emergency Medicine	27	6.4%	Pathology	12	2.9%
Endocrinology	1	0.2%	Pediatric Allergy/Immunology	1	0.2%
Family Practice	13	3.1%	Pediatric Cardiology	2	0.5%
Gastroenterology	17	4.0%	Pediatric Neurology	1	0.2%
General Surgery	8	1.9%	Pediatrics	13	3.1%
Geriatrics	4	1.0%	Physical Medicine & Rehabilitation	9	2.1%
Gynecological Oncology	2	0.5%	Physician Assistant	9	2.1%
Hematology	5	1.2%	Plastic Surgery	5	1.2%
Hematology Oncology	6	1.4%	Podiatry	9	2.1%
Hospitalist	68	16.2%	Psychiatry	9	2.1%
Infectious Disease	5	1.2%	Pulmonary/Critical Care	2	0.5%
Internal Medicine	15	3.6%	Pulmonary Disease	3	0.7%
Licensed Clinical Social Worker	2	0.5%	Radiology	15	3.6%
LPS Holds (5150)	12	2.9%	Radiation Oncology	1	0.2%
Neonatology	4	1.0%	Radiation Therapy	1	0.2%
Nephrology	15	3.6%	Registered Nurse First Assistant	1	0.2%
Neurology	5	1.2%	Scrub Technician	1	0.2%
Neuroradiology	1	0.2%	Teleneurology	5	1.2%
Neurosurgery	5	1.2%	Teleradiology	7	1.7%
Nuclear Medicine	1	0.2%	Thoracic Surgery	4	1.0%
Nurse Practitioner	10	2.4%	Urology	4	1.0%
Obstetrics-Gynecology	7	1.7%	Vascular Surgery	1	0.2%
<b>Total Active</b>	<b>420</b>				

Source: Providence Health & Services

## Unionized Employees

Little Company-San Pedro has a CBA with California Nurses Association through December 31, 2017 that represents 301 employees and approximately 28% of Little Company-San Pedro's employees.

EMPLOYEES REPRESENTED BY UNIONS	
Union	Total
California Nurses Association	301
<b>Total Employees Represented by Unions</b>	<b>301</b>
Total Non-Union Employees	791
<b>Total Employees</b>	<b>1,092</b>
<b>Total Percentage of Employees Represented by Unions</b>	<b>28%</b>

Source: Providence Health & Services

## Financial Profile

Over the five reported fiscal years, Little Company-San Pedro's net income has fluctuated from \$21.4 million in FY 2010 to a loss of \$8.4 million in FY 2014. Net patient revenue has remained stagnant between FY 2010 and FY 2014 averaging approximately \$156 million per year. Over the same period, Little Company-San Pedro's total operating expenses have increased by 16% from \$139.5 million in FY 2010 to \$162.9 million in FY 2014, partly due to a change in accounting treatment of the allocation of corporate overhead. A \$4 million loss of net non-operating revenue contributed to the operational losses in FY 2014. Net non-operating revenue represents revenue received or recognized for services that are not directly related to the provision of healthcare services. Examples of non-operating revenue include unrestricted contributions, income and gains from investments, and various government assessments, taxes, and appropriations.

Little Company-San Pedro's current ratio has increased over the last five years from 1.45 in FY 2010 to 2.14 in FY 2014. In FY 2014, the California average was 1.72). Little Company-San Pedro's percentage of bad debt is approximately 0.5% and is lower than the California average of 1.3%. As a provider of healthcare services for many Medi-Cal and uninsured patients, Little Company-San Pedro receives Disproportionate Share Hospital<sup>19</sup> funding.

<sup>19</sup> Disproportionate Share Hospitals serve a significantly disproportionate number of low-income patients and receive payments from the Centers for Medicaid & Medicare Services to cover the costs of providing care to uninsured patients.

FINANCIAL AND RATIO ANALYSIS: FY 2010-2014						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	-
Patient Days	77,312	73,522	73,869	69,129	67,786	-
Discharges	7,516	7,465	7,485	6,870	6,954	-
ALOS	10.3	9.8	9.9	10.1	9.7	-
Net Patient Revenue	\$154,094,532	\$159,914,502	\$158,067,158	\$154,694,817	\$154,378,844	-
Other Operating Revenue	\$3,700,029	\$4,230,880	\$4,578,542	\$4,165,866	\$4,021,454	-
Total Operating Revenue	\$157,794,561	\$164,145,382	\$162,645,700	\$158,860,683	\$158,400,298	-
Operating Expenses	\$139,549,035	\$151,434,243	\$148,544,187	\$147,995,092	\$162,923,393	-
Net from Operations	\$18,245,526	\$12,711,139	\$14,101,513	\$10,865,591	(\$4,523,095)	-
Net Non-Operating Revenue	\$3,176,024	(\$239,819)	\$4,763,508	\$3,326,907	(\$3,907,934)	-
Net Income	\$21,421,550	\$12,471,320	\$18,865,021	\$14,192,498	(\$8,431,029)	-
						2014 California Average
Current Ratio	1.45	1.30	1.28	1.23	2.14	1.72
Days in A/R	43.6	37.2	36.0	35.9	64.9	62.2
Bad Debt Rate	0.8%	0.8%	0.6%	0.4%	0.5%	1.3%
Operating Margin	11.56%	7.74%	8.67%	6.84%	-2.86%	2.48%

Source: OSHPD Disclosure Reports, 2010-2014

## Cost of Hospital Services

Little Company-San Pedro's operating cost of services includes both inpatient and outpatient care. In FY 2014, approximately 44% of total costs were associated with Medicare patients, 32% with Medi-Cal patients, and 22% with Third Party payers. The remaining 2% is attributed to Other Indigent. In FY 2014, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

COST OF SERVICES BY PAYER CATEGORY 2010-2014					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Expenses	\$139,549,035	\$151,434,243	\$148,544,187	\$147,995,092	\$162,923,393
Cost of Services By Payer:					
Medicare	\$53,014,211	\$57,137,674	\$53,061,436	\$54,044,512	\$72,599,618
Medi-Cal	\$18,778,254	\$52,545,954	\$59,093,567	\$58,089,674	\$51,528,599
County Indigent	\$0	\$0	\$357,820	\$1,708,384	\$0
Third Party	\$63,600,794	\$35,867,438	\$30,695,478	\$29,818,314	\$35,337,170
Other Indigent	\$533,401	\$3,202,009	\$4,302,105	\$3,613,250	\$2,587,835
Other Payers	\$3,622,376	\$2,681,168	\$1,033,781	\$720,959	\$870,171

Source: OSHPD Disclosure Reports, 2010-2014

## Charity Care

According to OSHPD, Little Company-San Pedro's charity care charges have decreased from \$21.8 million in FY 2011 to approximately \$8.1 million in FY 2015. The five-year average for charity charges was approximately \$18.5 million.

CHARITY CARE TOTAL CHARGES: FY 2011-2015	
Year	OSHPD Disclosure Reports
2015	\$8,089,272
2014	\$12,186,023
2013	\$24,430,052
2012	\$26,232,890
2011	\$21,793,076
<b>5-Year Average</b>	<b>\$18,546,263</b>

Source: OSHPD Disclosure Reports, FY 2011-2015 & Providence Health & Services

The following table shows a comparison of charity care and bad debt for Little Company-San Pedro and all general acute care hospitals in the State of California. The five-year (FY 2011-2015) average of charity care and bad debt, as a percentage of gross patient revenue, was 3.0%. This is lower than the four-year statewide average of 3.5%.

CHARITY CARE COMPARISON CHARITY CARE - FY 2011-2015 (Millions)										
	2011		2012		2013		2014		2015	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$839.4	\$288,636.7	\$820.7	\$303,278.6	\$773.4	\$317,543.8	\$767.2	\$337,773.2	\$823.2	-
Charity	\$21.8	\$6,171.5	\$26.2	\$6,251.0	\$24.4	\$6,209.9	\$12.2	\$4,571.0	\$8.1	-
Bad Debt	\$6.4	\$4,815.5	\$5.3	\$5,007.6	\$3.4	\$5,549.5	\$4.1	\$4,420.4	\$7.3	-
<b>Total</b>	<b>\$28.2</b>	<b>\$10,987.0</b>	<b>\$31.5</b>	<b>\$11,258.6</b>	<b>\$27.9</b>	<b>\$11,759.4</b>	<b>\$16.3</b>	<b>\$8,991.4</b>	<b>\$15.4</b>	<b>-</b>
Charity as a % of Gross Rev.	2.6%	2.1%	3.2%	2.1%	3.2%	2.0%	1.6%	1.4%	1.0%	-
Bad Debt as a % of Gross Rev.	0.8%	1.7%	0.6%	1.7%	0.4%	1.7%	0.5%	1.3%	0.9%	-
Total as a % of Gross Rev.	3.4%	3.8%	3.8%	3.7%	3.6%	3.7%	2.1%	2.7%	1.9%	-
<b>Uncompensated Care</b>										
Cost to Charge Ratio	17.5%	24.6%	17.5%	24.6%	18.6%	24.4%	20.7%	23.5%	19.9%	-
Cost of Charity	\$3.8	\$1,520.9	\$4.6	\$1,539.1	\$4.5	\$1,514.6	\$2.5	\$1,074.2	\$1.6	-
Cost of Bad Debt	\$1.1	\$1,186.8	\$0.9	\$1,232.9	\$0.6	\$1,353.5	\$0.8	\$1,038.8	\$1.4	-
<b>Total</b>	<b>\$4.9</b>	<b>\$2,707.7</b>	<b>\$5.5</b>	<b>\$2,772.0</b>	<b>\$5.2</b>	<b>\$2,868.1</b>	<b>\$3.4</b>	<b>\$2,113.0</b>	<b>\$3.0</b>	<b>-</b>

Source: OSHPD Disclosure Reports, 2011-2015 & Providence Health & Services

The table below shows Little Company-San Pedro's historical costs for charity care as reported by OSHPD. Little Company-San Pedro's charity care costs have decreased from approximately \$3.8 million in FY 2011 to \$1.6 million in FY 2015. The average cost of charity care for the last five-year period was approximately \$3.4 million.

COST OF CHARITY CARE				
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital	Percent of Total Costs Represented by Charity Care
FY 2015	\$8,089,272	19.9%	\$1,609,765	1.4%
FY 2014	\$12,186,023	20.7%	\$2,523,959	1.5%
FY 2013	\$24,430,052	18.6%	\$4,543,298	3.1%
FY 2012	\$26,232,890	17.5%	\$4,601,637	3.1%
FY 2011	\$21,793,076	17.5%	\$3,821,865	2.5%
<b>5-Year Average</b>	<b>\$18,546,263</b>		<b>\$3,420,105</b>	

Source: OSHPD Disclosure Reports, 2011-2015 & Providence Health & Services

Little Company-San Pedro reported the following combined distribution of charity care by inpatient, outpatient, and emergency room charges.

COST OF CHARITY CARE BY SERVICE				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2015:</b>				
Cost of Charity	\$63,847	\$53,032	\$1,010,003	\$1,126,882
Visits/Discharges	282	235	4,469	
<b>2014:</b>				
Cost of Charity	\$735,204	\$54,394	\$1,601,475	\$2,391,072
Visits/Discharges	1,367	101	2,978	
<b>2013:</b>				
Cost of Charity	\$1,811,804	\$66,237	\$2,284,434	\$4,162,474
Visits/Discharges	2,471	90	3,116	
<b>2012:</b>				
Cost of Charity	\$2,292,707	\$76,351	\$1,895,375	\$4,264,433
Visits/Discharges	2,953	98	2,441	
<b>2011:</b>				
Cost of Charity	\$1,745,341	\$513,921	\$1,149,817	\$3,409,078
Visits/Discharges	3,134	923	2,065	

Source: Providence Health & Services

## Community Benefit Services

Little Company-San Pedro has consistently provided a contribution to community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years has been \$5,311,860 per year.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	5-Year Average	Total
Benefits for Persons Living in Poverty	\$4,428,024	\$4,734,273	\$4,426,894	\$2,965,693	\$3,528,864	\$4,016,749	\$20,083,747
Benefits for Broader Community	\$1,307,250	\$1,413,331	\$1,322,832	\$1,172,046	\$1,260,094	\$1,295,110	\$6,475,552
<b>Total</b>	<b>\$5,735,273</b>	<b>\$6,147,603</b>	<b>\$5,749,726</b>	<b>\$4,137,739</b>	<b>\$4,788,958</b>	<b>\$5,311,860</b>	<b>\$26,559,299</b>

Source: Little Company-San Pedro

Note: Community Benefit programs and services excludes grants

- Little Company-San Pedro's five-year average cost of community benefit services for persons living in poverty is approximately \$4.0 million per year;
- Little Company-San Pedro's five-year average cost of community benefit services for the broader community is approximately \$1.3 million per year; and
- Over the five-year period, Little Company-San Pedro's combined total cost of community benefit services has fluctuated from \$5.7 million in FY 2011 to \$4.8 million in FY 2015.

Little Company-San Pedro's community benefit services over the past five fiscal years included the following programs over \$10,000:

COST OF COMMUNITY BENEFIT SERVICES FY 2011-2015					
Services over \$10,000 in cost:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Baby Friendly Journey	-	\$143,763	\$193,255	\$30,859	\$18,947
Cash Donations	\$126,887	\$19,788	\$11,765	\$52,060	\$32,904
Children's Health Insurance Program	\$110,804	\$134,401	\$90,642	\$87,030	\$129,844
Community Outreach/Administration	\$243,125	\$299,230	\$272,080	\$270,413	\$425,867
Community Lectures	-	-	-	-	\$75,000
Creating Opportunities for Physical Activity	\$385,962	\$383,981	\$365,317	\$481,009	\$448,709
Even Start	\$121,046	-	-	-	-
Harbor College Nursing	\$212,223	-	-	-	-
Health Resource Center	\$36,104	\$35,335	\$40,223	\$17,180	\$16,478
Hospice Bereavement/Gathering Place	\$260,553	\$366,071	\$263,745	\$224,526	\$248,314
Lively Lung Program	-	\$41,966	-	-	-
Mother Joseph Fund	\$116,081	\$102,481	\$102,481	\$102,481	\$64,930
Palliative Care Assessments	\$310,934	\$722,359	\$808,015	\$368,050	\$480,110
Partners for Healthy Kids (PFHK)	\$424,321	\$457,202	\$448,552	\$412,613	\$468,867
Pastoral Education	\$29,021	\$46,815	\$49,089	\$43,559	-
Preceptorships	\$603,712	\$905,806	\$888,370	\$803,970	\$867,298
Preventive Education (GOAL)	\$32,072	\$144,951	\$197,247	\$68,623	\$201,940
Promotoras/Linkage Services/Diabetes Education	\$141,798	\$172,028	\$147,219	\$151,649	\$96,559
Sexual Assault Response Team (SART)	\$103,058	\$46,850	\$41,548	\$10,801	\$30,903
Support Groups	\$5,415	\$5,415	\$12,650	\$12,650	-
Transportation/Taxi Vouchers for Medically Indigent	\$75,188	\$99,651	\$87,593	\$72,020	\$85,873
Welcome Baby	-	-	\$455,707	\$642,569	\$532,209
Wilmington Park Ready for School	\$348,673	-	-	-	-

Source: Providence Little Company of Mary - San Pedro

Note: The cost of community benefit programs reflects direct and indirect expenses

Little Company-San Pedro's community benefit services have supported many programs for the community, including health insurance enrollment assistance, physical activity initiatives, mobile health services, and others as described below<sup>20</sup>:

- Cash Donations: Provides cash and in-kind donations to nonprofit community organizations that promote healthy living and provide outreach to vulnerable populations;
- Children's Health Insurance Program: Administers a community-wide initiative to help eligible children and adults enroll in a health insurance plan;

<sup>20</sup> The following community benefit programs and services are no longer being provided: Baby Friendly Journey, Even Start, Harbor College Nursing, Lively Lung Program, Pastoral Education (merged into Preceptorships), and Wilmington Park Ready for School.



- Community Outreach/Administration: Provides management and oversight of community health programs and outreach activities;
- Community Lectures: Provides free lectures about diabetes management, chronic knee pain, cancer, and improving heart health;
- Creating Opportunities for Physical Activity: Operates a physical activity initiative program designed to increase physical activity in children within elementary schools in underserved communities;
- Health Resource Center: Facilitates health insurance outreach and enrollment, and provides access to Providence support groups;
- Hospice Bereavement/Gathering Place: Operates a community education resource center and coordinates support groups to help children and adults cope with loss;
- Mother Joseph Fund: Offers financial support for community outreach activities targeting the poor and vulnerable;
- Palliative Care Assessments: Provides hospital-based consultation to patients and physicians related to pain and symptom management for adults with life-threatening illnesses;
- Partners for Healthy Kids: Operates a mobile health clinic that travels to 16 schools across four public school districts to provide children with free health screenings, treatment, immunizations, education, insurance enrollment assistance, and referral services;
- Preceptorships: Provides preceptorships and mentorships for students from local colleges related to a variety of health professions, including pharmacy, respiratory therapy, nursing, and hospice;
- Preventive Education (GOAL): Provides patients with a diabetes self-management education program;
- Promotoras/Linkage Services/Diabetes Education: Provides diabetes classes, support groups, and self-care workshops at Vasek Polak Health Clinic, Providence Wellness and Activity Center, and other community locations;
- Sexual Assault Response Team (SART): Operates the Providence Little Company of Mary SART Center that provides a post-assault forensic exam in a supportive environment and assists in the prosecution of perpetrators;

- Support Groups: Provides ongoing support and linkage to community resources for individuals with chronic health issues;
- Transportation Services/Taxi Vouchers for the Medically Indigent: Provides transportation for individuals who would not otherwise have a way to get home safely; and
- Welcome Baby: Provides a voluntary program for all pregnant women who deliver at Little Company-San Pedro to enhance the health and wellbeing of mothers and their families.

## ANALYSIS OF PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER-SAN PEDRO'S SERVICE AREA

### *Service Area Definition*

Based upon Little Company-San Pedro's 2014 inpatient discharges, Little Company-San Pedro's service area is comprised of 12 ZIP Codes from which 80% of its inpatient discharges originated. Approximately 54% of Little Company-San Pedro's discharges originated from the top two ZIP Codes located in San Pedro. In 2014, Little Company-San Pedro's market share in the service area was approximately 13% based on total area discharges.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: 2014						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
90731	San Pedro	2,564	39.3%	39.3%	6,551	39.1%
90732	San Pedro	950	14.6%	53.9%	2,394	39.7%
90744	Wilmington	522	8.0%	61.9%	4,854	10.8%
90275	Rancho Palos Verdes	462	7.1%	69.0%	3,473	13.3%
90745	Carson	158	2.4%	71.4%	6,045	2.6%
90710	Harbor City	152	2.3%	73.7%	2,374	6.4%
90717	Lomita	104	1.6%	75.3%	2,241	4.6%
90501	Torrance	94	1.4%	76.7%	3,867	2.4%
90274	Palos Verdes Peninsula	85	1.3%	78.0%	2,168	3.9%
90505	Torrance	54	0.8%	78.9%	3,516	1.5%
90502	Torrance	51	0.8%	79.7%	1,863	2.7%
90733	San Pedro	11	0.2%	79.8%	56	19.6%
<b>Subtotal</b>		<b>5,207</b>	<b>79.8%</b>	<b>79.8%</b>	<b>39,402</b>	<b>13.2%</b>
Other ZIPs		1,316	20.2%	100%		
<b>Total</b>		<b>6,523</b>	<b>100%</b>			

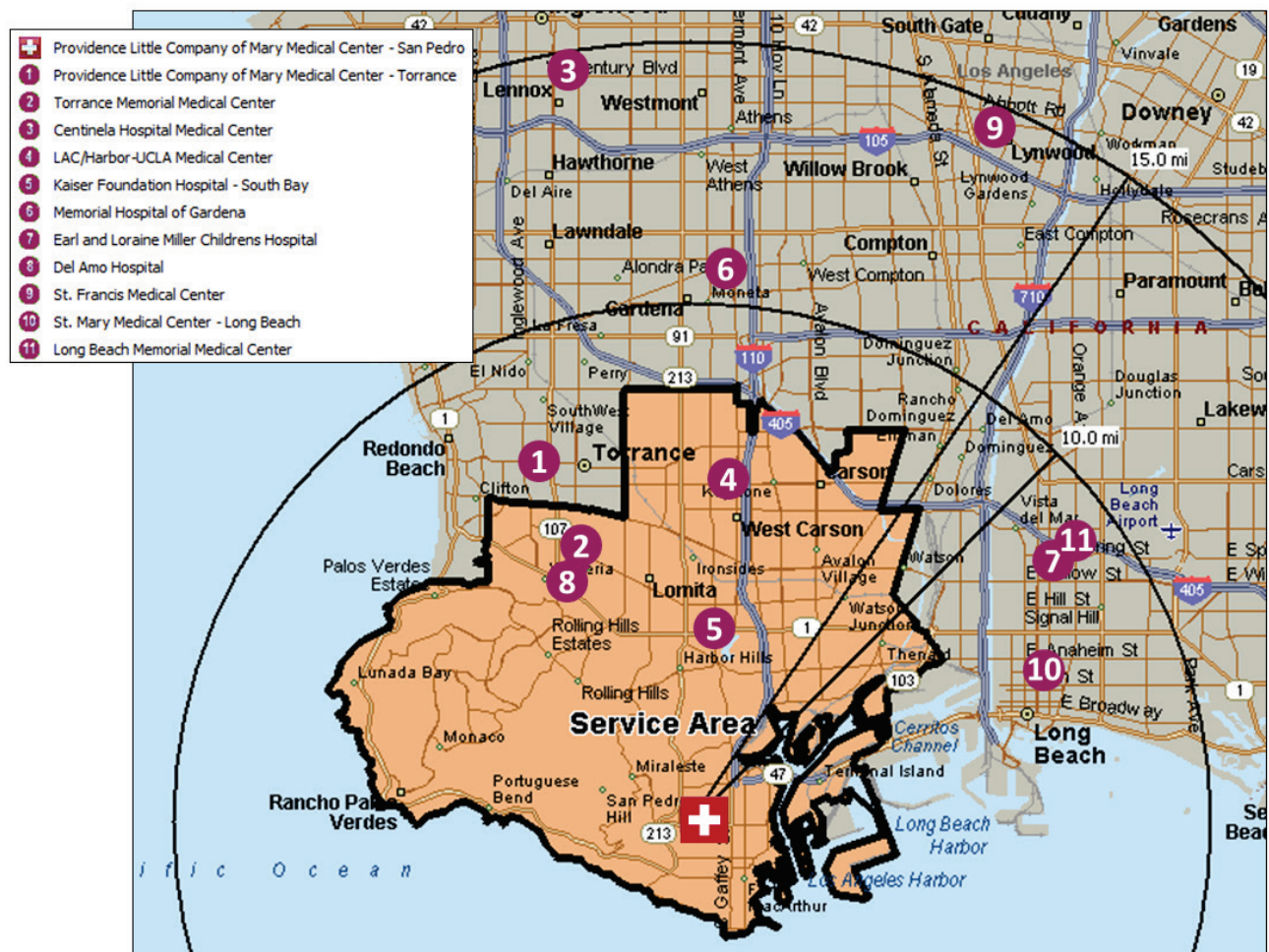
Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

## Service Area Map

Little Company-San Pedro's service area, with approximately 411,000 residents, includes the communities of San Pedro, Wilmington, Rancho Palos Verdes, Carson, Harbor City, Lomita, Torrance, and Palos Verdes Peninsula.

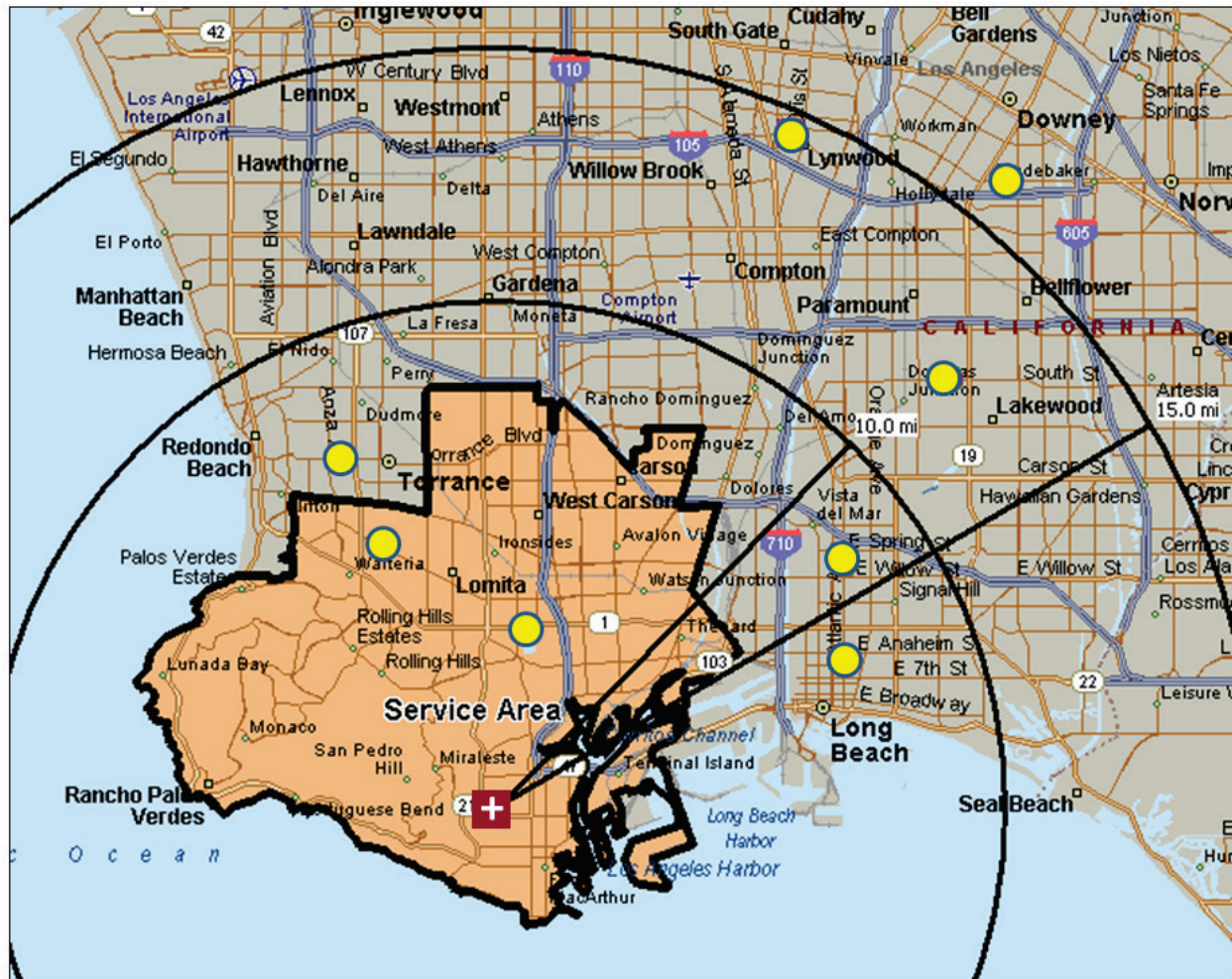
There are four other hospitals located within Little Company-San Pedro's service area, including Torrance Memorial Medical Center, Del Amo Hospital, Harbor-UCLA Medical Center, and Kaiser Foundation Hospitals-South Bay. There are four other hospitals located just outside of the service area and within approximately ten miles of Little Company-San Pedro: Little Company-Torrance, Earl and Loraine Miller Children's Hospital, St. Mary Medical Center-Long Beach, and Long Beach Memorial Medical Center. Little Company-San Pedro ranks second in inpatient market share leader in the service area.







## Service Area Certified Stroke Centers

Little Company-San Pedro is one of three certified stroke centers in its service area. The two others include Torrance Memorial Medical Center and Kaiser Foundation Hospitals-South Bay.



 = Providence Little Company of Mary - Torrance

 = Service Area

 = Primary Stroke Center

## Demographic Profile

Little Company-San Pedro's service area is expected to grow 2.4% over the next five years. This is lower than the expected growth rate for both Los Angeles County (2.5%) and the State of California (3.7%).

SERVICE AREA POPULATION STATISTICS 2015-2020			
	2015 Estimate	2020 Projection	% Change
Total Population	411,154	421,076	2.4%
Households	139,513	143,053	2.5%
Percentage Female	50.9%	50.8%	-

Source: Esri

The median age of the population of Little Company-San Pedro's service area is 39.2 years, which is higher than the statewide median age of 35.7 years. The percentage of adults over the age of 65 years old is the fastest growing age cohort and is forecasted to increase approximately 14% by 2020. The number of women of child-bearing age is expected to increase by only 0.4% over the next five years.

SERVICE AREA POPULATION AGE DISTRIBUTION: 2015-2020				
	2015 Estimate		2020 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	77,908	18.9%	76,338	18.1%
Age 15-44	157,956	38.4%	160,444	38.1%
Age 45-64	111,188	27.0%	111,466	26.5%
Age 65+	64,102	15.6%	72,828	17.3%
<b>Total</b>	<b>411,154</b>	<b>100%</b>	<b>421,076</b>	<b>100%</b>
Female 15-44	78,617	19.1%	78,924	18.7%
Median Age	39.2	-	39.9	-

Source: Esri

The largest population cohorts in Little Company-San Pedro's service area are White (49%), Asian or Pacific Islander (21%), and Some Other Race (18%). Approximately 41% of the service area population is of Hispanic ethnicity. This is greater than the Los Angeles County Hispanic ethnic population (39%) but less than the State of California Hispanic ethnic population (49%).

SERVICE AREA POPULATION RACE/ETHNICITY: 2015-2020		
	2015	2020
White	48.9%	48.0%
Black	5.2%	5.0%
American Indian	0.7%	0.7%
Asian or Pacific Islander	21.3%	22.2%
Some Other Race	18.3%	18.4%
Two or More Races	5.6%	5.8%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Hispanic Ethnicity	41.3%	42.3%
Non-Hispanic or Latino	58.7%	57.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

Little Company-San Pedro's service area has an average household income of \$97,726. This is 16% higher than the average for Los Angeles County (\$82,066) and 11% higher than the State of California Average (\$87,152). The percentage of high-income households (\$150,000+) is growing at slower rate (14%) than those for both Los Angeles County (17%) and the State of California (19%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2015-2020						
Annual Income	2015 Estimate			2020 Estimate		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
\$0 - \$15,000	10.1%	13.2%	11.1%	9.1%	12.2%	10.3%
\$15 - \$24,999	9.0%	10.2%	9.0%	6.4%	7.6%	6.6%
\$25 - \$34,999	9.0%	9.9%	9.3%	7.5%	8.4%	7.7%
\$35 - \$49,999	11.1%	12.5%	12.2%	10.2%	11.7%	11.3%
\$50 - \$74,999	16.7%	16.7%	16.5%	15.9%	16.3%	15.9%
\$75 - \$99,999	12.0%	11.3%	12.3%	13.4%	13.1%	14.2%
\$100 - \$149,999	15.5%	13.1%	14.9%	18.2%	15.0%	16.6%
\$150,000+	16.8%	13.3%	14.6%	19.2%	15.5%	17.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Average Household Income</b>	<b>\$97,726</b>	<b>\$82,066</b>	<b>\$87,152</b>	<b>\$111,824</b>	<b>\$94,026</b>	<b>\$99,512</b>

Source: Esri



## Hospital Supply, Demand & Market Share

There are five general acute care hospitals within the defined service area: Little Company-San Pedro, Kaiser Foundation Hospitals-South Bay, Torrance Memorial Medical Center, Del Amo Hospital, and Harbor-UCLA Medical Center. In FY 2014, the service area hospitals had a combined total of 1,652 licensed beds and an aggregate occupancy rate of approximately 61%. Little Company-San Pedro had 356 licensed beds that operated at an occupancy rate of nearly 52%. Furthermore, Little Company-San Pedro was responsible for nearly 10% of the service area discharges and 18% of the patient days.

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

AREA HOSPITAL DATA 2014									
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupied Beds	Percent Occupied	Miles from Hospital
Little Company-San Pedro	Providence Health & Services	San Pedro	-	356	6,954	67,786	186	52.2%	-
Kaiser Foundation Hospitals - South Bay	Kaiser Foundation Hospitals	Harbor	X	231	12,304	40,022	110	47.5%	4.6
Torrance Memorial Medical Center	Torrance Hospital Association	Torrance	X	446	23,964	97,210	266	59.7%	6.8
Del Amo Hospital	Universal Health Services	Torrance	X	166	5,682	43,235	118	71.4%	7.3
Harbor-UCLA Medical Center	LA County Dept. of Health Services	Torrance	X	453	19,436	118,625	325	71.7%	7.8
<b>SUB-TOTAL</b>				<b>1,652</b>	<b>68,340</b>	<b>366,878</b>	<b>1,005</b>	<b>60.8%</b>	
St. Mary Medical Center	Dignity Health	Long Beach		302	11,104	49,310	135	44.7%	9.0
Earl and Loraine Miller Children's Hospital	Memorial Health Services	Long Beach		373	15,922	69,390	190	51.0%	10.9
Long Beach Memorial Medical Center	Memorial Health Services	Long Beach		420	21,182	97,377	267	63.5%	10.9
Little Company-Torrance	Providence Health & Services	Torrance		442	19,299	86,326	237	53.5%	11.0
<b>TOTAL</b>				<b>3,189</b>	<b>135,847</b>	<b>669,281</b>	<b>1,834</b>	<b>57.5%</b>	

Source: OSHPD Disclosure Reports, 2014

## Hospital Market Share

The table below illustrates service area hospital inpatient market share from 2012 to 2014:

HOSPITAL MARKET SHARE: 2012-2014				
Hospital	2012	2013	2014	Trend
Torrance Memorial Medical Center	27.9%	27.7%	29.0%	↗
<b>Little Company of Mary Medical Center - San Pedro</b>	<b>13.8%</b>	<b>13.2%</b>	<b>13.2%</b>	↔
Little Company Of Mary Medical Center - Torrance	11.3%	11.6%	10.9%	↔
Kaiser Foundation Hospital - South Bay	10.5%	9.9%	9.9%	↔
LAC/Harbor-UCLA Medical Center	8.6%	9.4%	9.3%	↔
St. Mary Medical Center - Long Beach	2.6%	2.7%	3.1%	↗
Earl And Loraine Miller Childrens Hospital	2.7%	3.0%	2.7%	↔
Del Amo Hospital	1.9%	1.9%	2.1%	↔
Long Beach Memorial Medical Center	2.1%	2.0%	1.8%	↘
Cedars Sinai Medical Center	1.3%	1.2%	1.3%	↔
Other Discharges	17.3%	17.4%	16.7%	↘
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>42,556</b>	<b>39,861</b>	<b>39,402</b>	↘

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The number of discharges in the Little Company-San Pedro's service area decreased by nearly 7% between 2012 and 2014;
- Little Company-San Pedro has consistently ranked second in market share for its service area based on discharges (approximately 13% in 2014). Torrance Memorial Medical Center ranked first in inpatient discharges with 29% market share in 2014; and
- Little Company-Torrance ranked third in service area market share with approximately 11% market share in 2014.

## Market Share by Payer Type

The following table illustrates hospital market share by payer category for 2014:

HOSPITAL MARKET SHARE BY PAYER TYPE: 2014											
Payer Type	Total Discharges	Torrance Memorial Medical Center	Little Company of Mary Medical Center - San Pedro	Little Company of Mary Medical Center - Torrance	Kaiser Foundation Hospital - South Bay	LAC/Harbor-UCLA Medical Center	St. Mary Medical Center - Long Beach	Earl & Lorraine Miller Childrens Hospital	Del Amo Hospital	All Others	Total
Medicare	15,811	37.2%	16.1%	14.4%	10.8%	4.1%	1.3%	0.0%	1.2%	15.1%	100%
Private Coverage	11,876	35.8%	8.2%	11.2%	15.0%	1.8%	1.5%	2.5%	3.5%	20.4%	100%
Medi-Cal	9,658	10.8%	14.4%	5.0%	2.8%	25.7%	8.0%	7.1%	1.6%	24.7%	100%
Self Pay	1,059	11.8%	17.5%	12.0%	11.3%	18.9%	2.7%	2.5%	3.0%	20.3%	100%
All Other	998	13.6%	11.9%	7.2%	0.4%	12.5%	2.2%	5.2%	3.5%	43.4%	100%
<b>Total Percentage</b>		<b>29.0%</b>	<b>13.2%</b>	<b>10.9%</b>	<b>9.9%</b>	<b>9.3%</b>	<b>3.1%</b>	<b>2.7%</b>	<b>2.1%</b>	<b>19.9%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>39,402</b>	<b>11,434</b>	<b>5,207</b>	<b>4,290</b>	<b>3,886</b>	<b>3,668</b>	<b>1,202</b>	<b>1,063</b>	<b>817</b>	<b>7,835</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The largest categories of service area inpatient discharges are comprised of Medicare at approximately 15,800 discharges (40%), Private Coverage at approximately 11,900 discharges (30%), and Medi-Cal at nearly 9,700 discharges (25%);
- Little Company-San Pedro ranks second in market share for Medicare (16%) and Medi-Cal (14%);
- Torrance Memorial Medical Center is market share leader in Medicare (37%) and Private Coverage (36%); and
- UCLA Medical Center is market share leader in Medi-Cal with 26% market share.

## Market Share by Service Line

The following table illustrates service area hospital market share by service line for 2014:

HOSPITAL MARKET SHARE BY SERVICE LINE: 2014											
Service Line	Total Discharges	Torrance Memorial Medical Center	Little Company of Mary Medical Center - San Pedro	Little Company of Mary Medical Center - Torrance	Kaiser Foundation Hospital - South Bay	LAC/Harbor-UCLA Medical Center	St. Mary Medical Center - Long Beach	Earl And Loraine Miller Childrens Hospital	Del Amo Hospital	All Others	Total
General Medicine	12,491	28.6%	18.1%	11.8%	11.7%	9.8%	2.2%	2.6%	0.0%	15.1%	100%
Obstetrics	4,786	29.6%	11.7%	10.9%	13.0%	6.2%	9.7%	7.9%	0.0%	11.0%	100%
Cardiac Services	4,297	37.6%	10.6%	14.2%	8.8%	8.3%	2.6%	0.3%	0.0%	17.7%	100%
General Surgery	3,039	34.8%	7.2%	9.2%	13.5%	12.1%	1.7%	1.6%	0.0%	19.8%	100%
Behavioral Health	3,000	2.3%	13.8%	1.0%	0.8%	5.1%	0.2%	0.0%	27.2%	49.6%	100%
Orthopedics	2,470	30.3%	12.0%	12.1%	13.2%	9.9%	1.1%	1.2%	0.0%	20.2%	100%
Neurology	1,734	33.6%	17.2%	12.5%	6.8%	9.3%	1.8%	1.5%	0.0%	17.2%	100%
Oncology/Hematology (Medical)	1,329	25.4%	9.1%	11.2%	10.0%	14.8%	1.8%	3.7%	0.0%	23.9%	100%
Neonatology	1,186	28.6%	3.3%	11.2%	14.6%	12.4%	6.6%	10.7%	0.0%	12.6%	100%
Rehabilitation	1,099	48.0%	22.4%	13.3%	0.0%	0.0%	3.6%	0.0%	0.0%	12.6%	100%
Spine	778	28.1%	8.4%	14.3%	1.0%	3.2%	1.4%	0.5%	0.0%	43.1%	100%
Gynecology	704	41.8%	6.3%	13.6%	5.4%	11.8%	1.6%	0.4%	0.0%	19.2%	100%
Other	560	25.0%	7.3%	8.6%	2.9%	23.0%	4.6%	2.3%	0.0%	26.3%	100%
Urology	537	28.5%	11.9%	8.9%	10.8%	8.9%	1.3%	0.6%	0.0%	29.1%	100%
ENT	524	25.4%	4.2%	7.6%	7.3%	19.7%	2.3%	6.3%	0.0%	27.3%	100%
Vascular Services	511	33.9%	6.8%	14.1%	12.7%	13.1%	2.5%	0.0%	0.0%	16.8%	100%
Neurosurgery	240	16.7%	5.0%	4.2%	1.3%	15.0%	2.9%	2.1%	0.0%	52.9%	100%
<All others>	117	16.2%	7.7%	6.0%	8.5%	26.5%	1.7%	2.6%	0.0%	30.8%	100%
<b>Total Percentage</b>		<b>29.0%</b>	<b>13.2%</b>	<b>10.9%</b>	<b>9.9%</b>	<b>9.3%</b>	<b>3.1%</b>	<b>2.7%</b>	<b>2.1%</b>	<b>19.9%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>39,402</b>	<b>11,434</b>	<b>5,207</b>	<b>4,290</b>	<b>3,886</b>	<b>3,668</b>	<b>1,202</b>	<b>1,063</b>	<b>817</b>	<b>7,835</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Although Little Company-San Pedro is not a market share leader in any service lines, it has significant market share in general medicine (18%), obstetrics (12%), behavioral health (14%), orthopedics (12%), neurology (17%), rehabilitation (22%), and urology (12%);
- Torrance Memorial Medical Center is market share leader for 15 service lines including general medicine (29%), obstetrics (30%), cardiac services (38%), general surgery (35%), orthopedics (30%), neurology (34%), oncology/hematology (25%), neonatology (29%), rehabilitation (48%), spine (28%), gynecology (42%), urology (29%), ear, nose, and throat (25%), vascular services (34%) and neurosurgery (17%); and
- Del Amo Hospital has the highest market share in behavioral health with 27% market share.

## Market Share by ZIP Code

The following table illustrates service area hospital market share by ZIP Code for 2014:

HOSPITAL MARKET SHARE BY SERVICE LINE: 2014												
ZIP Code	Community	Total Discharges	Torrance Memorial Medical Center	Little Company of Mary Medical Center - San Pedro	Little Company of Mary Medical Center - Torrance	Kaiser Foundation Hospital - South Bay	LAC/Harbor-UCLA Medical Center	St. Mary Medical Center - Long Beach	Earl & Loraine Miller Childrens Hospital	Del Amo Hospital	All Others	Total
90731	San Pedro	6,551	10.3%	39.1%	4.2%	9.7%	6.5%	4.4%	4.4%	2.0%	19.3%	100%
90745	Carson	6,045	26.7%	2.6%	12.4%	10.9%	17.4%	2.1%	2.8%	1.9%	23.2%	100%
90744	Wilmington	4,854	17.2%	10.8%	4.1%	13.8%	12.9%	12.6%	5.6%	1.4%	21.7%	100%
90501	Torrance	3,867	33.8%	2.4%	18.6%	8.1%	13.6%	1.3%	2.1%	2.2%	17.8%	100%
90505	Torrance	3,516	46.3%	1.5%	18.7%	5.9%	3.7%	0.2%	0.7%	5.0%	18.1%	100%
90275	Rancho Palos Verdes	3,473	43.8%	13.3%	12.3%	7.5%	1.5%	0.1%	1.0%	1.4%	19.2%	100%
90732	San Pedro	2,394	17.3%	39.7%	6.6%	12.8%	2.4%	0.8%	2.3%	1.5%	16.6%	100%
90710	Harbor City	2,374	32.6%	6.4%	9.1%	15.2%	11.4%	1.8%	2.5%	1.3%	19.5%	100%
90717	Lomita	2,241	45.1%	4.6%	11.8%	9.5%	7.2%	1.0%	1.7%	3.0%	16.1%	100%
90274	Palos Verdes Peninsula	2,168	49.2%	3.9%	15.4%	4.5%	2.3%	0.4%	0.3%	1.4%	22.6%	100%
90502	Torrance	1,863	31.3%	2.7%	15.5%	8.0%	16.7%	1.0%	1.7%	1.7%	21.3%	100%
90733	San Pedro	56	19.6%	19.6%	7.1%	21.4%	3.6%	0.0%	0.0%	0.0%	28.6%	100%
Total Percentage			29.0%	13.2%	10.9%	9.9%	9.3%	3.1%	2.7%	2.1%	19.9%	100%
Total Discharges			39,402	11,434	5,207	4,290	3,886	3,668	1,202	1,063	817	7,835

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Little Company-San Pedro is the market share leader in two of the service area ZIP Codes. In both of these ZIP Codes, represented by San Pedro, Little Company-San Pedro had nearly 40% of the market share in 2014;
- Torrance Memorial Medical Center is the market share leader in the communities of Carson, Wilmington, Torrance, Rancho Palos Verdes, Harbor City, Lomita, and Palos Verdes Peninsula; and
- Kaiser Foundation Hospitals-South Bay is the market share leader in one service area ZIP Code located in the community of San Pedro.

## Service Availability by Bed Type

Using FY 2014 data, the tables on the following pages illustrate Little Company-San Pedro's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive/coronary care, obstetrics, psychiatric acute care, chemical dependency acute care, rehabilitation, sub-acute care, and emergency services.

## Medical/Surgical Capacity Analysis

The medical/surgical beds within Little Company-San Pedro's service area operated at an overall occupancy rate of nearly 61%.

MEDICAL/SURGICAL BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	104	4,514	15,627	43	41.2%
Kaiser Foundation Hospitals - South Bay	4.6	X	167	9,186	31,074	85	51.0%
Torrance Memorial Medical Center	6.8	X	185	11,102	37,481	103	55.5%
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	266	14,274	76,148	209	78.4%
<b>SUB-TOTAL</b>			<b>722</b>	<b>39,076</b>	<b>160,330</b>	<b>439</b>	<b>60.8%</b>
St. Mary Medical Center	9.0		143	5,911	24,871	68	47.7%
Earl and Loraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		197	12,915	52,646	144	73.2%
Little Company-Torrance	11.0		185	11,653	46,399	127	68.7%
<b>TOTAL</b>			<b>1,247</b>	<b>69,555</b>	<b>284,246</b>	<b>779</b>	<b>62.5%</b>

Source: OSHPD Disclosure Reports, FY 2014

- Little Company-San Pedro reported 4,514 hospital discharges and 15,627 patient days that resulted in an occupancy rate of approximately 41% and an average daily census of 43 patients; and
- Little Company-San Pedro's 104 licensed medical/surgical beds represented approximately 14% of the beds in this category for the service area.

## Intensive Care Unit/Coronary Care Unit Capacity Analysis

There were 110 intensive care unit/coronary care unit beds within the service area, which operated at an overall occupancy rate of approximately 65%. Little Company-San Pedro had 12 licensed intensive care unit beds with an average occupancy rate of approximately 52% and an average daily census of six patients.

INTENSIVE CARE UNIT/CORONARY CARE UNIT BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	12	172	2,286	6	52.2%
Kaiser Foundation Hospitals - South Bay	4.6	X	20	211	2,394	7	32.8%
Torrance Memorial Medical Center	6.8	X	36	579	7,960	22	60.6%
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	42	657	13,589	37	88.6%
<b>SUB-TOTAL</b>			<b>110</b>	<b>1,619</b>	<b>26,229</b>	<b>72</b>	<b>65.3%</b>
St. Mary Medical Center	9.0		47	1,452	6,008	16	35.0%
Earl and Lorraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		61	751	13,756	38	61.8%
Little Company-Torrance	11.0		28	525	6,885	19	67.4%
<b>TOTAL</b>			<b>246</b>	<b>4,347</b>	<b>52,878</b>	<b>145</b>	<b>58.9%</b>

Source: OSHPD Disclosure Reports, FY 2014

- Among the service area hospitals, the average daily census was 72 patients based on 26,229 days; and
- Little Company-San Pedro provided nearly 11% of both the service area's intensive care/coronary care beds and discharges.

## Obstetrics Capacity Analysis

As shown below, there were 113 obstetric beds located in the service area with an aggregate occupancy rate of approximately 45%. Little Company-San Pedro reported 22 licensed obstetric beds with an occupancy rate 18% and an average daily census of four patients.

OBSTETRICS BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	22	643	1,442	4	18.0%
Kaiser Foundation Hospitals - South Bay	4.6	X	34	2,689	5,118	14	41.2%
Torrance Memorial Medical Center	6.8	X	28	3,280	8,975	25	87.8%
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	29	1,046	3,133	9	29.6%
<b>SUB-TOTAL</b>			<b>113</b>	<b>7,658</b>	<b>18,668</b>	<b>51</b>	<b>45.1%</b>
St. Mary Medical Center	9.0		25	2,968	8,746	24	95.8%
Earl and Loraine Miller Children's Hospital	10.9		59	4,862	12,445	34	57.8%
Long Beach Memorial Medical Center	10.9		-	-	-	-	-
Little Company-Torrance	11.0		22	2,069	4,876	13	60.7%
<b>TOTAL</b>			<b>219</b>	<b>17,557</b>	<b>44,735</b>	<b>123</b>	<b>56.0%</b>

Source: OSHPD Disclosure Reports, FY 2014

Kaiser Foundation Hospitals - South Bay has an Alternative Birthing Center

- Little Company-San Pedro provided nearly 20% of licensed obstetrics beds within its service area, but only approximately 8% of the service area's 7,658 discharges; and
- Hospitals within the service area had varying levels of available capacity. The occupancy rates ranged from 18% at Little Company-San Pedro to nearly 88% at Torrance Memorial Medical Center.



## Psychiatric Acute Care Capacity Analysis

There were 129 psychiatric acute care beds within the service area and an overall occupancy rate of approximately 71%. Little Company-San Pedro operated 25 licensed psychiatric beds with an occupancy rate of 67% and an average daily census of 17 patients.

PSYCHIATRIC ACUTE CARE BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	25	526	6,070	17	66.5%
Kaiser Foundation Hospitals - South Bay	4.6	X	-	-	-	-	-
Torrance Memorial Medical Center	6.8	X	-	-	-	-	-
Del Amo Hospital	7.3	X	66	2,195	14,336	39	59.5%
Harbor-UCLA Medical Center	7.8	X	38	919	12,910	35	93.1%
<b>SUB-TOTAL</b>			<b>129</b>	<b>3,640</b>	<b>33,316</b>	<b>91</b>	<b>70.8%</b>
St. Mary Medical Center	9.0		-	-	-	-	-
Earl and Lorraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		-	-	-	-	-
Little Company-Torrance	11.0		-	-	-	-	-
<b>TOTAL</b>			<b>129</b>	<b>3,640</b>	<b>33,316</b>	<b>91</b>	<b>70.8%</b>

Source: OSHPD Disclosure Reports, FY 2014

- The average daily census for all hospitals in the service area was 91 patients based on 33,316 days; and
- Little Company-San Pedro provided 19% of the service area's psychiatric beds, and nearly 15% of the discharges.

## Chemical Dependency Acute Care Capacity Analysis

Little Company-San Pedro was the only provider with chemical dependency acute care beds within the service area. Little Company-San Pedro reported 48 chemical dependency beds, with an occupancy rate of approximately 17% and an average daily census of eight patients.

CHEMICAL DEPENDENCY ACUTE CARE BEDS FY 2015							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	48	346	2,944	8	16.8%
Kaiser Foundation Hospitals - South Bay	4.6	X	-	-	-	-	-
Torrance Memorial Medical Center	6.8	X	-	-	-	-	-
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	-	-	-	-	-
<b>SUB-TOTAL</b>			<b>48</b>	<b>346</b>	<b>2,944</b>	<b>8</b>	<b>16.8%</b>
St. Mary Medical Center	9.0		-	-	-	-	-
Earl and Lorraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		-	-	-	-	-
Little Company-Torrance	11.0		-	-	-	-	-
<b>TOTAL</b>			<b>48</b>	<b>346</b>	<b>2,944</b>	<b>8</b>	<b>16.8%</b>

Source: OSHPD Disclosure Reports, FY 2014 and Little Company – San Pedro

- The closest general acute care provider of chemical dependency beds is Southern California Hospital at Culver City and is located approximately 25 miles away. It is licensed for 18 chemical dependency beds that ran at an occupancy rate of 68%; and
- Tom Redgate Memorial Recovery Center, a specialty hospital licensed as a chemical dependency recovery hospital, is the closest provider of chemical dependency beds and is located approximately nine miles away in Long Beach. Tom Redgate Memorial Recovery Center was licensed for 63 chemical dependency beds that ran at a relatively high occupancy rate of approximately 66%.

## Rehabilitation Capacity Analysis

Little Company-San Pedro was the only hospital with licensed rehabilitation beds within the service area. Little Company-San Pedro had 20 rehabilitation beds that were approximately 56% occupied on average and an average daily census of 11 patients.

REHABILITATION ACURE CARE BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	20	301	4,103	11	56.2%
Kaiser Foundation Hospitals - South Bay	4.6	X	-	-	-	-	-
Torrance Memorial Medical Center	6.8	X	-	-	-	-	-
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	-	-	-	-	-
<b>SUB-TOTAL</b>			<b>20</b>	<b>301</b>	<b>4,103</b>	<b>11</b>	<b>56.2%</b>
St. Mary Medical Center	9.0		46	339	5,350	15	31.9%
Earl and Loraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		42	561	7,708	21	50.3%
Little Company-Torrance	11.0		-	-	-	-	-
<b>TOTAL</b>			<b>108</b>	<b>1,201</b>	<b>17,161</b>	<b>47</b>	<b>43.5%</b>

Source: OSHPD Disclosure Reports, FY 2014

- The closest hospital outside of the service area with rehabilitation beds is St. Mary Medical Center that is located nine miles away.

## Sub-Acute Care Capacity Analysis

Little Company-San Pedro was the only provider of sub-acute care beds within the service area. Little Company-San Pedro reported 125 licensed sub-acute care beds with an occupancy rate of approximately 77% and an average daily census of 97 patients.

SUBACUTE CARE BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Little Company-San Pedro	-	X	125	452	35,314	97	77.4%
Kaiser Foundation Hospitals - South Bay	4.6	X	-	-	-	-	-
Torrance Memorial Medical Center	6.8	X	-	-	-	-	-
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	-	-	-	-	-
<b>SUB-TOTAL</b>			<b>125</b>	<b>452</b>	<b>35,314</b>	<b>97</b>	<b>77.4%</b>
St. Mary Medical Center	9.0		-	-	-	-	-
Earl and Loraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		-	-	-	-	-
Little Company-Torrance	11.0		-	-	-	-	-
<b>TOTAL</b>			<b>125</b>	<b>452</b>	<b>35,314</b>	<b>97</b>	<b>77.4%</b>

Source: OSHPD Disclosure Reports, FY 2014

## Emergency Department Volume at Hospitals in the Service Area

In 2014, Little Company-San Pedro had 16 emergency treatment stations. In total, there were 166 treatment stations among all service area hospitals. As shown below, Little Company-San Pedro reported 46,082 visits that totaled nearly 19% of all visits among the service area hospitals (246,178 visits).

The table below shows the visits by severity category for area emergency departments as reported by OSHPD Automated Licensing Information and Report Tracking System.

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2014												
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
Little Company-San Pedro	-	X	Basic	16	46,082	516	3,965	16,194	13,223	12,184	6.8%	258
Kaiser Foundation Hospitals - South Bay	4.6	X	Basic	37	60,682	657	6,181	41,158	11,547	1,139	10.4%	662
Torrance Memorial Medical Center	6.8	X	Basic	29	65,898	137	5,111	24,263	18,366	18,021	20.0%	183
Del Amo Hospital	7.3	X	-	-	-	-	-	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	Basic	84	73,516	1,849	18,597	37,095	7,648	8,327	18.0%	1,772
<b>SUB-TOTAL</b>				<b>166</b>	<b>246,178</b>	<b>3,159</b>	<b>33,854</b>	<b>118,710</b>	<b>50,784</b>	<b>39,671</b>	<b>14.5%</b>	<b>2,875</b>
St. Mary Medical Center*	9.0		Basic	26	54,823	2,798	11,267	23,216	9,100	2,159	11.5%	2,204
Earl and Loraine Miller Children's Hospital	10.9		-	-	-	-	-	-	-	-	-	-
Long Beach Memorial Medical Center	10.9		Basic	53	98,421	192	263	41,783	46,319	9,864	16.0%	1,709
Little Company-Torrance	11.0		Basic	29	72,579	652	4,170	22,557	22,651	22,549	17.3%	689
<b>TOTAL</b>				<b>274</b>	<b>472,001</b>	<b>6,801</b>	<b>49,554</b>	<b>206,266</b>	<b>128,854</b>	<b>74,243</b>	<b>14.9%</b>	<b>7,477</b>

Source: OSHPD Alerts Annual Utilization Reports, 2014

\* Does not include the 6,283 admitted patients in visit type totals.

- Nearly 7% of Little Company-San Pedro's 2014 emergency department visits resulted in admission to the hospital and is below the service area average of approximately 15%;
- Little Company-San Pedro went on diversion for 258 hours in 2014; and

- Nearly 55% of Little Company-San Pedro's 2014 emergency department visits were classified as severe with/without threat in severity and higher than the service area average of approximately 37%.

### ***Emergency Department Capacity***

In 2014, Little Company-San Pedro's emergency department was operating at 144% of its 16-bed capacity.

EMERGENCY DEPARTMENT CAPACITY 2014							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
<b>Little Company-San Pedro</b>	-	X	Basic	16	46,082	32,000	(14,082)
Kaiser Foundation Hospitals - South Bay	4.6	X	Basic	37	60,682	74,000	13,318
Torrance Memorial Medical Center	6.8	X	Basic	29	65,898	58,000	(7,898)
Del Amo Hospital	7.3	X	-	-	-	-	-
Harbor-UCLA Medical Center	7.8	X	Basic	84	73,516	168,000	94,484
<b>SUB-TOTAL</b>				<b>166</b>	<b>246,178</b>	<b>332,000</b>	<b>85,822</b>
St. Mary Medical Center*	9.0		Basic	26	54,823	52,000	(2,823)
Earl and Loraine Miller Children's Hospital	10.9		-	-	-	-	-
Long Beach Memorial Medical Center	10.9		Basic	53	98,421	106,000	7,579
Little Company-Torrance	11.0		Basic	29	72,579	58,000	(14,579)
<b>TOTAL</b>				<b>274</b>	<b>472,001</b>	<b>548,000</b>	<b>75,999</b>

Source: OSHPD Airlifts Annual Utilization Reports, 2014

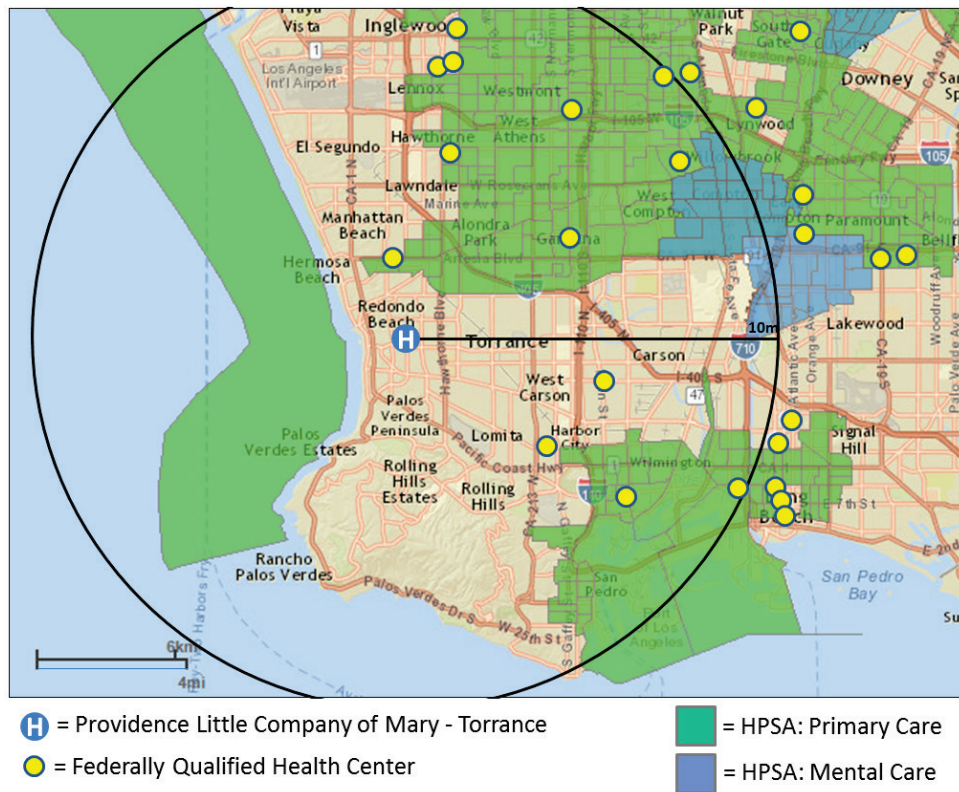
\* Does not include the 6,283 admitted patients in visit type totals.

- Overall, the service area hospitals' emergency departments are operating at approximately 74% capacity; and
- Little Company-San Pedro had the highest level of emergency department utilization in 2014, followed by Torrance Memorial Medical Center, at nearly 115% occupied.

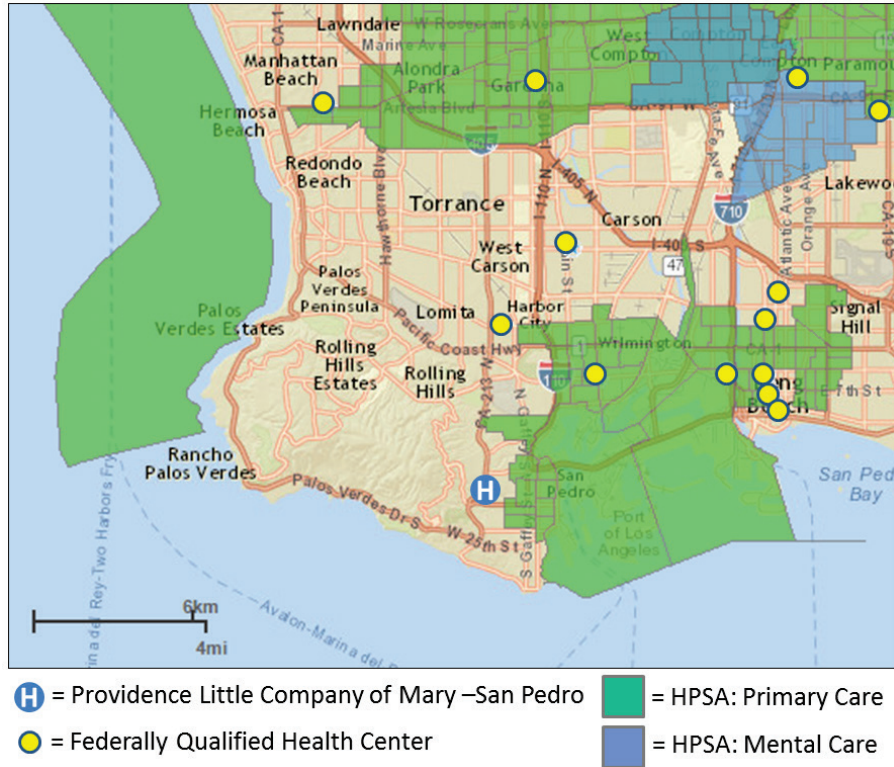
## ANALYSIS OF SOUTH LOS ANGELES COUNTY

### *Health Professional Shortage Areas, Medically Underserved Areas, & Medically Underserved Populations*

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). The map below depicts these shortage areas relative to Little Company-Torrance's location.



- Although Little Company-Torrance is not located in Health Professional Shortage Area, service area communities to the north and northeast of Little Company-Torrance are shortage designated.

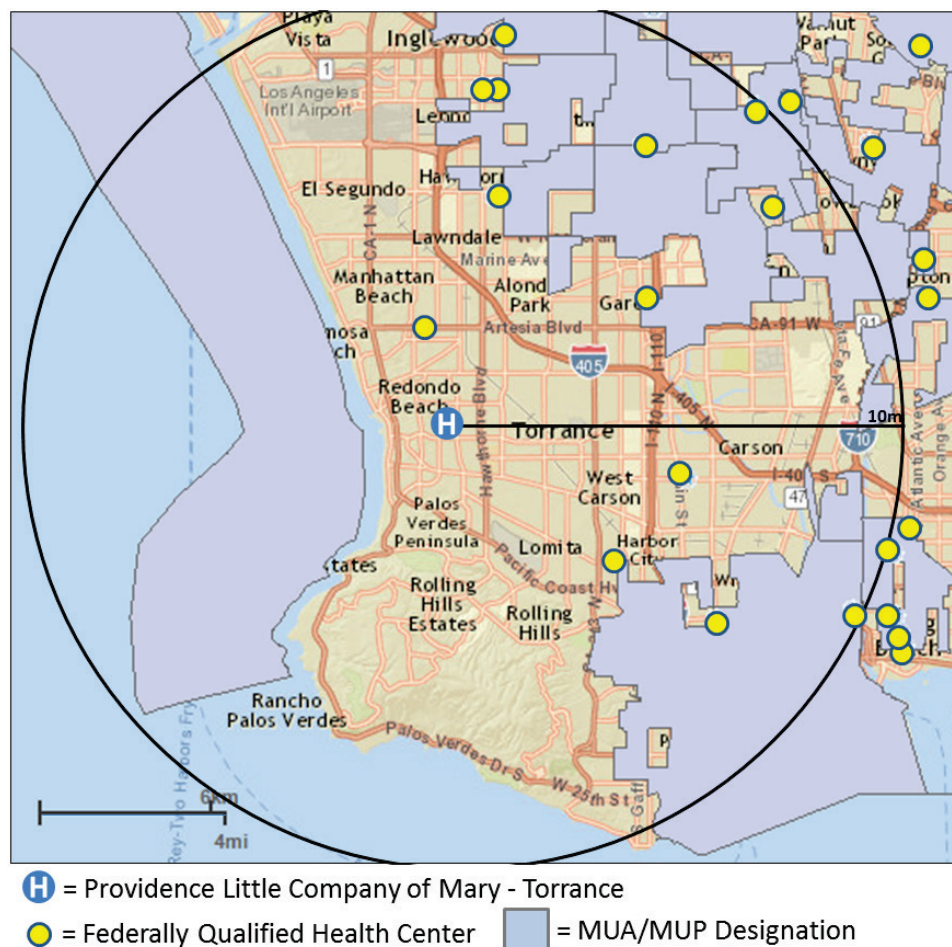


- Although Little Company-San Pedro is not located in Health Professional Shortage Area, large portions of the service area to the east have been designated as having a shortage of primary care providers.



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.

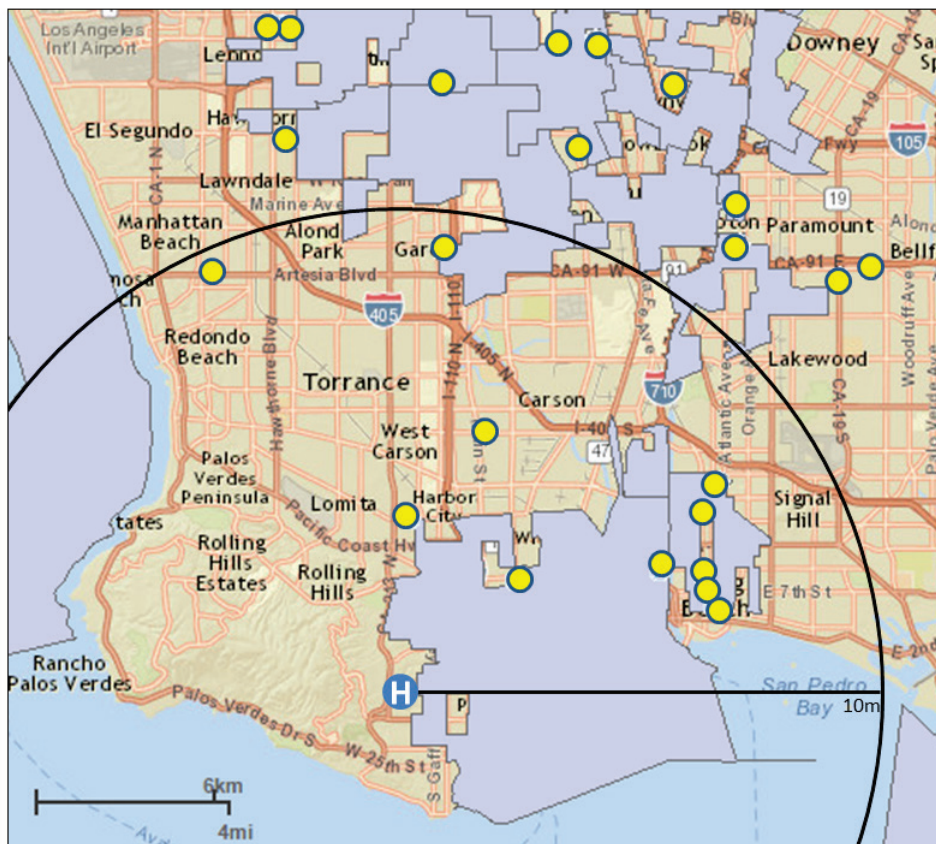
The maps below depict the Medically Underserved Areas/Medically Underserved Populations relative to Little Company-Torrance and Little Company-San Pedro's location.



- Neither Little Company-Torrance's location, nor the majority of its service area, are designated as a Medically Underserved Area/Medically Underserved Populations area. However, areas to the north and southeast of Little Company-Torrance are designated as Medically Underserved Area/Medically Underserved Population areas; and



- There are also approximately 15 Federally Qualified Health Centers<sup>21</sup> within a ten-mile radius of Little Company-Torrance.



**H** = Providence Little Company of Mary – San Pedro

**●** = Federally Qualified Health Center    **■** = MUA/MUP Designation

- Although Little Company-San Pedro itself is not located in a Medically Underserved Area/Medically Underserved Populations area, large portions of the service area to the east are designated as a Medically Underserved Area/Medically Underserved Populations area; and
- There are 11 Federally Qualified Health Centers within a ten-mile radius of Little Company-San Pedro that a large percentage of area residents depend on to receive primary care and other basic healthcare services.

<sup>21</sup> 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. A large percentage of area residents depend on the Federally Qualified Health Centers to receive their healthcare services.

## Medi-Cal Eligibility

As of 2011, the California Department of Health Care Services reported that 21% of the population in Little Company-Torrance's service area and 17% of the population in Little Company-San Pedro's service area was eligible for Medi-Cal coverage (the State of California average is 21%). With the implementation of the ACA and the statewide expansion of Medi-Cal, the percentage of the State of California's population that is currently eligible for Medi-Cal has greatly increased, reporting a historic increase of more than 12 million total enrollees in the Medi-Cal program in 2015. Based on Little Company-Torrance and Little Company-San Pedro's service area income demographics and payer mix, a lower percentage of service area residents will qualify for Medi-Cal coverage under the expansion than seen on average statewide.

## Selected Health Indicators

A review of health indicators for Los Angeles County (deaths, diseases, and births) supports the following conclusions:

- Los Angeles County's rates of first trimester prenatal care and adequate/adequate plus care are favorable to California's rates and the national goals. The rate of low birth weight infants is higher in Los Angeles County than in the State of California, but is favorable to the national goal.

NATALITY STATISTICS: 2015			
Health Status Indicator	Los Angeles County	California	National Goal
Low Birth Weight Infants	7.0%	6.8%	7.8%
First Trimester Prenatal Care	85.1%	83.6%	77.9%
Adequate/Adequate Plus Care	81.2%	79.2%	77.6%

Source: California Department of Public Health

- The overall age-adjusted mortality rate for Los Angeles County is lower than that of the State of California. Los Angeles County's age-adjusted rates for 11 of the 18 causes of mortality are lower than the State of California rate. Los Angeles County's age-adjusted rates are higher in colorectal cancer, female breast cancer, diabetes, coronary heart disease, influenza/pneumonia, chronic liver disease and cirrhosis, and homicide. Based on underlying and contributing cause of death statistics, Los Angeles County reported lower age-adjusted death rates for ten out of the 14 reported national goals.

MORTALITY STATISTICS: 2015 RATE PER 100,000 POPULATION				
Selected Cause	Los Angeles County		(Age Adjusted)	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	593.3	609.8	641.1	N/A
- All Cancers	141.2	146.2	151.0	161.4
- Colorectal Cancer	14.0	14.4	13.9	14.5
- Lung Cancer	28.3	29.8	33.6	45.5
- Female Breast Cancer	23.0	21.3	20.7	20.7
- Prostate Cancer	14.7	19.2	20.2	21.8
- Diabetes	22.1	23.0	20.8	N/A
- Alzheimer's Disease	24.9	25.7	30.8	N/A
- Coronary Heart Disease	119.3	122.3	103.8	103.4
- Cerebrovascular Disease (Stroke)	33.4	34.7	35.9	34.8
- Influenza/Pneumonia	21.4	22.3	16.3	N/A
- Chronic Lower Respiratory Disease	29.5	31.2	35.9	N/A
- Chronic Liver Disease And Cirrhosis	12.9	12.7	11.7	8.2
- Accidents (Unintentional Injuries)	20.5	20.3	27.9	36.4
- Motor Vehicle Traffic Crashes	6.7	6.5	7.6	12.4
- Suicide	7.8	7.6	10.2	10.2
- Homicide	6.0	5.8	5.1	5.5
- Firearm-Related Deaths	7.3	7.1	7.8	9.3
- Drug-Induced Deaths	7.3	7.0	11.1	11.3

Source: California Department of Public Health

- Los Angeles County has higher morbidity rates for the reported conditions than California overall. As shown in the table below, the measured Los Angeles County incidence of the following health status indicators is higher than the national goals in all indicators with the exception of gonorrhea among males between 15 and 44 years of age and tuberculosis.

MORBIDITY STATISTICS: 2015 RATE PER 100,000 POPULATION			
Health Status Indicator	Los Angeles		National Goal
	County	California	
AIDS	12.1	8.1	12.4
Chlamydia	514.5	442.6	N/A
Gonorrhea Female 15-44	169.9	152.8	251.9
Gonorrhea Male 15-44	305.7	213.1	194.8
Tuberculosis	7.0	5.9	1.0

Source: California Department of Public Health

## 2013 Community Health Needs Assessment

In order to better understand and meet the healthcare needs of their community, Little Company-Torrance and Little Company-San Pedro conduct a Community Health Needs Assessment every three years. The most recent 2013 assessment employed multiple primary data collection techniques to seek input from hospital partners, residents of underserved communities, and community leaders. Secondary data is also collected from national, state and county sources. Little Company-Torrance and Little Company-San Pedro's combined service area includes the following ZIP Codes in the South Bay/Harbor area of Los Angeles County:

ZIP Code	Community	ZIP Code	Community
90245	El Segundo	90504	Torrance
90250	Hawthorne	90505	Torrance
90247	Gardena	90710	Harbor City
90248	Gardena	90717	Lomita
90249	Gardena	90745	Carson
90260	Lawndale	90746	Carson
90266	Manhattan Beach	90747	Carson
90254	Hermosa Beach	90744	Wilmington
90277	Redondo Beach	90731	San Pedro
90278	Redondo Beach	90732	San Pedro
90501	Torrance	90274	Palos Verdes Peninsula
90502	Torrance	90275	Palos Verdes Peninsula
90503	Torrance	-	-

Based on feedback from community stakeholders the following four areas, in order of priority, were identified as the most important healthcare needs:

- Services that allow seniors to live at home;
- Mental health education and coping skills;
- Skills to navigate the health system; and
- Parenting education.

## SUMMARY OF INTERVIEWS

Between December 2015 and February 2016, both in-person and telephone interviews were conducted with representatives of Little Company-Torrance, Little Company-San Pedro, St. Joseph Health System, and Providence Health & Services, as well as physicians, Los Angeles County representatives, Little Company-Torrance's and Little Company-San Pedro's employees, union representatives, and other community representatives. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding potential impacts on healthcare availability and accessibility as a result of the proposed combination of system level governance between St. Joseph Health System and Providence Health & Services to form Providence St. Joseph Health. 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***

Members of Little Company-Torrance and Little Company-San Pedro's Board of Directors, management, medical staff, and Providence Health & Services' Board of Directors cited a number of reasons why the proposed combination would be beneficial, including the following:

- The opportunity to partner with a Catholic, faith-based health system with a similar heritage and values would help to ensure that the mission to serve uninsured and under-insured patient populations would be continued;
- The potential for expansion of services and geographic reach for new and current patient populations;
- The proposed combination will put two already fiscally strong health systems in an even stronger financial position by increasing their bargaining power, allowing greater economies of scale, and providing greater access to capital at a lower cost; and
- A consolidation in system-level governance will provide the potential for collaboration and sharing of best practices in leadership structures, evidence-based medicine, and technology.

### ***Importance of Little Company-Torrance and Little Company-San Pedro to the Community***

According to all who were interviewed, Little Company-Torrance and Little Company-San Pedro are critically important providers of healthcare services to the local community. Many of those who were interviewed explained that Little Company-Torrance is an important provider of services because its service area does not have enough beds to sufficiently provide healthcare

services to the service area's aging population. They explained that while there are over 2,600 licensed beds in Little Company-Torrance's service area, many of the service area hospitals report high occupancy rates over 60%. Some of the programs that were mentioned in the interviews as especially important at Little Company-Torrance include the following:

- Cardiovascular services, including designation as a STEMI Receiving Center;
- Obstetrics and Level III Neonatal Intensive Care Unit services;
- Pediatric services;
- Emergency services;
- Orthopedic services;
- Neurology services, including telestroke services and advanced certification as a Primary Stroke Center;
  - Some of those who were interviewed mentioned that Little Company-Torrance has a high volume of stroke patients.
- Oncology services;
- Outpatient services, including the Vasek Polak Health Clinic;
- Transitional care services;
- Rehabilitation services; and
- Women's health services.

Little Company-San Pedro is known for providing important services to the uninsured and underserved populations. Many of those who were interviewed felt that Little Company-San Pedro is important for its provision of unique services, including mental health, sub-acute care, rehabilitation, and chemical dependency services. Some of the programs and services that were mentioned in the interviews as especially important at Little Company-San Pedro include the following:

- Behavioral health and psychiatric services, including designation as a county Lanterman-Petris-Short (LPS) 24-hour facility;
- Sub-acute care services;

- Acute rehabilitation services;
- Emergency services;
- Chemical dependency services;
- Obstetrics;
- Transitional care services;
- Stroke services, including certification as a Primary Stroke Center;
- Telemetry services;
- Women and children's services, including the Welcome Baby Program, Partners for Healthy Kids, and women's diagnostic services; and
- Outpatient services, including the Vasek Polak Health Clinic and Center for Optimal Aging.

Representatives of the community, Federally Qualified Health Centers, Los Angeles County, managed care payers, and other providers all believed that it was essential for Little Company-Torrance and Little Company-San Pedro to retain all the services that they currently offer, especially the obstetrics, emergency, cardiovascular, transitional care, psychiatric, sub-acute care, acute rehabilitation, and chemical dependency services.

If Little Company-Torrance and Little Company-San Pedro did not maintain their current level of healthcare services, accessibility and availability issues would be created for the underinsured and uninsured residents of the surrounding communities.

### ***Selection of St. Joseph Health System for the Proposed Combination***

In addition to the reasons set forth in the Health System Combination Agreement, members of Little Company-Torrance and Little Company-San Pedro's Board of Directors, respective management teams, and medical staffs cited a number of reasons why the proposed combination with St. Joseph Health System would be beneficial. These reasons include the common and unifying charitable mission to promote and improve healthcare delivery, especially for mental health and chemical dependency, and the mutual desire to provide high quality, affordable healthcare. Many who were interviewed explained that the partnership between Providence Health & Services and St. Joseph Health System would help to ensure the continued vibrancy of nonprofit, Catholic healthcare, and the partnerships would create the potential for sustaining, and even expanding, services to the communities that each hospital currently serves.



## ***Impact on the Availability and Accessibility of Healthcare Services***

Almost all believed that the proposed combination would not impact the accessibility or availability of current services, and recognized that there is no geographical overlap in the service areas currently served by Providence Health & Services and St. Joseph Health System. Many also believed that the proposed combination would create the opportunity to further regionalize program offerings, both of which were seen as having the potential to positively impact population health initiatives and the communities currently served.

## ***Alternatives***

The majority of health plan representatives expressed that they had enjoyed strong, long-lasting relationships with both St. Joseph Health System and Providence Health & Services. The views of these representatives can be divided into the following two categories: views from the larger, national health plans whose membership is primarily insured by commercial health products, and views from representatives of health plans that are regional, with a focus on lower income Medi-Cal and dual Medicare/Medi-Cal eligible patient populations.

The representatives from the nationally-based health plans stated that their relationship with St. Joseph Health System and Providence Health & Services has always been strong. These plans view the proposed combination positively and did not express any concerns about the effects of the transaction on their membership. Despite some uncertainty regarding how the larger size of the new organization will impact contract negotiations, they believed they would be able to establish a contractual relationship with Providence St. Joseph Health.

Representatives from LA Care, the locally-based health plan, expressed similar views and did not express any concerns surrounding the proposed combination. LA Care views the proposed combination positively because of the potential to expand coverage to additional members for the patient populations they serve.

The Southern California, nationally-based health plans indicated that there have been no member complaints regarding access to services, including women's reproductive services, at any of the Providence Health & Services or St. Joseph Health System facilities. They indicated that the proposed combination has the potential to improve physician recruitment efforts for the hospitals, particularly in specialty services.

Some national and local health plan representatives cited the benefits of the proposed combination, including expansion of geographic coverage, greater access, and the opportunity to gain efficiencies and reduce costs. Others expressed hope that the larger size of the organization will increase physician specialty participation in Medi-Cal products due to economies of scale and the ability to offset the lower reimbursement from those plans. All spoke very highly of the decision Providence Health & Services and St. Joseph Health System made in coming together to capitalize on their opportunities to lower costs, expand physician



networks, and offer patients greater service offerings.

## **ASSESSMENT OF POTENTIAL ISSUES ASSOCIATED WITH THE AVAILABILITY OR ACCESSIBILITY OF HEALTHCARE SERVICES**

### ***Importance of Little Company-Torrance and Little Company-San Pedro to the Community***

Little Company-Torrance and Little Company-San Pedro are important providers of general acute care and sub-acute care healthcare services to the residents of the surrounding communities. Little Company-Torrance is especially important for the provision of emergency, obstetrics, stroke, transitional care, cardiovascular, and rehabilitation services to service area residents and broader community residents. Other key services provided by Little Company-Torrance include women's health, pediatrics, and oncology services.

Little Company-San Pedro is especially important for the provision of emergency, obstetrics, surgical, sub-acute care, stroke, and psychiatric services to service area and broader community residents. Other key services provided by Little Company-San Pedro include inpatient rehabilitation, telemetry, and gastroenterology services.

In addition to the provision of key medical services, Little Company-Torrance and Little Company-San Pedro have also historically provided a significant level of charity care and community benefits for low-income, uninsured, and under-insured populations residing in the surrounding communities.

### ***Continuation as General Acute Care Hospitals***

The Health System Combination Agreement states that Little Company-Torrance and Little Company-San Pedro will continue to operate as licensed general acute care facilities for a minimum of five years.

### ***Emergency Services***

Little Company-Torrance is an important provider of 24-hour basic emergency services to the residents of the surrounding communities, including its certification as an Emergency Department Approved for Pediatrics, designation as a STEMI Receiving Center, and certification as a Primary Stroke Center. In 2014, Little Company-Torrance's Emergency Department had 29 emergency treatment stations and 72,579 emergency department visits, operating at a capacity of 125% based on a standard of 2,000 visits per station, per year. During the same time period, Torrance Memorial Medical Center's 29 emergency treatment stations reported 65,898 emergency department visits and operated at a capacity of almost 115%. Nearby Memorial Hospital of Gardena reported 36,479 visits on its 10 emergency treatment stations with an occupancy rate of 182%.

Little Company-San Pedro is also an important provider of 24-hour basic emergency services to the residents of the surrounding communities. In 2014, Little Company-San Pedro's Emergency Department had 16 emergency treatment stations and 46,082 emergency department visits, operating at a capacity of 144% based on a standard of 2,000 visits per station, per year. During the same time period, Torrance Memorial Medical Center's 29 emergency treatment stations reported 65,898 emergency department visits and operated at a capacity of almost 115%. Two additional hospitals in the service area offer emergency department services: Kaiser Foundation Hospitals-South Bay that operated at 82% capacity, and Harbor-UCLA Medical Center that operated at 44% capacity.

As a result of the ACA and California's participation in Medicaid expansion, more individuals are now eligible for healthcare coverage. Because of this and the growing shortage of primary care physicians, emergency department utilization is expected to increase within the service area. Keeping Little Company-Torrance's Emergency Department and Little Company-San Pedro's Emergency Department open is important in ensuring continued access to emergency services within the respective service areas.

### ***Medical/Surgical Services***

In FY 2014, Little Company-Torrance operated 185 licensed medical/surgical beds with an average daily census of 92 patients with a 50% occupancy rate. Among service area providers, Harbor-UCLA Medical Center had the highest occupancy rate in FY 2014 and 78% occupancy on its 266 medical/surgical beds.

In FY 2014, Little Company-San Pedro operated 104 licensed medical/surgical beds with an average daily census of approximately 42 patients with 41% occupancy. Nearby Torrance Memorial Medical Center operated 185 licensed medical/surgical beds with an average daily census of 103 patients with 56% occupancy.

Service area surgical volumes are strong for both Little Company-Torrance and Little Company-San Pedro, indicating the importance of maintaining the medical/surgical services.

### ***Intensive Care Services***

In FY 2014, Little Company-Torrance reported an occupancy rate of approximately 67% on its 28 licensed intensive care beds. Little Company-Torrance provided 16% of the intensive care beds in FY 2014. Of the five other non-Kaiser hospitals providing intensive care beds within the service area, occupancy rates were highest at Memorial Hospital of Gardena (98%).

In FY 2014, Little Company-San Pedro reported an occupancy rate of approximately 52% on its 12 licensed intensive care beds. Torrance Memorial Medical Center reported a higher occupancy rate of 61% on its 36 licensed intensive care beds. Harbor-UCLA Medical Center, the only other non-Kaiser hospital providing intensive care services within the service area,

reported occupancy of rate of nearly 90% on its 42 licensed intensive care beds.

These services are an important resource for supporting Little Company-Torrance's Emergency Department, Little Company-San Pedro's Emergency Department, and other medical and surgical services.

### ***Obstetrics Services***

In FY 2014, Little Company-Torrance had an occupancy rate of 93% on its 22 licensed obstetrics beds based on an average daily census of approximately 20 patients. With approximately 2,700 reported deliveries in FY 2014, Little Company-Torrance is an important provider of obstetrics services. Little Company-Torrance held 15% of the market share for inpatient obstetrics discharges within its service area, behind Torrance Memorial Medical Center (19%). In FY 2014, Torrance Memorial Medical Center had a high occupancy rate of 88% on its 28 licensed obstetrics beds.

In FY 2014, Little Company-San Pedro had an occupancy rate of 18% on 22 licensed obstetrics beds based on an average daily census of approximately four patients. In addition to Torrance Memorial Medical Center (88% occupancy), Harbor-UCLA Medical Center had an occupancy rate of approximately 30% on its 29 licensed obstetrics beds. Little Company-San Pedro is an important provider of obstetrics services to low-income patients, as a high percentage of its obstetrics patients are Medi-Cal beneficiaries.

A reduction in the type and/or level of obstetrics services or a significant decrease in the number of licensed obstetrics beds provided at Little Company-Torrance and Little Company-San Pedro would have an adverse effect on the availability and accessibility of this key service to residents of the surrounding communities.

### ***Neonatal Intensive Care Services***

Little Company-Torrance operates 34 licensed neonatal intensive care beds that comprise 32% of the service area's neonatal intensive care beds. It maintains a Level III Neonatal Intensive Care Unit with an occupancy rate of 34%. Excluding Kaiser Foundation Hospitals-South Bay, only three other hospitals offer neonatal intensive care services in the service area: Torrance Memorial Medical Center, Harbor-UCLA Medical Center, and Centinela Hospital Medical Center. In FY 2014, Torrance Memorial Medical Center had an occupancy rate of approximately 54%, Harbor-UCLA Medical Center had an occupancy rate of 35%, and Centinela Hospital Medical Center had an occupancy rate of approximately 63%. Little Company-Torrance reported approximately 2,700 deliveries in FY 2014, and is an important provider of neonatal intensive care services.

## ***Pediatric Services***

Little Company-Torrance is licensed for 13 pediatric beds that comprise 22% of the total service area beds with a relatively low occupancy rate (29%) and a low average daily census of approximately four patients per day. In FY 2014, two other hospitals offered pediatric services in the service area with a combined occupancy rate of 45%. Torrance Memorial Medical Center had an occupancy rate of approximately 24% and Harbor-UCLA Medical Center had an occupancy rate of approximately 61%. Additionally, Earl and Lorraine Miller Children's Hospital is located within 15 miles of Little Company-Torrance. While Little Company-Torrance's average daily census of four pediatric patients per day is relatively low, over 20% of emergency services visits are pediatric patients and thus, making Little Company-Torrance's pediatric services important to the residents of the surrounding communities.

## ***Psychiatric Services***

Little Company-San Pedro is one of three hospitals in the service area providing inpatient psychiatric services. In FY 2014, it had 25 licensed psychiatric beds and an occupancy rate of approximately 66%. Two additional hospitals in the service area offer inpatient psychiatric services: Del Amo Hospital that operated at 66% capacity, and Harbor-UCLA Medical Center that operated at 93% capacity.

Little Company-San Pedro is an important provider of these services, and provides psychiatric services primarily to the geriatric population. In addition, the psychiatric services are an important resource for supporting Little Company-San Pedro's emergency department. A reduction in the number of licensed acute psychiatric beds available at Little Company-San Pedro, or any reduction in the provision of these services currently provided through Little Company-San Pedro's emergency department, such as the designation as a county Lanterman Petris Short (LPS) 24-hour facility, would cause a disruption in the provision of these services for the community. Section 5150 is a section of the California Welfare and Institutions Code, and in particular, the Lanterman–Petris–Short Act, which authorizes a qualified officer or clinician to involuntarily confine a person suspected to have a mental disorder that makes him or her a danger to him- or herself, a danger to others, and/or gravely disabled.

The closest county LPS designated 24-hour facility is Del Amo Hospital, which is located 7.3 miles away in Torrance. It is very important that Little Company-San Pedro maintains the number of psychiatric beds at current licensure and continues the same type and/or level of these services, in order to ensure access for residents both within the service area and Los Angeles County.

## ***Chemical Dependency Services***

Little Company-San Pedro is the sole provider of chemical dependency services in the service area. In FY 2014, it had 48 licensed chemical dependency beds and an occupancy rate of

approximately 17%. Despite the low occupancy rate, Little Company-San Pedro is an important provider of chemical dependency services, especially to vulnerable populations living in the community.

### ***Inpatient Rehabilitation Services***

Little Company-San Pedro is the sole provider of inpatient rehabilitation services in the service area. In FY 2014, it had 20 licensed rehabilitation beds and an occupancy rate of approximately 56%. In 2014, Little Company-San Pedro ranked second in service area market share at 22%. Interviewees described Little Company-San Pedro's inpatient rehabilitation services as important to area residents.

### ***Skilled Nursing Services***

Little Company-Torrance and Torrance Memorial Medical Center are the only two hospital-based providers of transitional care skilled nursing services within the service area. Little Company-Torrance is licensed for 115 skilled nursing beds that provide transitional care services for patients transitioning from inpatient acute care to home. Little Company-Torrance's transitional care unit runs at an occupancy rate of 55%. For FY 2014, Torrance Memorial Medical Center reported an occupancy rate of 89% on its 40 licensed skilled nursing beds. In addition to the 179 hospital-based skilled nursing beds within the service area, there are numerous other long-term care facilities within Little Company-Torrance's service area that have a combined total of 3,111 additional skilled nursing beds with a reported occupancy rate of approximately 86%. Little Company-Torrance is an important provider of skilled nursing services.

### ***Sub-Acute Care Services***

Little Company-San Pedro is the sole provider of inpatient sub-acute care services in the service area. In FY 2014, it had 125 licensed sub-acute care beds and an occupancy rate of approximately 77%. Little Company-San Pedro's occupancy rate for sub-acute care services significantly increases to near capacity when considering the number of staffed sub-acute care beds on average. In FY 2014, 98 of Little Company-San Pedro's sub-acute care beds were staffed on average with an average daily census of 97 patients and an occupancy rate of 99%. Interviewees emphasized Little Company-San Pedro's importance in providing sub-acute care services to area residents.

### ***Reproductive Health Services***

Providence Health & Services and St. Joseph Health System are subject to the Ethical and Religious Directives for Catholic Health Care Services (the Ethical and Religious Directives). The Ethical and Religious Directives is a document that offers moral guidance based on the Catholic Church's teachings regarding various aspects of healthcare delivery. The Ethical and Religious Directives were created as a discernment tool to be used in the application of healthcare

decisions regarding beginning-of-life and end-of life-issues, and to safeguard the sacredness of the physician-patient relationship.

Within each Catholic Diocese, the Bishop has the authority to interpret the practical application of the Ethical and Religious Directives at area hospitals. Since the Catholic Church vests this authority to the Bishop in each Diocese, there may be slight variations in the application of the Ethical and Religious Directives among various Dioceses. Little Company-Torrance and Little Company-San Pedro are both located within the Archdiocese of Los Angeles.

Under the Ethical and Religious Directives, some women's reproductive health services, including elective abortions and tubal ligations, are prohibited. According to interviews with the ethicists of Providence Health & Services and St. Joseph Health System, each hospital facility has an Ethics Committee in place to provide timely review and consultation with physicians, as needed, to ensure the physicians are supported throughout the decision-making process regarding the application of the Ethical and Religious Directives. While the Ethical and Religious Directives prohibit tubal ligations and abortions, many of these procedures are performed at Providence Health & Services and St. Joseph Health System's hospitals when the pathology is determined to present a medical need and/or a clear and present danger to the patient.

Little Company-Torrance and Little Company-San Pedro are important providers of a range of women's reproductive services and provide these services to a large underserved population that has low rates of prenatal care, resulting in an increased number of high risk births. This can increase instances of stillborn delivery, miscarriage, and fetal abnormalities.

Below is a table showing instances where Little Company-Torrance and Little Company-San recorded reproductive-related procedures that were in accordance with the Ethical and Religious Directives in 2014.

REPRODUCTIVE HEALTH SERVICES BY DIAGNOSTIC RELATED GROUP				
Diagnostic Related Group	Providence Little Company of Mary Medical Center-Torrance	Providence Little Company of Mary Medical Center-San Pedro	Providence Health & Services	St. Joseph Health System
778-Threatened Abortion	32	6	183	239
779-Abortion w/o D&C	7	1	33	48
777-Ectopic Pregnancy	15	4	81	49
767-Vaginal Delivery w Sterilization &/or D&C	8	-	31	69
770-Abortion w D&C, Aspiration Curettage or Hysterectomy	6	6	61	32
<b>Total 2014 Discharges:</b>	<b>68</b>	<b>17</b>	<b>389</b>	<b>437</b>

Source: OSHPD 2014

Women's reproductive services are available at other area providers, including, but not limited to, Planned Parenthood, Family Planning Associates, Torrance Memorial Medical Center, Harbor-UCLA Medical Center, Kaiser Foundation Hospitals-South Bay, Memorial Hospital of Gardena, and Centinela Hospital Medical Center.

Since both St. Joseph Health System and Providence Health & Services are Catholic-sponsored

health systems, both adhere to the Ethical and Religious Directives, and no changes in reproductive health services are expected as a result of the Health System Combination Agreement.

### ***Effects on Services to Medi-Cal, County Indigent, and Other Classes of Patients***

Approximately 69% of Little Company-Torrance's inpatient discharges are reimbursed through Medicare (51%) and Medi-Cal (18%). Little Company-Torrance currently participates in the Medicare program, but does not contract with Medi-Cal managed care plans.

Approximately 76% of Little Company-San Pedro's inpatient discharges are reimbursed through Medicare (49%) and Medi-Cal (27%). Little Company-San Pedro currently participates in the Medicare program and the Medi-Cal managed care program, and has managed care contracts for these types of patients.

The Health System Combination Agreement includes a commitment to keep both Little Company-Torrance's emergency department and Little Company-San Pedro's emergency department open for at least five years in order to ensure access to services for Medicare and Medi-Cal patients. In order for Medi-Cal patients to access other key services not provided through Little Company-San Pedro's emergency department, Little Company-San Pedro must maintain participation in both programs, as well as maintain its managed care contractual agreements with payers. Many of those interviewed explained that neither Little Company-Torrance nor Torrance Memorial Medical Center have Medi-Cal managed care contracts, and they felt that if Little Company-Torrance were to contract with Medi-Cal managed care payers, the low income patient population would have increased access to healthcare services.

Providence St. Joseph Health has made a five-year commitment for Little Company-Torrance to continue to remain certified in the Medicare program. In addition, Providence St. Joseph Health has made a five-year commitment for Little Company-San Pedro to continue to remain certified in the Medicare program and to continue to maintain Medi-Cal contracts on competitive terms that provide the same types and levels of emergency services and non-emergency services as its existing Medicare and Medi-Cal contracts.

If Little Company-Torrance did not participate in the Medicare program, and Little Company-San Pedro did not participate in the Medicare and Medi-Cal managed care programs, these classes of patients would be denied access to certain non-emergency healthcare services. A denial of access would negatively impact the availability or accessibility of services for these patient populations.

### ***Effects on the Level and Type of Charity Care Historically Provided***

Many uninsured and under-insured individuals in the community rely on Little Company-Torrance and Little Company-San Pedro for healthcare services. Little Company-Torrance provides a lower percentage of charity care and bad debt than the statewide average (2.0% of



its gross patient revenue, as compared to 2.7% for the State of California). Little Company-San Pedro also provides a lower percentage of charity care and bad debt (1.9%) than California.

Over the last five years, Little Company-Torrance averaged \$9.4 million in charity care costs and Little Company-San Pedro averaged \$3.4 million in charity care costs. Due to Medicaid expansion and the expansion of coverage through Covered California, the provision of charity care at Little Company-Torrance and Little Company-San Pedro has diminished and is expected to continue to decrease.

#### Effects on Community Benefit Programs

Little Company-Torrance and Little Company-San Pedro support a significant number of community benefit programs that serve lower income residents from the surrounding communities. In the Health System Combination Agreement, Providence St. Joseph Health has made a commitment for Little Company-Torrance and Little Company-San Pedro to maintain expenditures for community benefit services for a period of five years, based on the average expenditure for the years FY 2011-2014. This equates to a commitment of no less than \$2.6 million per year for Little Company-Torrance and no less than \$1.7 million per year for Little Company-San Pedro. However, when historical data was analyzed, the five-year average was \$5.9 million per year at Little Company-Torrance and \$5.3 million per year at Little Company-San Pedro.

Community benefit programs at Little Company-Torrance include the Children's Health Insurance Program, Creating Opportunities for Physical Activity, Palliative Care Assessments, Trinity Kids Care, Preventive Education (Get Out and Live) Vasek Polak Health Clinic, and Partners for Healthy Kids. According to the Health System Combination Agreement, Providence St. Joseph Health has committed to maintaining some of these programs, including Children's Health Insurance Program, Vasek Polak Health Clinic, Get Out and Live, and Partners for Healthy Kids.

Community benefit programs at Little Company-San Pedro include Baby Friendly Journey, Children's Health Insurance Program, Creating Opportunities for Physical Activity, Health Resource Center, Mother Joseph Fund, Partners for Healthy Kids, Preventive Education, Sexual Assault Response Team, and Welcome Baby, among many others. However, according to the Health System Combination Agreement, Providence St. Joseph Health has committed to maintaining Creating Opportunities for Physical Activity and Welcome Baby for a period of five years.

#### ***Effects on City, County, and Outside Agency Contracts***

Little Company-Torrance and Little Company-San Pedro have a number of contracts with local municipalities, the County of Los Angeles, and outside agencies to provide and support specific services. According to the Health System Combination Agreement, these contracts will be maintained for a period of five years unless the contract is terminated for cause or expires in

accordance with its current terms.

### ***Effects on Staffing and Employee Rights***

The Health System Combination Agreement states that all non-executive employees of Little Company-Torrance and Little Company-San Pedro shall remain employees of their current employer, with compensation and benefits established by their respective employer. The Health System Combination Agreement does not specify a time commitment for this intention. Approximately 33% of Little Company-Torrance's employees and 28% of Little Company-San Pedro's employees are covered by collective bargaining agreements. Management has made no specific assurances to the unions.

Almost all who were interviewed indicated that some administrative functions may be regionalized and/or centralized over time in order to leverage the strength of the respective health systems, capitalize on best practices, or to achieve efficiencies. It is also expected that the number of patient care employees could change with fluctuations in patient volumes, which is consistent with past business practices.

### ***Effects on Medical Staff***

The Health System Combination Agreement states that it is the intent of the parties not to adversely affect (or require a change to) the medical staff privileges held by any member of a medical staff of a health care facility owned or controlled by a party. The Health System Combination Agreement, however, does not contain any specific commitments to maintain physician contracts, including on-call services. Nor does it contain any specific commitments to maintain the medical staff officers, department or committee chairs/heads, or vice-chairs/heads of either facility's medical staff.

### ***Alternatives***

If the proposed combination is not approved, neither the health systems, nor the communities they serve, are expected to be negatively impacted. Community benefit programs and charity care provisions would be expected to continue at their present levels, due to the mission and commitment of the respective organizations' to serve the poor and underserved. However, due to the ACA and changes in the marketplace, Providence Health & Services and St. Joseph Health System may not realize the same anticipated benefits if they remained as independent organizations.

## CONCLUSIONS

### ***Potential Conditions for Transaction Approval by the California Attorney General***

If the California Attorney General approves the proposed transaction, MDS Consulting recommends the following conditions be required in order to minimize any potential negative healthcare impact that might result from the transaction:

#### **Little Company-Torrance**

1. For at least ten years from closing, Little Company-Torrance shall continue to operate as a general acute care hospital;
2. For at least five years from closing, Little Company-Torrance shall maintain 24-hour emergency services at no less than current licensure and designation with the same types and/or levels of services, including the following:
  - a. A minimum of 29 basic emergency treatment stations;
  - b. Designation as a Paramedic Base Station; and
  - c. Designation as an Emergency Department Approved for Pediatrics.
3. For at least five years from closing, Little Company-Torrance shall maintain the following services at current licensure, types, and/or levels of services:
  - a. Cardiovascular services, including a minimum of 2 cardiac catheterization labs and the designation as a STEMI Receiving Center;
  - b. Critical care services, including a minimum of 28 intensive care beds;
  - c. Obstetrics services, including a minimum of 22 obstetrics beds;
  - d. Neonatal intensive care services, including a minimum of 20 neonatal intensive care beds, and at minimum, maintaining a Level II Neonatal Intensive Care Unit;
  - e. Pediatric services, including a minimum of 8 pediatric beds;
  - f. Skilled nursing services, including a minimum of 90 skilled nursing beds; and
  - g. Neurosciences services, including advanced certification as a Primary Stroke Center.
4. Additionally, for at least five years, Little Company-Torrance shall maintain the following services as committed to in Exhibit 8.13 of the Health System Combination Agreement:
  - a. Blood donor center services;
  - b. Cancer care services;
  - c. Community outreach services;
  - d. Diabetes services;
  - e. Endocrinology services;

- f. Imaging/radiology services;
  - g. Internal medicine services;
  - h. Laboratory services;
  - i. Nutritional services;
  - j. Orthopedics services;
  - k. Palliative care services;
  - l. Pathology services;
  - m. Respiratory services;
  - n. Spiritual care services;
  - o. Surgical services;
  - p. Rehabilitation services;
  - q. Urology services;
  - r. Volunteer services;
  - s. Women's services; and
  - t. Wound care services.
5. For at least five years from closing, Little Company-Torrance shall maintain a charity care policy that is no less favorable than Little Company-Torrance's current charity care policy and in compliance with California and Federal law, and Little Company-Torrance shall provide an annual amount of Charity Care equal to or greater than \$9,390,898 (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. For purposes herein, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by Little Company-Torrance in connection with the operations and provision of services at Little Company-Torrance. The definition and methodology for calculating "charity care" and the methodology for calculating "cost" shall be the same as that used by OSHPD for annual hospital reporting purposes. The minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for Los Angeles-Riverside-Orange County, California;
6. For at least five years from closing, Little Company-Torrance shall continue to expend an average of no less than \$5,906,776 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for Consumer Price Index for Los Angeles-Riverside-Orange County. The following community benefit programs and services shall continue to be offered:
- a. Children's Health Insurance Program;
  - b. Creating Opportunities for Physical Activity;
  - c. Palliative Care Assessments;
  - d. Partners for Healthy Kids;
  - e. Preventive Education (Get Out and Live);
  - f. Trinity Kids Care (Hospice);

- g. Vasek Polak Health Clinic; and
  - h. Welcome Baby.
7. For at least five years from closing, Little Company-Torrance shall participate in the Medi-Cal managed care program by establishing a contract with L.A. Care Health Plan, 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;
  8. For at least five years from closing, Little Company-Torrance shall maintain 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;
  9. For at least five years from closing, Little Company-Torrance shall maintain its current contracts, subject to the request of the municipalities, County of Los Angeles, and external agencies, including the following:
    - a. Memorandum of Understanding – Child Support Services;
    - b. Participation in Hospital Preparedness Program Agreement; and
    - c. Paramedic Base Hospital Services Agreement.
  10. Providence St. Joseph Health and Little Company-Torrance shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at Little Company-Torrance through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070); and
  11. Providence St. Joseph Health and Little Company-Torrance shall complete any capital projects for equipment or improvements as committed to in the Health System Combination Agreement.

#### **Little Company-San Pedro**

1. For at least ten years from closing, Little Company-San Pedro shall continue to operate as a general acute care hospital;
2. For at least five years from closing, Little Company-San Pedro shall maintain 24-hour emergency services at no less than current licensure and designation with the same types and/or levels of services, including the following:
  - a. A minimum of 16 emergency treatment stations; and
  - b. Designation as a County LPS 24-Hour Facility, as defined by the California

Welfare and Institutions Code, Section 5150, for behavioral health patients under involuntary evaluation.

3. For at least ten years from closing, Little Company-San Pedro shall maintain the sub-acute services at current licensure, types, and/or levels of services, including a minimum of 125 licensed skilled nursing beds;
4. For at least five years from closing, Little Company-San Pedro shall maintain the following services at current licensure, types, and/or levels of services:
  - a. Behavioral health services, including a minimum of 25 licensed acute psychiatric beds;
  - b. Critical care services, including a minimum of 12 intensive care beds;
  - c. Chemical dependency services, including a minimum of 16 chemical dependency beds;
  - d. Obstetrics services, including a minimum of 10 obstetrics beds;
  - e. Neurosciences services, including advanced certification as a Primary Stroke Center; and
  - f. Inpatient and outpatient rehabilitation services, including a minimum 20 of physical rehabilitation beds.
5. Additionally, for at least five years, Little Company-San Pedro shall maintain the following services as committed to in Exhibit 8.13 of the Health System Combination Agreement:
  - a. Cancer care services;
  - b. Center for Optimal Aging services;
  - c. Community outreach services;
  - d. Diabetes services;
  - e. Endocrinology services;
  - f. Imaging/radiology services;
  - g. Internal medicine services;
  - h. Laboratory services;
  - i. Nutritional services;
  - j. Palliative care services;
  - k. Pathology services;
  - l. Respiratory services;
  - m. Spiritual care services;
  - n. Surgical services;
  - o. Women's services; and
  - p. Wound care services.
6. For at least five years from closing, Little Company-San Pedro shall maintain a charity care policy that is no less favorable than Little Company-San Pedro's current charity care

policy and in compliance with California and Federal law, and Little Company-San Pedro shall provide an annual amount of Charity Care equal to or greater than \$3,420,105 (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. For purposes herein, the term “Charity Care” shall mean the amount of charity care costs (not charges) incurred by Little Company-San Pedro in connection with the operations and provision of services at Little Company-San Pedro. The definition and methodology for calculating “charity care” and the methodology for calculating “cost” shall be the same as that used by OSHPD for annual hospital reporting purposes. The minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for Los Angeles-Riverside-Orange County, California;

7. For at least five years from closing, Little Company-San Pedro shall continue to expend an average of no less than \$5,311,860 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for Los Angeles-Riverside-Orange County, California. The following community benefit programs and services shall continue to be offered:
  - a. Creating Opportunities for Physical Activity;
  - b. Welcome Baby Program;
  - c. Sexual Assault Response Team;
  - d. Partners for Healthy Kids;
  - e. Palliative Care Assessments; and
  - f. Promotoras/Linkage Services/Diabetes Education.
8. For at least five years from closing, Little Company-San Pedro 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 or their successors:
  - a. L.A. Care Health Plan; and
  - b. Health Net.
9. For at least five years from closing, Little Company-San Pedro shall maintain participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;

10. For at least five years from closing, Little Company-San Pedro shall maintain its current contracts, subject to the request of the municipalities, County of Los Angeles, and external agencies for services, including the following:
  - a. Psychiatric Inpatient Hospital Services to Medi-Cal Agreement;
  - b. Sexual Abuse Response Team Confirmation Agreement; and
  - c. Los Angeles County Children and Families First Proposition 10 Commission Grant Agreement.
11. Providence St. Joseph Health and Little Company-San Pedro shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at Little Company-San Pedro through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070); and
12. Providence St. Joseph Health and Little Company-San Pedro shall complete any capital projects for equipment or improvements as committed to in the Health System Combination Agreement.



## APPENDIX

### ***Overview of Providence Saint John's Health Center***

Providence Health & Services-Southern California operates Providence Saint John's Health Center, a 266 licensed-bed general acute care facility, located at 2121 Santa Monica Boulevard in Santa Monica. Providence Saint John's Health Center provides cardiology, orthopedic, oncology, neurology, emergency, women's health, imaging, and surgery services. Providence Saint John's Health Center has an emergency department that is classified as "basic" with 27 licensed emergency treatment stations. It also has 13 surgical operating rooms and four cardiac catheterization labs that can also be used for interventional radiology.

### ***Previously Issued Conditions***

In September 2013, Saint John's Health Center, a California nonprofit public benefit corporation, submitted an application to the California Attorney General to enter into an affiliation with Providence Health & Services whereby Providence Health & Services would replace the Sisters of Charity of Leavenworth Health System, Inc. as the sole corporate member of Saint John's Health Center. MDS was retained to prepare a healthcare impact statement to describe the possible effects that the proposed change in governance could have on the accessibility and availability of healthcare services provided to the communities served by Saint John's Health Center. The healthcare impact statement was finalized and completed on November 22, 2013, and is available for review on the California Attorney General's website. On January 14, 2014, the California Attorney General granted conditional consent to the change in governance.

Upon closing of the transaction, Saint John's Health Center was renamed Providence Saint John's Health Center. Today, Providence Saint John's Health Center continues to provide healthcare services to the residents of Santa Monica and West Los Angeles. The conditions placed by the California Attorney General are available for review below:

### **Conditions to Change in Governance of Saint John's Health Center<sup>22</sup> and Approval of the Affiliation Agreement by and among Saint John's Health Center, Sisters of Charity of Leavenworth Health System, Inc., and Providence Health System-Southern California**

#### **I.**

These Conditions shall be legally binding on Saint John's Health Center, a California nonprofit public benefit corporation, Saint John's Hospital and Health Center Foundation, a California

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<sup>22</sup> Throughout this document, the term "Saint John's Health Center" shall mean the general acute care hospital located at 2121 Santa Monica Blvd., Santa Monica, CA 90404, and any other clinics, laboratories, units, services, or beds included on the license issued to Saint John's Health Center by the California Department of Public Health, effective November 1, 2013, unless otherwise indicated.

nonprofit public benefit corporation, Saint John's Health Center Foundation Governance, Inc., a California nonprofit mutual benefit corporation, Sisters of Charity of Leavenworth Health System, Inc., a Kansas not for profit corporation, Providence Health System-Southern California, a California nonprofit religious benefit corporation, Providence Health & Services, a Washington nonprofit corporation, any other subsidiary, parent, general partner, manager, member, affiliate, successor, or assignee of Saint John's Health Center, Saint John's Hospital and Health Center Foundation, Saint John's Health Center Foundation Governance, Inc., Sisters of Charity of Leavenworth Health System, Inc., Providence Health System-Southern California, Providence Health & Services, any entity succeeding thereto as a result of the Affiliation Agreement, merger or acquisition of all or substantially all of the assets of Saint John's Health Center, or the real property on which Saint John's Health Center, is located, any and all current and future owners, managers, lessees, or operators of Saint John's Health Center, and any and all current and future lessees and owners of the real property on which Saint John's Health Center is located.

## II.

The transaction approved by the Attorney General consists of the Affiliation Agreement dated September 13, 2013, and any agreements or documents referenced in or attached as an exhibit to the Affiliation Agreement. Saint John's Health Center, Sisters of Charity of Leavenworth Health System, Inc., and Providence Health System-Southern California shall fulfill the terms of the Affiliation Agreement and any other documents referenced therein and shall notify the Attorney General in writing of any proposed modification or rescission of any of the terms of the Affiliation Agreement. Such notifications shall be provided at least thirty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5923.

## III.

For five years from the closing date of the Affiliation Agreement, Saint John's Health Center, Providence Health System-Southern California, and all future owners, managers, lessees, or operators of Saint John's Health Center shall be required to provide written notice to the Attorney General thirty days prior to entering into any agreement or transaction to do any of the following:

- a. Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of Saint John's Health Center;
- b. Transfer control, responsibility, management, or governance of Saint John's Health Center. The substitution or addition of a new corporate member or members of Saint John's Health Center and Providence Health System-Southern California that transfers the control of, responsibility for or governance of Saint John's Health Center, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Saint John's Health Center and Providence Health System-Southern California or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Saint John's Health

Center or Providence Health System-Southern California shall also be deemed a transfer for purposes of this Condition.

#### IV.

For five years from the closing date of the Affiliation Agreement unless otherwise stated, Saint John's Health Center shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250) and shall maintain and provide the following health care services:

- a. Twenty-four hour emergency medical services as currently licensed (minimum of 27 Emergency beds/stations) with the same types and levels of services as currently provided<sup>23</sup>;
- b. Critical Care services as currently licensed (minimum of 23 Intensive Care beds), with the same types and levels of services as currently provided;
- c. Neonatal Intensive Care Unit services Coronary Care services as currently licensed (minimum of 12 beds), with the same types and levels of services as currently provided; and
- d. Obstetrics services as currently licensed (minimum of 29 beds), with the same types and levels of services as currently provided;
- e. Cardiac services, with the same types and levels of services as currently provided including, but not limited to, the cardiac catheterization laboratory, and the designation as a STEMI Receiving Center;
- f. Women's health and reproductive services, with the same types and levels of services as currently provided, for ten years from the closing date of the Affiliation Agreement, including The Margie Petersen Breast Center;
- g. Child and Family Development Center with the same types and levels of services as currently provided;
- h. Cancer services, with the same types and levels of services as currently provided; and
- i. The John Wayne Cancer Institute.

Saint John's Health Center shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

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<sup>23</sup> The term "currently provided" means types and levels of services provided as of January 1, 2013.

## **V.**

For five years from the closing date of the Affiliation Agreement, Saint John's Health Center shall:

- a. Be certified to participate in the Medi-Cal program;
- b. Have a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at Saint John's Health Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care) as required in these Conditions; and
- c. Maintain Medicare Managed Care contract(s) with Medicare Managed Care Plan(s) to provide the same types and levels of emergency and non-emergency services at Saint John's Health Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause.

## **VI.**

Saint John's Health Center shall maintain the Development Agreement with the City of Santa Monica dated June 9, 1998, the First Amendment to the Development Agreement dated October 4, 2011, and any additional amendments until it expires, without any loss, interruption of service or diminution in quality, unless the Development Agreement is terminated for cause.

## **VII.**

For six fiscal years from the closing date of the Affiliation Agreement, Saint John's Health Center shall provide an annual amount of Charity Care (as defined below) at Saint John's Health Center equal to or greater than \$2,814,939 (the "Minimum Charity Care Amount"). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Saint John's Health Center in connection with the operation and provision of services at Saint John's Health Center. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by the California Office of Statewide Health Planning and Development (OSHPD) for annual hospital reporting purposes.<sup>24</sup> Saint John's Health Center shall use charity care and collection policies that comply with Federal and California law. The planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at Saint John's Health Center shall be decided upon by the Saint John's Health Center's Board of Directors.

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<sup>24</sup> OSHPD defines charity care by contrasting charity care and bad debt. 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."

Saint John's Health Center's obligation under this Condition shall be prorated on a daily basis if the closing date of the Affiliation Agreement is a date other than the first day of Saint John's Health Center's fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Riverside-Orange County Consolidated Metropolitan Statistical Area Base Period: 1982-84=100" (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of charity care provided at Saint John's Health Center for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Saint John's Health Center shall pay an amount equal to the deficiency to a tax-exempt entity that provides direct health care services to residents in Saint John's Health Center's service area (29 ZIP codes), as defined on page 25 of the Health Care Impact Report, dated November 21, 2013, and attached hereto as Exhibit 1. Such payment shall be made within four months following the end of such fiscal year.

#### **VIII.**

For ten fiscal years from the closing date of the Affiliation Agreement, Saint John's Health Center shall provide an annual amount of Community Benefit Services at Saint John's Health Center equal to or greater than \$3,374,251 (the "Minimum Community Benefit Services Amount"). The following community benefit programs shall be maintained with the same or greater level of donations and in-kind services currently being provided:

- a. The Venice Family Clinic;
- b. The Ocean Park Community Center;
- c. The Westside Family Health Center; and
- d. The Cleft Palate Center Clinic.

The planning of, and any subsequent changes to, the community benefit services provided at Saint John's Health Center shall be decided upon by the Saint John's Health Center's Board of Directors and the Saint John's Health Center Community Ministry Board.

Saint John's Health Center's obligation under this Condition shall be prorated on a daily basis if the effective date of the Affiliation Agreement is a date other than the first day of Saint John's Health Center's fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Riverside-Orange County Consolidated Metropolitan Statistical Area Base Period: 1982-84=100" (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of community benefit services provided at Saint John's Health Center for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Saint John's Health Center shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in Saint John's Health Center's service area (29 ZIP codes), as defined on page 35 of the Health Care Impact Report, dated November 21, 2013, and attached hereto as Exhibit 1. Such payment shall be made within four months following the end of such fiscal year.

**IX.**

For five years from the closing date of the Affiliation Agreement, the Saint John's Health Center Board of Directors shall consult with the Saint John's Health Center Community Ministry Board, referenced in section 8.8 of the Affiliation Agreement (attached hereto as Exhibit 2) prior to spending funds for the Ongoing Capital Support and Electronic Health Records Implementation as set forth in section 8.9 of the Affiliation Agreement (attached hereto as Exhibit 2). In addition, Saint John's Health Center Board of Directors shall consult with the Saint John's Health Center Community Ministry Board prior to making any changes to medical services, community benefit programs, and the charity care and collection policies and charity care services provided at Saint John's Health Center. Such consultation shall occur at least thirty days prior to the effective date of such changes or actions unless done so on an emergency basis. The Saint John's Health Center Community Ministry Board shall also approve all reports submitted to the Attorney General regarding compliance with these Conditions.

**X.**

Providence Health System-Southern California and Providence Health & Services shall make the \$100 million capital expenditures as required under section 8.9, entitled "Ongoing Capital Support and Electronic Health Records Implementation," in the Affiliation Agreement (attached hereto as Exhibit 2).

**XI.**

Section 7.16(a)(1) of the Affiliation Agreement (attached hereto as Exhibit 3) shall be amended to replace the phrase "15-mile radius" with the phrase "8-mile radius". A fully-executed copy of the amendment shall be provided to the Attorney General's Office prior to the closing date of the Affiliation Agreement.

**XII.**

Within thirty days of the closing date of the Affiliation Agreement, Saint John's Health Center and the Sisters of Charity of Leavenworth Health System, Inc. shall transfer all restricted charitable funds and all funds received from Providence Health System-Southern California and Providence Health & Services under the Affiliation Agreement dated September 13, 2013, and any amendments thereto (expected to be \$65 million less \$10 million that must be held in a separate account by the Sisters of Charity of Leavenworth Health System, Inc. for 3 years for actual costs of indemnification paid to third-parties as set forth on Schedule 14.2(f) of the Affiliation Agreement) to the Saint John's Hospital and Health Center Foundation for deposit in

a separate endowment fund called the “Saint John’s Health Center Affiliation Fund.” The “Saint John’s Health Center Affiliation Fund” shall be held, used, and distributed by the Saint John’s Hospital and Health Center Foundation solely and exclusively to support nonprofit tax-exempt charitable healthcare facilities and clinics, including, but not limited to, general acute care hospitals, in providing direct health care services and access thereto, including wellness programs, health research, and health education, public/private partnerships formed to improve health, directly and through grant making, to the residents in Saint John’s Health Center’s service area (29 ZIP codes), as defined on page 35 of the Health Care Impact Report authored by Medical Development Specialists, LLC, dated November 21, 2013, and attached hereto as Exhibit 1.

With respect to the \$10 million separate account for the indemnification, the Sisters of Charity of Leavenworth Health System, Inc. shall provide an annual accounting from the closing date of the Affiliation Agreement for three years setting forth the principal balance of these funds, how much interest was earned, dates and amounts of any payments made to third-parties, and any supporting documents with respect to any payments made setting forth the purpose of such funds. The Chairman of the Board of Directors and the Chief Financial Officer of the Sisters of Charity of Leavenworth Health System, Inc. shall each certify that the accounting is true, accurate, and complete. Sisters of Charity of Leavenworth Health System, Inc. shall use such funds solely and exclusively for those obligations listed in Schedule 14.2(f) without any administrative costs or fees taken by the Sisters of Charity of Leavenworth Health System, Inc. After three years from the closing date of the Affiliation Agreement, Sisters of Charity of Leavenworth Health System, Inc. shall transfer all remaining funds to the Saint John’s Hospital and Health Center Foundation to be deposited in the “Saint John’s Health Center Affiliation Fund” and provide proof of such transfer to the Attorney General’s Office within ten days.

### **XIII.**

Sisters of Charity of Leavenworth Health System, Inc. shall reinstate the February 2011 \$10 million Challenge Grant from Sisters of Charity Leavenworth Health System, Inc. to Saint John’s Health System that was used to pay off a portion of the operating loan. As a result, the amount owed by Saint John’s Health Center to Sisters of Charity Leavenworth Health System, Inc. for the operating loan is no more than \$37 million. No more than \$37 million of the funds received from the Affiliation Agreement shall be used to pay off the operating loan, and the operating loan will be deemed fully paid.

### **XIV.**

Saint John’s Hospital and Health Center Foundation shall amend its Articles of Incorporation and Amended Bylaws to have two members within the meaning of Corporations Code section 5056 of the California Nonprofit Public Benefit Corporation Law: Providence Health System-Southern California, a California nonprofit religious corporation, and Saint John’s Health Center Foundation Governance, Inc., a California nonprofit mutual benefit corporation.

### **XV.**

Within 12 months after the closing date of the Affiliation Agreement, Saint John’s Health Center and Providence Health System-Southern California shall engage in a formal strategic



assessment process with its key stakeholders including, but not limited to, the Saint John's Health Center Community Ministry Board, Saint John's Hospital and Health Center Foundation , Saint John's Health Center Foundation Governance, Inc., community-based healthcare organizations, City of Santa Monica, Los Angeles County Department of Health Services, the public, and medical staff to evaluate (i) the healthcare needs of the communities and populations served by Saint John's Health Center, (ii) the services, and sufficiency of medical services, available at Saint John's Health Center, and (iii) the possible uses of its developed and yet to be developed assets and will consider joint development with other community stakeholders of services to meet the healthcare needs of such communities, in a manner consistent with the requirements of the City of Santa Monica and other regulatory authorities. Saint John's Health Center and Providence Health System-Southern California shall report on the results of this formal strategic assessment process in its annual written reports to the Attorney General as required in Condition XVI.

#### **XVI.**

For ten fiscal years from the closing date of the Affiliation Agreement, Saint John's Health Center shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Saint John's Health Center and the Chief Executive Officer at Saint John's Health Center shall each certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Saint John's Health Center Board of Directors and the Saint John's Health Center Community Ministry Board.

#### **XVII.**

At the request of the Attorney General, Saint John's Hospital and Health Center Foundation, Saint John's Health Center Foundation Governance, Inc., Sisters of Charity of Leavenworth Health System, Inc., Providence Health System-Southern California, Providence Health & Services shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

#### **XVIII.**

Once the Affiliation Agreement is closed, Saint John's Hospital and Health Center Foundation, Saint John's Health Center Foundation Governance, Inc., Sisters of Charity of Leavenworth Health System, Inc., Providence Health System-Southern California, Providence Health & Services are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.



The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

## List of Interviewees

Last Name	First Name	Position	Affiliation
Afable, MD	Rick	EVP, Southern California / President & CEO, St. Joseph Hoag Health	St. Joseph Health System
Agbelemose	Benga	Manager, Sub-Acute Care	Providence Little Company of Mary Medical Center - San Pedro
Apland	Judy	Director, Managed Care	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Arjayan	Aliza	Vice President, Network Management	Humana
Armstrong	Sean	Vice Chair, Board	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Breen	Hazel	Vice President & Executive Director, Foundation	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Brust, MD	James	Medical Director, Behavioral Health	Providence Little Company of Mary Medical Center - San Pedro
Butler	Mike	President & Chief Operating Officer	Providence Health & Services
Carrier	Karl	Interim Chief Executive Officer	Providence Health & Services, Southern California
Carrillo	Norma	Manager, Provider Contracting	LA Care Health Plan
Del Vicario, MD	Michele	Physician, Cardiovascular Services	Providence Little Company of Mary Medical Center - Torrance
Eason, MD	Lanny	Chief Medical Officer	Providence Health & Services, Southern California
Escasa-Haigh	Jo Ann	Chief Financial Officer	St. Joseph Health System
Forrester	Shawn	Vice President, Provider Solutions	Anthem Blue Cross of California
Glimp, MD	Richard	Chief Medical Officer	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Gray	Sr. Katherine	Chair	St. Joseph Health Ministry
Gulcher	Suzi	Board Member	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Hong, MD	Mimi	Physician, Women's and Children's Services	Providence Little Company of Mary Medical Center - Torrance
Igram	Rick	Senior Vice President, Network Development & Contracting	St. Joseph Health System
Joe	Justin	Practice Manager	Providence Little Company of Mary - Vasek Polak Health Clinic
Jongsma	Michael	Chief Nursing Officer	Providence Little Company of Mary Medical Center - Torrance
Jurecki	Sr. Nancy	Director, Mission Leadership & Spiritual Care	Providence Health & Services, Southern California
Kemp	Bill	Manager, Safety & Security	Providence Little Company of Mary Medical Center - Torrance
Khurana	Prub (P.K.)	Chief Strategic Services Officer	Providence Health & Services, Southern California
King	Tamara	Executive Director	Harbor Community Clinic
Kingston	Mary	Chief Executive Officer	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Lemaire	Anne	Vice President, Business Development	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Lindner	Ryan	Director, Cardiovascular Services	Providence Little Company of Mary Medical Center - Torrance
Long, MD	Ahn	Medical Director, Rehabilitation	Providence Little Company of Mary Medical Center - San Pedro
Lopez, MD	Richard	Physician, Surgical Services	Providence Little Company of Mary Medical Center - Torrance
Manemann	Kevin	Chief Executive Officer	St. Joseph Heritage Healthcare
Marafino	Kathy	Manager, Obstetrics	Providence Little Company of Mary Medical Center - San Pedro
Mast	Dave	Chief Integration Officer, Shared Services	Providence Health & Services, Southern California
Miller	Chuck	Board Member	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Mohr	Steven	Vice President, Finance & Operations	Providence Health & Services, Southern California
Montalvo	Darrin	President, Integrated Services	St. Joseph Health System
Montoya	Justin	Plant Operations & Environment of Care	Providence Little Company of Mary Medical Center - San Pedro
Murphy	Kevin	Vice President, Theology & Ethics	St. Joseph Health System
Neal	David	Chief Nursing Officer	Providence Little Company of Mary Medical Center - San Pedro
Noce	Bill	Chair, Board of Trustees	St. Joseph Health System
Nolan	Lori	Director, Women's and Children's Services	Providence Little Company of Mary Medical Center - Torrance
Nowell	Chris	Engineer	Providence Little Company of Mary Medical Center - Torrance
Nugent	Yvonne	Administrator, Emergency Department	Providence Little Company of Mary Medical Center - Torrance
Oliveras	Sherry	Nursing Director, Rehabilitation	Providence Little Company of Mary Medical Center - San Pedro
Olney	Garry	Chief Operating Officer	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Papouchian	Arminé	Vice President, Contracting Relations & Analytics	Blue Shield
Partridge	Alison	Administrator, Emergency Department & Critical Care	Providence Little Company of Mary Medical Center - San Pedro
Pavic-Zabinski	Karen	Regional Director, Ethics	Providence Health & Services, Southern California
Poa, MD	Li	Physician, Cardiovascular Services	Providence Little Company of Mary Medical Center - Torrance
Proctor	Deborah	President & Chief Executive Officer	St. Joseph Health System
Ramirez	Joe	Supervisor, Security & Disaster	Providence Little Company of Mary Medical Center - San Pedro
Riccardi	Chris	Project Coordinator, Disaster Preparedness	Providence Little Company of Mary Medical Center - Torrance
Rockwell	Russ	Director, Behavioral Health	Providence Little Company of Mary Medical Center - San Pedro
Saddiq, MD	Kaliq	Regional Medical Director	St. Joseph Heritage Healthcare
Sajjad	Zainab	Nursing Manager, Sub-Acute Care	Providence Little Company of Mary Medical Center - San Pedro
Schubert	Sr. Marian	Executive Vice President, Mission Integration	St. Joseph Health System
Shaw, MD	Miles	Medical Director, Emergency Department	Providence Little Company of Mary Medical Center - San Pedro
Siebert	Greg	Senior Vice President, Network Management	UnitedHealthcare
Sipin	Elva	Director, Transitional Care Center	Providence Little Company of Mary Medical Center - Torrance
Sloggett-O'Dell	Stephanie	Vice President, Labor & Employee Relations	St. Joseph Health System
Sonka-Maarek, I	Sherry	Physician, Transitional Care	Providence Little Company of Mary Medical Center - Torrance
Stahl	Pam	Chief Human Resources Officer	Providence Health & Services, Southern California
Stanislaw	Sherry	Senior Vice President & General Manager	SCAN Health Plan
Tadeo	Richard	Assistant Director,	Los Angeles County Emergency Medical Services Agency
Tehan	Jim	Director, Community Partnerships	Providence Little Company of Mary Medical Center - Torrance & San Pedro
Treanor	Joline	Senior Vice President, Human Resources	St. Joseph Health System
Vournas, MD	Jorge	Medical Director, Emergency Department	Providence Little Company of Mary Medical Center - Torrance
Walker	Annette	Executive Vice President, Strategic Services / Newly Appointed President & CEO	St. Joseph Health System
Wilcoxon	Colleen	Director, Surgical Services	Providence Little Company of Mary Medical Center - Torrance
Yamamoto, MD	Jon	Physician, Women's and Children's Services	Providence Little Company of Mary Medical Center - Torrance
Zuanich	Elizabeth	Chief Financial Officer	Providence Little Company of Mary Medical Center - Torrance & San Pedro

## Hospital Licenses

### Providence Little Company of Mary Medical Center -Torrance

License: 930000089  
Effective: 11/01/2015  
Expires: 10/31/2016  
Licensed Capacity: 442

## 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*

**Providence Health System - Southern California**

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

### PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER TORRANCE

4101 Torrance Blvd  
Torrance, CA 90503-4607

#### Bed Classifications/Services

327 General Acute Care  
34 Intensive Care Newborn Nursery  
28 Intensive Care  
22 Perinatal  
13 Pediatric  
230 Unspecified General Acute Care

#### Other Approved Services

Audiology  
Basic Emergency Medical  
Cardiovascular Surgery  
Nuclear Medicine  
Occupational Therapy  
Outpatient Service - Outpatient Clinic - at  
Womens Wellness/Cardio Pulmonary  
Rehab., 20929 Hawthorne Blvd., Torrance,  
Outpatient Service - Outpatient Clinic - PT,  
OT, & ST  
Outpatient Service - Outpatient Clinic -  
PT/OT/Speech & Ultrasound at 21135  
Hawthorne Blvd., Torrance  
Physical Therapy  
Radiation Therapy  
Respiratory Care Services  
Social Services  
Speech Pathology

### PROVIDENCE LITTLE COMPANY OF MARY TRANSITIONAL CARE CENTER

4320 Maricopa St  
Torrance, CA 90503-4314

#### Bed Classifications/Services


115 Skilled Nursing

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

None

Karen L. Smith, MD, MPH

Director and State Health Officer

  
for Shirley Singleton, District Supervisor

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

POST IN A PROMINENT PLACE

Providence Little Company of Mary Medical Center -San Pedro

License: 930000142

Effective: 11/01/2015

Expires: 10/31/2016

Licensed Capacity: 356

**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*

**Providence Health System - Southern California**

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

**PROVIDENCE LITTLE COMPANY OF MARY MEDICAL CENTER SAN PEDRO**

1300 W 7th St  
San Pedro, CA 90732-3505

**Bed Classifications/Services**

158 General Acute Care  
22 Perinatal  
20 Rehabilitation  
12 Intensive Care  
104 Unspecified General Acute Care  
25 Acute Psychiatric (D/P)

**Other Approved Services**

Basic Emergency Medical  
Mobile Unit - Other  
Nuclear Medicine  
Occupational Therapy  
Outpatient Service - Outpatient Clinic -  
Chemical Dependency Recovery at 1386  
W. 7th St., San Pedro  
Outpatient Service - Outpatient Clinic -  
pcc-mobile  
Outpatient Service - Outpatient Clinic -  
Psychiatric Program  
Outpatient Service - Outpatient Clinic -  
Radiology at 1360 W. 6TH ST. #100, SAN  
PEDRO  
Physical Therapy  
Respiratory Care Services  
Social Services  
Speech Pathology

**PROVIDENCE LITTLE COMPANY OF MARY SUBACUTE CARE CENTER**

1322 W 6th St  
San Pedro, CA 90732-3501

**Bed Classifications/Services**

125 Skilled Nursing

**PROVIDENCE LITTLE COMPANY OF MARY RECOVERY CENTER**

1386 W 7th St  
San Pedro, CA 90732-3517

**Bed Classifications/Services**

48 Chemical Dependency Recovery

(Additional Information Listed on License Addendum)

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

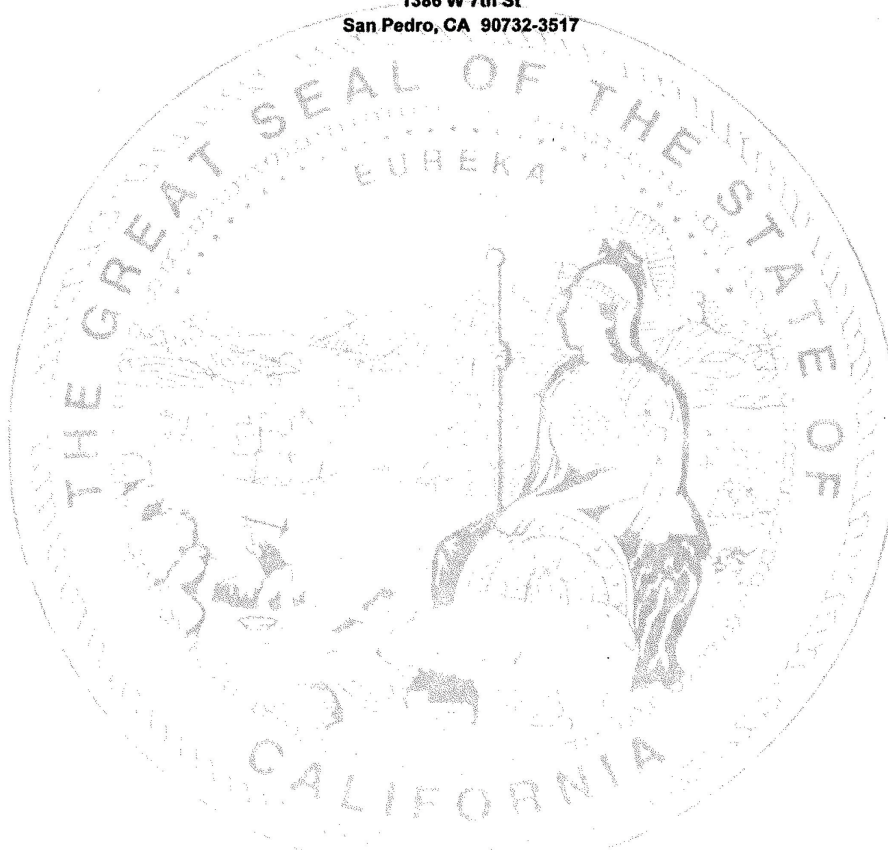
POST IN A PROMINENT PLACE

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

License: 930000142  
Effective: 11/01/2015  
Expires: 10/31/2016  
Licensed Capacity: 356

**PROVIDENCE LITTLE COMPANY OF MARY RECOVERY CENTER (Continued)**

1386 W 7th St  
San Pedro, CA 90732-3517



This **LICENSE** is not transferable and is granted solely upon the following conditions, limitations and comments:  
Mobile Health Unit - Vehicle License Plate # 6E84173

Karen L. Smith, MD, MPH  
Director and State Health Officer

Shirley Singleton  
Shirley Singleton, District Supervisor

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

**POST IN A PROMINENT PLACE**