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[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
CODE SECTION 6103]

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF SAN DIEGO
12

13
14 **THE PEOPLE OF THE STATE OF
CALIFORNIA,**

15
16 Plaintiff,

17 v.

18 **RADY CHILDREN'S HEALTH, a
California nonprofit public benefit
19 corporation, RADY CHILDREN'S
HOSPITAL AND HEALTH CENTER, a
20 California nonprofit public benefit
corporation, RADY CHILDREN'S
21 HOSPITAL – SAN DIEGO, a California
nonprofit public benefit corporation,
22 CHILDREN'S HEALTHCARE OF
CALIFORNIA, a California nonprofit
23 public benefit corporation, CHILDREN'S
HOSPITAL OF ORANGE COUNTY, a
24 California nonprofit public benefit
corporation, CHILDREN'S HOSPITAL AT
25 MISSION, a California nonprofit public
benefit corporation, and DOES 1-10.**

26
27 Defendants.
28

Case No.

**COMPLAINT FOR SPECIFIC
PERFORMANCE, PERMANENT
INJUNCTION, CIVIL PENALTIES, AND
OTHER EQUITABLE RELIEF**

(Corp. Code, § 5926 and Bus. & Prof. Code, §
17200 et seq.)

**[VERIFIED ANSWER REQUIRED
PURSUANT TO CODE CIV.
PROC., § 446]**

1 The Plaintiff, the People of the State of California, by and through Rob Bonta, Attorney
2 General of the State of California, allege as follows:

3 INTRODUCTION

4 1. The Plaintiff brings this action to address Rady Children's Health's (RCH) unlawful
5 refusal to fulfill its legal obligations to the Attorney General to the detriment of its patients.

6 2. RCH is the largest pediatric health care system in California. It provides care to over
7 200,000 children in California and operates three general acute care children's hospitals in San
8 Diego and Orange County.

9 3. Through its subsidiaries and its health system, RCH has provided gender-affirming
10 medical care services for approximately 14 years.¹ Upon information and belief, RCH serves
11 approximately 1,900 patients who receive medically necessary gender-affirming care, including
12 around 1,450 individuals under the age of 19. It is the largest provider of gender-affirming care in
13 Southern California, and one of the largest in the state.

14 4. On November 1, 2024, the Attorney General conditionally consented to the affiliation
15 agreement, dated December 17, 2023, between Rady Children's Hospital and Health Center, a
16 California nonprofit public benefit corporation (RCHHC) and its subsidiary Rady Children's
17 Hospital San Diego, a California nonprofit public benefit corporation (RCHSD) with Children's
18 HealthCare of California, a California nonprofit public benefit corporation (CHC), and its
19 subsidiaries, Children's Hospital of Orange County, a nonprofit public benefit corporation
20 (CHOC) and Children's Hospital at Mission, a California nonprofit public benefit corporation
21 (CHAM).² The parties closed on the affiliation agreement effective January 1, 2025, and CHC
22 merged with and into RCHHC to form RCH as the surviving entity corporation. RCH is the sole

23
24 ¹ Gender-affirming medical care is treatment for the medical diagnosis of gender dysphoria.
25 The care can include puberty-delaying medication, hormone treatment, and surgery. Transgender
individuals may also receive gender-affirming mental health care. Gender-affirming mental health
care services are not at issue in this lawsuit.

26 ² The affiliation agreement is publicly available at
27 [https://oag.ca.gov/system/files/attachments/press-](https://oag.ca.gov/system/files/attachments/press-docs/Attorney%20General%27s%20Decision%20Conditionally%20Approving%20the%20Trans%20action%20for%20CHOC%20and%20Rady-FINAL%5B6%5D.pdf)
28 [docs/Attorney%20General%27s%20Decision%20Conditionally%20Approving%20the%20Trans](https://oag.ca.gov/system/files/attachments/press-docs/Attorney%20General%27s%20Decision%20Conditionally%20Approving%20the%20Trans%20action%20for%20CHOC%20and%20Rady-FINAL%5B6%5D.pdf)
agreement are not at issue in this lawsuit.

1 corporate member of RCHSD, CHOC, and CHAM. Among other things, the Attorney General
2 Conditions require RCH to maintain the same types and levels of gender-affirming care services
3 that were offered at the time the merger closed. Those Conditions expressly require RCH to
4 obtain the approval of the Attorney General *before* reducing or eliminating any services that it
5 agreed to maintain.

6 5. RCH has violated its legal obligations. Upon information and belief, over a period of
7 many months, RCH has been curtailing gender-affirming care services. First, around July 9, 2025,
8 RCH stopped accepting new gender-affirming care patients outside of San Diego and Imperial
9 Counties, and ceased scheduling new medically necessary, gender-affirming care surgeries for
10 individuals under 19. Second, on December 22, 2025, RCH stopped accepting new patients,
11 regardless of age, for gender-affirming care services. Finally, on January 20, 2026, RCH
12 announced that effective February 6, 2026, it would stop providing medically necessary gender-
13 affirming care—including puberty blockers and hormone therapy—for all existing transgender
14 patients under the age of 19 throughout its entire health system, including at all three general
15 acute care children’s hospitals.

16 6. RCH did not provide any justification to the Attorney General before reducing—and
17 then terminating—gender-affirming care for patients under the age of 19. Nor did RCH seek to
18 obtain approval from the Attorney General before reducing and then terminating care.

19 7. To request an amendment to the Attorney General Conditions, the selling or acquiring
20 corporation or entity, or their successors in interest, must “include a description of each proposed
21 amendment, a description of the change in circumstance requiring each such amendment, a
22 description of how each such amendment is consistent with the Attorney General’s consent or
23 conditional consent to the transaction, and a description of the efforts of the entity making the
24 request to avoid the need for amendment.” (Cal. Code Regs., tit. 11, § 999.5, subd. (h)(2).) The
25 Attorney General has 90 days to review the proposed amendment, investigate the request, conduct
26 public meetings if requested by the public or otherwise in his discretion, and issue a decision.
27 (Cal. Code Regs., tit. 11, § 999.5, subd. (h)(3).) RCH did not follow the process required to
28 modify the Conditions. Instead, RCH unilaterally decided to end all gender-affirming medical

1 care services for patients under the age of 19. In doing so, RCH violated its legal commitments
2 under the Conditions to the detriment of its patients, the region, and the State.

3 8. Because RCH is California's largest pediatric health care system, covering large
4 swaths of Southern California, the complete termination of medically necessary, gender-affirming
5 care will have devastating impacts on the roughly 1,450 patients who will lose access to vital care
6 with just 17 days' notice. Discontinuation of this care is likely to cause the gender dysphoria of
7 RCH's patients to worsen, which may increase their mental distress and anguish. RCH's complete
8 termination of gender-affirming care will also dramatically reduce the availability of this care in
9 Southern California and statewide.

10 9. The California Legislature empowered the Attorney General to review and approve,
11 deny, or conditionally consent to nonprofit health facility transactions to protect the public
12 interest. The Attorney General imposes conditions which ensure that vital health care services
13 continue to be available and accessible, many services of which are provided to vulnerable
14 populations like transgender individuals. RCH cannot unilaterally decide to terminate gender-
15 affirming care services in blatant disregard of the requirement to maintain them under the
16 Conditions, and without following the legal process for seeking to amend the Conditions.

17 10. The People bring this action to permanently enjoin RCH from terminating gender-
18 affirming care services without first securing the Attorney General's approval or seeking an
19 amendment of the Conditions, to obtain civil penalties and other relief to which the People are
20 legally entitled, and to ensure that RCH and its subsidiaries fulfill their legal obligations in
21 providing care to their patients, the communities that they serve, and to the People of California.

22 THE PARTIES

23 11. Plaintiff is the People of the State of California. The People bring this action by and
24 through Rob Bonta, Attorney General of the State of California (Attorney General). The Attorney
25 General is the chief law officer of the State and has authority to file civil actions to protect public
26 rights and interests. (Const., art. V, § 13; Bus. & Prof. Code, § 321.)

27 12. The Attorney General is authorized by Corporations Code section 5926 to enforce
28 conditions that he imposed when consenting to an agreement or transaction pursuant to

1 Corporations Code section 5920, including to seek specific performance, injunctive relief, and
2 other equitable remedies a court deems appropriate for breach of any of the conditions. The
3 Attorney General is authorized by Business and Professions Code section 17204 to obtain
4 injunctive relief to halt violations of—and to enforce compliance with—the Unfair Competition
5 Law (UCL), Business and Professions Code section 17200 et seq. The Attorney General is
6 authorized by Business and Professions Code section 17206 to obtain civil penalties of up to
7 \$2,500 for each violation of the UCL.

8 13. Defendant RCH³ is the post-closing, surviving entity of the merger between Rady
9 Children’s Hospital and Health Center (RCHHC) and Children’s HealthCare of California
10 (CHC), effective January 2025. Since the merger, Defendant RCH’s subsidiaries include Rady
11 Children’s Hospital San Diego (RCHSD), Children’s Hospital of Orange County (CHOC), and
12 Children’s Hospital at Mission (CHAM).

13 14. Before the parties’ merger, Defendant RCHHC was a California nonprofit public
14 benefit corporation that is the parent organization of a health care system serving San Diego
15 County, Imperial County and a portion of Southern Riverside County. Following the merger,
16 RCHHC is now part of RCH.

17 15. Before the parties’ merger, RCHHC was the sole corporate member of Defendant
18 Rady Children’s Hospital San Diego, which owns and operates a general acute care hospital
19 located at 3020 Children’s Way, San Diego, California 92123 (RCHSD) and provides various
20 outpatient and medical services in RCHSD’s community through other health care related
21 businesses and facilities. Following the merger, RCHSD is now part of RCH.

22 16. RCH also operates other health care related businesses that were previously operated
23 by RCHHC and RCHSD through wholly owned and partially owned subsidiaries.

24 ³ RCH also includes RCHSD, Rady Children’s Hospital Foundation – San Diego, a
25 California nonprofit public benefit corporation, Rady Children’s Hospital Research Center, a
26 California nonprofit public benefit corporation doing business as Rady Children’s Institute –
27 Genomic Medicine, Rady Children’s Health Services – San Diego, a California nonprofit public
28 benefit corporation, Rady Children’s Physician Management Services, Inc., a California
corporation, Children’s Health Plan of California, a California nonprofit mutual benefit
corporation, Children’s Hospital Integrated Risk Protected Limited, and Children’s Hospital
Insurance Limited.

1 17. Defendant CHC⁴ was a pediatric health care system based in Orange County,
2 California, serving Orange County and portions of Western Riverside County, San Bernardino
3 County and Los Angeles County. CHC has merged with RCHHC to become RCH.

4 18. Before the parties' merger, CHC was the sole corporate member of Defendant
5 CHOC, which owns and operates a general acute care hospital located at 1201 W. La Veta
6 Avenue, Orange, California 92868 (CHOC Hospital) and provides various outpatient and medical
7 services in CHOC's community through other health care related businesses and facilities.
8 Following the merger, CHOC is now a subsidiary of RCH.

9 19. Before the parties' merger, CHC was the sole corporate member of Defendant
10 CHAM, which owns and operates a general acute care hospital located at 27700 Medical Center
11 Road, 5th Floor, Mission Viejo, California 92691 and provides various outpatient and medical
12 services in CHAM's community through other health care related businesses and facilities.
13 Following the merger, CHAM is now a subsidiary of RCH.

14 20. RCH operates other health care related businesses and facilities that were previously
15 operated by CHC, CHOC, and CHAM through wholly owned and partially owned subsidiaries.

16 21. The People are currently unaware of the true identities of the Doe Defendants who
17 may also be responsible for the violations alleged in this Complaint and accordingly names them
18 as Doe Defendants pursuant to Code of Civil Procedure section 474. Each fictitiously named
19 defendant is responsible in some manner for the violations of law alleged. Plaintiff will amend
20 this Complaint to add the true names of the fictitiously named defendants once they are
21 discovered. Whenever reference is made in this Complaint to "Defendants," such reference shall
22 include DOES 1 through 10 as well as the named defendants.

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24
25 ⁴ "CHC" also included CHOC, CHOC at Mission, CHOC Foundation, a California
26 nonprofit public benefit corporation, CRC Real Estate Corporation, a California nonprofit public
27 benefit corporation, Providence Speech and Hearing Center, a California nonprofit public benefit
28 corporation, Children's Health Plan of California, a California nonprofit mutual benefit
corporation, Orange County Medical Reciprocal Insurance Company, a Risk Retention Group,
and Newport Language, Speech and Audiology Center, Inc., a California nonprofit mutual benefit
corporation.

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II. GENDER-AFFIRMING CARE AT RCH

30. For approximately 14 years, RCH has served as one of the largest providers of gender-affirming care in California.

31. By way of background, transgender individuals are people whose gender identity differs from their sex at birth. For some transgender people, the incongruence between their gender identity and birth sex can cause clinically significant distress, recognized by the American Psychiatric Association’s Diagnostic & Statistical Manual of Mental Disorders, Fifth Edition, Text Revision (DSM-5-TR) as “gender dysphoria.”

32. Gender dysphoria is a serious medical condition. Left untreated, it can cause anxiety, depression, and increased risk of self-harm, including suicide.

33. Medical intervention to address gender dysphoria may include puberty-delaying medication, hormone treatment, and surgery—health care that is collectively categorized as “gender-affirming care.”

34. Beginning in 2012, RCH (through its pre-merger predecessors) began providing gender-affirming care. RCH established the Center for Gender-Affirming Care, which provides medical care to gender-diverse and transgender patients. Over the past decade and a half, RCH has treated thousands of patients with medically necessary gender-affirming care.

35. Today, RCH is the largest remaining pediatric provider of gender-affirming care in Southern California. And it continues to be one of the largest providers in California.

36. RCH employs a multi-disciplinary team of specialists, including mental health professionals, pediatric endocrinologists, and adolescent medicine specialists, to deliver holistic, individualized gender-affirming care following well-established guidelines from the Endocrine Society.⁵ RCH’s gender-affirming care program provides a broad array of gender-affirming care services, including diagnosis, counseling, hormone therapy, puberty blockers, gender-affirming surgeries, and other treatments to treat gender dysphoria.

37. Upon information and belief, as of December 2025, RCH was serving around 1,900 transgender patients, including over 1,450 patients under the age of 19.

⁵ See [Gender Dysphoria/Gender Incongruence Guideline Resources | Endocrine Society](#).

1 **III. THE ATTORNEY GENERAL’S AUTHORITY TO CONDITIONALLY APPROVE HOSPITAL**
2 **MERGERS UNDER THE CORPORATIONS CODE**

3 38. California law requires the Attorney General to review transfers of nonprofit health
4 facilities in part to preserve access to uncompensated health care for the poor, elderly, and
5 disabled. (*See* Stats. 1996, ch. 1105, § 1.)⁶ California Corporations Code section 5920 specifies in
6 relevant part that “[a]ny nonprofit corporation that is defined in Section 5046 and operates or
7 controls a health facility, as defined in Section 1250 of the Health and Safety Code, or operates or
8 controls a facility that provides similar health care, regardless of whether it is currently operating
9 or providing health care services or has a suspended license, shall be required to provide written
10 notice to, and to obtain the written consent of, the Attorney General prior to entering into any
11 agreement or transaction to . . . [s]ell, transfer, lease, exchange, option, convey, or otherwise
12 dispose of, its assets to another nonprofit corporation . . . when a material amount of the assets of
13 the nonprofit corporation are involved in the agreement or transaction.” (Corp. Code, § 5920,
14 subdivision (a)(1)(A).).

15 39. The Attorney General shall have discretion to consent to, give conditional consent to,
16 or not consent to any agreement or transaction described in Corporations Code, section 5920,
17 subdivision (a). In making the determination, the Attorney General shall consider any factors that
18 the Attorney General deems relevant, including, but not limited to, whether “[t]he Attorney
19 General has been provided . . . with sufficient information and data by the nonprofit public benefit
20 corporation to evaluate adequately the agreement or transaction or the effects thereof on the
21 public; [¶] (h) [t]he agreement or transaction may create a significant effect on the availability or
22 accessibility of health care services to the affected community; [¶][or] (i) [t]he proposed
23 agreement or transaction is in the public interest.” (Corp. Code, § 5923, subdivisions (g)-(i).)

24 40. The Attorney General also considers other relevant information provided by the
25 applicant and conducts public meetings to receive public comments. (Corp. Code, §§ 5916-5917,

26 ⁶ The Attorney General’s supervisory and enforcement authority is granted under the
27 Supervision of Trustees and Fundraisers for Charitable Purposes Act, Govt. Code, § 12580 et
28 seq., the Nonprofit Corporation Law, Corp. Code, § 5000 et seq., the Solicitations for Charitable
 Purposes Law, Bus. & Prof. Code, § 17510 et seq., and provisions of the Business and
 Professions Code that prohibit unlawful, unfair, or fraudulent business acts or practices within
 this State. (*Id.* at §17200 et seq.)

1 5922-5923; Cal. Code Regs., tit. 11, § 999.5, subdivision (e)(7).) When a general acute care
2 hospital is involved, the Attorney General contracts with a health care consultant to prepare an
3 independent health care impact statement that assesses the agreement or transaction’s impacts on
4 the availability or accessibility of health care services to the affected community. (Cal. Code
5 Regs., tit. 11, § 999.5, subdivisions (e)(5)-(6).) The Attorney General notifies the applicant in
6 writing of the decision. (Corp. Code, §§ 5915, 5921.)

7 41. Pursuant to Corporations Code section 5926, the “Attorney General may enforce
8 conditions imposed on the Attorney General’s consent to an agreement or transaction pursuant to
9 [California Corporations Code section 5920] to the fullest extent provided by law.”

10 42. Corporations Code section 5926 further provides, “In addition to any legal remedies
11 the Attorney General may have, the Attorney General shall be entitled to specific performance,
12 injunctive relief, and other equitable remedies a court deems appropriate for breach of any of the
13 conditions and shall be entitled to recover attorney’s fees and costs incurred in remedying each
14 violation.”

15 43. When extenuating circumstances require it, nonprofit health facilities may seek
16 modification of the Attorney General’s Conditions. (Cal. Code Regs., tit. 11, § 999.5, subdivision
17 (h) [detailing the Attorney General’s amendment authority].) The Attorney General has 90 days
18 to issue a decision on the proposed amendments. (*Id.*)

19 44. If an amendment is necessary, the Attorney General reviews the proposed
20 amendment, investigates the request, conducts public meetings, and issues a decision. (Corp.
21 Code, § 5923; *see also* Cal. Code Regs., tit. 11, § 999.5, subdivision (h)(3) [requiring the
22 Attorney General to give public notice of amendment request and public hearing if requested by
23 the public (hearing is discretionary otherwise)].

24 **IV. THE ATTORNEY GENERAL’S CONDITIONAL APPROVAL**

25 45. RCHHC and CHC first announced plans to merge in December 2023, subject to
26 Attorney General approval.

27 46. RCHHC and CHC, the then-operator of CHOC and CHAM, submitted notice of the
28 transaction to the Attorney General, pursuant to Corporate Code section 5920 et seq. Following

1 his investigation of the transaction, including consulting with a health care expert who issued an
2 impact report and conducting a public meeting to receive public comments about the transaction,
3 the Attorney General conditionally approved the transaction.

4 47. On November 4, 2024, the Attorney General conditionally approved a proposed
5 affiliation agreement between RCHHC, and its subsidiary RCHSD, and CHC and its subsidiaries,
6 CHOC and CHAM.

7 48. As part of that approval, the Attorney General imposed, *inter alia*, the following
8 conditions on RCH. (Ex. A, Summary List at p. 1, Conditions at pp. 4-5, 22).⁷

- 9 • **Condition V:** Requires continuous maintenance of existing and licensed
10 specialty health care services, including “[g]ender-[a]ffirming [c]are services”
11 offered in the spaces and settings of CHOC, CHAM, and RCHSD for 10 years,
12 “at no less than their current capacities, types, acuity levels, licenses, and
13 certifications, and in compliance with state and federal regulations,” and
14 “prohibits the relocation or diversion of these services among the hospitals or
15 outside of the hospital service area geographies, absent Attorney General
16 approval.” (Ex. A, Summary List at p. 1.) RCH “shall neither permanently nor
17 temporarily suspend all beds or services of a specialty health care service or
18 program of RCHSD, CHOC, or [CHAM] . . . without first providing
19 justification to and obtaining approval from the Attorney General for the
20 proposed suspension, relocation, or diversion.” (Ex. A, Conditions at p. 4)
- 21 • **Condition XX:** Prohibits discrimination on the basis of protected personal
22 characteristics, including gender and gender identity. (Ex. A, Conditions at p.
23 22)

24
25
26 ⁷ Exhibit A (Attorney General Conditions) contains an unpaginated cover letter and two
27 paginated sections that each start at page 1: the second through fourth pages of Exhibit A contain
28 a Summary List of Conditions (Summary List) and the detailed Conditions (Conditions) begin on
the fifth page of the exhibit. For clarity, citations to Exhibit A are labeled with the relevant
section.

1 49. Following the Attorney General’s approval of the affiliation agreement, the parties
2 entered into a merger agreement. The merger was completed in January 2025 and the merged
3 company is known as RCH.

4 **V. THE HEALTH AND SAFETY CODE REQUIRES 90 DAYS’ NOTICE BEFORE**
5 **ELIMINATING SUPPLEMENTAL SERVICES**

6 50. Health and Safety Code section 1255.25, subdivision (a)(1) requires that any health
7 facility providing supplemental services give 90 days’ advance notice of the elimination of such
8 services to “all contracted Medi-Cal managed care plans . . . and a notice to the department and
9 the board of supervisors of the county in which the health facility is located.” Additionally, there
10 must be a notice posted at the entrance of all affected facilities. *Id.*

11 51. The public notice requirement must include “[a] description of the proposed closure
12 . . . the probable decrease in number of personnel, and a summary of any service that is being
13 eliminated.” (Health and Saf. Code, § 1255.25, subdivision (b)(1)(A)). Additionally, the public
14 notice must include “a description of the three nearest available comparable services in the
15 community” and if the supplemental service serves Medi-Cal patients, the facility “shall specify
16 the providers of the nearest available comparable services.” (Health and Saf. Code, § 1255.25,
17 subdivision (b)(1)(B)).

18 52. The notification requirements serve a vital role in helping communities prepare for
19 the devastating loss of health care services.

20 53. Gender-affirming care services constitute supplemental services for purposes of
21 Health and Safety Code section 1255.25, subdivision (a)(1). (*See* Code. Regs., tit. 22, § 70067.)

22 54. Upon information and belief, RCH has not provided the required 90-day notice to
23 Medi-Cal managed care plans, the California Department of Public Health, or the board of
24 supervisors of San Diego County that the health facility is eliminating gender-affirming care
25 supplemental services.

1 **VI. RCH'S DECISION TO LIMIT, AND THEN ELIMINATE, THE PROVISION OF GENDER-**
2 **AFFIRMING CARE SERVICES**

3 55. Upon information and belief, on or around July 9, 2025, RCH required RCHSD to
4 stop accepting new patients seeking gender-affirming care, regardless of their age, who resided
5 outside of San Diego and Imperial counties. RCH neither sought nor received Attorney General
6 approval to impose geographic limitations on potential patients needing gender-affirming care.

7 56. Upon information and belief, RCH's July 2025 policy decision to limit gender-
8 affirming care to residents of San Diego County and Imperial County applied only to patients
9 seeking gender-affirming care. Upon information and belief, in July 2025, RCH did not impose
10 residence-based restrictions on other types of health care, nor has it imposed residence-based
11 restrictions on other types of health care since July 2025.

12 57. Upon information and belief, on or around October 2025, RCH stopped scheduling
13 gender-affirming chest surgeries for patients under the age of 19. RCH neither sought nor
14 received Attorney General approval to categorically eliminate this category of medically
15 necessary gender-affirming care.

16 58. Upon information and belief, on or around December 22, 2025, RCH stopped
17 accepting new patients for gender-affirming care services, across all age groups and all
18 geographic areas. RCH neither sought nor received Attorney General approval to drastically
19 reduce the provision of gender-affirming care by declining to accept new patients.

20 **VII. RCH'S WHOLESALE TERMINATION OF GENDER-AFFIRMING CARE SERVICES**

21 59. Upon information and belief, on January 20, 2026, patients who receive gender-
22 affirming care at RCH received a brief message in their online patient portal alerting each patient
23 that they would no longer be able to receive gender-affirming care services at RCH, effective
24 February 6, 2026.

25 60. That same day, RCH issued a formal announcement to the press confirming that it
26 was terminating the provision of gender-affirming care to patients under the age of 19, effective
27 February 6, 2026.
28

1 61. In violation of the Attorney General Conditions, RCH did not provide justification to
2 the Attorney General nor seek or receive approval from the Attorney General before reducing the
3 provision of gender-affirming care to patients under 19 years of age.

4 62. In violation of the Attorney General Conditions, RCH did not provide justification to
5 the Attorney General nor seek approval from the Attorney General at any point prior to informing
6 its patients that it would stop providing gender-affirming care to patients under 19 years of age.

7 63. RCH never obtained the Attorney General's approval to modify the Attorney General
8 Conditions. On the contrary, the appointed monitor overseeing RCH's compliance with the
9 Conditions repeatedly told RCH in writing during the last week of January that the Attorney
10 General had not approved and did not approve this change in the Conditions.

11 64. By ending the provision of gender-affirming care for patients under 19 without
12 seeking and obtaining approval from the Attorney General, RCH and its subsidiaries are plainly
13 violating their legal obligations under the Attorney General Conditions.

14 **VIII. RADY'S DECISION TO END GENDER-AFFIRMING CARE IN DISREGARD OF THE**
15 **ATTORNEY GENERAL'S REVIEW AND OVERSIGHT AUTHORITY WILL CAUSE**
16 **IMMINENT AND IRREPARABLE HARM**

17 65. RCH's unilateral decision to end gender-affirming care undermines the statutory
18 scheme that authorizes the Attorney General to review and impose enforceable conditions on
19 transactions (or to issue a denial or waiver) to protect access to health care services, to address
20 discrimination in health care services, to preserve existing levels of health care services, and to
21 otherwise ensure that the transaction is in the public interest, as required by the California
22 Legislature.

23 66. Stakeholders in these transactions and the community at large (including doctors and
24 other facility employees, patients, the families of patients, and advocacy organizations, among
25 others) often raise concerns that fall squarely within the harms that the statute was enacted to
26 address. Such harms are left unreviewed and unaddressed in the absence of the Attorney
27 General's review and approval, resulting in the evisceration of the statute's purpose and the
28 Attorney General's statutory role in protecting the public interest

67. Here for example, RCH’s termination of gender-affirming care services will leave almost 1,500 patients at RCH without access to medically necessary care. Nor are those patients likely to find alternative sources for this health care. RCH is the sole remaining large pediatric provider of gender-affirming care in Southern California, and alternative providers in the region—and the entire state—are increasingly scarce.

68. Upon information and belief, RCH has left hundreds and hundreds of patients in medical limbo by abruptly ending gender-affirming care services with just 17 days' notice to its patients. RCH's patients are unable to schedule new patient appointments for gender-affirming care with alternative providers, and they currently face the prospect of losing access to vital medications that treat their gender dysphoria. RCH is failing its legal and moral responsibility to ensure continuity of care for the over 1,450 patients facing a sudden loss of essential care on February 6, 2026.

69. Additionally, RCH's decision to end care has severed many long-standing, supportive relationships between providers and patients, and RCH's patients are losing their sense of stability and safety. Families and advocates are reporting that patients are experiencing heightened rates of suicidal ideation, depression, and anxiety, and their parents are similarly suffering. RCH's sudden termination of gender-affirming care services for its patients has caused chaos, fear, and the very real prospect of long-term health consequences for patients who are no longer able to treat their gender dysphoria. Even brief interruptions in gender-affirming medical care can have a detrimental impact on a patient's mental health and overall well-being.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

(Violations of California's Nonprofit Public Benefit Corporations Laws)

**(Corporations Code Sections 5920 and 5921, and California Code of Regulations, Title 11,
Section 999.5, Subdivision (h))**

70. The People incorporate by reference as though fully set forth herein the allegations of this Complaint.

71. Defendants have violated Corporations Code section 5920 et seq., including Section 5921, and California Code of Regulations, tit. 11, section 999.5, subdivision (h), by violating Conditions V and XX, and by failing to obtain the consent of the Attorney General to amend those Conditions. Plaintiff is further informed and believes, and thereon alleges, that no pecuniary compensation would afford adequate relief.

SECOND CAUSE OF ACTION

(Violations of California's Unfair Competition Law)

(Business and Professions Code Section 17200)

72. The People incorporate by reference as though fully set forth herein the allegations of this Complaint.

73. From at least July 9, 2025, and continuing to the present, Defendants have engaged in and continue to engage in, have aided and abetted and continue to aid and abet, and have conspired to and continue to conspire to engage in unlawful, unfair, or fraudulent acts or practices that constitute unfair competition as defined in Business and Professions Code section 17200, as described in the allegations above.

74. These acts or practices include, but are not limited to, the following:

- a. Engaging in prohibited unfair, unlawful, and fraudulent practices, as alleged above;
- b. Violating the Conditions that the Attorney General attached to the conditionally approved transaction pursuant to Corporations Code section 5920 et seq., as referenced in paragraphs 46-50, including:
 - i. **Condition V:** Requires continuous maintenance of existing and licensed specialty health care services, including “gender-affirming care services” offered in the spaces and settings of CHOC, CHAM and RCHSD for 10 years, “at no less than their current capacities, types, acuity levels, licenses, and certifications, and in compliance with state and federal regulations,” and prohibits the relocation or diversion of these services among the hospitals or outside of the hospital service area geographies,

absent Attorney General approval. (Ex. A, Summary List at p. 1, Conditions at pp. 4-5.) RCH “shall neither permanently nor temporarily suspend all beds or services of a specialty health care service or program of RCHSD, CHOC, or [CHAM] . . . without first providing justification to and obtaining approval from the Attorney General for the proposed suspension, relocation, or diversion.” (Ex. A, Conditions at p. 4)

ii. **Condition XX:** Prohibits discrimination on the basis of protected personal characteristics, including gender identity. (Ex. A, Conditions at p. 22)

iii. Upon information and belief, RCH has violated these Conditions by reducing and then discontinuing gender-affirming care for patients under 19.

c. Violating the conditions of the Attorney General’s consent to the RCH merger, including but not limited to Conditions V, and XX, under which they were permitted to proceed with the Affiliation Agreement and merger under Corporations Code section 5923, as notified to the Attorney General under Corporations Code under section 5920.

d. Violating Corporations Code sections 5920 and 5921, and California Code of Regulations, title 11, section 999.5, by their failure to seek the consent of the Attorney General to amend the Conditions, including but not limited to Condition V, before engaging in those acts and practices.

e. Violating Health and Safety Code section 1255.25(a)(1) by Defendants’ failure to provide at least 90 days’ notice prior to eliminating gender-affirming care supplemental services.

75. Defendants’ acts and practices, as described above but not necessarily limited to those descriptions, independently constitute unfair acts or practices in violation of Business and Professions Code section 17200, for the following reasons:

- 1 a. Defendants have reduced and then discontinued medically necessary gender-
2 affirming care services for patients under 19. Defendants have not ensured that
3 their patients will maintain continuity of their medically necessary, gender-
4 affirming care.
- 5 b. Defendants did not seek prior approval for such changes so that the Attorney
6 General could review whether the changes are necessary, such as whether: (1)
7 such disruptions in medical care are strictly necessary; (2) any strictly necessary
8 disruptions in care are limited to the minimum amount possible.
- 9 c. The physical and mental health of RCH's patients are harmed by the
10 discontinuation of gender-affirming care services.
- 11 d. Defendants' unilateral reduction and then discontinuance of these vital health
12 care services at its facilities, without seeking or obtaining prior approval, is in
13 violation of the Attorney General's Conditions and deprives him of his
14 statutorily mandated duty to protect the public interest in reviewing how these
15 changes deprive the residents of Orange County, San Diego County, Imperial
16 County, San Bernardino County and Los Angeles County, as well as
17 neighboring portions of Riverside County, of important medical services.
- 18 e. Without the requested injunctive relief sought by the People in this action,
19 residents of Orange County, San Diego County, Imperial County, San
20 Bernardino County and Los Angeles County, as well as neighboring portions of
21 Riverside County, and the People of the State of California, will continue to be
22 deprived of medically necessary gender-affirming care for individuals under 19
23 in violation of Conditions V and XX.

24 **PRAYER FOR RELIEF**

25 1. WHEREFORE, the People respectfully request that the Court enter judgment in favor
26 of the People and against Defendants, jointly and severally, as follows:

27 2. For specific performance, injunctive relief, and such other equitable remedies as the
28 court deems appropriate pursuant to Corporations Code section 5926, and California Code of

1 Regulations, title 11, section 999.5, subdivision (g)(6), including requiring compliance with the
2 Conditions by resuming gender-affirming care services for patients under the age of 19 to the
3 level of care provided by RCH on the closing date of the merger, upon which the Attorney
4 General Conditions went into effect (or securing Attorney General approval for an amendment of
5 the Conditions), and tolling the Conditions for the amount of time RCH has been out of
6 compliance or until such time as is necessary to remedy the impact of RCH's noncompliance.

7 3. For preliminary and permanent injunctive relief, pursuant to Business and Professions
8 Code section 17203, and Code of Civil Procedure section 526, enjoining Defendants and their
9 employees, agents, servants, representatives, successors, and assigns, any and all persons acting
10 in concert or participation with or for them, and all other persons, corporations, or other entities
11 acting under, by, through, or on behalf of Defendants, from engaging in unfair competition as
12 defined in Business and Professions Code section 17200, including but not limited to, the types of
13 acts or practices alleged in the Complaint, and mandating that Defendants comply with the
14 Attorney General's Conditions.

15 4. That the Court assess a civil penalty of up to \$2,500 against Defendants for each and
16 every violation of Business and Professions Code section 17200, in an amount according to proof,
17 under the authority of Business and Professions Code section 17206;

18 5. That the People recover their costs of suit, including reasonable attorneys' fees and
19 costs pursuant to Corporations Code sections 5924(d)(3) and 5926, and California Code of
20 Regulations, title 11, section 999.5, subdivision (j);

21 6. That the People receive all other relief to which they are legally entitled; and

22 7. That the Court award such other relief that it seems just, proper, and equitable.

1 Dated: January 30, 2026

Respectfully submitted,

2 ROB BONTA
Attorney General of California
3 NELI N. PALMA
Senior Assistant Attorney General
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5 Supervising Deputy Attorneys General
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8
9 *Hilary Burke Chan*

10 HILARY BURKE CHAN
11 Deputy Attorney General
12 *Attorneys for Plaintiff the People of the State*
13 *of California*

EXHIBIT A

(ATTACHMENTS TO EXHIBIT A OMITTED)



C A L I F O R N I A

DEPARTMENT OF JUSTICE

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Attorney General

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(ERRATA CORRECTED 11/4/24)

November 1, 2024

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Sent via email

RE: Children's Hospital of Orange County – Rady Children's Hospital San Diego

Dear Mr. Owens and Ms. McClary:

Pursuant to Corporations Code section 5920 et seq., the Attorney General hereby conditionally approves the proposed December 17, 2023 affiliation agreement of Rady Children's Hospital and Health Center, a California nonprofit public benefit corporation (RCHHC) and its subsidiary Rady Children's Hospital – San Diego, a California nonprofit public benefit corporation (RCHSD) with Children's Healthcare of California, a California nonprofit public benefit corporation (CHC), and its subsidiaries, Children's Hospital of Orange County, a California nonprofit public benefit corporation (CHOC) and Children's Hospital at Mission, a California nonprofit public benefit corporation (CHOC at Mission).

Corporations Code section 5923 and California Code of Regulations, title 11, section 999.5, subdivision (f), set forth factors that the Attorney General shall consider in determining whether to consent to a proposed transaction between nonprofit corporations or entities. The Attorney General has considered such factors and approves the proposed transaction subject to the attached conditions that are incorporated by reference herein.

Sincerely,

Melissa Hamill

MELISSA HAMILL
Deputy Attorney General

For **ROB BONTA**
Attorney General

SA2024300629/38080621

SUMMARY LIST OF CONDITIONS

Condition I: Identifies the entities that are legally bound by the Conditions: Children's Hospital of Orange County (CHOC), Children's Hospital at Mission (CHOC at Mission), Children's HealthCare of California, Rady Children's Hospital – San Diego (RCHSD), Rady Children's Hospital and Health Center (RCHHC) and their affiliates.

Condition II: Identifies the transaction documents and requires the Parties to fulfill their terms, as well as provide 60 days' advance notice of any modifications or rescissions to allow for Attorney General review.

Condition III: Requires 60 days' advance notice of any transfer or change in governance/control for 10 years.

Condition IV: Requires continuous maintenance of the general acute care hospital licenses, certifications from the Centers for Medicare and Medicaid Services (CMS), and maintenance of all existing levels of services and beds, including emergency services and neonatal intensive care unit spaces, licensed to CHOC, CHOC at Mission and RCHSD for 10 years. Neither the suspension, downgrade nor eliminations of all beds designated to any basic or supplemental service unit, nor whole elimination of any one category of service may occur without justification to and approval of the Attorney General.

Condition V: Requires maintenance of existing and licensed specialty healthcare services offered in the spaces and settings of CHOC, CHOC at Mission and RCHSD for 10 years, and prohibits the relocation or diversion of these services among the hospitals or outside of the hospital service area geographies, absent Attorney General approval.

Condition VI: Requires continued participation in Medi-Cal and California Children's Services program and maintaining Medi-Cal Managed Care and county contracts for 10 years.

Condition VII: Requires a minimum of annual charity care for 10 years at the following levels: \$7,783,059 in annual charity care, increased annually by 4.08% at CHOC, \$1,587,883 in annual charity care, increased annually by 4.08% at CHOC at Mission, and \$11,673,961 in annual charity care, increased annually by 3.55% at RCHSD.

Condition VIII: Requires maintaining of a Financial Assistance Policy no less favorable than RCHSD's current policy for 10 years, as well as certain steps to inform patients and their representatives of that Policy, such as posting it within the hospital and online.

Condition IX: Requires annual minimum community benefit services amounts for 10 years at the following levels: \$40,305,159, increased annually by 4.08% at CHOC, \$30,056, increased annually by 4.08% at CHOC at Mission, and \$77,458,612, increased annually by 3.55% at RCHSD.

Condition X: Requires maintenance of existing language services for 10 years, including, for example, the language hotline, Financial Assistance Program applications written in

threshold languages, and translation services in languages spoken at CHOC, CHOC at Mission, and RCHSD, either as a primary language or through translation services.

Condition XI: Requires reimbursement from out-of-network payors for Emergency Department services at a rate no higher than actual expenses multiplied by the ratio between all commercial revenues to commercial expenses, plus an additional 20%, for 7 years.

Condition XII:

A. Prohibits anticompetitive practices including “bundling” or “all-or-nothing” contracting, penalizing payors for contracting with individual facilities or physician groups, combining billing rates through consolidation of hospital license, national provider numbers, or taxpayer identification numbers, and interfering with certain payor practices (e.g., benefit designs that reward providers for affordability or quality) for 10 years, with the possibility of extension for three additional years.

B. Caps annual price increases at 4.56% for 7 years, with the possibility of an extension for three additional years.

C. Allows an appointed independent Monitor for compliance and prohibits retaliation.

Condition XIII: Requires maintenance of separate payor negotiating teams, segregation of payor contracting information, establishment and maintenance of informational firewalls and implementation of policies, procedures, and systems to support such requirements, all for 10 years.

Condition XIV: Absent a legitimate, non-pretextual reason, forbids implicit or explicit exclusivity in academic affiliation agreements or any of the UCs placing trainees exclusively at CHOC, CHOC at Mission, or RCHSD, for pediatric physician and surgeon trainees. Forbids implicit or explicit exclusivity in academic affiliation agreements regarding other pediatric specialty trainees, with no exceptions. Annual reporting to the Monitor is required on the number of training slots offered to each academic institution for physician and surgeon trainees, but not others.

Generally, a legitimate, non-pretextual reason must be supported by objective, documented facts relating to quality, safety, or capacity constraints. A non-pretextual reason may not be to exclude rival hospitals, or otherwise limit competition (except for naked payments in exchange for training slots, unrelated to reasonable compensation). The Monitor may receive and investigate complaints and recommend remedial action by the Attorney General.

Condition XV: Requires maintaining open medical staff privileges and prohibits restrictions on medical staff contracting for 10 years.

Condition XVI: Requires maintaining privileges for current medical staff in good standing, prohibits non-compete terms in medical professional contracts, limits medical professional contract term lengths, requires honoring collective bargaining agreements and other agreements with employees, and requires reporting job classifications and compensation information to labor unions and union employees for 10 years.

Condition XVII: Requires maintenance of existing contracts with state and local governments for 10 years.

Condition XVIII: Requires CHOC, CHOC at Mission, and RCHSD to each maintain a community board for 10 years and requires consultation with the community board prior to making any non-emergency changes to services or community benefit programs.

Condition XIX: Requires specific capital planning investments and expenditure of community funds as set forth in the Affiliation Agreement between RCHHC and CHC.

Condition XX: Prohibits discrimination on the basis of protected personal characteristics.

Condition XXI: Requires annual detailed reporting of compliance with Conditions no later than six months after the conclusion of each year for 10 years.

Condition XXII: Requires provision of information that is reasonably necessary for the Attorney General to monitor compliance with the Conditions for 10 years.

Condition XXIII: Allows the Attorney General to appoint an independent Monitor for compliance with Conditions IV, V, VI, VII, VIII, IX, X, XI, XII, XVI, XVIII, and XIX for 10 years, with the possibility of an extension for three additional years for Competitive Impact Conditions VI, XI, XII, XIII, and XIV. Describes the Monitor's powers and duties, including reporting obligations. Prohibits retaliation for providing information.

Condition XXIV: At closing of the Affiliation Agreement, the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability of and compliance with the Conditions for their duration. The Attorney General reserves the right to enforce Conditions to the fullest extent of the law and recover attorneys' fees.

SA2024300629/38477921

Attorney General’s Conditions to a Proposed Change in Control and Governance of Children’s Hospital of Orange County, a Nonprofit Public Benefit Corporation, and Children’s Hospital at Mission, a California Nonprofit Public Benefit Corporation, both subsidiaries of Children’s HealthCare of California, a California Nonprofit Public Benefit Corporation, Rady Children’s Hospital and Health Center, a California Nonprofit Public Benefit Corporation, and its subsidiary, Rady Children’s Hospital – San Diego, a Nonprofit Public Benefit Corporation, through an Affiliation Agreement between Rady Children’s Hospital and Health Center and Children’s HealthCare of California.

I.

These Conditions shall be legally binding on the following entities: Children’s Hospital of Orange County, a nonprofit public benefit corporation (CHOC),¹ and Children’s Hospital at Mission, a California nonprofit public benefit corporation (CHOC at Mission),² Children’s HealthCare of California, a California nonprofit public benefit corporation (CHC),³ Rady Children’s Hospital – San Diego, a California nonprofit public benefit corporation (RCHSD),⁴ Rady Children’s Hospital and Health Center, a California nonprofit public benefit corporation

¹ Throughout this document, the term “CHOC” shall include the 334-bed general acute care hospital located at 1201 West La Veta Avenue, Orange, California, 92868 and any other clinics, laboratories, units, services, or beds included on the license issued to “Children’s Hospital of Orange County” by the California Department of Public Health (CDPH) and effective on April 23, 2024.

² Throughout this document, the term “CHOC at Mission” shall include the 54-bed general acute care hospital, located within Providence Mission Hospital Mission Viejo, located at 27700 Medical Ctr. Rd., 5th Floor, Mission Viejo, California, 92691 and any other clinics, laboratories, units, services, or beds included on the license issued to “Children’s Hospital at Mission” by CDPH and effective on January 1, 2024.

³ Throughout this document, the term “CHC” shall include CHOC, CHOC at Mission, CHOC Foundation, a California nonprofit public benefit corporation, CRC Real Estate Corporation, a California nonprofit public benefit corporation, Providence Speech and Hearing Center, a California nonprofit public benefit corporation, Children’s Health Plan of California, a California nonprofit mutual benefit corporation, Orange County Medical Reciprocal Insurance Company, a Risk Retention Group, and Newport Language, Speech and Audiology Center, Inc., a California nonprofit mutual benefit corporation.

⁴ Throughout this document, the term “RCHSD” shall include the 507-bed general acute care hospital located at 3020 Children’s Way, San Diego, California, 92123 and any other community neonatal intensive care, perinatal intensive care or other pediatric care sites, clinics, laboratories, units, services, or beds included on the license issued to RCHSD by CDPH and effective on June 27, 2024.

(RCHHC),⁵ and any other subsidiary, parent, general partner, limited partner, member, affiliate,⁶ successor, successor in interest, assignee, or person or entity serving in a similar capacity of CHC, including its subsidiaries CHOC and CHOC at Mission, and RCHHC, including its subsidiary RCHSD, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of any of the above-listed entities or the real property on which the aforementioned entities operate or are located; any and all current and future owners, lessees, licensees, or operators of any of the above-listed entities; and any and all current and future lessees and owners of the real property on which any of the above listed entities operate or are located.

II.

The transaction approved by the Attorney General consists of the Affiliation Agreement, December 17, 2023, attached hereto as Exhibit 1, by and between RCHHC and CHC, and any and all amendments, agreements, or documents referenced in or attached as an exhibit or schedule to any of the foregoing agreements (collectively, the “Affiliation Agreement”).

The entities listed in Condition I shall fulfill the terms of the Affiliation Agreement including, but not limited to, any exhibits or schedules to the Affiliation Agreement, and shall notify the Attorney General in writing of any proposed modifications or rescissions. Such notifications shall be provided at least sixty (60) 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 and require the Attorney General’s approval.

III.

For ten (10) years from the Closing Date of the Affiliation Agreement,⁷ the entities covered by Condition I shall be required to provide written notice to the Attorney General sixty (60) 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 any entity covered by Condition I; or

⁵ Throughout this document, the term “RCHHC” shall include, without limitation, RCHSD, Rady Children’s Hospital Foundation – San Diego, a California nonprofit public benefit corporation, Rady Children’s Hospital Research Center, a California nonprofit public benefit corporation doing business as Rady Children’s Institute – Genomic Medicine, Rady Children’s Health Services – San Diego, a California nonprofit public benefit corporation, Rady Children’s Physician Management Services, Inc., a California corporation, Children’s Health Plan of California, a California nonprofit mutual benefit corporation, Children’s Hospital Integrated Risk Protected Limited, and Children’s Hospital Insurance Limited.

⁶ Affiliates shall include, without limitation, any current or future affiliated physician group, including CHOC Foundation and Rady Children’s Hospital Foundation—San Diego and any current or future outpatient facilities.

⁷ As used herein, “Closing Date” is defined in Article XI, Section 11.1 of the Affiliation Agreement.

b) Transfer control, responsibility, management, or governance of any entity covered by Condition I. The substitution or addition of a new corporate member or members of any entity covered by Condition I that transfers the control of, responsibility for, or governance of that entity shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing bodies of any entity covered by Condition I, or any arrangement, written or oral, that would transfer voting control of the members of the governing bodies of any entity covered by Condition I, shall also be deemed a transfer for purposes of this Condition.

IV.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall operate and maintain RCHSD, CHOC, and CHOC at Mission as licensed general acute care hospitals, as defined by Health and Safety Code section 1250, subdivision (a), whose health facilities shall provide 24-hour licensed basic, supplemental, and emergency general acute care hospital services with continuous participation in and certification by The Centers for Medicare and Medicaid Services (“CMS”). The entities in Condition I shall ensure and provide for adequate and appropriate equipment, supplies, staffing and space to safely operate and maintain all inpatient and outpatient services and settings of RCHSD, CHOC, and CHOC at Mission and shall comply with state and federal licensing and certification requirements, including, but not limited to, the regulatory requirements of CDPH, the Department of Health Care Services (“DHCS”), the Board of Pharmacy, and CMS. Further, the entities listed in Condition I shall neither permanently nor temporarily suspend, downgrade, or wholly eliminate a basic or supplemental service or all beds belonging to any category of a basic or supplemental services located at RCHSD, CHOC, or CHOC at Mission without first providing justification to and obtaining approval of the Attorney General. Further, the entities listed in Condition I shall provide the following minimum licensed services or bed designations:

a) For RCHSD:

- 1) 52 Intensive Care beds;
- 2) 139 Intensive Care Newborn Nursery beds;
- 3) 249 General Acute Care beds;
- 4) 24 Distinct Part Acute Psychiatric beds;
- 5) 43 Distinct Part Skilled Nursing beds;
- 6) 11 Pediatric beds at Grossmont Hospital, 5555 Grossmont Center Drive, La Mesa, California, 91942;
- 7) 13 Neonatal Intensive Care Unit Level III beds at Southwest Healthcare System, 25500 Medical Center Drive, Murrieta, California, 92562, and Neurology Services;
- 8) 8 Intensive Care Newborn Nursery Level II beds at Scripps Memorial Hospital Encinitas, 354 Santa Fe Drive, Encinitas, California, 92024;
- 9) 19 Intensive Care Newborn Nursery Level II beds at Scripps Mercy Hospital, 4077 5th Avenue, San Diego, California, 92103;
- 10) 18 Intensive Care Newborn Nursery Level III beds at Scripps Memorial Hospital La Jolla, 9888 Genesee Avenue, La Jolla, California, 92037;
- 11) Sterile Compounding IV Room approved for patient use;
- 12) a Level 1 Pediatric Trauma Center and 24-hour Emergency services with a

- Children's Hospital Emergency Transport (CHET) Team for emergency and critical care transport of neonatal and pediatric patients; and
- 13) Multispecialty services at the Fresh Start Clinic, 7920 Frost Street, Suite 200, San Diego, California, 92123.

b) For CHOC:

- 1) 158 Pediatric General Acute Care beds;
- 2) 104 Intensive Care Newborn Nursery beds;
- 3) 54 Intensive Care beds;
- 4) 18 Acute Psychiatric beds;
- 5) a Level I Pediatric Trauma Center and 24-hour Emergency services; and
- 6) 13 Neonatal Intensive Care unit beds at St. Joseph Hospital, 1100 W. Stewart Drive, Orange, California, 92868.

c) For CHOC at Mission:

- 1) 24 Pediatric Acute Care beds;
- 2) 22 Intensive Care Newborn Nursery;
- 3) 8 Intensive Care;
- 4) a Level II Pediatric Trauma Center and 24-hour Emergency Services; and
- 5) 24-hour basic emergency services at Mission Hospital Laguna Beach.

V.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall continuously maintain and provide their licensed and existing specialty health care services and programs offered in the clinical spaces, settings, or geographies of RCHSD, CHOC, or CHOC at Mission at no less than their current capacities, types, acuity levels, licenses, and certifications, and in compliance with state and federal regulations. Further, the entities listed in Condition I shall neither permanently nor temporarily suspend all beds or services of a specialty health care service or program of RCHSD, CHOC, or CHOC at Mission, nor relocate or divert any specialty healthcare services outside of their respective geographies or to another of their hospitals without first providing justification to and obtaining approval from the Attorney General for the proposed suspension, relocation, or diversion. The existing specialty healthcare services and programs that shall be maintained and provided at RCHSD, CHOC, and CHOC at Mission, for purposes of this Condition, shall include but not be limited to all of the following to the extent they are a licensed and existing service or program of RCHSD, CHOC, or CHOC at Mission:

- 1) Allergy and Immunology services;
- 2) Autism and Neurodevelopmental disorder services;
- 3) Behavioral Health. Psychology and Psychiatry services for children and adolescents;
- 4) Acute Dialysis, Chronic Dialysis, Hemodialysis, Isolation, Home Training and Support services;
- 5) Cancer and Blood Disorders services including Hematology, Oncology and Radiation services, and Bone Marrow Transplant services;

- 6) Cardiac Catheterization Laboratory and services, Advanced Cardiac Imaging; Cardiovascular surgery, Cardiothoracic Intensive Care, and Heart Transplant services;
- 7) Dental services;
- 8) Dermatology services;
- 9) Diabetes and Endocrinology services;
- 10) Gender-Affirming Care services;
- 11) Gastroenterology surgery and services;
- 12) Genetics services;
- 13) Gynecology services;
- 14) Hospice and Palliative Care services;
- 15) Home Infusion Pharmacy and Home Health Agency services;
- 16) Nuclear Medicine services;
- 17) Neuromuscular, Traumatic Brain & Spinal Cord Ambulatory Care services;
- 18) Neurosurgery and Neurology services;
- 19) Nephrology and Renal Transplant services;
- 20) Neonatology surgery and services;
- 21) Primary Care;
- 22) Pulmonology and Respiratory Care surgery and services;
- 23) Occupational, Physical, and Speech Therapy services, Speech Pathology services, and Audiology services;
- 24) Orthopedics and Scoliosis services;
- 25) Otolaryngology services;
- 26) Proton Therapy services;
- 27) Radiology;
- 28) Rehabilitation Care services;
- 29) Rheumatology services;
- 30) Epilepsy and Sleep Disorders services;
- 31) Social services;
- 32) Speech Pathology services;
- 33) Sports Medicine services;
- 34) Transfusion or Blood Donor services;
- 35) Urgent Care; and
- 36) Urology services.

VI.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall:

- a) Be certified to participate in the Medi-Cal program at RCHSD, CHOC, and CHOC at Mission;
- b) Maintain Medi-Cal Managed Care and county contracts in effect as of February 6, 2024, the Notice Date of the Affiliation Agreement, to provide the same types and levels of emergency and non-emergency services at RCHSD, CHOC, and CHOC at Mission to Medi-Cal beneficiaries (both county and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated pediatric specialty hospitals in the State 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 by either party for cause,

the compensation is not fair and reasonable,⁸ or the contract is not extended or renewed by a Medi-Cal Managed Care Plan or county on its own initiative without cause; and

c) Continue participation in the California Children’s Services (CCS) program⁹ and provide the same types and levels of emergency and non-emergency services at RCHSD, CHOC, and CHOC at Mission to CCS beneficiaries as required in these Conditions.

VII.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall provide an annual amount of charity care (as defined below) at CHOC, CHOC at Mission, and RCHSD, equal to or greater than the following minimum amounts (calculated in accordance with standards set by the California Department of Health Care Access and Information (“HCAI”) and representing an average of the level of charity care provided by each hospital for the most recent three years prior to the Closing Date for which data are available), with an annual increase as designated below:

Years 2-15		Minimum Annual	
Facility	Charity Care Amount	Annual % Increase	CHOC
	\$7,783,059	4.08% ¹⁰	CHOC at Mission \$1,587,883
	4.08% ¹¹ RCHSD	\$11,673,961	3.55% ¹²

For purposes hereof, the term “charity care” shall mean the amount of charity care costs (not charges) incurred by CHOC, CHOC at Mission, and RCHSD in connection with the operation and provision of services at CHOC, CHOC at Mission, and RCHSD. The definition and

⁸ An offer of compensation by a Medi-Cal Managed Care or county plan shall be deemed “fair and reasonable” at rates currently in effect or as long as the rates that a Medi-Cal Managed Care plan or county is willing to accept are at or below the median for similarly situated pediatric specialty hospitals in the State. The baseline for calculating the median shall assume that the rates for similarly situated pediatric specialty hospitals do not need to be adjusted for case mix or wage differentials. However, each party to a contract shall consider in good faith commercially reasonable adjustments to the median if data provided shows that adjustments are warranted based on case-mix differentials as measured by the prevailing CMS/Medicare payment systems such as the MS-DRG classification system and weights or geographic wage differentials in hospital input prices as measured by the prevailing estimates based on Medicare Hospital Wage Index values.

⁹ The CCS program is administered as a partnership between county health departments and DHCS, and provides diagnostic and treatment services, medical case management, and physical and occupational therapy services to children under age 21 with CCS-eligible medical conditions.

¹⁰ 4.08% is the average annual increase in the Los Angeles-Long Beach-Anaheim, California Medical Care Consumer Price Index (CPI) from 2021 to 2023.

¹¹ See footnote 10.

¹² 3.55% is the average annual increase in the San Diego California Medical Care CPI from 2021 to 2023.

methodology for calculating “charity care” and the methodology for calculating “costs” shall be the same as that used by HCAI for annual hospital reporting purposes.¹³

If the actual amount of charity care provided at CHOC, CHOC at Mission, and RCHSD for any year is less than the Minimum Charity Care Amount required for such year, CHOC, CHOC at Mission, or RCHSD shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare pediatric services to residents in the hospitals’ service areas, including Imperial County, Orange County, Riverside County, San Bernardino County, Los Angeles County, and San Diego County. Such payment(s) shall be made within six (6) months following the end of such year.

VIII.

Within ninety (90) days from the Closing Date of the Affiliation Agreement and for ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall use and maintain a Financial Assistance Policy that is no less favorable than RCHSD’s Financial Assistance Policy (attached as Exhibit 2) and take the following steps to ensure that patients at CHOC, CHOC at Mission, and RCHSD are informed about the Financial Assistance Policy:

- a) All patients shall be offered to be screened for financial need, whether the patient has private insurance, Medi-Cal, Medicare, or is uninsured;
- b) A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy shall be posted in a prominent location in the admissions area and any other location in CHOC, CHOC at Mission, and RCHSD where there is a high volume of patient traffic, including waiting rooms, billing offices, and outpatient service settings;
- c) A copy of the Financial Assistance Policy, the Financial Assistance Application Form, and the plain language summary of the Charity Care and Cash Price Policies shall be posted in a prominent place on CHOC, CHOC at Mission, and RCHSD’s websites, as applicable;
- d) If requested by a patient, a copy of the Financial Assistance Policy, Financial Assistance Application Form, and the plain language summary shall be sent by mail at no cost to the patient;
- e) As necessary and at least on an annual basis, CHOC, CHOC at Mission, and RCHSD will place an advertisement regarding the availability of financial assistance at CHOC, CHOC at Mission, and RCHSD in a newspaper of general circulation in the communities served by CHOC, CHOC at Mission, and RCHSD, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by CHOC, CHOC at Mission, and RCHSD;

¹³ HCAI defines charity care by contrasting charity care and bad debt. According to HCAI, “the determination of what is classified as bad debt versus what is considered 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. While bad debts are based on several generally accepted methods (estimated provisions), charity care reflects actual amounts written off and is not the expected level of charity to be provided.” OSHPD [now HCAI], Accounting & Reporting Manual for California Hospitals § 1400 (1998), <https://hcai.ca.gov/wp-content/uploads/2020/10/Chpt1000.pdf>.

f) On no less than an annual basis, CHOC, CHOC at Mission, and RCHSD will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at CHOC, CHOC at Mission, and RCHSD; and

g) No later than sixty (60) days after the Closing Date of the Affiliation Agreement, CHOC, CHOC at Mission, and RCHSD shall train all staff who interact with patients and their families, concerning payment of services, to make patients and their families aware of and informed about the availability of financial assistance at CHOC, CHOC at Mission, and RCHSD. CHOC, CHOC at Mission, and RCHSD shall also provide this training on an annual basis to staff who interact with patients and their families.

IX.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall provide an annual amount of Community Benefit Services at CHOC, CHOC at Mission, and RCHSD equal to or greater than below amounts per facility (“Minimum Community Benefit Services Amount” or “MCBSA”) exclusive of any funds from grants, as adjusted under the methodology described below:¹⁴

<u>Facility</u>	<u>Year 1 MCBSA</u>	<u>Years 2-15 Annual % Increase</u>
CHOC	\$40,305,159	4.08%
CHOC at Mission	\$30,056	4.08%
RCHSD	\$77,458,612	3.55%

For the second year and each subsequent year, the Minimum Community Benefit Services Amount shall increase yearly by the percentages stated above for each facility.¹⁵

If the actual amount of community benefit services provided at CHOC, CHOC at Mission, and RCHSD for any year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such year, CHOC, CHOC at Mission, or RCHSD shall pay an amount equal to the deficiency to one or more tax exempt entities that provide community benefit services for residents in the hospitals’ service areas, including Imperial County, Orange County, Riverside County, San Bernardino County, Los Angeles County, and San Diego County. Such payment(s) shall be made within six (6) months following the end of such year.

¹⁴ This figure is calculated in accordance with standards set by HCAI and represents an average of the level of community benefits provided by CHOC, CHOC at Mission, and RCHSD for the most recent three years prior to the Closing Date for which data are available.

¹⁵ See footnotes 10-12.

X.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall maintain language services currently available to patients at CHOC, CHOC at Mission, and RCHSD, at no cost to patients. These include:

- a) Language hotline.
- b) Financial Assistance Program applications written in English, Spanish, Arabic, Vietnamese, Tagalog, Somali, Farsi, Korean, and Mandarin.
- c) Languages spoken at CHOC, CHOC at Mission, and RCHSD either as a primary language or through translation services as indicated in the Written Notice.¹⁶
- d) Deaf and hearing-impaired interpreter services and communication aids during the provision of health services or treatment.

XI.

For seven (7) years from the Closing Date of the Affiliation Agreement, if RCHSD, CHOC or CHOC at Mission were not contracted with a Payor,¹⁷ as of February 6, 2024, the Notice Date of

¹⁶ Pg. 007992 of the Written Notice. The languages listed are English and Spanish and the current Medi-Cal threshold languages are as follows: San Diego County: Arabic, English, Spanish, and Vietnamese; Riverside County: Spanish and English; and Orange County: Arabic, Farsi, Korean, Mandarin, Spanish, and Vietnamese. To the extent that Medi-Cal threshold languages change during the term of these Conditions, any additional languages identified by DHCS are hereby included.

¹⁷ “Payor” means a company that provides health insurance policies or makes hospital networks accessible for residents of San Diego, Orange, Riverside, San Bernardino, and Imperial counties. The term “Payor” includes self-funded employers that do the foregoing, as well as independent physician associations (e.g., Family Choice Medical Network or Prospect Medical Group, now known as Optum (HealthCare Partners)), who in turn provide capitated services, under a limited or restricted Knox-Keene Act license from the Department of Managed Health Care, to any Payor who sells any commercial, Medicare, and Medi-Cal healthcare plans of any kind or makes any networks available to self-insured employers, union trusts, and/or state and local government entities. Examples of Payors include but are not limited to: Aetna Health of California, Aetna Health Management, Aetna Life Insurance Co., Anthem Blue Cross Inc./Blue Cross of California, California Physician Services (d/b/a Blue Shield of California), Cigna HealthCare of California, Inc., Cigna Health and Life Insurance Co., Heritage, HealthCare Partners, Health Net of California, Inc., Inland Empire Health Plan, The Orange County Health Authority (d/b/a CalOptima), Molina Healthcare of California, United Healthcare of California (and their subdivisions, subsidiaries, successors, assigns, and affiliates), and IPAs such as Optum Healthcare, Prospect Medical Group, St. Joseph Health, Heritage Provider Network, and Memorial Care Medical Group. However, the term “Payor” does not include any commercial health plans or networks co-branded with any healthcare provider of any pediatric services other than CHOC or CHOC at Mission (although “Payors” can include capitated IPAs affiliated with healthcare providers other than CHOC or CHOC at Mission that contract, or seek to contract, with non-healthcare provider affiliated Payors).

the Affiliation Agreement, or if any of the Controlled Hospitals¹⁸ should subsequently go out of network with a Payor with whom they were contracted as of that date, RCHSD, CHOC, and CHOC at Mission will be subject to reimbursement from that Payor for Emergency Services¹⁹ at a rate no higher than a percentage of its expenses equal to: the average, for the three years preceding the year when the Emergency Services were provided, of the ratio between commercial revenues to commercial expenses, plus an additional twenty (20) percentage point upward adjustment to allow for a differential of costs and pricing between emergency patients and non-emergency patients. For clarity, this Condition shall not apply so long as a Controlled Hospital has a contract with a Payor covering Emergency Services at the time they are provided. This maximum rate cap is subject to any other applicable statutory limitations on reimbursement rates for emergency services.

XII

1. For ten (10) years from the Closing Date of the Affiliation Agreement, unless a Payor voluntarily requests otherwise, CHOC, CHOC at Mission, CHC (including CHOC Foundation) shall negotiate all commercial and Medi-Cal Managed Care contracts, including contracts for Covered California, with any Payor, separately and independently from RCHSD or RCHHC (including Rady Hospital Foundation—San Diego). This includes a prohibition on any Controlled Hospital using a combined hospital license,²⁰ national provider identifier or taxpayer identification number for purposes of contracting with or billing Payors, including commercial or government sponsored health plans, such that one Controlled Hospital cannot be added or convert to another Controlled Hospital's hospital license, national provider identifiers, or taxpayer identification number to assume, operate or bill under another Controlled Hospital's existing Contract Terms.²¹ Further Controlled Hospitals will not expressly or implicitly condition the participation of, or impose any Contract Terms concerning, a Controlled Hospital including prices or any other conditions, on the

¹⁸ "Controlled Hospital" means any licensed hospital space or medical group that is controlled by RCHHC, including RCHSD, CHOC, CHOC at Mission, CHOC Foundation, Rady Hospital Foundation—San Diego, and any clinical space licensed to the aforementioned hospitals, including community NICUs or any controlled entity, for example physician groups, as of the Closing Date or thereafter. Notwithstanding the foregoing, any hospital acquired pursuant to California Corporations Code section 5920 by RCHHC after the Closing Date, shall not be deemed a Controlled Hospital unless the Attorney General adds that hospital to this definition after notification to RCHHC and providing RCHHC with a reasonable opportunity to respond.

¹⁹ "Emergency Services" means items and services needed to screen, treat, and stabilize a patient with an emergency medical condition.

²⁰ For purposes of this Condition, a "hospital license" means an operating license for general acute care hospital facilities granted by CDPH.

²¹ "Contract Terms" means the conditions under which a Controlled Hospital is willing to contract with a Payor, including price and reimbursement terms, terms under which the Controlled Hospital will participate as a network provider (including a provider in a tiered network), terms relating to utilization review, information or data disclosure and sharing, and terms relating to quality of care.

participation of, or any Contract Terms concerning, one or more other Controlled Hospitals, with any Payor. This prohibition on conditioning of participation or Contract Terms across Controlled Hospitals includes:

- (a) Engaging a Payor in “all-or-nothing” contracting for hospital services by expressly or impliedly requiring the Payor to contract with all Controlled Hospitals and not permitting the Payor to contract with individual Controlled Hospitals, including by conditioning the participation, pricing, or Contract Terms of a Controlled Hospital in a Commercial or Government-Sponsored Product²² on any of the following:
 - (i) the participation or Contract Terms of another Controlled Hospital in the same or any other Commercial or Government-Sponsored Product offered by the Payor;
 - (ii) the pricing of another Controlled Hospital in the same or any other Commercial or Government-Sponsored Product offered by the Payor; or
 - (iii) the status (including the decision on whether to include or exclude) a Controlled Hospital in the Payor’s center of excellence program (or other program designed to differentiate hospitals based on their quality of care, their cost, or other consideration), or the exclusion of any third party’s hospital in the Payor’s center of excellence program (or other similar program).
 - (b) Explicitly or implicitly penalizing a Payor for contracting with individual Controlled Hospitals, including setting significantly higher than existing contract prices or out-of-network fees for any or all Controlled Hospitals, should the Payor choose to contract with less than all of the Controlled Hospitals. If a Controlled Hospital is not contracted with a Payor, such Controlled Hospital will be subject to reimbursement from that Payor as determined under California Code of Regulations, title 28, section 1300.71, subdivision (a)(3)(B), limited by and subject to the out-of-network caps for emergency room services provided at CHOC, CHOC at Mission and RCHSD, as set in Condition XI.
 - (c) Interfering with, or otherwise engaging in any action, direct or indirect, to prevent the introduction or promotion of new narrow, tiered, or steering Commercial or Government-Sponsored Products or value-based benefit designs for Commercial or Government-Sponsored Products (i.e., benefit designs that attempt to reward providers for affordability and/or quality), including reference pricing.
2. For seven (7) years from the Closing Date of the Affiliation Agreement, the maximum that RCHHC may charge a Payor for any Commercial or Government-Sponsored Product of a Payor for hospital services that are being performed at CHOC, CHOC at Mission, or RCHSD as of the Closing Date will be governed by the applicable payment provisions in the Contract Terms that are in effect between the CHOC, CHOC at Mission, or RCHSD and that Payor, subject to any renewal Contract Terms that are negotiated in compliance with these

²² “Commercial or Government-Sponsored Product” means a commercial or government-sponsored product (e.g., Medi-Cal managed care plans) offered by a Payor.

Conditions VI(b), XI, XII #1, XII #3, XIII, so long as such annual price increases do not exceed 4.56% per year.²³

3. Retaliation or threats of retaliation based on any Payor, entity, or individual having provided information in conjunction with these Conditions to any party, the Monitor (as defined by XXIII below), or a court is prohibited.

XIII.

For ten (10) years from the Closing Date of the Affiliation Agreement:

1. *Separate Payor Negotiating Teams.* CHC shall continue to maintain a team of negotiators for payor contracts exclusively responsible for negotiating payor contracts for CHOC and CHOC at Mission (“CHOC Negotiating Team”) that will not overlap with, and shall otherwise be kept separate from, the team of negotiators for RCHHC or RCHSD (“Rady Negotiating Team”).

RCHHC and any of its affiliates shall continue to maintain a team of negotiators for payor contracts exclusively responsible for negotiating payor contracts for RCHSD and that team will not overlap with, and otherwise shall be kept separate from, the CHOC Negotiating Team. To the extent RCHHC or RCHSD negotiate, or participate in, the negotiation of system-wide contracts across the entire RCHHC, they shall not evade the provisions in this Condition XIII through such system-wide contractual negotiations or system-wide contracts.

The CHOC Negotiation Team and Rady Negotiating Team shall operate independently of each other and shall have the exclusive responsibility of negotiating their respective payor contracts separately and in competition with each other and other healthcare systems.

At the voluntary request of a specific Payor or future Payor and upon written notice to the Attorney General’s Office for each and every applicable joint negotiation, RCHHC shall be permitted to negotiate a payor contract for hospital services jointly for both CHOC, CHOC at Mission, and RCHSD for that specific Payor for that specific Payor contract.

2. *Segregation of Information.* For purposes of these Conditions, “Payor Contracting Information” shall mean prices; rates; price-related terms (including maximum reimbursement amounts allowed or amounts paid for services), definitions, conditions, or policies; and pricing methodologies concerning contracts or negotiations with a specific Payor or future Payor; provided, however, that “Payor Contracting Information” shall not include: (i) information that is in the public domain or that falls in the public domain through no violation of these Conditions or breach of any confidentiality or non-disclosure agreement with respect to such information by RCHHC or any of its affiliates; (ii) information that becomes known to RCHHC from a third party that RCHHC reasonably believes has disclosed that information legitimately; (iii) information that is required by law to be publicly

²³ The 4.56% per year price cap is calculated using the average percent change from July 2021-July 2024 of the U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Hospital Services in U.S. City Average, All Urban Consumers, Seasonally Adjusted, [CUSR0000SEMD01], available at <https://data.bls.gov/dataViewer/view/timeseries/CUSR0000SEMD01>.

disclosed; (iv) information of a Payor that applies to all providers or to all providers within a category (e.g., provide type or geography) unrelated to provider prices, rates, or price-related terms; or (v) aggregate information²⁴ concerning the financial condition of CHOC or CHOC at Mission. This paragraph shall not be construed to require CHOC or CHOC at Mission to have a separate and independent electronic system of any kind for storing and accessing clinical information from RCHHC. Nor shall it be construed to require RCHHC to maintain separate teams to manage billing, reimbursement, collections, and related activities (“Contract Administration”); provided, however, that RCHHC prohibits the sharing of any Payor Contracting Information applicable to RCHHC and any of its affiliates with the CHOC Negotiating Team and prohibits the sharing of any Payor Contracting Information applicable to CHOC Negotiating Team with the Rady Negotiating Team.

Payor Contracting Information with respect to the CHOC and its affiliates shall not, directly or indirectly, be transmitted to or received by the Rady Negotiating Team or by RCHHC and any of its affiliates, and Payor Contracting Information with respect to RCHHC or any of its affiliates shall not, directly or indirectly, be transmitted to or received by the CHOC Negotiating Team, except as provided in this Condition.

3. No later than ninety (90) days after the Closing Date, RCHHC shall implement procedures and protections to ensure that Payor Contracting Information for RCHHC or any of its affiliates, on the one hand, and CHOC and CHOC at Mission, on the other, is maintained separately and confidentially, including but not limited to:
 - (a) Establishing an information firewall (“Firewall”) that prevents the Rady Negotiating Team, RCHHC or any of its affiliates from requesting, receiving, sharing, or otherwise obtaining any Payor Contracting Information with respect to CHOC or CHOC at Mission, and prevents the CHOC Negotiating Team from requesting, receiving, sharing, or otherwise obtaining any Payor Contracting Information with respect to RCHHC or any of its affiliates.

The Firewall shall include reasonable confidentiality protections, internal practices, training, segregation of personnel, communication restrictions, data storage restrictions, protocols, and other system and network controls and restrictions, all as reasonably necessary to make the Firewall effective.

The Firewall shall also include measures by which the Monitor, as appointed pursuant to Condition XXIII, CHOC, CHOC at Mission, and RCHHC shall (1) investigate any suspected material violation of any established policies and procedures; (2) develop and implement appropriate remedial training and/or disciplinary action for any substantiated violation; (3) adopt disclosure mitigation measures in the event of a breach; and (4) document and maintain records of reported Firewall policy violations to provide to the Attorney General’s Office upon request.

²⁴ “Aggregate information” shall mean information that is aggregated across services and across Payors at a level sufficient that each separate contracting team cannot reverse-engineer specific information known to one contracting team using the information known to the other contract team.

- (b) Establishing a software application or other data system that houses Payor Contracting Information (“Contract System”) that is utilized by the Rady Negotiating Team that is separate or clearly partitioned from the Contract System that is utilized by the CHOC Negotiating Team to ensure the confidentiality of Payor Contracting Information;
- (c) Causing each of RCHHC’s employees with access to Payor Contracting Information to maintain the confidentiality of that information, including but not limited to:
 - (i) requiring each employee to sign a statement that the individual will comply with these terms;
 - (ii) maintaining complete records of all such statements; and
 - (iii) providing an officer’s certification to the Attorney General’s Office as part of the annual reporting required by these Conditions stating that such statements have been signed and, to the best of that officer’s knowledge, information, and belief, are being complied with by all relevant employees.
- (d) This Condition shall not operate to prevent RCHHC’s officers from requesting, receiving, sharing, using, or otherwise obtaining Payor Contracting Information relating to any of CHOC or CHOC at Mission’s, including, but not limited to, aggregated information related to costs, quality, patient mix, service utilization, experience data, budgets, capital needs, expenses, and overhead. Provided that, however, RCHHC’s officers may not share Payor Contracting Information regarding CHOC or CHOC at Mission with the Rady Negotiating Team, or regarding RCHHC and any of its affiliates, with the CHOC Negotiation Team, and may, directly or indirectly, not influence the actions or goals of each respective team based on Payor Contracting Information that may not be shared with it.
- (e) If a Payor or future Payor voluntarily elects to negotiate and contract jointly for hospital services for both RCHHC and CHOC or CHOC at Mission, nothing in these Conditions shall prohibit RCHHC from requesting or obtaining Payor Contracting Information with respect to hospital services for RCHHC and CHOC or CHOC at Mission for that particular Payor or from using that Payor Contracting Information for that particular Payor with respect to the joint negotiations and contracting for that particular Payor Contract.
- (f) Nothing in these Conditions shall prevent the department that will be responsible for contract administration for RCHHC and CHOC or CHOC at Mission (“Corporate Payor Contracting Department”) from requesting Payor Contracting Information from the Rady Negotiating Team or the CHOC Negotiating Team, provided, however, that:
 - (i) the Payor Contracting Information that is requested and obtained is used solely for the purpose of contract administration, and
 - (ii) the Corporate Payor Contracting Department is prohibited from providing, sharing, or otherwise making available Payor Contracting Information from the Rady Negotiating Team to or with the CHOC Negotiating Team; or from the CHOC Negotiating Team to or with the Rady Negotiating Team.

Within ninety (90) days of the Closing Date of the Affiliation Agreement, RCHHC, CHOC and CHOC at Mission shall affirm to the Attorney General’s Office that they will continue to maintain, as separate, non-overlapping negotiating teams, the CHOC Negotiating Team, the Rady Negotiating Team, and the Joint Negotiating Team, respectively, and identify the members of each negotiating team. RCHHC, CHOC, and CHOC at Mission shall provide annually, starting January 1, 2025, as well as an update as to the identity of the members of each negotiating team, and continue to affirm that they are maintaining these separate, non-overlapping negotiating teams.

XIV.

1. For ten (10) years from the Closing Date of the Affiliation Agreement, unless there is a legitimate, non-pretextual reason for doing so, the Controlled Hospitals may not, either explicitly or implicitly:
 - (a) require an academic institution to exclusively place its students or graduates training in pediatric clinical services for physicians and surgeons²⁵ at one or more of the Controlled Hospitals; or
 - (b) agree with an academic institution to exclusively take students or graduates training in pediatric clinical services only from that academic institution.
2. For ten (10) years from the Closing Date of the Affiliation Agreement, the University of California²⁶ may not, either explicitly or implicitly, exclusively place its students or graduates training in pediatric clinical services at one or more of the Controlled Hospitals unless there is a legitimate, non-pretextual reason for doing so.
3. For ten (10) years from the Closing Date of the Affiliation Agreement, the Controlled Hospitals shall submit to the Monitor appointed pursuant to Condition XXIII a report detailing, with respect to students or graduates training in pediatric clinical services for physicians or surgeons, for each Controlled Hospital and for each affiliated academic institution, by type of position or training program:
 - (a) the number of students or graduates training in pediatric clinical services receiving training; and
 - (b) the approximate hours of training received and the locations where training occurred, including locations that are not at a Controlled Hospital; and

²⁵ For purposes of Conditions XIV(1)-(5), “training in pediatric clinical services for physicians and surgeons” shall mean work performed as part of training programs for clinical professionals as physicians or surgeons, but only to the extent the relevant training is for a pediatric specialty or intended to fulfill a pediatric-specific requirement for a non-pediatric specialty.

²⁶ For purposes of this Condition, the University of California refers to The Regents of the University of California, and any academic institution under their control. The University of California does not agree to the Attorney General’s jurisdiction over it with respect to this transaction but agrees not to contest this Condition.

- (c) the changes in the preceding numbers from the prior year; and
 - (d) any legitimate reasons for such changes.
4. For ten (10) years from the Closing Date of the Affiliation Agreement, the Controlled Hospitals may not, either explicitly or implicitly:
- (a) require an academic institution to exclusively place its students or graduates training in other pediatric clinical services²⁷ at one or more of the Controlled Hospitals; or
 - (b) agree with an academic institution to exclusively take students or graduates training in other pediatric clinical services only from that academic institution.
5. An academic institution or a competing general acute care pediatric hospital that believes it has been adversely affected by any Controlled Hospital entering an exclusive arrangement with an academic institution, or an academic institution other than a medical school that believes it has been adversely affected by any Controlled Hospital's reduction or restriction of the availability or location of training in pediatric clinical services for physicians and surgeons or training in other pediatric clinical services²⁸ may complain to the Monitor appointed pursuant to Condition XXIII. Upon receipt of a complaint, the Monitor shall promptly investigate the matter and report to the Attorney General on the legitimate reason offered by the Controlled Hospitals, and whether that reason is pretextual.²⁹ The Monitor shall provide notice³⁰ to the Controlled Hospital and/or any affected party such as the University of California and thirty (30) days thereafter to respond and provide information regarding why the reason offered is not pretextual. If the Monitor determines that the reason offered is pretextual, it may also recommend the Attorney General take appropriate corrective action, including, but not limited to, petitioning a court to require the Controlled Hospital to offer additional training to an academic institution, or to void an exclusivity provision in a contract.
6. For purposes of these Conditions XIV(1)-(5), legitimate, non-pretextual reasons for a reduction or restriction of, or for exclusivity with respect to, any arrangement between a

²⁷ For purposes of Conditions XIV(4)-(5), "training in other pediatric clinical services" shall mean work performed as part of training programs for clinical professionals other than physicians and surgeons, including, but not limited to: nurses, psychology, social work, physician assistants and medical assistants and medical technicians, but only to the extent the relevant training is for a pediatric specialty or intended to fulfill a pediatric-specific requirement for a non-pediatric specialty.

²⁸ In the event this Condition applies to the University of California, the general rules on exclusivity would still apply.

²⁹ The terms "pretext" or "pretextual" are to be interpreted as those terms are defined under California law.

³⁰ In providing such notice, the Monitor may make appropriate redactions or take any other steps reasonably necessary to protect the anonymity of the complainant.

Controlled Hospital and any academic institution for training in pediatric clinical services shall include:³¹

- (a) ensuring prospective trainees meet specific, pre-established, documented, and uniformly applied or objective qualification criteria relevant to each training position, such as necessary certifications, minimum academic achievements, or required clinical experience, all as established by the law or in a writing or a decision issued by a relevant accreditation body;³² or
- (b) ensuring the health and safety of patients based on documented risk factors³³ directly associated with trainee participation; or
- (c) meeting minimal specific, pre-established, documented, and objectively measurable criteria for the quality of training experiences, such as trainee-to-supervisor ratios, trainee-to-encounter ratios, or similar measures as established by the law or in writing issued by a relevant accreditation body; or
- (d) ensuring proper supervision of trainees, as established by the law or in writing issued by a relevant accreditation body, at available staffing levels, supported by specific evidence of staffing levels and supervisor qualifications showing an inability to accommodate additional trainees without compromising supervision quality; or
- (e) ensuring sufficient availability of training sites and ancillary services to support trainees as documented by facility capacity reports and usage statistics indicating that current resources are fully utilized; or
- (f) the quality or accreditation of academic institutions based on specific, documented information in deciding how to allocate limited resources to support training, but only when significant differences that would materially affect the quality of training are documented; or
- (g) mitigating a risk to the accreditation of an academic institution related to its training program at a Controlled Hospital, where the risk is communicated in writing from a relevant accreditation body; or

³¹ Such reasons must also consider the goals of offering training opportunities to diverse groups of trainees and academic institutions.

³² For purposes of this Condition, a relevant accreditation body shall include the Liaison Committee on Medical Education or the Commission on Osteopathic College Accreditation or their constituent parts.

³³ As documented by opinions, articles, guidelines, or other publications issued by the American Academy of Pediatrics, the National Academy of Medicine, the American Board of Pediatrics, the American Osteopathic Board of Pediatrics, the National Institute of Health, the Association of American Medical Colleges, the American Osteopathic Association, the Medical Board of California, the Osteopathic Medical Board of California, or similar reputable institutions, or supported by research published in reputable medical journals, or by reporting of actual incidents related to patient safety to the CDPH, or a similar regulatory agency.

- (h) the level of support provided by the academic institution, including provision of on-site training instructors and the quality of such instructors meeting specific, documented qualifications that are consistently applied; or
 - (i) preventing the loss or denial of training slots to academic institutions who provide payment for those slots other than payment of reasonable compensation for costs incurred in connection with that training program.
7. For purposes of Conditions XIV(1)-(5), legitimate, non-pretextual reasons for a reduction or restriction of, or for explicit or implicit exclusivity with respect to, any arrangements between a Controlled Hospital may not include:
- (a) excluding a competing pediatric general acute care hospital from receiving trainees solely to limit competition, without any documented and specific legitimate, non-pretextual reason; or
 - (b) preferencing a Controlled Hospital or, collectively, all the Controlled Hospitals in recruiting clinical professionals over competing general acute care pediatric hospitals without any documented and specific legitimate, non-pretextual reason; or
 - (c) receiving payments for training slots, other than reasonable compensation for costs incurred in connection with such training programs, absent any documented and specific legitimate, non-pretextual reason; or
 - (d) utilizing an academic institution's greater resources to manipulate an objective measure listed in Condition XIV(6), such as trainee-to-supervisor ratios, the level of support provided by an academic institution, or any other similar measures, when done solely for purposes of evading these conditions; or
 - (e) maintaining the quality of training experiences when all relevant academic institutions seeking training at a Controlled Hospital meet the minimal criteria established by the law or in a writing issued by a relevant accreditation body; or
 - (f) citing general resource constraints without providing specific, documented evidence of such constraints impacting the training program in question.
8. The Controlled Hospitals shall use best efforts to establish an opportunity program for high-achieving students at under-resourced academic institutions to allow those students to receive training at the Controlled Hospitals.

XV.

Open Medical Staff and Physician Affiliations. For ten (10) years from the Closing Date, the Controlled Hospitals will not otherwise expressly or implicitly condition medical staff privileges, on the employment, contracting, affiliation, or appointment status of a physician with and Controlled Hospital.

Medical Staff Contracting. For ten (10) years from the Closing Date, Controlled Hospitals shall not impose any requirement upon any member of the Controlled Hospitals' medical staff, as a condition of their medical staff membership or privileges that expressly or implicitly:

- (a) restricts, or imposes implicit or express exclusivity on, those physicians' or providers' ability to contract with Payors;
- (b) restricts, or imposes implicit or express exclusivity on, those physicians' or providers' ability to refer patients to health facilities, physicians, or other healthcare providers that are not affiliated with, employed by, or otherwise contracted with Controlled Hospitals; and
- (c) imposes any noncompetition, non-solicitation, nondisclosure, noninterference, non-disparagement, or other restrictive covenant obligation.

For the avoidance of doubt, the Controlled Hospitals may adopt, amend, investigate, and enforce policies and procedures that prohibit unlawful kickbacks, referrals, and inducements. The Controlled Hospitals shall ensure equal access to healthcare without discrimination, and without respect to their Payor or their source of referral. Nothing in this Condition shall preclude the Controlled Hospitals from requiring that practicing physicians participate in the specific Payor plans offered at the Controlled Hospitals.

XVI.

For ten (10) years from the closing of the Affiliation Agreement, the entities listed in Condition I shall maintain privileges for current medical staff at RCHSD, CHOC and CHOC at Mission who are in good standing as of the Closing Date of the Affiliation Agreement. Further, the Affiliation Agreement shall not change the medical staff officers, committee chairs, nor independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure as medical staff officers or committee chairs at RCHSD, CHOC, and CHOC at Mission. This Condition is not intended to preclude medical staff leadership changes as warranted for operational flexibility in accordance with the medical staff bylaws in effect on the Closing Date.

1. For ten (10) years from the Closing Date of the Affiliation Agreement, RCHHC, CHC or any affiliated entity shall not:
 - (a) include exclusivity terms in contracts with independent physician groups, independent medical professionals or physicians employed by or affiliated with healthcare systems or hospitals other than RCHHC or CHC, or include any terms that explicitly or implicitly achieve the same effects as explicit exclusivity; or
 - (b) employ contracts with medical professionals employed by an RCHHC or CHC affiliated medical foundation which include explicit or implicit non-compete clauses. Such contracts may not include terms lasting for more than three years, unless the medical professionals or unions representing them request otherwise.
2. For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall honor all existing collective bargaining agreements and all employee benefit plans, other similar benefit plan, policy, contract, commitment, understanding, or arrangement, whether written or unwritten, including any superseding, successor, or replacement agreements or arrangements, and any amendments and exhibits thereto, with employees or their labor union, labor organization, or collective bargaining unit. Moreover,

the entities listed in Condition I shall not utilize any threats, promises, or inducement to deprive employees of any existing labor union, labor organization, or collective bargaining unit representation, including any coordinated lockout of such representation at more than one of the Controlled Hospitals.

3. For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall report or make available to any collective bargaining agreement division or unit, or any labor union that is representing a division or unit, of any of those entities, the following information, 90 days prior to any expiration, termination, or commencement of renegotiation or negotiation of their collective bargaining agreement, whichever is earliest, in accordance with the terms below.

- (a) For each job classification covered by the collective bargaining agreement division or unit, or labor union representing a division or unit, whose contract is expiring, or that is being terminated, renegotiated, or negotiated and each substantially similar job classification at the entities listed in Condition I, the reported information shall include:
 - i. the total number of unionized employees and non-unionized employees in each such job classification for the year prior to the date the report is made available;
 - ii. the pay scale for each such job classification reported for the year prior to the date the report is made available; and
 - iii. the benefits, including retirement benefits, for each such job classification reported for the year prior to the date the report is made available.
- (b) The reported information shall be disclosed only to the union or division that is party to the collective bargaining agreement that is expiring or being terminated, renegotiated, or negotiated, subject to the execution of a confidentiality agreement.³⁴ A labor union employee may only receive such reported information after executing a confidentiality agreement that imposes similar obligations.
- (c) The reported information may be made available to the labor union through an online portal or some other mutually agreed upon method, with controlled access as reasonably appropriate to individuals who signed the confidentiality agreement, to maintain such agreed upon confidentiality.

XVII.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall maintain all contracts, including any superseding, successor, or replacement contracts, and any amendments and exhibits thereto, with local governments or their subdivisions, departments, or agencies for services at CHOC, CHOC at Mission, and RCHSD

³⁴ The confidentiality agreement may not restrict the union or employee's ability to use or share the same information if acquired from another source not subject to confidentiality restrictions.

unless otherwise terminated by the local government or the State, as applicable, including, but not limited to, the contracts listed in Exhibit 3.

XVIII.

For ten (10) years from the Closing Date of the Affiliation Agreement, the entities listed in Condition I shall maintain a community board at CHOC, CHOC at Mission, and RCHSD including physicians, employees, and community representatives.³⁵ CHOC, CHOC at Mission, and RCHSD shall consult with the community board at least sixty (60) days prior to making any non-emergency changes to services or community benefit programs at CHOC, CHOC at Mission, and RCHSD. The community board may comment on all reports submitted to the Attorney General regarding compliance with these Conditions and such comments shall be included in the written report provided to the Attorney General pursuant to Condition XXII.

XIX.

RCHHC will invest in the CHC Capital Plan for strategic investments as set forth in the Affiliation Agreement, and shall include:

- Enterprise Master Plan Phase 1: \$711,000,000 for the BHT Expansion and SouthWest Tower;
- Enterprise Master Plan Phase 2: \$571,000,000 for the West Tower; and
- Strategic Initiatives: \$141,500,000.

RCHHC will invest in the RCHHC Capital Plan for strategic investments as set forth in the Affiliation Agreement, and shall include:

- Enterprise Master Plan Phase 1: \$1,605,077,000 for the Tower and Enabling Projects;
- Enterprise Master Plan Phase 2: \$175,800,000 for the Mental/Behavioral health building; and
- Strategic Initiatives: \$123,879,000.

RCHHC will, in accordance with Section 14.3 of the Affiliation Agreement, commit \$300,000,000 in Community Commitment Funds for programs and operations within the communities currently served by CHC.

³⁵ Community representatives of a hospital's board shall reside in the geographies comprising the service areas of that hospital, shall have at least one or more family members that have received care at that hospital, and shall not have a financial relationship or affiliation with the entities listed in Condition I.

Complying with, and implementing, the aforementioned capital plans for these investments is a requirement of this Condition.

XX.

The entities listed in Condition I shall prohibit discrimination on the basis of any protected personal characteristic identified in state and federal civil rights laws, including section 51 of the California Civil Code and title 42, section 18116 of the United States Code. Categories of protected personal characteristics include:

- a) Gender, including sex, gender, gender identity, and gender expression;
- b) Intimate relationships, including sexual orientation and marital status;
- c) Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status;
- d) Religion;
- e) Age; and
- f) Disability, including disability, protected medical condition, and protected genetic information.

XXI.

For ten (10) years from the Closing Date of the Affiliation Agreement the entities listed in Condition I shall submit to the Attorney General, no later than six (6) months after the conclusion of each year, a report describing in detail compliance with each Condition set forth herein. The first report shall be due no later than six (6) months after the Closing Date. The Chair(s) of the Board of Directors of RCHSD, CHOC, and CHOC at Mission shall each certify that the report is true, accurate, and complete, and provide documentation of the review and approval of the report by the Board of Directors.

XXII.

At the request of the Attorney General, the entities listed in Condition I 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 will, at the request of an entity listed in Condition I 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.

XXIII.

1. The Attorney General shall have the power to appoint and will promptly appoint a person selected as described in this Condition XXIII ("Monitor") to monitor and evaluate compliance with this Agreement, performing the following services:

- (a) *Selection*: The Attorney General has the sole discretion to select the Monitor subject to consultation with RCCHC. To be qualified to serve as a Monitor, a candidate must

disclose to the Attorney General and to RCHHC any potential conflict of interest, be experienced with managed care contracting in general, if not also knowledgeable as to managed care contracting in California and be knowledgeable about federal and California antitrust law. RCCHC will disclose candidates it proposes to serve as the Monitor to the Attorney General and the Attorney General will disclose candidates it proposes to serve as the Monitor to RCCHC. The Attorney General and RCCHC shall consider diversity, equity, and inclusion in proposing candidates to serve as the Monitor. The Attorney General will give due consideration to any candidates proposed by RCCHC and RCCHC will give due consideration to any candidates proposed by the Attorney General. Any interviews of any candidates will be jointly conducted by RCCHC and the Attorney General. Within 120 days from the Closing Date of the Affiliation Agreement, the Attorney General will select the Monitor. Not later than thirty (30) days after the Attorney General's selection of the Monitor, RCCHC shall execute an agreement that, subject to the prior approval of the Attorney General, confers on the Monitor those rights, powers, and authorities necessary to permit the Monitor to perform his/her duties and responsibilities described in XXIII(b) below. RCCHC may require the Monitor and each of the Monitor's staff and experts to sign a customary confidentiality agreement; provided however, that such agreement shall not restrict the Monitor from providing any information to the Attorney General. RCCHC will be solely responsible for the expenses of the selected Monitor, including staff and experts of the Monitor, in performing the services described in XXIII(b) below.

- (b) *Powers*: The Monitor shall have the following powers to the extent necessary to monitor compliance with all Competitive Impact Conditions³⁶ and Equity Impact Conditions³⁷ to investigate RCCHC's compliance with all such Competitive Impact Conditions and Equity Impact Conditions; to take complaints from Payors, RCCHC, or from the Attorney General (with reasonable notice to be provided thereafter to all parties); to inspect records and compel disclosure of confidential documents subject to any demonstrated legally recognized privilege and appropriate confidentiality protections; to interview witnesses (if RCCHC employees, then subject to reasonable prior notice and the opportunity for RCCHC to have counsel present); to hire staff and experts; and to make recommendations concerning enforcement, oversight, and surveillance to the Attorney General.
- (c) *Duty to Cooperate*: RCCHC shall cooperate with the Monitor in the performance of the Monitor's work and shall take no action to interfere with or impede the Monitor's ability to monitor compliance with these Conditions.
- (d) *Reporting*: RCCHC shall provide annual reports to the Monitor of RCCHC's efforts to comply with all Competitive Impact Conditions and Equity Impact Conditions. Within a reasonable time from the date the Monitor receives these reports, the Monitor will be obligated to report in writing to the Attorney General and RCCHC as to any and all

³⁶ "Competitive Impact Conditions" means the conditions in Conditions: VI(b), XI, XII #1-3, XIII, XIV, and XVI #1.

³⁷ "Equity Impact Conditions" means the conditions in Conditions: IV, V, VI (a) and (c), VII, VIII, IX, X, XVI #2, XVIII and XIX.

concerns as set out in these annual reports regarding RCCHC's performance of their respective obligations under all Competitive Impact Conditions and Equity Impact Conditions.

The Attorney General may extend any of the Competitive Impact Conditions for three (3) years upon their expiration. In deciding whether to extend these Competitive Impact Conditions for three (3) years, the Attorney General shall consider whether RCCHC committed a material violation of the Competitive Impact Conditions within the preceding ten (10) years for all Competitive Impact Conditions except for Competitive Impact Conditions XI and XII #2 for which the Attorney General shall consider whether RCCHC committed a material violation within the preceding seven (7) years.

XXIV.

Once the Affiliation Agreement is closed, the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability of 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 shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

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