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State of California
DEPARTMENT OF JUSTICE



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October 5, 2021

Jennifer Yoo
Latham & Watkins LLP
355 S. Grand Ave. Suite 100
Los Angeles, CA 90071
Jennifer.Yoo@lw.com

Sent via USPS and Email

RE: Proposed Sale of the Assets of Adventist Vallejo Hospital

Dear Ms. Yoo:

Pursuant to Corporations Code section 5914 et seq., the Attorney General hereby conditionally consents to the proposed sale of Adventist Health Vallejo pursuant to the terms of the Asset Purchase Agreement dated February 5, 2021 between St. Helena Hospital, a California nonprofit religious corporation affiliated with Adventist Health System/West and Vallejo Acquisition Sub, LLC, a Delaware limited liability company and a subsidiary of Acadia Healthcare Company, Inc.

Corporations Code section 5917 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 a nonprofit corporation and a for-profit corporation or entity. The Attorney General has considered such factors and consents to the proposed transaction subject to the attached conditions that are incorporated by reference herein. Please also find enclosed a copy of the expert's report.

Sincerely,

A handwritten signature in cursive script that reads "Lily Weaver".

LILY WEAVER
Deputy Attorney General

For ROB BONTA
Attorney General

Enclosures as stated.

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SUMMARY LISTS OF CONDITIONS

Condition I: Identifies the entities that are legally bound by the conditions.

Condition II: Identifies the transaction documents and requires 60 days' notice of any changes.

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

Condition IV: Requires continued operation as an acute psychiatric hospital for 10 years and requires continuation of existing services for 10 years, such as the minimum number of beds.

Condition V: Requires continued participation in Medi-Cal and Medicare for 10 years and requires maintaining Medi-Cal Managed Care and county contracts that were in effect as of the Notice Date for the Asset Purchase Agreement.

Condition VI: Requires charity care for five years and the maintenance of a charity care policy no less favorable than the current policy.

Condition VII: Requires certain steps to inform patients and their representatives of the Financial Assistance Policy, such as posting the policy within the hospital and online.

Condition VIII: Requires community benefit programs for five years.

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

Condition X: Requires a community board for five years and consultation with the community board prior to making any non-emergency changes to services or community benefit programs.

Condition XI: Requires maintaining privileges for current medical staff in good standing.

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

Condition XIII: The Attorney General shall have the power to appoint and will promptly appoint an evaluation team to conduct a comprehensive survey of quality of care at the San Jose Behavioral Health facility and issue a report within 120 days. Describes the evaluation team's powers and duties.

Condition XIV: Allows the Attorney General to appoint an independent monitor for compliance with Conditions XV XVI, and XVII, the competitive impact conditions, for 10 years, with the possibility of continuing for three additional years. Describes the monitor's powers and duties, including reporting obligations. Prohibits retaliation.

Condition XV: Sets percentage caps for annual price increases if a payor contract expires in the next five years, with the possibility of a cap extension for three additional years.

Condition XVI: Prohibits anti-competitive practices, including all-or-nothing contracting for facility services, penalizing payors or contracting with individual facilities, 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.

Condition XVII: Prohibits encumbrance of Adventist Vallejo with short-term or long-term debt, where that debt could impair the short- or long- term viability of that facility, lead to its closure or declaring bankruptcy, or result in a direct or indirect evasion of Conditions XIV, XV, and XV, for five years with the possibility of extension for three additional years.

Condition XVIII: Requires an annual report on compliance with the conditions for the next ten years.

Condition XIX: Requires information to be provided to this office during monitoring.

Condition XX: Attorney General reserves right to enforce conditions and to recover attorneys' fees and costs.

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Attorney General’s Conditions to Proposed Sale of Adventist Health Vallejo and Approval of Asset Purchase Agreement by and between St. Helena Hospital, a California nonprofit religious corporation affiliated with Adventist Health System/West and Vallejo Acquisition Sub, LLC, a Delaware limited liability company and a subsidiary of Acadia Healthcare Company, Inc.

I.

These Conditions shall be legally binding on the following entities: St. Helena Hospital, a California nonprofit religious corporation; Adventist Health System/West (Adventist Health), a California nonprofit religious corporation that is the parent company of St. Helena Hospital; Vallejo Acquisition Sub, LLC (Acadia Acquisition), a Delaware limited liability company; Acadia Healthcare Company, Inc. (Acadia), a Delaware corporation that is the parent company of Acadia Acquisition; and any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of St. Helena Hospital, Adventist Health, Acadia Acquisition, or Acadia, 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 Adventist Health Vallejo (Adventist Vallejo)¹ or the real property on which Adventist Vallejo is located, any and all current and future owners, lessees, licensees, or operators of Adventist Vallejo, and any and all current and future lessees and owners of the real property on which Adventist Vallejo is located.

To the extent necessary and proper to administer Condition XIII, these Conditions shall also be binding on SJBH, LLC, a Delaware limited liability company subsidiary to Acadia, and any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of SJBH, LLC, 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 San Jose Behavioral Health² or the real property on which San Jose Behavioral Health is located, any and all current and future owners,

¹ Throughout this document, the term “Adventist Vallejo” shall include the acute psychiatric hospital located at 525 Oregon Street, Vallejo, CA 94590-3201 and any other clinics, laboratories, units, services, or beds included on the license issued to “St. Helena Hospital” by the California Department of Public Health, effective November 1, 2020, unless otherwise indicated. The Asset Purchase Agreement indicates that Adventist Vallejo will be renamed “North Bay Behavioral Health Hospital.” As used herein, “Adventist Vallejo” shall be inclusive of “North Bay Behavioral Health Hospital.”

² Throughout this document, the term “San Jose Behavioral Health” shall include the acute psychiatric hospital located at 455 Silicon Valley Boulevard, San Jose, CA 95138 and any other clinics, laboratories, units, services, or beds included on the license issued to “SJBH, LLC” by the California Department of Public Health, effective March 31, 2021, unless otherwise indicated.

lessees, licensees, or operators of San Jose Behavioral Health, and any and all current and future lessees and owners of the real property on which San Jose Behavioral Health is located.

II.

The transaction approved by the Attorney General consists of the Asset Purchase Agreement by and between St. Helena Hospital, Acadia Acquisition, and their respective parent companies dated February 5, 2021, and any and all amendments, agreements, or documents referenced in or attached to as an exhibit or schedule to the Asset Purchase Agreement.

All of the entities listed in Condition I shall fulfill the terms of these agreements or documents including, but not limited to, any exhibits or schedules to the Asset Purchase Agreement, and shall notify the Attorney General in writing of any proposed modification or rescission of any of the terms of these agreements or documents. 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 5917 and require the Attorney General's approval.

The application of this Condition to SJBH, LLC shall be limited to the purposes described in Condition I.

III.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, Acadia, Acadia Acquisition, and all future owners, managers, lessees, licensees, or operators of Adventist Vallejo 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 Adventist Vallejo; or
- b) Transfer control, responsibility, management, or governance of Adventist Vallejo. The substitution or addition of a new corporate member or members of Adventist Vallejo or Acadia that transfers the control of, responsibility for, or governance of Adventist Vallejo shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing bodies of Adventist Vallejo or Acadia Acquisition,³ or any arrangement, written or oral, that would transfer voting control of the members of the governing bodies of Adventist Vallejo or Acadia Acquisition, shall also be deemed a transfer for purposes of this Condition.

³ All future references to "Acadia Acquisition" include Acadia Acquisition and Acadia unless otherwise indicated.

IV.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo shall be operated and maintained as a licensed acute psychiatric hospital (as defined in California Health and Safety Code section 1250) and shall maintain and provide psychiatric services at no less than current⁴ licensure and designations and certification with the same types and/or levels of services, including the following:

- a) Acute psychiatric services, including a minimum of at least 61 acute psychiatric care beds; and
- b) Related psychiatric services, including:
 - 1) Inpatient psychiatric services for children, aged 12 and under;
 - 2) Inpatient psychiatric services for adolescents, aged 18 and under;
 - 3) Inpatient psychiatric services for adults;
 - 4) Partial hospitalization program; and
 - 5) Intensive outpatient program.

Adventist Vallejo and Acadia Acquisition shall not place all or any portion of the above listed licensed bed capacity or services, including levels of services, into voluntary suspension or surrender its license for any of these beds or services. Maintenance of levels of service includes but is not limited to ensuring adequate bed capacity, staffing, training, equipment, and services that are in-house or at a distance reasonably close to the hospital.

V.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition shall:

- a) Be certified to participate in the Medi-Cal program at Adventist Vallejo;
- b) Maintain Medi-Cal Managed Care and county contracts in effect as of February 22, 2021, the Notice Date of the Asset Purchase Agreement, to provide the same types and/or levels of emergency and non-emergency services at Adventist Vallejo 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 hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage,

⁴ The term “current” or “currently” throughout this document means as of November 8, 2020.

unless the contract is terminated by either party for cause or not extended or renewed by a Medi-Cal Managed Care Plan or county on its own initiative without cause;

c) Maintenance of a Medi-Cal Managed Care or county contracts includes the renewal of such contracts for five (5) years from the Closing Date of the Asset Purchase Agreement on the same terms and conditions as the Medi-Cal Managed Care plan or county's prior contract that may have expired, lapsed, or been terminated since February 22, 2021, the Notice Date of the Asset Purchase Agreement, unless the contract was terminated by a Medi-Cal Managed Care Plan or county on its own initiative without cause; and

d) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and/or levels of emergency and non-emergency services at Adventist Vallejo to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care) as required in these Conditions.

VI.

For five (5) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition shall provide an annual amount of Charity Care (as defined below) at Adventist Vallejo equal to or greater than \$387,773 (the Minimum Charity Care Amount).⁵ For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Adventist Vallejo and Acadia Acquisition in connection with the operation and provision of services at Adventist Vallejo. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by the Office of Statewide Health Planning Development (OSHPD) for annual hospital reporting purposes.⁶

⁵ It is understood that Adventist Vallejo and Acadia Acquisition represent this figure is consistent with the historic level of charity care provided by Adventist Vallejo as calculated based on the average hospital charity care expenditure during 2017, 2018, and 2019, the most recent three (3) years prior to the Closing Date for which data are available and determined in accordance with OSHPD standards.

⁶ OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, "the determination of what is classified as ... charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account." OSHPD, Accounting and Reporting Manual for California Long-Term Care Facilities § 1064 (1992), <https://oshpd.ca.gov/wp-content/uploads/2020/10/Chpt1000-1.pdf>.

Adventist Vallejo and Acadia Acquisition shall use and maintain a charity care policy that is no less favorable than Adventist Vallejo's Financial Assistance Policy (attached as Exhibit 1) and in compliance with California and Federal law.

For the second year and each subsequent year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: Medical Care Consumer Price Index for San Francisco-Oakland-Hayward, CA Base Period: 1982-84 = 100 (as published by U.S. Bureau of Labor Statistics).

If the actual amount of charity care provided at Adventist Vallejo for any year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such year, Adventist Vallejo or Acadia Acquisition shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in Alameda, Contra Costa, Lake, Mendocino, Napa, Sacramento, Solano, Sonoma, and Yolo Counties, which represent Adventist Vallejo's primary and secondary service areas. Such payment(s) shall be made within six (6) months following the end of such year.

VII.

Within ninety (90) days from the Closing Date of the Asset Purchase Agreement and for at least the duration of Condition VI, Adventist Vallejo and Acadia Acquisition shall take the following steps to ensure that patients at Adventist Vallejo are informed about Adventist Vallejo's Financial Assistance Policy (Financial Assistance Policy):

- a) 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 Adventist Vallejo where there is a high volume of patient traffic, including waiting rooms, billing offices, and outpatient service settings;
- b) 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 Adventist Vallejo's website;
- c) 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;
- d) As necessary and at least on an annual basis, Acadia Acquisition will place an advertisement regarding the availability of financial assistance at Adventist Vallejo in a newspaper of general circulation in the communities served by Adventist Vallejo, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by Adventist Vallejo;

e) On no less than annual basis, Acadia Acquisition 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 Adventist Vallejo; and

f) No later than sixty (60) days after the Closing Date, Acadia Acquisition shall train all staff who interacts 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 the Hospital. Acadia Acquisition shall also provide this training on an annual basis to staff who interact with patients and their families.

VIII.

For five (5) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition shall provide an annual amount of Community Benefit Services at Adventist Vallejo equal to or greater than \$40,000 (the Minimum Community Benefit Services Amount) exclusive of any funds from grants.⁷

If the actual amount of community benefit services provided at Adventist Vallejo 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, Adventist Vallejo and Acadia Acquisition shall pay an amount equal to the deficiency to one or more tax exempt entities that provide community benefit services for residents in Alameda, Contra Costa, Lake, Mendocino, Napa, Sacramento, Solano, Sonoma, and Yolo Counties, which represent Adventist Vallejo's primary and secondary service areas. Such payment(s) shall be made within six (6) months following the end of such year.

IX.

For the ten (10) years following February 22, 2021, the Notice Date of the Asset Purchase Agreement, and unless otherwise terminated by the county or the State, as applicable, Adventist Vallejo and Acadia Acquisition shall maintain all contracts, including any superseding, successor, or replacement contracts, and any amendments and exhibits thereto, with local

⁷ It is understood that Adventist Vallejo and Acadia Acquisition will achieve this benefit by establishing an affiliate office of The Jason Foundation (JFI) at Adventist Vallejo and designate an employee JFI community liaison who would dedicate one-half of their time to executing JFI's mission by conducting education and awareness programs in an effort to prevent teen and young adult suicide.

governments or their subdivisions, departments, or agencies for services at Adventist Vallejo including the following:

- a) Contra Costa County Managed Care Agreement;
- b) Contra Costa Health Plan Agreement;
- c) El Dorado County Agreement for Services;
- d) Glenn County Agreement;
- e) Lake County Managed Care Agreement;
- f) Lassen County Managed Care Agreement;
- g) Modoc County Behavioral Health Services Managed Care Agreement;
- h) Napa County Professional Services Agreement;
- i) Nevada County Personal Services Agreement;
- j) Placer County Contract for Services;
- k) San Benito County Agreement;
- l) San Joaquin Health Plan Agreement;
- m) Santa Clara County Agreement;
- n) Shasta County Managed Care Agreement;
- o) Solano County Managed Care Agreement;
- p) Sutter-Yuba Behavioral Health Managed Care Agreement; and
- q) Tuolumne County Managed Care Agreement.

Maintenance of a county or State contract includes the renewal of such contracts for five (5) years from the Closing Date of the Asset Purchase Agreement on the same terms and conditions as the county or State's prior contract that may have expired, lapsed, or been terminated since February 22, 2021, the Notice Date of the Asset Purchase Agreement, unless the contract was terminated by a County or State on its own initiative without cause.

X.

For five (5) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition shall maintain a community board including physicians and community

representatives. Adventist Vallejo and Acadia Acquisition shall consult with the community board at least sixty (60) days prior to making any non-emergency changes to services or community benefit programs. The community board may comment on all reports submitted to the Attorney General regarding compliance with these Conditions and such comments will be included in the written report provided to the Attorney General.

XI.

Adventist Vallejo and Acadia Acquisition shall maintain privileges for current medical staff at Adventist Vallejo who are in good standing as of the Closing Date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure as medical staff officers or committee chairs at Adventist Vallejo. 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.

XII.

Adventist Vallejo and Acadia Acquisition shall prohibit discrimination at Adventist Vallejo 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.

XIII.

The Attorney General shall have the power to appoint and will promptly appoint an evaluation team to conduct a comprehensive survey of quality of care at the San Jose Behavioral Health facility, with an emphasis on issues identified in the July 19, 2019 California Department of Public Health (CDPH) survey and implementation of the associated Plan of Correction. Within

one hundred twenty (120) days of appointment, the evaluation team shall issue a report to the Attorney General describing its findings and recommendations. After reviewing the report and duly considering any comments from Adventist Vallejo, SJBH, LLC, and Acadia Acquisition, the Attorney General shall have sole discretion to refer any concerns to CDPH or take no action.

The evaluation team shall have all powers to the extent necessary to conduct its survey under this Condition, including the power to:

- a) Conduct on-site reviews;
- b) Attend governing body meetings;
- c) Interview staff, patients, visitors, contractors, and other interested persons (if Adventist Vallejo, SJBH, LLC, or Acadia Acquisition employees, then at the employee's election subject to reasonable prior notice and the opportunity for Adventist Vallejo or Acadia Acquisition to have counsel present);
- d) Request, access, and review all quality of care records, including critical incident reports;
- e) Request, access, and review all accreditation and licensing surveys and any supporting or related documents;
- f) Request, access, and review plans of correction and any supporting or related documents;
- g) Request access, and review documents related to staffing levels and ratios, and any related information; and
- h) Request, access, and review all performance indicators and measures, including comparisons to both State and Federal averages;

Adventist Vallejo, SJBH, LLC, and Acadia Acquisition shall cooperate with the evaluation team in the performance of the evaluation team's work and shall take no action to interfere with or impede the evaluation team's ability to perform its functions under this Condition.

Adventist Vallejo and Acadia Acquisition will be solely responsible for the expenses of the evaluation team, including staff and experts of the evaluation team, in performing the services described in this Condition.

Retaliation or threats of retaliation based on any entity or individual having provided information in conjunction with this Condition to the Attorney General, the evaluation team, or to a court are prohibited.

XIV.

The Attorney General shall have the power to appoint and will promptly appoint an independent monitor to monitor and evaluate compliance with Conditions XV, XVI, and XVII for ten (10) years from the Closing Date of the Asset Purchase Agreement. The monitor shall have the power to conduct and provide ongoing oversight and surveillance of Adventist Vallejo and Acadia Acquisition's compliance with Conditions XV, XVI, and XVII. The monitor shall have all the powers to the extent necessary to monitor compliance with Conditions XV, XVI, and XVII, including the power to:

- a) Take complaints from payors, Adventist Vallejo, Acadia Acquisition or from the Attorney General (with reasonable notice to be provided thereafter to all parties);
- b) Inspect records and compel disclosure of confidential documents subject to any demonstrated legally recognized privilege and appropriate confidentiality protections;
- c) Interview staff, patients, visitors, contractors, and other interested persons (if Adventist Vallejo, SJBH, LLC, or Acadia Acquisition employees, then at the employee's election subject to reasonable prior notice and the opportunity for Adventist Vallejo or Acadia Acquisition to have counsel present);
- d) Hire staff and experts; and
- e) Make recommendations concerning enforcement to the Attorney General.

Adventist Vallejo or Acadia Acquisition 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 Conditions XV, XVI, and XVII.

Adventist Vallejo, SJBH, LLC, and Acadia Acquisition shall provide annual reports to the monitor of Adventist Vallejo and Acadia Acquisition's efforts to comply with Conditions XV, XVI, and XVII. 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 as to any and all concerns as set out in these annual reports regarding Adventist Vallejo or Acadia Acquisition's performance of their respective obligations under Conditions XV, XVI, and XVII.

Adventist Vallejo and Acadia Acquisition will be solely responsible for the expenses of the monitor, including staff and experts of the monitor, in performing the services described in this condition.

The Attorney General may extend the above monitor condition for three (3) additional years as to Conditions XIV, XV, XVI, or XVII. In choosing whether to extend this Condition for another three (3) years, the Attorney General shall consider whether Adventist Vallejo or Acadia Acquisition has been found to have committed a material violation of Conditions XIV, XV, or

XVI within the preceding ten (10) years or for purposes of Condition XVII within the preceding five (5) years.

Retaliation or threats of retaliation based on any payor,⁸ entity, or individual having provided information in conjunction with Conditions XIV, XV, XVI, or XVII to the Attorney General, the monitor, or to a court is prohibited.

XV.

For five (5) years from the Closing Date of the Asset Purchase Agreement, the maximum that Adventist Vallejo or Acadia Acquisition may charge a payor for any Commercial or Government-Sponsored Product for psychiatric hospital services that are being performed at Adventist Vallejo will be governed by the applicable payment provisions in the Contract Terms that are in effect between Adventist Vallejo and that payor as of February 22, 2021, the Notice Date of the Asset Purchase Agreement, subject to any renewal Contract Terms that are negotiated in compliance with Conditions XV and XVI, so long as such annual price increase shall not exceed 6 percent per year for commercial prices and 2.8 percent per year for Medi-Cal prices.⁹

⁸ For these Conditions, “payor” means a company that provides health insurance policies or makes hospital networks accessible for residents in Northern California (all counties in California except Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura Counties). The term “payor” also includes, but is not limited to, self-funded employers and managed behavioral health management organizations that do the foregoing, as well as independent physician associations (IPAs), who in turn provide capitated services, under a limited or restricted Knox-Keane license from the Department of Managed Health Care to any payor who sells any commercial, Medicare, and Medi-Cal health plans of any kind or makes any networks available to self-insured employers, union trusts, or state and local government entities. However, the term “payor” does not include any commercial health plans or networks co-branded with any healthcare provider other than Adventist Vallejo (although “payors” can include capitated IPAs affiliated with healthcare providers other than Adventist Vallejo that contract, or seek to contract, with non-healthcare provider affiliated payors).

⁹ The following definitions apply throughout Conditions XIV, XV, and XVI:

a) “Commercial or Government-Sponsored Product” means a commercial or government sponsored product (e.g., Medicare Advantage plans, Medi-Cal Managed Care plans, or county mental health plans) offered by a payor;

b) “Contract Terms” means the conditions under which a Controlled Facility is willing to contract with a payor, including price and reimbursement terms, terms under which the Controlled Facility will participate as a network provider (including a provider in a tiered

The Attorney General may extend this Condition for three (3) additional years. In choosing whether to extend this Condition for another three (3) years, the Attorney General shall consider whether Adventist Vallejo or Acadia Acquisition has been found to have committed a material violation of this Condition within the preceding five (5) years.

For five years (5) from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo or Acadia Acquisition shall not enter into any amendment to any agreement with a payor that would violate this Condition; if this Condition is renewed, Adventist Vallejo or Acadia Acquisition shall not enter into any amendment to any agreement with a payor that would violate this Condition for three (3) additional years from the Renewal Date.

XVI.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, unless a payor voluntarily requests otherwise, Adventist Vallejo or Acadia will not expressly or implicitly condition the participation of, or impose any Contract Terms concerning, an Acadia Controlled Facility, including prices or any other conditions on the participation of, or any Contract Terms concerning one or more other Controlled Facilities, with any payor.¹⁰ This prohibition on conditioning of participation or Contract Terms across Controlled Facilities includes:

a) Engaging a payor in “all-or-nothing” contracting for facility services by expressly or impliedly requiring the payor to contract with all Controlled Facilities and not permitting the payor to contract with individual Controlled Facilities, including by conditioning the participation, pricing, or Contract Terms of a Controlled Facility in a Commercial or Government-Sponsored Product on any of the following:

network), terms relating to utilization review, information or data disclosure and sharing, and terms relating to quality of care;

c) The “annual commercial price increase” is the median average annual commercial price increase among Northern California (all counties in California except Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura Counties) acute psychiatric hospitals from 2014 to 2019;

d) The “Medi-Cal annual price increase” is the median average annual Medi-Cal price increase among Northern California acute psychiatric hospitals from 2014 to 2019.

¹⁰ Throughout Condition XV, “Controlled Facility” means any facility that is controlled by Acadia as of the Closing Date of the Asset Purchase Agreement. As of the Closing Date, the controlled facilities, include, but are not limited to, Adventist Vallejo, San Jose Behavioral, Pacific Grove Hospital, Acadia Hospital of Indio, and Eastlake Behavioral Health Hospital.

1) Participation or Contract Terms of another Controlled Facility in the same or any other Commercial or Government-Sponsored Product offered by the Payor;

2) Pricing of another Controlled Facility in the same or any other Commercial or Government-Sponsored Product offered by the payor; and

3) Status of (including the decision on whether to include or exclude) a Controlled Facility in the payor's center of excellence program (or other program designed to differentiate facilities based on their quality of care, their cost, or other consideration), or the exclusion of any third party's facility in the payor's center of excellence program (or other similar program).

b) Explicitly or implicitly penalizing a payor for contracting with individual facilities. This includes setting significantly higher than existing contract prices or out-of-network fees for any or all of Acadia facilities, should the payor choose to contract with less than all (or a group) of Acadia facilities. If a Controlled Facility is not contracted with a payor, such Controlled Facility will be subject to reimbursement from that payor as determined under California Code of Regulations, tit. 28, § 1300.71, subd. (a)(3)(B), as adjusted for a comparison of the Controlled Facilities with other comparable acute psychiatric hospitals;

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.

The Attorney General may extend this Condition for three (3) additional years. In choosing whether to extend this Condition for another three (3) years, the Attorney General shall consider whether Adventist Vallejo or Acadia Acquisition has been found to have committed a material violation of this Condition within the preceding ten (10) years.

For ten (10) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo or Acadia Acquisitions will not enter into any amendment to any agreement with a payor that would violate this Condition.

XVII.

For five (5) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition shall not encumber or obligate the Adventist Vallejo facility with debt, or otherwise incur any liability, to the extent that such an encumbrance or obligation places the short-term or long-term financial viability of the facility at substantial risk of the facility closing, becoming insolvent, or entering bankruptcy.

For five (5) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition shall not encumber or obligate the Adventist Vallejo facility with debt, or otherwise incur any liability that leads to a reduction in staffing, a price increase in an agreement with a payor, or any other direct or indirect violation of Conditions XIV, XV, or XVI.

The Attorney General may extend this Condition for three (3) additional years. In choosing whether to extend this Condition for another three (3) years, the Attorney General shall consider whether Adventist Vallejo or Acadia Acquisition has been found to have committed a material violation of this Condition within the preceding five (5) years.

XVIII.

For each ten (10) years from the Closing Date of the Asset Purchase Agreement, Adventist Vallejo and Acadia Acquisition 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 Adventist Vallejo and Acadia Acquisition and the Chief Executive Officers of Adventist Vallejo and Acadia Acquisition shall each certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by these Boards of Directors.

XIX.

At the request of the Attorney General, all of 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.

XX.

Once the Asset Purchase Agreement is closed, all of the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions.

Pursuant to Government Code section 12598, the Attorney General shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

Exhibit 1

- Facility:
- System-wide Corporate Policy
 - Standard Policy
 - Model Policy:

Policy No. PFS-112-CA
Page 1 of 14
Department: PFS

POLICY: Uninsured Patient Billing: Charity Discounts – California Facilities Only

The following section contains general provisions of the Adventist Health California charity policy and is applicable to both partial charity cases (discount payment policy) and to full, free charity care.

POLICY SUMMARY/INTENT:

The purpose of this policy is to ensure a consistent and uniform method among California Adventist Health facilities for compliance with Assembly Bill 774, which was signed into law in California and is effective January 1, 2007 and Senate Bill 350, which was signed into law in California and is effective January 1, 2008 and Assembly Bill 1503 which was signed into law in California and is effective 1/1/2011. The mandates contained in AB 774, SB 350 and AB 1503 must be performed by California hospitals as a condition of licensure and will be enforced by the California State Department of Health Services. It is the intent of this policy to comply with all federal, state, and local regulations. If any regulation, current or future, conflicts with this policy, the regulation will supercede this policy.

RESPONSIBILITY:

This is a corporate standard policy and is intended to be all-inclusive for California facilities. Individual facility charity discount policies are not allowed. It is the responsibility of the facility PFS Director, with approval from the facility Chief Financial Officer, to develop individual facility procedures to implement this Corporate Standard Policy.

POLICY: COMPLIANCE – KEY ELEMENTS

Facilities are not required to provide non-emergency health care. However, if they choose to accept patients for non-emergency care, the patient is eligible for a charity discount as required by AB774. Legal council indicates that if a facility accepts a patient for care, even when the patient pays for services in advance, a refund must be made with interest if the patient later requests financial assistance and qualifies for a charity discount under AB 774.

Any self-pay, uninsured patient who indicates an inability to pay must be screened for potential charity assistance. Additionally, “high cost” patients as defined below must also be screened for potential charity assistance when the patient requests such screening. Screening for charity assistance will occur only after all other potential resources have been exhausted. The screening process will optimally occur at the time of service but may occur anytime during the collection process including post assignment to an outside collection agency.

In order to be financially qualified under AB 774, a patient must meet the following two criteria: (1) the patient must be a self pay patient (self pay means a patient who does not have third party coverage from a health insurer, health care service plan, Medicare, or Medicaid, and whose injury is not a compensable injury for purposes of workers compensation, automobile insurance, or other insurance as determined and documented by the hospital) or a patient with high medical costs and (2) the patient must have a family income that does not exceed 350% of the Federal Poverty Level.

A person with high medical costs is defined as a person whose family income does not exceed 350% of the Federal Poverty Level if that individual does not receive a discounted rate from the hospital as a result of his or her third party coverage. High medical costs means (1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed 10% of the patient’s family income in the prior 12 months or (2) annual out-of-pocket expenses that exceed 10% of the patient’s family income, if the patient provides documentation of the patient’s medical expenses paid by the patient or the patient’s family in the prior 12 months or (3) a lower level determined by the hospital in accordance with the hospital’s charity discount policy. Therefore, there are two types of financially qualified patients in California as defined by AB 774, (1) Self pay patients with incomes that do not exceed 350% of the FPL and (2) patients with commercial

insurance or a non-contracted managed care plan that have incomes that do not exceed 350% of the FPL who have high medical costs as defined above.

AB 774 states that in order for a patient to be financially qualified under AB 774, the patient must be self pay and have family income that does not exceed 350% of the FPL. It is the intent of this corporate policy to delegate to California Adventist Health facilities the ability to extend charity discounts to any patient for their liability regardless of their primary coverage. Patients who have third party coverage but request charity assistance for their liability may be screened and provided charity assistance at the sole discretion of each facility.

AB 1503 amended AB 774 and effective 1/1/11 requires emergency room physicians that provide emergency medical services in a general acute care hospital to develop charity care and discounted payment policies to limit expected payment from eligible patients that are uninsured or have high medical costs who are at or below 350% of the federal poverty level. Patients who are uninsured or have high medical costs and income at or below 350% of the federal poverty level and receive a bill from an emergency room physician should contact that physician's office and request charity assistance.

Hospitals may develop abbreviated screening procedures for those service areas where charges are low such as clinics, rural health clinics, emergency departments and outpatient ancillary areas (defined below). At a minimum, the hospital will document family size and gross family income and a credit report will be secured. In those service areas where charges are higher such as inpatient and outpatient surgery, the hospital will complete a full financial screening and require income verification from the patient.

DURATION

Approved charity discounts are considered valid for all existing accounts and for an additional 90 days after approval.

CATASTROPHIC CHARITY DISCOUNTS

Based upon the patients' complete financial situation, when the patient liability amount exceeds 50% of the total annual family income, amounts greater than 50% of the income may be written off to a charity discount.

CLASSIFICATION AS STATUTORY OR NON STATUTORY

Charity discounts will be classified into two categories: statutory and non-statutory.

STATUTORY CHARITY DISCOUNTS

Statutory charity discounts will be defined by facility participation in various federal, state, and/or county indigent care programs. Criteria must comply with governmental guidelines and/or state or county regulations.

Each patient who appears eligible for a statutory charity discount determination and who requests such determination must complete a Confidential Financial Statement (exhibit A in English and Spanish). Additionally, he/she must provide supporting documentation to the financial counselor as required to verify his/her financial condition. Statutory charity discounts will generally be identified at the time of admission or while the patient is in-house by the facility financial counselor, however, it may also be identified after discharge or whenever a patient declares an inability to pay.

The following adjustment codes will be added for standardization:

- 9703463 Charity Discount-Statutory

NON-STATUTORY CHARITY DISCOUNT

A Non-Statutory Charity discount is defined as a charity discount for patients known to meet the general discount criteria. The determination of non-statutory discounts will be made at admission or while the

patient is in-house; however, this determination could also be made after discharge or whenever the patient declares an inability to pay.

Unless the patient qualifies for the abbreviated screening procedure, every effort will be made to secure a signed application, but this may not be possible in all cases. Patients stating that they are homeless and without income, at the discretion of the PFS Director, do not need to complete a Confidential Financial Statement. Instead, charity discount determinations may be made by the financial counselor's completion of the eligibility worksheet. Non-statutory charity discounts should be used for homeless patients that have no income or documentation to report. Additionally, charity discounts will be used to write off accounts of patients who are deceased and research has shown that there is no estate or other responsible relative and no possibility of further collection. Finally, charity discounts will be used to write off accounts of patients where the court has entered a final bankruptcy judgment and there is no potential for further collection.

The following adjustment codes will be added for standardization:

- 9703398 Charity Discount-Non Statutory

ELIGIBILITY FOR OTHER GOVERNMENT PROGRAMS

AB 774 requires that self-pay patients be provided with applications for Medicaid, Medicare, Healthy Families or other programs that may be applicable. Facilities will develop procedures to be certain that all self-pay patients either receive or are offered applications for other government programs.

MEDICAID DENIALS

A patient who is qualified for Medicaid is also presumed to qualify for a full charity discount. Any charges for days or services written off (excluding billing timeliness, medical records, missing invoices, or eligibility issues) as a result of a Medicaid denial (such as TAR denial) should be written off to non-statutory charity.

RESTRICTED MEDICAID COVERAGE

Some Medicaid plans offer coverage for a limited or restricted list of services. If a patient is eligible for Medicaid, any charges for days or services not covered should be written off to non-statutory charity and does not require a completed Confidential Financial Statement. This does not include any Share of Cost (SOC) amounts, as SOC's are determined by the state to be an amount that the patient must pay before the patient is eligible for Medicaid.

UNCOOPERATIVE PATIENTS

Uncooperative patients are defined as patients or guarantors who are unwilling to disclose the necessary financial information as requested for Medicaid and/or charity discount determination during the screening process. In these cases, the account will not be processed as charity. The patient will be advised that unless they comply and provide the information, no further consideration will be given for charity discount processing, and standard A/R follow-up will begin. Non-Compliant patients are defined as not meeting all required documentation for Medicaid/Medi-Cal screening, but qualifying for a charity discount. In these cases, the Financial Counselor may process the account for a charity discount, and the account will remain in the charity-pending financial class until the facility processes a charity write-off adjustment.

The following section contains provisions of the Adventist Health California charity policy pertaining to partial charity care (discount payment policy).

DISCOUNT LEVELS

According to SB 350, “each hospital shall limit expected payment for services it provides to any patient at or below 350 percent of the federal poverty level, as defined in subdivision (b) of Section 124700, eligible under its discount payment policy to the amount of payment the hospital would expect, in good faith, to receive for providing services from Medicare, Medi-Cal, Healthy Families, or any other government-sponsored health program of health benefits in which the hospital participates, whichever is greater.

Charity discounts will be granted based upon the following income levels. Individual facilities MAY provide greater discounts (lower patient liabilities) to the patient than those established below if approved by the facility CFO and documented in the facility procedure manual. Facilities may NOT provide lower discounts (higher liabilities) to qualified patients.

Emergency Services (Including emergency admissions and emergency Obstetrics):

Income Level

Self Pay Patients with family income:

>200% to 300% of the Federal Poverty Level

>300% to 400% of the Federal Poverty Level

>400% of the Federal Poverty Level

Patient Liability

50% of Medicare Allowed Amount

75% of Medicare Allowed Amount

Self-Pay Liability

Patients with Commercial Insurance or non-Contracted Managed Care plans & High Medical Costs (as defined above) and with family income:

350% or Less of the Federal Poverty Level

Patient Liability

the amount that would be allowed by Medicare for the same service LESS the amount paid by the patient's insurer. If the insurer paid the Medicare allowed amount or greater, patient liability is zero.

All Remaining Services Provided by Hospital (non-emergency related):

Income Level

Self-Pay Patients with family income:

200% or less of the Federal Poverty Level

>200% to 350% of the Federal Poverty Level

>350% to 400% of the Federal Poverty Level

>400% of the Federal Poverty Level

Patient Liability

50% of Medicare Allowed Amount

Medicare Allowed Amount

75% of Self-Pay Liability

Self-Pay Liability

Patients with Commercial Insurance or non-Contracted Managed Care plans & High Medical Costs (as defined above) and with family income:

350% or Less of the Federal Poverty Level

Patient Liability

the amount that would be allowed by Medicare for the same service LESS the amount paid by the patient's insurer. If the insurer paid the Medicare allowed amount or greater, patient liability is zero.

Federal Poverty Level (FPL) refers to the statistics produced by the Federal Government each year establishing the income amounts that define poverty levels by state. These statistics are published annually in late January, February or March. Hospitals will always use the most currently published poverty level information available but are NOT required to go back and change a charity determination when a new FPL is issued. FPL's are effective when received by the hospital and are not service date driven. Corporate Patient Financial Services will provide new FPL data to each AH facility as soon as it is received.

PAYMENT ARRANGEMENTS:

In cases where the patient or the patient's guarantor has a liability under the charity program and when requested to do so by the patient or guarantor, the hospital will negotiate a monthly payment plan with the patient or guarantor. Any extended payment plan agreed to by the hospital to assist patients eligible under the hospital's charity care policy, charity discount payment policy or any other policy adopted by the hospital to assist low-income patients with no insurance or high medical costs in settling outstanding past due hospital bills, shall be interest free. Extended payment plans may be declared inoperative when the patient or guarantor fails to make all consecutive payments due during a 90-day period. Before declaring the agreement inoperative, the hospital or collection agency shall make a reasonable attempt to contact the patient by phone and, to give notice in writing, that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan. Before the hospital can declare the extended payment plan inoperative, they must attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient or their guarantor. Neither the hospital nor the collection agency may report adverse information to a credit-reporting bureau before the extended payment plan has been declared inoperative.

The following section contains provisions of the Adventist Health California charity policy pertaining to full free charity care

Emergency Services (Including emergency admissions and emergency Obstetrics):

Income Level

<u>Self Pay Patients with family income:</u>	<u>Patient Liability</u>
200% or less of the Federal Poverty Level	Zero

Federal Poverty Level (FPL) refers to the statistics produced by the Federal Government each year establishing the income amounts that define poverty levels by state. These statistics are published annually in late January, February or March. Hospitals will always use the most currently published poverty level information available but are NOT required to go back and change a charity determination when a new FPL is issued. FPL's are effective when received by the hospital and are not service date driven. Corporate Patient Financial Services will provide new FPL data to each AH facility as soon as it is received.

The following section contains provisions of the Adventist Health California charity policy pertaining to eligibility.

DOCUMENTATION REQUIREMENTS

Application: Except in those instances where the hospital has determined that minimum application and documentation requirements apply (as described below), in order to qualify for charity care, a Confidential Financial Statement should be completed. The Confidential Financial Statement allows for the collection of information. Income and documentation requirements are defined below. Pending the completion of such application, the patient must be treated as a pending charity care patient in accordance with the hospital's policies and the appropriate financial class recorded to reflect this status.

Family Members: Patients will be required to provide the number of family members in their household

- **Persons 18 years and older:** family members include spouse, domestic partner as defined in section 297 of the Family Code and dependent children under 21 years, whether living at home or not.
- **Persons under 18 years:** family members include parents, caretaker relatives and other children less than 21 years of age, whether living at home or not.

Income Calculation: Patients will be required to provide their household's yearly gross income.

- **Adults:** The term "yearly income" on the Confidential Financial Statement means the sum of the total yearly gross income of the patient and patient's spouse.
- **Minors:** If the patient is a minor, the term "yearly income" on the Confidential Financial Statement means income from the patient, the patient's mother and/or father and/or legal guardian and any other dependents.

INCOME VERIFICATION

Patients will be required to verify the income set forth in the Confidential Financial Statement in accordance with the documentation requirements identified below in cases where documentation is available. Any of the following documents is appropriate for verifying income:

- **Income Documentation:** Income documentation may include IRS Form W-2, wage and earnings bank statements, or other appropriate indicators of income.
- **Participation in a Public Benefit Program:** Documentation showing current participation in a public benefit program including Social Security, Workers' Compensation, Unemployment Insurance Benefits, Medicaid, County Indigent Health, AFDC, Food Stamps, WIC, or other similar indigence related programs.

DOCUMENTATION UNAVAILABLE

In cases where the patient is unable to provide documentation verifying income, the following procedures should be followed:

- **Obtain Patient's Written Attestation:** Have the patient sign the Financial Assistance Application attesting to the accuracy of the income information provided; or
- **Obtain Patient's Verbal Attestation:** The Financial Counselor who is completing the Confidential Financial Statement may provide written attestation that the patient verbally verified the income calculation. In all cases, at least two attempts must be made and documented to attempt to obtain the appropriate income verification.
- **Expired Patients:** Expired patients may be deemed to have no income for purposes of the financial calculation. Although no documentation of income is required for expired patients, an asset verification process should be completed to ensure that a charity adjustment is appropriate.

ABBREVIATED APPLICATION PROCESS

Hospitals may establish an abbreviated application and verification process for those service areas in which they have determined that the typical level of charges are not high such as clinics, rural health clinics, emergency departments, and outpatient ancillary areas. In these service areas, the registration department

or the financial counselor must at minimum document the family size and the total family gross income in order to determine the level of charity discount if any. In lieu of income documentation, the hospital must, at minimum, pull a credit report to be certain that the patient or the patient's guarantor seems to have a credit standing in line with their reported income. For example, if the patient reports \$1,000 of gross income per month but is making a large mortgage payment along with several credit card payments, the hospital should require further income verification. If a credit report is not available, document that fact in the patient notes. No further effort is required.

The following section contains provisions of the Adventist Health California charity policy pertaining to the review and communication process.

COMMUNICATION

Facilities are required to post signs in the business office, the admitting and registration areas and the emergency department that inform patients about their financial assistance policies and the availability of charity discounts. Additionally, patient statements must include standard language informing patients that they may request financial screening to determine eligibility for charity discounts and how that request may be made. Finally, facilities must prominently post their financial assistance/charity policies on their websites. To the extent possible, these communications should be in the primary language of the patient.

Before commencing any collection activity against a patient, the hospital must provide a plain language summary of the patient's rights pursuant to AB 774 and the Rosenthal Fair Debt Collection Practices Act. The summary language will be sufficient if it appears in substantially the following form: "State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9 p.m. In general, a debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov." You must also include a statement that nonprofit credit counseling services may be available in the area. The above wording will be incorporated into a data mailer attachment and be included in the initial data mailer for all self-pay liabilities.

Once a charity determination has been made, the outcome must be communicated to the patient. That communication should be accomplished by sending the patient Exhibit A (English or Spanish) (equivalent to MS4 system letters 72-74).

APPEALS

Patients have the right to appeal facility charity decisions. Patients must provide written appeals outlining the reasons they believe the charity determination was incorrect. The facility CFO is responsible for reviewing all appeals and making a final determination. This authority may be delegated by the CFO to the facility PFS Director. The final determination must be communicated to the patient in writing.

OSHPD REPORTING

Per Section 127435, each general acute care hospital must provide OSHPD with a copy of the documents outlined below. Since this is a corporate standard policy, OSHPD reporting will be the responsibility of Corporate Patient Financial Services.

- Charity care policy
- Discount payment policy (partial charity or sliding fee schedule)
- Eligibility procedures for these policies
- Review process
- Application form

The documents must be provided at least every other year on January 1, or when a significant change is made. If no significant change was made to the policy since the information was previously provided, it may notify OSHPD of the lack of change to satisfy this requirement. OSHPD has the authority to require electronic submission and is required to make all information available to the public.

AUTHOR: Patient Financial Services

APPROVED: Adventist Health Legal Board of Directors 4/30/07, CFO Executive Committee

EFFECTIVE DATE: 1-1-10

REVISION: 12/21/09, 1/25/11, 6/3/2011, 1/27/11, 5/13/13, 2/3/14

DISTRIBUTION: PFS Directors, CFOs

REVIEWED: 12/16/13



EXHIBIT A (English version)

Patient Name _____		Facility: _____		DOS: _____	
Patient Number _____		Confidential Financial Statement (Application)			
RESPONSIBLE PARTY					
Name _____		Marital Status _____		Social Security Number _____	
Street Address, City, State, Zip _____		How long at this address _____		Home Phone _____	
Employers Name and Address (If Unemployed –How Long) _____				Business Phone _____	
Position / Title _____	Monthly income – Gross _____	Monthly income - Net _____		Length of current employment _____	
SPOUSE					
Name _____				Social Security Number _____	
Employer Name and Address _____				Business Phone _____	
Position / Title _____	Monthly income – Gross _____	Monthly income – Net _____		Length of current employment _____	
DEPENDENTS					
Name & Year of Birth of all dependents in household _____		Total Number of dependents in household _____		Do Any Other Persons Contribute? If Yes, Amount: Yes/No _____ Amount _____	
INCOME PER MONTH & ASSETS					
Dividends, Interest	\$ _____	Child Support / Alimony	\$ _____		
Public Assistance / Food Stamps	\$ _____	Rental Income	\$ _____		
Social Security	\$ _____	Grants	\$ _____		
Unemployment Compensation	\$ _____	IRA	\$ _____		
Workers' Compensation	\$ _____	Other	\$ _____		
Savings	\$ _____				
EXPENSES PER MONTH					
Mortgage / Rent Payment:	\$ _____	Balance:	\$ _____	Medical / Dental	\$ _____
Own Home? (Yes/No)				Doctor – Name	\$ _____
Food	\$ _____			Doctor – Name	\$ _____
Utilities:	\$ _____			Doctor – Name	\$ _____
Electric	\$ _____			Credit Cards:	\$ _____
Gas	\$ _____			Visa	Limit \$ _____
Water / Sewer	\$ _____			Mastercard	Limit \$ _____
Trash	\$ _____			Discover	Limit \$ _____
Phone	\$ _____			Other	Limit \$ _____
Cable	\$ _____			Installment Loans	\$ _____
Auto Payments	\$ _____			Child Support	\$ _____
Auto Expenses	\$ _____			Miscellaneous Expenses	\$ _____
Insurance:					
Auto Premium	\$ _____				
Life Insurance	\$ _____				
Health Insurance	\$ _____				
OFFICE USE ONLY			<p>To my knowledge the information provided above is true. I authorize a Credit Bureau Report to be secured by the Hospital or its agent to verify my financial standing.</p> <p style="text-align: center;">_____ PATIENT/GUARANTOR SIGNATURE</p> <p style="text-align: center;">_____ DATE</p>		
Gross income _____					
Net income _____					
Total Expenses _____					
Total Net income(loss) _____					

EXHIBIT A (Spanish version)

Nombre del Paciente _____	OFICINA _____ DOS
Número del Paciente _____	DECLARACION CONFIDENCIAL DE ESTADO FINANCIERO

PERSONA RESPONSIBLE

Nombre	Estado Civil	Número de Seguro Social
Dirección, ciudad, estado, código postal	¿Cuánto tiempo ha vivido en esta dirección?	Teléfono de su domicilio
Nombre y dirección de su empleador (Si está desempleado, ¿por cuánto tiempo?)		Teléfono de su trabajo
Empleo/Puesto	Ingreso mensual-Bruto	Ingreso mensual-Neto
		Tiempo en su empleo actual

ESPOSA/ESPOSO

Nombre	Número de Seguro Social
Nombre y dirección del empleador	Teléfono de su trabajo
Empleo/Cargo	Ingreso mensual-Bruto
	Ingreso mensual-Neto
	Tiempo en su empleo actual

DEPENDIENTES

Nombre y año de nacimiento de todos los dependientes que viven en su casa	Número total de dependientes que viven en su casa: _____	¿Alguna otra persona contribuye? Si la respuesta es sí, ¿con qué cantidad? : Sí/No _____ Cantidad _____
---	--	--

INGRESO MENSUAL Y ACTIVOS

Dividendos, Intereses	\$	Manutención para hijos menores/esposa	\$
Ayuda pública/Cupones de alimentos	\$	Ingreso por alquileres	\$
Seguro social	\$	Acciones, bonos	\$
Compensación por desempleo	\$	Subvenciones (<i>grants</i>)	\$
Compensación por accidente de trabajo	\$	Cuenta de jubilación individual (<i>IRA</i>)	\$
Ahorros	\$	Otros inmuebles, sin incluir a su vivienda	\$

GASTOS MENSUALES

Pagos de hipoteca/alquiler	Saldo	Gastos inanc/dentales	\$
¿Es propietario de su vivienda? (Sí/No) :			
Alimentos	\$	Doctor-Nombre	
Servicios públicos:	\$	Doctor-Nombre	
Electricidad	\$	Doctor-Nombre	
Gas	\$	Tarjetas de crédito:	
Agua-Alcantarillado	\$	Visa	\$ Límite \$
Recolección de basura	\$	Mastercard	\$ Límite \$
Teléfono	\$	Discover	\$ Límite \$
Cable	\$	Otras	\$ Límite \$
Pago de vehículos	\$	Préstamos a plazo	\$
Gasto de vehículos	\$	Manutención para hijos menores	\$
Seguro :	\$	Gastos misceláneos	\$
Prima de vehículos	\$		
Seguro de vida	\$		
Seguro inanc	\$		

SOLO PARA USO DE LA OFICINA

Ingresos brutos _____
 Ingresos netos _____
 Total de gastos _____
 Ingreso neto total (pérdida) _____

Hasta donde me es inancie saber, la información arriba proporcionada es correcta. Autorizo al Hospital o a su representante, para que obtengan un reporte de crédito para la verificación de mi situación inancier.

_____ **FIRMA DEL PACIENTE/GARANTE**

_____ **FECHA**

EXHIBIT B (English version)

Hospital Name _____ Date _____
Hospital Address _____
Hospital Phone _____

Guarantor Name _____
Guarantor Address _____

RE: Account Number: _____
Patient Name: _____
Dates of Service: _____
Account Balance: _____

- Your account has been reviewed for possible charity assistance. After review of all of your submitted financial documentation it has been determined you do meet eligibility guidelines for full charity assistance on this account.
- Your account has been reviewed for possible charity assistance. After review of all of your submitted financial documentation it has been determined you do not meet eligibility guidelines for full charity assistance on this account.
- Your account has been reviewed for possible charity assistance. After review of all of your submitted financial documentation it has been determined you meet eligibility guidelines for partial charity assistance on this account. (account balance) is the remaining portion, which is your responsibility to pay.

If you believe this decision is in error, you have the right to submit an appeal. Your appeal must be made in writing, addressed to the Patient Financial Services Director and mailed to the address on this letter.

If you have any questions, please feel free to contact us at (hospital phone) during normal business hours.

Patient Financial Services Department
Hospital Name _____
Hospital Phone Number _____

EXHIBIT B (Spanish version)

Hospital Name _____ Date _____
Hospital Address _____
Hospital Phone _____

Guarantor Name _____
Guarantor Address _____

RE: Número de Cuenta: _____
 Nombre del Paciente: _____
 Fechas de Servicio: _____
 Balance de la Cuenta: _____

- Su cuenta ha sido revisada para una posible asistencia de caridad. Después de revisar toda su documentación financiera se ha determinado que usted satisface las normas de elegibilidad para la asistencia de caridad por completo en esta cuenta.
- Su cuenta ha sido revisada para una posible asistencia de caridad. Después de revisar toda su documentación financiera se ha determinado que usted no satisface las normas de elegibilidad para la asistencia de caridad por completo en esta cuenta.
- Su cuenta ha sido revisada para una posible asistencia de caridad. Después de revisar toda su documentación financiera se ha determinado que usted satisface las normas de elegibilidad para la asistencia de caridad parcial en esta cuenta. \$(account balance) es la porción remanente, la cual es su responsabilidad de pagar.

Si usted cree que esta decisión está equivocada usted tiene el derecho de someterse una apelación. Su apelación debe ser escrita, dirigida al Director de Servicios Financiero, y enviado a la dirección en esta carta.

Si tiene alguna pregunta, por favor siéntase libre de llamarnos al (hospital phone) durante horas normales de oficina.

Departamento de Servicios Financieros del Cliente
Hospital Name _____
Hospital Phone Number _____

EXHIBIT C**2014 Federal Poverty Levels (FPL)**

Persons in family	48 Contiguous States and the District of Columbia	Alaska	Hawaii
1	\$11,670	\$14,580	\$13,420
2	15,730	19,660	18,090
3	19,790	24,740	22,760
4	23,850	29,820	27,430
5	27,910	34,900	32,100
6	31,970	39,980	36,770
7	36,030	45,060	41,440
8	40,090	50,140	46,110
For each additional person, add	4,060	5,080	4,670

<http://www.aspe.hhs.gov/poverty/14poverty.cfm>