

**Effect of the Master Formation Agreement between  
Adventist Health System/West and St. Joseph Health  
System on the Availability and Accessibility of Healthcare  
Services to the Communities Served by  
Adventist Health St. Helena, Adventist Health Clear Lake  
and Adventist Health Vallejo**

Prepared for the Office of the California Attorney General

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## Introduction & Purpose

JD Healthcare, Inc. was retained to prepare healthcare impact statements for the Office of the California Attorney General to assess the potential impact of the proposed Master Formation Agreement, by and between Adventist Health System/West and St. Joseph Health System, on the availability and accessibility of healthcare services to the communities served by Adventist Health St. Helena, Adventist Health Clear Lake and Adventist Health Vallejo. Adventist Health System/West (“Adventist Health”), is a California nonprofit religious corporation with general acute care hospitals serving patients in California, Oregon and Hawaii. Adventist Health operates general acute care facilities in California, Hawaii and Oregon as well as clinics, home health agencies, and retirement centers. St. Joseph Health System (“St. Joseph Health”), is a California nonprofit public benefit corporation that is part of an integrated Catholic healthcare delivery system sponsored by the St. Joseph Health Ministry. St. Joseph Health’s operations serve numerous communities throughout California and includes ten acute care hospitals located within the state. St. Joseph Health is the sole member of St. Joseph Health Northern California, LLC, a charitable California limited liability company, which operates the health facilities participating in the proposed transaction.

St. Joseph Health and Adventist Health seek to enter into a Master Formation Agreement to create a Joint Operating Company (“JOC”) named ST Network, LLC<sup>1</sup> (“Sacred Trust Network”) and have requested the California Attorney General’s consent. The Sacred Trust Network aspires to be an integrated delivery network consisting of the health care facilities, entities, and businesses currently owned and/or operated by either Adventist Health or St. Joseph Health within the counties of Humboldt, Lake, Mendocino, Napa, Solano, and Sonoma (“Sacred Trust Region”).

The Adventist Health healthcare entities (“Adventist Health Participating Entities”) included in the Sacred Trust Network are as follows:

1. Adventist Health Clearlake Hospital (“Adventist Health Clear Lake”);
2. Willits Hospital, Inc. (“Adventist Health Howard Memorial”);
3. St. Helena Hospital (“Adventist Health St. Helena”);
4. St. Helena Hospital for Behavioral Health (“Adventist Health Vallejo”);
5. Ukiah Adventist Hospital (“Adventist Health Ukiah Valley”); and
6. Western Health Resources<sup>2</sup>.

The St. Joseph Health healthcare entities (“St. Joseph Health Participating Entities”) included in the Sacred Trust Network are as follows:

1. Queen of the Valley Medical Center;
2. Santa Rosa Memorial Hospital;

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<sup>1</sup> The ST Network, LLC is a California limited liability company that will be classified as a 501(c)(3) tax-exempt corporation. Adventist Health and St. Joseph Health System will be the sole members of ST Network. ST Network will be renamed Collabria Health following the closing of the proposed transaction.

<sup>2</sup> Provides home healthcare and hospice services in the Sacred Trust Region and is not subject to review from the Office of the California Attorney General.

3. St. Joseph Hospital of Eureka;
4. Redwood Memorial Hospital of Fortuna; and
5. St. Joseph Home Care Network<sup>3</sup>.

While Adventist Health and St. Joseph Health will retain title and ownership of their own health facilities that are subject to the Master Formation Agreement, Sacred Trust Network will manage and have authority over each health system's participating hospitals, pursuant to the terms of the Master Formation Agreement. Adventist Health and St. Joseph Health will each appoint an equal number of members to the JOC Board.

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

- A review of the application submitted by Adventist Health and St. Joseph Health to the California Attorney General on June 6, 2018, and supplemental information and documents subsequently provided by Adventist Health and St. Joseph Health;
- A review of press releases and news articles related to the proposed transaction and other hospital transactions;
- Interviews with community representatives, health plan representatives, representatives of Adventist Health St. Helena, Adventist Health Clear Lake and Adventist Health Vallejo's Board of Directors, medical staff, management, and employees, representatives of St. Joseph Health and Adventist Health, and others listed in the Appendix;
- An analysis of financial, utilization, and service information provided by the management of Adventist Health St. Helena, Adventist Health Clear Lake, Adventist Health Vallejo, St. Joseph Health, Adventist Health and the California Office of Statewide Health Planning and Development (OSHPD); and
- An analysis of publicly available data and reports regarding Adventist Health, St. Joseph Health, Adventist Health St. Helena, Adventist Health Clear Lake and Adventist Health Vallejo
  - Demographic characteristics and trends;
  - Payer mix;
  - Hospital utilization rates and trends;
  - Health status indicators; and
  - Hospital market share.

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<sup>3</sup> The St. Joseph Home Care Network provides physical care, emotional care, and spiritual care for patients unable to easily leave their house for medical care. Patients receive support services, medication and symptom management, and medical management for such conditions as AIDS/HIV and diabetes.

## Background & Description of the Transaction

### *Reasons for the Master Formation Agreement*

Adventist Health and St. Joseph Health's stated reasons for creating the Sacred Trust Network include aligning their shared goal of providing improved access to quality healthcare throughout the region, with an emphasis on vulnerable and underserved populations. The Sacred Trust Network seeks to create a partnership that recognizes and builds upon Adventist Health and St. Joseph Health's faith-based traditions and common values of dignity, excellence, and service. Adventist Health and St. Joseph Health believe there is significant opportunity to provide health care for patients closer to home by achieving the following:

- Concentrating on centers of excellence;
- Creating a broader and deeper value-based provider network;
- Integrating clinically across the respective hospitals and physician groups;
- Improving quality, stabilizing volume, and reducing costs;
- Expanding the provision of managed Medi-Cal services; and
- Collaborating on health information sharing and care management.

By providing improved local access to care, Adventist Health and St. Joseph Health believe the Sacred Trust Network will be able to reduce outmigration. Adventist Health and St. Joseph Health hospitals included in the Sacred Trust Network will continue to operate under their own religious mission and values and neither health system will impose its ecclesiastical precepts or policies on the other health system. Adventist Health hospitals will continue to adhere to the values of the Seventh-Day Adventist Church and St. Joseph Health's hospitals will continue to operate as Catholic institutions and be subject to the Ethical and Religious Directives ("ERDs")<sup>4</sup> for Catholic healthcare services. Adventist Health hospitals will not be subject to the ERDs or Catholic teaching nor to the Saint Joseph Statement of Common Values. Adventist Health facilities shall exclusively retain the ownership of assets related to; governance responsibility for; operational management of; and revenues and expenses generated by, the provision of services that are contrary to the ERDs.

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<sup>4</sup> The Ethical and Religious Directives is a document that offers moral guidance based on the Catholic Church's teachings regarding various aspects of healthcare delivery. The Ethical and Religious Directives were created as a discernment tool to be used in the application of healthcare decisions regarding beginning-of-life and end-of life-issues, and to safeguard the sacredness of the physician-patient relationship.



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

Adventist Health stated in its application to the Office of the California Attorney General that it engaged in a deliberate process to explore ways to most effectively serve its communities. As a result, Adventist Health entered into discussions with St. Joseph Health that led to a desire to form the JOC.

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

- Fall 2016 –Adventist Health and St. Joseph Health began to explore the potential for a JOC between the two organizations;
- March 14, 2017 – Adventist Health Board of Directors held a telephone meeting discussing the proposed timeline for negotiations with St. Joseph Health regarding the Sacred Trust Network;
- March 20, 2017 – Adventist Health signed the Letter of Intent regarding the formation of the JOC;
- April 19, 2017 – Members of the Strategy Committee of Adventist Health’s Board met to discuss a potential JOC and voted to approve an affiliation with St. Joseph Health;
- April 20, 2017 – Adventist Health Board of Directors met to discuss and establish a proposal for the JOC between Adventist Health and St. Joseph Health in Northern California;
- July 20, 2017 –Members of the Strategy Committee voted to approve Adventist Health’s management to negotiate a definitive agreement with St. Joseph Health;
- July 21, 2017 – Adventist Health’s Board of Directors accepted the Strategy Committee’s recommendation that management be authorized to negotiate a definitive agreement with St. Joseph Health;
- August 2017- September 2017 - Adventist Health and St. Joseph Health both conducted due diligence pertaining to JOC;
- October 18, 2017 –The Strategy Committee authorized management to finalize a transaction with St. Joseph Health;

- January 17, 2018 – Adventist Health’s Board Strategy Committee voted that management continue to complete the Master Formation Agreement with St. Joseph Health; and
- April 23, 2018 – Adventist Health informed employees, professional staff, local government and the general public of the proposed transaction.

***Master Formation Agreement***

The Master Formation Agreement was entered into by and between Adventist Health and St. Joseph Health April 10, 2018 and amended January 14, 2019.

The supplemental agreements, as included under the terms of the Master Formation Agreement, are listed as follows and summarized in subsequent sections:

- Operating Agreement of ST Network, LLC (“Operating Agreement”);
- Participating Ministry Agreement; and
- Participating Entity Agreement.

The proposed Master Formation Agreement contains the following major provisions:

- Under the terms of the Master Formation Agreement, Adventist Health and St. Joseph Health shall enter into a number of supplemental agreements, either concurrent with the execution of the Master Formation Agreement, or subsequent to the closing of the transaction;
- St. Joseph Health is the sole member of St. Joseph Health Northern California, LLC, a charitable California limited liability company, through which it operates a regional system of health care providers and ancillary organizations in Northern California, including the four hospitals subject to the transaction;
- Adventist Health is the sole member of each of the Adventist Health Participating Entities, through which it operates a regional health system of care providers and ancillary organizations in Northern California, including the five hospitals subject to the transaction;
- The goal of the Master Formation Agreement is to provide improved access to quality healthcare, with emphasis on those who are vulnerable, throughout the Sacred Trust Region;

- Adventist Health and St. Joseph Health seek to create a partnership that recognizes and builds upon the unique and common elements of the two faith-based health systems' traditions and the common values of dignity, excellence, and service;
- Adventist Health and St. Joseph Health envision maintaining separate hospital ministries that are each uniquely Catholic and Adventist, while integrating the respective healthcare delivery networks within the Sacred Trust Region in a way that supports the most effective and efficient delivery of population health services to the communities they serve;
- Prior to the Closing Date<sup>5</sup>, Adventist Health and St. Joseph Health will form a charitable California limited liability company that elects to be classified as a 501 (c)(3) tax exempt corporation to serve as the JOC for the Sacred Trust Network. Adventist Health and St. Joseph Health will each be a corporate member with equal Board representation. The respective financial interest percentages in the JOC will initially be 31% Adventist Health and 69% St. Joseph Health. This percentage calculation is based upon Adventist Health's and St. Joseph Health's historical comparative net incomes/ EBIDA<sup>6</sup> from the Adventist Health Participating Entities and St. Joseph Health Participating Entities;
- The JOC shall manage and have authority over the Adventist Health Participating Entities and St. Joseph Health Participating Entities (collectively the "JOC Participants") and be subject to the terms of the Master Formation Agreement. Governance and management of the JOC Participants shall be conducted in a manner that is respectful and preserves the distinct identity, values, philosophy and tradition as either Adventist, for the Adventist Health Participating Entities, or Catholic, for the St. Joseph Health Participating Entities;
- Responsibilities of the JOC include, but are not limited to, the following:
  - The management of day-to-day affairs of the JOC Participants;
  - The ownership of healthcare services, facilities, and ministries, or assets contributed by Adventist Health and St. Joseph Health or acquired or formed by the JOC after the Effective Date<sup>7</sup>;
  - Membership of ownership of investment interests contributed by Adventist Health and St. Joseph Health, or acquired or formed by the JOC after the Effective Date, subject to approvals;

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<sup>5</sup> The Closing Date is the date defined as the consummation of the transaction.

<sup>6</sup> Earnings Before Interest, Depreciation and Amortization is a measure of the earnings of a company that adds the interest expense, depreciation and amortization back to the net income number, but takes the tax expense into consideration.

<sup>7</sup> The day following the Closing Date.

- As of the Closing Date, the JOC will enter into a Clinical Integration and Collaboration Agreement with St. Joseph Heritage Healthcare and Adventist Health Physician Network under which each will collaborate with the JOC and JOC Participants in the delivery of professional medical services to patients residing within the Sacred Trust Region. Furthermore, Adventist Health and St. Joseph Health intend to develop a comprehensive clinical integration physician alignment strategy for the Sacred Trust Region, including St. Joseph Heritage Network, Adventist Health Physician Network, and Adventist Health and St. Joseph Health's other medical foundation clinics, hospital-based clinics, and rural health clinics to meet the needs of the communities within the Sacred Trust Region.
- Each of JOC Participant shall preserve and retain its separate corporate existence from the Closing Date. Members of the Boards of Directors/ Trustees of each JOC Participant shall continue to be elected, appointed, and removed by the Person<sup>8</sup>, body or authority designated in the Corporate Documents<sup>9</sup> of the JOC Participants;
- Activities of St. Joseph Health, St. Joseph Health Participating Entities, and St. Joseph Heritage Network are subject to the ERDs and Catholic teaching. The St. Joseph Health Participating Entities will continue to be Catholic institutions and affiliates of St. Joseph Health. The St. Joseph Health Participating Entities will continue to carry out the mission of St. Joseph Health and will comply with the canonical<sup>10</sup> or civil legal obligations of St. Joseph Health. Neither the JOC nor JOC Board will exercise any control over the St. Joseph Health Participating Entities that could cause the St. Joseph Health Participating Entities to violate the mission, canonical or legal obligations of St. Joseph Health or the St. Joseph Health Participating Entities. Any assets acquired by the JOC will not be considered by that very fact to become ecclesiastical goods and will not be subject to canonical regulations regarding their administration.
  - The JOC shall not govern, manage, or effect the provision of activities and procedures that are contrary to the ERDs at Adventist Health Participating Entities;
  - If St. Joseph Health determines, in good faith, that any health program, service, procedure or other action of Adventist Health or any of the Adventist Health Participating Entities could cause any St. Joseph Health Participating Entities to violate the ERDs or Catholic teaching, St. Joseph Health shall request Adventist Health to commence the Collaborative Process<sup>11</sup>;

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<sup>8</sup> Person means any natural person, partnership, corporation, trust, association, or other legal entity.

<sup>9</sup> Corporate Documents means any JOC Participants' articles of incorporation, code of regulations, delegation agreement, corporate bylaws, partnership agreement, operating agreement, and other comparable documents used to form a legal organization.

<sup>10</sup> Canon law of the Catholic Church is the system of laws and legal principles made and enforced by the hierarchical authorities of the Catholic Church to regulate its external organization to order and direct the activities of Catholics toward the mission of the Catholic Church.

<sup>11</sup> The Collaborative Process shall involve communications and meetings between up to five representatives designated by each of the members to determine or discuss disputed or proposed action including violations of Catholic teachings and/or the ERDs, or violations of the core values of the Seventh-day Adventist Church.

- Similarly, the Collaborative Process could be triggered if Adventist Health or any Adventist Health Participating Entity implements any healthcare program, service, procedure, or other action at any Adventist Health Participating Entity that could be interpreted to cause any St. Joseph Health Participating Entity to violate the ERDs or Catholic teachings;
  - If Adventist Health determines that any healthcare program, service, procedure or other action of the Sacred Trust Network, St. Joseph Health, or any of the St. Joseph Health Participating Entities could cause Adventist Health or any Adventist Health Participating Entities to violate the core values of Adventist Health or the Seventh-day Adventist Church, Adventist Health shall request the commencement of the Collaborative Process; and
  - Similarly, the Collaborative Process could be triggered if St. Joseph Health System, or any St. Joseph Health Participating Entity, implements any healthcare program, service, procedure, or other action at any St. Joseph Health Participating Entity that could be interpreted to cause any Adventist Health Participating Entity to violate the core values of Adventist Health or the Seventh-day Adventist Church.
- The JOC shall coordinate and have authority over the management of the business and affairs of the JOC Participants pursuant to the terms of the Operating Agreement to be executed and delivered by Adventist Health and St. Joseph Health as of the Effective Date. Major provisions of the Operating Agreement are included in a later section of this report;
  - The Participating Entity shall pay JOC a monthly participation fee equal to the Participating Entity's pro rata percentage of the JOC's operating expenses, as determined on an accrual basis according to GAAP<sup>12</sup>. For purposes of calculating the participation fee, the pro rata percentage applied shall be equal to the Participating Entity's net patient revenue as a percentage of the aggregate net patient revenue of all Participating Entities. The formula by which the participation fee is determined shall be subject to revision from time to time based on the affirmative vote of a majority of the members of the JOC Board; and
  - The Master Formation Agreement may be terminated at any time prior to Closing by either written consent by Adventist Health and St. Joseph Health or by either health system if material breach of representation is warranted.

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<sup>12</sup> The Generally Accepted Accounting Principles are commonly accepted ways of recording and reporting accounting information.

## ***Operating Agreement***

The Operating Agreement of Sacred Trust Network, effective as of the Effective Date, is by and among the Sacred Trust Network, St. Joseph Health, and Adventist Health, as members of the JOC (collectively, the “JOC Members”). Subject to certain reserve powers by the JOC Members, the JOC shall function as a joint operating company and shall manage and have authority over the JOC subject to the terms of the Operating Agreement. The JOC will achieve its purpose through:

- The management of the day-to-day affairs of the Adventist Health Participating Entities and the St. Joseph Health Participating Entities;
- The ownership of health care services, facilities and ministries, or assets contributed by the JOC Members or acquired by the JOC after the Effective Date, subject to such JOC Board, Member and/or Sponsor approvals as may be required by the JOC Operating Agreement;
- Notwithstanding any other provision of the Operating Agreement, the JOC shall not be permitted nor have the authority to approve, any of the following unless approved by the JOC Members and Sponsor<sup>13</sup>:
  - Any change to the mission, vision, philosophy or values of the JOC, the JOC owned entities or the JOC Participants;
  - Any annual capital budgets of the JOC Participants, and any material modifications or amendments thereto that would require a JOC Member to make capital contributions to the JOC Participants;
  - Any sale, transfer, or other disposition of any material real property or all or any material portion of the assets of the JOC, any JOC owned entity or any JOC Participant;
  - Any merger, consolidation, dissolution or corporate reorganization involving the JOC, any JOC owned entity or any JOC Participant;
  - The closure or surrender of any general acute care hospital license of any general acute care hospital owned by the JOC, any JOC owned entity or any JOC Participant;

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<sup>13</sup>Sponsor shall mean the Co-Sponsors’ Council, the group of individuals serving Providence Ministries and St. Joseph Health Ministry, who have agreed to exercise the authority and responsibilities as the corporate member of Providence St. Joseph Health from a civil law perspective.

- Any change in the naming or branding of the JOC or any JOC owned entity or any JOC Participant, or their respective facilities and ministries, businesses and/or service lines;
  - Any material debt obligation of the JOC, any JOC owned entity or any JOC Participant;
  - Any alteration, amendment, restatement or repeal of any corporate document or mission statement of the JOC, any JOC owned entity or any JOC Participant; and
  - Any voluntary bankruptcy, liquidation or dissolution of the JOC, any JOC owned entity or any JOC Participant.
- A JOC Member may withdraw or resign as a member from the JOC only with the approval of the other JOC Member. If a JOC Member does withdraw or resign without such required approval, the withdrawing JOC Member shall not be entitled to receive any consideration for its membership interest, and such withdrawal shall constitute a material breach of the JOC Operating Agreement by the withdrawing JOC Member;
  - Subject to those decisions specifically reserved to one or more of the JOC Members, the Sponsor or the JOC Participants pursuant to the Articles of Organization, the JOC Operating Agreement, the Governance Matrix<sup>14</sup> or JOC Participation Agreement<sup>15</sup>, and/or those actions or decisions for which approval of one or more of the JOC Members or the Sponsors are required, pursuant to the Articles of Organization<sup>16</sup>, the JOC Operating Agreement, the Board of Managers of the JOC (the “JOC Board”) shall have full and complete authority, power and discretion over the management of the business and affairs of the JOC, the JOC owned entities and the JOC Participants including the following:
    - Approve any change to the mission, vision, philosophy or values of the JOC, the JOC owned entities and the JOC Participants;
    - Appoint and remove the president and chief executive officer of the JOC;
    - Approve and adopt annual operating budgets of the JOC, the JOC owned entities and the JOC Participants, and any material modifications or amendments;

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<sup>14</sup> Governance Matrix is the Sacred Trust Network Sponsorship/Governance Authority Matrix as set forth in Appendix B, as adopted or amended by the JOC Board from time to time subject to the reserved rights of the Members and Sponsor.

<sup>15</sup> JOC Participation Agreement means the agreements entered into as of the Effective Date by and between the JOC and each of the JOC Participants.

<sup>16</sup> Articles of incorporation are a document or charter that establishes the existence of a corporation in the United States.

- Approve and adopt strategic plans with respect to the JOC, any JOC owned entity and the JOC Participants and any material modifications or amendments;
- Determine the services provided by the JOC, any JOC owned entity and the JOC Participants, including the authority to direct the opening, closing, expansion, reduction and/or consolidation of facilities or ministries, patient care and administrative services or other major changes in the operation of the JOC Participant;
- Approve the sale, transfer or other disposition of any real property or other material assets of the JOC, any JOC owned entity or any JOC Participant, or the merger or consolidation of the JOC, any JOC owned entity or any of the JOC Participants;
- Approve the acquisition of any real estate or any material personal property by the JOC, any JOC owned entity or any JOC Participant;
- Develop and approve the charge master and pricing, payor contracting, and contracting arrangements with payors for the services rendered by the JOC, the JOC owned entities and the JOC Participants;
- Approve and adopt the charity care and/or patient financial assistance policies and procedures for the JOC, any JOC owned entity, and the JOC Participants;
- Determine and approve the clinical policies, procedures, metrics and standards for the JOC, the JOC owned entities and the JOC Participants, subject to such approval by the applicable medical staffs as may be required under applicable medical staff bylaws;
- Approve any change in the naming or branding of the JOC, any JOC owned entity, any JOC Participant or their respective facilities and ministries, businesses and/or service lines; and
- Determine and approve the appropriate scope of decision-making authority, power and discretion to be delegated to the JOC chief executive officer, the JOC Participants and/or management of the JOC.



## ***Participating Ministry Agreement***

The Participating Ministry Agreement is made and entered into by and between Sacred Trust Network and St. Joseph Health System Northern California. Major provisions of the Participating Ministry Agreement include, but are not limited to, delegating to the JOC authority and power for the following:

- Approve and adopt annual operating and capital budgets and strategic plans with respect to the Participating Ministry<sup>17</sup>;
- Determine the services provided by the Participating Ministry, including the authority to direct the opening, closing, expansion, reduction and/or consolidation of facilities or ministries, patient care and administrative services or other major changes in the operation of the Participating Ministry;
- Approve the sale, transfer or other disposition of any material real property or other material assets of the Participating Ministry;
- Approve the transfer or issuance of any ownership or membership interest in the Participating Ministry;
- Develop and approve the charge master and pricing, the payor contracting strategy and contracting arrangements with third-party payors for the services rendered by the Participating Ministry;
- Approve and adopt the charity care and/or patient financial assistance policies and procedures for the Participating Ministry;
- Determine and approve the clinical policies, procedures, metrics and standards for the Participating Ministry, subject to such approval by the medical staffs as may be required under the applicable medical staff bylaws;
- Approve the acquisition of any real estate or any material personal property by the Participating Ministry;
- Determine and approve the appropriate scope of decision-making authority, power, and discretion to be delegated to the Participating Ministry when necessary; and
- Activities of the Participating Ministries are subject to the Directives and to Catholic teaching. The Participating Ministries will continue to be Catholic institutions and affiliates of St. Joseph Health System. The Participating Ministries will carry out the

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<sup>17</sup> Participating Ministry refers to St. Joseph Health Northern California, LLC (which owns and operates Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, Redwood Memorial Hospital of Fortuna, and St. Joseph Home Care Network).

mission of St. Joseph Health and will comply with the mission, canonical or civil legal obligations of St. Joseph Health. Neither the JOC nor the JOC Board will exercise any control over the Participating Ministries which would cause the Participating Ministries to violate the mission, canonical or legal obligations of St. Joseph Health or the Participating Ministries.

### ***Participating Entity Agreement***

The Participating Entity Agreement is made and entered into by and between Sacred Trust Network and each of Adventist Health's Participating Entities. Major provisions of the Participating Entity Agreement include, but are not limited to, delegating to the JOC authority and power for the following:

- Approving and adopting annual operating and capital budgets and strategic plans with respect to Adventist Health Participating Entity;
- Determining the services provided by the Adventist Health Participating Entity, including the authority to direct the opening, closing, expansion, reduction and/or consolidation of facilities or ministries, patient care and administrative services or other major changes in the operation of the Adventist Health Participating Entity;
- Approving the sale, transfer or other disposition of any material real property or other material assets of the Adventist Health Participating Entity;
- Approving the transfer or issuance of any ownership or membership interest in the Adventist Health Participating Entity;
- Developing and approving the charge master and pricing, the payor contracting strategy and contracting arrangements with third-party payors for the services rendered by Adventist Health Participating Entity;
- Approving and adopting the charity care and/or patient financial assistance policies and procedures for the Adventist Health Participating Entity;
- Determining and approving the clinical policies, procedures, metrics and standards for the Adventist Health Participating Entity, subject to such approval by the medical staff as may be required under the medical staff bylaws;
- Approving the acquisition of any real estate or any material personal property by the Adventist Health Participating Entity;

- Determining and approving the appropriate scope of decision-making authority, power, and discretion to be delegated to the Adventist Health Participating Entity when necessary; and
- The activities of the Adventist Health Participating Entities are not subject to, and will not become subject to, the Directives, the Statement of Common Values or Catholic teaching. The Adventist Health Participating Entities will continue to be Adventist institutions and part of Adventist Health. The Adventist Health Participating Entities will carry out the mission of Adventist Health and will continue to comply with and adhere to the values, guidelines and corporate and system-wide policies of the Seventh-day Adventist Church and Adventist Health, including policies to ensure that a substantial proportion of management level employees at the Adventist Health Participating Entities are members in regular standing of the Seventh-day Adventist Church. Neither the JOC nor the JOC Board will exercise any power or control over the Adventist Health Participating Entities which would cause the Adventist Health Participating Entities to violate the beliefs, mission, or legal obligations of the Seventh-day Adventist Church, Adventist Health or the Adventist Health Participating Entities. In order to preserve the Adventist Health culture and mission, hiring at the department director level and above with respect to the Adventist Health Participating Entities shall be conducted at the respective Adventist Health Participating Entities by an individual designated by the chief executive officer of the Adventist Health Participating Entities. Policies shall be implemented to ensure that a substantial proportion of management level employees and above of the Adventist Health Participating Entities are members in regular standing of the Seventh-day Adventist Church.

### ***Use of Net Sale Proceeds***

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

## Profile of Adventist Health

Adventist Health is a faith-based, nonprofit, integrated health delivery system headquartered in Roseville, California, that operates healthcare facilities located in California, Hawaii and Oregon. Adventist Health operates:

- 21 Hospitals with more than 3,100 beds;
- More than 290 clinics and outpatient centers;
- Over 60 rural health clinics;
- 13 home care agencies;
- Seven hospice agencies; and
- Four joint-venture retirement centers.

Adventist Health's hospitals are grouped into four regions:

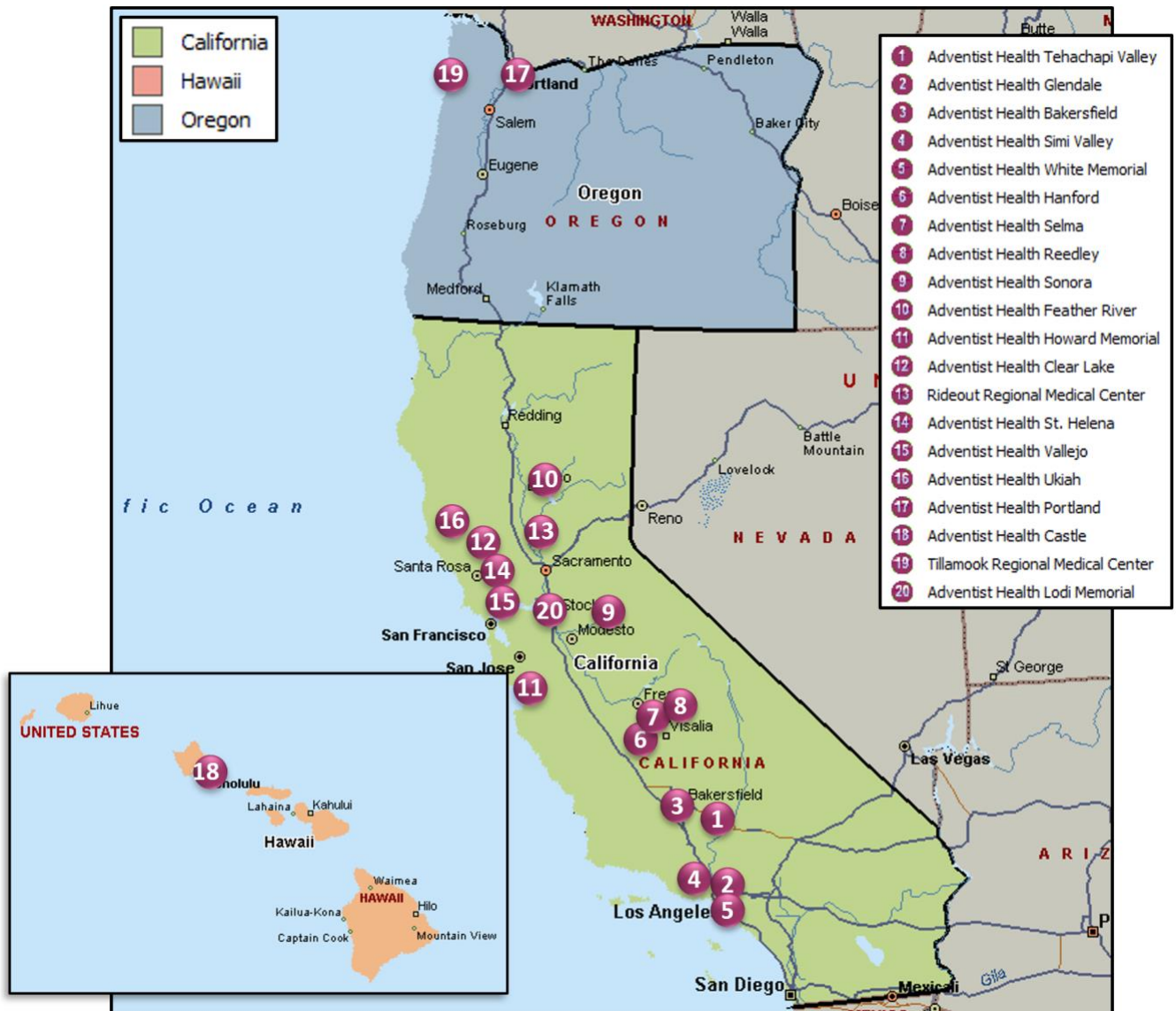
- Southern California Region:
  - Adventist Health Tehachapi Valley (Tehachapi, CA);
  - Adventist Health Glendale (Glendale, CA);
  - Adventist Health Bakersfield (Bakersfield, CA);
  - Adventist Health Simi Valley (Simi Valley, CA);
  - Adventist Health White Memorial (Los Angeles, CA);
- Central California Region
  - Adventist Health Hanford (Hanford, CA);
  - Adventist Health Selma (Selma, CA);
  - Adventist Health Reedley (Reedley, CA);
  - Adventist Health Sonora (Sonora, CA);
  - Adventist Health Tulare (Tulare, CA);
- Northern California Region
  - Adventist Health Feather River (Paradise, CA)<sup>18</sup>;
  - Adventist Health Lodi Memorial (Lodi, CA);
  - Adventist Health Howard Memorial (Willits, CA);
  - Adventist Health Clear Lake (Clearlake, CA);
  - Adventist Health and Rideout (Marysville, CA);
  - Adventist Health St. Helena (St. Helena, CA);
  - Adventist Health Vallejo (Vallejo, CA);

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<sup>18</sup> Adventist Health Feather River was severely damaged by the Camp Fire, the largest wildfire in U.S. history that burned at least 153,336 acres and destroyed at least 19,000 buildings. While Adventist Health Feather River is expected to remain closed, the Adventist Health reopened Adventist Health Feather River Health Center in December, 2018, and reopened its pharmacy in January, 2019.

- Adventist Health Ukiah Valley (Ukiah, CA);
- Pacific Northwest Region
  - Adventist Health Portland (Portland, OR);
  - Adventist Health Castle (Kailua, HI); and
  - Adventist Health Tillamook (Tillamook, OR).

The location of Adventist Health’s hospitals, covering California, Hawaii, and Oregon, is shown on the map below.



Adventist Health has relationships with more than 5,200 physicians with over 1,400 either employed or under contract. The Adventist Health Physicians Network (“AHPN”), a licensed 1206(l) Medical Foundation<sup>19</sup> used for physician recruitment and alignment purposes, currently involves more than 220 physicians. Adventist Health has a commitment to medical education with residency programs at a number of facilities including programs for family practice, internal medicine, podiatry, and obstetrics/gynecology.

In addition, Adventist Health has a number of joint ventures and other arrangements between its facilities and the local medical staff.

Adventist Health operates one of the largest hospital-based rural health clinic programs in the country with more than 50 clinics. These clinics vary in size from small, one or two provider offices to larger facilities with primary care, specialty care, dental care, behavioral health services, perinatal services, and other services.

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<sup>19</sup> An organization operated by a nonprofit corporation exempt from federal income taxation under paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code of 1954, as amended, or a statutory successor thereof, that conducts medical research and health education and provides health care to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than 10 board-certified specialties, and not less than two-thirds of whom practice on a full-time basis.

## Key Statistics

Combined statistics for Adventist Health's hospitals include the following:

Adventist Health Key Statistics		
	FY 2016	FY 2017
Patient Days	575,914	537,806
Discharges	129,752	117,976
Average Length of Stay	4.4	4.6
Average Daily Census	1,578	1,473
Licensed Beds	2,819	2,431
Occupancy	56.0%	60.6%

Source: Adventist Health Consolidated Financial Statements FY 2016 - FY 2017

Excludes: Adventist Health Tulare

- Patient days decreased by 7.1% from 575,914 days in FY 2016 to 537,806, days in FY 2017;
- Inpatient discharges have declined by approximately 10% from 129,752 in FY 2016 to 117,976 in FY 2017; and
- In FY 2017, Adventist Health operated a total of 2,431 licensed beds with an average occupancy rate of 60.6%.

## Payer Mix

In FY 2017, Adventist Health’s California hospitals combined payer mix consisted of predominantly Medicare (49%) and Medi-Cal (33%) patients. The remaining 18% of Adventist Health’s inpatient discharges were comprised of Commercial (17%) and Other Payers (1%).

Payer Mix Comparison, FY 2017				
Payer Mix	Adventist Health (California) Discharges		California Discharges	
	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	12,742	10.8%	379,332	13.2%
Medi-Cal Managed Care	26,062	22.1%	611,389	21.3%
<b>Medi-Cal Total</b>	<b>38,804</b>	<b>32.9%</b>	<b>990,721</b>	<b>34.6%</b>
Medicare Traditional	47,736	40.5%	821,181	28.7%
Medicare Managed Care	10,031	8.5%	321,579	11.2%
<b>Medicare Total</b>	<b>57,767</b>	<b>49.0%</b>	<b>1,142,760</b>	<b>39.9%</b>
Third-Party Traditional	4,519	3.8%	95,981	3.3%
Third-Party Managed Care	15,836	13.4%	574,058	20.0%
<b>Third-Party Total</b>	<b>20,355</b>	<b>17.3%</b>	<b>670,039</b>	<b>23.4%</b>
Other Payers	998	0.8%	40,046	1.4%
Other Indigent	52	0.0%	14,881	0.5%
County Indigent	0	0.0%	6,746	0.2%
<b>Other Total</b>	<b>1,050</b>	<b>0.9%</b>	<b>61,673</b>	<b>2.2%</b>
<b>Total</b>	<b>117,976</b>	<b>100%</b>	<b>2,865,193</b>	<b>100%</b>

Source: OSHPD Discharge Report  
Excludes: Adventist Health Tulare

- Adventist Health serves a significantly higher percentage of Medicare inpatients than California hospitals overall (49% versus 40%); and
- Adventist Health serves a lower amount of Third-Party Total inpatients than California hospitals overall (17% versus 23%).



## Adventist Health Financial Profile

The table below shows Adventist Health's combined audited financial statements, for California, Oregon, Washington, and Hawaii, for Fiscal Year (FY) 2016 and FY 2017.

Adventist Health Consolidated Statements of Operations and Changes in Net Assets FY 2016 - FY 2017 (In Thousands)		
Unrestricted revenues and support:	FY 2016	FY 2017
Net Patient Service Revenue	\$3,642,451	\$3,809,674
Less Provision for Bad Debts	(92,271)	(85,269)
Net Patient Service Revenue Less Provision for Bad -Debts	3,550,180	3,724,405
Premium Revenue	161,231	199,423
Other Revenue	164,473	178,670
Net Assets Released from Restrictions for Operations	13,311	12,024
<b>Total Unrestricted Revenues and Support</b>	<b>\$3,889,195</b>	<b>\$4,114,522</b>
<b>Expenses:</b>		
Employee Compensation	\$1,823,168	\$1,888,093
Professional Fees	398,309	431,327
Supplies	498,070	506,232
Purchased Services and Other	775,673	874,746
Interest	45,585	45,151
Depreciation and Amortization	165,604	165,024
<b>Total Expenses</b>	<b>\$3,706,409</b>	<b>\$3,910,573</b>
Income from Operations	182,786	203,949
<b>Nonoperating Income (Loss):</b>		
Investment Income	17,732	25,516
Loss on Early Extinguishment of Debt	(31,459)	-
Other Non-operating Gains	-	319
<b>Total Non-operating Income (Loss)</b>	<b>(\$13,727)</b>	<b>\$25,835</b>
<b>Excess of Revenues Over Expenses from Continuing Operations</b>	<b>\$169,059</b>	<b>\$229,784</b>

Source: Adventist Health Consolidated Financial Statements FY 2016 - FY 2017

- Total unrestricted revenue and support increased by 5.7% from \$3.9 billion in FY 2016 to \$4.1 billion in FY 2017;
- Total expenses increased by 4.4% from \$3.7 billion in FY 2016 to \$3.9 billion in FY 2017; and
- Excess of revenues over expenses from continuing operations increased from \$169.1 million in FY 2016 to \$229.8 million in FY 2017.

## St. Joseph Health Overview

St. Joseph Health is a Catholic nonprofit healthcare system previously sponsored by the Sisters of St. Joseph of Orange. Its early beginnings date back to 1912 when a handful of Midwestern religious women, who became the Sisters of St. Joseph of Orange, traveled across the country to open a school and eventually a small hospital in the lumber town of Eureka, Calif. The Health System operates ten hospitals in California - four of which are in Northern California and are projected to be participants in the Sacred Trust Network. Effective as of July 1, 2016, St. Joseph Health became a part of Providence St. Joseph Health, a new organization created by Providence Health & Services and St. Joseph Health with 41 hospitals. Collectively, Providence St. Joseph Health, headquartered in Renton, Washington that is governed by a council made up of members of its two sponsoring ministries: Providence Ministries and St. Joseph Health Ministry.



- Southern California Region:

- St. Joseph Hospital of Orange, Orange, California;
- St. Jude Hospital, Inc. (dba St. Jude Medical Center), Fullerton, California;
- Mission Hospital Regional Medical Center (dba Mission Hospital), Mission Viejo, California, and Laguna Beach, California;
- St. Mary Medical Center, Apple Valley, California;

- Hoag Memorial Hospital Presbyterian, Newport Beach, California, and Irvine, California;
- Northern California Region
  - Queen of the Valley Medical Center, Napa, California;
  - Santa Rosa Memorial Hospital, Santa Rosa, California;
  - SRM Alliance Hospital Services (dba Petaluma Valley Hospital), Petaluma, California (not part of the Sacred Trust Network);
  - St. Joseph Hospital of Eureka, Eureka, California;
  - Redwood Memorial Hospital, Fortuna, California;
- Texas Region
  - Covenant Health System (dba Covenant Medical Center – Lakeside and Covenant Medical Center), Lubbock, Texas;
  - Methodist Children’s Hospital (dba Covenant Children’s Hospital), Lubbock, Texas;
  - Methodist Hospital Levelland (dba Covenant Levelland), Levelland, Texas; and
  - Methodist Hospital Plainview (dba Covenant Hospital Plainview), Plainview, Texas.

**Key Statistics**

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

St. Joseph Health (California) Key Statistics		
	FY 2016	FY 2017
Patient Days	561,480	581,859
Discharges	132,683	136,316
Average Length of Stay	4.2	4.3
Average Daily Census	1,538	1,594
Licensed Beds	2,861	2,869
Occupancy	58.0%	55.6%

Source: OSHPD Discharge Reports

- From FY 2016 to FY 2017, patient days increased by approximately 4%; from 561,480 in FY 2016 to 581,859 in FY 2017;
- In FY 2017, the St. Joseph Health facilities in California operated a total of 2,869 licensed beds with an average occupancy rate of approximately 56% and an average daily census of 1,594 patients; and
- From FY 2016 to FY 2017, total inpatient discharges increased 3% from 132,683 in FY 2016 to 136,316 in FY 2017.

## Payer Mix

In FY 2017, St. Joseph Health's California hospitals combined payer mix consisted of predominantly Medicare (47%) and Third-Party (30%). The remaining 22% of St. Joseph Health's inpatient discharges were comprised of Medi-Cal (20%) and Other Payers (2%).

Payer Mix Comparison, FY 2017				
Payer Mix	St. Joseph Health (California) Discharges		California Discharges	
	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	7,688	5.6%	379,332	13.2%
Medi-Cal Managed Care	19,690	14.4%	611,389	21.3%
<b>Medi-Cal Total</b>	<b>27,378</b>	<b>20.0%</b>	<b>990,721</b>	<b>34.5%</b>
Medicare Traditional	45,390	33.3%	821,181	28.7%
Medicare Managed Care	19,243	14.1%	321,579	11.2%
<b>Medicare Total</b>	<b>64,633</b>	<b>47.4%</b>	<b>1,142,760</b>	<b>39.9%</b>
Third-Party Managed Care	38,467	28.2%	574,058	20.0%
Third-Party Traditional	2,764	2.0%	95,981	3.3%
<b>Third-Party Total</b>	<b>41,231</b>	<b>30.2%</b>	<b>670,039</b>	<b>23.3%</b>
Other Payers	2,485	1.8%	40,046	1.4%
Other Indigent	572	0.4%	14,881	0.5%
County Indigent	17	0.0%	6,746	0.2%
<b>Other Total</b>	<b>3,074</b>	<b>2.2%</b>	<b>61,673</b>	<b>2.1%</b>
<b>Total</b>	<b>136,316</b>	<b>100%</b>	<b>2,865,193</b>	<b>100%</b>

Source: OSHPD Discharge Report

## St. Joseph Health Financial Profile

Effective July 1, 2016, St. Joseph Health and Providence Health and Services became a new organization, Providence St. Joseph Health. Thus, the financials reflected below are of this new combined organization comprised of 41 hospitals. The table below shows the audited combined financial statement for Providence St. Joseph Health from FY 2016 and FY 2017.

PROVIDENCE ST. JOSEPH HEALTH Combined Statements of Operations FY 2016 - FY 2017 (In Millions)		
Operating revenues:	FY 2016	FY 2017
Net patient service revenues	\$14,972	\$18,136
Provision for bad debts	-203	-269
Net patient service revenues less provision for bad debt	14,769	17,867
Premium revenues	2,240	2,745
Capitation revenues	865	1,334
Other revenues	1,005	1,217
<b>Total operating revenues</b>	<b>\$18,879</b>	<b>\$23,163</b>
Operating expenses:		
Salaries and benefits	\$9,599	\$11,464
Supplies	2,788	3,390
Purchased healthcare services	1,917	2,539
Interest, depreciation, and amortization	1,066	1,307
Purchased services, professional fees, and other	3,758	4,460
<b>Total operating expenses</b>	<b>\$19,128</b>	<b>\$23,160</b>
Excess (deficit) of revenues over expenses from operations	-249	3
Net non-operating gains (losses):		
Contributions from affiliations	5,167	-
Loss on extinguishment of debt	-60	0
Investment income, net	403	882
Other	-30	-105
<b>Total net non-operating gains</b>	<b>\$5,480</b>	<b>\$777</b>
<b>Excess of revenues over expenses</b>	<b>\$5,231</b>	<b>\$780</b>

Source: Providence St. Josephs Health System Consolidated Financial Statements, FY 2016 and FY 2017 (KPMG)

- Total operating revenue increased by 23% from \$18.9 billion in FY 2016 to \$23.2 billion in FY 2017;
- Total operating expenses increased by 21% from \$19.1 billion in FY 2016 to \$23.2 billion in FY 2017; and
- Excess of revenues over expenses decreased from \$5.2 billion in FY 2016 to \$780 million in FY 2017.

## Profile of Adventist Health St. Helena

### Overview of Adventist Health St. Helena

Adventist Health operates Adventist Health St. Helena, a 151 licensed-bed general acute care facility, located at 10 Woodland Rd, in St. Helena, California. Adventist Health St. Helena has a “standby” emergency department<sup>20</sup> with 16 licensed treatment stations. It also has seven surgical operating rooms and two cardiac catheterization labs.

BED DISTRIBUTION 2019	
Bed Type	Number of Beds
General Acute Care	132
Intensive Care	12
Perinatal	7
<b>Total Licensed Beds</b>	<b>151</b>

Source: Hospital License 2019

### Key Statistics

KEY STATISTICS: FY 2014 - FY 2017				
	FY 2014	FY 2015	FY 2016	FY 2017
Inpatient Discharges	5,037	4,870	6,033	7,769
Licensed Beds	151	151	144	152
Patient Days	22,038	21,709	27,676	27,706
Average Daily Census	60	59	76	76
Occupancy	40.0%	39.4%	52.7%	49.9%
Average Length of Stay	4.4	4.5	4.6	3.6
Emergency Services Visits <sup>1</sup>	7,755	8,757	8,325	8,147
Cardiac Catheterization Procedures <sup>1</sup>	2,088	2,015	2,127	2,509
Coronary Artery Bypass Graft (CABG) Surgeries <sup>1</sup>	176	120	113	96
Total Live Births	256	248	225	209

Sources: OSHPD Disclosure Reports, FY 2014-2017

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

For FY 2017, Adventist Health St. Helena had a total of 7,769 inpatient discharges, 27,706 patient days, and an average daily census of 76 patients (approximately 50% occupancy on the total licensed beds).

- Since FY 2014, both inpatient discharges and patient days have increased by approximately 54% and 26%, respectively;

<sup>20</sup> A “standby” emergency department provides emergency medical care in a specifically designated part of a hospital that is staffed by a licensed on-call physician and registered nurse, at all times.

- In FY 2017, Adventist Health St. Helena reported 8,123 emergency department visits, a 4% increase from FY 2014;
- In FY 2017, Adventist Health St. Helena reported 2,509 cardiac catheterization procedures and 96 coronary artery bypass graft surgeries; and
- Total live births at Adventist Health St. Helena have decreased by 18% from 256 in FY 2014 to 209 in FY 2017.

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

Adventist Health St. Helena is accredited for three years by The Joint Commission, effective February 2016. Over the years, Adventist Health St. Helena received several awards and accolades including the following:

- Advanced Certification for Total Hip and Total Knee Replacement: Adventist Health St. Helena received this award on January 1, 2017. The award focuses on transitions of care from the pre-surgical orthopedic consultation to the intraoperative, hospital or ambulatory surgical center admission, rehabilitation activities and follow up visits with the orthopedic surgeon; and
- Collaborative Alliance for Nursing Outcomes (CALNOC): Adventist Health St. Helena received performance excellence awards for reducing hospital acquired conditions in 2016. Adventist Health St. Helena received two awards in preventing Methicillin-Resistant Staphylococcus Aureus (MRSA) Infections and Preventing Moderate + Injury Falls.

### ***Quality Measures***

The Hospital Value-Based Purchasing Program, established by the 2010 Federal Patient Protection and Affordable Care Act (ACA) in 2012, encourages hospitals to improve the quality and safety of care. The Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payments and payment reductions by determining hospital performance on four domains that reflect hospital quality: the clinical process of care and outcomes domain, the patient and caregiver centered experience of care/care coordination domain, the safety domain, and the efficiency and cost reduction domain. For FY 2018 and FY 2019, the Centers for Medicare & Medicaid services are increasing payments to Adventist Health St. Helena by 0.08% and 0.07% respectively.

According to the Centers for Medicare & Medicaid Services' Hospital Compare, Adventist Health St. Helena's overall hospital quality rating is three out of five stars. This is based on Adventist Health St. Helena's performance compared to all hospitals across the nation for the seven categories that comprise Hospital Compare's overall quality rating, including mortality,

safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.

QUALITY MEASURES	
Condition/Procedure	National Average
Mortality	Same as the national average
Safety of Care	Above the national average
Readmission	Above the national average
Patient Experience	Same as the national average
Effectiveness of Care	Same as the national average
Timeliness of Care	Same as the national average
Efficient Use of Medical Imaging	Same as the national average

Source: Data.medicare.gov Hospital Compare, April 2019

The Hospital Readmissions Reduction Program<sup>21</sup>, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following three applicable conditions: heart attack, heart failure, and pneumonia. The penalty is administered by reducing all of a hospital’s reimbursement payments under the Medicare program by a certain percentage for the entire year.

In FY 2018, Adventist Health St. Helena will be penalized with a 0.23% reduction in reimbursement. In FY 2019, Adventist Health St. Helena will be penalized with 0.14% reduction in reimbursement. The following graph shows Adventist Health St. Helena’s 30-day readmission rates for chronic obstructive pulmonary disease, heart attack, heart failure, pneumonia, and all causes hospital-wide.

30-DAY READMISSION RATES		
Condition/Procedure	Adventist Health St. Helena	National Average
Chronic Obstructive Pulmonary Disease	18.7%	19.6%
Heart Attack	16.5%	16.0%
Heart Failure	21.4%	21.7%
Pneumonia	16.1%	16.7%
Hospital-Wide	15.3%	15.3%

Source: Medicare.gov Hospital Compare, July 2018

<sup>21</sup> The formula for determining hospital reimbursement payments under the Hospital Readmissions Reduction Program is complicated, varies by hospital and geographic location, and may not correspond directly to state and national hospital averages.



## Seismic Issues

Using the HAZUS seismic criteria<sup>22</sup>, Adventist Health St. Helena’s structures subject to seismic compliance have been classified according to the California Senate Bill 1953 Seismic Safety Act for the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC), as shown in the table below. These classifications require that Adventist Health St. Helena’s structures undergo construction to comply with the California Office of Statewide Health Planning and Development’s seismic safety standards.

SEISMIC OVERVIEW		
Building	SPC	NPC
	Compliance Rating	Compliance Rating
Main Wing & Smoking Porch Addition	SPC-2	NPC-2
East Wing	SPC-2	NPC-2
Ancillary Wing	SPC-4	NPC-2
Generator Building	SPC-4	NPC-2
Health Center	SPC-2	NPC-2
Chiller Plant	SPC-5s	NPC-4

Source: OSHPD

"S" indicates self-reported by hospital

- Adventist Health St. Helena has three buildings that are rated as SPC-2. These buildings must be seismically retrofitted by January 1, 2030 in order to continue providing acute care services;
- Adventist Health St. Helena has two buildings rated as SPC-4. These buildings are in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act (SBC 1953). Buildings in this category will have been constructed, or reconstructed, under a building permit obtained through OSHPD and may be used for inpatient services through to January 1, 2030, and beyond;
- Adventist Health St. Helena has one building rated as SPC-5. Buildings in this category will have been constructed or reconstructed under a building permit obtained through OSHPD. These buildings may be used without restriction to January 1, 2030, and beyond;
- Adventist Health St. Helena has five buildings rated as NPC-2. The following systems including: communication systems, emergency power supply, bulk medical gas systems, fire alarm systems and emergency lighting equipment for the building are either anchored in accordance with the Part 2, Title 24 of the California Building Code or approved by the Department of General Services, Office of Architecture and Construction, Structural Safety Section; and

<sup>22</sup> OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

- Adventist Health St. Helena has two buildings rated as NPC-4. These building meets the criteria for NPC-3 and all architectural, mechanical, electrical systems, components and equipment, and hospital equipment meet the bracing and anchorage requirements of Part 2, Title 24 of the California Building Code. This category for this classification is used for the purposes of the Office of Emergency Services. The deadline to meet the requirement is January 1, 2020 or 2030 depending on the Seismic Design Category and extension request requirements.

### ***Patient Utilization Trends***

The following table shows volume trends at Adventist Health St. Helena from FY 2013 through FY 2017:

<b>SERVICE VOLUMES: FY 2013-2017</b>					
<b>PATIENT DAYS</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Medical/Surgical	13,750	12,719	12,669	15,351	14,644
Intensive Care	2,706	3,063	2,919	2,856	2,689
Obstetrics	575	614	590	548	487
Psychiatric Acute	5,642	5,642	5,531	8,921	9,886
<b>Total</b>	<b>22,673</b>	<b>22,038</b>	<b>21,709</b>	<b>27,676</b>	<b>27,706</b>
<b>DISCHARGES</b>					
Medical/Surgical	4,239	3,741	3,766	4,339	5,482
Intensive Care	158	254	246	597	744
Obstetrics	269	267	246	231	272
Psychiatric Acute	714	775	612	866	1,271
<b>Total</b>	<b>5,380</b>	<b>5,037</b>	<b>4,870</b>	<b>6,033</b>	<b>7,769</b>
<b>AVERAGE LENGTH OF STAY</b>					
Medical/Surgical	3.2	3.4	3.4	3.5	2.7
Intensive Care	17.1	12.1	11.9	4.8	3.6
Obstetrics	2.1	2.3	2.4	2.4	1.8
Psychiatric Acute	7.9	7.3	9.0	10.3	7.8
<b>Overall Average</b>	<b>4.2</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>	<b>3.6</b>
<b>AVERAGE DAILY CENSUS</b>					
Medical/Surgical	37.7	34.8	34.7	42.1	40.1
Intensive Care	7.4	8.4	8.0	7.8	7.4
Obstetrics	1.6	1.7	1.6	1.5	1.3
Psychiatric Acute	15.5	15.5	15.2	24.4	27.1
<b>Total</b>	<b>62.1</b>	<b>60.4</b>	<b>59.5</b>	<b>75.8</b>	<b>75.9</b>
<b>OTHER SERVICES</b>					
Inpatient Surgeries	2,109	2,210	2,218	2,538	2,950
Outpatient Surgeries	3,510	3,494	3,555	4,052	3,688
Emergency Services Visits <sup>1</sup>	7,545	7,755	8,757	8,325	8,147
Obstetric Deliveries	231	256	248	225	209

Sources: OSHPD Disclosure Reports, FY 2013-2017

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

A review of historical utilization trends supports the following conclusions:

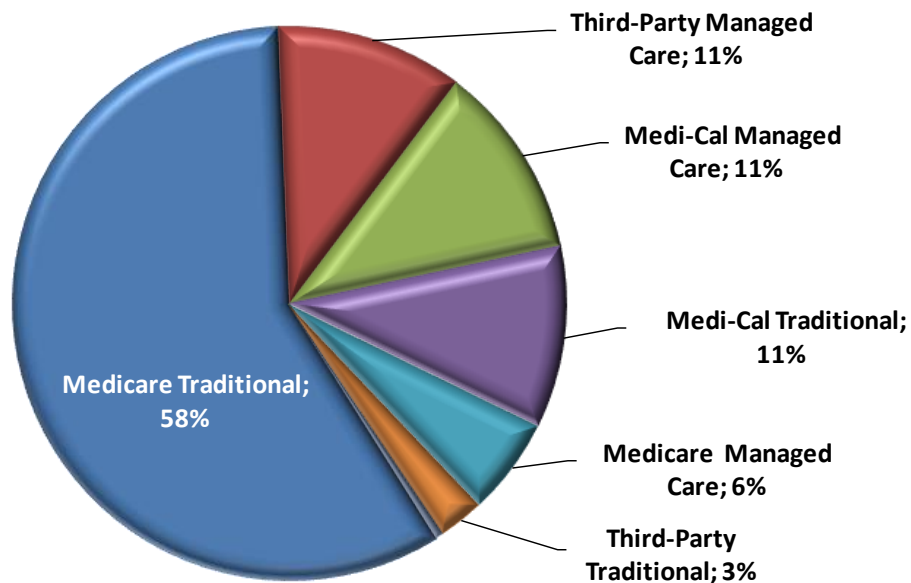
- Total patient days have increased by 22% over the five-year period;

- Inpatient discharges have increased 44% from 5,380 in FY 2013 to 7,769 in FY 2017;
- The average daily census has increased by 22% from 62 patients in FY 2013 to 76 patients in FY 2017; and
- Deliveries have decreased 10% from 231 births in FY 2013 to 209 births in FY 2017, however overall obstetric discharges remained relatively constant.

***Payer Mix***

In FY 2017, approximately 64% of Adventist Health St. Helena’s inpatient discharges consisted of Medicare Traditional (58%) and Medicare Managed Care (6%) patients. Approximately 14% of Adventist Health St. Helena’s inpatient discharges consisted of Third-Party Managed Care (11%) and Third-Party Traditional (3%) patients. The remaining 22% of the inpatient discharges consisted of Medi-Cal Managed Care (11%), and Medi-Cal Traditional (11%).

**Adventist Health St. Helena Payer Mix, FY 2017**



**Total Discharges = 7,769**

Source: OSHPD Financial Disclosure Report, FY 2017 (based on inpatient discharges).

The following table shows Adventist Health St. Helena’s inpatient discharge payer mix compared to Napa County and the State of California for FY 2017. The comparison shows that Adventist Health St. Helena has higher percentages of Medicare Traditional and lower percentages of Third-Party Managed Care and Medi-Cal Managed Care relative to all hospitals in Napa County and California.

PAYER MIX COMPARISON						
	Adventist Health St. Helena (FY 2017)		Napa County (FY 2017)		California (FY 2017)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi - Cal Traditional	827	10.6%	1,250	8.7%	379,332	13.2%
Medi - Cal Managed Care	882	11.4%	1,936	13.5%	611,389	21.3%
<b>Medi-Cal Total</b>	<b>1,709</b>	<b>22.0%</b>	<b>3,186</b>	<b>22.3%</b>	<b>990,721</b>	<b>34.6%</b>
Medicare Traditional	4,525	58.2%	7,904	55.3%	821,181	28.7%
Medicare Managed Care	441	5.7%	749	5.2%	321,579	11.2%
<b>Medicare Total</b>	<b>4,966</b>	<b>63.9%</b>	<b>8,653</b>	<b>60.5%</b>	<b>1,142,760</b>	<b>39.9%</b>
Third - Party Traditional	209	2.7%	423	3.0%	95,981	3.3%
Third - Party Managed Care	849	10.9%	1,904	13.3%	574,058	20.0%
<b>Third-Party Total</b>	<b>1,058</b>	<b>13.6%</b>	<b>2,327</b>	<b>16.3%</b>	<b>670,039</b>	<b>23.4%</b>
Other Payers	36	0.5%	110	0.8%	40,046	1.4%
Other Indigent	0	0.0%	15	0.1%	14,881	0.5%
County Indigent	0	0.0%	0	0.0%	6,746	0.2%
<b>Other Total</b>	<b>36</b>	<b>0.5%</b>	<b>125</b>	<b>0.9%</b>	<b>61,673</b>	<b>2.2%</b>
<b>Total</b>	<b>7,769</b>	<b>100%</b>	<b>14,291</b>	<b>100%</b>	<b>2,865,193</b>	<b>100%</b>

Source: OSHPD Hospital Annual Financial Disclosure Reports, FY 2017

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

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

Napa County has a County Organized Health Systems model that offers one managed care plan. In the County Organized Health Systems model, the Department of Health Care Services contracts with a health plan created by the County Board of Supervisors. The percentage of Napa County residents with Medi-Cal Managed Care coverage has increased significantly as a result of the Affordable Care Act (ACA) and California initiatives to expand managed care. In Napa County, the County Organized Health Systems model is provided by Partnership Health Plan of California. Currently, Adventist Health is contracted with Partnership Health Plan of California to provide healthcare services for Medi-Cal Managed Care patients. The percentage of Napa County residents with Medi-Cal Managed Care coverage has increased significantly as a

result of the ACA and California initiatives to expand managed care. Since 2014, the Medi-Cal eligible count in Napa County has increased by 8% from 29,000 Medi-Cal eligibles in 2014 to 31,000 Medi-Cal eligibles in 2018.

**Medical Staff**

Adventist Health St. Helena has 156 medical staff members representing multiple specialties. The five largest specialties, comprising 46.6% of the medical staff, include: Internal Medicine, Psychiatry, Pediatric Medicine, Cardiovascular Disease and Anesthesiology.

<b>MEDICAL STAFF PROFILE</b>		
<b>Specialty</b>	<b>Count</b>	<b>% of Total</b>
Anesthesiology	11	7.1%
Cardiovascular Diseases	10	6.4%
Dermatology	4	2.6%
Diagnostic Radiology	5	3.2%
Gastroenterology	4	2.6%
General Surgery	6	3.8%
Internal Medicine	21	13.5%
Neurology	2	1.3%
Obstetrics and Gynecology	4	2.6%
Ophthalmology	4	2.6%
Orthopedic Surgery	4	2.6%
Otolaryngology	2	1.3%
Pathology	6	3.8%
Pediatric Medicine	11	7.1%
Physical medicine/Rehabilitation	3	1.9%
Plastic and Reconstructive Surgery	5	3.2%
Podiatry	3	1.9%
Psychiatry	21	13.5%
Pulmonary Disease	3	1.9%
Urology	2	1.3%
Vascular Surgery	1	0.6%
Other Specialties	24	15.4%
<b>Total</b>	<b>156</b>	<b>100.0%</b>

Source: OSHPD Disclosure Report, FY 2017

## Financial Profile

Over the five reported fiscal years, Adventist Health St. Helena's has consistently run at a net loss ranging from -\$1.2 million in FY 2017 to -\$12.2 million in FY 2015. Between FY 2013 and FY 2017, net patient revenue increased by 37% from \$168.0 million to \$229.5 million. Over the same period, Adventist Health St. Helena's total operating expenses increased by 34% from \$179.0 million to \$238.0 million. Other operating revenue, totaling nearly \$44.0 million over the five-year period, partially offset operating expenses. Other operating revenue represents amounts received for services that are central to the provision of healthcare services but are not directly related to patient care.

Adventist Health St. Helena's current ratio<sup>23</sup> has increased over the last five years from 0.86 in FY 2013 to 2.34 in FY 2017 (the California average in 2017 was 1.56). Adventist Health St. Helena's percentage of bad debt is approximately 0.2% and is lower than the California average of 0.8%.

FINANCIAL AND RATIO ANALYSIS: FY 2013-2017						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Patient Days	22,673	22,038	21,709	27,676	27,706	
Discharges	5,380	5,037	4,870	6,033	7,769	
ALOS	4.2	4.4	4.5	4.6	3.6	
Net Patient Revenue	\$168,001,229	\$176,220,120	\$179,594,108	\$219,893,686	\$229,531,865	
Other Operating Revenue	\$7,758,760	\$8,827,701	\$10,920,293	\$11,083,237	\$4,173,781	
Total Operating Revenue	\$175,759,989	\$185,047,821	\$190,514,401	\$230,976,923	\$233,705,646	
Operating Expenses	\$178,952,804	\$187,764,729	\$195,839,184	\$227,630,645	\$238,039,128	
Net from Operations	(\$3,192,815)	(\$2,716,908)	(\$5,324,783)	\$3,346,278	(\$4,333,482)	
Net Non-Operating Revenue	\$516,427	(\$5,402,083)	(\$6,830,861)	(\$6,897,486)	\$3,060,347	
<b>Net Income</b>	<b>(\$2,676,388)</b>	<b>(\$8,118,991)</b>	<b>(\$12,155,644)</b>	<b>(\$3,551,208)</b>	<b>(\$1,273,135)</b>	
						2017 California Average
Current Ratio	0.86	0.58	1.14	1.26	2.34	1.56
Days in A/R	63.0	58.6	71.9	57.4	41.9	56.9
Bad Debt Rate	0.5%	0.6%	0.4%	0.3%	0.2%	0.8%
Operating Margin	-1.82%	-1.47%	-2.79%	1.45%	-1.85%	2.52%

Source: OSHPD Disclosure Reports, FY 2013-2017

<sup>23</sup> The current ratio compares a company's total assets to its current liabilities to measure its ability to pay short-term and long-term debt obligations. A low current ratio of less than 1.0 could indicate that a company may have difficulty meeting its current obligations. The higher the current ratio, the more capable the company is of paying its obligations, as it has a larger proportion of assets relative to its liabilities.

### **Cost of Hospital Services**

Adventist Health St. Helena’s operating cost of services includes both inpatient and outpatient care. In FY 2017, approximately 59% of total costs were associated with Medicare patients, 24% with Third Party payers, and 16% with Medi-Cal patients. The remaining 1% is attributed to Other Indigent and Other Payers. In FY 2017, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

<b>COST OF SERVICES</b>					
<b>BY PAYER CATEGORY FY 2013-2017</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Operating Expenses</b>	<b>\$178,952,804</b>	<b>\$187,764,729</b>	<b>\$195,839,184</b>	<b>\$227,630,645</b>	<b>\$238,039,128</b>
<b>Cost of Services by Payer:</b>					
Medicare	\$99,207,342	\$103,418,534	\$109,068,386	\$132,832,994	\$141,337,859
Medi-Cal	\$21,533,413	\$36,768,260	\$35,666,323	\$36,121,904	\$38,593,693
County Indigent	\$7,339,642	\$363,609	\$39,320	\$4,038	\$0
Third Party	\$45,565,050	\$45,754,418	\$48,937,090	\$56,531,053	\$56,065,631
Other Indigent	\$920,361	\$14,072	\$78,462	\$1,253,406	\$0
Other Payers	\$4,386,996	\$1,445,836	\$2,049,602	\$887,250	\$2,041,946

Source: OSHPD Disclosure Reports, FY 2013-2017

## Charity Care

The following table shows a comparison of charity care and bad debt for Adventist Health St. Helena and all general acute care hospitals in the State of California. The five-year (FY 2013-2017) average of charity care and bad debt for Adventist Health St. Helena, as a percentage of gross patient revenue, was 1.2%. This is lower than the four-year statewide average of 2.6%. According to OSHPD, “the determination of what is classified as...charity care can be made by establishing whether or not the patient has the ability to pay. The patient’s accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account.”

CHARITY CARE COMPARISON CHARITY CARE - FY 2013 to FY 2017 (Thousands)											
	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	
Gross Patient Revenue	\$779,352	\$320,382,471	\$848,027	\$338,322,364	\$895,817	\$365,501,463	\$1,014,019	\$396,427,743	\$999,222	\$408,188,146	
Charity	\$8,284	\$6,563,487	\$3,280	\$5,113,965	\$5,731	\$3,441,227	\$5,584	\$3,457,868	\$12,174	\$2,864,615	
Bad Debt	\$4,152	\$5,891,632	\$5,554	\$4,365,936	\$3,945	\$3,262,642	\$3,286	\$3,108,971	\$1,986	\$2,762,692	
<b>Total</b>	<b>\$12,436</b>	<b>\$12,455,119</b>	<b>\$8,833</b>	<b>\$9,479,902</b>	<b>\$9,676</b>	<b>\$6,703,869</b>	<b>\$8,870</b>	<b>\$6,566,839</b>	<b>\$14,160</b>	<b>\$5,627,307</b>	
Charity as a % of Gross Rev.	1.1%	2.0%	0.4%	1.5%	0.6%	0.9%	0.6%	0.9%	1.2%	0.7%	
Bad Debt as a % of Gross Rev.	0.5%	1.8%	0.7%	1.3%	0.4%	0.9%	0.3%	0.8%	0.2%	0.7%	
Total as a % of Gross Rev.	1.6%	3.9%	1.0%	2.8%	1.1%	1.8%	0.9%	1.7%	1.4%	1.4	
<b>Uncompensated Care</b>											
Cost to Charge Ratio	22.0%	24.5%	21.1%	23.6%	20.6%	24.1%	21.4%	23.8%	23.4%	23.00%	
Cost of Charity	\$1,822	\$1,608,711	\$692	\$1,207,919	\$1,183	\$828,647	\$1,192	\$822,627	\$2,849	\$658,891	
Cost of Bad Debt	\$913	\$1,444,039	\$1,172	\$1,031,234	\$814	\$785,644	\$702	\$739,624	\$465	\$635,448	
<b>Total</b>	<b>\$2,736</b>	<b>\$3,052,750</b>	<b>\$1,864</b>	<b>\$2,239,153</b>	<b>\$1,997</b>	<b>\$1,614,292</b>	<b>\$1,894</b>	<b>\$1,562,251</b>	<b>\$3,314</b>	<b>\$1,294,339</b>	

Source: OSHPD Disclosure Reports, FY 2013-2017

The table below shows Adventist Health St. Helena’s historical costs for charity care as reported by OSHPD. Adventist Health St. Helena’s charity care costs have fluctuated from a low of \$692,009 in FY 2014 to a high of \$2.8 million in FY 2017. The average cost of charity care for the five-year period and three-year period was \$1.5 million and \$1.7 million, respectively.

COST OF CHARITY CARE			
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital
FY 2017	\$12,173,857	23.3%	\$2,834,074
FY 2016	\$5,583,508	21.4%	\$1,192,378
FY 2015	\$5,730,904	20.6%	\$1,183,001
FY 2014	\$3,279,602	21.1%	\$692,009
FY 2013	\$8,284,079	22.0%	\$1,819,697
<b>FY 2013 - FY 2017 Average</b>			<b>\$1,544,232</b>
<b>FY 2015 - FY 2017 Average</b>			<b>\$1,736,484</b>

Source: OSHPD Disclosure Reports, FY 2013-2017

In the written notice to the California Attorney General Adventist Health St. Helena and Adventist Health Vallejo reported the following combined distribution of charity care costs by inpatient, outpatient, and emergency room visits. Note that these totals are different than what the hospital reported to OSHPD. The hospital’s Charity Care and Discount Policy states that household income or qualifying assets must not be more than 200% of the federal poverty



level to receive free emergency and medically necessary care. Persons with family income between the 201% and 300% federal poverty level qualify to receive Discounted Care for emergency and medically necessary services at 50% of the Amount Generally Billed. Persons with family income between the 301% and 400% federal poverty level qualify to receive Discounted Care for emergency and medically necessary services at 75% of the Amount Generally Billed.

<b>COST OF CHARITY CARE BY SERVICE</b>				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2017:</b>				
Cost of Charity	\$85,553	\$34,781	\$4,065	\$124,399
Visits/Discharges	7,776	59,919	8,088	\$75,783
<b>2016:</b>				
Cost of Charity	\$815,235	\$340,001	\$37,143	\$1,192,379
Visits/Discharges	8,475	94,185	7,049	\$109,709
<b>2015:</b>				
Cost of Charity	\$800,184	\$342,035	\$40,781	\$1,183,000
Visits/Discharges	7,339	95,898	7,435	\$110,672
<b>2014:</b>				
Cost of Charity	\$453,061	\$216,933	\$22,014	\$692,008
Visits/Discharges	7,424	85,721	6,457	\$99,602
<b>2013:</b>				
Cost of Charity	\$1,229,851	\$530,866	\$61,636	\$1,822,353
Visits/Discharges	7,736	87,928	6,130	\$101,794

Source: Adventist Health

## Community Benefit Services

Over the last five fiscal years, Adventist Health St. Helena has provided several community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years was \$5,706,348.

ADVENTIST HEALTH ST. HELENA COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5-Year Average	Total
Benefits for Persons Living in Poverty	\$2,680,410	\$1,711,143	\$410,025	\$7,890,330	\$11,906,405	\$4,919,663	<b>\$24,598,313</b>
Benefits for Broader Community	\$697,527	\$530,577	\$1,591,720	\$219,056	\$894,547	\$786,685	<b>\$3,933,427</b>
<b>Total</b>	<b>\$3,377,937</b>	<b>\$2,241,720</b>	<b>\$2,001,745</b>	<b>\$8,109,386</b>	<b>\$12,800,952</b>	<b>\$5,706,348</b>	<b>\$28,531,740</b>

Source: Adventist Health

The following table lists Adventist Health St. Helena's community benefit services over the past five fiscal years that cost over \$10,000, followed by descriptions of these community benefit services:

COST OF COMMUNITY BENEFIT SERVICES FY 2014-2018					
Services over \$10,000 in cost:	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Health Needs Assessment	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Health Education	\$ 147,565	\$ 107,808	\$ -	\$ -	\$ 320,964
Generalizable Research	\$ 205,678	\$ 174,272	\$ -	\$ -	\$ -
Cash and In-Kind Contributions	\$ -	\$ 139,489	\$ 57,942	\$ 120,570	\$ 51,000
Workforce development	\$ -	\$ -	\$ -	\$ -	\$ -
Access and Transport	\$ 117,478	\$ -	\$ -	\$ -	\$ -
Community-based Clinical Health Services	\$ 16,719	\$ 22,655	\$ -	\$ 110,256	\$ -
Health Care Support Service	\$ -	\$ 134,483	\$ 92,953	\$ 100,000	\$ 80,000
Economic development	\$ -	\$ 10,772	\$ -	\$ -	\$ -
Workforce development	\$ -	\$ 234,829	\$ 241,192	\$ -	\$ -
Community Benefit Operations	\$ -	\$ -	\$ -	\$ -	\$ 99,323
Mental Health Education	\$ -	\$ -	\$ -	\$ -	\$ 10,641
Enrollment Assistance	\$ -	\$ -	\$ -	\$ -	\$ 368,556

Source: Adventist Health

Adventist Health St. Helena's community benefit services have supported several initiatives in the community as described below:

- **Health Care Support Service:** Adventist Health St. Helena provides an extensive integrative support group programs including Art Therapy, Bend, Stretch and Breathe classes, Food of Love classes, Look Good, and Feel Better Program for patients and family members impacted by cancer;

- Community Benefit Operations: Adventist Health St. Helena provides access to surgeries free to the underserved through a community partnership with Operation Access.
- Health Education for Community Members: Adventist Health St. Helena is an advocate for community education and provides educational seminars on a variety of topics including lifestyle, heart disease and joint care. Adventist Health St. Helena also hosts a series of education programs through its “Awaken Series” which focuses on cancer prevention and quality of life; and
- Cash Donation/Not for Profit Community Organizations: Financial support to local faith-based organizations, community organizations and educational organizations to feed, educate and house vulnerable community members.

### **Reproductive Health**

For CY 2017, Adventist Health St. Helena reported seven inpatient discharges related to reproductive health services. The following table lists inpatient reproductive health services by diagnostic related group (DRG) for CY 2017.

<b>REPRODUCTIVE HEALTH DISCHARGES</b>	
<b>DRG</b>	<b>Discharges</b>
767-Vaginal Delivery W Sterilization &/Or D&C <sup>1</sup>	5
777-Ectopic Pregnancy	1
770-Abortion W D&C, Aspiration Curettage or Hysterotomy	1
778-Threatened Abortion	0
779-Abortion W/O D&C	0
<b>Total</b>	<b>7</b>

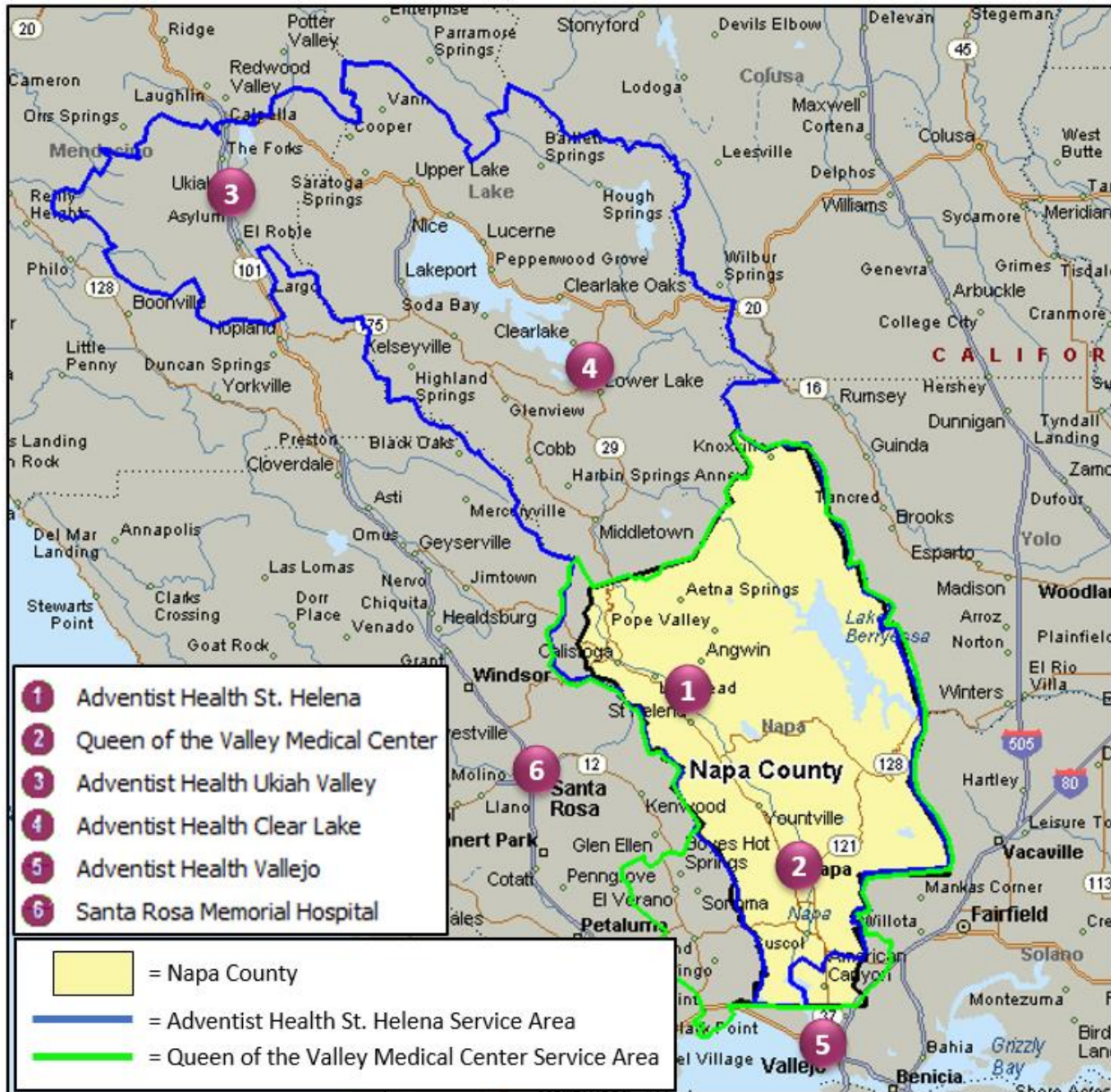
Source: CY 2017 OSHPD Patient Discharge Database

<sup>1</sup>D&C is an abbreviation for Dilation and Curettage

Out of the five diagnostic related groups, DRG 767-Vaginal Delivery with Sterilization has the highest number of reproductive health service inpatient discharges.

## Analysis of Adventist Health’s Hospital Market Share in Napa County

Napa County has over 143,000 residents and encompasses over 750 square miles. The map below shows the location of Adventist Health St. Helena and Queen of the Valley Medical Center and the two hospital’s respective service areas.



The following table lists hospitals where Napa County residents received inpatient care in calendar year (CY) 2017, the most recent data available from OSHPD, and their respective market share. Queen of the Valley Medical Center is the inpatient market share leader (44.2%) in Napa County.

NAPA COUNTY MARKET SHARE BY HOSPITAL CY 2017		
Hospital	CY 2017 Discharges	Market Share
<b>Queen of the Valley Medical Center</b>	<b>5,089</b>	<b>44.2%</b>
Kaiser Foundation Hospital - Rehabilitation Center Vallejo	2,359	20.5%
<b>Adventist Health St. Helena</b>	<b>1,060</b>	<b>9.2%</b>
UCSF Medical Center	408	3.5%
Kaiser Foundation Hospital - Vacaville	395	3.4%
Sutter Solano Medical Center	186	1.6%
Kaiser Foundation Hospital - Santa Rosa	183	1.6%
Kaiser Foundation Hospital - Oakland/Richmond	162	1.4%
Children's Hospital and Research Center at Oakland	139	1.2%
<b>Santa Rosa Memorial Hospital-Montgomery</b>	<b>124</b>	<b>1.1%</b>
<b>Adventist Health Vallejo</b>	<b>79</b>	<b>0.7%</b>
John Muir Medical Center-Walnut Creek Campus	78	0.7%
California Pacific Med Ctr-Pacific Campus	70	0.6%
UC Davis Medical Center	64	0.6%
North Bay Medical Center	58	0.5%
Crestwood Solano Psychiatric Health Facility	51	0.4%
Kaiser Foundation Hospital - San Francisco	44	0.4%
Sutter Santa Rosa Regional Hospital	34	0.3%
Stanford Health Care	33	0.3%
Kaiser Foundation Hospital - Sacramento	31	0.3%
All Other	879	7.6%
<b>Total Adventist Health Discharges</b>	<b>1,155</b>	<b>10.0%</b>
<b>Total St. Joseph Health Discharges</b>	<b>5,229</b>	<b>45.4%</b>
<b>Total Adventist Health and St. Joseph Health Discharges</b>	<b>6,384</b>	<b>55.4%</b>
<b>Total Discharges</b>	<b>11,526</b>	<b>100%</b>

Source: CY 2017 OSHPD Discharge Database  
 Note: Excludes normal newborns

- Adventist Health St. Helena has 9.2% of Napa County Inpatient market share;
- Collectively, Adventist Health hospitals and St. Joseph Health hospitals have 10% and 45% of Napa County inpatient market share, respectively; and
- Collectively, Kaiser Foundation hospitals have 28% of Napa County inpatient market share.

## Analysis of Adventist Health St. Helena's Service Area

### Service Area Definition

Based upon Adventist Health St. Helena's CY 2017 inpatient discharges, Adventist Health St. Helena's primary and secondary service area is comprised of 44 ZIP Codes from which 64.7% of its inpatient discharges originated. Approximately 50% of Adventist Health St. Helena's discharges originated from the top 13 ZIP Codes that are in Clearlake, Saint Helena, Calistoga, Napa, Clearlake Oaks, Kelseyville, Ukiah, Hidden Valley Lake, Lower Lake, Lakeport, Middletown, and Yountville. In CY 2017, Adventist Health St. Helena's market share in the primary service area was approximately 13.3% based on total area discharges.

ADVENTIST HEALTH ST. HELENA PATIENT ORIGIN, CY 2017						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
95422	Clearlake	691	12.6%	12.6%	2,411	28.7%
94574	Saint Helena	332	6.1%	18.7%	685	48.5%
94515	Calistoga	256	4.7%	23.4%	588	43.5%
95482	Ukiah	216	3.9%	27.3%	3,428	6.3%
95423	Clearlake Oaks	185	3.4%	30.7%	662	27.9%
94558	Napa	178	3.3%	33.9%	5,779	3.1%
95451	Kelseyville	172	3.1%	37.1%	1,214	14.2%
95467	Hidden Valley Lake	160	2.9%	40.0%	424	37.7%
95457	Lower Lake	151	2.8%	42.8%	464	32.5%
95453	Lakeport	136	2.5%	45.3%	1,367	9.9%
95461	Middletown	103	1.9%	47.1%	297	34.7%
94508	Angwin	94	1.7%	48.8%	172	54.7%
94559	Napa	72	1.3%	50.2%	2,029	3.5%
94599	Yountville	54	1.0%	51.2%	714	7.6%
95426	Cobb	48	0.9%	52.0%	179	26.8%
95458	Lucerne	43	0.8%	52.8%	456	9.4%
95485	Upper Lake	38	0.7%	53.5%	326	11.7%
95464	Nice	30	0.5%	54.1%	416	7.2%
95424	Clearlake Park	28	0.5%	54.6%	101	27.7%
94567	Pope Valley	17	0.3%	54.9%	48	35.4%
94576	Deer Park	15	0.3%	55.2%	43	34.9%
94573	Rutherford	14	0.3%	55.4%	27	51.9%
95443	Glenhaven	9	0.2%	55.6%	37	24.3%
95425	Cloverdale	8	0.1%	55.7%	1,009	0.8%
95493	Witter Springs	5	0.1%	55.8%	26	19.2%
95435	Finley	4	0.1%	55.9%	39	10.3%
<b>PSA Sub-Total</b>		<b>3,059</b>	<b>55.9%</b>	<b>55.9%</b>	<b>22,941</b>	<b>13.3%</b>
95490	Willits	106	1.9%	57.8%	1,514	7.0%
94591	Vallejo	44	0.8%	58.6%	4,461	1.0%
95476	Sonoma	43	0.8%	59.4%	2,961	1.5%
95470	Redwood Valley	41	0.7%	60.2%	581	7.1%
95404	Santa Rosa	33	0.6%	60.8%	3,004	1.1%
95403	Santa Rosa	31	0.6%	61.3%	3,727	0.8%
94590	Vallejo	29	0.5%	61.9%	3,972	0.7%
94589	Vallejo	25	0.5%	62.3%	2,861	0.9%
94503	American Canyon	24	0.4%	62.8%	1,388	1.7%
95409	Santa Rosa	24	0.4%	63.2%	2,496	1.0%
95469	Potter Valley	15	0.3%	63.5%	141	10.6%
95405	Santa Rosa	13	0.2%	63.7%	1,890	0.7%
95448	Healdsburg	11	0.2%	63.9%	1,346	0.8%
95492	Windsor	11	0.2%	64.1%	2,076	0.5%
94534	Fairfield	10	0.2%	64.3%	2,380	0.4%
94510	Benicia	8	0.1%	64.4%	1,963	0.4%
95449	Hopland	7	0.1%	64.6%	164	4.3%
95525	Blue Lake	6	0.1%	64.7%	127	4.7%
<b>PSA+SSA Sub-Total</b>		<b>3,540</b>	<b>64.7%</b>	<b>64.7%</b>	<b>59,993</b>	<b>5.9%</b>
Other ZIPs		1,934	35.3%	100%		
<b>Total</b>		<b>5,474</b>	<b>100.0%</b>			

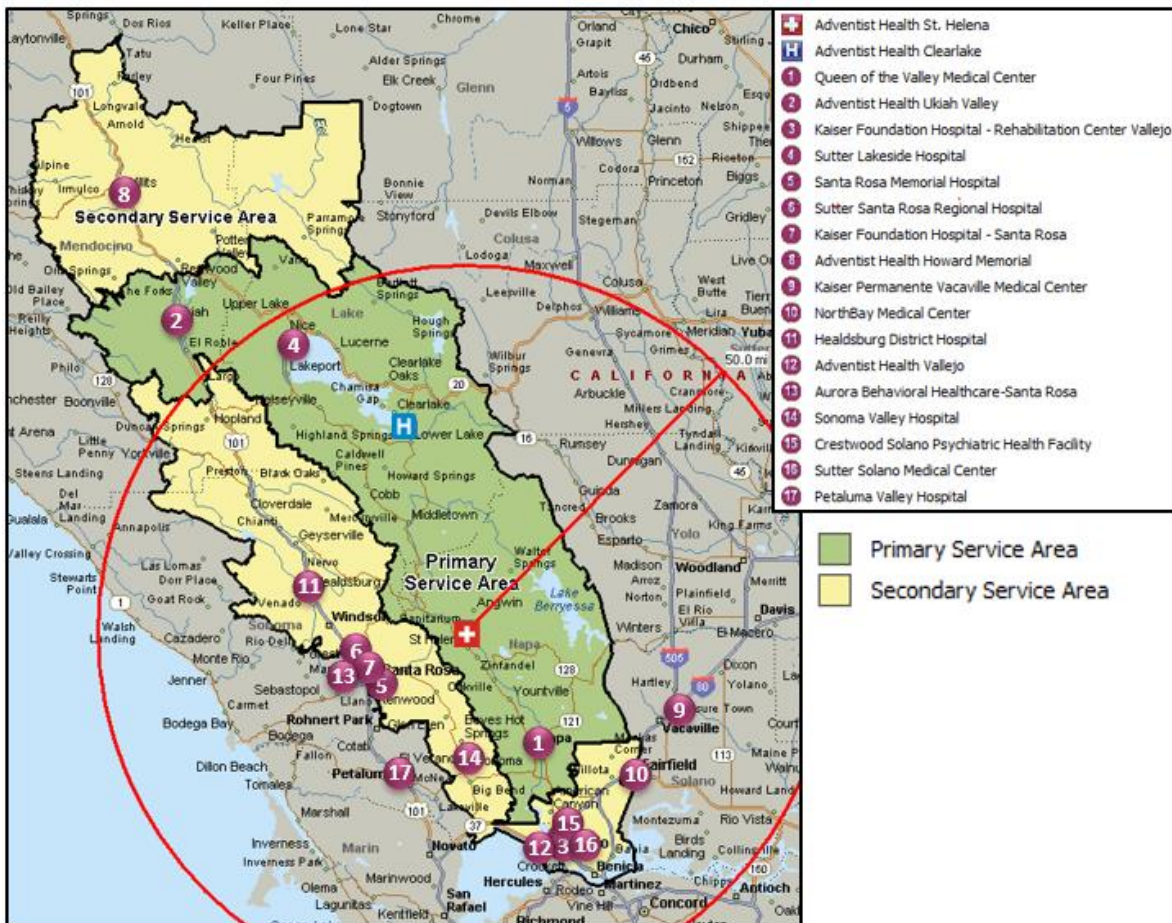
Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

## Service Area Map

Adventist Health St. Helena’s primary and secondary service area, with approximately 685,800 residents, includes the communities of Clearlake, Saint Helena, Calistoga, Napa, Clearlake Oaks, Kelseyville, Ukiah, Hidden Valley Lake, Lower Lake, Lakeport, Middletown, Yountville, Angwin, Lucerne, Cobb, Nice, Clearlake Park, Upper Lake, Pope Valley, Deer Park, Rutherford, Cloverdale, Glenhaven, Finley, Witter Springs, Willits, Sonoma, Vallejo, Redwood Valley, Santa Rosa, Fairfield, American Canyon, Healdsburg, Windsor, Hopland, Blue Lake, Benicia, and Potter Valley.

There are four other hospitals located within Adventist Health St. Helena’s primary service area: Adventist Health Clearlake, Queen of the Valley Medical Center, Adventist Health Ukiah Valley, and Sutter Lakeside Hospital. There are an additional ten hospitals located inside Adventist Health St. Helena’s secondary service area: Sutter Solano Medical Center, Crestwood Solano Psychiatric Health Facility, Adventist Health Vallejo, Kaiser Foundation Hospital - Rehabilitation Center Vallejo, Sonoma Valley Hospital, Santa Rosa Memorial Hospital, Kaiser Foundation Hospital - Santa Rosa, Sutter Santa Rosa Regional Hospital, Healdsburg District Hospital, and Adventist Health Howard Memorial. Adventist Health St. Helena ranks second in inpatient market share in the primary service area.

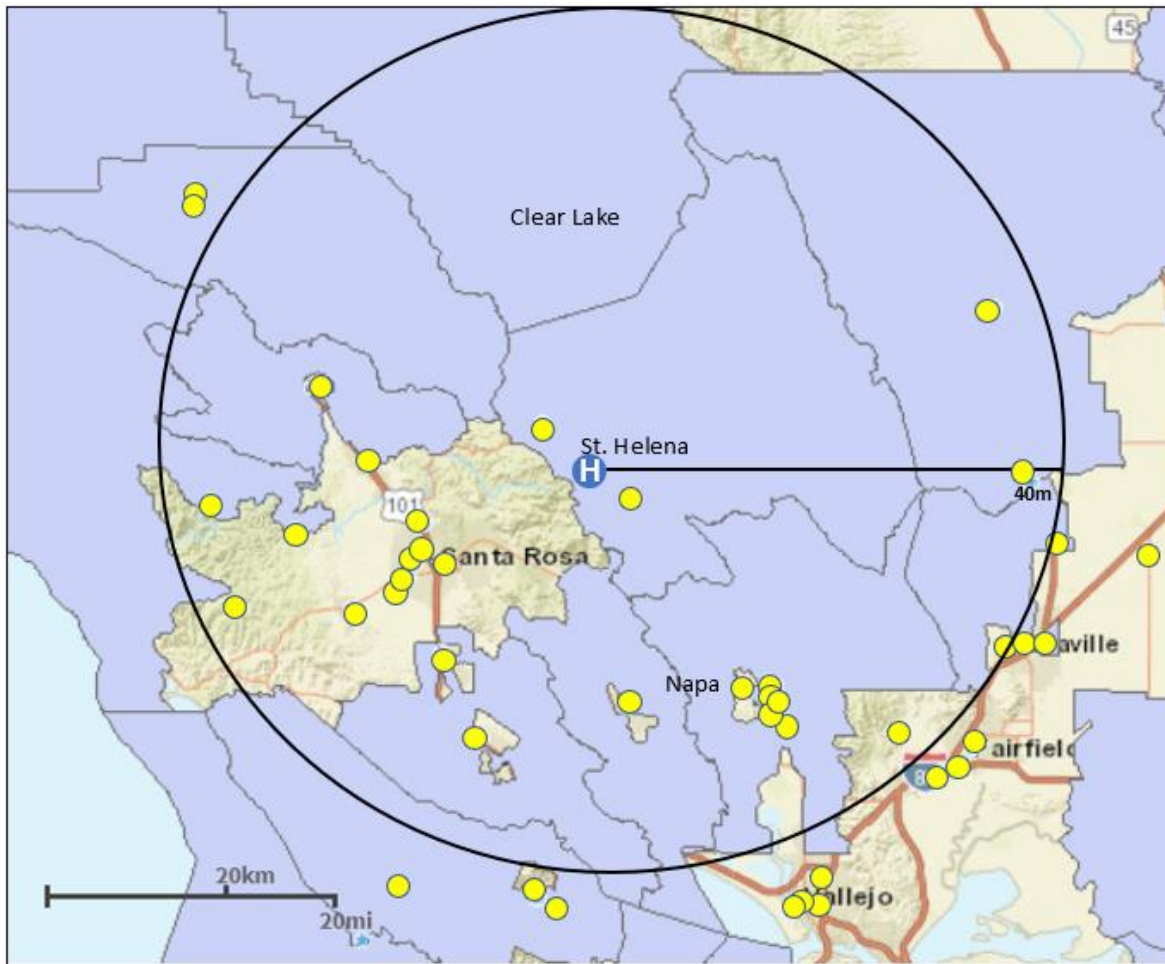






## Medically Underserved Areas & Medically Underserved Populations

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



-  = Adventist Health St. Helena
-  = Medically Underserved Area
-  = Federally Qualified Health Center

## Service Area STEMI Receiving Centers

Adventist Health St. Helena is one of five STEMI Receiving Centers located within the primary and secondary service area and is an important provider of percutaneous coronary intervention treatment services for residents experiencing an acute heart attack. Adventist Health St. Helena is one of two STEMI Receiving Centers located within Napa County. The other being Queen of the Valley Medical Center.



 = Adventist Health St. Helena

 = STEMI Receiving Center

## Demographic Profile

Adventist Health St. Helena’s primary and secondary service area population is projected to grow by 3.6% over the next five years. This is higher than the expected growth rate for Napa County (2.9%) but lower than the California state average (4.1%).

PRIMARY + SECONDARY SERVICE AREA POPULATION STATISTICS 2018-2023			
	2018 Estimate	2023 Projection	% Change
Total Population	685,760	710,766	3.6%
Households	256,823	265,562	3.4%
Percentage Female	50.8%	50.7%	-

Source: Esri

The median age of the population in Adventist Health St. Helena’s primary and secondary service area is 44.3 years and is higher than the state-wide average of 36.2 years. The fastest growing age group in the service area are individuals over the age of 65; increasing by 17.9% over the next five years. The number of women of child-bearing age is expected to increase by 3.1% over the next five years.

PRIMARY + SECONDARY SERVICE AREA POPULATION AGE DISTRIBUTION: 2018 - 2023				
	2018 Estimate		2023 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	119,255	17.4%	121,057	17.0%
Age 15-44	251,550	36.7%	260,166	36.6%
Age 45-64	185,598	27.1%	177,061	24.9%
Age 65+	129,357	18.9%	152,482	21.5%
<b>Total</b>	<b>685,760</b>	<b>100.0%</b>	<b>710,766</b>	<b>100.0%</b>
Female 15-44	122,668	17.9%	126,412	17.8%
Median Age	44.3		45.1	-

Source: Esri

The largest population groups in Adventist Health St. Helena’s primary and secondary service area are White (64%), Some Other Race (13%) and Two or More Races (6%). Approximately 69% of the primary and secondary service area population is non-Hispanic or Latino origin. This is higher than the California non-Hispanic population of approximately 60%.

PRIMARY + SECONDARY SERVICE AREA POPULATION RACE/ETHNICITY: 2018 - 2023		
	2018 Estimate	2023 Projection
White	64.2%	62.1%
Black	5.9%	5.9%
Asian Indian Alone	1.5%	1.5%
Asian Alone	9.5%	10.3%
Pacific Islander Alone	0.5%	0.5%
Some Other Race Alone	12.7%	13.7%
Two or More Races	5.7%	6.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Hispanic Origin	31.5%	34.4%
Non-Hispanic or Latino	68.5%	65.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

Adventist Health St. Helena’s primary and secondary service area households have a median household income of \$66,952. This is 17.8% lower than Napa County’s median household income of \$78,863 and 2.5% higher than the State of California median of \$65,223. The percentage of higher-income households (\$150,000+) in Adventist Health St. Helena’s primary and secondary service area is projected to grow at a faster rate (6.6%) when compared to Napa County (6.2%) and the State of California (6.0%).

PRIMARY + SECONDARY SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2018 - 2023						
	2018 Estimate			2023 Estimate		
	Service Area	Napa County	California	Service Area	Napa County	California
\$0 - \$15,000	9.5%	7.0%	9.6%	8.2%	5.5%	8.0%
\$15 - \$24,999	8.6%	6.7%	8.3%	7.2%	5.2%	6.8%
\$25 - \$34,999	7.8%	6.6%	7.8%	6.6%	5.3%	6.5%
\$35 - \$49,999	11.7%	11.1%	11.1%	10.4%	9.6%	9.9%
\$50 - \$74,999	16.4%	16.2%	16.1%	15.4%	15.1%	15.2%
\$75 - \$99,999	12.7%	12.2%	12.2%	12.7%	11.9%	12.3%
\$100 - \$149,999	16.3%	18.3%	16.1%	17.8%	19.6%	17.7%
\$150,000 - \$199,999	8.0%	9.5%	8.1%	9.5%	11.3%	9.6%
\$200,000+	8.9%	12.4%	10.7%	12.2%	16.6%	14.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Median Household Income	\$66,952	\$78,863	\$65,223	\$78,398	\$93,596	\$74,370

Source: Esri

## Medi-Cal Eligibility

With the implementation of the ACA and the statewide expansion of Medi-Cal, 13.2 million of the State of California’s population are eligible for Medi-Cal (33% of California’s population). In Napa County, the California Department of Health Care Services estimated 31,173 people were eligible for Medi-Cal in August 2018 (22% of Napa County’s population). Out of the total estimated population in Napa County, 19% of the population was enrolled in Medi-Cal Managed Care. Since the population in Adventist Health St. Helena’s service area is poorer than Napa County, it is expected that the percent eligible for Medi-Cal would exceed 21%. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

## Selected Health Indicators

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

NATALITY STATISTICS: 2019			
Health Status Indicator	Napa County	California	National Goal
Low Birth Weight Infants	5.6%	6.9%	7.8%
First Trimester Prenatal Care	87.8%	83.5%	77.9%
Adequate/Adequate Plus Care	79.7%	77.9%	77.6%

Source: California Department of Public Health

Napa County has lower morbidity rates when compared to the State of California for all health status indicators;

2019 MORBIDITY STATISTICS: RATE PER 100,000 POPULATION			
Health Status Indicator	Napa County	California	National Objective
HIV/AIDS Incidence (Age 13 and Over) <sup>1</sup>	193.9	397.7	a
Chlamydia Incidence	337.9	514.6	c
Gonorrhea Incidence Female Age 15-44	123.3	252.4	251.9
Gonorrhea Incidence Male Age 15-44	181.4	444.8	194.8
Tuberculosis Incidence	2.6*	5.3	1.0
Congenital Syphilis	-	44.4	9.6
Primary Secondary Syphilis Female	NM	3.5	1.3
Primary Secondary Syphilis Male	NM	26.2	6.7

Source: California Department of Public Health Notes crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population. Birth cohort infant death rates are per 1,000 live births. The age-specific birth rates are per 1,000 female population aged 15 to 19 years old. Previous refers to previous period rates. These periods vary by type of rate: Mortality 2012-2014, Morbidity 2012-2014, Infant Mortality 2011-2013, Natality 2012-2014, Census 2016.

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

<sup>1</sup> California Department of Public Health, Office of AIDS, Surveillance Section reporting periods are: Current Period 2014-2016, Previous Period 2011-2013.

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

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

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

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

Notes: Crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population. Birth cohort infant death rates are per 1,000 live births. The age-specific birth rates are per 1,000 female population aged 15 to 19 years old. Previous refers to previous period rates. These periods vary by type of rate: Mortality 2012-2014, Morbidity 2012-2014, Infant Mortality 2011-2013, Natality 2012-2014, Census 2016.

NM: Not Met (NM) refers to the Healthy People 2020 National objectives only.

The overall age-adjusted mortality rate for Napa County is higher than that of the State of California. Napa County reported higher age-adjusted mortality rates on 5 of the 18 causes.

MORTALITY STATISTICS: 2019: RATE PER 100,000 POPULATION				
Selected Cause	Napa County		Age Adjusted	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	892.6	651.2	610.3	a
- All Cancers	207	150.8	137.4	161.4
- Colorectal Cancer	15.5	11.6	12.5	14.5
- Lung Cancer	42.4	30.6	27.5	45.5
- Female Breast Cancer	25.9*	18.0*	18.9	20.7
- Prostate Cancer	29.2	26.6	19.4	21.8
- Diabetes	26.1	19	21.2	b
- Alzheimer's Disease	45	31.2	35.7	a
- Coronary Heart Disease	122.4	86.2	87.4	103.4
- Cerebrovascular Disease (Stroke)	49.7	35	36.3	34.8
- Influenza/Pneumonia	19.8	13.7	14.2	a
- Chronic Lower Respiratory Disease	37.7	26.9	32	a
- Chronic Liver Disease and Cirrhosis	13.7*	11.4*	12.2	8.2
- Accidents (Unintentional Injuries)	43.1	35.7	32.2	36.4
- Motor Vehicle Traffic Crashes	8.7*	7.6*	9.5	12.4
- Suicide	11.3*	10.1*	10.4	10.2
- Homicide	1.2*	1.3*	5.2	5.5
- Firearm-Related Deaths	6.4*	5.4*	7.9	9.3
- Drug-Induced Deaths	10.6*	10.4*	12.7	11.3

Source: California Department of Public Health

\*Rates are deemed unreliable when based on 20 or fewer elements

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

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

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

## ***2016 Community Health Needs Assessment***

In an effort to understand the communities served by Adventist Health St. Helena, their most critical healthcare needs, and the resources available to meet those needs, Adventist Health St. Helena conducts a Community Health Needs Assessment every three years. Adventist Health St. Helena's most recent 2016 needs assessment incorporated primary data collected through interviews, focus groups and surveys conducted by the Live Healthy Napa County collaborative, and incorporated secondary data from a variety of studies and reports compiled by numerous organizations at the local, state, and national levels. Communities included in Adventist Health St. Helena's needs assessment include all those residing within the Napa County.

Based on feedback from community stakeholders, the following seven priorities, in no particular order, were identified as the most important health and social needs:

- Improved educational outcomes especially among certain subpopulations;
- Access to affordable housing as it relates to the high cost of living in Napa County;
- Mental health conditions including the high risk of suicide among Napa County residents;
- The high obesity and diabetes rates in Napa County (an estimated 24% of adults defined as obese, and 37% defined as overweight)
- Access to affordable primary and oral care;
- Alcohol and drug abuse among adults and teenagers; and
- The high cancer incidence rates especially as it relates to breast, prostate, colon and rectum, and lung cancer.

## Hospital Supply, Demand & Market Share

There are five general acute care hospitals within the Adventist Health St. Helena's primary service area: Adventist Health St. Helena, Queen of the Valley Medical Center, Adventist Health Clear Lake, Sutter Lakeside Hospital, and Adventist Health Ukiah Valley. There are an additional eight general acute care hospitals located in Adventist Health St. Helena's secondary service area: Santa Rosa Memorial Hospital, Kaiser Foundation Hospital - Santa Rosa, Sutter Santa Rosa Regional Hospital, Sonoma Valley Hospital, Healdsburg District Hospital, Sutter Solano Medical Center, Adventist Health Vallejo, and Adventist Health Howard Memorial. In FY 2017, the primary service area and secondary service area hospitals had a combined total of 1,335 licensed beds and an aggregate occupancy rate of approximately 56%. In FY 2017, Adventist Health St. Helena had 151 licensed beds that operated at an occupancy rate of nearly 50%. Furthermore, Adventist Health St. Helena provided 31% of the primary service area inpatient discharges and approximately 33% of the patient days.

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

AREA HOSPITAL DATA FY 2017									
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupied Beds	Percent Occupied	Miles from Hospital
<b>Adventist Health St. Helena</b>	<b>Adventist Health</b>	<b>St. Helena</b>	<b>X</b>	<b>151</b>	<b>7,769</b>	<b>27,706</b>	<b>76</b>	<b>50.3%</b>	<b>-</b>
Queen of the Valley Medical Center*	Providence St. Joseph Health System	Napa	X	208	6,522	31,432	86	41.4%	21.0
Adventist Health Clear Lake	Adventist Health	Clearlake	X	32	1,430	5,836	16	50.0%	42.7
Sutter Lakeside Hospital*	Sutter Health	Lakeport	X	30	1,904	6,526	18	59.6%	59.2
Adventist Health Ukiah Valley	Adventist Health	Ukiah	X	68	3,552	12,651	35	51.0%	71.1
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>				<b>489</b>	<b>21,177</b>	<b>84,151</b>	<b>231</b>	<b>47.1%</b>	
Santa Rosa Memorial Hospital*	Providence St. Joseph Health System	Santa Rosa	X	278	12,017	69,835	191	68.8%	24.0
Kaiser Foundation Hospital - Santa Rosa*	Kaiser Permanente	Santa Rosa	X	173	9,759	33,310	91	52.8%	24.2
Sutter Santa Rosa Regional Hospital*	Sutter Health	Santa Rosa	X	84	6,538	21,865	60	71.3%	27.0
Sonoma Valley Hospital	Sonoma Valley Healthcare District	Sonoma	X	75	1,562	11,333	31	41.4%	28.8
Healdsburg District Hospital*	Northern Sonoma County Hospital District	Healdsburg	X	42	739	7,808	21	50.9%	31.0
Sutter Solano Medical Center	Sutter Health	Vallejo	X	108	4,433	18,776	51	47.6%	35.6
Adventist Health Vallejo	Adventist Health	Vallejo	X	61	2,221	20,441	56	91.8%	35.8
Adventist Health Howard Memorial	Adventist Health	Willits	X	25	1,622	6,569	18	72.0%	92.0
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>				<b>846</b>	<b>38,891</b>	<b>189,937</b>	<b>520</b>	<b>61.5%</b>	
NorthBay Medical Center*	NorthBay Healthcare Group	Fairfield		182	8,533	41,691	114	62.8%	40.3
Petaluma Valley Hospital*	Petaluma Health Care District	Petaluma		80	2,423	10,357	28	35.5%	40.9
Kaiser Permanente Vacaville Medical Center*	Kaiser Permanente	Vacaville		140	6,052	22,170	61	43.4%	52.9
<b>TOTAL</b>				<b>1,737</b>	<b>77,076</b>	<b>348,306</b>	<b>954</b>	<b>54.9%</b>	

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\*2017 Unaudited Data



## Hospital Market Share

The table below illustrates primary service area hospital inpatient market share from CY 2013 to CY 2017:

PRIMARY SERVICE AREA MARKET SHARE BY HOSPITAL CY 2013 - CY 2017						
Hospital	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	Trend
Queen of the Valley Medical Center	25.1%	24.8%	22.4%	22.7%	22.4%	↘
<b>Adventist Health St. Helena</b>	<b>14.6%</b>	<b>13.3%</b>	<b>13.1%</b>	<b>14.4%</b>	<b>13.3%</b>	↘
Adventist Health Ukiah Valley	10.7%	10.8%	10.5%	9.7%	10.1%	↘
Sutter Lakeside Hospital	8.9%	7.2%	7.5%	7.6%	8.0%	→
Kaiser Foundation Hospital - Rehabilitation Center Vallejo	7.9%	8.1%	8.3%	8.9%	8.0%	→
Adventist Health Clearlake	5.8%	6.0%	6.4%	6.6%	6.2%	→
UCSF Medical Center	3.0%	3.5%	3.3%	3.7%	4.3%	↗
Santa Rosa Memorial Hospital-Montgomery	4.5%	4.3%	5.0%	4.6%	4.1%	→
Sutter Santa Rosa Regional Hospital	2.7%	2.6%	2.9%	2.8%	3.1%	↗
Kaiser Foundation Hospital - Santa Rosa	1.9%	2.2%	2.2%	2.4%	2.4%	↗
Kaiser Foundation Hospital - Vacaville	0.6%	0.9%	1.3%	1.2%	1.7%	↗
Adventist Health Howard Memorial	1.1%	1.5%	1.1%	1.3%	1.4%	→
California Pacific Med Center-Pacific Campus	1.0%	1.1%	1.3%	1.2%	1.3%	→
Children's Hospital and Research Center at Oakland	1.0%	1.0%	1.3%	1.0%	1.1%	→
UC Davis Medical Center	0.7%	0.7%	1.2%	1.1%	1.0%	→
Healdsburg District Hospital	1.1%	1.0%	1.1%	0.9%	0.9%	→
Adventist Health Vallejo	0.9%	0.8%	1.0%	0.8%	0.8%	→
All Other	8.5%	12.1%	10.0%	9.3%	10.0%	↘
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>23,410</b>	<b>22,392</b>	<b>22,249</b>	<b>22,531</b>	<b>22,941</b>	→

Source: OSHPD Discharge Database, CY 2013 - CY 2017

Note: Excludes normal newborns

- Between CY 2013 and CY 2014, the number of discharges in Adventist Health St. Helena's primary service area decreased by 4%. However, discharges increased between CY 2014 and CY 2017 by 2.5%; and
- Adventist Health St. Helena has consistently ranked second in market share for the primary service area based on discharges (13% in CY 2017). In 2017, Queen of the Valley Medical Center ranked first in inpatient discharges with nearly 22% market share and Adventist Health Ukiah Valley ranked third with 10% market share.

## Market Share by Payer Type

The following table shows inpatient market share by hospital and payer type for Adventist Health St. Helena's primary service area for CY 2017.

PRIMARY SERVICE AREA MARKET SHARE BY PAYER TYPE CY 2017											
Payer Type	Total Discharges	Queen of the Valley Medical Center	Adventist Health St. Helena	Adventist Health Ukiah Valley	Sutter Lakeside Hospital	Kaiser Foundation Hospital – Rehabilitation Center Vallejo	Adventist Health Clearlake	UCSF Medical Center	Santa Rosa Memorial Hospital	All Others	Total
Medicare	11,310	26.3%	15.3%	8.5%	8.6%	8.9%	6.3%	2.6%	3.3%	20.3%	100%
Medi-Cal	6,036	19.2%	12.6%	14.9%	10.3%	2.0%	9.1%	7.3%	5.9%	18.6%	100%
Private Coverage	4,649	17.3%	10.5%	8.3%	3.8%	14.7%	2.2%	5.3%	3.4%	34.5%	100%
All Other	787	21.0%	9.0%	6.2%	5.3%	0.4%	4.8%	1.0%	5.8%	46.4%	100%
Self-Pay	159	20.1%	4.4%	10.1%	8.8%	8.8%	7.5%	2.5%	2.5%	35.2%	100%
<b>Total</b>	<b>22,941</b>	<b>22.4%</b>	<b>13.3%</b>	<b>10.1%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>6.2%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>23.7%</b>	<b>100%</b>

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

- The largest categories of inpatient discharges in the primary service area are comprised of Medicare at 11,310 discharges (49%), Medi-Cal at 6,036 discharges (26%), and Private Coverage at over 4,649 discharges (20%);
- Queen of the Valley Medical Center is market share leader in Medicare (26%), Medi-Cal (19%), Private Coverage (17%), and Self-Pay (20%); and
- Adventist Health St. Helena has significant market share in Medicare (15%), Medi-Cal (13%), and Private Coverage (11%).

## Market Share by Service Line

The following table shows inpatient market share by hospital and service line for Adventist Health St. Helena's primary service area for CY 2017.

PRIMARY SERVICE AREA MARKET SHARE BY SERVICE LINE CY 2017											
Service Line	Total Discharges	Queen of the Valley Medical Center	Adventist Health St. Helena	Adventist Health Ukiah Valley	Sutter Lakeside Hospital	Kaiser Foundation Hospital - Rehabilitation Center Vallejo	Adventist Health Clearlake	UCSF Medical Center	Santa Rosa Memorial Hospital	All Others	Total
General Medicine	8,180	24.3%	12.5%	11.3%	10.3%	8.7%	10.4%	2.5%	2.8%	17.2%	100%
Cardiac Services	2,496	26.6%	25.9%	8.4%	4.9%	7.7%	5.8%	1.4%	3.2%	16.0%	100%
Obstetrics	2,493	22.5%	7.8%	17.3%	12.8%	12.3%	7.1%	3.4%	2.4%	14.3%	100%
Orthopedics	2,259	17.8%	13.9%	6.6%	6.1%	6.1%	0.8%	3.1%	7.0%	38.7%	100%
General Surgery	1,826	20.8%	11.2%	10.6%	6.1%	7.7%	4.1%	8.2%	4.2%	27.2%	100%
Behavioral Health	1,159	4.2%	22.8%	2.0%	1.9%	0.9%	1.7%	0.6%	0.3%	65.6%	100%
Neurology	1,092	35.4%	2.4%	9.6%	8.9%	8.9%	2.7%	6.1%	4.7%	21.2%	100%
Neonatology	894	20.5%	9.2%	12.1%	7.4%	10.4%	4.9%	7.6%	6.3%	21.7%	100%
Oncology/Hematology	563	22.7%	14.4%	6.2%	10.1%	6.2%	2.1%	11.2%	1.8%	25.2%	100%
Spine	403	22.8%	4.2%	3.7%	2.7%	2.5%	0.5%	9.2%	16.1%	38.2%	100%
Other	399	28.3%	12.8%	5.0%	1.5%	7.8%	2.3%	3.8%	17.3%	21.3%	100%
Vascular Services	304	15.8%	31.9%	11.2%	4.3%	7.2%	2.6%	4.6%	8.2%	14.1%	100%
Urology	284	14.4%	16.5%	6.7%	0.4%	5.6%	0.4%	14.4%	4.9%	36.6%	100%
Neurosurgery	204	15.7%	0.5%	0.0%	0.0%	1.5%	0.5%	30.4%	9.3%	42.2%	100%
ENT	195	13.3%	5.1%	11.8%	3.1%	4.1%	5.1%	22.1%	12.3%	23.1%	100%
Gynecology	118	19.5%	0.8%	11.9%	5.1%	4.2%	9.3%	13.6%	1.7%	33.9%	100%
No-match-found	47	19.1%	2.1%	4.3%	12.8%	6.4%	8.5%	19.1%	2.1%	25.5%	100%
Ophthalmology	17	17.6%	0.0%	5.9%	5.9%	17.6%	0.0%	0.0%	5.9%	47.1%	100%
<b>Total Discharges</b>	<b>22,941</b>	<b>22.4%</b>	<b>13.3%</b>	<b>10.1%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>6.2%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>23.7%</b>	<b>100%</b>

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

- Adventist Health St. Helena is the service line leader in three of 18 service lines: cardiac behavioral health (23%), and vascular services (32%), and urology (17%); and
- Queen of The Valley Medical Center is the market share leader in 11 of 18 service lines: general medicine (24%), cardiac services (27%), obstetrics (23%), orthopedics (18%), general surgery (21%), neurology (35%), neonatology (21%), oncology/hematology (23%), spine (23%), gynecology (20%), and ophthalmology (18%).

## Market Share by ZIP Code

The following table shows hospital market share by ZIP Code in Adventist Health St. Helena's primary service area for CY 2017.

HOSPITAL MARKET SHARE BY ZIP CODE CY 2017												
ZIP Code	Community	Total Discharges	Queen of the Valley Medical Center	Adventist Health St. Helena	Adventist Health Ukiah Valley	Sutter Lakeside Hospital	Kaiser Foundation Hospital - Rehabilitation Center Vallejo	Adventist Health Clearlake	UCSF Medical Center	Santa Rosa Memorial Hospital	All Others	Total
94558	Napa	5,779	52.8%	3.1%	0.0%	0.0%	21.2%	0.0%	3.7%	0.7%	18.5%	100%
95482	Ukiah	3,428	0.7%	6.3%	59.0%	0.3%	0.0%	0.1%	6.7%	5.0%	22.0%	100%
95422	Clearlake	2,411	4.5%	28.7%	1.9%	4.1%	0.2%	33.4%	4.7%	6.9%	15.5%	100%
94559	Napa	2,029	48.5%	3.5%	0.0%	0.0%	23.8%	0.0%	3.6%	0.9%	19.6%	100%
95453	Lakeport	1,367	2.0%	9.9%	4.5%	43.2%	0.0%	1.3%	3.7%	6.0%	29.2%	100%
95451	Kelseyville	1,214	2.9%	14.2%	3.5%	37.0%	0.1%	6.6%	4.1%	5.6%	26.0%	100%
95425	Cloverdale	1,009	0.7%	0.8%	0.7%	0.1%	0.2%	0.0%	3.7%	12.7%	81.2%	100%
94599	Yountville	714	76.2%	7.6%	0.0%	0.0%	6.6%	0.0%	2.4%	0.7%	6.6%	100%
94574	Saint Helena	685	18.0%	48.5%	0.1%	0.0%	5.1%	0.0%	6.0%	1.8%	20.6%	100%
95423	Clearlake Oaks	662	4.5%	27.9%	2.4%	8.6%	0.0%	28.7%	2.4%	5.1%	20.2%	100%
94515	Calistoga	588	6.8%	43.5%	0.0%	0.0%	2.4%	0.2%	2.7%	5.3%	39.1%	100%
95457	Lower Lake	464	5.2%	32.5%	2.4%	4.3%	0.0%	25.2%	4.7%	9.1%	16.6%	100%
95458	Lucerne	456	2.6%	9.4%	4.8%	47.6%	0.0%	2.9%	3.1%	4.8%	24.8%	100%
95467	Hidden Valley Lake	424	5.7%	37.7%	0.5%	2.8%	0.0%	14.4%	2.4%	5.9%	30.7%	100%
95464	Nice	416	1.4%	7.2%	7.7%	45.4%	0.0%	2.9%	4.8%	4.8%	25.7%	100%
95485	Upper Lake	326	2.5%	11.7%	6.7%	36.8%	0.0%	1.2%	4.3%	5.2%	31.6%	100%
95461	Middletown	297	5.7%	34.7%	1.0%	3.4%	0.0%	17.2%	4.0%	9.1%	24.9%	100%
95426	Cobb	179	5.6%	26.8%	3.9%	12.8%	0.6%	15.1%	5.6%	6.7%	22.9%	100%
94508	Angwin	172	11.6%	54.7%	0.0%	0.0%	4.7%	0.0%	2.3%	4.1%	22.7%	100%
95424	Clearlake Park	101	10.9%	27.7%	4.0%	5.9%	0.0%	24.8%	9.9%	8.9%	7.9%	100%
94567	Pope Valley	48	14.6%	35.4%	0.0%	0.0%	10.4%	0.0%	4.2%	2.1%	33.3%	100%
94576	Deer Park	43	18.6%	34.9%	0.0%	0.0%	2.3%	0.0%	0.0%	2.3%	41.9%	100%
95435	Finley	39	7.7%	10.3%	5.1%	30.8%	0.0%	7.7%	17.9%	0.0%	20.5%	100%
95443	Glenhaven	37	2.7%	24.3%	2.7%	21.6%	0.0%	16.2%	0.0%	8.1%	24.3%	100%
94573	Rutherford	27	33.3%	51.9%	0.0%	0.0%	3.7%	0.0%	3.7%	0.0%	7.4%	100%
95493	Witter Springs	26	0.0%	19.2%	7.7%	23.1%	0.0%	0.0%	3.8%	3.8%	42.3%	100%
<b>Grand Total</b>		<b>22,941</b>	<b>22.4%</b>	<b>13.3%</b>	<b>10.1%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>6.2%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>23.7%</b>	<b>100%</b>

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

- Adventist Health St. Helena is the market share leader in 12 of 26 primary service area ZIP Codes;
- Queen of the Valley Medical Center is the market share leader in the communities of Napa and Yountville; and
- Sutter Lakeside Hospital is the market share leader in seven primary service area ZIP Codes located in Lakeport, Kelseyville, Lucerne, Nice, Upper Lake, Winter Springs and Finley.

## Service Availability by Bed Type

Using FY 2017 data, the tables on the following pages show Adventist Health St. Helena's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive care, perinatal/obstetrics, psychiatric, and emergency services.

## Medical/Surgical Capacity Analysis

The medical/surgical beds within Adventist Health St. Helena's primary service area operated at an overall occupancy rate of 38%. Adventist Health St. Helena's 132 licensed medical/surgical beds represented approximately 27% of the medical/surgical beds in the primary service area.

MEDICAL/SURGICAL BEDS FY 2017							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Adventist Health St. Helena	-	X	132	5,482	14,644	40.1	26.6%
Queen of the Valley Medical Center*	21.0	X	130	4,376	22,917	62.8	48.3%
Adventist Health Clear Lake	42.7	X	24	948	3,618	9.9	41.3%
Sutter Lakeside Hospital*	59.2	X	21	1,485	4,489	12.3	58.6%
Adventist Health Ukiah Valley	71.1	X	43	1,965	7,911	21.7	50.4%
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>			<b>350</b>	<b>14,256</b>	<b>53,579</b>	<b>146.8</b>	<b>41.9%</b>
Santa Rosa Memorial Hospital*	24.0	X	203	9,270	51,942	142.3	70.1%
Kaiser Foundation Hospital - Santa Rosa*	24.2	X	118	7,403	26,581	72.8	61.7%
Sutter Santa Rosa Regional Hospital*	27.0	X	40	2,901	13,064	35.8	89.5%
Sonoma Valley Hospital	28.8	X	35	930	3,308	9.1	25.9%
Healdsburg District Hospital*	31.0	X	17	659	2,390	6.5	38.5%
Sutter Solano Medical Center	35.6	X	66	3,596	15,111	41.4	62.7%
Adventist Health Vallejo	35.8	X	-	-	-	-	-
Adventist Health Howard Memorial	92.0	X	21	1,318	4,637	12.7	60.5%
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>			<b>500</b>	<b>26,077</b>	<b>117,033</b>	<b>320.6</b>	<b>64.1%</b>
NorthBay Medical Center*	40.3		131	6,209	28,996	79.4	60.6%
Petaluma Valley Hospital*	40.9		61	1,856	8,137	22.3	36.5%
Kaiser Permanente Vacaville Medical Center*	52.9		96	4,603	17,313	47.4	49.4%
<b>TOTAL</b>			<b>1,138</b>	<b>53,001</b>	<b>225,058</b>	<b>616.6</b>	<b>54.2%</b>

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\*2017 Unaudited Data

- Adventist Health St. Helena reported 5,482 hospital discharges and 14,644 patient days, resulting in an average daily census of 40 patients; and
- Overall, hospitals operating medical/surgical beds in the primary service area ran at a combined occupancy rate of 42% resulting in approximately 200 available medical/surgical beds on average.

### Intensive Care Unit Capacity Analysis

There were 62 intensive care unit beds within the primary service area that operated at an overall occupancy rate of 46%. Adventist Health St. Helena had 12 licensed intensive care beds with an average occupancy rate of over 61% and an average daily census of seven patients.

INTENSIVE CARE UNIT BEDS FY 2017							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Adventist Health St. Helena</b>	-	<b>X</b>	<b>12</b>	<b>744</b>	<b>2,689</b>	<b>7.4</b>	<b>61.4%</b>
Queen of the Valley Medical Center*	21.0	X	36	1,183	4,094	11.2	31.2%
Adventist Health Clear Lake	42.7	X	4	234	1,313	3.6	89.9%
Sutter Lakeside Hospital*	59.2	X	4	118	1,021	2.8	69.9%
Adventist Health Ukiah Valley	71.1	X	6	342	1,375	3.8	62.8%
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>			<b>62</b>	<b>2,621</b>	<b>10,492</b>	<b>28.7</b>	<b>46.4%</b>
Santa Rosa Memorial Hospital*	24.0	X	26	801	8,733	23.9	92.0%
Kaiser Hospital - Santa Rosa*	24.2	X	20	194	579	1.6	7.9%
Sutter Santa Rosa Regional Hospital*	27.0	X	22	1,199	5,334	14.6	66.4%
Sonoma Valley Hospital	28.8	X	6	136	1,157	3.2	52.8%
Healdsburg District Hospital*	31.0	X	4	68	455	1.2	31.2%
Sutter Solano Medical Center	35.6	X	12	276	2,938	8.0	67.1%
Adventist Health Vallejo	35.8	X	-	-	-	-	-
Adventist Health Howard Memorial	92.0	X	4	163	1,045	2.9	71.6%
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>			<b>94</b>	<b>2,837</b>	<b>20,241</b>	<b>55.5</b>	<b>59.0%</b>
NorthBay Medical Center*	40.3		22	804	6,699	18.4	83.4%
Petaluma Valley Hospital*	40.9		9	158	1,333	3.7	40.6%
Kaiser Vacaville Medical Center*	52.9		16	169	3,081	8.4	52.8%
<b>TOTAL</b>			<b>203</b>	<b>6,589</b>	<b>41,846</b>	<b>114.6</b>	<b>56.5%</b>

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\*2017 Unaudited Data

- Among the primary service area hospitals, the average daily census was 29 patients based on 10,492 patient days; and
- Adventist Health St. Helena provided 19% of the primary service area's intensive care unit beds and approximately 28% of the discharges.

## Perinatal/Obstetrics Capacity Analysis

As shown below, there were 52 licensed perinatal beds providing obstetric services located in the primary service area with an aggregate occupancy rate of approximately 34%. Adventist Health St. Helena reported seven licensed perinatal beds with an occupancy rate of 19% (average daily census of 1 patient).

OBSTETRICS BEDS FY 2017							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Adventist Health St. Helena</b>	-	X	<b>7</b>	<b>272</b>	<b>487</b>	<b>1.3</b>	<b>19.1%</b>
Queen of the Valley Medical Center*	21.0	X	22	684	1,742	4.8	21.7%
Adventist Health Clear Lake	42.7	X	5	203	384	1.1	21.0%
Sutter Lakeside Hospital*	59.2	X	3	266	484	1.3	44.2%
Adventist Health Ukiah Valley	71.1	X	15	1,220	3,263	8.9	59.6%
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>			<b>52</b>	<b>2,645</b>	<b>6,360</b>	<b>17.4</b>	<b>33.5%</b>
Santa Rosa Memorial Hospital*	24.0	X	15	665	1,800	4.9	32.9%
Kaiser Foundation Hospital - Santa Rosa*	24.2	X	17	1,874	3,090	8.5	49.8%
Sutter Santa Rosa Regional Hospital*	27.0	X	10	2,222	2,955	8.1	81.0%
Sonoma Valley Hospital <sup>1</sup>	28.8	X	7	142	315	0.9	12.3%
Healdsburg District Hospital*	31.0	X	4	0	0	0.0	0.0%
Sutter Solano Medical Center	35.6	X	30	561	727	2.0	6.6%
Adventist Health Vallejo	35.8	X	-	-	-	-	-
Adventist Health Howard Memorial	92.0	X	-	-	-	-	-
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>			<b>83</b>	<b>5,464</b>	<b>8,887</b>	<b>24.4</b>	<b>29.3%</b>
NorthBay Medical Center*	40.3		13	1,359	3,159	8.7	66.6%
Petaluma Valley Hospital*	40.9		10	409	887	2.4	24.3%
Kaiser Vacaville Medical Center*	52.9		28	1,278	1,773	4.9	17.3%
<b>TOTAL</b>			<b>186</b>	<b>11,155</b>	<b>21,066</b>	<b>57.7</b>	<b>31.0%</b>

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\* 2017 Unaudited Data

<sup>1</sup> Sonoma Valley Hospital closed its obstetrics unit in October 2018.

- Adventist Health St. Helena provided approximately 13% of licensed perinatal beds and reported over 10% of discharges within the primary service area; and
- Adventist Health Ukiah Valley has the highest occupancy rate of all hospitals within the primary service area at nearly 60%.

### Psychiatric Acute Care- Adult Capacity Analysis

Adventist Health St. Helena is the only provider of inpatient psychiatric acute care adult beds within the primary service area. There are an additional 48 inpatient psychiatric acute care adult beds in the secondary service area, all located at Adventist Health Vallejo, that together with Adventist Health St. Helena operated at an overall occupancy rate of approximately 77%.

PSYCHIATRIC ACUTE - ADULT BEDS FY 2017							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Adventist Health St. Helena</b>	-	X	<b>37</b>	<b>1,271</b>	<b>9,886</b>	<b>27.1</b>	<b>73.2%</b>
Queen of the Valley Medical Center*	21.0	X	-	-	-	-	-
Adventist Health Clear Lake	42.7	X	-	-	-	-	-
Sutter Lakeside Hospital*	59.2	X	-	-	-	-	-
Adventist Health Ukiah Valley	71.1	X	-	-	-	-	-
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>			<b>37</b>	<b>1,271</b>	<b>9,886</b>	<b>27.1</b>	<b>73.2%</b>
Santa Rosa Memorial Hospital*	24.0	X	-	-	-	-	-
Kaiser Fdn. Hospital - Santa Rosa*	24.2	X	-	-	-	-	-
Sutter Santa Rosa Regional Hospital*	27.0	X	-	-	-	-	-
Sonoma Valley Hospital	28.8	X	-	-	-	-	-
Healdsburg District Hospital*	31.0	X	-	-	-	-	-
Sutter Solano Medical Center	35.6	X	-	-	-	-	-
Adventist Health Vallejo	35.8	X	48	1,566	13,928	38.2	79.5%
Adventist Health Howard Memorial	92.0	X	-	-	-	-	-
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>			<b>48</b>	<b>1,566</b>	<b>13,928</b>	<b>38</b>	<b>79.5%</b>
NorthBay Medical Center*	40.3		-	-	-	-	-
Petaluma Valley Hospital*	40.9		-	-	-	-	-
Kaiser Vacaville Medical Center*	52.9		-	-	-	-	-
<b>TOTAL</b>			<b>85</b>	<b>2,837</b>	<b>23,814</b>	<b>65.2</b>	<b>76.8%</b>

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\*2017 Unaudited Data

- Adventist Health St. Helena had 37 inpatient psychiatric acute care beds with an average occupancy rate of nearly 73% and an average daily census of 27 patients; and
- Adventist Health Vallejo, located 36 miles from Adventist Health St. Helena, is the only other provider of inpatient psychiatric acute care beds in the region. In 2017, Adventist Health Vallejo had 1,566 discharges and 13,928 patient days resulting in an occupancy rate of approximately 80%.



## Emergency Department Volume at Hospitals in the Service Area

In CY 2017, Adventist Health St. Helena had eight emergency treatment stations. In total, there were 60 emergency treatment stations among all primary service area hospitals. As shown below, Adventist Health St. Helena reported 8,147 visits that totaled nearly 7% of all visits among the primary service area hospitals (109,226 visits).

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

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2017												
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/ Threat	Percentage Admitted	Hours of Diversion
<b>Adventist Health St. Helena</b>	-	X	Standby	16	<b>8,147</b>	<b>71</b>	<b>1,058</b>	<b>3,208</b>	<b>2,225</b>	<b>1,585</b>	<b>14.6%</b>	<b>0</b>
Queen of the Valley Medical Center*	21.0	X	Basic	18	29,018	1,350	2,433	15,087	8,387	1,761	13.7%	0
Adventist Health Clear Lake	42.7	X	Standby	8	22,230	213	3,204	8,805	5,476	4,532	6.0%	0
Sutter Lakeside Hospital*	59.2	X	Basic	12	20,329	211	1,869	8,231	5,503	4,515	2.2%	0
Adventist Health Ukiah Valley	71.1	X	Basic	14	29,502	322	6,932	9,627	7,320	5,301	7.6%	0
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>				<b>68</b>	<b>109,226</b>	<b>2,167</b>	<b>15,496</b>	<b>44,958</b>	<b>28,911</b>	<b>17,694</b>	<b>8.4%</b>	<b>0</b>
Santa Rosa Memorial Hospital*	24.0	X	Basic	33	44,419	1,776	2,366	21,203	14,968	4,106	18.4%	0
Kaiser Foundation Hospital - Santa Rosa	24.2	X	Basic	34	59,197	7,744	19,883	10,131	13,897	7,542	10.4%	396
Sutter Santa Rosa Regional Hospital*	27.0	X	Basic	15	34,558	358	5,223	10,234	10,860	7,883	9.5%	195
Sonoma Valley Hospital*	28.8	X	Basic	9	10,919	56	1,293	4,199	3,588	1,779	7.1%	0
Healdsburg District Hospital	31.0	X	Standby	8	9,045	486	1,339	3,529	2,304	1,002	4.3%	0
Sutter Solano Medical Center*	35.6	X	Basic	13	38,456	93	1,950	16,146	19,154	1,113	8.5%	0
Adventist Health Vallejo	35.8	X	-	-	-	-	-	-	-	-	-	-
Adventist Health Howard Memorial	92.0	X	Basic	9	14,071	135	3,737	5,192	2,856	2,151	7.2%	0
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>				<b>121</b>	<b>210,665</b>	<b>10,648</b>	<b>35,791</b>	<b>70,634</b>	<b>67,627</b>	<b>25,576</b>	<b>10.9%</b>	<b>591</b>
NorthBay Medical Center	40.3		Basic	21	44,084	311	3,774	14,629	13,212	12,158	9.4%	0
Petaluma Valley Hospital*	40.9		Basic	15	19,106	795	995	11,314	4,093	1,909	9.3%	0
Kaiser - Vacaville Medical Center	52.9		Basic	27	47,067	11,046	10,543	6,910	12,646	5,922	6.9%	0
<b>TOTAL</b>				<b>252</b>	<b>430,148</b>	<b>24,967</b>	<b>66,599</b>	<b>148,445</b>	<b>126,489</b>	<b>63,259</b>	<b>9.6%</b>	<b>591</b>

Source: OSHPD Alirts Annual Utilization Reports, 2017

(1) The figures from OSHPD ALIRTS differ from the data provided by OSHPD Disclosure Reports and the Hospital

- Approximately 15% of Adventist Health St. Helena’s emergency department visits resulted in admission to the hospital. This is higher than the primary service area average of 8.4%; and
- Nearly 50% of Adventist Health St. Helena’s emergency department visits were classified as severe with/without threat, which was higher than the primary service area average of approximately 43%.

## Emergency Department Capacity

Industry sources, including the American College of Emergency Physicians, use a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an emergency department. Based upon this benchmark, Adventist Health St. Helena's emergency department was operating at approximately 50.9% of its 8-bed capacity.

EMERGENCY DEPARTMENT CAPACITY 2017							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
<b>Adventist Health St. Helena</b>	-	X	Standby	8	8,147	16,000	7,853
Queen of the Valley Medical Center*	21.0	X	Basic	18	29,018	36,000	6,982
Adventist Health Clear Lake	42.7	X	Standby	8	22,230	16,000	(6,230)
Sutter Lakeside Hospital*	59.2	X	Basic	12	20,329	24,000	3,671
Adventist Health Ukiah Valley	71.1	X	Basic	14	29,502	28,000	(1,502)
<b>PRIMARY SERVICE AREA SUB-TOTAL</b>				<b>60</b>	<b>109,226</b>	<b>120,000</b>	<b>10,774</b>
Santa Rosa Memorial Hospital*	24.0	X	Basic	33	44,419	66,000	21,581
Kaiser Foundation Hospital - Santa Rosa	24.2	X	Basic	34	59,197	68,000	8,803
Sutter Santa Rosa Regional Hospital*	27.0	X	Basic	15	34,558	30,000	(4,558)
Sonoma Valley Hospital*	28.8	X	Basic	9	10,919	18,000	7,081
Healdsburg District Hospital	31.00	X	Standby	8	9,045	16,000	6,955
Sutter Solano Medical Center*	35.6	X	Basic	13	38,456	26,000	(12,456)
Adventist Health Vallejo	35.8	X	-	-	-	-	-
Adventist Health Howard Memorial	92.0	X	Basic	9	14,071	18,000	3,929
<b>SECONDARY SERVICE AREA SUB-TOTAL</b>				<b>121</b>	<b>210,665</b>	<b>242,000</b>	<b>31,335</b>
NorthBay Medical Center	40.3		Basic	21	44,084	42,000	(2,084)
Petaluma Valley Hospital*	40.9		Basic	15	19,106	30,000	10,894
Kaiser Permanente Vacaville Medical Center	52.9		Basic	27	47,067	54,000	6,933
<b>TOTAL</b>				<b>244</b>	<b>430,148</b>	<b>488,000</b>	<b>57,852</b>

Source: OSHPD Alerts Annual Utilization Reports, 2017

(1) The figures from OSHPD ALIRTS differ from the data provided by OSHPD Disclosure Reports and the Hospital

- Overall, primary service area hospitals' emergency departments are operating at approximately 91% capacity; and
- Adventist Health Clear Lake and Adventist Health Ukiah Valley both reported operating over capacity at approximately 139% and 105%, respectively.

## Profile of Adventist Health Clear Lake

### **Overview of Adventist Health Clear Lake**

Adventist Health operates Adventist Health Clear Lake, a 32 licensed-bed general acute care facility, located at 15630 18th Ave, in Clearlake. Adventist Health Clear Lake has a “standby” emergency department with eight licensed treatment stations and two surgical operating rooms.

BED DISTRIBUTION 2019	
Bed Type	Number of Beds
Unspecified General Acute Care	24
Intensive Care	4
Perinatal	4
<b>Total Licensed Beds</b>	<b>32</b>

Source: Hospital License 2019

### **Key Statistics**

KEY STATISTICS: FY 2014 - 2017				
	FY 2014	FY 2015	FY 2016	FY 2017
Inpatient Discharges	1,385	1,440	1,494	1,430
Licensed Beds	25	25	25	25
Patient Days	5,383	5,519	5,791	5,836
Average Daily Census	15	15	16	16
Occupancy	59.0%	60.5%	63.5%	64.0%
Average Length of Stay	3.9	3.8	3.9	4.1
Emergency Services Visits <sup>1</sup>	21,353	21,401	21,339	22,230
Total Live Births	174	164	170	161

Sources: OSHPD Disclosure Reports, FY 2014-2017

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

For FY 2017, Adventist Health Clear Lake had a total of 1,430 inpatient discharges, 5,836 patient days, and an average daily census of 16 patients (approximately 64% occupancy on the total licensed beds).

- Since FY 2014, both inpatient discharges and patient days have increased by approximately 3% and 8%, respectively;
- In FY 2017, Adventist Health Clear Lake reported 22,005 emergency department visits, a 5% decrease from FY 2016; and
- Between FY 2014 and FY 2017, total live births at Adventist Health Clear Lake decreased by 7% from 174 in FY 2014 to 161 in FY 2017.

## ***Programs & Services***

Adventist Health Clear Lake offers medical and surgical services including cardiovascular, obstetrics, rehabilitation, and emergency services, as described below:

- Outpatient behavioral medicine services include substance abuse, depression and anxiety, grief and loss, family and couples' counseling, post-traumatic stress disorder and more;
- Cardiovascular services include treatment for: abdominal aortic aneurysms, carotid artery disease and venous disease at Adventist Heart Institute;
- Dental care services include: complete exams, oral cancer check, x-rays, panoramic x-rays, cleanings, extractions, fillings, dentures, sealants and partials;
- Ears, Nose and Throat services include: Ear infection, tinnitus, wax removal, hearing problems, voice problems, chronic sinusitis, thyroid disease, chronic snoring, swallowing disorders and sleep apnea;
- Eye care services include: comprehensive eye exams, prescriptions for glasses, surgical consultations for cataracts and glaucoma laser surgery, laser vision correction, hypertension screenings and diabetic eye screenings;
- Emergency services include: 24-hour "standby" emergency department with 8 licensed treatment stations and a Sexual Assault Response Team (SART);
- St. Helena Family Health Center – Clearlake services include: Bright Start Program, childbirth education classes, prenatal care, post-partum and pediatric care,
- Family birth services include: medical imaging, fetal monitoring and antenatal testing, laboratory services and labor & delivery;
- Laboratory services include clinical and pathology tests;
- Live Well Program Services include: health coach, nutritional counseling, diabetes education, chiropractic treatment, sleep assessment, psychiatry & counseling, care management, addiction medicine, orthotic evaluation and pain management support groups;
- Medical Imaging & Radiology Services include: bone densitometry scan, CT Scanning, PET/CT and other nuclear medicine imaging, MRI, 3D mammography, ultrasound or sonogram and X-Ray;

- Nephrology services include treatment for: diabetic kidney disorder, electrolyte disorders, glomerulonephritis, chronic hypertension, kidney disease , lupus nephritis , nephrotic syndrome , pyelonephritis, polycystic kidney disorder, renal insufficiency , acute kidney failure, drug and nephrotoxin-associated kidney disorders, glomerular disease, hereditary kidney disorders, tubulointerstitial diseases of the kidney, systemic diseases involving the kidney and hypertension of the kidney;
- Orthopedic service include treatment for: disease of the bones and joints – including orthopedic trauma, knee fractures, total joint replacement and spine disorders;
- Pulmonary rehabilitation services include treatment for: chronic obstructive pulmonary disease, asthma, chronic bronchitis, emphysema, cystic fibrosis, pulmonary fibrosis, kyphoscoliosis, lung resection, lung disease, pneumoconiosis, pulmonary vascular disease and sarcoidosis;
- Podiatry services include treatment for: fractures arthritis and joint disease, sports injuries, toe disorders, tendon disorders, nerve disorders, foot and ankle deformity, ankle ligament tears, nerve damage, plantar fasciitis, diabetic foot issues and achillies tendon injuries;
- Sleep medicine services include treatment for: obstructive sleep apnea, restless leg syndrome, narcolepsy, sleep walking and insomnia;
- Surgical services include: breast surgery, cholecystectomy, circumcision, colectomy, colonoscopy, hemorrhoidectomy, paraoesophageal, hernia repair, melanoma surgery, vasectomy, thoracic surgery, thyroidectomy and incisional hernia repair;
- Therapy services include: orthopedic and sports rehabilitation, complex and neurological rehabilitation and health and fitness programs; and
- Women’s services include: bone health, breast health, pregnancy & childbirth, obstetrics, gynecology and treatment for menopause.

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

Adventist Health Clear Lake is accredited as a Critical Access Hospital<sup>24</sup> by the Joint Commission, effective April 2016, for three years. Over the years, Adventist Health Clear Lake received awards and accolades as a provider of quality care, some of which include the following:

- Accredited by the Joint Commission for the hospital's Laboratory Program, effective November 2017 through November 2020;
- Accredited by the Joint Commission for its Ambulatory Care Program, effective June 2017 through June 2021; and
- Collaborative Alliance for Nursing Outcomes (CALNOC): Adventist Health Clear Lake received performance excellence awards for reducing hospital acquired conditions in 2016. Adventist Health Clear Lake received one award for Preventing Moderate + Injury Falls.

## ***Quality Measures***

The Hospital Value-Based Purchasing Program, established by the 2010 Federal Patient Protection and Affordable Care Act in 2012, encourages hospitals to improve the quality and safety of care. The Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payments and payment reductions by determining hospital performance on four domains that reflect hospital quality: the clinical process of care and outcomes domain, the patient and caregiver centered experience of care/care coordination domain, the safety domain, and the efficiency and cost reduction domain. As a critical access hospital, Adventist Health Clear Lake is ineligible to participate in the Hospital Value-Based Purchasing Program.

According to the Centers for Medicare & Medicaid Services' Hospital Compare, Adventist Health Clear Lake's overall hospital quality rating is two stars out of five stars. This is based on Adventist Health Clear Lake's performance compared to all hospitals across the nation for the seven categories that comprise Hospital Compare's overall quality rating, including mortality,

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<sup>24</sup> Critical Access Hospital is a designation given to eligible rural hospitals by the Centers for Medicare and Medicaid Services (CMS). Congress created the Critical Access Hospital is a designation given through the Balanced Budget Act of 1997 in response to a string of rural hospital closures during the 1980s and early 1990s. The designation is designed to reduce the financial vulnerability of rural hospitals and improve access to healthcare by keeping essential services in rural communities. To accomplish this goal, Critical Access Hospital's receive certain benefits, such as cost-based reimbursement for Medicare services. Eligible hospitals must meet the following conditions obtain Critical Access Hospital designation 1) have 25 or fewer acute care inpatient beds; 2) be located more than 35 miles from another hospital; 3) maintain an annual average length of stay of 96 hours or less for acute care patients; and 4) provide 24/7 emergency care services.

safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.

QUALITY MEASURES	
Condition/Procedure	National Average
Mortality	Same as the national average
Safety of Care	Not Available
Readmission	Below the national average
Patient Experience	Same as the national average
Effectiveness of Care	Not Available
Timeliness of Care	Not Available
Efficient Use of Medical Imaging	Not Available

Source: Data.medicare.gov Hospital Compare, April 2019

The Hospital Readmissions Reduction Program<sup>25</sup>, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following three applicable conditions: heart attack, heart failure, and pneumonia. The penalty is administered by reducing all of a hospital’s reimbursement payments under the Medicare program by a certain percentage for the entire year. As a critical access hospital, Adventist Health Clear Lake is exempt from the Hospital Readmissions Reduction Program.

The following graph shows Adventist Health Clear Lake’s 30-day readmission rates for chronic obstructive pulmonary disease, heart failure, pneumonia, and all causes hospital-wide.

30-DAY READMISSION RATES		
Condition/Procedure	Adventist Health Clear Lake	National Average
Chronic Obstructive Pulmonary Disease	20.3%	19.6%
Heart Failure	21.1%	21.7%
Pneumonia	16.6%	16.7%
Hospital-Wide	16.7%	15.3%

Source: Medicare.gov Hospital Compare, July 2018

### ***Seismic Issues***

Using the HAZUS seismic criteria<sup>26</sup>, Adventist Health Clear Lake’s structures subject to seismic compliance have been classified according to the California Senate Bill 1953 Seismic Safety Act for the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC), as shown in the table below. These classifications require that Adventist Health Clear

<sup>25</sup> The formula for determining hospital reimbursement payments under the Hospital Readmissions Reduction Program is complicated, varies by hospital and geographic location, and may not correspond directly to state and national hospital averages.

<sup>26</sup> OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

Lake’s structures undergo construction to comply with the California Office of Statewide Health Planning and Development’s seismic safety standards.

SEISMIC OVERVIEW		
Building	SPC Compliance Rating	NPC Compliance Status
East Wing	SPC-2	NPC-2
West Wing	SPC-4	NPC -2
Emergency Room	SPC-4	NPC-2
Central/Supply Maintenance	SPC-4	NPC 2
Chiller Platform	-	NPC 2
Emergency Generator Yard	-	NPC 2

Source: OSHPD

- Adventist Health Clear Lake has one building rated as SPC-2. The East Wing is in compliance with the pre-1973 California Building Standards Code but not in compliance with the Alquist Hospital Facilities Safety Act (SBC 1953). This building must be seismically retrofitted by January 1, 2030 in order to continue providing inpatient acute care services;
- Adventist Health Clear Lake has three buildings rated as SPC-4. These buildings are in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act (SBC 1953). Buildings in this category will have been constructed, or reconstructed, under a building permit obtained through OSHPD and may be used for inpatient services through to January 1, 2030, and beyond; and
- Adventist Health Clear Lake has five buildings rated as NPC-2. The following systems including: communication systems, emergency power supply, bulk medical gas systems, fire alarm systems and emergency lighting equipment for the building are either anchored in accordance with the Part 2, Title 24 of the California Building Code<sup>27</sup> or approved by the Department of General Services, Office of Architecture and Construction, Structural Safety Section.

<sup>27</sup> The California Building Code serves as the basis for the design and construction of buildings in California.



## Patient Utilization Trends

The following table shows volume trends at Adventist Health Clear Lake from FY 2013 through FY 2017:

SERVICE VOLUMES: FY 2013-2017					
PATIENT DAYS	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Medical/Surgical	3,476	3,711	3,941	4,073	3,618
Intensive Care	1,190	1,170	1,277	1,322	1,313
Obstetrics	555	502	301	396	384
Sub-Acute Care	-	-	-	-	521
<b>Total</b>	<b>5,221</b>	<b>5,383</b>	<b>5,519</b>	<b>5,791</b>	<b>5,836</b>
DISCHARGES					
Medical/Surgical	1,094	981	1,041	1,054	948
Intensive Care	103	207	235	233	234
Obstetrics	190	197	164	207	203
Sub-Acute Care	-	-	-	-	45
<b>Total</b>	<b>1,387</b>	<b>1,385</b>	<b>1,440</b>	<b>1,494</b>	<b>1,430</b>
AVERAGE LENGTH OF STAY					
Medical/Surgical	3.2	3.8	3.8	3.9	3.8
Intensive Care	11.6	5.7	5.4	5.7	5.6
Obstetrics	2.9	2.5	1.8	1.9	1.9
Sub-Acute Care	-	-	-	-	11.6
<b>Total</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>	<b>3.9</b>	<b>4.1</b>
AVERAGE DAILY CENSUS					
Medical/Surgical	9.5	10.2	10.8	11.2	9.9
Intensive Care	3.3	3.2	3.5	3.6	3.6
Obstetrics	1.5	1.4	0.8	1.1	1.1
Sub-Acute Care	-	-	-	-	1.4
<b>Total</b>	<b>14.3</b>	<b>14.7</b>	<b>15.1</b>	<b>15.9</b>	<b>16.0</b>
OTHER SERVICES					
Inpatient Surgeries	266	284	250	243	295
Outpatient Surgeries	1,615	1,662	1,392	1,186	1,670
Emergency Services Visits <sup>1</sup>	18,295	21,353	21,401	21,339	22,230
Obstetric Deliveries	166	174	164	170	161

Sources: OSHPD Disclosure Reports, FY 2013-2017

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

A review of historical utilization trends supports the following conclusions:

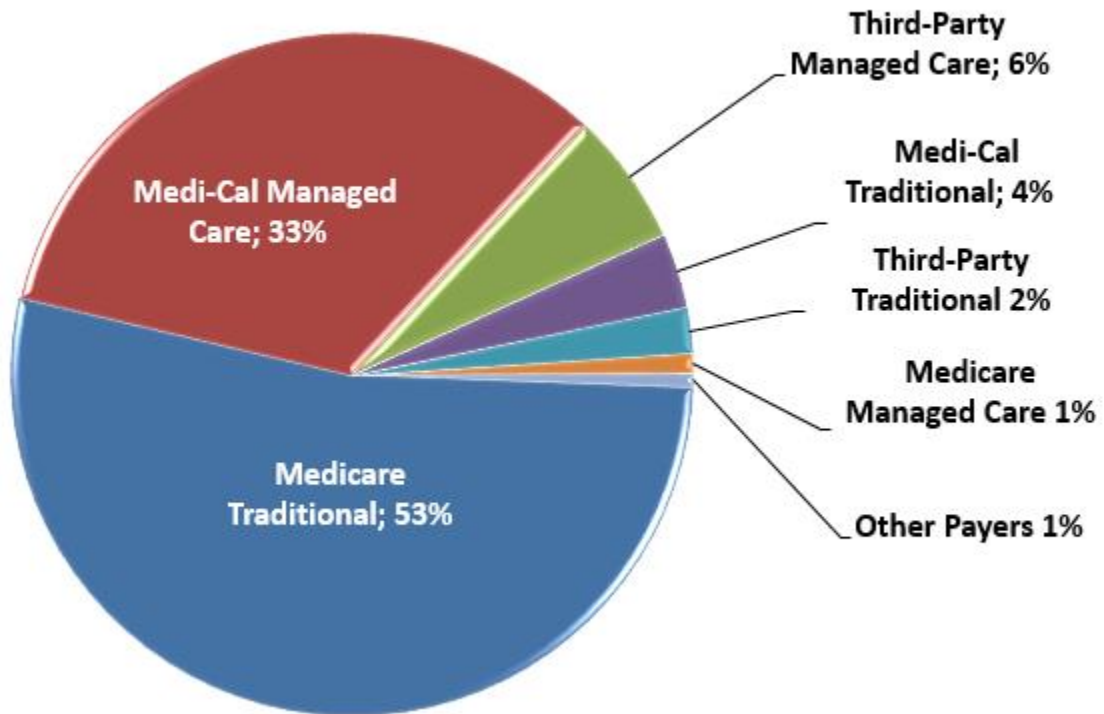
- Total patient days have increased by 12% over the five-year period;
- Inpatient discharges have increased 3% from 1,387 in FY 2013 to 1,430 in FY 2017;

- The average daily census has increased by 12% from 14 patients in FY 2013 to 16 patients in FY 2017; and
- Obstetric deliveries have remained relatively consistent at the hospital (5-year average of 167 deliveries per year).

**Payer Mix**

In FY 2017, approximately 54% of Adventist Health Clear Lake’s inpatient discharges consisted of Medicare Traditional (53%) and Medicare Managed Care (1%) patients. Approximately 37% of Adventist Health Clear Lake’s inpatient discharges consisted of Medi-Cal Managed Care (33%) and Medi-Cal Traditional (4%). The remaining 9% of the inpatient discharges consisted of Third-Party Managed Care (6%), Third-Party Traditional (2%), and Other Payers\* (1%).

**Adventist Health Clear Lake Payer Mix, FY 2017**



**Total Discharges = 1,430**

\* Other Payers includes self-pay, workers’ compensation, other government, and other payers.

Source: OSHPD Financial Disclosure Report, FY 2017 (based on inpatient discharges).

The following table shows Adventist Health Clear Lake’s inpatient discharge payer mix compared to Lake County and the State of California for FY 2017. Adventist Health Clear Lake has higher percentages of Medicare Traditional and Medi-Cal Managed Care and lower percentages of Third-Party Managed Care and Medicare Managed Care relative to other hospitals in California.

PAYER MIX COMPARISON						
	Adventist Health Clear Lake (FY 2017)		Lake County (FY 2017)		California (FY 2017)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi - Cal Traditional	51	3.6%	168	5.0%	379,332	13.2%
Medi - Cal Managed Care	477	33.4%	1,035	31.0%	611,389	21.3%
<b>Medi-Cal Total</b>	<b>528</b>	<b>36.9%</b>	<b>1,203</b>	<b>36.1%</b>	<b>990,721</b>	<b>34.6%</b>
Medicare Traditional	759	53.1%	1,718	51.5%	821,181	28.7%
Medicare Managed Care	13	0.9%	48	1.4%	321,579	11.2%
<b>Medicare Total</b>	<b>772</b>	<b>54.0%</b>	<b>1,766</b>	<b>53.0%</b>	<b>1,142,760</b>	<b>39.9%</b>
Third - Party Traditional	31	2.2%	64	1.9%	95,981	3.3%
Third - Party Managed Care	<b>90</b>	<b>6.3%</b>	<b>280</b>	<b>8.4%</b>	574,058	20.0%
<b>Third-Party Total</b>	<b>121</b>	<b>8.5%</b>	<b>121</b>	<b>3.6%</b>	<b>670,039</b>	<b>23.4%</b>
Other Payers	9	0.6%	10	0.3%	40,046	1.4%
Other Indigent	0	0.0%	10	0.3%	14,881	0.5%
County Indigent	0	0.0%	1	0.0%	6,746	0.2%
<b>Other Total</b>	<b>9</b>	<b>0.6%</b>	<b>21</b>	<b>0.6%</b>	<b>61,673</b>	<b>2.2%</b>
<b>Total</b>	<b>1,430</b>	<b>100%</b>	<b>3,334</b>	<b>100%</b>	<b>2,865,193</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2017

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

The Medi-Cal Managed Care Program contracts for healthcare services through established networks of organized systems of care. Nearly 10.7 million Medi-Cal beneficiaries in all 58 counties in California receive their healthcare through six models of managed care, including: County Organized Health System, the Two-Plan Model, Geographic Managed Care, the Regional Model, the Imperial Model, and the San Benito Model.

Lake County has a County Organized Health Systems model that offers one managed care plan. In the County Organized Health Systems model, the Department of Health Care Services contracts with a health plan created by the County Board of Supervisors. The percentage of Lake County residents with Medi-Cal Managed Care coverage has increased significantly as a result of the ACA and California initiatives to expand managed care. Since 2014, the Medi-Cal eligibles count in Lake County has increased by 20% from 27,000 Medi-Cal eligibles in 2014 to 33,000 Medi-Cal eligibles in 2018. In Lake County, the County Organized Health Systems model is provided by Partnership Health Plan of California. Currently, Adventist Health Clear Lake is

contracted with Partnership Health Plan of California to provide healthcare services for Medi-Cal Managed Care patients.

**Medical Staff**

Adventist Health Clear Lake has 65 medical staff members representing multiple specialties. The three largest specialties, comprising 56% of the medical staff, include: General/Family Practice, Allergy and Immunology, and Internal Medicine.

<b>MEDICAL STAFF PROFILE</b>		
<b>Specialty</b>	<b>Count</b>	<b>% of</b>
Aerospace Medicine	2	3.1%
Allergy and Immunology	8	12.3%
Gastroenterology	1	1.5%
General/Family Practice	21	32.3%
General Surgery	2	3.1%
Internal Medicine	8	12.3%
Nuclear Medicine	1	1.5%
Obstetrics and Gynecology	5	7.7%
Oncology	2	3.1%
Orthopedic Surgery	2	3.1%
Otolaryngology	2	3.1%
Pathology	1	1.5%
Pediatric Medicine	3	4.6%
Plastic and Reconstructive Surgery	1	1.5%
Pulmonary Disease	1	1.5%
Radiology	5	7.7%
<b>Total</b>	<b>65</b>	<b>100.0%</b>

Source: OSHPD Disclosure Report, FY 2017

## Financial Profile

Since FY 2014, Adventist Health Clear Lake's net income increased from \$5.0 million in FY 2014 to \$13.5 million in FY 2017. Most of the gains can be attributed to increases in net patient revenue and other operating revenue. Between FY 2013 and FY 2017, net patient revenue increased by 59% from \$64.2 million to \$102.3 million. Over the same period, Adventist Health Clear Lake's total operating expenses increased by 34% from \$67.4 million to \$90.7 million. Other operating revenue contributed nearly \$5 million over the five-year period. Other operating revenue represents amounts received for services that are central to the provision of healthcare services but are not directly related to patient care.

Adventist Health Clear Lake's current asset-to-liability ratio has increased over the last five years from 1.93 in FY 2013 to 4.95 in FY 2017 (the California average in 2016 was 1.56). Adventist Health Clear Lake's percentage of bad debt is approximately 1.1% and is higher than the California average of 0.8%.

FINANCIAL AND RATIO ANALYSIS: FY 2013-2017						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Patient Days	5,221	5,383	5,519	5,791	5,836	
Discharges	1,387	1,385	1,440	1,494	1,430	
ALOS	3.8	3.9	3.8	3.9	4.1	
Net Patient Revenue	\$64,228,441	\$71,061,388	\$80,570,584	\$94,732,769	\$102,301,635	
Other Operating Revenue	\$912,632	\$1,419,188	\$372,717	\$1,261,846	\$989,593	
Total Operating Revenue	\$65,141,073	\$72,480,576	\$80,943,301	\$95,994,615	\$103,291,228	
Operating Expenses	\$67,413,523	\$68,621,050	\$73,898,020	\$86,830,222	\$90,665,937	
Net from Operations	(\$2,272,450)	\$3,859,526	\$7,045,281	\$9,164,393	\$12,625,291	
Net Non-Operating Revenue	(\$52,175)	\$1,150,402	\$1,291,754	(\$643,456)	\$863,764	
<b>Net Income</b>	<b>(\$2,324,625)</b>	<b>\$5,009,928</b>	<b>\$8,337,035</b>	<b>\$8,520,937</b>	<b>\$13,489,055</b>	
						2016 California Average
Current Ratio	1.93	1.90	2.85	3.65	4.95	1.56
Days in A/R	59.1	62.7	81.5	54.3	27.1	56.9
Bad Debt Rate	3.0%	1.9%	1.3%	1.1%	1.1%	0.8%
Operating Margin	-3.5%	5.3%	8.7%	9.5%	12.2%	2.5%

Source: OSHPD Disclosure Reports, FY 2013-2017

### **Cost of Hospital Services**

Adventist Health Clear Lake’s operating cost of services includes both inpatient and outpatient care. In FY 2017, approximately 43% of total costs were associated with Medicare patients, 49% with Medi-Cal patients, and 14% with Third Party payers. The remaining 2% is attributed to Other Payers. In FY 2017, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

<b>COST OF SERVICES BY PAYER CATEGORY FY 2013-2017</b>					
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Operating Expenses</b>	<b>67,413,523</b>	<b>\$68,621,050</b>	<b>\$73,898,020</b>	<b>\$86,830,222</b>	<b>\$90,665,937</b>
<b>Cost of Services by Payer:</b>					
Medicare	\$29,977,473	\$30,268,229	\$32,163,466	\$24,517,390	\$30,512,651
Medi-Cal	\$22,590,470	\$28,125,268	\$24,405,861	\$43,977,526	\$44,007,302
County Indigent	\$5,356,265	\$67,072	\$0	\$0	\$0
Third Party	\$5,314,609	\$8,207,954	\$13,343,409	\$13,715,649	\$12,297,864
Other Indigent	\$477,861	\$80,673	\$898,359	\$949,383	\$2,202,701
Other Payers	\$3,696,846	\$1,871,853	\$3,086,925	\$3,670,275	\$1,645,419

Source: OSHPD Disclosure Reports, FY 2013-2017

## Charity Care

The following table shows a comparison of charity care and bad debt for Adventist Health Clear Lake and all general acute care hospitals in the State of California. The five-year (FY 2013 - FY2017) average of charity care and bad debt for Adventist Health Clear Lake, as a percentage of gross patient revenue, was 3.8%. This is higher than the four-year statewide average of 2.6%. According to OSHPD, “the determination of what is classified as...charity care can be made by establishing whether or not the patient has the ability to pay. The patient’s accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account.”

CHARITY CARE COMPARISON FY 2013 - FY 2017 (In Thousands)										
	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$208,738	\$320,382,471	\$215,392	\$338,322,364	\$224,821	\$365,501,463	\$241,825	\$396,427,743	\$248,947	\$408,188,146
Charity	\$3,068	\$6,563,487	\$2,337	\$5,113,965	\$5,763	\$3,441,227	\$6,493	\$3,457,868	\$9,691	\$2,864,615
Bad Debt	\$6,351	\$5,891,632	\$4,122	\$4,365,936	\$2,864	\$3,262,642	\$2,612	\$3,108,971	\$2,842	\$2,762,692
<b>Total Charity &amp; Bad Debt</b>	<b>\$9,420</b>	<b>\$12,455,119</b>	<b>\$6,459</b>	<b>\$9,479,902</b>	<b>\$8,627</b>	<b>\$6,703,869</b>	<b>\$9,104</b>	<b>\$6,566,839</b>	<b>\$12,533</b>	<b>\$5,627,308</b>
Charity Care as a % of Gross Patient Revenue	1.5%	2.0%	1.1%	1.5%	2.6%	0.9%	2.7%	0.9%	3.9%	0.7%
Bad Debt as a % of Gross Patient Revenue	3.0%	1.8%	1.9%	1.3%	1.3%	0.9%	1.1%	0.8%	1.1%	0.7%
Total as a % of Gross Patient Revenue	4.5%	3.9%	3.0%	2.8%	3.8%	1.8%	3.8%	1.7%	5.0%	1.4%
<b>Uncompensated Care</b>										
Cost to Charge Ratio	31.9%	24.5%	31.2%	23.6%	32.7%	24.1%	35.4%	23.8%	36.0%	23.0%
Charity	\$978	\$1,608,711	\$729	\$1,207,919	\$1,885	\$828,647	\$2,297	\$822,627	\$3,491	\$658,891
Bad Debt	\$2,023	\$1,444,039	\$1,286	\$1,031,234	\$937	\$785,644	\$924	\$739,624	\$1,024	\$635,448
<b>Total</b>	<b>\$3,001</b>	<b>\$3,052,750</b>	<b>\$2,015</b>	<b>\$2,239,153</b>	<b>\$2,821</b>	<b>\$1,614,292</b>	<b>\$3,222</b>	<b>\$1,562,251</b>	<b>\$4,515</b>	<b>\$1,294,339</b>

Source: OSHPD Disclosure Reports FY 2013 - FY 2017

The table below shows Adventist Health Clear Lake’s historical costs for charity care as reported by OSHPD. Adventist Health Clear Lake’s charity care costs have fluctuated from a low of \$0.7 million in FY 2014 to a high of \$3.5 million in FY 2017. The average cost of charity care for the five-year period and three-year period was \$1.9 million and \$2.6 million, respectively.

COST OF CHARITY CARE FY 2013 - FY 2017			
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital
FY 2017	\$9,690,852	36.0%	\$3,490,866
FY 2016	\$6,492,753	35.4%	\$2,297,420
FY 2015	\$5,762,754	32.7%	\$1,884,650
FY 2014	\$2,337,144	31.2%	\$729,183
FY 2013	\$3,068,468	31.9%	\$977,569
<b>FY 2015 - FY 2017 Average</b>			<b>\$2,557,646</b>
<b>FY 2013 - FY 2017 Average</b>			<b>\$1,875,938</b>

Source: OSHPD Disclosure Reports FY 2013 - FY 2017

In the written notice to the California Attorney General, Adventist Health Clear Lake reported the following combined distribution of charity care costs by inpatient, outpatient, and emergency room visits. Note that these totals are different than what reported to OSHPD. The hospital’s Charity Care and Discount Policy states that household income or qualifying assets must not be more than 200% of the federal poverty level to receive free emergency and medically necessary care. Persons with family income between the 201% and 300% federal poverty level qualify to receive Discounted Care for emergency and medically necessary services at 50% of the Amount Generally Billed. Persons with family income between the 301% and 400% federal poverty level qualify to receive Discounted Care for emergency and medically necessary services at 75% of the Amount Generally Billed.

COST OF CHARITY CARE BY SERVICE				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2017:</b>				
Cost of Charity	\$258,983	\$385,631	\$299,463	\$944,077
Visits/Discharges	1,430	121,035	22,005	\$144,470
<b>2016:</b>				
Cost of Charity	\$710,933	\$837,938	\$748,549	\$2,297,420
Visits/Discharges	1,494	134,134	21,770	\$157,398
<b>2015:</b>				
Cost of Charity	\$592,242	\$648,889	\$643,519	\$1,884,650
Visits/Discharges	1,440	115,275	21,658	\$138,373
<b>2014:</b>				
Cost of Charity	\$211,587	\$271,388	\$246,208	\$729,183
Visits/Discharges	1,385	135,476	20,863	\$157,724
<b>2013:</b>				
Cost of Charity	\$305,278	\$350,908	\$321,382	\$977,568
Visits/Discharges	1,387	130,999	18,713	\$151,099

Source: Adventist Health



## Community Benefit Services

Over the last five fiscal years, Adventist Health Clear Lake has provided several community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years was \$1,609,525.

ADVENTIST HEALTH CLEAR LAKE COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5-Year Average	Total
Benefits for Persons Living in Poverty	\$396,064	\$285,959	\$410,025	\$53,655	\$609,690	\$351,079	<b>\$1,755,393</b>
Benefits for Broader Community	\$530,492	\$174,660	\$1,591,720	\$1,863,080	\$2,132,282	\$1,258,447	<b>\$6,292,234</b>
<b>Total</b>	<b>\$926,556</b>	<b>\$460,619</b>	<b>\$2,001,745</b>	<b>\$1,916,735</b>	<b>\$2,741,972</b>	<b>\$1,609,525</b>	<b>\$8,047,627</b>

Source: Adventist Health

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

COST OF COMMUNITY BENEFIT SERVICES FY 2014-2018					
Services over \$10,000 in cost:	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Needs Assessment	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Health Education	\$ 277,845	\$ -	\$ 47,298	\$ -	\$ -
Access & Transportation	\$ 97,616	\$ 62,982	\$ 71,305	\$ 200,536	\$ 220,773
Community support	\$ -	\$ -	\$ 48,735	\$ 366,181	\$ 337,689
Eligibility Workers	\$ -	\$ 70,277	\$ 64,420	\$ -	\$ -
Cash contributions	\$ -	\$ 211,080	\$ 392,146	\$ 36,953	\$ 55,176
Social and Environmental Improvement	\$ -	\$ -	\$ 173,275	\$ -	\$ -
Community Benefit Operations	\$ -	\$ -	\$ 232,579	\$ 356,496	\$ 339,654
Financial Counselors gross wages + benefits	\$ -	\$ -	\$ 211,576	\$ -	\$ -
Workforce development	\$ -	\$ -	\$ 97,320	\$ 598,332	\$ 668,065
Research	\$ -	\$ -	\$ -	\$ 36,140	\$ 210,638
Advocacy	\$ -	\$ -	\$ -	\$ 59,511	\$ 25,633
Enrollment Assistance	\$ -	\$ -	\$ -	\$ 78,197	\$ 154,105

Source: Adventist Health

Adventist Health St. Helena's community benefit services have supported several initiatives in the community as described below:

- **Cash Contributions:** Adventist Health Clear Lake provides financial support to local faith-based organizations, community organizations and educational organizations to feed, educate and house vulnerable community members;

- Community Benefit Operations: Adventist Health Clear Lake employs a director of community wellness, project coordinator and grants coordinator with the sole purpose of developing and executing initiatives that work to improve the health of the community;
- Community Support: The OB Bright Start program serves high risk pregnant mothers (Low Income, alcohol and drug dependent) with education, resources, and support to help improve outcome for infants;
- Access and Transportation: Adventist Health Clear Lake employs two full time staff dedicated to recruitment and new service line development in order to improve access to services for the community; and
- Workforce Development / Job Creation and Training Programs: Adventist Health Clear Lake provides recruitment and development of providers for new Ophthalmology service line to provide services for the underserved and vulnerable population. Adventist Health Clear Lake also provides clinical training, monitoring and support to prepare for future jobs in imaging, EMT, trauma care and paramedics

**Reproductive Health**

For CY 2017, Adventist Health Clear Lake reported seven inpatient discharges related to reproductive health services. The following table lists inpatient reproductive health services by diagnostic related group (DRG) for CY 2017.

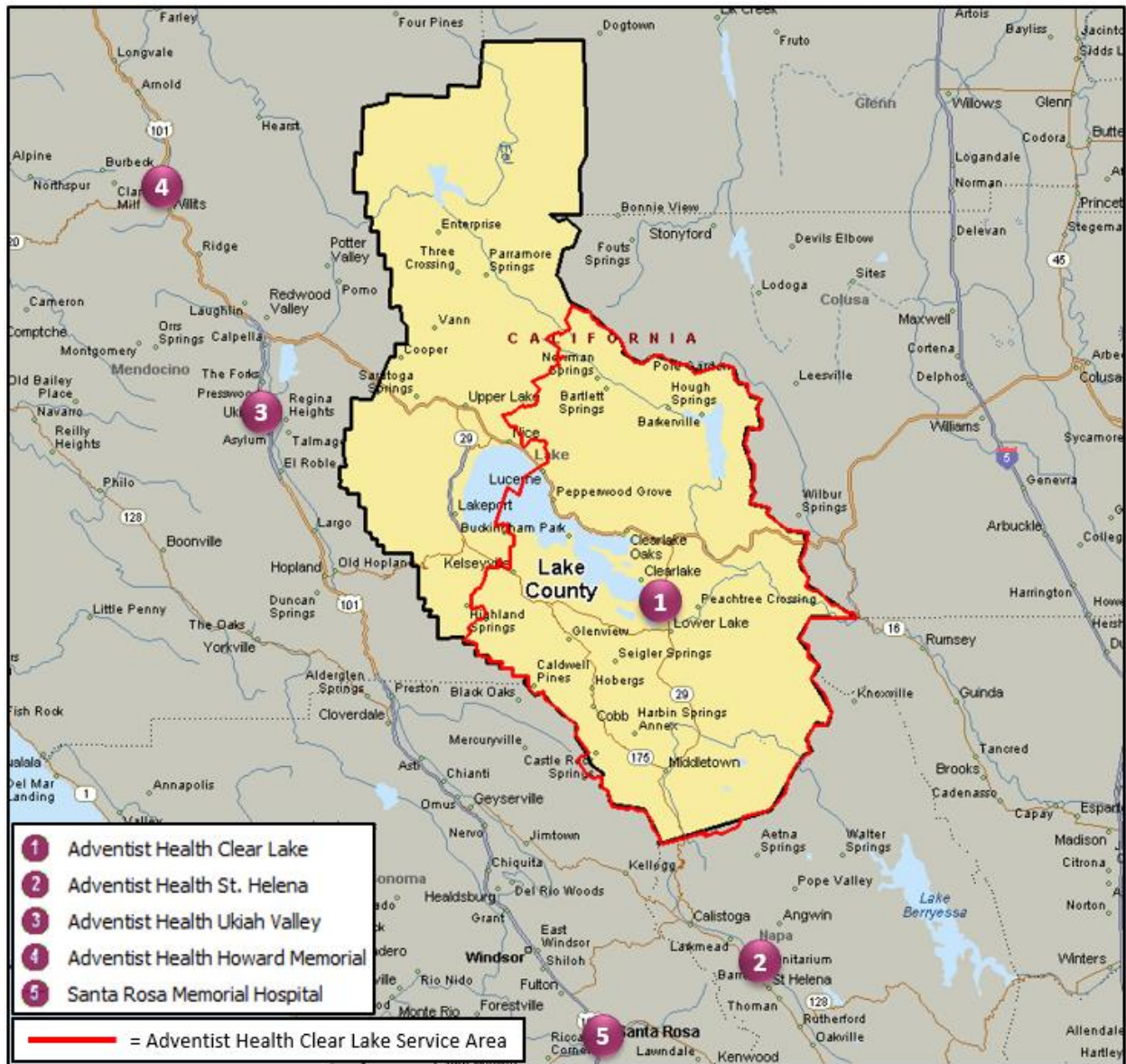
REPRODUCTIVE HEALTH DISCHARGES	
DRG	Discharges
767-Vaginal Delivery W Sterilization &/Or D&C <sup>1</sup>	6
777-Ectopic Pregnancy	1
770-Abortion W D&C, Aspiration Curettage or Hysterotomy	0
778-Threatened Abortion	0
779-Abortion W/O D&C	0
<b>Total</b>	<b>7</b>

Source: CY 2017 OSHPD Patient Discharge Database  
<sup>1</sup>D&C is an abbreviation for Dilation and Curettage

Out of the five diagnostic related groups, DRG 767-Vaginal Delivery with Sterilization has the highest number of reproductive health service with six inpatient discharges.

## Analysis of Adventist Health’s Hospital Market Share in Lake County

Lake County has over 67,950 residents and encompasses over 1,300 square miles. The map below depicts the location of Adventist Health Clear Lake relative to its service area, Lake County, and other Adventist Health hospitals in the region.



The following table lists hospitals where Lake County residents received inpatient care in CY 2017, the most recent data available from OSHPD, and their respective market share.

LAKE COUNTY MARKET SHARE BY HOSPITAL CY 2017		
Hospital	CY 2017	
	Discharges	Market Share
Sutter Lakeside Hospital	1,820	21.6%
<b>Adventist Health St. Helena</b>	<b>1,803</b>	<b>21.4%</b>
<b>Adventist Health Clear Lake</b>	<b>1,412</b>	<b>16.8%</b>
<b>Santa Rosa Memorial Hospital-Montgomery</b>	<b>528</b>	<b>6.3%</b>
Sutter Santa Rosa Regional Hospital	386	4.6%
UCSF Medical Center	351	4.2%
<b>Queen of the Valley Medical Center</b>	<b>318</b>	<b>3.8%</b>
<b>Adventist Health Ukiah Valley</b>	<b>276</b>	<b>3.3%</b>
California Pacific Med Ctr-Pacific Campus	185	2.2%
UC Davis Medical Center	136	1.6%
<b>Adventist Health Howard Memorial</b>	<b>126</b>	<b>1.5%</b>
Kaiser Foundation Hospital - Santa Rosa	116	1.4%
Children's Hospital & Research Center at Oakland	83	1.0%
<b>Adventist Health Vallejo</b>	<b>80</b>	<b>1.0%</b>
California Pacific Med Ctr-Davies Campus	77	0.9%
Stanford Health Care	57	0.7%
Aurora Behavioral Healthcare-Santa Rosa, LLC	41	0.5%
Sutter Medical Center, Sacramento	29	0.3%
Marin General Hospital	29	0.3%
Kentfield Hospital	24	0.3%
All Other	542	6.4%
<b>Total Adventist Health Discharges</b>	<b>3,715</b>	<b>44.1%</b>
<b>Total St. Joseph Health Discharges</b>	<b>875</b>	<b>10.4%</b>
<b>Total Adventist Health and St. Joseph Health Discharges</b>	<b>4,590</b>	<b>54.5%</b>
<b>Total Discharges</b>	<b>8,419</b>	<b>100%</b>

Source: CY 2017 OSHPD Discharge Database

Note: Excludes normal newborns

- Sutter Lakeside Hospital is the inpatient market share leader (21.6%) in Lake County; and
- Adventist Health St. Helena has the second-largest market share (21.4%) followed by Adventist Health Clear Lake (16.8%) of Lake County inpatient discharges.

## Analysis of Adventist Health Clear Lake’s Service Area

### ***Service Area Definition***

Adventist Health Clear Lake’s service area is comprised of 10 ZIP Codes where 94% of its inpatient discharges originated in CY 2017. Approximately 55% of the hospital’s discharges originated from its top ZIP Code, in the City of Clearlake. Furthermore, 81% of the hospital’s inpatient discharges were from the top four ZIP Codes. In CY 2017, the hospital’s market share in the service area was 22%.

PATIENT ORIGIN CY 2017						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
95422	Clearlake	805	55.2%	55.2%	2,411	33.4%
95423	Clearlake Oaks	190	13.0%	68.2%	662	28.7%
95457	Lower Lake	117	8.0%	76.2%	464	25.2%
95451	Kelseyville	80	5.5%	81.7%	1,214	6.6%
95467	Hidden Valley Lake	61	4.2%	85.9%	424	14.4%
95461	Middletown	51	3.5%	89.4%	297	17.2%
95426	Cobb	27	1.9%	91.2%	179	15.1%
95424	Clearlake Park	25	1.7%	92.9%	101	24.8%
95458	Lucerne	13	0.9%	93.8%	456	2.9%
95443	Glenhaven	6	0.4%	94.2%	37	16.2%
<b>Subtotal</b>		<b>1,375</b>	<b>94.2%</b>	<b>94.2%</b>	<b>6,245</b>	<b>22.0%</b>
Other ZIPs		84	5.8%	100%		
<b>Total</b>		<b>1,459</b>	<b>100%</b>			

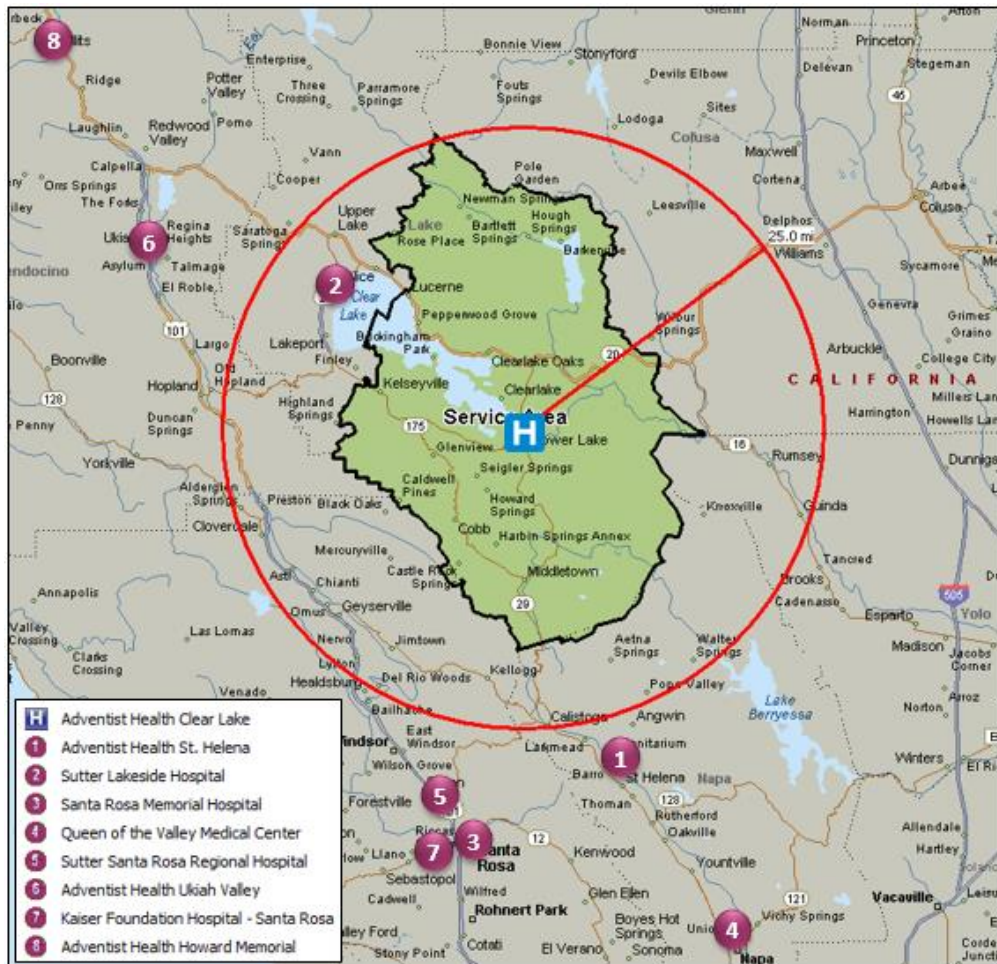
Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database CY 2017

## Service Area Map

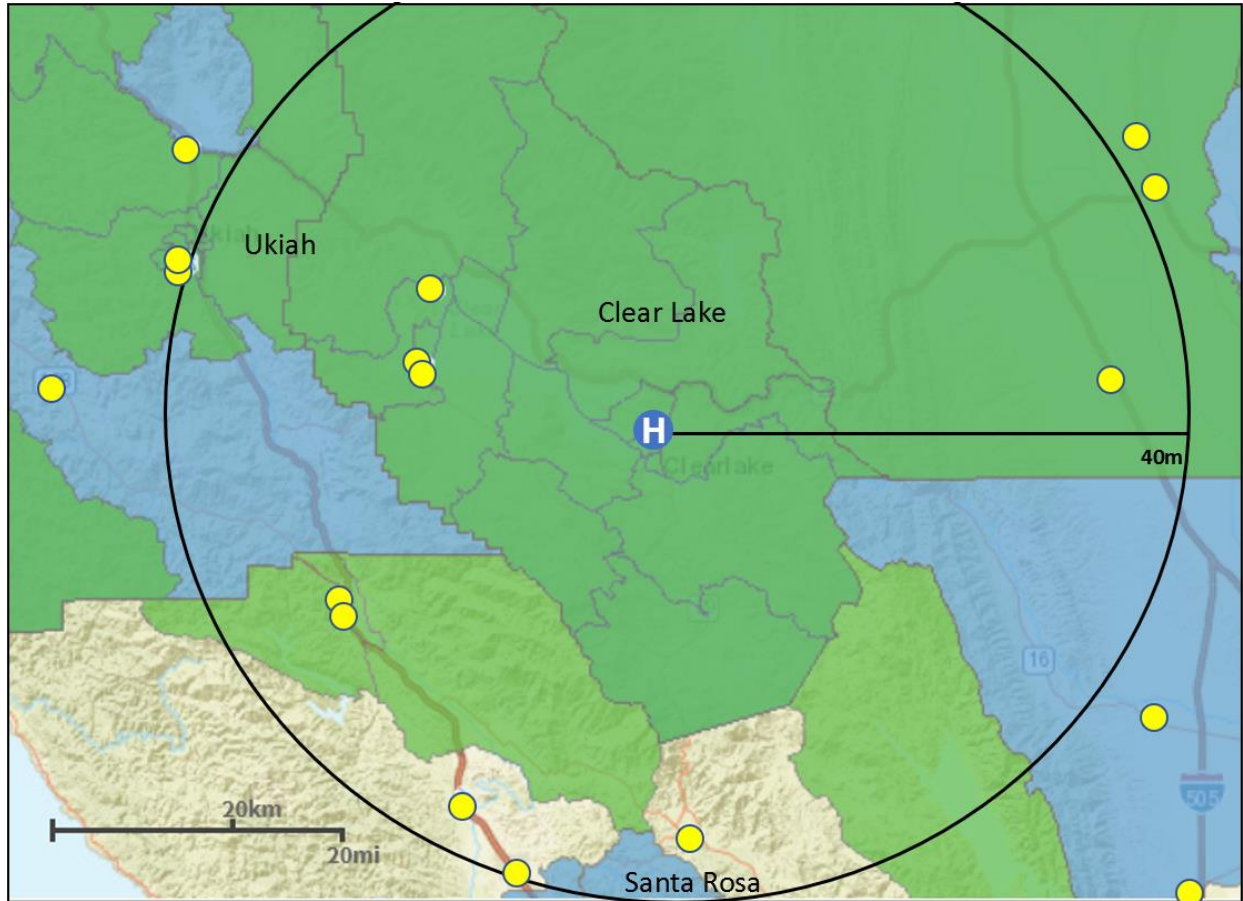
Adventist Health Clear Lake’s service area, with approximately 67,950 residents, includes the communities of Clearlake, Clearlake Oaks, Lower Lake, Kelseyville, Hidden Valley Lake, Middletown, Clearlake Park, Cobb, Lucerne, and Glenhaven.

Adventist Health Clear Lake is the only general acute care hospital located within the service area. However, there are eight other hospitals located within fifty miles of Adventist Health Clear Lake’s service area: Adventist Health St. Helena, Sutter Lakeside Hospital, Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, Sutter Santa Rosa Regional Hospital, Adventist Health Ukiah Valley, Kaiser Foundation Hospital-Santa Rosa, and Adventist Health Howard Memorial. Adventist Health Clear Lake’s ranks first in inpatient market share in the service area.



### Health Professional Shortage Areas (HPSA)

The Federal Health Resources and Services Administration designates Health Professional Shortage Areas as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population), or institutions (i.e., comprehensive health centers). Adventist Health Clear Lake is located in Health Professional Shortage Area. The map below shows the shortage areas relative to the Adventist Health Clear Lake's location.

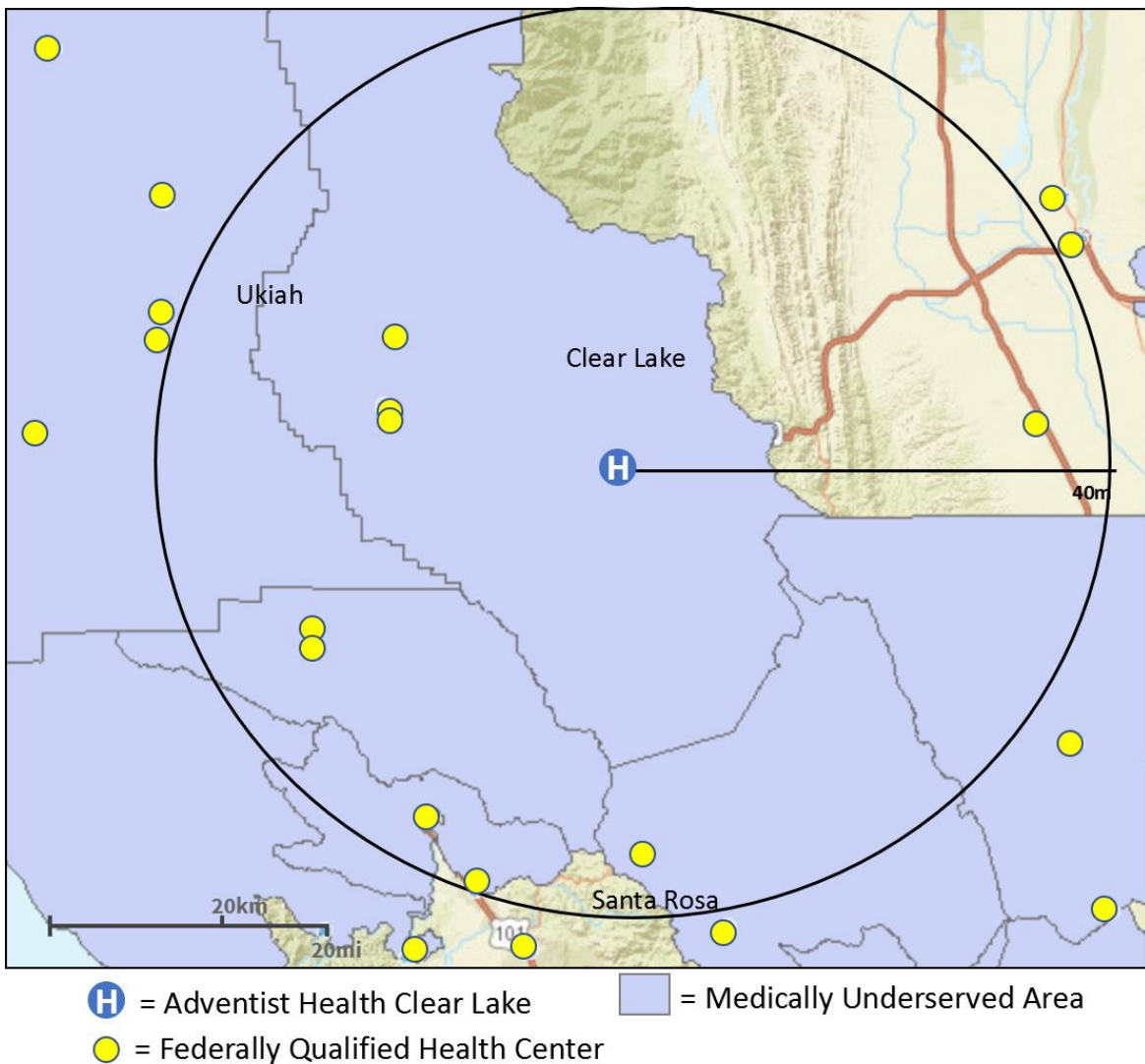


- H** = Adventist Health Clear Lake
- = Federally Qualified Health Center

- = HPSA: Primary Care
- = HPSA: Mental Health

### Medically Underserved Area

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





## Demographic Profile

Adventist Health Clear Lake’s service area population is projected to grow by 3.2% over the next five years. This is higher than the expected growth rate for Lake County (2.5%) but lower than the California state average (4.1%).

SERVICE AREA POPULATION STATISTICS			
2018-2023			
	2018	2023	%
	Estimate	Projection	Change
Total Population	50,961	52,578	3.2%
Households	20,763	21,378	3.0%
Percentage Female	49.8%	49.7%	

Source: Esri

The median age of the population in the Adventist Health Clear Lake’s service area is 46.3 years and is higher than the state-wide average of 36.2 years. The fastest growing age group in the service area are individuals over the age of 65; increasing approximately by 18% over the next five years. The number of women of child-bearing age is expected to decrease by 2% over the next five years.

SERVICE AREA POPULATION				
AGE DISTRIBUTION: 2018-2023				
	2018 Estimate		2023 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	8,240	16.2%	8,528	16.2%
Age 15-44	16,441	32.3%	16,776	31.9%
Age 45-64	14,992	29.4%	13,991	26.6%
Age 65+	11,288	22.2%	13,283	25.3%
<b>Total</b>	<b>50,961</b>	<b>100%</b>	<b>52,578</b>	<b>100.0%</b>
Female 15-44	7,960	15.6%	8,084	15.4%
Median Age	46.3		46.7	

Source: Esri

The largest population groups in the Adventist Health Clear Lake’s service area are White (78%), Some Other Race (11%) and Two or More Races (6%). Approximately 79% of the service area population is non-Hispanic or Latino origin. This is higher than the California non-Hispanic population of approximately 60%.

SERVICE AREA POPULATION RACE/ETHNICITY: 2018-2023		
	2018 Estimate	2023 Projection
White	77.5%	74.8%
Black	2.1%	2.0%
Asian Indian Alone	2.4%	2.4%
Asian Alone	1.1%	1.2%
Pacific Islander Alone	0.3%	0.4%
Some Other Race Alone	10.9%	13.0%
Two or More Races	5.6%	6.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Hispanic Ethnicity	21.30%	28.60%
Non-Hispanic or Latino	78.70%	71.40%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

Adventist Health Clear Lake’s service area households have a median household income of \$38,065. This is 2% lower than Lake County’s median household income of \$38,065 and 42% lower than the State of California median of \$65,223. The percentage of higher-income households (\$150,000+) in the Adventist Health Clear Lake’s service area is projected to grow at a similar rate to Lake County (4%) but slower than the State of California (6%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2018-2023						
	2018 Estimate			2023 Estimate		
	Service Area	Lake County	California	Service Area	Lake County	California
\$0 - \$15,000	18.1%	17.2%	9.6%	18.0%	17.1%	8.0%
\$15 - \$24,999	16.0%	16.3%	8.3%	15.1%	15.3%	6.8%
\$25 - \$34,999	11.8%	11.7%	7.8%	10.7%	10.6%	6.5%
\$35 - \$49,999	15.6%	15.3%	11.1%	14.6%	14.3%	9.9%
\$50 - \$74,999	15.7%	15.5%	16.1%	16.1%	15.9%	15.2%
\$75 - \$99,999	9.6%	9.7%	12.2%	10.3%	10.3%	12.3%
\$100 - \$149,999	8.0%	9.1%	16.1%	9.1%	10.5%	17.7%
\$150,000 - \$199,999	3.1%	2.9%	8.1%	3.5%	3.4%	9.6%
\$200,000+	2.2%	2.3%	10.7%	2.5%	2.7%	14.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Average Household Income	\$38,065	\$38,659	\$65,223	\$53,769	\$65,662	\$74,370

Source: Esri

## Medi-Cal Eligibility

With the implementation of the ACA and the statewide expansion of Medi-Cal, 13.2 million of the State of California’s population are eligible for Medi-Cal (33% of California’s population). In Lake County, the California Department of Health Care Services estimated 32,859 people were eligible for Medi-Cal in August 2018 (48% of Lake County’s population). Out of the total estimated population in Lake County, 44% of the population was enrolled in Medi-Cal Managed Care. Since the population in the hospital’s service area is poorer than Kern County, it is expected that the percent eligible for Medi-Cal would exceed 48%. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

## Selected Health Indicators

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

NATALITY STATISTICS: 2019			
Health Status Indicator	Lake County	California	National Goal
Low Birth Weight Infants	6.1%	6.9%	7.8%
First Trimester Prenatal Care	69.2%	83.5%	77.9%
Adequate/Adequate Plus Care	68.5%	77.9%	77.6%

Source: California Department of Public Health

Lake County had higher morbidity rates for two of the eight health status indicators than the State of California.

MORBIDITY STATISTICS: 2019			
RATE PER 100,000 POPULATION			
Health Status Indicator	Lake County	California	National Goal
HIV/AIDS Incidence (Age 13 And Over) <sup>1</sup>	232.7	397.7	a
Chlamydia Incidence	412.6	514.6	c
Gonorrhea Incidence Female Age 15-44	885.7	252.4	251.9
Gonorrhea Incidence Male Age 15-44	681.6	444.8	194.8
Tuberculosis Incidence	3.1*	5.3	1
Congenital Syphilis	-	44.4	9.6
Primary Secondary Syphilis Female	M*	3.5	1.3
Primary Secondary Syphilis Male	NM*	26.2	6.7

Source: California Department of Public Health Notes Crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population. Birth cohort infant death rates are per 1,000 live births. The age-specific birth rates are per 1,000 female population aged 15 to 19 years old. Previous refers to previous period rates. These periods vary by type of rate: Mortality 2012-2014, Morbidity 2012-2014, Infant Mortality 2011-2013, Natality 2012-2014, Census 2016.

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

<sup>1</sup> California Department of Public Health, Office of AIDS, Surveillance Section reporting periods are: Current Period 2014-2016, Previous Period 2011-2013.

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

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

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

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

Notes: Crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population. Birth cohort infant death rates are per 1,000 live births. The age-specific birth rates are per 1,000 female population aged 15 to 19 years old. Previous refers to previous period rates. These periods vary by type of rate: Mortality 2012-2014, Morbidity 2012-2014, Infant Mortality 2011-2013, Natality 2012-2014, Census 2016.

NM: Not Met (NM) refers to the Healthy People 2020 National objectives only.

The overall age-adjusted mortality rate for Lake County is higher than that of the State of California. Lake County reported higher age-adjusted mortality rates on 17 of the 18 causes.

MORTALITY STATISTICS: 2019 RATE PER 100,000 POPULATION				
Selected Cause	Lake County		(Age Adjusted)	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	1,354.7	946.3	610.3	a
- All Cancers	300.3	195.9	137.4	161.4
- Colorectal Cancer	23.7*	14.8*	12.5	14.5
- Lung Cancer	73.7	46.7	27.5	45.5
- Female Breast Cancer	41.2*	29.2*	18.9	20.7
- Prostate Cancer	37.1*	26.5*	19.4	21.8
- Diabetes	29.4*	20.5*	21.2	b
- Alzheimer's Disease	40.7	26.5	35.7	a
- Coronary Heart Disease	159.7	105.7	87.4	103.4
- Cerebrovascular Disease (Stroke)	65.9	45.7	36.3	34.8
- Influenza/Pneumonia	30.4*	19.4*	14.2	a
- Chronic Lower Respiratory Disease	93.7	58.6	32.0	a
- Chronic Liver Disease and Cirrhosis	38.6	28.2	12.2	8.2
- Accidents (Unintentional Injuries)	106.6	89.6	32.2	36.4
- Motor Vehicle Traffic Crashes	26.8*	26.2*	9.5	12.4
- Suicide	30.9	29.3	10.4	10.2
- Homicide	12.9*	14.7*	5.2	5.5
- Firearm-Related Deaths	25.8*	25.9*	7.9	9.3
- Drug-Induced Deaths	44.8	40.4	12.7	11.3

Source: California Department of Public Health

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

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

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

## **2016 Community Health Needs Assessment**

In an effort to understand the communities served by Adventist Health Clear Lake, their most critical healthcare needs, and the resources available to meet those needs, Adventist Health Clear Lake conducts a Community Health Needs Assessment every three years. Adventist Health Clear Lake's most recent 2016 assessment incorporated primary data collected through interviews, focus groups and surveys conducted by the Lake County Collaborative of Health and Community-Based Organizations, and it incorporated secondary data from a variety of studies and reports compiled by numerous organizations at the local, state, and national levels. Communities and ZIP Codes in Adventist Health Clear Lake's assessment include:

<b>ZIP Code</b>	<b>Community</b>	<b>ZIP Code</b>	<b>Community</b>
95422	Clearlake	95458	Lucerne
95423	Clearlake Oaks	95461	Middletown
95443	Glenhaven	95464	Nice
95451	Kelseyville	95467	Hidden Valley Lake
95453	Lakeport	95485	Upper Lake
95457	Lower Lake	95493	Witter Springs

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

- Access to mental health services;
- Substance use disorders including intervention, treatment, and prevention programs;
- Access to affordable and convenient health, educational, and social programs and services; and
- Reduction in homelessness through improved access to housing, especially as it relates to those recently released from institutions or suffering from mental health.

## Hospital Supply, Demand & Market Share

Adventist Health Clear Lake is the only general acute care hospital within its defined service area. Within approximately 67 miles of Adventist Health Clear Lake are an additional eight general acute care hospitals, three of which belong to Adventist Health. In FY 2017, the area hospitals had a combined total of 1,049 licensed beds and an aggregate occupancy rate of approximately 56%. In FY 2017, Adventist Health Clear Lake had 32 licensed beds that operated at an occupancy rate of 50%. Sutter Lakeside Hospital, located 29 miles from Adventist Health Clear Lake in the city of Lakeport, is the next closest general acute care hospital to Adventist Health Clear Lake.

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

AREA HOSPITAL DATA FY 2017									
Hospital	Ownership/Affiliation	City	Within		Discharges	Patient Days	Occupied Beds	Percent Occupied	Miles from Hospital
			Service Area	Licensed Beds					
Adventist Health Clear Lake	Adventist Health	Clearlake	X	32	1,430	5,836	16	50.0%	-
<b>SUB-TOTAL</b>				<b>32</b>	<b>1,430</b>	<b>5836</b>	<b>16</b>	<b>50.0%</b>	
Sutter Lakeside Hospital*	Sutter Health	Lakeport		30	1,904	6,526	18	59.6%	29.0
Adventist Health St. Helena	Adventist Health	St. Helena		151	7,769	27,706	76	50.3%	42.8
Santa Rosa Memorial Hospital*	Providence St. Joseph Health	Santa Rosa		278	12,017	69,835	191	68.8%	48.6
Kaiser Foundation Hospital - Santa Rosa*	Kaiser Permanente	Santa Rosa		173	9,759	33,310	91	52.8%	49.6
Sutter Santa Rosa Regional Hospital*	Sutter Health	Santa Rosa		84	6,538	21,353	59	69.6%	51.6
Adventist Health Ukiah Valley	Adventist Health	Ukiah		68	3,552	12,651	35	51.0%	52.4
Queen of the Valley Medical Center*	Providence St. Joseph Health	Napa		208	6,522	31,432	86	41.4%	60.0
Adventist Health Howard Memorial	Adventist Health	Willits		25	1,622	6,569	18	72.0%	66.9
<b>TOTAL</b>				<b>1,049</b>	<b>51,113</b>	<b>215,218</b>	<b>590</b>	<b>56.2%</b>	

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\*2017 Unaudited Data

## Hospital Market Share

The following table shows inpatient market share by hospital for Adventist Health Clear Lake's service area.

SERVICE AREA MARKET SHARE BY HOSPITAL, CY 2013 - CY 2017						
Hospital	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	Trend
Adventist Health St. Helena	29.4%	27.3%	24.7%	27.6%	25.5%	↘
<b>Adventist Health Clear Lake</b>	<b>20.3%</b>	<b>22.0%</b>	<b>22.9%</b>	<b>22.9%</b>	<b>22.0%</b>	→
Sutter Lakeside Hospital	16.9%	14.0%	13.2%	13.1%	14.4%	↗
Santa Rosa Memorial Hospital-Montgomery	7.6%	6.9%	8.3%	7.0%	6.5%	↘
Queen of the Valley Medical Center	2.1%	3.0%	3.2%	3.8%	4.4%	↗
UCSF Medical Center	3.5%	3.4%	3.2%	3.5%	4.1%	↗
Sutter Santa Rosa Regional Hospital	3.3%	3.8%	3.4%	3.2%	3.7%	↗
Adventist Health Ukiah Valley	2.3%	2.4%	2.6%	2.3%	2.5%	→
UC Davis Medical Center	1.2%	0.9%	2.3%	2.2%	1.8%	↘
Kaiser Foundation Hospital - Santa Rosa	1.9%	2.0%	1.7%	1.8%	1.6%	↘
California Pacific Med Ctr-Pacific Campus	1.1%	1.3%	1.7%	1.2%	1.6%	→
Adventist Health Howard Memorial	1.1%	1.1%	1.1%	1.1%	1.2%	→
Children's Hospital & Research Center at Oakland	1.0%	1.1%	1.2%	1.2%	1.1%	→
Adventist Health Vallejo	1.3%	1.2%	1.2%	1.0%	1.1%	→
Stanford Health Care	0.6%	0.4%	0.4%	0.4%	0.6%	→
Aurora Behavioral Healthcare-Santa Rosa, LLC	0.0%	0.9%	0.7%	0.5%	0.5%	↘
California Pacific Med Ctr-Davies Campus	0.5%	0.6%	0.6%	0.5%	0.5%	→
All Other	6.0%	10.4%	7.4%	6.5%	6.9%	→
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>6,544</b>	<b>6,002</b>	<b>6,060</b>	<b>6,255</b>	<b>6,245</b>	→

Source: OSHPD Discharge Database, CY 2013 - CY 2017

Note: Excludes normal newborns

- Between CY 2013 and CY 2017, the number of discharges in Adventist Health Clear Lake's service area decreased by 5%;
- Since CY 2014, Adventist Clear Lake's market share has remained between 22% and 23%; and
- Adventist Health Clear Lake ranked second in market share for its service area based on discharges (approximately 22% in 2016). Adventist Health St. Helena ranks first in inpatient discharges with nearly 26% market share.

### Market Share by Payer Type

The following table shows inpatient market share by hospital and payer type for Adventist Health Clear Lake's service area for CY 2017.

HOSPITAL MARKET SHARE BY PAYER TYPE CY 2017											
Payer Type	Total Discharges	Adventist Health St. Helena	Adventist Health Clear Lake	Sutter Lakeside Hospital	Santa Rosa Memorial Hospital	Queen of the Valley Medical Center	UCSF Medical Center	Sutter Santa Rosa Regional Hospital	Adventist Health Ukiah Valley	All Others	Total
Medicare	3,206	29.7%	21.7%	15.4%	4.5%	5.3%	2.5%	2.9%	1.8%	16.1%	100%
Medi-Cal	2,054	20.2%	26.1%	14.8%	9.5%	3.2%	6.8%	3.0%	3.9%	12.3%	100%
Private Coverage	729	25.0%	12.9%	10.6%	6.6%	4.1%	4.9%	7.5%	1.8%	26.6%	100%
All Other	222	17.1%	16.2%	9.9%	8.6%	2.7%	0.0%	5.9%	1.4%	38.3%	100%
Self-Pay	34	8.8%	32.4%	14.7%	5.9%	2.9%	2.9%	11.8%	2.9%	17.6%	100%
		25.5%	22.0%	14.4%	6.5%	4.4%	4.1%	3.7%	2.5%	16.9%	100%
<b>Total Discharges</b>	<b>6,245</b>	<b>1,590</b>	<b>1,375</b>	<b>902</b>	<b>408</b>	<b>273</b>	<b>258</b>	<b>228</b>	<b>156</b>	<b>1,055</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

- The largest categories of service area inpatient discharges are comprised of Medicare at 3,206 discharges (51%), Medi-Cal at 2,054 discharges (33%), and Private Coverage at 729 discharges (12%);
- Adventist Health St. Helena is the market share leader in Medicare (30%) and Private Coverage (25%);
- Adventist Health Clear Lake is the market share leader in Medi-Cal (26%) and Self Pay (32%); and
- Adventist Health Clear Lake also has significant market share for Medicare (22%).



## Market Share by Service Line

The following table shows inpatient market share by hospital and service line for Adventist Health Clear Lake's service area for CY 2017.

HOSPITAL MARKET SHARE BY SERVICE LINE, CY 2017											
Service Line	Total Discharges	Adventist Health St. Helena	Adventist Health Clear Lake	Sutter Lakeside Hospital	Santa Rosa Memorial Hospital	Queen of The Valley Medical Center	UCSF Medical Center	Sutter Santa Rosa Regional Hospital	Adventist Health Ukiah Valley	All Others	Total
General Medicine	2,521	22.6%	33.0%	16.4%	4.2%	3.4%	2.5%	1.7%	2.2%	14.0%	100%
Cardiac Services	709	49.6%	19.7%	7.8%	2.7%	1.8%	1.0%	7.5%	0.7%	9.2%	100%
Obstetrics	552	12.7%	31.3%	27.9%	6.0%	0.5%	5.6%	6.9%	5.3%	3.8%	100%
Orthopedics	522	31.6%	2.9%	13.8%	12.3%	2.9%	3.1%	5.6%	3.1%	24.9%	100%
General Surgery	445	25.4%	15.7%	10.1%	7.0%	4.9%	8.1%	4.0%	4.3%	20.4%	100%
Neurology	313	4.5%	9.6%	16.6%	8.3%	31.9%	4.2%	1.3%	1.0%	22.7%	100%
Behavioral Health	306	35.9%	6.2%	3.9%	0.3%	2.9%	0.7%	0.3%	0.0%	49.7%	100%
Neonatology	203	10.3%	21.2%	18.2%	12.3%	1.0%	12.3%	13.8%	4.4%	6.4%	100%
Oncology/Hematology (Medical)	143	32.2%	8.4%	26.6%	2.1%	3.5%	5.6%	0.7%	1.4%	19.6%	100%
Vascular Services	121	50.4%	5.8%	6.6%	11.6%	0.8%	2.5%	1.7%	6.6%	14.0%	100%
Other	110	28.2%	6.4%	0.0%	28.2%	6.4%	3.6%	0.9%	0.9%	25.5%	100%
Spine	99	8.1%	2.0%	5.1%	26.3%	6.1%	12.1%	6.1%	1.0%	33.3%	100%
Urology	57	36.8%	1.8%	0.0%	7.0%	1.8%	15.8%	3.5%	5.3%	28.1%	100%
ENT	56	8.9%	17.9%	3.6%	23.2%	1.8%	21.4%	1.8%	3.6%	17.9%	100%
Neurosurgery	45	2.2%	2.2%	0.0%	24.4%	4.4%	28.9%	0.0%	0.0%	37.8%	100%
Gynecology	22	4.5%	45.5%	22.7%	0.0%	0.0%	0.0%	0.0%	4.5%	22.7%	100%
No-match-found	14	7.1%	28.6%	28.6%	0.0%	0.0%	21.4%	0.0%	7.1%	7.1%	100%
Ophthalmology	6	0.0%	0.0%	0.0%	16.7%	0.0%	0.0%	0.0%	0.0%	83.3%	100%
<b>Grand Total</b>	<b>6,245</b>	<b>25.5%</b>	<b>22.0%</b>	<b>14.4%</b>	<b>6.5%</b>	<b>4.4%</b>	<b>4.1%</b>	<b>3.7%</b>	<b>2.5%</b>	<b>1,055</b>	<b>100%</b>

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

- Adventist Health Clear Lake is the service line leader in four of 16 service lines: general medicine (33%), obstetrics (31.3%), neonatology (21.2%), and gynecology (45.5%);
- Adventist Health St. Helena is the market share leader for seven service lines: cardiac services (49.6%), general surgery (25.4%), orthopedics (31.6%), behavioral health (35.9%), vascular services (50.4%), oncology/hematology (32.2%), and urology (36.8%);
- Queen of the Valley Medical Center, located 60 miles south of Adventist Health Clear Lake, is the market share leader in neurology (32%); and
- Santa Rosa Memorial Hospital is the market share leader in spine (26.3%), ENT (23.2%), and ophthalmology (16.7%).

## Market Share by ZIP Code

The following table illustrates service area hospital market share by ZIP Code for CY 2017:

HOSPITAL MARKET SHARE BY ZIP CODE, CY 2017												
ZIP Code	Community	Total Discharges	Adventist Health St. Helena	Adventist Health Clear Lake	Sutter Lakeside Hospital	Santa Rosa Memorial Hospital	Queen of The Valley Medical Center	UCSF Medical Center	Sutter Santa Rosa Regional Hospital	Adventist Health Ukiah Valley	All Others	Total
95422	Clearlake	2,411	28.7%	33.4%	4.1%	6.9%	4.5%	4.7%	1.6%	1.9%	14.1%	100%
95451	Kelseyville	1,214	14.2%	6.6%	37.0%	5.6%	2.9%	4.1%	6.3%	3.5%	19.8%	100%
95423	Clearlake Oaks	662	27.9%	28.7%	8.6%	5.1%	4.5%	2.4%	3.0%	2.4%	17.2%	100%
95457	Lower Lake	464	32.5%	25.2%	4.3%	9.1%	5.2%	4.7%	3.0%	2.4%	13.6%	100%
95458	Lucerne	456	9.4%	2.9%	47.6%	4.8%	2.6%	3.1%	6.6%	4.8%	18.2%	100%
95467	Hidden Valley Lake	424	37.7%	14.4%	2.8%	5.9%	5.7%	2.4%	4.0%	0.5%	26.7%	100%
95461	Middletown	297	34.7%	17.2%	3.4%	9.1%	5.7%	4.0%	6.7%	1.0%	18.2%	100%
95426	Cobb	179	26.8%	15.1%	12.8%	6.7%	5.6%	5.6%	6.7%	3.9%	16.8%	100%
95424	Clearlake Park	101	27.7%	24.8%	5.9%	8.9%	10.9%	9.9%	0.0%	4.0%	7.9%	100%
95443	Glenhaven	37	24.3%	16.2%	21.6%	8.1%	2.7%	0.0%	0.0%	2.7%	24.3%	100%
<b>Grand Total</b>		<b>6,245</b>	<b>1,590</b>	<b>1,375</b>	<b>902</b>	<b>408</b>	<b>273</b>	<b>258</b>	<b>228</b>	<b>156</b>	<b>1,055</b>	<b>100%</b>

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database, CY 2017

- Adventist Health Clear Lake is the market share leader in two of the ten service area ZIP Codes (located in the Clearlake and Clearlake Oaks);
- Adventist Health St. Helena is the market share leader six service area ZIP Codes;
- Sutter Lakeside Hospital is the market share leader in two service area ZIP Codes; and
- In CY 2017, over 65% of the residents of Clearlake were dependent on Adventist Health for the provision of inpatient hospital services.

### Service Availability by Bed Type

Using FY 2017 data, the tables on the following pages show Adventist Health Clear Lake’s existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive care, obstetrics, and emergency services.

### Medical/Surgical Capacity Analysis

Adventist Health Clear Lake, along with area hospitals located outside of Adventist Health Clear Lake’s service area but that provide healthcare services to service area residents, collectively operated at an overall occupancy rate of 56.1%. Adventist Health Clear Lake’s 24 licensed medical/surgical beds represent all the medical/surgical beds in the service area.

MEDICAL/SURGICAL BEDS FY 2017							
Hospital	Miles From Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Adventist Health Clear Lake</b>	-	X	<b>24</b>	<b>948</b>	<b>3,618</b>	<b>9.9</b>	<b>41.3%</b>
<b>SUB-TOTAL</b>			<b>24</b>	<b>948</b>	<b>3,618</b>	<b>9.9</b>	<b>41.3%</b>
Sutter Lakeside Hospital*	29.0		21	1,485	4,489	12.3	58.6%
Adventist Health St. Helena	42.8		132	5,482	14,644	40.1	30.4%
Santa Rosa Memorial Hospital*	48.6		203	9,270	51,942	142.3	70.1%
Kaiser Foundation. Hospital - Santa Rosa*	49.6		118	7,403	26,581	72.8	61.7%
Sutter Santa Rosa Regional Hospital*	51.6		40	2,901	13,064	35.8	89.5%
Adventist Health Ukiah Valley	52.4		43	1,965	7,911	21.7	50.4%
Queen of the Valley Medical Center*	60.0		130	4,376	22,917	62.8	48.3%
Adventist Health Howard Memorial	66.9		21	1,318	4,637	12.7	60.5%
<b>TOTAL</b>			<b>732</b>	<b>35,148</b>	<b>149,803</b>	<b>410.4</b>	<b>56.1%</b>

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\*2017 Unaudited Data

- Adventist Health Clear Lake reported 948 hospital discharges and 3,618 patient days, resulting in an occupancy rate of approximately 41.3% and an average daily census of 10 patients; and
- Located 29 miles from Adventist Health Clear Lake, Sutter Lakeside Hospital’s 21-licensed beds recorded 1,485 discharges and 4,489 patient days resulting in an occupancy rate of 58.6%; and
- Only Sutter Santa Rosa Regional Hospital, located over 50 miles from Adventist Health Clear Lake, was running at or near medical/ surgical inpatient bed capacity with an occupancy rate of 90%.

### ***Intensive Care Unit Capacity Analysis***

In FY 2017, Adventist Health Clear Lake had four licensed intensive care beds with an average occupancy rate of nearly 90% and an average daily census of four patients.

<b>INTENSIVE CARE UNIT BEDS FY 2017</b>							
<b>Hospital</b>	<b>Miles from Hospital</b>	<b>Within Service Area</b>	<b>Licensed Beds</b>	<b>Discharges</b>	<b>Patient Days</b>	<b>Average Daily Census</b>	<b>Percent Occupied</b>
<b>Adventist Health Clear Lake</b>	-	<b>X</b>	<b>4</b>	<b>234</b>	<b>1,313</b>	<b>3.6</b>	<b>89.9%</b>
<b>SUB-TOTAL</b>			<b>4</b>	<b>234</b>	<b>1,313</b>	<b>3.6</b>	<b>89.9%</b>
Sutter Lakeside Hospital*	29.0		4	118	332	0.9	22.7%
Adventist Health St. Helena	42.8		12	744	2,689	7.4	61.4%
Santa Rosa Memorial Hospital*	48.6		26	801	8,733	23.9	92.0%
Kaiser Foundation Hospital - Santa Rosa*	49.6		20	194	579	1.6	7.9%
Sutter Santa Rosa Regional Hospital*	51.6		22	1,199	5,334	14.6	66.4%
Adventist Health Ukiah Valley	52.4		6	342	1,375	3.8	62.8%
Queen of the Valley Medical Center*	60.0		36	1,183	4,094	11.2	31.2%
Adventist Health Howard Memorial	66.9		4	163	1,045	2.9	71.6%
<b>TOTAL</b>			<b>134</b>	<b>4,978</b>	<b>25,494</b>	<b>69.8</b>	<b>52.1%</b>

Source: OSHPD Disclosure Reports, FY 2017

\*2017 Unaudited Data

- Among all area hospitals, the average daily census was 70 patients based on 25,494 patient days; and
- Adventist Health Clear Lake provided only 3% of the area’s intensive care beds and approximately 5% of the discharges.

## Perinatal/Obstetrics Capacity Analysis

Adventist Health Clear Lake operates a small four-bed licensed obstetrics unit. In FY 2017, the obstetrics units 384 patient days resulted in an occupancy rate of nearly 26% (average daily census of approximately about one patient).

OBSTETRICS BEDS FY 2017							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
<b>Adventist Health Clear Lake<sup>1</sup></b>	-	<b>X</b>	<b>4</b>	<b>203</b>	<b>384</b>	<b>1.1</b>	<b>26.3%</b>
<b>SUB-TOTAL</b>			<b>4</b>	<b>203</b>	<b>384</b>	<b>1.1</b>	<b>26.3%</b>
Sutter Lakeside Hospital* <sup>1</sup>	29.0		3	272	487	1.3	44.5%
Adventist Health St. Helena <sup>1</sup>	42.8		7	272	487	1.3	19.1%
Santa Rosa Memorial Hospital*	48.6		15	665	1,800	4.9	32.9%
Kaiser Fdn. Hospital - Santa Rosa* <sup>1</sup>	49.6		17	1,874	3,090	8.5	49.8%
Sutter Santa Rosa Regional Hospital*	51.6		10	2,222	2,955	8.1	81.0%
Adventist Health Ukiah Valley <sup>1</sup>	52.4		15	1,220	3,263	8.9	59.6%
Queen of the Valley Medical Center*	60.0		22	684	1,742	4.8	21.7%
Adventist Health Howard Memorial	66.9		-	-	-	-	-
<b>TOTAL</b>			<b>93</b>	<b>7,412</b>	<b>14,208</b>	<b>38.9</b>	<b>41.9%</b>

Source: OSHPD Disclosure Reports, FY 2017, Google Maps

\* 2017 Unaudited Data

<sup>1</sup> Alternative Birthing Center

- In general, the majority of area hospitals have available obstetrics capacity (combined occupancy rate of 42%). However, given the rural setting and distances separating each of the health facilities, having local availability and accessibility to these healthcare services is important.

## Emergency Department Volume at Hospitals in the Service Area

Adventist Health Clear Lake is the only provider of emergency services in its service area and has eight emergency treatment stations. In total, there were 151 emergency treatment stations among all area hospitals. As shown below, Adventist Health Clear Lake reported 22,230 visits that totaled nearly 9% of all visits among the area hospitals (261,471 visits).

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

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2017												
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/Threat	Percentage Admitted	Hours of Diversion
<b>Adventist Health Clear Lake</b>	-	<b>X</b>	<b>Standby</b>	<b>8</b>	<b>22,230</b>	<b>213</b>	<b>3,204</b>	<b>8,805</b>	<b>5,476</b>	<b>4,532</b>	<b>6.0%</b>	<b>0</b>
<b>SUBTOTAL</b>				<b>8</b>	<b>22,230</b>	<b>213</b>	<b>3,204</b>	<b>8,805</b>	<b>5,476</b>	<b>4,532</b>	<b>6.0%</b>	<b>0</b>
Sutter Lakeside Hospital	29.0		Basic	12	20,329	211	1,869	8,231	5,503	4,515	2.2%	0
Adventist Health St. Helena	42.8		Standby	16	8,147	71	1,058	3,208	2,225	1,585	14.6%	0
Santa Rosa Memorial Hospital	48.6		Basic	33	44,419	1,776	2,366	21,203	14,968	4,106	18.4%	0
Kaiser Foundation Hospital - Santa Rosa	49.6		Basic	34	59,197	7,744	19,883	10,131	13,897	7,542	10.4%	396
Sutter Santa Rosa Regional Hospital	51.6		Basic	15	34,558	358	5,223	10,234	10,860	7,883	9.5%	195
Adventist Health Ukiah Valley	52.4		Basic	14	29,502	322	6,932	9,627	7,320	5,301	7.6%	0
Queen of the Valley Medical Center	60.0		Basic	18	29,018	1,350	2,433	15,087	8,387	1,761	13.7%	0
Adventist Health Howard Memorial	66.9		Basic	9	14,071	135	3,737	5,192	2,856	2,151	7.2%	0
<b>TOTAL</b>				<b>159</b>	<b>261,471</b>	<b>12,180</b>	<b>46,705</b>	<b>91,718</b>	<b>71,492</b>	<b>39,376</b>	<b>10.6%</b>	<b>591</b>

Source: OSHPD Alirts Annual Utilization Reports, 2017

(1) The figures from OSHPD ALIRTS differ from the data provided by OSHPD Disclosure Reports and the Hospital

- Approximately 6% of Adventist Health Clear Lake's emergency department visits resulted in admission to the hospital. This is lower than the area hospital average of 11% admission; and
- Nearly 45% of Adventist Health Clear Lake's emergency department visits were classified as severe with/without threat, which was higher than the area hospital average of approximately 42%.

## Emergency Department Capacity

Industry sources, including the American College of Emergency Physicians, use a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an emergency department. Based upon this benchmark, Adventist Health Clear Lake’s emergency department is operating at approximately 140% of its eight-bed capacity.

EMERGENCY DEPARTMENT CAPACITY 2017							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
<b>Adventist Health Clear Lake</b>	-	<b>X</b>	<b>Standby</b>	<b>8</b>	<b>22,230</b>	<b>16,000</b>	<b>(6,230)</b>
<b>SUBTOTAL</b>				<b>8</b>	<b>22,230</b>	<b>16,000</b>	<b>(6,230)</b>
Sutter Lakeside Hospital	29.0	X	Basic	12	20,329	24,000	3,671
Adventist Health St. Helena	42.8		Standby	16	8,147	32,000	23,853
Santa Rosa Memorial Hospital	48.6		Basic	33	44,419	66,000	21,581
Kaiser Foundation Hospital - Santa Rosa	49.6		Basic	34	59,197	68,000	8,803
Sutter Santa Rosa Regional Hospital	51.6		Basic	15	34,558	30,000	(4,558)
Adventist Health Ukiah Valley	52.4		Basic	14	29,502	28,000	(1,502)
Queen of the Valley Medical Center	60.0		Basic	18	29,018	36,000	6,982
Adventist Health Howard Memorial	66.9		Basic	9	14,071	18,000	3,929
<b>TOTAL</b>				<b>159</b>	<b>261,471</b>	<b>318,000</b>	<b>56,529</b>

Source: OSHPD Alerts Annual Utilization Reports, 2017

(1) The figures from OSHPD ALIRTS differ from the data provided by OSHPD Disclosure Reports and the Hospital

- Overall, area hospitals’ emergency departments are operating at approximately 82% capacity; and
- Sutter Lakeside Hospital, the closest hospitals to Adventist Health Clear Lake, has limited emergency department capacity (running at 85% of capacity).

## Profile of Adventist Health Vallejo

### *Overview of Adventist Health Vallejo*

Adventist Health operates Adventist Health Vallejo, a 61-bed psychiatric acute hospital located at 525 Oregon Street, Vallejo, California. Adventist Health Vallejo offers a range of behavioral health services for children, adolescents, and adults.

BED DISTRIBUTION 2018	
Bed Type	Number of Beds
Acute Psychiatric	61
<b>Total Licensed Beds</b>	<b>61</b>

Source: Hospital License 2018

Adventist Health Vallejo also offers comprehensive outpatient behavioral services. The Behavioral Wellness Center is comprised of a multidisciplinary team who offers comprehensive care to address mental health disorders in an intensive outpatient program. Outpatient group therapy services include:

- Cognitive behavioral therapy process group;
- Cognitive behavior therapy group;
- Dialectical behavioral therapy, including mindfulness group;
- Skills presentation group; and
- Skills practice group therapy.



## Key Statistics

KEY STATISTICS: FY 2014 - FY 2017				
	FY 2014	FY 2015	FY 2016	FY 2017
Inpatient Discharges	2,387	2,469	2,442	2,221
Licensed Beds	61	61	61	61
Patient Days	19,654	20,791	20,726	20,441
Average Daily Census	54	57	57	56
Occupancy	88.3%	93.4%	93.1%	91.8%
Average Length of Stay	8.2	8.4	8.5	9.2

Source: OSHPD Disclosure Reports

For FY 2017, Adventist Health Vallejo had a total of 2,221 inpatient discharges, 20,441 patient days, and an average daily census of 56 patients (approximately 92% occupancy on the total licensed beds).

- Since FY 2014, inpatient discharges have decreased by 7% and patient days have increased BY 4%; and
- There are 27 additional inpatient psychiatric hospitals in California. On average, California's psychiatric hospitals run at an occupancy rate of 78% with an average length of stay of 8.2 days.

## Programs & Services

Adventist Health Vallejo offers a broad spectrum of behavioral health services including inpatient psychiatric care, children's program, and a senior mental health program.

- Behavioral medicine services include: depression and anxiety, grief and loss, post-traumatic stress disorder, mood disorders, dysthymia, Tourette's disorder and many more;
- Children services: short-term care, individual, group and family therapy sessions, symptom management and coping skills development, occupational therapy and active therapeutic programs;
- Adolescent services include: short-term care, individual, group and family therapy sessions, symptom management and coping skills development, occupational therapy and active therapeutic programs;
- Adult services include: short-term care, individual, group and family therapy sessions, symptom management and coping skills development, medication education, psychotherapy;

- Senior services include: Family Therapy, recreational therapy, individual and group therapy, cognitive behavioral therapy and stress management; and
- Behavioral wellness center provides: Cognitive behavioral therapy process group and dialectical behavioral therapy.

**Accreditations, Certifications, & Awards**

Adventist Health Vallejo is accredited as a psychiatric hospital for three years by the Joint Commission, effective January 2019.

**Patient Utilization Trends**

The following table shows volume trends at Adventist Health Vallejo from FY 2013 through FY 2017:

SERVICE VOLUMES FY 2013 - FY 2017					
PATIENT DAYS	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Psychiatric Acute - Adult	14,057	13,350	14,368	14,199	13,928
Psychiatric Acute - Adolescent and Child	6,142	6,304	6,423	6,527	6,513
<b>Total</b>	<b>20,199</b>	<b>19,654</b>	<b>20,791</b>	<b>20,726</b>	<b>20,441</b>
DISCHARGES					
Psychiatric Acute - Adult	1,616	1,650	1,665	1,730	1,566
Psychiatric Acute - Adolescent and Child	740	737	804	712	655
<b>Total</b>	<b>2,356</b>	<b>2,387</b>	<b>2,469</b>	<b>2,442</b>	<b>2,221</b>
AVERAGE LENGTH OF STAY					
Psychiatric Acute - Adult	8.7	8.1	8.6	8.2	8.9
Psychiatric Acute - Adolescent and Child	8.3	8.6	8.0	9.2	9.9
<b>Total</b>	<b>8.6</b>	<b>8.2</b>	<b>8.4</b>	<b>8.5</b>	<b>9.2</b>
AVERAGE DAILY CENSUS					
Psychiatric Acute - Adult	38.5	36.6	39.4	38.9	38.2
Psychiatric Acute - Adolescent and Child	16.8	17.3	17.6	17.9	17.8
<b>Total</b>	<b>55</b>	<b>54</b>	<b>57</b>	<b>57</b>	<b>56</b>

Sources: OSHPD Disclosure Reports, FY 2013 - FY 2017

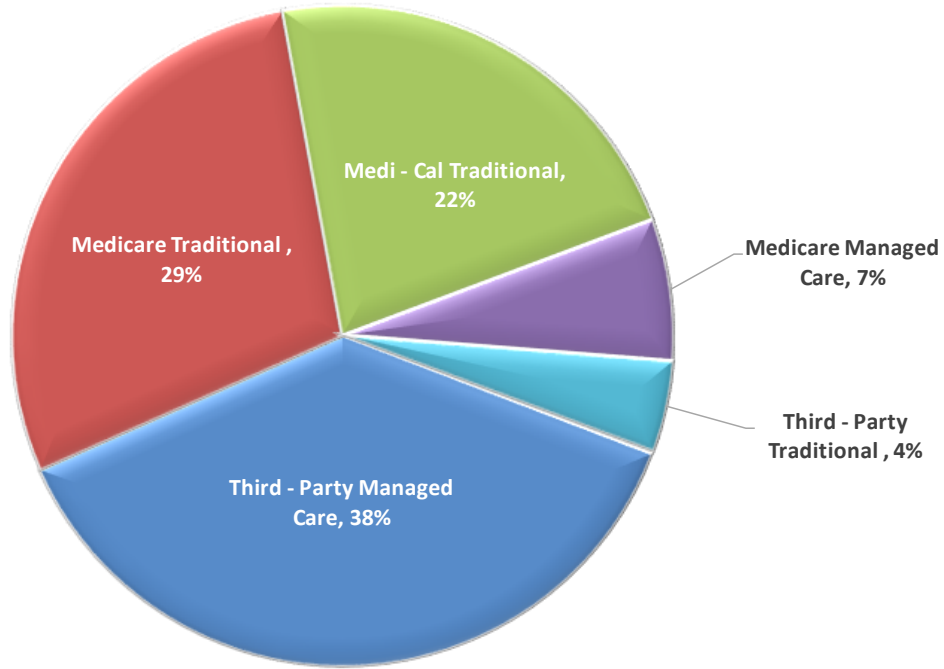
A review of historical utilization trends for Adventist Health Vallejo supports the following conclusions:

- Total patient days have increased by 1.2% over the five-year period; and
- The average daily census over the five-year period has remained consistent on between 55 and 57 patients per year.

**Payer Mix**

In FY 2017, approximately 36% of Adventist Health Vallejo’s inpatient payer mix consisted of Medicare Traditional (29%) and Medicare Managed Care (7%) patients. Approximately 42% of Adventist Health Vallejo’s inpatient payer mix consisted of Third-Party Managed Care (38%) and Third-Party Traditional (4%) patients. The remaining 22% of the inpatient discharges consisted of Medi-Cal Traditional.

**Adventist Health Vallejo Payer Mix, FY 2017**



**Total Discharges = 2,221**

Source: OSHPD Financial Disclosure Report, FY 2017 (based on inpatient discharges).

The following table illustrates Adventist Health Vallejo’s inpatient discharge payer mix compared to Solano County and the State of California for FY 2017. The comparison shows that Adventist Health Vallejo has higher percentages of Third-Party Managed Care and lower percentages of Medicare and Medi-Cal Traditional relative to other hospitals in Solano County and California.

PAYER MIX COMPARISON						
	Adventist Health Vallejo (FY 2017)		Service Area <sup>1</sup> (FY 2017)		California <sup>2</sup> (FY 2017)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi - Cal Traditional	493	22.2%	7,525	29.9%	20,740	21.8%
Medi - Cal Managed Care	1	0.0%	19	0.1%	498	0.5%
<b>Medi-Cal Total</b>	<b>494</b>	<b>22.2%</b>	<b>7,544</b>	<b>30.0%</b>	<b>21,238</b>	<b>22.3%</b>
Medicare Traditional	639	28.8%	4,151	16.5%	15,912	16.7%
Medicare Managed Care	154	6.9%	490	1.9%	5,506	5.8%
<b>Medicare Total</b>	<b>793</b>	<b>35.7%</b>	<b>4,641</b>	<b>18.4%</b>	<b>21,418</b>	<b>22.5%</b>
Third - Party Traditional	98	4.4%	2,172	8.6%	6,709	7.1%
Third - Party Managed Care	833	37.5%	9,667	38.4%	37,708	39.7%
<b>Third-Party Total</b>	<b>931</b>	<b>41.9%</b>	<b>11,839</b>	<b>47.0%</b>	<b>44,417</b>	<b>46.7%</b>
Other Payers	3	0.1%	41	0.2%	667	0.7%
Other Indigent	0	0.0%	239	0.9%	2,048	2.2%
County Indigent	0	0.0%	878	3.5%	5,266	5.5%
<b>Other Total</b>	<b>3</b>	<b>0.1%</b>	<b>1,158</b>	<b>4.6%</b>	<b>7,981</b>	<b>8.4%</b>
<b>Total</b>	<b>2,221</b>	<b>100%</b>	<b>25,182</b>	<b>100%</b>	<b>95,054</b>	<b>100%</b>

Source: OSHPD Hospital Annual Financial Disclosure Reports FY 2017

<sup>1</sup> Includes psychiatric cases from Adventist Health Vallejo’s service area (the counties of Alameda, Contra Costa, Lake, Marin, Mendocino, Napa, Sacramento, Solano, Sonoma, and Yolo)

<sup>2</sup> Includes only OSHPD licensed inpatient psychiatric facilities for California

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

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

Solano County has a County Organized Health Systems model that offers one managed care plan. In the County Organized Health Systems model, the Department of Health Care Services contracts with a health plan created by the County Board of Supervisors. The percentage of Solano County residents with Medi-Cal Managed Care coverage has increased significantly as a result of the ACA and California initiatives to expand managed care. In Solano County, the County Organized Health Systems model is provided by Partnership Health Plan of California. Currently, Adventist Health Vallejo is contracted with Partnership Health Plan of California to

provide healthcare services for Medi-Cal Managed Care patients. The percentage of Solano County residents with Medi-Cal Managed Care coverage has increased significantly as a result of the Affordable Care Act (ACA) and California initiatives to expand managed care. Since 2014, the Medi-Cal eligibles count in Solano County has increased by 8% from 109,000 Medi-Cal eligibles in 2014 to 118,000 Medi-Cal eligibles in 2018.

**Medical Staff**

Adventist Health Vallejo has 32 medical staff members representing multiple specialties. The two specialty, comprising 62.5% of the medical staff include psychiatry and diagnostic radiology.

<b>MEDICAL STAFF PROFILE</b>		
<b>Specialty</b>	<b>Count</b>	<b>% of Total</b>
Cardiovascular Diseases	3	9.4%
Diagnostic Radiology	7	21.9%
General/Family Practice	3	9.4%
Internal Medicine	1	3.1%
Neurology	1	3.1%
Psychiatry	17	53.1%
<b>Total</b>	<b>32</b>	<b>100.0%</b>

Source: OSHPD Disclosure Report, FY 2017

## Financial Profile

Over the five reported fiscal years, Adventist Health Vallejo's net income has fluctuated from a gain of \$1.3 million in FY 2013 to a loss of \$0.7 million in FY 2015. Between FY 2013 and FY 2017, net patient revenue increased by 17.7% from \$21.8 million to \$25.6 million. Over the same period, Adventist Health Vallejo's total operating expenses increased by 23.6% from \$20.7 million in FY 2013 to \$25.6 million in FY 2017. Other operating revenue, totaling nearly \$1.4 million over the five-year period, has served to offset some of these increased operating expenses. Other operating revenue represents amounts received for services that are central to the provision of healthcare services but are not directly related to patient care.

Adventist Health Vallejo's percentage of bad debt is approximately 0.3% and is lower than the California average of 0.7%.

FINANCIAL AND RATIO ANALYSIS FY 2013 - FY 2017						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Patient Days	20,199	19,654	20,791	20,726	20,441	-
Discharges	2,356	2,387	2,469	2,442	2,221	-
ALOS	8.6	8.2	8.4	8.5	9.2	-
Net Patient Revenue	\$21,783,303	\$22,325,971	\$23,589,262	\$24,112,610	\$25,645,139	-
Other Operating Revenue	\$279,578	\$265,916	\$257,413	\$362,946	\$215,255	-
Total Operating Revenue	\$22,062,881	\$22,591,887	\$23,846,675	\$24,475,556	\$25,860,394	-
Operating Expenses	\$20,735,630	\$21,841,008	\$24,584,282	\$25,037,512	\$25,637,513	-
Net from Operations	\$1,327,251	\$750,879	(\$737,607)	(\$561,956)	\$222,881	-
Net Non-Operating Revenues and Expenses	\$0	\$0	\$0	\$0	\$0	-
<b>Net Income</b>	<b>\$1,327,251</b>	<b>\$750,879</b>	<b>(\$737,607)</b>	<b>(\$561,956)</b>	<b>\$222,881</b>	-
						2017 California Average
Current Ratio	4.73	5.59	28.74	n/a	2.54	1.66
Days in A/R	64.3	72.6	343.5	690.1	375.1	55.0
Bad Debt Rate	0.6%	0.2%	0.0%	0.0%	0.3%	0.7%
Operating Margin	6.02%	3.32%	(3.09%)	(2.30%)	0.86%	3.23%

Source: OSHPD Disclosure Reports, FY 2013 - FY 2017

## Cost of Hospital Services

Adventist Health Vallejo's operating cost of services includes both inpatient and outpatient care. In FY 2017, approximately 43% of total costs were associated with Third-Party patients, 39% with Medicare patients, and 18% with Medi-Cal patients.

The remaining 1% is attributed to Other Indigent and Other Payers. In FY 2017, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

COST OF SERVICES BY PAYER CATEGORY FY 2013 - FY 2017					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Operating Expenses</b>	<b>\$20,735,630</b>	<b>\$21,841,008</b>	<b>\$24,584,282</b>	<b>\$25,037,512</b>	<b>\$25,637,513</b>
<b>Cost of Services by Payer:</b>					
Medicare	\$4,556,969	\$5,981,966	\$9,903,750	\$8,965,427	\$9,873,287
Medi-Cal	\$2,855,345	\$3,752,946	\$4,092,354	\$4,049,837	\$4,800,676
County Indigent	\$4,011,204	\$1,870,494	\$1,559,249	\$643,273	\$0
Third Party	\$8,850,836	\$10,165,122	\$8,181,407	\$9,545,889	\$10,912,703
Other Indigent	\$0	\$70,480	\$342,529	\$1,638,020	\$0
All Other Payers	\$461,276	\$0	\$504,994	\$195,066	\$50,846

Source: OSHPD Disclosure Reports, FY 2013 - FY 2017

## Charity Care

The following table shows a comparison of charity care and bad debt for Adventist Health Vallejo and all general acute care hospitals in the State of California. The five-year (FY 2013-2017) average of charity care and bad debt for Adventist Health Vallejo, as a percentage of gross patient revenue, was 2.3%. This is the same as the five-year statewide average of 2.3%. According to OSHPD, “the determination of what is classified as...charity care can be made by establishing whether or not the patient has the ability to pay. The patient’s accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account.”

CHARITY CARE COMPARISON FY 2013 - FY 2017 (In Thousands)											
	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	
Gross Patient Revenue	\$75,400	\$320,382,471	\$73,822	\$338,322,364	\$83,249	\$365,501,463	\$85,345	\$396,427,743	\$87,959	\$408,188,146	
Charity	\$293	\$6,563,487	\$300	\$5,113,965	\$1,394	\$3,441,227	\$5,590	\$3,457,868	\$1,342	\$2,864,615	
Bad Debt	\$418	\$5,891,632	\$166	\$4,365,936	-	\$3,262,642	-	\$3,108,971	\$235	\$2,762,692	
<b>Total Charity &amp; Bad Debt</b>	<b>\$711</b>	<b>\$12,455,119</b>	<b>\$465</b>	<b>\$9,479,902</b>	<b>\$1,394</b>	<b>\$6,703,869</b>	<b>\$5,590</b>	<b>\$6,566,839</b>	<b>\$1,577</b>	<b>\$5,627,308</b>	
Charity Care as a % of Gross Patient Revenue	0.3%	2.0%	0.4%	1.5%	1.7%	0.9%	6.5%	0.9%	1.5%	0.7%	
Bad Debt as a % of Gross Patient Revenue	0.6%	1.8%	0.2%	1.3%	0.0%	0.9%	0.0%	0.8%	0.3%	0.7%	
Total as a % of Gross Patient Revenue	0.9%	3.9%	0.6%	2.8%	1.7%	1.8%	6.5%	1.7%	1.8%	1.4%	
<b>Uncompensated Care</b>											
Cost to Charge Ratio	27.1%	24.5%	29.2%	23.6%	29.2%	24.1%	28.9%	23.8%	28.9%	23.00%	
Charity	\$80	\$1,608,711	\$88	\$1,207,919	\$407	\$828,647	\$1,616	\$822,627	\$388	\$658,891	
Bad Debt	\$113	\$1,444,039	\$48	\$1,031,234	-	\$785,644	-	\$739,624	\$68	\$635,448	
<b>Total</b>	<b>\$193</b>	<b>\$3,052,750</b>	<b>\$136</b>	<b>\$2,239,153</b>	<b>\$407</b>	<b>\$1,614,292</b>	<b>\$1,616</b>	<b>\$1,562,251</b>	<b>\$456</b>	<b>\$1,294,339</b>	

Source: OSHPD Disclosure Reports FY 2013 - FY 2017

The table below shows Adventist Health Vallejo’s historical costs for charity care as reported by OSHPD. Adventist Health Vallejo’s charity care costs have fluctuated from a low of \$79,530 in FY 2013 to a high of \$1.6 million in FY 2016. The average cost of charity care for the five-year period was and three-year period was \$515,627 and \$803,669, respectively.

COST OF CHARITY CARE FY 2013 - FY 2017			
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital
FY 2017	\$1,341,657	28.9%	\$387,773
FY 2016	\$5,589,529	28.9%	\$1,616,016
FY 2015	\$1,393,533	29.2%	\$407,217
FY 2014	\$299,726	29.2%	\$87,597
FY 2013	\$293,144	27.1%	\$79,530
<b>FY 2015 - FY 2017 Average</b>			<b>\$803,669</b>
<b>FY 2013 - FY 2017 Average</b>			<b>\$515,627</b>

Source: OSHPD Disclosure Reports FY 2013 - FY 2017



In the written notice to the California Attorney General, the hospital and Adventist Health St. Helena reported the following combined distribution of charity care costs by inpatient, outpatient, and emergency room visits. Note that these totals are different than what the hospital reported to OSHPD. The hospital's Charity Care and Discount Policy states that household income or qualifying assets must not be more than 200% of the federal poverty level to receive free emergency and medically necessary care. Persons with family income between the 201% and 300% federal poverty level qualify to receive Discounted Care for emergency and medically necessary services at 50% of the Amount Generally Billed. Persons with family income between the 301% and 400% federal poverty level qualify to receive Discounted Care for emergency and medically necessary services at 75% of the Amount Generally Billed.

COST OF CHARITY CARE BY SERVICE				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2017:</b>				
Cost of Charity	\$85,553	\$34,781	\$4,065	\$124,399
Visits/Discharges	7,776	59,919	8,088	\$75,783
<b>2016:</b>				
Cost of Charity	\$815,235	\$340,001	\$37,143	\$1,192,379
Visits/Discharges	8,475	94,185	7,049	\$109,709
<b>2015:</b>				
Cost of Charity	\$800,184	\$342,035	\$40,781	\$1,183,000
Visits/Discharges	7,339	95,898	7,435	\$110,672
<b>2014:</b>				
Cost of Charity	\$453,061	\$216,933	\$22,014	\$692,008
Visits/Discharges	7,424	85,721	6,457	\$99,602
<b>2013:</b>				
Cost of Charity	\$1,229,851	\$530,866	\$61,636	\$1,822,353
Visits/Discharges	7,736	87,928	6,130	\$101,794

Source: Adventist Health

## Analysis of Adventist Health Vallejo's Service Area

### ***Service Area Definition***

Adventist Health Vallejo's service area is comprised of nine counties from which 68% of its behavioral health inpatient discharges originated in CY 2017. Approximately 46% of the hospital's inpatient discharges originated from the counties of Contra Costa, Sacramento, Solano, and Alameda. In CY 2017, the hospital's market share in the 9-county service area was 5%.

ADVENTIST HEALTH VALLEJO PATIENT ORIGIN CY 2017						
Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share	
Contra Costa County	282	12.5%	12.5%	5,266	5.4%	
Sacramento County	281	12.4%	24.9%	11,226	2.5%	
Solano County	273	12.1%	37.0%	1,985	13.8%	
Alameda County	202	8.9%	45.9%	8,069	2.5%	
Sonoma County	183	8.1%	54.1%	2,230	8.2%	
Mendocino County	90	4.0%	58.0%	621	14.5%	
Lake County	80	3.5%	61.6%	388	20.6%	
Napa County	79	3.5%	65.1%	554	14.3%	
Marin County	57	2.5%	67.6%	1,226	4.6%	
<b>Sub-Total</b>	<b>1,527</b>	<b>67.6%</b>	<b>67.6%</b>	<b>31,565</b>	<b>4.8%</b>	
All Other	732	32.4%	100%			
<b>Total Discharges</b>	<b>2,259</b>	<b>100%</b>				

Note: Includes the service line Behavioral Health  
 Source: OSHPD Patient Discharge Database, CY 2017

## Service Area Map

Adventist Health Vallejo's service area, with approximately 5.8 million residents, includes the counties of Alameda, Contra Costa, Lake, Marin, Mendocino, Napa, Sacramento, and Solano.

There are 19 other behavioral/ psychiatric hospitals serving Adventist Health Vallejo's service area: Sierra Vista Hospital, Highland Hospital, Fremont Hospital, John Muir Behavioral Health Center, Heritage Oaks Hospital, Alta Bates Summit Medical Center-Herrick Campus, Sutter Center for Psychiatry, Telecare Heritage Psychiatric Health Facility, Aurora Behavioral Healthcare-Santa Rosa, Contra Costa Regional Medical Center, Marin General Hospital, Woodland Memorial Hospital, Telecare Willow Rock Center, Crestwood Psychiatric Health Facility-Carmichael, Sacramento Mental Health Treatment Center, St. Joseph's Behavioral Health Center, Kaiser Permanente P.H.F - Santa Clara, Crestwood Psychiatric Health Facility-Sacramento, and Crestwood Solano Psychiatric Health Facility. Adventist Health Vallejo ranks seventh in inpatient market share in the service area.



## Demographic Profile

Adventist Health Vallejo’s service area population is projected to grow by 4.6% over the next five years. This is higher than the California state average growth rate (4.1%).

SERVICE AREA POPULATION STATISTICS			
	2018 Estimate	2023 Estimate	% Change
Total Population	5,818,814	6,087,893	4.6%
Total Households	2,101,728	2,190,085	4.2%
Percentage Female	50.9%	50.7%	-

Source: Esri

The median age of the population in Adventist Health Vallejo’s service area is 37.1 years and his higher than the state-wide average of 36.2 years. The fastest growing age group in the service area are individuals over the age of 65, increasing by 13% over the next five years. The number of women of child-bearing age is expected to decrease by 5% over the next five years.

SERVICE AREA POPULATION AGE DISTRIBUTION: 2018 - 2023				
	2018 Estimate		2023 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	1,079,876	18.6%	1,102,371	18.1%
Age 15-44	2,321,470	39.9%	2,436,613	40.0%
Age 45-64	1,520,052	26.1%	1,487,310	24.4%
Age 65+	897,416	15.4%	1,061,599	17.4%
<b>Total</b>	<b>5,818,814</b>	<b>100.0%</b>	<b>6,087,893</b>	<b>100.0%</b>
Female 15-44	16,406	0.3%	16,262	0.3%
Median Age	37.1		38.9	

Source: Esri

The largest population group in Adventist Health Vallejo’s service area are White (54%), Asian (18%) and Some Other Race (11%). Approximately 76% of the service area population is non-Hispanic or Latino Origin. This is higher than the California non-Hispanic population of approximately 60%.

SERVICE AREA POPULATION RACE/ETHNICITY: 2018 - 2023		
	2018 Estimate	2023 Projection
White	53.7%	51.3%
Black	8.9%	8.5%
Asian Indian Alone	0.9%	0.9%
Asian Alone	18.2%	20.0%
Pacific Islander Alone	0.7%	0.8%
Some Other Race Alone	11.0%	11.6%
Two or More Races	6.6%	7.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Hispanic Origin	24.3%	25.7%
Non-Hispanic or Latino	75.7%	74.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

Adventist Health Vallejo’s service area households have a median household income of \$76,084. This is 42% higher than Solano County’s median household income of \$44,269 and 14% higher than the State of California median of \$65,223. The percentage of higher-income households (\$150,000+) in Adventist Health Vallejo’s service area is projected to grow at a slower rate (5.9%) when compared to Solano County (7.1%) but similar to State of California (6.0%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2018 - 2023						
	2018 Estimate			2023 Projection		
	Service Area	Solano County	California	Service Area	Solano County	California
\$0 - \$15,000	8.7%	7.8%	9.6%	7.2%	6.4%	8.0%
\$15 - \$24,999	7.3%	6.5%	8.3%	6.0%	5.3%	6.8%
\$25 - \$34,999	7.1%	6.8%	7.8%	5.9%	5.6%	6.5%
\$35 - \$49,999	10.5%	11.0%	11.1%	9.2%	9.6%	9.9%
\$50 - \$74,999	15.7%	17.4%	16.1%	14.5%	15.9%	15.2%
\$75 - \$99,999	12.3%	14.1%	12.2%	12.2%	13.9%	12.3%
\$100 - \$149,999	17.2%	18.9%	16.1%	18.6%	20.6%	17.7%
\$150,000 - \$199,999	9.1%	9.3%	8.1%	10.6%	11.2%	9.6%
\$200,000+	12.0%	8.1%	10.7%	15.6%	11.4%	14.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Median Household Income</b>	\$76,084	\$44,269	\$65,223	\$87,892	\$49,061	\$74,370

Source: Esri

### **Medi-Cal Eligibility**

With the implementation of the ACA and the statewide expansion of Medi-Cal, 13.2 million of the State of California’s population are eligible for Medi-Cal (33% of California’s population). In Napa County, the California Department of Health Care Services estimated 42,589 people were eligible for Medi-Cal in August 2018 (27% of Solano County’s population). Out of the total estimated population in Solano County, 24% of the population was enrolled in Medi-Cal Managed Care. Although the population in the hospital’s service area is wealthier than Solano County, Adventist Health Vallejo’s service area covers nine counties where the difference in income level is wide. It is expected that the percent eligible for Medi-Cal would exceed 27%. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

### **Selected Health Indicators**

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

<b>NATALITY STATISTICS: 2019</b>			
<b>Health Status Indicator</b>	<b>Solano County</b>	<b>California</b>	<b>National Goal</b>
Low Birth Weight Infants	6.8%	6.9%	7.8%
First Trimester Prenatal Care	80.4%	83.5%	77.9%
Adequate/Adequate Plus Care	68.7%	77.9%	77.6%

Source: California Department of Public Health

Solano County had higher morbidity rates for four of the eight health status indicators than the State of California;

MORBIDITY STATISTICS: 2019 RATE PER 100,000 POPULATION			
Health Status Indicator	Solano County	California	National Goal
HIV/AIDS Incidence (Age 13 And Over) <sup>1</sup>	351.5	397.7	a
Chlamydia Incidence	570.7	514.6	c
Gonorrhea Incidence Female Age 15-44	370.2	252.4	251.9
Gonorrhea Incidence Male Age 15-44	399.4	444.8	194.8
Tuberculosis Incidence	5.6	5.3	1
Congenital Syphilis	-	44.4	9.6
Primary Secondary Syphilis Female	NM*	3.5	1.3
Primary Secondary Syphilis Male	16.2	26.2	6.7

Source: California Department of Public Health

Notes: Crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population. Birth cohort infant death rates are per 1,000 live births. The age-specific birth rates are per 1,000 female population aged 15 to 19 years old. Previous refers to previous period rates. These periods vary by type of rate: Mortality 2012-2014, Morbidity 2012-2014, Infant Mortality 2011-2013, Natality 2012-2014, Census 2016.

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

<sup>1</sup> California Department of Public Health, Office of AIDS, Surveillance Section reporting periods are: Current Period 2014-2016, Previous Period 2011-2013.

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

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

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

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

Notes: Crude death rates, crude case rates, and age-adjusted death rates are per 100,000 population. Birth cohort infant death rates are per 1,000 live births. The age-specific birth rates are per 1,000 female population aged 15 to 19 years old. Previous refers to previous period rates. These periods vary by type of rate: Mortality 2012-2014, Morbidity 2012-2014, Infant Mortality 2011-2013, Natality 2012-2014, Census 2016.

NM: Not Met (NM) refers to the Healthy People 2020 National objectives only.

The overall age-adjusted mortality rate for Solano County is higher than that of the State of California. Solano County reported higher age-adjusted mortality rates on 17 of the 18 causes.

MORTALITY STATISTICS: 2019 RATE PER 100,000 POPULATION				
Selected Cause	Solano County		(Age Adjusted)	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	760.2	681.9	610.3	a
- All Cancers	186.4	159.3	137.4	161.4
- Colorectal Cancer	15.0	13.2	12.5	14.5
- Lung Cancer	38.8	32.4	27.5	45.5
- Female Breast Cancer	25.3	20.0	18.9	20.7
- Prostate Cancer	23.5	26.3	19.4	21.8
- Diabetes	36.0	31.5	21.2	b
- Alzheimer's Disease	46.5	43.7	35.7	a
- Coronary Heart Disease	74.5	66.0	87.4	103.4
- Cerebrovascular Disease (Stroke)	52.5	48.1	36.3	34.8
- Influenza/Pneumonia	19.5	17.6	14.2	a
- Chronic Lower Respiratory Disease	37.8	34.0	32.0	a
- Chronic Liver Disease and Cirrhosis	14.5	12.3	12.2	8.2
- Accidents (Unintentional Injuries)	36.2	34.9	32.2	36.4
- Motor Vehicle Traffic Crashes	9.8	9.7	9.5	12.4
- Suicide	11.8	11.4	10.4	10.2
- Homicide	8.3	8.6	5.2	5.5
- Firearm-Related Deaths	12.4	12.3	7.9	9.3
- Drug-Induced Deaths	13.8	13.5	12.7	11.3

Source: California Department of Public Health

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

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



## ***2016 Community Health Needs Assessment***

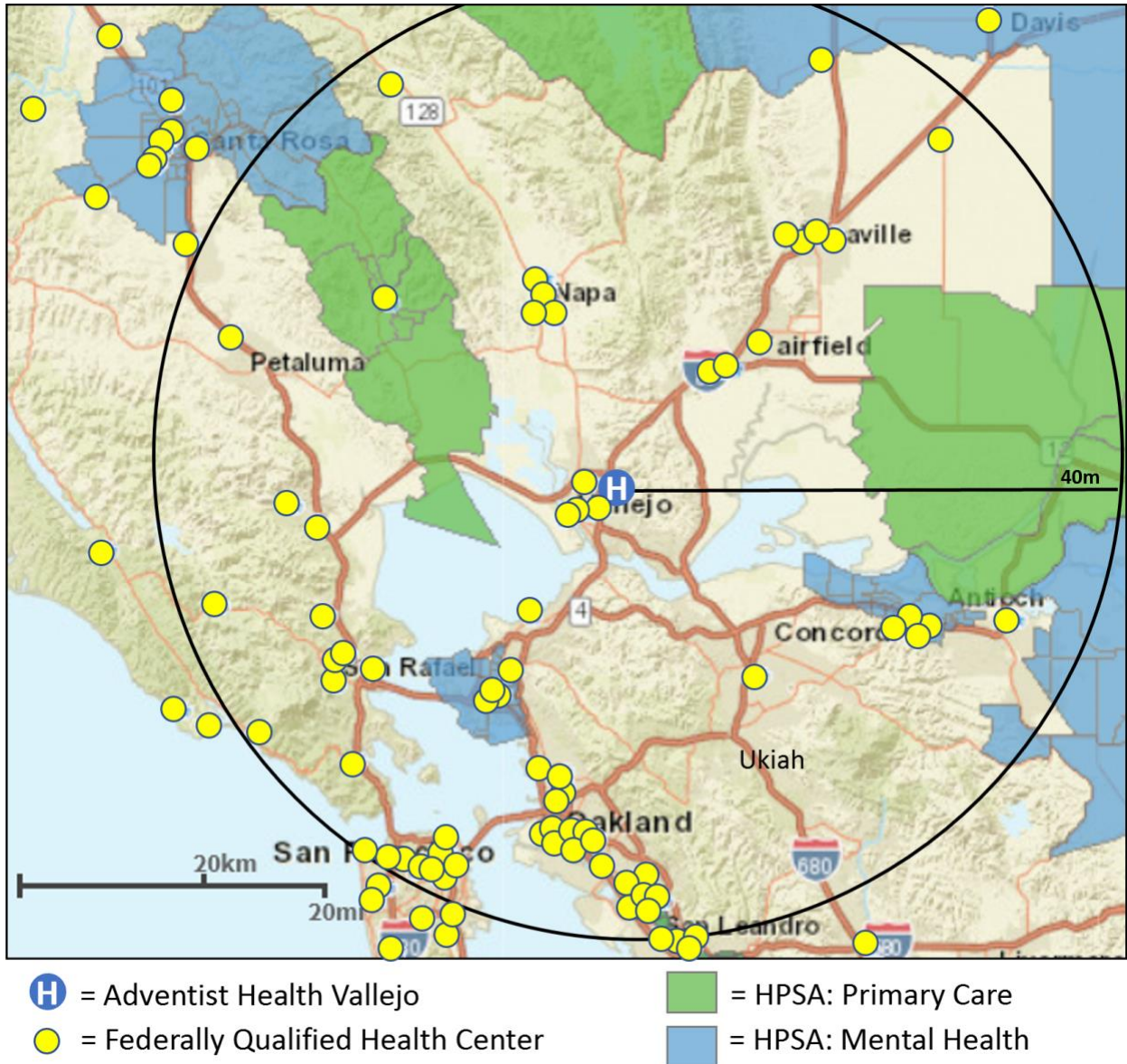
In an effort to understand the communities served by Adventist Health Vallejo, its most critical healthcare needs, and the resources available to meet those needs, Valley Vision conducted a Community Health Needs Assessment on Solano County, where Adventist Health Vallejo is located at. The Solano Community Health Needs Assessment was conducted over a period thirteen months, beginning in April 2015 and concluding in May 2016. The health service area was defined by the 18 ZIP codes that make up Solano County.

Based on feedback from community stakeholders, the following priorities were identified as the most important health and social issues affecting Solano County:

- Access to behavioral health services: The issue of behavioral health (mental health and substance abuse) was marked by a high rate of emergency room visits due to mental health in Solano County compared to the state benchmark. Substance abuse was also marked by an elevated rate of both emergency room visits and hospitalizations in the Solano County service area compared to the state benchmarks.
- Healthy eating and active living;
- Disease prevention, management and treatment: Based on the findings of the Community Health Needs Assessment, focus group interviewees noted cancer and diabetes are problematic in Solano County. Participants also voiced concerns about the amount of asthma seen in children and adults; and
- Access to high quality health care and services: The issue of access to care, including oral health and maternal and infant health, was marked by 45.8% of female Medicare enrollees that have had a mammogram in the past two years, lower than the state percent of 59.3%. Members of Solano County also expressed concern over the shortages of healthcare providers, specifically specialty care providers in Solano County.

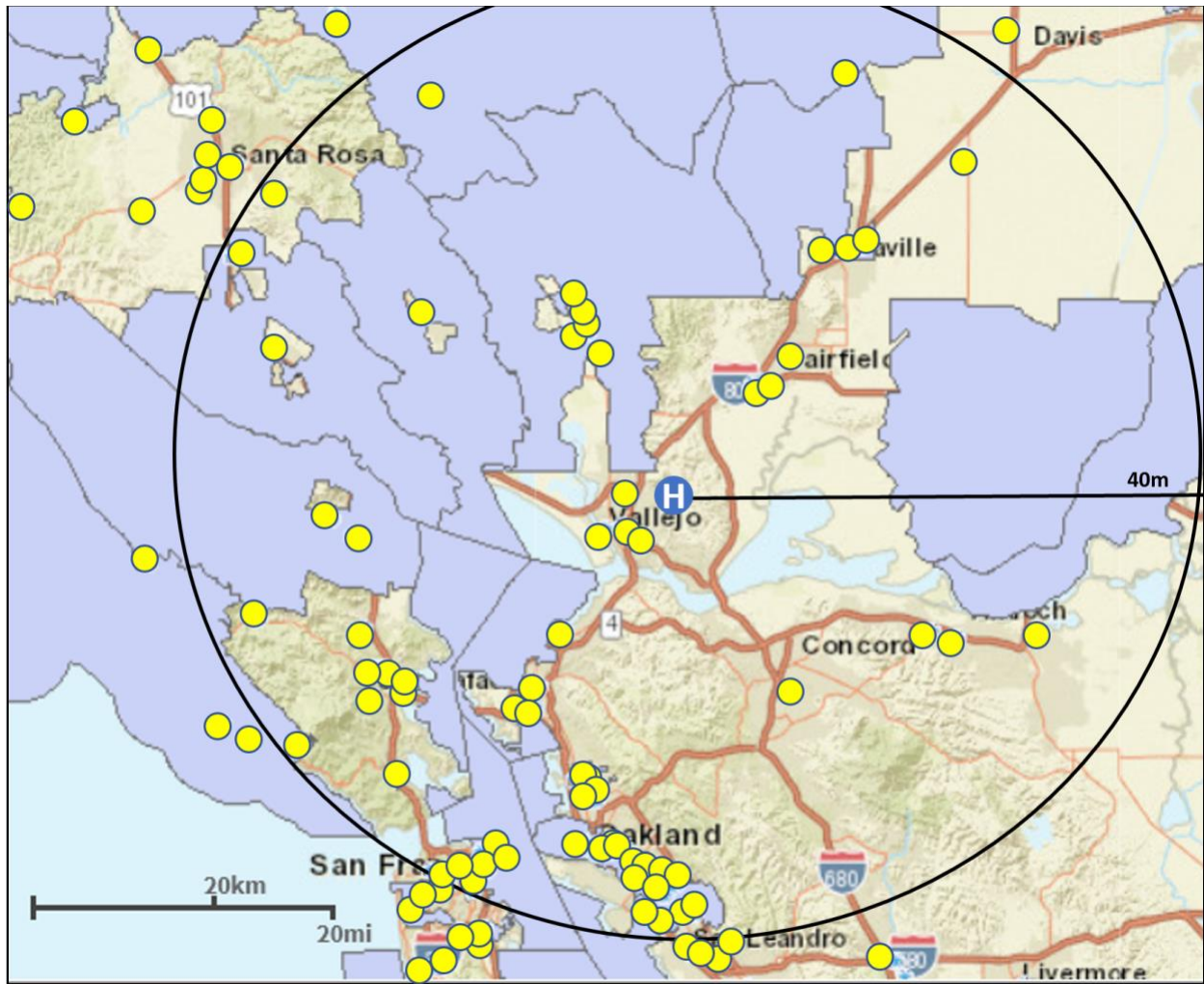
### Health Professional Shortage Areas (HPSA)

The Federal Health Resources and Services Administration designates Health Professional Shortage Areas as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population), or institutions (i.e., comprehensive health centers). Both Adventist Health Vallejo and large swaths of its service area are in designated shortage areas. The map below shows the shortage areas relative to Adventist Health Vallejo's location.



### Medically Underserved Area

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



- H** = Adventist Health Vallejo
- = Federally Qualified Health Center

**■** = Medically Underserved Area

## Hospital Market Share

The table below illustrates service area hospital inpatient market share from CY 2013 to CY 2017:

SERVICE AREA BEHAVIORAL HEALTH MARKET SHARE BY HOSPITAL CY 2013 – CY 2017						
Hospital	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	Trend
Sierra Vista Hospital	11.7%	10.2%	10.7%	10.5%	10.4%	↘
Highland Hospital	8.9%	9.5%	9.8%	8.7%	8.5%	↘
Fremont Hospital	5.9%	6.0%	7.1%	8.0%	8.1%	↗
John Muir Behavioral Health Center	7.4%	6.8%	6.9%	5.6%	7.5%	↗
Heritage Oaks Hospital	7.4%	7.6%	8.2%	7.7%	7.2%	↘
Alta Bates Summit Medical Center-Herrick Campus	5.6%	4.5%	4.6%	5.3%	5.1%	→
<b>Adventist Health Vallejo</b>	<b>4.8%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>4.8%</b>	→
Sutter Center for Psychiatry	5.3%	5.7%	5.4%	5.3%	4.3%	↘
Telecare Heritage Psychiatric Health Facility	3.9%	3.5%	3.6%	3.5%	3.7%	→
Aurora Behavioral Healthcare-Santa Rosa, LLC	0.3%	2.7%	3.5%	3.3%	3.6%	↗
Contra Costa Regional Medical Center	2.7%	2.6%	2.2%	2.8%	2.9%	↗
Marin General Hospital	2.2%	2.3%	2.3%	2.5%	2.4%	→
<b>Adventist Health St. Helena</b>	<b>2.1%</b>	<b>1.9%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>2.2%</b>	→
Woodland Memorial Hospital	1.0%	1.3%	1.5%	2.0%	2.1%	↗
Telecare Willow Rock Center	1.8%	1.8%	1.7%	1.6%	1.7%	→
Crestwood Psychiatric Health Facility-Carmichael	2.3%	2.1%	1.3%	1.3%	1.5%	→
Sacramento Mental Health Treatment Center	2.9%	1.4%	0.9%	1.2%	1.3%	↘
St. Joseph's Behavioral Health Center	2.2%	2.5%	2.5%	1.6%	1.3%	↘
Kaiser Permanente P.H.F - Santa Clara	0.9%	0.9%	1.0%	1.3%	1.1%	→
Crestwood Psychiatric Health Facility-Sacramento	1.6%	1.5%	1.2%	1.1%	1.1%	↘
All Other	19.0%	20.3%	19.0%	18.9%	19.2%	→
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>31,034</b>	<b>32,070</b>	<b>31,975</b>	<b>32,642</b>	<b>31,565</b>	→

Source: OSHPD Patient Discharge Database, CY 2013 – 2017

Note: Only includes the service line Behavioral Health

- Between CY 2013 and CY 2017, the number of discharges in Adventist Health Vallejo's service area increased by 2% to 31,565 discharges; and
- Adventist Health Vallejo's market share has averaged 5% over the 5-year period. In CY 2017, Sierra Vista Hospital ranked first in inpatient discharges with 10.4% market share.

## Market Share by Payer Type

The following table shows inpatient hospital market share by payer type for Adventist Health Vallejo's service area for CY 2017.

SERVICE AREA BEHAVIORAL HEALTH MARKET SHARE BY PAYER, CY 2017											
Payer Type	Total Discharges	Sierra Vista Hospital	Highland Hospital	Fremont Hospital	John Muir Behavioral Health Center	Heritage Oaks Hospital	Alta Bates Summit Medical Center - Herrick Campus	Adventist Health Vallejo	Sutter Center for Psychiatry	All Others	Total
Private Coverage	12,277	13.1%	3.9%	15.6%	9.9%	3.9%	7.5%	7.1%	4.2%	34.8%	100%
Medi-Cal	10,605	11.8%	14.1%	3.1%	5.0%	11.5%	3.5%	2.2%	2.5%	46.3%	100%
Medicare	6,096	5.2%	10.3%	4.4%	6.1%	8.3%	4.9%	6.2%	3.3%	51.4%	100%
All Other	2,208	4.6%	1.1%	2.1%	9.1%	2.7%	0.8%	1.9%	16.6%	61.1%	100%
Self-Pay	379	0.0%	14.2%	0.3%	15.8%	4.2%	5.0%	0.8%	4.2%	55.4%	100%
<b>Total Percentage</b>		<b>10.4%</b>	<b>8.5%</b>	<b>8.1%</b>	<b>7.5%</b>	<b>7.2%</b>	<b>5.1%</b>	<b>4.8%</b>	<b>4.3%</b>	<b>44.0%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>31,565</b>	<b>3,277</b>	<b>2,680</b>	<b>2,557</b>	<b>2,379</b>	<b>2,272</b>	<b>1,625</b>	<b>1,527</b>	<b>1,373</b>	<b>13,875</b>	<b>100%</b>

Note: Includes the service line Behavioral Health  
Source: OSHPD Patient Discharge Database, CY 2017

- The largest payer categories of service area inpatient discharges are Private Coverage with 12,277 inpatient discharges (39%), followed by Medi-Cal with 10,605 inpatient discharges (34%), and Medicare with 6,096 inpatient discharges (19%);
- Fremont Hospital is market share leader in Private Coverage (16%);
- Highland Hospital is market share leader in Medi-Cal (14%), and Medicare (10%); and
- Adventist Health Vallejo is not a market share leader for any payers but has significant market share in Private Coverage (8%) and Medicare (6%).

## Market Share by County

The following table shows hospital market share by county in Adventist Health Vallejo's service area for CY 2017.

SERVICE AREA BEHAVIORAL HEALTH MARKET SHARE BY COUNTY CY 2017											
County	Total Discharges	Sierra Vista Hospital	Highland Hospital	Fremont Hospital	John Muir Behavioral Health Center	Heritage Oaks Hospital	Alta Bates Summit Medical Center -Herrick Campus	Adventist Health Vallejo	Sutter Center for Psychiatry	All Other	Total Percentage
Sacramento	11,226	28.0%	0.1%	3.3%	0.7%	19.3%	0.4%	2.5%	11.5%	34.2%	100%
Alameda	8,069	0.3%	31.5%	13.0%	5.7%	0.2%	13.5%	2.5%	0.1%	33.2%	100%
Contra Costa	5,266	0.4%	1.9%	10.4%	28.6%	0.2%	5.6%	5.4%	0.1%	47.5%	100%
Sonoma	2,230	0.7%	0.0%	8.5%	3.7%	0.4%	2.4%	8.2%	0.5%	75.6%	100%
Solano	1,985	2.3%	0.8%	12.0%	8.6%	1.6%	3.9%	13.8%	2.3%	54.8%	100%
Marin	1,226	0.3%	0.2%	8.2%	3.7%	0.2%	4.2%	4.6%	0.3%	78.1%	100%
Mendocino	621	1.1%	0.2%	1.1%	1.4%	2.3%	0.3%	14.5%	0.6%	78.4%	100%
Napa	554	2.7%	0.2%	7.9%	5.1%	2.9%	1.8%	14.3%	0.0%	65.2%	100%
Lake	388	1.5%	0.3%	2.1%	1.3%	0.8%	0.8%	20.6%	1.0%	71.6%	100%
<b>Total Percentage</b>		<b>10.4%</b>	<b>8.5%</b>	<b>8.1%</b>	<b>7.5%</b>	<b>7.2%</b>	<b>5.1%</b>	<b>4.8%</b>	<b>4.3%</b>	<b>44.0%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>31,565</b>	<b>3,277</b>	<b>2,680</b>	<b>2,557</b>	<b>2,379</b>	<b>2,272</b>	<b>1,625</b>	<b>1,527</b>	<b>1,373</b>	<b>13,875</b>	

Note: Includes the service line Behavioral Health  
Source: OSHPD Patient Discharge Database, CY 2017

- Adventist Health Vallejo is the market share leader in four of the 9 service area counties (Solano, Mendocino, Napa, and Lake); and
- Sierra Vista Hospital is the market share in Sacramento County (28%) and Highland Hospital is market share leader in Alameda County (32%).

## Service Availability by Bed Type

Using FY 2017 and FY 2018 data, the tables on the following pages show Adventist Health Vallejo's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive care, obstetrics, psychiatric, and emergency services.

### Psychiatric Acute Care- Adult Capacity Analysis

Adventist Health Vallejo has 48 acute psychiatric beds used for adults. Within the service area, there are 541 additional adult acute psychiatric beds. Together, they operated at an occupancy rate of 68%.

ACUTE PSYCHIATRIC CARE BEDS, FY 2017								
Hospital	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles from Hospital
<b>Adventist Health Vallejo</b>	<b>Vallejo</b>	-	<b>48</b>	<b>1,566</b>	<b>13,928</b>	<b>38</b>	<b>79.5%</b>	-
Crestwood Solano Psychiatric Health Facility	Vallejo	x	16	498	4,719	13	80.8%	1
Contra Costa Regional Medical Center*	Martinez	x	43	750	6,414	18	40.9%	10
John Muir Behavioral Health Center	Concord	x	41	1,161	7,792	21	52.1%	14.8
Alta Bates Summit Medical Center	Berkeley	x	67	1,828	16,858	46	68.9%	18.7
Marin General Hospital	Greenbrae	x	17	718	5,802	16	93.5%	19.6
Highland Hospital*	Oakland	x	80	2,938	24,158	66	82.7%	22.1
Telecare Heritage Psychiatric Health Facility*	Oakland	x	26	1,329	7,536	21	79.4%	22.7
Willow Rock Center*	San Leandro	x	-	-	-	-	-	29.1
<b>Adventist Health St. Helena</b>	<b>St. Helena</b>	<b>x</b>	<b>37</b>	<b>1,271</b>	<b>9,886</b>	<b>27</b>	<b>73.2%</b>	<b>31.8</b>
Aurora Behavioral Healthcare - Santa Rosa, LLC	Santa Rosa	x	75	1,801	16,338	45	59.7%	36.5
Fremont Hospital	Fremont	x	108	2,518	21,379	59	54.2%	42.2
Woodland Memorial Hospital*	Woodland	x	31	1,401	10,895	30	96.3%	45.1
<b>SUB-TOTAL</b>			<b>589</b>	<b>17,779</b>	<b>145,705</b>	<b>399</b>	<b>67.8%</b>	
Sierra Vista Hospital	Sacramento		146	4,382	44,736	123	83.9%	51.2
Crestwood Psychiatric Health Facility - Sacramento	Sacramento		16	431	5,832	16	99.9%	52.4
Sacramento Mental Health Treatment Center*	Sacramento		50	593	17,458	48	95.7%	52.5
Sutter Center For Psychiatry	Sacramento		54	1,934	15,054	41	76.4%	52.4
St. Joseph's Behavioral Health Center*	Stockton		34	1,806	11,292	31	91.0%	53.1
Kaiser Psychiatric Health Facility - Santa Clara*	Santa Clara		24	1,022	6,760	19	77.2%	55.8
Heritage Oaks Hospital	Sacramento		111	3,482	36,645	100	90.4%	60.1
Crestwood Psychiatric Health Facility - Carmichael	Carmichael		16	520	5,696	16	97.5%	60.1
<b>TOTAL</b>			<b>1,040</b>	<b>31,949</b>	<b>289,178</b>	<b>792</b>	<b>76.2%</b>	

Source: OSPHD Disclosure Reports, Google Maps

\*FY 2018 Data

- In FY 2017, Adventist Health Vallejo had an occupancy rate of 80% and an average daily census of 38 patients;
- Collectively, Adventist Health had an occupancy rate of approximately 77% and represented 16% of the service area discharges;
- Crestwood Solano Psychiatric Health Facility, located approximately one mile away from Adventist Health Vallejo, is operating at an occupancy rate of 81%; and
- Adventist Health Vallejo's 48 licensed adult psychiatric beds account for 5% of total beds in the region.

## Psychiatric Acute Care-Pediatric Capacity Analysis

Adventist Health Vallejo has 13 acute psychiatric beds used for pediatrics. There are 18 health care facilities offering an additional 158 pediatric acute psychiatric beds in the service area resulting in a combined average daily census of 151 patients and an occupancy rate of 88%.

ACUTE PEDIATRIC PSYCHIATRIC CARE BEDS, FY 2017									
Hospital	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied	Miles from Hospital	
<b>Adventist Health Vallejo</b>	<b>Vallejo</b>	-	<b>13</b>	<b>655</b>	<b>6,513</b>	<b>18</b>	<b>137.3%</b>	-	
Crestwood Solano Psychiatric Health Facility	Vallejo	x	-	-	-	-	-	1	
Contra Costa Regional Medical Center*	Martinez	x	24	1,664	9,158	25	104.5%	10	
John Muir Behavioral Health Center	Concord	x	-	-	-	-	-	14.8	
Alta Bates Summit Medical Center	Berkeley	x	-	-	-	-	-	18.7	
Marin General Hospital	Greenbrae	x	-	-	-	-	-	19.6	
Highland Hospital*	Oakland	x	-	-	-	-	-	22.1	
Telecare Heritage Psychiatric Health Facility*	Oakland	x	-	-	-	-	-	22.7	
Willow Rock Center*	San Leandro	x	16	538	3,702	10	63.4%	29.1	
Aurora Behavioral Healthcare - Santa Rosa, LLC	Santa Rosa	x	20	812	6,454	18	88.4%	36.5	
Fremont Hospital	Fremont	x	40	2,597	13,368	37	91.6%	42.2	
Woodland Memorial Hospital*	Woodland	x	-	-	-	-	-	45.1	
<b>SUB-TOTAL</b>			<b>113</b>	<b>6,266</b>	<b>39,195</b>	<b>107</b>	<b>95.0%</b>		
Sierra Vista Hospital	Sacramento		25	893	5,829	16	63.9%	51.2	
Crestwood Psychiatric Health Facility - Sacramento	Sacramento		-	-	-	-	-	52.4	
Sacramento Mental Health Treatment Center*	Sacramento		-	-	-	-	-	52.5	
Sutter Center For Psychiatry	Sacramento		19	952	5,191	14	74.9%	52.4	
St. Joseph's Behavioral Health Center*	Stockton		-	-	-	-	-	53.1	
Kaiser Psychiatric Health Facility - Santa Clara*	Santa Clara		-	-	-	-	-	55.8	
Heritage Oaks Hospital	Sacramento		14	653	4,921	13	96.3%	60.1	
Crestwood Psychiatric Health Facility - Carmichael	Carmichael		-	-	-	-	-	60.1	
<b>TOTAL</b>			<b>171</b>	<b>8,764</b>	<b>55,136</b>	<b>151</b>	<b>88.3%</b>		

Source: OSPHD Disclosure Reports, Google Maps

\*FY 2018 Data

- In FY 2017, Adventist Health Vallejo's 13 licensed pediatric psychiatric care beds ran at an occupancy rate of 137% and an average daily census of 18 patients; and
- Contra Costa Regional Medical Center, located 10 miles away and operating 24 licensed beds, run at high occupancy rates and would not be able to absorb any reduction to the number of pediatric psychiatric bed numbers operated by Adventist Health Vallejo.



## Summary of Interviews

Between August 2018 and June 2019, both in-person and telephone interviews were conducted with representatives of Adventist Health, St. Joseph Health, Adventist Health St. Helena, Adventist Health Clear Lake, and Adventist Health Vallejo as well as physicians and other community representatives. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding any potential impact on healthcare availability and accessibility as a result of the proposed transaction. The list of individuals who were interviewed is in the Appendix of this report. The major findings of the interviews are summarized below.

### ***Reasons for the Proposed Transaction***

Members of Adventist Health's management team, Board members and medical staff cited several reasons for forming the JOC including the following:

- The opportunity to partner with another Northern California health system with similar mission, vision, and values would help to ensure the financial ability to continue to serve patients especially those that are uninsured and under-insured;
- By working together in the JOC, Adventist Health and St. Joseph Health would more effectively recruit and retain physicians by:
  - Cooperating to offer support to recruit new physicians;
  - Providing more patient volume to support physician specialists that are difficult to recruit;
  - Sharing medical specialists among participating hospitals for emergency on-call coverage and specialty services (e.g., cardiac surgery); and
  - Recruiting subspecialists that may be impractical for one hospital to recruit alone.
- Leveraging the different clinical strengths of Adventist Health and St. Joseph Health would create an opportunity for sharing and mutual learning regarding clinical best practices, data, population health practices, community benefits, and charity care;
- Forming a larger, more geographically integrated network would provide improved access to healthcare throughout the Northern California region especially for the poor and vulnerable;
- Together Adventist Health and St. Joseph Health would be better able to serve the Medi-Cal managed care membership of Partnership Health Plan;
- Sharing an integrated electronic medical record system would help reduce costs by avoiding duplication of diagnostic and treatment services;

- Working on population health initiatives would be more effective together than separately;
- The JOC would be better able to make capital and planning decisions, thereby avoiding duplication of services and facilities;
- The expanded resources of the JOC will better allow Adventist Health and St. Joseph Health to respond to the needs of the community by jointly planning new services, consolidating duplicative services, achieving better economies of scale, and developing or centralizing shared centers of excellence for clinical services; and
- The JOC would be in a stronger position for negotiating payer and vendor contracts.

### ***Importance of Adventist Health and St. Joseph Health to the Community***

All of the representatives who were interviewed believed Adventist Health and St. Joseph Health, and their related inpatient and outpatient services, are very important providers of healthcare services to their communities.

### **Adventist Health St. Helena**

Some of the programs and services that were mentioned in the interviews as being especially important at Adventist Health St. Helena include the following:

- Cardiac services, including designation as a STEMI Receiving Center;
- Emergency services, including a helipad;
- Behavioral health, geropsychiatry and psychiatric services and designation as a Lanterman-Petris-Short facility;
- Orthopedic services;
- Perinatal services; and
- Designated Sexual Assault Response Team.

Some representatives of Adventist Health St. Helena discussed the financial and operational difficulty of operating Adventist Health St. Helena in a small rural community. As a result of these factors, and the need to become seismically compliant, administration has been considering downsizing the hospital and eliminating obstetrics and behavioral health services from the St. Helena campus. The proposed new or retrofitted Adventist Health St. Helena

facility would focus on cardiac, orthopedic, and oncology services. Consideration has been given to increasing the behavioral health services at Adventist Health Vallejo or another location to accommodate patients if Adventist Health St. Helena eliminated its behavioral health services, however no decisions have been made. Administration also believes that because of dwindling patient volumes it is becoming more costly and difficult to deliver babies safely at Adventist Health St. Helena and anticipates closing the obstetric unit, expecting that patients, alternatively would deliver at Queen of the Valley Medical Center. St. Joseph Health's and Adventist Health St Helena's consideration for downsizing the hospital has been ongoing and began before discussions about the JOC.

### **Adventist Health Clearlake**

Some of the programs and services that were mentioned in the interviews as being especially important at Adventist Health Clearlake include the following:

- Telemedicine;
- Obstetrics;
- Live Well Program;
- Podiatry;
- Ophthalmology;
- Dentistry;
- Big Life Style Program;
- Emergency services including Sexual Assault Response Team (SART);
- Rural Health Clinics;
- Restoration House; and
- Ear, Neck and Throat.

Representatives from community organizations believe that Adventist Health St. Helena and Adventist Health Clear Lake are important health care providers to their communities. Many interviewed expressed the belief that services such as cardiac, oncology, behavioral health and orthopedic surgery were important to the communities served. Those interviewed added that if Adventist Health St. Helena and Adventist Health Clear Lake do not maintain the key services,

accessibility and availability issues could be created for the underinsured and uninsured residents of the surrounding communities.

### **Adventist Health Vallejo**

Some of the programs and services that were mentioned in the interviews as being especially important at Adventist Health Vallejo include the following:

- Behavioral medicine services;
- Children’s behavioral health and occupational therapy services;
- Adolescent services including occupational therapy and therapeutic programs;
- Adult services including individual, group and family therapy as well as psychotherapy;
- Senior behavioral health services including recreational therapy and cognitive behavioral therapy; and
- Behavioral wellness services providing cognitive behavioral therapy and dialectical behavioral therapy.

### ***Selection of St. Joseph Health for the JOC***

The management teams of Adventist Health St. Helena and Adventist Health Clear Lake, community members and providers believe there are significant opportunities to provide care closer to home for more patients by creating a broader and deeper value-based provider network in the region and coordinating hospital and physician services across both health systems. Representatives interviewed also stated that the JOC should be able to reduce the outmigration and better compete with neighboring health systems such as Sutter Health and Kaiser Permanente. Those interviewed believed that the geographic locations of Adventist Health and St. Joseph Health facilities together would provide improved access for the patient population. Furthermore, the JOC will allow Adventist Health to regionalize services, reduce costs and provide opportunities to better support managed care populations including Medi-Cal and Medicare Advantage<sup>28</sup>.

Members of the Adventist Health’s management team indicated that a number of factors were considered in choosing St. Joseph Health to enter into a JOC include the following:

- The complimentary geographic locations of the hospitals;

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<sup>28</sup> Medicare Advantage plans are offered by private insurance companies, approved by Medicare, to cover Medicare benefits.

- The improved ability of the proposed JOC to recruit and retain physicians;
- The commitment to provide expanded healthcare services locally;
- The ability to develop additional clinical expertise and enhance subspecialties;
- The ability to share services and develop centers of excellence serving both organizations;
- The ability to participate in initiatives to improve population health;
- The ability to jointly achieve efficiencies and economies of scale; and
- Enhanced brand and reputation.

Adventist Health’s management team explained that the transaction would provide an opportunity for the hospitals to be better positioned to improve the health of the population in the service area.

All of those interviewed from Adventist Health St. Helena and Adventist Health Clear Lake were supportive of the proposed JOC and the selection of St. Joseph Health as a partner.

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

Almost all interviewed believed that the proposed JOC would improve the accessibility and/or availability of healthcare services. Many also believed that the JOC would create the opportunity to expand existing programs and improve clinical centers of excellence. Some programs may be consolidated to improve quality and financial performance. While this may effect local access, it is believed that centralizing some services would result in higher quality. In this regard, a potential closure of the obstetrics unit at Adventist Health St. Helena was discussed due to the low and declining volume and the difficulty recruiting obstetricians to the community. Adventist Health St. Helena’s representatives believed that if services were centralized at Queen of the Valley Medical Center, the additional volume would enhance the ability to provide higher quality obstetric and neonatal intensive care services. A couple of those interviewed believed that discontinuing the obstetrics services at Adventist Health St. Helena would create access issues for patients from outlying areas and patients seeking sterilization services. Sterilization services are prohibited at a Catholic hospital and therefore would not be provided at Queen of the Valley Medical Center, the other local alternative.

***Opposition to the Affiliation***

No one interviewed expressed opposition to the JOC. Representatives of the commercial insurance companies expressed optimism that a broader network could result in more

successful population health initiatives, better cost effectiveness, and improved access. However, representatives of the commercial insurance companies also expressed concern about the potential for the JOC to use its enhanced market leverage to negotiate higher priced service contracts.

Concerns were expressed by payers, and especially by Partnership Health Plan about the potential discontinuation of behavioral health services at Adventist Health St. Helena. It is believed that if behavioral health services were discontinued, it would create a major negative impact on the availability and accessibility of services especially for Medi-Cal patients. However, if services were relocated elsewhere in the service area, it was felt that intensive outpatient behavioral health services should be continued at Adventist Health St. Helena.

### ***Alternatives***

Almost all believed that the proposed agreement was driven to create greater opportunities for improving operational, financial, and clinical performance. Those interviewed believed that combining efforts with another financially strong, faith-based health system would ensure that fulfilling the mission of caring for the poor and vulnerable would continue to remain a priority. Almost all who were interviewed believed that there would not be an alternative partner for this proposed JOC.

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

### **Adventist Health St. Helena:**

#### ***Continuation as a General Acute Care Facility***

The Master Formation Agreement states that Adventist Health St. Helena will continue to operate as licensed general acute care facility under the values of the Seventh-day Adventist Church. It is expected that as a result of this transaction, Adventist Health St. Helena is prepared to operate at its current level of services at a similar capacity for the next five years. However, after the five-year period, the hospital is planning to either renovate or rebuild the hospital so that it will be in compliance with the 2030 seismic requirements under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983. At such time, the hospital will likely close its obstetrics and behavioral health units and convert its existing facility or replace it with a 30-bed specialty-oriented hospital that is primarily focused on the hospital's core strengths in the areas of emergency services, cardiology, cardiac surgery, oncology, and orthopedics.

A 30-bed facility without behavioral health and obstetrics would not have enough bed capacity to handle the current average daily census of 48 medical/surgical and intensive care patients unless inpatient utilization rates or market share declined. As a result, access and availability to inpatient services could be negatively impacted because of inadequate capacity.

#### ***Emergency and Trauma Services***

Adventist Health St. Helena is an important provider of emergency services to residents of the surrounding communities. In 2017, Adventist Health St. Helena's 24-hour "standby" emergency department reported 8,147 visits to its 8 emergency treatment stations and operated at a capacity of 51% (based on a standard of 2,000 visits per station, per year). Queen of the Valley Medical Center, the next closest hospital located 20 miles away, ran at an occupancy rate of 81% on its 18 emergency treatment stations. Furthermore, emergency departments at other area facilities are very busy, including Sutter Lakeside Hospital at (85% capacity), Sutter Santa Rosa Memorial Hospital at (115% capacity) and Adventist Health Ukiah Valley (105% capacity). As a result of the uncertainties of the future of the ACA and healthcare reform, aging demographics, and with the entire service area designated as having a shortage of primary care physicians, utilization of the emergency department may be expected increase within the service area.

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

Although the hospital only has an occupancy rate of 27%, on its 132 licensed medical/surgical beds (average daily census of 40 patients), the next closest hospital providing inpatient medical/surgical beds is about 20 miles away. The utilization of

inpatient medical/surgical services is projected to increase over the next 5 years because of a 3.6% increase in the overall population and a 18% increase in the percentage of adults over 65 years old. Without sufficient capacity for medical/surgical services at the hospital, local residents could be negatively impacted.

***Intensive Care Services***

In FY 2017, Adventist Health St. Helena reported an occupancy rate of approximately 61.4% on its 12 licensed intensive care beds. These services are an important resource for supporting emergency services and other medical and surgical services at Adventist Health St. Helena. Queen of the Valley Medical Center, the next closest hospital located about 20 miles away, reported an occupancy of 31.2% and an average daily census of 11 patients. Without the intensive care unit at the hospital, patients from service area could be negatively impacted.

***Perinatal/Obstetrics Services***

In FY 2017, Adventist Health St. Helena reported an occupancy rate of about 19% on its 7 licensed perinatal beds, based on an average daily census of 1.3 patients. The number of women of childbearing age is also expected to grow slightly by 2023. With 209 obstetric deliveries in FY 2017, a decreasing trend in the number of deliveries over the past four fiscal years, and physician recruitment challenges, the management team at Adventist Health St. Helena believe that operating an obstetrics and delivery center is financially and operationally difficult. Therefore, Adventist Health has indicated that it will close its seven-bed obstetrics unit after five years and relocate future delivery volume to Queen of the Valley Medical Center located about 20 miles away.

Queen of the Valley Medical Center has an average daily census of 5 patients resulting in an occupancy rate of 22% on its 22-bed obstetrics unit and therefore has the capacity to absorb Adventist Health St. Helena’s future projected obstetrics volume. However, some patients of Adventist Health St. Helena receive sterilization services post-delivery, which would not be available at Queen of the Valley Medical Center

Adventist Health St. Helena’s obstetrics volume by payer type shows 53% of obstetrics volume is attributed to Private Coverage and 45% attributed to Medi-Cal patients.

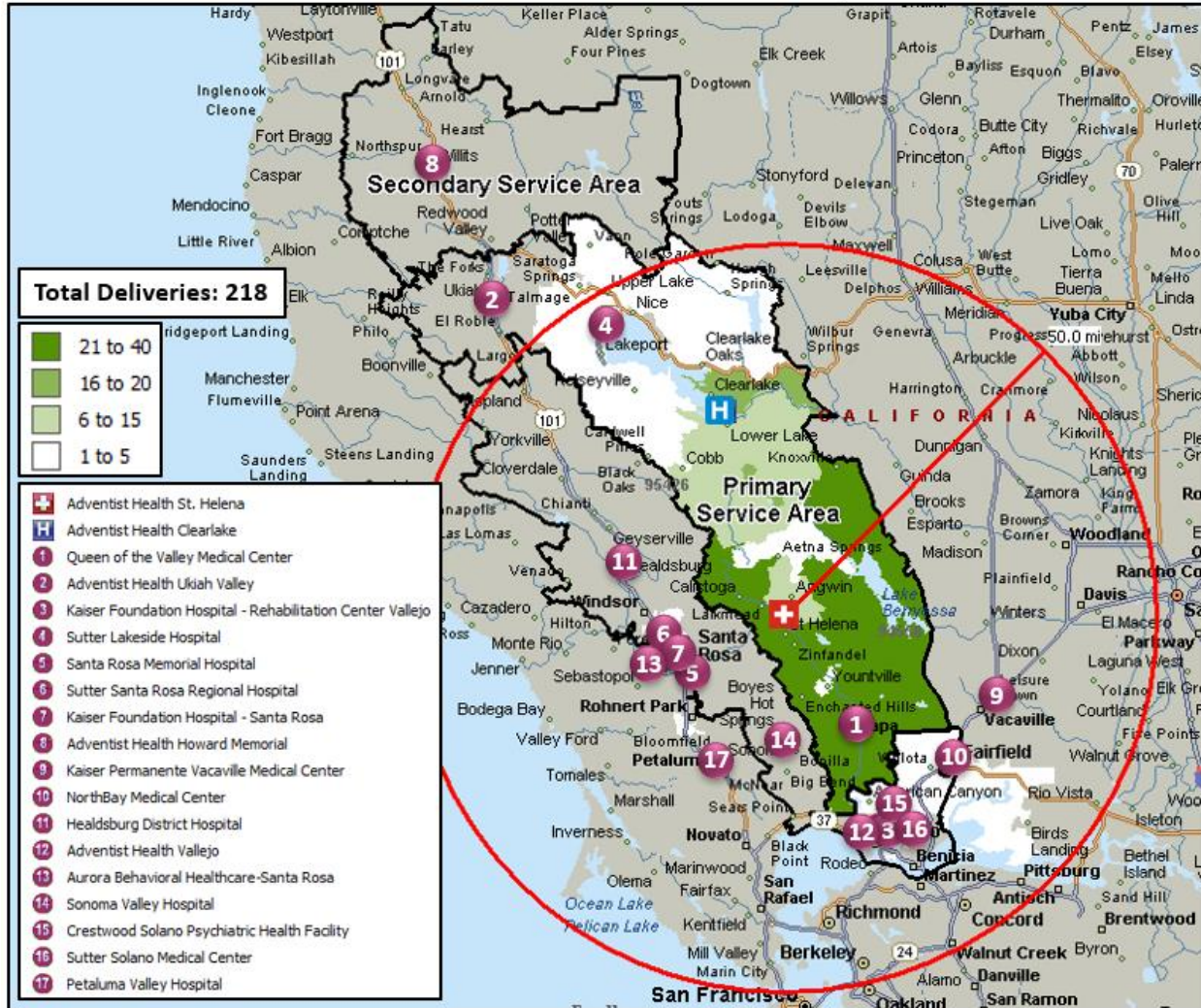
<b>ADVENTIST HEALTH ST. HELENA DELIVERIES BY PAYER TYPE, 2016</b>		
<b>Payer Type</b>	<b>Deliveries</b>	<b>Percentage</b>
Private Coverage	115	52.8%
Medi-Cal	98	45.0%
Medicare	3	1.4%
All Other	1	0.5%
Self Pay	1	0.5%
<b>Total Deliveries</b>	<b>218</b>	<b>100%</b>

Source: OSHPD Discharge Database, 2016



The heat map below shows the distribution of the Adventist Health St. Helena's 218 obstetrics deliveries by ZIP Code for all payer types in CY 2016.

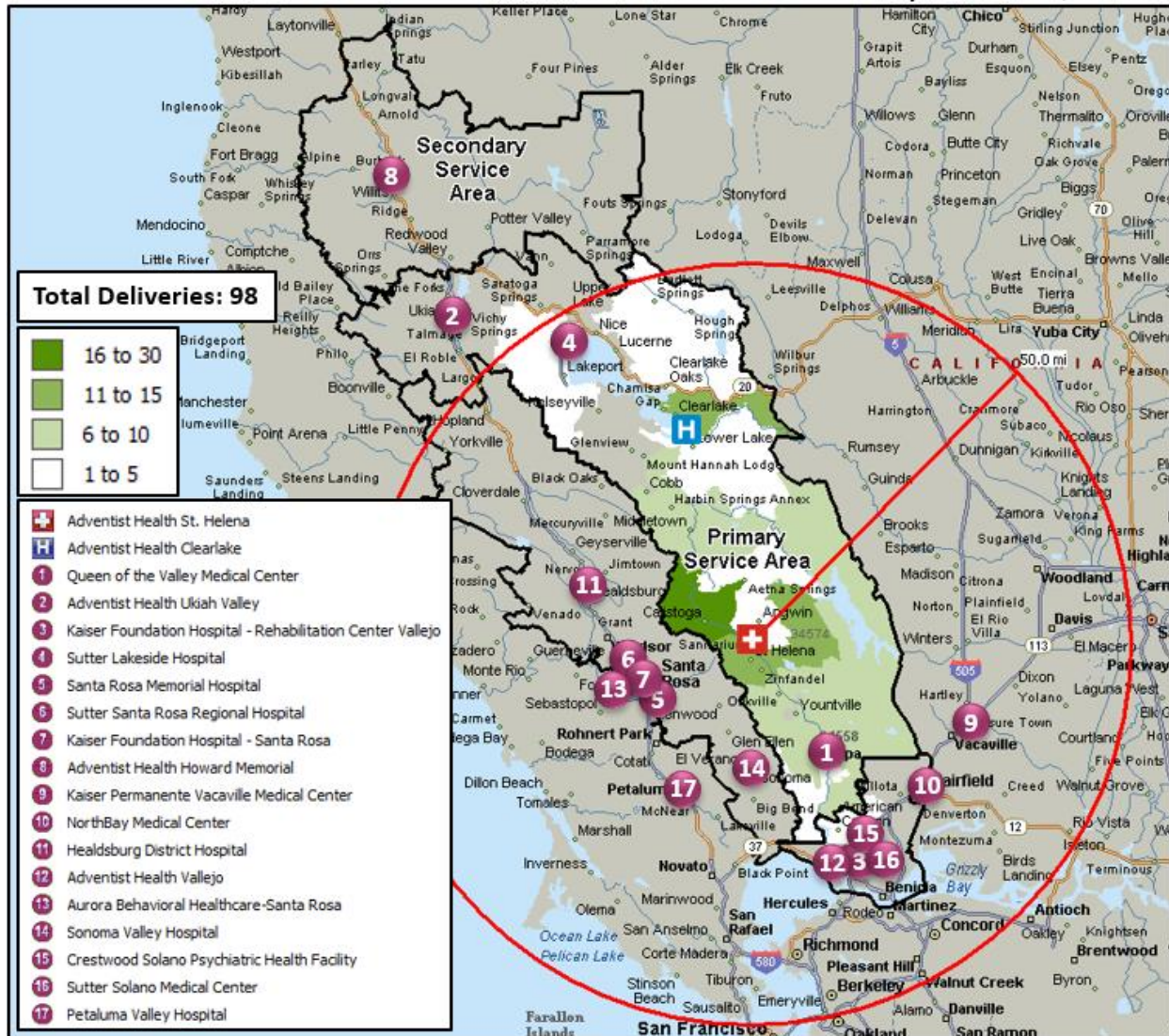
Adventist Health St. Helena Obstetrics Deliveries by ZIP Code, 2016



- The majority of Adventist Health St. Helena's obstetrics volume is concentrated in the dark shaded area within the primary service area, which includes many of the communities served by Queen of the Valley Medical Center.

The following heat map shows that the majority of Adventist Health St. Helena’s 98 Medi-Cal deliveries in 2016 originated from the communities immediately surrounding the hospital including a large number originating from the community of Calistoga located to the northwest of Adventist Health St. Helena.

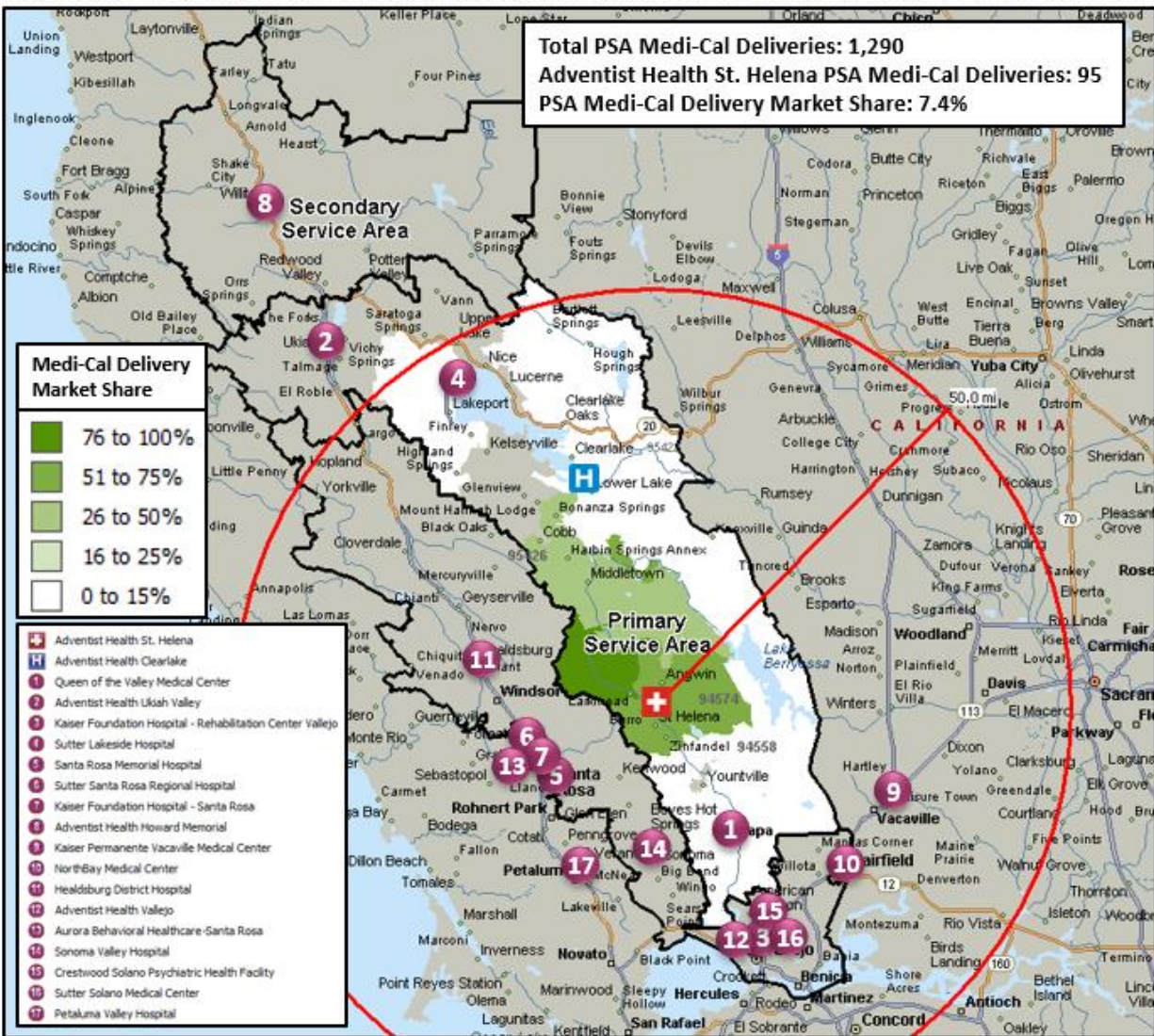
Adventist Health St. Helena Obstetric Medi-Cal Deliveries by ZIP Code, 2016



- Adventist Health St. Helena’s Medi-Cal obstetrics patients, residing in the community of Calistoga, would bypass Adventist Health St. Helena’s when seeking delivery services at Queen of the Valley Medical, if Adventist Health St. Helena closed its obstetrics unit.

The map below shows Adventist Health St. Helena’s market share of Medi-Cal patient deliveries in the primary service area.

Adventist Health St. Helena Obstetric Medi-Cal Delivery Market Share by ZIP Code, 2016



- Adventist Health St. Helena’s Medi-Cal delivery market share ranges between 50% and 100% within the ZIP Codes surrounding the hospital;
- Adventist Health St. Helena’s market share of Medi-Cal deliveries is 88% in Calistoga, where the greatest number of Adventist Health St. Helena Medi-Cal deliveries originate; and
- Adventist Health St. Helena’s draws the vast majority of its Medi-Cal obstetric patients from the communities immediately surrounding the hospital.

In rural areas, Medi-Cal patients are more reliant on receiving healthcare locally because of driving distances and lack of public transportation. Women who travel further for obstetrics services may have worse birth outcomes, including higher rates of infant mortality and admission to a neonatal intensive care unit<sup>29</sup>. As a result, many Medi-Cal patients residing in the service area around Adventist Health St. Helena could be negatively impacted if the obstetric service was closed.

### ***Psychiatric Acute Care Services***

Adventist Health St. Helena is an important provider of adult and geropsychiatric services psychiatric acute care services. In FY 2017, Adventist Health provided 37 licensed inpatient psychiatric beds that operated at an occupancy rate of 73.2%.

Adventist Health St. Helena is also a Lanterman-Petris-Short Act designated 24-hour facility. The Lanterman–Petris–Short Act authorizes a qualified officer or clinician to involuntarily confine a person suspected to have a mental disorder and/or is a possible danger to him/herself or others, and/or gravely disabled.

Adventist Health St. Helena is the only provider of inpatient psychiatric acute care beds within the primary service area. There are an additional 61 inpatient psychiatric acute care beds in the secondary service area, all located at Adventist Health Vallejo, that together with Adventist Health St. Helena operated at an overall occupancy rate of approximately 67%.

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<sup>29</sup> Rayburn WF, Richards ME, Elwell EC. Drive times to hospitals with perinatal care in the United States. *Obstet Gynecol.* 2012;119(3):611–616

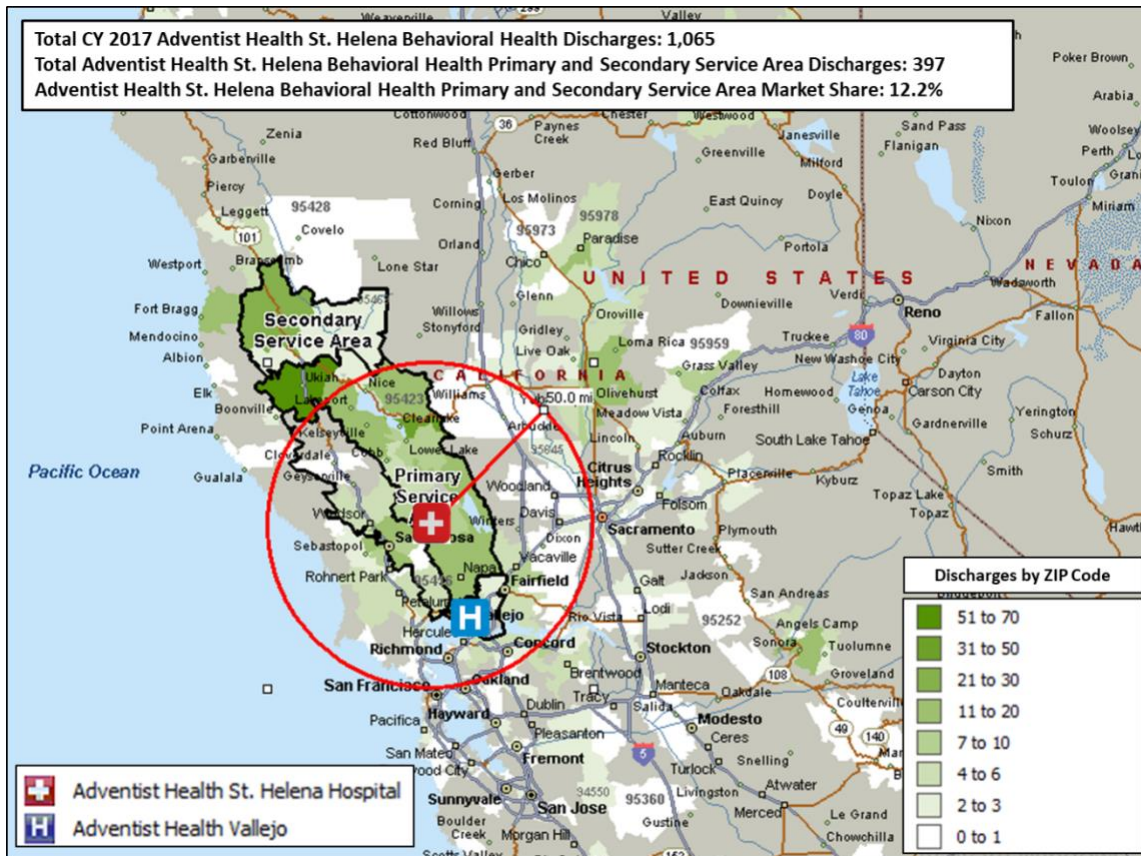
The table below shows Adventist Health St. Helena’s inpatient behavioral health volume by payor mix for CY 2017.

ADVENTIST HEALTH ST. HELENA BEHAVIORAL HEALTH INPATIENT VOLUME BY PAYOR TYPE, CY 2017					
Payor	Discharges	% by Payor (Discharges)	Patient Days	Average Length of Stay	Average Daily Census
Medi-Cal	551	51.7%	4,504	8.2	12.3
Medicare	328	30.8%	4,048	12.3	11.1
Private Coverage	154	14.5%	995	6.5	2.7
All Other	29	2.7%	133	4.6	0.4
Self Pay	3	0.3%	6	2.0	0.0
<b>Total</b>	<b>1,065</b>	<b>100%</b>	<b>9,686</b>	<b>9.1</b>	<b>26.5</b>

Source: OSHPD Discharge Database, CY 2017

- According to OSHPD, 60 of Adventist Health St. Helena’s 551 Medi-Cal inpatient behavioral health dischargers were identified as homeless;
- Over 50% of Adventist Health St. Helena’s inpatient behavioral health volume is attributed to Medi-Cal patients;
- The Average Length of Stay (ALOS) of patients requiring inpatient behavioral health services in 9.1 days; and
- In CY 2017, Medicare patients, the second largest payor cohort with 31% of behavioral health discharges, had the longest ALOS (12.3 days). Within the primary and secondary service area, the age cohort 65+ is predicted to grow 18% by 2023 potentially increasing utilization of these types and levels of behavioral service.

The heat map below shows Adventist Health St. Helena’s distribution of behavioral health discharges, by ZIP Code, for CY 2017.



- Of Adventist Health St. Helena’s 1,065 total inpatient behavioral health discharges, 397 discharges, or 37%, emanated from the primary and secondary service area.

The table below shows Adventist Health St. Helena’s behavioral health primary and secondary service area market share by year.

ADVENTIST HEALTH ST.HELENA PRIMARY + SECONDARY SERVICE AREA MARKET SHARE BY INPATIENT BEHAVIORAL HEALTH, CY 2015-2017				
Hospital	CY 2015	CY 2016	CY 2017	Trend
Aurora Behavioral Healthcare-Santa Rosa, LLC	14.4%	10.5%	13.6%	→
<b>Adventist Health Vallejo</b>	<b>10.3%</b>	<b>14.2%</b>	<b>13.5%</b>	↗
<b>Adventist Health St. Helena</b>	<b>16.7%</b>	<b>14.1%</b>	<b>12.2%</b>	↘
Fremont Hospital	6.8%	8.6%	7.6%	→
Telecare Heritage Psychiatric Health Facility	5.3%	6.2%	6.5%	→
John Muir Behavioral Health Center	4.0%	3.8%	5.1%	↗
Marin General Hospital	4.7%	4.4%	3.9%	↘
Crestwood Solano Psychiatric Health Facility	4.4%	4.2%	3.6%	↘
Alta Bates Summit Medical Center-Herrick Campus	2.0%	2.6%	2.5%	↗
Restøadd Psychiatric Health Facility	1.4%	2.2%	1.9%	↗
Queen of the Valley Medical Center	1.6%	1.6%	1.7%	→
Sierra Vista Hospital	1.1%	0.7%	1.5%	↗
St. Francis Memorial Hospital	0.8%	0.6%	1.4%	↗
Kaiser Foundation Hospital & Rehab Center - Vallejo	1.6%	2.1%	1.4%	→
Kaiser Permanente P.H.F - Santa Clara	1.2%	1.4%	1.3%	→
Kaiser Foundation Hospital - Santa Rosa	1.2%	1.3%	1.3%	→
Heritage Oaks Hospital	1.3%	0.9%	1.1%	→
St. Mary's Medical Center, San Francisco	1.0%	1.2%	1.1%	→
Sutter Center for Psychiatry	0.6%	0.9%	1.1%	↗
Santa Rosa Memorial Hospital-Montgomery	1.6%	1.5%	1.1%	↘
All Other	17.8%	17.0%	16.6%	↘
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>2,988</b>	<b>3,216</b>	<b>3,255</b>	↗

Source: OSHPD Discharge Database, CY 2015-2017

- In CY 2015, Adventist Health St. Helena was the market share leader with nearly 17% market share; and
- The primary and secondary service area volume increased approximately 9% from 2,988 discharges in CY 2015 to 3,255 discharges in CY 2017.

A reduction in the number of psychiatric beds at Adventist Health St. Helena would negatively impact the availability and accessibility of behavioral health services for adults and geropsychiatric patients. It would especially impact access for Medi-Cal patients, that of are 52% of all adult behavioral health patients treated at Adventist Health St. Helena. If Adventist Health St. Helena discontinued these psychiatric beds, it would have a significant impact on behavioral health services unless they were replaced with additional “new” inpatient beds at Adventist Health Vallejo or elsewhere in the service area.

## **Reproductive Health Services**

No changes are anticipated in reproductive healthcare services for the first five years as a result of the Master Formation Agreement. Adventist Health St. Helena will continue to abide by the Seventh-day Adventist Church policy that opposes abortions unless the fetus has a condition that is incompatible with life, or in a situation when the pregnancy is life-threatening to the mother. The Seventh-day Adventist Church does permit contraception, sterilization, and in vitro fertilization. The Master Formation Agreement states that the proposed transaction will not change existing reproductive health policies at either St. Joseph Health or Adventist Health hospitals. However, Adventist Health St. Helena has indicated that it will close its obstetric unit after five years requiring expectant mothers to seek certain reproductive healthcare services elsewhere. The two closest hospitals to Adventist Health St. Helena (Queen of the Valley Medical Center and Santa Rosa Memorial Hospital) are both Catholic based facilities and must abide by the ERDs. The ERDs do not permit contraception, sterilization, and in vitro fertilization as well as abortions. Therefore, while affecting only a small number of patients, an adverse impact on availability and accessibility to existing reproductive services would result if Adventist Health discontinues its obstetrics and related perinatal services.

The table below shows inpatient reproductive-related healthcare procedures that the hospital provided in CY 2017:

<b>REPRODUCTIVE HEALTH DISCHARGES</b>	
<b>DRG</b>	<b>Discharges</b>
767-Vaginal Delivery with Sterilization &/Or D&C <sup>1</sup>	5
777-Ectopic Pregnancy	1
770-Abortion W D&C, Aspiration Curettage or Hysterotomy	1
778-Threatened Abortion	0
779-Abortion W/O D&C	0
<b>Total</b>	<b>7</b>

Source: CY 2017 OSHPD Patient Discharge Database

<sup>1</sup>D&C is an abbreviation for Dilation and Curettage



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

Approximately 86% of the Adventist Health St. Helena inpatients are reimbursed through Medicare (64%) and Medi-Cal (22%). The hospital currently participates in the Medicare and Medi-Cal program, and contracts with Partnership Health Plan of California. If the hospital did not participate in the Medicare and Medi-Cal programs, eligible patients could be denied access to certain non-emergency healthcare services.

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

Many uninsured and under-insured individuals in the community rely on Adventist Health St. Helena for healthcare services. Over the last five years, Adventist Health St. Helena has historically provided a significant amount of charity care costs, averaging approximately \$1.5 million per year.

### ***Effects on Community Benefit Programs***

Adventist Health Vallejo and Adventist Health St. Helena jointly report and support community benefit programs and services. Adventist Health St. Helena historically has provided a significant amount of community benefit services, averaging approximately \$5,706,000 per year over the last five years.

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

The Master Formation Agreement states that all non-executive employees of Adventist Health and St. Joseph Health shall remain employees of their current health system, with compensation and benefits established by their respective organization. Nothing in the agreement shall alter or affect the participant's status with their staff.

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

The Master Formation Agreement states that there will be no effect on physician rights or privileges. The medical staff of JOC Participants will remain independent and will continue to be responsible for maintaining medical staff at respective facilities. JOC Participants are responsible for the decisions on admitting and clinical privileges and medical staff memberships at each of their facilities.

### ***Alternatives***

If the proposed Master Formation Agreement is not approved, Adventist Health may look for future joint ventures; however, none are evident at this time.

## **Adventist Health Clear Lake:**

### ***Continuation as a General Acute Care Facility***

The transaction is not expected to cause any reductions in the availability or accessibility of healthcare services at Adventist Health Clear Lake. It is expected that as a result of the transaction, the hospital will operate in a similar manner as in the past, with access to additional expertise, services, and resources provided by the newly formed JOC. It is very important for the delivery of healthcare services to the community that the hospital continue to operate with at least its current services.

### ***Emergency Services***

Adventist Health Clear Lake is an important provider of emergency services to residents of the surrounding rural communities. The hospital is also the only general acute care hospital in its service area and is classified as a critical access hospital. In FY 2017, Adventist Health Clear Lake reported 22,230 visits to its 8 emergency treatment stations and operated at a capacity of 139% (based on a standard of 2,000 visits per station per year). The next closest hospital Sutter Lakeside Hospital operated at 84.7% capacity. As a result of the uncertainties of the future of the ACA and healthcare reform, aging demographics, and with the entire service area designated as having a shortage of primary care physicians, utilization of the emergency department may increase within the service area.

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

Adventist Health Clear Lake has an occupancy rate of 41.3%, for its 24 licensed medical/surgical beds and is the only hospital in its service area. The next closest hospital is nearly 30 miles away and also has a bed count of under 25 beds. Keeping the hospital's medical/surgical services open is critical to meeting the medical/surgical service needs in the hospital's service area.

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

In FY 2017, Adventist Health Clear Lake reported an occupancy rate of approximately 90% on its four licensed intensive care beds. This service is an important resource for supporting emergency services and other medical and surgical services at Adventist Health Clear Lake.

### ***Perinatal/Obstetrics Services***

In FY 2017, Adventist Health Clear Lake reported an occupancy rate of about 26% on its four licensed perinatal beds, based on an average daily census of 1.1 patients. With 179 deliveries in FY 2017 and an increasing trend of deliveries in the past three years, the hospital is an important provider of obstetrics services for service area residents. Because the hospital management intends to continue its services at its current capacity, no adverse effect on the availability and accessibility of these healthcare services in the community is expected.

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

The Master Formation Agreement states that the proposed transaction does not make any changes in the scope or type of any reproductive health care services currently provided by each of the participating hospital in the JOC. As a result, no adverse impact on availability or accessibility is expected. The table below shows inpatient reproductive-related healthcare procedures that the hospital provided in CY 2017:

<b>REPRODUCTIVE HEALTH DISCHARGES</b>	
<b>DRG</b>	<b>Discharges</b>
767-Vaginal Delivery with Sterilization &/Or D&C <sup>1</sup>	6
777-Ectopic Pregnancy	1
770-Abortion W D&C, Aspiration Curettage or Hysterotomy	0
778-Threatened Abortion	0
779-Abortion W/O D&C	0
<b>Total</b>	<b>7</b>

Source: CY 2017 OSHPD Patient Discharge Database

<sup>1</sup>D&C is an abbreviation for Dilation and Curettage

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

Approximately 91% of the Adventist Health Clear Lake inpatients are reimbursed through Medicare (54%) and Medi-Cal (37%). The hospital currently participates in the Medicare and Medi-Cal program, and contracts with Partnership Health Plan of California. If the hospital did not participate in the Medicare and Medi-Cal programs, eligible patients could be denied access to certain non-emergency healthcare services.

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

Many uninsured and under-insured individuals in the community rely on Adventist Health Clear Lake for healthcare services. The hospital's average charity care and bad debt as a percentage of gross patient revenue is 4.0% compared to the State of California average of 2.3%. Over the last five years, Adventist Health Clear Lake has historically provided a significant amount of charity care costs, averaging approximately \$1.9 million per year.

### ***Effects on Community Benefit Programs***

Adventist Health Clear Lake historically has provided a significant amount of community benefit services, averaging approximately \$1,609,525 per year over the last five years.

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

The Master Formation Agreement states that all non-executive employees of Adventist Health and St. Joseph Health System shall remain employees of their current health system,

with compensation and benefits established by their respective organization. Nothing in the agreement shall alter or affect the participant's status with their staff.

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

The Master Formation Agreement states that there will be no effect on physician rights or privileges. The medical staff of each JOC Participant will remain independent and will continue to be responsible for maintaining its own medical staff for its facilities. JOC Participants will also be responsible for the decisions on admitting and clinical privileges and medical staff membership at each of their facilities.

### ***Alternatives***

If the proposed Master Formation Agreement is not approved, Adventist Health may look for future joint ventures; however, none are evident at this time.

### ***Adventist Health Vallejo:***

#### ***Continuation as an Acute Psychiatric Hospital***

The transaction is not expected to cause any reductions in the availability or accessibility of healthcare services at Adventist Health Vallejo. It is expected that as a result of the transaction, the hospital will operate in a similar manner as in the past, with additional access to significant expertise, services, and resources provided by the newly formed JOC. It is very important for the delivery of healthcare services to the community that the hospital continue to operate with at least its current services.

#### ***Psychiatric Acute Care Services***

Adventist Health Vallejo is an important providers of psychiatric acute care services to area residents. In FY 2017 the hospital's reported 48 adult psychiatric acute care beds that operated at a capacity of nearly 80%. In that same time period, the hospital also reported 13 pediatric psychiatric acute beds operating at a capacity of 137%. Though there are 11 other acute psychiatric hospitals in the area, these hospitals serve nine different counties in the northern California region with a population of 5.8 million people. The total service area population is expecting to grow faster than the California state average. A reduction in the number of licensed acute psychiatric beds available at Adventist Health Vallejo would negatively impact the availability and accessibility of psychiatric acute care services

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

Approximately 58% of the Adventist Health Vallejo inpatients are reimbursed through Medicare (36%) and Medi-Cal (22%). The hospital currently participates in the Medicare and Medi-Cal program, and contracts with Partnership Health Plan of California. If the hospital did not

participate in the Medicare and Medi-Cal programs, eligible patients could be denied access to certain non-emergency healthcare services.

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

Many uninsured and under-insured individuals in the community rely on Adventist Health Vallejo for psychiatric services. The Hospital's average charity care and bad debt as a percentage of gross patient revenue is 2.3% and is the same compared to the State of California average. Over the last five years, Adventist Health Vallejo has historically provided a significant amount of charity care, averaging approximately \$500,000 per year.

### ***Effects on Community Benefit Programs***

Adventist Health Vallejo and Adventist Health St. Helena jointly report and support community benefit programs and services as listed under Adventist Health St. Helena.

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

The Master Formation Agreement states that all non-executive employees of Adventist Health and St. Joseph Health shall remain employees of their current health system, with compensation and benefits established by their respective organization. Nothing in the agreement shall alter or affect the participant's status with their staff.

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

The Master Formation Agreement states that there will be no effect of physician rights or privileges. The medical staff of each JOC Participant will remain independent and will continue to be responsible for maintaining its own medical staff for its facilities. JOC Participants will also be responsible for the decisions on admitting and clinical privileges and medical staff memberships at each of their facilities.

### ***Alternatives***

If the proposed Master Formation Agreement is not approved, Adventist Health may look for future joint ventures; however, none are evident at this time.

## Conclusions

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

Based on the Adventist Health's commitments outlined in the Master Formation Agreement and their subsequent correspondence to the Office of the Attorney General, the proposed Master Formation Agreement is likely to continue the availability and accessibility of healthcare services to the communities served for at least five years. It is anticipated that access for Medi-Cal, Medicare, uninsured and other classes of patients will either remain unchanged or be improved. Furthermore, the JOC plans to invest in services, programs and medical staff development that is expected to lead to improvements in healthcare delivery and access.

After five years, Adventist Health St. Helena is expected to restructure and discontinue some services including obstetrics and behavioral health. Unless otherwise provided for, reducing the complement of licensed beds and discontinuing these services will have a significant negative impact on the availability and accessibility for patients requiring these services.

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

#### *Adventist Health St. Helena*

1. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall continue to operate as a general acute care hospital;
2. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain 24-hour emergency services at no less than its current licensure of 8 treatment stations and designation with the same types and/or levels of services including:
  - a. STEMI Receiving Center; and
  - b. Lanterman-Petris Short designation.
3. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain the following services at current licensure, types, and/or levels of services:
  - a. Intensive care services, including a minimum of 12 intensive care beds;
  - b. Perinatal services, including a minimum of 4 licensed perinatal beds; and
  - c. Psychiatric services, including a minimum of 37 beds with at least 12 available for geropsychiatric patients. The psychiatric beds may be closed at Adventist Health St. Helena if an equivalent or greater number of new beds are added to Adventist Health Vallejo or another facility in the service area.

4. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain currently provided women's healthcare services, as well as the mammography services, currently located at 821 S St. Helena Hwy, Suite 204, St. Helena California;
5. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain a charity care policy that is no less favorable than its current charity care policy and in compliance with California and Federal law and shall provide an annual amount of charity care equal to or greater than \$1,544,232 (the "Minimum Charity Care Amount"). For purposes herein, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by the hospital in connection with the operations and provision of services at the hospital. The definition and methodology for calculating "Charity Care" and the methodology for calculating "cost" shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for San Francisco-Oakland-San Jose, California: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics);
6. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall continue to expend no less than \$5,706,348 annually in community benefit services. This amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for San Francisco-Oakland-San Jose;
7. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain its participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;
8. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall be certified to participate in the Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;
9. For at least ten years from the Closing Date of the Master Formation Agreement, Adventist Health St. Helena shall maintain its participation in the Medi-Cal Managed Care program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage, including continuation of the following contract:
  - a. County Organized Health Systems Plan: Partnership Health Plan or its successor.

10. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain its current city/county contracts for the programs listed below subject to the request of the appropriate city/county:
  - a. MOU 340B - Napa County;
  - b. MOU Well Construction & Measure A Funds – Napa County;
  - c. EMS: STEMI Receiving Hospital – Napa County;
  - d. Acute Inpatient Psychiatric Hospital Services – Lake County;
  - e. Behavioral Health Services – Modoc County;
  - f. Acute Psychiatric Inpatient Treatment – Solano County; and
  - g. Acute Psychiatric Inpatient Services – Butte County.

Adventist Health Clear Lake

1. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall continue to operate as a general acute care hospital;
2. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain 24-hour emergency services at no less than its current licensure of 8 treatment stations and designation with the same types and/or levels of services including:
  - a. Sexual Assault Response Team;
3. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain the following services at current licensure, types, and/or levels of services:
  - d. Intensive care services, including a minimum of 4 intensive care beds; and
  - e. Perinatal services, including a minimum of 4 licensed perinatal beds.
4. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain the rural health clinics provided at the locations below or a similar location with equivalent services:
  - a. Rural Health Clinic, located at 15230 Lakeshore Drive, Clearlake California;
  - b. Rural Health Clinic, located at 21337 Bush Street, Middletown California;
  - c. Rural Health Clinic, located at 9430 – C Lake Street, Lowe Lake, California; and
  - d. Rural Health Clinic, located at 5290 State Street, Kelseyville, California.
11. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain a charity care policy that is no less favorable than its current charity care policy and in compliance with California and Federal law, and shall provide an annual amount of charity care equal to or greater than \$1,875,938 (the “Minimum Charity Care Amount”). For purposes herein, the term “Charity Care” shall mean the amount of charity care costs (not charges) incurred by the hospital in connection with



the operations and provision of services at the hospital. The definition and methodology for calculating “Charity Care” and the methodology for calculating “cost” shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for San Francisco-Oakland-San Jose, California: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics);

5. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall continue to expend no less than \$1,609,525 annually in community benefit services. This amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for San Francisco-Oakland-San Jose, California. In addition, the following community benefit program shall continue to be offered for at least five years from the Closing Date:
  - a. The OB Bright Start program; and
  - b. Access and transportation services.
6. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;
7. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall be certified to participate in the Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;
8. For at least ten years from the Closing Date of the Master Formation Agreement, Adventist Health Clear Lake shall maintain its participation in the Medi-Cal Managed Care program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage, including continuation of the following contract:
  - a. County Organized Health Systems Plan: Partnership Health Plan or its successor.
9. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain its current city/county contracts for the programs listed below subject to the request of the appropriate city/county:
  - a. MOU 340B – City of Clearlake;
  - b. Behavioral Health Services – Lake County; and

c. Eligibility Worker for Applicant Assistance with Medi-Cal Services – Lake County.

Adventist Health Vallejo

1. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall continue to operate as an acute psychiatric hospital;
2. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain its County Lanterman-Petris Short designation;
3. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain the following services at current licensure, types, and/or levels of services:
  - a. Acute psychiatric services, including a minimum of 61 acute psychiatric care beds with 48 psychiatric acute - adults and 13 psychiatric acute – adolescent and child;
4. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain the outpatient services provided on the hospital license at its listed address or a similar location with equivalent services;
12. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain a charity care policy that is no less favorable than its current charity care policy and in compliance with California and Federal law and shall provide an annual amount of charity care equal to or greater than \$515,627 (the “Minimum Charity Care Amount”). For purposes herein, the term “Charity Care” shall mean the amount of charity care costs (not charges) incurred by the hospital in connection with the operations and provision of services at the hospital. The definition and methodology for calculating “Charity Care” and the methodology for calculating “cost” shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for San Francisco-Oakland-San Jose, California: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics);
5. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall maintain its participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;
6. For at least ten years from the Closing Date of the Master Formation Agreement, the hospital shall be certified to participate in the Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;

7. For at least ten years from the Closing Date of the Master Formation Agreement, Adventist Health Vallejo shall maintain its participation in the Medi-Cal Managed Care program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage, including continuation of the following contract:
  - a. County Organized Health Systems Plan: Partnership Health Plan or its successor.
  
8. For at least five years from the Closing Date of the Master Formation Agreement, the hospital shall maintain its current city/county contracts for the programs listed below subject to the request of the appropriate city/county:
  - a. Behavioral health services - Modoc County;
  - b. Acute psychiatric inpatient - Solano County;
  - c. Acute psychiatric inpatient services - Butte County;
  - d. Acute psychiatric inpatient treatment - Colusa County;
  - e. Acute psychiatric inpatient services - Glenn County Health & Human Services;
  - f. Hospital-based psychiatric inpatient services - Colusa County;
  - g. Mental health services - Glenn County
  - h. Inpatient mental health services - Lassen County
  - i. Psychiatric inpatient hospital services - San Joaquin County;
  - j. Psychiatric inpatient hospital services - Trinity County; and
  - k. Psychiatric hospitalization - Placer County Department of Health & Human Services.

## Appendix

### *List of Interviewees*

Last Name	First Name	Position	Affiliation
Anonymous		Vice President	"Health Plan"
Assavapisitkul	Colleen	Patient Care Executive	Adventist Health Clear Lake
Azari, MD	Parinaz	Chief of Staff	Adventist Health Clear Lake
Bianchi	Mary	Director of Obstetrics and Neonatal Services	Queen of the Valley Medical Center
Bluband	Shari	Director of Cancer Center	Adventist Health St. Helena
Calkins	Michael	Performance Improvement Coordinator	Adventist Health St. Helena
Colbrandt	Conrad	Executive Director	Redbud Health Care District
Cole	Angelique	Director of Outpatient Operations	Adventist Health Clear Lake
Cooper, DDS	Mark	Dentist	Adventist Health Clear Lake
Dhanda, MD	Paula	Obstetrics and Gynecology Physician	Adventist Health Clear Lake
Dupper	Brent	Regional Director	Adventist Health St. Helena and Adventist Health Clear Lake
Eller	Jeff	President	Adventist Health/ Northern California Network
Gibbonney	Liz	Chief Executive Officer	Partnership Health Plan
Gorchoff, MD	David	Chief Medical Officer	OLE Health
Grabnauer, MD	Leah M.	Hospitalist	Adventist Health St. Helena
Henry, MD	Bryan	Obstetrics and Gynecology Physician	Adventist Health St. Helena
Herber, MD	Steven	Chief Executive Officer	Adventist Health St. Helena
Iten	Erika	Director of Strategy	Adventist Health St. Helena
Ivanovic, MD	Lou	Physician	Adventist Health Clear Lake
Jacobson	Carlton	Chief Financial Officer	Adventist Health Clear Lake
Klockenga	Kevin	Executive Vice President/ Chief Executive Officer	St. Joseph Health System/ Northern California Region
Laird MD	John	Regional Cardiac Program Medical Director	Adventist Health St. Helena
Lendaris	Nia	Patient Care Executive	Adventist Health St. Helena
Look, MD	Rodney B	Emergency Medicine Physician	Adventist Health St. Helena
Mace	Rick	Director of Cardiac Services	Adventist Health St. Helena
Newton	Karla	Community Health Project Manager	Adventist Health St. Helena
Perdock	Russ	City Council	Lake County
Relucio, MD	Karen	Deputy Director of HHSA - Public Health Officer	Napa County
Rollins	Michelle	Director of Legal Affairs	Partnership Health Plan
Robello	Jim	Philanthropic Chair	Adventist Health Clear Lake
Santos	David	Chief Executive Officer	Adventist Health Clear Lake
Sapeta	Willie	Fire Chief	Lake County Fire Protection District
Scarborough	Bruce	Medical Director, Women's Services	Queen of the Valley Medical Center
Stotesberry	Pat	Board Member	Adventist Health St. Helena
Westgate, MD	Candace	Director of Obstetrics	Adventist Health St. Helena

**Adventist Health St. Helena Hospital License**

License: 11000073  
Effective: 11/01/2018  
Expires: 10/31/2019  
Licensed Capacity: 151

**State of California**  
**Department of Public Health**

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

**this License to**

**St Helena Hospital**

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

**Adventist Health St. Helena**

10 Woodland Rd  
Saint Helena, CA 94574-9554

**Bed Classifications/Services**

151 General Acute Care  
12 Intensive Care  
7 Perinatal  
132 Unspecified General Acute Care

**Other Approved Services**

Cardiovascular Surgery  
Mobile Unit - Other - PET/CT  
Nuclear Medicine  
Occupational Therapy  
Outpatient Services - Bone Density Testing -  
Mammography & Bone Density at ST.  
HELENA MAMMOGRAPHY & BONE  
DENSITY CENTER, 811 ST. HELENA  
HWY, ST. HELENA  
Outpatient Services - Cardiac Rehabilitation at  
999 Adams St, St. Helena  
Outpatient Services - Cardiology at 999 Adams  
St, Suite 106, St. Helena  
Outpatient Services - Joint Replacement  
Program at 6 Woodland Road, Suite 202,  
St. Helena  
Outpatient Services - MRI Services  
Outpatient Services - Rehabilitation – Physical,  
Occupational, or Speech Therapy - Physical  
Therapy at PHYSICAL THERAPY CARE ,  
1030 MAIN ST, SUITE 100, ST. HELENA  
Physical Therapy  
Psychiatric Unit  
Respiratory Care Services  
Speech Pathology  
Standby Emergency Medical Services

**(Additional Information Listed on License Addendum)**

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Santa Rosa/Redwood Coast District Office, 2170 Northpoint Parkway, Santa Rosa, CA 95407, (707)576-6775

**POST IN A PROMINENT PLACE**

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

License: 11000073  
Effective: 11/01/2018  
Expires: 10/31/2019  
Licensed Capacity: 151

Adventist Health St. Helena (Continued)  
10 Woodland Rd  
Saint Helena, CA 94574-9554

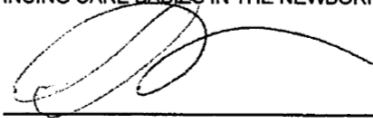
**Approved Other Certifiable Parts**

Prospective Payment System - Rehabilitation Unit  
Geriatric Psychiatry Unit  
10 Woodland Rd  
St. Helena, CA 94574

This LICENSE is not transferable and is granted solely upon the following conditions, limitations and comments:  
21 Unspecified General Acute Care beds suspended from 09/26/2018 to 09/25/2019.  
Approved 6/8/18 for Occupational Therapy at the Physical Therapy Office, located at 1030 Main St. Suite 100,  
St. Helena, CA, 94574.  
APPROVED 7/22/96 FOR MAXIMUM OF 4 CONTINUING CARE BABIES IN THE NEWBORN NURSERY.  
Approved for a 37 Bed Psychiatric Unit

*Karen L. Smith, MD, MPH*

Director and State Public Health Officer



Stephanie Devlin, Staff Service Manager I

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Santa  
Rosa/Redwood Coast District Office, 2170 Northpoint Parkway, Santa Rosa, CA 95407, (707)576-6775

POST IN A PROMINENT PLACE

**Adventist Health Clear Lake Hospital License**

License: 11000174  
Effective: 11/01/2018  
Expires: 10/31/2019  
Licensed Capacity: 32

**State of California**  
**Department of Public Health**

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

**this License to**

**Adventist Health Clearlake Hospital, Inc.**

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

**Adventist Health Clearlake**

15630 18th Ave  
Clearlake, CA 95422-9336

**Bed Classifications/Services**

32 General Acute Care  
4 Intensive Care  
4 Perinatal  
24 Unspecified General Acute Care

**Other Approved Services**

Mobile Unit - Magnetic Resonance Imaging (MRI)  
Nuclear Medicine  
Outpatient Services  
Outpatient Services - Cardiopulmonary Rehabilitation at 801 11th Street, #3B, Lakeport  
Outpatient Services - Ophthalmology at 15322 Lakeshore Drive, Suite 204, Clearlake  
Outpatient Services - Pulmonary at 15322 Lakeshore Drive, Suite 204, Clearlake  
Outpatient Services - Rehabilitation – Physical, Occupational, or Speech Therapy at 14880 Olympic Drive, Clearlake  
Outpatient Services - Rehabilitation – Physical, Occupational, or Speech Therapy at Adventist Health Clearlake Physical Therapy, 18990 Coyote Valley Road, Suite 11, Hidden Valley  
Outpatient Services - Rehabilitation – Physical, Occupational, or Speech Therapy at St. Helena Clearlake Therapy Services - S Campus, 14855 Olympic Drive, Clearlake  
Outpatient Services - Rural Health at 15230 Lakeshore Drive, Clearlake  
Outpatient Services - Rural Health at 21337 Bush Street, Middletown  
Outpatient Services - Rural Health at 5290 State Street, Kelseyville

**(Additional Information Listed on License Addendum)**

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Santa Rosa/Redwood Coast District Office, 2170 Northpoint Parkway, Santa Rosa, CA 95407, (707)576-8776

**POST IN A PROMINENT PLACE**

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

License: 110000174  
Effective: 11/01/2018  
Expires: 10/31/2019  
Licensed Capacity: 32

Adventist Health Clearlake (Continued)  
15630 18th Ave  
Clearlake, CA 95422-9336

**Other Approved Services (cont'd)**

Outpatient Services - Rural Health at 9430 C  
Lake Street, Lower Lake  
Physical Therapy  
Primary Care Clinic - Specialty Care at 801  
11th Street, Lakeport  
Respiratory Care Services  
Standby Emergency Medical Services

**Approved Other Certifiable Parts**

Rural Health Clinic  
Adventist Health Clearlake  
9430 - C Lake Street  
Lower Lake, CA 95457

Rural Health Clinic  
Adventist Health Clearlake  
15230 Lakeshore Dr  
Clearlake, CA 95422-8107

Rural Health Clinic  
Adventist Health Clearlake  
5290 State St  
Kelseyville, CA 95451-9450

Rural Health Clinic  
Adventist Health Clearlake  
21337 BUSH STREET  
MIDDLETOWN, CA 95461

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

CRITICAL ACCESS SWING BEDS-EFFECTIVE 10/29/2008  
Approved for a Mobile Temporary CT SCANNER - HCD # 13050 VIN # 1DW1C4525ES455901  
CRITICAL ACCESS HOSPITAL DESIGNATION EFFECTIVE 04/12/2005  
Effective 12/28/12, approved for MOBILE MRI UNIT at 15630 18th Avenue, Clearlake, CA 95422. VIN  
#1JJV482W7XL512395 HCD # 23657

*Karen L. Smith, MD, MPH*

Director and State Public Health Officer

  
Stephanie Devlin, Staff Service Manager I

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Santa  
Rosa/Redwood Coast District Office, 2170 Northpoint Parkway, Santa Rosa, CA 95407, (707)676-6776

POST IN A PROMINENT PLACE



License: 11000042  
Effective: 11/01/2018  
Expires: 10/31/2019  
Licensed Capacity: 61

**State of California**  
**Department of Public Health**

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

**this License to**

**St. Helena Hospital**

to operate and maintain the following **Acute Psychiatric Hospital**

**Adventist Health Vallejo**

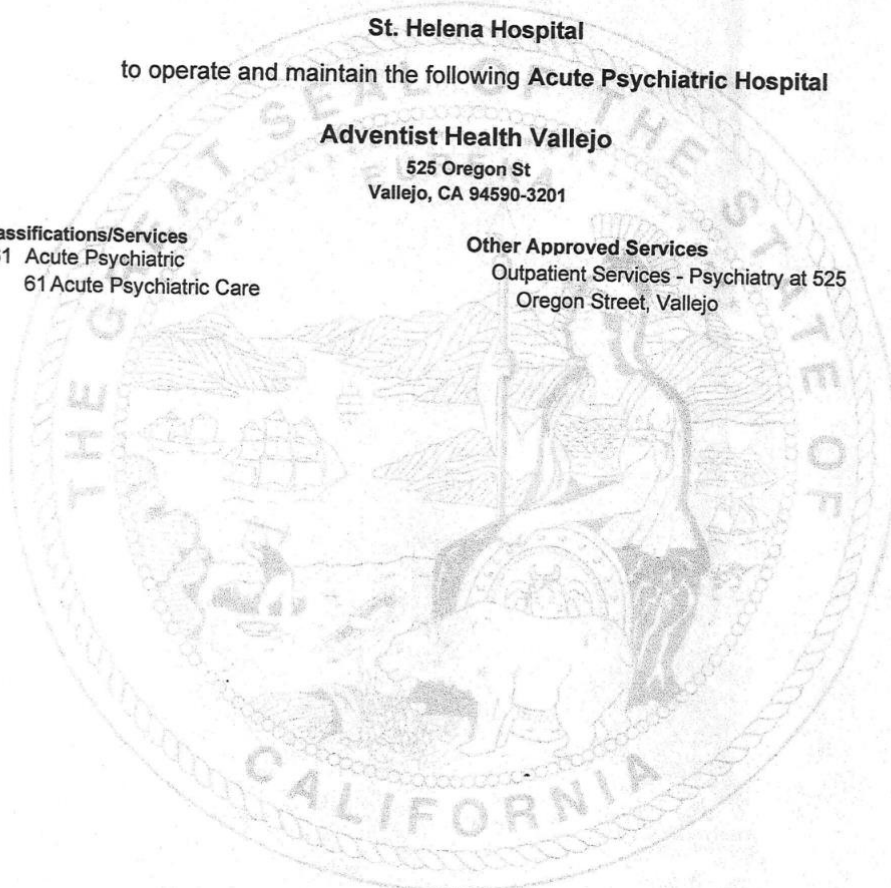
525 Oregon St  
Vallejo, CA 94590-3201

**Bed Classifications/Services**

61 Acute Psychiatric  
61 Acute Psychiatric Care

**Other Approved Services**

Outpatient Services - Psychiatry at 525  
Oregon Street, Vallejo



This **LICENSE** is not transferable and is granted solely upon the following conditions, limitations and comments:  
None

Karen L. Smith, MD, MPH

Director and State Public Health Officer

A handwritten signature in black ink, appearing to read "Stephanie Devlin", is written over a horizontal line.

Stephanie Devlin, Staff Service Manager I

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Santa Rosa/Redwood Coast District Office, 2170 Northpoint Parkway, Santa Rosa, CA 95407, (707)576-6775

**POST IN A PROMINENT PLACE**