

Effect of the Proposed Change in Control and Governance of  
St. Joseph Health System and Providence Health & Services on  
the Availability and Accessibility of Healthcare Services to the  
Communities Served by St. Joseph Hospital-Eureka and  
Redwood Memorial Hospital

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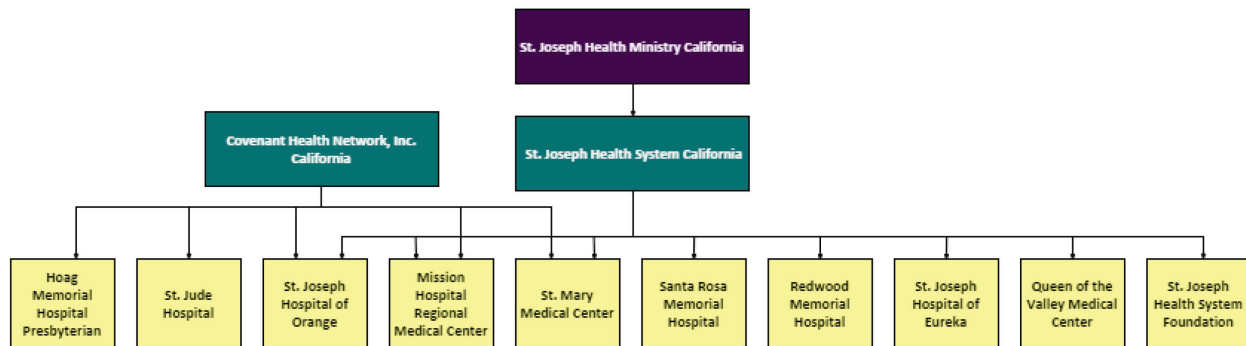


## INTRODUCTION & PURPOSE

MDS Consulting, a Vizient, Inc. business (MDS) was retained to prepare healthcare impact statements for the Office of the California Attorney General to assess the potential impact of the proposed Health System Combination Agreement by and between St. Joseph Health System and Providence Health & Services on the availability and accessibility of healthcare services to the communities served by St. Joseph Hospital-Eureka and Redwood Memorial Hospital. St. Joseph Health System owns and operates St. Joseph Hospital-Eureka, a general acute care hospital located in Eureka, California, and Redwood Memorial Hospital, a general acute care hospital located in Fortuna, California.

St. Joseph Health System and Providence Health & Services are multi-institutional, Catholic healthcare systems that are sponsored by a Public Juridic Person<sup>1</sup>. St. Joseph Health Ministry is the sponsor and sole corporate member of St. Joseph Health System, a California nonprofit public benefit corporation. Providence Ministries is the sponsor and sole corporate member of Providence Health & Services, a Washington nonprofit corporation.

St. Joseph Health System is the sole corporate member of the following Northern California nonprofit hospitals: Queen of the Valley Medical Center, Redwood Memorial Hospital, Santa Rosa Memorial Hospital, and St. Joseph Hospital-Eureka. St. Joseph Health System is the co-member with Covenant Health Network, Inc.<sup>2</sup> of the following Southern California nonprofit hospitals: Hoag Memorial Hospital Presbyterian, Mission Hospital Regional Medical Center, St. Joseph Hospital of Orange, and St. Jude Medical Center. St. Joseph Health System also operates Petaluma Valley Hospital pursuant to a Lease Agreement and Transfer Agreement with Petaluma Health Care District<sup>3</sup>. Please refer to the summary organizational chart below:

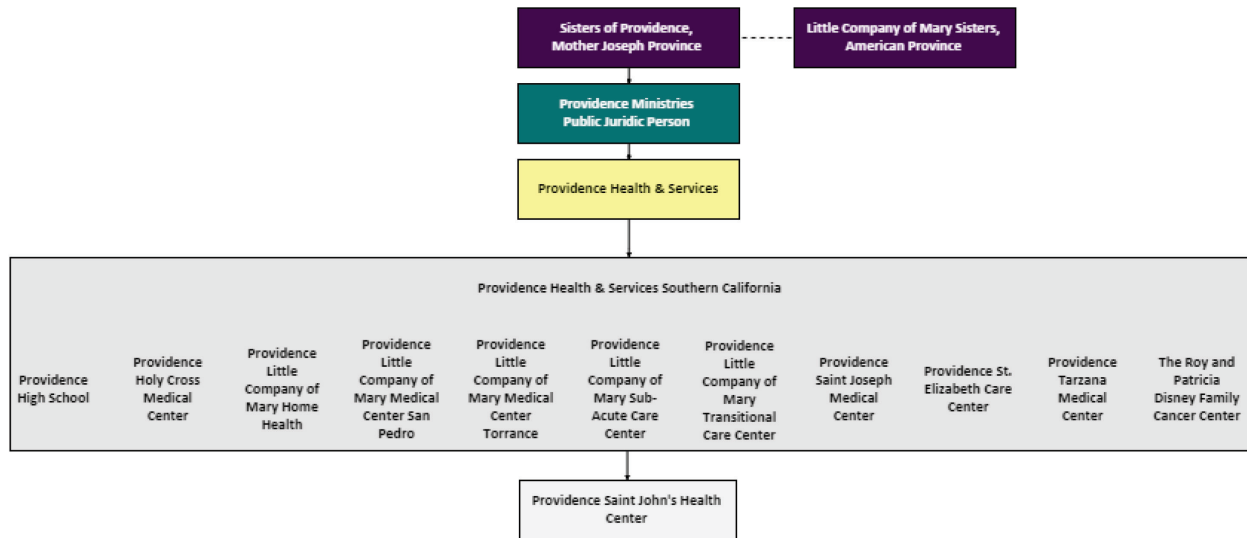


<sup>1</sup> A Public Juridic Person is a group of persons approved by the Roman Catholic Church to oversee and ensure that the mission of its healthcare organization is carried out according to Catholic principles.

<sup>2</sup> Covenant Health Network, Inc., established in 2013, is a nonprofit public benefit corporation created by Hoag Memorial Hospital Presbyterian and St. Joseph Health System.

<sup>3</sup> In 1997, Petaluma Health Care District entered into a 20-year Lease Agreement with SRM Alliance Hospital Services, whose sole member is Santa Rosa Memorial Hospital, and a 20-year Transfer Agreement with SRM Alliance Hospital Services and Santa Rosa Memorial Hospital. Through these agreements, St. Joseph Health System currently operates Petaluma Valley Hospital. The Lease Agreement expires in January 2017. Petaluma Health Care District is conducting due diligence to determine options for the continued operations of Petaluma Valley Hospital.

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



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

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

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

- A review of the application submitted by St. Joseph Health System and Providence Health & Services to the California Attorney General on November 24, 2015, and supplemental information and documents subsequently provided by St. Joseph Health System and Providence Health & Services;
- A review of press releases and news articles related to the proposed combination and other hospital transactions;

- Interviews with community representatives, union representatives, health plan representatives, representatives of St. Joseph Hospital-Eureka and Redwood Memorial Hospital's Board of Trustees, medical staff, management, and employees, members of St. Joseph Health System and Providence Health & Services corporate offices, St. Joseph Health System's Board of Trustees, Providence Health & Services' Board of Directors, St. Joseph Health Ministry, Providence Ministries, and others listed in the Appendix;
- An analysis of financial, utilization, and service information provided by the management of St. Joseph Hospital-Eureka and Redwood Memorial Hospital, St. Joseph Health System, Providence Health & Services, and the California Office of Statewide Health Planning and Development (OSHPD); and
- An analysis of publicly available data and reports regarding Providence Health & Services, St. Joseph Health System, and St. Joseph Hospital-Eureka and Redwood Memorial Hospital's service areas including:
  - Demographic characteristics and trends;
  - Payer mix;
  - Hospital utilization rates and trends;
  - Health status indicators; and
  - Hospital market share.

## BACKGROUND & DESCRIPTION OF THE TRANSACTION

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

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

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

- Adopt and implement the Triple Aim<sup>4</sup> for clinical expertise, growth, diversification, innovation, and shared services;
- Obtain financial benefits through access to capital through the creation of a single obligated group that will allow Providence Health & Services and St. Joseph Health System to become jointly and severally liable;
- Improve the work environment;
- Support the ability to attract and retain the talent and expertise required to best serve community healthcare needs;
- Share clinical and administrative best practices across regions; and
- Maintain and enhance medical group management infrastructure to improve clinical practices.

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

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

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

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

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<sup>4</sup> The Triple Aim is a framework developed by the Institute for Healthcare Improvement, a 501(c)(3) with a mission to improve health and healthcare worldwide, for optimizing health system performance by simultaneously accomplishing three objectives: 1) improve the health of the population, 2) enhance the patient experience of care, and 3) reduce the per capital cost of healthcare.

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

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

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

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

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

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



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

Joseph Health System, or Providence Health & Services;

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

respective employee benefit plans to be in material compliance with applicable laws;

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

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

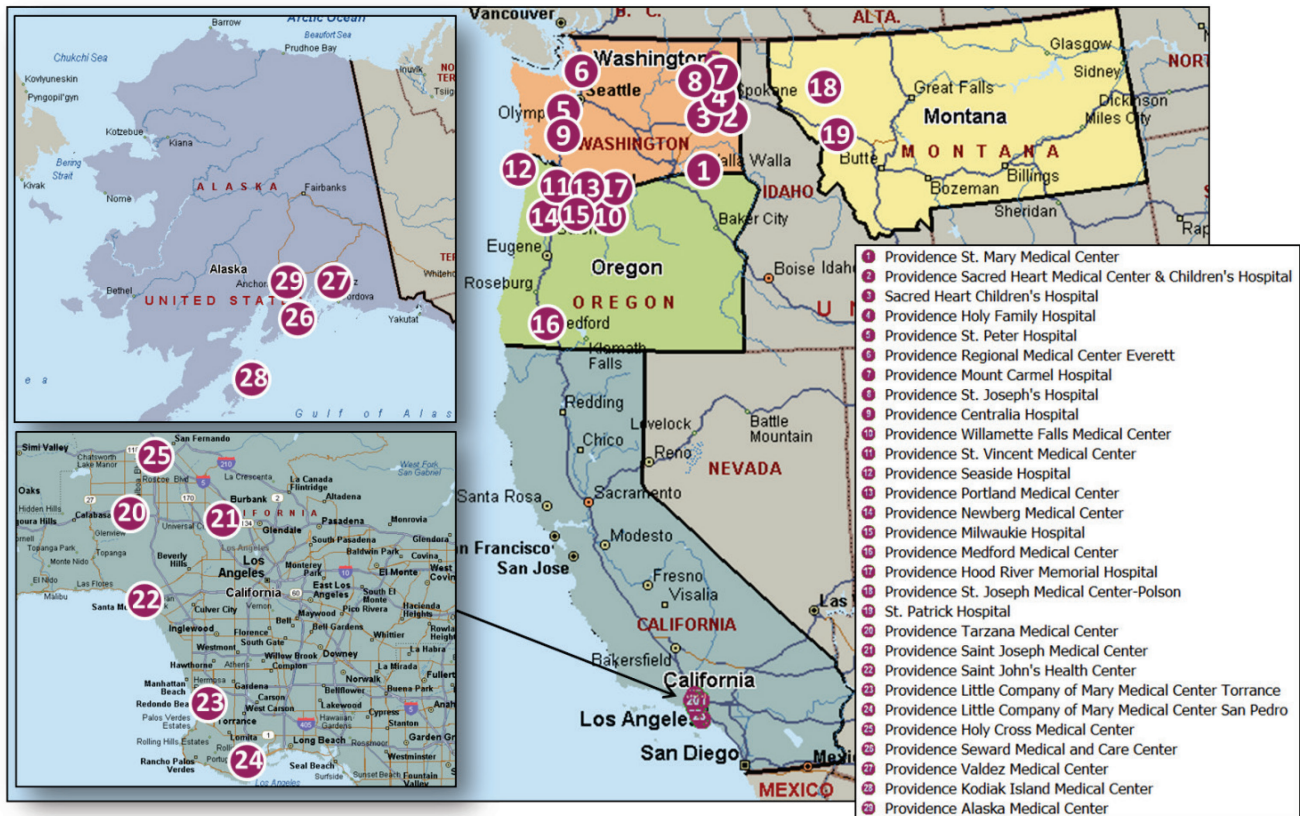
## Use of Net Sale Proceeds

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

## PROFILE OF PROVIDENCE HEALTH & SERVICES

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

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



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

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

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

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

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

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



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

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

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

### **Providence Medical Institute**

Providence Medical Institute operates as a nonprofit medical practice foundation<sup>5</sup> and provides primary and specialty care services, including family and internal medicine, obstetrics and gynecology, pediatrics, cardiology, and dermatology services. Providence Medical Institute was founded in 1995, and is currently affiliated with the following medical groups: Providence Medical Group, Providence Care Network, Affiliates in Medical Specialties, and Axminster Medical Group. Together, they employ over 200 providers located at more than 30 medical offices throughout the Greater Los Angeles area.

### **Facey Medical Foundation**

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

### **Providence High School**

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

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<sup>5</sup> Providence Medical Institute and Facey Medical Foundation operate under California Health and Safety Code section 1206(l). Under section 1206(l), a clinic operated by a nonprofit corporation that conducts medical research and health education and provides healthcare to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than ten board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic, is not required to be licensed.

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

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

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

### **Providence TrinityCare Hospice**

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

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

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

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

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

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

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

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

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



## Providence House

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

### Key Statistics

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

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

### Payer Mix

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

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

Source: OSHPD Disclosure Reports, FY 2014

## Quality & Awards

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

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

Source: The Joint Commission

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

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

Source: Medicare.gov Hospital Compare

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

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

## Financial Profile

### Combined Statement of Operations

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

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

### Providence Health & Services System-Wide Performance

Providence Health & Services' audited combined financial statements<sup>6</sup> for FY 2013 and FY 2014 display the system-wide performance of the entity and its affiliates. The system displays increasing operating revenues and excess of revenues over expenses from operations.

<sup>6</sup> Providence Health & Services' audited combined financial statements, prepared by KPMG, pertain to the entire Providence Health & Services system, including its operations outside of California.

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

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

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

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

## PROFILE OF ST. JOSEPH HEALTH SYSTEM

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

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





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

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

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

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

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

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

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

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

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

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

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

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

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

St. Joseph Health System also operates the following entities:

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

St. Joseph Heritage Healthcare operates as a nonprofit medical practice foundation<sup>7</sup> and provides primary and specialty care services, including family and internal medicine, pediatrics, dermatology, cardiology, and obstetrics and gynecology services. St. Joseph Heritage Healthcare is comprised of eight medical groups, including St. Jude Heritage Medical Group, St. Joseph Heritage Medical Group, Mission Heritage Medical Group, Hoag Medical Group, St. Mary High Desert Medical Group, Annadel Medical Group, Queen of the Valley Medical Associates, and Humboldt Medical Specialists. St. Joseph Heritage Healthcare also has several contracted physician networks that include St. Jude Affiliated Physician Network, St. Joseph Hospital Affiliated Physician Network, Mission Hospital Affiliated Physician Network, Hoag Affiliated Physician Network, and Premier IPA. In total, St. Joseph Heritage Healthcare is comprised of over 400 healthcare providers.

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

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

### ***Key Statistics***

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

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

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



## Payer Mix

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

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

Source: OSHPD Disclosure Reports, FY 2014

## Quality & Awards

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

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

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

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

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

Source: Medicare.gov Hospital Compare

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

## Financial Profile

### Combined Statement of Operations

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

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

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

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

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

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

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

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

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

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

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

## PROFILE OF ST. JOSEPH HOSPITAL-EUREKA

### Overview of the St. Joseph Hospital-Eureka

St. Joseph Health System operates St. Joseph Hospital-Eureka, a general acute care facility that operates 153 licensed beds on two separate campuses. The main campus, located at 2700 Dolbeer Street in Eureka, operates 138 licensed general acute care beds. The second campus, located approximately 0.25 miles from the main campus at 2200 Harrison Avenue in Eureka, operates 15 licensed rehabilitation beds.

The main campus provides comprehensive services including 10 surgical operating rooms, two cardiac catheterization labs, and a “basic” emergency department<sup>8</sup> with 20 licensed treatment stations. The second campus provides acute inpatient medical rehabilitation services, and outpatient services including outpatient rehabilitation, laboratory, endoscopy, and sleep disorder services.

LICENSED BED DISTRIBUTION 2015	
Bed Type	Number of Beds
General Acute Care	102
Intensive Care	16
Coronary Care	4
Neonatal Intensive Care	5
Perinatal	11
Rehabilitation	15
<b>Total General Acute Care Beds</b>	<b>153</b>

Source: Hospital License 2015

Eight of St. Joseph Hospital-Eureka’s 16 licensed intensive care beds are currently in suspense<sup>9</sup> and do not provide any inpatient services.

### St. Joseph Hospital Foundation

St. Joseph Hospital Foundation provides financial support through philanthropy for St. Joseph Hospital-Eureka. St. Joseph Hospital Foundation raises funds through charitable donations and planned gifts that are dedicated to capital needs, program needs, health education, and support for new programs. In recent years, the funds raised by St. Joseph Hospital Foundation have supported the construction of a new patient tower and the purchasing of a linear accelerator and other equipment for the Heart Institute and Prostate Seed Implant Program.

<sup>8</sup> A “basic” emergency department provides emergency medical care in a specifically designated part of a hospital that is staffed and equipped at all times to provide prompt care for any patient presenting urgent medical problems.

<sup>9</sup> Licensed beds that are in suspense have been temporarily taken out of service.

## Key Statistics

KEY STATISTICS: FY 2012 - 2014			
	2012	2013	2014
Inpatient Discharges	6,355	6,281	6,351
Licensed Beds	189	189	189
Patient Days	28,334	28,251	30,717
Average Daily Census	78	77	84
Occupancy	41.1%	41.0%	44.5%
Average Length of Stay	4.5	4.5	4.8
Emergency Services Visits <sup>1</sup>	25,473	33,697	30,929
Cardiac Catheterization Procedures <sup>1</sup>	1,108	2,680	2,757
Coronary Artery Bypass Graft (CABG) Surgeries <sup>1</sup>	0	17	21
Total Live Births	628	576	476

Medical Staff	309
Employees (Full-Time Equivalents) <sup>2</sup>	973

Sources: OSHPD Disclosure Reports, FY 2012-2014

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

<sup>2</sup> St. Joseph Health System

In FY 2014, St. Joseph Hospital-Eureka had a total of 6,351 inpatient discharges, 30,717 patient days, and an average daily census of 84 patients (approximately 45% occupancy on the total licensed beds).

- Since FY 2012, inpatient discharges have remained relatively stable while patient days have increased by approximately 8%;
- In FY 2014, St. Joseph Hospital-Eureka reported 30,929 emergency department visits, a 21% increase from the previous year;
- St. Joseph Hospital-Eureka reported approximately 2,757 cardiac catheterization procedures and 21 coronary artery bypass graft surgeries in FY 2014; and
- Between FY 2012 and FY 2014, total live births at St. Joseph Hospital-Eureka have decreased by 24% from 628 to 476 births.

## Programs & Services

St. Joseph Hospital-Eureka offers a broad spectrum of medical services, including cardiology, oncology, maternal child health, and emergency services. St. Joseph Hospital-Eureka is the only hospital that provides many specialty services within 100 miles.

- Cardiology services include: Open heart surgery, cardiac catheterization, cardiac intervention, electrophysiology, pacemaker implantation, and cardiac rehabilitation services. All are provided by the Heart Institute;

- Oncology services include: Brachytherapy, chemotherapy, CT, MRI, PET, intensity modulated radiation therapy, mammography, physical rehabilitation, stereotactic breast biopsy, ultrasound, and vascular interventional procedure services;
- Emergency services include: 24-hour “basic” emergency department services that consist of 20 treatment stations to treat adult, pediatric, psychiatric, cardiac, and respiratory emergencies. Services also include the Sexual Assault Response Team that provides child and adult medical forensic exams for survivors of sexual assault;
- Gastroenterology services include: Endoscopy, colonoscopy, upper gastrointestinal endoscopy, endoscopic retrograde cholangiopancreatography, and capsule endoscopy;
- Rehabilitation services include: Inpatient and outpatient amputation, burn injury, cardiac, neurological, polyarthritis, spinal cord injury, brain injury, cancer, orthopedic surgery, speech and swallowing, and stroke recovery rehabilitation services;
- Sleep disorder services include: Evaluation and treatment of sleep disorders including insomnia and sleep apnea. All are provided by the Sleep Disorder Center;
- Maternal child health services include: Lactation, labor and delivery, and laborist program services provided by the Childbirth Center, and Level II Neonatal Intensive Care Unit services;
- Imaging services include: Inpatient and outpatient CT, PET, MRI, X-ray, ultrasound, vascular interventional procedures, and women’s imaging services, including digital mammography and stereotactic breast biopsy services;
- Laboratory services include: Hematology and coagulation, chemistry, serology, microbiology, blood banking, urinalysis, and pathology services;
- Pain treatment services include: Fluoroscopic guidance, cervical, thoracic, and lumbar epidural steroid injections, nerve block injections, sacroiliac joint injections, facet injections, discography, and stimulator implants; and
- Infusion services include: IV antibiotics, parenteral nutrition, enteral nutrition, injections, PICC insertions, pain management, and chemotherapy services. All are provided by the Humboldt Home and Ambulatory Infusion Program.

## Accreditations, Certifications, & Awards

St. Joseph Hospital-Eureka is currently accredited by the Healthcare Facilities Accreditation Program. St. Joseph Hospital-Eureka has received various awards and accolades as a provider of quality care, some of which include the following:

- Excellence in Lactation Care Award for providing a lactation program by the International Board of Lactation Consultant Examiners and the International Lactation Consultant Association;
- Accreditation as a Comprehensive Community Cancer Center by the American College of Surgeons' Commission on Cancer; and
- STAR Program<sup>10</sup> Certification for oncology rehabilitation services by Oncology Rehab Partners.

## Quality Measures

The Hospital Value-Based Purchasing Program, established by the 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 the following three sets of measures: timely and effective care, surveys of patient experience, and 30-day mortality rates for heart attack, heart failure, and pneumonia patients. In FY 2015, the Centers for Medicare & Medicaid Services reduced Medicare payments to St. Joseph Hospital-Eureka by 0.19%. For FY 2016, the Centers for Medicare & Medicaid services will reduce payments to St. Joseph Hospital-Eureka by 0.04%.

The following table shows St. Joseph Hospital-Eureka's most recent scores as reported by Hospital Compare for each of the measures within the four domains in comparison to the California and national averages:

QUALITY SCORES COMPARISON				
Domain	Measure	St. Joseph Hospital-Eureka	California Average	National Average
Clinical Process of Care Domain	Average of Acute Myocardial Infarction, Heart Failure, Pneumonia, Surgical Care Improvement & Healthcare Associated Infection Measures	95.7%	97.6%	97.3%
Patient Experience of Care Domain	Average of Measures for the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey	59.8%	67.0%	71.0%
Outcome Domain	Average of Outcome Measures for Acute Myocardial Infarction, Heart Failure & Pneumonia 30-Day Mortality Rates & Central-Line Bloodstream Infection Rates	12.4%	12.1%	12.4%
Efficiency Domain	Medicare Spending per Beneficiary Ratio	0.92	0.99	0.98

Source: Medicare.gov Hospital Compare, 2015

<sup>10</sup> The STAR Program is an accreditation system for cancer survivorship and rehabilitation services focused on clinician training and evidence-based protocols.



- For the clinical process of care domain, St. Joseph Hospital-Eureka scored slightly below (95.7%) the California average (97.6%) and the national average (97.3%);
- St. Joseph Hospital-Eureka scored lower (59.8%) than both the California average (67.0%) and national average (71.0%) for the patient experience of care domain;
- Within the outcome domain, St. Joseph Hospital-Eureka has the same average 30-day mortality rate and central-line bloodstream infection rate (12.4%) as the national average, but scores slightly higher than the California average of 12.1%; and
- With a ratio of 0.92, St. Joseph Hospital-Eureka spends less per patient for an episode of care initiated at its facility than California hospitals (0.99) and national hospitals (0.98).

The Hospital Readmissions Reduction Program<sup>11</sup>, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following three applicable conditions: heart attack, heart failure, and pneumonia. In FY 2016, 224 California hospitals will be penalized at an average of 0.40%. The penalty is administered by reducing all of a hospital’s reimbursement payments under the Medicare program by a certain percentage for the entire year.

In FY 2014 and FY 2015, St. Joseph Hospital-Eureka was not penalized by the Centers for Medicare & Medicaid Services. The following graph shows St. Joseph Hospital-Eureka’s 30-day readmission rates for heart attack, heart failure, and pneumonia patients relative to the California and national averages:

30-DAY READMISSION RATES			
Condition	St. Joseph Hospital-Eureka	National Average	California Average
Heart Attack	16.1%	17.0%	17.0%
Heart Failure	19.3%	22.0%	22.1%
Pneumonia	14.1%	16.9%	16.9%
<b>Average 30-Day Readmission Rate</b>	<b>16.5%</b>	<b>18.6%</b>	<b>18.6%</b>

Source: IPRO & Medicare.gov Hospital Compare, 2015

- St. Joseph Hospital-Eureka had fewer 30-day readmissions (16.5%) than the national and statewide averages of 18.6%, and therefore, it will not be penalized in FY 2016.

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

## Seismic Issues

Using the HAZUS seismic criteria<sup>12</sup>, the St. Joseph Hospital-Eureka'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 the St. Joseph Hospital-Eureka structures undergo construction to comply with the OSHPD's seismic safety standards.

SEISMIC OVERVIEW		
Building	SPC Compliance Status	NPC Compliance Status
1) Original Hospital and Central Plant	SPC-1	NPC-2
2) Linear Accelerator (Phase II)	SPC-5	NPC-3
3) Phase III Addition Building	SPC-4	NPC-2
4) Emergency Entrance Vestibule	SPC-5	NPC-3
5) Radiation Oncology Addition	SPC-5	NPC-3
6) Heart Center	SPC-5	NPC-3
7) East Wing	SPC-5	NPC-4
8) Emergency Entrance Vestibule Addition	SPC-3	NPC-3
9) Emergency Generator #1 CMU Building	SPC-4	NPC-4
10) Emergency Generator #2 Enclosure Shed	SPC-5	NPC-4
11) Northeast Building	SPC-5s*	-

Source: OSHPD

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

- The Original Hospital and Central Plant at St. Joseph Hospital-Eureka are rated as SPC-1 and must be seismically retrofitted by January 1, 2020 in order to continue to provide acute care services.

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

## Patient Utilization Trends

The following table shows volume trends at St. Joseph Hospital-Eureka from FY 2010 through FY 2014:

SERVICE VOLUMES: FY 2010-2014					
PATIENT DAYS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Medical/Surgical	24,149	24,352	21,721	22,166	24,658
Neonatal Intensive Care	721	637	558	405	453
Intensive Care	1,634	1,718	1,535	1,394	1,505
Obstetrics	1,648	1,629	1,996	1,670	1,515
Physical Rehabilitation	2,333	2,539	2,524	2,616	2,586
<b>Total</b>	<b>30,485</b>	<b>30,875</b>	<b>28,334</b>	<b>28,251</b>	<b>30,717</b>
DISCHARGES					
Medical/Surgical	5,599	5,545	5,174	5,234	5,379
Neonatal Intensive Care	94	86	69	51	65
Intensive Care	61	94	100	101	95
Obstetrics	690	694	833	710	624
Physical Rehabilitation	159	178	179	185	188
<b>Total</b>	<b>6,603</b>	<b>6,597</b>	<b>6,355</b>	<b>6,281</b>	<b>6,351</b>
AVERAGE LENGTH OF STAY					
Medical/Surgical	4.3	4.4	4.2	4.2	4.6
Neonatal Intensive Care	7.7	7.4	8.1	7.9	7.0
Intensive Care	26.8	18.3	15.4	13.8	15.8
Obstetrics	2.4	2.3	2.4	2.4	2.4
Physical Rehabilitation	14.7	14.3	14.1	14.1	13.8
<b>Total</b>	<b>4.6</b>	<b>4.7</b>	<b>4.5</b>	<b>4.5</b>	<b>4.8</b>
AVERAGE DAILY CENSUS					
Medical/Surgical	66.2	66.7	59.5	60.7	67.6
Neonatal Intensive Care	2.0	1.7	1.5	1.1	1.2
Intensive Care	4.5	4.7	4.2	3.8	4.1
Obstetrics	4.5	4.5	5.5	4.6	4.2
Physical Rehabilitation	6.4	7.0	6.9	7.2	7.1
<b>Total</b>	<b>83.5</b>	<b>84.6</b>	<b>77.6</b>	<b>77.4</b>	<b>84.2</b>
OTHER SERVICES					
Inpatient Surgeries	2,894	2,735	2,335	2,057	1,903
Outpatient Surgeries	2,531	2,567	3,875	3,186	3,167
Emergency Services Visits <sup>1</sup>	22,886	23,622	25,473	33,697	30,929
Cardiac Catheterization Procedures <sup>1</sup>	1,118	2,746	1,108	2,680	2,757
Obstetric Deliveries	728	656	628	576	476

Sources: OSHPD Disclosure Reports, FY 2010-2014

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

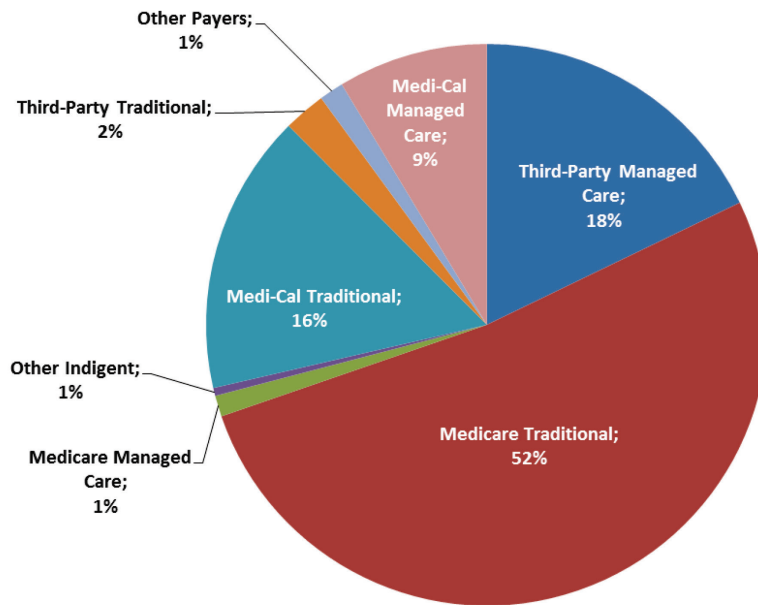
A review of historical utilization trends supports the following conclusions:

- Total patient days have remained relatively stable over the five-year period;
- Inpatient discharges have decreased 4% from 6,603 in FY 2010 to 6,351 in FY 2014;
- The average daily census has remained relatively stable over the five-year period;
- In FY 2014, St. Joseph Hospital-Eureka reported an average daily census of around 84 patients per day; and
- Obstetric deliveries have decreased 35% from 728 in FY 2010 to 476 in FY 2014.

### ***Payer Mix***

In FY 2014, approximately 53% of St. Joseph Hospital-Eureka’s inpatient payer mix consisted of Medicare Traditional (52%) and Medicare Managed Care (1%) patients. Approximately 20% of St. Joseph Hospital-Eureka’s inpatient payer mix consisted of Third-Party Managed Care (18%) and Third-Party Traditional (2%) patients. The remaining 27% of the inpatient discharges consisted of Medi-Cal Traditional (16%), Medi-Cal Managed Care (9%), Other Payers\* (1%), and Other Indigent (1%) patients.

**St. Joseph Hospital-Eureka Payer Mix, FY 2014**



### **Total Discharges: 6,351**

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

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

The following table illustrates St. Joseph Hospital-Eureka’s inpatient discharge payer mix compared to Humboldt County and the State of California for FY 2014. The comparison shows that St. Joseph Hospital-Eureka’s has higher percentages of Medicare Traditional patients and lower percentages of Third-Party Traditional Care patients relative to all hospitals in Humboldt County and California.

PAYER MIX COMPARISON						
	St. Joseph Hospital-Eureka (FY 2014)		Humboldt County (FY 2014)		California (FY 2014)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	1,025	16.1%	2,089	21.2%	448,311	15.8%
Medi-Cal Managed Care	549	8.6%	662	6.7%	435,129	15.3%
<b>Medi-Cal Total</b>	<b>1,574</b>	<b>24.8%</b>	<b>2,751</b>	<b>28.0%</b>	<b>883,440</b>	<b>31.1%</b>
Medicare Traditional	3,294	51.9%	4,619	47.0%	805,912	28.4%
Medicare Managed Care	77	1.2%	83	0.8%	273,709	9.6%
<b>Medicare Total</b>	<b>3,371</b>	<b>53.1%</b>	<b>4,702</b>	<b>47.8%</b>	<b>1,079,621</b>	<b>38.0%</b>
Third-Party Managed Care	1,133	17.8%	1,405	14.3%	610,781	21.5%
<b>Third-Party Managed Care Total</b>	<b>1,133</b>	<b>17.8%</b>	<b>1,405</b>	<b>14.3%</b>	<b>610,781</b>	<b>21.5%</b>
Third-Party Traditional	154	2.4%	682	6.9%	121,054	4.3%
Other Payers	89	1.4%	138	1.4%	62,617	2.2%
Other Indigent	29	0.5%	78	0.8%	32,930	1.2%
County Indigent	1	0.0%	77	0.8%	51,759	1.8%
<b>Other Total</b>	<b>273</b>	<b>4.3%</b>	<b>975</b>	<b>9.9%</b>	<b>268,360</b>	<b>9.4%</b>
<b>Total</b>	<b>6,351</b>	<b>100%</b>	<b>9,833</b>	<b>100%</b>	<b>2,842,202</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2014

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

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

Humboldt County has a County Organized Health System, a local agency created by the County Board of Supervisors. The County Organized Health System contracts with the Medi-Cal Managed Care program. In FY 2014, Humboldt County reported approximately 2,751 inpatient discharges from patients with either Medi-Cal Traditional (76%) or Medi-Cal Managed Care (24%) coverage. The percentage of Humboldt County residents with Medi-Cal Managed Care coverage is expected to significantly increase as a result of the ACA and California initiatives to expand managed care.

In Humboldt County, the County Organized Health System plan is provided by Partnership Health Plan of California. Currently, St. Joseph Hospital-Eureka is contracted with Partnership Health Plan of California to provide services to Medi-Cal Managed Care patients.

## Medical Staff

St. Joseph Hospital-Eureka has 309 medical staff members representing multiple specialties. The five largest specialties comprising 46% of the medical staff include: emergency medicine, teleradiology, hospitalist, family medicine, and anesthesiology. Of the 309 members of the medical staff, 136 members are considered “active” users of the St. Joseph Hospital-Eureka (representing approximately 44% of the medical staff).

St. Joseph Hospital-Eureka is affiliated with Humboldt Medical Specialists, a medical group that exclusively contracts with St. Joseph Heritage Healthcare. Humboldt Medical Specialists is comprised of over 50 providers who offer primary care and specialty care services.

MEDICAL STAFF PROFILE 2016					
Specialty	Count	% of Total	Specialty	Count	% of Total
Allergy & Immunology	1	0.3%	Neurology	5	1.6%
Aneshtesiology	22	7.1%	Neurosurgery	2	0.6%
Cardiology	3	1.0%	Nurse Practitioner	4	1.3%
Cardiovascular Surgery	2	0.6%	Obstetrics & Gynecology	4	1.3%
Certified Nurse Midwife	4	1.3%	Ophthalmology	5	1.6%
Critical Care Medicine	2	0.6%	Orthopedic Assistant	3	1.0%
Dental Assistant	2	0.6%	Orthopedic Surgery	11	3.6%
Dental Hygienist	1	0.3%	Otolaryngology	2	0.6%
Dentistry	5	1.6%	Pain Management	1	0.3%
Dermatology	1	0.3%	Palliative Care	3	1.0%
Diagnostic Radiology	10	3.2%	Pathology	5	1.6%
Emergency Medicine	35	11.3%	Pediatric Cardiology	1	0.3%
Family Medicine	24	7.8%	Pediatrics	14	4.5%
Gastroenterology	4	1.3%	Physical Medicine & Rehabilitation	1	0.3%
General Surgery	11	3.6%	Physician Assistant	7	2.3%
Gynecology	1	0.3%	Plastic Surgery	2	0.6%
Hematology Oncology	3	1.0%	Podiatry	6	1.9%
Hospitalist	30	10%	Psychiatry	4	1.3%
Infectious Disease	1	0.3%	Radiation Oncology	2	0.6%
Internal Medicine	5	1.6%	Telemedicine	18	5.8%
Interventional Cardiology	3	1.0%	Teleradiology	32	10.4%
Medical Oncology	3	1.0%	Urology	3	1.0%
Nephrology	1	0.3%	-	-	-
<b>Total Active</b>	<b>309</b>				

Source: St. Joseph Hospital-Eureka

## Unionized Employees

St. Joseph Hospital-Eureka has a Collective Bargaining Agreement (CBA)<sup>13</sup> with California Nurses Association through May 31, 2016 that represents 373 employees. St. Joseph Hospital-Eureka also has a CBA with National Union of Healthcare Workers that covers 352 employees. The CBA with National Union of Healthcare Workers is currently under negotiation.

In total, approximately 62% of St. Joseph Hospital-Eureka's employees are covered by CBAs.

EMPLOYEES REPRESENTED BY UNIONS	
Union	Total
California Nurses Association	373
National Union of Healthcare Workers	352
<b>Total Employees Represented by Unions</b>	<b>725</b>
Total Non-Union Employees	448
<b>Total Employees</b>	<b>1,173</b>
<b>Total Percentage of Employees Represented by Unions</b>	<b>62%</b>

Source: St. Joseph Health System

## Financial Profile

Over the five reported fiscal years, St. Joseph Hospital-Eureka has maintained a positive net income ranging from \$10.4 million to \$14.2 million. Net patient revenue has increased by nearly 23% from \$167.2 million in FY 2010 to \$205.1 million in FY 2014. Over the same period, St. Joseph Hospital-Eureka's total operating expenses have increased by 25% from \$156.9 million to \$197.0 million. Net non-operating revenue, totaling more than \$5.5 million over the course of the five-year period has served to offset these increased operating expenses. Net non-operating revenue represents revenue received or recognized for services that are not directly related to the provision of healthcare services. Examples of non-operating revenue include unrestricted contributions, income and gains from investments, and various government assessments, taxes, and appropriations.

St. Joseph Hospital-Eureka's current asset-to-liability ratio<sup>14</sup> has decreased over the last five years from 2.53 in FY 2010 to 1.30 in FY 2014, compared to the FY 2014 California average of

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

<sup>14</sup> The current asset-to-liability 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.



1.72. St. Joseph Hospital-Eureka's percentage of bad debt and the statewide average percentage of bad debt are both 1.3%.

FINANCIAL AND RATIO ANALYSIS: FY 2010-2014						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	-
Patient Days	30,485	30,875	28,334	28,251	30,717	-
Discharges	6,603	6,597	6,355	6,281	6,351	-
ALOS	4.6	4.7	4.5	4.5	4.8	-
Net Patient Revenue	\$167,243,486	\$190,959,763	\$196,778,428	\$196,479,247	\$205,118,737	-
Other Operating Revenue	\$633,695	\$705,536	\$1,627,105	\$2,205,284	\$3,891,181	-
Total Operating Revenue	\$167,877,181	\$191,665,299	\$198,405,533	\$198,684,531	\$209,009,918	-
Operating Expenses	\$156,985,882	\$181,259,448	\$182,992,059	\$185,103,120	\$196,999,312	-
Net from Operations	\$10,891,299	\$10,405,851	\$15,413,474	\$13,581,411	\$12,010,606	-
Net Non-Operating Revenue	\$1,924,579	\$1,333,445	\$637,342	\$364,512	\$1,194,234	-
Net Income	\$12,025,195	\$10,442,158	\$14,186,695	\$12,614,500	\$13,184,407	-
						2014 California Average
Current Ratio	2.53	1.01	1.07	1.07	1.30	1.72
Days in A/R	50.9	42.8	40.9	44.5	43.5	62.2
Bad Debt Rate	1.6%	1.0%	1.3%	1.5%	1.3%	1.3%
Operating Margin	6.5%	5.4%	7.8%	6.8%	5.7%	2.48%

Source: OSHPD Disclosure Reports, 2010-2014

### Cost of Hospital Services

St. Joseph Hospital-Eureka's operating cost of services includes both inpatient and outpatient care. In FY 2014, approximately 48% of total costs were associated with Medicare patients, 28% with Third Party payers, 21% with Medi-Cal patients, and 2% with Other Payers. The remaining 1% is attributed to Other Indigent. In FY 2014, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

COST OF SERVICES BY PAYER CATEGORY FY 2010-2014					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Expenses	\$156,985,882	\$181,259,448	\$182,992,059	\$185,103,120	\$196,999,312
<b>Cost of Services By Payer:</b>					
Medicare	\$74,446,896	\$87,020,055	\$85,873,075	\$86,485,985	\$94,523,958
Medi-Cal	\$25,413,414	\$30,438,787	\$31,526,050	\$31,513,075	\$41,835,720
County Indigent	\$6,022,406	\$7,270,832	\$9,272,477	\$6,909,091	\$22,959
Third Party	\$46,467,349	\$51,122,402	\$50,885,062	\$52,399,453	\$56,020,462
Other Indigent	\$1,146,068	\$1,079,844	\$1,061,139	\$839,964	\$1,201,354
Other Payers	\$3,489,749	\$4,327,528	\$4,374,256	\$6,955,553	\$3,394,859

Source: OSHPD Disclosure Reports, FY 2010-2014

## Charity Care

According to OSHPD, St. Joseph Hospital-Eureka's charity care charges decreased from \$10.1 million in FY 2011 to approximately \$7.6 million in FY 2015. The five-year average for charity care charges was approximately \$8.8 million.

CHARITY CARE	
TOTAL CHARGES: FY 2011-2015	
Year	OSHPD Disclosure Reports
2015	\$7,611,637
2014	\$8,240,384
2013	\$9,591,814
2012	\$8,296,497
2011	\$10,140,559
<b>5-Year Average</b>	<b>\$8,776,178</b>

Source: OSHPD Disclosure Reports, FY 2011-2015

The following table shows a comparison of charity care and bad debt for St. Joseph Hospital-Eureka to all California general acute care hospitals. The five-year (FY 2011-FY 2014) average of charity care and bad debt for St. Joseph Hospital-Eureka, as a percentage of gross patient revenue, was 2.3%. This is lower than the four-year statewide average of 3.5%. According to OSHPD, "the determination of what is classified as...charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

CHARITY CARE COMPARISON										
CHARITY CARE - FY 2011 to FY 2015										
(Millions)										
	2011		2012		2013		2014		2015	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$706.1	\$288,636.7	\$722	\$303,278.6	\$788.8	\$317,543.8	\$889.0	\$337,773.2	\$1,005.0	-
Charity	\$10.1	\$6,171.5	\$8	\$6,251.0	\$9.6	\$6,209.9	\$8.2	\$4,571.0	\$7.6	-
Bad Debt	\$7.3	\$4,815.5	\$9	\$5,007.6	\$12.2	\$5,549.5	\$11.5	\$4,420.4	\$6.3	-
<b>Total</b>	<b>\$17.4</b>	<b>\$10,987.0</b>	<b>\$18</b>	<b>\$11,258.6</b>	<b>\$21.8</b>	<b>\$11,759.4</b>	<b>\$19.7</b>	<b>\$8,991.4</b>	<b>\$13.9</b>	<b>-</b>
Charity as a % of Gross Rev.	1.4%	2.1%	1.1%	2.1%	1.2%	2.0%	0.9%	1.4%	0.8%	-
Bad Debt as a % of Gross Rev.	1.0%	1.7%	1.3%	1.7%	1.5%	1.7%	1.3%	1.3%	0.6%	-
Total as a % of Gross Rev.	2.5%	3.8%	2.4%	3.7%	2.8%	3.7%	2.2%	2.7%	1.4%	-
<b>Uncompensated Care</b>										
Cost to Charge Ratio	25.6%	24.6%	25.1%	24.6%	23.2%	24.4%	21.7%	23.5%	21.2%	-
Cost of Charity	\$2.6	\$1,520.9	\$2.1	\$1,539.1	\$2.2	\$1,514.6	\$1.8	\$1,074.2	\$1.6	-
Cost of Bad Debt	\$1.9	\$1,186.8	\$2.3	\$1,232.9	\$2.8	\$1,353.5	\$2.5	\$1,038.8	\$1.3	-
<b>Total</b>	<b>\$4.4</b>	<b>\$2,707.7</b>	<b>\$4.4</b>	<b>\$2,772.0</b>	<b>\$5.1</b>	<b>\$2,868.1</b>	<b>\$4.3</b>	<b>\$2,113.0</b>	<b>\$2.9</b>	<b>-</b>

Source: OSHPD Disclosure Reports, FY 2011-2015

The table below shows St. Joseph Hospital-Eureka's historical costs for charity care as reported by OSHPD. St. Joseph Hospital-Eureka's charity care costs have decreased from approximately \$2.6 million in FY 2011 to \$1.6 million in FY 2015. The average cost of charity care for the last five-year period was approximately \$2.1 million.

COST OF CHARITY CARE				
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital	Percent of Total Costs Represented by Charity Care
FY 2015	\$7,611,637	21.2%	\$1,613,667	0.7%
FY 2014	\$8,240,384	21.7%	\$1,790,044	0.9%
FY 2013	\$9,591,814	23.2%	\$2,223,977	1.2%
FY 2012	\$8,296,497	25.1%	\$2,084,518	1.1%
FY 2011	\$10,140,559	25.6%	\$2,593,136	1.4%
<b>5-Year Average</b>	<b>\$8,776,178</b>		<b>\$2,061,068</b>	

Source: OSHPD Disclosure Reports, FY 2011-2015

St. Joseph Hospital-Eureka reported the following combined distribution of charity care by inpatient, outpatient, and emergency room charges.

COST OF CHARITY CARE BY SERVICE				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2015:</b>				
Cost of Charity	\$830,643	\$298,763	\$469,450	\$1,598,856
Visits/Discharges	461	3,205	2,805	
<b>2014:</b>				
Cost of Charity	\$1,692,768	\$38,076	-	\$1,730,844
Visits/Discharges	337	2,527	2,844	
<b>2013:</b>				
Cost of Charity	\$2,025,141	\$14,573	-	\$2,039,714
Visits/Discharges	365	4,858	4,435	
<b>2012:</b>				
Cost of Charity	\$1,930,981	\$3,169	-	\$1,934,150
Visits/Discharges	451	4,142	4,612	
<b>2011:</b>				
Cost of Charity	\$2,338,256	\$32,266	-	\$2,370,522
Visits/Discharges	462	5,740	5,662	

Source: St. Joseph Health System

Note: For FY 2011-2014, the Cost of Charity for Emergency Room is included in Outpatient

### Community Benefit Services

St. Joseph Hospital-Eureka has consistently provided a large contribution to community benefit services. As shown in the table below, the average annual cost of community benefit services over the past five fiscal years has been \$2,668,736 per year.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	5-Year Average	Total
Benefits for Persons Living in Poverty	\$1,190,185	\$1,358,149	\$1,394,892	\$1,201,435	\$1,426,903	\$1,314,313	\$6,571,564
Benefits for Broader Community	\$1,490,858	\$1,480,367	\$948,693	\$1,682,413	\$1,169,784	\$1,354,423	\$6,772,115
<b>Total</b>	<b>\$2,681,043</b>	<b>\$2,838,516</b>	<b>\$2,343,585</b>	<b>\$2,883,848</b>	<b>\$2,596,687</b>	<b>\$2,668,736</b>	<b>\$13,343,679</b>

Source: St. Joseph Hospital - Eureka

Note: Community Benefit programs and services excludes grants

- St. Joseph Hospital-Eureka's five-year average cost of community benefit services for persons living in poverty is approximately \$1.3 million per year; and
- St. Joseph Hospital-Eureka's five-year average cost of community benefit services for the broader community is approximately \$1.4 million per year.

St. Joseph Hospital-Eureka's community benefit services over the past five fiscal years included the following programs over \$10,000:

COST OF COMMUNITY BENEFIT SERVICES FY 2011-2015					
Services over \$10,000 in cost:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Advocacy Efforts for the Community	\$68,533	\$54,647	\$140,261	\$98,804	\$62,544
BART/BARTO Program	-	-	-	-	\$127,544
Basic Needs Donations	-	-	-	-	\$43,667
Care for the Poor Community Grants	-	-	-	\$84,000	\$74,200
Care for the Poor Distribution	\$63,957	-	-	-	-
Cash Donation or Sponsorship - for the Poor	-	-	-	\$50,118	\$629,919
Cash Sponsorship of Adult Activity, Event or Organization	-	\$26,603	-	-	\$17,727
Chair, Participate, Facilitate Non-Profit Community Boards	\$22,051	\$24,878	\$15,040	\$19,788	\$19,064
Collaborative with Community Organization and Group	\$32,511	\$283,439	\$405,437	\$384,650	\$35,190
Community Health Education & Outreach	\$269,667	\$56,087	\$58,872	\$61,398	\$19,710
Community Resource Centers (CRCs)	\$100,000	\$75,000	\$100,000	\$100,000	-
Donation of equipment, services, supplies	\$180,791	\$359,567	\$344,828	\$27,188	\$10,572
Donations to community members in need	\$111,336	\$111,114	\$36,820	\$107,812	-
Evergreen Lodge Cancer Patient Housing	\$32,570	\$71,075	\$80,714	\$71,768	\$69,971
Health Fairs	-	-	-	\$40,703	\$44,104
Health Screening for the Community	\$51,887	\$28,365	\$25,463	-	\$3,289
Healthy Kids Humboldt	-	-	-	-	\$83,109
Hispanic Outreach and Referral	-	-	-	\$226,500	\$190,652
Intern programs for allied professionals	\$115,462	\$139,784	\$144,239	\$319,837	\$86,611
Interpreter Services	\$24,277	\$27,230	\$14,587	-	\$13,713
Kris Kelly Health Information Center (KKHIC)	\$29,432	\$33,896	\$11,919	\$2,067	\$4,680
Nursing Intern Program Education, Training	\$1,216,762	\$1,107,065	\$574,607	\$379,531	\$251,924
Pharmacy Med Rec in ED	-	-	-	\$28,956	-
Sexual Assault Response Team (SART)	\$77,218	\$122,775	\$106,992	\$97,866	\$89,430
Support Groups	-	-	\$13,290	\$19,867	\$15,838
Transportation Support	-	-	-	\$10,255	\$65,740
VITA Tax Program	-	-	-	-	\$13,357

Source: St. Joseph Hospital - Eureka

Note: Includes Community Benefit Expenses to St. Joseph Hospital - Eureka before Grants and Offsets

St. Joseph Hospital-Eureka's community benefit services have supported many programs for the community, including educational outreach, coordinated donations to community members in need, health fairs and screenings, and others as described below<sup>15</sup>:

- **Advocacy Efforts for the Community:** Provides advocacy to vulnerable members of the community on issues related to access to care, social justice, and legal aid;
- **BART/BARTO Program:** Provides mental health services to patients during their hospital stay, including mental health screenings, mental health assessments, and suicide assessments;
- **Basic Needs Donations:** Coordinates the donation of food, clothing, and car seats, to individuals in need;
- **Care for the Poor Community Grants:** Awards grants to nonprofit partners to support activities that serve economically poor, underserved, and vulnerable populations;
- **Cash Donations or Sponsorship - for the Poor:** Grants cash donations to nonprofit organizations that address unmet health needs in the community;
- **Cash Sponsorship of Adult Activity, Event, or Organization:** Provides cash donations to support fundraising and nonprofit efforts to reach the community;
- **Chair, Participate, Facilitate Non-Profit Community Boards:** Promotes participation on boards, committees, and meetings in order to best address the needs of the community;
- **Collaborative with Community Organization and Group:** Facilitates collaboration with community leaders and other organizations on efforts related to improving the quality of life of vulnerable populations;
- **Community Health Education & Outreach:** Provides free health screenings, services, and information in the form of educational outreach;
- **Donation of Equipment, Services, Supplies:** Facilitates the donation of supplies, housing, transportation, and medications for individuals who are underfunded or under-insured;

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<sup>15</sup> The following community benefit programs and services are no longer being provided: Care for the Poor Distribution (merged with Care for the Poor Community Grants), Community Resource Centers, Donations to Community Members in Need (merged with Basic Needs Donations), Hispanic Outreach and Referral (merged with Healthy Kids Humboldt), Interpreter Services, Pharmacy Med Rec in ED, VITA Tax Program (merged with Healthy Kids Humboldt).

- Evergreen Lodge Cancer Patient Housing: Provides housing for patients who live more than 50 miles away from St. Joseph-Eureka who cannot afford transportation or local housing during treatment;
- Health Fairs: Provides health screenings, educational material, and referral information by means of a community expo or health fair;
- Health Screening for the Community: Administers free health screening and referral information;
- Healthy Kids Humboldt: Coordinates targeted outreach to the Latino community;
- Intern Programs for Allied Professionals: Provides training and support to student interns from local colleges and/or degree programs;
- Kris Kelly Health Information Center: Operates a health information center that provides consumers with accurate information and resources related to various health topics;
- Nursing Intern Program Education, Training: Provides job shadowing and other educational opportunities for nursing students from the College of the Redwoods and Humboldt State University;
- Sexual Assault Response Team: Provides free forensic examinations for survivors of sexual assault;
- Support Groups: Provides support groups for individuals seeking assistance and education pertaining to disease control and illness; and
- Transportation Support: Offers transportation to patients who are unable to afford a taxi, Care-A-Van, or ambulance.

## ANALYSIS OF ST. JOSEPH HOSPITAL-EUREKA'S SERVICE AREA

### *Service Area Definition*

Based upon St. Joseph Hospital-Eureka's 2014 inpatient discharges, St. Joseph Hospital-Eureka's service area is comprised of 40 ZIP Codes from which 91% of its inpatient discharges originated. Approximately 50% of St. Joseph Hospital-Eureka's discharges originated from the top two ZIP Codes located in Eureka. In 2014, St. Joseph Hospital-Eureka's market share in the service area was approximately 48% based on total area discharges.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: 2014						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
95501	Eureka	1,758	27.4%	27.4%	2,661	66.1%
95503	Eureka	1,425	22.2%	49.6%	2,016	70.7%
95519	Mckinleyville	490	7.6%	57.2%	1,380	35.5%
95540	Fortuna	401	6.2%	63.5%	1,320	30.4%
95521	Arcata	307	4.8%	68.3%	1,043	29.4%
95502	Eureka	265	4.1%	72.4%	373	71.0%
95546	Hoopa	189	2.9%	75.3%	471	40.1%
95562	Rio Dell	107	1.7%	77.0%	348	30.7%
95573	Willow Creek	81	1.3%	78.3%	226	35.8%
95536	Ferndale	77	1.2%	79.5%	224	34.4%
95524	Bayside	70	1.1%	80.6%	152	46.1%
95560	Redway	67	1.0%	81.6%	203	33.0%
95570	Trinidad	58	0.9%	82.5%	175	33.1%
95551	Loleta	56	0.9%	83.4%	161	34.8%
95542	Garberville	55	0.9%	84.2%	206	26.7%
95525	Blue Lake	47	0.7%	85.0%	134	35.1%
95537	Fields Landing	35	0.5%	85.5%	45	77.8%
95547	Hydesville	34	0.5%	86.1%	108	31.5%
95564	Samoa	32	0.5%	86.6%	47	68.1%
95549	Kneeland	29	0.5%	87.0%	46	63.0%
95518	Arcata	27	0.4%	87.4%	100	27.0%
95589	Whitethorn	26	0.4%	87.8%	88	29.5%
95553	Miranda	24	0.4%	88.2%	59	40.7%
95528	Carlotta	22	0.3%	88.5%	88	25.0%
95565	Scotia	21	0.3%	88.9%	94	22.3%
95554	Myers Flat	21	0.3%	89.2%	67	31.3%
95563	Salyer	18	0.3%	89.5%	61	29.5%
95555	Orick	18	0.3%	89.8%	49	36.7%
95534	Cutten	15	0.2%	90.0%	23	65.2%
95526	Bridgeville	13	0.2%	90.2%	58	22.4%
95556	Orleans	13	0.2%	90.4%	37	35.1%
95514	Blocksburg	12	0.2%	90.6%	29	41.4%
95559	Phillipsville	7	0.1%	90.7%	24	29.2%
95545	Honeydew	6	0.1%	90.8%	14	42.9%
95569	Redcrest	6	0.1%	90.9%	16	37.5%
95511	Alderpoint	6	0.1%	91.0%	31	19.4%
95558	Petrolia	5	0.1%	91.1%	18	27.8%
95571	Weott	5	0.1%	91.1%	22	22.7%
95532	Crescent City	2	0.0%	91.2%	12	16.7%
95550	Korbel	2	0.0%	91.2%	11	18.2%
<b>Subtotal</b>		<b>5,852</b>	<b>91.2%</b>	<b>91.2%</b>	<b>12,240</b>	<b>47.8%</b>
Other ZIPs		565	8.8%	100%		
<b>Total</b>		<b>6,417</b>	<b>100%</b>			

Note: Excludes normal newborns

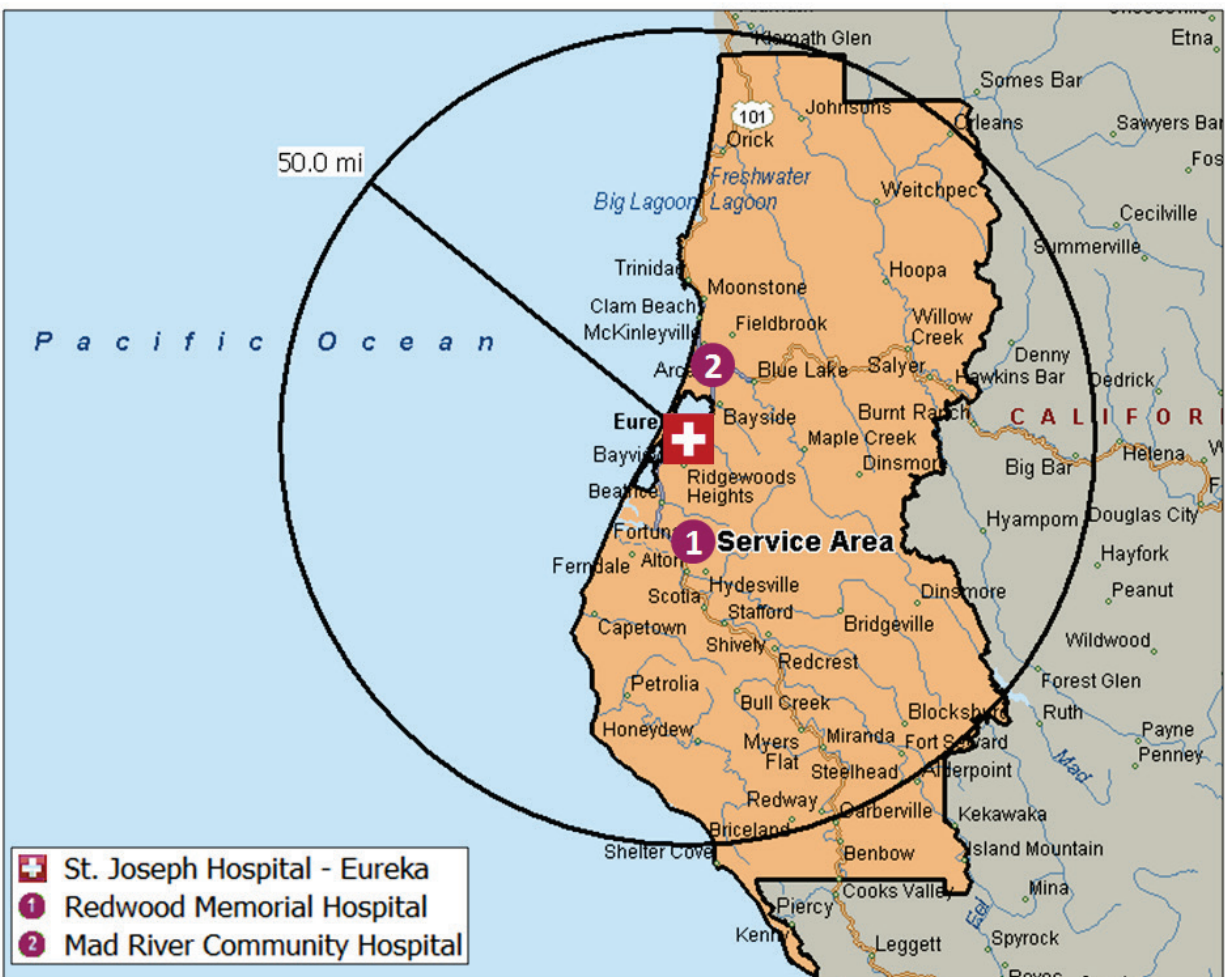
Source: OSHPD Patient Discharge Database



## Service Area Map

St. Joseph Hospital-Eureka's service area, with approximately 138,000 residents, includes the communities of Eureka, McKinleyville, Fortuna, Arcata, Hoopa, Rio Dell, Willow Creek, Ferndale, Bayside, Redway, Trinidad, Loleta, Garberville, Blue Lake, Fields Landing, Hydesville, Samoa, Kneeland, Whitethorn, Miranda, Carlotta, Scotia, Myers Flat, Salyer, Orick, Cutten, Bridgeville, Orleans, Blocksburg, Phillipsville, Honeydew, Redcrest, Alderpoint, Petrolia, Weott, Crescent City, and Korbel.

There are two other general acute care hospitals located within St. Joseph Hospital-Eureka's service area (Redwood Memorial Hospital and Mad River Community Hospital). St. Joseph Hospital-Eureka ranks first in inpatient market share in the service area. Apart from these three hospitals, there are only three other hospitals located within 100 miles from Eureka: Jerold Phelps Community Hospital in Garberville (65 miles), Trinity Hospital in Weaverville (80 miles), and Sutter Coast Hospital in Crescent City (84 miles). Patients requiring tertiary or quaternary care must travel to Santa Rose, San Francisco, or other locations.



## Demographic Profile

St. Joseph Hospital-Eureka’s service area population is projected to grow by 0.5% over the next five years. This projected growth is equal to the expected growth rate for Humboldt County, but lower than the expected growth rate for California (3.7%).

SERVICE AREA POPULATION STATISTICS 2015-2020			
	2015 Estimate	2020 Projection	% Change
Total Population	137,266	137,955	0.5%
Households	57,514	58,055	0.9%
Percentage Female	49.6%	49.4%	-

Source: Esri

The median age of the population in St. Joseph Hospital-Eureka’s service area is 38.4 years, and is higher than the statewide median age of 35.7 years. The percentage of adults over the age of 65 years old is the fastest growing age cohort and is forecast to increase approximately 20% by 2020.

SERVICE AREA POPULATION AGE DISTRIBUTION: 2015-2020				
	2015 Estimate		2020 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	21,975	16.0%	21,918	15.9%
Age 15-44	57,161	41.6%	56,200	40.7%
Age 45-64	36,222	26.4%	33,555	24.3%
Age 65+	21,908	16.0%	26,282	19.1%
<b>Total</b>	<b>137,266</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>
Female 15-44	27,248	19.9%	26,857	19.5%
Median Age	38.4	-	39.5	-

Source: Esri

The largest population cohorts in St. Joseph Hospital-Eureka’s service area are White (80%) and Two or More Races (6%). Approximately 89% of the service area population is of non-Hispanic ethnicity. This is identical to the Humboldt County population, but greater than the California non-Hispanic ethnic population of 61%.

SERVICE AREA POPULATION RACE/ETHNICITY: 2015-2020		
	2015	2020
White	80.2%	78.6%
Black	1.3%	1.4%
American Indian	5.8%	5.8%
Asian or Pacific Islander	2.8%	3.1%
Some Other Race	4.0%	4.5%
Two or More Races	6.0%	6.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Hispanic Ethnicity	10.8%	12.1%
Non-Hispanic or Latino	89.2%	87.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

St. Joseph Hospital-Eureka’s service area has an average annual household income of \$55,412. This is similar to the Humboldt County average household income of \$55,442, but approximately 57% below the State of California average of \$87,152. The percentage of higher-income households (annual income of \$150,000+) in St. Joseph Hospital-Eureka’s service area is projected to grow at the same rate as Humboldt County (20%) and slightly higher than the rate for the State of California (19%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2015-2020						
Annual Income	2015 Estimate			2020 Estimate		
	Service Area	Humboldt County	California	Service Area	Humboldt County	California
\$0 - \$15,000	18.0%	18.0%	11.1%	16.7%	16.7%	10.3%
\$15 - \$24,999	13.4%	13.4%	9.0%	10.5%	10.4%	6.6%
\$25 - \$34,999	12.6%	12.5%	9.3%	10.3%	10.2%	7.7%
\$35 - \$49,999	14.7%	14.7%	12.2%	15.2%	15.2%	11.3%
\$50 - \$74,999	17.4%	17.4%	16.5%	19.3%	19.3%	15.9%
\$75 - \$99,999	10.8%	10.8%	12.3%	12.9%	13.0%	14.2%
\$100 - \$149,999	8.7%	8.7%	14.9%	9.9%	9.8%	16.6%
\$150,000+	4.5%	4.5%	14.6%	5.4%	5.4%	17.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Average Household Income</b>	<b>\$55,412</b>	<b>\$55,442</b>	<b>\$87,152</b>	<b>\$62,415</b>	<b>\$62,443</b>	<b>\$99,512</b>

Source: Esri

## Hospital Supply, Demand & Market Share

There are three general acute care hospitals within the defined service area: St. Joseph Hospital-Eureka, Redwood Memorial Hospital, and Mad River Community Hospital. In FY 2014, the service area hospitals had a combined total of 302 licensed beds and an aggregate occupancy rate of approximately 39%. In FY 2014, St. Joseph Hospital-Eureka had 189 licensed beds that operated at an occupancy rate of nearly 45%. Furthermore, St. Joseph Hospital-Eureka reported nearly 65% of the service area discharges and approximately 71% of the patient days. While OSHPD reported 189 beds at St. Joseph Hospital-Eureka in FY 2014, St. Joseph Hospital-Eureka is currently licensed for 153 beds<sup>16</sup>.

An analysis of the services offered by St. Joseph Hospital-Eureka 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.

AREA HOSPITAL DATA FY 2014									
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupied Beds	Percent Occupied	Miles from Hospital
St. Joseph Hospital - Eureka	St. Joseph Health System	Eureka	X	189	6,351	30,717	84	44.5%	-
Mad River Community Hospital	American Hospital Management Corp.	Arcata	X	78	1,985	7,959	22	28.0%	11.9
Redwood Memorial Hospital	St. Joseph Health System	Fortuna	X	35	1,451	4,692	13	36.7%	20.8
<b>TOTAL</b>				<b>302</b>	<b>9,787</b>	<b>43,368</b>	<b>119</b>	<b>39.3%</b>	

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

Sempervirens Psychiatric Health Facility, an inpatient psychiatric hospital operated by the Humboldt County Department of Health and Human Services, is also located within St. Joseph Hospital-Eureka's service area. Sempervirens Psychiatric Health Facility is licensed for 16 adult psychiatric beds and provides treatment to patients with persistent mental illnesses that need acute psychiatric care.

<sup>16</sup> St. Joseph Hospital-Eureka's current hospital license is included in the Appendix.

## Hospital Market Share

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

HOSPITAL MARKET SHARE: 2012-2014				
Hospital	2012	2013	2014	Trend
St. Joseph Hospital-Eureka	51.1%	50.6%	47.8%	↘
Mad River Community Hospital	16.3%	16.9%	17.5%	↗
Redwood Memorial Hospital	13.8%	12.9%	12.0%	↘
Sempervirens Psychiatric Health Facility	4.0%	3.4%	3.7%	↔
UCSF Medical Center	3.7%	3.8%	3.7%	↔
Santa Rosa Memorial Hospital	0.7%	1.5%	2.1%	↗
St. Helena Hospital	0.8%	1.1%	1.7%	↗
Mercy Medical Center-Redding	1.4%	1.0%	1.6%	↗
Stanford Hospital	1.1%	1.3%	1.3%	↔
California Pacific Med Center-Pacific Campus	0.9%	0.9%	1.0%	↔
Other Discharges	6.3%	6.5%	7.5%	↗
<b>Total Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Total Discharges</b>	<b>11,790</b>	<b>11,665</b>	<b>12,240</b>	↗

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The number of discharges in the St. Joseph Hospital-Eureka's service area increased by nearly 4% between 2012 and 2014;
- St. Joseph Hospital-Eureka has consistently been the market share leader for its service area based on discharges (approximately 48% in 2014). Mad River Community Hospital ranked second in inpatient discharges with 18% market share in 2014;
- Redwood Memorial Hospital decreased its market share slightly to 12% in 2014;
- Together, St. Joseph Hospital-Eureka and Redwood Memorial Hospital held nearly 60% of the service area market share; and
- Service area hospitals held the majority of the inpatient market share in 2014 (77%), indicating that most of the service area residents do not travel outside of the service area for healthcare services.

## Market Share by Payer Type

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

HOSPITAL MARKET SHARE BY PAYER TYPE: 2014											
Payer Type	Total Discharges	St. Joseph Hospital-Eureka	Mad River Community Hospital	Redwood Memorial Hospital	Sempervirens Psychiatric Health Facility	UCSF Medical Center	Santa Rosa Memorial Hospital	St. Helena Hospital	Mercy Medical Center-Redding	All Others	Total
Medicare	5,205	56.3%	12.9%	11.0%	2.8%	2.0%	2.0%	2.2%	1.4%	9.4%	100%
Medi-Cal	3,757	40.4%	25.0%	13.4%	5.3%	4.6%	2.7%	0.2%	2.0%	6.3%	100%
Private Coverage	2,643	43.0%	17.3%	13.2%	1.1%	6.3%	1.7%	3.0%	1.4%	12.9%	100%
All Other	444	48.0%	11.5%	6.5%	2.0%	1.8%	2.5%	1.1%	2.0%	24.5%	100%
Self Pay	191	27.2%	8.9%	6.3%	39.3%	0.5%	0.0%	0.5%	1.0%	16.2%	100%
<b>Total Percentage</b>		<b>47.8%</b>	<b>17.5%</b>	<b>12.0%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>2.1%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>9.9%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>12,240</b>	<b>5,852</b>	<b>2,136</b>	<b>1,465</b>	<b>457</b>	<b>452</b>	<b>261</b>	<b>212</b>	<b>198</b>	<b>1,207</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The largest categories of service area inpatient discharges are comprised of Medicare at approximately 5,200 discharges (43%), Medi-Cal at approximately 3,800 discharges (31%), and Private Coverage at approximately 2,700 discharges (22%);
- St. Joseph Hospital-Eureka is the market share leader for Medicare (56%), Medi-Cal (40%) and Private Coverage (43%);
- Sempervirens Psychiatric Health Facility ranks first in Self Pay (39%); and
- Hospitals outside of the service area held approximately 23% of the market share in 2014, indicating that there is relatively low patient outmigration from the service area for healthcare services.

## Market Share by Service Line

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

HOSPITAL MARKET SHARE BY SERVICE LINE: 2014											
Service Line	Total Discharges	St. Joseph Hospital-Eureka	Mad River Community Hospital	Redwood Memorial Hospital	Sempervirens Psychiatric Health Facility	UCSF Medical Center	Santa Rosa Memorial Hospital	St. Helena Hospital	Mercy Medical Center-Redding	All Others	Total
General Medicine	3,597	52.8%	20.6%	14.2%	0.0%	1.9%	1.4%	0.2%	1.2%	7.6%	100%
Obstetrics	1,554	35.3%	37.6%	23.9%	0.0%	2.1%	0.1%	0.0%	0.1%	0.8%	100%
Cardiac Services	1,346	65.7%	10.9%	4.9%	0.0%	1.9%	1.9%	1.6%	1.9%	11.1%	100%
General Surgery	1,157	47.3%	20.7%	9.7%	0.0%	4.2%	2.2%	0.1%	1.0%	14.9%	100%
Orthopedics	1,083	36.0%	4.8%	14.6%	0.0%	4.2%	2.5%	15.3%	5.5%	17.0%	100%
Behavioral Health	690	12.9%	3.6%	3.8%	66.1%	0.3%	0.3%	2.0%	0.3%	10.7%	100%
Neurology	554	48.6%	15.0%	11.2%	0.0%	6.9%	5.1%	0.2%	2.5%	10.6%	100%
Neonatology	450	42.4%	27.6%	16.9%	0.0%	9.3%	1.6%	0.0%	0.0%	2.2%	100%
Oncology/Hematology (Medical)	291	52.6%	7.9%	8.6%	0.0%	11.7%	1.0%	0.0%	0.7%	17.5%	100%
Spine	271	60.9%	2.2%	1.5%	0.0%	10.0%	6.3%	0.0%	4.1%	15.1%	100%
Vascular Services	256	79.3%	7.8%	2.7%	0.0%	2.3%	0.4%	0.0%	1.6%	5.9%	100%
Rehabilitation	213	79.3%	0.0%	0.9%	0.0%	0.0%	4.7%	0.0%	0.0%	15.0%	100%
Other	195	33.8%	7.7%	4.1%	0.0%	2.6%	20.5%	0.0%	7.7%	23.6%	100%
Gynecology	186	52.2%	21.5%	11.8%	0.0%	3.8%	0.0%	0.0%	0.0%	10.8%	100%
Urology	138	68.1%	4.3%	1.4%	0.0%	14.5%	0.0%	0.0%	2.2%	9.4%	100%
ENT	131	42.7%	15.3%	7.6%	0.0%	9.9%	8.4%	0.0%	0.0%	16.0%	100%
Neurosurgery	90	20.0%	4.4%	0.0%	0.0%	32.2%	12.2%	0.0%	1.1%	30.0%	100%
<All others>	38	36.8%	15.8%	7.9%	0.0%	13.2%	0.0%	2.6%	7.9%	15.8%	100%
<b>Total Percentage</b>		<b>47.8%</b>	<b>17.5%</b>	<b>12.0%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>2.1%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>9.9%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>12,240</b>	<b>5,852</b>	<b>2,136</b>	<b>1,465</b>	<b>457</b>	<b>452</b>	<b>261</b>	<b>212</b>	<b>198</b>	<b>1,207</b>	

Note: Excludes normal newborns  
Source: OSHPD Patient Discharge Database

- St. Joseph Hospital-Eureka is the service line leader in 13 of 16 service lines: general medicine (34%), cardiac services (66%), general surgery (47%), orthopedics (36%), neurology (49%), neonatology (42%), oncology/ hematology (53%), spine (61%), vascular services (79%), rehabilitation (79%), gynecology (52%), urology (68%), and ear, nose and throat (43%);
- St. Joseph Hospital-Eureka also has a high percentage of the market share in obstetrics (35%) and neurosurgery (20%);
- Mad River Community Hospital is the market share leader for obstetrics with 38% service area market share;
- UCSF Medical Center, located outside of the service area, has the highest market share in neurosurgery (32%), indicating that many service area residents travel outside of the service area to receive neurosurgery services; and
- Sempervirens Psychiatric Health Facility has the highest market share in behavioral health (66%).



## Market Share by ZIP Code

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

HOSPITAL MARKET SHARE BY ZIP CODE: 2014												
ZIP Code	Community	Total Discharges	St. Joseph Hospital-Eureka	Mad River Community Hospital	Redwood Memorial Hospital	Sempervirens Psychiatric Health Facility	UCSF Medical Center	Santa Rosa Memorial Hospital	St. Helena Hospital	Mercy Medical Center-Redding	All Others	Total
95501	Eureka	2,661	66.1%	7.2%	3.6%	10.4%	3.0%	1.5%	1.1%	1.0%	6.1%	100%
95503	Eureka	2,016	70.7%	7.7%	3.5%	1.5%	4.0%	1.5%	2.4%	0.6%	8.1%	100%
95519	Mckinleyville	1,380	35.5%	42.2%	2.3%	1.5%	2.3%	1.4%	2.2%	2.3%	10.2%	100%
95540	Fortuna	1,320	30.4%	2.7%	47.2%	1.1%	3.7%	3.3%	1.5%	1.7%	8.3%	100%
95521	Arcata	1,043	29.4%	44.7%	1.8%	4.0%	3.9%	1.1%	2.3%	2.3%	10.5%	100%
95546	Hoopa	471	40.1%	39.3%	0.6%	1.9%	2.5%	1.5%	0.6%	4.5%	8.9%	100%
95502	Eureka	373	71.0%	8.3%	4.6%	2.1%	2.9%	1.9%	0.3%	0.5%	8.3%	100%
95562	Rio Dell	348	30.7%	1.1%	44.0%	3.2%	5.7%	3.2%	0.6%	1.1%	10.3%	100%
95573	Willow Creek	226	35.8%	38.5%	0.9%	1.3%	1.8%	1.3%	1.3%	2.7%	16.4%	100%
95536	Ferndale	224	34.4%	5.4%	30.4%	2.7%	7.6%	4.9%	4.5%	1.8%	8.5%	100%
95542	Garberville	206	26.7%	10.2%	17.5%	2.4%	6.8%	7.3%	1.5%	1.0%	26.7%	100%
95560	Redway	203	33.0%	5.9%	20.7%	1.0%	5.9%	8.4%	4.4%	1.0%	19.7%	100%
95570	Trinidad	175	33.1%	37.7%	1.1%	4.0%	3.4%	0.0%	5.1%	0.0%	15.4%	100%
95551	Loleta	161	34.8%	4.3%	31.7%	1.2%	2.5%	1.9%	2.5%	0.0%	21.1%	100%
95524	Bayside	152	46.1%	28.3%	2.6%	1.3%	5.3%	1.3%	2.6%	1.3%	11.2%	100%
95525	Blue Lake	134	35.1%	44.8%	1.5%	1.5%	2.2%	0.0%	0.7%	3.7%	10.4%	100%
95547	Hydesville	108	31.5%	6.5%	36.1%	0.9%	1.9%	6.5%	0.0%	1.9%	14.8%	100%
95518	Arcata	100	27.0%	51.0%	0.0%	3.0%	4.0%	2.0%	1.0%	3.0%	9.0%	100%
95565	Scotia	94	22.3%	1.1%	43.6%	2.1%	11.7%	3.2%	1.1%	1.1%	13.8%	100%
95528	Carlotta	88	25.0%	4.5%	51.1%	0.0%	8.0%	2.3%	0.0%	3.4%	5.7%	100%
95589	Whitethorn	88	29.5%	5.7%	22.7%	3.4%	5.7%	4.5%	2.3%	6.8%	19.3%	100%
95554	Myers Flat	67	31.3%	4.5%	43.3%	1.5%	1.5%	4.5%	0.0%	3.0%	10.4%	100%
95563	Salyer	61	29.5%	50.8%	1.6%	1.6%	6.6%	1.6%	1.6%	1.6%	4.9%	100%
95553	Miranda	59	40.7%	13.6%	13.6%	1.7%	3.4%	8.5%	6.8%	3.4%	8.5%	100%
95526	Bridgeville	58	22.4%	5.2%	25.9%	0.0%	8.6%	3.4%	0.0%	5.2%	29.3%	100%
95555	Orick	49	36.7%	46.9%	0.0%	0.0%	4.1%	2.0%	0.0%	0.0%	10.2%	100%
95564	Samoa	47	68.1%	12.8%	4.3%	0.0%	2.1%	2.1%	0.0%	0.0%	10.6%	100%
95549	Kneeland	46	63.0%	6.5%	0.0%	0.0%	4.3%	4.3%	0.0%	8.7%	13.0%	100%
95537	Fields Landing	45	77.8%	0.0%	6.7%	0.0%	2.2%	0.0%	0.0%	0.0%	13.3%	100%
95556	Orleans	37	35.1%	40.5%	0.0%	0.0%	5.4%	2.7%	0.0%	5.4%	10.8%	100%
95511	Alderpoint	31	19.4%	6.5%	29.0%	0.0%	6.5%	6.5%	0.0%	3.2%	29.0%	100%
95514	Blocksburg	29	41.4%	6.9%	17.2%	0.0%	0.0%	3.4%	0.0%	6.9%	24.1%	100%
95559	Phillipsville	24	29.2%	4.2%	25.0%	0.0%	0.0%	4.2%	0.0%	0.0%	37.5%	100%
95534	Cutten	23	65.2%	8.7%	0.0%	0.0%	8.7%	4.3%	0.0%	0.0%	13.0%	100%
95571	Weott	22	22.7%	9.1%	54.5%	9.1%	0.0%	4.5%	0.0%	0.0%	0.0%	100%
95558	Petrolia	18	27.8%	11.1%	16.7%	0.0%	11.1%	5.6%	11.1%	5.6%	11.1%	100%
95569	Redcrest	16	37.5%	6.3%	37.5%	0.0%	0.0%	0.0%	0.0%	0.0%	18.8%	100%
95545	Honeydew	14	42.9%	7.1%	7.1%	0.0%	14.3%	0.0%	0.0%	0.0%	28.6%	100%
95532	Crescent City	12	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	83.3%	100%
95550	Korbel	11	18.2%	27.3%	0.0%	0.0%	18.2%	0.0%	0.0%	0.0%	36.4%	100%
<b>Total Percentage</b>			<b>47.8%</b>	<b>17.5%</b>	<b>12.0%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>2.1%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>9.9%</b>	<b>100%</b>
<b>Total Discharges</b>		<b>12,240</b>	<b>5,852</b>	<b>2,136</b>	<b>1,465</b>	<b>457</b>	<b>452</b>	<b>261</b>	<b>212</b>	<b>198</b>	<b>1,207</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- St. Joseph Hospital-Eureka is the market share leader in 21 of the service area ZIP Codes. In seven of these ZIP Codes, represented by these seven ZIP Codes include Eureka, Samoa, Kneeland, Fields Landing, and Cutten, St. Joseph Hospital-Eureka had over 60% of the market share in 2014; and

- Mad River Community Hospital is the market share leader in the communities of Mckinleyville, Arcata, Willow Creek, Trinidad, Blue Lake, Salyer, Orick, Orleans, and Korbel.

### ***Service Availability by Bed Type***

Using FY 2014 data, the tables on the following pages show St. Joseph Hospital-Eureka’s existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive/coronary care, obstetrics, neonatal intensive care, rehabilitation, and emergency services.

### ***Medical/Surgical Capacity Analysis***

The medical/surgical beds within St Joseph Hospital-Eureka’s service area operated at an overall occupancy rate of nearly 40%. St. Joseph Hospital-Eureka’s 147 licensed medical/surgical beds<sup>17</sup> represented approximately 64% of the beds in this category for the service area.

MEDICAL/SURGICAL BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Joseph Hospital - Eureka	-	X	147	5,379	24,658	68	46.0%
Mad River Community Hospital	11.9	X	60	1,766	5,401	15	24.7%
Redwood Memorial Hospital	20.8	X	23	949	3,186	9	38.0%
<b>TOTAL</b>			<b>230</b>	<b>8,094</b>	<b>33,245</b>	<b>91</b>	<b>39.6%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- St. Joseph Hospital-Eureka reported 5,379 hospital discharges and 24,658 patient days, resulting in an occupancy rate of 46% of the 147 beds and an average daily census of 68 patients.

<sup>17</sup> Since FY 2014, St. Joseph Hospital-Eureka reduced its bed licensure and is currently licensed for 102 medical/surgical beds.

## ***Intensive Care Unit/Coronary Care Unit Capacity Analysis***

There were 18 intensive care unit/coronary care unit beds within the service area, and they operated at an overall occupancy rate of approximately 52%. St. Joseph Hospital-Eureka’s eight intensive care beds<sup>18</sup> reported an average occupancy rate of nearly 52% and an average daily census of four patients.

<b>INTENSIVE CARE UNIT/CORONARY CARE UNIT BEDS FY 2014</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>
St. Joseph Hospital - Eureka	-	X	8	95	1,505	4	51.5%
Mad River Community Hospital	11.9	X	6	156	1,135	3	51.8%
Redwood Memorial Hospital	20.8	X	4	134	784	2	53.7%
<b>TOTAL</b>			<b>18</b>	<b>385</b>	<b>3,424</b>	<b>9</b>	<b>52.1%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- The hospitals within the service area reported 3,424 patient days and an average daily census of nine patients;
- St. Joseph Hospital-Eureka provided approximately 44% of the service area’s intensive care/coronary care beds; and
- St. Joseph Hospital-Eureka accounted for nearly 25% of the service area’s intensive care/coronary care discharges.

<sup>18</sup> Since FY 2014, St. Joseph Hospital-Eureka increased its bed licensure by adding four coronary care beds. St. Joseph Hospital-Eureka is also licensed for an additional eight intensive care beds that are currently in suspense.

## Obstetrics Capacity Analysis

As shown below, there were 34 obstetric beds located in the service area with an aggregate occupancy rate of approximately 30%. St. Joseph Hospital-Eureka reported 14 licensed obstetric beds<sup>19</sup> with an occupancy rate of nearly 30% and an average daily census of four patients.

OBSTETRICS BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Joseph Hospital - Eureka	-	X	14	624	1,515	4	29.6%
Mad River Community Hospital	11.9	X	12	653	1,423	4	32.5%
Redwood Memorial Hospital	20.8	X	8	368	722	2	24.7%
<b>TOTAL</b>			<b>34</b>	<b>1,645</b>	<b>3,660</b>	<b>10</b>	<b>29.5%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- St. Joseph Hospital-Eureka provided approximately 41% of licensed obstetrics beds within its service area, and reported nearly 38% of the service area's 1,645 discharges; and
- Hospitals within the service area had available capacity, with occupancy rates ranging from nearly 25% at Redwood Memorial Hospital to approximately 33% at Mad River Community Hospital.

## Neonatal Intensive Care Unit Capacity Analysis

St. Joseph Hospital-Eureka was the only provider of licensed neonatal intensive care beds within the service area.

NEONATAL INTENSIVE CARE BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Joseph Hospital - Eureka	-	X	5	65	453	1.2	24.8%
Mad River Community Hospital	11.9	X	-	-	-	-	-
Redwood Memorial Hospital	20.8	X	-	-	-	-	-
<b>TOTAL</b>			<b>5</b>	<b>65</b>	<b>453</b>	<b>1.2</b>	<b>24.8%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- St. Joseph Hospital-Eureka reported five licensed neonatal intensive care beds, with an occupancy rate of approximately 25% and an average daily census of one patient; and
- The next closest provider of neonatal intensive care services is located over 150 miles from St. Joseph Hospital-Eureka.

<sup>19</sup> Since FY 2014, St. Joseph Hospital-Eureka reduced its bed licensure and is currently licensed for 11 obstetrics beds.

## Rehabilitation Capacity Analysis

St. Joseph Hospital-Eureka was the only provider of licensed rehabilitation beds within the service area. St. Joseph Hospital-Eureka has 15 licensed rehabilitation beds that were approximately 47% occupied on average, with an average daily census of seven patients. St. Joseph Hospital-Eureka is planning on moving its rehabilitation services to Redwood Memorial Hospital. Under this proposed plan, Redwood Memorial Hospital will be licensed for 10 rehabilitation beds.

REHABILITATION BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
St. Joseph Hospital - Eureka	-	X	15	188	2,586	7	47.2%
Mad River Community Hospital	11.9	X	-	-	-	-	-
Redwood Memorial Hospital	20.8	X	-	-	-	-	-
<b>TOTAL</b>			<b>15</b>	<b>188</b>	<b>2,586</b>	<b>7</b>	<b>47.2%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

## Emergency Department Volume at Hospitals in the Service Area

In 2014, St. Joseph Hospital-Eureka had 20 emergency treatment stations. In total, there were 35 treatment stations among all service area hospitals. St. Joseph Hospital-Eureka reported 30,939 visits, totaling approximately 51% of all visits among the service area hospitals (60,421 visits).

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

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2014												
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/ Threat	Percentage Admitted	Hours of Diversion
St. Joseph Hospital - Eureka	-	X	Basic	20	30,929	2,882	4,215	12,306	9,813	1,713	13.0%	-
Mad River Community Hospital	11.9	X	Basic	7	17,558	1,960	3,402	6,734	5,280	212	7.2%	-
Redwood Memorial Hospital	20.8	X	Basic	8	11,934	810	2,017	5,799	2,668	640	5.8%	-
<b>TOTAL</b>				<b>35</b>	<b>60,421</b>	<b>5,652</b>	<b>9,634</b>	<b>24,839</b>	<b>17,761</b>	<b>2,565</b>	<b>8.7%</b>	<b>-</b>

Source: OSHPD Alirts Annual Utilization Reports, 2014; Google Maps

- In 2014, 13% of St. Joseph Hospital-Eureka's emergency department visits resulted in admission to the hospital; and
- None of the service area hospitals went on diversion<sup>20</sup> in 2014.

<sup>20</sup> A hospital goes on diversion when there are not enough beds or staff available in the emergency room or the hospital itself to adequately care for patients. When a hospital goes on diversion, it notifies the area Emergency Medical Services Agency so that patients can be transported to other area hospitals with sufficient capacity.

## Emergency Department Capacity

Industry sources, including the American College of Emergency Physicians, have used a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an emergency department. Based upon this benchmark, in 2014, St. Joseph Hospital-Eureka’s emergency department was operating at nearly 77% of its 20-bed capacity. Comparatively, Redwood Memorial Hospital was operating at nearly 75% of its eight-bed capacity. Mad River Community Hospital was overcapacity, operating at approximately 125% of its seven-bed capacity. Overall, the service area hospitals’ emergency departments operated at approximately 86% capacity in 2014.

EMERGENCY DEPARTMENT CAPACITY 2014							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
St. Joseph Hospital - Eureka	-	X	Basic	20	30,929	40,000	9,071
Mad River Community Hospital	11.9	X	Basic	7	17,558	14,000	(3,558)
Redwood Memorial Hospital	20.8	X	Basic	8	11,934	16,000	4,066
<b>TOTAL</b>				<b>35</b>	<b>60,421</b>	<b>70,000</b>	<b>9,579</b>

Source: OSHPD Alirts Annual Utilization Reports, 2014; Google Maps

## PROFILE OF REDWOOD MEMORIAL HOSPITAL

### Overview of Redwood Memorial Hospital

St. Joseph Health System operates Redwood Memorial Hospital, a 35 licensed-bed general acute care hospital, located at 3300 Renner Drive in Fortuna. Redwood Memorial Hospital has a “basic” emergency department with eight licensed treatment stations. It also has three surgical operating rooms and provides surgical, radiology, and critical care services.

BED DISTRIBUTION 2015	
Bed Type	Number of Beds
General Acute Care	23
Intensive Care	4
Perinatal	8
<b>Total General Acute Care Beds</b>	<b>35</b>

Source: Hospital License 2015

Eight of Redwood Memorial Hospital’s 23 licensed general acute care beds and two of Redwood Memorial Hospital’s eight licensed obstetrics beds are currently in suspense. In total, 25 of Redwood Memorial Hospital’s 35 licensed general acute care beds are currently in operation. As a 25 licensed-bed provider of rural healthcare services, Redwood Memorial Hospital is designated as a Critical Access Hospital<sup>21</sup>.

### Redwood Memorial Hospital Foundation

Redwood Memorial Hospital Foundation provides financial support through philanthropy for Redwood Memorial Hospital. Redwood Memorial Hospital Foundation raises funds through charitable donations and planned gifts that are used for capital needs, program needs, health education, and support for new programs. In recent years, the funds raised by Redwood Memorial Hospital Foundation have supported the purchasing of a 32-slice Computed Tomography (CT) scanner and digital mammography equipment.

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<sup>21</sup> A Critical Access Hospital is a type of rural community hospital that receives special cost-based reimbursement. To be designated as a Critical Access Hospital, a rural hospital must have no more than 25 inpatient beds, maintain an annual average length of stay of no more than 96 hours for acute inpatient care, offer 24-hour, 7-day-a-week emergency care, and be located in a rural area at least 35 miles drive away from any other hospital (distance can be shorter in some circumstances, such as with Redwood Memorial Hospital).



## Key Statistics

KEY STATISTICS: FY 2012 - 2014			
	2012	2013	2014
Inpatient Discharges	1,540	1,612	1,451
Licensed Beds	35	35	35
Patient Days	5,470	5,329	4,692
Average Daily Census	15	15	13
Occupancy	42.8%	41.7%	36.7%
Average Length of Stay	3.6	3.3	3.2
Emergency Services Visits <sup>1</sup>	12,823	11,963	11,934
Cardiac Catheterization Procedures <sup>1</sup>	-	-	-
Coronary Artery Bypass Graft (CABG) Surgeries	-	-	-
Total Live Births	348	394	293

Medical Staff	140
Employees (Full-Time Equivalents) <sup>2</sup>	159

Sources: OSHPD Disclosure Reports, FY 2012-2014

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

<sup>2</sup> St. Joseph Health System

In FY 2014, Redwood Memorial Hospital had a total of 1,451 inpatient discharges, 4,692 patient days, and an average daily census of 13 patients (approximately 37% occupancy on the total licensed beds).

- Since FY 2012, both inpatient discharges and patient days have decreased by approximately 6% and 14%, respectively;
- In FY 2014, Redwood Memorial Hospital reported approximately 11,900 emergency department visits, a 7% decrease since FY 2012; and
- Between FY 2012 and FY 2014, total live births at Redwood Memorial Hospital have decreased by 16% from 348 to 293 births.

## ***Programs & Services***

Redwood Memorial Hospital offers various medical services, including emergency, surgery, radiology, critical care, and outpatient rehabilitation services.

- Emergency services include: 24-hour “basic” emergency department services, including 20 treatment stations to treat adult, pediatric, psychiatric, cardiac, and respiratory emergencies;
- Outpatient rehabilitation services include: Physical therapy, speech therapy, and occupational therapy services;
- Radiology services include: CT, radiology, ultrasound, digital mammography, and bone density services; and
- Surgical services include: General surgery, vascular surgery, orthopedics, ophthalmology, and endoscopic services, and post-anesthesia care unit services.

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

Redwood Memorial Hospital is currently accredited by the Healthcare Facilities Accreditation Program. Redwood Memorial Hospital has received awards and accolades as a provider of quality care, including:

- The 2009 Avatar Award for exemplary service in exceeding patient expectations by Avatar International, a research and consulting firm; and
- Recognition as one of the nation’s Top Healing Hospitals in 2008 by Baptist Healing Trust for promoting the best healing environment possible.

## Quality Measures

The following table shows Redwood Memorial Hospital's most recent scores as reported by Hospital Compare for each of the measures within the four domains in comparison to the statewide and national averages:

QUALITY SCORES COMPARISON				
Domain	Measure	Redwood Memorial Hospital	California Average	National Average
Clinical Process of Care Domain	Average of Acute Myocardial Infarction, Heart Failure, Pneumonia, Surgical Care Improvement & Healthcare Associated Infection Measures	85.0%	97.6%	97.3%
Patient Experience of Care Domain	Average of Measures for the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey	-	67.0%	71.0%
Outcome Domain	Average of Outcome Measures for Acute Myocardial Infarction, Heart Failure & Pneumonia 30-Day Mortality Rates & Central-Line Bloodstream Infection Rates	12.8%	12.1%	12.4%
Efficiency Domain	Medicare Spending per Beneficiary Ratio	-	0.99	0.98

Source: Medicare.gov Hospital Compare, 2015

- For the clinical process of care domain, Redwood Memorial Hospital scored significantly below (85.0%) the California average (97.6%) and the national average (97.3%); and
- Within the outcome domain, Redwood Memorial Hospital has a slightly higher 30-day mortality rate and central-line bloodstream infection rate (12.8%) than the California average (12.1%) and national average (12.4%).

In FY 2014 and FY 2015, Redwood Memorial Hospital was not assessed by the Centers for Medicare & Medicaid Services for the Hospital Readmissions Reduction Program. The following table shows Redwood Memorial Hospital's 30-day readmission rates for heart failure and pneumonia patients relative to the California and national averages:

30-DAY READMISSION RATES			
Condition	Redwood Memorial Hospital	National Average	California Average
Heart Attack	-	17.0%	17.0%
Heart Failure	20.3%	22.0%	22.1%
Pneumonia	15.1%	16.9%	16.9%
<b>Average 30-Day Readmission Rate</b>	<b>17.7%</b>	<b>18.6%</b>	<b>18.6%</b>

Source: IPRO & Medicare.gov Hospital Compare, 2015

- For measures of heart failure 30-day readmission rates and pneumonia 30-day readmission rates, Redwood Memorial Hospital had fewer 30-day readmissions (17.7%) than the national and statewide averages of 19.5%.

## Seismic Issues

Using the HAZUS seismic criteria, Redwood Memorial Hospital’s structures subject to seismic compliance have been classified according to the California Senate Bill 1953 Seismic Safety Act for the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC), as shown in the table below. These classifications require that Redwood Memorial Hospital’s structures undergo construction to comply with OSHPD’s seismic safety standards.

SEISMIC OVERVIEW		
Building	SPC Compliance Status	NPC Compliance Status
1) Original Building	SPC-2	NPC-3
2) O.B. Addition	SPC-5	NPC-3
3) Generator Building	SPC-5	NPC-4
4) East Wing Expansion	SPC-5	NPC-3
5) E. Wing Canopy	SPC-4	NPC-3

Source: OSHPD

- One building at Redwood Memorial Hospital, the Original Building, is rated as SPC-2. This building must be seismically retrofitted by January 1, 2030 in order to continue to be used for the delivery of acute care services.

## Patient Utilization Trends

The following table shows volume trends at Redwood Memorial Hospital from FY 2010 through FY 2014:

SERVICE VOLUMES: FY 2010-2014					
PATIENT DAYS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Medical/Surgical	4,196	3,903	3,926	3,591	3,186
Intensive Care	858	978	756	859	784
Obstetrics	838	735	788	879	722
<b>Total</b>	<b>5,892</b>	<b>5,616</b>	<b>5,470</b>	<b>5,329</b>	<b>4,692</b>
DISCHARGES					
Medical/Surgical	1,111	1,067	1,055	1,047	949
Intensive Care	123	101	91	120	134
Obstetrics	409	363	394	445	368
<b>Total</b>	<b>1,643</b>	<b>1,531</b>	<b>1,540</b>	<b>1,612</b>	<b>1,451</b>
AVERAGE LENGTH OF STAY					
Medical/Surgical	3.8	3.7	3.7	3.4	3.4
Intensive Care	7.0	9.7	8.3	7.2	5.9
Obstetrics	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>3.6</b>	<b>3.7</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>
AVERAGE DAILY CENSUS					
Medical/Surgical	11.5	10.7	10.8	9.8	8.7
Intensive Care	2.4	2.7	2.1	2.4	2.1
Obstetrics	2.3	2.0	2.2	2.4	2.0
<b>Total</b>	<b>16.1</b>	<b>15.4</b>	<b>15.0</b>	<b>14.6</b>	<b>12.9</b>
OTHER SERVICES					
Inpatient Surgeries	573	484	475	417	355
Outpatient Surgeries	1,985	2,821	2,689	2,306	2,183
Emergency Services Visits <sup>1</sup>	11,385	11,814	12,823	11,963	11,934
Obstetric Deliveries	391	357	348	394	293

Sources: OSHPD Disclosure Reports, FY 2010-2014

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

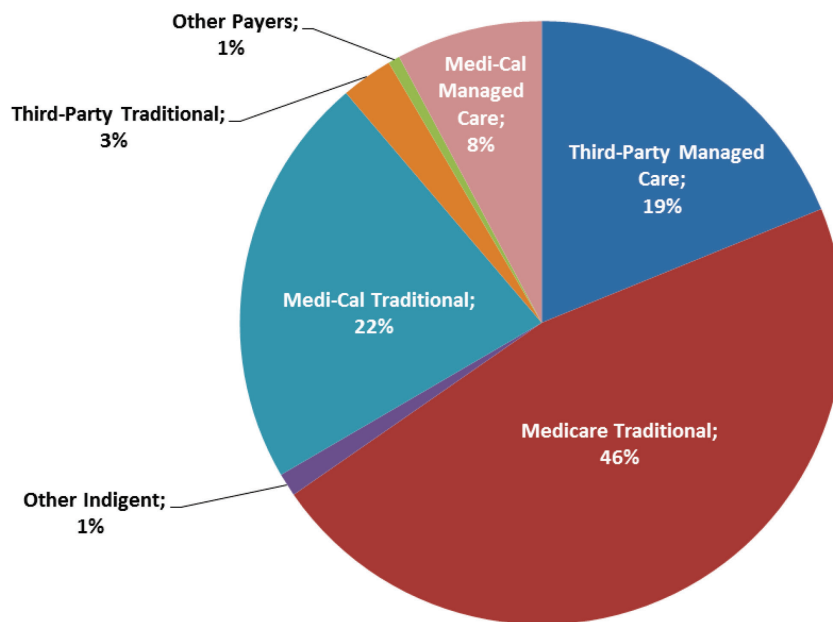
A review of historical utilization trends supports the following conclusions:

- Total patient days have decreased by 25% over the five-year period;
- Inpatient discharges have decreased 12% from 1,643 in FY 2010 to 1,451 in FY 2014;
- In FY 2014, Redwood Memorial Hospital reported an average daily census of 13 patients; and
- Obstetric deliveries have decreased 25% from 293 in FY 2010 to 391 in FY 2014.

## Payer Mix

In FY 2014, approximately 46% of Redwood Memorial Hospital's inpatient payer mix consisted of Medicare Traditional patients and approximately 30% consisted of Medi-Cal Traditional (22%) and Medi-Cal Managed Care (8%) patients. Approximately 22% of Redwood Memorial Hospital's inpatient payer mix consisted of Third-Party Managed Care (19%) and Third-Party Traditional (3%) patients. The remaining 2% of the inpatient discharges consisted of Other Payers\* (1%) and Other Indigent (1%) patients.

**Redwood Memorial Hospital Payer Mix, FY 2014**



**Total Discharges = 1,451**

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

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

The following table illustrates Redwood Memorial Hospital's inpatient discharge payer mix compared to Humboldt County and the State of California for FY 2014. The comparison shows that Redwood Memorial Hospital has higher percentages of Medi-Cal Traditional patients and lower percentages of Medicare Managed Care patients relative to other hospitals in Humboldt County and California.

PAYER MIX COMPARISON						
	Redwood Memorial Hospital (FY 2014)		Humboldt County (FY 2014)		California (FY 2014)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	320	22.1%	2,089	21.2%	448,311	15.8%
Medi-Cal Managed Care	113	7.8%	662	6.7%	435,129	15.3%
<b>Medi-Cal Total</b>	<b>433</b>	<b>29.8%</b>	<b>2,751</b>	<b>28.0%</b>	<b>883,440</b>	<b>31.1%</b>
Medicare Traditional	671	46.2%	4,619	47.0%	805,912	28.4%
Medicare Managed Care	6	0.4%	83	0.8%	273,709	9.6%
<b>Medicare Total</b>	<b>677</b>	<b>46.7%</b>	<b>4,702</b>	<b>47.8%</b>	<b>1,079,621</b>	<b>38.0%</b>
Third-Party Managed Care	272	18.7%	1,405	14.3%	610,781	21.5%
<b>Third-Party Managed Care Total</b>	<b>272</b>	<b>18.7%</b>	<b>1,405</b>	<b>14.3%</b>	<b>610,781</b>	<b>21.5%</b>
Third-Party Traditional	40	2.8%	682	6.9%	121,054	4.3%
Other Payers	9	0.6%	138	1.4%	62,617	2.2%
Other Indigent	18	1.2%	78	0.8%	32,930	1.2%
County Indigent	2	0.1%	77	0.8%	51,759	1.8%
<b>Other Total</b>	<b>69</b>	<b>4.8%</b>	<b>975</b>	<b>9.9%</b>	<b>268,360</b>	<b>9.4%</b>
<b>Total</b>	<b>1,451</b>	<b>100%</b>	<b>9,833</b>	<b>100%</b>	<b>2,842,202</b>	<b>100%</b>

Source: OSHPD Disclosure Reports, FY 2014

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

Redwood Memorial Hospital is currently contracted with Partnership Health Plan of California, the County Organized Health System plan in Humboldt County, to provide services for Medi-Cal Managed Care patients.

### ***Medical Staff***

Redwood Memorial Hospital has 140 members of the medical staff representing multiple specialties. The three largest specialties comprising 46% of the medical staff include: teleradiology, emergency medicine, and family medicine. Of the 140 members of the medical staff, 27 members are considered "active" users of Redwood Memorial Hospital (representing approximately 19% of the medical staff).

Redwood Memorial Hospital is affiliated with Humboldt Medical Specialists, a medical group that exclusively contracts with St. Joseph Heritage Healthcare. Humboldt Medical Specialists is comprised of over 50 providers who offer primary care and specialty care services.

MEDICAL STAFF PROFILE 2016					
Specialty	Count	% of Total	Specialty	Count	% of Total
Anesthesiology	3	2.1%	Neurology	3	2.1%
Cardiology	5	3.6%	Nurse Practitioner	1	0.7%
Certified Nurse Midwife	3	2.1%	Obstetrics & Gynecology	3	2.1%
Certified Registered Nurse Anesthetist	1	0.7%	Ophthalmology	3	2.1%
Critical Care	1	0.7%	Orthopedic Surgery	9	6.4%
Dentistry	1	0.7%	Otolaryngology	1	0.7%
Dermatology	1	0.7%	Palliative Medicine	1	0.7%
Diagnostic Radiology	3	2.1%	Pathology	4	2.9%
Emergency Medicine	24	17.1%	Pediatrics	3	2.1%
Family Medicine	12	8.6%	Podiatry	1	0.7%
General Surgery	8	5.7%	Psychiatry	1	0.7%
Hematology Oncology	1	0.7%	Pulmonary Disease	1	0.7%
Hospitalist	5	3.6%	Radiation Oncology	2	1.4%
Infectious Disease	1	0.7%	Radiology	2	1.4%
Internal Medicine	2	1.4%	Telemedicine	5	3.6%
Interventional Cardiology	1	0.7%	Teleradiology	28	20.0%
<b>Total Medical Staff</b>	<b>140</b>				

Source: Redwood Memorial Hospital

## Unionized Employees

Redwood Memorial Hospital has a CBA with California Nurses Association that covers 60 employees. Redwood Memorial Hospital also has a CBA with National Union of Healthcare Workers that represents 119 employees. Both of the CBAs are currently under negotiation.

In total, approximately 94% of Redwood Memorial Hospital's employees are covered by CBAs.

EMPLOYEES REPRESENTED BY UNIONS	
Union	Total
California Nurses Association	60
National Union of Healthcare Workers	119
<b>Total Employees Represented by Unions</b>	<b>179</b>
Total Non-Union Employees	12
<b>Total Employees</b>	<b>191</b>
<b>Total Percentage of Employees Represented by Unions</b>	<b>94%</b>

Source: St. Joseph Health System



## Financial Profile

Over the five reported fiscal years, Redwood Memorial Hospital has maintained a positive net income ranging from \$5.1 million in FY 2010 to \$10.3 million in FY 2014. Net patient revenue has increased by 10% from \$35.5 million in FY 2010 to \$39.1 million in FY 2014. Over the same period, Redwood Memorial Hospital's total operating expenses have increased by 11% from \$32.6 million to \$36.0 million. Net non-operating revenue, totaling more nearly \$17.3 million over the course of the five-year period, has served to offset these increased operating expenses.

Redwood Memorial Hospital's current asset-to-liability ratio has increased over the last five years from 3.57 in FY 2010 to 4.20 in FY 2014 (California's 2014 average was 1.72). Redwood Memorial Hospital's percentage of bad debt is approximately 2.2% and is higher than the statewide average of 1.3%.

FINANCIAL AND RATIO ANALYSIS: FY 2010-2014						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	-
Patient Days	5,892	5,616	5,470	5,329	4,692	-
Discharges	1,643	1,531	1,540	1,612	1,451	-
ALOS	3.6	3.7	3.6	3.3	3.2	-
Net Patient Revenue	\$35,487,111	\$40,825,473	\$44,348,780	\$42,234,959	\$39,113,836	-
Other Operating Revenue	\$177,213	\$176,509	\$1,036,962	\$987,533	\$952,731	-
Total Operating Revenue	\$35,664,324	\$41,001,982	\$45,385,742	\$43,222,492	\$40,066,567	-
Operating Expenses	\$32,558,388	\$34,600,700	\$39,100,228	\$36,763,343	\$36,044,529	-
Net from Operations	\$3,105,936	\$6,401,282	\$6,285,514	\$6,459,149	\$4,022,038	-
Net Non-Operating Revenue	\$2,752,156	\$4,476,602	\$606,127	\$3,167,350	\$6,258,990	-
Net Income	\$5,137,072	\$10,190,723	\$5,979,438	\$8,872,929	\$10,269,169	-
						2014 California Average
Current Ratio	3.57	3.64	7.67	3.85	4.20	1.72
Days in A/R	50.9	46.9	34.7	46.2	60.2	62.2
Bad Debt Rate	3.3%	3.2%	2.4%	3.5%	2.2%	1.3%
Operating Margin	8.7%	15.6%	13.8%	14.9%	10.0%	2.48%

Source: OSHPD Disclosure Reports, FY 2010-2014

## Cost of Hospital Services

Redwood Memorial Hospital's operating cost of services includes both inpatient and outpatient care. In FY 2014, approximately 44% of total costs were associated with Medicare patients, 29% with Third Party payers, and 23% with Medi-Cal patients. The remaining 4% is attributed to Other Indigent (2%) and Other Payers (2%). In FY 2014, 40% of the total costs for all of the hospitals in California were associated with Medicare patients, 26% with Medi-Cal patients, 2% with County Indigent, 29% with Third Party, 1% with Other Indigent, and 2% with Other Payers.

COST OF SERVICES					
BY PAYER CATEGORY FY 2010-2014					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Operating Expenses	\$32,558,388	\$34,600,700	\$39,100,228	\$36,763,343	\$36,044,529
<b>Cost of Services By Payer:</b>					
Medicare	\$14,557,630	\$15,854,913	\$18,038,854	\$16,353,950	\$15,813,209
Medi-Cal	\$6,823,362	\$7,675,333	\$7,635,283	\$7,071,433	\$8,294,254
County Indigent	\$1,127,719	\$1,596,534	\$1,438,356	\$1,840,609	\$17,652
Third Party	\$7,616,981	\$6,922,395	\$9,291,056	\$8,642,799	\$10,571,900
Other Indigent	\$500,720	\$706,333	\$844,137	\$673,450	\$541,029
Other Payers	\$1,931,977	\$1,845,192	\$1,852,543	\$2,181,102	\$806,486

Source: OSHPD Disclosure Reports, FY 2010-2014

## Charity Care

According to OSHPD, Redwood Memorial Hospital's charity care charges have decreased from \$3.5 million in FY 2011 to \$2.6 million in FY 2015. The five-year average for charity care charges was approximately \$3.4 million.

CHARITY CARE	
TOTAL CHARGES: FY 2011-2015	
Year	OSHPD Disclosure Reports
2015	\$2,603,841
2014	\$3,294,618
2013	\$3,752,280
2012	\$3,786,510
2011	\$3,491,643
<b>5-Year Average</b>	<b>\$3,385,778</b>

Source: OSHPD Disclosure Reports, FY 2011-2015

The following table shows a comparison of charity care and bad debt for Redwood Memorial Hospital and all general acute care hospitals in the State of California. The five-year (FY 2011-FY 2015) average of charity care and bad debt for Redwood Memorial Hospital, as a percentage of gross patient revenue, was 4.9%. This is higher than the four-year statewide average of 3.5%.

CHARITY CARE COMPARISON										
CHARITY CARE - FY 2011 to FY 2015										
(Millions)										
	2011		2012		2013		2014		2015	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$128.41	\$288,636.7	\$145.7	\$303,278.6	\$154.38	\$317,543.8	\$158.13	\$337,773.16	\$181.17	-
Charity	\$3.49	\$6,171.5	\$3.79	\$6,251.0	\$3.75	\$6,209.9	\$3.29	\$4,571.00	\$2.60	-
Bad Debt	\$4.05	\$4,815.5	\$3.43	\$5,007.6	\$5.37	\$5,549.5	\$3.44	\$4,420.44	\$3.34	-
<b>Total</b>	<b>\$7.54</b>	<b>\$10,987.0</b>	<b>\$7.22</b>	<b>\$11,258.6</b>	<b>\$9.12</b>	<b>\$11,759.4</b>	<b>\$6.74</b>	<b>\$8,991.45</b>	<b>\$5.94</b>	<b>-</b>
Charity as a % of Gross Rev.	2.7%	2.1%	2.6%	2.1%	2.4%	2.0%	2.1%	1.4%	1.4%	-
Bad Debt as a % of Gross Rev.	3.2%	1.7%	2.4%	1.7%	3.5%	1.7%	2.2%	1.3%	1.8%	-
Total as a % of Gross Rev.	5.9%	3.8%	5.0%	3.7%	5.9%	3.7%	4.3%	2.7%	3.3%	-
<b>Uncompensated Care</b>										
Cost to Charge Ratio	26.8%	24.6%	26.1%	24.6%	23.2%	24.4%	22.2%	23.5%	20.6%	-
Cost of Charity	\$0.9	\$1,520.9	\$1.0	\$1,539.1	\$0.9	\$1,514.6	\$0.7	\$1,074.2	\$0.5	-
Cost of Bad Debt	\$1.1	\$1,186.8	\$0.9	\$1,232.9	\$1.2	\$1,353.5	\$0.8	\$1,038.8	\$0.7	-
<b>Total</b>	<b>\$2.0</b>	<b>\$2,707.7</b>	<b>\$1.9</b>	<b>\$2,772.0</b>	<b>\$2.1</b>	<b>\$2,868.1</b>	<b>\$1.5</b>	<b>\$2,113.0</b>	<b>\$1.2</b>	<b>-</b>

Source: OSHPD Disclosure Reports, 2011-2015

The table below shows Redwood Memorial Hospital's historical costs for charity care as reported by OSHPD. Redwood Memorial Hospital's charity care costs have decreased from approximately \$936,000 in FY 2011 to \$536,000 in FY 2015. The average cost of charity care for the last five-year period was approximately \$812,000.

COST OF CHARITY CARE				
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital	Percent of Total Costs Represented by Charity Care
FY 2015	\$2,603,841	20.6%	\$536,391	1.4%
FY 2014	\$3,294,618	22.2%	\$731,156	2.0%
FY 2013	\$3,752,280	23.2%	\$869,546	2.4%
FY 2012	\$3,786,510	26.1%	\$989,363	2.5%
FY 2011	\$3,491,643	26.8%	\$936,019	2.7%
<b>5-Year Average</b>	<b>\$3,385,778</b>		<b>\$812,495</b>	

Source: OSHPD Disclosure Reports, 2011-2015

Redwood Memorial Hospital reported the following combined distribution of charity care by inpatient, outpatient, and emergency room charges:

COST OF CHARITY CARE BY SERVICE				
	Inpatient	Outpatient	Emergency Room	Total Costs
<b>2015:</b>				
Cost of Charity	\$177,507	\$115,456	\$279,161	\$572,124
Visits/Discharges	156	903	1,340	
<b>2014:</b>				
Cost of Charity	\$718,296	\$2,856	\$2,707	\$723,860
Visits/Discharges	106	752	1,281	
<b>2013:</b>				
Cost of Charity	\$863,817	-	-	\$863,817
Visits/Discharges	84	1,688	1,832	
<b>2012:</b>				
Cost of Charity	\$755,492	-	-	\$755,492
Visits/Discharges	132	1,674	2,061	
<b>2011:</b>				
Cost of Charity	\$903,994	-	-	\$903,994
Visits/Discharges	116	1,938	2,106	

Source: St. Joseph Health System

Note: Cost of Charity Unavailable for Outpatient and Emergency Room for FY 2011-2013

### Community Benefit Services

Redwood Memorial Hospital has consistently provided a contribution to community benefit services. As shown in the table below, the average annual cost of community benefit services over the past five fiscal years has been \$820,324 per year.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	5-Year	
						Average	Total
Benefits for Persons Living in Poverty	\$472,504	\$477,765	\$303,668	\$412,217	\$576,469	\$448,525	\$2,242,623
Benefits for Broader Community	\$506,825	\$350,876	\$458,204	\$305,757	\$237,335	\$371,799	\$1,858,997
<b>Total</b>	<b>\$979,329</b>	<b>\$828,641</b>	<b>\$761,872</b>	<b>\$717,974</b>	<b>\$813,804</b>	<b>\$820,324</b>	<b>\$4,101,620</b>

Source: Redwood Memorial Hospital

Note: Community Benefit programs and services excludes grants

- Redwood Memorial Hospital’s five-year average cost of community benefit services for persons living in poverty is nearly \$450,000 per year;
- Redwood Memorial Hospital’s five-year average cost of community benefit services for the broader community is approximately \$372,000 per year; and

- Over the past five fiscal years, Redwood Memorial Hospital’s combined total cost of community benefits has decreased from a high of \$980,000 in FY 2011 to a low of approximately \$718,000 in FY 2014.

Redwood Memorial Hospital’s community benefit services over the past five fiscal years included the following programs over \$10,000:

COST OF COMMUNITY BENEFIT SERVICES FY 2011-2015					
Services over \$10,000 in cost:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Advocacy Efforts for the Community	\$55,026	\$57,207	\$64,745	-	\$15,327
Basic Needs Donations	-	-	-	\$28,575	\$137,234
Care for the Poor Community Grants	-	-	-	\$56,000	\$65,800
Career Training and Support Services	\$261,473	\$173,541	\$246,127	-	-
Cash Donations or Sponsorships for the Poor	-	-	-	-	\$101,198
Children's Services and Outreach at Schools and in Community	-	-	-	\$10,896	-
Community Building	-	-	-	-	\$25,812
Community Collaboratives, Partnerships and Organizations	\$17,984	\$30,063	\$26,899	-	\$20,433
Community Education & Outreach for the Community	-	\$17,416	\$18,801	-	-
Community Resource Centers (CRCs)	\$283,519	\$160,849	\$98,737	\$264,629	\$181,653
Donations to Non Profits, Individuals	\$57,899	\$43,208	\$71,106	\$16,770	-
Food Bank, Clothing, and Housing Assistance and Donation	\$42,674	\$63,553	\$58,750	-	-
Food Donations to Families in Need	\$57,414	\$22,317	\$45,149	-	-
Health Fairs	-	-	-	\$13,036	\$17,571
Health Screening, Education, and Expo's	\$23,837	\$33,833	-	-	-
Healthy Families and Medical Application Assistance	\$10,962	-	-	-	-
Hispanic Outreach	\$96,180	\$35,090	\$42,831	\$36,147	-
Homeless Support and Outreach	-	-	-	-	\$10,344
Intern Program for Allied Professionals	-	-	-	\$36,420	\$10,725
Job Training and Education Event for Poor to Re-Enter Workforce	\$24,354	-	-	-	\$19,072
Nursing Student Mentoring	-	-	-	\$58,729	\$60,922
Partner with Local Communities to Increase Youth Access	\$17,666	-	\$16,291	-	-
Partner with Schools to Provide Support for Underfunded Activities	-	\$19,335	-	-	-
Paso a Paso Program	-	-	-	-	\$50,262
Process of Grant Funding through Care for Poor Funds	\$62,500	-	-	-	-
School Collaboration	-	-	\$20,146	-	-
Support Groups	-	-	\$13,188	\$17,704	\$27,411
Telephone/Fax/Computer Access	\$35,795	\$29,676	\$46,291	-	\$60,480
Transportation Support and Assistance to Poor and Gas, etc.	\$23,747	\$32,739	\$24,277	-	\$25,615

Source: Redwood Memorial Hospital

Note: Includes only Community Benefit Expenses to Redwood Memorial Hospital before Grants and Offsets

Redwood Memorial Hospital’s community benefit services have supported many programs for the community, including educational outreach, coordinated donations to community members in need, health fairs and screenings, and others as described below<sup>22</sup>:

<sup>22</sup> The following community benefit programs and services are no longer being provided: Advocacy Efforts for the Community, Career Training and Support Services (merged with Job Training and Education Event for Poor to Re-Enter Workforce), Children’s Services and Outreach at Schools and in Community, Community Collaboratives, Partnerships and Organizations, Community Education and Outreach for the Community, Food Bank, Clothing, and Housing Assistance and Donation (merged with Basic Needs Donations), Food Donations to Families in Need (merged with Basic Needs Donations), Health Screening, Education, and Expo’s, Healthy Families and Medical Application Assistance, Hispanic Outreach (merged with Healthy Kids Humboldt and Paso a Paso), Homeless

- **Basic Needs Donations:** Administers donations of food, clothing, and school supplies to community programs and individuals in need;
- **Care for the Poor Community Grants:** Awards grants to nonprofit partners to support activities that serve economically poor, underserved, or vulnerable individuals;
- **Cash Donations or Sponsorship for the Poor:** Grants cash donations to nonprofit organizations that address unmet health needs in the community (including 25% contribution to St. Joseph Health's Community Partnership Fund);
- **Community Building:** Promotes efforts to build community and provide education related to issues such as injury prevention, health, and nutrition;
- **Community Resource Centers:** Supports local communities by facilitating access to community resources;
- **Donations to Nonprofits, Individuals:** Provides donations of food, money, supplies, and equipment to like-minded organizations and individuals;
- **Health Fairs:** Provides health screenings, educational material, and referral information by means of a community expo or health fair;
- **Intern Program for Allied Professionals:** Provides training and support to student interns from local colleges and/or degree programs;
- **Job Training and Education Event for Poor to Re-Enter Workforce:** Provides supervision of Private Industry Council interns and WEX workers;
- **Nursing Student Mentoring:** Coordinates job shadowing and education for nursing students from College of the Redwoods and Humboldt State University;
- **Paso a Paso Program:** Provides Spanish-speaking women and their families with free childbirth education, breast-feeding support, parenting classes, support groups, and various other resources;
- **School Collaboration:** Facilitates collaboration between schools to promote outreach and education for local communities;

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Support and Outreach (merged with Donations to Non Profits), Partner with Local Communities to Increase Youth Access, Partner with Schools to Provide Support for Underfunded Activities, Process of Grant Funding through Care for Poor Funds (merged with Community Resource Centers), and Telephone/Fax/Computer Access (merged with Community Resource Centers).

- Support Groups: Provides support groups for individuals seeking assistance and education pertaining to disease control and illness; and
- Transportation Support and Assistance to Poor for Gas: Provides transportation to patients who are unable to afford a taxi, Care-A-Van, or ambulance.

## ANALYSIS OF REDWOOD MEMORIAL HOSPITAL'S SERVICE AREA

### *Service Area Definition*

Based upon Redwood Memorial Hospital's 2014 inpatient discharges, Redwood Memorial Hospital's service area is comprised of 25 ZIP Codes from which 92% of its inpatient discharges originated. Approximately 50% of Redwood Memorial Hospital's discharges originated from the top two ZIP Codes, located in Fortuna and Rio Dell. In 2014, Redwood Memorial Hospital's market share in the service area was approximately 17% based on total area discharges.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
95540	Fortuna	623	40.4%	40.4%	1,320	47.2%
95562	Rio Dell	153	9.9%	50.4%	348	44.0%
95501	Eureka	96	6.2%	56.6%	2,661	3.6%
95503	Eureka	70	4.5%	61.1%	2,016	3.5%
95536	Ferndale	68	4.4%	65.5%	224	30.4%
95551	Loleta	51	3.3%	68.9%	161	31.7%
95528	Carlotta	45	2.9%	71.8%	88	51.1%
95560	Redway	42	2.7%	74.5%	203	20.7%
95565	Scotia	41	2.7%	77.2%	94	43.6%
95547	Hydesville	39	2.5%	79.7%	108	36.1%
95542	Garberville	36	2.3%	82.0%	206	17.5%
95554	Myers Flat	29	1.9%	83.9%	67	43.3%
95589	Whitethorn	20	1.3%	85.2%	88	22.7%
95502	Eureka	17	1.1%	86.3%	373	4.6%
95526	Bridgeville	15	1.0%	87.3%	58	25.9%
95552	Mad River	12	0.8%	88.1%	43	27.9%
95571	Weott	12	0.8%	88.8%	22	54.5%
95511	Alderpoint	9	0.6%	89.4%	31	29.0%
95553	Miranda	8	0.5%	89.9%	59	13.6%
95569	Redcrest	6	0.4%	90.3%	16	37.5%
95559	Phillipsville	6	0.4%	90.7%	24	25.0%
95514	Blocksburg	5	0.3%	91.0%	29	17.2%
95558	Petrolia	3	0.2%	91.2%	18	16.7%
95537	Fields Landing	3	0.2%	91.4%	45	6.7%
95545	Honeydew	1	0.1%	91.5%	14	7.1%
<b>Subtotal</b>		<b>1,410</b>	<b>91.5%</b>	<b>91.5%</b>	<b>8,316</b>	<b>17.0%</b>
Other ZIPs		131	8.5%	100%		
<b>Total</b>		<b>1,541</b>	<b>100%</b>			

Note: Excludes normal newborns

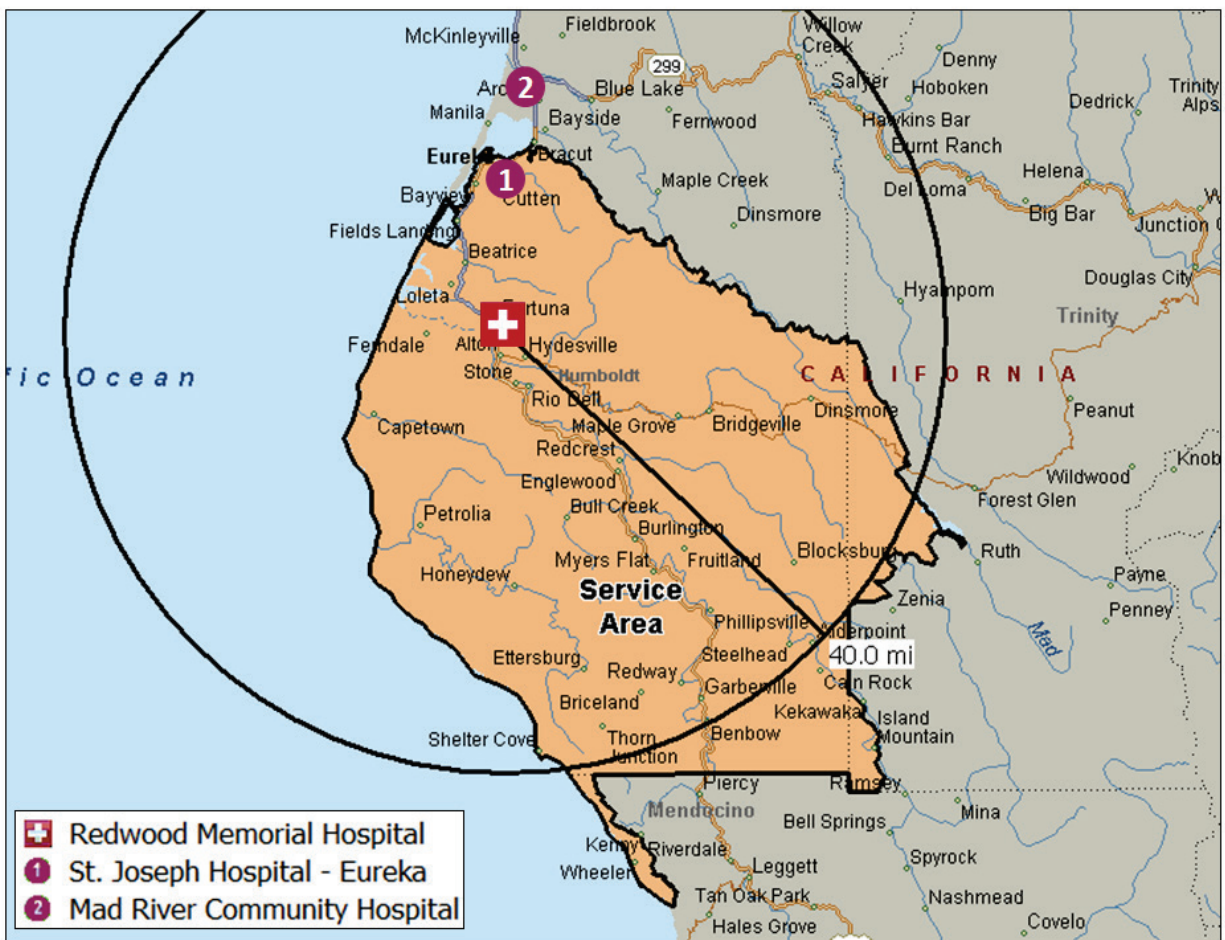
Source: OSHPD Patient Discharge Database



## Service Area Map

Redwood Memorial Hospital's service area, with approximately 85,000 residents, includes the communities of Fortuna, Rio Dell, Eureka, Ferndale, Loleta, Carlotta, Redway, Scotia, Hydesville, Garberville, Myers Flat, Whitethorn, Bridgeville, Mad River, Weott, Alderpoint, Miranda, Redcrest, Phillipsville, Blocksburg, Petrolia, Fields Landing, and Honeydew.

St. Joseph Hospital-Eureka is the only other general acute care hospital located within Redwood Memorial Hospital's service area. Mad River Community Hospital is located just outside of the service area. Mad River Community Hospital is located just outside of the service area and also provides health services to service area residents. Redwood Memorial Hospital ranks second in inpatient market share in the service area.



## Demographic Profile

Redwood Memorial Hospital’s service area population is projected to grow by 0.4% over the next five years. This is lower than the expected growth rates for both Humboldt County (0.5%) and the State of California (3.7%).

SERVICE AREA POPULATION STATISTICS			
2015-2020			
	2015	2020	%
	Estimate	Projection	Change
Total Population	84,726	85,074	0.4%
Households	35,233	35,516	0.8%
Percentage Female	49.4%	49.2%	-

Source: Esri

The median age of the population in Redwood Memorial Hospital’s service area is 40.5 years, which is higher than the statewide median age of 35.7 years. The percentage of adults over the age of 65 years old is the fastest growing age cohort and is forecasted to increase approximately 19% by 2020. The number of women of child-bearing age is expected to decrease by 2% over the next five years.

SERVICE AREA POPULATION				
AGE DISTRIBUTION: 2015-2020				
	2015 Estimate		2020 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	14,211	16.8%	14,123	16.6%
Age 15-44	32,588	38.5%	31,960	37.6%
Age 45-64	23,388	27.6%	21,649	25.4%
Age 65+	14,539	17.2%	17,342	20.4%
<b>Total</b>	<b>84,726</b>	<b>100%</b>	<b>85,074</b>	<b>100%</b>
Female 15-44	15,233	18.0%	14,958	17.6%
Median Age	40.5	-	41.6	-

Source: Esri

The largest population cohorts in Redwood Memorial Hospital’s service area are White (82%) and Two or More Races (6%). Approximately 88% of the service area population is of non-Hispanic ethnicity. This is similar to the Humboldt County population (89%), but lower than the State of California’s non-Hispanic ethnic population (61%).

SERVICE AREA POPULATION RACE/ETHNICITY: 2015-2020		
	2015	2020
White	81.5%	79.7%
Black	1.3%	1.5%
American Indian	3.6%	3.6%
Asian or Pacific Islander	3.3%	3.6%
Some Other Race	4.7%	5.2%
Two or More Races	5.7%	6.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Hispanic Ethnicity	11.8%	13.2%
Non-Hispanic or Latino	88.2%	86.8%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Esri

Redwood Memorial Hospital’s service area has an average annual household income of \$54,956. This is similar to the Humboldt County average of \$55,442, but almost 59% below the State of California average of \$87,152. The percentage of higher-income households (\$150,000+) in Redwood Memorial Hospital’s service area is projected to grow at a slower rate (18%) than those for both Humboldt County (20%) and the State of California (19%).

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION: 2015-2020						
Annual Income	2015 Estimate			2020 Estimate		
	Service Area	Humboldt County	California	Service Area	Humboldt County	California
\$0 - \$15,000	18.2%	18.0%	11.1%	16.8%	16.7%	10.3%
\$15 - \$24,999	13.1%	13.4%	9.0%	10.2%	10.4%	6.6%
\$25 - \$34,999	12.9%	12.5%	9.3%	10.5%	10.2%	7.7%
\$35 - \$49,999	15.1%	14.7%	12.2%	15.6%	15.2%	11.3%
\$50 - \$74,999	17.7%	17.4%	16.5%	19.9%	19.3%	15.9%
\$75 - \$99,999	10.2%	10.8%	12.3%	12.4%	13.0%	14.2%
\$100 - \$149,999	8.5%	8.7%	14.9%	9.5%	9.8%	16.6%
\$150,000+	4.4%	4.5%	14.6%	5.2%	5.4%	17.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Average Household Income</b>	<b>\$54,956</b>	<b>\$55,442</b>	<b>\$87,152</b>	<b>\$62,057</b>	<b>\$62,443</b>	<b>\$99,512</b>

Source: Esri

## Hospital Supply, Demand & Market Share

There are only two general acute care hospitals within the defined service area: Redwood Memorial Hospital and St. Joseph Hospital-Eureka. In FY 2014, the service area hospitals had a combined total of 224 licensed beds and an aggregate occupancy rate of approximately 43%. In FY 2014, Redwood Memorial Hospital had 35 licensed beds that operated at an occupancy rate of nearly 37%. Furthermore, Redwood Memorial Hospital was responsible for nearly 19% of the service area discharges and approximately 13% of the patient days.

An analysis of the services offered by Redwood Memorial Hospital 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.

AREA HOSPITAL DATA FY 2014									
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupied Beds	Percent Occupied	Miles from Hospital
Redwood Memorial Hospital	St. Joseph Health System	Fortuna	X	35	1,451	4,692	13	36.7%	-
St. Joseph Hospital - Eureka	St. Joseph Health System	Eureka	X	189	6,351	30,717	84	44.5%	20.9
<b>SUB-TOTAL</b>				<b>224</b>	<b>7,802</b>	<b>35,409</b>	<b>97</b>	<b>43.3%</b>	
Mad River Community Hospital	American Hospital Management Corp.	Arcata		78	1,985	7,959	22	28.0%	31.4
<b>TOTAL</b>				<b>302</b>	<b>9,787</b>	<b>43,368</b>	<b>119</b>	<b>39.3%</b>	

Source: OSHPD Disclosure Reports, 2014; Google Maps

## Hospital Market Share

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

HOSPITAL MARKET SHARE: 2012-2014				
Hospital	2012	2013	2014	Trend
St. Joseph Hospital-Eureka	57.2%	56.4%	53.7%	↘
<b>Redwood Memorial Hospital</b>	<b>19.6%</b>	<b>18.4%</b>	<b>17.0%</b>	↘
Mad River Community Hospital	4.8%	5.8%	6.2%	↗
Sempervirens Psychiatric Health Facility	4.2%	3.8%	4.4%	↔
UCSF Medical Center	3.4%	3.7%	3.9%	↗
Santa Rosa Memorial Hospital	0.9%	1.8%	2.5%	↗
St. Helena Hospital	0.7%	1.1%	1.6%	↗
Stanford Hospital	1.0%	1.2%	1.3%	↗
Mercy Medical Center-Redding	1.2%	0.8%	1.2%	↔
California Pacific Med Center Pacific Campus	0.9%	1.0%	1.0%	↔
Other Discharges	6.1%	6.0%	7.1%	↗
<b>Total Percentage</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Total Discharges</b>	<b>7,996</b>	<b>7,937</b>	<b>8,316</b>	↗

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The number of discharges in the Redwood Memorial Hospital's service area increased by 4% between 2012 and 2014;
- Redwood Memorial Hospital has consistently ranked second in market share for its service area based on discharges (approximately 17% in 2014). St. Joseph Hospital-Eureka ranked first in inpatient discharges with 54% market share in 2014; and
- While located outside of the service area, Mad River Community Hospital increased its market share slightly to 6.2% of the service area discharges in 2014.

## Market Share by Payer Type

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

HOSPITAL MARKET SHARE BY PAYER TYPE: 2014											
Payer Type	Total Discharges	St. Joseph Hospital-Eureka	Redwood Memorial Hospital	Mad River Community Hospital	Sempervirens Psychiatric Health Facility	UCSF Medical Center	Santa Rosa Memorial Hospital	St. Helena Hospital	Stanford Hospital	All Others	Total
Medicare	3,671	62.4%	14.8%	2.2%	3.4%	2.1%	2.4%	2.2%	1.7%	8.7%	100%
Medi-Cal	2,532	47.2%	19.4%	11.0%	6.5%	5.2%	3.1%	0.2%	0.0%	7.5%	100%
Private Coverage	1,680	46.1%	19.9%	8.2%	0.9%	6.7%	2.2%	2.8%	1.9%	11.4%	100%
All Other	297	56.2%	10.1%	4.7%	2.7%	2.0%	2.7%	1.0%	2.4%	18.2%	100%
Self Pay	136	29.4%	8.8%	2.2%	39.0%	0.7%	0.7%	0.7%	2.9%	15.4%	100%
<b>Total Percentage</b>		<b>53.7%</b>	<b>17.0%</b>	<b>6.2%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>2.5%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>9.3%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>8,316</b>	<b>4,465</b>	<b>1,410</b>	<b>514</b>	<b>367</b>	<b>328</b>	<b>212</b>	<b>136</b>	<b>107</b>	<b>777</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- The largest categories of service area inpatient discharges are comprised of Medicare at approximately 3,700 discharges (44%), Medi-Cal at over 2,500 discharges (30%), and Private Coverage at approximately 1,700 discharges (20%);
- St. Joseph Hospital-Eureka is the market share leader for Medicare (62%), Medi-Cal (47%), and Private Coverage (46%);
- Sempervirens Psychiatric Health Facility ranks first in Self Pay (39%); and
- Redwood Memorial Hospital provides care to large percentage of Private Coverage patients with 20% market share.

## Market Share by Service Line

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

HOSPITAL MARKET SHARE BY SERVICE LINE: 2014											
Service Line	Total Discharges	Sempervirens									Total
		St. Joseph Hospital-Eureka	Redwood Memorial Hospital	Mad River Community Hospital	Psychiatric Health Facility	UCSF Medical Center	Santa Rosa Memorial Hospital	St. Helena Hospital	Stanford Hospital	All Others	
General Medicine	2,455	62.4%	20.4%	4.2%	0.0%	2.1%	1.9%	0.2%	0.7%	8.2%	100%
Obstetrics	1,048	38.6%	35.2%	22.5%	0.0%	2.8%	0.1%	0.0%	0.0%	0.8%	100%
Cardiac Services	920	73.4%	7.2%	1.7%	0.0%	2.0%	2.2%	1.7%	2.7%	9.1%	100%
General Surgery	743	57.1%	14.9%	5.5%	0.0%	4.4%	2.7%	0.1%	2.4%	12.8%	100%
Orthopedics	716	38.7%	17.0%	1.4%	0.0%	4.3%	3.2%	14.9%	1.8%	18.6%	100%
Behavioral Health	524	14.3%	4.8%	0.8%	69.8%	0.4%	0.4%	1.0%	0.4%	8.2%	100%
Neurology	379	54.6%	16.4%	2.4%	0.0%	7.1%	7.1%	0.3%	0.8%	11.3%	100%
Neonatology	312	46.8%	23.7%	15.7%	0.0%	9.9%	2.2%	0.0%	0.0%	1.6%	100%
Spine	191	64.4%	1.6%	0.0%	0.0%	11.0%	6.3%	0.0%	3.1%	13.6%	100%
Oncology/Hematology (Medical)	187	53.5%	13.4%	1.1%	0.0%	12.3%	1.1%	0.0%	3.2%	15.5%	100%
Vascular Services	182	81.9%	3.8%	4.4%	0.0%	3.3%	0.0%	0.0%	0.0%	6.6%	100%
Rehabilitation	156	76.9%	1.3%	0.0%	0.0%	0.0%	5.8%	0.0%	0.0%	16.0%	100%
Other	133	36.8%	6.0%	3.0%	0.0%	2.3%	23.3%	0.0%	2.3%	26.3%	100%
Gynecology	114	52.6%	19.3%	14.0%	0.0%	2.6%	0.0%	0.0%	7.0%	4.4%	100%
ENT	86	47.7%	11.6%	11.6%	0.0%	14.0%	4.7%	0.0%	2.3%	8.1%	100%
Urology	79	72.2%	2.5%	1.3%	0.0%	13.9%	0.0%	0.0%	5.1%	5.1%	100%
Neurosurgery	62	21.0%	0.0%	4.8%	0.0%	35.5%	12.9%	0.0%	1.6%	24.2%	100%
<All others>	29	44.8%	6.9%	3.4%	0.0%	17.2%	0.0%	3.4%	0.0%	24.1%	100%
<b>Total Percentage</b>		<b>53.7%</b>	<b>17.0%</b>	<b>6.2%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>2.5%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>9.3%</b>	<b>100%</b>
<b>Total Discharges</b>	<b>8,316</b>	<b>4,465</b>	<b>1,410</b>	<b>514</b>	<b>367</b>	<b>328</b>	<b>212</b>	<b>136</b>	<b>107</b>	<b>777</b>	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Although not a market share leader in any service lines, Redwood Memorial Hospital has significant market share in general medicine (20%), obstetrics (35%), neonatology (24%), and gynecology (19%);
- St. Joseph Hospital-Eureka is the service line leader in 14 of 16 service lines including general medicine (62%), obstetrics (39%), cardiac services (73%), neurology (55%), oncology/ hematology (54%), vascular services (82%), and urology (72%); and
- Sempervirens Psychiatric Health Facility has the highest market share in behavioral health with 70% market share and UCSF Medical Center has the highest market share in neurosurgery with 36% market share.

## Market Share by ZIP Code

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

HOSPITAL MARKET SHARE BY ZIP CODE: 2014												
ZIP Code	Community	Total Discharges	Sempervirens								All Others	Total
			St. Joseph Hospital-Eureka	Redwood Memorial Hospital	Mad River Community Hospital	Psychiatric Health Facility	UCSF Medical Center	Santa Rosa Memorial Hospital	St. Helena Hospital	Stanford Hospital		
95501	Eureka	2,661	66.1%	3.6%	7.2%	10.4%	3.0%	1.5%	1.1%	0.9%	6.2%	100%
95503	Eureka	2,016	70.7%	3.5%	7.7%	1.5%	4.0%	1.5%	2.4%	1.0%	7.7%	100%
95540	Fortuna	1,320	30.4%	47.2%	2.7%	1.1%	3.7%	3.3%	1.5%	1.2%	8.9%	100%
95502	Eureka	373	71.0%	4.6%	8.3%	2.1%	2.9%	1.9%	0.3%	2.1%	6.7%	100%
95562	Rio Dell	348	30.7%	44.0%	1.1%	3.2%	5.7%	3.2%	0.6%	0.3%	11.2%	100%
95536	Ferndale	224	34.4%	30.4%	5.4%	2.7%	7.6%	4.9%	4.5%	3.6%	6.7%	100%
95542	Garberville	206	26.7%	17.5%	10.2%	2.4%	6.8%	7.3%	1.5%	3.4%	24.3%	100%
95560	Redway	203	33.0%	20.7%	5.9%	1.0%	5.9%	8.4%	4.4%	1.5%	19.2%	100%
95551	Loleta	161	34.8%	31.7%	4.3%	1.2%	2.5%	1.9%	2.5%	0.6%	20.5%	100%
95547	Hydesville	108	31.5%	36.1%	6.5%	0.9%	1.9%	6.5%	0.0%	0.9%	15.7%	100%
95565	Scotia	94	22.3%	43.6%	1.1%	2.1%	11.7%	3.2%	1.1%	0.0%	14.9%	100%
95528	Carlotta	88	25.0%	51.1%	4.5%	0.0%	8.0%	2.3%	0.0%	0.0%	9.1%	100%
95589	Whitethorn	88	29.5%	22.7%	5.7%	3.4%	5.7%	4.5%	2.3%	8.0%	18.2%	100%
95554	Myers Flat	67	31.3%	43.3%	4.5%	1.5%	1.5%	4.5%	0.0%	4.5%	9.0%	100%
95553	Miranda	59	40.7%	13.6%	13.6%	1.7%	3.4%	8.5%	6.8%	0.0%	11.9%	100%
95526	Bridgeville	58	22.4%	25.9%	5.2%	0.0%	8.6%	3.4%	0.0%	5.2%	29.3%	100%
95537	Fields Landing	45	77.8%	6.7%	0.0%	0.0%	2.2%	0.0%	0.0%	2.2%	11.1%	100%
95552	Mad River	43	25.6%	27.9%	4.7%	0.0%	2.3%	4.7%	0.0%	0.0%	34.9%	100%
95511	Alderpoint	31	19.4%	29.0%	6.5%	0.0%	6.5%	6.5%	0.0%	0.0%	32.3%	100%
95514	Blocksburg	29	41.4%	17.2%	6.9%	0.0%	0.0%	3.4%	0.0%	3.4%	27.6%	100%
95559	Phillipsville	24	29.2%	25.0%	4.2%	0.0%	0.0%	4.2%	0.0%	0.0%	37.5%	100%
95571	Weott	22	22.7%	54.5%	9.1%	9.1%	0.0%	4.5%	0.0%	0.0%	0.0%	100%
95558	Petrolia	18	27.8%	16.7%	11.1%	0.0%	11.1%	5.6%	11.1%	5.6%	11.1%	100%
95569	Redcrest	16	37.5%	37.5%	6.3%	0.0%	0.0%	0.0%	0.0%	6.3%	12.5%	100%
95545	Honeydew	14	42.9%	7.1%	7.1%	0.0%	14.3%	0.0%	0.0%	0.0%	28.6%	100%
<b>Total Percentage</b>			<b>53.7%</b>	<b>17.0%</b>	<b>6.2%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>2.5%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>9.3%</b>	<b>100%</b>
<b>Total Discharges</b>			<b>4,465</b>	<b>1,410</b>	<b>514</b>	<b>367</b>	<b>328</b>	<b>212</b>	<b>136</b>	<b>107</b>	<b>777</b>	

Note: Excludes normal newborns  
Source: OSHPD Patient Discharge Database

- Redwood Memorial Hospital is the market share leader in 11 of the service area ZIP Codes. In six of these ZIP Codes, represented by these six ZIP Codes include Fortuna, Rio Dell, Scotia, Myers Flat, and Weott; and
- St. Joseph Hospital-Eureka is the market share leader in the communities of Eureka, Ferndale, Garberville, Redway, Loleta, Whitehorn, Miranda, Fields Landing, Blocksburg, Phillipsville, Petrolia, Redcrest, and Honeydew.



## Service Availability by Bed Type

Using FY 2014 data, the tables on the following pages show Redwood Memorial Hospital's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive/coronary care, obstetrics, and emergency services.

### Medical/Surgical Capacity Analysis

The medical/surgical beds within Redwood Memorial Hospital's service area operated at an overall occupancy rate of approximately 45%.

MEDICAL/SURGICAL BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Redwood Memorial Hospital	-	X	23	949	3,186	9	38.0%
St. Joseph Hospital - Eureka	20.9	X	147	5,379	24,658	68	46.0%
<b>SUB-TOTAL</b>			<b>170</b>	<b>6,328</b>	<b>27,844</b>	<b>76</b>	<b>44.9%</b>
Mad River Community Hospital	31.4		60	1,766	5,401	15	24.7%
<b>TOTAL</b>			<b>230</b>	<b>8,094</b>	<b>33,245</b>	<b>91</b>	<b>39.6%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- Redwood Memorial Hospital reported 949 hospital discharges and 3,186 patient days, resulting in an occupancy rate of 38% and an average daily census of nine patients; and
- Redwood Memorial Hospital's 23 licensed medical/surgical beds represented nearly 14% of the beds in this category for the service area.

## ***Intensive Care Unit/Coronary Care Unit Capacity Analysis***

There were 12 intensive care unit/coronary care unit beds within the service area that operated at an overall occupancy rate of approximately 52%. Redwood Memorial Hospital had four licensed intensive care beds with an average occupancy rate of nearly 54% and an average daily census of two patients.

<b>INTENSIVE CARE UNIT/CORONARY CARE UNIT BEDS FY 2014</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>Redwood Memorial Hospital</b>	-	X	4	134	784	2	53.7%
St. Joseph Hospital - Eureka	20.9	X	8	95	1505	4	51.5%
<b>SUB-TOTAL</b>			<b>12</b>	<b>229</b>	<b>2,289</b>	<b>6</b>	<b>52.3%</b>
Mad River Community Hospital	31.4		6	156	1,135	3	51.8%
<b>TOTAL</b>			<b>18</b>	<b>385</b>	<b>3,424</b>	<b>9</b>	<b>52.1%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- The hospitals within the service area reported 2,289 patient days and an average daily census of six patients;
- Redwood Memorial Hospital provided approximately 33% of the service area’s intensive care/coronary care beds; and
- Redwood Memorial Hospital accounted for nearly 59% of the service area’s intensive care/coronary care discharges.

## Obstetrics Capacity Analysis

As shown below, there were 22 obstetric beds located in the service area with an aggregate occupancy rate of nearly 28%. Redwood Memorial Hospital reported eight licensed obstetric beds with an occupancy rate of nearly 25% and an average daily census of two patients.

OBSTETRICS BEDS FY 2014							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Percent Occupied
Redwood Memorial Hospital	-	X	8	368	722	2	24.7%
St. Joseph Hospital - Eureka	20.9	X	14	624	1,515	4	29.6%
<b>SUB-TOTAL</b>			<b>22</b>	<b>992</b>	<b>2,237</b>	<b>6</b>	<b>27.9%</b>
Mad River Community Hospital	31.4		12	653	1,423	4	32.5%
<b>TOTAL</b>			<b>34</b>	<b>1,645</b>	<b>3,660</b>	<b>10</b>	<b>29.5%</b>

Source: OSHPD Disclosure Reports, FY 2014; Google Maps

- Redwood Memorial Hospital provided approximately 36% of licensed obstetrics beds within its service area, and reported approximately 37% of the service area's 992 discharges.

## Emergency Department Volume at Hospitals in the Service Area

In 2014, Redwood Memorial Hospital had eight emergency treatment stations. In total, there were 28 treatment stations among all service area hospitals. As shown below, Redwood Memorial Hospital reported 11,934 visits, totaling nearly 28% of all visits among the service area hospitals (42,863 visits).

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

EMERGENCY DEPARTMENT VISITS BY CATEGORY 2014												
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/ Threat	Percentage Admitted	Hours of Diversion
Redwood Memorial Hospital	-	X	Basic	8	11,934	810	2,017	5,799	2,668	640	5.8%	-
St. Joseph Hospital - Eureka	20.9	X	Basic	20	30,929	2,882	4,215	12,306	9,813	1,713	13.0%	-
<b>SUB-TOTAL</b>				<b>28</b>	<b>42,863</b>	<b>3,692</b>	<b>6,232</b>	<b>18,105</b>	<b>12,481</b>	<b>2,353</b>	<b>10.9%</b>	<b>-</b>
Mad River Community Hospital	31.4		Basic	7	17,558	1,960	3,402	6,734	5,280	212	7.2%	-
<b>TOTAL</b>				<b>35</b>	<b>60,421</b>	<b>5,652</b>	<b>9,634</b>	<b>24,839</b>	<b>17,761</b>	<b>2,565</b>	<b>9.9%</b>	<b>-</b>

Source: OSHPD Airlits Annual Utilization Reports, 2014; Google Maps

- Only approximately 6% of Redwood Memorial Hospital's 2014 emergency department visits resulted in admission to the hospital; and
- Redwood Memorial Hospital did not go on diversion in 2014.

## Emergency Department Capacity

In 2014, Redwood Memorial Hospital's Emergency Department was operating at nearly 75% of its eight-bed capacity. Comparatively, St. Joseph Hospital-Eureka was operating at almost 77% of its 20-bed capacity.

EMERGENCY DEPARTMENT CAPACITY 2014							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
Redwood Memorial Hospital	-	X	Basic	8	11,934	16,000	4,066
St. Joseph Hospital - Eureka	20.9	X	Basic	20	30,929	40,000	9,071
<b>SUB-TOTAL</b>				<b>28</b>	<b>42,863</b>	<b>56,000</b>	<b>13,137</b>
Mad River Community Hospital	31.4		Basic	7	17,558	14,000	(3,558)
<b>TOTAL</b>				<b>35</b>	<b>60,421</b>	<b>70,000</b>	<b>9,579</b>

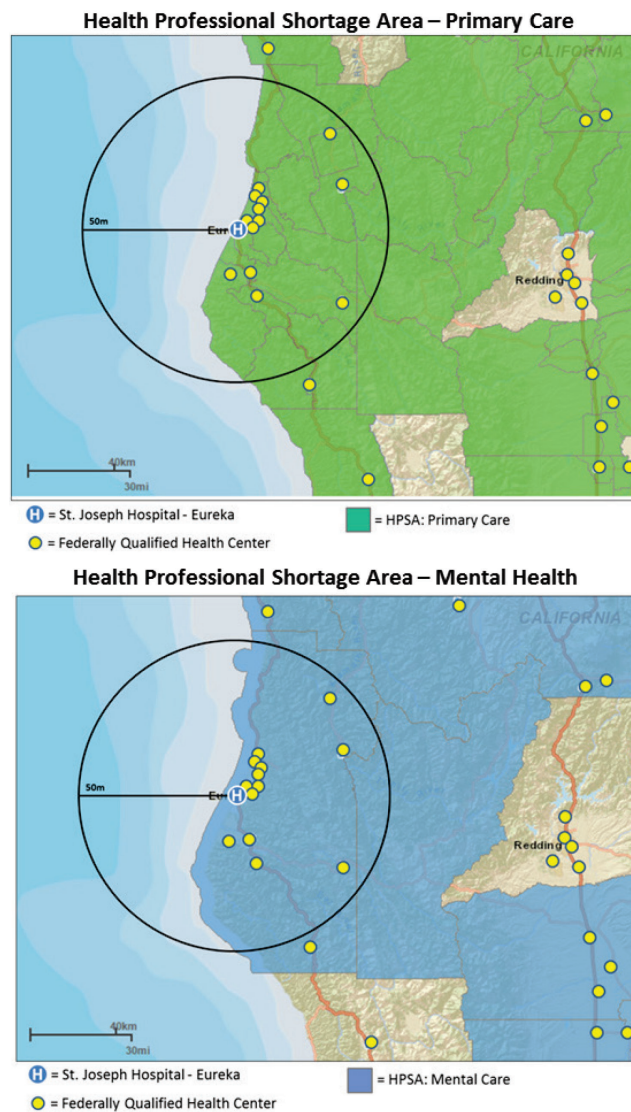
Source: OSHPD Alirts Annual Utilization Reports, 2014; Google Maps

- Overall, the emergency departments at hospitals within the service area were at approximately 77% capacity in 2014.

## ANALYSIS OF HUMBOLDT COUNTY

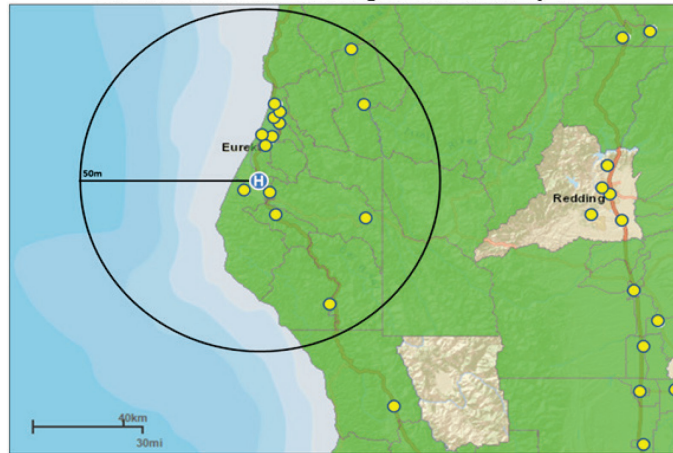
### ***Health Professional Shortage Areas, Medically Underserved Areas & Medically Underserved Populations***

The Federal Health Resources and Services Administration designates Health Professional Shortage Areas as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (e.g., service area), demographics (e.g., low-income population), or institutions (e.g., comprehensive health centers). The maps below depict these shortage areas relative to St. Joseph Hospital-Eureka's location and Redwood Memorial Hospital.



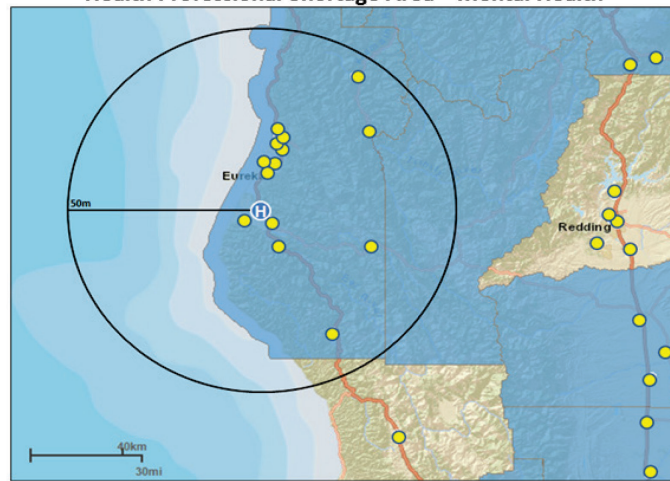
- St. Joseph Hospital-Eureka and its service area are both located in a primary and mental healthcare shortage area.

### Health Professional Shortage Area – Primary Care



H = Redwood Memorial Hospital  
● = Federally Qualified Health Center  
■ = HPSA: Primary Care

### Health Professional Shortage Area – Mental Health

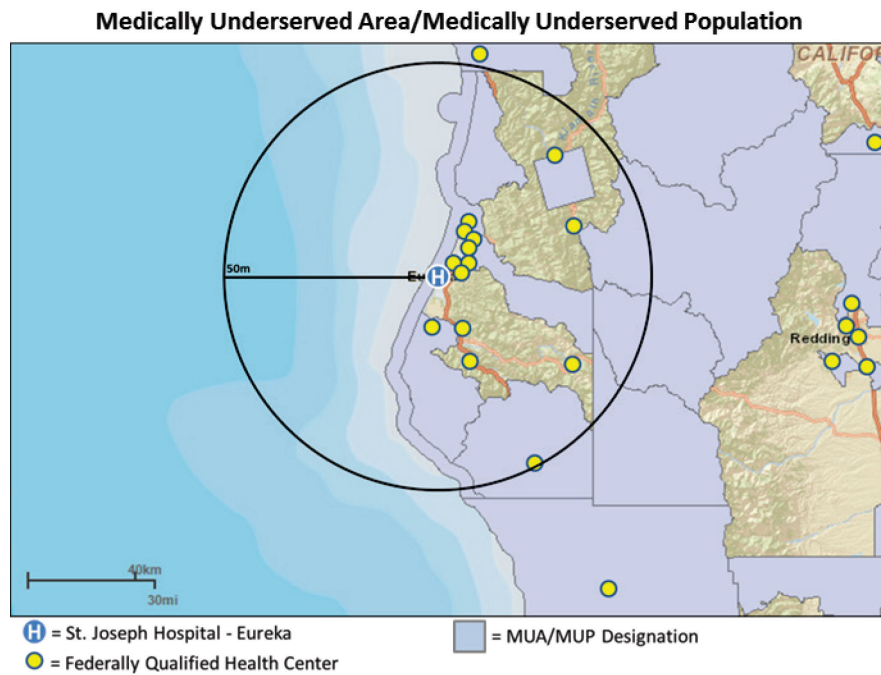


H = Redwood Memorial Hospital  
● = Federally Qualified Health Center  
■ = HPSA: Mental Care

- Redwood Memorial Hospital and its service area are both located in a primary and mental healthcare shortage 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 maps below depict the Medically Underserved Areas/Medically Underserved Populations relative to St. Joseph Hospital-Eureka and Redwood Memorial Hospital's location.

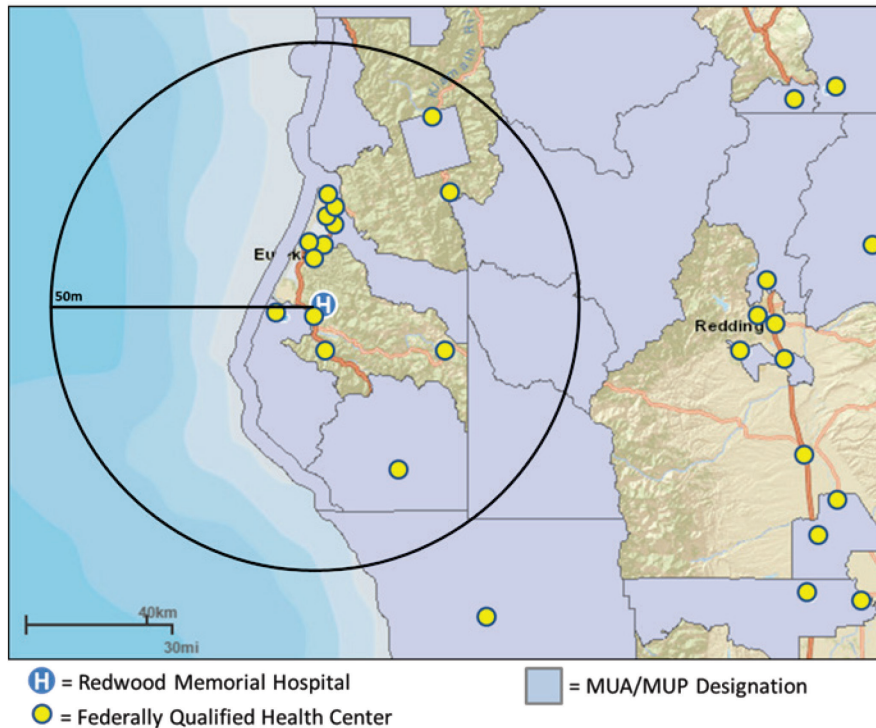


- Although St. Joseph Hospital-Eureka is not located in a Medically Underserved Area/Medically Underserved Populations area, the majority of the service area to the north, south, and west of St. Joseph Hospital-Eureka incorporates Medically Underserved Area/Medically Underserved Population areas; and
- There are also 14 Federally Qualified Health Centers<sup>23</sup> within a 50 mile radius of St. Joseph Hospital-Eureka.

<sup>23</sup> Federally Qualified Health Centers are health clinics that qualify for enhanced reimbursement from Medicare and Medicaid. They must provide primary care services to an underserved area or population, offer a sliding fee scale, have an ongoing quality assurance program, and have a governing board of directors. The ACA included provisions that increased federal funding to Federally Qualified Health Centers to help meet the anticipated demand for healthcare services by those individuals who gained healthcare coverage through the various health exchanges. A large percentage of area residents depend on the Federally Qualified Health Centers to receive their healthcare services. Additionally, many of the Federally Qualified Health Centers' patients utilize the services of St. Joseph Hospital-Eureka.



### Medically Underserved Area/Medically Underserved Population



- Although Redwood Memorial Hospital is not located in a Medically Underserved Area/Medically Underserved Populations area, the majority of the service area incorporates Medically Underserved Area/Medically Underserved Population areas; and
- There are 14 Federally Qualified Health Centers within a 50 mile radius of Redwood Memorial Hospital. A large percentage of area residents depend on the Federally Qualified Health Centers to receive their healthcare services. Additionally, many of the Federally Qualified Health Centers' patients utilize the services of Redwood Memorial Hospital.

### ***Medi-Cal Eligibility***

As of 2011, the California Department of Health Care Services reported that 20% of the population in St. Joseph Hospital-Eureka's service area and 22% of the population in Redwood Memorial Hospital's service area was eligible for Medi-Cal coverage (compared to the statewide average of 21%). With the implementation of the ACA and the statewide expansion of Medi-Cal in 2014, the percentage of the State of California's population that is currently eligible for Medi-Cal has greatly increased, reporting a historic increase to more than 12 million total enrollees in the Medi-Cal program in 2015. Based on St. Joseph Hospital-Eureka and Redwood Memorial Hospital's service area income demographics and percentage of Medi-Cal eligible residents, a large percentage of the service area residents qualify for coverage under the ACA expansion.



## Selected Health Indicators

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

- Humboldt County’s rate of low birth weight infants is lower than both the statewide rate and national goal. Humboldt County’s rate of first trimester prenatal care is lower than the California rate, but higher than the national goal. Humboldt County’s rate of adequate/adequate plus care is inferior to both the California rate and the national goal.

NATALITY STATISTICS: 2015			
Health Status Indicator	Humboldt County	California	National Goal
Low Birth Weight Infants	5.2%	6.8%	7.8%
First Trimester Prenatal Care	78.5%	83.6%	77.9%
Adequate/Adequate Plus Care	76.1%	79.2%	77.6%

Source: California Department of Public Health

- The overall age-adjusted mortality rate for Humboldt County is higher than that of the State of California. Humboldt County’s age-adjusted rates for three out of the eighteen causes of mortality are lower than the statewide rates. Humboldt County’s age-adjusted rates are higher than the statewide rate for all cancers, colorectal cancer, lung cancer, female breast cancer, prostate cancer, diabetes, coronary heart disease, cerebrovascular disease, chronic lower respiratory disease, chronic liver disease and cirrhosis, accidents, motor vehicle traffic crashes, suicide, firearm-related deaths, and drug-induced deaths. Based on underlying and contributing cause of death statistics, Humboldt County reported lower age-adjusted death rates for two out of the fourteen reported national goals.

MORTALITY STATISTICS: 2015 RATE PER 100,000 POPULATION				
Selected Cause	Humboldt County		(Age Adjusted)	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	941.5	829.4	641.1	N/A
- All Cancers	203.3	174.9	151.0	161.4
- Colorectal Cancer	17.3	15.6	13.9	14.5
- Lung Cancer	46.7	39.6	33.6	45.5
- Female Breast Cancer	34.9	27.2	20.7	20.7
- Prostate Cancer	24.0	26.3	20.2	21.8
- Diabetes	30.1	26.7	20.8	N/A
- Alzheimer's Disease	33.1	29.4	30.8	N/A
- Coronary Heart Disease	121.8	105.2	103.8	103.4
- Cerebrovascular Disease (Stroke)	64.2	56.3	35.9	34.8
- Influenza/Pneumonia	9.6	8.1	16.3	N/A
- Chronic Lower Respiratory Disease	62.3	54.7	35.9	N/A
- Chronic Liver Disease And Cirrhosis	23.5	19.5	11.7	8.2
- Accidents (Unintentional Injuries)	75.1	70.9	27.9	36.4
- Motor Vehicle Traffic Crashes	20.5	20	7.6	12.4
- Suicide	25.0	23.7	10.2	10.2
- Homicide	4.7	4.7	5.1	5.5
- Firearm-Related Deaths	12.4	11.5	7.8	9.3
- Drug-Induced Deaths	38.0	36.2	11.1	11.3

Source: California Department of Public Health

- With the exception of gonorrhea among females between 15 and 44 years of age, Humboldt County has lower morbidity rates for each of the conditions reported below than the State of California overall. The measured Humboldt County rates for each of the health status indicators are lower than the national goals, except for tuberculosis.

MORBIDITY STATISTICS: 2015 RATE PER 100,000 POPULATION			
Health Status Indicator	Humboldt		
	County	California	National Goal
AIDS	1.7	8.1	12.4
Chlamydia	293.0	442.6	N/A
Gonorrhea Female 15-44	183.3	152.8	251.9
Gonorrhea Male 15-44	144.5	213.1	194.8
Tuberculosis	2.0	5.9	1.0

Source: California Department of Public Health

## ***2014 Community Health Needs Assessment***

In an effort to identify the priority areas of concern across the continuum of their delivery systems, St. Joseph Hospital-Eureka and Redwood Memorial Hospital conduct a Community Health Needs Assessment every three years. St. Joseph Hospital-Eureka and Redwood Memorial Hospital's most recent assessment was conducted in partnership with the Humboldt County Department of Health and Human Services and First Five Humboldt through a meta-analysis approach that incorporated information collected from approximately sixty reports, documents, and needs assessments. In addition to the primary data collected through a series of community forums and focus groups, secondary data was also collected, including community documents and reports. A review of data from the California Center for Rural Policy was also an integral part of this assessment, as their work includes studies and reports on many issues that face Humboldt County.

Once data sources were analyzed and aggregated into topic areas, the most frequently identified and relevant community needs across all data sources were identified to be:

- Nutrition, healthy food, and healthy weight;
- Active communities, families, and socialization;
- Care coordination and referral;
- Mental/behavioral health services; and
- Access to healthcare with a focus on prevention.

## SUMMARY OF INTERVIEWS FOR ST. JOSEPH HOSPITAL-EUREKA AND REDWOOD MEMORIAL HOSPITAL

Between December 2015 and February 2016, both in-person and telephone interviews were conducted with representatives of St. Joseph Hospital-Eureka, Redwood Memorial Hospital, St. Joseph Health System, Providence Health & Services, Partnership Health Plan, Humboldt Independent Practice Association, and Humboldt Medical Specialists. Interviews were also conducted with physicians, employees, and Humboldt County, union, 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 combination of system level governance between St. Joseph Health System and Providence Health & Services to form Providence St. Joseph Health. The list of individuals who were interviewed is located in the Appendix of this report. The major findings of these interviews are summarized below.

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

Members of St. Joseph Hospital-Eureka and Redwood Memorial Hospital's Board of Trustees, management, and medical staff cited a number of reasons why the proposed combination would be beneficial, including the following:

- The opportunity to partner with a Catholic, faith-based health system with a similar heritage and values would help to ensure that the mission to serve uninsured and under-insured patient populations would be continued;
- Leveraging the different strengths of Providence Health & Services and St. Joseph Health System would create an opportunity for sharing and mutual learning regarding best clinical practices, data, and community benefits and charity care;
- The proposed combination will put two already fiscally strong health systems in an even stronger financial position by increasing their bargaining power, allowing greater economies of scale, and providing greater access to capital at a lower cost; and
- The proposed combination has the potential to enable more collaboration between the hospitals and the sharing of best practices for development of programs for clinical services, mental health, telemedicine, and information technology.

## ***Importance of St. Joseph Hospital-Eureka and Redwood Memorial Hospital to the Community***

According to all who were interviewed, because St. Joseph Hospital-Eureka and Redwood Memorial Hospital serve an isolated population, they are critically important providers of healthcare services for the local community. Both St. Joseph Hospital-Eureka and Redwood Memorial Hospital are known for providing essential and critical access services to the uninsured and under-served populations. There is only one other general acute care hospital (Mad River Community Hospital) with limited services in the area served by St. Joseph Hospital-Eureka and Redwood Memorial Hospital. St. Joseph Hospital-Eureka is the market share leader and Redwood Memorial Hospital is second in market share, with Medi-Cal and Medicare payers representing over 75% of their combined patient population in FY 2014.

St. Joseph Hospital-Eureka is especially important for its emergency and specialty services. If such services were not provided, it would result in severe problems for patient access. These specialty services include open heart surgery, neurosurgery, neonatal intensive care, and other services. Some of the other programs and services that were mentioned in the interviews as being especially important at St. Joseph Hospital-Eureka included the following:

- Obstetrics;
- Rehabilitation services;
- Oncology;
- Heart and vascular services; and
- Inpatient dialysis.

Some of the programs and services that were mentioned in the interviews as being especially important at Redwood Memorial Hospital included the following:

- Emergency services;
- General surgical services;
- Ophthalmology; and
- Obstetrics and gynecological services.

The service area has a disproportionate number of low-income households that often experience difficulties accessing social and healthcare services. As a result, St. Joseph Hospital-Eureka and Redwood Memorial Hospital are important providers of both medical and community benefit services that would not be offered locally without their support. Some of the important community benefit programs include:

- Community Resource Centers;
- Evergreen Lodge Cancer Patient Housing;
- Paso a Paso Program/Healthy Kids Humboldt;
- BART/BARTO Program; and
- Sexual Assault Response Team.

Community, Humboldt County, union, and Federally Qualified Health Center representatives all believed that it was essential for St. Joseph Hospital-Eureka and Redwood Memorial Hospital to retain all of the services that they currently offer. If St. Joseph Hospital-Eureka and Redwood Memorial Hospital did not maintain their current levels of healthcare service, accessibility and availability issues would be created for area residents, especially the underinsured and uninsured residents of the surrounding communities.

### ***Selection of Providence Health & Services for the Proposed Combination***

In addition to the reasons set forth in the Health System Combination Agreement, members of St. Joseph Hospital-Eureka and Redwood Memorial Hospital's Board of Trustees, management, and medical staff cited a number of reasons why the proposed combination with Providence Health & Services would be beneficial, including the opportunity to partner with an organization that is committed to the mission of serving the poor and underserved, share clinical best practices, especially in the areas of mental health, palliative care, and neurosciences, and unify the sponsorship of two Catholic organizations with similar cultures, heritage, and values. Some of those who were interviewed also cited the potential for sharing administrative best practices in the areas of clinical leadership, integrated delivery plan structure, and telemedicine. Many interviewed believed that Providence Health & Services had knowledge and experience operating small hospitals and critical access hospitals that would be helpful for St. Joseph Hospital-Eureka and Redwood Memorial Hospital.

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

Almost all believed that the proposed combination would not negatively impact the accessibility or availability of current services. While most believed that the proposed combination would lead to new services and increase the accessibility and availability of

services, they also believed there were many unknowns. A few of those interviewed were concerned that a new governance structure might result in the potential closure of obstetrics services at Redwood Memorial Hospital. Many believed that while the obstetrics volume at Redwood Memorial Hospital is low, it is necessary for Redwood Memorial Hospital to continue providing obstetrics services because of the distance to an alternative hospital. Many also believed that the proposed combination would create the opportunity to improve the ability to recruit primary and specialty physicians, thereby also improving access.

### ***Alternatives***

Almost all believed that the proposed combination was not driven by financial necessity. Rather, they believed it was instead by a desire to create greater opportunity for improving operational, financial, and clinical performance. While some interviewed had no direct knowledge of Providence Health & Services or interactions with Providence Health & Services' staff, many individuals were confident that combining efforts with a financially strong, Catholic, faith-based health system would ensure that fulfilling the mission of caring for the poor would continue to remain a priority. None believed that a more suitable partner could have been found for this proposed combination.

### ***Views of National and Regional Health Plan Representatives***

The views of the health plan representatives can be divided into the following categories: views from the larger, national health plans whose membership is primarily insured by commercial health products, and views from representatives of health plans that are regional, with a focus on lower income Medi-Cal and dual Medicare/Medi-Cal eligible patient populations.

The representatives from the nationally-based health plans stated that their relationship with both St. Joseph Health System and Providence Health & Services has always been strong. They viewed the proposed combination positively, and did not express any concerns about the effects of the transaction on their membership. Despite some uncertainty regarding how the larger size of the new organization may impact contract negotiations, they believed they would be able to continue their existing relationships with the respective health systems and potentially expand coverage to new markets.

The views of representatives from the regional health plans were similar as they did not express any concerns surrounding the proposed combination. These payers have had strong and long-standing relationships with St. Joseph Hospital-Eureka and Redwood Memorial Hospital, since a large percentage of their patient populations is comprised of low-income and Medi-Cal eligibles. In the more rural areas of Northern California, because there are fewer hospitals and less specialty providers in the area, some of those who were interviewed expressed concerns about limited member access to specialty services and some women's reproductive services. They indicated that the proposed combination has the potential to improve physician recruitment efforts for the hospitals, particularly in specialty services.

All national and regional health plan representatives indicated they were unaware of any plans to eliminate or change covered services as a result of the proposed combination. The representatives viewed Providence Health & Services and St. Joseph Health System's decision to come together positively as they felt it will allow them to capitalize on opportunities to lower costs, expand physician networks, and offer patients greater service offerings.

### ***Views of the Unions***

Ten of the hospitals under consideration as part of the Health System Combination Agreement are represented by unions. These unions are: California Nurses Association, National Union of Healthcare Workers, International Union of Operating Engineers Local 39, Staff Nurses Association, United Steelworkers Union, Service Employees International Union Local 121 RN, and Service Employees International Union United Healthcare Workers West. Approximately 40% of the employees at the hospitals are represented by CBAs.

Approximately 62% of St. Joseph Hospital-Eureka's employees and 94% of Redwood Memorial Hospital's employees are covered by CBAs with California Nurses Association and the National Union of Healthcare Workers.

Union members and representatives have voiced various concerns regarding St. Joseph Health System and the proposed combination, including the following:

- Inadequate registered nurse staffing ratios at some of the St. Joseph Health System hospitals;
- The especially large footprint that will result from the proposed combination;
- Historically, when mergers have occurred, prices to consumer have risen, making healthcare less affordable and accessible;
- The potential for closure of the hospitals, elimination of patient services, and decreases in charity care and community benefit programs, and layoffs or outsourcing of skilled, experienced employees; and
- The impact of the Ethical and Religious Directives that prohibit healthcare providers from offering a range of beginning of life and end of life services may be administered differently from hospital to hospital.



In addition, between December 2015 and February 2016, both in-person and telephone interviews were conducted with members and representatives of the California Nurses Association. Many strong views and opinions were expressed about the difficulties union organizers have encountered when visiting St. Joseph Health System's non-unionized hospital campuses. St. Joseph Health System is viewed as trying to prevent the right of employees to organize by intimidating and breaking labor laws by not allowing nurses to gather during break time for the purpose of sharing information on the benefits of unionizing.

Several who were interviewed expressed concerns about timely meal and rest breaks, stating that nurses are working 12 and 13 hour shifts, but are often too intimidated to ask their manager for appropriate meal and rest periods during their shifts. They spoke of a fear of punitive action if they asked for what they are entitled to, implying the environment for patients would be unsafe if all employees took appropriate and timely meal and rest breaks, because they would not be staffed according to the required staffing ratios during those periods. These nurses also indicated that their 30 minute lunch breaks are often interrupted.

Some of who were interviewed had concerns about staffing with registry, travelers or other temporary staff, citing one Northern California hospital that is using over 150 traveling nurses. It was stated that temporary nurses are not trained properly on hospital policies and procedures and this creates a patient safety issue. Several who were interviewed spoke about the challenges in recruiting local nurses. Some also concluded that difficulties in recruiting and an intentional understaffing by management was a result of trying to improve St. Joseph Health System's financial position in preparation for the merger. This has led to hospitals restricting services or attempting to close services that the community still needs and wants, such as pediatrics, outpatient surgery, urgent care, and obstetrics.

Some of those who were interviewed disagreed with the Bishop's authority to determine what services are offered at a facility that receives public tax dollars. Some of those who were interviewed also believed the financial benefit received from the merger should translate into an increase in community benefit spending, higher rates of pay, lower prices to patients, and increased service offerings at the Providence Health & Services and St. Joseph Health System hospitals.

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

### ***Importance of St. Joseph Hospital-Eureka and Redwood Memorial Hospital to the Community***

St. Joseph Hospital-Eureka and Redwood Memorial Hospital are important providers of general healthcare services to the residents of the surrounding communities. St. Joseph Hospital-Eureka and Redwood Memorial Hospital make up 74% of the 302 licensed beds in the combined service area. The only other hospital in the service area is Mad River Community Hospital, a 78-bed hospital that provides mostly primary care hospital services. Both St. Joseph Hospital-Eureka and Redwood Memorial Hospital are especially essential for the provision of emergency, obstetrics, surgical, and cardiovascular services to residents within the service area and for the broader community. The remote location of St. Joseph Hospital-Eureka from other urban areas makes its provision of specialty services especially important. The closest alternative hospital with tertiary services is over 200 miles away. Without St. Joseph Hospital-Eureka and Redwood Memorial Hospital's tertiary care services, the residents may be in additional danger from delays in transportation to other facilities. Key specialty services offered at St. Joseph Hospital-Eureka and Redwood Memorial Hospital include oncology, gastroenterology, imaging, intensive care, neuroscience, orthopedics, and palliative care rehabilitation services, among others.

In addition to the provision of key specialty medical services, St. Joseph Hospital-Eureka and Redwood Memorial Hospital have historically provided a significant level of charity care and community benefit programs for low-income, uninsured, and under-insured populations residing in the surrounding communities.

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

The Health System Combination Agreement states that St. Joseph Hospital-Eureka and Redwood Memorial Hospital will continue to operate as licensed general acute care facilities for a minimum of five years.

### ***Emergency Services***

St. Joseph Hospital-Eureka and Redwood Memorial Hospital are important providers of basic emergency services to the residents of the surrounding communities. In 2014, St. Joseph Hospital-Eureka reported 30,929 visits on its 20 emergency treatment stations, operating at a capacity of 77% (based on a standard of 2,000 visits per station, per year). During that same time period, Redwood Memorial Hospital reported 11,934 visits for eight emergency treatment stations, operating at a capacity of almost 75%. Redwood Memorial Hospital is an important provider of pediatric emergency services and maintains designation as an Emergency Department Approved for Pediatrics. Approximately 15% of Redwood Memorial Hospital's

emergency department patients in 2014 were pediatric patients. The only other general acute care provider in the service area, Mad River Community Hospital, offers emergency department services and operated at 103% capacity in 2014.

As a result of the ACA and California's participation in Medi-Cal expansion, more individuals are now eligible for healthcare coverage. This influx of newly insured individuals, combined with the growing shortage of primary care physicians, is expected to increase emergency department utilization within the service area. Keeping St. Joseph Hospital-Eureka and Redwood Memorial Hospital's emergency departments open is very important to providing access to emergency services within the service area.

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

In FY 2014, St. Joseph Hospital-Eureka operated 147 licensed medical/surgical beds with an average daily census of approximately 68 patients (46% occupancy) and Redwood Memorial Hospital operated 23 licensed medical/surgical beds with an average daily census of nine patients (38% occupancy). St. Joseph Hospital-Eureka is the market share leader in 13 of 16 service lines, including cardiac services (66%), oncology/hematology (53%), spine (61%), vascular services (79%), rehabilitation (79%), gynecology (52%), and urology (68%), among others.

### ***Intensive Care/Coronary Care Services***

In FY 2014, St. Joseph Hospital-Eureka Hospital reported an occupancy rate of approximately 52% on its eight licensed intensive care beds. Currently, St. Joseph Hospital-Eureka is also licensed for four coronary care beds under the 2016 hospital license. In FY 2014, Redwood Memorial Hospital reported a similar occupancy rate of 54% on its four licensed intensive care beds. These services are an important resource for supporting emergency services and other medical and surgical services at St. Joseph Hospital-Eureka and Redwood Memorial Hospital. In FY 2014, Mad River Community Hospital reported an occupancy rate of approximately 50% on its six licensed intensive care beds.

### ***Obstetrics Services***

In FY 2014, St. Joseph Hospital-Eureka had an occupancy rate of nearly 30% on its 14 licensed obstetrics beds based on an average daily census of approximately four patients. Based upon its 2016 hospital license, St. Joseph Hospital-Eureka is licensed for 11 obstetrics beds. In FY 2014, Redwood Memorial Hospital reported an occupancy rate of approximately 25% on its eight licensed obstetrics beds. With a combined total of 769 live births in FY 2014, both Redwood Memorial Hospital and St. Joseph Hospital-Eureka are important providers of obstetrics services, together holding over 70% of the market share in 2014. A reduction in the type and/or level of obstetrics services provided at St. Joseph Hospital-Eureka and Redwood Memorial Hospital, or in the number of licensed obstetrics beds, would have an adverse effect on the

availability and accessibility of this key service to members of the surrounding communities. St. Joseph Hospital-Eureka and Redwood Memorial Hospital are important providers of obstetrics services to low-income patients, as a high percentage of its obstetrics patients are Medi-Cal beneficiaries.

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

St. Joseph Hospital-Eureka is the sole provider of neonatal intensive care services in the service area, with five licensed neonatal intensive care beds. In FY 2014, St. Joseph Hospital-Eureka reported a low occupancy rate of approximately 25%. Although St. Joseph Hospital-Eureka's licensed beds operated at a very low occupancy, it is an important provider of these services due to the lack of neonatal intensive care resources elsewhere in the service area and the distance to the next closest neonatal intensive care unit (approximately 150 miles). In addition, St. Joseph Hospital-Eureka and Redwood Memorial Hospital are important providers of a range of women's reproductive services and provide these services to a large underserved population that has low rates of prenatal care, resulting in an increased number of high risk births. An increased number of high risk births increases the need for neonatal intensive care services.

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

St. Joseph Hospital-Eureka is the sole provider of inpatient rehabilitation services in the service area, with 15 licensed rehabilitation beds and an average daily census of approximately seven patients per day, equating to an occupancy rate of approximately 47%. The next closest inpatient rehabilitation provider is Santa Rosa Memorial Hospital, located over 200 miles from Eureka. St. Joseph Hospital-Eureka is planning to move their rehabilitation program to a new 10-bed facility at Redwood Memorial Hospital.

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

Providence Health & Services and St. Joseph Health System are subject to the Ethical and Religious Directives for Catholic Health Care Services (the Ethical and Religious Directives). The Ethical and Religious Directives is a document that offers guidance based on the Catholic Church's teachings regarding various aspects of healthcare delivery. The Ethical and Religious Directives were created as a discernment tool to be used in the application of healthcare decisions regarding beginning-of-life and end-of-life-issues, and to safeguard the sacredness of the physician-patient relationship.

Within each Catholic Diocese, the local Bishop has the authority to interpret the practical application of the Ethical and Religious Directives at area hospitals. Since the Catholic Church vests this authority to the Bishop in each Diocese, there may be slight variations in the application of the Ethical and Religious Directives among various Dioceses. St. Joseph Hospital-Eureka and Redwood Memorial Hospital are both located within the Diocese of Santa Rosa.

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

St. Joseph Hospital-Eureka and Redwood Memorial Hospital are important providers of a range of women’s reproductive services and provide these services to a large underserved population that has low rates of prenatal care, resulting in an increased number of high risk births. Low rates of prenatal care can increase instances of stillborn delivery, miscarriage, and fetal abnormalities.

Below is a table showing instances where St. Joseph Hospital-Eureka, Redwood Memorial Hospital, Providence Health & Services, and St. Joseph Health System recorded reproductive-related procedures in 2014 that were in accordance with the Ethical and Religious Directives because of their pathology.

REPRODUCTIVE HEALTH SERVICES BY DIAGNOSTIC RELATED GROUP				
Diagnostic Related Group	St. Joseph Hospital-Eureka	Redwood Memorial Hospital	Providence Health & Services	St. Joseph Health System
778-Threatened Abortion	10	8	183	239
779-Abortion w/o D&C	7	-	33	48
777-Ectopic Pregnancy	5	3	81	49
767-Vaginal Delivery w Sterilization &/or D&C	4	2	31	69
770-Abortion w D&C, Aspiration Curettage or Hysterectomy	2	2	61	32
<b>Total 2014 Discharges:</b>	<b>28</b>	<b>15</b>	<b>389</b>	<b>437</b>

Source: OSHPD 2014

Women’s reproductive services are available at other area providers, including, but not limited to, Mad River Community Hospital, Planned Parenthood, and the Humboldt Open Door Clinic.

Since both St. Joseph Health System and Providence Health & Services are Catholic-sponsored health systems, both adhere to the Ethical and Religious Directives, and no changes in reproductive health services are expected as a result of the Health System Combination Agreement.

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

Approximately 78% of St. Joseph Hospital-Eureka’s inpatient discharges are reimbursed through Medicare (53%) and Medi-Cal (25%); whereas 76% of Redwood Memorial Hospital’s inpatient discharges are reimbursed through Medicare (46%) and Medi-Cal (30%). St. Joseph Hospital-

Eureka and Redwood Memorial Hospital currently participate in the Medicare program and the Medi-Cal managed care program and have managed care contracts for these types of patients with Humboldt County's County Organized Health System.

The Health System Combination Agreement includes a commitment to keep St. Joseph Hospital-Eureka and Redwood Memorial Hospital's emergency departments open for at least five years in order to ensure access to services to Medicare and Medi-Cal patients. In order for Medicare and Medi-Cal patients to access other key services not provided through St. Joseph Hospital-Eureka and Redwood Memorial Hospital's emergency departments, St. Joseph Hospital-Eureka and Redwood Memorial Hospital must maintain participation in both programs and maintain their managed care contractual agreements with Humboldt County and the Medicare payers. Providence St. Joseph Health has made a five year commitment for St. Joseph Hospital-Eureka and Redwood Memorial Hospital to continue to remain certified in the Medicare program and to maintain Medi-Cal contracts, on competitive terms, that provide the same types and levels of emergency services and non-emergency services as their existing Medicare and Medi-Cal contracts.

If St. Joseph Hospital-Eureka and Redwood Memorial Hospital did not participate in the Medicare and Medi-Cal managed care programs, these classes of patients would be denied access to certain non-emergency healthcare services. A denial of access would negatively impact the availability or accessibility of services for these patient populations.

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

Many uninsured and under-insured individuals in the community rely on St. Joseph Hospital-Eureka and Redwood Memorial Hospital for healthcare services. St. Joseph Hospital-Eureka provides a lower percentage of charity care and bad debt than the statewide average (2.3% of its gross patient revenue, as compared to 3.5% for the State of California) and Redwood Memorial Hospital provides a higher percentage of charity care and bad debt (4.9%) than the State of California. Over the last five years, St. Joseph Hospital-Eureka averaged \$2.1 million in charity care costs, whereas Redwood Memorial Hospital averaged approximately \$812,500 per year. California's expansion of Medi-Cal coverage and coverage through Covered California has reduced the number of uninsured patients resulting in diminished charity care usage at St. Joseph Hospital-Eureka and Redwood Memorial Hospital.

Overall, both Providence Health & Services' (1.52%) and St. Joseph Health System's (1.63%) charity care as a percentage of operating expenses are above the statewide average of 1.40%.

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

St. Joseph Hospital-Eureka and Redwood Memorial Hospital support a significant number of ongoing community benefit programs that serve lower income residents from the surrounding communities. In the Health System Combination Agreement, Providence St. Joseph Health has

made a commitment for St. Joseph Hospital-Eureka and Redwood Memorial Hospital to maintain expenditures for community benefit services based on the average expenditure for the years FY 2011-2014. This equates to a commitment of \$2.2 million per year for St. Joseph Hospital-Eureka and \$727,000 per year for Redwood Memorial Hospital. However, the five-year average was approximately \$2.7 million per year at St. Joseph Hospital-Eureka and approximately \$820,000 per year at Redwood Memorial Hospital.

St. Joseph Hospital-Eureka and Redwood Memorial Hospital offer various community benefit programs. The Health System Combination Agreement includes a commitment for St. Joseph Hospital-Eureka to continue to support Paso a Paso/Healthy Kids Humboldt and Redwood Memorial Hospital to continue to support Community Resource Centers for a period of five years upon closing.

### ***Effects on County Contracts***

Both St. Joseph Hospital-Eureka and Redwood Memorial Hospital have a number of contracts with the local municipalities, the County of Humboldt, and outside agencies to provide and support specific services. According to the Health System Combination Agreement, these contracts will be maintained for a period of five years unless the contract is terminated for cause or expires in accordance with its current terms.

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

The Health System Combination Agreement states that all non-executive employees of St. Joseph Hospital-Eureka and Redwood Memorial Hospital shall remain employees of their current employer, with compensation and benefits established by their respective employer. The Health System Combination Agreement does not specify a time commitment for this intention.

Approximately 62% of St. Joseph Hospital-Eureka Hospital employees and 94% of Redwood Memorial Hospital employees are covered by CBAs. Management has made no specific assurances to the unions. Some employees expressed concerns about potential changes in staffing levels, employee benefits, and the ability to attract and retain local nursing talent.

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

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

The Health System Combination Agreement states that it is the intent of the parties not to



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

### ***Alternatives***

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



## CONCLUSIONS

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

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

#### **St. Joseph Hospital-Eureka**

1. For at least ten years from closing, St. Joseph Hospital-Eureka shall continue to operate as a general acute care hospital;
2. For at least five years from closing, St. Joseph Hospital-Eureka shall maintain 24-hour emergency services at no less than current licensure and designation with the same types and/or levels of services, including the following:
  - a. A minimum of 20 emergency treatment stations;
  - b. Sexual Assault Response Team; and
  - c. Designation as a Modified Base Hospital.
3. For at least five years from closing, St. Joseph Hospital-Eureka shall maintain the following services at current licensure, types, and/or levels of services:
  - a. Cardiology services, including a minimum of two cardiac catheterization labs;
  - b. Intensive care services, including a minimum of 8 intensive care beds and 4 coronary care beds;
  - c. Obstetrics services, including a minimum of 11 obstetrics beds;
  - d. Neonatal intensive care services, including a minimum of 5 neonatal intensive care beds and designation as a Level II Neonatal Intensive Care Unit;
  - e. Pediatric services; and
  - f. Inpatient and outpatient rehabilitation services, including a minimum of 10 physical rehabilitation beds to be provided at either St. Joseph Hospital-Eureka or Redwood Memorial Hospital;
  - g. Women's services; and
  - h. The Care Transitions Program.
4. Additionally, for at least five years from closing, St. Joseph Hospital-Eureka shall maintain the following services as committed to in Exhibit 8.13 of the Health System Combination Agreement:
  - a. Cancer care services;
  - b. Gastroenterology services;

- c. Imaging/radiology services;
  - d. Interventional radiology services;
  - e. Laboratory services;
  - f. Neurosciences services;
  - g. Orthopedics services;
  - h. Palliative care services; and
  - i. Surgical services.
5. For at least five years from closing, St. Joseph Hospital-Eureka shall maintain charity care policies that are no less favorable than St. Joseph Hospital-Eureka's current charity care policies and in compliance with California and Federal law. St. Joseph Hospital-Eureka shall provide an annual amount of Charity Care equal to or greater than \$2,061,068 (the "Minimum Charity Care Amount"). Alternatively, because of the impact of Medi-Cal expansion and the ACA, the California Attorney General could consider adjusting the required commitment to charity care based on available data from time periods after implementation of the ACA. For purposes herein, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by St. Joseph Hospital-Eureka in connection with the operations and provision of services at St. Joseph Hospital-Eureka. 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 the West Region;
6. For at least five years from closing, St. Joseph Hospital-Eureka shall continue to expend an average of no less than \$2,668,736 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for the West Region. The following community benefit programs and services shall continue to be offered or supported:
- a. Paso a Paso Program/Healthy Kids Humboldt;
  - b. Evergreen Lodge; and
  - c. Support for Humboldt Open Door Clinic.
7. For at least five years from closing, St. Joseph Hospital-Eureka shall maintain participation in the Medi-Cal managed care program through its contract with Partnership Health Plan or its successor, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage;

8. For at least five years from closing, St. Joseph Hospital-Eureka shall maintain participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;
9. For at least five years from closing, St. Joseph Hospital-Eureka shall maintain its current contracts with the County of Humboldt and external agencies including the following:
  - a. Behavioral Health Agreement;
  - b. Use of Short Wave Radio Equipment Agreement;
  - c. Memorandum of Understanding for Death Review Panel;
  - d. Charter Agreement;
  - e. Memorandum of Understanding for Healthy Kids Humboldt Support;
  - f. Modified Base Hospital Medical Control Agreement;
  - g. CalFresh Grant Agreement;
  - h. Service Agreement for Hospital Services;
  - i. Memorandum of Understanding for 340B Program; and
  - j. Work Exploration Agreement for High School Students.
10. Providence St. Joseph Health and St. Joseph Hospital-Eureka shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at St. Joseph Hospital-Eureka through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070); and
11. Providence St. Joseph Health and St. Joseph Hospital-Eureka shall complete any capital projects for equipment or improvements as committed to in the Health System Combination Agreement.

### **Redwood Memorial Hospital**

1. For at least five years from closing, Redwood Memorial Hospital shall continue to operate as a general acute care hospital;
2. For at least five years from closing, Redwood Memorial Hospital shall maintain 24-hour emergency services at no less than current licensure and designation with the same types and/or levels of services, including the following:
  - a. A minimum of 8 emergency treatment stations;
  - a. Designation as a Modified Base Hospital; and
  - b. Designation as an Emergency Department Approved for Pediatrics.
3. Additionally, for at least five years from closing, Redwood Memorial Hospital shall

maintain the following services at current licensure, types, and/or levels of services:

- a. Intensive care services, including of a minimum of 4 intensive care beds;
  - b. Obstetrics services, including a minimum of 8 obstetrics beds;
  - c. Pediatric services; and
  - d. Women's services.
4. For at least five years from closing, Redwood Memorial Hospital shall maintain the following services as committed to in Exhibit 8.13 of the Health System Combination Agreement:
- a. Cancer care services;
  - b. Cardiac center services;
  - c. Gastroenterology services;
  - d. Imaging/radiology services;
  - e. Laboratory services;
  - f. Neurosciences services;
  - g. Orthopedics services;
  - h. Palliative care services;
  - i. Rehabilitation services; and
  - j. Surgical services.
5. For at least five years from closing, Redwood Memorial Hospital shall maintain charity care policies that are no less favorable than Redwood Memorial Hospital's current charity care policies and in compliance with California and Federal law. Redwood Memorial Hospital shall provide an annual amount of Charity Care equal to or greater than \$812,495 (the "Minimum Charity Care Amount"). Alternatively, because of the impact of Medi-Cal expansion and the ACA, the California Attorney General could consider adjusting the required commitment to charity care based on available data from time periods after implementation of the ACA. For purposes herein, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by Redwood Memorial Hospital in connection with the operations and provision of services at Redwood Memorial 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 the West Region;
6. For at least five years from closing, Redwood Memorial Hospital shall continue to expend an average of no less than \$820,324 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for the West Region. The following community benefit programs and services shall continue to be offered:
- a. Paso a Paso Program/Healthy Kids Humboldt;

- b. Community Resource Centers; and
  - c. Support for Humboldt Open Door Clinic.
7. For at least five years from closing, Redwood Memorial Hospital shall maintain participation in the Medi-Cal managed care program through its contract with Partnership Health Plan or its successor, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage;
8. For at least five years from closing, Redwood Memorial 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;
9. For at least five years from closing, Redwood Memorial Hospital shall maintain its current contracts with the County of Humboldt, and external agencies, including the following:
- a. Modified Base Hospital Medical Control Agreement;
  - b. Emergency Department Approved for Pediatrics Level I Designation;
  - c. CalWORKS and CalFresh Grant Agreement for Blue Lake Community Resource Center;
  - d. CalWORKS and CalFresh Grant Agreement for Rio Dell Community Resource Center;
  - e. CalWORKS and CalFresh Grant Agreement for Willow Creek Community Resource Center; and
  - f. Work Exploration Agreement for High School Students.
10. Providence St. Joseph Health and Redwood Memorial Hospital shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at Redwood Memorial Hospital through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070); and
11. Providence St. Joseph Health and Redwood Memorial Hospital shall complete any capital projects for equipment or improvements as committed to in the Health System Combination Agreement.

## APPENDIX

### List of Interviewees

Last Name	First Name	Position	Affiliation
Afable, MD	Rick	EVP, Southern California / President & CEO, St. Joseph Hoag Health	St. Joseph Health System
Aller	Joshue	Vice President, Mission Integration	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Aryanpur, MD	John	President	Humboldt Medical Specialists
Bahn	MaryLou	Registered Nurse	California Nurses Association
Baird, MD	Don	Former Chief of Staff & Public Health Officer	Humboldt County
Bark	Tammy	Vice President & Chief Nursing Officer	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Bayless	Chris	Senior Regional Director, Northern California	Planned Parenthood
Broswick	Bruce	Area Manager, Cancer Care Program	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Butler	Mike	President & Chief Operating Officer	Providence Health & Services
Carrier	Karl	Interim Chief Executive Officer	Providence Health & Services, Southern California
Center	Rick	Board Member, Foundation	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Cooper	Cory	Manager, Catheterization Lab	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Dugan	Dennis	Coordinator and Lead Negotiator	National Union of Healthcare Workers
Eason, MD	Lanny	Chief Medical Officer	Providence Health & Services, Southern California
Escasa-Haigh	Jo Ann	Chief Financial Officer	St. Joseph Health System
Ester	Leslie	Registered Nurse	California Nurses Association
Forrester	Shawn	Vice President, Provider Solutions	Anthem Blue Cross of California
Gibbonney	Liz	Chief Executive Officer	Partnership Health Plan
Gierek	John	Chair, Board of Trustees	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Gray	Sr. Katherine	Chair	St. Joseph Health Ministry
Igram	Rick	Senior Vice President, Network Development & Contracting	St. Joseph Health System
Jenson	Andy	Regional Manager	Partnership Health Plan
Jurecki	Sr. Nancy	Director, Mission Leadership & Spiritual Care	Providence Health & Services, Southern California
Karstead	Larry	Director	North Coast Emergency Medical Services Agency
Khurana	Prub (P.K.)	Chief Strategic Services Officer	Providence Health & Services, Southern California
Leonardi	Dennis	Vice Chair, Board of Trustees	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Love	Martin	Chief Executive Officer	Humboldt Independent Practice Association
Manemann	Kevin	Chief Executive Officer	St. Joseph Heritage Healthcare
Mast	Dave	Chief Integration Officer, Shared Services	Providence Health & Services, Southern California
McGinty	Paul	Vice President, Philanthropy	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
McNair	Karen	Registered Nurse	California Nurses Association
Mohr	Steven	Vice President, Finance & Operations	Providence Health & Services, Southern California
Montalvo	Darrin	President, Integrated Services	St. Joseph Health System
Murphy	Kevin	Vice President, Theology & Ethics	St. Joseph Health System
Noce	Bill	Chair, Board of Trustees	St. Joseph Health System
O'Brien, MD	David	President	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Papouchian	Arminé	Vice President, Contracting Relations & Analytics	Blue Shield
Parks, MD	William	Chief Medical Officer	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Pavic-Zabinski	Karen	Regional Director, Ethics	Providence Health & Services, Southern California
Poovey	Butch	Board Member, Foundation	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Proctor	Deborah	President & Chief Executive Officer	St. Joseph Health System
Saddiq, MD	Kaliq	Regional Medical Director	St. Joseph Heritage Healthcare
Sageman, MD	Scott	Chief of Staff	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Sanders	Lois	Registered Nurse, Wound Care	St. Mary Medical Center
Schiele	Julie	Registered Nurse, Neonatal Intensive Care Unit	St. Mary Medical Center
Selden	Ian	Labor Representative	California Nurses Association
Schubert	Sr. Marian	Executive Vice President, Mission Integration	St. Joseph Health System
Siebert	Greg	Senior Vice President, Network Management	UnitedHealthcare
Siler	Traci	Director, Emergency Services	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Sloggett-O'Dell	Stephanie	Vice President, Labor & Employee Relations	St. Joseph Health System
Southerland	David	Vice President & Chief Operating Officer	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Spetzler	Herman	Chief Executive Officer	Humboldt Open Door Clinic
Stahl	Pam	Chief Human Resources Officer	Providence Health & Services, Southern California
Stewart	Connie	Executive Director	California Center for Rural Policy
Stokes, MD	Deepak	Physician, OB/GYN	St. Joseph Hospital-Eureka & Redwood Memorial Hospital
Stuebe	Michelle	Registered Nurse	St. Mary Medical Center
Sweeney	Kerry	Registered Nurse	California Nurses Association
Treanor	Joline	Senior Vice President, Human Resources	St. Joseph Health System
Walker	Annette	Executive Vice President, Strategic Services / Newly Appointed President & CEO	St. Joseph Health System
Yandell, MD	Diana	Medical Director, Emergency Services	St. Joseph Hospital-Eureka & Redwood Memorial Hospital

# Hospital Licenses

St. Joseph Hospital-Eureka

License: 11000075  
Effective: 11/01/2015  
Expires: 10/31/2016  
Licensed Capacity: 153

## 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. Joseph Hospital**

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

**St. Joseph Hospital**

### THE GENERAL HOSPITAL

St. Joseph Hospital  
2700 Dolbeer St  
Eureka, CA 95501-4736

#### Bed Classifications/Services

138 General Acute Care  
16 Intensive Care  
11 Perinatal  
5 Intensive Care Newborn Nursery  
4 Coronary Care  
102 Unspecified General Acute Care

#### Other Approved Services

Basic Emergency Medical  
Cardiac Catheterization Laboratory Services  
Cardiovascular Surgery  
Nuclear Medicine  
Outpatient Service - Outpatient Clinic - HOME  
INF. at AMB & HOME INF. PROG. @ 2612  
HARRISON AVE, Eureka  
Outpatient Service - Outpatient Clinic - Imaging  
at 2700 DOLBEER ST., EUREKA  
Outpatient Service - Outpatient Clinic -  
IMAGING at St. Joseph Outpatient Imaging  
Center @, 2330 Buhne St., Eureka  
Outpatient Service - Outpatient Clinic - Infusion  
at 2700 Dolbeer St, Eureka  
Physical Therapy  
Radiation Therapy  
Respiratory Care Services

#### Approved Other Certifiable Parts

Prospective Payment System - Rehabilitation Unit  
THE GENERAL HOSPITAL  
2200 Harrison Ave  
Eureka, CA 95501-3215

(Additional Information Listed on License Addendum)

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Santa  
Rosal/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: 11000075  
Effective: 11/01/2015  
Expires: 10/31/2016  
Licensed Capacity: 153

THE GENERAL HOSPITAL  
2200 Harrison Ave  
Eureka, CA 95501-3215

**Bed Classifications/Services**  
15 General Acute Care  
15 Rehabilitation

**Other Approved Services**

Mobile Unit - PET/Proton Therapy  
Occupational Therapy  
Outpatient Service - Outpatient Clinic - Hearing  
& Visual Testing  
Outpatient Service - Outpatient Clinic - Primary  
Care at 2024 HARRISON AVE., Eureka  
Outpatient Service - Outpatient Clinic - Sleep  
Clinic at Sleep Clinic, 2367 23RD St.,  
Eureka  
Outpatient Service - Outpatient Clinic -  
SURGERY at 2705 HARRIS STREET,  
EUREKA, 'AMBULATORY SURGERY'  
Physical Therapy  
Speech Pathology

**Approved Other Certifiable Parts**

Prospective Payment System - Rehabilitation Unit  
THE GENERAL HOSPITAL  
2200 Harrison Ave  
Eureka, CA 95501-3215

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

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**

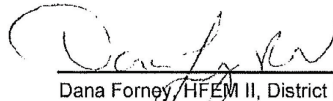
License: 110000075  
Effective: 11/01/2015  
Expires: 10/31/2016  
Licensed Capacity: 153

4 General Acute Care beds suspended from 11/01/2015 to 10/31/2016 at 2700 Dolbeer St. 4 ICU West Wing - 1978 building bed 1-4  
4 General Acute Care beds suspended from 11/01/2015 to 10/31/2016 at 2700 Dolbeer St. 4 ICU beds in the West Wing in the 1978 building - bed 5-8.  
CONSOLIDATED

Effective 09-06-05 Mobile PET/CT Unit HCD# 18452 VIN# 1S9FS482351182836 @ 2200 Harrison St., Eureka  
I.C NEWBORN NURSERY APPROVED FOR LEVEL I, LEVEL II, & LEVEL III NEWBORNS FOR MAXIMUM CAPACITY OF 5, AT ST. JOSEPH HOSPITAL SITE.  
MOBILE MRI @ 2200 HARRISON ST. EUREKA, CA HCD# 17009 VIN# 1M9A3A82X3H022372

Karen L. Smith, MD, MPH

Director and State Health Officer



Dana Forney, HFEM II, District Manager

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

**Redwood Memorial Hospital**

License: 110000173

Effective: 11/01/2015

Expires: 10/31/2016

Licensed Capacity: 35

*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*

**Redwood Memorial Hospital**

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

**REDWOOD MEMORIAL HOSPITAL**

3300 Renner Dr  
Fortuna, CA 95540-3120

**Bed Classifications/Services**

- 35 General Acute Care
- 8 Perinatal
- 4 Intensive Care
- 23 Unspecified General Acute Care

**Other Approved Services**

- Basic Emergency Medical
- Occupational Therapy
- Outpatient Service - Outpatient Clinic -  
Obstetrical at 3300 Renner Drive, Fortuna
- Physical Therapy
- Respiratory Care Services
- Speech Therapy

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

- 2 General Acute Care beds suspended from 08/01/2008 to 10/31/2016. Perinatal Beds in suspense:17-1,18-1
- 8 General Acute Care beds suspended from 08/01/2008 to 10/31/2016. Unspecified General Acute Care Beds in suspense:7-1,9-1,11-1,12-1,14-1, 20-1,21-1,22-1.
- CRITICAL ACCESS SWING BEDS-EFFECTIVE 08/01/06.
- CRITICAL ACCESS HOSPITAL DESIGNATION EFFECTIVE 8/01/2005.
- FACILITY APPROVED FOR MAXIMUM OF 2 CONTINUING CARE BABIES IN NEWBORN NURSERY.

Karen L. Smith, MD, MPH

Director and State Health Officer

Dana Forney, FEM II, District Manager

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