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Introduction & Purpose

Vizient, Inc. and JD Healthcare, Inc. were retained by the Office of the California Attorney General to prepare this healthcare impact statement to assess the potential impact of the proposed Affiliation Agreement between Fremont-Rideout Health Group (FRHG), a California nonprofit public benefit corporation, and several of its affiliates (Rideout Memorial Hospital, a California nonprofit public benefit corporation, United-Com Serve, a California nonprofit public benefit corporation, The Fremont-Rideout Foundation, a California nonprofit public benefit corporation,) and Adventist Health System/West, dba Adventist Health, a California nonprofit religious corporation, and its affiliated entity, Stone Point Health (Stone Point). This impact statement provides information on the availability and accessibility of healthcare services to the communities served by Rideout Memorial Hospital, now licensed as “Rideout Health,” (the Hospital), a 221-licensed bed general acute care hospital located in Marysville, California, and FRHG’s other facilities. FRHG is the sole corporate member of Rideout Memorial Hospital, a California nonprofit public benefit corporation, that owns and operates the Hospital. Stone Point is a California nonprofit public benefit corporation formed in association with Adventist Health System/West for the purpose of facilitating affiliations with health facilities that are organized as nonprofit public benefit corporations. Adventist Health System/West is a faith-based, nonprofit integrated healthcare system serving communities in California, Hawaii, Oregon and Washington. Adventist Health System/West consists of hospitals, clinics (hospital-based, rural health and physician clinics), home care agencies, hospice agencies and retirement centers. Stone Point and Adventist Health System/West (collectively Adventist Health unless otherwise indicated) are both obligors and beneficiaries to the covenants, commitments and obligations of the Affiliation Agreement.

FRHG has requested the California Attorney General’s consent to affiliate with Adventist Health.

This healthcare impact statement describes the possible effects that the proposed affiliation may have on the availability and accessibility of healthcare services to the residents served by FRHG. In its preparation of this statement, Vizient, Inc. and JD Healthcare, Inc. performed the following:

- A review of the written notice submitted to the California Attorney General on October 9, 2017 and supplemental information subsequently provided by FRHG and its affiliated entities;
- A review of press releases and articles related to this and other hospital transactions;
- Interviews with community representatives, representatives of FRHG’s facilities’ medical staffs, management, and employees, members of FRHG’s Board of Trustees (the Board of Trustees), Adventist Health representatives, and others as listed in the Appendix;

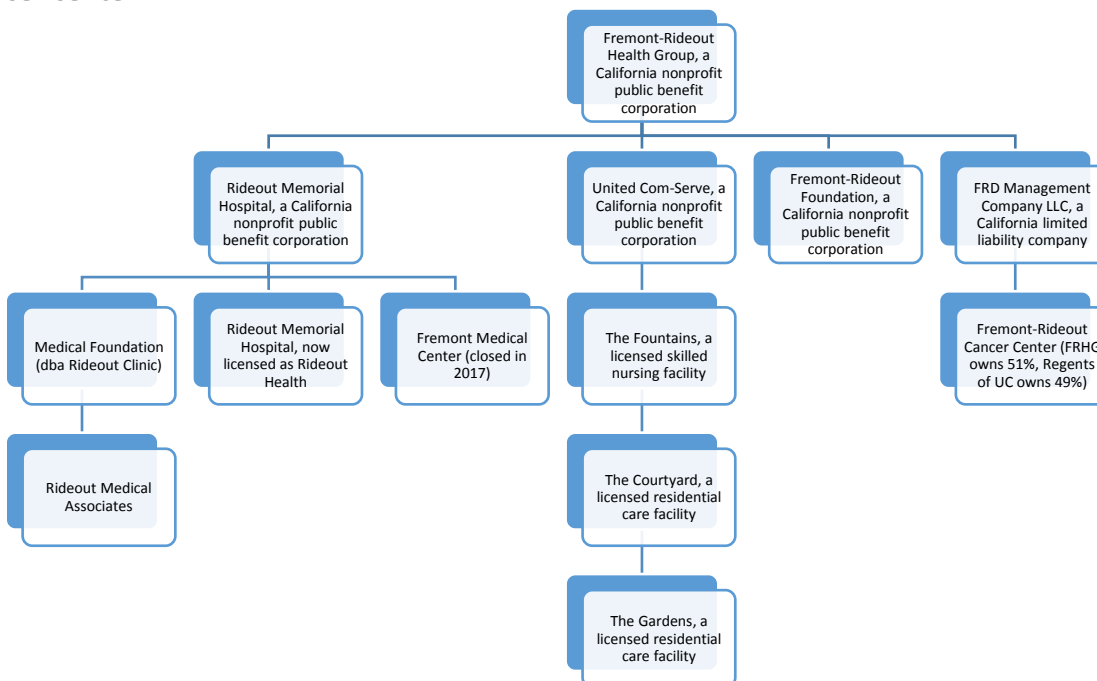
- An analysis of financial, utilization, and service information provided by FRHG and the California Office of Statewide Health Planning and Development (OSHPD); and
- An analysis of publicly available data regarding the Hospital’s service area including demographic characteristics and trends, payer mix, hospital utilization rates and trends, health status indicators, and hospital market share.

Background & Description of the Affiliation

Fremont-Rideout Health Group

FRHG is a California nonprofit public benefit corporation and the sole corporate member of Rideout Memorial Hospital, a California nonprofit public benefit corporation. Rideout Memorial Hospital owns and operates a 221 licensed-bed general acute care hospital (the Hospital) located in the city of Marysville (the Hospital). Rideout Memorial Hospital owns Fremont Medical Center that closed for operation in 2017. In addition, Rideout Memorial Hospital provides outpatient services through its California Health and Safety Code Section 1206(I) medical foundation clinics (Medical Foundation).

FRHG is the sole corporate member of United Com-Serve that operates several long term care facilities including a skilled nursing facility and two licensed residential care facilities. FRHG is also the sole corporate member of the Fremont-Rideout Foundation (Charitable Foundation), that raises funds to support the operations of FRHG and its affiliates, and owns 51% of FRD Management Company, LLC that operates the Fremont-Rideout Cancer Center, a freestanding cancer center.



Rideout Memorial Hospital

The Hospital, located in Marysville, California recently opened a newly constructed tower and now has 221 licensed general acute care beds and a Level III Trauma Center. The emergency department expanded into the new tower in 2016, and the rest of the tower opened in 2017. The Hospital has provided healthcare to surrounding communities since 1907 and currently operates the only general acute care hospital in Yuba and Sutter counties. The new five-story tower has an expanded emergency department and helicopter access pad on the roof, a new family birthing center and additional diagnostic imaging facilities. The Hospital's current license effective on 11/1/2017 refers to the Hospital as "Rideout Health."

Fremont Medical Center

Fremont Medical Center, before closing in 2017, was licensed for 46 acute care beds and provided women's services, infant services and other outpatient-based services. These services were moved to the Hospital when the new tower opened. The Fremont Medical Center has been decommissioned and FRHG's intention is to find alternative uses for it, or sell the real property.

Rideout Clinic

The Rideout Clinic operates as a medical practice foundation¹ organized under Rideout Memorial Hospital and contracts with approximately 40 multispecialty physicians in approximately 15 clinic locations located in Yuba, Sutter and Nevada Counties.

Rideout Medical Associates

Rideout Medical Associates is a medical group that consists of approximately 40 physicians that contract with the Medical Foundation through a professional services agreement to provide medical services.

FRD Management Company

FRD Management Company, LLC is a California limited liability company, formed in 2000, that owns and operates the Fremont-Rideout Cancer Center, a freestanding outpatient medical and radiation oncology center. The management company is a joint venture between FRHG and the Regents of the University of California on behalf of the University of California Davis Health System. FRHG holds a 51% interest and 49% is held by the Regents of the University of California.

¹ 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.

United Com-Serve

United Com-Serve is a California nonprofit public benefit corporation that was organized in 1985 for the purpose of providing care to the elderly of Sutter and Yuba counties. It owns and operates three post-acute care facilities:

- The Fountains: a 145-bed skilled nursing facility located in Yuba City, approximately three miles west of the hospital.
- The Courtyard: an 80-bed residential care facility for the elderly located in Yuba City adjacent to The Fountains.
- The Gardens: a 49-bed residential care facility for the elderly located in Yuba City adjacent to The Fountains and The Courtyard. The Gardens also includes adult daycare services licensed for 15 individuals, and assisted living service for patients diagnosed with dementia, or Alzheimer's disease.

Fremont Rideout Foundation

The Fremont-Rideout Foundation is a California nonprofit public benefit corporation that is organized to raise funds to support FRHG and its affiliates.

History of Rideout Memorial Hospital

In 1907, Phebe Rideout donated her home, the Rideout Mansion, as a memorial to her deceased husband and son to be used as a public hospital. In 1919 Phebe Rideout provided funds to build a new hospital for Marysville at 4th and H Street. Since 1919, when the hospital was built on its present location, very little was done to increase the services or the capacity until 1962 when a two-story 50-bed nursing wing, and a new surgical suite and laboratory were constructed. In 1966, the Hospital expanded with a two-story west wing. For many years the Hospital had a labor and delivery service until in 1970, these services were relocated to Fremont Medical Center, in Yuba City, less than two miles away. In 1976, the Hospital undertook a construction and renovation program that provided 40,000 square feet of new space and modernized 6,000 square feet of existing space, increasing the total licensed general acute care beds to 128.

In 1983, the Hospital and Fremont Medical Center were formally and legally joined under FRHG. In 1990 FRHG opened the Fountains, a skilled nursing facility located in Yuba City. In 2017, after the opening of the new inpatient tower at the Hospital, Fremont Medical Center closed for patient services.

Affiliation Process & Timing

The Board of FRHG determined that FRHG's deteriorating financial condition required them to seek an affiliation partner. The objective was to find a partner that would share their commitment to quality and strategic vision for the development of a healthcare network to serve the region. The Board desired a partner to provide high quality, locally accessible healthcare, and attract and retain qualified physicians. They also wanted assistance to implement an electronic health record system, fund capital investments, provide leadership and support services, and guarantee the repayment of their debt obligations. Without this support, the Board believed that the future and sustainability of the Hospital would be jeopardized.

While the Board had discussed affiliations over prior years, in May 2016 they engaged legal counsel to assist in exploring potential affiliations. In June 2016 a financial advisor was engaged to seek possible affiliation partners. The Board identified objectives and affiliation criteria expected from a partner as described below:

1. Demonstrate a common mission, vision, values, and community-oriented focus;
2. Sustain and enhance the Hospital's capacity to provide high quality, patient centered, and affordable healthcare;
3. Enhance the long-term financial stability and viability of FRHG;
4. Preserve a local role in governance and management at FRHG;
5. Maintain and enhance access to needed healthcare services locally via existing and new clinical programs;
6. Enhance access to tertiary healthcare services;
7. Make needed investments in facilities, technology, equipment, and people;
8. Improve the brand and image of clinical programs;
9. Provide depth in management capabilities, including contracting, clinical services, legal, finance, operations and information technology; and
10. Build upon existing quality medical staff and employees and effectively engage physician leaders and staff in service, patient care and clinical quality initiatives.

A request for proposals was released to selected health systems in August 2016, and responses were received in September 2016. The Board selected Adventist Health and an Affiliation Agreement was negotiated and signed on October 6, 2017. On October 9, 2017 a written notice was provided to the California Office of the Attorney General requesting approval of the Affiliation.

Summary of the Affiliation Agreement

The major provisions of the Affiliation Agreement, dated October 6, 2017, include the following:

- The Affiliation will result in Stone Point Health becoming the sole corporate member of FRHG, with all governance and economic control;
- At the closing of the Affiliation, FRHG will adopt a new set of bylaws that makes each corporate board member of Stone Point Health a corporate board member of FRHG. Rideout Memorial Hospital and United Com-Serve shall adopt a new set of bylaws that makes each corporate board member of FRHG a corporate board member of Rideout Memorial Hospital and United Com-Serve. A majority of Stone Point Health's corporate board of directors are designated by Adventist Health System/West and the remaining is elected by a majority of directors then in office. Stone Point Health's corporate board consists of 5-15 board members;
- At the closing of the Affiliation, FRHG will create new local governing boards for FRHG, Rideout Memorial Hospital, and United Com-Serve. Rideout Memorial Hospital's local governing board consists of 12-15 board members, and they are appointed by Rideout Memorial Hospital's corporate board of directors. Each of Rideout Memorial Hospital's local governing board members are the local governing board members of FRHG and United Com-Serve. However, the initial local governing board for Rideout Memorial Hospital's will be 12 board members, nine (9) will be appointed by Rideout Memorial Hospital's board prior to the closing of the Affiliation, and three (3) will be appointed by Stone Point Health;
- Each of the local governing boards have been delegated certain functions and responsibilities related to the operation of their respective entity (i.e., FRHG, Rideout Memorial Hospital and United Com-Serve), subject to the ultimate oversight and authority of their respective entity's corporate board of directors;
- The Fremont-Rideout Foundation (Charitable Foundation) will become an independent entity, and FRHG will be removed as its sole corporate member. The Charitable Foundation will be designated with oversight responsibility to protect the community's interests by monitoring and enforcing Adventist Health's satisfaction of the commitments under the Affiliation Agreement for a period of ten (10) years. The number of Charitable Foundation's board members will be no more than eleven (11) and no less than seven (7). Stone Point Health will have the right to appoint three seats on the Charitable Foundation's Board of Directors. After ten (10) years, Rideout Memorial Hospital or its successor will be made the sole corporate member of the Charitable Foundation;
- Within the first five (5) years, of the Affiliation, Adventist Health will invest ninety million dollars (\$90,000,000) to further FRHG's mission and to promote the health care needs of the communities within FRHG's service area;
 - The source of the \$90,000,000 may include surplus revenues or investments of FRHG, or other sources within Adventist Health's control;

- Approximately forty-three million dollars (\$43,000,000) of the \$90,000,000 will be allocated for routine capital investments with no less than five million (\$5,000,000) allocated per year;
- Other capital investments will include the demolition work related to the Hospital's new tower and may include a new medical office building or development of ambulatory care services;
- Adventist Health will initiate (within the first year) and pay for the implementation of Adventist Health's standard Cerner Millennium electronic medical record system at the Hospital and other FRHG facilities;
- Adventist Health will redeem, guarantee, defease, pre-pay or otherwise assume all long-term debt held by FRHG;
- Adventist Health will agree not to sell, convey, lease, or otherwise transfer all or substantially all of FRHG or its health facilities' assets to a third party for ten (10) years following the completion of the Affiliation;
- Adventist Health will cause FRHG to preserve the Hospital as a licensed general acute care hospital facility with basic emergency medical services, for ten (10) years following the completion of the Affiliation;
- Adventist Health will cause FRHG to maintain and provide the Hospital's healthcare services at no less than the level existing at the Hospital as of the Closing date of the Affiliation for a minimum of five (5) years including the following:
 - The Hospital's Level III Trauma Center consisting of 54² licensed beds, a stroke program, and a sepsis program;
 - Two hundred and twenty-one (221) licensed acute care beds including six (6) NICU beds, twelve (12) perinatal beds and twenty-four (24) intensive care beds;
 - Core Hospital services including;
 - cardiac catheterization including elective primary coronary intervention;
 - surgical and procedural services consistent with a community hospital including general surgery, endoscopy, orthopedics, and vascular surgery;
 - laboratory services, including clinical and anatomic pathology and blood bank;
 - respiratory care services and certified ABG lab; imaging services including nuclear medicine and interventional radiology; and
 - those other services necessary for the usual care and treatment of hospitalized patients, including physical therapy, speech therapy, occupational therapy and social services; and
 - outpatient services, including the following service lines:
 - oncology and radiation therapy as provided at the Cancer Center;
 - outpatient surgery, whether provided in the Hospital or in an outpatient surgery facility; and
 - outpatient radiology including MRI, PET/CT, and mammography and other women's imaging services.

² The affiliation agreement states that Adventist Health will maintain 54 licensed beds, however the emergency department is licensed for only 45 beds.

- Adventist Health shall cause FRHG to maintain appropriate accreditation and participation in Medicare, Medi-Cal, and TRICARE programs subject to adverse material changes in those programs;
- Adventist Health shall cause FRHG to maintain applicable Medi-Cal managed care contracts provided that the contracts are no less favorable than those offered to similarly situated hospitals;
- Adventist Health shall cause the Fremont-Rideout Cancer Center to be maintained as long as it determines it to be in the best interest of the center and the service area
- Adventist Health will cause the Hospital to adopt charity care policies no less favorable than currently are in place;
 - Adventist Health shall ensure that the annual amount of charity care shall be equal to or greater than the annual average provided by the Hospital during the five-year period immediately preceding the affiliation;
 - Adventist Health shall ensure that the annual amount of community benefit shall be equal to or greater than the annual average provided during the five-year period immediately preceding the affiliation;
 - If the actual amount of charity care or community benefit provided by the Hospital for any year during the five-year period is less than the baseline average, the Hospital shall pay an amount equal to the difference, to one or more clinics, or tax exempt entities that provide direct healthcare services or community benefits to residents of the service area;
- Adventist Health will provide a charitable contribution of Three Million Dollars (\$3,000,000) to the Charitable Foundation;
- FRHG will continue to provide the meeting space and support services necessary to the Charitable Foundation's operations consistent with its charitable purpose to support of FRHG and its affiliates;
- The Affiliation will not affect the medical staff membership or privileges for members of the medical staff of the Hospital; and
- FRHG and its affiliates will retain substantially all its employees following the affiliation for a period of at least ninety (90) days, subject to the completion of routine background checks.

Profile of Fremont-Rideout Health Group

Overview

The Hospital is located at 726 4th Street in Marysville, California. It is the only operating general acute care hospital of the Fremont-Rideout Health Group. Fremont Medical Center, located in Yuba City approximately two miles east of Rideout Memorial Hospital, was closed in May 2017. The Hospital recently opened a new five (5) story hospital tower adjacent and connected to the original tower. This new tower provides a modern, state-of-the-art healthcare facility to serve the populations of Yuba and Sutter Counties and the outlying region. The new tower has an emergency helicopter access pad on the roof and includes private rooms, an advanced imaging suite, hybrid operating room functionality, expanded emergency room services, a new café and other amenities.

The Hospital has eight surgical operating rooms and a 45-bed emergency department that has been designated as a Level III Trauma Center. The Hospital is the only ST-Elevation Myocardial Infarction (STEMI) receiving center servicing Yuba County, Sutter County and parts of Nevada, Butte and Colusa Counties.

Due to the closure of Fremont Medical Center and the recent expansion of the Hospital, the Hospital’s license has been updated to reflect the 221 beds that are currently operating as shown below:

LICENSED BED DISTRIBUTION		
Bed Type	2017 License	2018 License
Rideout Memorial Hospital		
General Acute Care	149	179
Perinatal	0	12
Intensive Care	24	24
NICU	0	6
Rideout Memorial Hospital Total:	173	221
Fremont Medical Center		
General Acute Care	26	0
Perinatal	16	0
NICU	4	0
Fremont Medical Center	46	0
Total Acute Care Beds	219	221
Residential Care	129	129
Skilled Nursing	145	145
Total Licensed Beds	493	495

Source: Fremont-Rideout Health Group

Key Statistics

For FY 2016, the Hospital³ reported 10,843 inpatient discharges, 52,113 patient days, and an average daily census of 143 patients (approximately 65.2% occupancy).

KEY STATISTICS: FY 2014-2016			
	FY 2014	FY 2015	FY 2016
Inpatient Discharges	12,152	10,973	10,843
Licensed Beds	233	233	219
Patient Days	52,501	50,436	52,113
Average Daily Census	144	138	143
Occupancy	61.7%	59.3%	65.2%
Average Length of Stay	4.3	4.6	4.8
Emergency Services Visits ¹	54,641	57,813	66,680
Cardiac Catheterization Procedures ¹	1,986	2,321	2,443
Coronary Artery Bypass Graft (CABG) Surgeries ¹	118	114	96
Total Live Births	2,035	1,994	2,062
Medical Staff ²		298	
Employees (Full-Time Equivalents) ²		1,420	

Source: OSHPD Disclosure Reports, 2014-2016

¹ OSHPD ALIRTS Annual Utilization Reports

² Fremont Rideout Health Group

- Inpatient discharges decreased by nearly 10% from FY 2014 to FY 2016 while patient days have remained approximately the same;
- Between 2014 and 2016, the Hospital reported a 10% compound annual growth increase in emergency visits;
- Cardiac catheterization procedures increased from 1,986 in FY 2014 to 2,443 in FY 2016;
- The Hospital performed 96 coronary artery bypass graft surgeries in 2016; and
- Between FY 2014 and FY 2016, the total number of live births at the Hospital has remained relatively constant, with an average of 2,030 births annually.

³ The Hospital included the 46 licensed beds at Fremont Medical Center before it closed in May 2017.

Programs & Services

FRHG provides a wide range of acute, sub-acute and long term care services including the following:

Emergency Services

The Hospital's operates the only emergency room between southern Butte County and the City of Roseville. The Hospital's emergency department is designated as a Level III Trauma Center, operates a Paramedic Base Station, and is the only STEMI receiving center servicing Yuba County, Sutter County and parts of Nevada, Butte and Colusa Counties.

Cardiac Services

The Hospital has a 25,000 square-foot, state-of-the-art cardiac unit that allows procedures such as coronary angioplasty, atherectomy, stents and open-heart surgery, including bypass surgery and valve surgery.

The Hospital has a non-invasive cardiology and vascular diagnostic lab, two state-of-the-art digital cardiac catheterization suites, two cardiovascular operating room suites, 12 critical care beds, 24 telemetry beds, and a cardiac rehabilitation program.

The support for cardiac services is provided by cardiothoracic surgeons, cardiologists, anesthesiologists, intensivists, pulmonologists, perfusionists, physician assistants and specialized nursing staff.

Cancer Center/Oncology Services

Specialized medical and radiation oncology services are provided through a joint venture with the Regents of the University of California on behalf of University of California Davis Health System at the Fremont-Rideout Cancer Center. Radiation therapy treatments are provided using a state-of-the-art linear accelerator with associated Intensity-Modulated Radiation Therapy (IMRT) technology and Image Guided Radiation Therapy (IGRT) technology. The cancer center is capable of treating many forms of cancer using leading-edge protocols and techniques. In addition to chemotherapy and infusion services, clinical trials and radiation therapy treatment, the program also incorporates telemedicine capability from the University of California Davis Health System.

The Fountains

The Fountains is a 145-bed skilled nursing facility licensed by the California Department of Public Health. The Fountains serves as a continuing care provider for Medicare patients requiring rehabilitation services subsequent to an acute care hospital stay and as a long-term care provider for Medi-Cal, and private patients. The skilled nursing and rehabilitation operations of the facility have an average length of stay of approximately 21 days. Constructed in 1990, the Fountains is a one-story, 40,000 square foot facility located approximately three miles west of the Hospital's on a 15 acre-campus. The Fountains is adjacent to the Courtyard and the Gardens facilities in Yuba City.

The Courtyard

The Courtyard provides assisted living care to the elderly with a complement of 54 suites licensed for 80 residents by the State Department of Social Services as a residential care facility for the elderly. Residents of the Courtyard are able to live independently with assistance in daily living activities such as bathing, dressing, laundry and dining. Some units are able to accommodate a second resident to allow married couples to reside together. As residents require higher level assistance they can transition to the Fountains or the Gardens for additional care. Constructed in 1999, the Courtyard is a one-story, 40,000 square foot facility located adjacent to the Fountains and the Gardens facilities.

The Gardens

The Gardens provides residential care to the elderly with dementia and Alzheimer's disease. The Gardens has 37 suites, and is licensed for a total of 49 beds by the State Department of Social Services as a residential care facility for the elderly. In addition, the Gardens has an adult daycare service licensed for 15 people. The Gardens provides assisted living services for patients diagnosed with Alzheimer's disease with special accommodations unique to that disease. The Gardens also accommodates married couples that wish reside together even if only one spouse requires specialized assistance. Constructed in 2003, the Gardens is a one story, 21,500 square foot facility located adjacent to the Courtyard and the Fountains.

Medical Foundation and Clinics

The Hospital's medical foundation has approximately 40 healthcare providers in clinics located throughout Yuba, Sutter and Nevada counties. The Medical Foundation has 20 clinic locations across this three-county area.

Accreditations, Certifications & Awards

The Hospital is accredited for three years by The Joint Commission, effective October, 2017. Over the years, the Hospital has received awards as a provider of quality care, some of which include the following:

- On May 31, 2017, the Stroke Program was awarded the American Heart Association/American Stroke Association's Get With The Guidelines® - Stroke Silver Plus Quality Achievement Award;
- An award from the California State Association of Counties for collaboration between Sutter-Yuba Behavioral Health Services and the Hospital's Emergency Department that imbeds Behavioral Health workers in the Emergency Department to provide better coordinated care for individuals diagnosed with mental health issues.

Quality Measures

The Hospital Value-Based Purchasing Program, established by the 2010 Federal Patient Protection and Affordable Care Act (ACA) in 2012, encourages hospitals to improve the quality and safety of care. The Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payments and payment reductions by determining hospital performance on four domains that reflect hospital quality: the clinical process of care and outcomes domain, the patient and caregiver centered experience of care/care coordination domain, the safety domain, and the efficiency and cost reduction domain. For FY 2018, the Centers for Medicare & Medicaid services are decreasing payments to Rideout Memorial Hospital by 0.76%.

The following table reports the Hospital's performance compared to all hospitals across the nation for the seven categories that comprise Hospital Compare's overall quality rating:

Quality Measures	
Category	Rideout Memorial Hospital
Mortality	Below the national average
Safety of Care	Below the national average
Readmission	Same as the national average
Patient Experience	Below the national average
Effectiveness of Care	Same as the national average
Timeliness of Care	Below the national average
Efficient Use of Medical Imaging	Above the national average

Source: Medicare.gov Hospital Compare, December 2017

The Hospital Readmissions Reduction Program⁴, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following three applicable conditions: heart attack, heart failure, and pneumonia. The penalty is administered by reducing all of a hospital's reimbursement payments under the Medicare program by a certain percentage for the entire year.

In FY 2017, the Hospital will be penalized with a 0.97% reduction in reimbursement. The following graph shows the Hospital's 30-day readmission rates for chronic obstructive pulmonary disease, heart failure, pneumonia, stroke, and coronary artery bypass graft (CAGB), hip/knee replacement, and all causes hospital-wide.

⁴ 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.

30-DAY READMISSION RATES		
Condition/Procedure	Rideout Memorial Hospital	National Average
Chronic Obstructive Pulmonary Disease	20.9%	19.8%
Heart Failure	22.8%	21.6%
Pneumonia	15.9%	16.9%
Stroke	11.7%	12.2%
Coronary Artery Bypass Graft (CAGB)	15.2%	13.8%
Hip/Knee Replacement	4.1%	4.2%

Source: Medicare.gov Hospital Compare, December 2017

Seismic Issues

Using the HAZUS seismic criteria⁵, the 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 seen in the table below. SPC Ratings lower than 5 must be brought into compliance with the structural provisions of the Seismic Safety Act by Jan 1, 2030, or be removed from acute care service.

SEISMIC OVERVIEW		
	SPC Compliance Status	NPC Compliance Status
Patient Tower/Cath Lab/4th Floor	4	2
Central Plant (1960 & 1988)	2	2
Central Plant CP-1 ('92 '98 & 2000)	4	2
East Wing (1978)	4	2
West Wing (1960)	1	2
North Wing (1925)	1	2
North Wing N-1 ('74 '80 & '86) I	4	2
New Patient Tower	5s	4s
North Wing N-2 (1960)	2	2
Registration Building	4	2

Source: OSHPD, 11/30/2017

⁵ OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings. SPC ratings range from 1 to 5 with SPC 1 assigned to buildings posing significant risk of collapse following a strong earthquake, and SPC 5 assigned to buildings reasonably capable of providing services to the public following a strong earthquake. Where SPC ratings have not been verified by OSHPD, the rating index is followed by the letter 's'.

Patient Utilization Trends

The following table shows FY 2012-2016 volume trends at the Hospital.

SERVICE VOLUMES: FY 2012-2016						
PATIENT DAYS	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Trend
Medical/Surgical Intensive Care	6,801	6,241	5,826	5,733	6,128	↘
Neonatal Intensive Care	965	1,002	990	829	805	↘
Medical/Surgical	39,320	39,135	40,855	39,374	40,394	↗
Obstetrics	5,129	4,725	4,830	4,500	4,786	↘
Total	52,215	51,103	52,501	50,436	52,113	↔
DISCHARGES						
Medical/Surgical Intensive Care	309	397	340	380	440	↗
Neonatal Intensive Care	220	248	243	207	130	↘
Medical/Surgical	10,270	9,731	9,472	8,348	8,127	↔
Obstetrics	2,204	2,080	2,097	2,038	2,146	↔
Total	13,003	12,456	12,152	10,973	10,843	↘
AVERAGE LENGTH OF STAY						
Medical/Surgical Intensive Care	22.0	15.7	17.1	15.1	13.9	↘
Neonatal Intensive Care	4.4	4.0	4.1	4.0	6.2	↗
Medical/Surgical	3.8	4.0	4.3	4.7	5.0	↗
Obstetrics	2.3	2.3	2.3	2.2	2.2	↔
Total	4.0	4.1	4.3	4.6	4.8	↗
AVERAGE DAILY CENSUS						
Medical/Surgical Intensive Care	19	17	16	16	17	↘
Neonatal Intensive Care	3	3	3	2	2	↘
Medical/Surgical	108	107	112	108	111	↗
Obstetrics	14	13	13	12	13	↔
Total	143	140	144	138	143	↔
OTHER SERVICES						
Inpatient Surgeries	1,980	2,338	2,170	2,061	1,768	↘
Outpatient Surgeries	1,419	3,864	3,779	3,909	3,672	↗
Emergency Visits ¹	49,210	53,096	54,641	57,813	66,680	↗
Cardiac Catheterization Procedures ¹	2,090	1,774	1,986	2,321	2,443	↗
Coronary Artery Bypass Graft (CABG) Surgeries ¹	112	2	118	85	96	↘
Obstetric Deliveries	2,129	2,041	2,035	1,994	2,504	↗

Sources: OSHPD Disclosure Reports, 2012-2016

¹OSHPD ALIRTS Annual Utilization Reports

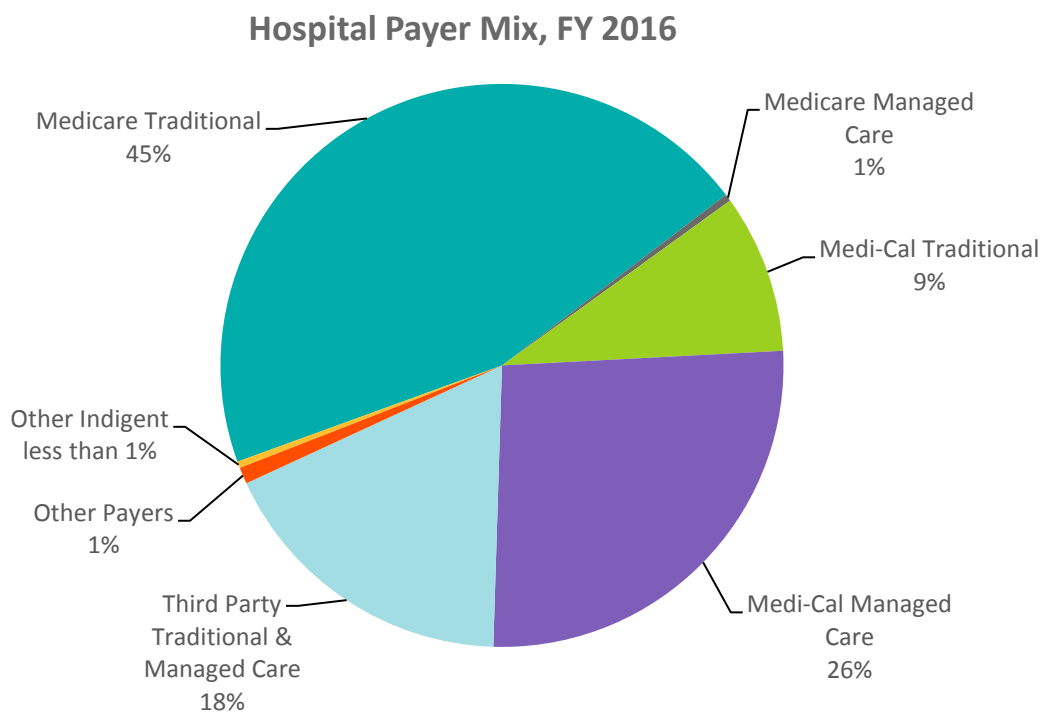
A review of historical utilization trends between FY 2012 and FY 2016 supports the following conclusions:

- Total patient days at the Hospital were similar between FY 2012 and FY 2016;
- Inpatient discharges decreased by 17% between FY 2012 and FY 2016, while the average length of stay has increased in every year;

- Overall, the average daily census did not change between FY 2012 and FY 2016; and
- Emergency visits increased by 35% over the five-year period.

Payer Mix

In FY 2016, the Hospital’s inpatient payer mix consisted of Medicare Traditional patients (45%), Medi-Cal Managed Care patients (26%), Third Party patients (18%), Medi-Cal Traditional patients (9%), Medicare Managed Care patients (1%) and Other Payer patients (1%).



Total Discharges: 10,843

Source: OSHPD Financial Disclosure Report, FY 2016 (based on inpatient discharges)

The following table illustrates the Hospital's FY 2016 inpatient discharge payer mix compared to FY 2016 for facilities in Yuba, Sutter and adjacent counties, and the State of California. The comparison shows that the Hospital has higher percentages of Medicare Traditional and Medi-Cal Managed Care patients and lower percentages of Medi-Cal Traditional, and Third Party Traditional and Managed Care patients relative to other hospitals in Yuba, Sutter and adjacent counties and statewide.

PAYER MIX COMPARISON						
	Rideout Memorial Hospital (FY 2016)		Yuba, Sutter and Adjacent Counties		California (FY 2016)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	990	9.1%	26,883	12.8%	435,583	14.5%
Medi-Cal Managed Care	2,854	26.3%	42,776	20.4%	587,208	19.6%
Medi-Cal Total	3,844	35.5%	69,659	33.2%	1,022,791	34.1%
Medicare Traditional	4,900	45.2%	69,223	33.0%	831,723	27.7%
Medicare Managed Care	44	0.4%	16,265	7.8%	317,288	10.6%
Medicare Total	4,944	45.6%	85,488	40.8%	1,149,011	38.3%
Third Party Traditional & Managed Care	1,912	17.6%	52,230	24.9%	757,171	25.2%
Third-Party Total	1,912	17.6%	52,230	24.9%	757,171	25.2%
Other Payers	103	0.9%	1,066	0.5%	44,849	1.5%
Other Indigent	40	0.4%	600	0.3%	14,637	0.5%
County Indigent	0	0.0%	480	0.2%	12,940	0.4%
Other Total	143	1.3%	2,146	1.0%	72,426	2.4%
Total	10,843	100%	209,523	100%	3,001,399	100%

Source: OSHPD Disclosure Reports, 2016

Adjacent Counties: Butte, Colusa, Nevada, Placer, Sacramento, and Yolo

Medi-Cal Managed Care

The Medi-Cal Managed Care Program contracts for healthcare services through established networks of organized systems of care. 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. Yuba and Sutter counties utilize the Regional Model for managed care that offers Medi-Cal beneficiaries two commercial plans to choose from. The percentage of Yuba and Sutter County residents with Medi-Cal Managed Care coverage increased significantly as a result of the ACA and state initiatives to expand managed care.

Currently, Medi-Cal beneficiaries have the choice between the Anthem Blue Cross Partnership Plan and California Health and Wellness. Currently, the Hospital is contracted with both Medi-Cal managed care plans.

Medical Staff

The Hospital has 298 medical staff members representing multiple specialties. The five largest specialties, comprising 54% of the medical staff, include: Internal Medicine, General/Family Practice, Pediatric Medicine, Anesthesiology and General Surgery.

MEDICAL STAFF PROFILE 2017		
Specialty	Count	% of Total
Anesthesiology	15	5.0%
Cardiovascular Diseases	9	3.0%
Dental	3	1.0%
Diagnostic Radiology	7	2.3%
Gastroenterology	5	1.7%
General/Family Practice	52	17.4%
General Surgery	10	3.4%
Internal Medicine	60	20.1%
Neurological Surgery	3	1.0%
Neurology	3	1.0%
Nuclear Medicine	1	0.3%
Obstetrics and Gynecology	12	4.0%
Oncology	5	1.7%
Ophthalmology	4	1.3%
Oral Surgery (Dentists Only)	2	0.7%
Orthopedic Surgery	8	2.7%
Otolaryngology	2	0.7%
Pathology	4	1.3%
Pediatric-Cardiology	2	0.7%
Pediatric Medicine	23	7.7%
Physical Medicine/Rehabilitation	3	1.0%
Plastic and Reconstructive Surgery	2	0.7%
Podiatry	7	2.3%
Pulmonary Disease	4	1.3%
Radiology	7	2.3%
Thoracic Surgery	3	1.0%
Urology	2	0.7%
Vascular Surgery	1	0.3%
Other Specialties	39	13.1%
Total Medical Staff	298	100%

Source: OSHPD Disclosure Report FY 2016

Financial Profile

For fiscal years 2012, 2013 and 2014, the Hospital maintained positive net income ranging from approximately \$4 million to \$42 million. Beginning in FY 2015 and continuing into FY 2016, the Hospital experienced negative net income of approximately \$3.6 million in FY 2015 and \$13.9 million in FY 2016. Net patient revenue and total operating revenue between FY 2012 to FY 2016 increased by nearly 17%. Over the same period, the Hospital's operating expenses increased by approximately 24% from \$284.4 million in FY 2012 to \$351.7 million in FY 2016. Other operating revenue⁶ increased over the five-year period by 36% from approximately \$2.3 million to \$3.1 million.

The Hospital's current-asset-to-liability ratio⁷ has decreased over the last five years from 4.94 in FY 2012 to 1.95 in FY 2016 (the California average in FY 2016 was 1.60). The Hospital's percentage of bad debt is 0.9%, which is slightly higher than the statewide average of 0.8%. The Hospital's percentage of charity care for FY 2016 is 1.1%, which is higher than the statewide average of 0.7%

FINANCIAL AND RATIO ANALYSIS: FY 2012-2016						
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Patient Days	52,215	51,103	52,501	50,436	52,113	-
Discharges	13,003	12,456	12,152	10,973	10,843	-
ALOS	4.0	4.1	4.3	4.6	4.8	-
Net Patient Revenue	\$285,965,618	\$298,635,363	\$293,632,046	\$326,906,938	\$335,023,542	-
Other Operating Revenue	\$2,285,672	\$2,791,378	\$3,420,140	\$2,339,023	\$3,103,186	-
Total Operating Revenue	\$288,251,290	\$301,426,741	\$297,052,186	\$329,245,961	\$338,126,728	-
Total Operating Expenses	\$284,416,336	\$288,035,545	\$276,310,581	\$337,250,164	\$351,694,645	-
Net from Operations	\$3,834,954	\$13,391,196	\$20,741,605	(\$8,004,203)	(\$13,567,917)	-
Net Non-Operating Revenue & Expense	\$230,721	\$15,684,377	\$21,572,831	\$4,373,505	(\$368,821)	-
Net Income	\$4,065,675	\$29,075,573	\$42,314,436	(\$3,630,698)	(\$13,936,738)	-
						2016 California Average
Current Ratio	4.94	5.85	7.74	3.50	1.95	1.60
Days in A/R	42.9	43.8	48.5	50.2	49.1	57.0
Charity % of Operating Expenses	2.55%	1.22%	0.79%	0.58%	1.08%	0.73%
Bad Debt % of Operating Expenses	2.1%	3.3%	3.0%	1.7%	0.9%	0.8%
Operating Margin	1.33%	4.44%	6.98%	-2.43%	-4.01%	2.84%

Source: OSHPD Disclosure Reports, 2012-2016

⁶ Other operating revenue represents amounts received for services that are central to the provision of healthcare services, but are not directly related to patient care.

⁷ 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.

Cost of Hospital Services

The Hospital's operating cost of services includes both inpatient and outpatient care. In FY 2016, approximately 49% of total costs were associated with Medicare patients, 30% with Medi-Cal patients, 19% with Third Party patients, and 2% with Other Payers.

COST OF SERVICES					
BY PAYER CATEGORY: FY 2012-2016					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Operating Expenses	\$284,416,336	\$288,035,545	\$276,310,581	\$337,250,164	\$351,694,645
Cost of Services By Payer:					
Medicare	\$130,130,390	\$141,252,107	\$136,013,461	\$168,057,359	\$171,944,629
Medi-Cal	\$66,076,314	\$60,499,145	\$64,805,325	\$93,539,273	\$104,607,241
County Indigent	\$9,419,855	\$12,820,877	\$6,140,200	-	-
Third Party	\$61,714,674	\$56,916,226	\$55,697,436	\$66,237,127	\$66,967,920
Other Indigent	\$712,172	\$467,144	\$409,950	-	-
Other Payers	\$16,362,931	\$16,080,047	\$13,244,208	\$9,416,404	\$8,174,854

Source: OSHPD Disclosure Reports, 2012-2016

Charity Care

Based upon the Annual Financial Disclosure Reports submitted to OSHPD, the Hospital's charity care charges have decreased from \$25.4 million in FY 2012 to approximately \$12.4 million in FY 2016. The five-year average for charity charges was approximately \$12.9 million.

CHARITY CARE	
TOTAL CHARGES: FY 2012-2016	
Year	OSHPD Disclosure Reports
FY 2016	\$12,412,359
FY 2015	\$6,087,594
FY 2014	\$8,326,875
FY 2013	\$12,309,333
FY 2012	\$25,381,471
5-Year Average	\$12,903,526

Source: OSHPD Disclosure Reports, FY 2012-2016

The following table shows a comparison of charity care and bad debt for the Hospital and all general acute care hospitals in the State of California. The five-year (FY 2012-2016) average of charity care and bad debt, as a percentage of gross patient revenue, was 3.5%. This is higher than the four-year statewide average of 3%. According to OSHPD, "...the determination of what

is classified as charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

CHARITY CARE COMPARISON: FY 2012-2016 (Millions)										
	2012		2013		2014		2015		2016	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$997	\$303,547	\$1,010	\$320,382	\$1,059	\$338,322	\$1,051	\$365,501	\$1,149	\$396,388
Charity	\$25.4	\$6,683	\$12.3	\$6,563	\$8.3	\$5,114	\$6.1	\$3,439	\$12.4	\$2,905
Bad Debt	\$21.2	\$5,047	\$33.5	\$5,892	\$31.4	\$4,366	\$18.5	\$3,263	\$10.8	\$3,142
Total	\$47	\$11,729	\$46	\$12,455	\$40	\$9,480	\$25	\$6,701	\$23	\$6,047
Charity Care as a % of Gross Rev.	2.5%	2.2%	1.2%	2.0%	0.8%	1.5%	0.6%	0.9%	1.1%	0.7%
Bad Debt as a % of Gross Rev.	2.1%	1.7%	3.3%	1.8%	3.0%	1.3%	1.8%	0.9%	0.9%	0.8%
Total as a % of Gross Rev.	4.7%	3.9%	4.5%	3.9%	3.7%	2.8%	2.3%	1.8%	2.0%	1.5%
Uncompensated Care										
Cost to Charge Ratio	28.3%	24.7%	28.3%	24.5%	25.8%	23.6%	31.9%	24.1%	30.3%	23.8%
Charity	\$7.18	\$1,649	\$3.48	\$1,609	\$2.14	\$1,208	\$1.94	\$828	\$3.76	\$690
Bad Debt	\$6.00	\$1,245	\$9.47	\$1,444	\$8.08	\$1,031	\$5.89	\$786	\$3.28	\$746
Total	\$13	\$2,894	\$13	\$3,053	\$10	\$2,239	\$8	\$1,613	\$7	\$1,436

Source: OSHPD Disclosure Reports, FY 2012-2016

The table below shows the Hospital's historical costs for charity care as reported to OSHPD. The Hospital's charity care costs have decreased from approximately \$7.2 million in FY 2012 to \$3.8 million in FY 2016. The average annual cost of charity care for the last five-year period was approximately \$3.7 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 2016	\$12,412,359	30.3%	\$3,764,900	1.1%
FY 2015	\$6,087,594	31.9%	\$1,939,116	0.6%
FY 2014	\$8,326,875	25.8%	\$2,144,836	0.8%
FY 2013	\$12,309,333	28.3%	\$3,477,720	1.2%
FY 2012	\$25,381,471	28.3%	\$7,182,471	2.5%
5-Year Average	\$12,903,526		\$3,701,809	

Source: OSHPD Disclosure Reports, FY 2012-2016

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

COST OF CHARITY CARE BY SERVICE					
		Rideout Memorial Hospital			
FY		Inpatient	Outpatient	Emergency Room	Total
2017	Cost of Charity	\$596,798	\$201,341	\$259,861	\$1,058,000
	Visits/Discharges	209	362	348	919
2016	Cost of Charity	\$500,808	\$211,646	\$178,564	\$891,018
	Visits/Discharges	190	402	283	875
2015	Cost of Charity	\$121,349	\$38,758	\$128,082	\$288,189
	Visits/Discharges	66	96	152	314

Source: Fremont Rideout Health Group

Note: Due to system conversion in 2014, data prior to 2015 is unavailable

Community Benefit Services

The Hospital consistently provided a contribution to community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years is \$96,891. Over the five-year period, the Hospital's combined total cost of community benefit services increased from \$43,523 in FY 2012 to \$104,859 in FY 2017.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	5-Year Average	Total
Community Health Education	\$14,703	\$69,644	\$81,117	\$91,535	\$73,829	\$66,166	\$330,828
Community Outreach & Sponsorships	\$28,820	\$30,913	\$33,542	\$29,324	\$31,030	\$30,726	\$153,629
Total	\$43,523	\$100,557	\$114,659	\$120,859	\$104,859	\$96,891	\$484,457

Source: Fremont Rideout Health Group

The Hospital's community benefit services over the past five fiscal years included community health education programs, such as women's health, smoking cessation, nutrition, diabetes and sponsorship of over 70 community organizations and events providing healthcare related programs and services (e.g. the American Red Cross, Habitat for Humanity and the Kiwanis Club of Marysville). None of the individual costs were over \$10,000 for any of the programs, services or sponsorships.

Profile of Adventist Health System/West

Overview of Adventist Health System/West (dba Adventist Health)

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

- 20 hospitals with more the 2,900 beds
- More than 260 clinics and outpatient centers
- More than 50 rural health clinics
- 15 home care agencies
- Seven hospice agencies
- Four joint-venture retirement centers.

Adventist Health System/West facilities are grouped into four regions:

Southern California Region

- Adventist Health – Tehachapi Valley (Tehachapi, CA)
- Glendale Adventist Medical Center (Glendale, CA)
- San Joaquin Community Hospital (Bakersfield, CA)
- Simi Valley Hospital (Simi Valley, CA)
- White Memorial Medical Center (Los Angeles, CA)

Central California Region

- Adventist Medical Center – Hanford (Hanford, CA)
- Adventist Medical Center – Selma (Selma, CA)
- Adventist Medical Center – Reedley (Reedley, CA)
- Sonora Regional Medical Center (Sonora, CA)

Northern California Region

- Feather River Hospital (Paradise, CA)
- Frank R. Howard Memorial Hospital (Willits, CA)
- St. Helena Hospital – Clear Lake (Clearlake, CA)
- St. Helena Hospital – Napa Valley (St. Helena, CA)
- St. Helena Hospital Center for Behavioral Health (Vallejo, CA)
- Ukiah Valley Medical Center (Ukiah, CA)

Pacific Northwest Region

- Adventist Medical Center – Portland (Portland, OR)

- Castle Medical Center (Kailua, HI)
- Tillamook Regional Medical Center (Tillamook, OR)
- Walla Walla General Hospital (Walla Walla, WA)

In addition to the nineteen facilities located within the aforementioned four regions, Lodi Health (Lodi, CA) joined Adventist Health System/West in 2015.



Adventist Health System/West has relationships with more than 5,900 physicians, of whom more than 1,200 are under contract or employed. The Adventist Health Physicians Network in California is a medical foundation model for physician alignment and currently involves more than 170 physicians. Adventist Health System/West has a commitment to medical education with residency programs at a number of facilities including programs for family practice, internal medicine, podiatry, and obstetrics/gynecology.

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

Adventist Health System/West operates one of the largest hospital-based rural health clinic programs in the country with more than 50 clinics. These clinics vary in size from small, one or

two provider offices to large facilities with primary care, specialty medical care, dental, behavioral health, perinatal, and other services.

Key Statistics

Key statistics for Adventist Health System/West's California hospitals include the following:

- In FY 2016, the hospitals operated a total of 2,335 licensed beds with an average occupancy rate of 59% and an average daily census of 1,394 patients;
- From FY 2015 to FY 2016, total inpatient discharges increased approximately 5% from 106,361 to 111,552; and
- Based on FY 2016 inpatient discharges, the percentages of Medicare and Medi-Cal were 43% and 35%, respectively.

Payer Mix

The following table illustrates Adventist Health System/West's California hospitals' inpatient discharge payer mix compared to Yuba, Sutter and adjacent counties and the State of California for FY 2016. The comparison shows that the 15 hospitals combined have higher percentages of Medi-Cal Managed Care and Medicare Traditional patients and lower percentages of Medi-Cal Traditional, Third Party Traditional and Third Party Managed Care patients relative to the average for all hospitals in Yuba, Sutter and adjacent counties, and the State of California.

PAYER MIX COMPARISON						
Adventist Health System/West California Hospitals (FY 2016)	Adventist Health System/West California Hospitals (FY 2016)		Yuba, Sutter and Adjacent Counties		California (FY 2016)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	12,494	11.2%	26,883	12.8%	435,583	14.5%
Medi-Cal Managed Care	25,988	23.3%	42,776	20.4%	587,208	19.6%
Medi-Cal Total	38,482	34.5%	69,659	33.2%	1,022,791	34.1%
Medicare Traditional	38,386	34.4%	69,223	33.0%	831,723	27.7%
Medicare Managed Care	9,501	8.5%	16,265	7.8%	317,288	10.6%
Medicare Total	47,887	42.9%	85,488	40.8%	1,149,011	38.3%
Third Party Traditional	2,543	2.3%	9,392	4.5%	102,428	3.4%
Third Party Managed Care	19,836	17.8%	42,838	20.4%	654,743	21.8%
Third-Party Total	22,379	20.1%	52,230	24.9%	757,171	25.2%
Other Payers	2,279	2.0%	1,066	0.5%	44,849	1.5%
Other Indigent	443	0.4%	600	0.3%	14,637	0.5%
County Indigent	82	0.1%	480	0.2%	12,940	0.4%
Other Total	2,804	2.5%	2,146	1.0%	72,426	2.4%
Total	111,552	100%	209,523	100%	3,001,399	100%

Source: OSHPD Disclosure Reports, 2016

Adjacent Counties: Butte, Colusa, Nevada, Placer, Sacramento, and Yolo

Financial Profile

Adventist Health System/West - System-Wide Performance

Adventist Health System/West's audited combined financial statements for FY 2015 and FY 2016 show the system-wide performance of the entity and its affiliates. The table shows that Adventist Health System/West had increasing income from operations reporting approximately \$180 million for 2016.

Adventist Health System/West's Combined Statement of Operations (In Thousands of Dollars)		
	Adventist Health System-Wide	
Unrestricted Revenues and Support	CY 2016	CY 2015
Net Patient Service Revenue (Less Bad Debt Provision)	\$3,596,672	\$3,295,765
Premium Revenue	\$161,239	\$100,866
Other Revenue	\$174,653	\$167,534
Net Assets Released From Restrictions For Operations	\$13,359	\$12,208
Total Unrestricted Revenues And Support	\$3,945,923	\$3,576,373
Expenses		
Employee Compensation	\$1,853,394	\$1,724,284
Professional Fees	\$400,159	\$345,545
Supplies	\$506,262	\$470,485
Purchased Services And Other	\$790,186	\$690,739
Interest	\$47,899	\$41,129
Depreciation And Amortization	\$168,386	\$164,182
Impairment Loss	\$0	\$15,000
Total Expenses	\$3,766,286	\$3,451,364
Income From Operations	\$179,637	\$125,009
Non-operating Income (Loss)		
Investment Income	\$17,747	\$23,754
Gain On Acquisition	\$0	\$87,046
(Loss) Gain On Early Extinguishment Of Debt	-\$31,459	\$1,799
Total Non-operating Income (Loss)	-\$13,712	\$112,599
Excess of Revenues Over Expenses From Continuing Operations	\$165,925	\$237,608

Source: Adventist Health System/West Consolidated Financial Statements

- Net patient service revenue (less provision for bad debts) of \$3.6 billion in FY 2016 represented a net increase of \$0.3 billion (9.1%) as compared to FY 2015. Total unrestricted revenues and support increased by \$0.4 billion (10.3%) to \$3.95 billion in FY 2016;

- Total operating expenses increased by 9.1% in FY 2016 to \$3.8 billion. Adventist Health System/West's employee compensation expenses accounted for 49.2% of total expenses;
- Excess of revenues over expenses from continuing operations decreased from \$238 million in FY 2015 to \$166 million in FY 2016.

Adventist Health System/West – California Hospital Performance

Adventist Health System/West's California combined financial statements for FY 2015 and FY 2016 display the performance of Adventist Health System/West's California entities and affiliates. The region shows increasing operating revenues and net income.

Adventist Health System/West's California Hospitals Financial Analysis			
	FY 2016	FY 2015	-
Patient Days	510,079	494,772	-
Discharges	111,552	106,361	-
ALOS	4.57	4.65	-
Revenue			
Net Patient Revenue	\$3,155,402,545	\$2,757,509,895	-
Other Operating Revenue	\$49,007,625	\$53,066,820	-
Total Operating Revenue	\$3,204,410,170	\$2,810,576,715	-
Expenses			
Total Operating Expenses	\$2,972,448,497	\$2,669,852,110	-
Net from Operations	\$231,961,673	\$140,724,605	-
Net Non-Operating Revenue & Expense	(\$41,068,746)	\$11,655,612	-
Net Income	\$190,892,927	\$152,380,217	-
			2016 California Average
Current Ratio	3.05	2.88	1.60
Days in A/R	56.1	61.7	57.0
Charity % of Operating Expenses	0.71%	0.84%	0.73%
Bad Debt % of Operating Expenses	0.54%	0.93%	0.80%
Operating Margin	7.24%	5.01%	2.84%

Source: OSHPD Disclosure Reports, 2015-2016

- Total operating revenues increased by \$394 million (14.0%) to \$3.2 billion in FY 2016;
- Total operating expenses increased by 11.3% in FY 2016 to \$2.97 billion;
- In FY 2016, Adventist Health System/West's California hospitals realized a net non-operating loss of \$41 million, representing a significant decrease from the net non-operating gain of \$11.7 million in FY 2015; and
- Net Income increased from \$152.4 million in FY 2015 to \$190.9 million in FY 2016.

Analysis of the Hospital's Service Area

Service Area Definition

The Hospital's service area is comprised of 17 ZIP Codes from which approximately 94% of its discharges originated in 2016. Approximately 78% of the Hospital's discharges originated from the top 4 ZIP Codes, located in Yuba City, Marysville and Olivehurst. In 2016, the Hospital's market share in the service area was 57%.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: 2016						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
95991	Yuba City	2,945	25.2%	25.2%	4,453	66.1%
95901	Marysville	2,659	22.7%	47.9%	4,025	66.1%
95993	Yuba City	2,108	18.0%	65.9%	3,193	66.0%
95961	Olivehurst	1,469	12.6%	78.5%	2,626	55.9%
95953	Live Oak	562	4.8%	83.3%	1,044	53.8%
95932	Colusa	246	2.1%	85.4%	697	35.3%
95982	Sutter	172	1.5%	86.8%	279	61.6%
95948	Gridley	162	1.4%	88.2%	1,397	11.6%
95692	Wheatland	152	1.3%	89.5%	436	34.9%
95992	Yuba City	136	1.2%	90.7%	180	75.6%
95918	Browns Valley	105	0.9%	91.6%	228	46.1%
95919	Brownsville	91	0.8%	92.4%	179	50.8%
95962	Oregon House	58	0.5%	92.9%	118	49.2%
95935	Dobbins	45	0.4%	93.2%	93	48.4%
95674	Rio Oso	33	0.3%	93.5%	74	44.6%
95957	Meridian	33	0.3%	93.8%	67	49.3%
95903	Beale AFB	29	0.2%	94.1%	147	19.7%
Sub-Total		11,005	94.1%	94.1%	19,236	57.2%
All Other		696	5.9%	100%		
Total		11,701	100%			

Source: OSHPD Patient Discharge Database, 2016

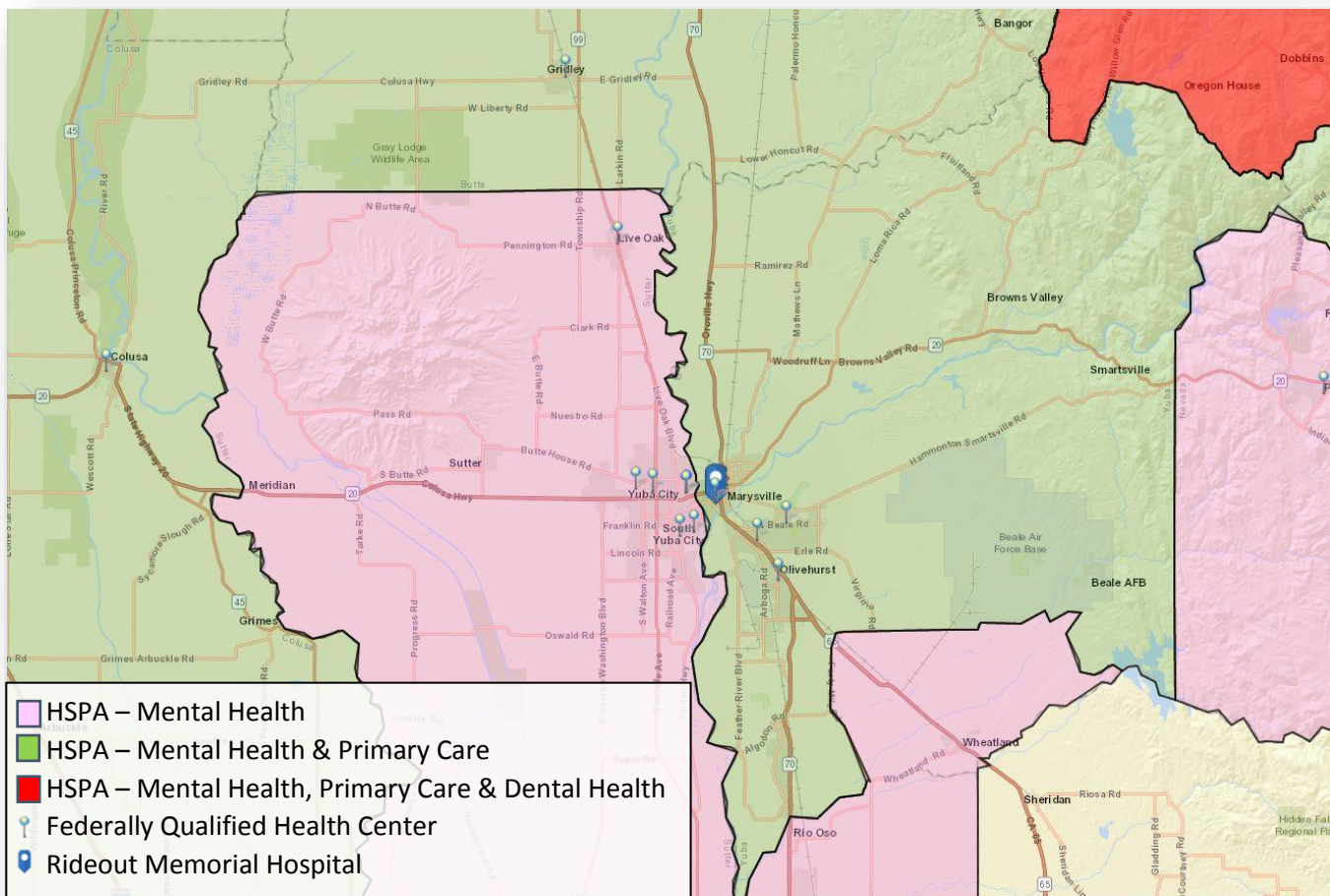
Service Area Map

The Hospital's service area has approximately 189,116 residents. There are two other hospitals located within the Hospital's service area, Orchard Hospital and Colusa Medical Center. Colusa Medical Center was formerly named Colusa Regional Medical Center and closed in April 2016. Colusa Medical Center's emergency department was re-opened in November 2017. There are 16 other hospitals located within 50 miles from the Hospital. The Hospital is the inpatient market share leader in the service area.



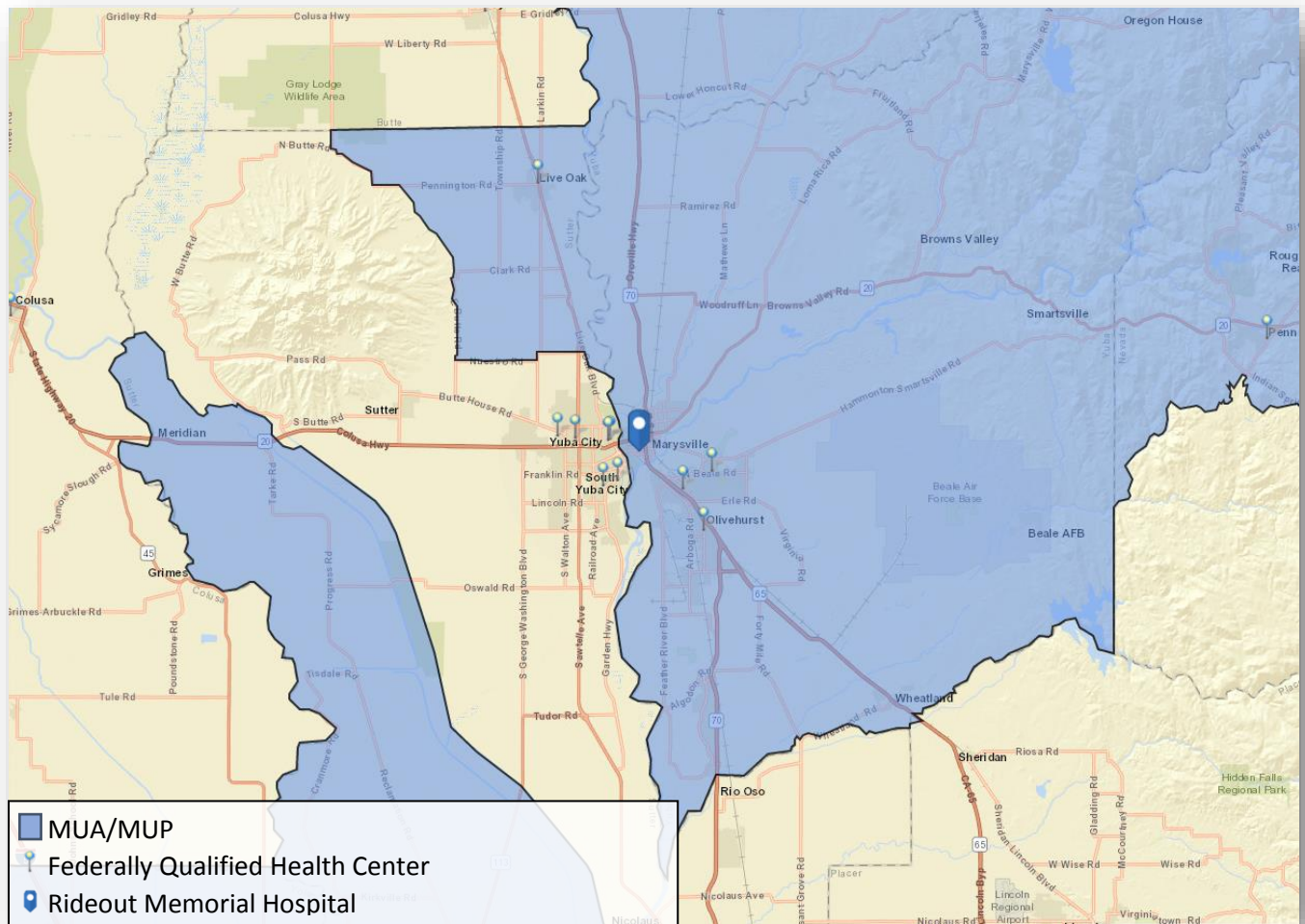
Health Professional Shortage Areas

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 Hospital is located in a mental health and primary care health professional shortage area. The map below depicts these shortage areas relative to the Hospital's location.



Medically Underserved Areas & Medically Underserved Populations

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



The census tract in which the Hospital is located is designated as a Medically Underserved Area or as a Medically Underserved Population. The surrounding areas of the Hospital are designated as Medically Underserved Area/Medically Underserved Population areas.

There are also 11 Federally Qualified Health Centers within a 25-mile radius of the Hospital. 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.

Demographic Profile

The Hospital's service area population is projected to grow by 2.9% over the next five years. This is lower than both the expected growth rate for Yuba, Sutter and adjacent counties (3.0%) and the State of California (4.3%).

SERVICE AREA POPULATION STATISTICS			
	2017 Estimate	2022 Estimate	% Change
Total Population	189,116	194,681	2.9%
Total Households	62,855	64,554	2.7%
Percentage Female	50.1%	50.1%	-

Source: Esri

The median age of the population in the Hospital's service area is 34.3 years, lower than the statewide median age of 36.0 years. The percentage of adults over the age of 65 is the fastest growing age cohort, increasing by approximately 8% between 2017 and 2022. The number of women of child-bearing age is expected to increase slightly over the next five years.

SERVICE AREA POPULATION AGE DISTRIBUTION				
	2017 Estimate		2022 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	42,675	22.6%	43,995	22.6%
Age 15-44	76,884	40.7%	79,625	40.9%
Age 45-64	43,899	23.2%	42,443	21.8%
Age 65+	25,658	13.6%	28,618	14.7%
Total	189,116	100%	194,681	100%
Female 15-44	37,678	19.9%	38,998	20.0%
Median Age	34.3	-	34.9	-

Source: Esri

The largest population cohorts in the Hospital's service area are White (61%), Some Other Race (16%), and Asian or Pacific Islander (12%). Approximately 68% of the service area population is of non-Hispanic origin. This is less than Yuba, Sutter and adjacent counties, (78%) and higher than the California non-Hispanic population of 61%.

SERVICE AREA POPULATION RACE/ETHNICITY		
	2017 Estimate	2022 Projection
White	61.0%	58.8%
Black	2.7%	2.8%
American Indian or Alaska Native	1.7%	1.7%
Asian or Pacific Islander	11.8%	12.2%
Some Other Race	16.1%	17.1%
Two or More Races	6.7%	7.1%
Total	100%	100%
Hispanic Origin	32.2%	34.7%
Non-Hispanic or Latino	67.8%	65.3%
Total	100%	100%

Source: Esri

The Hospital’s service area households have a median household income of \$51,256. This is 15% lower than adjacent counties median household income of \$60,053 and 21% lower than the State of California median of \$65,223. The percentage of higher-income households (\$150,000+) in the Hospital’s service area is projected to grow at a faster rate (27%) than adjacent counties of 21% and the State of California rate of approximately 17%.

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION						
	2017 Estimate			2022 Projection		
	Service Area	Adjacent Counties	California	Service Area	Adjacent Counties	California
\$0 - \$15,000	11.8%	10.5%	10.0%	12.2%	10.8%	10.0%
\$15 - \$24,999	12.0%	9.3%	8.8%	11.7%	9.0%	8.4%
\$25 - \$34,999	10.8%	9.1%	8.4%	10.2%	8.5%	7.6%
\$35 - \$49,999	14.0%	12.5%	11.5%	12.6%	11.1%	10.0%
\$50 - \$74,999	18.4%	17.4%	16.4%	16.1%	15.1%	14.3%
\$75 - \$99,999	12.6%	13.0%	12.4%	12.7%	12.8%	12.7%
\$100 - \$149,999	11.9%	15.1%	15.3%	13.8%	16.8%	16.9%
\$150,000+	8.5%	13.1%	17.2%	10.8%	15.9%	20.2%
Total	100%	100%	100%	100%	100%	100%
Median Household Income	\$51,256	\$60,053	\$65,223	\$53,769	\$65,662	\$74,370

Source: Esri

Medi-Cal Eligibility

As of 2011, the California Department of Health Care Services reported that approximately 26% of the population in the Hospital’s service area was eligible for Medi-Cal coverage (the State of California average was 21%). With the implementation of the ACA and the statewide expansion of Medi-Cal, the percentage of the State of California’s population that is eligible for Medi-Cal has greatly increased, reporting a historic increase of more than 13.5 million total enrollees in the Medi-Cal program in 2017. According to the California Department of Health Care Services, an estimated 32,798 people were eligible for Medi-Cal in Yuba County (44% of Yuba County’s population) and an estimated 42,063 were eligible for Medi-Cal in Sutter County (44% of Sutter County’s population) as of August 2017 and 13,358,391 people were eligible for Medi-Cal statewide (35% of California’s population). Based on the Hospital’s service area income demographics and payer mix consisting of 35% Medi-Cal patients, a higher percentage of service area residents qualify for Medi-Cal coverage under the ACA and California’s participation in Medicaid. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

Selected Health Indicators

A review of health indicators for Yuba and Sutter counties (deaths, diseases, and births) supports the following conclusions:

- In Yuba and Sutter counties, rates for first trimester prenatal care and adequate/adequate plus care are below statewide results and national goals. However, both Yuba and Sutter counties have a lower percentage of low birth weight infants than statewide results and the national goal of 7.8%.

NATALITY STATISTICS: 2017				
Health Status Indicator	Yuba County	Sutter County	California	National Goal
Low Birth Weight Infants	6.4%	6.4%	6.8%	7.8%
First Trimester Prenatal Care	68.7%	68.5%	83.3%	77.9%
Adequate/Adequate Plus Care ⁸	77.5%	79.5%	78.3%	77.6%

Source: California Department of Public Health

- Yuba and Sutter counties have lower morbidity rates for each of the five health status indicators than the State of California except for female gonorrhea.

⁸ Adequate Care is equivalent to 80%-109% of the Kotelchuck Index, also known as the Adequacy of Prenatal Care Utilization Index. The score is a composite of two measures; the ratio between when prenatal care began (initiation) versus the recommended initiation by the American College of Obstetricians and Gynecologists prenatal care standards for uncomplicated pregnancies, and the actual number of prenatal visits versus the recommended number of visits by the American College of Obstetricians and Gynecologists prenatal care standards.

2017 MORBIDITY STATISTICS: RATE PER 100,000 POPULATION				
Health Status Indicator	Yuba County	Sutter County	California	National Goal
AIDS	2.3	1.7	6.5	N/A
Chlamydia	330.8	320.5	460.2	N/A
Gonorrhea Female 15-44	239.9	209.1	192.2	251.9
Gonorrhea Male 15-44	200.6	170.0	307.3	194.8
Tuberculosis	3.1	2.7	5.6	1.0

Source: California Department of Public Health

- The overall age-adjusted mortality rate for Yuba and Sutter counties is higher than that of the State of California.
- Yuba County reported higher age-adjusted mortality on 13 of the 14 reported national goals based on underlying and contributing cause of death.
- Sutter County reported higher age-adjusted mortality on 7 of the 14 reported national goals based on underlying and contributing cause of death.

2017 MORTALITY STATISTICS: RATE PER 100,000 POPULATION						
Selected Cause	Yuba County		Sutter County		(Age Adjusted)	
	Crude Death Rate	Age Adjusted Death Rate	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	790.5	865.4	778.4	714.0	616.2	N/A
- All Cancers	171.0	181.8	168.6	151.0	143.8	161.4
- Colorectal Cancer	16.6	17.2	8.2	7.1	13.2	14.5
- Lung Cancer	48.5	52.0	48.3	43.9	30.6	45.5
- Female Breast Cancer	19.0	18.9	19.7	16.3	19.8	20.7
- Prostate Cancer	20.5	28.9	10.4	11.2	19.3	21.8
- Diabetes	18.4	19.6	20.9	19.6	20.6	N/A
- Alzheimer's Disease	13.9	16.9	14.7	13.5	32.1	N/A
- Coronary Heart Disease	119.0	133.2	134.4	121.9	93.2	103.4
- Cerebrovascular Disease (Stroke)	44.9	51.9	46.6	42.2	34.7	34.8
- Influenza/Pneumonia	16.6	18.3	18.2	16.7	15.2	N/A
- Chronic Lower Respiratory Disease	70.0	77.4	52.8	48.5	33.3	N/A
- Chronic Liver Disease And Cirrhosis	17.5	18.4	18.5	16.8	12.1	8.2
- Accidents (Unintentional Injuries)	55.7	57.6	34.6	34.3	29.1	36.4
- Motor Vehicle Traffic Crashes	13.9	14.5	15.4	15.5	8.3	12.4
- Suicide	17.5	18.3	16.5	15.6	10.3	10.2
- Homicide	5.8	6.1	2.4	2.6	4.8	5.5
- Firearm-Related Deaths	13.0	13.9	11.7	11.6	7.6	9.3
- Drug-Induced Deaths	12.6	13.0	12.0	12.4	11.8	11.3

Source: California Department of Public Health

2016 Community Health Needs Assessment

In an effort to identify the most critical healthcare needs in the Hospital's service and to determine how the Hospital will address these unmet health needs, the Hospital is required by state and federal law to conduct a Community Health Needs Assessment every three years.

The Hospital's defined its service area for the purposes of the 2016 assessment to include the following five geographic regions:

- Marysville
- Live Oak
- Olivehurst
- Yuba City
- South Yuba City

The study found that four (4) communities met the criteria for classification as a Community of Concern⁹;

- Linda
- Live Oak
- Olivehurst
- Yuba City

Additionally, the study identified seven (7) potential health needs that could be identified in the communities above;

1. Access to Quality Primary Care Health Services and Prescription Drugs

- The highest priority significant health need for the Communities of Concern is access to quality primary care health services and prescription drugs. Primary care resources in the community include community clinics, pediatricians, family practice physicians, internists, nurse practitioners, pharmacists, telephone advice nurses, and similar. Primary care services are typically the first point of contact when an individual seeks healthcare. These services are the front line in the prevention and treatment of common diseases and injuries in a community.

2. Access to Affordable, Healthy Food

- The second highest priority significant health need was access to affordable, healthy foods. Eating a healthy diet is important for one's overall and well-being.

⁹ Defined as neighborhoods and/or populations in the service area experiencing health disparities in the 2016 "Community Health Needs Assessment of the Rideout Regional Medical Center and Sutter Surgical Hospital – North Valley Service Area."

When access to healthy foods is challenging for community residents, many turn to unhealthy food that are convenient, affordable, and readily available. Communities experiencing social vulnerability and poor health outcomes often are overloaded with fast food and other establishments where unhealthy food is sold.

3. Access to Mental, Behavioral, and Substance Abuse Services

- The third highest priority significant health need was access to mental, behavioral, and substance abuse services. Individual health and well-being are inseparable from individual mental and emotional outlook. Coping with daily life stressors is challenging for many people, especially when other social, familial, and economic challenges also occur. Adequate access to mental, behavioral, and substance abuse services help community members to obtain additional support when needed.

4. Access to Specialty Care

- The fourth highest priority significant health need for the aforementioned Communities of Concern was access to specialty care. Specialty care services are those devoted to a particular branch of medicine and focus on the treatment of a particular disease. Primary and specialty care go hand-in-hand, and without access to specialists such as endocrinologists, cardiologists, and gastroenterologists community residents are often left to manage chronic diseases such as diabetes and high blood pressure on their own.

5. Access to Health Education and Health Literacy

- The fifth highest priority significant health need for the Communities of Concern was access to health education and health literacy. Knowledge is important for individual health and well-being, and health education interventions are powerful tools to improve community health. When community residents lack adequate information on how to prevent, manage, and control their health conditions, those conditions tend to worsen. Health education around infectious disease control and intensive health promotion and education strategies around the management of chronic diseases are important for community health improvement.

6. Access to Transportation and Mobility

- The sixth highest priority was access to transportation and mobility. Having access to transportation services to support individual mobility is a necessity of daily life. Without transportation, individuals struggle to attain their basic needs, including those that promote and support a healthy life.

7. Collaboration and Coordination among Community Services and Programs

- Enhanced collaboration and coordination among organizations, programs, and services would lead to better health outcome for community residents.

Hospital Supply, Demand & Market Share

There are three general acute care hospitals within Hospital’s service area: the Hospital, Orchard Hospital, and Colusa Medical Center. Together, in FY 2016, the hospitals reported a combined total of 312 licensed beds with an overall occupancy rate of approximately 57%. As a result of the closure of Fremont Medical Center in 2017 and the opening of the new patient tower at the Hospital in 2017, the Hospital currently has 221 licensed beds as compared to 219 in FY 2016.

An analysis of the services offered by the 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 by service.

AREA HOSPITAL DATA: FY 2016								
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupancy	Miles from Hospital
Rideout Memorial Hospital	Fremont Rideout Health Group	Marysville	X	219	10,843	52,113	65.0%	-
Orchard Hospital	Orchard Hospital	Gridley	X	45	392	8,803	53.6%	18
Colusa Medical Center*	American Specialty Healthcare	Colusa	X	48	811	4,455	25.4%	25
Service Area Sub-Total				312	12,046	65,371	57.4%	-
Oroville Hospital	OroHealth Corp	Oroville		133	12,394	41,811	86.1%	28
Sierra Nevada Memorial Hospital	Dignity Health	Grass Valley		104	4,630	17,627	46.4%	36
Sutter Roseville Medical Center	Sutter Health	Roseville		328	20,260	93,518	78.1%	36
Sutter Auburn Faith Hospital	Sutter Health	Auburn		64	3,635	12,107	51.8%	37
Kaiser Foundation Hospital - Roseville	Kaiser Permanente	Roseville		340	20,557	79,538	64.1%	37
Sutter Medical Center - Sacramento	Sutter Health	Sacramento		523	30,004	134,409	70.4%	45
Shriners Hospitals for Children Northern California	Shriners Hospitals For Children	Sacramento		80	1,262	8,998	30.8%	45
University of California Davis Medical Center	UC Davis Health	Sacramento		627	32,569	187,755	82.0%	45
Mercy General Hospital	Dignity Health	Sacramento		419	14,691	66,831	43.7%	46
Feather River Hospital	Adventist Health	Paradise		100	4,716	15,661	42.8%	47
Enloe Medical Center	Enloe Medical Center	Chico		228	15,340	66,807	80.1%	48
Woodland Memorial Hospital	Dignity Health	Woodland		108	4,752	20,886	52.8%	49
Kaiser Foundation Hospital - Sacramento	Kaiser Permanente	Sacramento		287	11,000	45,364	43.2%	49
Mercy Hospital of Folsom	Dignity Health	Folsom		106	6,785	23,895	61.6%	50
Service Area and Surrounding Area Total				3,759	194,641	880,578	64.2%	-

Source: OSHPD Disclosure Reports, FY 2016

*Closed in 2016 Reopened in 2017

Hospital Market Share

The table below illustrates market share discharges by individual hospital within the Hospital's service area from 2012 to 2016.

PRIMARY SERVICE AREA MARKET SHARE BY HOSPITAL: 2012-2016						
Hospital	2012	2013	2014	2015	2016	Trend
Rideout Memorial Hospital	63%	62%	59%	57%	57%	↘
University Of California Davis Medical Center	5%	5%	5%	6%	6%	↗
Enloe Medical Center- Esplanade	3%	3%	4%	4%	4%	↗
Sutter Roseville Medical Center	3%	3%	4%	4%	4%	↗
Sutter Medical Center, Sacramento	4%	4%	4%	2%	4%	↔
Oroville Hospital	2%	2%	3%	4%	4%	↗
Kaiser Foundation Hospital - Roseville	2%	2%	2%	3%	3%	↗
Orchard Hospital	3%	3%	3%	3%	2%	↘
Sutter Surgical Hospital-North Valley	2%	3%	2%	2%	2%	↔
All Others	14%	13%	14%	16%	13%	↔
Total	100%	100%	100%	100%	100%	
Total Discharges	19,637	19,448	18,573	18,649	19,236	↘

Note: Excludes normal newborns

Source: OSHPD Inpatient Discharge Database, 2012 - 2016

- The number of discharges (19,236) in the Hospital's service area decreased by 6% between 2012 and 2016;
- From 2012 to 2016, the Hospital has consistently ranked first in terms of overall market share for its service area based on discharges (57% in 2016); and
- University of California Davis Medical Center has the next largest market share (6% in 2016).

Market Share by Payer Type

The following table illustrates the service area's hospital market share by payer type as reported by OSHPD for 2016.

PRIMARY SERVICE AREA MARKET SHARE BY PAYER: 2012-2016												
Payer Type	Total Discharges	% of Total Discharges	Rideout Memorial Hospital	University Of California Davis Medical Center	Enloe Medical Center- Esplanade	Sutter Roseville Medical Center	Sutter Medical Center, Sacramento	Oroville Hospital	Kaiser Foundation Hospital - Roseville	Orchard Hospital	All Others	Total
Medicare	7,412	39%	64%	4%	5%	3%	2%	3%	2%	4%	13%	100%
Medi-Cal	6,632	34%	62%	8%	4%	2%	4%	7%	0%	2%	12%	100%
Private Coverage	3,894	20%	44%	9%	5%	6%	5%	2%	9%	1%	20%	100%
All Other	1,109	6%	28%	5%	1%	19%	19%	2%	0%	0%	25%	100%
Self-Pay	189	1%	46%	2%	1%	4%	6%	6%	1%	3%	31%	100%
			57%	6%	4%	4%	4%	4%	3%	3%	15%	
Total Discharges	19,236	100%	11,005	1,233	810	805	795	788	489	474	2,837	

Note: Excludes normal newborns

Source: OSHPD Inpatient Discharge Database, 2012 - 2016

- For 2016, based on 19,236 inpatient discharges, the largest payer types are Medicare at 39% and Medi-Cal at 34%;
- The Hospital is the market share leader for all payers; and
- University of California Davis Medical Center has the second highest discharges for Private Coverage and Medi-Cal patients.

Market Share by Service Line

The following table illustrates the service area hospital market share by service line for 2016.

PRIMARY SERVICE AREA SERVICE LINE MARKET SHARE BY HOSPITAL: 2012-2016											
Payer Type	Total Discharges	Rideout Memorial Hospital	University Of California Davis Medical Center	Enloe Medical Center- Esplanade	Sutter Roseville Medical Center	Sutter Medical Center, Sacramento	Oroville Hospital	Kaiser Foundation Hospital - Roseville	Orchard Hospital	All Others	Total
General Medicine	6,208	66%	5%	4%	2%	4%	5%	2%	5%	6%	100%
Obstetrics	2,978	72%	3%	2%	7%	3%	3%	5%	0%	6%	100%
Cardiac Services	2,066	70%	5%	4%	2%	3%	4%	1%	3%	8%	100%
General Surgery	1,620	45%	11%	8%	6%	5%	5%	2%	0%	19%	100%
Orthopedics	1,309	35%	9%	5%	5%	3%	3%	2%	2%	36%	100%
Neonatology	1,039	64%	6%	2%	7%	7%	2%	6%	0%	5%	100%
Behavioral Health	909	8%	1%	6%	0%	1%	1%	0%	1%	82%	100%
Neurology	853	62%	5%	4%	5%	6%	4%	2%	4%	8%	100%
Oncology/Hematology (Medical)	505	44%	21%	3%	3%	8%	2%	5%	3%	11%	100%
Spine	342	19%	10%	5%	16%	13%	1%	0%	2%	34%	100%
Vascular Services	278	68%	6%	7%	1%	3%	3%	2%	2%	8%	100%
Other	277	51%	18%	6%	7%	2%	2%	1%	2%	13%	100%
Gynecology	259	22%	9%	1%	9%	6%	17%	1%	0%	35%	100%
Urology	229	36%	19%	6%	5%	2%	21%	0%	1%	10%	100%
ENT	156	29%	24%	4%	4%	10%	5%	3%	1%	18%	100%
Neurosurgery	117	16%	21%	4%	2%	18%	0%	0%	0%	39%	100%
No-match-found	43	51%	9%	2%	5%	5%	2%	0%	0%	26%	100%
All others	48	6%	23%	0%	4%	2%	0%	0%	0%	65%	100%
		57%	6%	4%	4%	4%	4%	3%	3%	15%	
Total Discharges	19,236	11,005	1,233	810	805	795	788	489	474	2,837	

Note: Excludes normal newborns

Sourced: OSHPD Inpatient Discharge Database, 2012 - 2016

- The Hospital is the service line leader in 15 of 16 service lines: general medicine (66%), obstetrics (72%), cardiac services (70%), general surgery (45%), orthopedics (35%), neonatology (64%), behavioral health (8%), Neurology (62%), oncology/hematology (44%), spine (19%), vascular services (68%), other (51%), gynecology (22%), urology (36%), and ENT (29%);
- University of California Davis Medical Center is the service area market share leader for neurosurgery (21%) and all other service lines (23%); and

Market Share by ZIP Code

The following table illustrates the service area hospital market share by ZIP Code for 2016.

PRIMARY SERVICE AREA MARKET SHARE BY ZIP CODE: 2012-2016												
Zip Code	Community	Total Discharges	Rideout Memorial Hospital	University Of California Davis Medical Center	Enloe Medical Center- Esplanade	Sutter Roseville Medical Center	Sutter Medical Center, Sacramento	Oroville Hospital	Kaiser Foundation Hospital - Roseville	Orchard Hospital	All Others	Total
95991	Yuba City	4,453	66%	5%	4%	2%	4%	5%	2%	5%	6%	100%
95901	Marysville	4,025	72%	3%	2%	7%	3%	3%	5%	0%	6%	100%
95993	Yuba City	3,193	70%	5%	4%	2%	3%	4%	1%	3%	8%	100%
95961	Olivehurst	2,626	45%	11%	8%	6%	5%	5%	2%	0%	19%	100%
95948	Gridley	1,397	35%	9%	5%	5%	3%	3%	2%	2%	36%	100%
95953	Live Oak	1,044	64%	6%	2%	7%	7%	2%	6%	0%	5%	100%
95932	Colusa	697	8%	1%	6%	0%	1%	1%	0%	1%	82%	100%
95692	Wheatland	436	62%	5%	4%	5%	6%	4%	2%	4%	8%	100%
95982	Sutter	279	44%	21%	3%	3%	8%	2%	5%	3%	11%	100%
95918	Browns Valley	228	19%	10%	5%	16%	13%	1%	0%	2%	34%	100%
95992	Yuba City	180	68%	6%	7%	1%	3%	3%	2%	2%	8%	100%
95919	Brownsville	179	51%	18%	6%	7%	2%	2%	1%	2%	13%	100%
95903	Beale AFB	147	22%	9%	1%	9%	6%	17%	1%	0%	35%	100%
95962	Oregon House	118	36%	19%	6%	5%	2%	21%	0%	1%	10%	100%
95935	Dobbins	93	29%	24%	4%	4%	10%	5%	3%	1%	18%	100%
95674	Rio Oso	74	16%	21%	4%	2%	18%	0%	0%	0%	39%	100%
95957	Meridian	67	51%	9%	2%	5%	5%	2%	0%	0%	26%	100%
			57%	6%	4%	4%	4%	4%	3%	3%	15%	
Grand Total		19,236	11,005	1,233	810	805	795	788	489	474	2,837	

Note: Excludes normal newborns

Sourced: OSHPD Inpatient Discharge Database, 2012 - 2016

- The Hospital is the market share leader in 16 of the 17 ZIP Codes located in the following cities: Yuba City, Marysville, Olivehurst, Gridley, Live Oak, Colusa, Wheatland, Sutter City, Browns Valley, Brownsville, Beale AFB, Oregon House, Dobbins, and Meridian; and
- University of California Davis Medical Center is the market share leader in Rio Oso.

Service Availability by Bed Type

The tables on the following pages illustrate hospital bed capacity, occupancy, and availability for medical/surgical, intensive/coronary care, perinatal, neonatal intensive care, burn care, and skilled nursing services for FY 2016.

Medical/Surgical Analysis

There are 191 medical/surgical beds within the Hospital's service area that have an overall occupancy rate of 56%. In 2016, the Hospital reported 139 medical/surgical beds that represented 73% of the beds in this category for the service area.

MEDICAL/SURGICAL ACUTE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Rideout Memorial Hospital	-	X	139	6,623	32,769	89.5	64.4%
Orchard Hospital	18	X	24	421	3,413	9.4	39.0%
Colusa Medical Center*	25	X	28	458	2,698	7.4	26.4%
Service Area Sub-Total			191	7,502	38,880	106.3	55.8%
Oroville Hospital	28		113	11,768	37,895	103.5	91.6%
Sierra Nevada Memorial Hospital	36		90	3,938	14,612	39.9	44.4%
Sutter Roseville Medical Center	36		207	13,911	59,313	162.1	78.3%
Sutter Auburn Faith Hospital	37		56	3,294	10,697	29.2	52.2%
Kaiser Foundation Hospital - Roseville	37		146	11,200	34,871	95.3	65.3%
Sutter Medical Center - Sacramento	45		269	16,529	63,002	172.1	64.0%
Shriners Hospitals for Children Northern California	45		-	-	-	-	-
University of California Davis Medical Center	45		355	22,616	106,594	291.2	82.0%
Mercy General Hospital	46		175	10,312	31,749	86.7	49.6%
Feather River Hospital	47		61	2,023	6,946	19.0	31.1%
Enloe Medical Center	48		122	9,891	41,030	112.1	91.9%
Woodland Memorial Hospital	49		58	2,232	6,186	16.9	29.1%
Kaiser Foundation Hospital - Sacramento	49		253	10,430	36,335	99.3	39.2%
Mercy Hospital of Folsom	50		90	4,891	19,991	54.6	60.7%
Service Area and Surrounding Area Total			2,186	130,537	508,101	1,388.3	63.7%

Source: OSHPD Disclosure Reports, FY 2016

*Closed in 2016. Reopened in November 2017

- The Hospital reported 6,623 inpatient hospital discharges and 32,769 patient days resulting in an occupancy rate of 64% and an average daily census of 90 patients for FY 2016.

Intensive Care Analysis

There are 30 intensive care beds within the service area with an overall occupancy rate of approximately 60%. In FY 2016, the Hospital reported 24 intensive care beds with a 70% average occupancy rate in FY 2016 (average daily census of approximately 17 patients).

INTENSIVE CARE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Rideout Memorial Hospital	-	X	24	440	6,128	16.7	69.8%
Orchard Hospital	18.0	X	-	-	-	-	-
Colusa Medical Center*	25	X	6	98	488	1.3	22.2%
Service Area Sub-Total			30	538	6,616	18.1	60.3%
Oroville Hospital	28		10	178	2,704	7.4	73.9%
Sierra Nevada Memorial Hospital	36		4	840	2,601	7.1	177.7%
Sutter Roseville Medical Center	36		23	994	5,436	14.9	64.6%
Sutter Auburn Faith Hospital	37		8	356	1,395	3.8	47.6%
Kaiser Foundation Hospital - Roseville	37		30	643	6,957	19.0	63.4%
Sutter Medical Center - Sacramento	45		48	2,223	14,883	40.7	84.7%
Shriners Hospitals for Children Northern California	45		-	-	-	-	-
University of California Davis Medical Center	45		78	984	19,855	54.2	69.5%
Mercy General Hospital	46		23	630	4,457	12.2	52.9%
Feather River Hospital	47		12	364	2,283	6.2	52.0%
Enloe Medical Center	48		31	361	6,185	16.9	54.5%
Woodland Memorial Hospital	49		8	344	1,987	5.4	67.9%
Kaiser Foundation Hospital - Sacramento	49		34	570	8,041	22.0	64.6%
Mercy Hospital of Folsom	50		8	203	2,229	6.1	76.1%
Service Area and Surrounding Area Total			347	9,228	85,629	234.0	67.6%

Source: OSHPD Disclosure Reports, FY 2016

*Closed in 2016. Reopened in November 2017

- For FY 2016, the average daily census for all service area hospitals was 18 patients based on 6,616 patient days; and
- In FY 2016, the Hospital provided 80% of the service area's intensive care beds.

Perinatal Analysis

In FY 2016, there were 24 perinatal beds located in the service area with an aggregate occupancy rate of 60%. In FY 2016, the Hospital reported 16 licensed perinatal beds, located at Fremont Medical Center, with a high occupancy rate of 82% in FY 2016. The perinatal service operated six combined labor, delivery and recovery beds with other post-partum beds available at Fremont Medical Center for patient transfer after recovery. With the closure of Fremont Medical Center and the move of the perinatal service to the Hospital, the total number of licensed perinatal beds in 2017 was reduced to 12 beds. However, capacity was increased because labor, delivery and recovery beds expanded from 6 to 12 with other general acute care beds specified for the transfer of post-partum patients within the Hospital.

PERINATAL BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Rideout Memorial Hospital	-	X	16	2,146	4,786	13.1	81.7%
Orchard Hospital	18	X	-	-	-	-	-
Colusa Medical Center*	25	X	8	165	424	1.2	14.5%
Service Area Sub-Total	-		24	2,311	5,210	14.2	59.5%
Oroville Hospital	28		10	446	1,113	3.0	30.4%
Sierra Nevada Memorial Hospital	36		-	-	-	-	-
Sutter Roseville Medical Center	36		9	1,537	4,435	12.1	134.6%
Sutter Auburn Faith Hospital	37		-	-	-	-	-
Kaiser Foundation Hospital - Roseville	37		-	-	-	-	-
Sutter Medical Center - Sacramento	45		73	3,164	11,124	30.4	41.6%
Shriners Hospitals for Children Northern California	45		-	-	-	-	-
University of California Davis Medical Center	45		40	2,403	7,309	20.0	49.9%
Mercy General Hospital	46		-	-	-	-	-
Feather River Hospital	47		15	903	2,110	5.8	38.4%
Enloe Medical Center	48		18	1,842	4,098	11.2	62.2%
Woodland Memorial Hospital	49		-	-	-	-	-
Kaiser Foundation Hospital - Sacramento	49		-	-	-	-	-
Mercy Hospital of Folsom	50		8	1,749	2,051	5.6	70.0%
Service Area and Surrounding Area Total			197	14,355	37,450	102.3	52.1%

Source: OSHPD Disclosure Reports, FY 2016

Note: Sierra Nevada Memorial, Kaiser Foundation Hosp. - Roseville, Mercy General Hospital, Woodland Memorial Hospital & Mercy Hospital Folsom have Alternate Birthing Centers

*Closed in 2016. Reopened in November 2017

- In 2016, the Hospital provided 67% of licensed obstetrics beds within its service area and reported approximately 92% of the service area's 5,210 patient days.

Neonatal Intensive Care Analysis

As shown below, the Hospital is the only provider of neonatal intensive care beds in the service area. The occupancy rate for neonatal intensive care services at the Hospital is approximately 55% based on 4 licensed neonatal intensive care beds. With the opening of the new patient tower at the Hospital in 2017, the Hospital has 6 neonatal intensive care beds.

NEONATAL INTENSIVE CARE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Rideout Memorial Hospital	-	X	4	130	805	2.2	55.0%
Orchard Hospital	18	X	-	-	-	-	-
Colusa Medical Center*	25	X	-	-	-	-	-
Service Area Sub-Total	-		4	130	805	2.2	55.1%
Oroville Hospital	28		-	-	-	-	-
Sierra Nevada Memorial Hospital	36		-	-	-	-	-
Sutter Roseville Medical Center	36		16	312	3,240	8.9	55.3%
Sutter Auburn Faith Hospital	37		-	-	-	-	-
Kaiser Foundation Hospital - Roseville	37		48	874	13,362	36.5	76.1%
Sutter Medical Center - Sacramento	45		61	991	18,543	50.7	83.1%
Shriners Hospitals for Children Northern California	45		-	-	-	-	-
University of California Davis Medical Center	45		49	857	13,182	36.0	73.5%
Mercy General Hospital	46		-	-	-	-	-
Feather River Hospital	47		-	-	-	-	-
Enloe Medical Center	48		6	51	284	0.8	12.9%
Woodland Memorial Hospital	49		4	-	-	0.0	0.0%
Kaiser Foundation Hospital - Sacramento	49		-	-	-	-	-
Mercy Hospital of Folsom	50		-	-	-	-	-
Service Area and Surrounding Area Total			188	3,215	49,416	135.0	72.0%

Source: OSHPD Disclosure Reports, FY 2016

*Closed in 2016. Reopened in November 2017

- The Hospital reported 130 inpatient hospital discharges and 805 patient days in FY 2016, resulting in an average daily census of approximately 2 patients.

Skilled Nursing Analysis

The Fountains is one of several licensed skilled nursing operators within the service area.

SKILLED NURSING CARE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
The Fountains	3	X	145	719	48,861	134	92%
Yuba City Post-Acute	2	X	59	184	20231	55	94%
Marysville Post-Acute	2	X	86	251	29187	80	93%
Yuba Skilled Nursing Center	3	X	130	207	35221	96	74%
River Valley Care Center	10	X	99	178	34792	95	96%
Orchard Hospital	18	X	21	10	7401	20	96%
Service Area Sub Total	-		540	1,549	175,693	480	89%
Lincoln Meadows Care Center	25		97	557	33,362	91	94%
Colusa Medical Center* (01/01/2016 - 04/22/2016)	25		6	1	32	0	5%
Wolf Creek Care Center	35		59	195	19709	54	91%
Golden Empire Nursing & Rehab Center	35		148	406	51745	142	96%
Crystal Ridge Care Center	35		99	294	32458	89	90%
Valley West Post-Acute	36		99	39	31549	86	87%
Spring Hill Manor Convalescent Hospital	36		86	287	26096	71	83%
Auburn Oaks Care Center	36		99	655	33310	91	92%
Kindred Transitional Care and Rehab - Siena	37		107	908	34891	96	89%
Westview Healthcare Center	37		205	479	61178	168	82%
Auburn Ravine Terrace	39		59	67	20364	56	94%
Woodland Skilled Nursing Facility	47		91	355	29837	82	90%
Alderson Convalescent Hospital	48		140	225	45723	125	89%
Cottonwood Health Care Center	48		98	376	31593	87	88%
Stollwood Convalescent Hospital	49		48	109	16167	44	92%
Service Area & Surrounding Area Total			1,981	6,502	643,707	1,758.8	88.8%

Source: OSHPD Disclosure Reports, FY 2016

*Closed in 2016. Reopened in November 2017

- In FY 2016, The Fountains reported an occupancy rate of 92% on its 145 licensed skilled nursing beds (average daily census of approximately 134 patients);
- The overall occupancy for skilled nursing facilities in the service area was 89%; and
- The Fountains represented 28% of the average daily census of 480 service area skilled nursing patients.

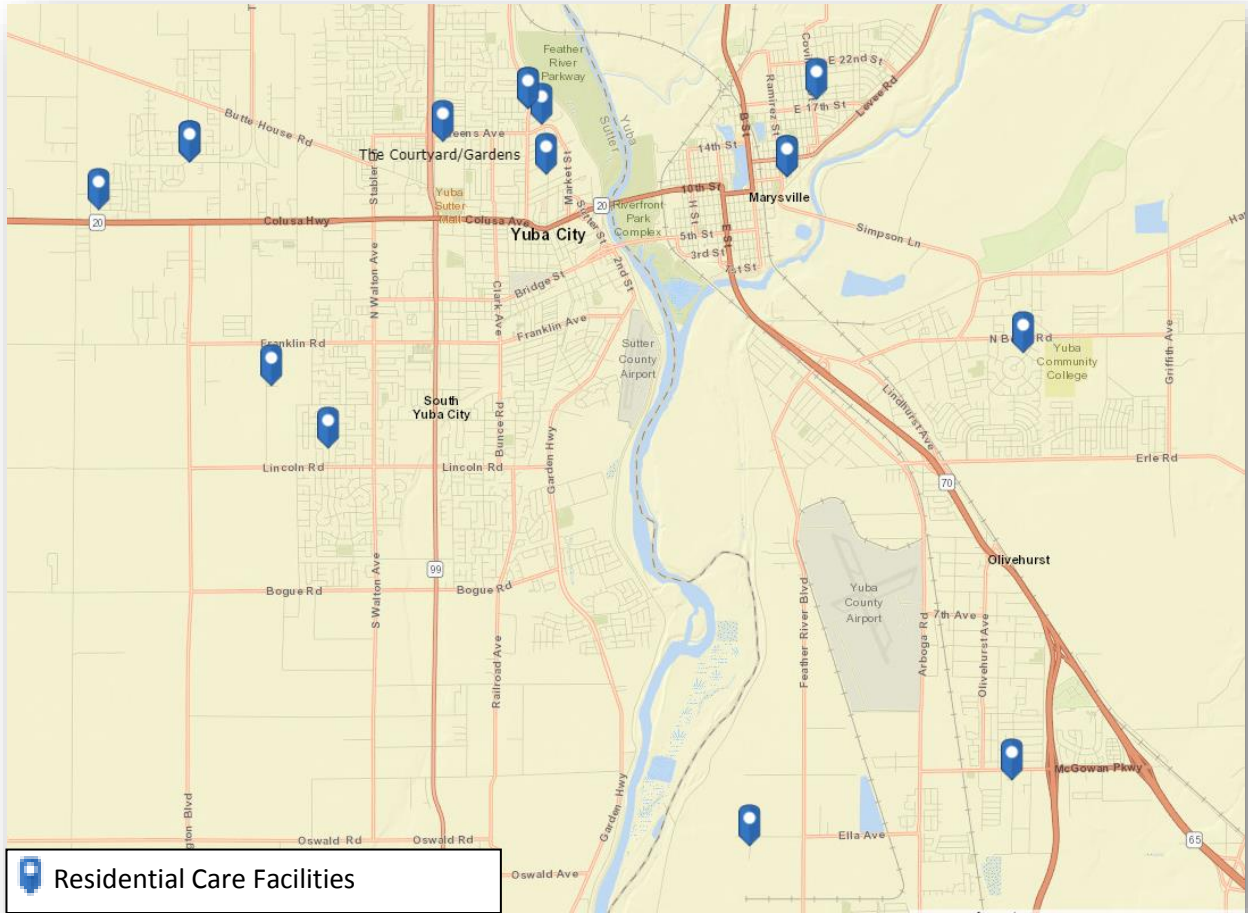
Residential Care Analysis

The Courtyard is an 80-bed residential care facility for the elderly located in Yuba City adjacent to The Fountains. The Gardens is a 49-bed residential care facility is also located adjacent Fountains and The Courtyard. The Gardens also includes adult daycare services licensed for 15 individuals, and assisted living service for patients diagnosed with dementia and/or Alzheimer’s disease. A number of other facilities provide residential care, including services for those needing assisted living, memory care, and mental health services. The Gardens and the Courtyard together represent approximately 13% of the residential care beds in Yuba and Sutter counties.

RESIDENTIAL CARE FACILITIES IN YUBA AND SUTTER COUNTIES		
Facility Name	Within Service Area	Licensed Beds
The Courtyard	X	80
The Gardens	X	49
Angel Lite Elder Care	X	6
Avalinda Assisted Living	X	6
Bev's Residential Care Facility	X	4
Cherry Blossom Assisted Living	X	79
Emerald Oaks	X	60
Golden Acres Home Care	X	24
Golden Years Residential Home Care	X	6
Jefferson Senior Care	X	24
Summerfield Senior Care	X	99
Summerfield Senior Living	X	198
Willow Glen Care Center	X	60
Yuba City Manor	X	75
Comfort Care Elderly Home	X	6
Comfort Haven For The Elderly	X	48
Feather River Manor	X	32
Guanzon Senior Care	X	6
Prestige Assisted Living At Marysville	X	72
Sunrise Garden Residential Care	X	48
Total		982

Source: California Department of Social Services

Yuba County and Sutter County residential care facilities are plotted on the map below.



Emergency Department Analysis

The emergency department expanded into the Hospital's new tower in August 2016, increasing the emergency treatment stations from 35 to 45. The Hospital moved other services into the new tower later in early 2017.

The table below shows the visits by severity category for area emergency departments as reported by OSHPD's Automated Licensing Information and Report Tracking System¹⁰ in FY 2016.

EMERGENCY DEPARTMENT VISITS BY CATEGORY: FY 2016												
Hospital	Miles from Hospital	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/ Threat	Percentage Admitted	Hours of Diversion	
Rideout Memorial Hospital	-	X	Basic	35	66,680	5,793	6,672	19,710	17,045	17,640	8.4%	0
Orchard Hospital	18	X	Standby	5	10,147	961	1,173	3,715	2,858	1,440	4.3%	0
Colusa Medical Center*	25	X	-	-	-	-	-	-	-	-	-	-
Service Area Sub-Total				40	76,827	6,754	7,845	23,425	19,903	19,080	7.9%	0
Oroville Hospital	28		Basic	14	31,305	968	5,815	16,059	7,553	910	35.7%	0
Sierra Nevada Memorial Hospital	36		Basic	18	31,012	268	3,556	10,087	8,548	8,553	12.6%	0
Sutter Roseville Medical Center	36		Basic	34	80,555	3,031	25,047	37,554	13,641	1,282	18.4%	126
Sutter Auburn Faith Hospital	37		Basic	14	26,352	308	2,579	10,134	8,973	7,321	11.2%	0
Kaiser Foundation Hospital - Roseville	37		Basic	61	109,552	27,111	20,482	19,238	28,670	14,051	8.6%	0
Sutter Medical Center - Sacramento	45		Basic	54	99,423	1,227	9,806	30,164	31,605	26,621	12.4%	0
Shriners Hospitals for Children Northern California	45		Not Licensed	-	-	-	-	-	-	-	-	-
University of California Davis Medical Center	45		Basic	66	89,792	3,634	12,791	32,775	14,832	25,760	25.1%	5
Mercy General Hospital	46		Basic	16	47,129	468	7,985	12,558	12,624	13,494	15.2%	0
Feather River Hospital	47		Basic	18	28,733	268	5,997	8,669	7,093	6,706	12.4%	0
Enloe Medical Center	48		Basic	41	64,343	3,427	20,773	12,405	20,817	6,921	17.9%	0
Woodland Memorial Hospital	49		Basic	17	27,449	191	3,488	9,152	8,280	6,338	9.7%	0
Kaiser Foundation Hospital - Sacramento	49		Basic	36	109,680	21,698	26,070	17,746	28,783	15,383	6.2%	0
Mercy Hospital of Folsom	50		Basic	25	47,127	630	4,313	14,883	15,348	11,953	10.6%	0
Service Area and Surrounding Area Total				454	869,279	69,983	156,547	254,849	226,670	164,373	13.8%	131

Source: OSHPD ALIRTS Annual Utilization Reports

*Closed in 2016. Reopened in 2017 with 4 emergency treatment stations

- The Hospital's emergency department did not go on diversion¹¹ in 2016; and

¹⁰ The OSHPD Automated Licensing Information and Report Tracking System (ALIRTS) contain license and utilization data information of healthcare facilities in California.

¹¹ 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.

- The Hospital’s 35 emergency treatment stations accounted for 86% of all emergency treatment stations. In addition, the Hospital’s 66,680 emergency service visits accounted for 87% of all emergency department visits within the service area; and
- Approximately 8% of the Hospital’s emergency department visits resulted in admission.

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 2016, the Hospital’s emergency department was operating at 95% of its 35-bed capacity. In 2017, the number of licensed treatment stations increased to 45, for an increased total capacity of 90,000 visits annually.

EMERGENCY DEPARTMENT CAPACITY: FY 2016							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
Rideout Memorial Hospital	-	X	Basic	35	66,680	70,000	3,320
Orchard Hospital	18	X	Standby	5	10,147	10,000	(147)
Colusa Medical Center*	25	X	Basic	-	-	-	-
Service Area Sub-Total				40	76,827	80,000	3,173
Oroville Hospital	28		Basic	14	31,305	28,000	(3,305)
Sierra Nevada Memorial Hospital	36		Basic	18	31,012	36,000	4,988
Sutter Roseville Medical Center	36		-	34	80,555	68,000	(12,555)
Sutter Auburn Faith Hospital	37		Basic	14	26,352	28,000	1,648
Kaiser Foundation Hospital - Roseville	37		Basic	61	109,552	122,000	12,448
Sutter Medical Center - Sacramento	45		Basic	54	99,423	108,000	8,577
Shriners Hospitals for Children Northern California	45		Not Licensed	-	-	-	-
University of California Davis Medical Center	45		Basic	66	89,792	132,000	42,208
Mercy General Hospital	46		Basic	16	47,129	32,000	(15,129)
Feather River Hospital	47		Basic	18	28,733	36,000	7,267
Enloe Medical Center	48		Basic	41	64,343	82,000	17,657
Woodland Memorial Hospital	49		Basic	17	27,449	34,000	6,551
Kaiser Foundation Hospital - Sacramento	49		Basic	36	109,680	72,000	(37,680)
Mercy Hospital of Folsom	50		Basic	25	47,127	50,000	2,873
Service Area and Surrounding Area Total				454	869,279	908,000	38,721

Source: OSHPD ALIRTS Annual Utilization Reports, 2016

*Closed in 2016. Reopened in November 2017

- The emergency departments at the surrounding hospitals of Oroville Hospital, Sutter Roseville Medical Center, Mercy General Hospital, and Kaiser Sacramento are over capacity, operating at 112%, 118%, 147%, and 152%, respectively.

Summary of Interviews

In December of 2017 and January of 2018, both in-person and telephone interviews were conducted with representatives of FRHG and Adventist Health System/West, as well as physicians and other community representatives. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding any potential impact on healthcare availability and accessibility as a result of the proposed affiliation. The list of individuals who were interviewed is located in the Appendix of this statement. The major findings of these interviews are summarized below.

Reasons for the Proposed Affiliation

Those interviewed cited reasons for the Affiliation, including the following:

- The Affiliation is necessary as a result of financial challenges caused by factors including:
 - The capital cost and size of the bond indebtedness related to construction of the hospital tower that was needed to meet seismic compliance requirements;
 - Corrective actions that were required of FRHG as a result of the Centers for Medicare & Medicaid Services (CMS) surveys that found numerous operational deficiencies that threatened their participation in federal reimbursement programs. As a requirement of CMS, FRHG entered into a Systems Improvement Agreement in 2015. The agreement bound the organization to engage in a series of improvement activities necessary to be in compliance with the Conditions of Participation of CMS. The improvement activities were expensive and resulted in increased operating costs and a depletion of cash reserves;
 - An unfavorable payer mix with a low percentage of commercially insured patients and a high percentage of Medi-Cal and uninsured patients;
 - As the sole community provider of hospital services, the expense to maintain a full range of high quality services in response to community needs;
 - The high cost of operating the Medical Foundation; and
 - As a provider of healthcare in a rural area, the high expense of personnel turnover, and recruiting and retaining qualified physicians and other clinical staff;
- Failure to maintain compliance with certain financial covenants of the bond documents led to a forbearance agreement that requires FRHG to enter into an affiliation agreement in which a third party would agree to assume all of FRHG's long term debt at the closing of a Affiliation;
- As a result of healthcare reform and marketplace changes, hospitals have formed partnerships and integrated delivery systems to develop the resources and expertise to encourage better patient care coordination, higher quality, and lower cost. FRHG is at a competitive disadvantage as an independent, standalone hospital and healthcare provider;

- FRHG lacks the size and scale to fund new population health and clinical initiatives to most effectively and efficiently benefit the community;
- Without the Affiliation, the community could be at risk of losing needed services that are essential for insured, uninsured and under-insured patients; and
- An affiliation with Adventist Health System/West will ensure the financial viability of FRHG and will provide patients with access to increased clinical expertise, innovations in healthcare, and additional sub-specialty care.

Importance of FRHG to the Community

According to all who were interviewed, FRHG is a critically important provider of healthcare services to the local community. The Hospital provides the majority of acute care services to patients in the service area and operates the sole acute care hospital in Marysville and Yuba City. In addition, it operates family practice and specialty clinics which are important for local patient access to healthcare services. The Hospital is especially important for its Emergency Department that receives over 65,000 patients a year. The Hospital is viewed as a safety net hospital and a very important provider of charity care. However, having a poor payer mix and a large number of charity care patients is viewed as contributing to the Hospital's financial difficulties. While its role in serving the underinsured is viewed as very important, some interviewed believe this obligation jeopardizes the financial ability of the Hospital to maintain high quality programs and services. Some of the programs and services that were mentioned in the interviews as especially important to preserve or expand include the following:

- Emergency services including designation as a Level III Trauma Center and the roof top helipad;
- The agreement with Sutter-Yuba Behavioral Health, a Joint Powers Agency¹², operated by the counties of Sutter and Yuba, to collaborate with the Hospital in the management and treatment of patients presenting in the emergency department with severe behavioral health needs;
- Cardiovascular services, including the designation as a STEMI Receiving Center;
- Intensive care services;
- Neurology services, including certification as a Primary Stroke Center;

¹² Joint Powers Authorities are legally created entities that allow two or more public agencies to jointly exercise common powers.

- Labor and delivery services and a neonatal intensive care unit;
- Oncology services provided on an inpatient basis at the Hospital and outpatient services at the Rideout Cancer Center, a joint venture with the Regents of the University of California;
- Post-acute and senior services provided at the following facilities:
 - The Fountains Skilled Nursing facility;
 - The Gardens Alzheimer’s and Dementia Care;
 - The Gardens Adult Day Care; and
 - The Courtyard Assisted Living Facility; and
- The clinics of the Medical Foundation.

If FRHG does not maintain its current level of healthcare services, significant availability and accessibility issues would be created for residents of the served communities.

Selection of Adventist Health for the Proposed Affiliation

The Board concluded that FRHG could not continue as an independent organization and needed to become affiliated with a health system that has financial strength, clinical expertise, and supportive infrastructure in order to continue and enhance the services that it provides to the local community. In selecting Adventist Health, the interviewed members of the Hospital’s management team, medical staff, and Board indicated the following factors were considered:

- Compatibility of mission, vision, and culture;
- Commitment of financial support and funding of capital improvements;
- A governance structure that provided for local input and representation;
- Ability to bring efficiencies and improve contractual agreements with vendors and insurance companies;
- Enhanced access to tertiary and quaternary level services;
- Interest and capability to expand services;
- A supportive physician alignment platform or medical foundation model;
- Access to new or additional clinical expertise and certain sub-specialties;
- Expectation of service expansion and increased innovation;
- Population health and care management initiatives;
- Strong brand and reputation; and
- Ability to recruit and retain physicians and employees.

Impact on the Availability & Accessibility of Healthcare Services

Those interviewed believed that the Affiliation would not have a negative impact on the availability or accessibility of healthcare services. In fact, it was believed that the Affiliation with Adventist Health would stabilize FRHG's services, operations, and finances and therefore preserve access. Additionally, it was believed that Adventist Health would expand some of the Hospital's services and increase the number of physicians on the medical staff.

Opposition to the Affiliation

Although some interviewed thought other health systems were also acceptable affiliation partners, no one interviewed was opposed to the Affiliation with Adventist Health System/West or was aware of any opposition. However, representatives of the California Nurses Association stated that they would be opposed to the Affiliation if Adventist Health System did not recognize the union as the collective bargaining representative at the Hospital, or did not honor the collective bargaining agreement that the California Nurses Association recently signed with the Hospital. Adventist Health System/West has stated that the Hospital will recognize the California Nurses Association as the collective bargaining representative and honor the collective bargaining agreement.

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

Continuation as a General Acute Care Hospital

None of the parties to the Affiliation expect that there will be any reductions in the availability or accessibility of healthcare services. It is expected that as a result of the Affiliation, the Hospital will continue to operate as a nonprofit general acute care hospital in a similar manner as in the past; however, it is likely that with access to the significant additional expertise and resources of Adventist Health System/West, programs and services will grow and expand. It is very important for the delivery of healthcare services to the community that the Hospital continue to operate with its current complement of services. Adventist Health has made commitments in the Affiliation Agreement to ensure that the Hospital continues to operate as a general acute care hospital licensed for 221 acute care beds with basic emergency services for 10 years and the following for 5 years: Level III Trauma Center, neonatal intensive care unit licensed for 6 beds, perinatal unit licensed for 12 beds, and an intensive care unit licensed for 24 beds, all “Core hospital” services, and some outpatient services such as oncology, surgery, and radiology.

Emergency Services

The Hospital is a very important provider of emergency services to the residents of its surrounding communities. In FY 2016, the Hospital reported nearly 66,700 visits to its 35 emergency treatment stations (expanded to 45 in 2017), operating at 95% capacity (based on a standard of 2,000 visits per station, per year). The Hospital operates the only Level III Trauma Center in the service area.

The other area emergency departments are overburdened and functioning beyond desirable capacity, including Orchard Hospital (101%) and Oroville Hospital (112%). As a result of healthcare reform, aging demographics, and the shortage of primary care physicians, the utilization of the emergency department is expected to continue to increase within the service area. Keeping the Hospital’s emergency department open is critical to providing emergency services within the service area.

Medical/Surgical Services

With an average daily census of approximately 90 patients, the Hospital is a very important provider of medical/surgical services for patients in the service area.

Intensive Care Services

The Hospital provided 80% of the service area's intensive care beds in FY 2016 with an occupancy rate of 70%. These services are an important resource for supporting the emergency department, the trauma center, and other surgical and medical services. Without the intensive care beds at the Hospital, access for area patients of intensive care services would be negatively impacted.

Perinatal Services

The Hospital reported an occupancy rate of 82% on its 16 licensed perinatal beds in FY 2016, with an average daily census of 13 patients. Perinatal services were relocated in 2017 from Fremont Medical Center to a 12 bed unit at the Hospital when the new tower opened. With over 2,500 deliveries in FY 2016, the Hospital is an important provider of perinatal services for service area residents. The Hospital is also the only provider of perinatal services within the service area with approximately 72% market share. Any reduction in the number of perinatal beds could have an adverse effect on the availability and accessibility of these healthcare services in the community.

Neonatal Intensive Care Services

The Hospital increased its neonatal intensive care unit to six beds after it moved from Fremont Medical Center when the new tower at the Hospital opened. It is the only provider of neonatal intensive care beds in the service area. The Hospital's prior four bed neonatal intensive care unit had an occupancy rate of approximately 55% in FY 2016.

Skilled Nursing Care

FRHG's skilled nursing facility, The Fountains, is licensed for 145 beds and ran at an occupancy rate of 92% for FY 2016. It represents 28% of the skilled nursing beds in the service area and is important to the community.

Residential Care

Residential care services, including assisted living, memory care and adult daycare, provided by The Courtyard and The Gardens are important services provided for the elderly in the community. While there are other residential care services available in the community, The Courtyard and The Gardens are among the largest providers of these services in the service area.

Reproductive Health Services

The Hospital is an important provider of a range of healthcare services for women, including approximately 2,500 obstetrical deliveries per year. Neither the Hospital nor Adventist Health System/West has any restrictions on the provision of any reproductive healthcare services. The table below shows inpatient reproductive-related healthcare procedures that the Hospital provided in 2016:

REPRODUCTIVE SERVICES BY DIAGNOSTIC RELATED GROUP, 2016		
		Discharges
770	Abortion w/ D&C, Aspiration Curettage or Hysterectomy	2
778	Threatened Abortion	9
779	Abortion w/o D&C	5
777	Ectopic Pregnancy	6
767	Vaginal Delivery w/ Sterilization &/or D&C	74

Source: OSHPD Patient Discharge Database

The proposed affiliation is not anticipated to have any impact on the availability and accessibility of reproductive healthcare services provided at the Hospital.

Effects on Services to Medi-Cal & Other Classes of Patients

Approximately 81% of the Hospital's inpatients are reimbursed through Medicare (46%) and Medi-Cal (35%). The Hospital currently participates in the Medicare and Medi-Cal, and contracts with both of the area's Medi-Cal managed care plans (Anthem Blue Cross and California Health and Wellness). If the Hospital did not participate in Medi-Cal or the Medicare program, this class of patients could be denied access to certain non-emergency healthcare services. A denial of access would negatively impact the availability or accessibility of healthcare services for this patient population.

Effects on the Level & Type of Charity Care Historically Provided

The Hospital has historically provided a significant amount of charity care, averaging nearly \$3.7 million per year over the last five years (on a cost basis). Upon closure of the Affiliation Agreement, the Hospital will adopt Adventist Health System/West's policies on charity care and indigent care. In addition, Adventist Health has agreed to provide a minimum annual amount of charity care costs for six fiscal years based upon a 5-year historical average.

Effects on Community Benefit Programs

The Hospital has historically provided community benefit services, averaging approximately \$96,891 per year over the last five years. Adventist Health has made commitments to continue to provide similar or greater community benefit services.

Effects on Staffing & Employee Rights

As a result of the Affiliation, few changes to the employment status of the Hospital's employees are expected. While not explicitly stated in the Affiliation Agreement, Adventist Health has indicated that it will recognize the California Nurses Association as the collective bargaining representative and will honor the recent collective bargaining agreement that includes continued employment except for cause. The Affiliation Agreement states that adjustments may be made over time to the salaries and benefits of the employment arrangement based upon economic conditions in the Hospital's service area and similarly situated Stone Point's, or its Affiliates', employees, but that such adjustments are subject to applicable law, the collective bargaining agreement, or bargaining obligations. The Affiliation Agreement states that except for cause, no employee will be terminated or laid off for a period of 90 days after the closing. Based on Adventist Health's intentions to improve and expand programs and services and recruit new physicians, it is unlikely that employee staffing will change significantly.

Effects on Medical Staff

As a result of the Affiliation, no changes to the Hospital's medical staff's current structure, membership, or privileges are expected. It is anticipated that Adventist Health will recruit new medical staff to facilitate the expansion of clinical services.

Alternatives

Because the Affiliation is driven by financial and strategic concerns, if the Affiliation were not approved, under their forbearance agreement with Bond Holders, FRHG would experience an "immediate termination event". Subsequently, Bond Holders may choose to make changes to operations and services, or pursue other alternatives including bankruptcy.

Conclusions

Based on Adventist Health's commitments outlined in the Affiliation Agreement, the proposed Affiliation is likely to continue the availability and accessibility of healthcare services in the community served. It is anticipated that access for Medi-Cal, Medicare, uninsured and other classes of patients will either remain unchanged or will improve. Furthermore, Adventist Health's plan to invest in services, programs, and medical staff development is expected to lead to improvements in healthcare delivery.

Potential Conditions for Affiliation Approval by the California Attorney General

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

1. For at least ten years from the Closing Date of the Affiliation, the Hospital shall continue to operate as a general acute care hospital;
2. For at least ten years from the Closing Date of the Affiliation, the Hospital shall maintain 24-hour emergency medical services at no less than current licensure and designation with the same types and/or levels of services, including the following:
 - a. At a minimum, 45 emergency treatment stations;
 - b. Designation as a Level III Trauma Center; and
 - c. Designation as a Paramedic Base Station.
3. For at least five years from the Closing Date of the Affiliation, the Hospital shall maintain the following services at the current licensure, types, and/or levels of services:
 - a. Cardiac services, including the open heart surgery program and the designation as a STEMI Receiving Center;
 - b. Certification as a Primary Stroke Center;
 - c. Critical care services, including a minimum of 24 intensive care beds;
 - d. Neonatal intensive care services, including a minimum of 6 neonatal intensive care beds;
 - e. Obstetrics services, including a minimum of 12 perinatal beds; and
 - f. Women's health- services, including services provided at the Women's Center for Imaging and women's reproductive health services.
 - g. The Fremont-Rideout Cancer Center
4. For at least five years from closing, FRHG shall maintain or cause a successor to maintain, the following post-acute services at current licensure, types and/or levels of services:

- a. The Fountains Skilled Nursing Facility, including 145 licensed beds;
- b. The Courtyard Assisted Living Facility, including 80 licensed beds; and
- c. The Gardens providing 49 licensed beds for residential care with 15 adult day care beds.

If Adventist Health chooses to find a successor for any of these post-acute programs, it shall require the approval of the Charitable Foundation Board.

5. For at least six fiscal years from the Closing Date of the Affiliation, the Hospital shall maintain a charity care policy that is no less favorable than its current charity care policy and in compliance with California and Federal law, and shall provide an annual amount of Charity Care equal to or greater than \$3,701,809 (the "Minimum Charity Care Amount"). For purposes herein, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by the Hospital in connection with the operations and provision of services at the Hospital. The definition and methodology for calculating "charity care" and the methodology for calculating "cost" shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for the region.
6. For at least six fiscal years from the Closing Date of the Affiliation, the Hospital shall continue to expend an average of no less than \$96,891 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for the region.
7. For at least five years from closing, the Hospital shall maintain its participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number.
8. For at least five years for closing the Hospital shall be certified to participate in the Medi-Cal program, providing the same type, and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries.
9. For at least five years from the closing date of the Affiliation, the Hospital shall maintain its participation in the Medi-Cal Managed Care program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service, or decrease of quality, or gap in contracted hospital coverage, including continuation of the following contracts:
 - a. Anthem Blue Cross; and
 - b. California Health and Wellness.

10. For at least five years from closing, the Hospital shall maintain its current contracts for a Sexual Assault Response Team and Sexual Assault Nursing Examination services with each entity below subject to their request:
 - a. Marysville Police Department;
 - b. Sutter County Sheriff Department;
 - c. Yuba City Police Department; and
 - d. Yuba County Sheriff's Department.

11. For at least five years from closing, FRHG shall maintain its current contracts, subject to the request of Sutter-Yuba Counties Behavioral Health to:
 - a. Collaborate in the management and treatment of patients presenting in the emergency department with severe behavioral health needs; and
 - b. Provide special dietary meals to the County Psychiatric Health Facility.

12. Adventist Health must comply with the \$90 million "Capital Investment" commitment set forth in section 3.3 of the Affiliation Agreement.

13. Adventist Health will initiate implementation of the Cerner Millennium Electronic Record System at the Hospital and Medical Foundation Clinics within one year of closing. Adventist Health shall pay the costs and such costs are not to be considered as part of the "Capital Investment" commitment.

14. Adventist Health shall make the \$3 million contribution to the Charitable Foundation as required in section 3.2 of the Affiliation Agreement.

Appendix

List of Interviewees

Last Name	First Name	Position	Affiliation
Arrowsmith	Monica	Chief Strategy Officer	Rideout Memorial Hospital
Beehler	Bob	Vice President, Market Development & Mergers and Acquisitions	Adventist Health System/West
Blair	Stephen	Former Chief of Staff	Rideout Memorial Hospital
Brannan	Mike	Labor Representative	California Nurses Association
Bumpus	Kelly	President	Bi-County Ambulance
Cooper	Eric	Director of Cardiovascular Services	Rideout Memorial Hospital
Del Pero	Lisa	Secretary to the Board of Directors	Fremont-Rideout Foundation
Gordon	Cyndy	Interim Chief Operating Officer	Rideout Memorial Hospital
Hammarstrom	Steve	Vice President of Outpatient Clinics	Rideout Memorial Hospital
Henry	Joseph	Labor Representative	California Nurses Association
Hobson	Tony	Behavioral Health Director	Sutter-Yuba Behavioral Health
Hyer, RN	Theresa	Director of Emergency Services	Rideout Memorial Hospital
Kalin, DO	Aaron	Chief of Staff Elect	Rideout Memorial Hospital
Macbeth, MD	Andrew	President	Rideout Medical Associates
Makievsky, RN	Inna	Interim Chief Nursing Officer & VP of Quality Management	Rideout Memorial Hospital
Martin, MD	Robert	Chief of Staff	Rideout Memorial Hospital
McKenna	Maureen	Regional Affiliations Officer	University of California Davis Health
Moon	Diane	Chief Financial Officer	Rideout Memorial Hospital
Mustafa, MD	Ammar	Chief Medical Officer	Ampla Health System/West
Nall	Janice	Board Chair	Fremont-Rideout Foundation
Nielson	Don	Labor Representative	California Nurses Association
O'Hara	Nancy	Director	Health & Human Services - Sutter County
Orchard, DO	Derek	Emergency Room Medical Director	Rideout Memorial Hospital
Patrizio	Gino	Chief Executive Officer	Rideout Memorial Hospital
Reiner	Scott	CEO	Adventist Health System/West
Shiekh, MD	Azad	Chief Medical Officer	Rideout Memorial Hospital
Tarke	David	Board Member	Fremont Rideout Foundation
Wagonhurst	Cheryl	General Counsel	Fremont Rideout Health Group
Wing	Bill	President	Adventist Health System/West

Hospital License

License: 230000126
Effective: 11/01/2017
Expires: 10/31/2018
Licensed Capacity: 221

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

The Fremont-Rideout Health Group

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

Rideout Health

726 4th St
Marysville, CA 95901-5656

Bed Classifications/Services

- 221 General Acute Care
- 24 Intensive Care
- 12 Perinatal
- 6 Intensive Care Newborn Nursery
- 179 Unspecified General Acute Care

Other Approved Services

- Basic Emergency Medical
- Cardiac Catheterization Laboratory Services
- Cardiovascular Surgery
- Nuclear Medicine
- Occupational Therapy
- Outpatient Clinics - Diabetic Clinic - Diabetic Services
- Outpatient Clinics - Rehabilitation Clinic - Physical, Occupational, or Speech Therapy - Occupational & Physical Therapy & Speech Pathology at Rideout Rehabilitation Center at Del Norte, 370 Del Norte Ave Suite 202, Yuba City
- Outpatient Services - Cardiovascular Rehabilitation at The Fremont Rideout Health Group Cardiac Rehab, 401 I Street Suite B, Marysville
- Outpatient Services - MRI at Fremont Rideout Health Group MRI, 414 G St., Suite 130, Marysville
- Outpatient Services - Oncology & Radiation Therapy at Cancer Treatment Center, 618 5th St., Marysville
- Outpatient Services - Radiation Therapy
- Outpatient Services - Speech Therapy
- Outpatient Services - Surgery Service at The Feather River Surgery & Pain Center, 370 Del Norte Ave., Suite 101, Yuba City
- Physical Therapy

(Additional Information Listed on License Addendum)

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Chico District Office, 126 Mission Ranch Blvd, Chico, CA 95926, (530)895-6711

POST IN A PROMINENT PLACE

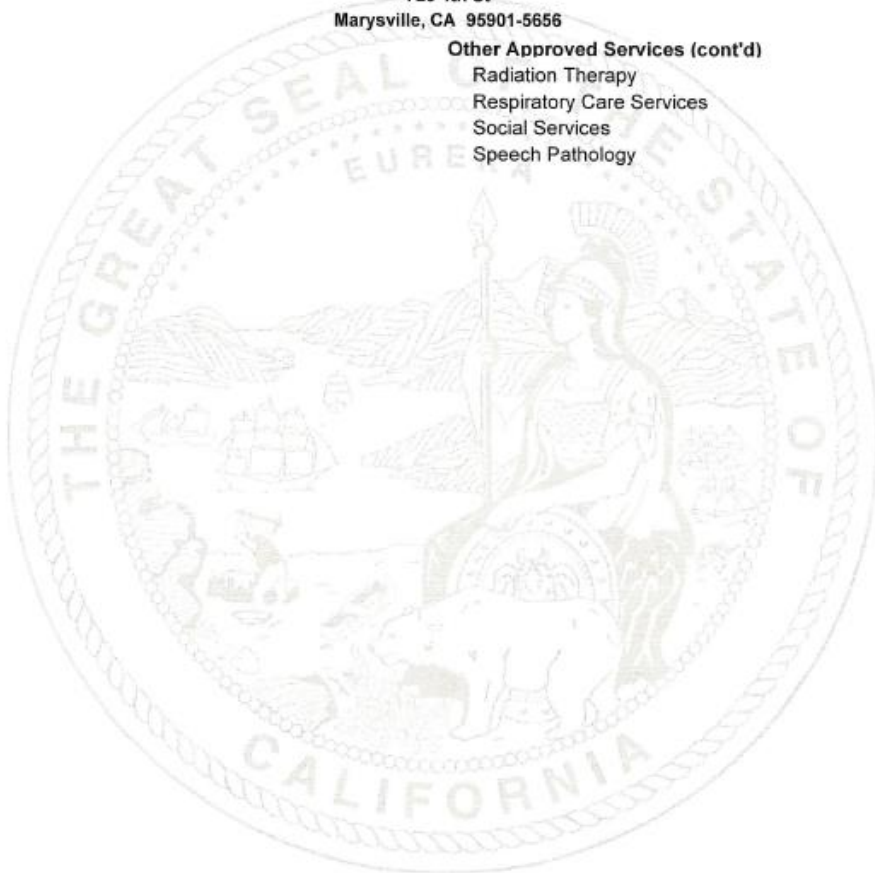
**State of California
Department of Public Health
License Addendum**

License: 230000126
Effective: 11/01/2017
Expires: 10/31/2018
Licensed Capacity: 221

Rideout Health (Continued)
726 4th St
Marysville, CA 95901-5656

Other Approved Services (cont'd)

Radiation Therapy
Respiratory Care Services
Social Services
Speech Pathology



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

Karen L. Smith, MD, MPH

Director and State Public Health Officer

Stephanie R. Devlin

Stephanie Devlin, Manager

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Chico
District Office, 126 Mission Ranch Blvd, Chico, CA 95926, (530)895-6711

POST IN A PROMINENT PLACE

Skilled Nursing Facility License

License: 230000176
Effective: 11/11/2017
Expires: 11/10/2018
Licensed Capacity: 148

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

United Com-Serve

to operate and maintain the following **Skilled Nursing Facility**

The Fountains

1260 Williams Way
Yuba City, CA 95991-2400

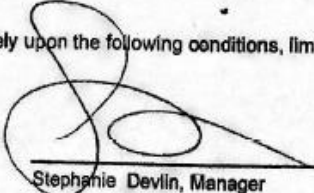
Bed Classifications/Services
145 Skilled Nursing

Other Approved Services
Occupational Therapy
Physical Therapy
Social Services
Speech Therapy

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

Karen L. Smith, MD, MPH

Director and State Public Health Officer


Stephanie Devlin, Manager

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, Chico
District Office, 126 Mission Ranch Blvd, Chico, CA 95926, (530)895-6711

POST IN A PROMINENT PLACE

Residential Care Licenses



State of California
Department of Social Services

Facility Number: 515000683
Effective Date: 01/01/99 Total Capacity: 80

In accordance with applicable provisions of the Health and Safety Code of California, and its rules and regulations; the Department of Social Services hereby issues CAPACITY CHANGE EFFECTIVE DATE: 02/04/03

this License to

UNITED COM-SERVE FREMONT-RIDEOUT HEALTH GROUP

to operate and maintain a RESIDENTIAL-ELDERLY

Name of Facility

COURTYARD, THE
1240 WILLIAMS WAY
YUBA CITY CA 95991

This License is not transferable and is granted solely upon the following:

AMBULATORY/80 NONAMBULATORY, (FIVE MAY BE BEDRIDDEN), AGES 60 AND ABOVE. HOSPICE WAIVER GRANTED FOR FIVE (5) RESIDENTS.

Client Groups Served: ELDERLY

Complaints regarding services provided in this facility should be directed to:

CHICO - RESIDENTIAL DISTRICT OFFICE (530) 895-5033

Jo Frederick

Deputy Director,
Community Care Licensing Division

Patricia C. [Signature]
Authorized Representative
of Licensing Agency



State of California

Department of Social Services

Facility Number: 515001385

Effective Date: 07/10/2003

Total Capacity: 49

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

this License to

FREMONT RIDEOUT HEALTH GROUP; UNITED COM-SERVE

to operate and maintain a

RESIDENTIAL CARE ELDERLY

Name of Facility

**GARDENS, THE
840 WASHINGTON AVENUE
YUBA CITY, CA 95991**

This License is not transferable and is granted solely upon the following:

**49 NONAMBULATORY, DELAYED EGRESS AND LOCKED PERIMETER APPROVED
HOSPICE FOR SIX (6) RESIDENTS**

Client Groups Served:

RCFE / DEMENTIA

Complaints regarding services provided in this facility should be directed to:

CCLD Regional Office

(707) 586-9026

Jeffrey Hiratsuka
Deputy Director,
Community Care Licensing Division

Janet Connors
Authorized Representative of Licensing Agency

LIC705A (12/97) FAX
Print Date 06/27/2010

POST IN A PROMINENT PLACE

CU 14018b



State of California
Department of Social Services

Facility Number: 517003436
Effective Date: 11/08/05 Total Capacity: 15

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

this License to

UNITED-COM SERVE FREMONT-RIEDEDUT HEALTH GROUP

to operate and maintain a ADULT DAY PROGRAM

Name of Facility

GARDENS ADULT DAY PROGRAM, THE
840 WASHINGTON AVENUE
YUBA CITY CA 95991

This License is not transferable and is granted solely upon the following:

LICENSED TO SERVE 8 AMBULATORY AND 7 NON-AMBULATORY CLIENTS.

Client Groups Served: ADULT/ELDERLY

Complaints regarding services provided in this facility should be directed to:

NO. CAL CR/RES. DISTRICT OFFICE (916) 263-4700

Jo Frederick

Deputy Director,
Community Care Licensing Division

Michael Smith
Authorized Representative
of Licensing Agency