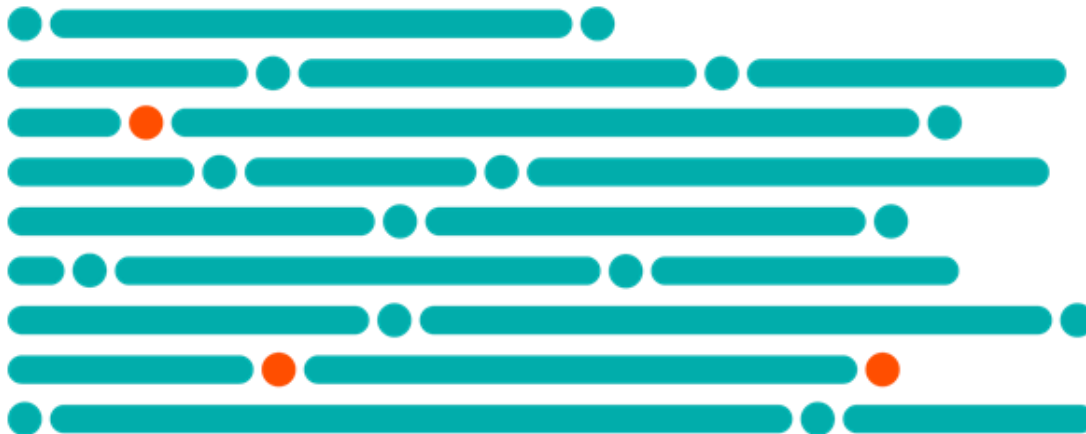


Effect of the Affiliation of Fremont-Rideout Health Group with Stone Point Health and Adventist Health System/West on the Availability and Accessibility of Healthcare Services

Supplemental Report: February 2, 2018

Prepared for the Office of the California Attorney General



Supplemental Report Regarding Charity Care

This supplemental report is being provided because new information became available from the Office of Statewide Health Planning and Development (OSHPD) to JD Healthcare Inc. and Vizient Inc. regarding charity care costs for Rideout Memorial Hospital after January 26, 2018, the publication date of the report entitled *“Effect of the Affiliation of Fremont-Rideout Health Group with Stone Point Health and Adventist Health System/West on the Availability and Accessibility of Healthcare Services* (the “Report”). On February 1, 2018, JD Healthcare Inc. and Vizient Inc. received the information regarding Rideout Memorial Hospital’s FY 2017 charity care costs that causes a revision to the calculation of the recommended charity care commitment as shown in the table below.

RIDEOUT MEMORIAL HOSPITAL HISTORICAL 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 2017	\$10,059,299	27.9%	\$2,805,380	0.8%
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%
5-Year Average	\$9,839,092		\$2,826,391	

Source: OSHPD Disclosure Reports, FY 2013-2017

On page 65 of the Report, JD Healthcare Inc. and Vizient Inc. made the recommendation listed within condition number 5 that after the Closing Date of the Affiliation with Adventist Health System/West and Stone Point Health, Rideout Memorial Hospital shall provide an annual amount of charity care equal to or greater than the most recent five year average for six fiscal years following the Closing Date of the Affiliation. This supplemental report amends the charity care recommendation on page 65, condition number 5 of the Report, to reflect the most recent five year average of charity care costs from FY 2013 – FY 2017. If the California Attorney General approves the proposed Affiliation, JD Healthcare Inc. and Vizient Inc. recommend a change in the recommended amount of annual charity care listed on page 65, condition number 5, of the Report from \$3,701,809 to \$2,826,391.