

Notice of Proposed Submission and Request for Consent by:

St. Helena Hospital

Re: Adventist Health Vallejo Asset Purchase Agreement

with

Vallejo Acquisition Sub, LLC, an affiliate of

Acadia Healthcare Company, Inc.

Prepared for the

Office of the Attorney General

California Department of Justice

Healthcare Rights & Access Section

February 22, 2021

DESCRIPTION OF THE TRANSACTION

(Cal. Code Regs., tit. 11, § 999.5(d)(1))

Section 999.5(d)(1)(A) Full description of the proposed agreement and transaction

St. Helena Hospital, a California nonprofit religious corporation and affiliate of Adventist Health System/West (“**Adventist Health**”), and Vallejo Acquisition Sub, LLC, a Delaware limited liability company (“**Buyer**”), a subsidiary of Acadia Healthcare Company, Inc. (“**Acadia**”) executed an Asset Purchase Agreement on February 5, 2021 (“**Agreement**”), under which Buyer will purchase substantially all of the assets of Adventist Health Vallejo, an acute psychiatric hospital facility located in Vallejo, CA (“**AH Vallejo**”) from its owner, St. Helena Hospital (the “**Transaction**”). St. Helena Hospital also owns and operates Adventist Health St. Helena, an acute care facility in St. Helena, California, and will continue to do so after the Transaction.

The Parties

St. Helena Hospital & Adventist Health System/West

St. Helena Hospital is the legal entity that owns and operates AH Vallejo, a 61-bed acute psychiatric hospital located in Vallejo, CA. St. Helena Hospital also owns and operates AH St. Helena, a 151-bed general acute care hospital located in St. Helena, CA, approximately thirty-five (35) miles from AH Vallejo. AH Vallejo and AH St. Helena are part of Adventist Health, a faith-based, nonprofit, integrated health system headquartered in Roseville, CA. Adventist Health is comprised of twenty-two (22) hospitals throughout California, Hawaii and Oregon and operates its hospitals through distinct legal entities under which Adventist Health or its affiliate, Stone Point Health, is the sole corporate member.

Vallejo Acquisition Sub, LLC & Acadia Healthcare Company, Inc.

Buyer is a wholly owned subsidiary of Acadia. Acadia was established in January 2005 to develop and operate a network of behavioral health and addiction treatment facilities. Acadia provides behavioral health and addiction services to patients in a variety of settings, including inpatient psychiatric hospitals, specialty treatment facilities, residential treatment centers, partial hospitalization programming, intensive outpatient programming, electroconvulsive therapy, dialectical behavioral therapy and traditional outpatient services. Acadia has grown from 54 facilities in 2005 to 223 facilities in the US in 2020, including an existing psychiatric hospital in San Jose, CA (San Jose Behavioral Health) and four residential substance abuse programs in the greater San Francisco Bay Area. Acadia has a proven track record of integrating and improving facility operations after acquisition by investing in building and capital upgrades, expanding services and improving the quality of care.

Acadia's Behavioral Health Provider Network



Adventist Health Vallejo

The acute psychiatric hospital in Vallejo was founded in the early 1960s as the first hospital in the town of Vallejo. The facility has been part of the Adventist Health system since 1997 and is the only freestanding psychiatric hospital within the system. AH Vallejo offers short-term psychiatric inpatient care for children, adolescents and adults and partial hospitalization and intensive outpatient services for adults who are experiencing psychiatric problems or are dependent on alcohol, drugs or prescription medications and who desire to live independently and/or residential treatment is not an ideal alternative.

Most of AH Vallejo's reimbursement comes from Medicare and commercial payors. In fiscal year 2019, AH Vallejo had 2,082 discharges with an average length of stay of 9.3 days, where 14% of the discharges were reimbursed by Medi-Cal (children and adolescents), 32% by Medicare and 55% by commercial and other payors. In 2019, AH Vallejo generated \$27.4 million in operating revenue resulting in a \$2.8 million operating loss.

Overview of the Transaction

St. Helena Hospital has entered into an Asset Purchase Agreement dated February 5, 2021 ("**Agreement**") with Buyer, under which it will acquire substantially all of the assets of AH Vallejo as set forth in the Agreement. Upon closing of the Transaction, Acadia will operate the hospital under its new name, North Bay Behavioral Health Hospital and as a member of Acadia's network of behavioral health providers.

Key terms of the Agreement include:

- a) Purchase Price. \$24,000,000, less the amount of accrued but unused paid time off to be assumed by Buyer held by AH Vallejo employees who will become Acadia employees post-close, subject to the terms of the Agreement.

- b) Capital Expenditures Commitment. Acadia will invest approximately \$15,000,000 in capital expenditures for the four year period post-close to fund renovations and purchase of new equipment and furnishings for the facility.
- c) Timing of Transaction. The parties intend to close the transaction as soon as practicable following receipt of consent from all applicable regulatory agencies, including but not limited to the California Attorney General, as well as satisfaction of the other closing conditions set forth under the Agreement.
- d) Medical Staff. The Transaction will not affect medical staff membership or privileges for members of the medical staff of AH Vallejo. As part of the Transaction, Acadia will assume certain of AH Vallejo's services arrangements with providers and/or enter into new service agreements with existing AH Vallejo providers to be effective upon closing of the Transaction.
- e) Employees. Acadia will offer employment to all AH Vallejo employees in good standing, subject to the terms of the Agreement. For a period of at least ninety (90) days following the closing date, Acadia will provide each employee who has accepted the offer of employment with Acadia: (i) annual base salary or wages no less than the annual base salary or wages provided immediately prior to the closing date, (ii) participation in Acadia's incentive compensation plans at levels consistent with similarly situated Acadia employees after the closing date, (iii) employee benefits that are not less favorable than those benefits that Acadia provides to its similarly situated employees, and (iv) participation in Acadia's group health plan coverage sponsored by Acadia at levels substantially equivalent to those provided immediately prior to the closing date. Acadia has made additional employment commitments post-close, pursuant to a Side Letter dated February 5, 2021 between the parties ("**Side Letter**"). The Side Letter is included as part of the response for Section 999.5(d)(1)(B).

Section 999.5(d)(1)(B) Complete copy of all proposed written agreements or contracts that relate to any part of the proposed transaction

See Exhibit 1 attached hereto for a copy of the Agreement, including all exhibits, schedules, and attachments, notwithstanding the materials the parties have sought confidential treatment pursuant to Section 999.5(c)(3). Exhibit 1 also includes the Side Letter, which sets forth additional post-closing commitments of Acadia in connection with the Transaction.

EXHIBIT 1

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

BY AND AMONG

ST. HELENA HOSPITAL (D/B/A ADVENTIST HEALTH VALLEJO),

VALLEJO ACQUISITION SUB, LLC,

SOLELY WITH RESPECT TO SECTION 12.15, ADVENTIST HEALTH SYSTEM/WEST,

**AND, SOLELY WITH RESPECT TO SECTION 12.14,
ACADIA HEALTHCARE COMPANY, INC.**

DATED AS OF February 5, 2021

TABLE OF CONTENTS

	Page
ARTICLE I CERTAIN DEFINITIONS	1
1.1 Defined Terms	1
1.2 Terms Generally	11
ARTICLE II SALE OF ASSETS AND CERTAIN RELATED MATTERS	11
2.1 Sale and Transfer of the Assets	11
2.2 Excluded Assets	13
ARTICLE III FINANCIAL ARRANGEMENTS	15
3.1 Purchase Price and Escrow	15
3.2 Proration	15
3.3 Assumed Liabilities	15
3.4 Excluded Liabilities	16
3.5 Allocation of Purchase Price	19
ARTICLE IV CLOSING	20
4.1 Closing Date	20
4.2 Deliveries of Seller at Closing	20
4.3 Deliveries of Buyer at Closing	22
ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER	23
5.1 Organization and Authority of Seller	23
5.2 No Other Assets	23
5.3 Powers; Consents; Absence of Conflicts With Other Agreements, Etc	23
5.4 Binding Agreement	24
5.5 Financial Statements; Undisclosed Liabilities	24
5.6 Debt	24
5.7 Bonds	24
5.8 Taxes	24
5.9 Real Property	25
5.10 Title to Assets (Excluding Owned Real Property); Absence of Encumbrances	26
5.11 Intellectual Property	26
5.12 Material Contracts	27
5.13 Consents	29
5.14 Insurance	29
5.15 Litigation	30
5.16 Americans with Disabilities Act	30
5.17 Certain Healthcare Matters; Compliance with Laws	30
5.18 Employees	36
5.19 Employee Benefit Plans	37
5.20 Environmental Matters	39
5.21 Absence of Certain Changes	40
5.22 Restrictions on Business Activities	42
5.23 OSHA	42
5.24 Inventory	42
5.25 Accounting Records	42
5.26 No Brokers	42

5.27.	COVID-19 Funding	42
5.28.	Solvency.....	43
5.29.	AHCMG.....	43
5.30.	No Other Representations or Warranties	43
ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BUYER		43
6.1.	Organization and Good Standing of Buyer.....	43
6.2.	Authorization	43
6.3.	No Conflicts; Consents.	44
6.4.	Litigation.....	44
6.5.	Brokers and Finders	44
6.6.	Financial Ability	44
6.7.	Solvency.....	44
6.8.	Investigation and Reliance.....	44
6.9.	No Other Representations or Warranties	45
ARTICLE VII COVENANTS		45
7.1.	Conduct of Business of Seller; Access.	45
7.2.	Tax Matters.	48
7.3.	Announcement	48
7.4.	Non-Negotiation Period	48
7.5.	Employee Matters.	49
7.6.	Insurance Matters.....	51
7.7.	Continuing Restrictions.	51
7.8.	Cooperation on Consents and Approvals.....	53
7.9.	Real Property.	54
7.10.	Cost Reports.....	55
7.11.	Misdirected Payments.....	55
7.12.	Name Change of Seller	56
7.13.	Use of Controlled Substance Permit.....	56
7.14.	License to Use Seller Billing Information.	56
7.15.	Financial Statements and Reports.....	57
7.16.	Consented Assignment	57
7.17.	Collection Procedure for Accounts Receivable; Patient Reimbursements for Existing Patients.....	58
7.18.	Peer Review Records	58
7.19.	Supplement to Disclosure Schedules	58
7.20.	Medical Records Transfer.....	59
7.21.	Post-Closing Commitments of Buyer.	59
7.22.	Release of Medicare Advance Payment Funds.....	59
ARTICLE VIII CLOSING CONDITIONS		60
8.1.	Conditions to Obligations of Each Party to Consummate the Transactions	60
8.2.	Additional Conditions to Obligations of Buyer	60
8.3.	Additional Conditions to Obligations of Seller	61
ARTICLE IX INDEMNIFICATION.....		62
9.1.	Survival of Representations, Warranties and Covenants	62
9.2.	Indemnification by Seller.....	62
9.3.	Limitations	63
9.4.	Indemnification by Buyer.	63

9.5.	Other Indemnification Matters.....	64
9.6.	Assumption of Defense.....	64
9.7.	Non-Assumption of Defense.....	65
9.8.	Indemnified Party’s Cooperation as to Proceedings	65
9.9.	Right to Retain Separate Counsel	65
9.10.	Settlement or Compromise	66
9.11.	Treatment of Indemnification Payments.....	66
9.12.	Recovery from Third Parties/Buyer.....	66
9.13.	Limitation on Liabilities	66
9.14.	Exclusive Remedy	66
ARTICLE X DISPUTE RESOLUTION		66
10.1.	Dispute Resolution.....	66
10.2.	Provisional Measures	67
10.3.	Attorneys’ Fees and Costs	67
10.4.	Waiver of Jury Trial.....	67
ARTICLE XI TERMINATION; EFFECT OF TERMINATION		68
11.1.	Termination.....	68
11.2.	Effect of Termination.....	68
ARTICLE XII MISCELLANEOUS		69
12.1.	Expenses	69
12.2.	Post-Closing Receipt of Assets or Excluded Assets	69
12.3.	Disclosure Schedules	70
12.4.	Entirety of Agreement	70
12.5.	Notices	70
12.6.	Amendments; Waivers.....	71
12.7.	Counterparts; Facsimile	71
12.8.	Assignment; Binding Nature; No Beneficiaries.....	71
12.9.	Headings	72
12.10.	Governing Law	72
12.11.	Remedies Cumulative	72
12.12.	Severability	72
12.13.	Further Assurances	72
12.14.	Buyer Parent Guaranty.....	72
12.15.	Seller Parent Guaranty.....	73

Exhibits and Schedules to Asset Purchase Agreement

Exhibits

<u>EXHIBIT A</u> DISCLOSURE SCHEDULES	80
<u>EXHIBIT B</u> FORM OF ESCROW AGREEMENT	81
<u>EXHIBIT C</u> FORM OF BILL OF SALE.....	82
<u>EXHIBIT D</u> FORM OF TRANSITION SERVICES AGREEMENT	83
<u>EXHIBIT E</u> FORM OF PROFESSIONAL SERVICES AGREEMENT	83

Schedules

Schedule 2.1(d) - Prepaid Expenses	
Schedule 2.1(e) - Assumed Managed Care Contracts	
Schedule 2.1(f) - Material Licenses	
Schedule 2.1(h) - Personal Property	
Schedule 2.1(i) - Other Assumed Contracts	
Schedule 2.2(r) - Specific Excluded Assets	
Schedule 3.1(a) - Transferred Accrued PTO	
Schedule 3.4(t) - Equipment Liabilities	
Schedule 4.2(a) - Closing Consents	
Schedule 4.2(o) - UCC Financing Statements	
Schedule 4.2(t) - AHCMG Physicians	
Schedule 5.5 - Financial Statements	
Schedule 5.6 - Debt	
Schedule 5.8 - Taxes	
Schedule 5.9(a) - Owned Real Property	
Schedule 5.9(b) - Leased Real Property	
Schedule 5.10 - Asset Encumbrances; Asset Consignments and Locations	
Schedule 5.11 - Intellectual Property	
Schedule 5.12(a) - Material Contracts	
Schedule 5.12(c) - Enforceability of Material Contracts	
Schedule 5.13(a) - Material Consents	
Schedule 5.14(a) - Insurance Policies	
Schedule 5.14(b) – Workers’ Compensation Claims and Reserves	
Schedule 5.15 - Litigation	
Schedule 5.17(a) - Government Reimbursement Programs	
Schedule 5.17(b)(ii) - Accreditation, Licensing, and Fire Marshall Survey and Deficiencies	
Schedule 5.17(d)(iv) - Potential Personal Information Breach	
Schedule 5.17(d)(v) - Security Incidents	
Schedule 5.17(e) - Referral Laws	
Schedule 5.17(f) - Compliance	
Schedule 5.17(h) - Governmental Authority or Managed Care Payor Proceedings	
Schedule 5.17(n) - Billings	
Schedule 5.17(q) - Governmental Actions	
Schedule 5.18(a) - Employees	
Schedule 5.18(b) - Employee Compliance	
Schedule 5.18(f) - Employee Complaints	

Schedule 5.18(g) - Pending Workers' Compensation Claims
Schedule 5.19(a) - Employee Benefit Plans
Schedule 5.20 - Environmental Matters
Schedule 5.21 - COVID-19 Actions
Schedule 5.23 - OSHA
Schedule 5.26 - No Brokers
Schedule 5.27 - COVID-19 Funding
Schedule 7.7(b) - Non-Compete Exclusions
Schedule 7.9 - Defects
Schedule 8.2(d) - Governmental Authorizations
Schedule 8.2(h) - ADC Period

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of February 5, 2021 (the “Execution Date”), is entered into by and among **Vallejo Acquisition Sub, LLC**, a Delaware limited liability company (“Buyer”), **St. Helena Hospital, d/b/a Adventist Health Vallejo**, a California nonprofit religious corporation (“Seller”), solely with respect to Section 12.15, Adventist Health System/West, a California nonprofit religious corporation, d/b/a Adventist Health (“Seller Parent”), and solely with respect to Section 12.14, Acadia Healthcare Company, Inc., a Delaware corporation (“Buyer Parent”). Each of Seller, Seller Parent, Buyer Parent and Buyer are sometimes referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, Seller owns or leases the real estate, the improvements and certain tangible and intangible assets associated with the behavioral healthcare facility known as Adventist Health Vallejo, located at 525 Oregon Street, Vallejo, CA, 94590, and its related medical office building and other real property locations, including the Assets (as defined below) (collectively, the “Hospital”), and Seller operates the Hospital as a separately licensed division of Seller (together, the ownership and operation of the Hospital, Assets, and all tangible and intangible assets associated therewith are referred to as the “Business”); and

WHEREAS, Buyer desires to acquire all of the assets of Seller used and/or useful in the Business, except the Excluded Assets (as defined below) and as otherwise described herein, and Seller desires to sell such assets to Buyer, for consideration and upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, for and in consideration of the premises, and the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and adequacy all of which are acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1 Defined Terms. As used in this Agreement and the Exhibits (unless otherwise defined therein) and Schedules delivered pursuant to this Agreement, the following definitions shall apply:

“Action” means any claim, action, cause of action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity, whether civil or criminal), controversy, assessment, arbitration, investigation, hearing, charge, complaint, demand, settlement, notice or proceeding to, from, by or before any Governmental Authority and any notice of any of the foregoing from any Person (including any Governmental Authority).

“Adventist Health St. Helena” means Seller’s general acute care hospital located in St. Helena, California and all of its other licensed and/or related healthcare operations, including clinics and other medical facilities, and all other assets held by Seller that are not part of the Business.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting

securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“AHCMG” means Adventist Health California Medical Group, Inc., a California professional corporation that has entered into a professional services agreement with Seller to provide certain physician services for the Hospital.

“Approval” means any approval, authorization, consent, license, franchise, order, registration, permit, waiver or other confirmation of or by a Governmental Authority or other Person.

“Business Day” means any day that is not a Saturday or Sunday or a legal holiday on which banks are authorized or required by Law to be closed in San Francisco, California.

“Buyer Knowledge Person” means each of Christopher L. Howard, EVP, General Counsel and Secretary of Buyer Parent, and David Duckworth, Chief Financial Officer of Buyer Parent.

“Closing Conditions” means the conditions set forth in Sections 8.1, 8.2 and 8.3.

“CMS” means the Centers for Medicare and Medicaid Services.

“Code” means the Internal Revenue Code of 1986, as amended.

“Community” means the city of Vallejo, California and the service area of the Hospital.

“Contracts” means all legally binding written contracts, purchase or sales orders, invoice, agreement, deed, mortgages, leases, licenses, instruments, notes, commitments, promise, arrangement or understanding, undertakings, indentures and other agreements.

“Contractual Obligation” means, with respect to any Person, any Contract or other legally binding written document or instrument (including any document or instrument evidencing or otherwise relating to any Debt) to which or by which such Person is a party or otherwise subject or bound or to which or by which any property, business, operation or right of such Person is subject or bound.

“Cost Reports” means all cost and other reports related to the Business filed pursuant to the requirements of the Government Reimbursement Programs for payments or reimbursement of amounts due from the Government Reimbursement Programs, including all Cost Report receivables or payables and all related appeals and appeal rights.

“COVID-19 Actions” means all reasonable actions taken or planned to be taken by Seller in response to events, occurrences, conditions, circumstances, or developments arising directly or indirectly as a result of the COVID-19 pandemic (whether or not required by a Governmental Authority), its impact on economic conditions, or actions taken by a Governmental Authority or other Persons in response thereto.

“Debt” means, with respect to Seller and the Business, without duplication, (a) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (b) all obligations under leases, which are recorded on the Financial Statements as capital leases in respect of which Seller is liable as a lessee with respect to the Business, (c) commitments or obligations by which Seller assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), (d) amounts owing as deferred purchase price for property or services, including all seller notes, “earn-out” or contingent payments and any payments pursuant to non-competition agreements, (e) obligations under any interest rate swap or interest rate hedging contract or agreement, (f)

guarantees with respect to any indebtedness of any other Person of a type described in clauses (a) through (f) above, and (g) any prepayment penalties and premiums, accrued interest and other amounts, required to pay fully and retire any of the items described in clauses (a) through (f) above.

“Disclosure Schedules” means the disclosure schedules attached hereto as Exhibit A and made a part hereof and delivered by Seller to Buyer on the date hereof, as updated as of the Closing in accordance with this Agreement.

“Employee Benefit Plan” means any material plan, program, agreement, or policy that is (i) a welfare plan within the meaning of Section 3(1) of ERISA, (ii) a pension plan within the meaning of Section 3(2) of ERISA, (iii) a benefit plan as defined in Code Section 6039D and the regulations promulgated thereunder, (iv) a stock bonus, stock purchase, stock option, restricted stock, stock appreciation right or other equity-based plan, or (v) any other deferred-compensation, retirement, pension, welfare-benefit, bonus, incentive, severance, change in control, sick leave, vacation, salary continuation, disability, hospitalization, dental, vision, medical, life insurance or fringe-benefit plan, program, agreement, policy, practice, understanding or arrangement which, with respect to items (i), (ii), (iii), (iv) and/or (v), is currently, or at any time within the last six (6) years was, sponsored, maintained or contributed to by Seller or any ERISA Affiliate for the benefit of any Hired Employee or with respect to which Seller or any ERISA Affiliate could reasonably be expected to have any Liability or obligation after the Closing Date to any Hired Employee or any dependent thereof, regardless of whether funded.

“Encumbrance” means any charge, claim, interest, condition, equitable interest, lien, license, lease option, pledge, deed of trust, security interest, mortgage, right of way, charge, claim, easement, encroachment, servitude, right of first offer or first refusal, buy/sell agreement or other similar encumbrance.

“Environment” means the indoor or outdoor environment including soil, surface water, ground water, wetlands, land, stream sediments, surface or subsurface strata, climate, atmosphere and air.

“Environmental Law” means all Laws that relate to or govern the regulation, quality, protection or improvement of human health, insofar as it relates to exposure to Hazardous Substances, pollution or the Environment, including (i) emissions, discharges, Releases, or threatened Releases of or exposures to Hazardous Substances, (ii) protection of public health vis-à-vis exposure to Hazardous Substances, the Environment or worker health and safety, (iii) the manufacture, generation, processing, distribution, handling, transport, use, treatment, storage or disposal of Hazardous Substances, or (iv) recordkeeping, notification, warning, disclosure and reporting requirements respecting Hazardous Substances, but in each case excluding all Healthcare Requirements.

“Equipment” means all of the tangible personal property, other than inventory, included in the Assets, and including motor vehicles.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means any Person that is, or at the relevant time was, considered a single employer of Seller under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA.

“Financial Statements” means the unaudited statements of income for the Business for each of the years ended December 31, 2018 and 2019 and for the partial fiscal year ended August 31, 2020.

“Fraud” means a claim for California common law fraud with a specific intent to deceive brought by a party hereto against another party hereto based on the covenants, representations and warranties

contained in this Agreement, in each case, which satisfies the elements of California common law fraud; provided, that such common law fraud shall only be deemed to exist if such party hereto making such covenant, representation or warranty had actual knowledge or belief that such covenant, representation or warranty was actually breached when made or such covenant, representation or warranty was made with reckless indifference to its falsity, and upon which the party to whom such covenant, representation and warranty was made reasonably relied to its detriment.

“GAAP” means U.S. generally accepted accounting principles, consistently applied in accordance with past practice.

“Governmental Authority” means any foreign, domestic, federal, territorial, state or local governmental authority, quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), instrumentality, court, legislative or judicial body (public or private), government, commission, court, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

“Governmental Authorization” means any approval, certificate of authority, accreditation, license, registration, permit, franchise, right, or other authorization issued, granted, given or otherwise furnished by or under the authority of any Governmental Authority or pursuant to any Law including but not limited to approval by the California Attorney General.

“Government Patient Receivables” means accounts receivable existing immediately before the Closing Date arising from the rendering of services and the provision of medicines, drugs and supplies to patients and customers of the Business relating to Medicare, Medicaid, TRICARE and other third-party patient claims of Seller due from beneficiaries, Managed Care Payors or Government Reimbursement Programs.

“Government Reimbursement Programs” mean the Medicare program, the Medicaid program, the federal TRICARE program, and any other, similar or successor federal, state or local healthcare payment programs with or sponsored by any Governmental Authority.

“Hazardous Substances” means (i) any chemical waste, substance, or material defined, prohibited, listed or regulated under (or for the purposes of) any Environmental Law, including the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. §§9601 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§6901 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§5101 et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. §§2601 et seq.), the Clean Air Act, as amended (42 U.S.C. §§7401 et seq.), the Clean Water Act, as amended (33 U.S.C. §§1251 et seq.), and/or any analogous state or local Laws; (ii) asbestos-containing material; (iii) Medical Waste; (iv) polychlorinated biphenyls; and (v) petroleum products and substances, including gasoline, fuel oil, crude oil and other various constituents of such products.

“Healthcare Permit” means all licenses, approvals, authorizations, registrations, consents, orders, certificates, decrees, franchises and permits issued by any Governmental Authority or required under any Healthcare Requirement applicable to the Business.

“Healthcare Requirements” means all applicable Laws, as may be amended from time to time, relating to the operation of medical or behavioral health facilities, the possession, control, warehousing, marketing, sale and distribution of pharmaceuticals, patient healthcare, patient healthcare information, patient abuse, the quality and adequacy of patient care, rate setting, equipment, personnel, operating policies, fee splitting, including (a) all statutes, rules, regulations, and guidance relating to any Government

Reimbursement Program; (b) all federal and state fraud and abuse laws (including the federal Anti-Kickback Statute (42 U.S.C. §1320a-7b(6)), the Stark Law (42 U.S.C. §1395nn), and the False Claims Act (31 U.S.C. §3729 et seq.)); (c) the Patient Protection and Affordable Care Act (P.L. 111- 1468); (d) The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152); (e) quality, safety and accreditation standards and requirements of all applicable state laws or regulatory bodies, including the Joint Commission; (f) all laws, policies, procedures, requirements and regulations pursuant to which Healthcare Permits are issued; (g) all state and federal laws governing patient confidentiality and privacy; and (h) any and all other applicable healthcare Laws and applicable Government Reimbursement Program regulations, manual provisions and policies.

“Indemnified Party” means any Person entitled to indemnification under Article IX.

“Indemnifying Party” means any Person required to provide indemnification under Article IX.

“Intellectual Property” means all proprietary rights of every kind and nature, including all rights and interests, pertaining to or deriving from:

(a) patents, copyrights, know-how, processes, trade secrets, algorithms, inventions, works, proprietary data, databases, formulae, research and development data and computer software, programs or firmware;

(b) trademarks, trade names, service marks, service names, brands, trade dress and logos, and the goodwill and activities associated therewith;

(c) domain names and proprietary rights of any kind or nature, however denominated, throughout the world in all media now known or hereafter created; and

(d) any and all registrations, applications, recordings, licenses, common-law rights relating to any of the foregoing.

“Interim Financial Date” means August 31, 2020.

“Interim Financial Statements” means the unaudited statements of income for the Business for the partial fiscal year ended August 31, 2020.

“IRS” means the U.S. Internal Revenue Service.

“Knowledge” (including any variant thereof) means (1) with respect to Seller, the actual knowledge of any Seller Knowledge Person after reasonable inquiry within their respective scope of services for Seller; and (2) with respect to Buyer, the actual knowledge of any Buyer Knowledge Person after reasonable inquiry within their respective scope of services for Buyer.

“Law” means any federal, state, local or foreign law (including common law), treaty, statute, code, ordinance, rule, regulation, permit, license, written order or other requirement of any Governmental Authority, including any Order and any rules or regulations related to the Securities Act or the registration of securities.

“Liability” means, with respect to any Person, any liability or obligation of such Person whether known or unknown, whether asserted or unasserted, whether determined, or determinable, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether due or to become due and whether or not required under GAAP to be accrued on the financial statements of such Person.

“Loss” or “Losses”, in respect of any matter, means any actual loss, liability, cost, expense, Tax, judgment, settlement or damage arising out of or resulting from such matter, including court costs, reasonable and documented out-of-pocket attorneys’ fees, other reasonable out-of-pocket experts’ fees and expenses, reasonable out-of-pocket costs of investigating or defending any claim, action, suit or proceeding or the imposition of any judgment or settlement and reasonable out-of-pocket costs of enforcing any indemnification obligations of the Indemnifying Party; provided, however, that punitive damages shall not be deemed Losses, unless such punitive damages are awarded to a Person in a final judgment relating to a third-party claim for which Seller is obligated to indemnify and hold harmless Buyer Indemnified Parties pursuant to Article IX.

“Master Indenture” means the Master Indenture of Trust (Second Amended and Restated), dated as of October 31, 2019, by and among the Corporation (as defined therein) (and the Members of the Obligated Group referred to therein), and The Bank of New York Mellon Trust Company, N.A., as master trustee.

“Material Adverse Effect” means, with respect to Seller, or the Business, as the case may be, any development, change, event, violation, circumstance or effect that, individually or taken together has a material adverse effect on the Business, assets, properties, operations, clinical performance, results of operations or financial condition of Seller (as it relates to the Business), including a Material Casualty or Condemnation as defined herein, other than any development, change, event, violation, circumstance or effect resulting primarily from any of the following: (i) effects generally affecting the industries or segments thereof in which Seller and the Business operate (including changes in general market prices and regulatory changes affecting such industries or segments generally), to the extent such effect has a disproportionate effect on the Business; (ii) general business, economic, or political conditions (or changes therein); (iii) events affecting the financial, credit, or securities markets in the U.S.; (iv) any outbreak or escalation of hostilities or declared or undeclared acts of terrorism or war; (v) any epidemic, pandemic, or disease outbreak or the worsening thereof (including COVID-19); (vi) earthquakes, hurricanes, tornadoes, floods, or other natural disasters, weather conditions, or other force majeure events in any state, country, or region of the world that does not result in a Material Casualty or Condemnation; (vii) any failure by Seller or the Business to meet budgets, plans, projections, or forecasts (whether internal or otherwise) for any period (it being understood that the underlying cause of the failure to meet such budgets, plans, projections, or forecasts may be taken into account in determining whether a Material Adverse Effect has occurred to the extent not otherwise excluded by this definition); (viii) changes (or proposed changes) in Law or interpretation thereof; (ix) the taking of any action required by this Agreement and the other documents and certificates contemplated hereby; (x) events attributable to the announcement of the execution of this Agreement or any related agreement, the announcement of the transactions contemplated hereby or thereby, or the consummation of the transactions contemplated hereby or thereby; (xi) any action by Seller taken at the direction of Buyer or any of its Affiliates, including Buyer Parent; (xii) any bankruptcy, insolvency, or other financial distress of any customer, supplier, or other counterparty of Seller or the Business; (xiii) any act or omission of Buyer, Buyer Parent or any of their representatives; or (xiv) any change or effect that is cured by or on behalf of Seller or the Business prior to the Closing Date, provided that such cure is determined by Buyer in its sole, reasonable discretion.

“Medical Waste” includes (a) pathological waste, (b) blood, (c) sharps, (d) wastes from surgery or autopsy, (e) dialysis waste, including contaminated disposable equipment and supplies, (f) cultures and stocks of infectious agents and associated biological agents, (g) contaminated animals, (h) isolation wastes, (i) contaminated equipment, (j) laboratory waste and (k) various other biological waste and discarded materials contaminated with or exposed to blood, excretion or secretions from human beings or animals. “Medical Waste” also includes any substance, pollutant, material or contaminant listed or regulated as “Medical Waste,” “Infectious Waste,” or other similar terms by federal, state, regional, county, municipal, or other local laws, regulations and ordinances insofar as they purport to regulate Medical Waste, or impose

requirements relating to Medical Waste, and includes “Regulated Waste” governed by the Occupational Safety and Health Act, 29 USCA § 651 et seq.

“Order” means any judgment, writ, decree, award, compliance agreement, injunction or judicial or administrative order or legally binding determination from any Governmental Authority.

“Outstanding Medicare Advance Payment Balance” means the difference between the total amount of Medicare advance payments Seller has received in connection with the Business and the Seller Medicare Advance Repaid Amount. As of the date hereof, the total amount of Medicare advance payments Seller has received in connection with the Business is \$2,128,941.05.

“Permitted Encumbrances” means all (a) Encumbrances for or in respect of Taxes or other governmental charges that are not yet due and payable or that are being contested in good faith by appropriate proceedings; (b) workers’, mechanics’, materialmen’s, repairmen’s, suppliers’, carriers’, tenants’, or similar Encumbrances arising in the ordinary course of business or by operation of Law with respect to obligations that are not yet delinquent or that are being contested in good faith by appropriate proceedings; (c) all covenants, conditions, restrictions, easements, charges, rights-of-way, other Encumbrances and other irregularities in title, in each case, which does not materially impair the use or value of the Owned Real Property affected thereby; (d) any zoning, entitlement, conservation, restriction, and other land use and environmental regulations by Governmental Authorities which are not violated by the current use or occupancy of such Owned Real Property or the operation of the Business thereon; (e) Encumbrances that secure any Assumed Liabilities; (f) Encumbrances arising from leases of Personal Property; (g) deposits or pledges made in connection with, or to secure payment of, worker’s compensation, unemployment insurance, old age pension programs mandated under applicable Law or other social security programs or other similar Law or to secure any public or statutory obligation; and (h) mortgages, pledges and security interests to be removed of record at Closing upon receipt of payment of the Purchase Price.

“Person” means any individual, partnership, venture, unincorporated association, organization, syndicate, corporation, limited liability company, or other entity, trust, trustee, executor, administrator or other legal or personal representative or any Governmental Authority.

“Physician” means any licensed doctor of medicine or osteopathy, doctor of dental surgery or dental medicine, doctor of podiatric medicine, doctor of optometry, or chiropractor, or any group, partnership or corporation, of whatever form, made up of one or more such Persons, or the immediate family of any such Persons.

“Referral Laws” means Section 1128B(b) of the Social Security Act, as amended; 42 USC Section 1320a-7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the “Federal Anti-Kickback Statute”; Section 1877 of the Social Security Act, as amended; 42 USC Section 1395nn and related regulations (Prohibition Against Certain Referrals), commonly referred to as “Stark Law”; 42 USC Section 1320a-7a(a)(5), the Anti-Kickback Act of 1986; 41 U.S.C. §§ 51-58; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7 and any other state Laws that address the subject matter of any of the foregoing.

“Release” means any actual or threatened releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, leaching, or migrating into the Environment.

“Restricted Area” means the area within a fifty (50) mile radius of any location in which the Business is conducted by Seller as of the date of this Agreement or the Closing Date.

“Securities Act” means the Securities Act of 1933, as amended.

“Seller Bonds” means the following bonds, which the Seller has identified as the only tax-exempt bonds allocable to financing or refinancing any portion of the Business:

- California Statewide Communities Development Authority Insured Variable Rate Hospital Revenue Bonds (Adventist Health System/West), 1998 Series B;
- California Health Facilities Financing Authority Variable Rate Revenue Bonds (Adventist Health System/West), Series 2009B;
- California Health Facilities Financing Authority Revenue Bonds (Adventist Health System/West), Series 2013A; and
- California Health Facilities Financing Authority Refunding Revenue Bonds (Adventist Health System/West), Series 2016A.

“Seller Bond Documents” means the Master Indenture and any and all other indentures, loan agreements, credit agreements, lease agreements, promissory notes, and other financing agreements entered into by the Seller or any of its Affiliates, or by which the Seller or any of its Affiliates are bound, in connection with the issuance of the Seller Bonds.

“Seller Knowledge Person” means each of Steven Herber, M.D. (CEO/President), Elisa Blethen (Finance Officer), Jack Lungu (Administrative Director, Nursing & Behavioral Health), Kimberly Meredith (Director of Risk Management), and Timothy Lyons, M.D. (Seller Chief Medical Officer).

“Seller Medicare Advance Repaid Amount” means the total amount(s) Seller has repaid to CMS or CMS has recouped from Seller prior to the Closing Date relating to the Medicare advance payment Seller received in connection with the Business under CMS’s Accelerated and Advance Payments Program.

“Tax” or “Taxes” means taxes and similar fees, levies, duties, tariffs, or charges imposed by any federal, state, local or foreign Governmental Authority, including income, franchise, profits, gross receipts, ad valorem, net worth, value added, sales, use, service, real or personal property, special assessments, capital stock, license, payroll, withholding, employment, estimated, social security, workers’ compensation, unemployment compensation or insurance contributions, utility, severance, production, excise, stamp, occupation, premiums, windfall profits, transfer, gains, business and occupation, disability, quality assurance fee, bed tax, provider tax, unclaimed property or other tax of any kind whatsoever, however denominated, including any interest, penalties, and additions to tax imposed with respect thereto.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, filed with a Governmental Authority.

“Transaction Documents” means this Agreement, the Escrow Agreement, the TSA and any other certificates, agreements or documents required to be executed or delivered under this Agreement.

“TSA” means the transition services agreement, to be effective as of the Closing Date, in substantially the form attached hereto as Exhibit D, for Seller’s provision of the services, support, licenses, benefits, assets, Contracts and other arrangements retained by Seller or Seller Parent, as applicable, that are not Assets but are reasonably necessary to operate the Business on or after the Closing Date and that have

been agreed upon by the Parties in exchange for fair market value compensation for Seller or Seller Parent rendering such items and services.

“U.S.” means the United States of America.

Each of the following terms is defined in the Section set forth opposite such term:

<u>Term</u>	<u>Section</u>
Accrued Paid Time Off	Section 3.1(a)
ADC	Section 8.2(h)
Agency Settlements	Section 2.1(m)
Agreement	Preamble
Allocation	Section 3.5(a)
Allocation Objection Notice	Section 3.5(b)
Arbitration Notice	Section 10.1(c)
Assets	Section 2.1
Assigned Intellectual Property	Section 2.1(q)
Assignment and Assumption Agreement	Section 4.2(e)
Assumed Contracts	Section 2.1(i)
Assumed Liabilities	Section 3.3
Assumed Managed Care Contracts	Section 2.1(e)
Assumed Third Party Leases	Section 2.1(b)
Basket	Section 9.3(a)
Benefit	Section 5.18(a)
Bill of Sale	Section 4.2(d)
Billing License	Section 7.14(b)
Broker	Section 5.26
Business	Recitals
Buyer	Preamble
Buyer Bankruptcy Proceedings	Section 12.14(a)
Buyer Guaranteed Obligations	Section 12.14(a)
Buyer Indemnified Parties	Section 9.2
Buyer Parent	Preamble
Buyer Transfer Taxes	Section 7.2
Capital Investment	Section 7.21(b)
Capital Investment Period	Section 7.21(b)
Casualty	Section 7.6(a)(i)
Claim Notice	Section 9.6(a)
Closing	Section 4.1
Closing Date	Section 4.1
COBRA	Section 5.19(f)
Condemnation	Section 7.6(a)(i)
Confidential Information	Section 7.7(e)
COVID-19 Funding	Section 5.27
Defects	Section 7.9(c)
Dispute Notice	Section 10.1(a)
Effective Time	Section 4.1
Escrow Accounts	Section 3.1(b)
Escrow Agent	Section 3.1(b)
Escrow Agreement	Section 3.1(b)
Escrow Funds	Section 3.1(b)

Excluded Assets	Section 2.2
Excluded Contracts	Section 2.2(e)
Excluded Leased Property	Section 5.9(b)
Excluded Liabilities	Section 3.4
Execution Date	Introduction
Existing Patients	Section 7.17
Facility	Section 5.9(c)
Financials	Section 5.5
Fundamental Representations	Section 9.1
Hospital	Recitals
HIPAA	Section 5.17(d)(i)
Hired Employees	Section 7.5
Indemnification Cap	Section 9.3(f)
Indemnity Escrow Funds	Section 3.1(b)
Independent Accounting Firm	Section 3.5(b)
Information Privacy and Security Laws	Section 5.17(d)(i)
IP License	Section 5.11(b)
Joint Commission	Section 5.17(b)
Licenses	Section 2.1(f)
Managed Care Contract	Section 2.1(e)
Managed Care Payor	Section 2.1(e)
Material Casualty or Condemnation	Section 7.6(a)(ii)
Material Consents	Section 5.13(a)
Material Contracts	Section 5.12(a)
Medicare Advance Payment Funds	Section 3.1(b)
Meet and Confer	Section 10.1(b)
New Survey	Section 7.9(b)
New Title Work	Section 7.9(a)
Non-Negotiation Period	Section 7.4
OIG	Section 5.17(h)
Owned Real Property	Section 5.9(a)
Party or Parties	Preamble
Peer Review Records	Section 2.1(n)
Personal Information	Section 5.17(d)(i)
Personal Property	Section 2.1(h)
Physician Contract	Section 5.12(a)(xvi)
Prepaid Expenses	Section 2.1(d)
Proposed Allocation	Section 3.5(b)
Provider Agreements	Section 5.17(a)(i)
Purchase Price	Section 3.1(a)
Real Property Deed	Section 4.2(c)
Reimbursements	Section 7.17
Self-Insurance Programs	Section 5.14(a)
Seller	Preamble
Seller Bankruptcy Proceedings	Section 12.15(a)
Seller Guaranteed Obligations	Section 12.15(a)
Seller Indemnified Parties	Section 9.4(a)
Seller Transfer Taxes	Section 7.2(b)
Termination Date	Section 11.1(f)
Third Party Lease	Section 5.9(b)
Title Company	Section 7.9(a)

Title Evidence	Section 7.9(c)
Title Policy	Section 7.9(d)
Transferred Accrued Paid Time Off	Section 3.1(a)
WARN Act	Section 5.18(h)

1.2. Terms Generally. The definitions in Section 1.1 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The words “herein,” “hereof” and “hereunder” and words of similar import refer to this Agreement (including the Exhibits to this Agreement and the Disclosure Schedules) in its entirety and not to any part hereof unless the context shall otherwise require. All references herein to Articles, Sections, Exhibits and the Disclosure Schedules shall be deemed references to Articles and Sections of, and Exhibits and the Disclosure Schedules to, this Agreement unless the context shall otherwise require. Unless the context shall otherwise require, any references to any agreement or other instrument or any Law are to such agreement, instrument or Law as the same may be amended and supplemented from time to time (and, in the case of any statutes or regulation, to any successor provisions). Any reference to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The use of the words “or,” “either” and “any” in this Agreement shall not be exclusive. Any reference in this Agreement to a “day” or a number of “days” (without explicit reference to “Business Days”) shall be interpreted as a reference to a calendar day or number of calendar days. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day. Any requirements in this Agreement that a Party “provide,” “make available,” “deliver” or “furnish” certain documentation or other item shall be interpreted in the same manner; in any case, such requirement shall be deemed satisfied if such documentation or item is made available in a virtual dataroom, by email or other electronic transfer, or by physical transfer.

ARTICLE II

SALE OF ASSETS AND CERTAIN RELATED MATTERS

2.1. Sale and Transfer of the Assets. Subject to the terms and conditions of this Agreement, Seller agrees to sell, transfer, assign, convey and deliver to Buyer and Buyer agrees to purchase and acquire at Closing all of Seller’s right, title and interest in and to the assets, tangible and intangible, real, personal or mixed, other than the Excluded Assets (as defined below), owned or leased by Seller, to the extent that such assets, properties or rights exist as of the Closing Date and are either (i) located on the Owned Real Property or (ii) not currently located on the Owned Real Property but are exclusively used or intended for exclusive use in the Business, including the following items (collectively, the “Assets”):

- (a) the Owned Real Property described on Schedule 5.9(a) hereto, together with all improvements and fixtures located thereon or therein, and all easements and other rights and interests appurtenant thereto;
- (b) the Third Party Leases described on Schedule 5.9(b) hereto (the “Assumed Third Party Leases”);
- (c) all of Seller’s interest in or to all inventory and supplies that are owned by Seller and located on the Owned Real Property or not currently located on the Owned Real Property but are exclusively used or intended for exclusive use in the Business (the “Inventory”);

(d) all prepaid expenses, deferred charges, advance payments, security deposits, and similar items, in each case, to the extent arising exclusively out of or exclusively relating to the Business (collectively, the “Prepaid Expenses”), as set forth on Schedule 2.1(d).

(e) subject to Section 7.16, to the extent assignable, all right, title and interest of Seller in all agreements with a third-party payor program, health insurance company, prepaid health plan, health maintenance organization, preferred provider organization, independent practice association, employer plan or other private healthcare program, or any other entity to provide services to enrollees, beneficiaries or patients rendered at the Hospital, but excluding provider agreements with Government Reimbursement Programs (each, a “Managed Care Payor” and each agreement with such Managed Care Payor, a “Managed Care Contract”), as elected to be assumed by Buyer and listed on Schedule 2.1(e) (the “Assumed Managed Care Contracts”);

(f) to the extent assignable or transferrable in accordance with Law, all of Seller’s Governmental Authorizations, including Healthcare Permits, licenses, environmental permits, Approvals, applications, certificates of need, certificates of exemption, franchises, accreditations and registrations and other licenses, permits or Approvals issued to Seller by any Governmental Authorities relating to the Business (the “Licenses”), including, the material Licenses described on Schedule 2.1(f) (the “Material Licenses”);

(g) all of Seller’s rights, to the extent assignable or transferable in accordance with Law, in all provider agreements and numbers relating to Government Reimbursement Programs applicable to the Business;

(h) all of the Equipment, furniture, fixtures, machinery, vehicles, office furnishings and other tangible personal property owned by Seller located on the Owned Real Property, or, if not currently located on the Owned Real Property, exclusively used or intended for exclusive use in the Business, including the items listed on Schedule 2.1(h) (the “Personal Property”);

(i) subject to Section 7.16, all right, title and interest of Seller in, to or under all other Contracts outstanding solely in respect to the operation of the Business or that otherwise solely relate to the Business to the extent such Contracts are identified on Schedule 2.1(i) (together, with the Assumed Third Party Leases and the Assumed Managed Care Contracts, the “Assumed Contracts”);

(j) all judgments, claims, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment in favor of Seller exclusively relating to the Business arising on or after the Closing Date;

(k) Seller’s goodwill and going concern in respect of the Business;

(l) all of Seller’s computer hardware and related information technology assets (excluding computer software), relating to or used in the operation of the Business that are located on the Owned Real Property or not currently located on the Owned Real Property but are exclusively used or intended for exclusive use in the Business;

(m) rights to settlements and retroactive adjustments, if any, solely with respect to the Business for periods starting on or after the Closing Date arising under the terms of the Government Reimbursement Programs and any Assumed Managed Care Contract (“Agency Settlements”);

(n) all of Seller’s employee records (with respect to Hired Employees only), accreditation records, public program participation records, quality assurance records, educational records,

real property records, marketing records, financial records, blue prints, equipment records, construction or engineering plans and specifications, medical and administrative libraries (in paper, electronic or other form), medical staff and allied health professional staff records of the Hospital (including peer review records for the Hospital's current medical staff relating to ordinary course of business peer review matters (such peer review records, the "Peer Review Records"), and credentialing records in Seller's current possession, to the extent such Peer Review Records and credentialing records have been released by the applicable Physician pursuant to a release), in each case, to the extent (x) relating to, or held for use in the Business and (y) reasonably accessible and currently relevant (collectively, the "Business Records"); provided, that the foregoing does not include an assignment of any Intellectual Property to Buyer; provided, further, that Seller will be entitled to retain and use copies of the Business Records where necessary or useful to comply with any applicable Law, in connection with any Actions, or in connection with the preparation of Tax Returns, the administration of any Employee Benefit Plans, and the preparation of financial statements;

(o) all medical records, patient files, and other written accounts of the medical history of Hospital's patients maintained in connection with the Business, to the extent transferable by Law ("Medical Records");

(p) all of Seller's rights in all warranties of any manufacturer or vendor in connection with the Personal Property or other Assets;

(q) all Intellectual Property owned by Seller to the extent used exclusively or held for use exclusively in the Business (the "Assigned Intellectual Property"), including the name "Vallejo Center for Behavioral Health" and rights to sue at law or in equity for any past or future infringement or other impairment of any of the foregoing, including the right to receive all proceeds and damages therefrom, and all rights to obtain renewals, continuations, divisions or other extensions of legal protections pertaining thereto, in each case to the extent assignable; and

(r) any other assets of Seller or Seller's Affiliates used, held for use or usable in the Business that are located on the Owned Real Property or not currently located on the Owned Real Property but are exclusively used or intended for exclusive use in the Business.

Notwithstanding the foregoing, the Assets shall not include any of the Excluded Assets.

2.2. Excluded Assets. Other than the Assets subject to Section 2.1, Buyer expressly understands and agrees that it is not purchasing or acquiring, and Seller is not selling, transferring or assigning, any other assets, interests or properties of Seller, and all such other assets, interests and properties shall be excluded from such purchase and the definition of the Assets (collectively, the "Excluded Assets"). Without limiting the generality of the foregoing, the Excluded Assets shall include all of the foregoing:

(a) all cash, deposits and cash equivalents, including checks, money orders, marketable securities, short-term instruments, negotiable instruments, funds in time and demand deposits or similar accounts on hand, in lock boxes, in financial institutions or elsewhere, including all cash residing in any collateral cash account securing any obligation or contingent obligation, together with all accrued but unpaid interest thereon, and all bank, brokerage, or other similar accounts;

(b) all accounts receivable (including all Government Patient Receivables) and intercompany receivables (whether current or noncurrent), including all accounts receivable arising from any Contractual Obligation (including an Assumed Contract), that are outstanding immediately prior to the Closing Date, and any other rights to receive payments immediately prior to the Closing Date, and the full benefit of all security for any such accounts or debts;

- (c) rights to Agency Settlements, if any, for periods ending prior to the Closing Date;
- (d) all documents, records, correspondence, work papers and other documents relating to Seller's Cost Reports for periods ending prior to the Closing Date or Agency Settlements;
- (e) all right, title and interest of Seller in, to or under all Contracts, whether written or oral, express or implied, or other document or instrument, that are not Assumed Contracts (the "Excluded Contracts");
- (f) Seller's and its Affiliates' corporate seals, records books, minute books, organizational documents and other records having to do with the corporate organization of Seller and its Affiliates, all employee-related or employee-benefit related files or records (other than personnel files of Hired Employees), and any other records that by Law Seller is required to retain in its possession or prohibited from disclosing or transferring to Buyer under applicable Law, provided that upon reasonable written request by Buyer, Seller shall provide to Buyer copies of any and all such records that Buyer is required to maintain or have access to post-Closing in accordance with Law;
- (g) all books, records, documents, and other materials prepared or received by or on behalf of Seller and its Affiliates in connection with the proposed sale of the Business, including indications of interest and offers received from prospective purchasers, that were prepared or received prior to the Execution Date, provided that preparation of any such materials is subject to the limitations set forth in Section 7.4;
- (h) all assets, rights and funds in connection with any Employee Benefit Plan;
- (i) all Tax losses, Tax loss carry forwards and other Tax assets of Seller relating to periods prior to the Closing Date;
- (j) all claims for and rights to receive refunds, rebates, or similar payments of Taxes relating to any taxable period or portion thereof ending prior to the Closing Date;
- (k) all Tax Returns and any notes, worksheets, work papers, files or other documents relating to such Tax Returns;
- (l) all policies of general liability, healthcare professional liability, directors' and officers', property, automobile, workers' compensation, fidelity/crime and other forms of insurance, including Self-Insurance Programs (as defined herein), owned or held by Seller and its Affiliates, together with all rights, claims, or causes of action under such policies and programs;
- (m) all accounting and management information systems;
- (n) all intercompany accounts, Contractual Obligations, services, support, and other arrangements between the Business, on the one hand, and Seller and any of its Affiliates, on the other hand (including those arrangements described under the TSA);
- (o) all other assets and properties (tangible or intangible, real or personal), Contractual Obligations, and rights of Seller and its Affiliates that are used or held for use, in whole or in part for Adventist Health St. Helena; and

(p) all judgments, claims, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment in favor of Seller relating to the Business arising prior to the Closing Date;

(q) all rights of Seller and its Affiliates under this Agreement and any related Agreement; and

(r) Those assets set forth on Schedule 2.2(r).

ARTICLE III

FINANCIAL ARRANGEMENTS

3.1. Purchase Price and Escrow.

(a) Purchase Price. In consideration of the sale and purchase of the Assets as herein contemplated, Buyer shall, subject to the terms and conditions hereof, pay to Seller, an aggregate amount equal to Twenty-Four Million Dollars (\$24,000,000), less the amount of accrued but unused paid time off held by the Hired Employees as of the Closing Date (the “Accrued Paid Time Off”) to be transferred to Buyer at the Closing, up to a maximum of 160 hours per Hired Employee (the aggregate amount transferred, the “Transferred Accrued Paid Time Off”) as set forth on Schedule 3.1(a), which Schedule shall be current as of the last Business Day preceding the Closing Date; (the “Purchase Price”).

(b) Escrow. Notwithstanding the provisions of Section 3.1(a), Buyer shall retain from the Purchase Price otherwise deliverable pursuant to Section 3.1(a) (i) an amount of cash equal to Two Million Four Hundred Thousand Dollars (\$2,400,000) (the “Indemnity Escrow Funds”), as security for the indemnification obligations of Seller set forth in this Agreement, at the Closing, and (ii) an amount of cash equal to the Outstanding Medicare Advance Payment Balance (the “Medicare Advance Payment Funds” and together with the Indemnity Escrow Funds, the “Escrow Funds”), which such amounts shall be deposited at Closing into separate accounts (the “Escrow Accounts”) with Regions Bank (the “Escrow Agent”) and released to the Parties according to the terms and conditions of an escrow agreement dated as of the Closing Date by and between Buyer, Seller and the Escrow Agent in substantially the form attached hereto as Exhibit B (the “Escrow Agreement”). The fees for the Escrow Accounts, Escrow Agreement and the Escrow Agent shall be paid by Buyer.

(c) Payment of Purchase Price. At the Closing, in addition to the delivery of the Escrow Funds in accordance with Section 3.1(b) above, Buyer will pay the balance of the Purchase Price (after deducting the Escrow Funds) to Seller, by wire transfer of immediately available funds to an account designated in writing to Buyer by Seller at least (2) Business Days prior to the Closing Date.

3.2. Proration. Within one hundred twenty (120) days after the Closing Date, Seller and Buyer shall prorate as of the Closing Date (a) any amounts that were paid by Seller prior to the Closing and relate, in whole or in part, to periods ending after the Closing Date and (b) any amounts that become due and payable after the Closing Date, in each case, with respect to (i) the Assumed Contracts, (ii) ad valorem Taxes, if any, and (iii) all utilities servicing any of the Assets, including water, sewer, telephone, electricity and gas service. Any such amounts that are not available within one hundred twenty (120) days after the Closing Date shall be similarly prorated as of the Closing Date or as soon as practicable thereafter.

3.3. Assumed Liabilities. Subject to the terms and conditions set forth herein, Buyer shall assume the future payment, performance and discharge when due of any and all of the following liabilities

and obligations of Seller arising out of or relating to the Business or the Assets on or after the Closing Date (collectively, the “Assumed Liabilities”):

(a) Other than any Excluded Liabilities described in Section 3.4, all obligations and liabilities that arise and are attributable to the period on or after the Closing Date under the Assumed Contracts;

(b) With respect to each Hired Employee, any Transferred Accrued Paid Time Off, all regular sick time hours accrued as of the Closing Date and up to 480 hours of the extended sick time benefits accrued as of the Closing Date;

(c) Except as specifically provided in Section 3.4 and Section 7.5, all liabilities and obligations of Buyer and its Affiliates relating to employee benefits, compensation or other arrangements with respect to any Hired Employee arising on or after the Closing Date;

(d) All liabilities and obligations for (i) Taxes relating to the Business, the Assets or the Assumed Liabilities for any taxable period (or portion thereof) beginning on or after the Effective Time and (ii) Taxes for which Buyer is liable pursuant to Section 7.2; and

(e) All other liabilities and obligations arising out of or relating to Buyer’s ownership or operation of the Business and the Assets on or after the Closing Date.

3.4. Excluded Liabilities. Except as expressly provided to the contrary in Section 3.3 above, Buyer shall not be obligated to pay or assume, and none of the Assets shall be or become liable for or subject to, any liability of Seller or its Affiliates, including the following, whether fixed or contingent, recorded or unrecorded, known or unknown, and whether or not set forth on the Disclosure Schedules hereto (collectively, the “Excluded Liabilities”):

(a) any and all obligations or liabilities related to the Excluded Assets, in each case, to the extent not explicitly an Assumed Liability;

(b) any obligation or liability to the extent accruing, arising out of, or relating to acts or omissions of any Person in connection with the Assets or the operation of the Business prior to the Closing Date, which are not otherwise specifically included in the Assumed Liabilities (without regard to the dollar amount thereof), including, without limitation, with respect to violations of Healthcare Requirements; provided that Buyer will cooperate in all reasonable respects with Seller, at Seller’s expense, in connection with any Action brought against Seller to the extent necessary or desirable for Seller to defend against any such Action including for Buyer to be joined to such Action if necessary for Seller to assert any rights or remedies that are or would have been available to Seller prior to the Closing with respect to any Asset;

(c) any obligation or liability to the extent accruing, arising out of, or relating to any act or omission (or suspected or alleged act or omission) by Seller, any of its Affiliates, or any of their respective medical staff, employees, agents, vendors or representatives before the Closing Date, including but not limited to that certain professional liability claim arising out of an incident at the Hospital on August 24, 2018;

(d) any obligation or liability to the extent accruing, arising out of, or relating to any breach of any Assumed Contract by Seller or any of its Affiliates prior to the Closing Date;

(e) any obligation or liability to the extent accruing, arising out of, or relating to any breach of any Seller Bond Document by Seller or any of its Affiliates as a result of the transactions contemplated hereby; and any Debt (including the current portion thereof) of Seller or any of its Affiliates, including any obligation or liability associated with or arising out of the Seller Bonds, including but not limited to the costs, expenses or fees related to any “change in use” as defined under the Code, and any remedial actions, redemption or defeasance of such Seller Bonds as a result of the transactions contemplated hereby;

(f) any obligation or liability for severance, termination or acceleration of benefits with respect to employees of Seller or its Affiliates, whether Hired Employees or not, in each case, other than (i) Transferred Accrued Paid Time Off, (ii) regular sick time hours accrued as of the Closing Date and, (iii) in respect of each Hired Employee, up to 480 hours of the extended sick time benefits accrued as of the Closing Date;

(g) any obligation or liability to the extent accruing, arising out of, or relating to any federal, state or local investigations, claims or actions with respect to acts or omissions (or suspected or alleged acts or omissions) of Seller, any of its Affiliates or any of their respective employees, medical staff, agents, or vendors prior to the Closing Date, including but not limited to the Civil Investigative Demand sent to Seller from the Department of Justice on December 11, 2017;

(h) any civil or criminal obligation or liability to the extent accruing, arising out of, or relating to any acts or omissions of Seller, any of its Affiliates or any of their respective directors, officers, employees and agents claimed to violate any Laws;

(i) any liabilities or obligations of Seller or any of its Affiliates of every kind and nature, known and unknown, arising under the terms of the Government Reimbursement Programs or any Assumed Managed Care Contracts, in respect of, arising out of or as a result of (i) periods prior to the Closing Date; (ii) the consummation of the transactions contemplated hereby, including claims for overpayments or other excessive reimbursement or non-covered services or any penalties or sanctions relating thereto arising prior to or relating to any period prior to the Closing Date; and (iii) any liability of Seller under, arising prior to or relating to any period prior to the Closing Date from any risk pools and other risk sharing agreements established in connection with any Assumed Managed Care Contract;

(j) any and all liabilities for Taxes to the extent arising or resulting from or in connection with Seller’s ownership and/or operation of the Business and the Assets for any taxable period (or portion thereof) ending prior to the Closing Date, but for the avoidance of doubt, excluding any Buyer Transfer Taxes;

(k) any liabilities or obligations to the extent arising or resulting from Section 4980B of the Code and Sections 601 through 608 of ERISA, otherwise known as COBRA, including any continuation coverage or related claim or liability for any of Seller’s employees who do not commence employment with Buyer and/or their beneficiaries, and any liabilities or obligations under the Public Health Service Act or similar state laws for qualifying events occurring prior to the Closing Date;

(l) except to the extent it is an Assumed Liability, (i) any liability with respect to Seller’s employees or former employees relating to periods prior to the Closing Date that may arise as a result of the consummation of the transactions contemplated in this Agreement, including liability for (A) any compensation, Employee Benefit Plan, or any other employee health and welfare benefit plans, paid time off, liability for any pension, profit sharing, deferred compensation plan, liability for any EEOC claim, ADA claim, FMLA claim, wage and hour claim, unemployment compensation claim, COBRA or workers’

compensation claim or personnel policy, including those relating to any termination of employment, and all employee wages and benefits, or (B) any payroll taxes; or (ii) any liability arising under the WARN Act;

(m) liabilities for expenses incurred by Seller incidental to the preparation of this Agreement, the preparation or delivery of materials or information requested by Buyer, or the consummation of the transactions contemplated hereby, including all broker, attorneys', investment banker, consultant, counsel and accounting fees or any account payable that is attributable to legal and accounting fees and similar costs incurred by Seller that are directly related to the sale of any of the Assets;

(n) liabilities to the extent arising from or in connection with (i) any order of any Governmental Authority, (ii) the violation of any Law or (iii) the violation of any integrity or compliance agreement of any Government Reimbursement Program, each of the foregoing involving Seller or relating to or arising in connection with the Business or the use, operation, ownership or possession of the Assets prior to the Closing Date;

(o) all intercompany payables and other obligations or liabilities to Affiliates of Seller;

(p) all accounts payable;

(q) any and all obligations or liabilities with respect to the Owned Real Property and operations thereon existing as of the Closing Date to the extent arising out of or attributable to conditions or events Seller caused prior to the Closing Date, including those relating to Environmental Laws or Hazardous Substances;

(r) any and all obligations or liabilities arising, accruing or existing prior to the Closing Date with respect to the employees of Seller, including any matters arising under Laws governing wages and hours, employment discrimination, occupational safety and health, workers' compensation, unemployment premiums or claims, the payment and withholding of employment taxes and any alleged violations of the Law or bonuses earned for work performed during the period prior to the Closing Date, including those liabilities or obligations that arise in connection with the consummation of the transactions contemplated by this Agreement;

(s) any and all obligations or liabilities for any fee, premium, bonus, or other payment to a broker, agent, legal, accounting or other advisor to Seller or any of its Affiliates in connection with the transactions contemplated hereunder;

(t) any and all liabilities and obligations associated with the Equipment described in Schedule 3.4(t), including the removal of such Equipment;

(u) any and all costs, expenses, liabilities and obligations resulting from the conveyance of the Owned Real Property (as defined below) to Buyer or its designee as contemplated herein and any other matters relating to the Owned Real Property as described herein, except for the costs Buyer has expressly agreed to bear as set forth in Section 12.1;

(v) any and all liabilities and obligations associated with the COVID-19 Funding;

(w) unless expressly assumed by Buyer as an Assumed Liability hereunder, any and all obligations or liabilities omitted from the Financial Statements;

(x) any liability or claim arising from the failure to obtain the consent of any third party to the assignment of any of the Assumed Contracts, provided that Buyer and Seller shall split, 50/50,

any costs incurred or payable in connection with obtaining third party consents to assignment to Buyer of the Assumed Leases, the Assumed Personal Property Leases or the Assumed Contracts;

(y) uncured defaults in performance of the Assumed Liabilities for periods prior to the Closing Date;

(z) unpaid amounts in respect of the Assumed Liabilities that are past due as of the Closing Date in accordance with the terms of the obligation and not accrued on the books of Seller; and

(aa) except for the Assumed Liabilities, any other liability, fixed or contingent, known or unknown, relating to or arising out of the ownership, operation or use of the Business or the Assets prior to Closing.

3.5. Allocation of Purchase Price.

(a) Buyer and Seller shall allocate the Purchase Price (including all other capitalized costs) and the Assumed Liabilities required to be taken into account for income tax purposes among the Assets (the "Allocation"). The Allocation shall be prepared in accordance with Section 1060 of the Code and the Treasury regulations thereunder.

(b) Buyer shall deliver to Seller a proposed Allocation (the "Proposed Allocation") within one hundred twenty (120) days after the Closing Date, and Buyer and Seller shall work together reasonably and in good faith to agree upon a final Allocation. Seller shall deliver written notice to Buyer within thirty (30) calendar days after Buyer's receipt of the Proposed Allocation if Seller objects to the Proposed Allocation (the "Allocation Objection Notice"). The Allocation Objection Notice shall specify the basis for such objection and such items or amounts as to which Seller so objects. If Seller delivers an Allocation Objection Notice within such thirty (30) day period, the Parties shall, during the thirty (30) calendar days following such delivery, use their commercially reasonable efforts to reach agreement on the disputed items or amounts. If after such thirty (30) day period the Seller and Buyer are unable to reach such agreement, the Parties shall submit such Proposed Allocation to an independent accounting firm of national reputation that has had no prior relationship with Buyer, any Affiliate of Buyer, Seller or any Affiliate of Seller and that is mutually acceptable to Buyer and Seller (the "Independent Accounting Firm"), and the Independent Accounting Firm shall resolve any such objections within thirty (30) calendar days after its engagement for this purpose in a manner that is in accordance with Section 1060 of the Code and the Treasury regulations thereunder and this Agreement. The cost of such resolution shall be borne (and paid) by Seller and by Buyer in proportion to the difference between such Party's position and the determination by the Independent Accounting Firm. The Allocation shall be the Proposed Allocation, if no Allocation Objection Notice with respect thereto is duly delivered pursuant to the foregoing procedures; or if an Allocation Objection Notice is delivered, as agreed by Buyer and Seller or, absent such agreement, the resolution by the Independent Accounting Firm pursuant to the foregoing procedures.

(c) Buyer and Seller agree to prepare and file any Tax Returns required to be filed with any taxing authority (including Internal Revenue Service Form 8594) in accordance with the Allocation.

(d) In the event that any taxing authority disputes the Allocation, Seller or Buyer, as the case may be, shall reasonably promptly notify the other Party of the nature of such dispute.

ARTICLE IV

CLOSING

4.1. Closing Date. The closing of the transactions contemplated hereby (the “Closing”) shall be held at the Los Angeles, California offices of King & Spalding LLP and take place on the last day of the month in which all Closing Conditions are satisfied or waived, or at such other place and on such other date as may be agreed to in writing by the Parties. The date on which the Closing occurs is herein referred to as the “Closing Date” and the Closing shall be deemed effective as of 12:01 a.m. Pacific Time on the Closing Date (the “Effective Time”). At the election of the Parties, the Closing may take place through an exchange of consideration and documents using wire transfers, overnight courier service, electronic mail and/or facsimile transmission.

4.2. Deliveries of Seller at Closing. At or prior to the Closing and unless otherwise waived in writing by Buyer, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) the consents set forth on Schedule 4.2(a);
- (b) each Transaction Document executed by the other Parties, as applicable, and such other Persons who are parties thereto;
- (c) a grant deed (as customary in the applicable jurisdiction) fully executed by Seller transferring good and insurable title to the Owned Real Property (subject only to Permitted Encumbrances) in a form mutually agreeable to Buyer and Seller (the “Real Property Deed”);
- (d) a Bill of Sale fully executed by Seller in substantially the form attached hereto as Exhibit C (the “Bill of Sale”) transferring to Buyer good title to all tangible and intangible assets comprising the Assets (other than the Owned Real Property);
- (e) an Assignment and Assumption Agreement fully executed by Seller in a form mutually agreeable to Buyer and Seller (the “Assignment and Assumption Agreement”) assigning to Buyer all right, title and interest of Seller in, to and under the Assumed Contracts;
- (f) a certificate of the Chief Executive Officer or the President of Seller stating that (i) the conditions specified in Sections 8.2(a) and 8.2(b) have been fulfilled with respect to Seller, and (ii) no Material Adverse Effect has occurred since the date of this Agreement;
- (g) a non-foreign affidavit dated as of the Closing Date of each Seller, sworn under penalty of perjury and in form and substance required under the Treasury regulations issued pursuant to Section 1445 of the Code stating that such Seller is not a “foreign person” as defined in Section 1445 of the Code.
- (h) a certificate of the Secretary or other comparable officer of Seller dated as of the Closing Date certifying (i) the incumbency of the officers of Seller on the Execution Date and on the Closing Date bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement; (ii) true and complete copies of resolutions adopted by the board of directors of Seller authorizing the execution, delivery and performance of this Agreement and all ancillary documents and instruments by Seller and (iii) certificates issued by the Secretary of State of the State of California certifying that Seller has legal existence and is in good standing as of a date that is no earlier than five (5) Business Days prior to the Closing Date (the items referenced above will be attached to such secretary’s or other officer’s certificate);

(i) a certificate, dated as of the Closing Date and executed by the secretary or an assistant secretary (or similar officer) of Seller Parent, certifying as to (i) the resolutions approved by the board of directors (or similar governing body) of Seller Parent authorizing the execution, delivery and performance by Seller Parent of this Agreement and (ii) the names and signatures of the officers of Seller Parent authorized to execute this Agreement, any related agreements, and the other documents to be delivered by Seller Parent under this Agreement and any related agreements.

(j) all ancillary documents and instruments by Seller and (iii) certificates issued by the Secretary of State of the State of California certifying that Seller Parent has legal existence and is in good standing as of a date that is no earlier than five (5) Business Days prior to the Closing Date (the items referenced above will be attached to such secretary's or other officer's certificate);

(k) evidence, in a form and substance reasonably satisfactory to Buyer that Seller has filed in form and substance reasonably satisfactory to Buyer, to Medicare form CMS-855A with the Medicare Administrative Contractor to effect the change of ownership with Medicare;

(l) an "owner's affidavit" reasonably acceptable to the Title Company, together with such other certificates or affidavits as the Title Company shall reasonably require, including, without limitation, a California Form 593 Real Estate Withholding Statement, an Affidavit of Understanding and Indemnity and Hold Harmless Agreement Due to Coronavirus Pandemic and an Owner's Declaration, in each case, to issue an owner's title policy insuring Buyer's interest in the Owned Real Property in an amount equal to the value allocable to the same as reasonably determined by Buyer, omitting applicable standard exceptions and any requirements applicable to Seller set forth in the title report or commitment;

(m) a limited power of attorney fully executed by Seller giving Buyer the right, to the extent permitted by applicable Law, to operate under the registrations of Seller and the Hospital relating to controlled substances following the Closing until Buyer is able to obtain its own registration;

(n) UCC termination statements for any and all financing statements, including fixture filings filed with respect to the Assets, including but not limited to those UCC financing statements set forth on Schedule 4.2(n);

(o) titles to all motor vehicles included in the Assets, duly endorsed for transfer to Buyer or an Affiliate of Buyer;

(p) an updated Schedule 5.18(a) (Employees) current as of a date no less than three (3) calendar days prior to the Closing Date;

(q) the Escrow Agreement;

(r) the TSA;

(s) a mutually agreed professional services agreement, in substantially the form attached hereto as Exhibit E, between Buyer and AHCMG for the services of each of the physicians listed on Schedule 4.2(s) for an initial period ending the later of (i) six (6) months after the Closing Date or (ii) December 31, 2021 (the "PSA");

(t) a certification of Seller and Seller Parent in a form reasonably acceptable to Buyer that (i) the sale of the Assets to Buyer (A) meets the requirements in the Master Indenture, including but not limited to, the provisions of Section 5.11 of the Master Indenture, and (B) does not violate the Seller Bond Documents, and (ii) Seller has taken all necessary steps, to the extent applicable, to release the Assets

of Seller as security for Seller Bonds, including without limitation the filing of any UCC terminations or amendments; and

(u) the calculation of the Outstanding Medicare Advance Payment Balance together with related supporting documentation evidencing such amount, delivered by Seller to Buyer at least three (3) Business Days prior to Closing.

4.3. Deliveries of Buyer at Closing. At or prior to the Closing, and unless otherwise waived in writing by Seller, Buyer shall deliver or cause to be delivered to Seller (unless otherwise indicated) the following:

(a) copies of each Transaction Document executed by Buyer that are required to be executed by Buyer;

(b) a certificate of an officer of Buyer stating that the conditions specified in Sections 8.3(a) and 8.3(b) have been fulfilled by Buyer;

(c) the balance of the Purchase Price in accordance with Section 3.1 hereof by wire transfer of immediately available funds;

(d) to the Escrow Agent, the Escrow Funds in accordance with Section 3.1 hereof by wire transfer of immediately available funds;

(e) the Escrow Agreement;

(f) the TSA;

(g) if applicable, the PSA;

(h) the Assignment and Assumption Agreement fully executed by Buyer;

(i) the Bill of Sale fully executed by Buyer;

(j) a certificate of the Secretary or other comparable officer of Buyer dated as of the Closing Date certifying (i) the incumbency of the officers of Buyer on the Execution Date and on the Closing Date bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement; (ii) true and complete copies of the resolutions adopted by the board of directors (or similar governing body) of Buyer authorizing the execution, delivery, and performance of this Agreement and all ancillary documents and instruments by Buyer and (iii) certificates issued by the Secretary of State of the State of Delaware certifying that Buyer has legal existence and is in good standing as of a date that is no earlier than five (5) Business Days prior to the Closing Date (the items referenced above will be attached to such secretary's or other officer's certificate); and

(k) a certificate, dated as of the Closing Date and executed by the secretary or an assistant secretary (or similar officer) of Buyer Parent, certifying as to (i) the resolutions approved by the board of directors (or similar governing body) of Buyer Parent authorizing the execution, delivery, and performance by Buyer Parent of this Agreement and (ii) the names and signatures of the officers of Buyer Parent authorized to execute this Agreement, any related agreements, and the other documents to be delivered by Buyer Parent under this Agreement and any related agreements.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer that the following representations and warranties are true and correct as of the date hereof and will be true and correct as of the Closing Date (except to the extent expressly made only as of the date of this Agreement or any other date, in which case as of such date). Such representations and warranties shall be made with respect to the Business, except where context is clear that the representation is to be made with respect to Seller itself.

5.1. Organization and Authority of Seller. Seller is a nonprofit religious corporation duly organized, validly existing and in good standing under the laws of the State of California recognized as an organization described in Section 501(c)(3) of the Code. Seller is duly qualified or licensed to transact business and is in good standing in all jurisdictions in which it conducts business. Seller has the requisite power and authority to enter into this Agreement, perform its obligations hereunder and to conduct the Business as now being conducted. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller.

5.2. No Other Assets. Except as included in the Assets and as would be provided under the TSA, there are no shares of any corporation or any partnership or other investment or equity interest, either of record beneficially or equitable, in any Person used or useful in the operations of the Business.

5.3. Powers; Consents; Absence of Conflicts With Other Agreements, Etc.

(a) The execution, delivery, and performance by Seller of this Agreement and all other agreements referenced in or ancillary hereto by Seller and the consummation of the transactions contemplated hereby, do not and will not require any material Approval of or with any Governmental Authority, including any material Approval of, or require providing material notice to or any material filing with any Governmental Authority bearing on the validity of this Agreement as required by the law or regulations of any such Governmental Authority, other than the (i) Material Consents set forth on Schedule 5.13(a), (ii) any Approval that is required as a result of any facts or circumstances relating solely to Buyer or any of its Affiliates, and (iii) any notice, report or other filings by Seller with, or any Approval by, any Governmental Authority where the failure to make such notice, report or other filing by Seller with, or obtain such Approval of, such Governmental Authority would not reasonably be expected to, individually or in the aggregate, be material to the Business or prevent or materially delay the consummation by Seller of the transactions contemplated by this Agreement or any related agreement;

(b) Assuming all Material Consents and other actions described in Section 5.3(a) have been obtained or made and, except as may result from any facts or circumstances relating solely to Buyer or its Affiliates, the execution, delivery, and performance by Seller of this Agreement and any related agreements, and the consummation by Seller of the transactions contemplated by this Agreement and any related agreements, do not and will not (i) violate any Law or Order applicable to or binding on Seller, (ii) violate, conflict with, result in a breach, cancellation, or termination of, constitute a default under, result in the creation of any Encumbrance (other than a Permitted Encumbrance) on any of the Assets owned or leased by Seller under, or result in a circumstance that, with or without notice or lapse of time or both, would constitute any of the foregoing under any Material Contract, other material Contractual Obligations to which Seller is a party or by which Seller is bound, including but not limited to, the Seller Bond Documents (iii) permit the acceleration of the maturity of the Assumed Liabilities, or (iv) violate or conflict with any of governing documents or amendments thereto of Seller, except in the case of each of clauses (i) and (ii), where such violation, conflict, breach, cancellation, termination or default would not reasonably

be expected to, individually or in the aggregate, be materially adverse to the Business or materially delay the consummation by Seller of the transactions contemplated by this Agreement or any related agreements.

5.4. Binding Agreement. This Agreement and all agreements contemplated by this Agreement to which Seller is or shall become a party are and will constitute the valid and legally binding obligations of Seller and will be enforceable against Seller in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors' rights generally.

5.5. Financial Statements; Undisclosed Liabilities.

(a) Seller has furnished to Buyer, prior to the date hereof, the Financial Statements and Interim Financial Statements (collectively, the "Financials"), copies of which are attached hereto as Schedule 5.5. Except as set forth on Schedule 5.5, the Financials have been prepared in accordance with GAAP throughout the periods covered thereby, present fairly, in all material respects, the financial condition of the Business as of such dates and the results of operations of the Business as of the respective dates thereof and for the respective periods covered thereby; provided that the Interim Financial Statements for such periods are correct and complete and are consistent, in all material respects, with the books and records of Seller with respect to the Business (which books and records are correct and complete in all material respects), except such Interim Financial Statements are subject to (i) the absence of footnote disclosures and other presentation items typically found in audited financial statements and (ii) changes resulting from normal year-end adjustments that are not nor will be, individually or in the aggregate, material to the Business. The books of account and other financial records of Seller with respect to the Business, all of which have been furnished to Buyer, are correct and complete in all material respects and have been maintained in accordance with commercially reasonable business and accounting practices.

(b) Except as set forth in the Interim Financial Statements, the Business does not have any Liabilities that would be required to be reflected on or reserved against or disclosed on a balance sheet prepared in accordance with GAAP, other than Liabilities: (i) under the executory portion of any Contractual Obligation by which Seller is bound with respect to the Business and that was entered into in the ordinary course of the business consistent with past practices; (ii) incurred under this Agreement or any of the other Transaction Documents; and/or (iii) incurred in the ordinary course of the business consistent with the past practices of Seller with respect to the Business since the Interim Financial Date.

5.6. Debt. Schedule 5.6 correctly sets forth a complete list of all of the Debt relating to the Business, including intercompany or related party Debt, outstanding for Seller, including any such Debt in which the Business or revenues thereof are pledged to support Debt of Seller or its Affiliates, including for each item of Debt, the debtor, the creditor, the Contractual Obligation related to such Debt, and the collateral, if any, securing such Debt. Except as set forth on Schedule 5.6, Seller has no and is not liable for any Debt, including any Liability in respect of any written guarantees of any Liability of any other Person, with respect to the Business.

5.7. Bonds. The sale of the Assets to Buyer contemplated hereunder does not violate the provisions of Seller Bond's Master Indenture. The sale of the Assets to Buyer contemplated hereunder does not impair the tax-exempt status of the Seller Bonds.

5.8. Taxes. Except as set forth in Schedule 5.8, Seller has: (a) filed on a timely basis or extended all material returns required to be filed by or in respect of the Hospital with respect to Taxes; (b) paid all material Taxes shown to have become due pursuant to such returns; and (c) paid all material other Taxes for which a notice of assessment or demand for payment has been received (other than Taxes that are being contested in good faith and in accordance with appropriate procedures). Neither Seller nor any Affiliate of

Seller has received any written notice of any proposed assessments of Taxes against or in respect of the Hospital, or of any proposed adjustments to any Tax Returns filed by or in respect of the Hospital.

(a) No material Encumbrance for Taxes exists with respect to any of the Assets, nor will any such material Encumbrance exist at Closing except in each case for statutory liens for Taxes not yet due and payable.

(b) Seller is a United States Person for U.S. federal income tax purposes.

5.9. Real Property.

(a) Schedule 5.9(a) sets forth a description of each parcel of real property owned by Seller with respect to the Business (collectively, the “Owned Real Property”). With respect to each Owned Real Property: (A) Seller owns good and insurable fee simple title to all of the Owned Real Property, free and clear of all liens and Encumbrances except the Permitted Encumbrances, (B) except for the Excluded Leased Property, the Owned Real Property constitutes all of the real property used and necessary for the operation of the Business by Seller, and (C) other than the right of Buyer pursuant to this Agreement, there are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein. Seller is not a party to any agreement or option to purchase any real property or interest therein relating to, or intended to be used in the operation of, the Business.

(b) Schedule 5.9(b) lists each parcel of real property leased or licensed by Seller with respect to the Business (other than the Owned Real Property), including the respective street address, the names of the parties to such lease document, and the current use (the “Excluded Leased Property”). Schedule 5.9(b) also lists all leases and licenses (including all amendments, extensions, renewals, guaranties and other agreements with respect thereto) for or related to the Owned Real Property to which Seller is a party to or bound by as lessor, and a correct and complete copy of each has been furnished to Buyer (each a “Third Party Lease”).

(c) No part of the Owned Real Property nor any building or other material improvements located on the Owned Real Property (each a “Facility”) is currently subject to any pending condemnation proceedings, and, to the Knowledge of Seller, no condemnation or taking is threatened or contemplated. There is no injunction, decree, order, writ or judgment outstanding, nor any claims, litigation, administrative actions or similar proceedings pending or, to the Knowledge of Seller, threatened, relating to the ownership, use or occupancy of the Owned Real Property or any portion thereof, or the operation of the Business thereon. To the Knowledge of Seller, no public improvements exist that may result in special assessments against or otherwise materially and adversely affect the operation of the Owned Real Property or any Facility as such is currently operated. Neither Seller nor any Affiliate of Seller has received any currently effective written notice that the Owned Real Property or any Facility is in violation of any zoning, public health, building code or other similar Laws applicable to such property or to ownership, occupancy and/or operation thereof in any material respect. All utilities serving the Owned Real Property and each Facility are adequate to operate each in the manner it is currently operated.

(d) With respect to each Third Party Lease:

(i) To the Knowledge of Seller, such Third Party Lease is legal, valid, binding, enforceable and in full force and effect.

(ii) To the Knowledge of Seller, there exists no material default, breach or dispute on the part of Seller or any other Person under any Third Party Lease nor has any event

occurred which, with the passage of time or the giving of notice or both, would constitute a material default or breach by Seller or any other Person under a Third Party Lease.

(iii) The other party to such Third Party Lease is not an Affiliate of, and otherwise does not have any economic interest in, Seller.

(iv) To the Knowledge of Seller, the other party to such Third Party Lease has not subleased, licensed or otherwise granted any Person the right to use or occupy, the premises demised thereunder or any portion thereof.

(v) There is no purchase option, right of first refusal or similar right granted in favor of the lessee or licensee under any Third Party Lease.

(vi) Each of the Third Party Leases was entered into as an arm's length transaction on terms consistent with fair market value and commercially reasonable for the business needs of the parties.

5.10. Title to Assets (Excluding Owned Real Property); Absence of Encumbrances.

(a) Seller has good, valid and marketable title to, or, in the case of the Personal Property Leases or other Contractual Obligation, an enforceable leasehold interest in, or right to use, all of its properties, rights and assets, whether tangible or intangible, but excluding Owned Real Property, that it owns or purports to own or lease (as applicable) reflected on its books and records and on the Interim Financial Statements (except inventory sold or disposed of subsequent to the date thereof in the ordinary course of business consistent with past practice). Except as set forth on Schedule 5.10(a), none of the Assets (excluding Owned Real Property) are subject to any Encumbrance other than Permitted Encumbrances. The Assets (excluding Owned Real Property) and the other assets, rights, licenses, properties, services and benefits retained by Seller to be acquired or provided pursuant to this Agreement and the TSA, constitute all of the assets, properties, and rights owned, leased or licensed by Seller and its Affiliates in the operation of the Business and shall be sufficient to operate the Business on the Closing Date as currently conducted in the ordinary course in all material respects.

(b) All of the material tangible Assets (excluding Owned Real Property) of Seller are in good working order, operating condition and state of repair (subject to reasonable wear and tear).

(c) Seller holds no Assets on consignment, nor are any Assets of Seller held at any location other than at the addresses set forth on Schedule 5.10(c).

5.11. Intellectual Property.

(a) Schedule 5.11(a) contains a correct list as of the date of this Agreement of all Assigned Intellectual Property that is registered with a Governmental Authority or domain name registrar or which is subject to pending applications for registration. Seller has not granted any license to any Person relating to any of its Assigned Intellectual Property, and no past or present shareholder, member, officer, employee, agent or consultant of Seller has any ownership interest or any other rights in and to such Assigned Intellectual Property. To the Knowledge of Seller, no third party has infringed upon or misappropriated any material Assigned Intellectual Property. All registered material Intellectual Property set forth on Schedule 5.11(a) licensed or owned by Seller (i) has been duly maintained in all material respects, (ii) has not lapsed, expired or been abandoned, and (iii) to the Knowledge of Seller, is not the subject of any opposition, interference, cancellation, or other proceeding before any Governmental Authority. Seller owns or possesses all licenses or other rights to use all material Intellectual Property

necessary to operate the Business as operated within the past twelve (12) months and as reasonably expected to be operated following the Closing.

(b) Schedule 5.11(b) contains a correct list of all Intellectual Property that is material to, and used exclusively in, the Business (excluding any computer software available generally through retail merchants, otherwise subject to “shrink-wrap” or “click-through” license agreements or pre-installed in computer hardware) that any third party owns and licenses to Seller through a license, sublicense or other agreement (“IP License”). To the Knowledge of Seller, each IP License is the valid and binding obligation of Seller, is in full force and effect, is enforceable against Seller, and is enforceable by or against the other party or parties thereto in accordance with its terms. To the Knowledge of Seller, no event has occurred that, with notice or lapse of time, would constitute a material breach by Seller or permit termination or modification of or the acceleration of any rights under any such IP License.

(c) No Actions are pending or to the Knowledge of Seller, threatened, that (i) assert that any Assigned Intellectual Property or any action taken by Seller in connection with its operation of the Business infringes any Intellectual Property of any person or that any Assigned Intellectual Property or any action taken by Seller in connection with its operation of the Business constitutes a libel, slander or other defamation of any person or (ii) challenge the validity or enforceability of, or the rights of Seller in any of its Assigned Intellectual Property. To the Knowledge of Seller, Seller has not interfered with, infringed upon, misappropriated or otherwise come into conflict with any Intellectual Property rights of any other Person, and Seller has not received any charge, complaint, claim, demand or notice alleging any interference, infringement, misappropriation or violation (including any claim that Seller must license or refrain from using any Intellectual Property rights of any third party), in each case, with respect to the Business.

(d) Seller will not challenge Buyer’s use of, or the validity and enforceability of, any Assigned Intellectual Property. Seller not will adopt any trademarks or service marks that are confusingly similar to the trademarks and service marks included within the Assigned Intellectual Property. Seller does not own any patents, registered trademarks, registered service marks or registered copyrights exclusively used in the Business.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 5.11 are the only representations and warranties being made by Seller with respect to Intellectual Property.

5.12. Material Contracts.

(a) Schedule 5.12(a) lists as of the date of this Agreement (in subparts corresponding to each of the subparts below) the following material Contractual Obligations, to which Seller is a party with respect to the Business (collectively, the “Material Contracts”):

(i) any Contractual Obligation (or group of related Contractual Obligations) in effect for calendar year 2019 and the period ending November 30, 2020, respectively, in each case, which provides for a single payment or the provision of services to or by Seller with a value in excess of Fifty Thousand Dollars (\$50,000) annually, or multiple payments or provisions of services to or by Seller in excess of an aggregate value of One Hundred Thousand Dollars (\$100,000);

(ii) (A) any capital lease or (B) any other lease or other Contractual Obligation relating to the Equipment, under which any Equipment is held exclusively for or used exclusively by Seller with respect to the Business;

(iii) any Contractual Obligation, including the lease for the Excluded Leased Property and Third Party Leases, relating exclusively to the lease or license of any tangible Asset;

(iv) any Contractual Obligation relating to the acquisition or disposition of (i) any business of Seller (whether by merger, consolidation or other business combination, sale of securities, sale of assets or otherwise) in the last three (3) years or (ii) any Asset other than in the ordinary course of business;

(v) any Contractual Obligation under which Seller with respect to the Business, is, or may become, obligated to pay any amount in respect of indemnification obligations, purchase price adjustment or otherwise in connection with any (A) acquisition or disposition of assets or securities (other than the sale of inventory in the ordinary course of business), (B) merger, consolidation or other business combination or (C) series or group of related transactions or events of the type specified in clauses (A) and (B) above;

(vi) any Contractual Obligation with an Affiliate or Seller, or with any entity in which an officer or director of the Hospital holds an interest, including any agreement whereby Seller or its Affiliates has advanced or loaned any amount to any director, officer or employee of Hospital;

(vii) any Contractual Obligation concerning or consisting of a partnership, limited liability company or joint venture agreement;

(viii) any Contractual Obligation (or group of related Contractual Obligations) (A) under which Seller has created, incurred, assumed or guaranteed any Debt or (B) under which Seller has permitted any Asset to become subject to an Encumbrance (other than a Permitted Encumbrance);

(ix) any Contractual Obligation under which any other Person has guaranteed any Debt of Seller;

(x) any Contractual Obligation pursuant to which Seller is a lessor of, or permits any third party to operate, any personal property of Seller;

(xi) any Contractual Obligation relating to confidentiality, non-competition or non-solicitation obligations exclusively relating to the Business (whether Seller is subject to or the beneficiary of such obligations) or otherwise restricting the ability of Seller to conduct or transact business, excluding reasonable limitations on use in connection with confidentiality, research, consulting, or other agreements entered into in the ordinary course of business;

(xii) any Contractual Obligation under which Seller is obligated to incur any severance pay or special compensation obligations, in each case, with respect to any employees who provide services with respect to the Business;

(xiii) any Contractual Obligation providing for the employment or consultancy with a Person on a full-time, part-time, consulting or other basis or otherwise providing compensation or other benefits to any officer, director, employee or consultant (other than a current Employee Benefit Plan listed on Schedule 5.19(a));

(xiv) any agency, dealer, distributor, sales representative, marketing or other similar agreement;

(xv) any Contractual Obligation under which Seller has outstanding loans to any of its Affiliates or employees other than in the ordinary course of business;

(xvi) any Contractual Obligation (including but not limited to any leases or licenses) to which a Physician is a party, whether or not such Contractual Obligation relates to medical services (each, a “Physician Contract”); and

(xvii) any Managed Care Contract.

(b) Seller has furnished to Buyer true, accurate and complete copies of each Material Contract as those of same in Seller’s possession, in each case, as amended or otherwise modified and in effect as of the date of the Agreement.

(c) Enforceability, etc. Except as set forth on Schedule 5.12(c), each Material Contract is, enforceable against Seller and, to the Knowledge of Seller, the applicable counter-parties for such Contractual Obligation, and is in full force and effect, and to the Knowledge of Seller, subject to obtaining any necessary consents or delivering any necessary notices, as disclosed on Schedule 5.13(a), will continue to be so enforceable and in full force and effect on identical terms following the consummation of the transactions contemplated hereby.

(d) Breach, etc. To the Knowledge of Seller, neither Seller, nor any other party to any Material Contract is in breach or violation of, or default under, or has repudiated any provision of, any Material Contract in any material respect.

(e) As of the date of the Agreement, Seller has not received written notice that any Person intends to cancel or terminate any Material Contract.

5.13. Consents.

(a) Schedule 5.13(a) sets forth a complete and accurate list of all Approvals required to be obtained, and notices to be made, to consummate the transactions contemplated hereby by Seller, whether pursuant to any Material Contract, Material License or as required by any Governmental Authority or other Persons (collectively, “Material Consents”).

5.14. Insurance.

(a) Schedule 5.14(a) sets forth a description of all insurance policies (including general liability, healthcare professional liability, directors’ and officers’, property, automobile, workers’ compensation, fidelity/crime and other forms of insurance, some of which are maintained pursuant to Seller’s participation in the self-insurance programs of Seller Parent (collectively, “Self-Insurance Programs”)), covering ownership of the Assets, and/or the Business.

(b) All such insurance policies or coverages are valid, outstanding and, subject to the respective terms thereof, and provide coverage as specified therein for the properties, assets and operations of Seller (including the Business). To the Knowledge of Seller, there have been no acts or omissions of Seller that could result in cancellation of any such policy prior to its scheduled expiration date. To the Knowledge of Seller, Seller has not been refused any insurance with respect to any aspect of the operations of the Business, nor has its coverage been limited by any insurance carrier to which it has applied for insurance or with which it has carried insurance during the last three (3) years. To the Knowledge of Seller, Seller has duly and timely made all claims it has been entitled to make under each policy of insurance. Seller has furnished to Buyer descriptions of each claim made by Seller under any policy of insurance in

the last three (3) years. To the Knowledge of Seller, there is no claim by Seller pending under any such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies, and Seller has no Knowledge of any basis for denial of any claim by Seller pending under any such policy. Schedule 5.14(b) also sets forth any amounts reserved by Seller or its workers' compensation insurance carrier in connection with any workers' compensation claims listed on such Schedule, if any, as of December 31, 2020 (as may be updated per Section 7.19 (Supplement to Disclosure Schedules), no later than ten (10) days prior to the anticipated Closing Date).

5.15. Litigation.

(a) Except as set forth on Schedule 5.15, there are no Actions pending or, to the Knowledge of Seller, threatened in writing by or against Seller with respect to the Business. Except as set forth on Schedule 5.15 the operation of the Business is not subject to any Order.

(b) As of the date of this Agreement, there are no Actions pending or, to Seller's Knowledge, threatened in writing by or against Seller with respect to this Agreement or the transactions contemplated by this Agreement or that, if determined adversely to Seller, would reasonably be expected to have a Material Adverse Effect on Seller's ability to consummate the transactions contemplated by this Agreement or any related agreement.

5.16. Americans with Disabilities Act. There is not now pending or, to the Knowledge of Seller, threatened, any material claim, investigation, proceeding, suit, demand, judgment, order, decree or action by any Governmental Authority or other party arising out of or related to the Americans with Disabilities Act against Seller with respect to the Business.

5.17. Certain Healthcare Matters; Compliance with Laws.

(a) Reimbursement Programs.

(i) Schedule 5.17(a)(i) sets forth a correct and complete list of all Government Reimbursement Programs, including a list of all provider agreements and/or numbers relating to such Government Reimbursement Programs (each a "Provider Agreement" and collectively, "Provider Agreements"), with which Seller is contracted with respect to the Business. To the Knowledge of Seller, no event has occurred that, with the giving of notice, the passage of time, or both, would constitute grounds to terminate, modify or not renew the participation of Seller or the Business in any such Government Reimbursement Program. Seller has received no written notice indicating that its qualification as a participating provider in any Government Reimbursement Program may be terminated, modified, not renewed, or withdrawn, nor, to the Knowledge of Seller, is there any reason to believe that such qualification may be terminated, modified, not renewed, or withdrawn.

(ii) The Business is (A) qualified for participation in, and has current and valid provider Contracts with, the Government Reimbursement Programs and is in compliance in all material respects with the conditions of participation or other requirements applicable with respect to such participation and (B) eligible for payment under the Government Reimbursement Programs for services rendered to qualified beneficiaries. Each Provider Agreement to which Seller is a party with respect to the Business is in full force and effect. Seller is entitled to receive, and is receiving payment under, the Government Reimbursement Programs for services rendered to qualified beneficiaries and is not subject to any material withholds, recoupments, or offsets in respect thereof, other than withholds, recoupments, or offsets in the ordinary course.

(iii) In the past six (6) years, the Cost Reports were timely filed, and have been audited (with Notices of Program Reimbursement issued), for the Cost Report periods particularly described on Schedule 5.17(a)(iii). All such Cost Reports were materially complete and accurate when filed and were prepared in compliance in all material respects with all the applicable requirements of Government Reimbursement Programs.

(iv) All amounts shown as due from the Business in the Cost Reports either were remitted with such Cost Reports or will be remitted when required by applicable Law and are appropriately reflected in the Financial Statements, and all amounts shown in the Notices of Program Reimbursement as due have been or prior to Closing will be paid when required by applicable Law.

(v) Except as set forth on Schedule 5.17(a)(v), in the past six (6) years, Seller has submitted all claims for payment to the Government Reimbursement Programs in compliance in all material respects with applicable Healthcare Requirements or applicable Provider Agreement, and Seller has not received any written notice of any material dispute or claim by any Governmental Authority or other Person regarding the Business and the Government Reimbursement Programs or the participation by the Business in such Government Reimbursement Programs. In the past six (6) years, all claims submitted to any Managed Care Payor by, and the coding and billing practices of, Seller have been in material compliance with all Laws, applicable Managed Care Contracts and Managed Care Payor billing guidelines. In the last six (6) years, Seller has not been the subject of any material focused reviews, Recovery Audit Contractor audits, Medicaid Integrity Program audits or other material audits with respect to any Government Reimbursement Program or any Managed Care Contract with respect to the Business.

(vi) Except as set forth on Schedule 5.17(a)(vi), as of the date of this Agreement, Seller has no material reimbursement or payment rate appeals, disputes or contested positions pending before any Governmental Authority or Managed Care Payor with respect to the Business.

(vii) Except as set forth on Schedule 5.17(a)(vii), as of the date of this Agreement and to the Knowledge of Seller, Seller has not received any oral or written notice of denial of payment, recoupment, withhold, suspension or overpayment from any Government Reimbursement Program or Managed Care Contract exceeding One Hundred Thousand Dollars (\$100,000) with respect to the Business.

(b) Accreditation; Survey Reports.

(i) The Business is duly accredited by The Joint Commission (the “Joint Commission”). Seller has not received any currently outstanding written notices of material deficiency from Joint Commission with respect to the Business’ current accreditation period that require or request any action or response by Seller or the Business, or if received, any such material deficiencies have been corrected or otherwise remedied and such corrections or remedies have been accepted and approved by the Joint Commission.

(ii) With respect to the Business, Seller has delivered to Buyer a true and complete copy of the Business’ most recent Joint Commission accreditation survey; most recent Statement of Deficiencies and Plan of Correction; most recent state licensing report and list of deficiencies, if any; most recent fire marshal’s survey and deficiency list, if any, and the corresponding plans of correction or other responses, each as set forth on Schedule 5.17(b)(ii).

There are no ongoing or, to the Knowledge of Seller, threatened Actions that could impair or adversely affect such accreditations.

(c) Healthcare Permits. Seller has obtained all material Healthcare Permits necessary to permit Seller to own, operate, use and maintain the Business and its assets in the manner in which is now operated and conducted. Seller has furnished to Buyer a complete and accurate list of all material Healthcare Permits held by Seller with respect to the Business. Such material Healthcare Permits are in full force and effect and no proceeding is pending or, to the Knowledge of Seller, threatened, seeking the revocation, suspension, termination, limitation, or other similar action of any such Healthcare Permits. To the Knowledge of Seller, there exists no state of facts that may cause any Governmental Authority to modify, revoke or fail to renew any material Healthcare Permit held by Seller with respect to the Business. To the Knowledge of Seller, there are no provisions in or agreements relating to any of the material Healthcare Permits (including applications) that would preclude or limit Buyer from operating the Business following the Closing. No written or oral notice from any Governmental Authority relating to the threatened, pending or possible revocation, termination, suspension or limitation of any of the material Healthcare Permits has been received by Seller or Business, and, there is no proposed or, to the Knowledge of Seller, threatened issuance of any such notice.

(d) Patient Information Privacy and Security.

(i) Seller's receipt, collection, monitoring, maintenance, creation, transmission, use, disclosure, storage, disposal and security of any individually identifiable health information including demographic information and social security numbers (as defined in 45 C.F.R. §160.103) (the "Personal Information") complies, in all material respects with the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Clinical Health Act of the American Recovery and Reinvestment Act of 2009, and their respective implementing regulations (collectively referred to herein as "HIPAA") and applicable federal laws concerning the privacy and security of Personal Information, including 42 CFR Part 2, state health information privacy laws including the California Confidentiality of Medical Information Act, data breach notification laws, and state social security number protection laws and consumer protection laws, state laws relating to the privacy of information regarding juveniles and family relations, and any applicable laws concerning requirements for website policies and practices, call or electronic monitoring or communications (the "Information Privacy and Security Laws"). To the Knowledge of Seller, Seller has all necessary authority, consents and authorizations to receive, access, use and disclose the Personal Information in Seller's possession or under its control, except where the failure to obtain such authority, consents and authorizations would not reasonably be expected, individually or in the aggregate, to be material to the Business.

(ii) Seller is in compliance in all material respects with 45 C.F.R. 164.502(e)(2), and has entered into an agreement with a "business associate" (as defined in 45 C.F.R. § 160.103) in each instance where the Business, a "covered entity" (as defined in 45 C.F.R. § 160.103), provides "protected health information" (as defined in 45 C.F.R. § 160.103) to such "business associate" to receive, create, maintain or transmit protected health information for or on behalf of the Business as required by, and in conformity with, applicable Information Privacy and Security Laws, including HIPAA. To the Knowledge of Seller, Seller is not in violation of any material requirements of any "business associate" agreement entered into at the request of a HIPAA covered entity.

(iii) Seller's employees who have access to Personal Information have received documented training, as required by applicable Information Privacy and Security Laws and as

reasonably necessary and appropriate for such employees to carry out their respective functions in accordance with applicable Information Privacy and Security Laws.

(iv) Except as set forth on Schedule 5.17(d)(iv), for the past three (3) years and to the Knowledge of Seller, there has been no data security breach or unauthorized access, use or disclosure of any Personal Information, owned, used, stored, received, or controlled by or on behalf of the Seller that would constitute a “breach” (as defined 45 C.F.R. 164.402) for which notification by Seller to individuals and/or Governmental Authorities is required under any applicable Information Privacy and Security Laws.

(v) Seller has identified, documented, investigated, responded, and mitigated (to the extent practicable) known successful “security incidents” (as defined in 45 C.F.R. § 164.304) related to Personal Information of Seller or the Business in the possession, custody or control of Seller, including the matters set forth on Schedule 5.17(d)(v).

(vi) Neither of the Seller or the Business (A) is under investigation by any Governmental Authority for a violation of any Information Privacy and Security Laws; or (B) has received any notices or audit requests from HHS Office for Civil Rights, Federal Trade Commission or the Attorney General of any state relating to any such violations.

(e) Referral Laws. Except as set forth on Schedule 5.17(e), for the last six (6) years, Seller and the Business have at all times been in compliance in all material respects with the Referral Laws.

(f) Compliance. Except as set forth on Schedule 5.17(f), Seller is and for the last six (6) years, has been in compliance in all material respects with all applicable Laws, including all Healthcare Requirements, Orders governing the conduct or operation of the Business, and all of its Healthcare Permits. Seller has not received any written notice of any material violation of any such Law, Order or Healthcare Permit with respect to the Business, and, to the Knowledge of Seller, no notice of such violation has been threatened.

(g) Reports. In the last six (6) years, Seller has timely filed all material reports, data and other information related to the Business required to be filed with any Governmental Authority or Managed Care Payor.

(h) Proceedings. Except as set forth on Schedule 5.17(h) and in the last six (6) years, Seller has not received notice from any Governmental Authority or Managed Care Payor of, and is not threatened by any Governmental Authority or Managed Care Payor with, any proceeding or investigation by any such Governmental Authority (including any alleged qui tam relator) or Managed Care Payor alleging or based upon a material violation by Seller of any Law, including all Healthcare Requirements, in connection with the Assets or the Business. In the last six (6) years, Seller has not received notice of any legal or administrative proceedings, non-ordinary course audits or recoupment actions, any of which allege a material violation of Healthcare Requirements by Seller with respect to the Business, and, to the Knowledge of Seller, no facts or circumstances exist that would reasonably be expected to give rise to such legal or administrative proceedings, audits or recoupment. To the Knowledge of Seller, no Person has filed or has made a meaningful and likely threat to file, a material claim against Seller or its employees, officers, directors and managers (each in their respective capacity as an employee, officer, director or manager of Seller with respect to the Business, and with respect to the scope of their respective duties for the Business) with respect to the Business, under any federal or state whistleblower statute, including under the Federal False Claims Act, 31 U.S.C. §§ 3729-3733.

(i) Ineligibility or Conviction. In the last six (6) years, neither Seller nor any of its directors, officers, employees or to the Knowledge of Seller, its agents:

(i) has been convicted of or charged with any material violation of any Laws related to any Government Reimbursement Program;

(ii) has been convicted of, charged with, or investigated, for any material violation of Laws related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation, or controlled substances;

(j) is excluded, suspended or debarred from participation, or is otherwise ineligible to participate, in any Government Reimbursement Program or has committed any material violation of Law or taken any other action that is reasonably expected to serve as the basis for any such exclusion, suspension, debarment or other ineligibility.

(k) Related Party Transactions. Neither Seller nor any employee, officer, director or Affiliate of Seller, nor any individual, related by blood, marriage or adoption or a household member to any such individual, and no entity in which any such Person or individual owns any beneficial interest is a party to any material Contractual Obligation, commitment or transaction with Seller relating to the Business, or has any interest in any assets or property, tangible or intangible, including any of the Excluded Leased Property, used by Seller relating to the Business.

(l) Absence of Certain Business Practices. In the last six (6) years, neither Seller, nor to the Knowledge of Seller, any employees or agents of Seller, have directly or indirectly (i) made any contribution or gift which contribution or gift is in material violation of any applicable Law, (ii) made any bribe, rebate, payoff, influence payment, kickback or other payment to any Person, private or public, regardless of form, whether in money, property or services (A) to obtain favorable treatment in securing business, (B) to pay for favorable treatment for business secured, (C) to obtain special concessions or for special concessions already obtained for or in respect of Seller or any Affiliate thereof, in material violation of any applicable Law, including Healthcare Requirements, (iii) in material violation of any Law or other legal requirement, including the Healthcare Requirements, established or maintained any fund or asset of Seller relating to the Business that has not been recorded in the books and records of Seller relating to the Business, or (iv) established, operated or maintained any program, scheme, practice, policy or system that would reward or compensate employees or contractors for marketing or promotion activities, in each case that materially violates any Law, including the Healthcare Requirements. In the last six (6) years, neither Seller nor to the Knowledge of Seller, its employees, officers, directors and managers (each in their respective capacity as an employee, officer, director or manager of Seller with respect to the Business and with respect to the scope of their respective duties for the Business) have made any untrue statements of material fact or fraudulent statements to any Governmental Authority, or failed to disclose any material facts required to be disclosed to any Governmental Authority with respect to the Business.

(m) Employees.

(i) All licensed employees and, to the Knowledge of Seller, all licensed consultants and licensed independent contractors of Seller currently rendering services related to the Business are properly licensed and in good standing in all material respects with all applicable Governmental Authorities.

(ii) As required by applicable Laws, Seller has (A) verified that all current employees and independent contractors providing clinical services for the Business have valid and current licenses, permits and credentials, (B) conducted criminal background checks on all current

and applicable employees and independent contractors, and (C) screened all current officers, directors, employees and independent contractors under the HHS/OIG List of Excluded Individuals/Entities.

(iii) In the last six (6) years, to the Knowledge of Seller, each of Seller and Seller's employees, officers, directors and managers (each in their respective capacity as an employee, officer, director or manager of Seller with respect to the Business) have not: (i) been convicted of, formally charged with, or, investigated for any crime or violation or engaged in any conduct for which such Person would reasonably be expected to be excluded, suspended, or debarred from participating, or otherwise ineligible to participate, in any Government Reimbursement Programs applicable to the Business or the use of the Assets; (ii) engaged in any conduct that subjected such Person or entity to a civil monetary penalty or criminal penalty under Sections 1128A or 1128B of the Social Security Act or any similar Law; (iii) been convicted of or formally charged with, been investigated for, any material violation of Laws related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, or obstruction of an investigation; (iv) been excluded, suspended, or debarred from participation, or is otherwise ineligible to participate, in any Government Reimbursement Programs applicable to the Business or the use of the Assets; or (v) been subject to allegations of sexual harassment.

(n) Billings. Except as set forth on Schedule 5.17(n), in the last six (6) years and to the Knowledge of Seller, all claims submitted by Seller have been for goods and services actually provided by Seller, are medically necessary, of professionally recognized quality and standard of care, and at appropriate and permissible charges or costs, to patients qualified and eligible for the applicable Government Reimbursement Programs or Managed Care Contracts and Seller has all necessary and appropriate documentation reasonably necessary to support such billings. In the last six (6) years and to the Knowledge of Seller, all claims have been timely filed (or were corrected in or supplemented by a subsequent filing) and are complete and accurate in all material respects in accordance with applicable Law, including the Healthcare Requirements.

(o) Compliance Program. Seller maintains a compliance program in accordance with the criteria established by the Office of Inspector General of the Department of Health and Human Services. Seller has furnished to Buyer documentation relating to Seller's current compliance program and HIPAA program, and Seller is, and for the last six (6) years has been, in compliance in all material respects with such programs.

(p) Controlled Substances. In the last six (6) years, neither Seller nor the Business has engaged in any activities that are in material violation of or otherwise prohibited under the Federal Controlled Substances Act, 21 U.S.C. Section 801 et seq., the Federal Food, Drug and Cosmetic Act, 21 U.S.C. Section 301 et seq., or the regulations promulgated pursuant to such statutes or any related state or local statutes or regulations concerning the dispensing and sale of controlled substances.

(q) Governmental Actions. Except as set forth on Schedule 5.17(q) and in the last six (6) years, Seller has not with respect to the Business (i) been the subject of any material governmental investigation; (ii) been a defendant in any unsealed qui tam, False Claims Act or similar action; (iii) been served with or received any search warrant, subpoena, civil investigative demand or other contact or notice from any Governmental Authority regarding any material alleged or actual violation of any Healthcare Requirements; (iv) received any written complaints from any employee, independent contractor, vendor, Physician, patient or other Person alleging that Seller has materially violated, or is currently in material violation of, any Healthcare Requirements relating to the Business; or (v) made any voluntary disclosure to the Office of the Inspector General of the U.S. Department of Health and Human Services ("OIG"), or any Governmental Authority relating to any Government Reimbursement Program. Seller (i) is not a party to

a corporate integrity agreement with OIG or any similar agreement with any Governmental Authority or (ii) has no reporting obligations pursuant to any settlement agreement or compliance programs, plans, or agreements entered into with the OIG or any Governmental Authority.

5.18. Employees.

(a) Schedule 5.18(a) contains a true and correct list as of January 28, 2021 of all of the current employees who provide services with respect to the Business, including employer, titles, “exempt”/“nonexempt” classification, scheduled hours and employment dates with respect to Seller. To the extent permitted by applicable Law, Schedule 5.18(a) also identifies (as may be updated per Section 7.19 (Supplement to Disclosure Schedules), no later than ten (10) days prior to the anticipated Closing Date): (i) as of January 28, 2021, all accrued, but unused, vacation time, paid time off, or similarly compensated non-service time of each employee of the Business; (ii) as of January 28, 2021, accrued sick time and extended sick time of each employee of the Business; and (iii) as of January 29, 2021, each employee of the Business who is out of work on a leave of absence, including due to disability and sets forth the basis of such leave and the anticipated date of return to work. No Hired Employee is (1) an individual whom Seller did not treat as a common law employee, including an individual treated as an independent contractor, but who should have been treated as a common law employee, or (2) an individual who constitutes a leased employee of Seller under Section 414(n) of the Code. Seller has furnished to Buyer a copy, redacted to the extent required by applicable Law, of each material written agreement between Seller and any of its employees and independent contractors principally providing services to the Business or an accurate description of the terms of employment or retention of each such employee and independent contractor for whom no such written agreement exists, to the extent permitted by applicable Law. Seller has not adopted any written policy or procedure with respect to any benefit, including, without limitation, salaries, directors’ fees, bonuses, commissions, profit shares, automobile, reimbursement of expenses and benefits in kind (each, a “Benefit”) that would materially change the terms of such Benefit to which a Hired Employee is entitled, under an employment or retention agreement or applicable Law.

(b) Except as set forth on Schedule 5.18(b), with respect to the Business, Seller (i) is and, at all times in the last three (3) years, has been in compliance in all material respects with all applicable Laws, agreements and Contracts relating to its former, current, and prospective employees, workplace practices, and terms and conditions of employment with or retention by Seller, including all such Laws, agreements and contracts relating to wages, hours, collective bargaining, employment discrimination, immigration, disability, civil rights, fair labor standards, occupational safety and health, workers’ compensation, pay equity and wrongful discharge, (ii) is and, at all times in the last three (3) years, has been in compliance in all material respects with all applicable Laws, agreements and contracts relating to independent contractors, temporary agency employees and “leased” employees (within the meaning of Section 414(n) of the Code), (iii) has at all times in the last three (3) years timely obtained or prepared and, if applicable, filed all appropriate forms (including U.S. Citizenship and Immigration Services Form I-9) required by any relevant Law or Governmental Authority and (iv) has not engaged in any unfair labor practice.

(c) As of the date of this Agreement, no collective bargaining agreement with respect to the Business is currently in effect or being negotiated between Seller and its employees. Seller has no obligation to negotiate any collective bargaining agreement in respect of the Business, nor does Seller have any Knowledge of any attempts to organize or establish any labor union or employee association with respect to any employees of the Business.

(d) As of the date of this Agreement, no strike, slowdown or work stoppage is occurring or has occurred with respect to the Business at any time in the last three (3) years, nor, to the

Knowledge of Seller, is threatened or has been threatened within the last year, with respect to the employees of the Business.

(e) There is no representation claim or petition pending before the U.S. National Labor Relations Board or any similar foreign, state or local labor agency in respect of the Business of which Seller has been notified, and no question concerning representation has been raised or, to the Knowledge of Seller, threatened respecting the employees of the Business.

(f) Except as set forth on Schedule 5.18(f) or except as would not reasonably be expected to result in Liability to Buyer, in the last three (3) years, no written notice has been received by Seller of any complaint or proceeding filed against Seller claiming that Seller has violated any applicable employment standards, labor legislation or employment Laws, or of any complaints or proceedings of any kind involving Seller or, to the Knowledge of Seller, against any of the employees of Seller or threatened to be filed against Seller before any federal, state, local or foreign court, tribunal, arbitrator, agency or labor relations board, including the National Labor Relations Board and the Equal Employment Opportunity Commission, with respect to the Business.

(g) There are no outstanding Orders or charges against Seller under any occupational health or safety legislation with respect to the Business, and, to the Knowledge of Seller, none have been threatened. Schedule 5.18(g) sets forth all pending workers' compensation claims against Seller with respect to the Business, if any, as of December 31, 2020.

(h) To the Knowledge of Seller, no fact or event exists that could give rise to Liability to Buyer under the Worker Adjustment Retraining Notification Act (the "WARN Act") in respect of Seller employees and former employees, other than in connection with any matters arising from or after the Closing.

5.19. Employee Benefit Plans.

(a) Schedule 5.19(a) sets forth, as of the date of this Agreement, a correct list of all current material Employee Benefit Plans with respect to the Business. With respect to each such current material Employee Benefit Plan, Seller has furnished to Buyer a written summary of material plan terms.

(b) Except as would not reasonably be expected to result in Liability to Buyer and as set forth on Schedule 5.19(a), (i) neither Seller nor any ERISA Affiliate has been liable at any time for contributions to a plan that is or has been at any time subject to Code Section 412, Section 302 of ERISA and/or Title IV of ERISA, (ii) there is no "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA or "multiple employer plan" subject to Section 4063 or 4064 of ERISA under which any current or former employee of Seller has any present or future right to benefits which accrued within the six (6) year period ending on the Closing Date or under which Seller has any liability, (iii) Seller has not sponsored, contributed to, or been required to contribute to a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA and (iv) no Employee Benefit Plan with respect to the Business is maintained through a human resources and benefits outsourcing entity, professional employer organization, or other similar vendor or provider.

(c) Each Employee Benefit Plan in which Hired Employees participate, and that is intended to be qualified under Code Section 401(a) is the subject of an unrevoked favorable determination letter from the IRS or is a prototype or volume submitter plan entitled to rely on a favorable opinion or advisory letter issued by the IRS; neither Seller nor any fiduciary of any such Employee Benefit Plan has been advised by the IRS or Department of Labor of any plan defects in its form or operation; and Seller is not aware of any circumstances that could reasonably be expected to result in revocation of such favorable

determination letter or the loss of the Employee Benefit Plan's tax qualified status. Except as would not reasonably be expected to result in Liability to Buyer and as set forth on Schedule 5.19(a), Seller and its ERISA Affiliates have performed in all material respects all obligations required to be performed by them under each Employee Benefit Plan and applicable Law (including ERISA, the Code and the Patient Protection and Affordable Care Act). With respect to the Business, except as would not be reasonably expected to result in Liability to Buyer and as set forth on Schedule 5.19(a), each Employee Benefit Plan, including any associated trust or fund, has been administered in accordance with its terms and with applicable Law, and, to the Knowledge of Seller, nothing has occurred with respect to such an Employee Benefit Plan that has subjected or could reasonably be expected to subject Seller to a penalty under Section 502 of ERISA or to an excise tax under the Code, or that has subjected or could reasonably be expected to subject Seller, any such Employee Benefit Plan, or any participant in, or beneficiary of, such an Employee Benefit Plan to a tax under any of Code Sections 4971 through 4980G.

(d) To the Knowledge of Seller, and except as would not reasonably be expected to result in Liability to Buyer, all contributions, premium payments and benefit payments relating to each Employee Benefit Plan of the Business, whether required by Law or by the terms of any Employee Benefit Plan or any agreement relating thereto, during the last three (3) years, have been made or paid in full on a timely basis or, to the extent not required to be made or paid on or before the date hereof, have been reflected in the Financials to the extent (if any) such reflection is required as represented under Section 5.5 of this Agreement.

(e) To the Knowledge of Seller, there is no pending or threatened Action relating to any Employee Benefit Plan, other than routine claims for benefits provided by the Employee Benefit Plans of the Business and domestic relations orders. To the Knowledge of Seller, except as would not reasonably be expected to result in Liability to Buyer, no Employee Benefit Plan of the Business is the subject of an application or filing under, or is a participant in, any government-sponsored amnesty, voluntary compliance, self-correction or similar program, or to the Knowledge of Seller, the subject of an examination or audit by a Governmental Authority.

(f) To the Knowledge of Seller, except as would not reasonably be expected to result in Liability to Buyer and as set forth on Schedule 5.19(a), no Employee Benefit Plan provides, and no Contractual Obligations have been entered into by Seller promising or guaranteeing, benefits or coverage in the nature of health, life or disability insurance or other welfare benefits (within the meaning of ERISA Section 3(1)) to current or former employees of the Business for any period extending beyond retirement or other termination of employment, except (i) as required by applicable Law, including Code Section 4980B and Section 601 et seq. of ERISA ("COBRA") and similar provisions of applicable state Law, (ii) conversion rights, and (iii) disability benefits attributable to a disability occurring prior to retirement or other termination of employment. Seller and its ERISA Affiliates are, in respect of employees of the Business, in compliance in all material respects with (i) the applicable requirements of COBRA and any similar state Law, and (ii) the applicable requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations thereunder.

(g) Except as would not reasonably be expected to result in Liability to Buyer, neither Seller nor, to the Knowledge of Seller, any other Person has engaged with respect to any Employee Benefit Plan in a "prohibited transaction" within the meaning of Section 406 or 407 of ERISA or Section 4975 of the Code for which a statutory or administrative exemption does not exist, and the consummation of the transactions contemplated hereby will not result in any such prohibited transaction, and except as would not reasonably be expected to result in Liability to Buyer, to the Knowledge of Seller, there have been no breaches of fiduciary duty or other breaches or violations related to any Employee Benefit Plan.

(h) Except as would not reasonably be expected to result in Liability to Buyer, no Employee Benefit Plan is established and maintained outside the U.S., is subject to the laws of any jurisdiction outside of the U.S., or provides compensation or benefits to any current or former employee, director, consultant or independent contractor of Seller (or any dependent of any such Person) that are subject to the laws of any jurisdiction outside of the U.S.

(i) Except as set forth on Schedule 5.19(a), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (either alone or in conjunction with the occurrence of any additional or subsequent event(s)) will (i) entitle any Hired Employee to severance pay, unemployment compensation or any other payment from Seller or Buyer, pursuant to any Employee Benefit Plan, (ii) otherwise increase the amount of compensation due to any Hired Employee or forgive any debt owed by any Hired Employee, (iii) result in any benefit or right becoming established or increased, or accelerate the time of payment or vesting of any benefit to any Hired Employee under any Employee Benefit Plan, except to the extent required by Code Section 411(d)(3), or (iv) require Seller or Buyer to transfer or set aside any assets to fund or otherwise provide for any benefits for any Hired Employee.

(j) Except as would not reasonably be expected to result in Liability to Buyer, Seller has properly classified individuals providing services to Seller as independent contractors or employees, as the case may be.

(k) Except as would not reasonably be expected to result in Liability to Buyer and as set forth on Schedule 5.19(a), each Employee Benefit Plan in which Hired Employees participate that constitutes in whole or in part a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code is evidenced by a writing that complies in form and has been operated and maintained in a manner that complies with the applicable requirements of Section 409A of the Code and the applicable provisions of the U.S. Treasury Regulations and other IRS guidance, and no additional tax under Section 409A(a)(1)(B) of the Code has been or is reasonably expected to be incurred by any participant in any such Employee Benefit Plan.

(l) Notwithstanding anything to the contrary in this Agreement, Section 5.18 and this Section 5.19 contain all of Sellers’ representations and warranties regarding labor, employee or employee benefit matters.

5.20. Environmental Matters.

Except as set forth on Schedule 5.20:

(a) Seller furnished to Buyer all of the existing material environmental reports, assessments, audits, studies and other similar documents in Seller’s possession that were prepared within the three years prior to the date of this Agreement for the Owned Real Property. To the Knowledge of Seller, during the last three (3) years, Seller has been in compliance in all material respects with all Environmental Laws applicable to its operations and to its use of any Owned Real Property, including possessing all permits required under applicable Environmental Laws for the operation of the Business;

(b) To the Knowledge of Seller, there are no current facts, circumstances or conditions arising out of or relating to the Business, the Owned Real Property or former owned, leased or operated real property that would reasonably be expected to result in Seller incurring material liability under any Environmental Laws, including with regard to the Release, threatened Release, presence, handling, generation, transport, storage, disposal, arrangement for disposal or treatment of any Hazardous Substance. Seller does not use, generate, transport, treat, store, or dispose of any Hazardous Substance, except as is

reasonably necessary for the operation of the Business and in compliance with applicable Environmental Laws in all material respects, and, to the Knowledge of Seller, there has been no Release of any Hazardous Substance by Seller, at or on the Owned Real Property that requires remediation by Seller pursuant to any applicable Environmental Law; and Seller has not (i) received within the three (3) years prior to the date of this Agreement any written request for information, notice, demand, administrative inquiry, lawsuit, judgment, order, complaint or claim under any Environmental Law or regarding Hazardous Substances; (ii) been subject to or, to the Knowledge of Seller, threatened in writing with any governmental, private or citizen enforcement action or investigation with respect to any Environmental Law or regarding Hazardous Substances; or (iii) received written notice of or otherwise has Knowledge of any unsatisfied material Liability under any Environmental Law or regarding Hazardous Substances, except for Liability that arises in the ordinary course of business.

(c) With respect to the Business, there are no off-site locations where Seller has stored, disposed or arranged for the disposal of Hazardous Substances, except in compliance with Environmental Laws, and Seller has not been notified in writing that it is a potentially responsible party at any such location under any Environmental Laws.

(d) Seller has not contractually agreed to indemnify any other Person for any material Liability for corrective, investigatory or remedial obligation under any Environmental Law.

(e) Seller does not operate any underground storage tanks or waste disposal impoundments or lagoons at the Owned Real Property.

(f) Seller has furnished to Buyer, copies, if any, of any asbestos surveys, environmental assessment and audit reports prepared within the three (3) years prior to the date of this Agreement and pertaining to the Business or the Owned Real Property including any such Phase I or Phase II assessment reports, in each case, if material and in the possession of Seller.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 5.20 are the only representations and warranties made by Seller with respect to Environmental Laws or Hazardous Substances.

5.21. Absence of Certain Changes. Except for the COVID-19 Actions set forth on Schedule 5.21, the Interim Financial Date and the date hereof, with respect to the Business, (i) Seller has operated its business in the ordinary course and has maintained its relationships with customers, vendors, suppliers, employees, agents and others consistent in all material respects with past practice, and (ii) there has not occurred any Material Adverse Effect. Without limiting the generality of the immediately preceding sentence and since that date, Seller has not:

(a) amended or otherwise modified its charter or bylaws or altered, through merger, liquidation, reorganization, restructuring or in any other fashion its corporate structure or ownership;

(b) permitted any of its Assets to become subject to an Encumbrance other than a Permitted Encumbrance;

(c) increased the compensation of any of its employees outside of the ordinary course of business, including any increase or change pursuant to any bonus, pension, profit sharing, retirement or other plan or commitment;

(d) adopted or, except as required by Law, amended, any Employee Benefit Plan;

(e) extended, terminated or modified any Material Contract (except Employee Benefit Plans), permitted any renewal notice period or option period to lapse with respect to any Material Contract or received any written notice of termination of any Material Contract, except for terminations of Material Contracts upon their expiration during such period in accordance with their terms;

(f) entered into any cancellation, waiver, compromise or release of debts, rights or claims under a Material Contract, including any write-off or other compromise of any account receivable of Seller other than in the ordinary course of business;

(g) entered into any commitment or transaction to sell the Assets other than with Buyer as set forth herein (including any borrowing, capital expenditure, or becoming liable in respect of any Debt or guarantee);

(h) discharged or satisfied any Encumbrance other than those then required to be discharged or satisfied during such period in accordance with their original terms;

(i) paid or satisfied any Liability, whether due or to become due, except for any liabilities shown on the Financial Statements or incurred since the Interim Financial Date in the ordinary course of business;

(j) sold, transferred, leased to others or otherwise disposed of any of its assets or properties of the Business other than in the ordinary course of business consistent with past practice;

(k) revalued any of the assets of the Business, including by writing down the value of inventory or writing off notes or accounts receivable, other than in the ordinary course of business consistent with past practice;

(l) suffered any damage or destruction to, loss of, or condemnation or eminent domain proceeding relating to any of its tangible properties or assets (whether or not covered by insurance) relating to the Business;

(m) made any loan or advance of any material amount to any Hired Employee, other than travel and other similar routine advances to Hired Employees in the ordinary course of business consistent with past practice;

(n) made or approved any capital expenditures or capital additions or betterments in amounts which exceeded Fifty Thousand Dollars (\$50,000) in the aggregate, other than in the ordinary course of business consistent with past practice;

(o) changed its method of accounting or its accounting principles or practices, including any policies or practices with respect to revenue recognition or the establishment of reserves for accounts receivable, utilized in the preparation of the Financial Statements, other than as required by GAAP in a manner consistent with past practice;

(p) instituted or settled any material litigation, or been subject to any material Action by any Person or before any court or Governmental Authority alleging a violation of any Law, Contractual Obligation, Debt, Environmental Law, Tax or other violation by Seller relating to it or any of its properties or Assets or the Business;

(q) entered into or terminated any Contractual Obligation or transaction with Seller or Affiliate of Seller relating to the Business, other than in the ordinary course of business consistent with past practice;

(r) entered into any Material Contract, except those made in the ordinary course of business consistent with past practice; or

(s) entered into any agreement or commitment to do any of the foregoing relating to the Business.

5.22. Restrictions on Business Activities. There is no material Order binding upon Seller or, to the Knowledge of Seller, threatened that has or could reasonably be expected to have the effect of prohibiting or impairing the conduct of the Business as currently conducted, including with respect to the acquisition of property, the provision of services, or the hiring of employees.

5.23. OSHA. Except as set forth on Schedule 5.23, in the last three (3) years, Seller has not received any citation, order, or proposed penalty that is outstanding or unresolved from a Governmental Authority alleging, or otherwise finding, that past or present conditions of the Business materially violate any applicable OSHA legal requirements nor to the Knowledge of Seller, is there any pending OSHA claim, proceeding, or investigation concerning the Business. Seller has received no written notice that is outstanding or unresolved of any actual or potential violation in any material respects of any provision of the Immigration and Nationality Act of 1952, and the Immigration Reform and Control Act of 1986 concerning the Business (it being acknowledged that receipt of Social Security Administration “no match letters” does not constitute notice of any actual or potential violation of any U.S. Law) and there are no material citations, investigations, administrative proceedings or formal complaints of violations of the immigration laws that are outstanding or unresolved concerning the Business imposed, pending or to the Knowledge of Seller, threatened before the U.S. Department of Homeland Security (including the U.S. Citizenship and Immigration Services, U.S. Immigration and Customs Enforcement, or U.S. Customs and Border Protection), U.S. Department of Labor or before any other Governmental Authority against or involving Seller as relating to the Business.

5.24. Inventory. To the Knowledge of Seller, the Inventory of Seller is fit in all material respects for the purpose for which it was manufactured, does not contain in any material respects obsolete, discontinued, damaged or defective items. Since the Interim Financial Date, the Inventory of Seller has been purchased in all material respects in the ordinary course of business. All Inventory of Seller with respect to the Business (a) is in the physical possession of Seller or in transit to or from a supplier of Seller, (b) was acquired or produced in the ordinary course of business and (c) is of a quantity and quality usable in the ordinary course of business of Seller.

5.25. Accounting Records. Seller maintains records that accurately and validly reflect its respective transactions in all material respects, consistent with Seller’s historical practices, and has in place accounting controls sufficient to ensure that such transactions are: (a) executed in accordance with management’s general or specific authorization; and (b) recorded in conformity with GAAP so as to maintain accountability for assets.

5.26. No Brokers. Except as set forth on Schedule 5.26, Seller has neither engaged nor is liable to pay any fees or commissions to, any broker, finder, agent or financial adviser (each, a “Broker”) in connection with the transactions contemplated hereby.

5.27. COVID-19 Funding. Except as set forth on Schedule 5.27, Seller, on behalf of Business, has not received or applied for any grants, funds, payments, loans, deferrals of other governmental payments

or taxes, including employment or social security taxes, or other stimulus money, including advanced Medicare payments, related to the COVID-19 pandemic or for funds used to supplement for financial losses arising from the COVID-19 pandemic (collectively “COVID-19 Funding”). Seller has complied in all material respects with all applicable government regulations and procedures in connection with its receipt of COVID-19 Funding, including signing and submitting all required attestations, accepting or rejecting funds, agreeing to terms and conditions associated with receipt of such funds, and submitting to HHS all required revenue and other information. All funds received by Seller relating to the Business pursuant to the CARES Act Provider Relief Fund are set forth on Schedule 5.27, and have been used for healthcare-related expenses or lost revenue attributable to COVID-19.

5.28. Solvency. Immediately after giving effect to the consummation of the transactions contemplated by this Agreement and any related agreements, assuming the representations and warranties set forth in this Article V are true and correct, (i) the amount of the “present fair saleable value” (as such term is generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors) of Seller’s assets will exceed the amount of all of its Liabilities, including the Excluded Liabilities, (ii) Seller will be able to pay its debts as they mature; and (iii) Seller has adequate capital to carry on its business. Seller is not making any transfer of property and is not incurring any Liability in connection with the transactions contemplated by this Agreement with the intent to hinder, delay, or defraud present or future creditors of Buyer.

5.29. AHCMG. None of the Assets are owned or leased by AHCMG and no other assets or operations used by the Business as it is currently conducted are held, owned or leased by AHCMG.

5.30. No Other Representations or Warranties. Except as expressly set forth in this Article V (as modified by the Disclosure Schedules), neither Seller nor any other Person is making any representation or warranty, express or implied, written or oral, with respect to Seller, any Affiliates of Seller, the Business or the Assets, and Seller and its Affiliates disclaim any and all other representations and warranties, whether express or implied, or oral or written, whether made by Seller or any Affiliate of Seller, in each case, notwithstanding the delivery or disclosure to Buyer or any Affiliate of Buyer of any documentation or other information with respect to the foregoing.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller that the following representations and warranties are true and correct as of the date hereof and will be true and correct as of the Closing Date:

6.1. Organization and Good Standing of Buyer. Buyer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has full power and authority to enter into and carry out its obligations under this Agreement. Buyer has full power and authority to own, operate and lease its properties and assets, to carry on its business as and where such is now being conducted, to enter into the documents and instruments to be executed and delivered by Buyer pursuant hereto and to carry out the transactions contemplated hereby.

6.2. Authorization. The execution, delivery and performance of this Agreement by Buyer has been duly and validly authorized by Buyer and by all other necessary limited liability company action on the part of Buyer. This Agreement and the Transaction Documents constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors’ rights generally. Each of the related agreements to

which Buyer is intended to be a party as reflected on the signature page thereof has been duly authorized by Buyer and all other necessary corporate action on the part of Buyer.

6.3. No Conflicts; Consents.

(a) The execution, delivery, and performance by Buyer of this Agreement, the Transaction Documents and any related agreements, and the consummation by Buyer of the transactions contemplated therein will not require any material Approval of or with any Governmental Authority, other than any Approval the failure of which to be obtained would not reasonably be expected to prevent or materially delay the consummation by Buyer of the transactions contemplated by this Agreement and any related agreements.

(b) The execution, delivery, and performance by Buyer of this Agreement and any related agreements, and the consummation by Buyer of the transactions contemplated by this Agreement and any related agreements, do not and will not (i) violate any Law or Order applicable to or binding on Buyer, (ii) violate, conflict with, result in a breach, cancellation, or termination of, constitute a default under, result in the creation of any Encumbrance on any of the assets of Buyer under, or result in a circumstance that, with or without notice or lapse of time or both, would constitute any of the foregoing under, any Contractual Obligation to which Buyer is a party or by which Buyer is bound, or (iii) violate or conflict with any of the governing documents of Buyer.

6.4. Litigation. No Action is pending or, to the Knowledge of Buyer, threatened, against Buyer or Buyer Parent, that questions the validity of this Agreement or seeks to prohibit, enjoin or otherwise challenge the consummation of the transactions contemplated hereby, or that, if determined adversely to Buyer or Buyer Parent would reasonably be expected to have a Material Adverse Effect on Buyer's ability to consummate the transactions as contemplated by this Agreement or the Transaction Documents.

6.5. Brokers and Finders. No Broker has been engaged by Buyer in connection with the transactions contemplated hereby.

6.6. Financial Ability. Buyer has as of the date of this Agreement and will have at the Closing, sufficient cash, available lines of credit, or other sources of immediately available funds to enable it to pay when due the Purchase Price, to pay all related fees and expenses in connection with this Agreement and any related agreements, to pay, perform and discharge the Assumed Liabilities when due, and to otherwise consummate the transactions contemplated by this Agreement on the terms contemplated herein.

6.7. Solvency. Immediately after giving effect to the consummation of the transactions contemplated by this Agreement and any related agreements, assuming the representations and warranties set forth in this Article VI are true and correct, (i) the amount of the "present fair saleable value" (as such term is generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors) of Buyer's assets will exceed the amount of all of its Liabilities, (ii) Buyer will be able to pay its debts as they mature; and (iii) Buyer has adequate capital to carry on its business. Buyer is not making any transfer of property and is not incurring any Liability in connection with the transactions contemplated by this Agreement with the intent to hinder, delay, or defraud present or future creditors of Buyer or the Business.

6.8. Investigation and Reliance.

(a) Buyer is an experienced behavioral health operator and has conducted to its satisfaction an independent investigation, review, and analysis of the Business, the Assets and the results of operations and prospects of the Business. Buyer acknowledges that, in entering into this Agreement and

agreeing to proceed with the consummation of the transactions contemplated by this Agreement, it has relied solely on (i) the representations and warranties of Seller set forth in Article V of this Agreement (as modified by any Disclosure Schedules hereto) and the covenants of Seller set forth in this Agreement and other Transaction Documents, and (ii) the results of its own investigation, review, and analysis.

(b) Buyer acknowledges that, except for the representations and warranties of Seller set forth in Article V of this Agreement (as modified by any Disclosure Schedules hereto), none of Seller, any of its Affiliates, or any other Person has made, or is making, any representation or warranty, express or implied, or oral or written, regarding the Business, the Assets, the Assumed Liabilities, or the results of operations, Liabilities, or prospects of the Business, or the accuracy or completeness of any information provided regarding such matters, including any representations or warranties with respect to (i) merchantability or fitness for any particular use or purpose, (ii) the probable success or profitability of the Business after the Closing, (iii) any projections, forecasts, or forward-looking statements provided or made to Buyer, its Affiliates, or their respective representatives, or (iv) any memoranda, charts, summaries, schedules, or other information about the Business, the Assets, the Assumed Liabilities, or the transactions contemplated by this Agreement and any related Agreements provided to Buyer or its representatives, and Seller and its Affiliates disclaim any and all other representations and warranties, whether express or implied, or oral or written. Buyer, with Buyer's counsel, has fully reviewed the disclaimers and waivers set forth herein, and understands the significance and effect thereof and acknowledges and agrees that the disclaimers and waivers set forth herein are an integral part of this Agreement.

6.9. No Other Representations or Warranties. Seller acknowledges and agrees that, except as expressly set forth in this Article VI (as modified by the Disclosure Schedules), neither Buyer nor any other Person is making any representation or warranty, express or implied, written or oral, with respect to Buyer and its Affiliates.

ARTICLE VII

COVENANTS

7.1. Conduct of Business of Seller; Access.

(a) During the period from the date hereof and continuing until the earlier of the termination of this Agreement or the Closing Date, Seller shall (except to the extent (i) contemplated, permitted, or required by this Agreement or any related agreement; (ii) required by applicable Law; (iii) consented to in writing by Buyer (which consent shall not be unreasonably withheld, conditioned, or delayed), or (iv) constituting a COVID-19 Action set forth on Schedule 5.21, provided that within three (3) Business Days prior to (a) making changes to such COVID-19 Actions specified on Schedule 5.21, or (b) taking any new COVID-19 Action not otherwise specified on Schedule 5.21, Seller notifies Buyer in writing): conduct the Business in the ordinary course of business in substantially the same manner as heretofore conducted; use commercially reasonable efforts to maintain the Owned Real Property, including all improvements thereon, in substantially the same condition as of the Execution Date, ordinary wear and tear excepted; take any and all commercially reasonable actions necessary to deliver notifications required to be made by Seller to any Governmental Authorities in connection with the transactions contemplated hereby; pay debts and obligations (including payables and other recurring obligations) and Taxes of Seller when due subject to good faith disputes over such debts or Taxes; pay or perform other obligations when due; use all reasonable efforts consistent with past practice and policies in the ordinary course of business to preserve intact the present Business organization; use commercially reasonable efforts to keep available the services of Seller's present officers and employees as necessary to operate the Business in the ordinary course of business; and use commercially reasonable efforts to preserve Seller's relationships with customers, suppliers, Physicians, distributors, licensors, licensees, and others having business dealings with

Seller relating to the Business that are material to the Business, to the end that the goodwill and ongoing Business of Seller shall be maintained in the ordinary course of business. Seller shall promptly notify Buyer if a Material Adverse Effect has occurred or of any event, circumstances or occurrence that could have or is reasonably likely to result in a Material Adverse Effect.

(b) Without limiting the foregoing (except to the extent (i) contemplated, permitted, or required by this Agreement or any related agreement; (ii) required by applicable Law; (iii) consented to in writing by Buyer (which consent shall not be unreasonably withheld, conditioned or delayed) or (iv) a COVID-19 Action set forth on Schedule 5.21, provided that within three (3) Business Days after taking any such COVID-19 Action as identified in Schedule 5.21, as requiring notice to Buyer, the Seller notifies the Buyer in writing), Seller shall not do, cause or permit any of the following, with respect to the Business:

(i) (A) enter into any Contractual Obligation described in Section 5.12, or (B) violate, terminate, amend or otherwise modify or waive any of the terms of any of its Material Contracts or Third Party Leases, including exercising any extension option thereunder, other than in the ordinary course of business;

(ii) transfer to any Person any rights to the Assigned Intellectual Property;

(iii) sell, lease, sublease, license, sublicense or otherwise dispose of, encumber or otherwise transfer any material Asset, except the sale of inventory or non-exclusive licenses entered into in the ordinary course of business consistent with past practice;

(iv) incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others to the extent encumbering the Business or the Assets;

(v) pay, discharge or satisfy in an amount in excess of Twenty Five Thousand Dollars (\$25,000) in any one case or One Hundred Thousand Dollars (\$100,000) in the aggregate, any claim, liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise) relating to the Business or the Assets, other than in the ordinary course of business consistent with past practice;

(vi) make any material non-budgeted capital expenditures, capital additions or capital improvements (or incur any obligation to do so) except for emergency capital expenditures, or fail to make any material in-process repairs and improvements relating to the Business or the Assets;

(vii) subject to Section 7.6(b), terminate or, to the extent within Seller's control applying commercially reasonable efforts, fail to renew or reduce the amount of any insurance coverage provided by existing insurance policies relating to the Business or the Assets;

(viii) adopt or amend any Employee Benefit Plan, or pay any bonus or special remuneration to any Hired Employee, or increase the salaries or wage rates of Hired Employees, other than in the ordinary course of business consistent with past practice;

(ix) hire any new employee at the Hospital, except in the ordinary course of business and consistent with past practice;

(x) grant any severance or termination pay to any Hired Employee other than pursuant to a Contractual Obligation of the Seller entered into with the Seller prior to the date hereof;

(xi) commence a lawsuit relating the Business or the Assets other than (A) for the routine collection of bills or (B) in such cases where it in good faith determines that failure to commence suit is reasonably likely to result in the material impairment of a valuable aspect of the Business, provided that, to the extent practicable, it consults with Buyer prior to the filing of such a suit;

(xii) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, any business or corporation, partnership, association or other business organization or division thereof that would materially affect the Business;

(xiii) acquire or agree to acquire any other assets that are material, individually or in the aggregate, to the Business;

(xiv) revalue any of its Assets, including by writing down the value of inventory or writing off notes or accounts receivable, other than in the ordinary course of business consistent with past practice;

(xv) remove from the Business premises or modify any books or records of Seller relating exclusively to the Business, other than in the ordinary course of business;

(xvi) apply for any COVID-19 Funding, which could reasonably be expected to result in or actually results in any reporting, repayment, future reductions in payment or other obligations related to the Business after the Closing Date, provided that if any other COVID-19 Funding is received or applied for prior to the Closing Date by Seller with respect to the Business, Seller shall provide notice to Buyer within three (3) days of application for or receipt of such COVID-19 Funding; or

(xvii) take, or agree in writing or otherwise to take, any of the actions described in Sections 7.1(b)(i) through 7.1(b)(xvi) above.

If Buyer does not grant or deny consent to a proposed action that requires Buyer's consent pursuant to this Section 7.1(b) within three (3) Business Days after its receipt of a written request by Seller for Buyer's consent to take such action, Buyer shall be deemed to have consented to the taking of such action notwithstanding any other provision of this Section 7.1. Seller hereby agrees to promptly notify Buyer in the event any of the acts or events described above in Section 7.1(b) occurs.

(c) The operations conducted or to be conducted by Seller shall at all times, at a minimum, be conducted in compliance in all material respects with the Healthcare Requirements and, in connection therewith, Seller covenants that it will be operated in a prudent manner in compliance in all material respects with applicable Laws and all Healthcare Permits, Contractual Obligations, and any other agreements necessary for the certification, licensure, or operation of the Business as may be necessary for Seller to operate in the manner it has operated prior to the date hereof.

(d) Following the date hereof and until the Closing, Seller agrees to provide Buyer and its representatives with reasonable access upon reasonable advance notice (which in no event shall be less than 24 hours' notice) and during normal business hours, to all information, documents, records, employees,

independent contractors, properties and assets of Seller or otherwise relating to the Business as requested by Buyer; provided, however, that Seller will not be required to provide access or to disclose any information to Buyer or its representatives if such access or disclosure would (a) unreasonably interrupt the normal course of the Business or allow for invasive sampling, or (b) be reasonably likely to (i) result in any waiver of attorney-client privilege, (ii) violate any Law or the terms of any material Contractual Obligation to which Seller or its Affiliates is a party or to which any of them are bound, or (iii) in light of the COVID-19 pandemic, jeopardize the health and safety of any employee or agent of Seller.

7.2. Tax Matters.

(a) Seller and Buyer shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any Tax audit, assessment litigation or other proceeding with respect to Taxes relating to the Assets and the Business. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(b) All sales, transfer, stamp, documentary, filing, recordation and other similar Taxes, together with interest, additions or penalties with respect thereto resulting from the transfer of the Owned Real Property as contemplated herein shall be borne by Seller. All sales, transfer, stamp, documentary, filing, recordation and other similar Taxes, together with interest, additions or penalties with respect thereto resulting from the transfer of the Assets (excluding Owned Real Property) as contemplated herein shall be borne by Buyer ("Buyer Transfer Taxes"). At the Closing, if applicable, Seller shall deliver to Buyer an IRS Form W-9, and the Parties agree that so long as such form is delivered, no withholding will apply to amounts payable to Seller under this Agreement.

7.3. Announcement. Without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned, each Party agrees that, it will not, and will direct its representatives, agents and employees not to, disclose to any Person (other than its representatives, agents and employees who have a need to know and who similarly agree to be bound by this confidentiality provision) any facts relating to this Agreement and the discussions, negotiations and any agreements or understandings reached by the Parties related to this Agreement and upon such prior written consent, the disclosing Party shall provide the other Party with a draft of the proposed disclosure prior to the distribution thereof. Notwithstanding the foregoing, if either Party is required under applicable Law to disclose the execution of this Agreement and/or the Closing of the transactions contemplated hereby, either Party may disclose such information.

7.4. Non-Negotiation Period. During the period from the date hereof and continuing until the earlier of (i) the Closing and (ii) the termination of this Agreement (the "Non-Negotiation Period"), Seller shall not, and shall cause its Affiliates and representatives not to:

(a) negotiate, discuss or otherwise communicate with any other potential buyer of the Business;

(b) solicit or encourage submission of any proposal or offer to acquire or lease all or any portion of the Business;

(c) participate in any discussion or negotiation with any third party regarding any proposal or offer to sell or lease all or any portion of the Business;

(d) furnish to any person other than Buyer and its representatives any information regarding the Business except as required by Law or to continue the operation of the Business; or

(e) cooperate in any way with, or assist or participate in any proposal or offer from, any person other than Buyer, to acquire or lease all or any portion of the Business.

If, during the Non-Negotiation Period, Seller or any of their respective Affiliates or representatives, receives any unsolicited offer or proposal from any Person other than Buyer to acquire or lease all or any portion of the Business, Seller shall promptly notify Buyer in writing of its receipt of such offer or proposal and of the material terms thereof. Notwithstanding the foregoing, Seller may enter into transactions involving assets relating solely to the facility known as Adventist Health St. Helena so long as they are in the ordinary course of business and do not include the Assets or the Hospital.

7.5. Employee Matters.

(a) At least five (5) Business Days prior to Closing, Buyer shall offer to employ all of the active (including employees on vacation, holiday, jury duty or other similar absence) employees as of immediately prior to Closing Date of Seller at the Business who are in good standing with the Seller and meet the pre-employment screening requirements of Buyer (each such employee who accepts Buyer's offer and commences employment with Buyer as of the Closing Date, a "Hired Employee"), with such employment to be effective as of the Closing Date. All offers of employment by Buyer to the Hired Employees shall include salary or wages no less favorable than the salary or wages provided by Seller to such Hired Employees immediately prior to the Closing Date, and such Hired Employees shall participate in Buyer Parent incentive compensation plans at levels consistent with similarly situated Buyer Parent employees after the Closing Date. Notwithstanding any provision to the contrary in this Agreement, Seller shall timely provide any required notices to any Hired Employees or any other Hospital employees not hired by Buyer, including WARN Act notices, required by applicable Law; provided, however, that Seller shall inform Buyer of Seller's intent to provide any such notice as it may relate to the Hospital employees or Hired Employees, as applicable, and provide Buyer with a copy of the proposed notice or notices as it may relate to such Hospital employees or Hired Employees at least five (5) Business Days prior to issuing any such notice. Buyer and Buyer Parent shall comply with all applicable laws relating to the offers of employment to, and continuation of employment of, the Hired Employees on and after the Closing. Seller and Buyer intend that the transactions contemplated by this Agreement, including the transfers of employment, shall not constitute a severance or termination of employment of any employee of Seller at the Business prior to or upon the Closing for purposes of any severance or termination benefit plan, program, policy, agreement or arrangement of Seller or any of its Affiliates, and that Hired Employees shall have continuous and uninterrupted employment immediately before and immediately after the Closing, and Buyer shall comply with any requirements under applicable Law to ensure the same. Such offers (or, where applicable, the continuation of employment) shall be on terms sufficient to avoid contractual, statutory or common law severance or separation benefits or any other legally mandated payment obligations. Any contractual, statutory or common law severance or separation benefits or any other legally mandated payment obligations, other than Transferred Accrued Paid Time Off, that become payable as a result of any employees as of immediately prior to Closing Date of Seller at the Business who are in good standing with the Seller not becoming Hired Employees shall be borne by Seller.

(b) For a period of at least ninety (90) days following the Closing Date, Buyer shall provide each Hired Employee with (i) annual base salary or wages no less than the annual base salary or wages provided to such Hired Employee immediately prior to the Closing Date and participation in Buyer Parent incentive compensation plans at levels consistent with similarly situated Buyer Parent employees after the Closing Date; (ii) employee benefits that are not less favorable to such Hired Employee than those benefits that Buyer Parent provides to its similarly situated employees, and (iii) eligibility to participate in

group health plan coverage sponsored by Buyer Parent at levels substantially equivalent to those provided to such Hired Employee immediately prior to the Closing Date, provided, however, that if Buyer terminates the employment of any Hired Employee within ninety (90) days following the Closing Date, Buyer shall be responsible for and bear all costs associated with (i) any severance obligations to such terminated Hired Employee, and (ii) any corresponding WARN Act liability. Any such termination of a Hired Employee during the ninety (90) days following the Closing Date must be on account of cause or other performance-based issues giving rise to a commercially reasonable justification for such termination by an employer.

(c) From and after the Closing, Buyer shall give or cause to be given to each Hired Employee full credit for all purposes (including for purposes of eligibility to participate or receive benefits, vesting, benefit accrual, level of benefits and early retirement subsidies and including for purposes of severance, vacation/paid time off, sick days, layoff and similar benefits and for any purposes as may be required under applicable Law), other than for benefit accrual purposes under any defined benefit pension plan, under each employee benefit plan, program or arrangement established or maintained by Buyer or its Affiliates under which Hired Employees are eligible to participate on or after the Closing for service accrued or deemed accrued on or prior to the Closing with Seller or any predecessor thereof to the same extent that such credit was recognized by Seller under comparable Employee Benefit Plans of Seller immediately prior to the Closing; provided, however, that such credit need not be provided to the extent that such credit would result in any duplication of benefits for the same period of service.

(d) With respect to each welfare benefit plan, program or arrangement maintained, sponsored or contributed to by Buyer after the Closing (collectively, the “Buyer Welfare Benefit Plans”) in which any Hired Employee or spouse or dependent thereof may be eligible to participate on or after the Closing, Buyer shall or shall cause Buyer Parent to (i) waive, or cause its Affiliates or insurance carrier to waive, all limitations as to preexisting conditions, actively-at-work requirements, exclusions and waiting periods, if any, with respect to participation and coverage requirements applicable to each Hired Employee or spouse or dependent thereof, and any other restrictions that would prevent immediate or full participation by such Hired Employee or spouse or dependent thereof, under such Buyer Welfare Benefit Plan, to the same extent satisfied or waived under a comparable Employee Benefit Plan of Seller, and (ii) provide or cause its Affiliates to provide full credit to each Hired Employee or spouse or dependent thereof for any co-payments, deductibles, out-of-pocket expenses and for any lifetime maximums paid by such Hired Employee or spouse or dependent thereof under the comparable Employee Benefit Plan of Seller during the relevant plan year up to and including the Closing as if such amounts had been paid under such Buyer Welfare Benefit Plan.

(e) Without limiting the generality of the foregoing, Seller shall be solely responsible for any and all liability arising directly or indirectly under the WARN Act as a result of the transactions contemplated by this Agreement. Other than in respect of Hired Employees based on qualifying events occurring after the Closing Date, Seller acknowledges and agrees that Buyer does not assume or agree to discharge any liability under COBRA with respect to any current or former employees of Seller, including, solely in respect of qualifying events occurring on or prior to the Closing Date, any Hired Employees, and/or their beneficiaries. Seller agrees that it will not take any voluntary action, including the termination of its Employee Benefit Plans, the effect of which would be, or might reasonably be expected to be, the imposition upon Buyer of COBRA liability for current or former employees of Seller not hired by Buyer and/or their beneficiaries.

(f) Seller shall be solely responsible for the payment of all Accrued Paid Time Off other than Transferred Accrued Paid Time Off.

(g) Nothing in this Section 7.5 or elsewhere in this Agreement shall be deemed to amend or modify any compensation or benefit arrangement of Seller, Buyer or their respective Affiliates.

Nothing herein shall be construed to limit the right of Seller, Buyer or any of their Affiliates to amend or terminate any Employee Benefit Plan or any other employee benefit plan. Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 7.5 shall create any third party rights, benefits or remedies of any nature whatsoever in any employee of Seller or any of its Affiliates (or any beneficiaries or dependents thereof) or any other Person that is not a party to this Agreement.

7.6. Insurance Matters.

(a) Risk of Loss. The risk of loss or damage to any of the Assets shall remain with Seller until the Effective Time.

(i) With respect to the Owned Real Property, if prior to the Closing, all or any part of the Owned Real Property is destroyed or damaged with a loss greater than Twenty-Five Thousand Dollars (\$25,000) by fire or the elements or by any other cause (any such damage or destruction, a “Casualty”) or is made subject to an eminent domain proceeding (the “Condemnation”), Seller shall promptly (but not less than three (3) Business Days after such Casualty or Condemnation) deliver written notice of such Casualty or Condemnation to Buyer, which notice shall describe such Casualty or Condemnation.

(ii) With respect to any Assets that are subject to a Casualty or Condemnation prior to the Closing, if such Casualty or Condemnation results in loss greater than twenty percent (20%) of the value of the Owned Real Property (a “Material Casualty or Condemnation”), Buyer may in its sole discretion elect to deem such Material Casualty or Condemnation a Material Adverse Effect and terminate this Agreement pursuant to the terms herein. If a Casualty or Condemnation does not constitute a Material Casualty or Condemnation, or if a Casualty or Condemnation does constitute a Material Casualty or Condemnation and Buyer notifies Seller in writing of Buyer’s election not to deem such Material Casualty or Condemnation a Material Adverse Effect and to proceed with Closing, then (a) with respect to a Casualty, Seller may elect to restore the Owned Real Property, in which case Seller shall restore the Owned Real Property to substantially the same condition as immediately prior to the Casualty, or (b) with respect to a Condemnation or a Casualty where Seller does not elect to restore the Owned Real Property, Seller shall assign, transfer and set over to Buyer or an Affiliate of Buyer all of Seller’s right, title and interest to any insurance proceeds on account of such Casualty, or rights with respect to such eminent domain proceedings and, to the extent that such insurance proceeds or the anticipated award in eminent domain proceeds are less than the cost to repair or restore the Owned Real Property, as applicable, as reasonably determined by an independent third party with expertise in such types of repairs mutually selected by Seller and Buyer, then the Purchase Price shall be reduced by the difference.

(b) Maintenance of Insurance. Seller shall maintain the insurance policies of Seller as are in effect on the Execution Date, including the Self-Insurance Programs, covering the Business through the Effective Time.

7.7. Continuing Restrictions.

(a) Seller acknowledges that:

(i) Seller is engaged in the Business, the Business is highly competitive, and Seller is one of a limited number of Persons that possesses an intimate knowledge of the Confidential Information of Seller, the Business and Seller’s relationships with its employees, independent contractors, Physicians, suppliers and vendors;

(ii) the agreements and covenants contained in this Section 7.7 are essential to protect Buyer, Seller, the Confidential Information, including Seller's trade secrets, its relationships with employees, independent contractors, Physicians, suppliers and vendors and the goodwill associated therewith and are being entered into in consideration for the various rights being granted to Seller under this Agreement, including the right to receive the Purchase Price;

(iii) if Seller were to engage in any conduct in violation of the provisions of this Section 7.7, the Confidential Information and trade secrets inevitably would be disclosed, Seller's relationships with its employees, independent contractors, Physicians, suppliers and vendors would be harmed and Seller would be irreparably damaged;

(iv) the scope and duration of the covenants set forth in this Section 7.7 are reasonably designed to protect the protectable interests of Seller and are not excessive in light of the circumstances;

(v) Buyer would not have entered into this Agreement and such parties would not have agreed to consummate the respective transactions contemplated herein, but for Seller's agreements and covenants contained in this Section 7.7; and

(vi) the consideration received by Seller in connection with the transactions contemplated herein is sufficient with respect to its rights, covenants and obligations set forth in this Agreement, including as set forth in this Section 7.7.

(b) Seller agrees that for a period of five (5) years after the Closing Date it will not (and will cause its Affiliates to not), directly or indirectly, invest in, own, manage, operate, finance, control, advise, render services to or participate in the ownership, management, operation or control of, any Person engaged in any business of a type or character competitive with the Business within the Restricted Area; provided, however, the foregoing restriction shall not apply to (1) any existing arrangements Seller and its Affiliates have in the Restricted Area to the extent set forth in Schedule 7.7(b), or (2) the current operations of Adventist Health St. Helena set forth on Schedule 7.7(b) and its future operations, regardless of whether any portion of such operations is of a type or character competitive with the Business, provided that Adventist Health St. Helena does not increase the complement of its licensed psychiatric beds by more than ten percent (10%) over the prior year during the five (5) year period set forth in this Section 7.7(b). For these purposes, ownership, either of record or beneficially, of five percent (5%) or less of the outstanding securities of any class of securities of a public company listed on a national securities exchange or traded in the over-the-counter market shall not be considered to be competitive with the Business.

(c) Seller agrees that, for a period of two (2) years after the Closing Date, it will not (and will cause its Affiliates to not) solicit, or participate as an employee, agent, consultant, stockholder, member, director, manager, partner or in any other individual or representative capacity, in any entity which solicits, any Person or its Affiliates, which was a customer, Physician, supplier, vendor or independent contractor of Seller during the twelve (12) month period ending on the Closing Date, for the purpose of engaging in any part of the Business.

(d) Seller hereby agrees that, for a period of two (2) years after the Closing Date, it will not (and will cause its Affiliates to not) to solicit any employee of Buyer for employment, or in any way interfere with the relationship between Buyer and any of its respective employees; provided, however, that Seller and its Affiliates shall not be restricted from hiring any employee of Buyer if (i) such employee's employment has been terminated by Buyer; or (ii) such employee responds to a general solicitation by Seller, which is not direct specifically to any such employees.

(e) Seller acknowledges that it may be in possession of Confidential Information (as defined below) of special value to Buyer after the Closing Date. For purposes of this Section 7.7, the term “Confidential Information” means all information about the respective businesses, operations and affairs of Seller (other than information which is generally available to the public, except as a result of a breach by Seller of this Agreement), including Seller’s confidential and proprietary information about its Business, financial condition, programs, technology, know-how and marketing programs and plans, and the names of its suppliers, vendors, customers, Physicians, patients, independent contractors and lenders, and the nature of its dealings with them as they may exist from time to time, which Seller, its representatives or Affiliates have obtained, or which has been disclosed to Seller, its representatives or Affiliates as a result of its ownership in, employment or retention by, or past association with, Seller. Seller acknowledges and agrees that the Confidential Information is proprietary and confidential in nature. At all times from and after the Closing Date, Seller shall maintain in confidence, and shall not use for its benefit or for the benefit of others, any such Confidential Information. The foregoing shall not prohibit use of such information (i) as is required by Law (after Seller has advised and consulted with Buyer about its intention to make, and the proposed contents of, such disclosure); provided, that Seller shall provide Buyer with prompt written notice of such request so that Buyer may seek an appropriate protective order or other appropriate remedy and, if such protective order or remedy is not obtained, Seller may disclose only that portion of the Confidential Information which Seller is legally required to disclose, and Seller shall exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information so disclosed, (ii) as is necessary to prepare Tax Returns or other filings with Governmental Authorities or to defend or object to any reassessment of Taxes or (iii) as is necessary for Seller to assert or protect any rights of Seller hereunder.

(f) Seller acknowledges and agrees that the non-competition, non-solicitation and confidentiality covenants contained herein are necessary to protect Buyer’s trade secrets, Confidential Information, relationships and goodwill post-Closing Date and any breach of any provision of this Section 7.7 by Seller will result in irreparable and/or incalculable damage to Buyer. It is therefore agreed that upon a breach or threatened breach Buyer shall be entitled to seek injunctive relief to cause Seller to specifically perform and comply with Seller’s obligations and covenants under this Section 7.7, and that any such action may be brought in a court of equity without any requirement that Buyer or Seller post any bond or security, in addition to whatever other remedies, including damages, may be available at Law or otherwise. Seller further acknowledges and agrees that any breach of the provisions of this Section 7.7 shall automatically toll and suspend the applicable restricted time period for the period of time that the breach continues.

(g) The Parties intend that all of the covenants contained in this Section 7.7 shall be deemed to be separate covenants and that if in any judicial proceeding, a court shall refuse to enforce all of the separate covenants included in this Section 7.7 because, taken together, they cover too extensive a geographic area or because they cover too long a period of time or because they cover too broad a range of activities, the Parties intend that those of such covenants shall be reduced in scope to the extent required by Law, or, if necessary, eliminated from the provisions hereof, and that all remaining covenants hereof not so affected shall remain in effect and fully enforceable. It is the intention and desire of the Parties that the court treat any provisions of this Section 7.7 which are not fully enforceable as having been modified to the extent deemed necessary by the court to render them reasonable and enforceable and that the court enforce them to such extent.

7.8. Cooperation on Consents and Approvals.

(a) Prior to the Closing, the Parties shall (i) make as promptly as practicable all filings required by applicable Law to be made by such Party or any of their respective Affiliates in order to consummate the transactions contemplated herein, including providing notification to the California

Attorney General of the proposed transaction in accordance with Section 5914 *et seq.* of the California Corporations Code (“Section 5914”), (ii) comply at the earliest practicable date with any request for additional information or documentary material (or any similar request for information and/or documents) respectively received by any Party, or any of their respective Affiliates, from any other Governmental Authority in connection with the transactions contemplated herein, (iii) promptly inform the other Parties of any material communication made by such Party to, or received by such Party from, any Governmental Authority regarding any of the transactions contemplated herein, and (iv) cooperate with the other Parties and use commercially reasonable efforts to promptly obtain all consents and Governmental Authorizations required to be obtained under applicable Law to permit the consummation of the transactions contemplated herein, and with respect to all other filings any Party elects to make or is required to make in connection with the transactions contemplated herein. With respect to third-party consents, Buyer and Seller shall split, 50/50, any costs incurred or payable in connection with obtaining any third-party consents to assignment to Buyer of the Assumed Third Party Leases, the Assumed Personal Property Leases or the Assumed Contracts.

(b) Seller shall use commercially reasonable efforts to promptly obtain the Material Consents and reasonably cooperate with Buyer in Buyer’s commercially reasonable efforts to promptly obtain all Governmental Authorizations, Approvals and licenses that are required in order for Buyer to acquire the Business as provided herein.

(c) Notwithstanding anything to the contrary in this Agreement, to the extent Buyer is unable to obtain any of the Governmental Authorizations, if the Closing is consummated without such Governmental Authorizations, Seller shall reasonably cooperate with Buyer to ensure that Buyer obtains such Governmental Authorizations. However, if the California Attorney General fails to provide the consent required by Section 5914, then Seller may, with the prior written approval of Buyer (which approval shall not be unreasonably withheld, conditioned or delayed), pursue any available remedies it may have against the California Attorney General.

7.9. Real Property.

(a) Title Work. Seller has furnished to Buyer all of the existing owner’s title policies issued to Seller for the Owned Real Property that, to the Knowledge of Seller, are in Seller’s possession (without any representation or warranty as to accuracy or completeness). Buyer has obtained a commitment from Fidelity National Title Insurance Company (the “Title Company”) to issue a new owner’s title insurance policy for the Owned Real Property, together with copies of all exceptions to title referenced therein (the “New Title Work”). Buyer shall furnish Seller with copies of the New Title Work (without any representation or warranty as to accuracy or completeness) promptly following receipt of same.

(b) Surveys. Seller has furnished to Buyer all of the existing as-built surveys obtained by Seller for the Owned Real Property that, to the Knowledge of Seller, are in Seller’s possession. Buyer has obtained a current, as-built survey for the Owned Real Property (the “New Survey”) prepared in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Survey of comparable properties, including certain Table A optional items. Buyer shall furnish Seller with copies of any New Survey (without any representation or warranty as to accuracy or completeness) promptly following receipt of such survey. Buyer shall pay the costs and expenses for the New Survey.

(c) Defects and Cure. The New Title Work and the New Surveys are collectively referred to as “Title Evidence.” Those items of the Title Evidence to which Buyer objects and which Seller has agreed to cure (the “Defects”) are set forth on Schedule 7.9. For purposes of this Agreement, any Encumbrance reflected in the New Title Work and Title Evidence not referenced on Schedule 7.9 or for which a Defect is waived or deemed waived by Buyer as herein provided shall be deemed a “Permitted

Encumbrance.” Seller shall use commercially reasonable efforts to cure any Defect identified on Schedule 7.9 and the cure (or waiver by Buyer) of all such Defects shall be a condition to Closing in accordance with Section 8.2(f) of this Agreement. Except for any monetary liens or Encumbrances not constituting a Permitted Encumbrance, a cure of a Defect for purposes of this Section 7.9(c) shall include an endorsement by the Title Company reasonably satisfactory to Buyer, either eliminating the Defect, insuring over the Defect or insuring against the effect of the Defect. Notwithstanding the foregoing, if there are any mortgages, judgments, debts, security interests, monetary liens, tax or assessment liens or similar obligations encumbering any portion of the Owned Real Property (other than Permitted Encumbrances), Seller shall obtain and deliver at the Closing all instruments as may be necessary to secure full discharge of all such monetary liens and to release them of record. Seller shall also pay all attorney’s fees, costs and expenses incurred in connection with obtaining the discharge and release of such monetary liens and the cure of any title matters Seller has elected to cure.

(d) Title Policy. At the Closing, Buyer may obtain a current ALTA Form Owner’s Extended Policy of Title Insurance issued by the Title Company (the “Title Policy”) for the Owned Real Property. The Title Policy shall be issued as of the Closing Date, with gap coverage from the Seller through the date of recording, in an amount equal to the portion of the Purchase Price being allocated to the Owned Real Property and shall insure to Buyer good fee simple title, subject only to the Permitted Encumbrances. Seller will cooperate with Buyer in executing such certificates and affidavits as the Title Company shall reasonably and customarily require as a condition to the issuance of the Title Policy. Buyer shall pay the costs and expenses for the Title Policy.

(e) Prepaid Expenses. The Prepaid Expenses shall be transferred from Seller to Buyer or an Affiliate of Buyer within thirty (30) days of receipt if received by Seller after the Closing Date, provided that Seller shall, as directed by Buyer, provide written notice of the transaction to any third parties, if any, who hold deposits of Seller which are Assets and direct such third party to deliver Prepaid Expenses directly to Buyer or an Affiliate of Buyer after the Closing Date.

7.10. Cost Reports. Seller, at its expense, shall prepare and timely file all termination and other Cost Reports required or permitted by Law to be filed under the Government Reimbursement Programs or other third party payor programs for all periods ending on or prior to the Closing Date, or as a result of the consummation of the transactions described herein. If requested by Buyer, Seller shall make available to Buyer copies of all pre-Closing Cost Reports from the last six (6) years in a paper or electronic form mutually agreed to by the Parties.

7.11. Misdirected Payments.

(a) Seller and Buyer covenant and agree to remit, with reasonable promptness, to the other any payments received after the Closing Date (or received prior to the Closing Date but a Party inadvertently failed to transfer such payment to the other as of the Closing Date), including any COVID-19 Funding applied for prior to but received after the Closing Date, which payments relate to amounts belonging to or payable to the other Party pursuant to the terms of this Agreement. Buyer shall have no obligation after the Closing Date to affirmatively seek payments on behalf of Seller unless otherwise expressly set forth herein, provided that to the extent Buyer receives any refunds, adjustments, credits or payments from any Government Reimbursement Program or Managed Care Payor for services rendered prior to the Closing Date, Buyer shall promptly remit such funds to Seller in an account designated by Seller, less the cost of reasonable expenses incurred by Buyer relating to the receipt and remittance of such amounts to Buyer. In the event of a determination by any Government Reimbursement Program or Managed Care Payor that payments to Seller or the Hospital relating to the Business for services rendered prior to the Closing Date resulted in an overpayment or other determination that funds previously paid by any Government Reimbursement Program or Managed Care Payor to Seller or the Hospital must be repaid,

Buyer shall promptly notify Seller and provide any supporting information as requested by Seller. Seller shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered prior to the Closing Date and Buyer shall be responsible for such repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered on or after the Closing Date.

(b) In the event that, following the Closing Date, Buyer suffers any offsets against reimbursement against any Government Reimbursement Program or Managed Care Payor due to Buyer, relating to amounts owed under any such programs by Seller or the Hospital relating to the Business for services rendered prior to the Closing Date, Seller shall promptly upon written demand from Buyer pay to Buyer the amounts so billed or offset. In the event that Seller is successful in appealing such adverse determination, Buyer shall, within ten (10) Business Days, pay to Seller any amount received by Buyer attributable to such appeal in an account designated by Seller.

7.12. Name Change of Seller. Seller acknowledges and agrees that Buyer will acquire Seller's right to use the name "Vallejo Center for Behavioral Health."

7.13. Use of Controlled Substance Permit. To the extent permitted by applicable Law, Buyer shall have the right to operate under the registrations of Seller and the Hospital relating to controlled substances after Closing, until Buyer is able to obtain its own such registrations. In furtherance thereof, Seller shall execute and deliver to Buyer at or prior to Closing limited powers of attorney to facilitate such use.

7.14. License to Use Seller Billing Information.

(a) Seller hereby grants a license to Buyer for Buyer and its applicable Affiliates to use Seller's billing name, Medicare and related California Medi-Cal number, NPI, federal employer identification number (EIN), and other necessary identifying information used by Seller (collectively, "Billing Identification Information") for purposes of submitting claims to applicable Government Reimbursement Programs for services provided at the Hospital by Buyer or its Affiliates on or after the Closing Date.

(b) Seller hereby grants a license to Buyer for Buyer and its applicable Affiliates to use Seller's Billing Identification Information for purposes of submitting claims to Managed Care Payors under Assumed Managed Care Contracts for services provided at the Hospital by Buyer or its Affiliates on or after the Closing Date. The licenses granted pursuant to Sections 7.14(a) and (b) are hereinafter referred to as the "Billing License."

(c) While Buyer is relying on the Billing License, Buyer shall, as agent or subcontractor for Seller, pay, perform and discharge fully the liabilities and obligations of Seller thereunder from and after the Closing Date, and to the extent permitted under applicable Law, Seller shall hold in trust for and pay to Buyer promptly upon receipt thereof, all income, proceeds and other monies received by Seller to the extent related to the Business and the Assets in connection with the arrangements under this Section 7.14.

(d) The term of the aforementioned Billing License shall commence at the Closing Date and, unless otherwise (i) extended by mutual written consent of Seller and Buyer, or (ii) terminated in accordance with this Section 7.14, shall be effective until CMS (or the Medicare Administrative Contractor for the Hospital, as applicable) approves Buyer's or its applicable Affiliates' Medicare change of ownership applications and issues tie-in notices acknowledging that Buyer or its applicable Affiliates may be reimbursed for claims submitted using such Persons' Billing Identification Information and Buyer is able

to submit and be reimbursed for Medicare claims under Buyer's Billing Identification Information. Buyer shall promptly notify Seller upon receipt of such approval and tie-in notices by CMS.

(e) So long as the Billing License remains in effect, Seller shall not act to: (i) terminate any of Seller's Billing Identification Information except as required by applicable Law; (ii) close any accounts used by it prior to the Closing Date for purposes of receiving reimbursements relating to Hospital services; or (iii) cancel any electronic funds transfer agreements with respect to Government Reimbursement Program payments for services provided at the Hospital.

7.15. Financial Statements and Reports.

Commencing with the month during which this Agreement is executed and continuing for each calendar month prior to the Closing Date, Seller shall promptly deliver to Buyer copies of Seller's unaudited statements of income relating to the Business for each month then ended in the form customarily generated by Seller within ten (10) Business Days following the creation of such financial documentation for the Business, but no later than thirty (30) days following the close of Seller's books for such month.

7.16. Consented Assignment; Transition Services Agreement; Professional Services Agreement.

(a) Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign or transfer any Contract or Healthcare Permit, or any claim, right, or benefit arising under or resulting from Contract or Healthcare Permit, if an attempted assignment or transfer thereof without the consent of another party thereto would constitute a breach or violation thereof, impose any Liability on Seller or any of its Affiliates under such Contract or Healthcare Permit, result in the termination, cancellation, or revocation of such Contract or Healthcare Permit, or result in the creation of any Encumbrance on any property or asset of Seller and its Affiliates.

(b) If one or more consents required for the sale, transfer or assignment of a Contract or Healthcare Permit that would otherwise constitute an Asset hereunder are not obtained prior to or at Closing, unless Seller and Buyer otherwise agree in writing, Seller agrees to use its commercially reasonable efforts for a period of six (6) months after the Closing to assist Buyer in obtaining any such consent. Notwithstanding the foregoing, the failure to obtain any consent to the transfer of any Contract or Healthcare Permit (other than the Material Consents) shall not be a breach of this Agreement by Seller or its Affiliates.

(c) The Parties shall enter into the TSA to be effective upon the Closing Date. If a consent for the sale, transfer or assignment of a Contract or Healthcare Permit that would otherwise constitute an Asset hereunder cannot be obtained, then from and after the Closing, Seller shall use its commercially reasonable efforts for no longer than the term of the TSA to allow Buyer to receive substantially the same benefits of the subject matter of any such Contract or Healthcare Permit as the Business received prior to the Closing, in each case, to the extent permissible under applicable Law or Contract, in accordance with the terms of the TSA.

(d) Notwithstanding Seller's obligations with respect to the delivery of the PSA pursuant to Section 4.2(t), Buyer shall use its commercially reasonable efforts to independently contract with the physicians listed on Schedule 4.2(t) between the Execution Date and Closing Date.

(e) Seller shall use commercially reasonable efforts to make available on or prior to the Closing Date all keys, passwords and combinations to the Hospital, properly identified and organized at the Hospital.

7.17. Collection Procedure for Accounts Receivable; Patient Reimbursements for Existing Patients. Seller and Buyer agree that, at the Closing, Seller and Buyer shall confirm in writing the current census of patients at the Hospital (the “Existing Patients”). Seller and Buyer agree that, as the Existing Patients are discharged from the Hospital on or after the Closing Date, and as payments and reimbursements are received by the Hospital in respect of the admittance and stay of such Existing Patients at the Hospital, whether characterized as accounts receivable, third party reimbursements, private pay or Government Patient Receivables or otherwise (collectively, the “Reimbursements”), Buyer shall pay to Seller, to reimburse Seller for the care given to such Existing Patients prior to the Closing Date, as follows:

(a) If the Reimbursement to the Hospital in respect of a particular Existing Patient is on a “discharge basis,” Buyer shall receive a percentage of such Reimbursement as equals the number of days on and after the Closing Date that such Existing Patient was a patient in the Hospital divided by the total number of days that such Existing Patient was a patient in the Hospital. By way of example, if a particular Existing Patient was a patient in the Hospital for a total of ten (10) days, and four (4) of such days occurred on and after the Closing Date, Buyer shall be entitled to forty percent (40%) of the total Reimbursement to the Hospital in respect of such Existing Patient.

(b) If the Reimbursement to the Hospital in respect of a particular Existing Patient is on a per diem basis, Buyer shall be entitled to receive all per diem amounts for services provided to such Existing Patient on and after the Closing Date.

(c) If the Reimbursement to the Hospital in respect of a particular Existing Patient includes amounts for outpatient or other services provided to the Existing Patient on and after the Closing Date, Buyer shall be entitled to receive that portion of the Reimbursement that covers such post-Closing outpatient or other services to such Existing Patient on and after the Closing Date.

(d) All Reimbursements in respect of the Existing Patients that are not required to be paid to Buyer in accordance with the terms and provisions of this Section 7.17 shall be paid to and/or retained by Seller.

(e) Buyer covenants and agrees to permit Seller reasonable access to the Hospital records, including Medical Records, to enable Seller to collect the accounts receivable and Government Patient Receivables of Seller. Nothing herein provided shall be construed to obligate Buyer to provide, prepare, perform or file Seller’s billings, collections, or close out accounting activities, including but not limited to the preparation of the Seller’s final Cost Reports.

7.18. Peer Review Records. Seller shall transfer the Peer Review Records to the organizational medical staff of the Hospital (which will be designated as a peer review committee under California Law) for purposes of peer review for any applicant. Subsequent to the Closing Date, the Peer Review Records shall only be used by the peer review committee of the Hospital as permitted by applicable Law and in accordance with the terms of this Agreement. Notwithstanding anything to the contrary in this Section 7.18, Seller shall be entitled to copy and retain, and, upon reasonable written request by Seller, Buyer shall provide to Seller copies, at Seller’s cost, of any and all such records that Seller is required to maintain or have access to post-Closing in accordance with Law.

7.19. Supplement to Disclosure Schedules. After the Execution Date, one (1) time prior to the Closing on a date that is no later than ten (10) days prior to the anticipated Closing Date, Seller shall have the right (but not the obligation) to supplement or amend the Disclosure Schedules hereto with respect to any matter hereafter arising or of which it becomes aware after the Execution Date (the “Schedule Supplement”). Any disclosure in the Schedule Supplement shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for

purposes of the indemnification or termination rights contained in this Agreement or of determining whether or not the conditions set forth in Section 8.2 have been satisfied. For the avoidance of doubt, Buyer shall have the right to terminate this Agreement on the basis of any such supplemental disclosure to the extent it would otherwise have such right under this Agreement; provided, however, that if Buyer does not terminate the Agreement within five (5) Business Days of such supplemental disclosure, Buyer may not seek indemnity under Section 9.2(a) from Seller with respect to such disclosures.

7.20. Medical Records Transfer. On or before the Closing Date, Seller shall provide or shall cause its electronic health records provider to provide electronic copies to Buyer from Seller's third party electronic health record system(s) of the active and inactive Medical Records from January 1, 2012 to the Closing Date, in an electronic format as agreed upon between Buyer, Seller and such third party. For Medical Records dated prior to January 1, 2012, Seller shall provide paper copies on site at the Hospital, organized in an orderly format, prior to the Closing Date.

7.21. Post-Closing Commitments of Buyer.

(a) As part of Buyer's commitment to the Community and in recognition of the Community's behavioral health service needs, Buyer agrees that, for a period of five (5) years after the Closing Date, it will not (and will cause its Affiliates to not) cease operations, or sell, transfer, lease or otherwise change ownership and/or control of the Hospital to a third-party; provided, however, that the foregoing restriction will not limit Buyer's ability to sell the Hospital within such five (5) year period as part of a multi-facility transaction, sale or recapitalization of Buyer Parent as a whole.

(b) Buyer will utilize its behavioral health operations expertise and financial resources to improve the Hospital and is committed to building upon existing behavioral health programs at the Hospital to better serve the Community. To this end, Buyer shall provide or arrange for the provision of such capital as may be necessary to ensure a minimum of Fifteen Million Dollars (\$15,000,000) of capital (the "Minimum Capital Investment Amount") to be invested in the Hospital in furtherance of improving the standard of care in the Community and purchasing necessary equipment and furnishings during the first four (4) years immediately following the Closing Date (the "Capital Investment Period"), with specific projects and timing for implementation during the Capital Investment Period to be determined by Buyer (each such capital expenditure is a "Capital Investment"). Buyer shall, in its sole discretion, determine the manner of financing the Capital Investments as it deems appropriate, including cash, leases or debt. The Minimum Capital Investment Amount is intended to be the minimum amount of investment in the Hospital during the Capital Investment Period, but certain business and strategic considerations could result in Buyer deciding, in its sole discretion, to invest more than the Minimum Capital Investment Amount in the Hospital.

7.22. Release of Medicare Advance Payment Funds.

(a) In the event CMS elects to forgive all of the Medicare Advance Payment Funds prior to the Medicare Advance Termination Date (as defined in the Escrow Agreement), Buyer and Seller shall prepare and deliver a joint writing to the Escrow Agent within two (2) Business Days of such determination instructing the Escrow Agent to release to Seller all of the Medicare Advance Payment Funds.

(b) In the event CMS elects to forgive a portion of the Medicare Advance Payment Funds prior to the Medicare Advance Termination Date (as defined in the Escrow Agreement), Buyer and Seller shall prepare and deliver a joint writing to the Escrow Agent within two (2) Business Days of such determination instructing the Escrow Agent to release (i) to Seller that portion of the Medicare Advance Payment Funds that has been forgiven and (ii) to Buyer that portion of the Medicare Advance Payment

Funds that has not been forgiven and that is due and payable to CMS. Upon Buyer's receipt of such unforgiven amount, Buyer shall promptly pay to CMS such amount and provide Seller reasonable evidence of such payment, or if CMS recouped from Buyer, provide evidence to Seller of such recouped amount.

(c) In the event CMS requires that the Medicare Advance Payment Funds be repaid in full prior to the Medicare Advance Termination Date (as defined in the Escrow Agreement), Buyer and Seller shall prepare and deliver a joint writing to the Escrow Agent within two (2) Business Days of such determination instructing the Escrow Agent to release to Buyer the Medicare Advance Payment Funds. Upon Buyer's receipt of such amount, Buyer shall promptly pay to CMS such amount and provide Seller reasonable evidence of such payment, or if CMS recouped from Buyer, provide evidence to Seller of such recouped amount.

(d) In the event CMS subsequently or retroactively forgives all or any portion of the Medicare advance payment Seller received on April 17, 2020 relating to the Business, Buyer shall (i) within two (2) Business Days thereof notify Seller of such forgiveness, and (ii) within five (5) Business Days of such amount being forgiven or credited to Buyer by CMS, pay to Seller such amount equal to: (a) the Seller Medicare Advance Repaid Amount and (b) any amount released to Buyer under Section 7.23(b) or Section 7.23(c), in each case, to the extent forgiven or credited. Such payment to Seller shall be made by wire transfer of immediately available funds to an account designated in writing to Buyer by Seller.

ARTICLE VIII

CLOSING CONDITIONS

8.1. Conditions to Obligations of Each Party to Consummate the Transactions. The respective obligations of Seller, on the one hand, and Buyer, on the other hand, to consummate the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions (any of which may be waived by the mutual agreement of Seller, on the one hand, and Buyer, on the other hand, in whole or in part):

(a) no Action by or before any Governmental Authority shall have been instituted that would enjoin, restrain or prohibit this Agreement or consummation of the transactions contemplated hereby;

(b) no Law shall have been enacted or promulgated by any Governmental Authority that directly prohibits the consummation of the Closing and the transactions contemplated hereby; and

(c) there shall be no Order in effect expressly precluding consummation of the transactions contemplated hereby.

8.2. Additional Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated hereby shall be subject to the satisfaction or waiver of each of the following conditions:

(a) Seller shall have delivered to Buyer the agreements, documents and other items discussed in Section 4.2.

(b) (i) All (A) Fundamental Representations, (B) Significant Representations, and (C) the other representations and warranties of Seller contained in this Agreement that are qualified by materiality, Material Adverse Effect or similar phrases shall be true and correct of the Closing Date, taking into account materiality qualifiers therein, with the same effect as though such representations and warranties had been made on and as of such date (except to the extent expressly made only as of an earlier

date, in which case as of such earlier date) and (ii) all other representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of such date (except to the extent expressly made only as of an earlier date, in which case as of earlier date), except, in each case, to the extent of changes or developments contemplated by the terms of this Agreement, resulting from any action or failure to act consented to by Buyer, or resulting from the transactions contemplated by this Agreement and the related agreements.

(c) All of the covenants set forth in this Agreement to be performed or complied with by Seller on or before the Closing Date shall have been performed and complied with in all material respects on or before the Closing Date;

(d) Buyer shall have obtained the Governmental Authorizations set forth on Schedule 8.2(d). Where assignment or transfer is not permitted, or such Governmental Authorization is required prior to Closing, Buyer shall have obtained any new Governmental Authorizations that are necessary or required for the operation (in the manner currently operated) of the Business after the Closing Date, including the Governmental Authorizations in Schedule 8.2(d), or obtained assurances satisfactory to Buyer such Governmental Authorizations or applicable Provider Agreements are not required to be obtained prior to the transfer of the Business to Buyer as contemplated herein. The Parties shall have received the Approval of the California Attorney General and reasonable assurances from the California Department of Health, customary to such transactions, that the Parties may effectuate a change of ownership of the Hospital's inpatient psychiatric facility license;

(e) All Encumbrances, except for the Permitted Encumbrances, created or issued with respect to Seller, the Business or the Debt shall have been released or will be released as of the Closing;

(f) At Closing, all Defects listed on Schedule 7.9 shall have been cured and the Title Company shall irrevocably commit to issue to Buyer a Title Policy insuring Buyer's fee simple interest in the Owned Real Property, subject only to the Permitted Encumbrances;

(g) Seller shall have taken all necessary actions as required under the Master Indenture to transfer the Assets to Buyer;

(h) The rolling thirty (30) day average daily census of the Hospital ("ADC") for the consecutive thirty (30) days prior to the anticipated Closing Date shall be equal to or greater than seventy-five percent (75%) of the ADC for the corresponding thirty (30) day period of 2019 for the Hospital as set forth on Schedule 8.2(h);

(i) The matters in that certain memorandum, which was jointly prepared under attorney-client privilege pursuant to that certain Common Interest Agreement dated December 22, 2020, as amended, by and between Seller and Buyer (the "Joint Privilege Memorandum") shall have been addressed as referenced therein; and

(j) No Material Adverse Effect relating to the Business shall have occurred.

8.3. Additional Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated hereby shall be subject to the satisfaction or waiver of each of the following conditions:

(a) Buyer shall have delivered to Seller the Purchase Price (and deposited the Escrow Funds into escrow) and all of the agreements, documents and other items described in Section 4.3.

(b) All the representations and warranties of Buyer contained in this Agreement shall be true and correct in all materials respects as of the Closing Date (not taking into account materiality qualifiers therein) with the same effect as though such representations and warranties had been made on and as of such date (except to the extent expressly made only as of an earlier date, in which case as of such earlier date).

(c) All of the covenants set forth in this Agreement to be performed or complied with by Buyer on or before the Closing Date shall have been performed and complied with on or before the Closing Date.

(d) Buyer shall have obtained the Governmental Authorizations set forth on Schedule 8.2(d).

ARTICLE IX

INDEMNIFICATION

9.1. Survival of Representations, Warranties and Covenants. The representations and warranties of the Seller and the Buyer contained in this Agreement shall survive for a period of eighteen (18) months after the Closing Date; provided, however, that (i) the representations and warranties contained in Sections 5.5 (Taxes); 5.17 (Certain Healthcare Matters; Compliance with Laws) (such representations, collectively, the “Significant Representations”) shall survive for a period of three (3) years after the Closing Date; and (ii) the representations and warranties contained in Sections 5.1 (Organization and Authority of Seller); 5.3 (Powers; Consents; Absence of Conflicts with Other Agreements), 5.4 (Binding Agreement), 5.10 (Title to Assets (Excluding Owned Real Property); Absence of Encumbrances); 6.1 (Organization and Good Standing), 6.2 (Authorization) and 6.3 (No Conflicts; Consents) (collectively, the “Fundamental Representations”) shall survive the Closing Date until the date that is sixty (60) days after expiration of the longest applicable statute of limitations (including extensions). None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those that by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by expiration of such survival period and such claims shall survive until finally resolved.

9.2. Indemnification by Seller. Subject to Section 9.3 below, from and after the Closing Date, Seller will indemnify and hold harmless Buyer and its Affiliates, stockholders, directors, officers, members, partners, employees, agents and representatives, and the successors and assigns of each of the foregoing (collectively, the “Buyer Indemnified Parties”) from and against any Loss incurred or suffered by Buyer Indemnified Parties arising out of or resulting from:

(a) any breach of or inaccuracy in any representation or warranty included in Article V of this Agreement;

(b) a failure by Seller to perform or comply with any covenant or agreement, to be performed or complied with by Seller;

(c) any Excluded Asset or any Excluded Liability;

(d) any Defects set forth in Schedule 7.9 that remain uncured as of the Closing; or

(e) any willful misconduct, Fraud or criminal acts of Seller or Seller's officers, directors, employees or agents prior to Closing.

9.3. Limitations. Notwithstanding anything to the contrary in Section 9.2 above:

(a) Seller will not have any obligation to indemnify Buyer Indemnified Parties from and against any Loss arising out of or resulting from Section 9.2(a) unless and until the aggregate amount of Losses for any and all claims arising out of or resulting from Section 9.2(a) exceeds one hundred eighty thousand dollars (\$180,000) (the "Basket"); provided, that, the limitation set forth in this Section 9.3(a) shall not apply to any Loss resulting from any breach of or inaccuracy in any Significant Representation or Fundamental Representation, or to any Loss arising from or related to the Excluded Liabilities;

(b) with respect to any Losses arising out of or resulting from Section 9.2(a) that are applied against the Basket in accordance with Section 9.3(a), once the amount of such Losses is equal to or exceeds the Basket, Buyer Indemnified Parties may seek indemnification and Seller shall be liable for the amount of such Losses including the amount of the Basket;

(c) Seller will not have any obligation to indemnify Buyer Indemnified Parties from and against the applicable portion of any Loss to the extent that such Buyer Indemnified Parties recover such applicable portion under a policy of insurance in force on the date of the Loss and any indemnity, contribution or similar payment received or expected to be received by the Buyer Indemnified Parties in respect of any such Loss. The Buyer Indemnified Parties shall use commercially reasonable efforts to recover under insurance policies or indemnity, contribution or similar agreements for any Losses;

(d) Buyer Indemnified Parties shall take, and cause its Affiliates to take, commercially reasonable efforts to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss;

(e) Seller shall not be liable to, or have any obligation to indemnify, any Buyer Indemnified Party for any Losses to the extent that such Losses result from or arise out of a breach of this Agreement by Buyer;

(f) (i) with respect to any Losses of any Buyer Indemnified Parties arising out of or resulting from a Fundamental Representation, the maximum liability of Seller pursuant to this Agreement shall be limited to Losses in an aggregate amount equal to the full Purchase Price; (ii) with respect to any Losses of any Buyer Indemnified Parties arising out of or resulting from a Significant Representation, the maximum liability of Seller pursuant to this Agreement shall be limited to Losses in an aggregate amount equal to twelve million dollars (\$12,000,000); and (iii) with respect to all other Losses of any Buyer Indemnified Parties arising out of or resulting from Section 9.2(a) of this Agreement, the maximum liability of Seller pursuant to this Agreement shall be limited to Losses in an aggregate amount equal to two million four-hundred thousand dollars (\$2,400,000) (as applicable, each of the items (i)-(iii) are the "Indemnification Cap"); provided, however, that, the limitations set forth in this Section 9.3(f) shall not apply to any Loss arising from or related to the Excluded Liabilities; and

(g) With respect to any Losses of any Buyer Indemnified Parties arising out of or resulting from Section 9.2 of this Agreement, such Losses shall first be paid from the Indemnity Escrow Funds in accordance with the terms and conditions of the Escrow Agreement.

9.4. Indemnification by Buyer.

(a) Buyer shall indemnify and hold harmless Seller and each of its directors, officers, members, partners, employees, agents, and representatives (collectively, the “Seller Indemnified Parties”), from and against any Loss incurred or suffered by Seller Indemnified Parties as a result of or arising from or related to:

(i) a breach of or inaccuracy in any representation or warranty made by or on behalf of Buyer in this Agreement;

(ii) a failure by Buyer to perform or comply with any covenant or agreement contained in this Agreement;

(iii) any Assumed Liability;

(iv) the conduct of the Business or the ownership or operation of the Assets after the Closing Date.

(b) Notwithstanding Section 9.4(a), Buyer shall not have any obligation to indemnify Seller Indemnified Parties from and against any Loss under Section 9.4(a) unless and until any individual or series of related Losses exceeds an amount equal to the Basket. Once the Basket is reached, Seller Indemnified Parties may seek indemnification from all such Losses incurred or suffered by Seller Indemnified Parties including the amount of the Basket, up to an amount equal to the Indemnification Cap pursuant to the procedures contained in this Article IX; provided, that, the limitations set forth in this Section 9.4(b) shall not apply to any Loss resulting from any breach of, or inaccuracy in any Fundamental Representation or arising from or related to the Assumed Liabilities.

(c) Seller Indemnified Parties shall take, and cause their respective Affiliates to take, commercially reasonable efforts to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably be expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss; and

(d) Buyer shall not be liable to, or have any obligation to indemnify, any Seller Indemnified Party for any Losses to the extent that such Losses result from or arise out of a breach of this Agreement by Seller.

9.5. Other Indemnification Matters. For purposes of this Article IX, (i) for determining the breach or inaccuracy of a representation or warranty set forth in Article V other than the Fundamental Representations, the Significant Representations, Section 5.5 (Financial Statements), Section 5.12 (Material Contracts), references to “materiality,” “Material Adverse Effect” or similar materiality qualifications therein shall be disregarded, and (ii) for calculating the amount of Losses incurred out of or relating to any breach of, a representation, warranty, covenant or agreement set forth in this Agreement, references to “materiality,” “Material Adverse Effect” or similar materiality qualifications therein shall be disregarded; provided, however, that in no event shall dollar thresholds referred to in this Agreement be disregarded pursuant to the foregoing clause (ii); and provided, further, with respect to the foregoing clauses (i) and (ii), in no event shall “Material Contract” be read to mean “Contract.”

9.6. Assumption of Defense.

(a) As promptly as practicable after becoming aware of a claim for indemnification under this Agreement, but in any event no later than ten (10) Business Days after first becoming aware of such claim, an Indemnified Party (or in the case of a Seller Indemnified Party, Seller) shall promptly give notice to each Indemnifying Party after obtaining knowledge of any matter as to which recovery may be

sought against such Indemnifying Party because of the indemnity set forth in this Article IX (a “Claim Notice”), and shall permit such Indemnifying Party to assume the defense of any such claim or any proceeding resulting from such claim; provided, however, that failure to give any such notice promptly shall not affect the indemnification provided under this Article IX, except, and only, to the extent such Indemnifying Party shall have been actually and materially prejudiced as a result of such failure. The Claim Notice shall set forth in reasonable detail (i) the facts and circumstances giving rise to such claim for indemnification, including all relevant supporting documentation, (ii) the nature of the Losses incurred or expected to be incurred, (iii) a reference to the provision(s) of this Agreement in respect of which such Losses have been incurred or are expected to be incurred, (iv) the amount of Losses actually incurred and, to the extent the Losses have not yet been incurred, a good faith estimate of the amount of Losses that could be expected to be incurred, and (v) such other information as may be necessary for the Indemnifying Party to determine that the limitations in this Article IX have been satisfied or do not apply.

(b) The Indemnifying Party may, at its own expense, (a) participate in the defense of any such claim for indemnification and (b) upon written notice to the Indemnified Party, at any time during the course of any such assume and control the defense thereof with counsel of its own choice and in the event of such assumption, shall have the exclusive right, subject to Section 9.10 to settle or compromise such third party claim; provided, that the Indemnifying Party obtain, as a condition of any settlement or other compromise, a complete release of the Indemnified Party with respect to such third party claim. If an Indemnifying Party assumes the defense of any third party claim, such Indemnifying Party shall conduct such defense diligently, shall have full and complete control over the conduct of such proceeding on behalf of the Indemnified Party and shall, subject to the provisions of this Section 9.6, have the right to decide all matters of procedure, strategy, substance and settlement relating to such proceeding. The Indemnified Party may participate in such proceeding and retain separate co-counsel at its sole cost and expense. Failure by an Indemnifying Party to notify the Indemnified Party of its election to defend any such claim or proceeding by a third party within thirty (30) days after notice thereof, or such shorter time necessary to timely respond to a court filing, shall have been given to such Indemnifying Party by the Indemnified Party, shall be deemed a waiver by such Indemnifying Party of its right to defend such claim or action. Notwithstanding the foregoing, an Indemnifying Party may not assume the defense of any such third-party claim if the claim (i) could result in imprisonment of or imposition of a civil or criminal fine against the Indemnified Party or its representatives, (ii) could result in an equitable remedy that would impair the Indemnified Party’s ability to exercise its rights under this Agreement, or with respect to a Buyer Indemnified Party, impair such Buyer Indemnified Party’s right or ability to own or operate its assets or properties or conduct its businesses, including the Business, or (iii) the claim names both the Indemnifying Party and the Indemnified Party (including impleaded parties) and representation of both such Parties by the same counsel would create a conflict in the determination of the Indemnified Party.

9.7. Non-Assumption of Defense. If no Indemnifying Party is permitted or elects to assume the defense of any such claim by a third party or proceeding resulting therefrom, the Indemnified Party shall diligently defend against such claim or litigation in such manner as it may reasonably deem appropriate.

9.8. Indemnified Party’s Cooperation as to Proceedings. The Indemnified Party will cooperate in all reasonable respects with any Indemnifying Party in the conduct of any proceeding as to which such Indemnifying Party assumes the defense.

9.9. Right to Retain Separate Counsel. If, in accordance with any of the foregoing, the Indemnified Party assumes the defense of any third party claim, the Indemnifying Party may participate in such proceeding and retain separate counsel at its sole cost and expense.

9.10. Settlement or Compromise. Any settlement or compromise made or caused to be made by the Indemnified Party (unless the Indemnifying Party has the exclusive right to settle or compromise under clause (b) of Section 9.6(b)) or the Indemnifying Party, as the case may be, of any third party claim shall also be binding upon the Indemnifying Party or the Indemnified Party, as the case may be, in the same manner as if a final Order had been entered by a court of competent jurisdiction in the amount of such settlement or compromise; provided, however, that (a) no Liability, restriction, or Loss shall be imposed on the Indemnified Party as a result of such settlement or compromise without its prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, and (b) the Indemnified Party shall not settle or compromise any third party claim without the prior written consent of the Indemnifying Party.

9.11. Treatment of Indemnification Payments. Amounts paid to or on behalf of Buyer or Seller as indemnification under this Article IX shall be treated as adjustments to the Purchase Price for tax purposes, unless otherwise required by Law.

9.12. Recovery from Third Parties/Buyer. If Seller pays to Buyer an amount in respect of an indemnifiable Loss, and Buyer subsequently receives from a third party a sum which is preferable to that payment, Buyer shall forthwith repay to Seller so much of the amount paid by Seller as does not exceed the sum recovered by Buyer from the third party less all reasonable costs, charges and expenses incurred by Buyer in obtaining that payment and in recovering that sum from the third party.

9.13. Limitation on Liabilities. NO PARTY SHALL BE RESPONSIBLE FOR OR HAVE ANY OBLIGATION TO INDEMNIFY, DEFEND OR HOLD HARMLESS THE OTHER PARTY OR OTHER PERSON FOR PUNITIVE OR EXEMPLARY DAMAGES, except to the extent that Losses resulting from a third party claim include punitive or exemplary damages of the third party and then, only to the extent of such Losses, subject, however, to all of the limitations set forth herein.

9.14. Exclusive Remedy. Any claim arising under this Agreement or in connection with or as a result of the Agreement or any damages or injury suffered or alleged to be suffered by any Party as a result of the actions or failure to act by any other Party shall be governed solely and exclusively by the provisions of this Article IX, except for claims arising out of Fraud or to the extent injunctive relief is otherwise available to a Party as provided herein.

ARTICLE X

DISPUTE RESOLUTION

10.1. Dispute Resolution. Except as otherwise provided in this Agreement, any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation, or validity thereof (collectively, a “Dispute”) shall be resolved in accordance with the procedures set forth in this Section. Each Party agrees to cooperate with the other Party to the extent reasonably practicable in order to try to help facilitate a prompt resolution of any Dispute, but acknowledges that such agreement does not obligate any Party to compromise or reach resolution of a Dispute that such Party does not determine, in its sole discretion, to be a satisfactory resolution of the Dispute.

(a) Dispute Notice. In the event that a Party wishes to resolve a Dispute, the Party shall provide written notice setting forth the Party’s position and requesting a meeting between senior executives from each Party with the authority to resolve the Dispute (the “Dispute Notice”).

(b) Meet and Confer. The Parties shall have thirty (30) days after receipt of the Dispute Notice to engage in a meet and confer between the designated senior executives from each Party in a good faith effort to resolve the matter (the “Meet and Confer”). The obligation to conduct a Meet and

Confer pursuant to this Section 10.1(b) does not obligate any Party to agree to any compromise or resolution of the Dispute that such Party does not determine, in its sole and absolute discretion, to be a satisfactory resolution of the Dispute. The Meet and Confer shall be considered a settlement negotiation for the purpose of all applicable laws protecting statements, disclosures, or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer shall be protected under such laws, including California Evidence Code Section 1152.

(c) Arbitration. In the event of any Dispute that is not resolved to the mutual satisfaction of the Parties within thirty (30) days after delivery of the Dispute Notice (or such other period as may be mutually agreed upon by the Parties in writing), either Party may invoke binding arbitration in accordance with the current Commercial Arbitration Rules of the American Arbitration Association (“AAA”) by filing a Demand for Arbitration with AAA (the “Arbitration Notice”). The Arbitration Notice shall specify the Dispute, the particular claims and/or causes of action alleged by the Party demanding arbitration, and the factual and legal basis in support of such claims and/or causes of action. The arbitration proceedings shall take place in Solano County, California. The arbitrator shall issue a reasoned award at the conclusion of the arbitration proceedings and may construe or interpret the Agreement, but shall not vary or ignore the terms of the Agreement. The arbitrator shall have no authority to award punitive, exemplary, indirect or other special damages. The Parties acknowledge that because this Agreement affects interstate commerce, the Federal Arbitration Act applies. The decision of the arbitrator on the Dispute will be binding, and judgment on the reasoned award may be entered in any court having jurisdiction thereof. In the event any portion of this Article X or Agreement is deemed to be unlawful, invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not serve to invalidate any other part of this Article X or Agreement.

10.2. Provisional Measures. Nothing in this Agreement shall prevent either Party from seeking provisional measures, including specific performance or injunctive relief, from any court of competent jurisdiction, and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

10.3. Attorneys’ Fees and Costs. In connection with any Dispute, the prevailing Party, if any, shall be entitled to its costs and attorneys’ fees reasonably incurred in connection with the Dispute, including in connection with any arbitration, Action or court proceedings for provisional measures or for the enforcement of any arbitral award.

10.4. Waiver of Jury Trial. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

ARTICLE XI

TERMINATION; EFFECT OF TERMINATION

11.1. Termination. Notwithstanding anything herein to the contrary, this Agreement may be terminated, and the transactions contemplated hereby abandoned, at any time prior to the Closing Date:

(a) By mutual written consent of Seller and Buyer;

(b) By Buyer, if Seller has breached this Agreement in any material respect and Seller has failed to cure such breach within twenty (20) days of receipt of notice from Buyer identifying the nature of the breach with reasonable detail and requesting that such breach be cured, unless such material default cannot be reasonably cured within twenty (20) days, in which case such cure period may be extended up to twenty (20) days, by agreement of the Parties for good cause shown, provided the Seller is actively pursuing the cure;

(c) By Seller, if Buyer has breached this Agreement in any material respect and Buyer has failed to cure such breach within twenty (20) days of receipt of notice from Seller identifying the nature of the breach with reasonable detail and requesting that such breach be cured, unless such material default cannot be reasonably cured within twenty (20) days, in which case such cure period may be extended up to twenty (20) days, by agreement of the Parties for good cause shown, provided the Buyer is actively pursuing the cure;

(d) By Buyer or Seller in the event that (i) any Law shall have been enacted or promulgated by any Governmental Authority that directly prohibits the consummation of the Closing and the transactions contemplated hereby, (ii) any final Order shall have been issued that expressly precludes the consummation of the transactions contemplated hereby, including a determination by the State of California not to issue an Acute Psychiatric Hospital License in Buyer's name for the operation of the Business following the Closing, despite Buyer's good faith prosecution thereof;

(e) By Seller, if the California Attorney General does not approve the transaction pursuant to Section 5914, with or without conditions, within two hundred (200) days, or for such period as mutually agreed by the Parties, after the California Attorney General is notified of the proposed transaction by Seller;

(f) By Buyer or Seller in the event that the Closing shall not have occurred at or before 5:00 p.m. Pacific Time on August 31, 2021 (the "Termination Date"); provided, however, no Party may terminate this Agreement pursuant to this Section 11.1(f), if the failure to consummate the transactions described herein on or before the Termination Date results from (i) a breach of such Party's obligations under this Agreement; or (ii) the failure of a Governmental Authority whose Approval is required to take action such that the Parties are legally precluded from Closing; and

(g) By Buyer in the event of a Material Casualty or Condemnation.

11.2. Effect of Termination.

(a) If this Agreement is terminated prior to the Closing and the transactions contemplated hereby are not consummated as described above, this Agreement shall be of no further force and effect and each of the Parties shall be relieved of its respective obligations hereunder to the extent that such obligations would otherwise arise after the date of such termination, except for the provisions of

Section 7.7(e) (relating to confidentiality), Article IX (relating to indemnification), Article XI (relating to termination) and Article XII (relating to certain miscellaneous provisions).

(b) Other than as set forth in Section 11.2, if this Agreement is terminated pursuant to Sections 11.1(a) or 11.1(f), none of the Parties shall be liable to the other Parties hereunder for any liabilities and damages incurred as a result of such termination, provided that, nothing herein shall relieve any Party hereto from Liability for any intentional breach of any provision hereof.

ARTICLE XII

MISCELLANEOUS

12.1. Expenses. Each Party shall pay its own costs and expenses related to the transactions contemplated hereby, including the disbursements and fees of its respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of this Agreement, whether or not the transactions contemplated hereby are consummated. In addition, the Parties have agreed that:

(a) Seller shall bear the following costs and expenses: (i) the costs and expenses related to removing any title Encumbrances affecting the Owned Real Property that are not Permitted Encumbrances; (ii) one-half of costs and expenses related to escrow fees for the Owned Real Property; and (iii) the Transfer Taxes, including any city or county documentary or deed transfer Taxes for the Owned Real Property.

(b) Buyer shall bear the following costs and expenses: (i) the costs and expenses related to the recording fees to record the Real Property Deed for the Owned Real Property, except any fees related to removing title Encumbrances as described in Section 12.1(a)(i) shall be paid by Seller; (ii) one-half of costs and expenses related to escrow fees for the Owned Real Property; (iii) the costs and expenses related to any environmental assessment or survey obtained by Buyer for the Owned Real Property, the Title Evidence and the Title Policy (excluding the cost of any endorsements thereto) for the Owned Real Property, related solely to the direct conveyance of the Assets by Seller to Buyer; and (iv) the cost of any endorsements to the Title Policy; and

(c) Seller and Buyer shall split, 50/50, any costs incurred or payable in connection with obtaining any third-party consents to assignment to Buyer of the Assumed Third Party Leases, the Assumed Personal Property Leases or the Assumed Contracts.

12.2. Post-Closing Receipt of Assets or Excluded Assets.

(a) Any Excluded Asset or Excluded Liabilities inadvertently transferred to or acquired by Buyer shall within thirty (30) days following receipt be transferred, assigned or conveyed by Buyer (and its respective successors-in-interest, assigns and Affiliates) to Seller at Seller's cost, including reimbursement by Seller for costs and expenses incurred by Buyer in connection with the collection or retention of such Excluded Asset or Excluded Liabilities. Until such transfer, assignment and conveyance, Buyer (and its respective successors-in-interest, assigns and Affiliates) shall not have any right, title or interest in or obligation or responsibility with respect to such Excluded Asset or Excluded Liabilities except that Buyer shall hold such Excluded Asset or Excluded Liabilities in trust for the benefit of Seller. If Buyer does not remit any payments or remittances due to Seller under this Section 12.2(a) in accordance with the first sentence of this Section 12.2(a), such payments or remittances shall be subject to Penalty Interest.

(b) Any Asset or Assumed Liability, or any Contractual Obligation which was (i) not disclosed to Buyer by Seller, or (ii) was discovered by Buyer or Seller after the Closing Date, which relates or related to the Business and which was inadvertently transferred to or retained by Seller, shall, at the election of Buyer, within thirty (30) days following receipt be transferred, assigned or conveyed by Seller (and its respective successors-in-interest, assigns and Affiliates) to Buyer at Seller's cost, including reimbursement by Seller for costs and expenses incurred by Buyer in connection with the collection or retention of such Asset, Contractual Obligation or Assumed Liability. Until such transfer, assignment and conveyance, Seller (and its respective successors-in-interest, assigns and Affiliates) shall not have any right, title or interest in or obligation or responsibility with respect to such Asset or Assumed Liability except that Seller shall hold such Asset, Contractual Obligation or Assumed Liability in trust for the benefit of Buyer. If Seller does not remit any payments or remittances due to Buyer under this Section 12.2(b) in accordance with the first sentence of this Section 12.2(b), such payments or remittances shall be subject to Penalty Interest.

(c) The terms of this Section 12.2 shall not be subject to the time limitations contained in Section 9.1.

(d) For the purposes of this Section 12.2, "Penalty Interest" shall mean interest at a per annum rate equal to the prime rate reported by The Wall Street Journal in its "Money Rates" or successor section on the Closing Date plus two percent (2%) (or the maximum rate allowed by Law, whichever is less) accruing on the date that is sixty (60) days after the date such payment is due until the amount is paid to Seller or Buyer, as the case may be ("Penalty Interest").

12.3. Disclosure Schedules. The Disclosure Schedules shall be arranged in schedules corresponding to the sections contained in Article V of this Agreement, and any disclosure made in any schedule of the Disclosure Schedules shall qualify other sections in Article V of this Agreement only if such schedule specifically refers to such other sections of Article V of this Agreement or their corresponding schedules in the Disclosure Schedules.

12.4. Entirety of Agreement. This Agreement (including the Disclosure Schedules and all other schedules and exhibits hereto), together with the other Transaction Documents and certificates and other instruments delivered hereunder and thereunder, state the entire agreement of the Parties, merge all prior negotiations, agreements and understandings, if any, and state in full all representations, warranties, covenants and agreements that have induced this Agreement. Each Party agrees that in dealing with third parties no contrary representations will be made.

12.5. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or by a nationally recognized overnight courier service to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt):

If to Buyer, addressed to:

Vallejo Acquisition Sub, LLC
830 Crescent Centre Drive, Suite 610
Franklin, TN 37067
Attn: General Counsel

With a copy to:

King & Spalding, LLP
633 West 5th Street, Suite 1600
Los Angeles, CA 90071
Attn: Torrey McClary

If to Seller, addressed to:

St. Helena Hospital, d/b/a Adventist Health Vallejo
10 Woodland Road,
St. Helena, CA 94574
Attn: CEO

With a copy to:

Adventist Health
Office of the General Counsel
ONE Adventist Health Way
Roseville, CA 95661
Attn: General Counsel

Latham & Watkins LLP
355 South Grand Avenue, Suite 100
Los Angeles, CA 90071
Attn: Daniel K. Settelmayr

or to such other address or to such other person as either Party shall have last designated by such notice to the other Party.

12.6. Amendments; Waivers. This Agreement may be modified or amended only by an instrument in writing, duly executed by Buyer and Seller. No waiver by any Party of any term, provision, condition, covenant, agreement, representation or warranty contained in this Agreement (or any breach thereof) shall be effective unless it is in writing executed by the Party (or its representative) against which such waiver is to be enforced. Unless expressly stated as part of any waiver, no waiver shall be deemed or construed as a further or continuing waiver of any such term, provision, condition, covenant, agreement, representation or warranty (or breach thereof) on any other occasion or as a waiver of any other term, provision, condition, covenant, agreement, representation or warranty (or of the breach of any other term, provision, condition, covenant, agreement, representation or warranty) contained in this Agreement on the same or any other occasion.

12.7. Counterparts; Facsimile. For the convenience of the Parties, this Agreement may be executed in any number of counterparts, each such executed counterpart shall be deemed an original and all such counterparts together shall constitute one and the same instrument. Facsimile and electronic PDF transmission of any signed original counterpart transmission shall be deemed the same as the delivery of an original.

12.8. Assignment; Binding Nature; No Beneficiaries. This Agreement may not be assigned by any Party hereto without the written consent of the other Party hereto; provided, however, that either Party may assign its rights hereunder to any Affiliate that assumes such Party's obligations hereunder, and Buyer may collaterally assign its rights hereunder to any financial lender. Subject to the preceding sentence,

this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties hereto and their respective heirs, personal representatives, legatees, successors and permitted assigns. Except as otherwise expressly provided in Article IX, this Agreement shall not confer any rights or remedies upon any Person other than the Parties hereto and their respective heirs, personal representatives, legatees, successors and permitted assigns.

12.9. Headings. The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

12.10. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

12.11. Remedies Cumulative. Except as otherwise provided herein, the remedies provided for or permitted by this Agreement shall be cumulative and the exercise by any Party of any remedy provided for herein shall not preclude the assertion or exercise by such Party of any other right or remedy provided for herein.

12.12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

12.13. Further Assurances. Each Party shall use commercially reasonable efforts to comply with all requirements imposed by this Agreement and the Transaction Documents on such Party and to cause the transactions contemplated by this Agreement and the Transaction Documents to be consummated as contemplated by this Agreement and the Transaction Documents and shall, from time to time and without further consideration, either before or after the Closing, execute such further instruments and take such other actions as any other party hereto shall reasonably request in order to fulfill its obligations under this Agreement and to effectuate the purposes of this Agreement and the Transaction Documents.

12.14. Buyer Parent Guaranty.

(a) As material inducement to Seller to enter into this Agreement and to consummate the transactions hereunder, Buyer Parent hereby irrevocably guarantees to Seller the full and timely performance by Buyer of all of the duties and obligations of Buyer under this Agreement (such duties and obligations, the “Buyer Guaranteed Obligations”), including the due and punctual payment of the Purchase Price pursuant to Section 3.1. The obligations of Buyer Parent under this Section 12.14 shall constitute a present and continuing guarantee of payment and performance and not merely of collectability. Buyer Parent agrees that the Buyer Guaranteed Obligations will not be discharged except by complete performance or payment of such Buyer Guaranteed Obligations and will not be discharged, affected, or impaired in any way, or subject to any defense, set-off, deduction, or counterclaim whatsoever, by reason of (and Buyer Parent hereby expressly waives any claim in respect of): (i) any failure or delay on the part of Seller to assert any claim or demand or to enforce any right or remedy against Buyer; (ii) any change in the time (including any extension of the time), place, or manner of payment or performance of any of the Buyer Guaranteed Obligations or any amendment or modification to, or waiver under, this Agreement or any other agreement evidencing, securing, or otherwise executed in connection with any of the Buyer Guaranteed Obligations; (iii) any discharge of any obligation of Buyer arising out of any bankruptcy, reorganization, or similar proceeding for relief of debtors under any Law hereafter initiated by or against Buyer or Buyer’s Affiliates (collectively, “Buyer Bankruptcy Proceedings”); (iv) any change in the corporate existence, structure, or ownership of Buyer, Buyer Parent, or any other Person interested in the transactions contemplated by this Agreement; (v) the adequacy of any other means Seller may have of

obtaining payment or performance of any of the Buyer Guaranteed Obligations; or (vi) any defense arising by reason of any claim or defense based upon an election of remedies. Buyer Parent further agrees that its Liability under this Section 12.14 with respect to the Buyer Guaranteed Obligations is absolute and unconditional and shall be enforceable against Buyer Parent to the same extent as if Buyer Parent were the primary obligor (and not merely a surety) under this Agreement. If at any time payment under this Agreement is rescinded or must be otherwise restored or returned by Seller in connection with Buyer Bankruptcy Proceedings or otherwise, Buyer Parent's obligations hereunder with respect to such payment shall be reinstated upon such restoration or return being made by Seller, all as though such payment had not been made. This Section 12.14 represents a continuing guarantee and shall be binding upon Buyer Parent until the Buyer Guaranteed Obligations under this Agreement have been satisfied or paid in full.

(b) Buyer Parent represents and warrants to Seller that:

(i) Buyer Parent is validly existing and in good standing under the Laws of its jurisdiction of incorporation. Buyer Parent has all requisite corporate or other legal entity power and authority to execute, deliver, and perform this Agreement. The execution, delivery, and performance by Buyer of this Agreement have been validly authorized by all necessary corporate or other legal entity action by Buyer Parent. Buyer Parent has validly executed and delivered this Agreement. Assuming the valid authorization, execution, and delivery of this Agreement by Seller, this Agreement constitutes a legal, valid, and binding obligation of Buyer Parent, enforceable against Buyer Parent in accordance with its terms.

(ii) The execution, delivery, and performance by Buyer of this Agreement do not and will not require any consent of or with any Governmental Authority, other than any consent the failure of which to be obtained would not reasonably be expected to prevent Buyer Parent from performing its obligations under this Agreement.

(iii) The execution, delivery, and performance by Buyer Parent of this Agreement do not and will not (x) violate any Law or Order applicable to or binding on Buyer Parent, (y) violate, conflict with, result in a breach, cancellation, or termination of, constitute a default under, result in the creation of any lien on any of the assets of Buyer Parent under, or result in a circumstance that, with or without notice or lapse of time or both, would constitute any of the foregoing under, any Contractual Obligation to which Buyer Parent is a party or by which Buyer Parent is bound, or (z) violate or conflict with any of the organizational documents of Buyer Parent.

(iv) As of the date of this Agreement, there are no Actions pending or, to the knowledge of Buyer Parent's, threatened in writing by or against Buyer Parent or any of its Affiliates with respect to this Agreement or the transactions contemplated by this Agreement or that, if determined adversely to Buyer Parent, would reasonably be expected to have a material adverse effect on Buyer Parent's ability to perform its obligations under this Agreement.

(c) Buyer Parent shall not assign, transfer or in any manner convey (including by merger, asset sale or otherwise) any of its rights, interests or obligations hereunder to any other Person unless such successor agrees in writing to be bound by this Agreement. Any attempted assignment in violation of this Section 12.14(c) shall be null and void.

12.15. Seller Parent Guaranty.

(a) As material inducement to Buyer to enter into this Agreement and to consummate the transactions hereunder, Seller Parent hereby irrevocably guarantees to Buyer the full and timely

performance by Seller of all of the duties and obligations of Seller under this Agreement (such duties and obligations, the “Seller Guaranteed Obligations”). The obligations of Seller Parent under this Section 12.15 shall constitute a present and continuing guarantee of payment and performance and not merely of collectability. Seller Parent agrees that the Seller Guaranteed Obligations will not be discharged except by complete performance or payment of such Seller Guaranteed Obligations and will not be discharged, affected, or impaired in any way, or subject to any defense, set-off, deduction, or counterclaim whatsoever, by reason of (and Seller Parent hereby expressly waives any claim in respect of): (i) any failure or delay on the part of Buyer to assert any claim or demand or to enforce any right or remedy against Seller; (ii) any change in the time (including any extension of the time), place, or manner of payment or performance of any of the Seller Guaranteed Obligations or any amendment or modification to, or waiver under, this Agreement or any other agreement evidencing, securing, or otherwise executed in connection with any of the Seller Guaranteed Obligations; (iii) any discharge of any obligation of Seller arising out of any bankruptcy, reorganization, or similar proceeding for relief of debtors under any Law hereafter initiated by or against Seller or Seller’s Affiliates (collectively, “Seller Bankruptcy Proceedings”); (iv) any change in the corporate existence, structure, or ownership of Seller, Seller Parent, or any other Person interested in the transactions contemplated by this Agreement; (v) the adequacy of any other means Buyer may have of obtaining payment or performance of any of the Seller Guaranteed Obligations; or (vi) any defense arising by reason of any claim or defense based upon an election of remedies. Seller Parent further agrees that its Liability under this Section 12.15 with respect to the Seller Guaranteed Obligations is absolute and unconditional and shall be enforceable against Seller Parent to the same extent as if Seller Parent were the primary obligor (and not merely a surety) under this Agreement. If at any time payment under this Agreement is rescinded or must be otherwise restored or returned by Buyer in connection with Seller Bankruptcy Proceedings or otherwise, Seller Parent’s obligations hereunder with respect to such payment shall be reinstated upon such restoration or return being made by Buyer, all as though such payment had not been made. This Section 12.15 represents a continuing guarantee and shall be binding upon Seller Parent until the Seller Guaranteed Obligations under this Agreement have been satisfied or paid in full.

(b) Seller Parent represents and warrants to Buyer that:

(i) Seller Parent is validly existing and in good standing under the Laws of its jurisdiction of incorporation. Seller Parent has all requisite corporate or other legal entity power and authority to execute, deliver, and perform this Agreement. The execution, delivery, and performance by Seller of this Agreement have been validly authorized by all necessary corporate or other legal entity action by Seller Parent. Seller Parent has validly executed and delivered this Agreement. Assuming the valid authorization, execution, and delivery of this Agreement by Buyer, this Agreement constitutes a legal, valid, and binding obligation of Seller Parent, enforceable against Seller Parent in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors’ rights generally.

(ii) The execution, delivery, and performance by Seller of this Agreement do not and will not require any consent of or with any Governmental Authority, other than Material Consents and other Approvals described herein and any consent the failure of which to be obtained would not reasonably be expected to prevent Seller Parent from performing its obligations under this Agreement.

(iii) The execution, delivery, and performance by Seller Parent of this Agreement do not and will not (x) violate any Law or Order applicable to or binding on Seller Parent, (y) violate, conflict with, result in a breach, cancellation, or termination of, constitute a default under, result in the creation of any lien on any of the assets of Seller Parent under, or result in a circumstance that, with or without notice or lapse of time or both, would constitute any of the

foregoing under, any material Contractual Obligation to which Seller Parent is a party or by which Seller Parent is bound, or (z) violate or conflict with any of the organizational documents of Seller Parent.

(iv) As of the date of this Agreement, there are no Actions pending or, to the knowledge of Seller Parent, threatened in writing by or against Seller Parent or any of its Affiliates with respect to this Agreement or the transactions contemplated by this Agreement or that, if determined adversely to Seller Parent, would reasonably be expected to have a material adverse effect on Seller Parent's ability to perform its obligations under this Agreement.

(c) Seller Parent shall not assign, transfer or in any manner convey (including by merger, asset sale or otherwise) any of its rights, interests or obligations hereunder to any other Person unless such successor agrees in writing to be bound by this Agreement. Any attempted assignment in violation of this Section 12.15(c) shall be null and void.

[Remainder of Page Intentionally Left Blank - Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Agreement as of the date first set forth above.

BUYER:

VALLEJO ACQUISITION SUB, LLC

By: 

Name: Christopher Howard

Title: VP & Secretary

IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Agreement as of the date first set forth above.

SELLER:

ST. HELENA HOSPITAL, D/B/A ADVENTIST
HEALTH VALLEJO

By: 

Name: Steven Herber, M.D.

Title: President

Executed and delivered by the undersigned in respect of Section 12.14 hereof:

BUYER PARENT:

ACADIA HEALTHCARE COMPANY, INC.

By: 

Name:

Christopher Howard

Title:

EUROPEAN General Counsel

Executed and delivered by the undersigned in respect of Section 12.15 hereof:

SELLER PARENT:

ADVENTIST HEALTH SYSTEM/WEST

By:  _____

Name: Todd Hofheins

Title: Chief Financial Officer

EXHIBIT A

DISCLOSURE SCHEDULES

See Attached.

EXHIBIT B

FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

This **ESCROW AGREEMENT** (this “Agreement”), dated as of [INSERT DATE] (the “Effective Date”), is entered into by and among ST. HELENA HOSPITAL (D/B/A ADVENTIST HEALTH VALLEJO), a California nonprofit religious corporation (“Secured Party”), VALLEJO ACQUISITION SUB, LLC, a Delaware limited liability company (“Depositor”), and Regions Bank, an Alabama banking corporation, as escrow agent (“Escrow Agent” and, together with Secured Party and Depositor, the “Parties”).

RECITALS

A. Secured Party and Depositor desire to appoint Escrow Agent to receive and hold certain funds as collateral pursuant to that certain Asset Purchase Agreement (the “Underlying Agreement”), dated as of February 5, 2021, entered into by and between Secured Party and Depositor.

B. Escrow Agent has agreed to accept, hold, and disburse, as applicable, the funds deposited with Escrow Agent and the earnings on such funds, if any, in accordance with the terms of this Agreement.

AGREEMENT

The Parties, intending to be legally bound, hereby agree as follows:

1. **APPOINTMENT OF ESCROW AGENT.** Secured Party and Depositor hereby appoint Escrow Agent as escrow agent for the purposes described in this Agreement, and Escrow Agent does hereby accept the appointment as escrow agent and agrees to act in accordance with the terms and conditions described in this Agreement.

2. **ESCROW FUNDS.** Simultaneously with the execution and delivery of this Agreement, Depositor shall deliver and deposit with Escrow Agent, and Escrow Agent hereby acknowledges receipt of, the sum of (a) Two Million Four Hundred Thousand Dollars (\$2,400,000) (the “Indemnity Escrow Funds”) and (b) [Two Million One Hundred Twenty Eight Thousand Nine Hundred Forty One Dollars and Five Cents (\$2,128,941.05)]¹ (the “Medicare Advance Payment Funds,” together with the Indemnity Escrow Funds, the “Escrow Funds”) to be held in escrow by Escrow Agent and distributed pursuant to and strictly in accordance with the terms and conditions of this Agreement. Escrow Agent shall promptly deposit, invest, and reinvest, as applicable, the Escrow Funds and the proceeds thereof into an account (the “Escrow Account”) as provided in Section 3. Escrow Agent shall release and disburse Escrow Funds only in accordance with the instructions as set forth on Exhibit A, or as otherwise expressly set forth in this Agreement. Notwithstanding anything in this Agreement to the contrary, Escrow Agent will only release and disburse Escrow Funds that have cleared normal banking channels and are considered to be good funds. For greater certainty, all Escrow Earnings shall be retained by the Escrow Agent and reinvested in the Escrow Funds and shall become part of the Escrow Funds;

¹ Amount to be updated prior to the Closing Date to reflect any repayments/recoupments made prior to the Closing Date.

and shall be disbursed as part of the Escrow Funds in accordance with the terms and conditions of this Agreement.

3. **INVESTMENT AND MAINTENANCE OF ESCROW FUNDS.** Escrow Agent shall invest and reinvest the Escrow Funds in the investment set forth on Exhibit B or any other investment that is requested in writing by both Secured Party and Depositor and that is considered acceptable in the reasonable discretion of Escrow Agent. Escrow Agent shall use Escrow Agent's reasonable discretion to select the brokers, dealers, or other traders of securities in connection with the investment of the Escrow Funds. During the term of this Agreement, Escrow Agent shall provide Secured Party and Depositor with written monthly statements containing the beginning balance of the Escrow Funds, as well as all principal and income transactions for the statement period. Escrow Agent is authorized and directed to liquidate any and all investments in whole or in part making up the Escrow Funds as Escrow Agent deems necessary to make any and all payments or distributions required under this Agreement. All investment earnings will become part of the Escrow Funds and investment losses will be charged against the Escrow Funds. With respect to any Escrow Funds received by Escrow Agent after 12:00 p.m. (Central Time), Escrow Agent will not be required to invest such Escrow Funds or to effect any investment instruction until the next day upon which banks in Birmingham, Alabama are open for business. In the event that any or all of the Escrow Funds is of the type that cannot be invested, or Secured Party and Depositor expressly request in writing that the Escrow Funds not be invested, Escrow Agent shall hold and maintain the Escrow Funds in the Escrow Account.

4. **LIABILITY OF ESCROW AGENT.** Escrow Agent is not liable for any action taken or omitted by Escrow Agent in good faith, including any loss to the Escrow Funds resulting from the investment described on Exhibit B or any loss resulting from the liquidation of any investment prior to such investment's maturity date for the purpose of making required disbursements under, and in accordance with the terms and conditions of, this Agreement, except to the extent that a court of competent jurisdiction determines that Escrow Agent's gross negligence, fraud or willful misconduct caused any loss to Depositor or Secured Party. Escrow Agent is entitled to rely upon any notice, instruction, request, or other instrument delivered by Depositor or Secured Party, not only as to its due execution, validity, and effectiveness, but also as to the truth and accuracy of any information contained in such notice, instruction, request, or other instrument, that Escrow Agent reasonably believes to be genuine and to have been signed or presented by the person purporting to sign such notice, instruction, request, or other instrument. Escrow Agent has no implied duties or obligations, except the implied contractual duty of good faith and fair dealing, and is not to be charged with knowledge or notice of any fact or circumstance not specifically set forth in this Agreement or otherwise directed to Escrow Agent by one or more of the other Parties. In no event will Escrow Agent be liable for punitive damages, even if Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. Escrow Agent is not obligated to take any legal action or commence any proceeding in connection with the Escrow Funds, the Escrow Account, this Agreement, or the Underlying Agreement, or to appear in, prosecute, or defend any such legal action or proceeding.

If any portion of the Escrow Funds is at any time attached, garnished, or levied upon under any court order, or in case the payment, assignment, transfer, conveyance, or delivery of any portion of the Escrow Funds is stayed or enjoined by any court order, or in case any order, writ, judgment, or decree is made or entered by any court affecting any portion of the Escrow Funds, then, and in

any such event, Escrow Agent is authorized, in Escrow Agent's reasonable discretion and after consultation with the other Parties, to rely upon and comply with any such order, writ, judgment, or decree that Escrow Agent is advised by legal counsel selected by Escrow Agent is binding upon Escrow Agent without the need for appeal or other action. If Escrow Agent complies with any such order, writ, judgment, or decree, Escrow Agent will not be liable to either Secured Party or Depositor or to any other person or entity by reason of such compliance, even if such order, writ, judgment, or decree is subsequently reversed, modified, annulled, set aside, or vacated.

5. RIGHTS AND DUTIES OF ESCROW AGENT. This Agreement represents the entire understanding of the Parties, and Escrow Agent is only required to perform the duties expressly described in this Agreement, and no further duties are implied from this Agreement or any other written or oral agreement by and between Escrow Agent, Depositor, and Secured Party made previous or subsequent to this Agreement, unless such written amendment to this Agreement is executed by all Parties and makes specific reference to this Agreement in accordance with Section 17. Escrow Agent's sole responsibilities are the safekeeping and disbursement of the Escrow Funds in accordance with the terms and conditions of this Agreement. Escrow Agent is not required to solicit funds from either Secured Party or Depositor in connection with this Agreement. Escrow Agent is permitted to execute any and all powers under this Agreement directly or through Escrow Agent's agents and/or attorneys, and is allowed to seek counsel regarding the construction or performance of this Agreement, or relating to any dispute between any of the Parties, from any attorney selected in the reasonable discretion of Escrow Agent. Escrow Agent will have no liability and Secured Party and Secured Party and Depositor, jointly and severally shall fully indemnify Escrow Agent from any liability whatsoever in acting in accordance with the opinion or instruction of such attorney. Secured Party and Depositor, jointly and severally, shall promptly pay, upon demand, the reasonable fees and expenses of any such attorney. Notwithstanding the foregoing, if Escrow Agent becomes uncertain as to Escrow Agent's duties under this Agreement, then Escrow Agent is permitted to (a) immediately suspend the performance of any obligations (including any disbursement obligations) under this Agreement until such uncertainty is resolved to the reasonable satisfaction of Escrow Agent or until such duties are expressly defined in a joint writing by Secured Party and Depositor, and is only required to protect and keep the Escrow Funds in their current investment until such time as such a joint writing is executed or a court of competent jurisdiction renders an order directing further action, or (b) petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction in any venue convenient to Escrow Agent, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all Escrow Funds, after payment to Escrow Agent of all fees and expenses (including court costs and reasonable attorneys' fees) due and owing to Escrow Agent pursuant to this Agreement. Escrow Agent will have no liability to Secured Party, Depositor, their respective shareholders or members, as applicable, or any other person with respect to any such suspension of performance or disbursement into court, specifically including any liability or claimed liability that arises, or is alleged to have arisen, out of or as a result of any delay in the disbursement of the Escrow Funds or any delay in or with respect to any other action required or requested of Escrow Agent, if such action is taken in accordance with the immediately preceding sentence. Upon release and disbursement of the Escrow Funds in accordance with Exhibit A, Escrow Agent will be fully released from any and all further obligations with respect to this Agreement, except for the provision of written notice to each of the other Parties, setting forth in such notice the date of release of the Escrow Funds, the

Party to whom the Escrow Funds were disbursed, and the amount disbursed, such notification to be in the form of Escrow Agent's final monthly statement.

6. **TERM OF ESCROW AGREEMENT.** Subject to the last sentence of Section 5, this Agreement automatically terminates on the date of final disbursement of the Escrow Fund (the "Termination"), except that all claims by one Party against any of the other Parties in connection with this Agreement will survive the Termination.

7. **RESIGNATION AND SUCCESSION OF ESCROW AGENT.** Escrow Agent is permitted to resign and be discharged of all duties and obligations under this Agreement by providing thirty (30) days written notice of such resignation to both Secured Party and Depositor. If Secured Party and Depositor have not named a successor escrow agent upon the expiration of such thirty (30) day notice period, Escrow Agent will have no further obligations under this Agreement, except to hold the Escrow Funds as a depository, subject to the immediately following sentence. Upon written notification by Secured Party and Depositor of the appointment of a successor escrow agent, Escrow Agent shall promptly deliver the Escrow Funds and all materials and instruments in Escrow Agent's possession that relate to the Escrow Funds to such successor escrow agent, and the duties of the resigning Escrow Agent will terminate in all respects, and the resigning Escrow Agent will be released and discharged from all further obligations set forth in this Agreement or otherwise created by this Agreement. Escrow Agent is entitled to withhold an amount equal to any undisputed amount due and owing to Escrow Agent pursuant to this Agreement.

8. **TERMINATION OF ESCROW AGENT.** Secured Party and Depositor are entitled to discharge Escrow Agent from Escrow Agent's duties under this Agreement by providing Escrow Agent with a joint writing no fewer than thirty (30) days prior to the effective date of such discharge and upon the payment of all costs and fees then due and owing to Escrow Agent pursuant to this Agreement. In such event, Escrow Agent is entitled to rely upon the instructions from Secured Party and Depositor set forth in such joint writing as to the disposition and delivery of the Escrow Funds. Upon the effective date of such discharge as stated in such joint writing, if no successor escrow agent has been named, Escrow Agent shall immediately cease further action under this Agreement and will have no further obligations under this Agreement, except to hold the Escrow Funds as a depository and to deliver the Escrow Funds and all materials and instruments in Escrow Agent's possession that relate to the Escrow Funds to a successor escrow agent upon written notification by Secured Party and Depositor of the appointment of a successor escrow agent or in accordance with a court order.

9. **TAXES.** For purposes of federal income taxes and other taxes based on income, the SECURED PARTY will be treated as the owner of the Escrow Funds until the distribution of the Escrow Funds (or such portion thereof). Secured Party and Depositor each represent, solely as to such Party, that such Party's Taxpayer Identification Number ("TIN") assigned by the Internal Revenue Service ("IRS") or any other taxing authority listed on Exhibit C is true and correct, and that such Party will notify Escrow Agent in writing immediately upon any change to such Party's TIN. Upon execution of this Agreement, Secured Party and Depositor shall each provide Escrow Agent with a fully executed W-8 or W-9, as applicable. Escrow Agent shall allocate and/or pay all interest or other income earned under this Agreement as directed in a joint writing by Secured Party and Depositor and reported as required. Escrow Agent is entitled to

withhold those taxes that Escrow Agent reasonably determines are required to be withheld by any applicable law or regulation in effect at the time of the disbursement of the Escrow Funds. In the absence of timely direction, Escrow Agent shall retain all proceeds of the Escrow Funds as Escrow Funds and Escrow Agent shall reinvest such proceeds from time to time as provided in Section 3. Secured Party and Depositor each grant to Escrow Agent a right of set-off against the Escrow Funds that Escrow Agent is entitled to exercise by providing Secured Party and Depositor with written notice no fewer than ten (10) days prior to such exercise in order to pay any and all taxes, whether federal, state, or local, incurred by the investment of the Escrow Funds. Secured Party and Depositor shall, jointly and severally, indemnify and hold harmless Escrow Agent from and against any and all liabilities for taxes and/or any penalties with respect to interest or other income earned under this Agreement that becomes part of the Escrow Funds.

10. **FEES.** DEPOSITOR shall pay the compensation for the services rendered by Escrow Agent under this Agreement pursuant to Exhibit D, and DEPOSITOR shall pay or reimburse Escrow Agent for any and all costs and expenses, including reasonable attorney's fees and expenses, incurred in connection with the preparation, execution, performance, delivery, modification, or termination of this Agreement pursuant to Exhibit D.

11. **INDEMNIFICATION OF ESCROW AGENT.** From and at all times after the Effective Date, Secured Party and Depositor, jointly and severally, shall, to the fullest extent permitted by law, defend, indemnify, and hold harmless Escrow Agent and each director, officer, employee, agent, and affiliate of Escrow Agent (collectively, the "Indemnified Parties") from and against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs, and expenses of any kind or nature whatsoever (including reasonable attorneys' fees, costs, and expenses) incurred by or asserted against any of the Indemnified Parties from and after the Effective Date, whether direct, indirect, or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action, or proceeding (including any inquiry or investigation) by any person, including Secured Party or Depositor, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any Indemnified Party under any statute or regulation, including any federal or state securities laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance of this Agreement or any transactions contemplated by this Agreement, whether or not any such Indemnified Party is a party to any such action, proceeding, or suit or the target of any such inquiry or investigation, except that no Indemnified Party has the right to be indemnified under this Agreement for any liability finally determined by a court of competent jurisdiction, subject to no further appeal, to have resulted from the gross negligence, fraud or willful misconduct of Escrow Agent or any other Indemnified Party. Escrow Agent, in Escrow Agent's reasonable discretion, has the right to select and employ one (1) counsel for all such Indemnified Parties with respect to any such action or claim brought or asserted against such Indemnified Parties, and Secured Party and Depositor, jointly and severally, shall pay upon demand the reasonable fees of such counsel. As solely between the Parties, if the Escrow Agent is entitled to any indemnification pursuant to this Section 11, each of Secured Party and Depositor shall be liable for one-half of such amount; provided that the Parties agree that, if any amounts owed in accordance with this Section 11 are caused solely by one of the Parties, such Party will indemnify the other Party for any liability to the Escrow Agent. The obligations of Secured Party and Depositor under this Section 11 will survive the Termination and the resignation or removal of Escrow Agent.

12. **REPRESENTATIONS AND WARRANTIES.** Each of Secured Party and Depositor hereby makes the following representations and warranties to Escrow Agent, each solely as to such Party:

(a) Such Party is duly organized, validly existing, and in good standing under the laws of the state of such Party's incorporation or organization, as applicable, and has full power and authority to execute and deliver this Agreement and to perform such Party's obligations under this Agreement.

(b) This Agreement has been duly approved by all necessary action by such Party, including any necessary shareholder or member approval, as applicable, has been executed by such Party's duly authorized officers, as applicable, and this Agreement constitutes such Party's valid and binding agreement enforceable in accordance with its terms, except as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and by general principles of equity.

(c) The execution, delivery, and performance of this Agreement will not violate, conflict with, or cause a default under such Party's articles of incorporation, articles of organization, bylaws, management agreement, or other organizational document, as applicable, any applicable law or regulation, any court order or administrative ruling or decree to which such Party is a party or any of such Party's property is subject, or any material agreement, contract, indenture, or other binding arrangement to which such Party is a party or any of such Party's property is subject.

(d) The applicable persons designated on Exhibit C have been duly appointed to act as such Party's representatives under this Agreement and have full power and authority to execute and deliver any written directions, to amend, modify, or waive any provision of this Agreement, and to take any and all other actions on behalf of such Party under this Agreement, all without further consent or direction from, or notice to, such Party.

13. **USA PATRIOT ACT.** Secured Party and Depositor represent to Escrow Agent, each solely as to such Party, that such Party is not (and will not be) a person or entity with whom Escrow Agent is restricted from doing business with under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury of the United States of America (including, those persons and entities named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transactions or otherwise be associated with such persons or entities. In addition, Secured Party and Depositor hereby agree to provide Escrow Agent with any additional information that Escrow Agent deems reasonably necessary from time to time in order to ensure compliance with all applicable laws concerning money laundering and similar activities. The following notification is provided to Secured Party and Depositor pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318 (the "Patriot Act"): **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person or

entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for depositors: When a depositor opens an account, if such depositor is an individual, a lender (including Escrow Agent) will ask for such depositor's name, taxpayer identification number, residential address, date of birth, and other information that will allow the lender to identify such depositor, and, if such depositor is not an individual, Escrow Agent will ask for such depositor's name, taxpayer identification number, business address, and other information that will allow the lender to identify such depositor. A lender (including Escrow Agent) may also ask, if such depositor is an individual, to see depositor's driver's license or other identifying documents, and, if such depositor is not an individual, to see such depositor's legal organizational documents or other identifying documents. In the event Secured Party or Depositor violates any of the provisions of the Patriot Act and the regulations thereunder, such event will constitute a default under this Agreement and Escrow Agent will be entitled to exercise all of Escrow Agent's rights and remedies at law or in equity, including terminating this Agreement.

14. **ILLEGAL ACTIVITIES.** Escrow Agent has the right in Escrow Agent's sole discretion to not accept appointment as escrow agent and reject any funds and collateral from Secured Party or Depositor in the event that Escrow Agent reasonably believes that such funds or collateral violate applicable banking practices or applicable laws or regulations, including the Patriot Act. In the event of suspicious or illegal activity and pursuant to all applicable laws, regulations, and practices, each of the other Parties shall reasonably assist Escrow Agent and reasonably comply with any reviews, investigations, and examinations directed against the Escrow Funds.

15. **NOTICES.** All communications, notices, and instructions required under this Agreement must be in writing and will be deemed to have been duly given if delivered, or if rejected by recipient upon attempted delivery, by (a) hand or certified mail, return receipt requested, postage prepaid, (b) facsimile or electronic transmission if followed by affirmative confirmation of receipt (such facsimile or electronic transmission to be effective on the date such affirmative confirmation of receipt is received), or (c) overnight courier (such notice to be effective the following business day if instructions to deliver such communication, notice, or instruction on the next business day are given) and addressed as follows (or to such other address as a Party designates by notice to the other Parties in accordance with this Section 15):

If to Escrow Agent:
Regions Bank

Regions Bank
Corporate Trust Department
[·]
[·]
[·]
Attn: [·]
Telephone: [·]
E-mail: [·]

If to Secured Party:

St. Helena Hospital, d/b/a Adventist Health Vallejo
10 Woodland Road,
St. Helena, CA 94574
Attn: CEO

With a copy to:

Adventist Health
Office of the General Counsel
ONE Adventist Health Way
Roseville, CA 95661
Attn: General Counsel

**With a copy to (which does
not constitute notice to
Secured Party):**

Latham & Watkins LLP
355 South Grand Avenue, Suite 100
Los Angeles, CA 90071
Attn: Daniel K. Settelmayer

If to Depositor:

Vallejo Acquisition Sub, LLC
830 Crescent Centre Drive, Suite 610
Franklin, TN 37067
Attn: General Counsel

**With a copy to (which does
not constitute notice to
Depositor):**

King & Spalding, LLP
633 West 5th Street, Suite 1600
Los Angeles, CA 90071
Attn: Torrey McClary

In the event Escrow Agent receives such written communication, notice, or instruction and determines pursuant to Escrow Agent's reasonable discretion that verification of such instructions is required, then Escrow Agent is entitled to seek confirmation of such instructions by way of telephone contact to the applicable person designated on Exhibit C. Verification of such written communication, notice, or instruction by such person called at the telephone number set forth opposite the name of such person on Exhibit C will serve to verify such written communication, notice, or instruction.

16. **ASSIGNMENT.** This Agreement is not assignable absent written consent of the Parties. Any assignment absent written consent will be deemed void *ab initio*, except that the assignment of this Agreement in connection with the merger or consolidation of a Party, or the acquisition of all or substantially all the assets of a Party, will not require written consent of the other Parties, but will require prompt written notice to the other Parties. Notwithstanding the foregoing, all covenants contained in this Agreement by or on behalf of the Parties bind and inure

to the benefit of the Parties and their respective heirs, administrators, legal representatives, successors, and assigns.

17. **MODIFICATION OF AGREEMENT.** This Agreement, including the Exhibits, constitute the complete and entire understanding of the Parties, and supersede any and all prior agreements between or among the Parties. The provisions of this Agreement cannot be waived, modified, amended, altered, or supplemented, in whole or in part, except by a writing signed by all the Parties that makes specific reference to this Agreement.

18. **CHOICE OF LAW; WAIVER OF JURY TRIAL; JURISDICTION.**² NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

Each Party irrevocably submits to the jurisdiction of (a) the state courts located in the State of California and (b) the United States District Courts located in the State of California for the purposes of any action arising out of this Agreement or any transaction contemplated by this Agreement. Each Party agrees to commence any such action either in a United States District Court located in the State of California or, if such action may not be brought in such court for jurisdictional reasons, in a state court located in the State of California. Each Party further agrees that service of any process, summons, notice, or document by United States registered mail to such Party's respective address set forth in Section 15 is effective service of process for any action in the State of California with respect to any matters to which such Party has submitted to jurisdiction in this Section 18. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any action arising out of this Agreement or the transactions contemplated by this Agreement in (i) a state court located in the State of California or (ii) a United States District Court located in the State of California, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action brought in any such court has been brought in an inconvenient forum.

19. **FORCE MAJEURE.** No Party will be liable to any other Party for losses arising out of, or the inability to perform such Party's obligations under the terms of this Agreement, due to acts of God, including fire, floods, strikes, mechanical failure, war, riot, nuclear accident, earthquake, terrorist attack, computer piracy, cyber-terrorism, fire, epidemics, delays of common carriers, or other acts beyond the control of the Parties; it being understood that Escrow Agent

² Note to Escrow Agent - this was revised to conform to the Purchase Agreement.

shall use commercially reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

20. **USE OF REGIONS BANK NAME.** No other Party shall, without the prior written consent of Escrow Agent, publish or print or cause to be published or printed any printed or other material in any language, including prospectuses, notices, reports, internet web sites, and promotional material, that mentions “Regions Bank” by name or logo or the rights, powers, or duties of Escrow Agent under this Agreement, other than in this Agreement, the Underlying Agreement, and the other documents and instruments contemplated by either this Agreement or the Underlying Agreement.

21. **EXECUTION.** The Parties are permitted to execute this Agreement in several counterparts, all of such counterparts, taken together, constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission constitutes effective execution and delivery of this Agreement as to the Parties. Signatures of the Parties transmitted by facsimile or other electronic transmission are to be deemed to be the Parties’ original signatures for all purposes.

22. **SEVERABILITY.** Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction is to be, as to that situation in that jurisdiction, ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement in that situation and that jurisdiction or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other situation or in any other jurisdiction.

23. **DEALINGS.** Subject to compliance with all applicable laws, Escrow Agent and any stockholder, director, officer, or employee of Escrow Agent is permitted to buy, sell, and deal in any of the securities of Secured Party or Depositor and become pecuniarily interested in any transaction in which Secured Party or Depositor is interested, and contract and lend money to Secured Party or Depositor and otherwise act as fully and freely as though Escrow Agent were not Escrow Agent under this Agreement. Nothing in this Agreement precludes Escrow Agent from acting in any other capacity for Secured Party or Depositor or for any other entity.

24. **ESCHEAT.** The Parties are aware that under applicable state law, property that is presumed abandoned could, under certain circumstances, escheat to the applicable state. Escrow Agent will have no liability to the other Parties, their respective heirs, legal representatives, successors, and assigns should any or all of the Escrow Funds and any proceeds from the Escrow Funds escheat by operation of law.

25. **RULES OF CONSTRUCTION.** Except as otherwise explicitly specified in this Agreement to the contrary, (a) references to Section or Exhibit means a Section of, or Exhibit to, this Agreement, unless another agreement is specified, (b) the word “including” is to be construed as “including, without limitation,” (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole, (d) words in the singular or plural form include the plural and singular form, respectively, (e) pronouns are to be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or entity requires, (f) the words “asset” and “property” are to be construed to have the same meaning and effect and to refer to all tangible and

intangible assets and properties, including cash, securities, accounts, contract rights, and real and personal property, (g) references to a particular person or entity include such person's or entity's successors and permitted assigns, (h) references to a particular statute, rule, or regulation include all rules and regulations thereunder and any predecessor or successor statutes, rules, or regulations, in each case as amended or otherwise modified from time to time, (i) references to a particular agreement, document, instrument, or certificate mean such agreement, document, instrument, or certificate as amended, supplemented, or otherwise modified from time to time if permitted by the provisions thereof, (j) references to "Dollars" or "\$" are references to United States Dollars, (k) an accounting term not otherwise defined in this Agreement has the meaning ascribed to such term in accordance with United States generally accepted accounting principles, (l) references to "written" or "in writing" include electronic form, and (m) any reference in this Agreement to a "day" or a number of "days" (without explicit reference to "business days") is to be interpreted as a reference to a calendar day or number of calendar days. The headings of Sections and Exhibits are provided for convenience only and are not to affect the construction or interpretation of this Agreement. The Exhibits are incorporated into this Agreement to the same extent as though fully set forth in this Agreement. If any period for giving notice or taking action under this Agreement expires on a day that is not a business day, the time period is to be automatically extended to the business day immediately following such day. When calculating the period of time before which, within which, or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period is to be excluded. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties and no presumption or burden of proof is to arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The recitals to this Agreement are hereby incorporated into and made a part of this Agreement by reference to such recitals.

[Signature Page Follows]

Each of the Parties, intending to be legally bound, has either duly executed and delivered this Agreement or caused an authorized representative of such Party to duly execute and deliver this Agreement on behalf of such Party as of the Effective Date.

REGIONS BANK, as Escrow Agent

By: _____
Name: _____
Title: _____

SECURED PARTY

By: _____
Name: _____
Title: _____

DEPOSITOR

By: _____
Name: _____
Title: _____

Exhibit A

Release and Disbursement Instructions

Escrow Agent shall promptly disburse all or a portion of the Escrow Funds at any time and from time to time upon receipt of, and in accordance with, a (a) joint writing by Secured Party and Depositor, which must contain complete payment instructions, including wiring instructions or an address to which a check is to be sent, or (b) court order.

1. **Indemnity Escrow Funds**. Within two (2) business days after the eighteen (18) month anniversary of the Effective Date (the “**Indemnity Escrow Termination Date**”), Escrow Agent shall release to Secured Party, by wire transfer to an account or accounts designated by Secured Party, the then current balance of the Indemnity Escrow Funds not subject to a Claim Notice (as defined below). If, prior to 5:00 p.m. (Central Time) on the Indemnity Escrow Termination Date (the “**Claim Deadline**”), Depositor elects to make a claim for indemnity pursuant to the Underlying Agreement or a claim for payment of some other amount owed to Depositor in accordance with the Underlying Agreement (in each case, a “**Claim**”), then the procedures for administering and resolving such Claims will be as follows:

(a) If Depositor elects to assert a Claim, Depositor must give written notice of such Claim (a “**Claim Notice**”) to Escrow Agent and Secured Party prior to the Claim Deadline. Such Claim Notice must include a reasonably detailed description of the Claim and the basis for such Claim and the amount, if known, asserted by Depositor for such Claim (including, if appropriate, an estimate of all costs and expenses reasonably expected to be incurred by Depositor by reason of such Claim). Prior to 5:00 p.m. (Central Time) on the date that is thirty (30) days following the date upon which such Claim Notice is delivered to Escrow Agent and Secured Party (the “**Claim Response Deadline**”), Secured Party must advise Escrow Agent and Depositor in writing (a “**Claim Response**”) if Secured Party objects to any or all of the amount of the Claim described in the Claim Notice (the “**Contested Amount**”).

(b) Escrow Agent shall promptly release from the **Indemnity Escrow Funds** to Depositor the full amount of the Claim set forth in the Claim Notice if Escrow Agent has not received from Secured Party a Claim Response prior to the Claim Response Deadline and Depositor has provided a written statement to Escrow Agent stating that Depositor has delivered the Claim Notice to Secured Party in accordance with clause (a) above.

(c) If, prior to the Claim Response Deadline, Escrow Agent receives from Secured Party a Claim Response, Escrow Agent shall promptly release from the **Indemnity Escrow Funds** to Depositor all of the amount of the Claim described in the Claim Notice, except for the Contested Amount. Thereafter, Escrow Agent shall promptly release from the **Indemnity Escrow Funds** the Contested Amount only pursuant to a (i) joint writing by Secured Party and Depositor, which must contain complete payment instructions, including wiring instructions or an address to which a check is to be sent, or (ii) court order.

2. Medicare Advance Payment Funds.

(a) In the event CMS (as defined in the Underlying Agreement) elects to forgive all of the Medicare Advance Payment Funds prior to the sixty (60) month anniversary of the Effective Date (the “Medicare Advance Termination Date”), Depositor and Secured Party shall prepare and deliver a joint writing to the Escrow Agent as promptly as practicable after such determination instructing the Escrow Agent to release to Secured Party all of the Medicare Advance Payment Funds. Within two (2) Business Days of receipt of such joint writing, Escrow Agent shall release the Medicare Advance Payment Funds to Secured Party in accordance with the payment instructions provided by Secured Party in the joint writing.

(b) In the event CMS elects to forgive a portion of the Medicare Advance Payment Funds prior to the Medicare Advance Termination Date, Depositor and Secured Party shall prepare and deliver a joint writing to the Escrow Agent as promptly as practicable after such determination instructing the Escrow Agent to release (i) to Secured Party that portion of the Medicare Advance Payment Funds that has been forgiven and (ii) to Depositor that portion of the Medicare Advance Payment Funds that has not been forgiven and that is due and payable to or recouped by CMS. Within two (2) Business Days of receipt of such joint writing, Escrow Agent shall release (i) to Secured Party that portion of the Medicare Advance Payment Funds that has been forgiven and (ii) to Depositor that portion of the Medicare Advance Payment Funds that has not been forgiven and that is due and payable to or recouped by CMS, in each case, in accordance with the payment instructions provided by Secured Party or Depositor, as applicable, in the joint writing.

(c) In the event CMS requires that the Medicare Advance Payment Funds be repaid or recouped in full prior to the Medicare Advance Termination Date, Depositor and Secured Party shall prepare and deliver a joint writing to the Escrow Agent as promptly as practicable after such determination instructing the Escrow Agent to release to Depositor the Medicare Advance Payment Funds. Within two (2) Business Days of receipt of such joint writing, Escrow Agent shall release the Medicare Advance Payment Funds to Depositor in accordance with the payment instructions provided by Depositor in the joint writing.

(d) If, at the Medicare Advance Termination Date, the Parties have not provided a joint writing with respect to the Medicare Advance Payment Funds or if any Medicare Advance Payment Funds remain in the Escrow Account, the Medicare Advance Termination Date (as may be extended) shall be automatically extended for another twelve (12) months.

Exhibit B

SCHEDULE A

Investments

Investment of Escrow Deposit

The Funds shall be invested in the GOLDMAN SACHS FINANCIAL SQUARE GOVERNMENT SVC FUND #467 (Cusip # 38141W257). This fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The fund offers a high level of liquidity and will sweep available cash automatically. This money market fund pays a 12b-1 distribution fee to Regions Bank in the annualized amount of 50/100 of 1% of total funds invested. All fees and expenses charged by the fund company are disclosed in the fund's prospectus, which is available at www.goldmansachs.com. Also, from time to time, the fund company may elect to share a portion of its management fee with Regions Bank.

Money market funds (i) are investments that involve risk, including possible loss of principal, and which may fluctuate in value; (ii) are not guaranteed by Regions or its affiliates; and (iii) are not insured by the Federal Deposit Insurance Corporation ("FDIC").

AUTHORIZED BY: [NAME OF OWNER]

By: _____
Name: _____
Title: _____
Date: _____

Exhibit C

Identifying Information

Secured Party

1. Taxpayer Identification Number: _____
2. Secured Party Representative: The following individual(s) is hereby designated as a representative of Secured Party under this Agreement.

Name: _____ Specimen Signature: _____

Name: _____ Specimen Signature: _____
3. Call-back designee(s) and phone number:

Name: _____ Phone Number: _____

Name: _____ Phone Number: _____

Depositor

1. Taxpayer Identification Number: _____
2. Depositor Representative: The following individual(s) is hereby designated as a representative of Depositor under this Agreement.

Name: _____ Specimen Signature: _____

Name: _____ Specimen Signature: _____
3. Call-back designee(s) and phone number:

Name: _____ Phone Number: _____

Name: _____ Phone Number: _____

Exhibit D

Compensation of Escrow Agent

These fees are based upon Escrow Agent's current understanding of Escrow Agent's duties under this Agreement. Escrow Agent reserves the right to adjust Escrow Agent's fees should Escrow Agent's duties change under this Agreement.

ACCEPTANCE FEE: \$__N/A_____

Acceptance Fee as it relates to Regions Bank acting in the capacity of Escrow Agent - includes review of this Agreement; acceptance of the Escrow Agent appointment; setting up of the Escrow Account and accounting records; and coordination of receipt of Escrow Funds for deposit to the Escrow Account. Acceptance Fee is payable at time of execution of this Agreement.

ONE TIME ADMINISTRATION FEE \$ _ REDACTED _____

For ordinary administrative services by Escrow Agent - includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to this Agreement; disbursement of funds in accordance with this Agreement; tax reporting during term of this Agreement; escheatment; and mailing of trust account statements to all applicable Parties. *Pricing assumes 2 year contract.

TRANSACTION FEES:

Wire Fee: \$ _____ REDAC _____
Check Disbursement: \$ _____ REDACTE _____

LEGAL FEES: If any, at cost in accordance with this Agreement

INVESTMENT: An additional \$500.00 fee will be added to the Administration Fee – One Time Fee of any Escrow Account not using one of the investment vehicles used by Regions Trust Department for its short-term investments.

Charges for performing extraordinary or other services not contemplated at the time of the execution of this Agreement or not specifically covered elsewhere in this Exhibit D will be determined by appraisal in amounts commensurate with the service to be provided. Services not included in this Exhibit D, but deemed necessary or desirable by Secured Party and Depositor, could be subject to additional charges based on a mutually agreed upon fee schedule.

Assumes a standard deposit Escrow Account expected to have a 6 month to 12-month term. If duration of any Escrow Account exceeds 12 months, there may be an additional fee.

The Acceptance Fee and the Administration Fee – One Time Fee are payable upon execution of this Agreement. In the event the Escrow Account is not funded, the Acceptance Fee and all related expenses, including attorneys' fees, remain due and payable, and if paid, will not be refunded. All other fees, if any, will be billed to the Secured Party and/or Depositor in arrears.

EXHIBIT C

FORM OF BILL OF SALE

RECITALS

A. ST. HELENA HOSPITAL d/b/a ADVENTIST HEALTH VALLEJO, a California nonprofit religious corporation (“Seller”), is party to that certain Asset Purchase Agreement dated as of February 5, 2021 by and among Seller, VALLEJO ACQUISITION SUB, LLC, a Delaware limited liability company (“Buyer”), and solely with respect to Section 12.15 thereof ADVENTIST HEALTH SYSTEM/WEST, a California nonprofit religious corporation, d/b/a ADVENTIST HEALTH, and solely with respect to Section 12.14 thereof, ACADIA HEALTHCARE COMPANY, INC., a Delaware corporation (the “Agreement”). Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Agreement.

B. Seller desires to convey the Assets to Buyer, Buyer desires to accept the Assets from Seller, in each case, upon the terms and conditions in the Agreement.

AGREEMENT

By this instrument, Buyer and Seller, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees as follows:

- (1) Effective as of the Effective Time, Seller does hereby grant, bargain, transfer, sell, assign, convey and deliver to Buyer, all right, title and interest in and to the Assets free and clear of any Encumbrance which is not a Permitted Encumbrance as of the Closing Date, as such terms are defined in the Agreement.
- (2) Specifically excluded from this Bill of Sale are the Excluded Assets and the Seller shall retain all right, title, and interest in, to, and under the Excluded Assets pursuant to the Agreement.
- (3) This Bill of Sale is subject to and controlled by the terms of the Agreement. In the event of a conflict between the terms and conditions of this Bill of Sale and the terms and conditions of the Agreement, the terms and conditions of the Agreement shall govern, supersede and prevail. Buyer acknowledges that Seller is making no representation or warranty with respect to the Assets being conveyed by this Bill of Sale except as specifically set forth in the Agreement.

Seller has duly executed and delivered this Bill of Sale as of [●], 2021.

SELLER

ST. HELENA HOSPITAL, d/b/a ADVENTIST HEALTH
VALLEJO

By: _____
Its: _____

EXHIBIT D

FORM OF TRANSITION SERVICES AGREEMENT

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this “Agreement”), dated as of [____], 2021 (the “Effective Date”), is entered into by and between **Vallejo Acquisition Sub, LLC**, a Delaware limited liability company (“Buyer”) and **St. Helena Hospital**, a California nonprofit religious corporation (“Seller”). Buyer and Seller are also each individually referred to in this Agreement as a “Party,” and collectively as the “Parties.”

RECITALS:

- A. Buyer and Seller are parties to that certain Asset Purchase Agreement, dated as of February 5, 2021 (the “Purchase Agreement”), by and among Buyer, Seller, Adventist Health System/West, a California nonprofit religious corporation, and Acadia Healthcare Company, Inc., a Delaware corporation, which provides for the acquisition by Buyer of the Assets and the assumption by Buyer of the Assumed Liabilities, in each case, as set forth in the Purchase Agreement relating to the Hospital. Capitalized terms used in this Agreement and not otherwise defined herein have the meanings given to such terms in the Purchase Agreement.
- B. In connection with the transactions contemplated by the Purchase Agreement, the Parties have agreed to enter into this Agreement to set forth the terms and conditions upon which Seller will provide or cause to be provided to Buyer certain identified services during the term of this Agreement.

NOW, THEREFORE, in consideration of the Recitals and the mutual agreements set forth in this Agreement, and pursuant to and in further consideration for the Purchase Agreement, the Parties agree as follows:

1. Transition Services.

a. Seller shall perform, or cause to be performed, for Buyer the transition services as set forth on Schedule 1 hereto for the time periods described in Schedule 1 (each a “Transition Service,” and collectively, the “Transition Services”). In consideration for the performance of the Transition Services, Buyer shall pay to Seller the fees set forth on Schedule 1 (the “Service Fees”) in accordance with Section 4 of this Agreement.

b. If in the three (3) months after the Effective Date, Buyer reasonably determines that additional services (i) are not set forth in Schedule 1, (ii) are necessary to conduct the Business and were utilized by Seller in the operation of the Business immediately prior to the Closing Date, and (iii) neither Buyer nor any of its Affiliates are reasonably able to provide such services (each, an “Omitted Service”) then Buyer may, by written notice to Seller, request that Seller provide (or cause to be provided) such Omitted Services and the Parties will negotiate in good faith the terms for such Omitted Services, including duration and additional associated Service Fees (provided that the Omitted Services are charged only at Seller’s costs in rendering such Omitted Services and such costs are priced using a consistent pricing methodology with that used in pricing of other Transition Services, as applicable). Upon agreement of the terms for the performance of the Omitted Services, the Parties shall effect an amendment to Schedule 1 setting forth the Omitted Services and the terms and conditions for the provision of such Omitted Services, and such Omitted Services shall, as of such amendment to Schedule 1, be deemed “Transition Services” for the purposes of this Agreement.

c. Buyer’s use of any Transition Services will not be greater than the level of use required by the operation of the Business immediately prior to the Closing Date. Seller shall perform the

Transition Services only for Buyer and Buyer shall use the Transition Services only for substantially the same purpose and in substantially the same manner and scope as the Business used the Transition Services immediately prior to the Closing Date. Buyer shall not resell any Transition Service to any third party or permit the use of any Transition Service by any third party.

2. Performance of Services.

a. Seller and its Affiliates shall perform the Transition Services in compliance with applicable Law and otherwise consistent with the manner Seller and its Affiliates performed such Transition Services for the Business immediately prior to the Closing Date. Seller or its Affiliates may use a third party service provider to perform the Transition Services provided that Seller shall use commercially reasonable efforts to ensure that each third party provider complies with the terms of this Agreement in relation to the provision of Transition Services and Seller shall remain responsible for the performance of the Transition Services by such third party service provider or Affiliate in accordance with the terms of this Agreement. Buyer agrees and acknowledges that the provision of any Transition Service requiring the use of any third party providers shall be subject to receipt of any required consents, waivers, licenses, sublicenses or approvals of the applicable third party providers (each a "Third Party Consent"). In those instances in which the payment of additional consideration by any Party is required in order to obtain any Third Party Consent (any such additional consideration, a "Third Party Consent Fee"), then Seller will provide Buyer written notice detailing the amount of such Third Party Consent Fee and Buyer will then have the option to (i) find an alternate provider at its own expense or (ii) authorize Seller to incur the Third Party Consent Fee on Buyer's behalf, and Buyer and Seller shall split such Third Party Consent Fee equally. In the event any required Third Party Consent is not obtained and Seller is unable to perform a Transition Service, Seller will provide written notice to Buyer as promptly as practicable. Notwithstanding the foregoing, Seller and Buyer each agree that they will use their respective reasonable efforts to obtain Third Party Consents. Seller additionally agrees to cooperate in good faith with Buyer, at Buyer's cost, to implement a commercially reasonable alternative manner of providing any Transition Services to the extent a required Third Party Consent is not obtained.

b. Seller may modify the manner of providing Transition Services if required to respond to the needs of Seller's own businesses or if required to comply with Seller's agreements with third party service providers; *provided* that any such modification shall not increase the cost to receive the applicable Transition Services or materially adversely affect the use or benefit of the Transition Services.

c. Buyer shall make available to Seller and its Affiliates, on a timely basis following reasonable notice, all information and materials reasonably requested by Seller and its Affiliates as necessary for Seller and its Affiliates to perform the Transition Services. Buyer shall give Seller and its Affiliates reasonable access, upon reasonable prior notice, during regular business hours and at such other times as are reasonably required, to the premises of Buyer as necessary or appropriate for the performance of the Transition Services. Neither Seller nor any of its Affiliates shall have any obligation to perform any Transition Service to the extent that performing such Transition Service is dependent upon, or otherwise requires, Buyer to perform some service, operation or function prior to Seller or the applicable Affiliate performing any such Transition Service unless Buyer shall have, in fact performed such other service, operation or function consistent with commercially reasonable business practices. Neither Seller nor any of its Affiliates shall be liable for any action or inaction taken or omitted to be taken by it or a relevant third party provider pursuant to, and in accordance with, instructions received from Buyer.

d. Notwithstanding anything to the contrary contained in this Agreement, in no event will any Transition Service include any services that would be unlawful for Seller or its Affiliates to perform.

e. Seller or its Affiliates shall have the right to shut down temporarily for maintenance purposes the operation of any facilities or systems providing any Transition Service to the extent that such action is necessary or advisable. With respect to any Transition Services dependent on the operation of such facilities or systems, Seller shall be relieved of its obligations hereunder to provide such Transition Services during the period that such facilities or systems are so shut down in compliance with this Agreement, but shall use commercially reasonable efforts to (i) provide Buyer with reasonable advance notice of any such shutdown, to the extent practicable, and (ii) minimize each period of shutdown.

f. Notwithstanding anything to the contrary contained in this Agreement, neither Seller nor any of its Affiliates shall be obligated to provide, nor be deemed to be providing, any legal, financial, accounting or tax advice to Buyer or the Business, pursuant to this Agreement or in connection with the Transition Services provided hereunder or otherwise.

g. Notwithstanding anything to the contrary contained in this Agreement, neither Seller nor any of its Affiliates shall be obligated as part of or in connection with the Transition Services provided hereunder to prepare or deliver any notification or report to any Governmental Authority or other Person on behalf of Buyer or the Business.

h. Subject to Seller's compliance with the terms of this Agreement (including Section 2(a)), in providing the Transition Services, neither Seller nor any of its Affiliates shall be obligated to: (i) hire or train any additional employees (including replacement of any employees who would have otherwise provided any of the Transition Services); (ii) maintain the employment of any specific employees; (iii) incur any cost in connection with the purchase, lease or license of any additional equipment, Intellectual Property, software or other personal property; or (iv) upgrade or modify any existing equipment or other personal property.

3. Term and Termination.

a. The term of this Agreement shall commence on the Effective Date and shall continue with respect to each particular Transition Service until the termination date set forth for such Transition Service in Schedule 1 at which time this Agreement shall automatically terminate with respect to the Transition Service in question, or until this Agreement or the Transition Service in question is earlier terminated in accordance with this Section 3.

b. Buyer may from time to time elect to terminate any Transition Service (in whole but not in part) by providing Seller with written notice (the "Termination Notice"), which notice shall specify which of the Transition Services are to be terminated (the "Terminated Services") and the date on which such Terminated Services are to be terminated, which date shall be at least fifteen (15) days after Seller's receipt of the Termination Notice (the "Termination Date"); provided, that Buyer will be liable for the Service Fees associated with the Terminated Services through the Termination Date for such Transition Service. As soon as commercially reasonably practicable following receipt of the Termination Notice, Seller will advise Buyer whether the termination of the Terminated Services will require the termination of any other Transition Services that are related to or dependent upon the Terminated Service, or will result in any early termination costs related to third party providers that would be payable as a result of terminating such Terminated Service (which third party costs, if any, will be borne by Buyer). If such third party costs would be triggered as a result of such termination, then Buyer may withdraw its Termination Notice within ten (10) days after receipt of such notice from Seller, and upon such withdrawal, the Transition Services shall continue to be provided by Seller without interruption; provided that Seller has not, at Buyer's request, delivered a termination notice to any third party provider of such Transition Services. If Buyer does not withdraw its Termination Notice within ten (10) days after receipt by Buyer of the Termination Notice, such termination will be final and the Terminated Services will cease to be provided on the Termination

Date. All termination charges (including any applicable third party costs) shall be due and payable to Seller in immediately available funds within thirty (30) days of Buyer's receipt of any invoice therefor.

c. In the event of a material breach of this Agreement by either Party that continues without cure for a period of thirty (30) days (or ten (10) days with respect to any default in payment obligations), the non-breaching Party may, upon thirty (30) days' (or ten (10) days with respect to any default in payment obligations) prior written notice to the breaching Party, terminate this Agreement without any further obligation or liability to the breaching Party with respect to such Transition Services except if either Party terminates this Agreement pursuant to this Section 3(c), Buyer will be liable for the Service Fees earned through the end of such thirty (30) day period or ten (10) day period, as applicable.

d. No termination of this Agreement or any Transition Services shall relieve any Party from liability for any breach of this Agreement prior to termination thereof. Sections 3(d), 4, 6, 7 and 9 through 19 shall survive any expiration or termination of this Agreement.

4. Fees.

a. Buyer shall pay the Service Fees specified in Schedule 1 at the time(s) specified in Schedule 1, but if no payment date is set out in Schedule 1 for a Transition Service, then Seller shall invoice Buyer on a monthly basis for the Service Fees. An invoice for Transition Services shall be due and payable by Buyer at the time specified in Schedule 1, or if not specified in Schedule 1, within thirty (30) days after Buyer's receipt of such invoice. For any Service Fees which are tied to Seller's costs, Seller shall provide reasonable documentation to Buyer to support such pass-through costs. Any amounts payable by Buyer under this Section 4 that are not paid when due shall bear interest, from the date due until paid, at the rate of two percent (2.0%) per annum.

b. The Service Fees described herein do not include any direct or indirect local, state, federal or foreign taxes, levies, duties or similar governmental assessments of any nature, including sales, franchise, value-added, excise, use or similar taxes (collectively, "Service Taxes"). Buyer and Seller agree to use commercially reasonable efforts to reduce the amount of Service Taxes payable with the billed Service Fees.

5. **INTENTIONALLY LEFT BLANK.**

6. Disclaimer; Limitation on Liability.

a. BUYER HEREBY ACKNOWLEDGES AND AGREES THAT SELLER HAS AGREED TO PROVIDE THE TRANSITION SERVICES HEREUNDER SOLELY AS AN ACCOMMODATION TO BUYER AND THAT SUCH TRANSITION SERVICES ARE PROVIDED ON AN "AS IS" AND "WITH ALL FAULTS" BASIS, SUCH THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER SELLER NOR ANY OF ITS AFFILIATES OR DESIGNEES MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY WITH RESPECT TO THE TRANSITION SERVICES, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR USE, TITLE, NON-INFRINGEMENT, ACCURACY, AVAILABILITY, TIMELINESS, COMPLETENESS OR THE RESULTS TO BE OBTAINED FROM SUCH TRANSITION SERVICES, AND SELLER AND ITS AFFILIATES HEREBY DISCLAIM THE SAME.

b. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL SELLER OR ANY OF ITS AFFILIATES OR DESIGNEES HAVE ANY LIABILITY FOR (A) ANY PUNITIVE, EXEMPLARY OR OTHER SPECIAL DAMAGES, OR

ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUSINESS INTERRUPTION OR LOSS OF CUSTOMERS, GOODWILL, USE, INCOME, PROFITS OR ANTICIPATED PROFITS, BUSINESS OR BUSINESS OPPORTUNITY, SAVINGS, DATA OR BUSINESS REPUTATION), REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED IN CONTRACT, BREACH OF WARRANTY, TORT, NEGLIGENCE OR ANY OTHER THEORY, AND REGARDLESS OF WHETHER BUYER OR ANY OF ITS AFFILIATES HAS BEEN ADVISED OF, KNEW OF OR SHOULD HAVE KNOWN OF, ANTICIPATED OR FORESEEN THE POSSIBILITY OF SUCH DAMAGES OR (B) ANY AMOUNTS IN EXCESS OF THE AGGREGATE SERVICE FEES PAID OR PAYABLE HEREUNDER DURING THE TERM OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE FOREGOING WILL NOT APPLY TO ANY CLAIMS BY BUYER ARISING AS A RESULT OF SELLER'S GROSS NEGLIGENCE, WILLFUL BREACH OR FRAUDULENT ACTIONS.

7. Confidentiality.

a. During the term of this Agreement and thereafter, each Party (the "Receiving Party") shall, and shall instruct its Representatives to, maintain in confidence and not disclose to anyone other than the other Party, any confidential, non-public information concerning the other Party's (the "Disclosing Party") business and products ("Confidential Information"). The Receiving Party shall use the same degree of care, but no less than reasonable care, to protect the Confidential Information of the Disclosing Party as it uses to protect its own Confidential Information of like nature. Unless otherwise authorized in any other agreement between the Parties, the Receiving Party may use the Disclosing Party's Confidential Information only for the purposes of fulfilling its obligations under this Agreement (the "Permitted Purpose"). The Receiving Party may disclose such Confidential Information only to its Representatives who have a need to know such information for the Permitted Purpose and who have been advised of the terms of this Section 7 and the Receiving Party shall be liable for any breach of these confidentiality provisions by such persons. "Representative" means, as to any person, such person's Affiliates, and its and their respective directors, officers, employees, managing members, general partners, shareholders, agents and consultants (including attorneys, financial advisors and accountants).

b. Notwithstanding anything to the contrary, the restrictions in Section 7(a) shall not apply to any information that (a) is or becomes generally available to the public other than as a result of a breach of these provisions by the Receiving Party, (b) becomes available to the Receiving Party after the Effective Date on a non-confidential basis from a source other than the Disclosing Party or in connection with the provision of the Transition Services, provided that the source of such information was not bound by a confidentiality agreement with, or bound by any other contractual, legal or fiduciary obligation of confidentiality to, the Disclosing Party with respect to such information or (c) is independently developed by the Receiving Party without reference to or use of the Confidential Information of the Disclosing Party. Additionally, the foregoing Section 7(a) shall not prohibit use of the other Party's Confidential Information as is required by Law (after the Receiving Party has advised and consulted with the Disclosing Party about its intention to make, and the proposed contents of, such disclosure); provided, that the Receiving Party shall provide the Disclosing Party with prompt written notice of such request so that the Disclosing Party may seek an appropriate protective order or other appropriate remedy and, if such protective order or remedy is not obtained, the Receiving Party may disclose only that portion of the Confidential Information which the Receiving Party is legally required to disclose, and the Receiving Party shall exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information so disclosed.

c. Upon demand by the Disclosing Party at any time, or upon expiration or termination of this Agreement with respect to any Transition Service, the Receiving Party agrees promptly to return or destroy, at the Disclosing Party's option, all Confidential Information in its or its

Representatives possession. If such Confidential Information is destroyed, an authorized officer of the Receiving Party shall certify to such destruction in writing.

8. Designated Point of Contact. Seller and Buyer shall each name a point of contact who shall be responsible for the day to day implementation of this Agreement, including attempted resolution of any issues that may arise during the performance of any Party's obligations hereunder. The contact information for each representative is set forth below:

Seller:

Kathleen Lucke
Email: luckek@ah.org
Phone: 916-406-0993

Buyer:

Marty Garcia
Email: Marty.Garcia@acadiahealthcare.com
Phone: 615-721-1143

9. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or by a nationally recognized overnight courier service to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt):

If to Buyer, addressed to:

Vallejo Acquisition Sub, LLC
830 Crescent Centre Drive, Suite 610
Franklin, TN 37067
Attn: General Counsel

With a copy to:

King & Spalding, LLP
633 West 5th Street, Suite 1600
Los Angeles, CA 90071
Attn: Torrey McClary

If to Seller, addressed to:

St. Helena Hospital
10 Woodland Road,
St. Helena, CA 94574
Attn: CEO

With a copy to:

Adventist Health
Office of the General Counsel

ONE Adventist Health Way
Roseville, CA 95661
Attn: General Counsel

Latham & Watkins LLP
355 South Grand Avenue, Suite 100
Los Angeles, CA 90071
Attn: Daniel K. Settelmayer

or to such other address or to such other person as either Party shall have last designated by such notice to the other Party

10. Amendments; Waiver. This Agreement may be modified or amended only by an instrument in writing, duly executed by Buyer and Seller. No waiver by any Party of any term, provision, condition, covenant, agreement, representation or warranty contained in this Agreement (or any breach thereof) shall be effective unless it is in writing executed by the Party (or its representative) against which such waiver is to be enforced. Unless expressly stated as part of any waiver, no waiver shall be deemed or construed as a further or continuing waiver of any such term, provision, condition, covenant, agreement, representation or warranty (or breach thereof) on any other occasion or as a waiver of any other term, provision, condition, covenant, agreement, representation or warranty (or of the breach of any other term, provision, condition, covenant, agreement, representation or warranty) contained in this Agreement on the same or any other occasion.

11. Relationship. Nothing contained in this Agreement and no action taken or failed or omitted to be taken by any Party pursuant hereto shall be deemed to constitute the Parties a partnership, an association, a joint venture or other entity. Seller shall at all times be acting as an independent contractor in providing the Transition Services and otherwise under this Agreement. Neither Party has any right or authority to obligate or bind the other Party or its Affiliates as to any matter whatsoever.

12. Assignment; Binding Nature; No Beneficiaries. This Agreement may not be assigned by a Party without the written consent of the other Party; provided, however, that either Party may assign its rights hereunder to any Affiliate that assumes such Party's obligations hereunder, and Buyer may collaterally assign its rights hereunder to any financial lender. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties hereto and their respective heirs, personal representatives, legatees, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any Person other than the Parties hereto and their respective heirs, personal representatives, legatees, successors and permitted assigns.

13. Headings. The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

15. Remedies Cumulative. Except as otherwise provided herein, the remedies provided for or permitted by this Agreement shall be cumulative and the exercise by any Party of any remedy provided for herein shall not preclude the assertion or exercise by such Party of any other right or remedy provided for herein.

16. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

17. Entire Agreement. This Agreement (along with Schedule 1 as it may be supplemented from time to time in accordance with this Agreement), together with the Purchase Agreement and the other Transaction Documents and certificates and other instruments delivered hereunder and thereunder, state the entire agreement of the Parties, merge all prior negotiations, agreements and understandings, if any, and state in full all representations, warranties, covenants and agreements that have induced this Agreement. Each Party agrees that in dealing with third parties no contrary representations will be made.

18. Force Majeure. Neither Party will be liable to the other for any loss, claim or damage as a result of any delay or failure in the performance of any obligation hereunder, directly or indirectly caused by or resulting from any act or event beyond such Party's control, including: acts of the government; acts of God; acts of third persons; acts of war or terrorism; strikes; embargoes; delays in the mail, transportation and delivery; power failures and shortages; fires; floods; epidemics, pandemics and the worsening thereof (including COVID-19); unusually severe weather conditions; or other causes beyond the control of such Party; provided, however, that no event of force majeure shall relieve Buyer from its payment obligations under this Agreement with respect to the Transition Services actually performed hereunder.

19. Counterparts; Facsimile. For the convenience of the Parties, this Agreement may be executed in any number of counterparts, each such executed counterpart shall be deemed an original and all such counterparts together shall constitute one and the same instrument. Facsimile and electronic PDF transmission of any signed original counterpart transmission shall be deemed the same as the delivery of an original.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and Buyer have executed and entered into this Agreement effective as of the Effective Date.

BUYER:

VALLEJO ACQUISITION SUB, LLC

By: _____

Name: _____

Title: _____

SELLER:

ST. HELENA HOSPITAL

By: _____

Name: _____

Title: _____

SCHEDULE 1

TRANSITION SERVICES¹

Transition Serviced – Description and Fees:

Service Name	Service Description	Fee	Payment Date/Time	Start Date	Termination Date
██████████ ██████████	Assist Buyer with medical staff credentialing as needed.	██████████	Within 5 days of the start of the month	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████████████ ██████████ ██████████████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████████████ ██████████████████ ██████████████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties

¹ NTD: To be updated as agreed upon by the parties during the APA pre-closing period.

██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties

² Note to Acadia: AH System is currently in negotiations with a different pharmacy distribution vendor.

					one (1) year upon mutual agreement of the parties
██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties

██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████████ ██████████ ██████████ ██████████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties

██████████ ██████████ ██████		██████████ ██████████		Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties
██████████ ██████████ ██████		██████████ ██████████	Within 5 days upon receipt of invoice	Closing Date	180 days after the Closing Date, provided that the services may be extended on a month-to-month basis for up to one (1) year upon mutual agreement of the parties

* No written contract exists or was found between vendor and Seller or Seller Parent.

EXHIBIT E

FORM OF PROFESSIONAL SERVICES AGREEMENT

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (this “**Agreement**”) is entered into as of [●], 2021 (the “**Execution Date**”), by and between [Vallejo Acquisition Sub, LLC, a Delaware limited liability company qualified to do business in California] (“**Acadia**”) and ADVENTIST HEALTH CALIFORNIA MEDICAL GROUP, INC., a California professional corporation (“**CMG**”). Acadia and CMG are sometimes referred to in this Agreement as a “**Party**” or, collectively, as the “**Parties**.”

RECITALS

A. Acadia owns and operates an inpatient psychiatric facility in Vallejo, California (“**Hospital**”)

B. CMG is a professional corporation organized under the laws of the State of California (the “**State**”) that employs and contracts with the physicians who are duly licensed and qualified to practice medicine in the State, including the individuals listed in **Exhibit A** (collectively, “**CMG Physicians**” and each, a “**CMG Physician**”), each of whom are board certified for the practice of medicine in the specialty of psychiatry (the “**Specialty**”) and active members in good standing with the Hospital’s medical staff (the “**Medical Staff**”). Acadia may, with ninety (90) days’ prior written notice to CMG and applicable CMG Physician, amend **Exhibit A** to remove a CMG Physician if it determines such CMG Physician’s Services (as defined below) are no longer needed, as determined in Acadia’s sole and reasonable discretion.

C. Acadia desires to engage CMG as an independent contractor to provide the Services of the CMG Physicians, and CMG desires to provide the Services of the CMG Physicians, upon the terms and conditions set forth in this Agreement.

AGREEMENT

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I.

PROFESSIONAL SERVICE OBLIGATIONS

1.1 Professional Services. CMG shall ensure the CMG Physicians provide the professional services described in **Exhibit 1.1** to Hospital patients (the “**Professional Services**”), upon the terms and subject to the conditions set forth in this Agreement and in accordance with the bylaws, rules, regulations, protocols, guidelines and policies of Hospital and the Medical Staff (collectively, the “**Hospital Rules**”).

1.2 Additional Services. CMG shall ensure the CMG Physicians shall, upon request by Acadia, provide to Acadia those additional services set forth in **Exhibit 1.2** (the “**Additional Services**”), upon the terms and subject to the conditions set forth in this Agreement.

1.3 Hospital Staffing and Coverage.

(a) CMG shall ensure CMG Physicians are physically present and available to provide the Professional Services at the Hospital pursuant to a staffing schedule as agreed upon by the Parties and as reasonably requested by Acadia for the necessary and appropriate operation of Hospital twenty-four (24) hours per day, seven (7) days per week, including all holidays. CMG and Acadia shall cooperate, including agreement on which Party shall engage any additional providers, including locum tenens, to ensure vacation coverage and coverage in case of illness or unavailability of a scheduled CMG Physician as necessary for the sufficient staffing of Hospital.

(b) CMG shall ensure that, in addition to the Hospital staffing described in Section 1.3(a) above, one (1) or more CMG Physicians are available to provide Professional Services, including rounding services, at Hospital on an on-call basis, twenty-four (24) hours per day, seven (7) days per week, including all holidays (collectively, the “**On-Call Coverage**”) pursuant to a schedule as mutually agreed upon by the Parties as part of a larger panel of call coverage providers for Hospital. No later than five (5) days prior to the beginning of each month during the term of this Agreement, CMG shall provide Acadia with the on-call schedule for such month for the CMG Physicians. Any CMG Physician on-call to Hospital shall not be simultaneously be on-call to any other hospital or health care facility.

1.4 Director Services. CMG shall provide and cause [REDACTED] a CMG Physician to serve as medical director of Hospital (“**Medical Director**”). Medical Director shall perform the duties set forth on **Exhibit 1.4 (“Director Services”)**, upon the terms and subject to the conditions set forth in this Agreement and in accordance with Hospital Rules. CMG shall cause Medical Director to devote whatever time is necessary to effectively provide the Director Services and as reasonably requested by Acadia. If Medical Director is unable to provide Director Services due to illness, disability, vacation or any other absence, CMG shall designate a replacement CMG Physician to provide Director Services on behalf of Medical Director, subject to prior approval of Acadia, which approval shall not be unreasonably withheld or delayed. The Professional Services, Additional Services, On-Call Coverage, and Director Services are sometimes referred to collectively in this Agreement as the “**Services.**”

1.5 Time Reports. CMG Physicians shall maintain and submit to Acadia monthly time reports that provide a true and accurate accounting of time spent on a daily basis providing the On-Call Coverage and Director Services, as applicable and as reasonably requested by Acadia. Such reports shall be in the form as set forth in **Exhibit 1.5**. CMG shall cause CMG Physicians to submit all time reports to Acadia no later than the tenth (10th) day of each month for On-Call Coverage and Director Services, as applicable, provided by CMG Physicians during the immediately preceding month.

1.6 Charity Care. If reasonably requested by Acadia, CMG shall provide charity care to Hospital patients in accordance with applicable policies of Acadia and Hospital, as amended from time to time.

1.7 Referrals. CMG and CMG Physicians shall be entitled to refer patients to any hospital or other health care facility or provider deemed by CMG and CMG Physicians best qualified to deliver medical services to any particular patient. Nothing in this Agreement or in any other written or oral agreement between Acadia and CMG, nor any consideration offered or paid in connection with this Agreement, contemplates or requires the admission or referral of any patients or business to Acadia or any Affiliate. In the event that any governmental agency, any court or any other judicial body of competent jurisdiction, as applicable, issues an opinion, ruling or decision that any payment, fee or consideration provided for hereunder is made or given in return for patient referrals, either Party may at its option terminate this Agreement with three (3) days' notice to the other Party. CMG's rights under this Agreement shall not be dependent in any way on the referral of patients or business to Hospital, Acadia or any Affiliate by CMG or CMG Physicians.

1.8 Nondiscrimination. Neither CMG nor any CMG Physician shall differentiate or discriminate in the provision of medical services on the basis of race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, or claims history, in violation of any applicable state, federal or local law or regulation, or Hospital Rules, including, without limitation, the Age Discrimination Act of 1975, the Americans with Disabilities Act and all regulations issued pursuant thereto and as may be amended from time to time.

1.9 Medical Records.

(a) CMG shall ensure CMG Physicians prepare complete, timely, accurate medical and other records with respect to the services and treatment furnished by CMG Physicians to any Hospital patient, in accordance with the Hospital Rules, federal and state laws and regulations, and the standards and recommendations of such nationally recognized accrediting organization as Acadia reasonably designates from time to time. All such information and records relating to any Hospital patient shall be: (i) prepared on forms or technology platforms used, developed, provided or approved by Acadia; (ii) the sole property of Acadia; and (iii) maintained at Hospital in accordance with the terms of this Agreement and for so long as is required by applicable laws and regulations.

(b) CMG shall maintain and upon request provide to patients, Acadia, and to state and federal agencies, all financial books and records and medical records and charts as may be necessary for CMG and/or Acadia to comply with applicable state, federal, and local laws and regulations and with contracts between Acadia and third party payors. CMG shall reasonably cooperate with Acadia in completing such claim forms for Hospital patients as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payors. CMG shall retain all such records and information for at least ten (10) years following the expiration or termination of this Agreement. This Section 1.9(b) shall survive the expiration or termination of this Agreement.

(c) Both during and after the term of this Agreement, Acadia shall permit CMG and its agents to inspect and/or duplicate, at CMG's sole cost and expense, any medical chart and record to the extent necessary to meet CMG's professional responsibilities to patients, to assist in the defense of any malpractice or similar claim to which such chart or record may be

pertinent, and/or to fulfill requirements pursuant to provider contracts to provide patient information; provided, however, such inspection or duplication is permitted and conducted in accordance with applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality.

1.10 Representations and Warranties by CMG. CMG represents and warrants that to its knowledge: (a) no CMG Physician's license to practice medicine in any state has ever been suspended, revoked or restricted; (b) no CMG Physician has ever been reprimanded, sanctioned or disciplined by any licensing board or medical specialty board; (c) no CMG Physician has ever been debarred, excluded or suspended from participation in, or sanctioned by, Medicare and Medicaid programs or any other Federal health care program, as defined at 42 U.S.C. Section 1320a-7b(f) (collectively, the "**Federal Health Care Programs**"); (d) no CMG Physician has ever been denied membership and/or reappointment to the medical staff of any hospital or health care facility; (e) no CMG Physician's medical staff membership or clinical privileges at any hospital has ever been suspended, limited or revoked for a medical disciplinary cause or reason; and (f) no CMG Physician has never been charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, controlled substances, or moral turpitude, or any crime relevant to the provision of medical services or the practice of medicine.

ARTICLE II.

PROFESSIONAL QUALIFICATIONS AND STANDARDS

2.1 Professional Qualifications. CMG shall ensure that:

(a) Each CMG Physician is and shall remain a member in good standing in the "active staff" category of the Medical Staff.

(b) Each CMG Physician is and shall remain duly licensed and qualified to practice medicine in the State.

(c) Each CMG Physician is and shall remain board certified in the Specialty.

(d) Each CMG Physician has and will maintain a valid and unrestricted United States Drug Enforcement Administration ("**DEA**") registration.

2.2 Performance Standards. CMG shall ensure each CMG Physician shall, as applicable:

(a) comply with all Hospital Rules;

(b) participate in continuing education as necessary to maintain licensure, professional competence and skills commensurate with the standards of the medical community and as otherwise required by the medical profession; and

(c) comply with all applicable standards and recommendations of such nationally recognized accrediting organization as Hospital designates from time to time, Title 22 of the California Code of Regulations ("**Title 22**") and other accreditation and regulatory bodies.

2.3 Participation in Governmental Programs. CMG shall ensure each CMG Physician shall: be a participating provider in the Federal Health Care Programs, which programs include, but are not limited to, Medicare and Medicaid; accept and perform Services for Federal Health Care Program patients at a level that is commensurate with the community need as determined by Acadia; and participate in any Medicare and/or Medicaid managed care efforts and programs of Acadia, as reasonably requested by Acadia from time to time.

2.4 Programs. CMG shall ensure that each CMG Physician participates, in and abide by any quality assurance, grievance procedure, peer review, utilization management, confidentiality or credentialing programs and systems which Acadia may establish and maintain, from time to time. The Parties agree that the records and proceedings of the committees referred to in this section are subject to the immunities and privileges required by the laws of the State. The Parties shall conduct all of their activities with respect to this Agreement, and specifically with respect to the proceedings and records of the committees referred to in this section, to affirm and ensure the applicability of such laws to their activities.

2.5 Background Checks and Drug Testing. CMG and CMG Physicians understand and agree that Acadia may test (or require to be tested) any of the CMG Physicians for use of drugs at any time, or use of alcohol at any time during normal business hours, by any commercially reasonable method that Acadia chooses in its reasonable discretion, and CMG and CMG Physicians authorize Acadia to obtain and use the results of such testing for its own internal administration purposes. CMG further gives permission for Acadia at any time before the termination of this Agreement to order or conduct any or all of the following background investigations:

- (a) HHS OIG List of Excluded Individuals/Entities (LEIE) (<http://exclusions.oig.hhs.gov/>)
- (b) GSA List of Parties Excluded from Federal Procurement and Non-procurement Programs (EPLS) (<https://www.epls.gov/eplsearch.do>)
- (c) State and federal criminal background;
- (d) Primary source verification of education;
- (e) Child abuse registry check;
- (f) Sex offender registry;
- (g) License verification from the State;
- (h) National Practitioner Databank;
- (i) Social Security Number Verification; and
- (j) Address Verification.

ARTICLE III.

ADMINISTRATIVE OBLIGATIONS

3.1 Use of Facilities. Neither CMG nor any CMG Physician shall use any part of Hospital's facilities for any purpose other than the performance of the Services or other duties and obligations set forth in this Agreement. CMG and CMG Physicians shall abide by all terms, conditions and limitations on the use of Hospital's facilities adopted by Acadia from time to time.

3.2 Administrative Compliance. CMG shall ensure CMG Physicians cooperate and comply with the policies and procedures of Acadia applicable to patient relations, scheduling, billing, collections and other administrative matters, and shall cooperate with efforts to bill and collect fees for Professional Services rendered by any CMG Physician.

3.3 Notification of Certain Events. CMG shall notify Acadia in writing within twenty-four (24) hours after the occurrence of any one or more of the following events:

(a) CMG or any CMG Physician becomes the subject of, or otherwise materially involved in, any government investigation of CMG's business practices or the provision of professional services, including being served with a search warrant in connection with such activities;

(b) The medical staff membership or clinical privileges of any CMG Physician at any hospital are denied, suspended, restricted, revoked or voluntarily relinquished, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(c) Any CMG Physician becomes the subject of any suit, action or other legal proceeding arising out of CMG's or any CMG Physician's professional services;

(d) CMG or any CMG Physician is required to pay damages or any other amount in any malpractice action by way of judgment or settlement relating to any CMG Physician's professional services;

(e) Any CMG Physician becomes the subject of any disciplinary proceeding or action before any state's medical board or similar agency responsible for professional standards or behavior;

(f) Any CMG Physician becomes incapacitated or disabled from performing the Services, or voluntarily or involuntarily retires from the practice of medicine;

(g) Any CMG Physician's license to practice medicine in the State is restricted, suspended or terminated, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(h) Any CMG Physician is charged with or convicted of a criminal offense;

(i) Any act of nature or any other event occurs which has a material adverse effect on CMG's or any CMG Physician's ability to provide the Services; or

(j) CMG or any CMG Physician is debarred, suspended or otherwise ineligible to participate in any Federal Health Care Program or state equivalent.

ARTICLE IV.
COMPENSATION AND BILLING

4.1 Compensation. In exchange for CMG’s performance of the Services under this Agreement, Acadia shall pay to CMG the compensation in the amount, manner and method of payment set forth in **Exhibit 4.1** (“**Compensation**”).

4.2 Expenses. During the term of this Agreement, Acadia shall reimburse CMG for reasonable out-of-pocket expenses incurred by CMG in conjunction with rendering the Services hereunder, subject to Acadia’s policies in effect from time to time. CMG shall maintain records and submit evidence of the cost of such expenses and the purpose for such expenses in accordance with Acadia’s policies in effect from time to time.

4.3 Billing and Collections for Professional Services.

(a) Acadia shall have the sole and exclusive right to bill and collect for any and all Professional Services rendered to Hospital patients by CMG Physicians during the term of this Agreement, and Acadia shall have the sole and exclusive right, title and interest in and to accounts receivable with respect to such Professional Services.

(b) CMG hereby assigns (or reassigns, as the case may be), and shall cause CMG Physicians to assign or reassign, as the case may be, to Acadia all claims, demands and rights of CMG and CMG Physicians for any and all Professional Services rendered to Hospital patients by CMG Physicians during the term of this Agreement. CMG shall take such action and execute such documents, and shall ensure that each CMG Physician take such action and execute such documents, as may be reasonably necessary or appropriate to effectuate the assignment (or reassignment, as the case may be) to Acadia of all claims, demands and rights of CMG and CMG Physicians for any and all Professional Services rendered to Hospital patients by CMG Physicians during the term of this Agreement.

(c) CMG shall reasonably cooperate with Acadia, and shall cause CMG Physicians to reasonably cooperate with Acadia, in the billing and collection of fees with respect to Professional Services furnished by CMG Physicians. Without limiting the generality of the foregoing, CMG shall cause CMG Physicians to reasonably cooperate with Acadia in completing such claim forms with respect to Professional Services furnished by CMG Physicians pursuant to this Agreement as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payors.

(d) CMG shall seek and obtain compensation for the performance of Services only from Acadia. CMG shall not, and shall ensure that CMG Physicians do not, bill, assess or charge any fee, assessment or charge of any type against any Hospital patient or any other person or entity for Professional Services furnished by CMG Physicians pursuant to this Agreement. CMG shall deliver to Acadia any and all compensation, in whatever form, that is received by CMG or CMG Physicians for Professional Services furnished by CMG Physicians to Hospital patients pursuant to this Agreement.

(e) Acadia and CMG acknowledge that they will be jointly and severally liable for any Federal Health Care Program overpayments relating to claims with respect to

Professional Services furnished by CMG Physicians pursuant to this Agreement. The foregoing is not intended and shall not be construed to diminish, limit, alter or otherwise modify in any way the Parties' respective indemnification obligations under Article V of this Agreement.

4.4 IRS Form W-9. Upon execution of this Agreement, CMG shall furnish a completed and executed copy of IRS Form W-9 which identifies CMG's taxpayer identification number.

4.5 Physician Compensation. CMG shall be solely responsible for the compensation of CMG Physicians for the performance of the Services provided pursuant to this Agreement. CMG agrees that the compensation paid or to be paid by CMG to any CMG Physician (or any immediate family member of any physician) will at all times be fair market value for services and items actually provided by any such Physician (or immediate family member of such Physician), not taking into account the value or volume of referrals or other business generated by such Physician for Acadia or Hospital or any entity that, directly or indirectly, controls or is controlled by, or is under common control with Acadia or Hospital.

ARTICLE V. **INSURANCE AND INDEMNIFICATION**

5.1 Professional Liability Insurance. During the term of this Agreement pursuant to the cost allocation set forth in Exhibit 4.1, CMG shall maintain professional malpractice liability insurance that provide coverage for negligent acts or omissions of for CMG and CMG Physicians in the performance of professional services, where such insurance policy is issued by an insurance company licensed or otherwise qualified to issue professional liability insurance policies or coverage in the State and acceptable to Acadia. Coverage limits shall not be less than One Million Dollars (\$1,000,000) per claim and Three Million Dollars (\$3,000,000) in the aggregate for each policy year. Such coverage shall provide for a date of placement preceding or coinciding with the Effective Date of this Agreement. On or before the Effective Date, CMG shall provide Acadia with certificates of insurance or other written evidence of the insurance policies required by this Article, in a form satisfactory to Acadia. CMG shall provide Acadia with no less than thirty (30) calendar days' prior written notice of cancellation or any material change in such professional malpractice liability insurance coverage.

5.2 General and Professional Liability Coverage for Administrative Duties. During the term of this Agreement, Acadia shall provide general and professional liability coverage that shall include as a participant Medical Director while performing administrative duties in his/her capacity as such on behalf of Hospital. This coverage does not extend to direct patient care actions performed by Medical Director in his/her capacity as an independent licensed physician or surgeon.

5.3 **Indemnification.**

(a) **Indemnification by Acadia.** Acadia shall indemnify, defend and hold harmless CMG, its affiliates and their respective directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs, arising out of, resulting from, or relating to: (i) Acadia's failure to comply with the terms of this Agreement; (ii) the negligent operations, acts, or omissions of Acadia or Acadia's employees or agents; or (iii) wages, salaries, employee benefits, income taxes, FICA, FUTA, SDI and all other payroll, employment or other taxes, withholdings and charges payable by CMG or any of its affiliates to, or on behalf of, Acadia or any other person employed by or contracted with Acadia (except under any other arrangement between Acadia and CMG).

(b) **Indemnification by CMG.** CMG shall indemnify, defend and hold harmless Acadia, its affiliates and their respective directors, officers, employees or agents, from and against any and all claims, causes of action, liabilities, losses, damages, penalties, assessments, judgments, awards or costs, including reasonable attorneys' fees and costs, arising out of, resulting from, or relating to: (i) CMG's failure to comply with the terms of this Agreement or (ii) the negligent acts or omissions of CMG or any employee or agent of CMG in the performance of CMG's obligations under this Agreement; or (iii) wages, salaries, employee benefits, income taxes, FICA, FUTA, SDI and all other payroll, employment or other taxes, withholdings and charges payable by Acadia or any of its affiliates to, or on behalf of, CMG or any other person employed by or contracted with CMG (except under any other arrangement between Acadia and CMG).

(c) **Third-Party Claim.** If a third-party makes a claim (a "**Third-Party Claim**") against any person which may give rise to a claim of indemnity under this Agreement in favor of such person (the "**Indemnified Party**"), the Indemnified Party shall, within ten (10) days of receiving notice of the Third-Party Claim, give written notice to the Party from which indemnity may be claimed (the "**Indemnifying Party**") and immediately afford the Indemnifying Party's counsel the opportunity to join and participate in discussing, defending or compromising such Third-Party Claim. Within thirty (30) days of receipt of such notice of claim, by written notice in form acceptable to the Indemnified Party, the Indemnifying Party may elect at its own expense to undertake the defense of such Third-Party Claim in the name of the Indemnified Party. This undertaking shall include the right to appeal and the right to compromise or settle. If the Indemnifying Party undertakes the defense of any Third-Party Claim, the Indemnified Party shall have the right to participate fully in the defense at its own expense. This Section shall survive termination of this Agreement.

(d) **Survival of Obligations.** The Parties' obligations under this Article V shall survive the expiration or termination for any reason of this Agreement

ARTICLE VI. **TERM AND TERMINATION**

6.1 Term. This Agreement shall become effective on _____, 2021 (the "**Effective Date**"), and shall continue until the later of: (i) December 31, 2021 or (ii) the date

that is six (6) months from the Effective Date (the “**Expiration Date**”), subject to the termination provisions of this Agreement. The term of this Agreement may be extended upon mutual agreement of the Parties.

6.2 Termination by Either Party. Either Party may terminate this Agreement at any time, with or without cause, upon thirty (30) days prior written notice to the other Party.

6.3 Termination by Acadia. Acadia shall have the right to immediately terminate this Agreement at any time upon the occurrence of any one or more of the following events:

- (a) Breach of this Agreement by CMG where such breach is not cured within thirty (30) calendar days after Acadia gives written notice of such breach to CMG;
- (b) Acadia ceases operations of Hospital;
- (c) CMG is unable to obtain or maintain sufficient professional liability insurance, as required under this Agreement, for any reason;
- (d) neglect of professional duty by any CMG Physician in a manner that poses an imminent danger to the health or safety of any individual, or violates any Hospital Rules;
- (e) CMG makes an assignment for the benefit of creditors, admits in writing the inability to pay its debts as it matures, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution liquidation or other similar law of any jurisdiction;
- (f) CMG or any CMG Physician is debarred, suspended or otherwise ineligible to participate in any Federal Health Care Program or state equivalent; or
- (g) CMG is rendered unable to comply with the terms of this Agreement for any reason.

6.4 Termination by CMG. CMG shall have the right to terminate this Agreement at any time upon the occurrence of any one or more of the following events:

- (a) Breach of this Agreement by Acadia where such breach is not corrected within thirty (30) calendar days after CMG gives written notice of such breach to Acadia; or
- (b) Acadia is rendered unable to comply with the terms of this Agreement for any reason.

6.5 Termination or Modification in the Event of Government Action.

- (a) If the Parties receive notice of any Action, the Parties shall attempt to amend this Agreement in order to comply with the Action.

(b) If the Parties, acting in good faith, are unable to agree to the amendments necessary to comply with the Action, or, alternatively, if either Party determines in good faith that compliance with the Action is impossible or infeasible, this Agreement shall terminate ten (10) calendar days after one Party notifies the other of such fact.

(c) For the purposes of this Section, “**Action**” shall mean any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body or any private agency, or any notice of a decision, finding, interpretation or action by any governmental or private agency, court or other third party which, in the opinion of counsel to Acadia, if or when implemented, would result in the arrangement between the Parties under this Agreement to:

- (i) prevent CMG Physicians from being able to access and use the facilities of Acadia or any Affiliate of Acadia;
- (ii) constitute a violation of 42 U.S.C. Section 1395nn (commonly referred to as the Stark law) if CMG referred patients to Acadia or any Affiliate of Acadia;
- (iii) prohibit Acadia or any Affiliate of Acadia from billing for services provided to patients referred by CMG Physicians; or
- (iv) subject Acadia, CMG or any Affiliate of Acadia or CMG, or any of their respective employees or agents, to civil or criminal prosecution on the basis of their participation in executing this Agreement or performing their respective obligations under this Agreement.

(d) For the purposes of this Section, “**Affiliate**” shall mean any organization which, directly or indirectly, controls, is controlled by, or is under common control with Acadia.

6.6 Rights Upon Termination. Upon any termination or expiration of this Agreement, all rights and obligations of the Parties shall cease except those rights and obligations that have accrued or expressly survive such termination.

6.7 Return of Property. Upon any termination or expiration of this Agreement, CMG shall immediately return to Acadia all of Acadia’s property, including Acadia’s equipment, supplies, furniture, furnishings, files and patient lists, which is in the possession of or under control by CMG or any CMG Physician.

6.8 Medical Records. All patient records, charts and files for patients of Hospital treated or examined by CMG Physicians shall be and shall remain the property of Acadia. Upon any termination or expiration of this Agreement, CMG shall not be entitled to keep, preserve or copy any such records, charts and records; *provided, however*, that any patient may specifically request a copy of his/her records to be provided to CMG at CMG’s or the patient’s cost. In no event shall CMG be entitled to the records, charts or files of patients not specifically treated by CMG Physicians while contracted with Acadia.

ARTICLE VII.
RELATIONSHIP BETWEEN THE PARTIES

7.1 Independent Contractor. CMG and the CMG Physicians are and shall at all times be independent contractors with respect to Acadia in meeting CMG's responsibilities under this Agreement. Nothing in this Agreement is intended nor shall be construed to create a partnership, employer-employee or joint venture relationship between Acadia and CMG or Acadia and any CMG Physician.

7.2 Limitation on Control. Acadia shall neither have nor exercise any control or direction over CMG's or any CMG Physician's professional medical judgment or the methods by which CMG or any CMG Physician performs professional medical services; provided, however, that CMG and each CMG Physician providing Services shall be subject to and shall at all times comply with the Hospital Rules.

7.3 Practice of Medicine. CMG and Acadia acknowledge that Acadia is neither authorized nor qualified to engage in any activity that may be construed or deemed to constitute the practice of medicine. To the extent that any act or service required of, or reserved to, Acadia in this Agreement is construed or deemed to constitute the practice of medicine, the performance of such act or service by Acadia shall be deemed waived or unenforceable, unless this Agreement can be amended to comply with the law, in which case the Parties shall make such amendment.

7.4 Prohibition Against Solicitation. During the term of this Agreement and for a period of one (1) year thereafter, CMG shall not solicit for employment or actually employ any employee of Acadia, or interfere with any relationship, contractual or otherwise, between Acadia and any of its employees or contractors.

7.5 Trade Secrets. During the term of this Agreement, CMG and CMG Physicians will have access to and become acquainted with confidential information and trade secrets of Acadia, including information and data relating to payor contracts and accounts, clients, patients, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "**Trade Secrets**"). All Trade Secrets are the property of Acadia and used in the course of Acadia's business, and shall be proprietary information protected under the Uniform Trade Secrets Act. Neither CMG nor any CMG Physician shall disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Trade Secrets, or use any Trade Secrets other than in the course of providing services under this Agreement. All documents that CMG prepares, or Trade Secrets that might be given to CMG or any CMG Physician in the course of providing services under this Agreement, are the exclusive property of Acadia, and, without the prior written consent of Acadia, shall not be removed from Acadia's premises. This provision shall survive termination of this Agreement.

ARTICLE VIII.

GENERAL PROVISIONS

8.1 Amendment. This Agreement may be modified or amended only by mutual written agreement of the Parties. Any such modification or amendment must be in writing, dated, signed by the Parties and attached to this Agreement.

8.2 Assignment. Except for assignment by (i) Acadia to an entity owned, controlled by, or under common control with Acadia or (ii) CMG to another professional corporation or physician organization affiliated with Adventist Health System/West, neither Party may assign any interest or obligation under this Agreement without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns.

8.3 Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State, except choice of law rules that would require the application of the laws of any other jurisdiction.

8.4 Compliance With Laws. CMG and CMG Physicians shall comply with all applicable laws, ordinances, codes and regulations of federal, state and local governments, applicable to CMG and CMG Physicians, the provision of the Services or the obligations of CMG and CMG Physicians under this Agreement, including without limitation laws that require CMG or CMG Physicians to disclose any economic interest or relationship with Acadia, and shall assist Acadia, as reasonably requested, in Acadia's compliance with applicable laws and the standards, requirements, guidelines and recommendations of such nationally recognized accrediting organization as Acadia designates from time to time.

8.5 Compliance with Medicare Rules. To the extent required by law or regulation, CMG shall make available, upon written request from Acadia, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement and CMG's books, documents and records relating to CMG Physicians to the extent necessary to certify the nature and extent of Acadia's costs for Services provided by CMG Physicians. CMG shall preserve and make available such books, documents and records for a period of ten (10) years after the end of the term of this Agreement, or the length of time required by state or federal law. If CMG is requested to disclose books, documents or records pursuant to this Section for any purpose, CMG shall notify Acadia of the nature and scope of such request, and CMG shall make available, upon written request of Acadia, all such books, documents or records.

If CMG carries out any of the duties of the contract through a subcontract, with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such Services pursuant to such subcontract, the related organization shall make available, upon written request by the Secretary, or upon request by the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

8.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8.7 Disclosure of Agreement. Neither Party shall disclose any of the provisions of this Agreement to any person or entity, other than such Party's respective attorneys or accountants, without the prior written consent of the other Party, unless and only to the extent such disclosure is required by law, subpoena or legal process. No Party may disclose the provisions of this Agreement to any person or entity without the prior written consent of the other Party except to the extent such disclosure is requested or required by (a) such Party's respective contracts existing as of the date of this Agreement; or (b) fiscal intermediaries, public agencies or commissions with governmental powers and duties related to disclosure of information which have the right to compel disclosure of such information.

8.8 Dispute Resolution. In the event of any dispute, controversy, claim or disagreement arising out of or related to this Agreement or the acts or omissions of the Parties with respect to this Agreement (each, a "**Dispute**"), the Parties shall resolve such Dispute as follows:

(a) **Meet and Confer.** The Parties shall, as soon as reasonably practicable, but in no case more than ten (10) days after one Party gives written notice of a Dispute to the other Party (the "**Dispute Notice**"), meet and confer in good faith regarding such Dispute at such time and place as mutually agreed upon by the Parties (the "**Meet and Confer**"). The obligation to conduct a Meet and Confer pursuant to this Section does not obligate either Party to agree to any compromise or resolution of the Dispute that such Party does not determine, in its sole and absolute discretion, to be a satisfactory resolution of the Dispute. The Meet and Confer shall be considered a settlement negotiation for the purpose of all applicable Laws protecting statements, disclosures or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer shall be protected under such Laws.

(b) **Arbitration.** If any Dispute is not resolved to the mutual satisfaction of the Parties within ten (10) business days after delivery of the Dispute Notice (or such other period as may be mutually agreed upon by the Parties in writing), the Parties shall submit such Dispute to arbitration conducted by Judicial Arbitration and Mediation Services, Inc. (“JAMS”), or other arbitration and/or mediation services company as agreed to by the Parties, in accordance with the following rules and procedures:

- (i) Each Party may commence arbitration by giving written notice to the other Party demanding arbitration (the “**Arbitration Notice**”). The Arbitration Notice shall specify the Dispute, the particular claims and/or causes of actions alleged by the Party demanding arbitration, and the factual and legal basis in support of such claims and/or causes of action.
- (ii) The arbitration shall be conducted in the County in which Hospital is located and in accordance with the commercial arbitration rules and procedures of JAMS (or other arbitration company as mutually agreed to by the Parties) to the extent such rules and procedures are not inconsistent with the provisions set forth in this Section. In the event of a conflict between any rules and/or procedures of JAMS (or other arbitration company as mutually agreed to by the Parties) and the rules and/or procedures set forth in this Section, the rules and/or procedures set forth in this Section shall govern.
- (iii) The arbitration shall be conducted before a single impartial retired member of the JAMS panel of arbitrators (or panel of arbitrators from such other arbitration company as mutually agreed to by the Parties) covering the County in which Hospital is located (the “**Panel**”). The Parties shall use their good faith efforts to agree upon a mutually acceptable arbitrator within thirty (30) days after delivery of the Arbitration Notice. If the Parties are unable to agree upon a mutually acceptable arbitrator within such time period, then each Party shall select one arbitrator from the Panel, and those arbitrators shall select a single impartial arbitrator from the Panel to serve as arbitrator of the Dispute.
- (iv) The Parties expressly waive any right to any and all discovery in connection with the arbitration; provided, however, that each Party shall have the right to conduct no more than two (2) depositions and submit one set of interrogatories with a maximum of forty (40) questions, including subparts of such questions.

- (v) The arbitration hearing shall commence within thirty (30) days after appointment of the arbitrator. The substantive internal law (and not the conflict of laws) of the State shall be applied by the arbitrator to the resolution of the Dispute, and the Evidence Code of the State shall apply to all testimony and documents submitted to the arbitrator. The arbitrator shall have no authority to amend or modify the limitation on the discovery rights of the Parties or any of the other rules and/or procedures set forth in this Section. As soon as reasonably practicable, but not later than thirty (30) days after the arbitration hearing is completed, the arbitrator shall arrive at a final decision, which shall be reduced to writing, signed by the arbitrator and mailed to each of the Parties and their respective legal counsel.
- (vi) Any Party may apply to a court of competent jurisdiction for entry and enforcement of judgment based on the arbitration award. The award of the arbitrator shall be final and binding upon the Parties without appeal or review except as permitted by the Arbitration Act of the State.
- (vii) The fees and costs of JAMS (or other arbitration company as mutually agreed to by the Parties) and the arbitrator, including any costs and expenses incurred by the arbitrator in connection with the arbitration, shall be borne equally by the Parties, unless otherwise agreed to by the Parties.
- (viii) Except as set forth in Section 8.8(b)(vii), each Party shall be responsible for the costs and expenses incurred by such Party in connection with the arbitration, including its own attorneys' fees and costs; provided, however, that the arbitrator shall require one Party to pay the costs and expenses of the prevailing Party, including attorneys' fees and costs and the fees and costs of experts and consultants, incurred in connection with the arbitration if the arbitrator determines that the claims and/or position of a Party were frivolous and without reasonable foundation.

(c) **Waiver of Injunctive or Similar Relief.** The Parties hereby waive the right to seek specific performance or any other form of injunctive or equitable relief or remedy arising out of any Dispute, except that such remedies may be utilized for purposes of enforcing this Section and sections governing Trade Secrets, Disclosure of Agreement, Compliance with Laws and Compliance with Medicare Rules of this Agreement. Except as expressly provided herein, upon any determination by a court or by an arbitrator that a Party has breached this Agreement or improperly terminated this Agreement, the other Party shall accept monetary damages, if any, as full and complete relief and remedy, to the exclusion of specific performance or any other form of injunctive or equitable relief or remedy. The Parties hereby consent to the jurisdiction of any such court and to venue therein, waives any and all rights under the Laws of any other state to object to jurisdiction within the State, and consents to the service of process in

any such action or proceeding, in addition to any other manner permitted by applicable Law, by compliance with the notices provision of this Agreement. The non-prevailing Party in any such action or proceeding shall pay to the prevailing Party reasonable fees and costs incurred in such action or proceeding, including attorneys' fees and costs and the fees and costs of experts and consultants. The prevailing Party shall be the Party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction), whether or not the action or proceeding proceeds to final judgment or award.

(d) **Survival.** This Section shall survive the expiration or termination of this Agreement.

8.9 Entire Agreement. This Agreement is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions between the Parties. No other understanding between the Parties shall be binding on them unless set forth in writing, signed and attached to this Agreement.

8.10 Exhibits. The attached exhibits, together with all documents incorporated by reference in the exhibits, form an integral part of this Agreement and are incorporated into this Agreement wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made.

8.11 Force Majeure. Neither Party shall be liable for nonperformance or defective or late performance of any of its obligations under this Agreement to the extent and for such periods of time as such nonperformance, defective performance or late performance is due to reasons outside such Party's control, including acts of God, war (declared or undeclared), terrorism, action of any governmental authority, civil disturbances, riots, revolutions, vandalism, accidents, fire, floods, explosions, sabotage, nuclear incidents, lightning, weather, earthquakes, storms, sinkholes, epidemics, pandemics, failure of transportation infrastructure, disruption of public utilities, supply chain interruptions, information systems interruptions or failures, breakdown of machinery or strikes (or similar nonperformance, defective performance or late performance of employees, suppliers or subcontractors); provided, however, that in any such event, each Party shall use its good faith efforts to perform its duties and obligations under this Agreement.

8.12 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State.

8.13 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

8.14 Notices. All notices or communications required or permitted under this Agreement shall be given in writing and delivered personally or sent by United States registered or certified mail with postage prepaid and return receipt requested or by overnight delivery service (*e.g.*, Federal Express, DHL). In each case, notice shall be delivered or sent to the address set forth on the signature page to this Agreement.

8.15 No Third-Party Beneficiary Rights. The Parties do not intend to confer and this Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation or entity other than the Parties.

8.16 Representations. Each Party represents with respect to itself that: (a) no representation or promise not expressly contained in this Agreement has been made by any other Party or by any Parties' agents, employees, representatives or attorneys; (b) this Agreement is not being entered into on the basis of, or in reliance on, any promise or representation, expressed or implied, other than such as are set forth expressly in this Agreement; and (c) Party has been represented by legal counsel of Party's own choice or has elected not to be represented by legal counsel in this matter.

8.17 Severability. If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and such severance shall have no effect upon the enforceability of the remainder of this Agreement.

8.18 Waiver. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party must be in writing to be effective, and shall apply solely to the specific instance expressly stated.

[signature page follows]

The Parties have executed this Agreement as of the Execution Date.

ACADIA

[Vallejo Acquisition Sub, LLC, a Delaware
limited liability company]

By:
Its

Address of Acadia:

Attention: _____

CMG

ADVENTIST HEALTH CALIFORNIA
MEDICAL GROUP, INC., a California
professional corporation

By: _____
Its _____

Address:

Exhibit A

CMG PHYSICIANS

Confidential - Submitted under separate cover

Exhibit 1.1

PROFESSIONAL SERVICES TO BE PROVIDED BY CMG

CMG Physicians shall:

1. provide all medically necessary services that CMG Physicians are qualified to provide to any (i) inpatients presenting to Hospital, (ii) patients of the partial hospitalization program at the Hospital or (iii) patients of the intensive outpatient program at Hospital, where such patients request medical diagnosis or treatment, or for whom medical diagnosis or treatment is requested on a patient's behalf; and
2. provide appropriate reports and consultations as required by Acadia or applicable law.

Exhibit 1.2

ADDITIONAL SERVICES

CMG Physicians shall:

1. participate in teaching, educational or training services, as reasonably requested by Acadia and within the course of each CMG Physician's services and availability;
2. participate in development and presentation of programs related to the marketing of the services of Hospital, and enhancing Hospital/community relations, as reasonably requested by Acadia and within the course of each CMG Physician's services and availability; provided, however, that CMG Physicians shall not be required to participate in any advertising or commercials;
3. participate in risk management, quality assurance, utilization review and peer review programs, as reasonably requested by Acadia;
4. accept third-party insured patients and referrals of patients which are made by members of the Medical Staff, subject only to the limitations of scheduling and CMG's professional qualifications;
5. work with Acadia to monitor and review the clinical performance of health care professionals who provide services to Hospital's patients. CMG Physicians shall assist in monitoring the performance of those professionals who are not meeting Acadia quality and/or performance standards, and in disciplining any professionals who continue poor performance, recognizing that the Hospital Board of Directors is ultimately responsible for maintaining the standards of care provided to patients;
6. assist Acadia management with all preparation for, and conduct of, any inspections and on-site surveys of Hospital conducted by governmental agencies or accrediting organizations;
7. cooperate with Acadia in all litigation matters affecting Hospital or Acadia, consistent with advice from CMG's legal counsel; and
8. cooperate and comply with Acadia's policies and procedures which are pertinent to patient relations, quality assurance, scheduling, billing, collections and other administrative matters and cooperate with efforts of Acadia to bill and collect fees for services rendered to Hospital's patients. All business transactions related to the Services provided by CMG, such as enrollment, verification and billings, shall be conducted by and in the name of Acadia.

Exhibit 1.4

DIRECTOR SERVICES

Medical Director shall:

1. provide medical direction for the day-to-day operations of Hospital;
2. implement Acadia's policies and procedures regarding Hospital;
3. ensure physician and other professional staffing and coverage of Hospital;
4. schedule, coordinate and supervise the provision of medical and ancillary services within Hospital;
5. be responsible to Hospital Administration for the professional services and medical management of Hospital and participate in management development programs;
6. ensure the provision of consistently high quality service, and advise Acadia in the development and implementation of an appropriate quality assessment and improvement program with respect to Hospital and participate in such program;
7. participate in such Hospital and Medical Staff committees as Acadia or the Medical Staff may request;
8. work with Hospital Administration in the timely planning of activities, including the annual development of Hospital objectives, and provide Hospital with ongoing appraisals of the strengths, weaknesses and overall quality of the Hospital;
9. fully cooperate with Acadia personnel assigned general administrative responsibilities for operation of Hospital;
10. advise and assist in the organization and implementation of an effective utilization review program for Hospital and perform utilization review services;
11. develop and review on-going training and continuing education programs for the Medical Staff, the nursing staff and other support personnel;
12. ensure that Hospital is operated in accordance with all requirements of such nationally recognized accrediting organization as Acadia designates from time to time, all applicable licensing requirements, and all other relevant requirements promulgated by any federal, state, or local agency;
13. recommend to appropriate committees of the Medical Staff and/or Hospital Administration new or revised policies as needed;

14. participate in developing and presenting programs pertinent to Hospital for the community and as needed for Hospital/community relations; provided, however, that Medical Director shall not be required to participate in any advertising or commercials related to Hospital's services;
15. assist in the design and development of patient information forms, medical record forms, and consent forms for use within Hospital;
16. engage in and cooperate in the furtherance of teaching, research, and educational activities of Hospital;
17. be available, upon request by Acadia, at all times to respond/consult in the event of urgent or emergency situations;
18. ensure and supervise compliance by the Medical Staff and employees of Hospital with Hospital Rules;
19. participate in risk management and quality assurance programs, as reasonably requested by Acadia;
20. assist Hospital management with all preparation for, and conduct of, any inspections and on-site surveys of Hospital conducted by governmental agencies, accrediting organizations, or payors contracting with Hospital;
21. assist in the management and resolution of complaints from Hospital patients and the Medical Staff, promote harmonious relationships among Medical Staff members and with managed care organizations, and consult on contract development with managed care organizations;
22. participate in inservice training for nurses and other Hospital personnel;
23. assist Acadia to develop and promote programs to provide acceptable levels of patient satisfaction;
24. perform such other reasonable duties as may be assigned from time to time by the Acadia's president, the Board of Directors, or the Chief of the Medical Staff.

Exhibit 1.5

TIME REPORT

(See attached)

California Medical Group

ARTICLE I.CALL COVERAGE & ROUNDING MONTHLY REPORT

PLEASE EMAIL TO CMGfinance@ah.org

ARTICLE II.BY THE 5th or 20th CALENDAR DAY OF EACH MONTH

PROVIDER'S NAME: _____

ARTICLE III.Month:_____**Year:** _____

ON-CALL SERVICES				
Dates of each shift	Shift Type	Rate	Total # of shifts	Total Compensation
	<u>Night Shift (M-Fr)</u> 4:00 pm – 8:00 am			\$0.00
	<u>Weekend Shift (Sat-Sun)</u> 8:00 am - 8:00 am			\$0.00
	<u>Holiday</u> 8:00 am – 8:00 am			\$0.00
				\$0.00

ROUNDING SERVICES				
Dates of each shift	Shift Type	Rate	Total # of shifts	Total Compensation
	<u>Weekend Shift (Sat-Sun)</u>			\$0.00
	<u>Holiday</u>			\$0.00
				\$0.00

**THIS IS TO CERTIFY THAT THE ABOVE IS AN ACCURATE
REPORT OF THE SERVICES PROVIDED BY PROVIDER DURING THE PERIOD OF THIS
REPORT.**

ARTICLE IV.Provider Signature
***Send to Administration for Approval**

Date

Approval Signature

Date

Exhibit 4.1

Confidential - Submitted under separate cover

DISCLOSURE SCHEDULES AND OTHER SCHEDULES TO

ASSET PURCHASE AGREEMENT

BY AND AMONG

ST. HELENA HOSPITAL (D/B/A ADVENTIST HEALTH VALLEJO),

VALLEJO ACQUISITION SUB, LLC,

SOLELY WITH RESPECT TO SECTION 12.15,

ADVENTIST HEALTH SYSTEM/WEST

AND, SOLELY WITH RESPECT TO SECTION 12.14,

ACADIA HEALTHCARE COMPANY, INC.

DATED AS OF February 5, 2021

THESE DISCLOSURE SCHEDULES AND OTHER SCHEDULES (THE “SCHEDULES”) ARE DELIVERED IN CONNECTION WITH THAT CERTAIN ASSET PURCHASE AGREEMENT, DATED AS OF FEBRUARY 5, 2021 (THE “PURCHASE AGREEMENT”) BY AND AMONG ST. HELENA HOSPITAL (D/B/A ADVENTIST HEALTH VALLEJO), VALLEJO ACQUISITION SUB, LLC, SOLELY WITH RESPECT TO SECTION 12.15, ADVENTIST HEALTH SYSTEM/WEST, AND, SOLELY WITH RESPECT TO SECTION 12.14, ACADIA HEALTHCARE COMPANY, INC. CAPITALIZED TERMS USED HEREIN, WHICH ARE NOT OTHERWISE DEFINED, SHALL HAVE THE RESPECTIVE MEANINGS ASCRIBED TO SUCH TERMS IN THE PURCHASE AGREEMENT.

SCHEDULE NUMBERS CORRESPOND TO THE SCHEDULE OR SECTION NUMBERS IN THE AGREEMENT. IN NO EVENT SHALL ANY DISCLOSURE HEREUNDER BE DEEMED TO CONSTITUTE AN ACKNOWLEDGMENT THAT SUCH DISCLOSURE IS MATERIAL TO THE BUSINESS OR FINANCIAL CONDITION OF THE SELLER. ALL REFERENCES TO “SCHEDULE,” “SECTION” OR “SUBSECTION” REFER TO A SCHEDULE, SECTION OR SUBSECTION IN THE PURCHASE AGREEMENT UNLESS THE CONTEXT OTHERWISE REQUIRES. THE HEADINGS IN THESE SCHEDULES ARE FOR CONVENIENCE OF REFERENCE ONLY AND SHALL NOT AFFECT THE DISCLOSURES CONTAINED THEREIN.

THE REPRESENTATIONS AND WARRANTIES OF THE SELLER IN THE PURCHASE AGREEMENT ARE MADE, GIVEN AND UNDERTAKEN SUBJECT TO THE DISCLOSURES IN THE RELEVANT SCHEDULES. NOTHING IN THESE SCHEDULES IS INTENDED TO BROADEN THE SCOPE OF ANY REPRESENTATION OR WARRANTY OF THE SELLER CONTAINED IN THE PURCHASE AGREEMENT OR TO CREATE ANY COVENANT ON THE PART OF THE SELLER. INCLUSION OF ANY ITEM HEREIN SHALL NOT CONSTITUTE, OR BE DEEMED TO CONSTITUTE, AN ADMISSION TO ANY THIRD PARTY CONCERNING SUCH ITEM BY THE SELLER NOR SHALL INCLUSION OF ANY ITEM HEREIN CONSTITUTE, OR BE DEEMED TO CONSTITUTE, AN ADMISSION OF ANY VIOLATION OF LAWS OR LIABILITY TO ANY THIRD PARTY CONCERNING SUCH ITEM BY THE SELLER.

THE DISCLOSURES IN ANY PART OF THE SCHEDULES SHALL QUALIFY THE CORRESPONDING SECTIONS OF THE PURCHASE AGREEMENT. ANY ITEM DISCLOSED IN ANY SECTION OF THE SCHEDULES SHALL BE DEEMED DISCLOSED IN ALL OTHER SECTIONS OF THE SCHEDULES TO WHICH SUCH INFORMATION IS RESPONSIVE ONLY TO THE EXTENT THAT IT IS REASONABLY APPARENT ON THE FACE OF SUCH DISCLOSURE THAT IT IS APPLICABLE TO SUCH OTHER SECTIONS OF THE PURCHASE AGREEMENT.

Schedule 2.1(d)

Prepaid Expenses

Paid by Seller

Asset Description	Amount	Description	In Service	Remaining Life (In Months)
CA Dept of Public Health License Renewal Inv 0000184854	\$42,497	Facility license renewal	Yes	11

Paid to Seller

None.

Schedule 2.1(e)

Confidential - Submitted under
separate cover

Schedule 2.1(f)

Material Licenses

Issuing Authority	License, Permit, Certificate or Accreditation	Number
California Dept. of Public Health	Acute Psychiatric Hospital License	110000042
Centers for Medicare and Medicaid Services	CLIA Certificate of Waiver	05D0893499
California Board of Pharmacy	Hospital Pharmacy Permit	HSP 43500
Drug Enforcement Administration	Controlled Substance Registration Certificate	BC6276136
The Joint Commission	Hospital Accreditation Program	1546
The Joint Commission	Behavioral Health Care Accreditation Program	1546
Department of Health Care Services	Medi-Cal Provider Number	1851381990
Centers for Medicare and Medicaid Services	Medicare Provider Number (CCN)	05-4074
NPPES	NPI	1851381990
City of Vallejo	City Business License	11700277
County of Solano	Fictitious Name Permit	2017001368

Solano County Environmental Health Department	Dietary/Food Permit	124357
California Environmental Protection Agency	CERS Identification	10471426
California Department of Public Health	Small Medical Waste Generator	39515
California Environmental Protection Agency - Department of Toxic Substance Control	EPA ID	CAL000288369
Solano County Resource Mgt	Hazardous Materials CUPA Permit	123910

Schedule 2.1(h)

Personal Property

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Schedule 2.1(i)

Other Assumed Contracts

(a) Physician/Professional Services Contracts

- Medical Directorship Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Professional Services Agreement for Inpatient Services to County Patients, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Professional Services Agreement for Inpatient Services to County Patients, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Physician Credentialing and Privileging Agreement, dated as of [REDACTED], by and between [REDACTED] and Adventist Health Vallejo, dba St Helena Behavioral Health
- Locum Tenens Agreement, dated as of [REDACTED], by and between Center for Behavioral Health and [REDACTED].
- Administrative Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba St. Helena Hospital Center for Behavioral Health, and [REDACTED], as amended
- Professional Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED].

(b) Third Party Leases

- Medical Office Lease [REDACTED], dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Medical Office Lease [REDACTED], dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended

(c) Managed Care Contracts

The Managed Care Contracts listed on Schedule 2.1(e) are hereby incorporated by reference

(d) Other Contracts

- Discharge Medications Pharmacy Contract, dated as of [REDACTED], by and between St. Helena Center for Behavioral Health and [REDACTED]

- Contract for Services, by and between St. Helena Center for Behavioral Health and [REDACTED]
- Master Agreement, dated as of [REDACTED], by and between Adventist Health Vallejo and [REDACTED].
- Master Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED].
- Agreement for X-Ray & EKG Services, dated as of [REDACTED], by and between [REDACTED] and California Specialty Hospital
- Vending Service Agreement, dated as of [REDACTED], by and between Center for Behavioral Health and [REDACTED].
- Reciprocal Transfer Agreement, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital, dba California Specialty Hospital
- Agreement for the Use of Clinical Facilities, dated as of [REDACTED], by and between [REDACTED] and Adventist Health
- Memorandum of Understanding, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital Center for Behavioral Health
- Clinical Experience Agreement, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital dba Adventist Health Vallejo
- MFT Traineeship Agency Contract, dated [REDACTED], by and between [REDACTED] and St. Helena Hospital, dba California Specialty Hospital
- Clinical Training Affiliation Agreement, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital, dba Adventist Health Vallejo
- Affiliating Facility Contract, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital, dba Adventist Health Vallejo
- Student Dietetic Internship Affiliation Agreement, dated as of [REDACTED], by and between St. Helena Hospital Center for Behavioral Health and [REDACTED], as amended
- Contract for Clinical Experience Agreement, dated as of [REDACTED], by and between St. Helena Hospital Center for Behavioral Health and [REDACTED].

Schedule 2.2(r)

Specific Excluded Assets

Website: <https://www.adventisthealth.org/vallejo/>

Excluded equipment:

No.	Model	Description	Serial	Address	Location
61	TASKalfa 4550ci	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED]
31	FS- 1135MFP	Printer	[REDACTED]	532 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
54	TASKalfa 5500i	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
18	ECOSYS FS- 6525MFP	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED]
52	TASKalfa 4500i	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
71	TASKalfa 300i	Copy Machine	[REDACTED]	525 Oregon St, Vallejo, CA 94590	[REDACTED]
69	TASKalfa 4550ci	Copy Machine	[REDACTED]	525 Oregon St, Vallejo, CA 94590	[REDACTED] [REDACTED]

Schedule 3.1(a)

Transferred Accrued Paid Time Off¹

¹ NTD: To be current to last Business Day before Closing.

Schedule 3.4(t)

Equipment Liabilities

Equipment Lease Agreement, dated as of [REDACTED], by and between [REDACTED]
[REDACTED] and St. Helena Hospital

No.	Model	Description	Serial	Address	Location
61	TASKalfa 4550ci	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED]
31	FS- 1135MFP	Printer	[REDACTED]	532 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
54	TASKalfa 5500i	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
18	ECOSYS FS- 6525MFP	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED]
52	TASKalfa 4500i	Copy Machine	[REDACTED]	525 Oregon St Vallejo, CA 94590	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
71	TASKalfa 300i	Copy Machine	[REDACTED]	525 Oregon St, Vallejo, CA 94590	[REDACTED]
69	TASKalfa 4550ci	Copy Machine	[REDACTED]	525 Oregon St, Vallejo, CA 94590	[REDACTED] [REDACTED]

Schedule 4.2(a)

Closing Consents

None.

Schedule 4.2(o)

UCC Financing Statements

Seller shall enter into UCC Financing Statement amendments with UCC lienholders to remove Assets from the following Seller UCC liens:

<u>File Number</u>	<u>Original File Date</u>	<u>File Type</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>Notes</u>
147409260205	4/24/2014	UCC-1	California Secretary of State	MB FINANCIAL BANK	Additional debtors include: Med One Capital Funding, LLC Med One Capital Funding - California, L.P.
1977051354	4/3/2019	Continuation	California Secretary of State	MB FINANCIAL BANK	
157497290094	12/1/2015	UCC-1	California Secretary of State	KYOCERA DOCUMENT SOLUTIONS	
U2000159167 27	9/2/2020	Continuation	California Secretary of State	KYOCERA DOCUMENT SOLUTIONS	

Schedule 4.2(t)

AHCMG Physicians

Confidential - Submitted under separate cover

Schedule 5.5

Financial Statements

Confidential - Submitted under separate cover

Schedule 5.6

Debt

Seller Bond Documents

Schedule 5.8

Taxes

None.

Schedule 5.9(a)

Owned Real Property

<u>Record ID</u>	<u>Property Type</u>	<u>Address</u>	<u>APN</u>	<u>City</u>	<u>State/Province</u>
8408022	Health Care Facility - Hospital	525 Oregon St	054-020-170	Vallejo	CA
8408023	Health Care Facility – Medical Office	532 Oregon St	054-020-260	Vallejo	CA
21321317	Special Purpose Facility – Parking Lot	204 Michigan St	054-104-180; 054-104-170	Vallejo	CA
21321318	Land – Undeveloped Land	210 Michigan St	054-104-160; 054-104-010	Vallejo	CA

Schedule 5.9(b)

Leased Real Property

Excluded Leased Property

<u>Record ID</u>	<u>Property Type</u>	<u>Address</u>	<u>Property Size</u>	<u>City</u>	<u>State/Province</u>
16679248	Health Care Facility – Clinic/Surgical	183 Butcher Rd	2,450 sq. ft.	Vacaville	CA

Excluded Real Property Leases

- Commercial Lease Agreement, dated as of [REDACTED] by and between [REDACTED] and St. Helena Hospital, dba Adventist Health Vallejo
- Medical Clinic Sublease Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED]

Third Party Leases

- Medical Office Lease, dated as of [REDACTED], by and between St. Helena Hospital, dba St. Helena Hospital Center for Behavioral Health, and [REDACTED], as amended by that certain First Amendment to Medical Office Lease, dated as of [REDACTED], and as further amended by that certain Second Amendment to Medical Office Lease, dated as of [REDACTED]
- Medical Office Lease, dated as of [REDACTED] by and between St. Helena Hospital, dba St. Helena Hospital Center for Behavioral Health, and [REDACTED] as modified by that certain Erratum to Medical Office Lease, dated as of [REDACTED], and as amended by that certain First Amendment to Medical Office Lease, dated as of [REDACTED]

Schedule 5.10

Asset Encumbrances; Asset Consignments and Locations

(a) The disclosure listed on Schedule 3.4(t) is hereby incorporated by reference.

(c) The locations listed on Schedules 5.9(a) and 5.9(b) are hereby incorporated by reference.

Certain Assets used in the Business are located at Adventist Health St. Helena Hospital, 10 Woodland Rd, St. Helena, CA 94574

Schedule 5.11

Intellectual Property

(a) Owned Intellectual Property

Fictitious Business Name “St. Helena Hospital Center for Behavioral Health”

Website: <https://www.adventisthealth.org/vallejo/>

(b) Licensed Intellectual Property

None.

Schedule 5.12(a)

Material Contracts

(i)

Payments Made

- Client Placement Services Agreement, dated as of [REDACTED] by and between [REDACTED], and Seller Parent
- Professional Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED]
- Performance Suite Solutions Subscriptions Agreement, dated as of [REDACTED], by and between Adventist Health and [REDACTED] as amended
- Professional Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health St. Helena, and [REDACTED], as amended
- Master Agreement, dated as of [REDACTED], by and between [REDACTED] and Adventist Health System
- Master Staffing Agreement by and between Seller Parent and [REDACTED].
- Locum Tenens Agreement, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital, dba Adventist Health St. Helena
- Agreement for Patient Transfer and Related Services, dated as of [REDACTED], by and between [REDACTED], and St. Helena Hospital, dba Adventist Health St. Helena and Adventist Health Vallejo, and [REDACTED], as amended
- CIM Agreement, dated as of [REDACTED], by and between [REDACTED] (as defined therein) and Adventist Health System/West

Payments Received

- Mental Health Participating Hospital/Facility Agreement dated as of [REDACTED], by and between [REDACTED]

- Managed Care Agreement, dated as of [REDACTED] by and between [REDACTED] and St. Helena Hospital, as amended
- Adventist Health Employee PPO
- Fee for Service Hospital Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Institutional Services Agreement, amended as of [REDACTED], by and between [REDACTED]
- Health Care Services Agreement, dated as of [REDACTED], by and between [REDACTED] and St. Helena Hospital, dba Adventist Health Vallejo, as amended
- Contract, amended as of [REDACTED], by and between [REDACTED] and St. Helena Hospital Center for Behavioral Health
- Facility Participation Agreement, amended as of [REDACTED], by and between [REDACTED] and St. Helena Hospital Center for Behavioral Health
- Medicare
- Medi-Cal
- TRICARE

(ii)

- Equipment Lease Agreement, dated as of [REDACTED] by and between [REDACTED] and St. Helena Hospital
- Purchase Agreement, dated as of [REDACTED], by and between [REDACTED] and Adventist Health System/West

(iii)

The leases listed on Schedule 5.9(b) and the equipment leases listed under Schedule 5.12(a)(ii) are hereby incorporated by reference.

(iv) None.

(v) None.

(vi) None.

(vii) None.

(viii)

(B) The equipment leases listed under Schedule 5.12(a)(ii) are hereby incorporated by reference.

(ix) Seller Bond Documents

(x) None.

(xi) None.

(xii) None.

(xiii) None.

(xiv) None.

(xv) None.

(xvi)

- Medical Office Lease, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Medical Office Lease, dated as of [REDACTED] 6, by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED] as amended
- Medical Directorship Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended
- Professional Services Agreement for Inpatient Services to County Patients, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED] as amended
- Professional Services Agreement for Inpatient Services to County Patients, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED] as amended
- Physician Credentialing and Privileging Agreement, dated as of [REDACTED], by and between [REDACTED] and Adventist Health Vallejo, dba St Helena Behavioral Health
- Professional Services Agreement for Services to County Patients, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED], as amended

- Professional Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health St. Helena, and [REDACTED], as amended
- Locum Tenens Agreement, dated as of [REDACTED], by and between Center for Behavioral Health and [REDACTED].
- Call Coverage Agreement, dated as of [REDACTED], by and between St. Helena Hospital and [REDACTED], as amended
- Call Coverage Agreement, dated as of [REDACTED], by and between St. Helena Hospital and [REDACTED] as amended
- Administrative Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba St. Helena Hospital Center for Behavioral Health, and [REDACTED] as amended
- Professional Services Agreement, dated as of [REDACTED], by and between St. Helena Hospital, dba Adventist Health Vallejo, and [REDACTED]

(xvii)

Managed Care Contracts Not Exclusive to the Business

- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

Managed Care Contracts Exclusive to the Business

- The Managed Care Contracts listed on Schedule 2.1(e) are hereby incorporated by reference.

Schedule 5.12(c)

Enforceability of Material Contracts

None.

Schedule 5.13(a)

Material Consents

The Contracts listed on Schedule 2.1(i), except for the Managed Care Contract with Three Rivers Provider Network, Inc., are hereby incorporated by reference.

Pre-Closing Consents, Applications or Notices for Material Licenses

- California Board of Pharmacy, Hospital Pharmacy Permit (Temporary Permit)
- California Dept. of Public Health – Acute Psychiatric Hospital License
- Dept. of Health Care Services / California Dept. of Public Health - Medi-Cal Provider Number (submitted with CDPH – Acute Psychiatric Hospital License CHOW application)
- California Department of Public Health Small Medical Waste Generator change in ownership
- California Environmental Protection Agency – Department of Toxic Substance Control EPA ID
- DEA – Controlled Substance Registration CHOW Notice (14 days pre-close notice)

Notices or Post-Closing Consents for Material Licenses

- The Joint Commission – Hospital & Behavioral Health Accreditation
- Centers for Medicare and Medicaid Services – Medicare Provider Number
- Solano County Hazardous Materials CUPA Permit
- CLIA – Certificate of Waiver (notice within 30 days of Closing Date)
- DEA – Controlled Substance Registration Application (application submitted post-close)

Schedule 5.14(a)
Insurance Policies

Confidential - Submitted under separate cover

Schedule 5.14(b)

Workers' Compensation Claims and Reserves

Confidential - Submitted under separate cover

Schedule 5.15

Litigation

(1) Horowitz v. St. Helena Hospital; Case No. FCS055711: On November 20, 2020, Cathy Horowitz filed a civil action against St. Helena Hospital and Acadia Healthcare Company, Inc., alleging disability discrimination, retaliation, and wrongful termination in violation of the Fair Employment and Housing Act. In December 2020, Plaintiff dismissed Acadia from the litigation. On December 18, 2020, St. Helena answered the complaint and the case has been stayed pending the outcome of arbitration. Plaintiff filed the complaint after being separated from employment, while out on leave that lasted over 1 year. Adventist Health anticipates commencing informal discovery shortly.

(2) Gerber, et al. v. St. Helena Hospital: On April 10, 2020, Kevin Gerber, Josie Gerber, and Ruth Mayes filed an arbitration against St. Helena Hospital and Adventist Health System/West alleging retaliation in violation of a number of state and federal statutes and wrongful termination. Kevin Gerber and Ruth Mayes were terminated after an investigation was initiated as part of the organization's response to a serious patient event and both were terminated for performance deficiencies. Josie Gerber was terminated as a result of statements she made during the investigation. Arbitration is scheduled for April 2021.

(3) Ratledge v. St. Helena Hospital; Case No. FCS 053378: On August 9, 2019, Richard Ratledge filed a civil action against St. Helena Hospital alleging he sustained personal injuries after being admitted to Adventist Health Vallejo on August 12, 2018. Limited discovery has been conducted and the case is currently set for a case management conference on January 27, 2021.

Schedule 5.17(a)

(i) Government Reimbursement Programs

- Medicare (Medicare Provider Number 05-4074)
- TRICARE (Health Net Federal Services, LLC)
- Medicaid (Medi-Cal Provider Number 1851381990)

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Schedule 5.17(b)(ii)

Accreditation, Licensing, and Fire Marshal Surveys and Deficiencies

None.

Schedule 5.17(d)(iv)

Potential Personal Information Breach

[REDACTED]

Schedule 5.17(d)(v)

Security Incidents

The disclosure listed on Schedule 5.17(d)(iv) is hereby incorporated by reference.

Schedule 5.17(e)

Referral Laws

Disclosure (1) listed on Schedule 5.17(a)(v) is hereby incorporated by reference.

Schedule 5.17(f)

Compliance

Disclosure (1) listed on Schedule 5.17(a)(v) is hereby incorporated by reference.

Schedule 5.17(h)

Governmental Authority or Managed Care Payor Proceedings

Disclosure (1) listed on Schedule 5.17(a)(v) is hereby incorporated by reference.

Schedule 5.17(n)

Billings

Disclosures (1) and (2) listed on Schedule 5.17(a)(v) is hereby incorporated by reference.

Schedule 5.17(q)

Governmental Actions

Disclosure (1) listed on Schedule 5.17(a)(v) is hereby incorporated by reference.

Schedule 5.18(a)

Employees

Confidential - Submitted under separate cover

Schedule 5.18(b)

Employee Compliance

Disclosures (1) and (2) listed on Schedule 5.15 are hereby incorporated by reference.

Schedule 5.18(f)

Employee Complaints

Disclosures (1) and (2) listed on Schedule 5.15 are hereby incorporated by reference.

Schedule 5.18(g)

Pending Workers' Compensation Claims

The Workers' Compensation Claims and Reserve Amounts listed on Schedule 5.14(b) are hereby incorporated by reference.

Schedule 5.19(a)

Employee Benefit Plans

Confidential - Submitted under separate cover

Schedule 5.20

Environmental Matters

None.

Schedule 5.21

COVID-19 Actions

- **Disaster Privileging Process** – Policy sets forth an expedited process for credentialing of physicians and other practitioners to permit the sharing of practitioners between Adventist Health hospitals
- **Critical Staffing Extra Shift Differential / Pandemic Extra Shift Differential** – Policy authorizes increased pay rates for critical departmental staffing needs
- **Temporary Recognition of Out-of-State Providers** – Policy authorizes submission of written request to California EMS Authority so that hospital may utilize out-of-state licensed health care professionals
- **Maintenance of Certifications** – Policy authorizes waiver of certification requirements (BLS, ACLS, NPR and/or PALS) for clinical employees who are required to have such certifications as part of their job description. These individuals will have 60 days after the end of the national emergency to renew their certifications.
- **Allocation of Resources** - Policy sets forth recommendations related to the triage of critically ill patients in the event COVID-19 public health emergency creates demand for critical care resources (e.g., ventilators, critical care beds, trained caregivers) that outstrips the supply
- **Highly Communicable Respiratory Illness Infection Control Plan (revised August 2020)** – Plan standardizes the management of highly communicable respiratory illness and patient(s) based on presentation and clinical management to ensure appropriate infection prevention measures and emergency management response.
- **Patient Visitation** – Policy implements additional screening processes (e.g., temperature check, etc.) for visitors and limits visitors to those who are essential only
- **Business Travel** – Sets forth guidelines for temporary cessation of business travel and requires executive leadership approval for critical business travel
- **PPE Usage** – Sets forth guidelines for PPE (e.g., gowns, gloves, masks, etc.) usage with respect to COVID and non-COVID patients
- **Infection Prevention Expectations** – Sets forth various mitigation strategies (e.g., PPE usage, modified visitation, employee temperature & symptom checking upon entry, mask requirement for all persons entering facility, physical distancing in public spaces and social distancing markers, testing guidance, outbreak management and remote working for non-essential personnel) to ensure safety is consistent at facility so that business operations can

be maintained while protecting associates, providers, patients and community from COVID-19.

- **Additional Changes to AHVO Operations for Infection Prevention**
 - Implemented telepsychiatry for inpatient rounding
 - Outpatient programing is facilitated remotely
 - Admissions are tested for COVID prior to admission
 - Installation of hand sanitization stations for the patients on the units
 - Plexiglass barriers in cafeteria and offices
 - COVID differential for staff working on COVID unit
 - Reduced entry points
 - Increased disinfecting of touch points
 - Reduced nursing students onsite at one time
 - Limited size of orientation and staff meetings; increased remote learning
 - Reduction of staff floating between units
 - Ongoing education of staff and patients
 - Testing of employees based on AH and Solano County recommendations
- **Adventist Health Employee Health Plan** – AH health plan has waived all member deductibles and co-pays for testing and treatment of COVID-19.
- **Mental Health Support for Employees/Providers** – To help promote and increase resiliency and support for all staff and providers at AH St. Helena and AH Vallejo, the psychologist at AH Vallejo has been conducting interactive remote teams calls on “living and coping in stressful times.”

Schedule 5.23

OSHA

Confidential - Submitted under separate cover

Schedule 5.26

No Brokers

Juniper Advisory LLC

Schedule 5.27

COVID-19 Funding

Medicare Advanced Payments

- Hospital received [REDACTED] as a Medicare advanced payment on April 17, 2020.

CARES Act Funding

- As of September 30, 2020, Seller Parent recorded \$218 million in revenue from CARES Act funding to offset lost revenues and costs incurred as a result of the COVID-19 emergency.
 - This funding was received based on a percentage of Seller Parent patient revenue in 2019, including revenue from Hospital.
 - Seller Parent and Seller believes it has met all of the CARES Act requirements to record this receipt as revenue in the nine month period ending September 30, 2020. These payments do not require repayment provided Seller complies with terms and conditions, which have not yet been finalized.
- As of September 30, 2020, Seller Parent has also received an additional \$68 million in CARES Act funds (based on system-wide patient revenue, including revenue from Hospital), which is currently included as deferred revenues within Seller Parent's other current liabilities, while it determines whether the funds qualify as revenue.
- None of the CARES Act revenue was specifically allocated to Hospital, but some were allocated to Seller.
- Seller Parent and Seller are in compliance with the terms and conditions of the CARES Act Provider Relief Funds.

FEMA Disaster Relief

- Seller Parent has applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency Disaster Relief Fund. Notwithstanding the foregoing, as of the date of this Agreement, Seller Parent has not claimed any FEMA funds related to COVID-19 for any affiliated facility, including for Hospital.

Paycheck Protection Program

- As of December 31, 2020, Seller has deferred amount [REDACTED] of employer payroll taxes pursuant to the Paycheck Protection Program and Health Care Enhancement Act. One half of this amount will be paid in December 2021 and the remainder will be paid in December 2022. The deferred amount applies to all Seller employees, which includes the employees of Hospital.

Schedule 7.7(b)

Non-Compete Exceptions

Adventist Health St. Helena, Mental Health Unit: 21 bed unit licensed as part of the general acute care hospital, which provides inpatient psychiatric services to adult patients (PTAN 05-0013; NPI 1720078082)

Adventist Health St. Helena, Senior Behavioral Health Unit: 13 bed, distinct part unit, which provides inpatient psychiatric services to patients age 55 and over. (PTAN 0S-0013/NPI 1750757233)

Schedule 7.9

Defects

None.

Schedule 8.2(d)

Governmental Authorizations

1. California Attorney General
2. California Board of Pharmacy, Hospital Pharmacy Permit
3. CDPH – Acute Psychiatric Hospital License
4. California Department of Public Health Small Medical Waste Generator change in ownership
5. California Environmental Protection Agency – Department of Toxic Substance Control
EPA ID

Schedule 8.2(h)

ADC Period

[See attached]

Vallejo Daily Census

Date	Daily Census
1/1/2019	43.00
1/2/2019	36.00
1/3/2019	41.00
1/4/2019	36.00
1/5/2019	39.00
1/6/2019	45.00
1/7/2019	51.00
1/8/2019	48.00
1/9/2019	50.00
1/10/2019	46.00
1/11/2019	51.00
1/12/2019	54.00
1/13/2019	56.00
1/14/2019	57.00
1/15/2019	52.00
1/16/2019	59.00
1/17/2019	60.00
1/18/2019	52.00
1/19/2019	56.00
1/20/2019	58.00
1/21/2019	59.00
1/22/2019	54.00
1/23/2019	55.00
1/24/2019	56.00
1/25/2019	51.00
1/26/2019	52.00
1/27/2019	57.00
1/28/2019	58.00
1/29/2019	54.00
1/30/2019	50.00
1/31/2019	55.00
January Average	51.32
2/1/2019	45.00
2/2/2019	49.00
2/3/2019	52.00
2/4/2019	51.00
2/5/2019	49.00
2/6/2019	55.00
2/7/2019	55.00
2/8/2019	51.00
2/9/2019	54.00
2/10/2019	60.00
2/11/2019	58.00
2/12/2019	55.00

2/13/2019	56.00
2/14/2019	55.00
2/15/2019	52.00
2/16/2019	52.00
2/17/2019	58.00
2/18/2019	58.00
2/19/2019	53.00
2/20/2019	51.00
2/21/2019	56.00
2/22/2019	58.00
2/23/2019	61.00
2/24/2019	61.00
2/25/2019	61.00
2/26/2019	53.00
2/27/2019	50.00
2/28/2019	53.00
February Average	54.36
3/1/2019	59.00
3/2/2019	61.00
3/3/2019	60.00
3/4/2019	57.00
3/5/2019	57.00
3/6/2019	57.00
3/7/2019	55.00
3/8/2019	54.00
3/9/2019	56.00
3/10/2019	59.00
3/11/2019	59.00
3/12/2019	56.00
3/13/2019	54.00
3/14/2019	52.00
3/15/2019	54.00
3/16/2019	58.00
3/17/2019	60.00
3/18/2019	59.00
3/19/2019	54.00
3/20/2019	57.00
3/21/2019	58.00
3/22/2019	54.00
3/23/2019	57.00
3/24/2019	60.00
3/25/2019	60.00
3/26/2019	55.00
3/27/2019	53.00
3/28/2019	56.00
3/29/2019	51.00
3/30/2019	54.00

3/31/2019	58.00
March Average	56.58
4/1/2019	59.00
4/2/2019	58.00
4/3/2019	57.00
4/4/2019	58.00
4/5/2019	58.00
4/6/2019	60.00
4/7/2019	61.00
4/8/2019	60.00
4/9/2019	56.00
4/10/2019	57.00
4/11/2019	59.00
4/12/2019	49.00
4/13/2019	54.00
4/14/2019	54.00
4/15/2019	54.00
4/16/2019	52.00
4/17/2019	53.00
4/18/2019	56.00
4/19/2019	57.00
4/20/2019	59.00
4/21/2019	59.00
4/22/2019	60.00
4/23/2019	59.00
4/24/2019	57.00
4/25/2019	61.00
4/26/2019	53.00
4/27/2019	56.00
4/28/2019	61.00
4/29/2019	60.00
4/30/2019	56.00
April Average	57.10
5/1/2019	58.00
5/2/2019	59.00
5/3/2019	56.00
5/4/2019	55.00
5/5/2019	59.00
5/6/2019	59.00
5/7/2019	52.00
5/8/2019	53.00
5/9/2019	57.00
5/10/2019	60.00
5/11/2019	59.00
5/12/2019	61.00
5/13/2019	59.00
5/14/2019	54.00

5/15/2019	55.00
5/16/2019	56.00
5/17/2019	58.00
5/18/2019	58.00
5/19/2019	61.00
5/20/2019	60.00
5/21/2019	60.00
5/22/2019	56.00
5/23/2019	57.00
5/24/2019	52.00
5/25/2019	56.00
5/26/2019	59.00
5/27/2019	57.00
5/28/2019	56.00
5/29/2019	57.00
5/30/2019	53.00
5/31/2019	52.00

May Average	56.90
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6/1/2019	58.00
6/2/2019	59.00
6/3/2019	57.00
6/4/2019	50.00
6/5/2019	47.00
6/6/2019	49.00
6/7/2019	48.00
6/8/2019	51.00
6/9/2019	54.00
6/10/2019	53.00
6/11/2019	54.00
6/12/2019	55.00
6/13/2019	53.00
6/14/2019	56.00
6/15/2019	58.00
6/16/2019	57.00
6/17/2019	55.00
6/18/2019	58.00
6/19/2019	57.00
6/20/2019	57.00
6/21/2019	57.00
6/22/2019	56.00
6/23/2019	57.00
6/24/2019	57.00
6/25/2019	53.00
6/26/2019	51.00
6/27/2019	52.00
6/28/2019	56.00
6/29/2019	54.00

6/30/2019	56.00
June Average	54.50
7/1/2019	56.00
7/2/2019	51.00
7/3/2019	48.00
7/4/2019	49.00
7/5/2019	43.00
7/6/2019	45.00
7/7/2019	44.00
7/8/2019	55.00
7/9/2019	55.00
7/10/2019	54.00
7/11/2019	61.00
7/12/2019	54.00
7/13/2019	56.00
7/14/2019	58.00
7/15/2019	58.00
7/16/2019	55.00
7/17/2019	55.00
7/18/2019	57.00
7/19/2019	55.00
7/20/2019	58.00
7/21/2019	58.00
7/22/2019	54.00
7/23/2019	57.00
7/24/2019	58.00
7/25/2019	55.00
7/26/2019	55.00
7/27/2019	56.00
7/28/2019	61.00
7/29/2019	57.00
7/30/2019	50.00
7/31/2019	57.00
July Average	54.35
8/1/2019	54.00
8/2/2019	48.00
8/3/2019	53.00
8/4/2019	54.00
8/5/2019	58.00
8/6/2019	52.00
8/7/2019	56.00
8/8/2019	53.00
8/9/2019	50.00
8/10/2019	56.00
8/11/2019	56.00
8/12/2019	56.00
8/13/2019	48.00

8/14/2019	50.00
8/15/2019	51.00
8/16/2019	58.00
8/17/2019	58.00
8/18/2019	60.00
8/19/2019	57.00
8/20/2019	56.00
8/21/2019	53.00
8/22/2019	49.00
8/23/2019	48.00
8/24/2019	54.00
8/25/2019	60.00
8/26/2019	60.00
8/27/2019	55.00
8/28/2019	57.00
8/29/2019	55.00
8/30/2019	56.00
8/31/2019	56.00
August Average	54.42
9/1/2019	60.00
9/2/2019	58.00
9/3/2019	58.00
9/4/2019	56.00
9/5/2019	59.00
9/6/2019	56.00
9/7/2019	59.00
9/8/2019	60.00
9/9/2019	56.00
9/10/2019	55.00
9/11/2019	57.00
9/12/2019	56.00
9/13/2019	54.00
9/14/2019	55.00
9/15/2019	60.00
9/16/2019	59.00
9/17/2019	54.00
9/18/2019	49.00
9/19/2019	54.00
9/20/2019	56.00
9/21/2019	59.00
9/22/2019	59.00
9/23/2019	60.00
9/24/2019	49.00
9/25/2019	52.00
9/26/2019	54.00
9/27/2019	55.00
9/28/2019	50.00

9/29/2019	52.00
9/30/2019	55.00
September Average	55.87
10/1/2019	52.00
10/2/2019	49.00
10/3/2019	56.00
10/4/2019	52.00
10/5/2019	51.00
10/6/2019	56.00
10/7/2019	58.00
10/8/2019	55.00
10/9/2019	51.00
10/10/2019	53.00
10/11/2019	49.00
10/12/2019	53.00
10/13/2019	55.00
10/14/2019	58.00
10/15/2019	55.00
10/16/2019	57.00
10/17/2019	58.00
10/18/2019	53.00
10/19/2019	57.00
10/20/2019	59.00
10/21/2019	56.00
10/22/2019	54.00
10/23/2019	55.00
10/24/2019	56.00
10/25/2019	55.00
10/26/2019	56.00
10/27/2019	57.00
10/28/2019	58.00
10/29/2019	55.00
10/30/2019	48.00
10/31/2019	52.00
October Average	54.48
11/1/2019	49.00
11/2/2019	54.00
11/3/2019	58.00
11/4/2019	58.00
11/5/2019	53.00
11/6/2019	48.00
11/7/2019	50.00
11/8/2019	53.00
11/9/2019	53.00
11/10/2019	55.00
11/11/2019	52.00
11/12/2019	51.00

11/13/2019	49.00
11/14/2019	55.00
11/15/2019	53.00
11/16/2019	57.00
11/17/2019	57.00
11/18/2019	58.00
11/19/2019	54.00
11/20/2019	52.00
11/21/2019	55.00
11/22/2019	52.00
11/23/2019	52.00
11/24/2019	52.00
11/25/2019	52.00
11/26/2019	50.00
11/27/2019	48.00
11/28/2019	47.00
11/29/2019	48.00
11/30/2019	52.00
November Average	52.57
12/1/2019	58.00
12/2/2019	58.00
12/3/2019	56.00
12/4/2019	54.00
12/5/2019	49.00
12/6/2019	50.00
12/7/2019	50.00
12/8/2019	53.00
12/9/2019	57.00
12/10/2019	49.00
12/11/2019	53.00
12/12/2019	50.00
12/13/2019	50.00
12/14/2019	55.00
12/15/2019	57.00
12/16/2019	56.00
12/17/2019	53.00
12/18/2019	47.00
12/19/2019	47.00
12/20/2019	44.00
12/21/2019	40.00
12/22/2019	40.00
12/23/2019	41.00
12/24/2019	34.00
12/25/2019	36.00
12/26/2019	40.00
12/27/2019	46.00
12/28/2019	50.00

12/29/2019	53.00
12/30/2019	56.00
12/31/2019	51.00
December Average	49.45
2019 Average	54.32

February 5, 2021

Vallejo Acquisition Sub, LLC
830 Crescent Centre Drive, Suite 610
Franklin, TN 37067
Attention: General Counsel

Re: Side Letter – Post-Closing Commitments: [REDACTED]

To Whom It May Concern:

Reference is made to that certain Asset Purchase Agreement, dated as of February 5, 2021, by and among St. Helena Hospital d/b/a Adventist Health Vallejo (“**Seller**”), Vallejo Acquisition Sub, LLC (“**Buyer**”), solely with respect to Section 12.15, Adventist Health System/West, and, solely with respect to Section 12.14, Acadia Healthcare, Inc. (“**Acadia**”) (the “**APA**”), pursuant to which Buyer purchased certain of the assets and operations of Seller. Seller and Buyer are sometimes referred to in this Agreement as a “**Party**” or, collectively, as the “**Parties**.” Any terms not defined herein shall have the meaning ascribed to such terms in the APA.

The purpose of this letter (this “**Side Letter**”) is to establish certain post-Closing commitments of Buyer and to provide for Buyer’s employment [REDACTED].

Buyer and Seller agree as follows:

1. **Post-Closing Commitments of Buyer.** In addition to the post-Closing commitments of Buyer described in Section 7.20 of the APA:

- A. Post-Closing, Buyer, in partnership with Seller, will evaluate Community needs and gaps in behavioral health treatment in order to assess services and specialty programs needed in the Community to support the treatment of patients to support the full continuum of care.
- B. Buyer agrees to work collaboratively with Seller to bring high-quality, outcomes-driven and clinically integrated healthcare model innovations to market in the Community in order to better serve the health needs of Community residents. To this end, Buyer, in collaboration with Seller, shall explore ways to expand the Hospital, and support System’s behavioral health services, addressing, among other priorities, the assessment and triage of behavioral health patients in the emergency department, and the need for ongoing psychiatric consultation and liaison on medical floors and in primary care.

- C. Post-Closing for such period as the Attorney General shall require Buyer to submit an annual report (the “**AG Reporting Period**”), Buyer shall, on an annual basis and concurrent with the timing of its submission, provide to Seller a copy of Buyer’s annual report to the Attorney General describing compliance with the conditions of approval of the APA and the transactions contemplated therein (unless Buyer has sold the Hospital prior to the expiration of the AG Reporting Period as permitted pursuant to Section 7.20(a) of the APA).

2. [REDACTED]

[REDACTED]

3. General.

This Side Letter shall be a legally binding and enforceable agreement on each of the Parties hereto upon such Parties’ execution of this Side Letter. The Parties agree to continue to take all necessary action and to each use reasonable efforts to take all other actions required of a Party to effectuate the transactions contemplated by the APA.

Except as provided herein, all of the terms and conditions of the APA remain in full force and effect from the execution date of the APA.


This Side Letter shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws.

This Side Letter may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

If the terms and provisions of this Side Letter are acceptable to you, please acknowledge your agreement by executing this Side Letter in the space provided below for your signature and returning a copy of this letter to me.

**ST. HELENA HOSPITAL, D/B/A ADVENTIST
HEALTH VALLEJO,**
a California nonprofit religious corporation

By: 
Name: Steven Herber, M.D.
Title: President
Date: 2/4/21

Agreed to, accepted and confirmed by:

VALLEJO ACQUISITION SUB, LLC,
a Delaware limited liability company

By: 

Name: Christopher Howard

Title: VP & Secretary

Date: _____

Section 999.5(d)(1)(C) Statement of all the reasons that the applicant's board of directors believes that the proposed agreement or transaction is either necessary or desirable

Alternatives to Transaction and Necessity of Current Transaction

Adventist Health and AH Vallejo considered several alternatives to the Transaction, including expansion of mental health services at both AH Vallejo and AH St. Helena and a possible joint venture with a third-party behavioral health expert, but neither option was ideal due to Adventist Health's limited expertise in the mental health space and its primary dedication and commitment to acute care. Instead, St. Helena Hospital desired to identify a purchaser for AH Vallejo that would be able to bring expertise and investment in order to provide more, much needed, mental health care to the community.

Reasons for Proposed Transaction

The sale of AH Vallejo is the result of a lengthy strategic planning process by the Board of Directors of Adventist Health. Like many health systems around the United States, the changes in the current healthcare delivery market have made the future success and viability of managing a large and complex health system increasingly difficult, resulting in the need to focus on certain areas of expertise while outsourcing or partnering in other areas. Adventist Health, in consultation with AH Vallejo and numerous other stakeholders, came to the conclusion that in order to provide the highest quality acute care within the system, it would need to focus and invest in the current services provided by AH St. Helena while seeking another option for AH Vallejo services.

FAIR MARKET VALUE
(Cal. Code Regs., tit. 11, § 999.5(d)(2))

Section 999.5(d)(2)(A) Estimated market value of all cash property, stock, notes, assumption or forgiveness of debt, and any other thing of value that the applicant would receive for each health facility covered by the proposed agreement or transaction

As outlined in the Agreement, Acadia has agreed to the following consideration for the purchase of AH Vallejo:

- Twenty Four Million Dollars (\$24,000,000), less the amount of accrued but unused paid time off to be assumed by Buyer held by AH Vallejo employees who will become Acadia employees post-close, subject to the terms of the Agreement. *See Agreement, Sec. 3.1.*
- Fifteen Million Dollars (\$15,000,000) investment in capital expenditures for four years post-close to fund renovations and purchase of new equipment and furnishes for the facility. *See Agreement, Section 7.21(b); see also Side Letter.*

Section 999.5(d)(2)(B) Estimated market value of each health facility or other asset to be sold or transferred by the applicant under the proposed agreement or transaction

The estimated market value of AH Vallejo was determined through review and assessment of the bids from potential partners. This type of competitive, market-clearing process is generally accepted as the best way to obtain fair market value for a hospital's assets. AH Vallejo and its financial advisors structured a thorough and fair process that solicited interest from a diverse group of twenty-nine (29) potential purchasers. This process is discussed further under Section 995.5(d)(2)(C).

Appraisals

There have been no outside appraisals of AH Vallejo performed during the last five (5) years.

Section 999.5(d)(2)(C) Description of methods used by the applicant to determine the market value of the assets involved in the transaction, including a description of the efforts made by the applicant to sell or transfer each health facility that is subject of the transaction

In January 2020, Adventist Health retained Juniper Advisory Services, LLP (“**Juniper**”) to explore acquisition options for AH Vallejo. Juniper is a specialized, independent, privately-held investment banking firm that concentrates exclusively on providing merger and acquisition advice to nonprofit health systems and hospitals. Juniper has extensive experience in the healthcare merger and acquisition space, including with nonprofit hospitals and health systems.

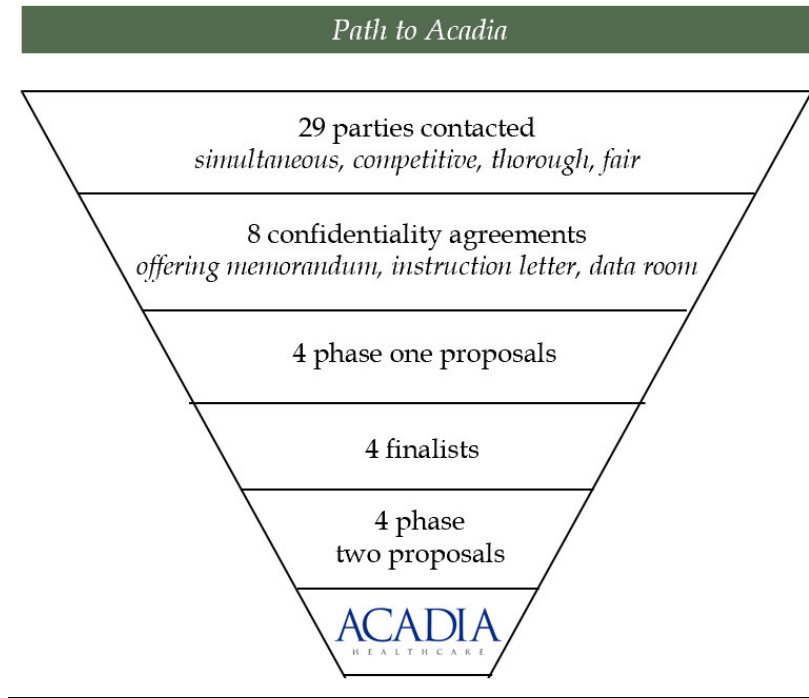
After discussing objectives and meeting with management to review strengths and opportunities at AH Vallejo, Juniper contacted partners with the following objectives set forth:

“Adventist Health is seeking a qualified partner to provide essential community behavioral health services to Vallejo and surrounding communities. Adventist Health, and in particular its St. Helena Hospital, is refocusing on certain acute care services they provide. As a result, Adventist is seeking to sell the facilities and business of Adventist Health Vallejo to provide resources that can be invested elsewhere in the system. In addition, Adventist Health is keen to find a partner that will expand services, invest in the business and provide a high-quality, stable organization for patients and employees ... ”

Juniper prepared and approached the market with confidentiality agreements, instruction letters and an information memorandum to be distributed to suitors. Juniper created a secure electronic data room to post other information for suitor review. Juniper remained in close touch with all interested parties throughout the process, answered questions and provided further diligence information as needed. This competitive process is recognized by industry professionals and regulators as the best practice for establishing fair market value in transactions involving charitable or corporate assets.

Through this process, Adventist Health and AH Vallejo aimed to identify a concrete range of strategic options and have a sufficiently-broad base of comparison to make a well-informed decision for the future of AH Vallejo. Accordingly, Adventist Health solicited interest from a range of suitors, and expressly invited those suitors to propose alternative transaction structures as well as other system-wide and St. Helena Hospital collaborations.

Juniper individually approached a diverse group of twenty-nine (29) behavioral health hospitals and systems, short term acute care hospital systems and autism, addiction treatment and other human services providers that could meet AH Vallejo’s strategic objectives. The list included, but was not limited to all northern California-based nonprofit systems, academic medical centers, as well as national investor-owned or public companies. Eight (8) organizations executed confidentiality agreements and received additional information. The following table summarizes the responses from the approached suitors:



After receiving four proposals – one of which was from Acadia, a national Behavioral Health provider – Juniper presented to St. Helena Hospital management the four bidders, the proposals’ summary, the proposed transactions’ characteristics, and the financial profiles of the potential suitors. At a virtual meeting on May 21, 2020, based on a review and side by side comparison, St. Helena Hospital management invited all four potential purchasers to visit the AH Vallejo campus in June 2020.

Immediately after the suitors visited AH Vallejo, Juniper prepared and provided to all potential purchasers a second instruction letter, asking each suitor for more specific proposals in the form of a Letter of Intent. Juniper received four proposals on July 22, 2020 from the same participants on behalf of Adventist Health and prepared a side-by-side review of the four finalist proposals.

At another virtual meeting with management on July 27, 2020, Adventist Health and St. Helena Hospital reviewed all potential partners and proposals and decided to move forward with Acadia as the purchaser and transaction of choice that would best fulfill the objectives of the process and the healthcare needs of the community. Judged against competing offers, and against multiples of precedent transactions and other valuation methods, the offer made by Acadia of 1.44x net revenue is above the objective benchmarks, and well within the range of fair market value for AH Vallejo.

Section 999.5(d)(2)(D) Reports, analysis, RFPs and any other documents that refer or relate to the valuation of any asset involved in the proposed agreement or transaction

The following documents relate to the solicitation process outlined in Section (d)(2)(C) that ultimately resulted in the selection of Acadia as the party that could best satisfy Adventist Health's goals and objectives regarding AH Vallejo. As noted in the response for Section 999.5(d)(2)(C), this process is regarded the best practice for establishing fair market value in transactions involving charitable or corporate assets. The following documents are attached hereto as Exhibit 2 but will be submitted to the Attorney General under separate cover as confidential documents in accordance with Cal. Code Regs., tit. 11, § 999.5(c)(3).

- Project Vallejo Overview, dated March 2020
- Information Memorandum – Project Vallejo, dated March 2020
- Instruction Letter, dated March 2020
- Phase I - Indication of Interest proposals from original four potential partners
- Adventist Health - Review of Proposals (Phase I), dated May 21, 2020
- Phase II Invitation Letter, dated July 6, 2020
- Phase II – Letter of Intent proposals from four potential partners
- Adventist Health - Review of Proposals (Phase II), dated July 27, 2020
- Letter of Intent received from Acadia Healthcare Company, dated August 17, 2020

EXHIBIT 2

Confidential - Submitted under separate cover

Section 999.5(d)(2)(E) Joint Venture Transactions

The Transaction is not a joint venture.

INUREMENT AND SELF-DEALING
(Cal. Code Regs., tit. 11, § 999.5(d)(3))

Section 999.5(d)(3)(A) Copies of any documents and writings that relate or refer to any personal financial benefit that the proposed affiliation would confer on any officer, director, employee, doctor, medical group or other entity affiliated with the applicant or any family member (as defined by Corp. Code §5227(b)(2))

The Transaction does not confer any personal financial benefit on any of the individuals and/or entities described in California Code of Regulations, title 11, section 999.5(d)(3)(A).

Section 999.5(d)(3)(B) The identity of each and every officer, trustee or director of the applicant (or family member) or any affiliate of the applicant who or which has any personal financial interest in any company or other business entity currently doing business with the applicant, any affiliate of the applicant, or the transferee or any affiliate of the transferee

None of the individuals described in California Code of Regulations, title 11, section 999.5(d)(3)(B) have any personal financial interest (other than salary, payments for personal services and/or directors/trustees' fees) in any company, firm, partnership or business entity currently doing business as St. Helena Hospital or with Adventist Health (or their affiliates).

Section 999.5(d)(3)(C) A statement describing how the boards of directors of the nonprofit corporations involved in the transaction are complying with H&S Code §1260 or 1260.1

St. Helena Hospital is a nonprofit religious corporation, so only the provisions of Section 1260.1 would apply. None of the directors of St. Helena Hospital involved in the negotiations of this Transaction will receive, directly or indirectly, any salary, compensation, payment, or other form of remuneration from Acadia or Buyer post-close.

CHARITABLE USE OF ASSETS
(Cal. Code Regs., tit. 11, § 999.5(d)(4))

Section 999.5(d)(4)(A) Submission of the applicant's articles of incorporation and all amendments thereto and current bylaws, any charitable trust restrictions and any other information necessary to define the charitable trust purposes of the applicant's assets

Attached as Exhibit 3 are copies of the current Articles and Bylaws of St. Helena Hospital. St. Helena Hospital does not intend to amend the Articles or Bylaws following the close of the transaction.

EXHIBIT 3



State of California Secretary of State

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify:

That the attached transcript of 67 page(s) is a full, true and correct copy of the original record in the custody of this office.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

AUG 3 0 2017

A handwritten signature in cursive script, reading "Alex Padilla".

ALEX PADILLA
Secretary of State

A0611370

0027953

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
ST. HELENA HOSPITAL**

FILED DR
In the office of the Secretary of State
of the State of California
APR - 1 2004

Kevin Shelley
KEVIN SHELLEY, Secretary of State

The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of ST. HELENA HOSPITAL, a California nonprofit corporation.
2. The Articles of Incorporation of this Corporation are hereby amended and restated in their entirety to read as herein set forth in full:

ARTICLE I.

The name of this Corporation is ST. HELENA HOSPITAL.

ARTICLE II.

This Corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church (the "Church") including, without limitation, the following activities:

- A. To establish, manage and maintain an acute care hospital as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit corporation.
- B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).
- C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

- D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.
- E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.
- F. To promote and carry on scientific research related to the care of the sick and injured.
- G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Board of Directors shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the directors, provided that such action shall not be valid or enacted unless also approved by the Corporate Member at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

- A. The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.
- B. This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code ("the Code"). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this

association organized and operated exclusively for religious purposes that has established its tax-exempt status under the Code.

ARTICLE V.

- A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).
- B. No substantial part of the activities of this Corporation shall consist of the carrying on or propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

ARTICLE VI.

This Corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law effective January 1, 1980, not otherwise applicable to it under Parts 4 and 5 of Division 2 of Title 1 of the Corporation Code of the State of California.

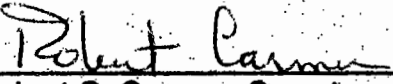
3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, which is the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: March 19, 2004


Donald R. Ammon, Chairman of the Board


Robert G. Carmen, Secretary

27953

**RESTATED ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL**

FILED *mk*
in the office of the Secretary of State
of the State of California

OCT 9 - 2003

Kevin Sully
KEVIN SHELLEY, Secretary of State

The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of ST. HELENA HOSPITAL, a California nonprofit corporation.
2. The Articles of Incorporation of this Corporation are amended and restated in their entirety to read as follows:

ARTICLE I.

The name of this Corporation is ST. HELENA HOSPITAL.

ARTICLE II.

This Corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church (the "Church") including, without limitation, the following activities:

- A. To establish, manage and maintain an acute care hospital as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit corporation.
- B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).
- C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

- D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.
- E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.
- F. To promote and carry on scientific research related to the care of the sick and injured.
- G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Corporate Member shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the members present at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

- A. The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.
- B. This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code ("the Code"). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this Corporation is located where that local conference is a nonprofit religious

association organized and operated exclusively for religious purposes that has established its tax-exempt status under the Code.

ARTICLE V.

- A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).
- B. No substantial part of the activities of this Corporation shall consist of the carrying on or propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

ARTICLE VI.

This Corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law effective January 1, 1980, not otherwise applicable to it under Parts 4 and 5 of Division 2 of Title 1 of the Corporation Code of the State of California.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: September 24, 2003


Donald R. Ammon, Chairman of the Board


Robert G. Carmen, Secretary

A427898

27953

YB

FILED

In the office of the Secretary of State
of the State of California

JAN 13 1993

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

OF

ST. HELENA HOSPITAL & HEALTH CENTER

March Fong En
Secretary of State

Donald R. Ammon and Douglas E. Rebok certify that:

1. They are the Chairman of the Board and Assistant Secretary, respectively, of St. Helena Hospital & Health Center, a California nonprofit corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

"I. The name of the corporation is
St. Helena Hospital."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of the sole member of the corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: 1/6/93Donald R. Ammon,
Chairman of the BoardDouglas E. Rebok,
Assistant Secretary

27953

A385284

FILED

In the office of the Secretary of State
of the State of California

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION

MAR 14 1990

OF

ST. HELENA HOSPITAL & HEALTH CENTER

March Fong Eu
MARCH FONG EU, Secretary of State

DONALD R. ANNON AND EDWARD McDONALD CERTIFY:

1. THAT WE ARE THE CHAIRMAN OF THE BOARD AND THE SECRETARY, RESPECTIVELY, OF ST. HELENA HOSPITAL & HEALTH CENTER, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.
2. THAT ARTICLES II, IV, V AND VI OF THE ARTICLES OF INCORPORATION OF ST. HELENA HOSPITAL & HEALTH CENTER SHALL BE AMENDED TO READ AS HEREINAFTER SET FORTH:

II

THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW EXCLUSIVELY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE PURPOSES OF THIS CORPORATION ARE TO PROMOTE THE WHOLENESS OF HUMANITY, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN A MANNER WHICH IS CONSISTENT WITH THE PHILOSOPHY, TEACHINGS AND PRACTICES OF THE SEVENTH-DAY ADVENTIST CHURCH THROUGH THE FOLLOWING ACTIVITIES:

- A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF

**ADVENTIST HEALTH SYSTEM/WEST, A CALIFORNIA NONPROFIT
RELIGIOUS CORPORATION.**

**B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS
WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT
FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES
TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND
ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED
CARE, OUT-PATIENT CARE AND HOME CARE).**

**C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO
RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF
HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE
JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER
REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.**

**D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE
ORGANIZATION (HMO), OR SIMILAR ORGANIZATIONS UTILIZING HEALTH
DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE
BENEFITS TO THE COMMUNITIES SERVED.**

**E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN
RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN
PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND
PREVENT ILLNESS.**

**F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO
THE CARE OF THE SICK AND INJURED.**

**G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN
ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL
HEALTH OF THE COMMUNITY.**

IV

A. THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS OF THIS CORPORATION SHALL BE PROVIDED IN THE BYLAWS. THE EXACT NUMBER OF DIRECTORS SHALL BE DETERMINED BY THE CORPORATE MEMBER.

B. EX-OFFICIO DIRECTORS OF THIS CORPORATION SHALL BE:

1. THE PRESIDENT OF ADVENTIST HEALTH SYSTEM/WEST, OR HIS DESIGNEE, WHO SHALL BE THE CHAIRMAN OF THE BOARD.

2. THE PRESIDENT OF THE LOCAL CONFERENCE OF THE SEVENTH-DAY ADVENTIST CHURCHES IN THE GEOGRAPHIC AREA WHERE THIS CORPORATION IS LOCATED, WHO SHALL BE VICE-CHAIRMAN; AND

3. THE PRESIDENT OF THIS CORPORATION, WHO SHALL BE AUTHORIZED TO SERVE AS ACTING CHAIRMAN WITH THE WRITTEN PERMISSION OF EITHER THE CHAIRMAN OR VICE-CHAIRMAN.

C. ALL OTHER DIRECTORS OF THIS CORPORATION ~~SHALL~~ BE ELECTED BY THE CORPORATE MEMBER FOR A TERM OF TWO YEARS. DIRECTORS MAY SUCCEED THEMSELVES IN OFFICE.

D. THE CORPORATE MEMBER MAY REMOVE ANY OR ALL DIRECTORS, WITH OR WITHOUT CAUSE, AT ANY TIME AND SHALL REMOVE ANY DIRECTOR ABSENT FROM MORE THAN 50 PERCENT OF THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY TWELVE MONTH PERIOD, UNLESS THE ABSENCE IS EXCUSED PRIOR TO THE MEETING IN HARMONY WITH THE FOLLOWING PROCEDURE.

1. REASONS FOR ABSENCES ARE TO BE PRESENTED TO THE CHAIRMAN OR PRESIDENT PRIOR TO THE MEETING; AND,

2. THE BOARD APPROVES THE ABSENCE AND THE APPROVAL IS INCLUDED IN THE BOARD MINUTES.

E. THE BYLAWS SHALL PROVIDE FOR QUALIFICATIONS AND RESIGNATION OF DIRECTORS.

V

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. THE CORPORATE MEMBER SHALL HAVE SOLE AUTHORITY TO AMEND THE BYLAWS OF THIS CORPORATION AT ANY REGULAR OR SPECIAL MEETING.

VI

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS AFFILIATED WITH AND OPERATES SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES OF ADVENTIST HEALTH SYSTEM/WEST, A RELIGIOUS CORPORATION. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO ADVENTIST HEALTH SYSTEM/WEST, WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES AND WHICH HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3). IN THE EVENT ADVENTIST HEALTH SYSTEM/WEST HAS EITHER FAILED TO MAINTAIN

ITS TAX-EXEMPT STATUS; OR BEEN PREVIOUSLY DISSOLVED; OR FOR ANY OTHER REASON IS DISQUALIFIED FOR RECEIVING SUCH REMAINING ASSETS, THEN ALL SUCH ASSETS SHALL BE DISTRIBUTED TO THE SUCCESSOR TO ADVENTIST HEALTH SYSTEM/WEST PROVIDING THAT THE SUCCESSOR IS A NONPROFIT FUND, FOUNDATION OR CORPORATION WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES AND HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION IS LOCATED WHERE THAT LOCAL CONFERENCE IS A NONPROFIT RELIGIOUS ASSOCIATION ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES THAT HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

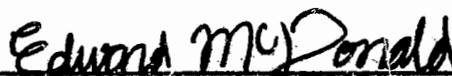
C. ANY ASSETS HELD IN TRUST SHALL BE DISPOSED OF IN SUCH MANNER AS MAY BE DIRECTED BY DECREE OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THE CORPORATION HAS ITS PRINCIPAL OFFICE, UPON PETITION THEREFORE BY THE ATTORNEY GENERAL OR BY ANY PERSON CONCERNED IN THE LIQUIDATION, IN A PROCEEDINGS TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DECREE BY THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

3. THAT THE FOREGOING AMENDMENTS HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS.

4. THAT THE FOREGOING AMENDMENTS WERE APPROVED BY THE REQUIRED
VOTE OF THE MEMBERS.



DONALD R. AMMON, CHAIRMAN OF THE BOARD



EDWARD MCDONALD, SECRETARY

Artan-SHHH

DECLARATION

EACH OF THE UNDERSIGNED DECLARES UNDER PENALTY OF PERJURY
THAT THE STATEMENTS CONTAINED IN THE FOREGOING CERTIFICATE OF
AMENDMENT OF ARTICLES OF INCORPORATION ARE TRUE OF HIS OWN
KNOWLEDGE AND THAT THIS DECLARATION WAS EXECUTED ON March 12
1990, AT Roseville, California, 95661



DONALD R. AMMON, CHAIRMAN OF THE BOARD



EDWARD McDONALD, SECRETARY

Artan-SHHH

27953

A253158

FILED

In the office of the Secretary of State
of the State of California

AUG 23 1982

MURRAY FONG EU, Secretary of State

By

Deputy

CERTIFICATE OF AMENDMENT

A certificate of amendment of the articles of incorporation of St. Helena Hospital & Health Center, a California nonprofit corporation is herein executed in duplicate by the corporation as follows:

1. The name of the corporation is St. Helena Hospital & Health Center.
2. The amendment to the articles of incorporation adopted by the corporation is as follows: That the articles of incorporation be amended to read as set forth in full in the exhibit marked "Exhibit A" attached hereto and incorporated herein by reference.
3. A meeting of the members of the corporation having voting rights at which said amendment was adopted was held on April 29, 1982; a quorum was present at said meeting and the amendment received a majority of the votes which members present at the meeting were entitled to cast.

[Handwritten signature]

4. A meeting of the Board of Directors of the corporation at which said amendment was adopted was held on MAY 5, 1982; a quorum was present at said meeting and the amendment received a majority of the votes which directors present at said meeting were entitled to cast.

The St. Helena Hospital & Health Center

By

Kenneth E. Gibb

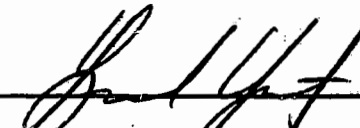
Kenneth E. Gibb, Secretary

VERIFICATION

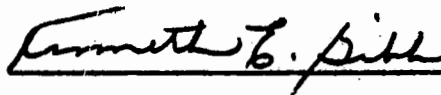
We are officers of St. Helena Hospital & Health Center and are authorized to make this verification for and on its behalf, and we make this verification for that reason. The matters stated in it are true and correct.

We declare under penalty of perjury under the laws of State of California that the foregoing is true and correct.

Executed on August 11, 1982, at Deer Park, Ca.,
California.



Leonard Yost, President



Kenneth E. Gibb, Secretary

ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL & HEALTH CENTER

I.

THE NAME OF THIS CORPORATION IS ST. HELENA HOSPITAL & HEALTH CENTER.

II.

THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW PRIMARILY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE PURPOSES OF THIS CORPORATION ARE TO FURTHER THE MEDICAL MINISTRY OF THE SEVENTH-DAY ADVENTIST CHURCH AND TO PROMOTE THE WHOLENESS OF MAN, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN THE FOLLOWING WAYS:

A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF ADVENTIST HEALTH SYSTEM-WEST, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.

B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).

- C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.
- D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE ORGANIZATION (HMO), UTILIZING HEALTH DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE BENEFITS TO THE COMMUNITIES SERVED.
- E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND PREVENT ILLNESS.
- F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO THE CARE OF THE SICK AND INJURED, WITH PARTICULAR REFERENCE TO THE PHILOSOPHY AND PRACTICE OF THE SEVENTH-DAY ADVENTIST CHURCH.
- G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY.

III.

THE NAME AND ADDRESS OF THIS STATE OF THE CORPORATION'S INITIAL AGENT FOR SERVICE OF PROCESS IS: LEONARD YOST, DEER PARK, CALIFORNIA 94576.

IV.

A. THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS OF THIS CORPORATION SHALL BE PROVIDED IN THE BYLAWS. THE EXACT NUMBER OF DIRECTORS SHALL BE DETERMINED BY THE MEMBERS.

B. EX-OFFICIO DIRECTORS OF THIS CORPORATION SHALL BE:

1. THE PRESIDENT OF ADVENTIST HEALTH SYSTEM-WEST, OR HIS DESIGNEE, WHO SHALL BE THE CHAIRMAN OF THE BOARD;
2. THE PRESIDENT OF THE LOCAL CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES IN THE GEOGRAPHIC AREA WHERE THIS CORPORATION IS LOCATED, WHO SHALL BE VICE-CHAIRMAN; AND
3. THE PRESIDENT OF THIS CORPORATION, WHO SHALL BE AUTHORIZED TO SERVE AS ACTING CHAIRMAN WITH THE WRITTEN PERMISSION OF EITHER THE CHAIRMAN OR VICE-CHAIRMAN.

C. ALL OTHER DIRECTORS OF THIS CORPORATION SHALL BE ELECTED BY THE MEMBERS FOR A TERM OF TWO YEARS. DIRECTORS MAY SUCCEED THEMSELVES IN OFFICE.

D. THE MEMBERS MAY REMOVE ANY OR ALL DIRECTORS, WITH OR WITHOUT CAUSE, AT ANY TIME AND SHALL REMOVE ANY DIRECTOR ABSENT FROM MORE THAN 50 PERCENT OF THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY TWELVE MONTH PERIOD, UNLESS THE ABSENCE IS EXCUSED PRIOR TO THE MEETING IN HARMONY WITH THE FOLLOWING PROCEDURE.

1. REASONS FOR ABSENCES ARE TO BE PRESENTED TO THE CHAIRMAN OR PRESIDENT PRIOR TO THE MEETING; AND,
2. THE BOARD APPROVES THE ABSENCE AND THE APPROVAL IS INCLUDED IN THE BOARD MINUTES.

E. THE BYLAWS SHALL PROVIDE FOR QUALIFICATIONS AND RESIGNATION OF DIRECTORS.

V.

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. ALL OF THE MEMBERSHIP SHALL BE COMPOSED OF MEMBERS FROM SPECIFIC SEVENTH-DAY ADVENTIST INSTITUTIONS, CONSTITUENCIES, BOARDS OR EXECUTIVE COMMITTEES OF ORGANIZATIONS THAT ARE LISTED IN THE SEVENTH-DAY ADVENTIST YEARBOOK PUBLISHED BY THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS. THE MEMBERS SHALL HAVE SOLE AUTHORITY TO AMEND THE BYLAWS OF THIS CORPORATION AT ANY REGULAR OR SPECIAL MEETING.

VI.

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS A TOTALLY OWNED AFFILIATED CORPORATE AGENCY OPERATING SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES REQUIRED BY ADVENTIST HEALTH SYSTEM-WEST, A RELIGIOUS CORPORATION OWNED AND OPERATED EXCLUSIVELY BY THE SEVENTH-DAY ADVENTIST CHURCH. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO ADVENTIST HEALTH SYSTEM-WEST, WHICH HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3). IN THE EVENT ADVENTIST HEALTH SYSTEM-WEST HAS EITHER FAILED TO MAINTAIN ITS TAX-EXEMPT STATUS; OR BEEN PREVIOUSLY DISSOLVED; OR FOR ANY OTHER REASON IS DISQUALIFIED FOR RECEIVING SUCH REMAINING ASSETS, THEN ALL SUCH ASSETS SHALL BE DISTRIBUTED TO THE SUCCESSOR TO ADVENTIST HEALTH SYSTEM-WEST PROVIDING THAT THE SUCCESSOR HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION IS LOCATED WHERE THAT LOCAL CONFERENCE HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

C. ANY ASSETS HELD IN TRUST SHALL BE DISPOSED OF IN SUCH MANNER AS MAY BE DIRECTED BY DECREE OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THE CORPORATION HAS ITS PRINCIPAL OFFICE, UPON PETITION THEREFORE BY THE ATTORNEY GENERAL OR BY ANY PERSON CONCERNED IN THE LIQUIDATION, IN

A PROCEEDING TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DECREE BY THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE DISTRIBUTED TO THE LOCAL CONFERENCE OF SEVENTH-DAY ADVENTISTS IN WHICH THE HOSPITAL IS LOCATED.

VII.

A. THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR RELIGIOUS PURPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(c)(3).

NOTWITHSTANDING ANY OTHER PROVISION OF THESE ARTICLES, THE CORPORATION SHALL NOT CARRY ON ANY OTHER ACTIVITIES NOT PERMITTED TO BE CARRIED ON: (1) BY A CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW); OR (2) BY A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170(c)(2) OF THE INTERNAL REVENUE CODE OF 1954 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).

B. NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL CONSIST OF THE CARRYING ON OF PROPAGANDA OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION, NOR SHALL THIS CORPORATION PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR POLITICAL OFFICE.

VIII.

THIS CORPORATION ELECTS TO BE GOVERNED BY ALL OF THE PROVISIONS OF THE
NONPROFIT CORPORATION LAW EFFECTIVE JANUARY 1, 1980, NOT OTHERWISE
APPLICABLE TO IT UNDER PARTS 4 AND 5 OF DIVISION 2 OF TITLE 1 OF THE
CORPORATION CODE OF THE STATE OF CALIFORNIA.

DATED: JUNE 16, 1980

AMENDED: April 29, 1982

27953

A223770

FILED
In the office of the Secretary of State
of the State of California

OCT 3 1980

MANHONG EU, Secretary of State

[Signature]
Deputy

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

OF

CALIFORNIA MEDICAL MISSIONARY AND
BENEVOLENT ASSOCIATION, A CORPORATION

Leonard Yost and Kenneth E. Gibb certify:

1. They are the President and Secretary, respectively,
of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION,
A CORPORATION, a California corporation.
2. At a meeting of the board of directors of the corpo-
ration, held at St. Helena, California, on September 10,
1980, the following resolution was adopted:

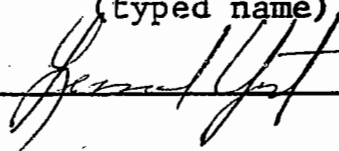
"RESOLVED: That the Articles of Incorporation
are amended and restated to read in their entirety
in the form marked "Exhibit A" attached hereto and
incorporated herein by reference."

3. The members have adopted these amended Articles of
Incorporation in this restated form by resolution at a
meeting held at Los Angeles, California, on June 16, 1980.
The wording of the restated Articles of Incorporation as
set forth in the members' resolution is the same as that
set forth in the directors' resolution in paragraph two
above.

4. The members voted unanimously for the adoption of the resolution. The number of members who voted affirmately for the adoption of the resolution is thirteen, and the number of members consituting a quorum is ten.

Leonard Yost

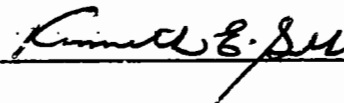
(typed name)



President

Kenneth E. Gibb

(typed name)



Secretary

VERIFICATION

We, the undersigned, say that the matters set forth in this Certificate of Amendment of the Articles of Incorporation are true of our own knowledge.

We declare under penalty of perjury that the matters set forth in this Certificate are true and correct.

Executed on September 10, 1980, at St. Helena,
California.


Leonard Yost

(Typed name of President)



Kenneth E. Gibb

(Typed name of Secretary)

ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL & HEALTH CENTER

I.

THE NAME OF THIS CORPORATION IS ST. HELENA HOSPITAL & HEALTH CENTER.

II.

THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW PRIMARILY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE PURPOSES OF THIS CORPORATION ARE TO FURTHER THE MEDICAL MINISTRY OF THE SEVENTH-DAY ADVENTIST CHURCH AND TO PROMOTE THE WHOLENESS OF MAN, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN THE FOLLOWING WAYS:

A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF ADVENTIST HEALTH SYSTEMS-WEST, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.

B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).

C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.

D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE ORGANIZATION (HMO), UTILIZING HEALTH DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE BENEFITS TO THE COMMUNITIES SERVED.

E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND PREVENT ILLNESS.

F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO THE CARE OF THE SICK AND INJURED, WITH PARTICULAR REFERENCE TO THE PHILOSOPHY AND PRACTICE OF THE SEVENTH-DAY ADVENTIST CHURCH.

G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY.

III.

THE NAME AND ADDRESS OF THIS STATE OF THE CORPORATION'S INITIAL AGENT FOR SERVICE OF PROCESS IS: LEONARD YOST, ST. HELENA HOSPITAL, DEER PARK, CALIFORNIA 94576.

IV.

A. THE NUMBER OF DIRECTORS SHALL BE FIXED BY THE BYLAWS OF THIS CORPORATION, AND THE NUMBER OF DIRECTORS MAY BE CHANGED FROM TIME TO TIME BY AMENDMENT OF THE BYLAWS ADOPTED BY THE VOTE OR WRITTEN ASSENT OF THE MEMBERS OF THE CORPORATION ENTITLED TO EXERCISE A MAJORITY OF THE VOTING POWER, OR THE VOTE OF A MAJORITY OF A QUORUM OF MEMBERS CALLED PURSUANT TO THE BYLAWS.

B. THE BYLAWS SHALL PROVIDE FOR TENURE, SELECTION AND RESIGNATION OF DIRECTORS.

V.

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. ALL OF THE MEMBERSHIP SHALL BE COMPOSED OF MEMBERS FROM SPECIFIC SEVENTH-DAY ADVENTIST INSTITUTIONS, CONSTITUENCIES, BOARDS OR EXECUTIVE COMMITTEES OF ORGANIZATIONS THAT ARE LISTED IN THE SEVENTH-DAY ADVENTIST YEARBOOK PUBLISHED BY THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS.

VI.

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS

OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS A TOTALLY OWNED AFFILIATED CORPORATE AGENCY OPERATING SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES REQUIRED BY ADVENTIST HEALTH SYSTEM-WEST, A RELIGIOUS CORPORATION OWNED AND OPERATED EXCLUSIVELY BY THE SEVENTH-DAY ADVENTIST CHURCH. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION HAS BEEN LOCATED AND WHERE THAT LOCAL CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

VII.

A. THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR RELIGIOUS PURPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501 (c)(3). NOTWITHSTANDING ANY OTHER PROVISION OF THESE ARTICLES, THE CORPORATION SHALL NOT CARRY ON ANY OTHER ACTIVITIES NOT PERMITTED TO BE CARRIED ON: (1) BY A

CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW); OR (2) BY A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170(c)(2) OF THE INTERNAL REVENUE CODE OF 1954 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).

B. NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL CONSIST OF THE CARRYING ON OF PROPAGANDA OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION, NOR SHALL THIS CORPORATION PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR POLITICAL OFFICE.

VIII.

THIS CORPORATION ELECTS TO BE GOVERNED BY ALL OF THE PROVISIONS OF THE NONPROFIT CORPORATION LAW EFFECTIVE JANUARY 1, 1980, NOT OTHERWISE APPLICABLE TO IT UNDER PARTS 4 AND 5 OF DIVISION 2 OF TITLE 1 OF THE CORPORATION CODE OF THE STATE OF CALIFORNIA.

DATED: JUNE 16, 1980.

27953

A189848

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

FILED

In the office of the Secretary of State
of the State of California

X MAY 4 1978

MARCH FONG EU, Secretary of State

By *Janet P. Olson*
Deputy

CLARENCE MILLER and KENNETH GIBB certify that:

1. They are the President and Secretary, respectively, of the California Medical Missionary and Benevolent Association ~~d.b.a. St. Helena Hospital and Health Center~~, a California corporation.

2. At a meeting of the Board of Trustees of the corporation duly held at Deer Park, California, on May 3, 1978, the following resolution was adopted:

RESOLVED: that Article Eighth of the Articles of Incorporation of this corporation is amended to read as follows:

"Eighth: The members of this corporation, without limitation as to number, shall be such persons, associations, firms or corporations as shall be elected to membership as provided in the Bylaws of this corporation. The Bylaws shall determine whether there shall be one or more classes of membership, the qualification for membership and the different classes of membership,

if more than one, the voting and other rights of the members and of each class of membership, and the liability of members for fees, dues and assessments, and the methods of collection thereof."

3. The members have adopted the amendment by resolution at a meeting held at Westlake, California, on April 28, 1978. The wording of the amended article as set forth in the members' resolution is the same as that set forth in the directors' resolution in Paragraph 2 above.

4. The number of members who voted affirmatively for the adoption of the resolution is 26 and the number of members constituting a quorum is 18.

Clarence A. Miller
CLARENCE MILLER, President

Kenneth GIBB
KENNETH GIBB, Secretary

The undersigned declare under penalty of perjury that the matters set forth in the foregoing certificate are true of their own knowledge. Executed at Deer Park, California, on May 3rd, 1978.

Clarence A. Miller
CLARENCE MILLER

Kenneth GIBB
KENNETH GIBB

CALIFORNIA MEDICAL MISSIONARY & BENEVOLENT ASSOCIATION

27953

CERTIFICATE OF AMENDMENT

X FILED
In the office of the Secretary of State
of the State of California

OF

ARTICLES OF INCORPORATION

APR 21 1967

FRANK M. WOODALL, Secretary of State

By *[Signature]*
Deputy

JAMES E. CHASE and CHARLES H. SNYDER, certify:

1. That they are the President and the Secretary, respectfully of CALIFORNIA MEDICAL MISSIONARY & BENEVOLENT ASSOCIATION, a California corporation.
2. That at a meeting of the board of directors of said corporation, duly held at Sanitarium, California, on March 2, 1967, the following resolution was adopted:

RESOLVED: That Article Ninth of the Articles of Incorporation of this corporation be amended to read as follows:

'Ninth: All property and assets of this corporation of every kind whatsoever are irrevocably dedicated to charitable hospital or other charitable purposes and upon the liquidation, dissolution, winding up, or abandonment of this corporation, none of its property or assets shall inure to the benefit of any private person or persons but shall be distributed exclusively to and become the property of a fund, foundation, or corporation as selected and designated by the Board of Directors of this corporation, which fund, foundation, or corporation is organized and operated exclusively for charitable hospital or other charitable purposes; which is operated by the Seventh-day Adventist Church; and which qualifies as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code of 1954, and Section 214 of the Revenue and Taxation Code of the State of California as such sections now respectively exist or may subsequently be amended.'

3. That at a meeting of members of said corporation duly held at Sanitarium, California, on March 2, 1967, a resolution was adopted, which resolution is identical in form to the directors' resolution set forth in paragraph 2 above.
4. That the number of members who voted affirmatively for the adoption of said resolution is 79, and that the number of members constituting a quorum is 35.

[Signature: James E. Chase]
JAMES E. CHASE, President

[Signature: Charles H. Snyder]
CHARLES H. SNYDER, Secretary

STATE OF CALIFORNIA

COUNTY OF NAPA

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Sanitarium, California on March 27, 1967.

James E. Chase
JAMES E. CHASE, President

Charles H. Snyder
CHARLES H. SNYDER, Secretary

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ARTICLES OF INCORPORATION OF THE CALIFORNIA MEDICAL
MISSIONARY AND BENEVOLENT ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned,
have associated ourselves together for the purpose of incorpor-
ation under the laws of the State of California, and we do,
therefore, make, sign, and acknowledge these articles of
Incorporation and certify:--

FIRST.--The name of said corporation is CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

SECOND.--The purposes for which this corporation is
formed are as follows:

To found hospitals or charitable asylums for the care
and relief of indigent and other sick or infirm persons, at
which institutions may be received, also, patients and patrons
who are able to and do pay for the benefits there received,
and which institutions shall devote the funds and property
acquired and received by them, from time to time from all
sources, exclusively to maintaining themselves, improving
extending their benefits, usefulness and facilities
their conditions and facilities, and promoting their purposes, by
such sanitary, dietetic, hygienic, philanthropic, dress and
temperance reforms and efforts as are germane or auxiliary thereto
and to oppose the use of tobacco, tea, coffee, and other
narcotics, as well as of alcoholic liquors, disseminate the
principles of social purity, find homes for homeless children
and outcast men and women, and care for the aged and infirm;
train and send out missionary physicians and missionary nurses,
to engage in the promulgation of the principles of hygiene,
temperance reform and Christian philanthropy, and
enter upon various lines of work for the relief and betterment

-8-

of the ignorant, unfortunate, degraded and suffering, both rich and poor, without distinction to race or creed, and to manufacture and sell hygienic goods and sanitary products and to promote the objects of said institutions by means of classes, lectures, publications, and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons, and to acquire and hold by purchase, lease, gift, devise and bequest, or any lawful means, such real estate, water rights and other property privileges, as may be necessary, useful or convenient in entering upon, promoting or maintaining the objects of said incorporation, and to sell, encumber, or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people, and to sell, encumber, or otherwise dispose of the same.

And this corporation is not for profit.

THIRD,--The place where the principal business of said corporation shall be carried on is at Crystal Springs, near St. Helena, County of Napa, State of California.

FOURTH,--The term for which this corporation is to exist is fifty years, or the greatest length of time possible under the statutes of the State of California.

FIFTH,--The number of Directors of this corporation shall be eight, and the names and residences of those who are appointed for the first year and until their successors are elected and qualified are:

N.C. McClure, residing at Healdsburg, California.

G.C. Martin, residing at Woodland, California.

W.F. Knox, residing at Oakland, California.

J.A. Burden, residing at St. Helena, California.

A.J. Sanderson, residing at St. Helena, California.

Thomas Coolidge, residing at St. Helena, California.

F.B. Moren, residing at San Francisco, California.

George H. Heald, residing at St. Helena, California.

SIXTH,--That there is no capital ^{stock} and no shares.

SEVENTH,--That no capital stock has been subscribed for.

EIGHTH,--That ~~no person~~ attending and voting at any of the meetings of this corporation shall hold or vote more than one proxy in excess of any other person so attending and voting.

NINTH,--That a meeting of the members of the Association has been held on the tenth day of June, 1898, at St. Helena, Napa County, California, in accordance with the rules and regulations of this Association, at which the undersigned N.C. McClure was elected President, J.A. Burden was elected Secretary, W.A. Williams was elected Judge of Elections, and J.H. Anthony and Henry Scott were elected Tellers; and that at such meeting a majority of the members of said Association was present and voted at the election herein mentioned; and at such meeting an election of Directors was held, and the eight persons hereinbefore mentioned were elected as Directors of this Corporation.

TENTH,--The mode of election or appointment of successors to the first Board of Directors, the time for which the Directors shall be elected or appointed, and other matters germane thereto are as follows:--

The annual meeting of said corporation shall be held on the

Wednesday next following the second Thursday of June
.....each year.

At the annual meeting in 1899, four Directors shall be elected to serve one year, and four Directors to hold two years, and thereafter there shall be an election each year at the annual meeting, of four Directors, to hold office for two years. All Directors shall continue in office until their successors are chosen, and the meeting for the election of Directors shall be held annually, and shall be called in such manner as shall be fixed in the By-laws. All vacancies in the Board by death, resignation, or otherwise, shall for the current term be filled by the Board. Resignations shall be made to and accepted by the Board.

Members shall be of two classes: Permanent Members and Annual Members.

The following are hereby declared to be the conditions upon which persons may become or remain members of this Association, which conditions shall be signed by each member as evidence of his consent thereto, viz.:

As a condition of becoming and being a member of the California Medical Missionary and Benevolent Association, I declare and consent that the objects of this Association are and shall be,--

To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to and do pay for the benefits there received, and which institutions shall devote the funds and property acquired and received by them from time to time from all sources, exclusively to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic

hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto, and to oppose the use of tobacco, tea, coffee, and other narcotics, as well as of alcoholic liquors, disseminate the principles of social purity, find homes for homeless children and outcast men and women, and care for the aged and infirm, train and send out missionary nurses, to engage in the promulgation of the principles of hygiene, temperance reform and Christian philanthropy, and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded and suffering, both rich and poor, without distinction to race or creed, and to manufacture and sell hygienic goods and sanitary products, and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate method, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise and bequest, or any lawful means, such real estate, water rights and other property ^{and} privileges, as may be necessary, useful or convenient in entering upon, promoting or maintaining the objects of said incorporation, and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift and bequest, stock or shares and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people, and to encumber, sell or otherwise dispose of the same.

And this corporation is not for profit.

Believing that the object of this organization is to

carry out benevolent work in harmony with the Gospel as expressed in the inspired Word of God, I express my sympathy with all who are engaged in like work, and desire that so far as this Association is permitted to do so, it shall co-operate with all such in every good work which has for its purpose the elevation and improvement of mankind.

I further declare and consent that it is a condition of my becoming a member of said Association that, at any meeting at which election of Directors is had, a two-thirds majority of the members there present and voting, may drop me from the roll and remove me from the Association, if in their judgment I am antagonistic to the principles or the work of the Association, or, instead of dropping and removing me, I may, by a like vote, be suspended from all membership rights for such period as said vote shall fix, and that from such action I shall have no appeal nor resort to law.

I also agree that before any person, except a member of the Rural Health Retreat Association, shall be considered a member of this Association, after the organization of this corporation and after he shall have signed the declaration of principles, and otherwise complied with the requirements for membership, his name shall be submitted to the members of the Association at the next ensuing annual meeting, and if two-thirds of the members present and voting declare in his favor, he shall then be considered a member, otherwise, his application for membership shall be considered as rejected, and any sum which he may have paid as a membership fee shall at his request be returned to him, and the first order of business at such meeting shall be action on such application, and the second order of business shall be the revision of the roll of members.

I further stipulate that as a member, permanent or annual, I have no property rights in said corporation or in any of its property or funds.

I further agree that no person attending and voting at any of the meetings of this corporation shall hold more than one proxy in excess of any other person so attending and voting, and that I shall never acceptor attempt to vote more than one proxy in excess of any other person in attendance on any such meeting. And no person who is not a member, shall hold or vote a proxy, and it shall be the duty of the Secretary of said corporation a sufficient length of time before each meeting to make arrangements for an equal distribution of all proxies to be voted at such meeting.

In the event of my failure to attend any meeting, either in person or by proxy for a period of three years, I shall cease to be a member of said corporation and my name shall be dropped from the roll of membership without notice to me or right in me to appeal or resort to law.

I do also agree that this Association shall be and is allied to the International S.D.A. Medical Missionary and Benevolent Association, that it is formed for the same objects and purposes, to support the same principles and to operate under the same general rules, and that the S.D.A. Medical Missionary and Benevolent Association shall be and hereby is recognized as a supervisory association as regards general policy of organization and work, and also that this Association shall and does recognize the province and rights, territorial and otherwise, of sister institutions, also organized and operating under the general supervision of the S.D.A. Medical Missionary and Benevolent Association.

I recognize the fact that it may be considered and held by Courts, that under the constitution and laws of California said corporation is not limited in its life to fifty years, but has a perpetual or indefinite existence, now, however that may be, I stipulate, agree and direct that whenever said corporation comes to an end, be it by limitation of its legal life, or by being wound up by statutory or other proceedings or otherwise, the then Directors by the majority vote of all the then Directors shall in due form and manner cause to be made a transfer of all the assets of said corporation, of every kind, name and nature, to such other corporation as shall then be in existence to receive the same, and assume all debts, duties and liabilities of said corporation; provided, however, that such receiving corporation shall be charitable and philanthropic in its objects and purposes and shall be non-profit and non-dividend-paying to any of its members, and which shall have for its aims substantially the same objects and purposes as the California Medical Missionary and Benevolent Association; provided, however, that such change over must preserve all legal essentials and spirit of the purposes of this corporation, and shall make no material changes of membership as herein expressed, and shall reserve to me the same membership and right to membership therein, as I have herein.

(Signature)

(Dated)

ELEVENTH.--To become a permanent member a person must, as aforesaid, sign the conditions of membership (which signature may be made personally or by agent, authorized in writing, which writing shall be filed with the Association.)

And also those who come within one or more of the

following classes, viz.:

All persons who are owners of one or more shares of stock in the Rural Health Retreat Association of St. Helena, California, and who sign said declaration of principles and who transfer all their stock in the old company to this company.

All persons who have given Twenty-five Dollars or more toward the founding and endowing of this Association.

All persons who shall give Twenty-five Dollars or more for its corporate uses and purposes.

All persons who have given Twenty-five Dollars or more to said ^{former} Rural Health Retreat Association, or any phase of its work, and who sign said Conditions of Membership, and provided further that the said Board of Directors shall be the sole and final judges of the sufficiency of the evidence of such gift.

To become an annual member a person must sign said conditions of membership (which signature may be personally or by agent, authorized in writing, which writing shall be filed with the Association) and also give such sum as shall be stipulated by the By-laws of this corporation.

All membership--Permanent and Annual--shall be and is strictly personal, and cannot be the subject of transfer or succession by purchase, gift, ^{bequest} or bequest, and the death of any member, Permanent or Annual, shall instantly terminate the membership.

Certificates of membership may be provided for by the By-laws, but any such certificates shall be prima facie evidence only, and may always be impeached by showing that its holder has in fact never qualified as a member, or that the membership has been terminated by suspension, removal, death, or otherwise.

IN WITNESS WHEREOF, We, the said persons hereby
associating, for the purpose of giving effect to these
Articles hereunto sign our names, this 18th day of June, 1938.

J.H. Anthony (L.S.)

J.A. Burden (L.S.)

A.J. Sanderson (L.S.)

Thomas Coolidge (L.S.)

H.C. McClure (L.S.)

Henry Scott (L.S.)

State of California, }
COUNTY OF ^{San Francisco} ~~NAPA~~ } SS.

On this... *Second* ... day of... *August* ... in the year one thousand
eight hundred and ninety-~~eight~~ before me, *Julius C. Mann*, ~~County Clerk and ex officio Clerk~~
~~of the Superior Court~~ in and for said County, personally appeared at *residing therein, duly*
~~Commissioned within said County~~ *And sworn, personally*
appeared Henry Scott



known to me to be the person, whose name *is* sub-
~~scribed to the within instrument~~ and *and who executed the same* acknowledged that he
executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
~~at my office in the County of San Francisco~~ official seal the day and year in this certificate first above written.

Julius C. Mann Notary Public
~~County Clerk and ex officio Clerk of said Superior Court~~
in and for the City and County of San Francisco, State of
California.

-11-

State of California:

: SS.

County of Napa :

Before me, W.A. Mackinder, a Notary Public,
in and for the County of Napa, State of California, this day
personally appeared J.H. Anthony, J.A. Burden, A.J. Sanderson,
Thomas Coolidge and H.C. McClure, known to me to be the
same persons who executed the foregoing Articles of Incorpor-
ation and acknowledged that they signed and executed the same
voluntarily and for the purposes therein mentioned.

Dated June 13th 1895 W A Mackinder

Notary Public

In and for the County of Napa,

State of California.

State of California:
County of Napa : SS.

N.C. McClure, J.A. Burden, W.A. Williams,
J.H. Anthony and ~~Henry Scott~~ being first duly sworn, depose
and say, each for himself and not one for the other, that
they are the same persons named in the foregoing Articles
of Incorporation, as the President, Secretary, Judge and
Tellers of Election therein mentioned, and that they have
read the said Articles of Incorporation and know the
contents thereof, and that the same are true, and also all
matters therein so stated in Paragraph 8, thereof, of their own
knowledge.



N.C. McClure.

J.A. Burden.

W.A. Williams.

J.H. Anthony.

SUBSCRIBED AND SWORN to before me this 15 day of

June, 1898.

W.A. Markins

Notary Public

In and for the County of Napa,

State of California.

Subscribed and sworn to before me this 2nd day of August,
1898.



Judius Colman, Henry Scott

Notary Public in and for

the City and County of San Francisco,

Endorsed Filed, AUG 15 1898 78 State of California.

J. W. Collins
CLERK

End

27053 ✓

W. J. Deary

TOWN BOARD
ARTICLES OF INCORPORATION

VT. OF VERMONT

BEING

W. J. Deary

to establish a town M. S. H. S.

MEDICAL

MISSIONARY

(4)

BENEVOLENT

W. J. Deary

RECEIVED

501M

FILED in the Office of the

SECRETARY OF STATE

the *20* day of

Aug A. D. 1898.

W. J. Deary

SECRETARY OF STATE

By *W. J. Deary*

DEPUTY

Record Book, 110 Page, 557

rd... yemeth

STATE OF CALIFORNIA.

SS:

City and County of San Francisco.

E. E. PARLIN, of said City and County, being duly sworn on oath says, that he is the Secretary of the California Medical Missionary and Benevolent Association, a corporation organized and existing under the laws of the State of California, and having its office and principal place of business at Sanitarium, Napa County, California; that said corporation is a membership corporation, and in Article Second of its Articles of Incorporation expressly declared to be "without pecuniary profit or dividend, direct or indirect, to any person or persons", and "this corporation is not for profit"; affiant further states that no profits or dividends have ever been paid to any member of said corporation, or to any other person, and that the business of said corporation has always been, and still is, conducted on a non-dividend basis, and without pecuniary profit to any one.

E. E. Parlin

Subscribed and sworn to before
me this 10th day of August, 1905.

A. B. Gush

Notary Public in and for said
City and County of San Francisco,
State of California. Commission
expires _____

27953

AMENDED

ARTICLES OF INCORPORATION
OF THE

CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS; That we, the undersigned, a majority of whom are citizens and residents of the State of California, have associated ourselves together for the purpose of incorporation under the laws of the State of California, and we do, therefore, make, sign and acknowledge these Articles of Incorporation and certify:

FIRST. The name of said corporation is CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

Second. The purposes for which this corporation is formed are as follows:

To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to and do pay for the benefits there received, and which institutions shall devote the funds and property acquired and received by them, from time to time from all sources, exclusively to maintaining themselves, improving their conditions and facilities, extending their benefits usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto, and to oppose the use of tobacco, tea,

coffee, and other narcotics, as well as of alcoholic liquors, disseminate the principles of social purity, find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses, to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy, and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded and suffering, both rich and poor, without distinction to race or creed, and to manufacture and sell hygienic goods and sanitary products and to promote the objects of said institutions by means of classes, lectures, publications, and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons, and to acquire and hold by purchase, lease, gift, devise, and bequest, or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful or convenient in entering upon, promoting or maintaining the objects of said incorporation, and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people, and to sell, encumber, or otherwise dispose of the same.

And this corporation is not for profit.

THIRD. The place where the principal business of said

corporation shall be carried on is at Sanitarium, near St. Helena, County of Napa, State of California.

FOURTH. The term for which this corporation is to exist is Fifty Years, or the greatest length of time possible under the statutes of the State of California.

FIFTH. The number of Directors of this corporation shall be eight, and the names and addresses of those who are appointed for the first year and until their successors are elected and qualified are:

N. C. McClure, residing at Healdsburg, Cal.

G. C. Martin, residing at Woodland, Cal.

W. T. Knox, residing at Oakland, Cal.

J. A. Burden, residing at St. Helena, Cal.

A. J. Sanderson, residing at St. Helena, Cal.

Thomas Coolidge, residing at St. Helena, Cal.

F. B. Moran, residing at San Francisco, Cal.

George H. Heald, residing at St. Helena, Cal.

SIXTH. That there is no capital stock and no shares.

SEVENTH. That no capital stock has been subscribed for.

EIGHTH. That no person attending and voting at any of the meetings of this corporation shall hold or vote more than one proxy in excess of any other person so attending and voting.

As a condition of membership in said Association, at any meeting at which an election of Directors is had, a two-thirds majority of the members there present and voting may drop any member from the roll of membership of the Association, if in their judgment such person is antagonistic to

the principles or the work of the Association; or, instead of dropping and removing him such member, may, by a like vote, be suspended from all membership rights for such period as such vote shall fix, and from such action there shall be no appeal nor resort to law.

Before any person, except a member of the Rural Health Retreat Association, shall be considered a member of this Association, his name shall be submitted to the members of the Association at the next ensuing annual meeting, and if two-thirds of the members present and voting declare in his favor, he shall, upon giving his written consent to the declaration of principles of this Association, be then considered a member of this Association; otherwise, his application for membership shall be considered as rejected, and any sum which he may have paid as a membership fee shall at his request be returned to him.

No person by virtue of membership herein shall have any property rights in said corporation or in any of its property or funds.

No person attending and voting at any of the meetings of this corporation shall hold more than one proxy in excess of any other person so attending and voting, and shall never accept nor attempt to vote more than one proxy in excess of any other person in attendance on any such meeting. And no person who is not a member shall hold or vote a proxy, and it shall be the duty of the Secretary of said corporation a sufficient length of time before each meeting to make arrangement for an equal distribution as nearly as may be, of all

proxies to be voted at such meeting.

In the event of the failure of any member to attend any meeting, either in person or by proxy, for a period of three years, such person upon a two-thirds vote of the members present and voting, shall cease to be a member of said corporation, and his name shall be dropped from the roll of membership without notice to him or right to appeal or resort to law.

Whenever said corporation comes to an end, be it by limitation of its legal life, or by being wound up by statutory or other proceedings or otherwise, the then directors by the majority vote of all the then directors shall in due form and manner cause to be made a transfer of all the assets of said corporation, of every kind, name and nature, to such other corporation as then shall be in existence to receive the same, and assume all debts, duties, and liabilities of said corporation; provided, however, that such receiving corporation shall be charitable and philanthropic in its objects and purposes, and shall be non-profit and non-dividend paying to any of its members, and which shall have for its aims substantially the same objects and purposes as the California Medical Missionary and Benevolent Association; provided, however, that such change over preserve all legal essentials and spirit of the purposes of this corporation.

NINTH. That a meeting of the members of the Association has been held on the tenth day of June, 1898, at St. Helena, Napa County, California, in accordance with the rules and regulations of this Association, at which the undersigned

N. C. McClure, was elected President, J.A. Burden, was elected Secretary, W.A. Williams was elected judge of elections, and J.H. Anthony and Henry Scott were elected tellers; and that at such meeting a majority of the members of said Association was present and voted at the election herein mentioned; and at such meeting an election of Directors was held, and the eight persons hereinbefore mentioned were elected as Directors of this corporation.

TENTH. The mode of election or appointment of successors to the first Board of Directors, the time for which the Directors shall be elected or appointed, and other matters germane thereto are as follows:

The Annual Meeting of said corporation shall be held on the second Wednesday in March of each year.

At the annual meeting in 1899, four Directors shall be elected to serve for one year, and four directors to hold two years, and thereafter there shall be an election each year, at the annual meeting, of four directors, to hold office for two years. All Directors shall continue in office until their successors are chosen, and the meeting for the election of directors shall be held annually and shall be called in such manner as shall be fixed in the by-laws. All vacancies in the Board by death, resignation, or otherwise, shall for the current term be filled by the Board. Resignations shall be made to and accepted by the Board.

ELEVENTH. To become a member of this Association a person must give his written consent to the condition of membership, and also come within one or more of the following class

es, viz:

(a) All persons who are owners of one or more shares of stock in the Rural Health Retreat Association of St Helena California, and who transfer all their stock in the old company to this Association.

(b) All persons who have given twenty-five dollars or more toward the founding and endowing of this Association.

(c) All persons who shall give twenty-five dollars or more for its corporate uses and purposes.

(d) All persons who have given twenty-five dollars or more to said Rural Health Retreat Association, or any phase of its work.

(e) All persons who now hold annual memberships in this Association.

The following persons shall be exofficio members of this Association:

(1st.) The physicians, graduate nurses and department leaders employed in any branch of the work of this Association.

(2d) Members of the Executive Committee of the Pacific Union Conference of the Seventh-Day Adventists.

(3d) Members of the Executive Committee of the California Conference of the Seventh-Day Adventists.

(4th) Members of the Board of Trustees of the California Conference Association of the Seventh-Day Adventists.

(5th) The Conference Secretary, the Missionary Secretary, Sabbath School Secretary, Church School Superintendent, and all ordained ministers, licentiates and church

school teachers in the employ of the California Conference of Seventh-Day Adventists.

(6th) The officers and managing boards of all regularly organized Seventh-Day Adventist denominational institutions in the territory of the Pacific Union Conference.

(7th) All duly accredited delegates to the annual meetings of the California Conference of the Seventh-Day Adventists, and the elders, deacons, clerks, treasurers, librarians, sabbath school superintendents and leaders of young peoples societies in the local Seventh-Day Adventist churches within the territory of the California Conference of the Seventh-Day Adventists.

Membership shall be and is strictly personal, and cannot be the subject of transfer or succession, and the death of any member shall instantly terminate the membership.

Certificates of membership may be provided for by the by-laws, but any such certificates shall be prima facie evidence only, and may always be impeached by showing that its holder has in fact never qualified as a member, or that the membership has been terminated by suspension, removal, death or otherwise.

IN WITNESS WHEREOF, We, the said persons hereby associating, for the purpose of giving effect to these articles hereunto sign our names, this thirteenth day of June, 1898.

J. H. ANTHONY (L.S.)

J. A. BURDEN (L.S.)

A. J. SANDERSON (L.S.)

THOMAS COOLIDGE (L.S.)

N. C. MCCLURE (L. S.)

CERTIFICATE OF CORRECTNESS.

STATE OF CALIFORNIA,

ss.

County of Napa.

L. M. BOWEN, and E. E. PARLIN, each being duly sworn, depose and say, each for himself and not one for the other, that at a meeting of a majority of the members, incorporators and directors of the California Medical Missionary and Benevolent Association, more than sufficient to constitute a quorum being present, which meeting was duly called and held at the Camp Ground of the Seventh-Day Adventists in Oakland, California, on the 24th day of July, A.D. 1906, and at which meeting said Bowen presided as chairman and said Parlin acted as secretary, the foregoing Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association, were duly adopted by the unanimous vote of the members of said corporation present at said meeting, and that the same do now constitute the Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association.

IN WITNESS WHEREOF, We have hereunto affixed the corporate name and seal of said corporation this 31st day of July, A.D. 1906.

CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION

By L. M. Bowen President,
CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION
By E. E. Parlin Secretary.

Subscribed and sworn to before me
this 9th day of August, 1906.

(Seal) (Signed) W. A. Mackinder
Notary Public in and for said
County of Napa, State of California.

Endorsed Filed AUG 10 1906

STATE OF CALIFORNIA,

ss.

County of Napa.

H. W. Collins

County Clerk

I, H. W. Collins County Clerk of the County of Napa, State of California, do hereby certify the within and foregoing to be a full, true and correct copy of Amended Articles of Incorporation of the California Medical Missionary and Benevolent Association, as the same remains on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 10th day of August, A.D. 1906.

H. W. Collins
County Clerk, Napa County, California.

50

James
Aug 2
14th

Dated July 31, 1906

CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION.

of
Amended Articles
of Incorporation

Inc = 27953 =

CERTIFICATE OF INCREASE OF MEMBERS OF
BOARD OF DIRECTORS OF CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT
ASSOCIATION.

STATE OF CALIFORNIA,)
COUNTY OF NAPA.) SS.

E. E. Andross, President and L. V. Roberson, Secretary of the Corporation hereinafter named, do hereby as such President and Secretary certify as follows:

That said E. E. Andross and L. V. Roberson are and at all times herein mentioned have been the regularly elected, qualified and acting President and Secretary respectively of the California Medical Missionary and Benevolent Association, a Corporation of the State of California, and that E. E. Andross, L. M. Bowen, C. W. Irwin, C. H. Jones, C. E. Rice, H. McDowell, R. Rose and Claude Conard are and at all times herein mentioned were the duly elected, qualified and acting Board of Directors of said Corporation, and that at a regular meeting of the Members and Directors of said Corporation duly and legally called and held on the 25th day of July, 1917 at Sanitarium, California, at which meeting there were present more than a majority and more than a quorum of all said Members and more than a majority and more than a quorum of all said Directors and over which meeting said E. E. Andross as such President presided and said L. V. Roberson acted as Secretary of said meeting, the following Resolution was presented and read, to wit:

"Resolved that the number of Directors of this Corporation California Medical Missionary and Benevolent Association be changed to be not less than eight nor more than eighteen as may be provided by the By-Laws of this Association, who shall be selected and shall serve as Directors for such length of time as provided by said By-Laws,

State of California, } ss.
COUNTY OF NAPA

I, N. W. COLLINS, County Clerk in and for the County of Napa, State of California, and
ex officio Clerk of the Superior Court in and for said County, do hereby certify the foregoing to be a full, true and correct copy of

*Certificate of increase of members of Board of Directors
of California Medical Missionary and
Benevolent Association*

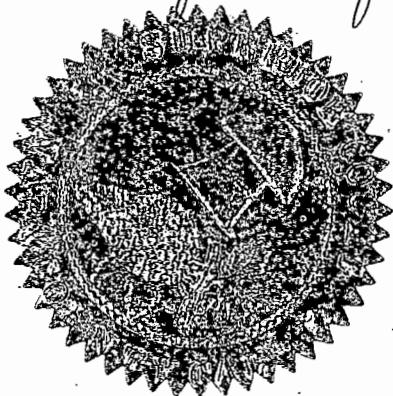
as the same appears of record in my office, with the original of which said copy has been
compared by me, and is a true transcript therefrom.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said
Court, at my office in the City of Napa, this.....day
of..... *March* A. D. 191*8*

N. W. COLLINS

County Clerk and ex officio Clerk of the Superior Court

By *James A. Daly* Deputy Clerk.



STATE OF CALIFORNIA, } ss.
County of Napa

On this 5th day of March in the year One Thousand Nine Hundred and Eighteen

before me, M. W. Newton, a Notary Public, in and for the County of Napa, personally appeared

E. E. Andross, President and L. V. Roberson,

Secretary of the California Medical Missionary
and Benevolent Association

known to me to be the person s whose names are subscribed to the within
instrument, and they duly acknowledged to me that t he y executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal,
at my office in the County of Napa, the day and year in this certificate first above written.

M. W. Newton

Notary Public in and for the County of Napa, State of California.

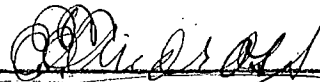
My Commission Expires January 23, 1919.

and the President and Secretary of this Corporation, California Medical Missionary and Benevolent Association are hereby directed to issue and sign a statement of such action of the members of such Corporation and attest the same by the seal of this Corporation and cause the same to be filed in the manner and of the form as by law provided."

Whereupon after discussion thereof the adoption of such Resolution was regularly moved, which motion, being duly seconded, was put to a vote and thereupon such motion was carried and such Resolution adopted by the unanimous vote of all said Members and said Directors, constituting more than a majority of all the Members, and more than a majority of all the Directors of said Corporation and no dissenting vote was cast.

And we do further certify that by reason of said action of said members so taken as above set forth this certificate has been issued and that the new number of Directors has been provided by said members to be as in said Resolution set forth.

In witness whereof and by direction of the above Resolution, we have hereunto set our hands as such President and Secretary and have attested the same by the seal of said Corporation hereunto affixed this _____ day of _____ 191_____



President of

California Medical Missionary and
Benevolent Association.



Secretary of

California Medical Missionary and
Benevolent Association.

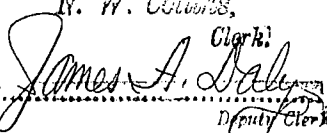
ENDORSED

Filed, MAR 6 1918

N. W. Cottons,

Clerk

By


James A. Daley
Deputy Clerk



STATE OF CALIFORNIA
County of _____
On this _____ day of _____
I, _____ Notary Public
do hereby certify that the foregoing is a true and correct copy of the original of the same as the same appears from the records of said County.

27953

J. Northrup

Department of State
27953

California Medical Missionary
and Benevolent Association

(Increase of Directors)

FILED

In the office of the Secretary of State
OF THE STATE OF CALIFORNIA

MAR 7 - 1918

FRANK C. JORDAN
SECRETARY OF STATE

By *Frank C. Jordan*
DEPUTY

Number
402952

CONVEYANCING—NOTARY PUBLIC

Wm. M. NORTHRUP
ATTORNEY AT LAW

3 W. MAIN ST., ALHAMBRA, CAL.

Amended Articles of Incorporation
of the

CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS: That we , the undersigned, a majority of whom are citizens and residents of the State of California, have associated ourselves together for the purpose of incorporating under the laws of the State of California, and we do, therefore, make, sign, and acknowledge these Articles of Incorporation and certify that:

First: The name of said corporation is California Medical Missionary and Benevolent Association.

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done with-

out pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock, or shares, and become a member or stockholder, in any other institution, having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to provide by by-laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to, or that may be connected with, the purposes and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

And this corporation is not for profit.

Third: The place where the principal business of said corporation shall be carried on is at Sanitarium, near St. Helena, County of Napa, State of California.

Fourth: The term for which this corporation is to exist, is fifty years.

Fifth: There is no capital stock and no shares, and no capital stock has been subscribed for.

Sixth: A meeting of the members of the Association has been held on the 10th day of June, 1898, at St. Helena, Napa County California, in accordance with the rules and regulations of this Association, at which the undersigned M. C. McClure, was elected president, J. A. Burden, was elected secretary, W. A. Williams was elected judge of elections, and J. H. Anthony and Henry Scott were elected tellers, and at such meeting a majority of the members of said Association was present and voted at the election herein mentioned, and at such meeting an election

of Directors was held, and the following eight persons were elected as Directors of this Corporation for the first year, and until their successors were elected and qualified, and the names and addresses of the Directors who are appointed and elected, as aforesaid, for the first year and until their successors are elected and qualified, are:

N. C. McClure, residing at Healdsburg, California.

C. C. Martin, residing at Woodland, California.

W. T. Knox, residing at Oakland, California.

J. A. Surden, residing at St. Helena, California.

A. J. Sanderson, residing at St. Helena, California.

Thomas Coolidge, residing at St. Helena, California.

F. E. Moran, residing at San Francisco, California.

George H. Heald, residing at St. Helena, California.

Seventh: The number of the Directors of this Association shall not be less than eight, nor more than eighteen as may be provided in the By-Laws of this Association, who shall be elected and shall serve as Directors for such length of time as provided in and by said By-Laws.

Eighth: The membership of this Association shall consist of members in good and regular standing of the Seventh-day Adventist Church as provided for in the By-Laws of this Association.

Ninth: When said corporation comes to an end, be it by limitation of its legal life, or by being wound up by statutory or other proceedings, or otherwise, the Directors by the majority vote of all the then Directors shall in due form and manner cause to be made a transfer of all the assets of the Corporation, of every kind, name and nature, to such other corporation as then shall be in existence to receive the same, and assume all debts, duties and liabilities of said Corporation; provided, however, that such receiving corporation shall be ~~x~~ charitable and philanthropic in its objects and purposes, and shall be non-profit and non-dividend paying to any of its members, and which shall have for its aims substantially the same objects and purposes as the California Medical Missionary and Benevolent Association; and whose members shall consist of members in good and regular standing of the Seventh-day Adventist Church;

provided, however, that such change ever preserve all legal essentials and spirit of the purposes of this corporation; and provided further that if no such corporation shall be in existence at that time, to receive such transfer, then such transfer shall be made to the Pacific Union Conference Association of ~~the~~ Seventh-day Adventists;

IN WITNESS WHEREOF, We, the said persons hereby associating for the purpose of giving effect to these Articles, hereunto sign our names this thirteenth day of June, 1898.

J. H. Anthony (L.S.)

J. A. Burden (L. S.)

A. J. Sanderson (L. S.)

Thomas Coolidge (L. S.)

N. C. McClure (L. S.)

CERTIFICATE OF CORRECTNESS.

State of California,) ss.

County of Napa.)

E. E. Andross as President and Director and L. V. Roberson as Secretary and L. M. Bowen, C. W. Irwin, C. H. Jones, C. E. Rice, H. McDowell, R. Rose and Claude Conard, as Directors of California Medical Missionary and Benevolent Association, each for himself and not one for the other, certifies that said E. E. Andross and L. V. Roberson are and at all times herein mentioned have been the duly elected, qualified and acting President and Secretary, respectively of the California Medical Missionary and Benevolent Association, and that said E. E. Andross, L. M. Bowen, and C. W. Irwin, C. H. Jones, C. E. Rice, H. McDowell, R. Rose and Claude Conard are and at all times herein mentioned were the duly elected, qualified and acting Board of Directors of said Association, and that at a meeting of said Board of Directors duly and legally called and held on the 25th day of July, 1917, at Sanitarium, California, at the place where said Board usually meets, at which meeting more than a majority of said Board were present, the foregoing Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association were duly approved and adopted by the vote of all said members of said Board then present, being more than said majority of said Board, and no vote was cast against the adoption thereof, and that at a regular meeting of the members, incorporators and directors of the California Medical Missionary and Benevolent Association, more than a majority thereof and more than sufficient to constitute a quorum being present, which meeting was duly and legally called and held at Sanitarium, California, on the 25th day of July, 1917, and of which meeting said E. E. Andross was the President and presiding officer and said L. V. Roberson was and acted as the Secretary, the foregoing Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association were duly adopted by the unanimous vote of all the members of said Corporation present at said meeting, said members being a majority of all the members of said Corporation, and that the same do now constitute the Amend-

State of California, } ss.
COUNTY OF NAPA

I, N. W. COLLINS, County Clerk in and for the County of Napa, State of California, and ex-officio Clerk of the Superior Court in and for said County, do hereby certify the foregoing to be a full, true and correct copy of

*Amended Articles of Incorporation of California Medical
Missionary and Samaritan Association*

as the same appears of record in my office, with the original of which said copy has been compared by me, and is a true transcript therefrom.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Court, at my office in the City of Napa, this 6th day of March, A. D. 1918

N. W. COLLINS
County Clerk and ex-officio Clerk of the Superior Court
By James J. Daly, Deputy Clerk.



STATE OF CALIFORNIA, } ss.
County of Napa

On this 5th day of March in the year One Thousand Nine Hundred and Eighteen
before me, M. W. Newton, a Notary Public, in and for the County of Napa, personally appeared L.V. Robertson,
C.W. Irwin, C.E. Rice, H. McDowell, R. Rose and Claude
Conard, known to me to be Directors of the Corporation
that executed the within instrument and acknowledged
to me that said Corporation executed the same
known to me to be the person s whose name s are subscribed to the within
instrument, and they duly acknowledged to me that the executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal,
at my office in the County of Napa, the day and year in this certificate first above written.

M. W. Newton

Notary Public in and for the County of Napa, State of California.

My Commission Expires January 22, 1919.

State of California
County of Santa Clara } ss.

On this fourth day of March in the year One Thousand
Nine Hundred and eighteen before me, HERBERT G. CHILDS, a Notary Public in and for the
said County of Santa Clara, residing therein, duly commissioned and sworn, personally appeared

C. H. Jones

known to me to be ~~the~~ a Director
of the Corporation that executed the within instru-
ment, and acknowledged to me that such Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and
affixed my Official Seal, at my office in the said County of Santa
Clara the day and year in this Certificate first above written.

Herbert G. Childs
Notary Public in and for the County of Santa Clara, State of California.

Missionary Adv Co

as the sa

State of California, }
County of San Bernardino, } ss.

On this first day of March, in the year nineteen hundred and eighteen, A. D.,
before me, S. S. Merrill, a Notary Public in and for
the said County of San Bernardino, State of California, residing therein, duly commissioned and sworn, personally appeared

L. M. Bowen, known to me to be ~~ONE~~

~~President, &c~~ a Director, ~~known to me to be ONE~~

~~Secretary &c~~ of

the Corporation which executed the within and annexed instrument, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

S. S. Merrill

Notary Public in and for San Bernardino County, State of California.

Pres. & Sec.
ber Stamp Co., 131 South Spring St.

of California
to County of San Bernardino
to State of California

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

ss.

this twenty-sixth day of February, in the year nineteen

eighteen before me, Vivian Volkers, a Notary Public in and for the said County of

Los Angeles, State of California, residing therein, duly commissioned and sworn, personally

appeared E. E. Andross, known to me to be the

President, and known to me to be

the Secretary of California Medical Missionary and Benevolent Association, the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Vivian Volkers

Notary Public in and for Los Angeles County, State of California.

EDGMENT—Corporation—Pres. and Secy., No. 223.

Grimes-Stassforth Stationery Co., Los Angeles.

ed Articles of Incorporation of said California Medical Missionary and Benevolent Association.

IN WITNESS WHEREOF, we have hereunto affixed the corporate name and seal of said corporation this _____ day of _____ A. D., 1918, and set our hands as such President, Secretary, and Directors as aforesaid;

CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

By [Signature] President.
By L. V. Robertson Secretary.
By L. M. Brown Director.
By C. W. Brown Director.
By C. B. Jones Director.
By C. E. Rice Director.
By H. Mc Dowell Director.
By R. Rose Director.
By Frank Conard Director.

ENDORSED

Filed, MAR 6 1918

N. W. Collins,

Clerk.

By [Signature]

Deputy Clerk

ment and acknowledged to me that such
In Witness Whereof, I have here
affixed my Official Seal of my office in
Clear this day and year in this Certificate in
Notary Public

1953

Wm. M. Northrup
Attorney at Law
3 W. Main St. Alhambra, Cal.

Wm. M. NORTHROP
ATTORNEY AT LAW
3 W. MAIN ST. ALHAMBRA, CAL.

PRINTED BY THE ALHAMBRA PRESS, ALHAMBRA, CAL.

Term made PERPETUAL.

CERTIFICATE OF AMENDMENT OF ARTICLES
OF INCORPORATION OF CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT
ASSOCIATION, A CORPORATION

27723
FILED
In the office of the Secretary of State
of the State of California

FEB 27 1946
FRANK M. JORDAN, Secretary of State
By Robert V. Jordan
Assistant Secretary of State

The undersigned, W. A. NELSON and E. L. PLACE, do hereby certify that they are respectively and have been at all of the times herein mentioned the duly elected, qualified and acting president and secretary of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, and further that:

1. A special meeting of the members of the California Medical Missionary and Benevolent Association was duly and regularly held at the principal office of said California Medical Missionary and Benevolent Association, a corporation, located at Sanitarium, near St. Helena, Napa County, California, at 11:00 o'clock A. M. on the 15th day of February, 1946, at which meeting there were at all times present and acting a quorum and all of the members of said California Medical Missionary and Benevolent Association entitled to vote upon questions or business lawfully coming before said meeting.

2. At said meeting a resolution providing for the amendment of the articles of incorporation of said California Medical Missionary and Benevolent Association was duly adopted by the affirmative vote of Thirty-seven (37) of the members of said California Medical Missionary and Benevolent Association; that the total number of members of said association entitled to vote upon the adoption of said amendment was Thirty-seven (37); that a copy of said resolution so adopted is hereto attached marked "Exhibit A" and made a part hereof.

3. All of the members of said corporation present and acting at said meeting voted in favor of said resolution, constituting a vote of all of the members of said California Medical Missionary and Benevolent Association entitled to vote thereon.

4. That a special meeting of the Board of Directors of said corporation was duly and regularly held at the principal office of said corporation, located at Sanitarium, Napa County, California, at 11:45 o'clock A. M. on the 15th day of February, 1946, following the membership meeting, at which meeting there were at all times present and acting a quorum and majority of said Board of Directors, to-wit Nine (9), the full number of which Board of Directors comprises sixteen (16) members.

5. That at said meeting of said Board of Directors, a resolution of the membership of said corporation, providing for the amendment of the Articles of Incorporation of said corporation, by removing any provisions limiting the term of the existence of said corporation and irrevocably dedicating the property of said corporation to religious, charitable or hospital purposes and clarifying Articles Two and Nine of said Articles of Incorporation therefore duly adopted by a majority vote of said membership, was duly approved, ratified and adopted by the affirmative vote of nine (9) members of said Board of Directors of said corporation; that all of the members of said Board of Directors of said corporation present, to-wit nine (9) directors, voted in favor of said resolution constituting a vote of the majority of the directors in favor of said resolution; that a copy of said resolution so adopted, ratified and approved is hereto attached marked "Exhibit B" and made a part hereof.

IN WITNESS WHEREOF, the undersigned have executed this certificate and caused the seal of said corporation to be affixed hereto this 15th day of February, 1946.

X H. C. Nelson
President of CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, a corporation.

E. J. Place
Secretary of CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, a corporation.

STATE OF CALIFORNIA)
COUNTY OF NAPA) ss:

W. A. NELSON and E. L. PLACE, being first duly sworn,
each for himself, depose and say:

That W. A. NELSON is and was at all of the times herein
mentioned in the foregoing certificate of amendment the duly elected
and acting president of the CALIFORNIA MEDICAL MISSIONARY AND
BENEVOLENT ASSOCIATION, a corporation, therein referred to, and
E. L. PLACE is and was at all of the times mentioned in said
certificate the duly elected and acting secretary of said corp-
oration; that each of affiants has read said certificate and that
the statements therein made are true of their own knowledge, and
the signatures purporting to be the signatures of said president
and secretary thereto are the genuine signatures of said president
and secretary.

W. A. Nelson
President

E. L. Place
Secretary

Subscribed and sworn to before me
this 15th day of February, 1946

Harvey Wilcox
Notary Public in and for the County
of Napa, State of California

"EXHIBIT A"

RESOLUTION OF THE MEMBERS OF THE CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION FURTHER AMENDING THE ARTICLES OF INCORPORATION BY REMOVING ANY PROVISIONS LIMITING THE TERM OF THE EXISTENCE OF SAID CORPORATION; PROVIDING FOR PERPETUAL EXISTENCE OF SAID CORPORATION IRREVOCABLY DEDICATING THE PROPERTY OF SAID CORPORATION TO RELIGIOUS, CHARITABLE OR HOSPITAL PURPOSES; AND CLARIFYING ARTICLES TWO AND NINE OF SAID ARTICLES OF INCORPORATION

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Second Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for

the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution, having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to provide by by-laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes and objects above specified, or that may be necessary,

convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation and no part of the net earnings of this corporation shall inure to the benefit of any member of individual and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Fourth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Fourth: That this corporation shall have perpetual existence.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Ninth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Ninth: The property of this corporation is irrevocably dedicated to religious, charitable or hospital purposes and upon the liquidation, dissolution or abandonment thereof will not inure to the benefit of any private person, but shall be distributed to a fund, foundation or corporation organized for religious, hospital or charitable purposes as selected and designated by the Board of Directors of this corporation.

BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed to execute and verify by their oaths and file a certificate in the form and manner provided in Section 362b of the Civil Code of the State of California, and in general to do any and all things necessary to carry said amendment into effect in accordance with the provisions of TITLE I, PART IV of the Civil Code of the State of California.

" EXHIBIT B"

RESOLUTION OF BOARD OF DIRECTORS
OF CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, A CO-
RPORATION, APPROVING, RATIFYING
AND ADOPTING RESOLUTION OF MEMBERS
OF SAID ASSOCIATION AMENDING THE
ARTICLES OF INCORPORATION

BE IT RESOLVED by the Board of Directors of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the resolution of said members of said association amending the Articles of Incorporation, duly adopted by said membership on the 15th day of February, 1946, reading as follows:

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Second Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other narcotics, as well as of alcoholic liquors; disseminate

the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lecture, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution, having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to provide by by-laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes

and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation and no part of the net earnings of this corporation shall inure to the benefit of any member or individual and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Fourth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Fourth: That this corporation shall have perpetual existence.

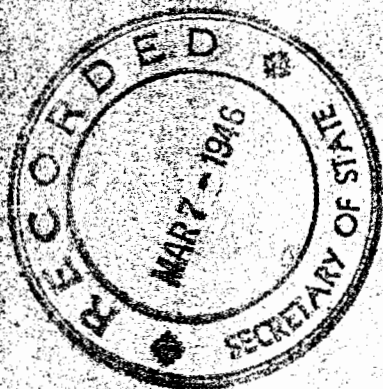
BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND VENEVOLENT ASSOCIATION, a corporation, that the Ninth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Ninth: The property of this corporation is irrevocably dedicated to religious, charitable or hospital purposes and upon the liquidation, dissolution or abandonment thereof will not inure to the benefit of any private person, but shall be distributed to a fund, foundation or corporation organized for religious, hospital or charitable purposes as selected and designated by the Board of Directors of this corporation.

BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed

to execute and verify by their oaths and file a certificate in the form and manner provided in Section 362b of the Civil Code of the State of California, and in general to do any and all things necessary to carry said amendment into effect in accordance with the provisions of TITLE I, PART IV of the Civil Code of the State of California.

SHALL BE AND THE SAME IS HEREBY ADOPTED, APPROVED AND RATIFIED AS THE RESOLUTION OF THIS BOARD OF DIRECTORS.



CERTIFICATE OF AMEND-
MENT OF ARTICLES OF
INCORPORATION OF CALIF-
ORNIA MEDICAL MISSION-
ARY AND BENEVOLENT ASS-
OCIATION, A CORPORATION

Dated: February 15, 1946.

PALMER & YORK
ATTORNEYS AT LAW
SAINT HELENA, CALIFORNIA

FILED

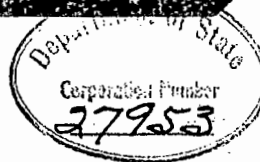
In the office of the Secretary of State
of the State of California

JAN 21 1948

FRANK M. JORDAN, Secretary of State

By W. A. Nelson
Deputy

CERTIFICATE OF AMENDMENT OF ARTICLES
OF INCORPORATION OF CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT
ASSOCIATION, A CORPORATION



The undersigned, W. A. NELSON and E. L. PLACE, do hereby certify that they are respectively and have been at all of the times herein mentioned the duly elected, qualified and acting president and secretary of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, and further that:

1. A special meeting of the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION was duly and regularly held at the principal office of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, located at Sanitarium, near St. Helena, Napa County, California, at seven o'clock P. M. on the 14th day of January, 1948, at which meeting there were at all times present and acting a quorum and all of the members of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION entitled to vote upon questions or business lawfully coming before said meeting.

2. At said meeting a resolution providing for the amendment of the Articles of Incorporation of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION was duly adopted by the affirmative vote of fifty-four (54) of the members of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION; that the total number of members of said association entitled to vote upon the adoption of said amendment was fifty-four (54); that a copy of said resolution so adopted is hereunto attached marked "Exhibit A" and made a part hereof.

3. All of the members of said corporation present and acting at said meeting voted in favor of said resolution, constituting a vote of all of the members of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION entitled to vote thereon.

4. That a special meeting of the Board of Directors of said corporation was duly and regularly held at the principal office of said corporation, located at Sanitarium, Napa County, California, at 8:30 o'clock P. M. on the 14th day of January, 1948, following the membership meeting, at which meeting there were at all times present and acting a quorum and majority of said Board of Directors, to-wit, twelve (12), the full number of which Board of Directors comprises seventeen (17) members.

5. That at said meeting of said Board of Directors, a resolution of the membership of said corporation, providing for the amendment of the Articles of Incorporation of said corporation by including among the purposes of said corporation the power to engage in the business of the transportation of passengers and freight for hire and to include among the purposes of said corporation the provision that said corporation shall have and enjoy all of the rights, powers, privileges and franchises which are now or may hereafter be conferred upon non-profit corporations organized under the provisions of the laws of the State of California, which said resolution of said membership of said corporation was heretofore duly adopted by a majority vote of said membership; that said resolution was duly approved, ratified and adopted by the affirmative vote of twelve (12) members of said Board of Directors of said corporation; that all of the members of said Board of Directors of said corporation present, to-wit, twelve (12) directors, voted in favor of said resolution constituting a vote of the majority of the directors in favor of said resolution; that a copy of said resolution so adopted, ratified and approved is hereunto attached marked "Exhibit B" and made a part hereof, by reference thereto.

IN WITNESS WHEREOF, the undersigned have executed this
certificate and caused the seal of said corporation to be affixed
hereto this 14th day of January, 1948.

Walter C. Nelson

President of CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, a corporation.

W. J. Place

Secretary of CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, a corporation.

STATE OF CALIFORNIA)
 (ss:
COUNTY OF NAPA)

W. A. NELSON and E. L. PLACE, being first duly sworn,
each for himself, depose and say:

That W. A. NELSON is and was at all of the times herein
mentioned in the foregoing certificate of amendment the duly elected
and acting president of the CALIFORNIA MEDICAL MISSIONARY AND
BENEVOLENT ASSOCIATION, a corporation, therein referred to, and
E. L. PLACE is and was at all of the times mentioned in said
certificate the duly elected and acting secretary of said corp-
oration; that each of affiants has read said certificate and that
the statements therein made are true of their own knowledge, and
the signatures purporting to be the signatures of said president
and secretary thereto are the genuine signatures of said president
and secretary.

W. A. Nelson
President

E. L. Place
Secretary

Subscribed and sworn to before me
this 14th day of January, 1948.

Bessie Walker
Notary Public in and for the County
of Napa, State of California.

My Commission Expires March 24, 1951

"EXHIBIT A"

RESOLUTION OF THE MEMBERS OF THE CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION
FURTHER AMENDING THE ARTICLES OF INCORPORATION
BY INCLUDING AMONG THE CORPORATION POWERS THE
RIGHT TO ENGAGE IN THE BUSINESS OF THE TRANS-
PORTATION OF PASSENGERS AND FREIGHT FOR HIRE
AND TO PROVIDE THAT SAID CORPORATION SHALL HAVE
ALL OF THE RIGHTS, POWERS, PRIVILEGES AND
FRANCHISES CONFERRED UPON NON-PROFIT CORPORATIONS

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL
MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the
Second Article of the Articles of Incorporation be and the same
is hereby amended to read as follows:

Second: The purposes for which this corporation is
formed are as follows: To found hospitals or charitable
asylums for the care and relief of indigent and other
sick or infirm persons, at which institutions may be re-
ceived, also, patients and patrons who are able to, and
do, pay for the benefits there received, and which in-
stitutions shall devote the funds and property, acquired
and received by them from time to time from all sources,
to maintaining themselves, improving their conditions
and facilities, extending their benefits, usefulness and
facilities, and promoting their purposes, by such sanitary,
dietetic, hygienic, philanthropic, dress and temperance
reforms and efforts as are germane or auxiliary thereto;
and to oppose the use of tobacco, tea, coffee, and other
narcotics, as well as of alcoholic liquors; disseminate
the principles of social purity; find homes for homeless
children and outcast men and women, and care for the aged
and infirm; train and send out missionary physicians and
missionary nurses; to engage in the promulgation of the
principles of hygiene, temperance reform, and Christian
philanthropy; and enter upon various lines of work for the

relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to operate and maintain bus lines and other vehicles and to engage in the business of the transportation of passengers and freight for hire; to acquire by purchase or otherwise, franchises, rights of way and terminals; to build, erect, maintain, repair and operate such buildings, stations, plants and equipment as may be necessary or convenient for such purposes; to manufacture, purchase, lease, sell or otherwise deal in all vehicles, equipment, devises, goods, wares and merchandise and other kinds of property necessary or convenient to carry out said purposes; this corporation shall have and enjoy all of the rights, powers, privileges and franchises which are now or may hereafter be conferred

upon non-profit corporations organized under the provisions of the laws of the State of California; and to provide by By-Laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation, and no part of the net earnings of this corporation shall inure to the benefit of any member or individual, and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions. And this corporation is not for profit.

BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed to execute and verify by their oaths and file a certificate in the form and manner provided by the laws of the State of California, and in general to do any and all things necessary to carry said amendment into effect in accordance with the provisions of the laws of the State of California.

"EXHIBIT B"

RESOLUTION OF BOARD OF DIRECTORS OF CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION,
A CORPORATION, APPROVING, RATIFYING AND ADOPT-
ING RESOLUTION OF MEMBERS OF SAID ASSOCIATION
AMENDING THE ARTICLES OF INCORPORATION

BE IT RESOLVED by the Board of Directors of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the resolution of said members of said association amending the Articles of Incorporation, duly adopted by said membership on the 14th day of January, 1948, and hereinafter set forth, be and the same is hereby adopted, approved and ratified as a resolution of the Board of Directors.

The resolution of said members of said association hereinabove referred to provides as follows:

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Second Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other

narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to operate and maintain bus lines and other vehicles and to engage in the business of the transportation of passengers and freight for hire; to acquire by purchase or otherwise, franchises, rights of way and terminals; to build, erect, maintain, repair

and operate such buildings, stations, plants and equipment as may be necessary or convenient for such purposes; to manufacture, purchase, lease, sell or otherwise deal in all vehicles, equipment, devises, goods, wares and merchandise and other kinds of property necessary or convenient to carry out said purposes; this corporation shall have and enjoy all of the rights, powers, privileges and franchises which are now or may hereafter be conferred upon non-profit corporations organized under the provisions of the laws of the State of California; and to provide by By-Laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation, and no part of the net earnings of this corporation shall inure to the benefit of any member or individual, and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions. And this corporation is not for profit.

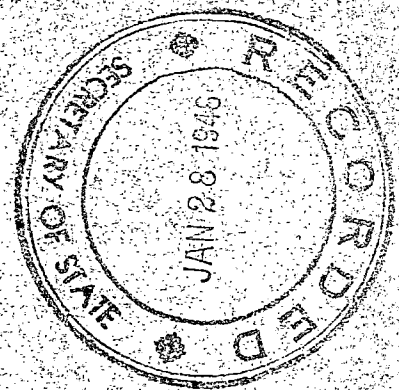
BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed to execute and verify by their oaths and file a certificate in the form and manner provided by the laws of the State of California, and in general to do any and all things necessary to carry said amendment into effect in accordance with the provisions of the laws of the State of California.

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION
OF CALIFORNIA MEDICAL
MISSIONARY AND BENEVOLENT
ASSOCIATION, A CORPORATION

RECEIVED

Dated: January 14, 1948

PALMER & YORK
ATTORNEYS AT LAW
ST. HELENA, CALIFORNIA



27793

Statement by Corporation of Address of Principal Office, Names of Officers and Designation of Agent for the Service of Process

(For filing with the Secretary of State of the State of California pursuant to Section 3301 or Section 9003, Corporations Code)

California Medical Missionary and Benevolent Association (doing business as St. Helena Sanitarium and Hospital), a corporation, makes the following statements:

1. That it is a corporation organized under the laws of the State of California
2. The address and location of its principal office (California) are as follows:

(a) Sanitarium, Napa County, California
(Post Office or mail address)

(b) _____
(Street address or location)

3. The names of the following officers are:
- | | | |
|---|---------------------|---|
| (a) President, | <u>W. A. Nelson</u> | <div style="text-align: center;">FILED
In the office of the Secretary of State
of the State of California
APR 25 1950
FRANK M. JORDAN, Secretary of State
By <u>[Signature]</u> Deputy</div> |
| (b) Secretary, | <u>E. L. Place</u> | |
| (c) Treasurer, | <u>E. L. Place</u> | |
| (d) Other officers desired to be named are, | _____ | |

(No officers other than the president or other head, the secretary, the treasurer, if any, need be named)

4. _____, whose address is _____
(Name of individual)

(Give address in California at which agent can be personally contacted)

is designated as Agent for the purpose of service of process.

CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, D.B.A. St. Helena Sanitarium and Hospital

By [Signature]
Secretary-Treasurer

NOTES: (A) Items 1 (identity), 2 (address and location of principal office) and 3 (names of officers) must be filled in in all cases. Item 4 (designation of agent) is optional and should not be filled in unless it is desired to designate a person to act as agent for the purpose of receiving process against the corporation. Item 4 should not be filled in at all by a foreign corporation.

(B) All domestic (California) corporations, profit and nonprofit, are required to file this statement with the Secretary of State (Section 3301, Corporations Code). After the original filing, unless required by Section 9003, Corporations Code, new statements need be filed only in the case of a change of address or location of principal office. New statements may be filed at any time desired for the purpose of designating an agent, or new agent, for purpose of service of process.

(C) Every domestic and qualified foreign nonprofit corporation expressly exempted from taxation by the provisions of the Bank and Corporation Franchise Tax Act of the State of California must file this statement (items 1, 2, and 3) with the Secretary of State sometime during each and every calendar year beginning with the year 1950. Failure to file creates a presumption of abandonment making the corporation name available for use by another corporation. Such presumption of abandonment may be removed at any time by the filing of this statement, subject to the adoption of a new name if the corporation's name has been appropriated by another corporation during the period of presumed abandonment (Section 9003, Corporations Code). The statement may also be filed at any time for the purpose of changing address or location of principal office of a domestic corporation or for the purpose of designating an agent or new agent, except that it may not be filed by a foreign corporation for either purpose.

(D) There is no fee for filing this statement if only items 1, 2, and 3 be filled in. If item 4 is filled in, however, for the purpose of designating an agent for the service of process, a filing fee of \$5 will be charged.

BEST POSSIBLE COPY

SECRETARY OF STATE, ALEX PADILLA
The Original of This Document is in
CALIFORNIA STATE ARCHIVES
1020 "O" STREET
SACRAMENTO, CA 95814

1 **BYLAWS OF THE COMMUNITY BOARD OF**
2 **ST. HELENA HOSPITAL¹**

3
4 The Board of Directors (the “**Corporate Board**”) of St. Helena Hospital, a California
5 nonprofit religious corporation (the “**Corporation**”) adopts these bylaws for the community board
6 (the “**Community Board**”) of St. Helena Hospital and its provider-based ambulatory clinics
7 (collectively, the “**Hospital**”) to govern certain day-to-day operations of the Hospital. The Hospital
8 is owned and operated by the Corporation. Adventist Health System/West, a California nonprofit
9 religious corporation (“**Adventist Health**”) is the sole corporate member of the Corporation.

10 **Article 1**
11 **Corporation Role and Purpose**

12 **1.1 Purpose.** The Corporation is organized pursuant to the Nonprofit Religious Corporation
13 Law of the State of California (the “**Nonprofit Code**”). The primary purpose of the Corporation is
14 to promote the wholeness of humanity physically, mentally, and spiritually in a manner that is
15 consistent with the philosophy, teachings, and practices of the Seventh-day Adventist Church (the
16 “**Church**”).

17 **Article 2**
18 **Community Board Role and Responsibility**

19 **2.1 General Principles of Delegation.** The Corporation, which owns and operates the
20 Hospital, is controlled and managed by the Corporate Board. All powers and functions with
21 respect to the management and governance of the Hospital are vested in the Corporate Board as
22 set forth in the bylaws of the Corporation (the “**Corporate Bylaws**”) and the Nonprofit Code.
23 Subject to its own oversight and ultimate authority as required by the Nonprofit Code, the
24 Corporate Board has delegated (a) certain responsibilities and functions to the Community Board
25 as set forth in the Corporate Bylaws and these bylaws of the Community Board (the “**Community**
26 **Board Bylaws**”) and (b) certain powers and functions to the Corporation’s president for the day-
27 to-day management of the Hospital’s business. The Corporation’s president and the Community
28 Board shall exercise their delegated responsibilities and powers under the ultimate direction of
29 the Corporate Board.

30 **2.2 Delegation of Functions and Responsibilities.** Subject to the oversight and ultimate
31 authority of the Corporate Board, the Corporate Board delegates to the Community Board, and
32 the Community Board shall be responsible to the Corporate Board for, the following
33 responsibilities and functions:

- 34 (a) Providing institutional planning to meet the health care needs of the community the
35 Hospital serves;

¹ St. Helena Hospital also does business as Adventist Health St. Helena and Adventist Health Vallejo.

- (b)** Determining that the Hospital, its employees, and the appointees of the medical staff conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;
- (c)** To the extent requested by the Corporate Board, reviewing the Hospital's annual operating budget and long-term capital expenditures plan and advising the Corporation's president regarding them;
- (d)** Organizing and supervising the medical staff of the Hospital, which includes approving the medical staff bylaws and rules and regulations, and ensuring that the medical staff establishes mechanisms to achieve and maintain high quality medical practice and patient care;
- (e)** Deciding upon medical staff appointments and reappointments, the granting of clinical privileges, and the reduction, modification, suspension, or termination of medical staff appointments and clinical privileges pursuant to the provisions of the medical staff bylaws;
- (f)** Encouraging programs for continuing education for medical staff appointees and appropriate in-service education programs for Hospital employees;
- (g)** Requiring the medical staff to periodically review the medical staff bylaws, rules and regulations, and policies governing the medical staff;
- (h)** Approving the adoption, amendment, or repeal of medical staff bylaws, rules and regulations, and policies governing the medical staff;
- (i)** Providing communication among duly authorized representatives of the governing body, the administration, and the medical staff;
- (j)** Ensuring that the medical staff is represented by attendance and has the opportunity to comment at all Community Board meetings;
- (k)** Ensuring that all medical staff members practice within the scope of the clinical privileges delineated by the Community Board;
- (l)** Requiring the development of a quality assurance program that includes a mechanism for review of the quality of patient care services provided by individuals who are not subject to the staff privilege delineation process, reviewing the quality assurance program on an ongoing basis, and ensuring that the medical staff is provided with the administrative assistance necessary to conduct quality assurance activities in accordance with the Hospital's quality assurance program;
- (m)** Reviewing and advising the Corporation's president regarding the short-range and long-range plans and goals for the Hospital in consultation with the medical staff and others;
- (n)** Establishing and approving policies and procedures for those functions of the Hospital that have been delegated to the Community Board;

- (o) Ensuring a safe environment within the Hospital for employees, medical staff, patients, and visitors;
- (p) Organizing itself effectively so that it establishes and follows the policies and procedures necessary to discharge its responsibilities and adopts rules and regulations in accordance with legal requirements;
- (q) Establishing and revising standards for the quality of service to be made available at the Hospital and Hospital policies implementing such standards;
- (r) Maintaining liaison with the Corporate Board through the Corporation's president by sending to the chair of the Corporate Board notice of all meetings with an agenda and subsequent minutes of actions taken, and being available for and consulting with the Corporate Board;
- (s) Evaluating the performance of the Community Board;
- (t) Cooperating with the Corporation's president to ensure that the Hospital obtains and maintains accreditation by the applicable accrediting bodies and eligibility for participation in the Medicare, Medicaid, or other payment programs selected by the Hospital; and
- (u) Monitoring the Hospital's performance through the regular review of reports from the Corporation's president on the overall activities of the Hospital.

Article 3

Community Board Structure and Procedures

3.1 Composition of Community Board. The Community Board shall be appointed by the Corporate Board, with approximately one-half of the members appointed each year, and shall be selected from individuals representing a variety of interests and abilities. The Community Board shall consist of from nine to 21 members, depending upon the size and needs of the institution, as determined from time to time by the Corporate Board. Each member of the Community Board shall be more than 21 years of age, shall have an interest in health care matters, and shall support the goals, objectives, and philosophies of the Church.

3.2 Qualifications of Community Board Members.

(a) Ecclesiastical. Since the Corporation is a religious corporation whose purposes are consistent with the philosophy, teachings, and practices of the Church, the Community Board shall include the following:

1. The chief executive officer of Adventist Health, or the chief executive officer's designee;
2. The president of the local conference of Seventh-day Adventist churches in the geographic area where the Corporation is located, or the local conference president's designee who must be a senior officer of the conference;
3. The president of this Corporation;

110 4. The president of Adventist Health Clearlake Hospital, Inc., a California nonprofit
111 religious corporation, which also does business as Adventist Health Clear Lake;
112 and

113 5. The president of Adventist Health's Northern California Region.

114 **(b) Medical Staff Physicians.** The chief of staff of the medical staff may be a member
115 of the Community Board. In addition, up to five other physicians who are members of the
116 medical staff of a facility operated by the Corporation may be selected to serve as
117 members of the Community Board. Physicians may, at the discretion of the Community
118 Board, provide the liaison for communication between the medical staff and the
119 Community Board and thus function in lieu of a joint conference committee.

120 **(c) Other Representatives.** This category shall be composed of individuals other than
121 the medical staff physicians who reside or work in the geographic areas generally served
122 by the Corporation or who have expertise beneficial to the Corporation. Such Community
123 Board members shall be selected on the basis of the following considerations:

- 124 1. Well-known and respected among a significant segment of the population;
- 125 2. Involved in humanitarian activities, civic and service organizations, and community
126 affairs;
- 127 3. Successful in personal business matters;
- 128 4. Ability to listen, to analyze, to think independently and logically, to make
129 meaningful, relevant, and concise contributions to discussions, and to be generally
130 helpful in the making of decisions; and
- 131 5. Possession of practical and technical or professional knowledge and skills that
132 enable the giving of expert counsel.

133 **3.3 Nominations.** The Governance Committee (see Section 5.3) shall recommend to the
134 Corporate Board candidates for election to the Community Board to replace members of the
135 Community Board whose terms are expiring or to fill vacancies in unexpired terms on the
136 Community Board.

137 **3.4 Conflict of Interest Policy.** Upon appointment to the Community Board and annually,
138 each member shall sign a conflict of interest form as required by the Corporate Board, certifying
139 that the member has read, understands, and is in complete compliance with the Corporate
140 Board's conflict of interest policy.

141 **3.5 Term of Office.** Each Community Board member, except for the individuals described in
142 Section 3.2(a) and the chief of staff of the medical staff (if the chief of staff is a Community Board
143 member), shall hold office for a term of two years or until that person's successor has been elected
144 and qualified or until that person's earlier resignation or removal, or until the member's office has
145 been declared vacant in the manner provided in these Community Board Bylaws. A member
146 appointed to fill a vacancy shall serve for the remainder of the term of that person's predecessor.
147 The chief of staff may hold office on the Community Board while serving as chief of staff of the
148 medical staff and that person's term shall expire when a successor chief of staff takes office.

149 **3.6 Vacancies.**

150 **(a)** When Vacancies Exist. A vacancy or vacancies on the Community Board shall
151 occur upon the death, resignation, or removal of any member, or if the authorized number
152 of members is increased, or if the Corporate Board fails, at any annual or special meeting
153 of the Corporate Board at which any Community Board members are elected, to elect the
154 full authorized number of members to be voted for at the meeting.

155 **(b)** Filling Vacancies. Any vacancy occurring on the Community Board may be filled
156 by an appointment by the Corporate Board upon a recommendation from the Community
157 Board.

158 **3.7 Place of Meeting.** Meetings of the Community Board shall be held at any place within or
159 without the state that has been designated by the chair or the Corporation's president or by
160 resolution of the Community Board. In the absence of this designation, meetings shall be held at
161 the principal office of the Corporation. Any Community Board meeting may be held by conference
162 telephone, video screen communication, or electronic transmission. Participation in a meeting
163 under this Section shall constitute presence in person at the meeting if both of the following apply:
164 (a) each member participating in the meeting can communicate concurrently with all other
165 members; and (b) each member is provided the means of participating in all matters before the
166 Community Board, including the capacity to propose, or to interpose an objection to, a specific
167 action to be taken by the Community Board.

168 **3.8 Regular Meetings; Special Meetings.** Regular meetings of the Community Board shall
169 be held at least three times each year at such time as is fixed by the chair of the Community
170 Board. Regular meetings of the Community Board shall consist of those meetings reflected on
171 the Corporation's annual calendar. Special meetings of the Community Board for any purpose or
172 purposes may be called at any time by the Corporation's president or the chair of the Community
173 Board.

174 **3.9 Meeting Notices; Waiver.** Written notice of the time and place of meetings (regular or
175 special) shall be delivered personally to each member of the Community Board or sent to each
176 member by mail or by other form of written communication, or by electronic transmission by the
177 Corporation (as defined in Section 9.4), charges prepaid, addressed to the member at that
178 member's address as it appears on the records of the Corporation. The notice shall be sent (a) for
179 regular Community Board meetings, at least 15 days, but not more than 45 days, before the time
180 of the holding of the meeting; and (b) for special meetings, at least four days before the time of
181 the meeting, if notice is sent by mail, and at least 48 hours before the time of the meeting, if notice
182 is delivered personally, telephonically, or by electronic transmission. The transaction of any
183 meeting of the Community Board, however called and noticed and wherever held, shall be as
184 valid as though the meeting had been held after a call and notice if a quorum is present and if,
185 either before or after the meeting, each of the Community Board members not present signs a
186 written waiver of notice or consent to hold the meeting or an approval of the minutes. All such
187 waivers, consents, or approvals shall be filed with the corporate records or made a part of the
188 minutes of the meeting.

189 **3.10 Quorum.** A majority of the members of the Community Board shall constitute a quorum
190 for the transaction of business. Except as otherwise required by law, the Corporation's articles of
191 incorporation ("**Corporate Articles**"), the Corporate Bylaws, or these Community Board Bylaws,
192 the members present at a duly called or held Community Board meeting at which a quorum is
193 present may continue to transact business until adjournment, even if enough members have

194 withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved
195 by at least a majority of the members required to constitute a quorum. If less than a quorum is
196 present at a regular meeting, any resulting actions shall be subject to the ratification of the
197 Community Board at the next meeting in which a quorum is present.

198 **3.11 Voting; Action without a Meeting.** Each Community Board member shall have one vote
199 on each matter presented to the Community Board for action. No member may vote by proxy.
200 Any action by the Community Board may be taken without a meeting if all members of the
201 Community Board, individually or collectively, consent in writing or by electronic transmission to
202 this action. Such written or electronic consent shall be filed with the minutes of the proceedings
203 of the Community Board.

204 **3.12 Resignation and Removal.** Any Community Board member may resign by giving written
205 notice to the Community Board chair or to the Corporation's president. The resignation shall be
206 effective when the notice is given unless it specifies a later time for the resignation to become
207 effective. If a member's resignation is effective at a later time, the Corporate Board, on the
208 Community Board's recommendation, may appoint a successor to take office as of the date when
209 the resignation becomes effective. Failure to attend three consecutive meetings shall
210 automatically be considered to be a resignation from the Community Board, unless written
211 reasons acceptable to the Community Board chair are presented. A member of the Community
212 Board may be removed from office, at any time, either with or without cause, by the Corporate
213 Board.

214 **3.13 Compensation.** The Community Board members shall receive no compensation for their
215 services as members of the Community Board.

216 **3.14 Community Board Records.** The Community Board members shall keep, or cause to be
217 kept at the Hospital, correct and complete books and records of accounts and correct and
218 complete minutes of the proceedings of the Community Board's meetings and the meetings of
219 committees of the Community Board. Copies of any and all such minutes shall promptly be
220 provided to the Corporate Board.

221 **Article 4** 222 **Community Board Officers**

223 **4.1 Officers.** The officers of the Community Board shall be a chair, a vice chair, and a
224 secretary. Any number of offices may be held by the same person. Designation as an officer of
225 the Community Board shall not make such individual an officer of the Corporation.

226 **4.2 Removal and Resignation of Officers.** Any officer may be removed, at any time, either
227 with or without cause, by the Corporate Board. Any officer may resign at any time by giving written
228 notice to the Corporation's president or to the chair or vice chair of the Community Board. Any
229 such resignation shall take effect upon receipt of such notice or at any later time specified therein.
230 Unless otherwise specified therein, the acceptance of an officer's resignation by any person shall
231 not be necessary to make it effective.

232 **4.3 Vacancies.** A vacancy in any office because of death, resignation, removal,
233 disqualification, or any other cause shall be filled in the manner prescribed in these Community
234 Board Bylaws for regular election or appointment to such office.

235 **4.4 Chair of the Community Board.** The chair of the Community Board shall be the chief
236 executive officer of Adventist Health or such chief executive officer's designee. The chair shall
237 preside at all meetings of the Community Board and exercise and perform such other powers and
238 duties as may be from time to time assigned by the Community Board.

239 **4.5 Vice Chair of the Community Board.** The vice chair of the Community Board shall assist
240 the chair in the conduct of the business of the Community Board and shall preside at Community
241 Board meetings in the chair's absence. The vice chair shall be the president of the local
242 conference of Seventh-day Adventist churches in the geographic area where the Corporation is
243 located, or the local conference president's designee (who must be a senior officer of the local
244 conference).

245 **4.6 President.** The Community Board will be consulted in the selection and retention of the
246 Corporation's president. The chair of the Corporate Board shall appoint the Corporation's
247 president. The Corporate Board has delegated to the Corporation's president the responsibility
248 for the day-to-day management of the Hospital. The Corporation's president has been vested with
249 broad authority and charged with a wide range of duties, including the duties set forth in the
250 Corporate Bylaws, which duties shall be carried out in consultation with the chair of the
251 Community Board. The Corporation's president shall have general supervision, direction, and
252 control of the day-to-day business and affairs of the Hospital. The Corporation's president shall
253 also have such other powers and duties as may be prescribed by the Corporate Board or the
254 Corporate Bylaws. The Corporation's president shall be primarily responsible for carrying out all
255 proper orders and resolutions of the Community Board.

256 **4.7 Secretary.** The president of Adventist Health's Northern California Region shall serve as
257 secretary of the Community Board and shall attend all meetings of the Community Board and
258 record all the proceedings of the meetings of the Community Board in a book to be kept for that
259 purpose. The secretary shall give, or cause to be given, notice for all special meetings of the
260 Community Board, and shall perform such duties as may be prescribed by the Community Board.
261 In the absence of both the chair of the Community Board and the vice chair of the Community
262 Board, the secretary shall preside at meetings of the Community Board, provided that either the
263 chair or vice chair has provided prior written approval for the secretary to do so.

264 **Article 5** 265 **Community Board Operations**

266 **5.1 General Functions.** The Community Board performs its delegated duties as a committee-
267 of-the-whole rather than through an executive committee or other committees.

268 **5.2 Committees.** In the event that a committee of the Community Board must be designated,
269 the committee shall operate in the following manner:

270 (a) The Community Board, at its discretion, by resolution adopted by a majority of the
271 authorized number of members, may designate one or more committees, each of which
272 shall be composed of a minimum of two Community Board members, to serve at the
273 pleasure of the Community Board. The Community Board may designate one or more
274 members as alternate members of any committee. Additional committee members may
275 be Community Board members, hospital or Adventist Health employees with expertise
276 related to the committee's purpose or hospital medical staff members. Committees
277 designated to deliberate issues directly affecting the discharge of medical staff

responsibilities shall include at least one Community Board member who is also a member of the medical staff. The committee, the committee's chair or secretary or the Community Board may from time-to-time invite outside experts to meet with committees. These individuals would not be voting members of any committees or privileged to confidential information.

(b) The Community Board may delegate to any committee, to the extent provided in the resolution, any of the Community Board's powers and authority except that the committee may not appoint or reappoint any person as a member of the Hospital's medical staff if that person's application presents any question or doubt as to whether the person should be a member of the medical staff. The committee may, however, make such appointment or reappointment if there are no evident issues questioning the person's qualifications to be a medical staff member.

(c) The Community Board may prescribe appropriate rules, not inconsistent with these Community Board Bylaws, by which proceedings of any such committee shall be conducted. The provision of these Community Board Bylaws relating to the calling of meetings of the Community Board, notice of meetings of the Community Board and waiver of such notice, adjournments of meetings of the Community Board, written or electronic consents to Community Board meetings and approval of minutes, action by the Community Board by written or electronic consent without a meeting, the place of holding such meetings, the quorum for such meetings, the vote required at such meetings, and the withdrawal of members after commencement of a meeting shall apply to committees of the Community Board and action by such committees. In addition, any member of the Community Board serving as the chair or as secretary of the committee, or any two members of the committee, may call meetings of the committee. Regular meetings of any committee may be held without notice if the time and place of such meetings are fixed by the Community Board or the committee.

5.3 Governance Committee. The Community Board shall appoint a Governance Committee, which shall consist of five Community Board members: the chair and vice chair of the Community Board, the Corporation's president, and two other members of the Community Board who are selected by the chair of the Community Board and whose terms are not expiring. The vice chair of the Community Board shall serve as chair of the Governance Committee. The Governance Committee shall be responsible for making recommendations to the Corporate Board regarding Community Board development, effectiveness, and membership and other governance issues, along with other duties as assigned by the Corporate Board from time to time.

5.4 Medico-Administrative Liaison. The Corporation's president shall function as a liaison between the Community Board and the medical staff.

5.5 Education Programs. The Corporation's president shall provide orientation and continuing education programs for members of the Community Board.

5.6 Volunteer Program. The Community Board may establish a volunteer services department of the Hospital. If the Community Board establishes such a department, the Community Board shall maintain proper oversight and management of Hospital volunteers by ensuring that all volunteers provide volunteer work only as members of the volunteer services department.

5.7 Role in Accreditation. The Community Board shall assist Hospital administration, as requested, in the accreditation process, including participation by one or more Community Board representatives in the Hospital's survey and its summation conference.

5.8 Strategic Planning. The Community Board, through the Corporation's president, shall establish a strategic planning process to evaluate periodically the Hospital's goals, policies, and programs. This strategic planning may be performed by a committee, which includes representatives of the Community Board, administration, medical staff, nursing, and other departments/services as appropriate or performed by the Community Board as a whole and may include the additional representatives as noted. The strategic plan must be approved by the Community Board.

5.9 Compliance with Law and Regulations. The Community Board, through the Corporation's president, shall take all reasonable steps to ensure that the Hospital is in conformance with applicable law and the requirements of authorized planning, regulatory, and inspection agencies.

5.10 Control of Physical and Financial Resources.

(a) Adventist Health maintains and operates its own financial and management information systems. The purchasing and materials management policies and procedures of Adventist Health govern the Hospital's procedures for the purchase, evaluation, and distribution of supplies, and control of inventories.

(b) The Corporation carries property insurance, or self-insures or self-retains, to cover damage to or destruction of the Hospital's property and any financial loss due to theft or business interruptions, and has professional liability insurance, or self-insures or self-retains, for acts performed by employees of the Hospital or Hospital volunteers within the scope of their capacity and duties as employees or volunteers of the Hospital.

(c) The books of the Corporation shall be reviewed annually by an auditor selected by Adventist Health.

Article 6
Medical Staff

6.1 Organization. There exists a medical staff organization, known as the medical staff of the Hospital, whose membership is comprised of all physicians who are privileged to attend patients in the Hospital, and, where appropriate, such dentists, podiatrists, and psychologists who are privileged to attend patients in the Hospital.

6.2 Medical Staff Bylaws, Rules, and Regulations.

(a) Purpose. The medical staff shall propose and adopt by a majority vote bylaws, rules, and regulations for its internal governance, which shall be effective only when approved by the Community Board, which approval shall not be unreasonably withheld. The medical staff bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the medical staff by the Community Board. The medical staff bylaws, rules, and regulations shall state the purpose, functions, and organization of the staff, and shall set forth the policies by which the medical staff

exercises and accounts for its delegated authority and responsibilities. The medical staff bylaws shall be supportive of the policies of the Corporation and the health care philosophy of the Church.

(b) Procedure. The medical staff shall have the initial responsibility to formulate, adopt, and recommend to the Community Board medical staff bylaws and amendments thereto, which shall be effective when approved by the Community Board. Proposed medical staff bylaws changes will be presented to a meeting of the Community Board and sent to each Community Board member at least seven days prior to the meeting at which a vote is to be taken on adoption of the proposed change. No medical staff bylaws or amendments shall become effective without approval by the Community Board as provided above.

6.3 Medical Staff Membership and Clinical Privileges.

(a) Delegation to the Medical Staff. The Community Board delegates to the medical staff the responsibility and authority to investigate and evaluate all matters relating to medical staff membership status, clinical privileges, and corrective action, and requires that the staff adopt and forward to it specific written recommendations with appropriate supporting documentation that will allow the Community Board to take informed action.

(b) Action by the Community Board. The Community Board shall take final action on all matters relating to the medical staff membership status, clinical privileges, and corrective action after considering the staff recommendations, and subject to any hearing rights under the fair hearing procedures set forth in the medical staff bylaws, provided that the Community Board shall act in any event if the staff fails to adopt and submit any such recommendation within the time periods set forth in the medical staff bylaws. Such Community Board action without a staff recommendation shall be taken only after appropriate notice to the staff and a reasonable time for the staff to act thereon and shall be based on the same kind of documented investigation and evaluation of current ability, judgment, and character as is required for staff recommendations. In the event the Community Board does not concur in a medical staff recommendation, it shall refer the matter to a joint committee of the Community Board and medical staff for review and recommendation before a final decision is made by the Community Board.

(c) Criteria for Board Action. In acting on matters of medical staff membership status, the Community Board shall consider the staff's recommendations, the needs of the Hospital and the community, and such additional criteria as are set forth in the medical staff bylaws. In granting and defining the scope of clinical privileges to be exercised by each practitioner, the Community Board shall consider the staff's recommendations, the supporting information on which they are based, and such criteria as are set forth in the medical staff bylaws. No aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of sex, age, race, creed, color, or national origin.

(d) Terms and Conditions of Staff Membership and Clinical Privileges. The terms and conditions of membership status in the medical staff and of the exercise of clinical privileges shall be as specified in the medical staff bylaws or as more specifically defined in the notice of individual appointment. Appointments to the medical staff may be for a maximum term of two years.

(e) Procedure. The procedure to be followed by the medical staff and the Community Board in acting on matters of membership status, clinical privileges, and corrective action shall be as specified in the medical staff bylaws, rules, and regulations, and policies governing the medical staff.

6.4 Fair Hearing Procedures. The Community Board shall require that any adverse recommendations made by the Executive Committee of the medical staff or any adverse action taken by the Community Board with respect to a practitioner's staff appointment, reappointment, department affiliation, staff category, admitting prerogative, or clinical privileges shall, except under circumstances for which specific provision is made in the medical staff bylaws and/or by contract, be accomplished in accordance with the Community Board-approved fair hearing procedures then in effect. Such procedures shall be compliant with applicable law and shall ensure fair treatment and afford opportunity for the presentation of all pertinent information. For the purposes of this Section, an "adverse recommendation" of the Medical Staff Executive Committee and an "adverse action" of the Community Board shall be as defined in the fair hearing procedures as indicated in the medical staff bylaws.

6.5 Allied Health Professionals and Other Licensed Clinicians or Non-Physician Practitioners. The Community Board delegates to the medical staff the responsibility and authority to investigate and evaluate each category of allied health professional, other licensed clinicians or non-physician practitioner and each application by such individuals for specified services, department affiliation, and modification in the services such individuals may perform, and requires that the staff or a designated component thereof make recommendations to it for approval.

6.6 Department Chair. The Community Board delegates to the medical staff the responsibility and authority to evaluate and elect candidates to serve as chair for each basic and supplemental medical service in accordance with the procedure and for the terms specified in the medical staff bylaws.

Article 7

Quality of Professional Services

7.1 Community Board Responsibility. The Community Board shall ensure:

(a) That the medical staff and administrative personnel prepare and maintain adequate and accurate medical records for all patients;

(b) That the person responsible for each basic and supplemental medical service cause written policies and procedures to be developed and maintained and that such policies be approved by the Community Board; and

(c) That the medical staff conduct specific review and evaluation activities to assess, preserve, and improve the overall quality and efficiency of patient care in the Hospital. The Community Board shall consider the recommendations of the medical staff respecting these review and evaluation activities and shall provide whatever administrative assistance is reasonably necessary to support and facilitate the implementation and ongoing operation of these review and evaluation activities.

7.2 Accountability to Community Board. Subject to the ultimate authority of the Corporate Board, the medical staff shall conduct and be accountable to the Community Board for conducting activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in the Hospital. These activities shall include:

(a) Conducting periodic meetings at regular intervals to review and evaluate the quality of patient care (generally on a retrospective basis) through valid and reliable patient medical records;

(b) Monitoring and evaluating patient care, identifying and resolving problems, and identifying opportunities to improve care through the medical staff committee assigned to oversee quality in the medical staff bylaws. This mechanism is to ensure the provision of the same level of quality of patient care regardless of the patient's age, sex, religion, race, disability, or financial status. This mechanism is assured by all individuals with delineated clinical privileges, within medical staff departments, across department/services, between members and the nonmembers of the medical staff who have delineated clinical privileges, the other professional services, and the Hospital administration;

(c) Defining the clinical privileges for members of the medical staff commensurate with individual credentials and demonstrated ability and judgment, and assigning patient care responsibilities to other health care professionals consistent with individual licensure, qualifications, demonstrated ability, and approved clinical privileges;

(d) Providing for continuing professional education; and

(e) Providing for such other measures as the Community Board may, after considering the advice of the medical staff and other professional services and the Hospital administration, deem necessary for the preservation and improvement of the quality and efficiency of patient care.

7.3 Documentation. The Community Board shall require, receive, consider, and act upon the findings and recommendations emanating from the activities required in this Article. All such findings and recommendations shall be in writing and supported and accompanied by appropriate documentation upon which the Community Board can take informed action.

Article 8 Indemnification; Insurance

8.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Corporate Board in a specific instance (and in the Corporate Board's sole and absolute discretion), expenses incurred by a member of the Community Board seeking indemnification under this Article of these Community Board Bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Corporate Board must approve any advance to the Corporation's president under this Section, prior to such advance being paid to the Corporation's president.

8.2 Indemnification upon Successful Defense. If a Community Board member is successful on the merits in defense of any proceeding, claim, or other contested matter brought against the Community Board member in connection with the Community Board member's actions or omissions in relation to the Corporation, the Corporation shall indemnify the Community Board member against that member's actual and reasonable expenses incurred in the defense against such proceeding or claim.

8.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former Community Board members as qualifying for this mandatory indemnification (each of whom is an "**indemnitee**") against expenses (collectively, "**payments**") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnitee only if all of the following apply:

1. The potential indemnitee was not a Community Board member who was removed from one or more of their positions with this Corporation;
2. The action or proceeding against the indemnitee is based on or relates to an action or inaction taken by the indemnitee on behalf of the Corporation and within the scope of the indemnitee's role or relationship with the Corporation;
3. The Corporate Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive mandatory indemnification if such findings are not made by the Corporate Board); and
4. The potential indemnitee has not procured any illegal profit, remuneration, or advantage, as determined by the Corporate Board in its sole discretion.

If a Community Board member does not qualify for this mandatory indemnification, such Community Board member might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Corporate Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify a Community Board member (including former Community Board members who were removed by the Corporate Board or Community Board members not entitled to mandatory indemnification) (each of which is a "**recipient**") against any or all of the expenses, judgments, fines, settlements, or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

1. The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient's role or relationship with the Corporation;
2. The Corporate Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient

shall not be eligible to receive this discretionary indemnification if such findings are not made by the Corporate Board); and

3. Indemnification is not available if the recipient is found to have procured illegal profit, remuneration, or advantage.

8.4 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any member of the Community Board against any liability asserted against or incurred by that Community Board member in such capacity or arising out of the Community Board member's status as such whether or not the Corporation would have the power to indemnify that person against such liability under the provisions of this Article.

Article 9 General Provisions

9.1 Evaluation of Performance. The Community Board shall establish a mechanism to evaluate its own performance on an annual basis.

9.2 Amendment of Community Board Bylaws. These Community Board Bylaws may only be amended or repealed, and new Community Board Bylaws adopted, by a vote of the Corporate Board.

9.3 Corporate Bylaws. If any provision of these Community Board Bylaws conflicts with the Corporate Articles or Corporate Bylaws, then the provision in the Corporate Articles or Corporate Bylaws shall prevail.

9.4 Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication delivered by (1) electronic mail when directed to the electronic mail address for that recipient on record with the Corporation; (2) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient, which transmission shall be considered delivered upon the later of the posting or delivery of the separate notice thereof; or (3) other means of electronic communication.

(b) "Electronic transmission to the Corporation" means a communication (1) delivered by (A) electronic mail when directed to the electronic mail address which the Corporation has provided to Community Board members for communications; (B) posting on an electronic message board or network which the Corporation has designated for those communications, which transmission shall be considered delivered upon posting; or (C) other means of electronic communication; (2) as to which the Corporation has placed in effect reasonable measures to verify that the sender is the Community Board member purporting to send the transmission; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(c) "Electronic transmission" means any combination of electronic transmission by or to the Corporation.

563

Adopted by the Corporate Board on April 29, 2020.

564

565

By: 

566

Meredith Jobe, Secretary

1 **BYLAWS**
2 **OF**
3 **ST. HELENA HOSPITAL¹**
4 **(the "Corporation")**

5 **Article 1**
6 **Principal Office and Purpose**

7 **1.1 Office.** The principal office for the transaction of the business of the Corporation shall be
8 fixed from time to time by the Corporation's board of directors (the "**Board**").

9 **1.2 Purpose.** The Corporation is a nonprofit religious corporation organized pursuant to the
10 Nonprofit Religious Corporation Law of the State of California (the "**Nonprofit Code**") and is
11 affiliated with Adventist Health System/West, a California nonprofit religious corporation
12 ("**Adventist Health**"). The primary purpose of the Corporation is to promote the wholeness of
13 humanity physically, mentally, and spiritually in a manner that is consistent with the philosophy,
14 teachings, and practices of the Seventh-day Adventist Church (the "**Church**").

15 **Article 2**
16 **Membership**

17 **2.1 Members.** Adventist Health is the sole member of the Corporation, within the meaning of
18 Section 5056 of the California Corporations Code.

19 **2.2 Transfer of Membership.** No membership or right arising from membership may be
20 assigned, transferred, or encumbered in any manner whatsoever, either voluntarily or
21 involuntarily. Any purported or attempted assignment, transfer, or encumbrance of such
22 membership shall be void and shall be grounds for termination of the membership.

23 **2.3 Exercise of Membership Rights.** Adventist Health shall exercise its membership rights
24 through its board of directors, which may, by resolution, authorize one or more of its officers to
25 exercise its vote on any matter to come before the membership of the Corporation.

26 **2.4 Action by the Member.** The vote, written assent, or other action of Adventist Health shall
27 be evidenced by, and the Corporation shall be entitled to rely upon, a certificate of the secretary
28 of Adventist Health stating (a) the actions taken by Adventist Health, (b) that such actions were
29 taken in accordance with the articles of incorporation and bylaws of Adventist Health, and (c) the
30 authorization of Adventist Health for such certification. Requests for action by Adventist Health
31 may be made through the chair of Adventist Health's board of directors or such other person as
32 Adventist Health's board of directors shall designate in writing.

33 **2.5 Place of Meetings.** Meetings (whether regular or special) of Adventist Health, as member
34 of the Corporation, shall be held at the principal office of Adventist Health, or at such other place
35 designated by the Corporation's Board, which location will be stated in the notice of the meeting.

¹ The Corporation also does business as Adventist Health St. Helena and as Adventist Health Vallejo.

36 **2.6 Regular Meeting.** The regular meeting of Adventist Health, as member of the Corporation,
37 shall be held annually within 120 days after the close of the fiscal year or at such time as the
38 Board determines. The regular meeting shall be held for the purpose of transacting business as
39 may come before the meeting.

40 **2.7 Special Meetings.** Special meetings of Adventist Health, as member of the Corporation,
41 for any purpose or purposes, may be called upon request of the chair of the Board or by Adventist
42 Health.

43 **2.8 Notice of Meeting.** Notice of a time and place for a regular or special meeting shall be
44 delivered not less than 15 nor more than 60 days before the date of the meeting: (a) personally
45 to Adventist Health; (b) via electronic transmission; or (c) sent by first-class, registered or certified
46 mail to the address of Adventist Health, as it appears on the Corporation's records. Notices of
47 special meetings shall state the general nature of the business to be transacted.

48 **2.9 Action by Written Ballot.** Except for the election of directors, any action may be taken
49 without a membership meeting if a written or electronic ballot is distributed to Adventist Health,
50 setting forth the proposed action, providing an opportunity for Adventist Health to specify approval
51 or disapproval of any proposal, and providing a reasonable period of time within which to return
52 the ballot to the Corporation. The written and/or electronic ballot shall be filed with the secretary
53 of the Corporation and maintained in the corporate records.

54 **2.10 Liabilities of Members.** There shall be no membership fees, dues, or assessments. No
55 person who is now or later becomes a member of the Corporation shall be personally liable to its
56 creditors for any indebtedness or liability and any or all creditors of the Corporation shall look only
57 to the assets of the Corporation for payment.

58 **Article 3** 59 **Board of Directors**

60 **3.1 Powers.** The Board shall control and generally manage the business of the Corporation
61 and exercise all of the powers, rights, and privileges permitted to be exercised by directors of
62 nonprofit religious corporations under the Nonprofit Code, except as limited by the Corporation's
63 articles of incorporation and these bylaws. All corporate powers of the Corporation shall be
64 exercised by or under the authority of the Board.

65 **3.2 Number, Qualifications, and Selection.** Each individual who is a director of the board of
66 Adventist Health shall automatically be a director of the Corporation's Board and shall serve as a
67 director until such time as that person is no longer a director of Adventist Health.

68 **3.3 Quorum.** A majority of the directors of the Board shall constitute a quorum for the
69 transaction of business. Except as otherwise required by law, the articles of incorporation, or
70 these bylaws, the directors present at a duly called or held Board meeting at which a quorum is
71 present may continue to transact business until adjournment, even if enough directors have
72 withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved
73 by at least a majority of the directors required to constitute a quorum. If less than a quorum is
74 present at a regular meeting, any resulting actions shall be subject to the ratification of the Board
75 at the next meeting in which a quorum is present.

76 **3.4 Term of Office.** The term of office of each director serving on the Board shall be the same
77 as the term that the director serves on the Adventist Health board.

78 **3.5 Vacancies.** If the director resigns or is removed from the Board, such position shall remain
79 vacant until such time as a new or additional director is appointed to the Adventist Health board.

80 **3.6 Place of Meeting.** Meetings of the Board shall be held at the principal office of the
81 Corporation or at any place within or without the state that has been designated by the chair or
82 president or by resolution of the Board. Any Board meeting may be held by conference telephone,
83 video screen communication, or electronic transmission. Participation in a meeting under this
84 Section shall constitute presence in person at the meeting if both of the following apply: (a) each
85 director participating in the meeting can communicate concurrently with all other directors; and
86 (b) each director is provided the means of participating in all matters before the Board, including
87 the capacity to propose, or to interpose an objection to, a specific action to be taken by the
88 Corporation.

89 **3.7 Regular Meetings; Special Meetings.** A regular meeting of the Board shall be held at
90 least once each year at such time as the Board may fix by resolution. Regular meetings of the
91 Board shall consist of those meetings reflected on the Corporation's annual calendar. Special
92 meetings of the Board for any purpose or purposes may be called at any time by the president or
93 chair.

94 **3.8 Meeting Notices; Waiver.** Written notice of the time and place of meetings (regular or
95 special) shall be delivered personally to each director or sent to each director by mail or by other
96 form of written communication, or by electronic transmission by the Corporation (as defined in
97 Section 9.3), charges prepaid, addressed to the director at that director's address as it is shown
98 on the records of the Corporation. The notice shall be sent (a) for regular Board meetings, at least
99 15 days, but not more than 45 days, before the time of the holding of the meeting; and (b) for
100 special meetings, at least four days before the time of the meeting, if notice is sent by mail, and
101 at least 48 hours before the time of the meeting, if notice is delivered personally, telephonically,
102 or by electronic transmission. The meeting of the Board, however called and noticed and
103 wherever held, shall be as valid as though the meeting had been held after a proper call and
104 notice if a quorum is present and if, either before or after the meeting, each of the directors not
105 present signs a written waiver of notice or consent to hold the meeting or an approval of the
106 minutes. All waivers, consents, or approvals shall be filed with the corporate records or made a
107 part of the minutes of the meeting.

108 **3.9 Voting; Action without a Meeting.** Each director shall have one vote on each matter
109 presented to the Board for action. No director may vote by proxy. Any action by the Board may
110 be taken without a meeting if all directors, individually or collectively, consent in writing or by
111 electronic transmission to the action. Such written consent shall be filed with the minutes of the
112 proceedings of the Board.

113 **3.10 Resignation and Removal.** Except as provided below, any director may resign by giving
114 written notice to the chair or to the president. The resignation shall be effective when the notice
115 is given unless it specifies a later time for the resignation to become effective. No director may
116 resign when the Corporation would be left without a duly elected director. A director may be
117 removed from office by Adventist Health.

3.11 Conflicts of Interest. Upon election to the Board and annually, each director shall sign a conflict of interest form, certifying that the director has read, understands, is in complete compliance with, and agrees to continue to comply with, the Board's conflict of interest policy.

Article 4 Committees

4.1 Board Committees. The Board may appoint standing or special Board committees consisting exclusively of directors, to serve at the pleasure of the Board. The Board may delegate to such committees any of the powers and authority of the Board, except that the Board may not delegate the following powers:

(a) To take any final action on matters that, under the Nonprofit Code or these bylaws, also require Adventist Health's approval;

(b) To fill vacancies on the Board or in any committee;

(c) To fix any compensation of the directors for serving on the Board or any committee;

(d) To amend or repeal these bylaws or adopt new bylaws;

(e) To amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; and

(f) To appoint committees of the Board or committee members.

4.2 Advisory Committees. The Board may establish one or more advisory committees, consisting of directors, nondirectors, or both. Except to the extent provided in Subsection 9210(b) of the Nonprofit Code, advisory committees may not exercise any authority of the Board, but shall be limited to making recommendations to the Board and to implementing Board decisions and policies.

4.3 Committee Chairs. A Board committee chair must be a director of the Board, and an advisory committee chair must be an officer of Adventist Health or a director of the Board. All chairs shall be appointed by the Board and shall serve until they no longer are qualified to serve as chairs, until they are removed or resign as chairs, or until their committees are terminated.

4.4 Meetings and Actions. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning Board meetings, except that the time for general meetings and the calling of special meetings may be set either by Board resolution or, if none, by the committee chair or by resolution of the committee. No act of a committee shall be valid unless approved by the vote of a majority of its committee members with a quorum present. Committees shall keep regular minutes of proceedings and report the same to the Board, and the minutes will be filed with the Corporation's records.

4.5 Removal. The Board may remove at any time, with or without cause, a member or members of any committee.

4.6 Medical Staff. Any Board committee that deliberates issues of medical staff responsibilities shall include medical staff members.

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Article 5 Officers

157 **5.1 Officers.** The officers of the Corporation shall be a chair of the Board, a vice chair of the
158 Board, a president, a secretary, a treasurer, and any other person designated as an officer by the
159 Board. Any person may hold more than one office, except that neither the chair nor president may
160 serve concurrently as the secretary or treasurer. Only directors of the Corporation may serve as
161 chair or vice chair of the Board. Other than the executive vice president (if any), in no event shall
162 the title of vice president of the Corporation make a person an officer within the meaning of the
163 Nonprofit Code or these bylaws unless designated by the Board.

164 **5.2 Election of Officers.** Any executive vice presidents shall be appointed by the president.
165 The secretary and treasurer of the Corporation shall be elected by and serve at the pleasure of
166 the Board, and each shall hold that office until that officer resigns, or is removed, or is otherwise
167 disqualified to serve, or until that officer's successor is appointed.

168 **5.3 Chair of the Board.** The chair of the Board shall be the chief executive officer of Adventist
169 Health or the chief executive officer's designee, who shall preside at the meetings of the Board.
170 The chair shall call regular and special meetings of the Board in accordance with these bylaws.

171 **5.4 Vice Chair of the Board.** The vice chair of the Board shall be the president of Adventist
172 Health. In the absence of the chair of the Board, the vice chair or another designee of the chair
173 shall preside at the meetings of the Board.

174 **5.5 President.** The president shall, in order to qualify for office, be and remain an employee
175 of Adventist Health. The Board chair shall appoint the president. Subject to the control of the
176 Board, the president shall have general supervision of the business of the Corporation and shall
177 have such other powers and duties usually vested in such an office. The responsibilities of the
178 president shall include:

179 (a) Carrying out all policies and procedures established by the Board consistent with
180 the philosophy, teachings, and practices of the Church;

181 (b) Development of a plan of organization of the personnel and others concerned with
182 the operation of the Corporation's hospital;

183 (c) Preparation of an annual operating capital expenditure and cash flow budget
184 showing the expected receipts and expenditures and such other information as is required
185 by the Board, and submission of such budgets to the Board for approval;

186 (d) Selection, employment, control, and discharge of all employees and development
187 and maintenance of personnel policies and practices for the Corporation's hospital;

188 (e) Maintenance of physical properties in a good state of repair and operating
189 condition;

190 (f) Supervision of business affairs to ensure that funds are collected and expended to
191 the best possible advantage and within the provision of the annual budgets;

192 (g) Cooperation with the medical staff and with all those concerned with rendering of
193 professional service to the end that high quality care may be rendered to the patients
194 consistent with the policies set forth by the Board;

195 (h) Presentation to the Board or to its authorized committees of periodic reports
196 reflecting the professional service and financial activities of the Corporation's hospital as
197 prescribed by corporate administrative policies, and preparation and submission of such
198 special reports as may be required by the Board;

199 (i) Reporting all activities and recommendations of the medical staff to the Community
200 Board;

201 (j) Execution of the contracts authorized by the Board, or a Board committee, except
202 as is otherwise provided by these bylaws and subject further to the limitations of authority
203 delegated by the Board;

204 (k) Performance of other duties assigned by the Board that may be necessary in the
205 best interest of the Corporation's hospital;

206 (l) Designation of a qualified individual who shall be responsible to the president in
207 matters of administration and shall represent the president during the president's absence;
208 and

209 (m) Establishing goals and objectives for the Corporation, which shall include a long-
210 range strategic plan.

211 The president of the Corporation will be formally reviewed based upon performance criteria
212 presented to the president. The review will be conducted by the chair of the Community Board.

213 **5.6 Executive Vice President.** Executive vice presidents, if any, shall have such powers and
214 duties as the Board or the bylaws may provide. During the absence of the president, and in the
215 absence of a designation under Subsection 5.5(l), any executive vice president may act in the
216 place and the stead of the president.

217 **5.7 Secretary.** The secretary shall keep, or cause to be kept, the records of the Corporation,
218 including a record of the proceedings of the Corporation, and shall perform all of the duties usually
219 incident to the office of secretary. The secretary shall have such other powers and duties as the
220 Board or the bylaws may require.

221 **5.8 Treasurer.** The treasurer shall keep, or cause to be kept, correct books and accounts of
222 the Corporation's properties and transactions. The treasurer shall perform all the duties pertaining
223 to the office of treasurer and shall have such other powers and duties as the Board or these
224 bylaws may require. During the unavailability or incapacity of the president and any executive vice
225 president, and in the absence of a designation under Subsection 5.5(l), the treasurer will act in
226 the place and stead of the president.

227 **5.9 Assistant Secretaries.** The treasurer shall be an assistant secretary and there shall be
228 such other assistant secretaries as may be designated by the Board, any one of whom shall
229 perform the duties of the secretary in the absence of the secretary.

5.10 Assistant Treasurers. There shall be such assistant treasurers as may be designated by the Board, any of whom shall perform the duties of the treasurer in the absence of the treasurer.

Article 6 Community Board

6.1 Appointment of Community Board. The Board shall appoint the members of a committee called the “**Community Board**,” with each appointment for a two-year term, and approximately one-half of the members of the Community Board appointed every year. The Community Board shall consist of from nine to 21 members, depending upon the size and needs of the Corporation, as determined by the Board. The Board may at any time, in its sole discretion, remove or replace a Community Board member or revoke any or all of the Community Board’s delegated authority.

6.2 Governance Committee. The Community Board shall appoint a governance committee pursuant to its bylaws, which shall make nominations to the Board for the Board to consider in appointing Community Board members.

6.3 Bylaws. The Community Board shall have its own bylaws, which shall be adopted and may be amended by the Board, in its sole discretion, including any amendments necessary to conform to these bylaws. The Community Board shall comply with its bylaws and the resolutions of the Board.

6.4 Qualifications for Members of the Community Board. Each member of the Community Board:

- (a) Shall be more than 21 years of age;
- (b) Shall have an interest in health care matters; and
- (c) Must support the goals, objectives, and philosophies of the Church.

6.5 Delegated Powers to the Community Board. The Community Board bylaws shall specify the exact functions of the Community Board, consistent with these bylaws. Subject to the Board’s ultimate oversight and authority to take action, the Board delegates the following responsibilities to the Community Board:

- (a) Providing institutional planning to meet the health care needs for the community the Corporation’s hospital serves;
- (b) Determining that the Corporation’s hospital, its employees, and the appointees of the medical staff will conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;
- (c) Overseeing and supervising the medical staff of the Corporation’s hospital, which includes approving the medical staff bylaws and rules and regulations, and assuring that the medical staff establishes mechanisms to achieve and maintain high quality medical practice and patient care;

(d) Establishing and approving policies and procedures for those functions of the Corporation's hospital that have been delegated to the Community Board;

(e) Assuring a safe environment within the Corporation's hospital for employees, medical staff, patients, and visitors; and

(f) Organizing itself effectively so that it establishes and follows the policies and procedures necessary to discharge its responsibilities, and adopting rules and regulations in accordance with legal requirements.

Article 7 Indemnification

7.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance (and in the Board's sole and absolute discretion), expenses incurred by an agent (defined below) seeking indemnification under this Article of these bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Board must approve any advance made to the president under this Section, prior to such advance being paid to the president. For purposes of this article, an "**agent**" shall have the meaning established in the Nonprofit Code applicable to the Corporation.

7.2 Indemnification upon Successful Defense. If an agent of the Corporation is successful on the merits in defense of any proceeding, claim, or other contested matter brought against the agent in connection with the agent's actions or omissions in relation to the Corporation, the Corporation shall indemnify the agent against that agent's actual and reasonable expenses incurred in the defense against such proceeding or claim.

7.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former (1) directors, (2) officers, (3) persons who are or were regularly invited for six consecutive months or more to attend and participate at Board meetings or Board committee meetings, and (4) persons identified in a duly approved Board resolution as qualifying for this mandatory indemnification (each of whom is an "**indemnatee**") against expenses (collectively, "**payments**") actually and reasonably incurred by such indemnatee in connection with defending that indemnatee against an action or proceeding. An employee of the Corporation may be an indemnatee if that employee meets one or more of the definitions of indemnatee set forth above. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnatee only if all of the following apply:

1. The potential indemnatee was not a director, officer, or other person who was removed from one or more of their positions with the Corporation;
2. The action or proceeding against the indemnatee is based on or relates to an action or inaction taken by the indemnatee on behalf of the Corporation and within the scope of the indemnatee's role or relationship with the Corporation;

3. The Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive this mandatory indemnification if such findings are not made by the Board); and
4. The potential indemnitee has not procured any illegal profit, remuneration, or advantage, as determined by the Board in its sole discretion.

If a person does not qualify for this mandatory indemnification, such person might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify an agent (including former directors who were removed by the Board, employees, or agents identified by the Board as acting on behalf of the Corporation or Adventist Health and not entitled to mandatory indemnification) (each of which is a “**recipient**”) against any or all of the expenses, judgments, fines, settlements, or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

1. The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient's role or relationship with the Corporation;
2. The Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient shall not be eligible to receive this discretionary indemnification if such findings are not made); and
3. Indemnification is not available if the recipient is found to have procured illegal profit, remuneration, or advantage.

Article 8

Legal Instruments

8.1 Execution of Legal Documents. The chair, vice chair, president, treasurer, or secretary may execute, and the Board may authorize specific other persons or officers to execute, all contracts, transactions, or arrangements, and other documents related to such transactions or arrangements. These officers may sign individually. Any Board resolution authorizing other persons or officers to execute documents shall specify whether one person may sign the appropriate documents or whether two signatures are required under specified circumstances.

8.2 Seal. The Corporation may have a corporate seal, and the same shall have inscribed thereon the name of the Corporation, the date of its incorporation, and the state of its incorporation.

Article 9
General Provisions

9.1 Auditor. The books of the Corporation shall be reviewed annually by an auditor selected by Adventist Health.

9.2 Amendment of Bylaws. The bylaws may only be amended or repealed and new bylaws adopted by Adventist Health. The Board shall review the bylaws of the Corporation annually and shall recommend any necessary revisions.

9.3 Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication (1) delivered by (A) electronic mail when directed to the electronic mail address for that recipient on record with the Corporation; (B) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient, which transmission shall be considered delivered upon the later of the posting or delivery of the separate notice thereof; or (C) other means of electronic communication; and (2) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(b) "Electronic transmission to the Corporation" means a communication (1) delivered by (A) electronic mail when directed to the electronic mail address that the Corporation has provided to members or directors for communications; (B) posting on an electronic message board or network that the Corporation has designated for those communications, which transmission shall be considered delivered upon posting; or (C) other means of electronic communication; (2) as to which the Corporation has placed in effect reasonable measures to verify that the sender is the member or director purporting to send the transmission; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(c) "Electronic transmission" means any combination of electronic transmission by or to the Corporation.

Bylaws Certificate

I, Meredith Jobe, hereby certify that I am the Secretary of St. Helena Hospital, a California nonprofit religious corporation (the "**Corporation**"), and that the foregoing bylaws are a true and correct copy of the bylaws of the Corporation as duly adopted on April 29, 2020, by the vote of the Adventist Health System/West board, acting as the sole member of the Corporation.

Dated: 5/14, 2020

ST. HELENA HOSPITAL

By: 
Meredith Jobe, Secretary

Section 999.5(d)(4)(B) The applicant's plan for the use of the net proceeds after the close of the transaction, with a statement explaining how the proposed plan is consistent with the existing charitable purposes and complies with all applicable charitable trusts that govern the use of the applicant's assets; the plan must include any proposed amendments to the articles of incorporation or bylaws of the applicant or any entity related to the applicant that will control any of the proceeds from the proposed transfer

Adventist Health and St. Helena Hospital intend to invest the proceeds from the sale into AH St. Helena in furtherance of its charitable mission. AH Vallejo was identified as a service line that would be allowed to flourish under the right third-party operator, while providing funds for key strategic growth at AH St. Helena.

Some of the opportunities in the current plans for AH St. Helena include:

- Development of a Robotic Surgery Program (DaVinci) to support currently trained physicians on staff in the specialties of General Surgery, GYN, and Cardio-Thoracic Surgery.
- Stroke Program (including training and equipment)
- Addition of new Behavioral Health Unit at AH St. Helena campus
- Future development of a destination caliber Spine program focused around developing minimally invasive procedures

This list represents investments of more than half of the proceeds towards service lines that will expand access to quality services for both the Upper Napa Valley residents as well as the broader North Bay communities that utilize many of the academic level programs offered at AH St. Helena. The remainder of the proceeds will be either reserved for future growth programs or deployed towards other necessary capital projects as the hospital sees fit within its market area.

IMPACTS ON HEALTH CARE SERVICES

(Cal. Code Regs., tit. 11, § 999.5(d)(5))

**Section 999.5(d)(5)(A) Copy of the two most recent “community needs assessments”
prepared by applicant for the health facility that is the subject of the agreement or
transaction**

Attached as Exhibit 4 are the two most recent Community Health Needs Assessments, which were conducted in 2016 and 2019 for St. Helena Hospital. These reports address both AH Vallejo and AH St. Helena.

EXHIBIT 4



2016 Community Health Needs Assessment

Napa County, California



Approved by Napa County CHNA Advisory Group
April 8, 2016

To provide feedback about this Community Health Needs Assessment, email Mayra Vega at VegaM7@ah.org.

Executive Summary

St. Helena Hospital Napa Valley & Center for Behavioral Health

Collaborating to achieve whole-person health in our communities

St. Helena Hospital Napa Valley & Center for Behavioral Health invites you to partner with us to help improve the health and wellbeing of our community. Whole-person health—optimal wellbeing in mind, body and spirit—reflects our heritage and guides our future. St. Helena Hospital Napa Valley & Center for Behavioral is part of Adventist Health, a faith-based, nonprofit health system serving more than 75 communities in California, Hawaii, Oregon and Washington. Community has always been at the center of Adventist Health’s mission—to share God’s love by providing physical, mental and spiritual healing.

The Community Health Needs Assessment is one way we put our faith-based mission into action. Every three years, we conduct this assessment with our community. The process involves input and representation from all: community organizations, providers, educators, businesses, parents, and the often marginalized—low-income, minority, elderly and other underserved populations.

We use the Community Health Needs Assessment to achieve these goals:

- Learn about the community’s most pressing health needs
- Understand the health behaviors, risk factors and social determinants that impact our community’s health
- Identify community resources and prioritize needs
- Collaborate with community partners to develop collective strategies

Partnering with our communities for better health

While conducting the Community Health Needs Assessment we solicited feedback and input from a broad range of stakeholders. Contributors to the process included these partners:

- Napa County Health and Human Services Agency
- Live Healthy Napa County
- Kaiser Permanente
- St. Joseph Health Queen of the Valley Medical Center
- Consultants: Harder+Company Community Research; Rami + Associates

Data Sources

The assessment used a mixed-methods approach to collect and compile data to provide a robust assessment of health in Napa County. A broad lens in qualitative and quantitative data allowed for the consideration of many potential health needs as well as an in-depth analysis. Data sources included an analysis of over 150 health indicators from publicly available data sources such as the California Health

Interview Survey, American Community Survey, and the California Health Kids Survey. Secondary data were organized by a framework developed from Kaiser Permanente’s list of potential health needs, and expanded to include a broad list of needs relevant to Napa County. Interviews were conducted with 18 key informants from the local public health department, as well as leaders, representatives, and members of medically underserved, low-income, minority populations, and those with a chronic disease. Other individuals from various sectors with expertise in local health needs were also consulted. Four focus groups were conducted in English and Spanish, reaching 47 residents, representing populations identified as having worse health outcomes or at risk for worse health outcomes.

Prioritization process

Data was used to score each health need. Potential needs were included in the prioritization process if a) multiple indicators were reviewed in secondary data demonstrated that the county estimate was greater than the 1% “worse” than the benchmark comparison estimate (in most cases, the benchmark used was the California state average) and b) the health issue was identified as a key theme in at least half of the interviews OR in at least one focus group.

The Napa County CHNA Advisory Group convened an event on December 18, 2015, with a group of diverse community stakeholders to review the identified health needs, discuss the key findings from the CHNA, and prioritize top health issues that need to be addressed in the County. The group utilized the Criteria Weighting Method, which enabled consideration of each health area using four criteria: severity, disparities, impact, and prevention.

Top priorities identified in partnership with our communities

Adventist Health Top Priority Health Needs for 2016-2019

Prioritized Need	Health Indicator
Education	In Napa County, extreme disparities exist among subpopulations in key educational outcomes. Hispanic/Latino students and English Language Learners (ELL) are at high risk for dropping out of high school. Only 22.0% of tenth grade English Language Learners passed the California High School Exit Exam in English Language Arts; only 39.0% passed in Mathematics. Residents and stakeholders also identified harassment and bullying as issues of high concern for health.
Economic and Housing Security	The high cost of living in Napa County poses a significant challenge for residents, many of whom spend 30% or more of their income on housing costs. Malnutrition and food insecurity are also key issues for Napa County residents, as many are forced to spend most of their income on housing, but do not qualify for public benefits.
Mental Health	Mental health – emotional, behavioral, and social well-being – was identified as a high concern for Napa County residents, especially Latinos, youth, and older adults. Napa residents have a high risk of suicide. An estimated 10.3% of residents report having seriously considered suicide; among Latinos in the county,

	this estimate is 27.9%. Residents and stakeholders identified suicide as a significant concern, and noted that social stigma and the geographic distribution of treatment facilities pose challenges to people seeking mental health care.
Obesity and Diabetes	One quarter of Napa County residents are obese, and more than a third are overweight. Access to affordable healthy food was identified as a concern, particularly in specific areas of Napa County included American Canyon and rural communities. An estimated 24.0% of adults are obese, and 37.05% overweight. Among youth, 14.8% are obese and 19.5% are overweight. Since economic disadvantage is strongly linked to barriers that inhibit healthy consumption of foods and an active lifestyle, low-income residents, as well as older adults and residents experiencing homelessness, are disproportionately affected by this health need.
Access to Primary and Oral Health Care	A lack of access to dental insurance or inadequate utilization of dental care is an important issue affecting oral health in Napa County. Premiums for health insurance remain high, and many providers do not accept Medi-Cal or have long waiting lists. Dental insurance was not included in recent health insurance reform and 43.7% of the adult population in the county lacks dental insurance.
Substance Use	Substance abuse was identified as a concern, particularly with respect to alcohol consumption. Among adults 21.3% of residents report heavy alcohol consumption. Youth were also noted as a high risk population with high abuse rates of cigarettes, binge drinking, and use of marijuana.
Cancers	Compared to California state averages, Napa County has higher incidence of breast, prostate, colon and rectum, and lung cancer, as well as a high all-cancer mortality rate. Racial/ethnic disparities exist in cancer morbidity and mortality.

Making a difference: Results from our 2013 CHNA/CHP

Adventist Health wants to ensure that our efforts are making the necessary changes in the communities we serve. In 2013 we conducted a CHNA and the identified needs were:

Education

- In partnership with author, Shalini Singh Anand, we provided over 200 students at Calistoga Elementary school with “Lee the Bee” books (totaling \$2,314) and personal readings with the author which encouraged students to stay in school and gave the students exposure to the benefits of getting a great education.

- Through the St. Helena Unified School District, we have provided over 100 hours at school Field Days at St. Helena Primary School, St. Helena Elementary School, Foothills Elementary, PUC Elementary School, Vichy Elementary School, and Pueblo Vista Elementary.
- Through Girls on the Run Napa & Solano, a \$5,000 donation was able to impact 775 girls at 44 different schools, a 40% increase from the previous year. This program is a year-long process that guides girls in grades 3rd to 8th where volunteer life coaches lead the girls through experiential activities and discussions. The program ends with a 5K event that had a participation of over 1,000.

Economic and Housing Security

- Through the Promotores Program (in partnership with the UpValley Family Center), 11 active Promotoras (all bi-lingual woman) were sponsored to become advocates in the community, providing them with access to information and resources, meeting monthly to coordinate their work. Within this program, the Promotras have led five free Zumba classes per week in Calistoga and three in St. Helena – reaching 140 people, led four sessions of nutrition classes in Calistoga, led mental health town hall meetings in Spanish in Calistoga and St. Helena – reaching 100 people, and coordinated visits from the Mexican Consulate – reaching over 200 people.

Mental Health

- A new geriatric medical psychiatric unit at SHNV was opened to increase access throughout Northern California to acute inpatient medical care for patients with complicating behavioral co-morbidities. The unit is fully staffed and can accept up to 6 patients at a time. In the months since opening, we have reached census for three months.
- We have partnered with the UpValley Family Center to increase awareness about mental health by participating in several wellness events and meetings. Each wellness meeting has about 50 community stakeholders in participation.

Obesity and Diabetes

- The Diabetes Self-Management Class for 60 (total for the year) diagnosed individuals is a free monthly educational class for the community. A continued \$5,000 has been given to support the costs of the program.
- A partnership with Calistoga Elementary School and Safe Routes to School provided a program to encourage families on safe and alternative transportation to school. A total of 20 hours was committed throughout the school year; reaching over 350 students and parents each week.
- The Bariatric Support Group meets monthly with a participation of 10-15 individuals. Half of those individuals were signed up for a consultation with the bariatric specialist, Dr. Richard Parent.
- In partnership with the St. Helena and Napa Unified School Districts, participation in the Field Days of St. Helena Elementary School, St. Helena Primary School, St. Helena High School, Pueblo Vista Elementary School and Vichy Elementary has reached over 2000 students to encourage physical activity and provide resources and activities to prevent obesity.
- A total of \$160,000 was given to organizations such as Alzheimer's Association, American Cancer Society, American Heart Association, Zero Prostate, Heroes for Health, and Pacific Union College to raise awareness and fund research. A total 24 hours of was dedicated in participating in fundraising events.

- In partnership with the Rianda House, five free health screenings were provided for adults of the Napa County testing for blood glucose, blood pressure, and body composition. An average of 20 older adults participated in each screening with 2-3 suggestions of a follow up with a primary care physician.

Access to Primary and Oral Health Care

- A new intensivist team of three doctors were added to the Intensive Care Unit allowing us to have 24-hour coverage for the patients with the highest acuity. With that, one of the doctors within that group created what is referred to as an “angel cart” in which there are donated goods that are available for patients and their families at any time.
- We actively participate in local health fairs and employee benefit fairs to educate the community on the services we offer. Combined, these events reached approximately 2000 individuals across Napa County.
- Doctors within our specialty, destination services such as the Coon Joint Replacement Institute or the St. Helena Arrhythmia Center travel throughout the educate and inform patients about the services that are available at St. Helena Hospital.

Substance Abuse

- Peer support groups and a recovery program are provided through the St. Helena Recovery Center. A recovery center alumni group is also provided for people who had previously participated in addiction therapy and need support for ongoing sobriety. The attendance for the initial recovery program is between 30 and 40, while the alumni group has around half of that attendance.

Cancers

- We provided educational materials regarding risk factors for cancer, heart disease, and cerebrovascular disease, used CDC-endorsed My Plate curricula, Champions of Change cookbooks and brochures at health fairs, health seminars, classes, support groups, and health screenings. In total 5,000 people in our target communities received education on how to prevent leading causes of death.

NAPA COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT

ST. HELENA HOSPITAL NAPA VALLEY

Acknowledgements

Many individuals and organizations participated in the success of this Community Health Needs Assessment.

Partner hospitals have worked closely together throughout the CHNA to ensure the CHNA complied with the requirements of the Affordable Care Act and included data on which to build effective implementation strategies. Members of the Napa County CHNA Advisory Group include:

- Napa County Health and Human Services Agency
 - Jennifer Henn, Epidemiologist
- Live Healthy Napa County
 - Jennifer Henn
- Kaiser Permanente
 - Cynthia Verrett, Community Benefit Manager
- St. Helena Hospital Napa Valley
 - Mayra Vega, Director of Client Services
- St. Joseph Health Queen of the Valley Medical Center
 - Dana Codron, Executive Director of Community Outreach
 - Elizabeth Alessio, Community Benefit Coordinator
- Consultants
 - Harder+Company Community Research and Raimi + Associates were instrumental in supporting the community health need prioritization process by presenting extensive data in a useful way and facilitating a meaningful conversation that resulted in the establishment of community priorities on which future decisions can be based. The team also prepared this report.

Several other organizations were also instrumental to the CHNA process, including:

- Multiple social service and nonprofit organizations who helped coordinate and recruit participants for focus groups, participated in key informant interviews, and attended the prioritization session.
- Community members who participated in focus groups and provided invaluable insight into the needs of their community.

Table of Contents

I.	EXECUTIVE SUMMARY	5
A.	Community Health Needs Assessment (CHNA) Background	5
B.	Summary of Prioritized Needs.....	5
C.	Summary of Needs Assessment Methodology and Process	6
II.	INTRODUCTION/BACKGROUND	6
III.	BACKGROUND ON NAPA COUNTY CHNA ADVISORY GROUP MEMBERS.....	8
A.	About Live Healthy Napa County.....	8
B.	About St. Helena Hospital Napa Valley	8
C.	About St. Joseph Health, Queen of the Valley Medical Center	9
D.	Community Benefit Governance and Management Structure.....	9
E.	About Kaiser Permanente.....	10
F.	About Kaiser Permanente Community Benefit.....	10
G.	Purpose of the Community Health Needs Assessment (CHNA) Report	11
H.	Napa County CHNA Advisory Group's Approach to Community Health Needs Assessment	11
IV.	COMMUNITY SERVED	11
A.	Definition of Community Served	12
B.	Map and Description of Community Served.....	12
V.	WHO WAS INVOLVED IN THE ASSESSMENT	4
A.	Identity of Hospitals that Collaborated on the Assessment	4
B.	Other Partner Organizations that Collaborated on the Assessment	4
C.	Identity and Qualifications of Consultants Used to Conduct the Assessment	4
VI.	PROCESS AND METHODS USED TO CONDUCT THE CHNA	5
A.	Secondary Data.....	5
B.	Community Input	6
C.	Written Comments.....	7
D.	Data Limitations and Information Gaps.....	7
VII.	IDENTIFICATION AND PRIORITIZATION OF COMMUNITY'S HEALTH NEEDS.....	8
A.	Identifying Community Health Needs.....	8
B.	Process and Criteria Used for Prioritization of the Health Needs.....	11
C.	Prioritized Description of the Community Health Needs Identified Through the CHNA.....	12
D.	Community Resources Potentially Available to Respond to the Identified Health Needs.	14
VIII.	APPENDICES	15
A.	Health Need Profiles	15
B.	Secondary Data, Sources, and Years.....	15

C.	Community Input Tracking Form.....	15
D.	Primary Data Collection Protocols	15
E.	Prioritization Scoring Matrix	15
F.	Asset Inventory	F1
	2016 CHNA Approval	G1

I. EXECUTIVE SUMMARY

The 2016 Community Health Needs Assessment (CHNA) presents an overview of community health in Napa County that includes the conditions that impact health in our county. Conducting a triennial CHNA is a requirement for not-for-profit hospitals as part of the Patient Protection and Affordable Care Act (ACA).

A. Community Health Needs Assessment (CHNA) Background

The goal of the CHNA is to inform and engage local decision-makers, key stakeholders and the community-at-large in collaborative efforts to improve the health and well-being of all Napa County residents. The development of the 2016 CHNA report has been an inclusive and comprehensive process guided by an Advisory Group.

While many hospitals have conducted CHNAs for many years to identify needs and resources in their communities, these new requirements have provided an opportunity for hospitals to revisit their needs assessment and strategic planning processes with an eye toward enhancing compliance and transparency, and toward leveraging emerging collaborations, innovations, and technologies.

B. Summary of Prioritized Needs

Napa County is a generally healthy and affluent county, especially compared to California as a whole, but has an aging population and substantial disparities in socioeconomic status. These issues present challenges for the health of Napa County residents. After a review of county data, key stakeholders and residents identified seven specific health needs in Napa County.

- 1) **Education:** Napa County has significant disparities in educational outcomes and educational attainment. Hispanic/Latino students and English Language Learners are of particular concern, as they are at high risk for dropping out of high school. Residents and stakeholders also identified harassment and bullying as issues of high concern for health.
- 2) **Economic and Housing Insecurity:** The high cost of living in Napa County poses a significant challenge for residents, many of whom spend 30% or more of their income on housing costs. Malnutrition and food insecurity are also key issues for Napa County residents, as many are forced to spend most of their income on housing, but do not qualify for public benefits.
- 3) **Mental Health:** Mental health was identified as a high concern for Napa County residents, especially Latinos, youth, and older adults. Residents and stakeholders identified suicide as a significant concern, and noted that social stigma and the geographic distribution of treatment facilities pose challenges to people seeking mental health care.
- 4) **Obesity and Diabetes:** One quarter of Napa County residents are obese, and more than a third are overweight. Access to affordable healthy food was identified as a concern, particularly in specific areas of Napa County including American Canyon and rural communities. Since economic disadvantage is strongly linked to barriers that inhibit healthy consumption of foods and an active lifestyle, low-income residents, as well as older adults and residents experiencing homelessness, are disproportionately affected by this health need.
- 5) **Access to Primary and Oral Health Care:** A lack of access to dental insurance or inadequate utilization of dental care is an important issue affecting oral health in Napa County. Premiums for health insurance remain high, and many providers do not accept Medi-Cal or have long waiting lists. Dental insurance was not included in recent health insurance reform, and nearly half of all adults in Napa County lack dental insurance.
- 6) **Substance Use:** The abuse of alcohol by adults emerged as a significant substance abuse issue in the county. Residents and stakeholders also identified youth as being at a particularly high risk for

abuse of tobacco, alcohol, prescription drugs, and illegal drugs.

- 7) Cancers:** Compared to California state averages, Napa County has higher incidence of breast, prostate, colon and rectum, and lung cancer, as well as a higher all-cancer mortality rate. Racial/ethnic disparities exist in cancer morbidity and mortality.

C. Summary of Needs Assessment Methodology and Process

The CHNA process used a mixed-methods approach to collect and compile data to provide a robust assessment of health in Napa County. A broad lens in qualitative and quantitative data allowed for the consideration of many potential health needs as well as in-depth analysis. Data sources included:

- Analysis of over 150 health indicators from publicly available data sources such as the California Health Interview Survey, American Community Survey, and the California Healthy Kids Survey. Secondary data were organized by a framework developed from Kaiser Permanente's list of potential health needs, and expanded to include a broad list of needs relevant to Napa County.
- Interviews were conducted with 18 key informants from the local public health department, as well as leaders, representatives, and members of medically underserved, low-income, minority populations, and those with a chronic disease. Other individuals from various sectors with expertise in local health needs were also consulted.
- Four focus groups were conducted in English and Spanish, reaching 47 residents, representing populations identified as having worse health outcomes or at risk for worse health outcomes.

Data were used to score each health need. Potential health needs were included in the prioritization process if:

- a) Multiple indicators reviewed in secondary data demonstrated that the county estimate was greater than 1% "worse" than the benchmark comparison estimate (in most cases, the benchmark used was the California state average).
- b) The health issue was identified as a key theme in at least half of interviews OR in at least one focus group.

The Napa County CHNA Advisory Group convened an event on December 18, 2015, with a group of diverse community stakeholders to review the identified health needs, discuss the key findings from CHNA, and prioritize top health issues that need to be addressed in the County. The group utilized the Criteria Weighting Method, which enabled consideration of each health area using four criteria: severity, disparities, impact, and prevention.

The CHNA is an important first step towards taking action to effect positive changes in the health and well-being of county residents. The results will be used to inform the development of an implementation strategy for each hospital outlining the priority health needs the hospital will address. These strategies will build on community assets and resources, as well as on evidence-based strategies, wherever possible.

The CHNA and the hospital-specific implementation strategies will be developed to contribute to action in a strategic, innovative, and equitable way.

II. INTRODUCTION/BACKGROUND

Guided by the understanding that health encompasses more than disease or illness, the 2016 CHNA process uses a comprehensive framework for understanding health that considers how a variety of social, environmental, and economic factors – also referred to as "social determinants" – impact health. The CHNA process has been designed to identify the top health needs in the community through a consideration of a broad range of social, economic, environmental, behavioral, and clinical care factors that contribute to each health need.

Every three years, partners in Napa County conduct a needs assessment to determine the most critical health needs in the community. In 2013, the following overall priorities emerged: improve wellness and healthy lifestyles; ensure access to high quality services and supports; address social determinants of health; and create and strengthen sustainable partnerships for Collective Impact.

Formed in 2012 as a public-private-community partnership, Live Healthy Napa County (LHNC) convenes representatives from health and healthcare organizations, business, public safety, education, government, and the general public, to build strategies to realize a shared vision of a healthier Napa County. LHNC aims to increase the well-being and quality of life for all individuals, families, and communities in Napa County by moving away from a focus exclusively on sickness and disease to one based on prevention and wellness. LHNC recognizes that health starts long before illness – in our homes, schools, and jobs – and the ability to make meaningful change to improve health requires the collective impact of actors from different sectors committed to a shared agenda. Only a comprehensive approach that considers the effects of social, environmental, and economic factors on health will create sustainable change. To this end, LHNC has collaborated closely with the nonprofit hospitals in Napa County to engage in this CHNA process, which brings together countywide partners to identify and prioritize issues affecting health and wellness.

The exploration of health in Napa County through the 2016 CHNA process builds upon work done in prior years. The health needs identified in the 2016 CHNA process are: education, economic and housing insecurity, mental health, obesity and diabetes, access to primary and oral health care, substance use, and cancers. These needs align closely with and expand upon the top health needs identified in the 2012-13 CHNA: overweight and obesity, mental health, alcohol and substance use and abuse, and health inequities. Developing shared aims across the county requires building on community strengths in Napa; among key strengths identified in the 2012-13 CHNA are strong partnerships and collaboration, and clean and safe neighborhoods.

While the leading causes of death in California continue to be chronic diseases, evidence indicates that addressing and improving social and environmental conditions will have a positive impact on trends in morbidity and mortality, and will diminish disparities in health. Many chronic diseases and conditions are caused in part by preventable factors such as poor diet and physical inactivity, and there is growing awareness of the important link between how communities are structured and the opportunities for people to lead safe, active, and healthy lifestyles.

In addition to considering a broad definition of county-wide health, this assessment explores the particular impact of identified health issues among vulnerable populations. These populations may be residents of particular geographic areas, or may represent particular race/ethnicities or age groups. In an effort to work toward health equity, the CHNA process places strong emphasis on the needs of high-risk populations in the process of identifying health needs and as a criterion for prioritization.

With the passage of the ACA, completion of a CHNA has been codified into the Internal Revenue Code and required to assure the nation's not-for-profit hospitals maintain their 501(c)(3) status. The Code requires the CHNA to include:

- Data Research & Prioritization of Identified Health Needs
- Report on Findings
- Implementation Plan

Napa's hospitals (Kaiser Foundation Hospital-Vallejo, Queen of the Valley Medical Center, and St. Helena Hospital) have come together to meet these requirements of the ACA. Their work was supported by the Napa County Health and Human Services Agency.

In order to identify health needs, the Napa County CHNA Advisory Group and the consultant team (Harder+Company Community Research and Raimi + Associates) utilized a mixed-methods approach, examining existing or secondary data sources, as well as speaking to community leaders and

residents, to understand key health issues in Napa County. The Napa County CHNA Advisory Group and the consultant team reviewed secondary data available through the CHNA data platform and compiled additional data from national, statewide, and local sources to provide a more complete picture of health in Napa County. These data were compared to benchmark data and analyzed to identify potential areas of need. In addition, the consultant team collected and analyzed primary data about issues that most impact the health of the community. The team also considered existing resources and new ideas to address those needs from community members and local experts across sectors (e.g., public health, education, and government). The scored quantitative data and coded qualitative data were analyzed to identify the top health needs in the county. Once these health needs were identified, a cross-sector group of stakeholders reviewed summarized data in health need profiles (see Appendix A) and prioritized the health needs based on criteria (see Appendix E) determined by the Napa County CHNA Advisory Group. The resulting prioritized community health needs are presented in this report.

This CHNA serves as the basis for the development of hospital-specific implementation plans, which will support and build upon (rather than replace) the data and action plan outlined in the 2013 CHNA and Implementation Strategy.

III. BACKGROUND ON NAPA COUNTY CHNA ADVISORY GROUP MEMBERS

The following partner hospitals and organizations have worked closely together throughout the CHNA to ensure the CHNA complied with the requirements of the ACA and included data on which to build effective implementation strategies.

A. About Live Healthy Napa County

Napa County community members understand that improving the health of individuals, families, and communities requires a comprehensive understanding of health, one that considers all of the conditions in which people are born, grow, live, work, and age. By addressing all of these conditions, sometimes called the "social determinants of health," as well as the health care system, people and communities can be healthier and enjoy an enhanced quality of life. The LHNC collaborative was created from the notion that improving overall health requires a shared responsibility among diverse stakeholders. LHNC is a collaboration whose intention is to promote and protect the health and well-being of every member of the community. LHNC is a public-private partnership bringing together, among others, representatives not just from health and healthcare organizations, but also from business, public safety, education, government and the general public to develop a shared understanding and vision of a healthier Napa County.

B. About St. Helena Hospital Napa Valley

St. Helena Hospital Napa Valley (SHNV) and St. Helena Hospital Center for Behavioral Health (SHBH) are affiliates of Adventist Health, a faith-based, not-for-profit, integrated health care delivery system headquartered in Roseville, California. Adventist Health provides compassionate care in communities throughout California, Hawaii, Oregon and Washington.

Adventist Health entities include: 19 hospitals with more than 2,700 beds; more than 235 clinics and outpatient centers; 14 home care agencies and 7 hospice agencies; four joint-venture retirement centers; and a workforce of 28,600 (which includes more than 20,500 employees, 4,500 medical staff physicians, and 3,600 volunteers).

Every individual, regardless of his/her personal beliefs, is welcome in Adventist Health facilities. Adventist Health is also eager to partner with members of other faiths to enhance the health of the communities they serve.

More than a century later, the health care system sponsored by the Seventh-day Adventist Church circles the globe with more than 170 hospitals and nearly 500 clinics, nursing homes and dispensaries

worldwide. The same vision to treat the whole person—mind, body and spirit—continues to provide the foundation for their progressive approach to health care.

Located two miles north of St. Helena in the Napa Valley, SHNV is a 151-bed full-service, nonprofit community hospital renowned for excellence in cardiac care and a holistic approach to healing. SHNV also includes 61 psychiatric beds at the SHBH in Vallejo and 14 residential wellness program rooms in the St. Helena Center for Health. Since opening its doors in 1878, SHNV has remained committed to one basic mission: sharing God's love by providing physical, mental and spiritual healing.

Offering expertly skilled doctors, the latest medical technology and highly-trained staff, SHNV serves as a regional center for cancer care, cardiac services, orthopedics, general surgery, obstetrics, plastic & reconstructive surgery, sleep disorders, home care, and women's services. A comprehensive range of acute care, behavioral health, and wellness programs draw patients from the San Francisco Bay Area and beyond.

The facility was established in 1878 as the Rural Health Retreat. After the turn of the century, SHNV became a full-service, nonprofit community hospital. In 1969, a new wing opened to house the St. Helena Center for Health, thus enhancing the hospital's focus on personal and community wellness. In 1997, SHNV purchased First Hospital in Vallejo, a 61-bed mental health facility now known as the St. Helena Hospital Center for Behavioral Health.

C. About St. Joseph Health, Queen of the Valley Medical Center

St. Joseph Health Queen of the Valley Medical Center (SJH-QVMC) is a vital resource and integral part of the Napa Valley community. A full-service acute care 208-bed medical center, SJH-QVMC employs approximately 1,100 employees. The medical center is located within the City and County of Napa, and is the major diagnostic and therapeutic medical center for Napa County and the surrounding region. Services include the county's only Level III Trauma Center, the Peggy Herman Neuroscience Center, and a Maternity Center and Well Baby Nursery. SJH-QVMC is committed to community wellness and is one of the first acute care providers to successfully develop and implement a medical fitness center, Synergy Medical Fitness Center, on the Medical Center campus. Other medical specialties include robotic surgery for cardiac, gynecology and urology; cancer care; heart care; orthopedics; inpatient and outpatient rehabilitation services; and imaging.

As a member of St. Joseph Health, a Catholic health system founded by the Sisters of St. Joseph of Orange, SJH-QVMC devotes resources to outreach activities and services that help rebuild lives and care for the underserved and disadvantaged. SJH-QVMC recognizes and embraces the social obligation to create, collaborate on and implement programs that address identified needs and provide benefits to the communities they serve. Partnerships it has developed with schools, businesses, local community groups and national organizations allow the hospital to focus tremendous skills and commitment on solutions that have an enduring impact on the community. Based on identified community needs, SJH-QVMC provides and/or supports an extensive matrix of nationally recognized, award winning, well-organized and coordinated community benefit service programs and activities addressing issues such as obesity, mental health, chronic disease management, dental health, education and empowerment, access to food, housing, and preventive health care.

D. Community Benefit Governance and Management Structure

SJH-QVMC Board of Trustees and Administration take an active and informed role in the development and oversight of the Community Benefit Strategic Plan, programs and initiatives. The Community Benefit Committee (CBC) is composed of trustees, SJH-QVMC Executive Leadership, physicians, and community representatives, and is staffed by SJH-QVMC Community Outreach employees. The CBC serves as an extension of the medical center's Board of Trustees and is charged with the governance of Community Benefit planning and activities. In addition, community benefit plans, processes and programs reflect both system-level and local hospital strategic goals and initiatives.

SJH-QVMC demonstrates organizational commitment to the community benefit process through the allocation of staff time, financial resources, participation and collaboration. The Vice President of Mission Integration and Executive Director for Community Outreach are responsible for coordinating implementation of community benefit provisions related to The Patient Protection and ACA. In addition, this team provides the opportunity for community leaders and internal hospital executive management team members, physicians and other staff to work together in planning and carrying out the Community Benefit Plan.

The Community Benefit management team provides orientation for all new medical center employees and physicians on Community Benefit programs and activities, including opportunities for participation. Key opportunities for SJH-QVMC employee participation in community benefit activities for FY 2013 included: cooking and serving monthly soup kitchen meals; employee blood drives; migrant worker health fairs; Gang Tattoo Removal Program; and “Operation with Love from Home,” which sends care packages to military troops serving abroad.

E. About Kaiser Permanente

Founded in 1942 to serve employees of Kaiser Industries and opened to the public in 1945, Kaiser Permanente is recognized as one of America’s leading health care providers and nonprofit health plans. Kaiser Permanente was created to meet the challenge of providing American workers with medical care during the Great Depression and World War II, when most people could not afford to go to a doctor. Since the beginning, Kaiser Permanente has been committed to helping shape the future of health care. Among the innovations Kaiser Permanente has brought to U.S. health care are:

- Prepaid health plans, which spread the cost to make it more affordable
- A focus on preventing illness and disease as much as on caring for the sick
- An organized coordinated system that puts as many services as possible under one roof—all connected by an electronic medical record

Kaiser Permanente is an integrated health care delivery system comprised of Kaiser Foundation Hospitals (KFH), Kaiser Foundation Health Plan (KFHP), and physicians in the Permanente Medical Groups. Today it serves more than 10 million members in nine states and the District of Columbia. Its mission is to provide high-quality, affordable health care services and to improve the health of its members and the communities it serves.

Care for members and patients is focused on its Total Health and guided by its personal physicians, specialists, and team of caregivers. Kaiser Permanente’s expert and caring medical teams are empowered and supported by industry-leading technology advances and tools for health promotion, disease prevention, state-of-the-art care delivery, and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education, and the support of community health.

F. About Kaiser Permanente Community Benefit

For more than 70 years, Kaiser Permanente has been dedicated to providing high-quality, affordable health care services and to improving the health of its members and the communities it serves. Kaiser Permanente believes good health is a fundamental right shared by all, and recognizes that good health extends beyond the doctor’s office and the hospital. It begins with healthy environments: fresh fruits and vegetables in neighborhood stores, successful schools, clean air, accessible parks, and safe playgrounds. These are the vital signs of healthy communities. Good health for the entire community, which it calls Total Community Health, requires equity and social and economic well-being.

Like its approach to medicine, Kaiser Permanente’s work in the community takes a prevention-focused, evidence-based approach. It goes beyond traditional corporate philanthropy or grantmaking to pair financial resources with medical research, physician expertise, and clinical practices. Historically, it has

focused its investments in three areas—Health Access, Healthy Communities, and Health Knowledge—to address critical health issues in its communities.

For many years, Kaiser Permanente has worked side-by-side with other organizations to address serious public health issues such as obesity, access to care, and violence. It has also conducted CHNAs to better understand each community's unique needs and resources. The CHNA process informs its community investments and helps it develop strategies aimed at making long-term, sustainable change—and it allows Kaiser Permanente to deepen the strong relationships it has with other organizations that are working to improve community health.

G. Purpose of the Community Health Needs Assessment (CHNA) Report

The Patient Protection and ACA, enacted on March 23, 2010, included new requirements for nonprofit hospitals in order to maintain their tax exempt status. The provision was the subject of final regulations providing guidance on the requirements of section 501(r) of the Internal Revenue Code. Included in the new regulations is a requirement that all nonprofit hospitals must conduct a CHNA and develop an implementation strategy (IS) every three years (<http://www.gpo.gov/fdsys/pkg/FR-2014-12-31/pdf/2014-30525.pdf>). The required written IS plan is set forth in a separate written document. Both the CHNA Report and the IS for each St. Helena Hospital Napa Valley at <https://www.adventisthealth.org/napa-valley/pages/default.aspx>

H. Napa County CHNA Advisory Group's Approach to Community Health Needs Assessment

As described previously, Napa County's approach to CHNAs is collaborative, cross-sector (including representatives from health and healthcare organizations, business, public safety, education, government and the general public), and grounded in the understanding that improving the health of individuals, families, and communities requires a comprehensive understanding of health. This approach takes into account the conditions in which people are born, grow, live, work, and age, (or the social determinants of health) in an effort to assess and strengthen community health.

Napa County's CHNA Advisory Group drew upon Kaiser Permanente's free, web-based CHNA data platform that provides access to a core set of approximately 150 publicly available indicators to understand health through a framework that includes social and economic factors; health behaviors; physical environment; clinical care; and health outcomes. In addition to reviewing the secondary data available through the CHNA data platform and other publicly available sources of data on additional indicators, the Napa County CHNA Advisory Group and the consultant team collected primary data through key informant interviews and focus groups. Primary data collection consisted of reaching out to local public health experts, community leaders, and residents to identify issues that most impacted the health of the community. The CHNA process also included an identification of existing community assets and resources to address the health needs.

The Napa County CHNA Advisory Group then developed a set of criteria to prioritize the identified health needs in their community. A community meeting was held to apply the criteria and prioritize the health needs. This process resulted in a complete list of prioritized community health needs. The process and the outcome of the CHNA are described in this report.

In conjunction with this report, St. Helena Hospital Napa Valley will develop an implementation strategy for the priority health needs their hospitals will address. These strategies will build on the assets and resources, as well as evidence-based strategies, wherever possible. The IS will be filed with the IRS using Form 990 Schedule H. Both the CHNA and the IS, once they are finalized, will be posted publicly on <https://www.adventisthealth.org/napa-valley/pages/default.aspx>.

IV. COMMUNITY SERVED

In order to determine the health needs of the Napa County CHNA Advisory Group member hospital service areas, it is first important to understand the communities of interest. The following section

describes the service area community by geography, demographics, and socioeconomic indicators, as well as indicators of overall health, and climate and the physical environment.

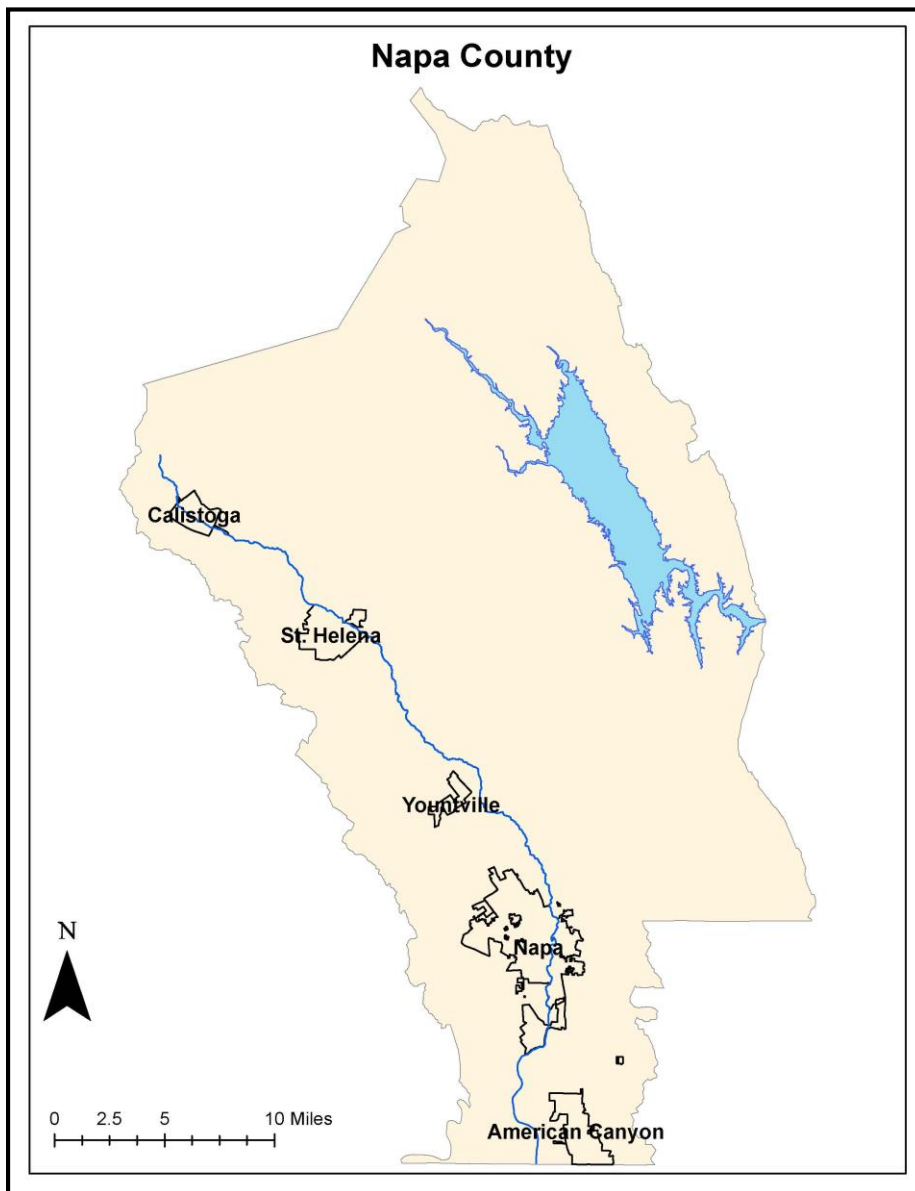
A. Definition of Community Served

Each hospital in the Napa County CHNA Advisory Group defines the community served by a hospital as those individuals residing within its hospital service area. A hospital service area includes all residents in a defined geographic area surrounding the hospital and does not exclude low-income or underserved populations. For the county-wide CHNA, the service area for each hospital is Napa County. KFH-Vallejo service area includes parts of Solano County; this hospital will produce a separate CHNA report based on the work of the Napa County CHNA Advisory Group to incorporate additional information regarding this specific service area.

B. Map and Description of Community Served

i. Map

The map below depicts Napa County, the geographic region assessed in this CHNA.



ii. Geographic Description of the Communities Served

The Kaiser Foundation Hospital - Vallejo service area includes communities in Napa and Solano counties. The major communities are Benicia and Vallejo in Solano County and American Canyon, Calistoga, Napa, Oakville, Rutherford, St. Helena, and Yountville in Napa County. The service area is further defined by Highway 29 leading from Vallejo to Napa and Interstate 80 in Solano County.

Queen of the Valley Medical Center service area is comprised of both the Primary Service Area (PSA) as well as the Secondary Service Area (SSA) and is established based on the following criteria:

- PSA: 70% of discharges (excluding normal newborns)
- SSA: 71-85% of discharges (draw rates per ZIP code are considered and PSA/SSA are modified accordingly)
- Includes ZIP codes for continuity
- Natural boundaries are considered (i.e., freeways, mountain ranges, etc.)
- Cities are placed in PSA or SSA, but not both

St. Helena Hospital Napa Valley service area is comprised of communities in Napa and Solano counties. The major communities are the upper valley cities of St. Helena and Calistoga. Although we primarily serve those in the Napa and Solano counties, our destination services also bring us patients from larger and further demographics.

iii. Demographic Profile

The following data provide an overall picture of the Napa County population. Demographic and socioeconomic data present a general profile of residents, while overall health indicators present an overall assessment of the health of county residents. Key drivers of health (e.g., healthcare insurance, education, and poverty) point to important upstream conditions that affect the health of Napa County today and into the future. Finally, indicators related to climate and physical environment indicators complement these socioeconomic factors to provide a comprehensive understanding of the determinants of health in Napa County. All indicators include California comparison data as a benchmark to determine disparities between Napa County and the state. Healthy People 2020 benchmarks are also included when available.

Napa County is a generally healthy and affluent county, especially compared to California as a whole. However, Napa is also an aging county and has substantial disparities in socioeconomic status. These issues present challenges for the health of Napa County residents.

Napa County and California Demographic and Socioeconomic Data¹		
Indicator	Napa County	California
<i>Demographic and Socioeconomic Information</i>		
Total Population	139,253	38,066,920
Median Age	40.3 years	35.6 years
Under 18 Years Old	22.4%	24.2%
65 Years Old and Older	16.0%	12.1%
White	77.2%	62.1%
Hispanic/Latino	33.0%	38.2%
Some Other Race	8.9%	12.9%
Asian	7.4%	13.5%
Multiple Races	3.6%	4.5%
Black	2.1%	5.9%
Native American/ Alaskan Native	0.5%	0.8%
Pacific Islander/ Native Hawaiian	0.3%	0.4%
Median Household Income	\$70,925	\$61,489
Unemployment ²	5.6%	6.8%
Linguistically Isolated Households	6.8%	9.6%
Households with Housing Costs > 30% of Total Income	42.6%	45.0%

Napa County and California Health Profile Data³

¹ Unless noted otherwise, all data presented in this table is from the US Census Bureau, 2010-14 American Community Survey 5-Year Estimate.

² US Department of Labor, Bureau of Labor Statistics, June 2015.

³ Unless noted otherwise, all data presented in this table is from the US Census Bureau, 2009-13 American Community Survey 5-Year Estimate.

Indicator	Napa County	California	HP 2020 ⁴
<i>Overall Health</i>			
Diabetes Prevalence (Age Adjusted) ⁵	6.8%	8.1%	--
Adult Asthma Prevalence ⁶	13.8%	14.2%	--
Adult Heart Disease Prevalence ⁷	9.9%	6.3%	--
Poor Mental Health ⁸	11.3%	15.9%	--
Adults with Self-Reported Poor or Fair Health (Age Adjusted) ⁹	16.7%	18.4%	--
Adult Obesity Prevalence (BMI > 30) ¹⁰	24.4%	22.3%	≤ 30.5%
Child Obesity Prevalence (Grades 5, 7, 9) (BMI>30) ¹¹	14.8%	19.0%	≤ 16.1%
Adults with a Disability	10.8%	10.1%	--
Infant Mortality Rate (per 1,000 births) ¹²	5.4	5.0	≤ 6.0
Cancer Mortality Rate (Age Adjusted) (per 100,000 pop.) ¹³	167.8	157.1	≤ 160.6
<i>Key Drivers of Health</i>			
Living in Poverty (<200% FPL) ¹⁴	28.1%	36.4%	--
Children in Poverty (<100% FPL) ¹⁵	14.0%	22.7%	--
Age 25+ with No High School Diploma	16.9%	18.8%	--
High School Graduation Rate ¹⁶	85.3%	80.4%	≥ 82.4%
Reading Below Proficiency (Grade 4 ELA Test) ¹⁷	40.0%	36.0%	--
Percent of Population Uninsured ¹⁸	13.9%	16.7%	--
<i>Climate and Physical Environment</i>			
Days Exceeding Particulate Matter 2.5 (Pop. Adjusted) ¹⁹	6.3%	4.2%	--

⁴ Whenever available, Healthy People 2020 Benchmarks are provided. Healthy People 2020. Washington, DC: U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion.

⁵ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.

⁶ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional analysis by CARES, 2011-12.

⁷ California Health Interview Survey, 2011-12.

⁸ University of California Center for Health Policy Research, California Health Interview Survey, 2013-14.

⁹ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services, Health Indicators Warehouse, 2006-12.

¹⁰ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.

¹¹ California Department of Education, FITNESSGRAM® Physical Fitness Testing, 2013-14.

¹² Centers for Disease Control and Prevention, National Vital Statistics System. Accessed via CDC WONDER. Centers for Disease Control and Prevention, Wide-Ranging Online Data for Epidemiologic Research, 2006-10.

¹³ University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health, CDPH - Death Public Use Data, 2010-12.

¹⁴ US Census Bureau, 2010-14 American Community Survey 5-Year Estimate.

¹⁵ Ibid.

¹⁶ California Department of Education, 2013.

¹⁷ California Department of Education, 2012-13.

¹⁸ US Census Bureau, 2010-14 American Community Survey 5-Year Estimate.

¹⁹ Centers for Disease Control and Prevention, National Environmental Public Health Tracking Network. 2008.

Days Exceeding Ozone Standards (Pop. Adjusted) ²⁰	0.2%	2.5%	--
Weeks in Drought ²¹	93.0%	92.8%	--
Total Road Network Density (Road Miles per Acre) ²²	1.4	4.3	--
Pounds of Pesticides Applied ²³	1,259,700	193,597,806	--
Population within Half Mile of Public Transit ²⁴	0.0%	15.5%	--

V. WHO WAS INVOLVED IN THE ASSESSMENT

The Napa County CHNA was a collaborative effort that included Napa’s hospitals as well as partner organizations and individuals throughout the community who worked alongside a team of consultants to collect and analyze data and ultimately produce this report.

A. Identity of Hospitals that Collaborated on the Assessment

The Napa County CHNA Advisory Group –KFH-Vallejo, SJH-QVMC, and St. Helena Hospital—worked in collaboration to complete this county-wide CHNA. Representatives from these non-profit hospitals, joined by representatives from Napa County Department of Health and Human Services, formed the 2015 CHNA Advisory Group.

B. Other Partner Organizations that Collaborated on the Assessment

The Napa County hospitals, in partnership with the following organizations, made up the Napa County CHNA Advisory Group:

- Napa County Health and Human Services Agency
- Live Healthy Napa County

C. Identity and Qualifications of Consultants Used to Conduct the Assessment

- **Harder+Company Community Research:** Harder+Company Community Research is a comprehensive social research and planning firm with offices in San Francisco, Sacramento, Los Angeles, and San Diego. Harder+Company works with public sector, nonprofit, and philanthropic clients nationwide to reveal new insights about the nature and impact of their work. Through high-quality, culturally based evaluation, planning, and consulting services, Harder+Company helps organizations translate data into meaningful action. Since 1986, Harder+Company has worked with health and human service agencies throughout California and the country to plan, evaluate, and improve services for vulnerable populations. The firm’s staff offers deep experience assisting hospitals, health departments, and other health agencies on a variety of efforts – including conducting needs assessments; developing and operationalizing strategic plans; engaging and gathering meaningful input from community members; and using data for program development and implementation. Harder+Company offers considerable expertise in broad community participation, which is

²⁰ Ibid.

²¹ US Drought Monitor, 2012-14.

²² Environmental Protection Agency, EPA Smart Location Database, 2011.

²³ California Department of Pesticide Regulation (CDPR), 2013.

²⁴ Environmental Protection Agency, EPA Smart Location Database, 2011.

essential to both healthcare reform and the CHNA process in particular. Harder+Company is also the evaluation partner on several other CHNAs throughout the state including in Marin, San Joaquin, and Sonoma Counties.

- **Raimi + Associates:** Raimi + Associates is a community planning, research, and evaluation firm with offices in Riverside, Los Angeles, and Berkeley. Raimi + Associates' mission is to provide consulting services that support community health, sustainable neighborhoods, and social equity. Raimi + Associates is nationally recognized for its commitment to elevating community health in all aspects of its work. The Raimi + Associates' team views community health broadly, and seeks to integrate cross-sector perspectives into their projects. They use data to understand how a range of factors—or social determinants of health—affect the health of communities. The firm brings deep expertise in qualitative and quantitative research methods, including community surveys, focus groups, key informant interviews, reviewing secondary data sources, and crafting innovative policies for community assessments, community change evaluation, and strategic planning. Raimi + Associates has a successful track record partnering effectively with nonprofits, government agencies, community collaboratives, and foundations to achieve their long-term visions.

VI. PROCESS AND METHODS USED TO CONDUCT THE CHNA

Harder+Company and Raimi + Associates staff used a mixed-methods approach to collecting and compiling data to develop a robust assessment of community health in Napa County. A broad lens on qualitative and quantitative data allowed for the consideration of many potential health needs as well as in-depth analysis. The following section outlines the data collection and analysis methods used to conduct the CHNA.

A. Secondary Data

i. Sources and Dates of Secondary Data Used in the Assessment

The Napa County CHNA Advisory Group used the Kaiser Permanente CHNA Data Platform (www.chna.org/kp) to review over 150 indicators from publicly available data sources. Additional secondary data was compiled and reviewed from existing sources including California Health Interview Survey, American Community Survey, and California Healthy Kids Survey, among other sources. Where more recent data was readily available and current estimates were critical to assessing changing landscapes such as health insurance status, Kaiser Permanente CHNA Data Platform information was updated as new data was publicly released, to reflect more recent data. In addition to statewide and national survey data, previous community health assessments and other relevant external reports were reviewed to identify additional existing data on additional indicators at the county level. For details on the specific source and year for each indicator reported, please see Appendix B.

ii. Methodology for Collection, Interpretation, and Analysis of Secondary Data

Secondary data was organized by a framework of potential health needs, and a comprehensive list of health need areas were explored during this assessment process. This framework was developed from Kaiser Permanente's list of potential health needs, which was based on the most commonly identified health needs from the 2013 CHNA cycle, and expanded to include a broad list of needs relevant to Napa County. The consulting team and Napa County CHNA Advisory Group finalized this framework in advance of analysis.

Where available, Napa County data was considered alongside relevant benchmarks including the California state average, Healthy People 2020, and the United States average. Each indicator was compared to a relevant benchmark, most often the California state average. These scores were used to generate an average score for each potential health need. If no appropriate benchmark was available, an indicator could not be scored; however, such indicators remain in the final data book (Appendix B) and were used to provide supplementary information about identified health needs. In areas of particular health concern, data were also collected at smaller geographies, where available, to allow for more in-depth analysis and identification of community health issues. Data on gender and race/ethnicity breakdowns were analyzed for key indicators where subpopulation estimates were available.

B. Community Input

i. Description of the Community Input Process

Community input was provided by a broad range of community members and leaders through key informant interviews and focus groups. The consultant team interviewed individuals who were identified as having valuable knowledge, information, and expertise relevant to the health needs of the community. Interviewees included representatives from the local public health department as well as leaders, representatives, or members of medically underserved, low-income, chronically diseased, and minority populations. Other individuals from various sectors with expertise of local health needs were also consulted. A total of 18 key informant interviews were conducted during this needs assessment. For a complete list of individuals who provided input, see Appendix C.

Additionally, four focus groups were conducted throughout Napa County. These groups were intentionally sampled to reach specific subpopulations of the county that were identified as having worse health outcomes or at risk for having worse health outcomes in Napa County. These subpopulations included youth county-wide, as well as residents in American Canyon and Calistoga. Focus groups were monolingual, conducted in either English or Spanish.

Community partners provided invaluable assistance in recruiting and enrolling focus group participants. Many individuals who participated in focus groups identified as leaders, representatives, or members of medically underserved, low-income, chronically diseased, and minority populations. For more information about specific populations reached in focus groups, see Appendix C.

ii. Methodology for Collection and Interpretation of Primary Data

Interview and focus group protocols, designed to explore the top health needs in the community, as well as a broad range of social, economic, environmental, behavioral, and clinical care factors that may act as contributing drivers of health needs, were developed by the consulting team and reviewed by the Napa County CHNA Advisory Group. For more information about data collection methodology and protocols, see Appendix D.

All qualitative data was coded and analyzed using ATLAS.ti software. The consultant team coded transcripts for information related to each potential health need, as well as to identify comments related to specific drivers of health needs, subpopulations or geographic regions disproportionately affected, existing assets or resources, and community recommendations for change. At the onset of analysis, the consultant team coded one interview transcript and one focus group transcript to ensure inter-coder reliability and minimize bias.

The consultant team analyzed the transcripts to identify common themes across interviewees and focus group participants, as well as specific themes that emerged within a particular focus group or in a key leader interview. Health need identification in qualitative data was based on the number of interviewees or groups who referenced each health need as a concern, regardless of the number of mentions of that particular health need within each transcript.

C. Written Comments

PLACEHOLDER.

D. Data Limitations and Information Gaps

The Kaiser Permanente CHNA data platform includes approximately 150 secondary indicators that provide timely, comprehensive data to identify the broad health needs faced by a community. While changes to the platform are ongoing, the data presented in this report reflect estimates from the Kaiser Permanente CHNA data platform on September 9, 2015. Supplementary secondary data were obtained from reliable data platforms including U.S. Census Bureau American FactFinder, AskCHIS, and others. However, as with any secondary data estimates, there are some limitations. With attention to these limitations, the process of identifying health needs was based on triangulating primary data and multiple indicators of secondary data estimates. The following considerations may result in unavoidable bias in the analysis:

- Some relevant drivers of health needs could not be explored in secondary data because information was not available.
- Many data were available only at a county level, making an assessment of health needs at a neighborhood level challenging. Furthermore, disaggregated data related to age, ethnicity, race, and gender are not available for all data indicators, limiting the ability to examine disparities of health within the community.
- In all cases where secondary data estimates by race/ethnicity are reported, the categories presented reflect those collected by the original data source, which results in inconsistencies in racial labels within this report.
- For some county level indicators, data are available but reported estimates are statistically unstable; in this case estimates are reported but instability is noted.
- Secondary data collection was subject to differences in rounding from different data sources; i.e., Kaiser Platform indicators generated from county-level data now round to the nearest tenth decimal place. Figures for all indicators generated from ZIP codes, census tracts, and points/addresses round to the nearest hundredth decimal places, and other data sources may report only to the nearest tenth or whole number.
- Data are not always collected on a yearly basis, meaning that some data estimates are several years old and may not reflect the current health status of the population. In particular, data reported from prior to 2013 should be treated cautiously in planning and decision-making.
- California state averages and, where available, United States national averages are provided for context. No analysis of statistical significance was done to compare county data to a benchmark; thus, these benchmarks are intended to provide contextual guidance and do not intend to imply a statistically significant difference between county and benchmark data.

Primary data collection and the prioritization process are also subject to information gaps and limitations. The following limitations should be considered in assessing validity of the primary data.

- Themes identified during interviews and focus groups reflect the experience of individuals selected to provide input; the Napa County CHNA Advisory Group sought to receive input from a robust and diverse group of stakeholders to minimize this bias.
- The final prioritized list of health needs is also subject to the affiliation and experience of the individuals who attended the Prioritization Day event, and reflect how those individuals voted on that particular day. The final scores are close in number, and therefore suggest that all identified health needs are important to stakeholders in Napa County. Nonetheless, they have been prioritized according to the final average scores, and are assigned a corresponding rank order.

VII. IDENTIFICATION AND PRIORITIZATION OF COMMUNITY'S HEALTH NEEDS

A. Identifying Community Health Needs

i. Definition of "Health Need"

For the purposes of the CHNA, the Napa County CHNA Advisory Group defines a "health need" as a health-related outcome (e.g., access to care), the related conditions that contribute to a defined health need (e.g., access to housing), or the health need itself (e.g., cancers). In this context, potential health needs are intended to identify a condition or related set of conditions, rather than a specific population of high need. Within each health need, high risk populations are explored as well. For this reason, information about needs of specific at-risk subpopulations such as older adults is included within the context of the health needs. Health needs are identified through the comprehensive identification, interpretation, and analysis process of a robust set of primary and secondary data.

A total of 18 potential health needs were examined, as outlined in the Table below.

Health Need	Definition
Access to Care	Data related to health insurance, care access, and preventative care utilization for physical, mental, and oral health
Access to Housing	Data related to cost, quality, availability, and access to housing
Asthma and COPD	Known drivers of asthma and other respiratory diseases, and health outcomes related to these conditions
Cancers	Known drivers of cancers, and health outcomes related to cancers
Child Mental and Emotional Development	Data related to development of mental and emotional health in young children, particularly age 0-5

Climate and Health	Data related to climate and environment, and related health outcomes
CVD and Stroke	Known drivers of heart disease and stroke, and related cardiovascular health outcomes
Economic Security	Data related to economic well-being, food insecurity, and drivers of poverty including educational attainment
Education	Data related to educational attainment and academic success, from preschool through post-secondary education
HIV/AIDS/STI	Known drivers of sexually transmitted infections including HIV, and related STI and AIDS outcomes
Mental Health	Data related to mental health and well-being, access to and utilization of mental health care, and mental health outcomes
Obesity and Diabetes	Data related to healthy eating and food access, physical fitness and active living, overweight/obesity prevalence, and downstream health outcomes including diabetes
Oral Health	Data related to access to oral health care, utilization of oral health preventative services, and oral health disease prevalence
Overall Health	Data related to overall community health including self-rated health and all-cause mortality
Pregnancy and Birth Outcomes	Data related to behaviors, care, and outcomes occurring during gestation, birth, and infancy; includes health status of both mother and infant
Substance Abuse and Tobacco	Data related to all forms of substance abuse including alcohol, marijuana, tobacco, illegal drugs, and prescription drugs
Vaccine-Preventable Infectious Disease	Data related to vaccination rates and prevalence of vaccine-preventable disease
Violence and Injury	Data related to intended and unintended injury such as violent crime, motor vehicle accidents, domestic violence, and child abuse

ii. Criteria and Analytical Methods Used to Identify the Community Health Needs

The first step in the process of identifying community health needs for Napa County was to score all secondary data against a benchmark, in most cases the California state estimate, and to apply a score to each potential health need based on the aggregate score of the indicators assigned to that health need. Additionally, content analysis was used to analyze key themes in both the Key Leader Interviews and Focus Groups. Section V contains more information on quantitative and qualitative data analysis.

Potential health needs were identified as a health need in Napa County if:

- a. Multiple indicators reviewed in secondary data demonstrated that the county estimate was greater than 1% “worse” than the benchmark comparison estimate (in most cases, this benchmark was the California state average).
- b. The health issue was identified as a key theme in at least nine interviews OR in at least one focus group.

If a health need was mentioned overwhelmingly in primary data but did not meet the criteria for secondary data, the analysis team conducted an additional search of secondary data to confirm that all valid and reliable data concurred with the initial secondary data and to examine whether indicators within the health need disproportionately impact specific geographic, age, or racial/ethnic subpopulations. In the few cases where either qualitative or quantitative data presented strong evidence of being a potential health need, the Napa County CHNA Advisory Group discussed the data and came to consensus about whether or not to include the health need.

The consultant team summarized the results of the analysis of potential health needs in a matrix which was then reviewed and discussed by the Napa County CHNA Advisory Group.

The consultant team and Napa County CHNA Advisory Group identified ten health needs which met the first criteria of having at least two distinct indicators that performed >1% worse than benchmark estimates. Of these, five met the additional criteria of being identified as a theme in key leader interviews and focus groups and were thus designated as health needs. One potential health need, Access to Housing, did not meet the criteria for inclusion as a health need based on its secondary data score, though it was a significant theme in the majority of interviews and focus groups. Therefore, the Napa County CHNA Advisory Group decided to include data about Access to Housing along with Economic Insecurity (which met both criteria for inclusion) because access to safe and affordable housing is very closely linked to economic security.

The Napa County CHNA Advisory Group also decided to combine two other interrelated potential health needs that met the criteria for inclusion when considered together but not separately. Specifically, Access to Care did not meet the secondary data criteria, but was a strong theme in primary data. Similarly, Oral Health was not a salient theme in interviews and focus groups but secondary data revealed that there are important issues related to access to oral health care in Napa County. As a result, these two health needs are presented together as Access to Primary and Oral Health Care for Napa County. Finally, the potential health need of Cancers demonstrated considerable need in secondary data, but was not identified as a theme in primary data. The Napa County CHNA Advisory Group reasoned that this may indicate a lack of knowledge about cancer incidence and mortality in Napa County. In order to address this gap, the Napa County CHNA Advisory Group decided to include Cancers as an identified health need. Thus, a total of seven health needs were identified in Napa County.

B. Process and Criteria Used for Prioritization of the Health Needs

The Criteria Weighting Method—a rigorous mathematical process whereby participants establish a relevant set of criteria and assign a priority ranking to issues based on how they measure against the criteria—was used to prioritize the seven health needs. This method was selected as it enabled consideration of each health need from different perspectives, and allowed the Napa County CHNA Advisory Group to weight certain criteria and use a multiplier effect in the final score.

To determine the scoring criteria, Napa County CHNA Advisory Group members reviewed a list of potential criteria and selected a total of four criteria as seen below:

Criteria	Definition
Severity	The health need has serious consequences (morbidity, mortality, and/or economic burden) for those affected.
Disparities	The health need disproportionately impacts specific geographic, age, or racial/ethnic subpopulations.
Prevention	Effective and feasible prevention is possible. There is an opportunity to intervene at the prevention level and impact overall health outcomes. Prevention efforts include those that target individuals, communities, and policy efforts.
Co-benefit	Solution could impact multiple problems. Addressing this issue would impact multiple health issues.

In order to develop a weighted formula to use in prioritization, each member of the Napa County CHNA Advisory Group assigned a weight to each criterion between 1 and 5. A weight of 1 indicated the criterion is not very important in prioritizing health issues whereas a weight of 5 indicated the criterion is extremely important in prioritizing health issues. The average of weights assigned by members of the Napa County CHNA Advisory Group for each criterion were used to develop the formula below to provide a final formula for use in scoring health needs for prioritization.

Overall Score= (2*Severity) + (2*Disparities) + (1*Prevention) + (1*Co-benefit)

In order to review and prioritize identified health needs, a half-day prioritization session was held on December 18, 2015, at the SJH-QVMC. A total of 34 stakeholders representing sectors such as health, education, public safety, and child welfare attended. The goals of the meeting were to: review health needs identified in Napa County; discuss key findings from the CHNA; and prioritize health needs in Napa County. After each health need was reviewed and discussed, participants voted on each health need using the four criteria discussed above. The table below outlines the results of the voting on each health need.

Health Needs in Priority Order	
Final Results	Unweighted Scores by Criteria

Health Need	Weighted Score	Severity	Disparities	Prevention	Co-benefit
1. Education	37.37	6.13	6.36	6.09	6.30
2. Economic and Housing Insecurity	36.39	6.39	6.18	5.27	5.97
3. Mental Health	34.71	6.15	5.53	5.27	6.09
4. Obesity and Diabetes	33.68	5.69	5.29	5.97	5.77
5. Access to Primary and Oral Health Care	32.52	5.52	5.42	5.09	5.55
6. Substance Use	32.09	5.77	4.83	5.09	5.80
7. Cancers	27.57	5.00	4.41	4.31	4.43

C. Prioritized Description of the Community Health Needs Identified Through the CHNA

In descending priority order, the following health needs have been prioritized as follows in Napa County:

- 1. Education:** Educational attainment is strongly correlated with health: people with low levels of education are prone to experience poor health outcomes and stress, whereas people with more education are likely to live longer, practice healthy behaviors, experience better health outcomes, and raise healthier children.

In Napa County, extreme disparities exist among subpopulations in key educational outcomes. Hispanic/Latino students and English Language Learners (ELL) are at high risk for dropping out of high school. Only 22.0% of tenth grade English Language Learners passed the California High School Exit Exam in English Language Arts; only 39.0% passed in Mathematics.²⁵ For all students in the county, harassment and bullying in schools were also raised as issues of high concern.

- 2. Economic and Housing Insecurity:** Economic resources such as jobs paying a livable wage, stable and affordable housing, as well as access to healthy food, medical care, and safe environments can impact access to opportunities to be healthy.

The high cost of living in Napa exacerbates issues related to economic security and stable housing. Among all households, 42.9% spend 30% or more of household income on housing costs.²⁶ Malnutrition and food insecurity are also key issues for Napa County residents, as many are forced to spend most of their income on housing, and do not qualify for public benefits.

- 3. Mental Health:** Mental health includes emotional, behavioral, and social well-being. Poor mental health, including the presence of chronic toxic stress or psychological conditions such as anxiety, depression or Post-Traumatic Stress Disorder, has profound consequences on health behavior choices and physical health.

²⁵ California Department of Education, 2013-14.

²⁶ US Census Bureau, American Community Survey, 2009-13.

Mental health was raised as a high concern. Most notably, Napa residents have a high risk of suicide. An estimated 10.3% of Napa County residents report having seriously considered suicide; among Latinos in the county, this estimate is 27.9%.²⁷ Older adults, transition age youth, LGBTQ youth, and Latinos were noted as populations of high concern for mental health issues. Social stigma and the geographic distribution of resources were considered as barriers to receiving appropriate mental health services.

4. **Obesity and Diabetes:** Weight that is higher than what is considered as a healthy weight for a given height is described as overweight or obese.²⁸ Overweight and obesity are strongly related to stroke, heart disease, some cancers, and type 2 diabetes.

In Napa County, an estimated 24.0% of adults are obese,²⁹ and 37.0% are overweight.³⁰ Among youth, 14.8% are obese and 19.5% are overweight.³¹ Access to affordable healthy food was identified as a concern, particularly in specific areas of Napa County including American Canyon and rural communities. Since economic disadvantage is strongly linked to barriers that inhibit healthy consumption of foods and an active lifestyle, low-income residents, as well as older adults and residents experiencing homelessness, are disproportionately affected by this health need.

5. **Access to Primary and Oral Health Care:** Ability to utilize and pay for comprehensive, affordable, quality physical and mental health care is essential in order to maximize the prevention, early intervention, and treatment of health conditions. Nationwide, there is a focus on integrating oral health services into primary care. Utilization of oral health care is extremely important to health, as tooth and gum disease can lead to multiple health problems such as oral and facial pain, problems with the heart and other major organs, as well as digestion problems.

With the implementation of the ACA, many adults in Napa County have access to insurance coverage and regular healthcare. However, disparities persist. Premiums for health insurance remain high, and many providers do not accept Medi-Cal or have long waiting lists. Dental insurance was not included in recent health insurance reform, and 43.7% of the adult population in the county lacks dental insurance.³²

6. **Substance Use:** Use or abuse of tobacco, alcohol, prescription drugs, and illegal drugs, can have profound health consequences.

In Napa County, substance abuse was identified as a concern, particularly with respect to alcohol consumption. Among adults, 21.3% of residents report heavy alcohol consumption.³³ Youth were noted as a high risk population, and data indicates that in the prior 30 days 11.8% of 11th grade students reported using cigarettes, 22.8% reported binge drinking, and 24.9% reported using marijuana.³⁴

²⁷ California Health Interview Survey, 2014.

²⁸ <http://www.cdc.gov/obesity/adult/defining.html>

²⁹ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.

³⁰ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional data analysis by CARES, 2011-12.

³¹ California Department of Education, FITNESSGRAM® Physical Fitness Testing, 2013-14.

³² California Health Interview Survey, 2009.

³³ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse, 2006-12.

³⁴ California Healthy Kids Survey, 2011-13.

7. Cancers: Cancer is a broad term which encompasses over 100 specific diseases, all of which begin with abnormal cell growth.³⁵ Cancer is typically defined by the primary site of abnormal growth, and the progression of the disease is affected by the cancer type, as well as the phase of detection, and available treatment options.

Compared to California state averages, Napa County has higher incidence of breast, prostate, colon and rectum, and lung cancer, as well as a higher all-cancer mortality rate. Racial/ethnic disparities exist in cancer morbidity and mortality.

The seven health needs that emerged as top concerns in Napa County highlight the importance that Napa County stakeholders give to addressing the social determinants of health in order to build a healthier and stronger community. Access to quality education, safe and affordable housing, and economic stability rose to the top of the list of prioritized health needs. This list of health needs underscores the importance of multi-sector collaboration and cross-cutting strategies that address multiple health needs simultaneously.

Furthermore, the list of prioritized health needs corroborates findings from the Napa County 2013 Community Health Assessment (CHA). The 2016 CHNA updates data included in the 2013 CHA, reinforces priorities determined during the CHA/Community Health Improvement Planning process, and confirms that multi-sector efforts to address these health needs remain critical to improved health in Napa County.

In addition to the supporting data presented for each identified health need, several cross-cutting themes emerged in the primary data that speak to a broader consideration of community structure and cohesion. In working towards equal opportunities for people to lead safe, active, and healthy lifestyles, Napa residents and key stakeholders cited challenges related to isolation that impact specific populations within the county and the community as a whole. Poor transportation across the county contributes to this isolation, as well as social norms segregating different subpopulations within communities county-wide. In particular, older adults were noted as a population often suffering from social isolation, as well as those for whom immigration status or language is a barrier to social cohesion in the community at large. Discrimination towards people experiencing homelessness was also raised as a concern among stakeholders, as well as discrimination towards members of the LGBTQ population. For many residents, feelings of invisibility, segregation, and isolation can have profound impacts on both mental and physical health, as well as on overall quality of life.

D. Community Resources Potentially Available to Respond to the Identified Health Needs.

Napa County has a rich network of community-based organizations, government departments and agencies, hospital and clinic partners, and other community members and organizations engaged in addressing many of the health needs identified by this assessment. Examples of community resources available to respond to each community identified health need, as identified in qualitative data and by the Napa County CHNA Advisory Group, are indicated in each health need profile in Appendix A. For a more comprehensive list of community assets and resources, please call 2-1-1 OR 800-273-6222, or reference <http://211bayarea.org/napa/>.

³⁵ American Cancer Society. Accessed at <http://www.cancer.org/cancer/cancerbasics/what-is-cancer>, December 2015.

VIII. APPENDICES

- A. Health Need Profiles**
- B. Secondary Data, Sources, and Years**
- C. Community Input Tracking Form**
- D. Primary Data Collection Protocols**
- E. Prioritization Scoring Matrix**

Appendix A

Napa County Community Health Needs Assessment Health Need Profiles

Contents

	Access to Primary and Oral Health Care ...	A 2
	Economic and Housing Insecurity.....	A 7
	Education.....	A 11
	Cancers.....	A 16
	Mental Health.....	A 21
	Substance Use.....	A 26
	Obesity and Diabetes.....	A30

Indicator Key

Throughout the health need profiles, California state average estimates are included where available for reference. Differences between Napa County and California state estimates are not necessarily statistically significant, and are color coded as follows:

≥ 2% better than benchmark data

Within 2% better than benchmark data

≥ Worse than benchmark data



Access to Primary and Oral Health Care

Access to comprehensive, affordable, quality primary and oral health care is critical to the prevention, early intervention, and treatment of health conditions. With the implementation of the Affordable Care Act (ACA), many people within Napa County are now able to access insurance coverage and access regular primary healthcare. However, some issues related to access to primary care still persist. Specifically, the cost of care, including insurance premiums and medications, is a serious barrier to access. Since the ACA did not increase dental insurance coverage, a large percentage of adults still lack dental insurance and a significant percentage of youth do not receive regular dental exams. Additionally, recruiting health care providers has been difficult given the high cost of living in Napa County. Interviewees indicate that this impacts the availability of providers and thus may prolong appointment wait times. Furthermore, disparities in access to primary and dental care exist throughout the county. Residents in isolated rural areas must travel to access needed services and facilities, and as a result many often do not access health care. Older adults have specific needs that present additional barriers to accessing care, such as mobility and transportation challenges. Immigration status and stigma are also noted barriers that prevent people from accessing available care; undocumented immigrants are not eligible for health insurance under the ACA.

Key Data

Indicators

Access to Primary Care Physicians¹

Rate Per 100,000 Population



"I think that if we are talking about social determinants of health—having an education, and food [...] and **having health insurance is important.**"

– Interviewee

Percentage of Population without a Regular Doctor²



"It is important for everyone, especially children and families and older adults, to have **a medical home** to ensure access to primary care."

– Interviewee

Access to Dentists³

Rate Per 100,000 Population



Key Themes from Qualitative Data

Access to Primary Care

- Even with ACA, insurance premiums are too high for some residents
- Preventive care is key to avoiding emergency room visits
- Difficulty recruiting health providers due to the high cost of living in Napa County

Access to Oral Health Care

- Large proportion of population lack dental health insurance
- High cost of dental care
- Higher rates of no recent dental exam among youth

Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.



Access to Primary and Oral Health Care (continued)

Additional Data and Key Drivers

Additional Data: Oral Health Care

Poor Dental Health, Adults
Percent of adults with poor dental health⁴

7.6 | 11.3
Napa California

Lack of Affordable Dental Care, Youth
% of youth unable to afford dental care⁵

4.1 | 6.3
Napa California

"There are **limited number of places people can go to for dental care**; people need to travel far distances."

– Interviewee

"Restorative dental care for older adults is very expensive. Very **few providers take Medi-Cal for dental care.**"

– Interviewee

Additional Data: Primary and Mental Health Care

Lack of Primary Care Professionals
% of population living in primary health care professional shortage area^{6†}

1.3 | 25.2
Napa California

"There are **long wait periods** before appointments are available. For one resident, it was 8 months."

– Interviewee

Access to Mental Health Providers
Rate per 100,000 population⁷

247.2 | 157.0
Napa California

Driver: Insurance Coverage

Uninsured Population
% of population without health insurance⁸

13.9 | 16.7
Napa California

Lack of Dental Health Insurance, Adults
% of adults without dental insurance⁹

43.7 | 40.9
Napa California

Insured Population Receiving Medi-Cal
% of insured population receiving Medi-Cal¹⁰

16.0 | 24.4
Napa California

"Health insurance is necessary for access to primary care; a large population in Napa County still does not have health insurance. Even with health insurance, premiums are high."

– Interviewee

"Access to insurance has improved because of ACA, [but] I'm not certain that everyone is accessing [it]. ER [use] is higher, because people are using it because they can't find a doctor."

– Interviewee

"Medications are also very expensive and are not fully covered by health insurance or Medi-Cal."

– Interviewee

*Unstable estimate; findings should be interpreted with caution.

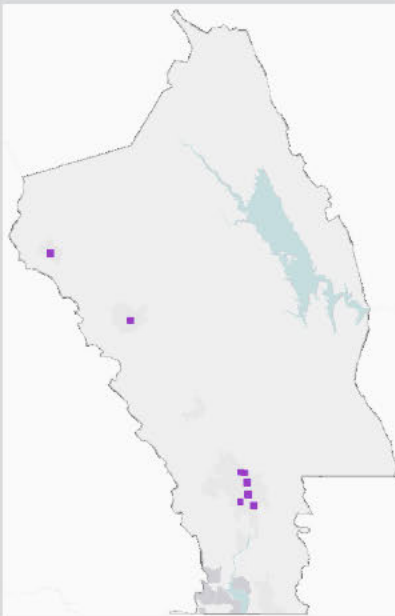
† Primary Care Health Professional Shortage Area (HPSA) is defined as an area with 3,500 or more people per primary care physician (U.S. Department of Health and Human Services, <http://www.hrsa.gov/shortage/>). As a note, there is no generally accepted ratio of physician to population ratio. Care needs of an individual community will vary due to a myriad of factors. Additionally, this indicator does not take into account the availability of additional primary care services provided by Nurse Practitioners and Physician Assistants in an area.



Access to Primary and Oral Health Care (continued)

Populations Disproportionately Affected

Geographic Areas with Greatest Risk



Federally Qualified Health Centers¹¹

The map displays geographic disparities in location of federally qualified health centers. The majority of centers are located in the southern part of the county in and around the City of Napa.

Key

■ Federally Qualified Health Centers

Populations at Greatest Risk

Older adults

Older adults present specific needs and challenges to accessing health care, such as mental health needs. Seniors also have transportation barriers and challenges, especially in rural areas of the county.

Other disparities

- Qualitative data indicates populations with **lower socioeconomic status**, such as agricultural workers, face barriers to health care access.
- Qualitative data details the stigma that **undocumented workers** related to their immigration status, which often affects their ability to access health care.
- **Rural areas** of the county do not have immediate access to preventive care, education, or resources.
- In 2012-13, nearly 20% of **transgender people** reported that their healthcare providers did not display sensitivity or competency regarding LGBTQ needs.¹²

"I have taken an inventory of **Calistoga**, for example, which we have identified in previous health need assessments to be a vulnerable community. I met with the leader of Clinic Ole and [...] we think there is a third of the population of Calistoga that doesn't access health care at all."

– Interviewee



Access to Primary and Oral Health Care (continued)

Assets and Recommendations

Examples of Existing Community Assets[†]

Community Health Initiative



Family Resource Centers



Federally Qualified Health Centers



Community Recommendations for Change

Expand Accessibility

- Expand mobile dental clinic van services for children to provide oral health care for older adults
- Expand health care service hours to evenings and weekends
- Strengthen transportation services, especially for older adults
- Offer hospital shuttle service
- Support separate healthcare networks to fill service gaps, particularly in geographically isolated regions, and offer services to out-of-network patients
- Offer health care home visits, particularly for older adults in geographically isolated areas like Calistoga

Provide Culturally Competent Care

- Continue efforts to ensure that community-based organizations and health providers provide culturally competent care

Increase Awareness of Resources

- Increase marketing and outreach efforts to promote awareness of existing health care resources

Increase Affordable Housing to Promote the Growth of the Health Workforce

According to one interviewee, **"The high cost of living is driving a lot of people to live outside of Napa County.** I'll say that from our perspective, it's very, very difficult to recruit physicians and clinicians to the area because a lot of folks who would want to work for us are young, recent graduates from medical school, and they are coming out of school with a lot of debt. Once they come to Napa and look at the housing cost, they choose to work elsewhere because of the disparities between income and cost of living. That is definitely taking quite a toll. I think that's true both for behavioral health clinicians and also primary care clinicians. At some point Napa County should look at ways to create and sustain some lower-income affordable places to live. **They are going to end up in a situation where it is increasingly difficult to recruit professionals – highly needed professionals – into the area because of the housing situation."**

[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

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- ¹ US Department of Health & Human Services, Health Resources and Services Administration, Area Health Resource File, 2012.
- ² University of California Center for Health Policy Research, California Health Interview Survey, 2011-12.
- ³ US Department of Health & Human Services, Health Resources and Services Administration, Area Health Resource File, 2013.
- ⁴ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional data analysis by CARES, 2006-10.
- ⁵ California Health Interview Survey, 2009.
- ⁶ Ibid.
- ⁷ University of Wisconsin Population Health Institute, County Health Rankings, 2014.
- ⁸ US Census Bureau, American Community Survey, 2010-14.
- ⁹ California Health Interview Survey, 2009.
- ¹⁰ US Census Bureau, American Community Survey, 2010-14.
- ¹¹ US Department of Health & Human Services, Center for Medicare & Medicaid Services, Provider of Services File, Sept. 2015.
- ¹² LGBTQ Connection, "Napa County LGBTQ Needs Assessment," 2012-13.



Economic & Housing Insecurity

Economic security is a key determinant of health: having limited economic resources can impact access to opportunities to be healthy, including access to healthy food, medical care, and safe environments.¹ Access to stable, affordable housing also contributes to a strong foundation for good health, whereas substandard housing and homelessness exacerbate other physical and mental health issues. A high cost of living contributes to both economic and housing issues. In Napa County, while many economic indicators such as unemployment and housing costs rank better than statewide, the cost of living is higher in the county than other parts of the state, forcing families who work in Napa to move and live outside the county. Malnutrition and food insecurity are also key issues for Napa County residents, as many are forced to spend most of their income on housing, and do not qualify for public benefits. Community members and key stakeholders recommended increasing access to affordable housing, childcare, and healthy food.

Key Data

Indicators

Percent of Households Spending 30% or More of Household Income on Housing Cost²



"The number one issue for our community is lack of affordable housing. Increasingly, it is more difficult to live here. The supply of housing is down which creates multiple issues for older adults when families move away and are left without support. As they grow older, there are increasing challenges at lower income levels."

– Interviewee

HUD-Assisted Units (per 10,000 housing units)³



Percent of Population Living 200% Below Federal Poverty Level⁴



"It's all about systems change. Systems are designed to produce the outcomes they produce. If you want to change the outcomes you have to change the system; if you want to change the system you have to change the culture."

– Interviewee

Key Themes from Qualitative Data

- Lack of affordable housing causes many who work in Napa to live outside the county
- Low 4th grade reading levels predict later educational success, which can lead to poverty, unemployment, and barriers to healthcare access (e.g., low health literacy/education)
- Lack of affordable childcare is a major financial stressor on families
- Cost of living is so high many are unable to afford food or housing but do not qualify for public benefits

† Reports counts of all housing units receiving assistance through the US Department of Housing and Urban Development (HUD). Assistance programs include Section 8 housing choice vouchers, Section 8 Moderate Rehabilitation and New Construction, public housing projects, and other multifamily assistance projects. Units receiving Low Income Housing Tax Credit assistance are excluded from this summary.

Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.



Economic & Housing Insecurity

Additional Data

Housing Stock and Quality

Vacant Housing Units

% of housing units that are vacant^{5†}

9.9 | 8.6
Napa | California

Substandard Housing

% of housing with substandard housing⁶

44.4 | 48.4
Napa | California

Overcrowded Housing

% of adults living in overcrowded conditions (>1.5 persons/room)⁷

3.6 | 5.2
Napa | California

"People are living in storage sheds and garages that are really uninhabitable. Some people even live in their cars, because **there is not enough housing.**"

– Interviewee

Poverty and Unemployment

Children in Poverty

% of children (age <18) living below 100% of Federal Poverty Level⁸

14.0 | 22.7
Napa | California

Older Adults in Poverty

% of adults (age 65+) living below 100% of Federal Poverty Level⁹

6.8 | 9.9
Napa | California

Unemployment Rate

% of civilian non-institutionalized population age 16 and older that is unemployed¹⁰

5.6 | 6.8
Napa | California

Children Eligible for Free/Reduced Price Lunch

% of public school students eligible for free or reduced price lunches¹¹

45.4 | 58.1
Napa | California

"Even though I only had enough money to pay for my car and rent and 500 dollars in my account, I didn't qualify for food stamps, even with my dependent."

– Focus Group Participant

Population Receiving SNAP

% of the population receiving Supplemental Assistance Program (SNAP) benefits¹²

5.3 | 10.6
Napa | California

Food Insecurity

% of the population that experienced food insecurity at some point during the report year¹³

12.0 | 16.2
Napa | California

"We surveyed our patients, and about 40% of them indicated that close to the end of the month they were **running out of food due to lack of money.**"

– Interviewee

Households with No Vehicles

Number of households with no motor vehicle¹⁴

4.6 | 7.8
Napa | California

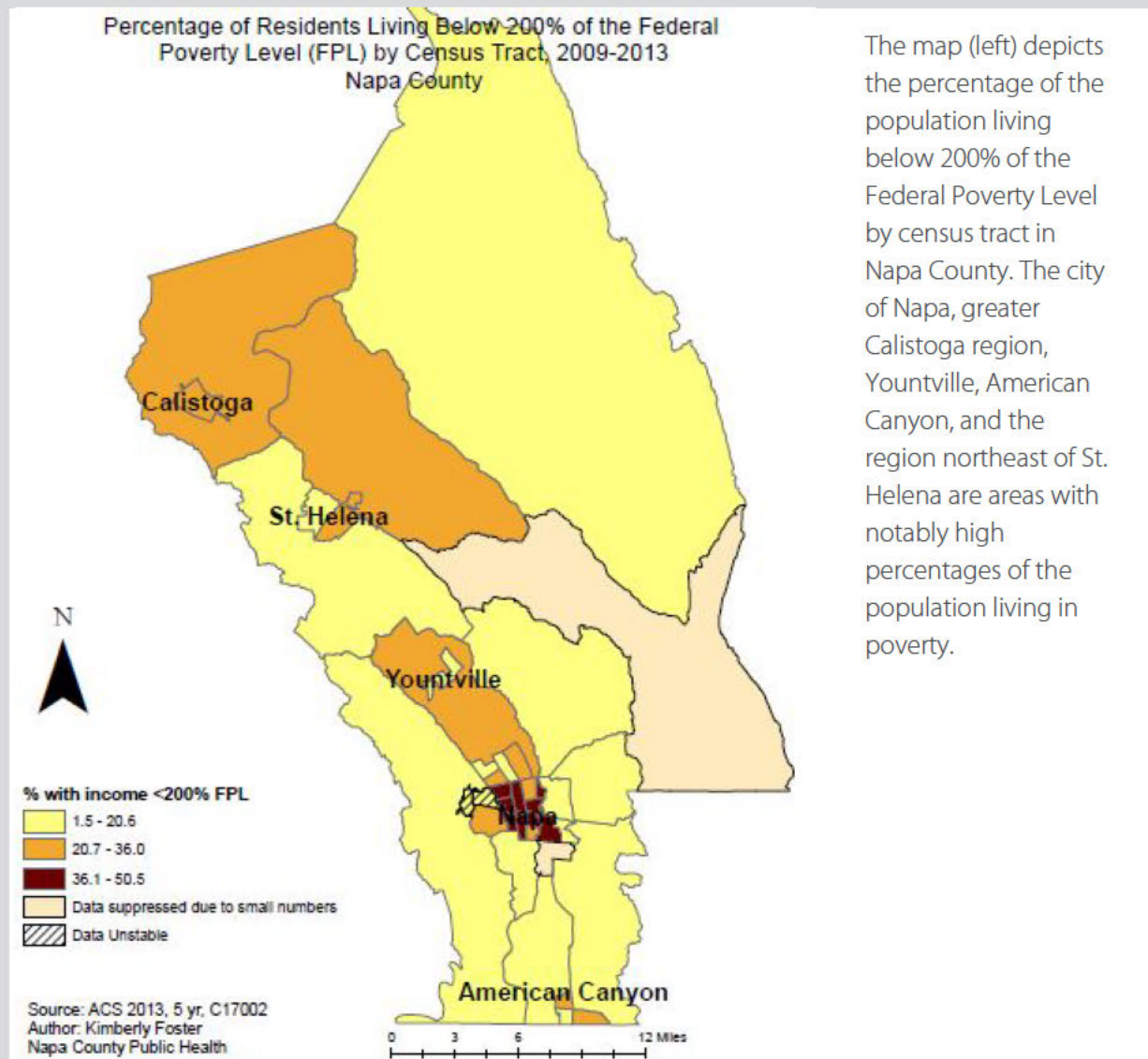
† Vacant housing reported as an indicator of blight across the city. Research demonstrates links between foreclosed, vacant, and abandoned properties with reduced property values, increased crime, increased risk to public health and welfare, and increased costs for municipal governments. (U.S. Department of Housing and Urban Development, Evidence Matters, Winter 2014).



Economic & Housing Insecurity

Populations Disproportionately Affected

Geographic Areas with Greatest Risk



Populations with Greatest Risk

Racial/Ethnic disparities

Interviewees and focus group participants identified Latino residents as being at particularly high risk of experiencing problems accessing quality housing in Napa County.



Economic & Housing Insecurity

Assets and Recommendations

Examples of Existing Community Assets[†]

Early Childhood Programs



Food Assistance Programs



Homeless Services and Shelters



Community Recommendations for Change

- Enforce a living wage
- Advocate for agricultural workers' rights
- Implement policy changes that address affordable housing
- Increase access to affordable child care
- Increase access to affordable housing
- Increase access to affordable grocery stores
- Increase access to educational opportunities (e.g., post-secondary education)

[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

¹ "Health & Poverty," Institute for Research on Poverty, Accessed October 19, 2015, <http://www.irp.wisc.edu/research/health.htm>.

² US Census Bureau, American Community Survey, 2010-14.

³ US Department of Housing and Urban Development, 2013.

⁴ US Census Bureau, American Community Survey, 2010-14.

⁵ US Census Bureau, American Community Survey, 2009-13.

⁶ Ibid.

⁷ Ibid.

⁸ US Census Bureau, American Community Survey, 2010-14.

⁹ US Census Bureau, American Community Survey, 2009-13.

¹⁰ US Department of Labor Bureau of Labor Statistics, June 2015.

¹¹ National Center for Education Statistics, NCES - Common Core of Data, 2013-14.

¹² US Census Bureau Small Area Income & Poverty Estimates, 2011.

¹³ Feeding America, 2012.

¹⁴ US Census Bureau, American Community Survey, 2009-13.

Napa County Community Health Needs Assessment

Education

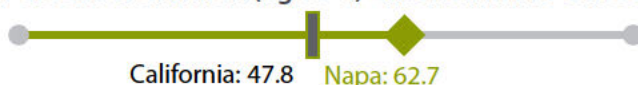


Educational attainment is a key determinant of health: people with low levels of education are prone to experience poor health outcomes and stress, whereas people with more education are likely to live longer, practice healthy behaviors, experience better health outcomes, and raise healthier children.¹ Completing formal education is a key pathway to employment and to higher paying jobs that can provide the means to lead a healthier life.² From preschool to post-secondary education, primary and secondary data indicate that retention and quality education are key needs in Napa County. Bullying and harassment among students is also a concern in Napa County. While key education outcomes, such as percent of students graduating from high school in four years, are higher for Napa County than the rest of California, evidence of extreme racial/ethnic disparities remain concerning. In particular, secondary data reveal that Hispanic/Latino students and English Language Learners (ELL) are at high risk for dropping out of high school.³ To improve county-wide access and decrease disparities, community members and key stakeholders recommended strategies such as increasing support for programs that work closely with low performing students to improve access to post-secondary education.

Key Data

Indicators

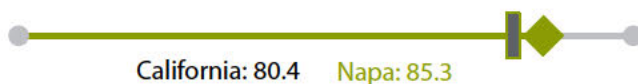
Percent of Children (age 3-4) Enrolled in Pre-School⁴



Percent of Fourth Grade Children Scoring Below the "Proficient" Level on English Language Arts California Standards Test⁵



Percent of Cohort Graduating from High School⁶



"There needs to be attention [paid to] performance in schools, especially with **English as a second language [students]**. This carries on into high school, so there needs to be a lot of effort in K-12. There are not enough counselors to go around for students that need additional support."
— Interviewee

Key Themes from Qualitative Data

- High numbers of students do not complete high school, especially among Latino students
- Educational needs of English Language Learners and Hispanic/Latino students are not identified and addressed at a young age
- Educational attainment for ELL students is poor; gaps need to be addressed sooner (e.g., higher percentage of high school dropouts)
- Harassment and bullying occurs frequently in schools

Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.

Napa County Community Health Needs Assessment

Education (continued)



Additional Data

Early Childhood Education

Head Start Program Facilities

Rate of Head Start program facilities per 10,000 children under age 5⁷

7.4 | 6.3
Napa | California

English Language Learners

English Language Performance (Grade 10)

% of all students versus English language learners (grade 10) who passed the California High School Exit Exam in English Language Arts⁸

85.0 | 22.0 | 38.0
Napa: All | Napa: ELL | California: ELL

Math Performance (Grade 10)

% of all students versus English language learners (grade 10) who passed the California High School Exit Exam in Math⁹

87.0 | 39.0 | 54.0
Napa: All | Napa: ELL | California: ELL

Retention/Discipline

Expulsion

Rate of expulsion per 100 enrolled K-12 public school students¹⁰

0.02 | 0.05
Napa | California

Suspension

Rate of suspension per 100 enrolled K-12 public school students¹¹

3.51 | 4.04
Napa | California

Educational Attainment

Less than High School Diploma

% of population age 25+ with no high school diploma or equivalent¹²

16.9 | 18.8
Napa | California

"If [low-performing students] never get caught up, then they will continue to be disadvantaged. **English Language Learners are at a disadvantage**, so there is some connection to the trajectory, which starts in 3rd [and 4th] grade. I think the dropout rate does not fully capture what fully happens."

– Interviewee

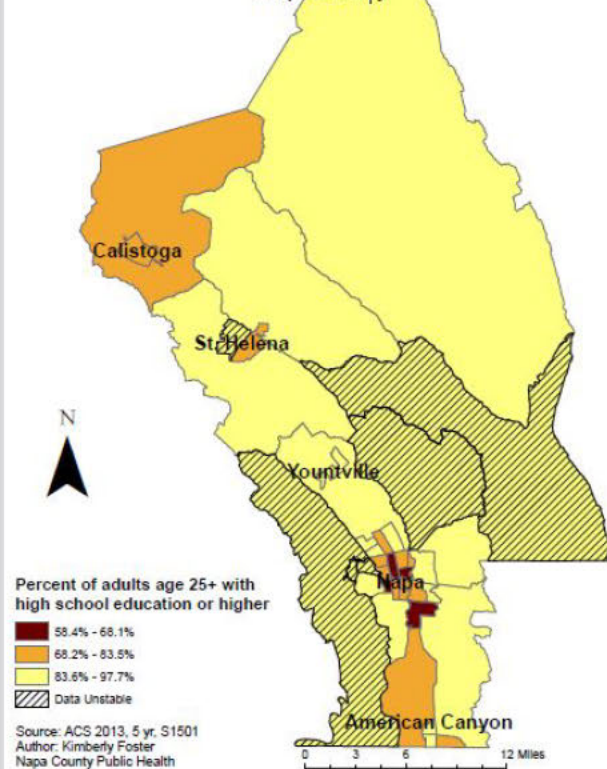
Education (continued)



Populations Disproportionately Affected

Geographic Areas with Greatest Risk

Educational Attainment by Census Tract, 2009-2013
Napa County



The map (left) depicts the percentage of the population age 25+ with a high school education or higher by census tract in Napa County. The city of Napa, greater Calistoga region, St. Helena, and American Canyon region are areas with notably low percentages of the population who have a high school education or higher.

Education (continued)



Populations Disproportionately Affected

Populations at Greatest Risk

Percentage of Students Dropping out of High School by Race/Ethnicity, 2013-2014¹³

	Napa County	California
Overall	10.0	11.5
African American (Not Hispanic)	14.0	20.3
American Indian/Alaska Native (Not Hispanic)	23.1	18.8
Asian (Not Hispanic)	5.0	4.5
Filipino (Not Hispanic)	2.9	4.4
Hispanic/Latino	14.2	13.9
Pacific Islander (Not Hispanic)	10.0	12.4
White (Not Hispanic)	5.8	7.6
Multiracial (Not Hispanic)	8.0	8.4

Percentage of Students Dropping out of High School by Program, 2013-2014¹⁴

	Napa County	California
All Students	10.0	11.5
English Learners	22.4	20.8
Migrant Education	20.0	15.7
Special Education	18.3	16.0
Socioeconomically Disadvantaged	15.0	14.4

Interviewees and focus group participants highlighted that Latino students, in particular, are at risk of low educational attainment or poor academic performance.

One interviewee said, "My primary work is with Latino families and Latino kids. The county has not identified the educational equity disparities. The disparities...for post high school education are huge.

We don't have a graduation problem; we have a group that graduates that are un-educated and un-skilled. So many of those kids have straight Ds or they have not taken the right classes in order to apply for a UC or a CSU, so they are going nowhere."

Napa County Community Health Needs Assessment

Education (continued)



Assets and Recommendations

Examples of Existing Community Assets[†]

Robotics STEM course for middle school students



Community-based organizations focused on strengthening early childhood education



UC Davis Math Institute (works with middle school students the summer before high school)



Community Recommendations for Change

- Continue support for programs that work closely with low performing students to help them become college-ready and to ensure access to post-secondary education
- Increase financial aid support, especially for high-need populations
- Partner with Napa Valley College
- Develop career tracks to encourage students to pursue careers in the healthcare field
- Increase services/resources in schools
- Provide college counseling for all students
- Strengthen early childhood education system
- Bridge the education gap between students who are English Language Learners and English speaking students

[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

¹ "Exploring the Social Determinants of Health: Education and Health," Robert Wood Johnson Foundation, Accessed October 19, 2015, http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2011/rwjf70447.

² Napa County Community Health Assessment Report, 2013

³ Ibid.

⁴ US Census Bureau, American Community Survey, 2014.

⁵ California Department of Education, 2012-13.

⁶ California Department of Education, 2013.

⁷ US Department of Health & Human Services Administration for Children and Families, 2014.

⁸ California Department of Education, 2013-14.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² US Census Bureau American Community Survey, 2010-14.

¹³ California Department of Education, 2013-14.

¹⁴ Ibid.

Cancers



Cancer is a broad term which encompasses over 100 specific diseases, all of which begin with abnormal cell growth.¹ Cancer is typically defined by the primary site of abnormal growth, and the progression of the disease is affected by the cancer type, as well as the phase of detection, and available treatment options. Cancer is the second leading cause of death in the United States,² and has emerged as an important health need in Napa County according to a review of county health data. For example, Napa County residents experience a higher rate of all-cancer mortality, as well as a higher incidence of breast, prostate, colon and rectum, and lung cancer compared to California on average. Disparities in incidence and mortality exist across racial/ethnic subpopulations in the county. While cancer did not emerge as an important theme in primary data during this assessment process, secondary data revealed concerning trends, indicating a need to educate community members and stakeholders about the risk of many types of cancer in Napa County.

Key Data

Indicators

All-Cancer Mortality Rate³
Age-Adjusted, Rate Per 100,000 Population



"We do have a **higher cancer rate** than you might expect. I am not sure how to explain that."

-Interviewee

Cancer Incidence by Primary Site⁴
Age-Adjusted, Rate Per 100,000 Population

	Napa County	California	United States
Cervical Cancer*	6.2	7.8	7.8
Breast Cancer*	125.4	122.4	122.7
Prostate Cancer**	173.8	136.4	142.3
Colon and Rectum Cancer	45.4	41.5	43.3
Lung Cancer	62.0	49.5	64.9

*Rate per 100,000 female population

** Rate per 100,000 male population

Notes on Limited Primary Data

Although cancer is a leading cause of death in Napa County, it was not a key theme in focus groups or Key Informant Interviews. The limited references to cancer in primary data may be due in part to the following factors:

- Lack of education about high rates of cancer morbidity and mortality; and
- Low priority of cancer compared to social needs such as affordable housing or economic security among community members.

Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.

Cancers (continued)



Key Drivers and Additional Data

Key Driver: Physical Environment

Liquor Store Access

Rate of liquor stores per 100,000 population⁵

36.6 | 10.0
Napa | California

Air Quality, PM 2.5

% of days exceeding standards of Particulate Matter 2.5, pop. adjusted average⁶

6.3 | 4.2
Napa | California

Pesticide Use

1,259,700
pounds of pesticides applied in Napa in 2013.⁷

Key Driver: Health Behaviors

Excessive Alcohol Consumption, Adult
% of adults age 18 and older who self-report heavy alcohol consumption⁸

21.3 | 17.2
Napa | California

Low Fruit and Vegetable Consumption, Adult
% of adults (18+) who self-report consuming <5 servings of fruits and vegetables each day⁹

64.7 | 71.5
Napa | California

Physical Inactivity, Adult
% of adults (20+) who self-report that they perform no leisure time activity¹⁰

13.4 | 16.6
Napa | California

Key Driver: Related Health Conditions

Overweight, Adult

% of adults (18+) who self-report Body Mass Index (BMI) between 25.0 and 30.0¹¹

37.0 | 35.9
Napa | California

Obesity, Adult

% of adults (20+) who self-report Body Mass Index (BMI) > 30.0¹²

24.0 | 22.3
Napa | California

Additional Data: Screenings and Clinical Care

Colon Cancer Screening

% of adults (50+) who self-report that they ever had a sigmoidoscopy or colonoscopy, age-adjusted¹³

58.3 | 57.9
Napa | California

Pap Test Screening

% of women (18+) who self-report that they have had a Pap test in the past three years, age-adjusted¹⁴

75.0 | 78.3
Napa | California

Breast Cancer Screening, Older Adults

% of female Medicare enrollees (67-69+) who have received one or more mammograms in the past two years¹⁵

63.5 | 59.3
Napa | California



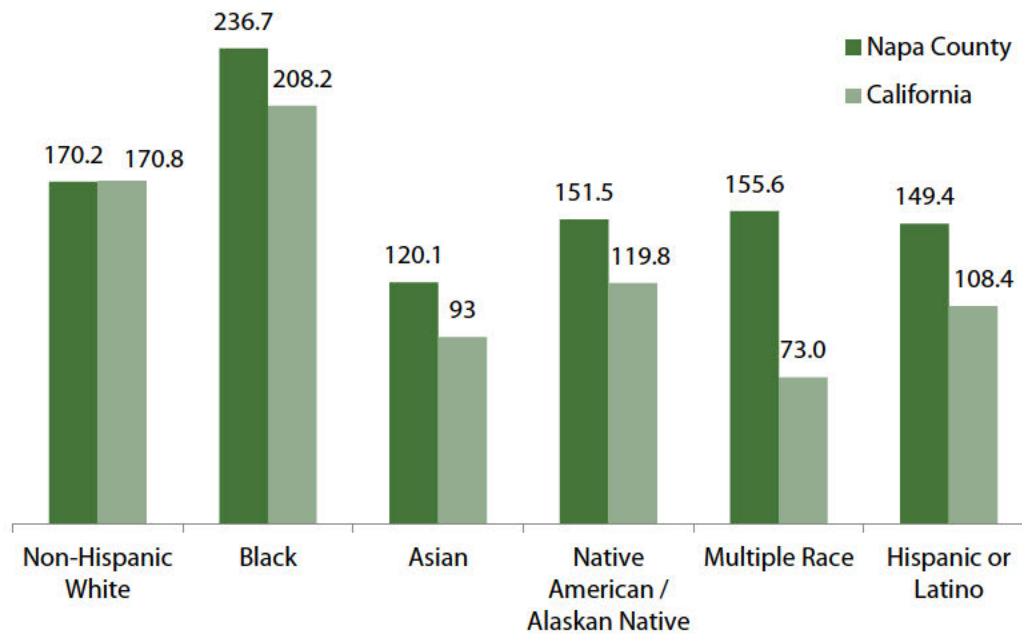
Cancers (continued)

Populations Disproportionately Affected

Racial/Ethnic Populations with Greatest Risk

Cancer Mortality

Age-Adjusted Rate (Per 100,000 Population) by Race / Ethnicity¹⁶



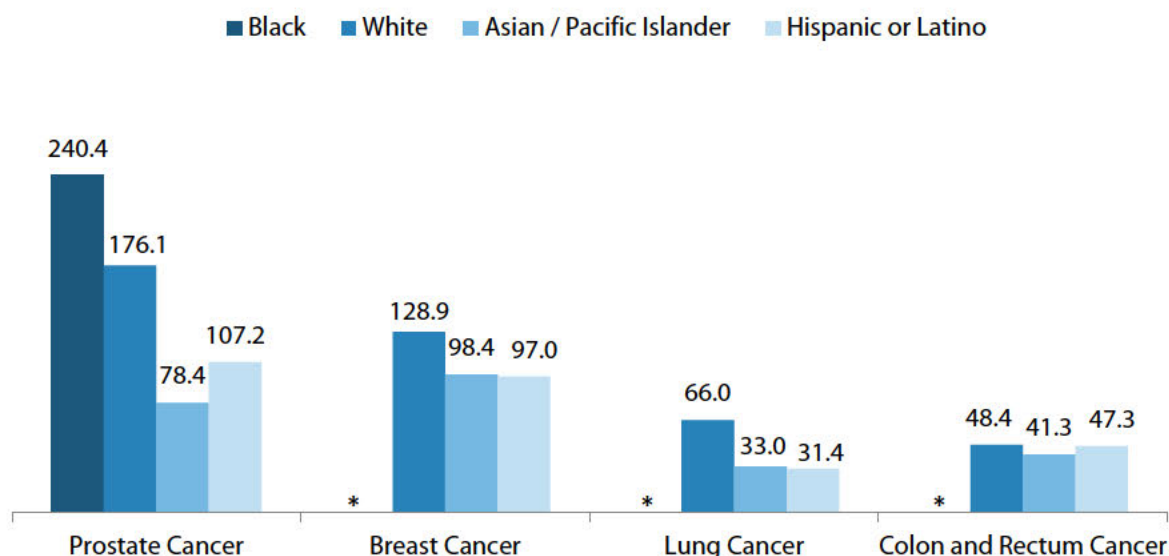
Cancers (continued)



Populations Disproportionately Affected and Assets

Annual Cancer Incidence by Primary Site

Age-Adjusted Rate (Per 100,000 Population) by Race / Ethnicity¹⁷



*Races not shown are suppressed due to small numbers.

** Rate per 100,000 male population.

*** Rate per 100,000 female population.

Examples of Existing Community Assets[†]

<p>Hospitals</p>	<p>American Cancer Society</p>	<p>Cancer Rehabilitation at Synergy Medical Fitness Center</p>
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[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

¹ American Cancer Society. Accessed at <http://www.cancer.org/cancer/cancerbasics/what-is-cancer>, December 2015.

² Centers for Disease Control. Accessed at <http://www.cdc.gov/cancer/dcpc/data/types.htm>, December 2015.

³ University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health, Death Public Use Data, 2010-12.

⁴ National Institutes of Health, National Cancer Institute, Surveillance, Epidemiology, and End Results Program. State Cancer Profiles, 2007-11.

⁵ US Census Bureau, County Business Patterns. Additional data analysis by CARES, 2012.

⁶ Centers for Disease Control and Prevention, National Environmental Public Health Tracking Network, 2008.

⁷ California Department of Pesticide Regulation (CDPR), Pesticide Use Reporting, 2013.

⁸ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via US Department of Health & Human Services, Health Indicators Warehouse, 2006-12.

⁹ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the US Department of Health & Human Services, Health Indicators Warehouse, 2005-09.

¹⁰ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.

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- ¹¹ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional data analysis by CARES, 2011 - 12.
- ¹² Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.
- ¹³ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the US Department of Health & Human Services, Health Indicators Warehouse, 2006-12.
- ¹⁴ Ibid.
- ¹⁵ Dartmouth College Institute for Health Policy & Clinical Practice, Dartmouth Atlas of Health Care, 2012.
- ¹⁶ University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health, Death Public Use Data, 2010-12.
- ¹⁷ National Institutes of Health, National Cancer Institute, Surveillance, Epidemiology, and End Results Program. State Cancer Profiles, 2007-11.



Mental Health

Mental health includes emotional, behavioral, and social well-being. Poor mental health — including the presence of chronic toxic stress or psychological conditions such as anxiety, depression or Post-Traumatic Stress Disorder — has profound consequences on health behavior choices and physical health.^{1,2} Stressors such as economic insecurity, harassment and bullying in school, and lack of social and emotional support are significant determinants of mental health. In Napa, mental health emerged as a key concern among community members and other key stakeholders, as well as in some existing secondary data sources. Notably, Napa County's suicide rate is higher than both the statewide rate and the Healthy People 2020 objective. Accessing mental health services can be challenging in Napa County, and there is limited capacity to meet needs. Older adults, youth — particularly LGBTQ youth, Latinos, and Native Americans face unique challenges in accessing mental health care. Other interviewees discussed how emotional stress related to economic instability, such as struggling to provide basic needs like affordable housing, is an important concern throughout Napa County.

Key Data

Indicators

Suicide Rate³

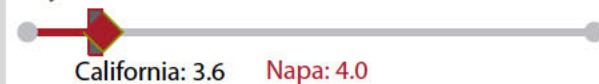
Age-adjusted; Rate Per 100,000 Population



"Some families [...] **struggle with accessing** mental health or behavioral health services because there is a **social stigma** associated with that."

– Interviewee

Average Number of Mentally Unhealthy Days/Month⁴



"Many of our clients are suffering from mental health and substance abuse issues. They often have been suffering from years from very stressful, traumatic life situations, sometimes even from childhood."

– Interviewee

Youth Age 12-18 Needing Emotional/Mental Health Care During Past 12 Months⁵



Key Themes from Qualitative Data

Health Outcomes and Drivers:

- Economic insecurity is an important source of stress
- Harassment and bullying is a concern among youth
- High suicide risk, particularly among Latinos

Access to Mental Health Services:

- High need for mental health services and perception of limited capacity to meet demand
- Older adults, especially those who are isolated, have higher needs for mental health services
- Resistance to seeking treatment due to stigma
- High needs among LGBTQ youth
- Disparities exist related to the location of mental health treatment facilities across the county

Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.

*Unstable estimate; findings should be interpreted with caution.

Mental Health (continued)



Additional Data and Key Drivers

Additional Data: Related Health Outcomes

Depression, Older Adults

% of Medicare beneficiaries with depression⁶

12.8 | 13.4
Napa California

Depression, Youth

% of 11th grade students who felt sad or hopeless almost every day for 2 weeks or more⁷

32.5 | 32.5
Napa California

Intentional Injury, Youth

Rate per 100,000 population⁸

537.9 | 738.7
Napa California

Key Driver: Access to Mental Health Care

Adults Needing Treatment

% of adults reporting need for treatment for mental health, or use of alcohol /drug⁹

11.3 | 15.9
Napa California

Mental Health Providers

Rate of mental health providers per 100,000 population¹⁰

247.2 | 157.0
Napa California

"I feel that we need more mental health services, more places to go. If you are **on Medi-Cal** and from Napa County, they **offer certain services, but not all.**"

– Focus Group Participant

Key Driver: Social Support and Stress

Social Support, Adult

% adults without adequate social / emotional support (age-adjusted)¹¹

21.0 | 24.6
Napa California

Harassment for Sexual Orientation, Youth

% of 11th grade students reporting harassment related to sexual orientation¹²

8.3 | 7.6
Napa California

"We certainly know there is a really high demand for [mental health] services, and we **do not have enough capacity to meet the demand.** So that is a big problem."

– Interviewee

Key Driver: Social and Economic Risks

Exposure to Violence

Age-adjusted homicide mortality rate; per 100,000 population¹³

1.2 | 5.2
Napa California

Exposure to Poverty

% population with income at or below 200% Federal Poverty Line¹⁴

28.1 | 36.4
Napa California

Substandard Housing

% of occupied housing units with one or more substandard conditions¹⁵

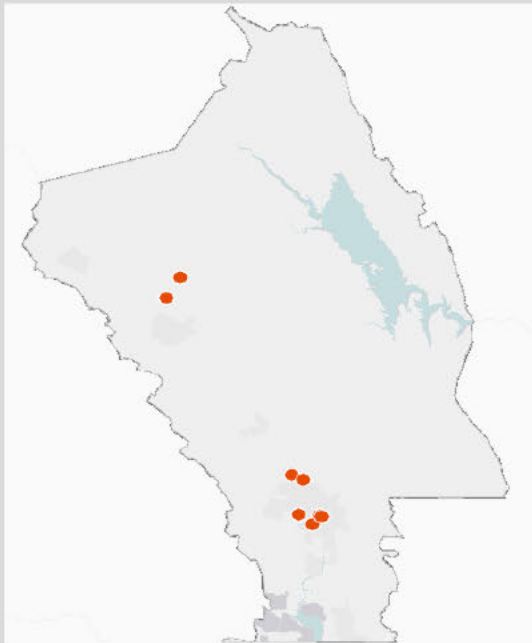
44.4 | 48.4
Napa California



Mental Health (continued)

Populations Disproportionately Affected

Geographic Areas with Greatest Risk



Mental Health Treatment and Prevention Resources¹⁶

Primary data indicates a lack of available and accessible mental health care services. Secondary data corroborates this finding. This map displays the location of the few mental health treatment facilities in the county, and the areas in which treatment is concentrated. In particular, many geographic regions outside of Calistoga and the City of Napa experience limited access to mental health treatment and prevention resources.

Key

● Mental Health Treatment Facilities

Populations with Greatest Risk

Age disparities

Focus group participants and interviewees noted that **older adults**, particularly those who are socially isolated, are less likely to access mental health services.

Youth, notably **transition age youth and LGBTQ youth**, are also disproportionately affected by mental health issues. Primary and secondary data identified bullying and harassment in schools as a key issue.

Racial/Ethnic disparities

Although suicide risk is high on average for Napa County residents compared to California state, Latino residents are one group with disproportionately high risk. **27.9%** of Latinos in Napa County report **ever having seriously thought about suicide**, compared to 10.3% on average across racial groups.¹⁷

"Four groups are being focused on in Napa County based on the number of people accessing mental health services. **Native Americans, Latinos, LGBTQ, and Veterans**—those are the groups identified as not accessing mental health services."

- Interviewee



Mental Health (continued)

Assets and Recommendations

Examples of Existing Community Assets[†]

Mental Health Centers



Strong partnerships and sense of community



Mobile Crisis Team



Community Recommendations for Change

Increase Access to Mental Health Services

- Increase mental health services for older adults, especially at day centers and adult shelters
- Increase access to mental health specialists, particularly in Calistoga
- Ensure mental health services are culturally appropriate, and available in Spanish
- Decrease stigma related to accessing mental health services (for Latinos)
- Increase outpatient services

Increase Interventions for Youth

- Increase mental health intervention staff in schools
- Focus efforts on reducing/eliminating harassment and bullying among youth, especially LGBTQ youth

“We need to think of behavioral or mental health as **part of primary care**. We need to embed in these [services] in various places.”
- Interviewee

[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

¹ Chapman DP, Perry GS, Strine TW. “The Vital Link Between Chronic Disease and Depressive Disorders,” Preventing Chronic Disease, 2005; 2(1):A14.

² Felitti VJ, Anda RF, Nordenberg D, Williamson DF, Spitz AM, Edwards V, Koss MP, Marks JS, “Relationship of Childhood Abuse and Household Dysfunction to Many of the Leading Causes of Death in Adults: the Adverse Childhood Experiences (ACE) Study,” American Journal of Preventive Medicine, 1998; 14:245–258.

³ University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health, CDPH - Death Public Use Data, 2010-12.

⁴ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse, 2006-12.

⁵ California Health Interview Survey, 2013-14.

⁶ Centers for Medicare and Medicaid Services, 2012.

⁷ California Healthy Kids Survey, 2011-13.

⁸ California EpiCenter data platform for Overall Injury Surveillance, 2011-13.

⁹ California Health Interview Survey, 2013-2014.

¹⁰ University of Wisconsin Population Health Institute, County Health Rankings, 2014.

¹¹ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. U.S. Department of Health & Human Services, Health Indicators Warehouse, 2006-12.

¹² California Healthy Kids Survey, 2011-13.

¹³ University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health, CDPH - Death Public Use Data, 2010-12.

¹⁴ U.S. Census Bureau, American Community Survey, 2010-14.

¹⁵ U.S. Census Bureau, American Community Survey, 2009-13.

¹⁶ Substance Abuse and Mental Health Services Administration, 2014.

¹⁷ California Health Interview Survey, 2014.

Substance Abuse



Substance abuse is defined as harmful or hazardous use of psychoactive substance, and can include use or abuse of tobacco, alcohol, prescription drugs, and illegal drugs, which may have profound health consequences.¹ Substance use and abuse was identified as a health need in existing data sources, and emerged as a salient theme in interviews and focus groups. For example, among both adults and youth the percent of the population drinking heavily is higher for Napa County than California overall. Youth were identified as a population of high concern, as binge drinking, e-cigarette use, and drug use were all noted as rising trends among younger residents. Residents and stakeholders noted several key resources that exist in the community, including tobacco cessation programs and community-based organizations focused on addressing substance abuse issues.

Key Data

Indicators

Percent of Adults Smoking Cigarettes²

Age-Adjusted



Percent of Adults Reporting Heavy Alcohol Consumption³

Age-Adjusted



Liquor Store Access^{4,†}

Rate Per 100,000 Populations



“Drugs and alcohol – this is a significant issue in the community, which taxes emergency services and hospitals and creates problems in peoples’ lives. It’s a growing problem among the younger population.”

– Interviewee

Key Themes from Qualitative Data

Effects of Substance Use and Abuse

- Mental health and substance abuse are connected to other health and economic problems.
- Binge drinking can affect other issues including family cohesion, violence, injury, and traffic crashes.
- Substance abuse can decrease chance of graduating high school.
- Drinking and smoking in parks often limits children’s use of the park.

Co-morbidity of Substance Use and Mental Health

- Alcohol or drug use can be a symptom of depression.
- Service systems within and across the county that address these health issues operate separately; however the root causes of the problems are intertwined.

“Many of our clients [domestic violence victims] are suffering from mental health and substance abuse issues. They often have been suffering with years of **very stressful, traumatic life situations**, sometimes even from childhood.” – Interviewee

† A liquor store is defined by North American Industry Classification System (NAICS) Code 445310 as a business primarily engaged in retailing packaged alcoholic beverages, such as beer, wine, and spirits.

Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.



Substance Abuse (continued)

Additional Data

Tobacco Use

Cigarette Smoking, Youth
% of 11th grade students reporting cigarette use within the last 30 days⁵

11.8 | 10.2
Napa California

Key Theme About Cigarette Use

- Tobacco is on the rise in school aged children.

Key Themes About E-cigarettes

- Decrease in smoking rate; increase in e-cigarette use
- Fruit flavors and marketing are designed to attract youth
- Evidence of carcinogenic effects
- Further research needed on health effects

Alcohol Use

Binge Drinking, Youth
% of 11th grade students reporting binge drinking at least once within the last 30 days⁶

22.8 | 20.7
Napa California

Key Themes from Qualitative Data

- Safe use of alcohol is a problem among both adults and youth
- Binge drinking is increasing
- Binge drinking leads to poor health choices
- Wine industry is a primary employer in the county

Drug Use

Marijuana Use, Youth
% of 11th grade students reporting marijuana use within the last 30 days⁷

24.9 | 22.0
Napa California

Key Themes from Qualitative Data

- Easy to obtain recreational marijuana
- High prevalence of medical marijuana
- High prevalence of street drugs

Clinical Care

Key Themes from Qualitative Data
Barriers to Receiving Treatment:

- There is a lack of services, particularly for hospitalization.
- Maintaining confidentiality in support groups is difficult in a small community.
- Stigma or fear (especially among young people) exists about seeking help for substance abuse.
- Residents do not know about ways to enter treatment proactively (e.g., without first being apprehended by law enforcement).
- Support groups for depression and alcohol abuse are too expensive.

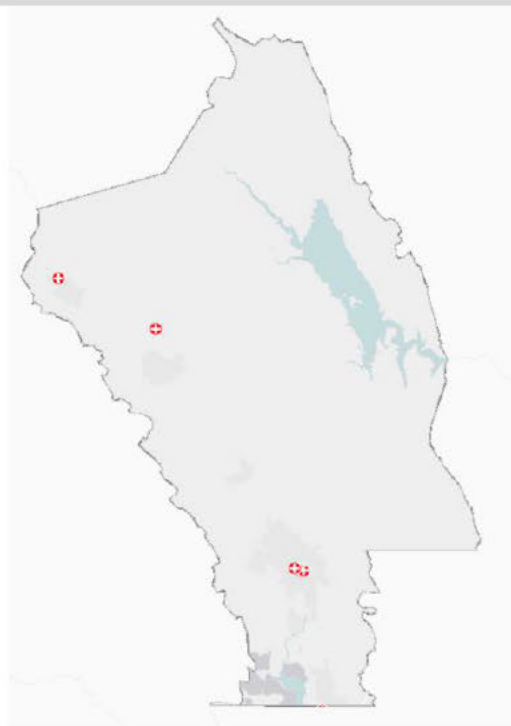
"As far as substance abuse, I am just not sure that the services are available to [community members] in an accessible way."
– Interviewee

Substance Abuse (continued)



Populations Disproportionately Affected

Geographic Areas with Greatest Risk



Substance Abuse Treatment Facilities?

The map corroborates primary data themes related to substance abuse treatment options, including the lack of treatment facilities for substance abuse throughout the county.

Key

 Substance Abuse Treatment Facility

Interviewees and focus group participants noted that the stigma associated with seeking treatment is another barrier to receiving clinical services. This issue may be greater among youth than other populations.

Substance Abuse (continued)



Assets and Recommendations

Examples of Existing Community Assets[†]

Napa County Health and Human Services Agency; Alcohol and Drug Services (ADS)



Nonprofit CBOs providing: Mental Health (e.g., Mentis, Aldea); ADS Services (e.g., Wolfe Center, McAllister); Alcoholics Anonymous



St. Helena Hospital



Community Recommendations for Change

Increase Partnership with Schools

- Increase after-school programs and increase opportunities for inexpensive, safe youth activities
- Offer immediate intervention services to youth (rather than allowing the problem to go untreated)
- Increase parent education about drugs and alcohol abuse among youth

Use Policy Strategies to Decrease Substance Abuse

- Support e-cigarette regulation regarding marketing to youth

[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

¹ World Health Organization, Health Topics: Substance abuse, http://www.who.int/topics/substance_abuse/en/, Accessed December 2015.

² Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse, 2006-12.

³ Ibid.

⁴ US Census Bureau, County Business Patterns. Additional data analysis by CARES, 2012.

⁵ California Healthy Kids Survey, 2011-13.

⁶ Ibid.

⁷ Ibid.



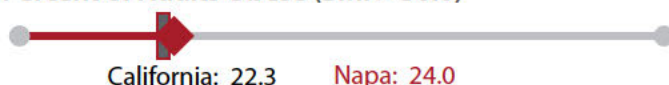
Obesity and Diabetes

Overweight and obesity are strongly related to stroke, heart disease, some cancers, and type 2 diabetes. These chronic diseases represent some of the leading causes of death nationwide.¹ There is a high prevalence of adults and youth who are obese or overweight throughout the county. Primary and secondary data indicate that throughout Napa County access to *affordable* healthy food is limited, and lack of physical activity may be driven in part by a lack of affordable exercise options and a lack of time. Specific geographic regions in Napa County, including rural communities and American Canyon, experience disproportionately high levels of inadequate access to healthy food compared to other areas of the county.

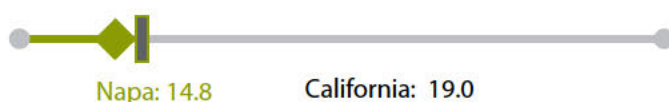
Key Data

Indicators

Percent of Adults Obese (BMI > 30.0)²



Percent of Youth Obese (BMI > 30.0)³



Percent of Adults Diagnosed with Diabetes⁴ *Age-adjusted*



"Obesity and poor nutrition is huge and crosses all ages and lifestyles."

– Interviewee

"The issue of nutrition affects our clients. They are living on such low incomes that in order to make their money stretch, they are not able to afford fruits and vegetables. So I think obesity and health issues related to diet and exercise are part of their lives. **Many are living in survival mode.** They are working hard for low incomes, sometimes working two jobs, and that affects their ability to enjoy life in general."

– Interviewee

Key Themes from Qualitative Data

Poor Nutrition

- Poor access to healthy and affordable foods, particularly for low-income residents
- Several grocery stores have recently closed
- High consumption of sugary beverages
- Many residents are food insecure
- Lack of access to information about nutrition
- Lack of knowledge of healthy, culturally appropriate recipes
- Farmer's markets are accessible, but expensive



Lack of Physical Activity

- Trend towards more sedentary lifestyles (e.g., increased screen time among children and adults)
- Lack of adequate, affordable recreational facilities
- Long work hours and long commute time limits time to exercise
- Lack of safe, walkable roads in rural areas



Note: California state average estimates are included for reference. Differences between Napa County and California state estimates are not necessarily statistically significant.



Obesity and Diabetes (continued)

Additional Data and Key Drivers

Additional Data: Clinical Care

Diabetes Hospitalizations
Age-adjusted discharge rate per 10,000 pop.⁵

7.4 | 10.4
Napa | California

Diabetes Management, Older Adult
% of diabetic Medicare patients with hemoglobin A1c (hA1c) test in the past year^{6,†}

80.1 | 81.5
Napa | California

Additional Data: Related Health Outcomes

Overweight, Adult
of adults (18+) who self-report Body Mass Index (BMI) between 25.0 and 30.0⁷

37.0 | 35.9
Napa | California

"The number one cause of death is **cardiovascular disease**. As an underlying risk factor: obesity is part of this. We have a high obesity rate in the county."
-- Interviewee

Overweight, Youth
% of children in grades 5, 7, and 9 ranking within the "Needs Improvement" category (Overweight) for body composition⁸

19.5 | 19.3
Napa | California

Stroke Mortality
Age-adjusted mortality rate per 100,000 pop.⁹

38.0 | 37.4
Napa | California

Ischaemic Heart Disease Mortality
Age-adjusted mortality rate per 100,000 pop.¹⁰

152.9 | 163.2
Napa | California

Heart Disease Prevalence
% of adults (18+) ever told by a doctor that they have coronary heart disease or angina¹¹

9.9 | 6.3
Napa | California

Key Driver: Nutrition

Low Fruit and Vegetable Consumption, Adult
% adults consuming <5 servings of fruit and vegetables¹²

64.7 | 71.5
Napa | California

WIC Authorized Food Stores
% of food stores authorized to accept WIC program benefits per 100,000 pop vegetables¹³

17.4 | 15.8
Napa | California

Fast Food
Fast food establishments per 100,000 pop.¹⁴

63.0 | 74.5
Napa | California

Low Fruit and Vegetable Consumption, Youth
% youth age 2-13 consuming <5 servings of fruit and vegetables¹⁵

51.6 | 47.4
Napa | California



Grocery Stores
Grocery stores per 100,000 pop.¹⁶

27.8 | 21.5
Napa | California

† Hemoglobin A1c (hA1c) test is a blood test which measures blood sugar levels and is used for diabetes management.



Obesity and Diabetes (continued)

Key Driver: Physical Activity

Low Physical Activity, Adult
% adults with no leisure time activity¹⁷

13.4 | 16.6
Napa California

"Napa is a rural county; public health infrastructure doesn't exist. The community **isn't set up to promote physical activity**. It's hard to walk."

– Interviewee

Park Access
% population living ½ mile from a park¹⁸

57.6 | 58.6
Napa California

Low Physical Activity, Youth
% youth in grades 5,7,9 with "high risk" or "needs improvement" aerobic capacity¹⁹

31.1 | 35.9
Napa California

Fitness Centers
Recreation and fitness centers per 100,000 pop.^{20, †}

12.5 | 8.7
Napa California

Key Driver: Social and Economic Risks

"Poverty is a big issue. The average person who is **struggling financially** is not able to access healthy foods."
– Interviewee

Food Insecurity
% population experiencing food insecurity (i.e., the household-level economic and social condition of limited or uncertain access to adequate food)²¹

12.0 | 16.2
Napa California

"Food insecurity in Napa largely reflects **economic status**... This has probably not improved much. For children, this is extremely important."
– Interviewee

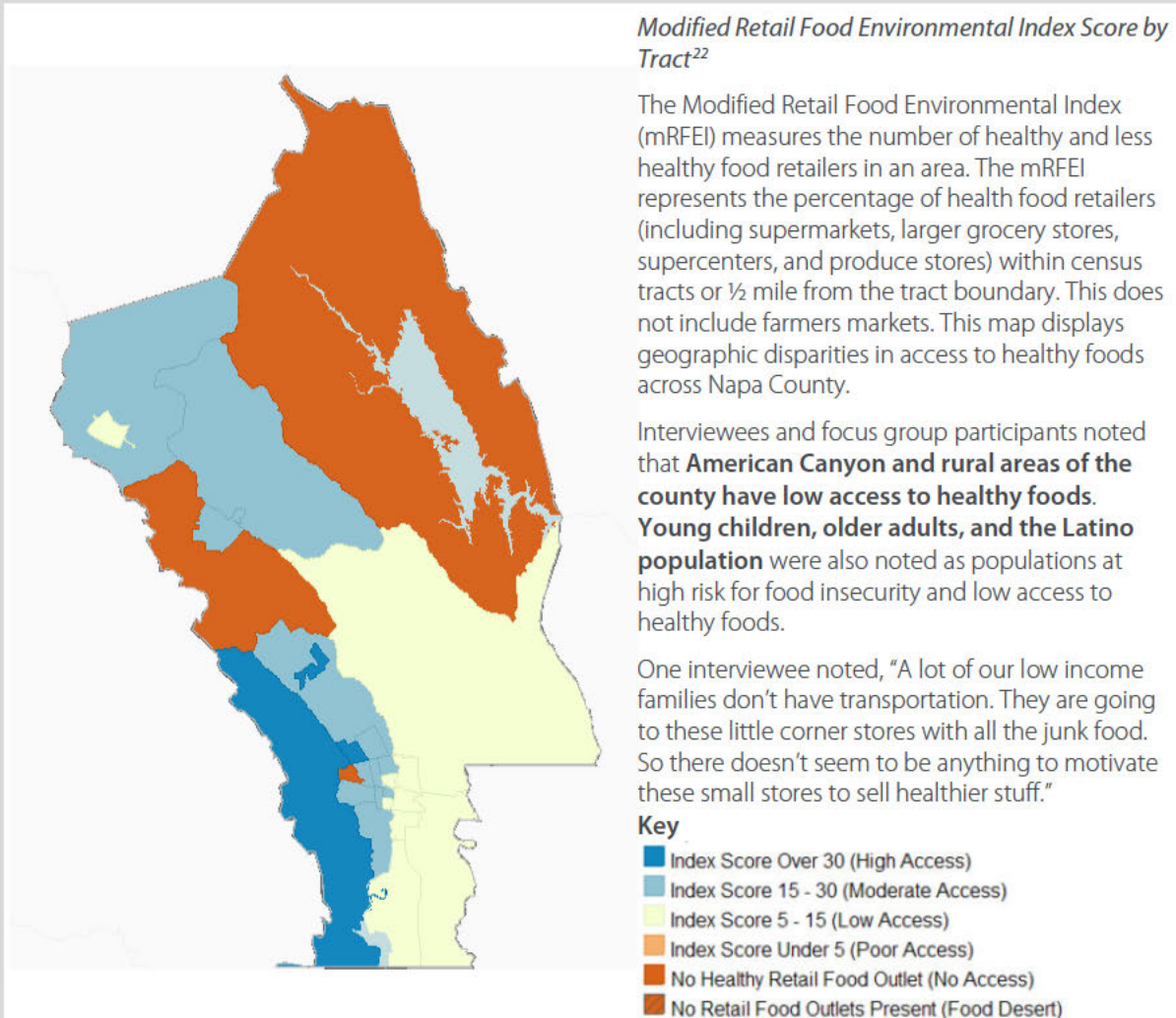
† Fitness and recreation centers (defined by North American Industry Classification System (NAICS) code 713940) are establishments primarily engaged in operating fitness and recreational sports facilities featuring exercise and other active physical fitness conditioning or recreational sports activities, such as swimming, skating, or racquet sports. The method used to identify recreational facilities in the County Business Patterns data does not include YMCAs and intramural/amateur sports clubs, both of which may be important venues for physical activity, especially for low- and middle-income community members. Furthermore, this measure does not account for the opportunity to engage in fitness activities in parks or other public areas.



Obesity and Diabetes (continued)

Populations Disproportionately Affected

Geographic Areas with Greatest Risk



Populations with Greatest Risk

Age disparities

Interviewees and focus groups highlighted that obesity is a serious concern for **older adults**. While obesity is an issue across the lifespan, interviewees noted that obesity is a risk factor for dementia, and that there is an increased risk of dementia from high blood sugar. Physical activity, nutritious food, and loneliness are highly predictive of dementia. Older adults living on fixed and low income may go without meals because they need to make difficult financial decisions between spending money on medication and on food.

Other disparities

Residents experiencing homelessness were also noted as a population of high risk. The food available to families in shelters is often unhealthy (e.g., pizza and soda), and residents living in cars do not have the means to cook.



Obesity and Diabetes (continued)

Assets and Recommendations

Examples of Existing Community Assets[†]

Food Banks



Community Gardens



Parks, Trails and Walkable Communities



Community Recommendations for Change

Increase Accessibility of Healthy Foods

- Create safe, welcoming places such as community gardens, school gardens, and farmers markets
- Change nutrition policies (e.g., remove sugary beverages from school settings)
- Engage local faith-based and nonprofit groups to deliver vegetable boxes to low-income households

"Make fresh fruits and vegetables cheaper and more readily available so that single moms **will be able to make a healthier choice**. You can keep educating about these things and they know it but given their living situation they are not going to choose the healthiest option."

– Interviewee

Increase Opportunities for Physical Activity

- Offer a warmer pool, or raise the temperature of the public pool on designated day each week, so that it is accessible to seniors (e.g., in partnership with the Arthritis Foundation)
- Strengthen partnerships between cities, school districts, nonprofits, and local foundations to increase wellness activities in communities (e.g., provide more low-cost or free exercise classes)
- Enhance the safety of roads and sidewalks to make Napa County more walkable, especially for people with disabilities

Increase Education about Healthy Eating and Active Living

- Provide culturally relevant nutrition information and cooking classes at community fairs (e.g., for Latino, Indian, and Asian communities)
- Provide multilingual education about healthy food choices
- Include prenatal and early life nutrition as a topic in prenatal programs
- Utilize physicians, integrative medicine specialists, or nutritionists to educate parents and children in a school setting

"Educating people is not enough. It's not enough to say it's just about education. **We need to restructure things so that the healthy choice is the easy choice.**"

– Interviewee

[†] Examples derived from qualitative data and Napa County CHNA Advisory Group. For a comprehensive list of county assets and resources, see <http://211bayarea.org/napa/>.

- ¹ "Obesity Health Risks," Harvard School of Public Health, Obesity Prevention Source, Accessed November 2015, <http://www.hsph.harvard.edu/obesity-prevention-source/obesity-consequences/health-effects/>.
- ² Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.
- ³ California Department of Education, FITNESSGRAM® Physical Fitness Testing, 2013-14.
- ⁴ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.
- ⁵ California Office of Statewide Health Planning and Development, OSHPD Patient Discharge Data. Additional data analysis by CARES, 2011.
- ⁶ Dartmouth College Institute for Health Policy & Clinical Practice, Dartmouth Atlas of Health Care, 2012.
- ⁷ Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional data analysis by CARES, 2011-12.
- ⁸ California Department of Education, FITNESSGRAM® Physical Fitness Testing, 2013-14.
- ⁹ University of Missouri, Center for Applied Research and Environmental Systems. California Department of Public Health, CDPH - Death Public Use Data, 2010-12.
- ¹⁰ Ibid.
- ¹¹ California Health Interview Survey, 2011-12.
- ¹² Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse, 2005-09.
- ¹³ US Department of Agriculture, Economic Research Service, USDA - Food Environment Atlas, 2011.
- ¹⁴ US Census Bureau, County Business Patterns. Additional data analysis by CARES, 2011.
- ¹⁵ California Health Interview Survey, 2011-12.
- ¹⁶ US Census Bureau, County Business Patterns. Additional data analysis by CARES, 2011.
- ¹⁷ Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, 2012.
- ¹⁸ US Census Bureau, Decennial Census. ESRI Map Gallery, 2010.
- ¹⁹ California Department of Education, FITNESSGRAM® Physical Fitness Testing, 2013-14.
- ²⁰ US Census Bureau, County Business Patterns. Additional data analysis by CARES, 2012.
- ²¹ Feeding America. Child Food Insecurity Data, 2012.
- ²² Centers for Disease Control and Prevention, Division of Nutrition, Physical Activity, and Obesity, 2011.

Appendix B. Secondary Data, Sources, and Years

Health Indicators								Benchmarks		Needs Score			Statistically Unstable County Data
Potential Health Needs	Core/Related	Indicators	Data Source Year	MATCH Category	Measure Type	Population Denominator	HP 2020 Value	State Benchmark	Nationa Benchmark	Desired Direction	Napa County	Difference from the State Value	
Access to Care	Core	Access to Dentists	2013	Clinical Care	Rate	140 326	n/a	77.5	63.2	Above Benchmark	77.0	-0.49	
		Access to Primary Care	2012	Clinical Care	Rate	139 045	n/a	77.3	74.5	Above Benchmark	98.5	21.28	
		Lack of a Consistent Source of Primary Care	2011-12	Clinical Care	Percentage	133 000	n/a	14.3%	no data	Below Benchmark	7.7%	-6.60%	
		Access to Mental Health Providers	2014	Clinical Care	Rate	144 030	n/a	157.0	134.1	Above Benchmark	247.2	90.17	
	Related	Insurance - Uninsured Population	2010-14	Social & Economic Factors	Percentage	137 294	n/a	16.7%	14.2%	Below Benchmark	13.9%	-2.80%	
		Federally Qualified Health Centers	2014 June	Clinical Care	Rate	136 484	n/a	2.0	1.9	Above Benchmark	5.9	3.89	
		Health Professional Shortage Area - Primary Care	2015 March	Clinical Care	Percentage	136 484	n/a	25.2%	34.1%	Below Benchmark	1.3%	-23.86%	
		Preventable Hospital Events	2011	Clinical Care	Rate	no data	n/a	83.2	no data	Below Benchmark	78.8	-4.33	
		Insurance - Population Receiving Medicaid	2014	Social & Economic Factors	Percentage	no data	n/a	14.0%	no data	Below Benchmark	17.5%	3.50%	
		Health Professional Shortage Area - Dental	2015 March	Clinical Care	Percentage	136 484	n/a	4.9%	32.0%	Below Benchmark	0.0%	-4.93%	
		Cancer Screening - Mammogram	2012	Clinical Care	Percentage	918	n/a	59.3%	63.0%	Above Benchmark	63.5%	4.21%	
		Cancer Screening - Pap Test	2006-12	Clinical Care	Percentage	86 293	n/a	78.3%	78.5%	Above Benchmark	75.0%	-3.30%	
		Cancer Screening - Sigmoid/Colonoscopy	2006-12	Clinical Care	Percentage	37 694	n/a	57.9%	61.3%	Above Benchmark	58.3%	0.40%	
Access to Housing	Core	Housing - Vacant Housing	2009-13	Physical Environment	Percentage	54 851	n/a	8.6%	12.5%	Below Benchmark	9.9%	1.25%	
		Housing - Cost Burdened Households	2010-14	Social & Economic Factors	Percentage	49 631	n/a	45.0%	34.9%	Below Benchmark	42.6%	-2.40%	
		Housing - Substandard Housing	2009-13	Physical Environment	Percentage	49 431	n/a	48.4%	36.1%	Below Benchmark	44.4%	-4.00%	
		Housing - Assisted Housing	2013	Physical Environment	Rate	54 759	n/a	368.3	384.3	Below Benchmark	399.4	31.09	
		Percent living in overcrowded housing conditions (>1.5 persons/room)	2009-13	Physical Environment	Percentage	no data	n/a	5.2%	2.1%	Below Benchmark	3.6%	-1.65%	
Asthma and COPD	Core	Asthma - Prevalence	2011-12	Health Outcomes	Percentage	96 628	n/a	14.2%	13.4%	Below Benchmark	13.8%	-0.42%	x
		Percent of children ever diagnosed with asthma (ages 0-17)	2013-2014 2013-US	Health Outcomes	Percentage	no data	n/a	14.5%	12.7%	Below Benchmark	20.5%	6.00%	
		Asthma - Hospitalizations	2011	Health Outcomes	Rate	no data	n/a	8.9	no data	Below Benchmark	7.0	-1.86	
	Related	Air Quality - Ozone (O3)	2008	Physical Environment	Percentage	136 484	n/a	2.5%	0.5%	Below Benchmark	0.2%	-2.32%	
		Tobacco Usage	2006-12	Health Behaviors	Percentage	104 042	n/a	12.8%	18.1%	Below Benchmark	8.6%	-4.20%	
		Tobacco Expenditures	2014	Health Behaviors	Percentage	no data	n/a	1.0%	1.6%	Below Benchmark	suppressed		
		Air Quality - Particulate Matter 2.5	2008	Physical Environment	Percentage	136 484	n/a	4.2%	1.2%	Below Benchmark	6.3%	2.10%	
		Obesity (Adult)	2012	Health Outcomes	Percentage	103 831	n/a	22.3%	27.1%	Below Benchmark	24.0%	1.68%	
		Overweight (Adult)	2011-12	Health Outcomes	Percentage	93 030	n/a	35.9%	35.8%	Below Benchmark	37.0%	1.10%	
		Obesity (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.0%	no data	Below Benchmark	14.8%	-4.15%	
		Overweight (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.3%	no data	Below Benchmark	19.5%	0.21%	
Cancers	Core	Cancer Incidence - Breast	2007-11	Health Outcomes	Rate	67 925	n/a	122.4	122.7	Below Benchmark	125.4	3	
		Mortality - Cancer	2010-12	Health Outcomes	Rate	136 484	<= 160.6	157.1	no data	Below Benchmark	167.8	10.71	
		Cancer Incidence - Cervical	2007-11	Health Outcomes	Rate	67 925	<= 7.1	7.8	7.8	Below Benchmark	6.2	-1.6	
		Cancer Incidence - Colon and Rectum	2007-11	Health Outcomes	Rate	135 377	<= 38.7	41.5	43.3	Below Benchmark	45.4	3.9	
		Cancer Incidence - Prostate	2007-11	Health Outcomes	Rate	67 452	n/a	136.4	142.3	Below Benchmark	173.8	37.4	
		Prostate cancer age adjusted mortality rate	2011-2013 2013-US	Health Outcomes	Rate/100 000	no data	<= 21.2	20.2	19.2	Below Benchmark	23.4	3.2	
		Cancer Incidence - Lung	2007-11	Health Outcomes	Rate	135 377	n/a	49.5	64.9	Below Benchmark	62	12.5	
	Related	Alcohol - Excessive Consumption	2006-12	Health Behaviors	Percentage	104 042	n/a	17.2%	16.9%	Below Benchmark	21.3%	4.10%	
		Alcohol - Expenditures	2014	Health Behaviors	Percentage	no data	n/a	12.9%	14.3%	Below Benchmark	suppressed		
		Liquor Store Access	2012	Physical Environment	Rate	136 484	n/a	10.0	10.4	Below Benchmark	36.6	26.61	
		Overweight (Adult)	2011-12	Health Outcomes	Percentage	93 030	n/a	35.9%	35.8%	Below Benchmark	37.0%	1.10%	
		Obesity (Adult)	2012	Health Outcomes	Percentage	103 831	n/a	22.3%	27.1%	Below Benchmark	24.0%	1.68%	
		Cancer Screening - Mammogram	2012	Clinical Care	Percentage	918	n/a	59.3%	63.0%	Above Benchmark	63.5%	4.21%	
		Low Fruit/Vegetable Consumption (Adult)	2005-09	Health Behaviors	Percentage	101 137	n/a	71.5%	75.7%	Below Benchmark	64.7%	-6.80%	
		Fruit/Vegetable Expenditures	2014	Health Behaviors	Percentage	no data	n/a	14.1%	12.7%	Above Benchmark	suppressed		
		Food Security - Food Desert Population	2010	Social & Economic Factors	Percentage	136 484	n/a	14.3%	23.6%	Below Benchmark	13.0%	-1.35%	
		Tobacco Usage	2006-12	Health Behaviors	Percentage	104 042	n/a	12.8%	18.1%	Below Benchmark	8.6%	-4.20%	
		Tobacco Expenditures	2014	Health Behaviors	Percentage	no data	n/a	1.0%	1.6%	Below Benchmark	suppressed		
		Cancer Screening - Pap Test	2006-12	Clinical Care	Percentage	86 293	n/a	78.3%	78.5%	Above Benchmark	75.0%	-3.30%	

Health Indicators								Benchmarks		Needs Score			Statistically Unstable County Data
Potential Health Needs	Core/Related	Indicators	Data Source Year	MATCH Category	Measure Type	Population Denominator	HP 2020 Value	State Benchmark	Nations Benchmark	Desired Direction	Napa County	Difference from the State Value	
		Physical Inactivity (Adult)	2012	Health Behaviors	Percentage	103 786	n/a	16.6%	22.6%	Below Benchmark	13.4%	-3.19%	
		Cancer Screening - Sigmoid/Colonoscopy	2006-12	Clinical Care	Percentage	37 694	n/a	57.9%	61.3%	Above Benchmark	58.3%	0.40%	
		Pesticide Use - Pounds of Pesticides Applied	2013	Physical Environment	Number	n/a	n/a	n/a	n/a	n/a	1 259 700		
		Pesticide Use - Rank of Pesticide Use Among CA Counties	2013	Physical Environment	Rank	n/a	n/a	n/a	n/a	n/a	26.0		
		Air Quality - Particulate Matter 2.5	2008	Physical Environment	Percentage	136 484	n/a	4.2%	1.2%	Below Benchmark	6.3%	2.10%	
Child Mental and Emotional Development	Core	Poverty - Children Below 100% FPL	2009-13	Social & Economic Factors	Percentage	134 215	n/a	22.2%	21.6%	Below Benchmark	14.1%	-8.10%	
		Percent of 11th grade students who felt sad or hopeless almost everyday for 2 weeks or more so that they stopped doing	2011-2013	Health Outcomes	Percentage	no data	n/a	32.5%	31.7%	Below Benchmark	32.5%	0.00%	
		Percent of 11th grade students reporting harassment on school property related to their sexual orientation	2011-2013	Social & Economic Factors	Percentage	no data	n/a	7.6%	no data	Below Benchmark	8.3%	0.70%	
		Substantiated allegations of child maltreatment per 1 000 children ages 0-17	2014	Social & Economic Factors	Rate/1 000	no data	<=8.5	9.0	9.1	Below Benchmark	8.1	-0.9	
Climate and Health	Core	Air Quality - Particulate Matter 2.5	2008	Physical Environment	Percentage	136 484	n/a	4.2%	1.2%	Below Benchmark	6.3%	2.10%	
		Drinking Water Safety	2012-13	Physical Environment	Percentage	76 453	n/a	2.7%	10.3%	Below Benchmark	14.4%	11.73%	
		Air Quality - Ozone (O3)	2008	Physical Environment	Percentage	136 484	n/a	2.5%	0.5%	Below Benchmark	0.2%	-2.32%	
		Climate & Health - Heat Index Days	2014	Physical Environment	Percentage	4 015	n/a	0.6%	4.7%	Below Benchmark	0.0%	-0.63%	
		Climate & Health - Drought Severity	2012-14	Physical Environment	Percentage	no data	n/a	92.8%	45.9%	Below Benchmark	93.0%	0.18%	
		Climate & Health - Heat Stress Events	2005-12	Physical Environment	Rate	152	n/a	11.1	no data	Below Benchmark	13.7	2.64	
		Asthma - Hospitalizations	2011	Health Outcomes	Rate	no data	n/a	8.9	no data	Below Benchmark	7.0	-1.86	
		Percent of children ever diagnosed with asthma (ages 17 and below)	2013-2014	Health Outcomes	Percentage	no data	n/a	14.5%	12.7%	Below Benchmark	20.5%	6.00%	
	Related	Asthma - Prevalence	2011-12	Health Outcomes	Percentage	96 628	n/a	14.2%	13.4%	Below Benchmark	13.8%	-0.42%	
		Low Birth Weight	2011	Health Outcomes	Percentage	136 484	n/a	6.8%	no data	Below Benchmark	6.0%	-0.77%	
		Transit - Road Network Density	2011	Physical Environment	Rate	789	n/a	4.3	2.0	Below Benchmark	1.4	-2.86	
		Transit - Public Transit within 0.5 Miles	2011	Physical Environment	Percentage	136 484	n/a	15.5%	8.1%	Above Benchmark	0.0%	-15.53%	
		Climate & Health - Canopy Cover	2011	Physical Environment	Percentage	136 484	n/a	15.1%	24.7%	Above Benchmark	14.6%	-0.58%	
		Climate & Health - No Access to Air Conditioning	2011	Physical Environment	Percentage	54 759	n/a	33.8%	11.4%	Below Benchmark	no data		
		Diabetes Hospitalizations	2011	Health Outcomes	Rate	no data	n/a	10.4	no data	Below Benchmark	7.4	-3.03	
		Mental Health - Poor Mental Health Days	2006-12	Health Outcomes	Rate	104 042	n/a	3.6	3.5	Below Benchmark	4.0	0.4	
		Mortality - Ischaemic Heart Disease	2010-12	Health Outcomes	Rate	136 484	<= 100.8	163.2	no data	Below Benchmark	152.9	-10.24	
		Commute to Work - Alone in Car	2009-13	Health Behaviors	Percentage	64 876	n/a	73.2%	76.4%	Below Benchmark	76.1%	2.92%	
		Obesity (Adult)	2012	Health Outcomes	Percentage	103 831	n/a	22.3%	27.1%	Below Benchmark	24.0%	1.68%	
		Obesity (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.0%	no data	Below Benchmark	14.8%	-4.15%	
CVD/Stroke	Core	Heart Disease Prevalence	2011-12	Health Outcomes	Percentage	102 000	n/a	6.3%	no data	Below Benchmark	9.9%	3.60%	
		Mortality - Ischaemic Heart Disease	2010-12	Health Outcomes	Rate	136 484	<= 100.8	163.2	no data	Below Benchmark	152.9	-10.24	
		Mortality - Stroke	2010-12	Health Outcomes	Rate	136 484	n/a	37.4	no data	Below Benchmark	38.0	0.65	
	Related	Physical Inactivity (Adult)	2012	Health Behaviors	Percentage	103 786	n/a	16.6%	22.6%	Below Benchmark	13.4%	-3.19%	
		Physical Inactivity (Youth)	2013-14	Health Behaviors	Percentage	4 724	n/a	35.9%	no data	Below Benchmark	31.1%	-4.78%	
		Park Access	2010	Physical Environment	Percentage	136 484	n/a	58.6%	no data	Above Benchmark	57.6%	-0.98%	
		Transit - Walkability	2012	Physical Environment	percentage	no data	n/a	1.7%	2.0%	Below Benchmark	no data		
		Recreation and Fitness Facility Access	2012	Physical Environment	Rate	136 484	n/a	8.7	9.4	Above Benchmark	12.5	3.81	
		Tobacco Usage	2006-12	Health Behaviors	Percentage	104 042	n/a	12.8%	18.1%	Below Benchmark	8.6%	-4.20%	
		Tobacco Expenditures	2014	Health Behaviors	Percentage	no data	n/a	1.0%	1.6%	Below Benchmark	suppressed		
		Alcohol - Excessive Consumption	2006-12	Health Behaviors	Percentage	104 042	n/a	17.2%	16.9%	Below Benchmark	21.3%	4.10%	
		Alcohol - Expenditures	2014	Health Behaviors	Percentage	no data	n/a	12.9%	14.3%	Below Benchmark	suppressed		
		Liquor Store Access	2012	Physical Environment	Rate	136 484	n/a	10.0	10.4	Below Benchmark	36.6	26.61	
		Overweight (Adult)	2011-12	Health Outcomes	Percentage	93 030	n/a	35.9%	35.8%	Below Benchmark	37.0%	1.10%	
		Obesity (Adult)	2012	Health Outcomes	Percentage	103 831	n/a	22.3%	27.1%	Below Benchmark	24.0%	1.68%	
		Overweight (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.3%	no data	Below Benchmark	19.5%	0.21%	
		Obesity (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.0%	no data	Below Benchmark	14.8%	-4.15%	
		Diabetes Prevalence	2012	Health Outcomes	Percentage	103 923	n/a	8.1%	9.1%	Below Benchmark	6.8%	-1.25%	
		Diabetes Hospitalizations	2011	Health Outcomes	Rate	no data	n/a	10.4	no data	Below Benchmark	7.4	-303.00%	

Health Indicators									Benchmarks		Needs Score			Statistically Unstable County Data
Potential Health Needs	Core/ Related	Indicators	Data Source Year	MATCH Category	Measure Type	Population Denominator	HP 2020 Value		State Benchmark	Nationa Benchmark	Desired Direction	Napa County	Difference from the State Value	
		Diabetes Management (Hemoglobin A1c Test)	2012	Clinical Care	Percentage	11 517	n/a		81.5%	84.6%	Above Benchmark	80.1%	-1.35%	
		High Blood Pressure - Unmanaged	2006-10	Clinical Care	Percentage	102 821	n/a		30.3%	21.7%	Below Benchmark	47.5%	17.15%	
Economic Security	Core	Economic Security - Unemployment Rate	December 2015	Social & Economic Factors	Rate	71 701	n/a		6.8	5.4	Below Benchmark	5.6	-1.2	
		Income Inequality	2009-13	Social & Economic Factors	Rate	49 431	n/a		0.5	0.5	Below Benchmark	0.5	-0.02	
		Poverty - Population Below 100% FPL	2010-14	Social & Economic Factors	Percentage	134 215	n/a		16.4%	15.6%	Below Benchmark	10.3%	-6.10%	
		Poverty - Population Below 200% FPL	2010-14	Social & Economic Factors	Percentage	135 571	n/a		36.4%	no data	Below Benchmark	28.1%	-8.30%	
		Poverty - Children Below 100% FPL	2010-14	Social & Economic Factors	Percentage	135 571	n/a		22.7%	no data	Below Benchmark	14.0%	-8.69%	
	Related	Education - High School Graduation Rate	2013	Social & Economic Factors	Rate	1 630	>= 82.4		80.4	no data	Above Benchmark	85.3	4.84	
		Education - Reading Below Proficiency	2012-13	Social & Economic Factors	Percentage	1 475	<= 36.3%		36.0%	no data	Below Benchmark	40.0%	4.00%	
		Liquor Store Access	2012	Physical Environment	Rate	136 484	n/a		10.0	10.4	Below Benchmark	36.6	26.61	
		Children Eligible for Free/Reduced Price Lunch	2013-14	Social & Economic Factors	Percentage	20 844	n/a		58.1%	52.4%	Below Benchmark	45.4%	-12.76%	
		Food Security - Population Receiving SNAP	2011	Social & Economic Factors	Percentage	133 788	n/a		10.6%	15.2%	Below Benchmark	5.3%	-5.27%	
		Insurance - Population Receiving Medicaid	2014	Social & Economic Factors	Percentage	no data	n/a		14.0%	no data	Below Benchmark	17.5%	3.50%	
		Education - Less than High School Diploma (or Equivalent)	2009-13	Social & Economic Factors	Percentage	93 928	n/a		18.8%	14.0%	Below Benchmark	16.9%	-1.86%	
		Insurance - Uninsured Population	2009-13	Social & Economic Factors	Percentage	135 843	n/a		17.8%	14.9%	Below Benchmark	14.5%	-3.27%	
		Education - School Enrollment Age 3-4	2014	Social & Economic Factors	Percentage	no data	n/a		47.8%	47.1%	Above Benchmark	62.7%	14.90%	
		Education - Head Start Program Facilities	2014	Social & Economic Factors	Rate	8 131	n/a		6.3	7.6	Above Benchmark	7.4	1.04	
		Food Security - School Breakfast Program	2013	Social & Economic Factors	Rate	no data	n/a		3.9	4.2	Below Benchmark	no data		
		Food Security - Food Insecurity Rate	2012	Social & Economic Factors	Percentage	136 644	n/a		16.2%	15.9%	Below Benchmark	12.0%	-4.24%	
		Housing - Vacant Housing	2009-13	Physical Environment	Percentage	54 851	n/a		8.6%	12.5%	Below Benchmark	9.9%	1.25%	
		Housing - Cost Burdened Households	2010-14	Physical Environment	Percentage	49 631	n/a		45.0%	34.9%	Below Benchmark	42.6%	-2.40%	
		Housing - Substandard Housing	2009-13	Physical Environment	Percentage	49 431	n/a		48.4%	36.1%	Below Benchmark	44.4%	-4.00%	
		Housing - Assisted Housing	2013	Physical Environment	Rate	204 572	n/a		36830.0%	38430.0%	Below Benchmark	39939.0%	31.09	
		Economic Security - Commute Over 60 Minutes	2009-13	Social & Economic Factors	Percentage	61 338	n/a		10.1%	8.1%	Below Benchmark	9.0%	-1.10%	
		Economic Security - Households with No Vehicle	2009-13	Social & Economic Factors	Percentage	49 431	n/a		7.8%	9.1%	Below Benchmark	4.6%	-3.16%	
		Percent People 65 years or Older in Poverty (100%FPL)	2009-13	Social & Economic Factors	Percentage	no data	n/a		9.9%	9.4%	Below Benchmark	6.8%	-3.02%	
		Percent living in overcrowded housing conditions (>1.5 person)	2009-13	Physical Environment	Percentage	no data	n/a		5.2%	2.1%	Below Benchmark	3.6%	-1.65%	
		Percent of English language learners (grade 10) who passed the	2013-14 school year	Social & Economic Factors	Percentage	no data	n/a		38.0%	no data	Above Benchmark	22.0%	-16.00%	
		Percent of English language learners (grade 10) who passed the	2013-14 school year	Social & Economic Factors	Percentage	no data	n/a		54.0%	no data	Above Benchmark	39.0%	-15.00%	
Education	Core	Education - High School Graduation Rate	2013	Social & Economic Factors	Rate	1 630	>= 82.4		80.4	no data	Above Benchmark	85.3	4.84	
		Percent of English language learners (grade 10) who passed the	2013-14 school year	Social & Economic Factors	Percentage	no data	n/a		38.0%	no data	Above Benchmark	22.0%	-16.00%	
		Percent of English language learners (grade 10) who passed the	2013-14 school year	Social & Economic Factors	Percentage	no data	n/a		54.0%	no data	Above Benchmark	39.0%	-15.00%	
		Education - Reading Below Proficiency	2012-13	Social & Economic Factors	Percentage	1 475	<= 36.3%		36.0%	no data	Below Benchmark	40.0%	4.00%	
		Education - Less than High School Diploma (or Equivalent)	2009-13	Social & Economic Factors	Percentage	93 928	n/a		18.8%	14.0%	Below Benchmark	16.9%	-1.86%	
		Education - School Enrollment Age 3-4	2009-13	Social & Economic Factors	Percentage	3 150	n/a		49.1%	47.7%	Above Benchmark	51.9%	2.84%	
		Education - Head Start Program Facilities	2014	Social & Economic Factors	Rate	8 131	n/a		6.3	7.6	Above Benchmark	7.4	1.04	
		Violence - School Suspensions	2013-14	Social & Economic Factors	Rate	41 712	n/a		4.0	no data	Below Benchmark	3.5	-0.53	
HIV/AIDS/STDs	Core	STD - Chlamydia	2012	Health Outcomes	Rate	138 088	n/a		444.9	456.7	Below Benchmark	248.4	-196.51	
		STD - HIV Prevalence	2010	Health Outcomes	Rate	114 754	n/a		363.0	340.4	Below Benchmark	165.1	-197.9	
		STD - HIV Hospitalizations	2011	Health Outcomes	Rate	no data	n/a		2.0	no data	Below Benchmark	0.7	-1.27	
	Related	STD - No HIV Screening	2011-12	Clinical Care	Percentage	83 211	n/a		60.8%	62.8%	Below Benchmark	62.5%	1.65%	
Mental Health	Core	Mortality - Suicide	2010-12	Health Outcomes	Rate	136 484	<= 10.2		9.8	no data	Below Benchmark	12.7	2.93	
		Mental Health - Poor Mental Health Days	2006-12	Health Outcomes	Rate	104 042	n/a		3.6	3.5	Below Benchmark	4.0	0.4	
		Mental Health - Depression Among Medicare Beneficiaries	2012	Health Outcomes	Percentage	14 183	n/a		13.4%	15.5%	Below Benchmark	12.8%	-0.58%	
		Access to Mental Health Providers	2014	Clinical Care	Rate	144 030	n/a		157.0	134.1	Above Benchmark	247.2	90.17	
		Youth (age 12-18) Needing Emotional/Mental Health Care	2013-14	Health Outcomes	Percentage	no data	n/a		20.8%	no data	Below Benchmark	24.7%	3.90%	x
		Mental Health - Needing Mental Health Care	2013-14	Health Outcomes	Percentage	105 000	n/a		15.9%	no data	Below Benchmark	11.3%	-4.60%	

Health Indicators								Benchmarks		Needs Score			Statistically Unstable County Data
Potential Health Needs	Core/ Related	Indicators	Data Source Year	MATCH Category	Measure Type	Population Denominator	HP 2020 Value	State Benchmark	Nationa Benchmark	Desired Direction	Napa County	Difference from the State Value	
	Related	Lack of Social or Emotional Support	2006-12	Social & Economic Factors	Percentage	104 042	n/a	24.6%	20.7%	Below Benchmark	21.0%	-3.60%	
		Access to Mental Health Providers	2014	Clinical Care	Rate	144 030	n/a	157.0	134.1	Above Benchmark	247.2	90.17	
		Violence - Youth Intentional Injury	2011-13	Social & Economic Factors	Rate	15 181	n/a	738.7	no data	Below Benchmark	537.9	-200.77	
		Percent of 11th grade students who felt sad or hopeless almost everyday for 2 weeks or more so that they stopped doing	2011-2013 2013-US	Health Outcomes	Percentage	no data	n/a	32.5%	31.7%	Below Benchmark	32.5%	0.00%	
Obesity/HEAL/ Diabetes	Core	Overweight (Adult)	2011-12	Health Outcomes	Percentage	93 030	n/a	35.9%	35.8%	Below Benchmark	37.0%	1.10%	
		Obesity (Adult)	2012	Health Outcomes	Percentage	103 831	n/a	22.3%	27.1%	Below Benchmark	24.0%	1.68%	
		Overweight (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.3%	no data	Below Benchmark	19.5%	0.21%	
		Obesity (Youth)	2013-14	Health Outcomes	Percentage	4 724	n/a	19.0%	no data	Below Benchmark	14.8%	-4.15%	
		Diabetes Prevalence	2012	Health Outcomes	Percentage	103 923	n/a	8.1%	9.1%	Below Benchmark	6.8%	-1.25%	
		Diabetes Hospitalizations	2011	Health Outcomes	Rate	no data	n/a	10.4	no data	Below Benchmark	7.4	-3.03	
	Related	Percent of adults who have diabetes (20 years old)	2014 2012-US	Health Outcomes	Percentage	no data	n/a	9.3%	12.3%	Below Benchmark	4.3%	-5.00%	
		Heart Disease Prevalence	2011-12	Health Outcomes	Percentage	102 000	n/a	6.3%	no data	Below Benchmark	9.9%	3.60%	
		Mortality - Ischaemic Heart Disease	2010-12	Health Outcomes	Rate	136 484 <= 100.8		163.2	no data	Below Benchmark	152.9	-10.24	
		Mortality - Stroke	2010-12	Health Outcomes	Rate	136 484	n/a	37.4	no data	Below Benchmark	38.0	0.65	
		Low Fruit/Vegetable Consumption (Adult)	2005-09	Health Behaviors	Percentage	101 137	n/a	71.5%	75.7%	Below Benchmark	64.7%	-6.80%	
		Low Fruit/Vegetable Consumption (Youth)	2011-12	Health Behaviors	Percentage	16 000	n/a	47.4%	no data	Below Benchmark	51.6%	4.20%	
		Fruit/Vegetable Expenditures	2014	Health Behaviors	Percentage	no data	n/a	14.1%	12.7%	Above Benchmark	suppressed		
		Soft Drink Expenditures	2014	Health Behaviors	Percentage	no data	n/a	3.6%	4.0%	Below Benchmark	suppressed		
		Food Environment - Fast Food Restaurants	2011	Physical Environment	Rate	136 484	n/a	74.5	72.0	Below Benchmark	63.0	-11.5	
		Food Environment - Grocery Stores	2011	Physical Environment	Rate	136 484	n/a	21.5	21.1	Above Benchmark	27.8	6.33	
		Food Environment - WIC-Authorized Food Stores	2011	Physical Environment	Rate	138 088	n/a	15.8	15.6	Above Benchmark	17.4	1.58	
		Food Security - Food Desert Population	2010	Social & Economic Factors	Percentage	136 484	n/a	14.3%	23.6%	Below Benchmark	13.0%	-1.35%	
		Physical Inactivity (Adult)	2012	Health Behaviors	Percentage	103 786	n/a	16.6%	22.6%	Below Benchmark	13.4%	-3.19%	
		Physical Inactivity (Youth)	2013-14	Health Behaviors	Percentage	4 724	n/a	35.9%	no data	Below Benchmark	31.1%	-4.78%	
		Park Access	2010	Physical Environment	Percentage	136 484	n/a	58.6%	no data	Above Benchmark	57.6%	-0.98%	
		Transit - Walkability	2012	Physical Environment	percentage	no data	n/a	1.7%	2.0%	Below Benchmark	no data		
		Recreation and Fitness Facility Access	2012	Physical Environment	Rate	136 484	n/a	8.7	9.4	Above Benchmark	12.5	3.81	
		Breastfeeding (Any)	2012	Health Behaviors	percentage	1 194	n/a	93.0%	no data	Above Benchmark	97.6%	4.58%	
		Breastfeeding (Exclusive)	2012	Health Behaviors	Percentage	1 194	n/a	64.8%	no data	Above Benchmark	87.3%	22.50%	
		Food Security - School Breakfast Program	2013	Social & Economic Factors	Rate	no data	n/a	3.9	4.2	Below Benchmark	no data		
		Economic Security - Commute Over 60 Minutes	2009-13	Social & Economic Factors	Percentage	61 338	n/a	10.1%	8.1%	Below Benchmark	9.0%	-1.10%	
		Food Security - Food Insecurity Rate	2012	Social & Economic Factors	Percentage	136 644	n/a	16.2%	15.9%	Below Benchmark	12.0%	-4.24%	
		Drinking Water Safety	2012-13	Physical Environment	Percentage	76 453	n/a	2.7%	10.3%	Below Benchmark	14.4%	11.73%	
		Commute to Work - Walking/Biking	2009-13	Health Behaviors	Percentage	64 876	n/a	3.8%	3.4%	Above Benchmark	5.1%	1.32%	
		Diabetes Management (Hemoglobin A1c Test)	2012	Clinical Care	Percentage	11 517	n/a	81.5%	84.6%	Above Benchmark	80.1%	-1.35%	
		Commute to Work - Alone in Car	2009-13	Health Behaviors	Percentage	64 876	n/a	73.2%	76.4%	Below Benchmark	76.1%	2.92%	
		Percent of children age 2-11 drinking one or more sugar sweetened beverages (other than soda) per day	2011-12	Health Behaviors	Percentage	no data	n/a	27.0%	no data	Below Benchmark	18.6%	-8.40%	
		Percent of 5th 7th and 9th graders who are physically fit ** (in the healthy fitness zone for aerobic capacity	2013-14 school year	Health Behaviors	Percentage	no data	n/a	64.1%	no data	Above Benchmark	68.9%	4.78%	
		Walking/Biking/Skating to School	2011-12	Health Behaviors	Percentage	27 778	n/a	43.0%	no data	Above Benchmark	36.0%	-7.00%	
Oral Health	Core	Poor Dental Health	2006-10	Health Outcomes	Percentage	102 821	n/a	11.3%	15.7%	Below Benchmark	7.6%	-3.72%	x
		Dental Care - No Recent Exam (Adult)	2006-10	Clinical Care	Percentage	102 821	n/a	30.5%	30.2%	Below Benchmark	12.4%	-18.07%	
		Dental Care - No Recent Exam (Youth)	2013-14	Clinical Care	Percentage	18 000	n/a	18.5%	no data	Below Benchmark	42.6%	24.10%	
		Absence of Dental Insurance Coverage	2009	Clinical Care	Percentage	96 000	n/a	40.9%	no data	Below Benchmark	43.7%	2.80%	
		Health Professional Shortage Area - Dental	2015 March	Clinical Care	Percentage	136 484	n/a	4.9%	32.0%	Below Benchmark	0.0%	-4.93%	
	Related	Soft Drink Expenditures	2014	Health Behaviors	Percentage	no data	n/a	3.6%	4.0%	Below Benchmark	suppressed		
		Drinking Water Safety	2012-13	Physical Environment	Percentage	76 453	n/a	2.7%	10.3%	Below Benchmark	14.4%	11.73%	
		Dental Care - Lack of Affordability (Youth)	2009	Clinical Care	Percentage	31 000	n/a	6.3%	no data	Below Benchmark	4.1%	-2.20%	
		Access to Dentists	2013	Clinical Care	Rate	140 326	n/a	7745.0%	6318.0%	Above Benchmark	7696.0%	-0.49	

Health Indicators								Benchmarks		Needs Score			Statistically Unstable County Data
Potential Health Needs	Core/Related	Indicators	Data Source Year	MATCH Category	Measure Type	Population Denominator	HP 2020 Value	State Benchmark	National Benchmark	Desired Direction	Napa County	Difference from the State Value	
Overall Health	Core	Poor General Health	2006-12	Health Outcomes	Percentage	104 042	n/a	18.4%	15.7%	Below Benchmark	16.7%	-1.70%	
		Mortality - Premature Death	2008-10	Health Outcomes	Rate	138 088	n/a	5594.0	6851.0	Below Benchmark	5308.0	-286	
		Pneumonia Vaccinations (Age 65)	2006-12	Clinical Care	Percentage	20 336	n/a	63.4%	67.5%	Above Benchmark	68.7%	5.30%	
		Percent of adults age 65 with a physical mental or emotional disability	2014	Health Outcomes	Percentage	no data	n/a	51.0%	no data	Below Benchmark	53.0%	2.00%	
		Population with Any Disability	2009-13	Demographics	Percentage	135 843	n/a	10.1%	12.1%	Below Benchmark	10.8%	0.67%	
Pregnancy and Birth Outcomes	Core	Low Birth Weight	2011	Health Outcomes	Percentage	136 484	n/a	6.8%	no data	Below Benchmark	6.0%	-0.77%	
		Infant Mortality	2006-10	Health Outcomes	Rate	8 265	<= 6.0	5.0	6.5	Below Benchmark	5.4	0.4	
		Lack of Prenatal Care	2011	Clinical Care	Percentage	136 484	n/a	3.1%	no data	Below Benchmark	no data		
		Teen Births (Under Age 20)	2011	Social & Economic Factors	Rate	17 138	n/a	8.5	no data	Below Benchmark	6.0	-2.51	
	Related	Breastfeeding (Any)	2012	Health Behaviors	percentage	1 194	n/a	93.0%	no data	Above Benchmark	97.6%	4.58%	
		Breastfeeding (Exclusive)	2012	Health Behaviors	Percentage	1 194	n/a	64.8%	no data	Above Benchmark	87.3%	22.50%	
Substance Abuse/Tobacco	Core	Food Security - Food Insecurity Rate	2012	Social & Economic Factors	Percentage	136 644	n/a	16.2%	15.9%	Below Benchmark	12.0%	-4.24%	
		Tobacco Usage	2006-12	Health Behaviors	Percentage	104 042	n/a	12.8%	18.1%	Below Benchmark	8.6%	-4.20%	
		Tobacco Expenditures	2014	Health Behaviors	Percentage	no data	n/a	1.0%	1.6%	Below Benchmark	suppressed		
		Alcohol - Excessive Consumption	2006-12	Health Behaviors	Percentage	104 042	n/a	17.2%	16.9%	Below Benchmark	21.3%	4.10%	
	Related	Alcohol - Expenditures	2014	Health Behaviors	Percentage	no data	n/a	12.9%	14.3%	Below Benchmark	suppressed		
		Liquor Store Access	2012	Physical Environment	Rate	136 484	n/a	10.0	10.4	Below Benchmark	36.6	26.61	
		Percent of 11th grade students binge drinking at least once in month prior	2011-13 2013-US	Health Behaviors	Percentage	no data	n/a	20.7%	24.6%	Below Benchmark	22.8%	2.10%	
		Percent of 11th grade students using cigarettes any time within last 30 days	2011-13 2013-US	Health Behaviors	Percentage	no data	<= 21.0%	10.2%	21.1%	Below Benchmark	11.8%	1.60%	
		Percent of 11th grade students reporting marijuana use within the last 30 days	2011-13 2013-US	Health Behaviors	Percentage	no data	n/a	22.0%	25.5%	Below Benchmark	24.9%	2.90%	
Vaccine-Preventable Infectious Disease	Core	Pneumonia Vaccinations (Age 65)	2006-12	Clinical Care	Percentage	20 336	n/a	63.4%	67.5%	Above Benchmark	68.7%	5.30%	
		Percent of kindergarteners with all required immunizations	2014-15	Clinical Care	Percentage	no data	>= 95.0%	90.4%	no data	Above Benchmark	93.7%	3.28%	
Violence/Injury Prevention	Core	Mortality - Homicide	2010-12	Health Outcomes	Rate	136 484	<= 5.5	5.2	no data	Below Benchmark	1.2	-3.98	
		Mortality - Suicide	2010-12	Health Outcomes	Rate	136 484	<= 10.2	9.8	no data	Below Benchmark	12.7	2.93	
		Mortality - Motor Vehicle Accident	2010-12	Health Outcomes	Rate	136 484	<= 12.4	5.2	no data	Below Benchmark	4.0	-1.14	
		Mortality - Pedestrian Accident	2010-12	Health Outcomes	Rate	136 484	<= 1.3	2.0	no data	Below Benchmark	1.1	-0.88	
		Violence - Youth Intentional Injury	2011-13	Social & Economic Factors	Rate	15 181	n/a	738.7	no data	Below Benchmark	537.9	-200.77	
		Violence - Assault (Injury)	2011-13	Social & Economic Factors	Rate	138 519	n/a	290.3	no data	Below Benchmark	193.2	-97.07	
		Violence - Domestic Violence	2011-13	Social & Economic Factors	Rate	61 326	n/a	9.5	no data	Below Benchmark	2.7	-6.78	
		Violence - Assault (Crime)	2010-12	Social & Economic Factors	Rate	137 980	n/a	249.4	246.9	Below Benchmark	308.5	59.1	
	Related	Violence - Robbery (Crime)	2010-12	Social & Economic Factors	Rate	137 980	n/a	149.5	116.4	Below Benchmark	51.0	-98.53	
		Violence - All Violent Crimes	2010-12	Social & Economic Factors	Rate	137 980	n/a	425.0	395.5	Below Benchmark	383.6	-41.37	
		Alcohol - Excessive Consumption	2006-12	Health Behaviors	Percentage	104 042	n/a	17.2%	16.9%	Below Benchmark	21.3%	4.10%	
		Alcohol - Expenditures	2014	Health Behaviors	Percentage	no data	n/a	12.9%	14.3%	Below Benchmark	suppressed		
		Liquor Store Access	2012	Physical Environment	Rate	136 484	n/a	10.0	10.4	Below Benchmark	36.6	26.61	
		Transit - Walkability	2012	Physical Environment	Percentage	no data	n/a	1.7%	2.0%	Below Benchmark	no data		
		Violence - Rape (Crime)	2010-12	Social & Economic Factors	Rate	137 980	n/a	21.0	27.3	Below Benchmark	22.5	1.47	
		Violence - School Suspensions	2013-14	Social & Economic Factors	Rate	41 712	n/a	4.0	no data	Below Benchmark	3.5	-0.53	
		Violence - School Expulsions	2013-14	Social & Economic Factors	Rate	41 712	n/a	0.1	no data	Below Benchmark	0.0	-0.03	
		Percentage of 11th grade students reporting current gang involvement	2012-13	Social & Economic Factors	Percentage	no data	n/a	7.5%	no data	Below Benchmark	8.1%	0.60%	
		Percent of 11th grade students reporting harassment on school property related to their sexual orientation	2011-2013	Social & Economic Factors	Percentage	no data	n/a	7.6%	no data	Below Benchmark	8.3%	0.70%	
		Substantiated allegations of child maltreatment per 1 000 children ages 0-17	2014 2013-US	Social & Economic Factors	Rate/1 000	no data	<=8.5	9.0	9.1	Below Benchmark	8.1	-0.9	
Older Adult Health	Core	Unintentional injuries age-adjusted mortality rate per 100 000 population	2011-13 2013-US	Health Outcomes	Rate	no data	<= 36.4	27.9	39.4	Below Benchmark	30.7	2.8	
		Alzheimer's disease age adjusted mortality rate	2001-13 2013-US	Health Outcomes	Rate/100 000	no data	n/a	30.8	23.1	Below Benchmark	31.0	0.2	
		Percent People 65 years or Older in Poverty (100%FPL)	2009-13	Social & Economic Factors	Percentage	no data	n/a	9.9%	9.4%	Below Benchmark	6.8%	-3.02%	
		Percent of adults age 65 with a physical mental or emotional disability	2014	Health Outcomes	Percentage	no data	n/a	51.0%	no data	Below Benchmark	53.0%	2.00%	
		Elder Index (Single elder head of household) percentage above 100% FPL but below the Elder Index	2011	Social & Economic Factors	Percentage	no data	n/a	30.9%	no data	Below Benchmark	33.4%	2.50%	
		Elder Index (Elder Couple) percentage above 100% FPL but below the Elder Index	2011	Social & Economic Factors	Percentage	no data	n/a	20.7%	no data	Below Benchmark	13.1%	-7.60%	

Health Indicators								Benchmarks		Needs Score			
Potential Health Needs	Core/ Related	Indicators	Data Source Year	MATCH Category	Measure Type	Population Denominator	HP 2020 Value	State Benchmark	National Benchmark	Desired Direction	Napa County	Difference from the State Value	Statistically Unstable County Data
		Pneumonia Vaccinations (Age 65)	2006-12	Clinical Care	Percentage	20 336	n/a	63.4%	67.5%	Above Benchmark	68.7%	5.30%	

Indicator Details			
Indicator	Indicator Variable	Population Denominator	Data source
Absence of Dental Insurance Coverage	Percent Adults Without Dental Insurance	Estimated Total Population Age 18+	University of California Center for Health Policy Research,California Health Interview Survey. 2009.
Access to Dentists	Dentists, Rate per 100,000 Pop.	Total Population, 2013	US Department of Health & Human Services,Health Resources and Services Administration,Area Health Resource File. 2013.
Access to Mental Health Providers	Mental Health Care Provider Rate (Per 100,000 Population)	Estimated Population	University of Wisconsin Population Health Institute,County Health Rankings. 2014.
Access to Primary Care	Primary Care Physicians, Rate per 100,000 Pop.	Total Population, 2012	US Department of Health & Human Services,Health Resources and Services Administration,Area Health Resource File. 2012.
Air Quality - Ozone (O3)	Percentage of Days Exceeding Standards, Pop. Adjusted Average	Total Population	Centers for Disease Control and Prevention,National Environmental Public Health Tracking Network. 2008.
Air Quality - Particulate Matter 2.5	Percentage of Days Exceeding Standards, Pop. Adjusted Average	Total Population	Centers for Disease Control and Prevention,National Environmental Public Health Tracking Network. 2008.
Alcohol - Excessive Consumption	Estimated Adults Drinking Excessively(Age-Adjusted Percentage)	Total Population Age 18+	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2006-12.
Alcohol - Expenditures	Alcoholic Beverage Expenditures, Percentage of Total Food-At-Home Expenditures		Nielsen,Nielsen SiteReports. 2014.
Alzheimer's age adjusted mortality rate	Alzheimer's age adjusted mortality rate	Total Population	CDPH county health profiles/NVSS report, 2011-2013
Asthma - Hospitalizations	Age-Adjusted Discharge Rate (Per 10,000 Pop.)		California Office of Statewide Health Planning and Development,OSHPD Patient Discharge Data. Additional data analysis by CARES. 2011.
Asthma - Prevalence	Percent Adults with Asthma	Survey Population(Adults Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Additional data analysis by CARES. 2011-12.
Breastfeeding (Any)	Percentage of Mothers Breastfeeding (Any)	Total In-Hospital Births	California Department of Public Health,CDPH - Breastfeeding Statistics. 2012.
Breastfeeding (Exclusive)	Percentage of Mothers Breastfeeding (Exclusively)	Total In-Hospital Births	California Department of Public Health,CDPH - Breastfeeding Statistics. 2012.
Cancer Incidence - Breast	Annual Breast Cancer Incidence Rate (Per 100,000 Pop.)	Female Population	National Institutes of Health,National Cancer Institute,Surveillance,Epidemiology,and End Results Program. State Cancer Profiles. 2007-11.
Cancer Incidence - Cervical	Annual Cervical Cancer Incidence Rate (Per 100,000 Pop.)	Female Population	National Institutes of Health,National Cancer Institute,Surveillance,Epidemiology,and End Results Program. State Cancer Profiles. 2007-11.
Cancer Incidence - Colon and Rectum	Annual Colon and Rectum Cancer Incidence Rate (Per 100,000 Pop.)	Total Population	National Institutes of Health,National Cancer Institute,Surveillance,Epidemiology,and End Results Program. State Cancer Profiles. 2007-11.
Cancer Incidence - Lung	Annual Lung Cancer Incidence Rate (Per 100,000 Pop.)	Total Population	National Institutes of Health,National Cancer Institute,Surveillance,Epidemiology,and End Results Program. State Cancer Profiles. 2007-11.
Cancer Incidence - Prostate	Annual Prostate Cancer Incidence Rate (Per 100,000 Pop.)	Male Population	National Institutes of Health,National Cancer Institute,Surveillance,Epidemiology,and End Results Program. State Cancer Profiles. 2007-11.
Cancer Screening - Mammogram	Percent Female Medicare Enrollees with Mammogram in Past 2 Year	Female Medicare Enrollees Age 67-69	Dartmouth College Institute for Health Policy & Clinical Practice,Dartmouth Atlas of Health Care. 2012.

Indicator Details			
Indicator	Indicator Variable	Population Denominator	Data source
Cancer Screening - Pap Test	Percent Adults Females Age 18+ with Regular Pap Test(Age-Adjusted)	Female Population Age 18+	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2006-12.
Cancer Screening - Sigmoid/Colonoscopy	Percent Adults Screened for Colon Cancer (Age-Adjusted)	Total Population Age 50+	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2006-12.
Change in Total Population	Percent Population Change, 2000-2010	Total Population, 2000 Census	US Census Bureau,Decennial Census. 2000 - 2010.
Children Eligible for Free/Reduced Price Lunch	Percent Students Eligible for Free or Reduced Price Lunch	Total Students	National Center for Education Statistics,NCES - Common Core of Data. 2013-14.
Climate & Health - Canopy Cover	Population Weighted Percentage of Report Area Covered by Tree Canopy	Total Population	Multi-Resolution Land Characteristics Consortium,National Land Cover Database 2011. Additional data analysis by CARES. 2011.
Climate & Health - Drought Severity	Percentage of Weeks in Drought (Any)		US,Drought,Monitor.,2012-14.
Climate & Health - Heat Index Days	Percentage of Weather Observations with High Heat Index Values %	Total Weather Observations	National Oceanic and Atmospheric Administration,North America Land Data Assimilation System (NLDAS) . Accessed via CDC WONDER. Additional data analysis by CARES. 2014.
Climate & Health - Heat Stress Events	Heat-related Emergency Department Visits, Rate per 100,000 Population	Number of Heat-related Emergency Room Visits	California Department of Public Health,CDPH - Tracking. 2005-12.
Climate & Health - No Access to Air Conditioning	Percentage of Housing Units with No Air Conditioning	Total Occupied Housing Units (2010)	US Census Bureau,American Housing Survey. 2011, 2013.
Commute to Work - Alone in Car	Percentage of Workers Commuting by Car, Alone	Population Age 16+	US Census Bureau,American Community Survey. 2009-13.
Commute to Work - Walking/Biking	Percentage Walking or Biking to Work	Population Age 16+	US Census Bureau,American Community Survey. 2009-13.
Dental Care - Lack of Affordability (Youth)	Percent Population Age 5-17 Unable to Afford Dental Care	Estimated Total Population Age 5-17	University of California Center for Health Policy Research,California Health Interview Survey. 2009.
Dental Care - No Recent Exam (Adult)	Percent Adults Without Recent Dental Exam	Total Population(Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Additional data analysis by CARES. 2006-10.
Dental Care - No Recent Exam (Youth)	Percent Youth Without Recent Dental Exam	Estimated Total Population Age 2-13	University of California Center for Health Policy Research,California Health Interview Survey. 2013-14.
Diabetes Hospitalizations	Age-Adjusted Discharge Rate (Per 10,000 Pop.)		California Office of Statewide Health Planning and Development,OSHPD Patient Discharge Data. Additional data analysis by CARES. 2011.
Diabetes Management (Hemoglobin A1c Test)	Percent Medicare Enrollees with Diabetes with Annual Exam	Total Medicare Enrollees	Dartmouth College Institute for Health Policy & Clinical Practice,Dartmouth Atlas of Health Care. 2012.
Diabetes Prevalence	Percent Adults with Diagnosed Diabetes(Age-Adjusted)	Total Population Age 20+	Centers for Disease Control and Prevention,National Center for Chronic Disease Prevention and Health Promotion. 2012.
Drinking Water Safety	Percentage of Population Potentially Exposed to Unsafe Drinking Water	Estimated Total Population	University of Wisconsin Population Health Institute,County Health Rankings. 2012-13.
Economic Security - Commute Over 60 Minutes	Percentage of Workers Commuting More than 60 Minutes	Population Age 16+ that Commutes to Work	US Census Bureau,American Community Survey. 2009-13.

Indicator Details			
Indicator	Indicator Variable	Population Denominator	Data source
Economic Security - Households with No Vehicle	Percentage of Households with No Motor Vehicle	Total Occupied Households	US Census Bureau,American Community Survey. 2009-13.
Economic Security - Unemployment Rate	Unemployment Rate	Labor Force	US Department of Labor,Bureau of Labor Statistics. 2015 - June.
Education - Head Start Program Facilities	Head Start Programs Rate (Per 10,000 Children Under Age 5)	Total Children Under Age 5	US Department of Health & Human Services,Administration for Children and Families. 2014.
Education - High School Graduation Rate	Cohort Graduation Rate	Cohort Size	California,Department,of,Education.,2013.
Education - Less than High School Diploma (or Equivalent)	Percent Population Age 25+ with No High School Diploma	Total Population Age 25+	US Census Bureau,American Community Survey. 2009-13.
Education - Reading Below Proficiency	Percentage of Grade 4 ELA Test Score Not Proficient	Total Students with Scores	California,Department,of,Education.,2012-13.
Education - School Enrollment Age 3-4	Percentage of Population Age 3-4 Enrolled in School	Population Age 3-4	US Census Bureau,American Community Survey. 2009-13.
Elder Index from UCLA center for Health Policy Research - economic security for older adults	Elder Index from UCLA center for Health Policy Research - economic security for older adults	Total Adults 65+	UCLA, http://healthpolicy.ucla.edu/programs/health-disparities/elder-health/Documents/Hidden%20Poor%20By%20County.pdf
Federally Qualified Health Centers	Federally Qualified Health Centers, Rate per 100,000 Population	Total Population	US Department of Health & Human Services,Center for Medicare & Medicaid Services,Provider of Services File. June 2014.
Female Population	Percent Female Population	Total Population	US Census Bureau,American Community Survey. 2009-13.
Food Environment - Fast Food Restaurants	Fast Food Restaurants, Rate (Per 100,000 Population)	Total Population	US Census Bureau,County Business Patterns. Additional data analysis by CARES. 2011.
Food Environment - Grocery Stores	Grocery Stores, Rate (Per 100,000 Population)	Total Population	US Census Bureau,County Business Patterns. Additional data analysis by CARES. 2011.
Food Environment - WIC-Authorized Food Stores	WIC-Authorized Food Stores, Rate (Per 100,000 Population)	Total Population (2011 Estimate)	US Department of Agriculture,Economic Research Service,USDA - Food Environment Atlas. 2011.
Food Security - Food Desert Population	Percent Population with Low Food Access	Total Population	US Department of Agriculture,Economic Research Service,USDA - Food Access Research Atlas. 2010.
Food Security - Food Insecurity Rate	Percentage of the Population with Food Insecurity	Total Population	Feeding,America.,2012.
Food Security - Population Receiving SNAP	Percent Population Receiving SNAP Benefits	Total Population	US Census Bureau,Small Area Income & Poverty Estimates. 2011.
Food Security - School Breakfast Program	Average Daily School Breakfast Program Participation Rate	Total Population	US Department of Agriculture,Food and Nutrition Service,USDA - Child Nutrition Program. 2013.
Fruit/Vegetable Expenditures	Fruit / Vegetable Expenditures, Percentage of Total Food-At-Home Expenditures		Nielsen,Nielsen SiteReports. 2014.
Health Professional Shortage Area - Dental	Percentage of Population Living in a HPSA	Total Area Population	US Department of Health & Human Services,Health Resources and Services Administration,Health Resources and Services Administration. March 2015.

Indicator Details			
Indicator	Indicator Variable	Population Denominator	Data source
Health Professional Shortage Area - Primary Care	Percentage of Population Living in a HPSA	Total Area Population	US Department of Health & Human Services,Health Resources and Services Administration,Health Resources and Services Administration. March 2015.
Heart Disease Prevalence	Percent Adults with Heart Disease	Estimated Total Population Age 18+	University of California Center for Health Policy Research,California Health Interview Survey. 2011-12.
High Blood Pressure - Unmanaged	Percent Adults with High Blood Pressure Not Taking Medication	Total Population(Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Additional data analysis by CARES. 2006-10.
Hispanic Population	Percent Population Hispanic or Latino	Total Population	US Census Bureau,American Community Survey. 2009-13.
Housing - Assisted Housing	HUD-Assisted Units, Rate per 10,000 Housing Units	Total Housing Units (2010)	US,Department,of,Housing,and,Urban,Development.,2013.
Housing - Cost Burdened Households	Percentage of Households where Housing Costs Exceed 30% of Income	Total Households	US Census Bureau,American Community Survey. 2010-14.
Housing - Substandard Housing	Percent Occupied Housing Units with One or More Substandard Conditions	Total Occupied Housing Units	US Census Bureau,American Community Survey. 2009-13.
Housing - Vacant Housing	Vacant Housing Units, Percent	Total Housing Units	US Census Bureau,American Community Survey. 2009-13.
Income Inequality	Gini Index Value	Total Households	US Census Bureau,American Community Survey. 2009-13.
Infant Mortality	Infant Mortality Rate (Per 1,000 Births)	Total Births	Centers for Disease Control and Prevention,National Vital Statistics System. Accessed via CDC WONDER. Centers for Disease Control and Prevention,Wide-Ranging Online Data for Epidemiologic Research. 2006-10.
Insurance - Population Receiving Medicaid	Percent of Insured Population Receiving Medicaid	Total Population(For Whom Insurance Status is Determined)	US Census Bureau,American Community Survey. 2014.
Insurance - Uninsured Population	Percent Uninsured Population	Total Population (For Whom Insurance Status is Determined)	US Census Bureau,American Community Survey. 2010-14.
Lack of a Consistent Source of Primary Care	Percentage Without Regular Doctor	Estimated Total Population	University of California Center for Health Policy Research,California Health Interview Survey. 2011-12.
Lack of Prenatal Care	Percent Mothers with Late or No Prenatal Care	Total Population	California Department of Public Health,CDPH - Birth Profiles by ZIP Code. 2011.
Lack of Social or Emotional Support	Percent Adults Without Adequate Social / Emotional Support (Age-Adjusted)	Total Population Age 18+	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2006-12.
Linguistically Isolated Households	Percent Linguistically Isolated Population	Total Population Age 5+	US Census Bureau,American Community Survey. 2009-13.
Liquor Store Access	Liquor Stores, Rate (Per 100,000 Population)	Total Population	US Census Bureau,County Business Patterns. Additional data analysis by CARES. 2012.
Low Birth Weight	Percent Low Birth Weight Births	Total Population	California Department of Public Health,CDPH - Birth Profiles by ZIP Code. 2011.
Low Fruit/Vegetable Consumption (Adult)	Percent Adults with Inadequate Fruit / Vegetable Consumption	Total Population(Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2005-09.

Indicator Details			
Indicator	Indicator Variable	Population Denominator	Data source
Low Fruit/Vegetable Consumption (Youth)	Percent Population Age 2-13 with Inadequate Fruit/Vegetable Consumption	Estimated Total Population Age 2-13	University of California Center for Health Policy Research,California Health Interview Survey. 2011-12.
Male Population	Percent Male Population	Total Population	US Census Bureau,American Community Survey. 2009-13.
Median Age	Median Age	Total Population	US Census Bureau,American Community Survey. 2009-13.
Mental Health - Depression Among Medicare Beneficiaries	Percentage of Medicare Beneficiaries with Depression	Total Medicare Beneficiaries	Centers,for,Medicare,and,Medicaid,Services.,2012.
Mental Health - Needing Mental Health Care	Percentage with Poor Mental Health	Estimated Total Population Age 18+	University of California Center for Health Policy Research,California Health Interview Survey. 2013-14.
Mental Health - Poor Mental Health Days	Average Number of Mentally Unhealthy Days per Month	Total Population(Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. 2006-12.
Mortality - Cancer	Cancer, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Mortality - Homicide	Homicide, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Mortality - Ischaemic Heart Disease	Heart Disease, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Mortality - Motor Vehicle Accident	Motor Vehicle Accident, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Mortality - Pedestrian Accident	Pedestrian Accident, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Mortality - Premature Death	Years of Potential Life Lost, Rate per 100,000 Population	Total Population, 2008-2010 Average	University of Wisconsin Population Health Institute,County Health Rankings. Centers for Disease Control and Prevention,National Vital Statistics System. Accessed via CDC WONDER. 2008-10.
Mortality - Stroke	Stroke, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Mortality - Suicide	Suicide, Age-Adjusted Mortality Rate (per 100,000 Population)	Total Population	University of Missouri,Center for Applied Research and Environmental Systems. California Department of Public Health,CDPH - Death Public Use Data. 2010-12.
Obesity (Adult)	Percent Adults with BMI > 30.0 (Obese)	Total Population Age 20+	Centers for Disease Control and Prevention,National Center for Chronic Disease Prevention and Health Promotion. 2012.
Obesity (Youth)	Percent Obese	Student Population Tested	California Department of Education,FITNESSGRAM® Physical Fitness Testing. 2013-14.
Overweight (Adult)	Percent Adults Overweight	Survey Population(Adults Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Additional data analysis by CARES. 2011-12.
Overweight (Youth)	Percent Overweight	Student Population Tested	California Department of Education,FITNESSGRAM® Physical Fitness Testing. 2013-14.
Park Access	Percent Population Within 1/2 Mile of a Park	Total Population, 2010 Census	US Census Bureau,Decennial Census. ESRI Map Gallery. 2010.

Indicator Details

Indicator	Indicator Variable	Population Denominator	Data source
Percent living in overcrowded housing conditions (>1.5 persons/room)	Percent living in overcrowded housing conditions (>1.5 persons/room)	Total Population	ACS, 2009-2013, table number B25014
Percent of 11th grade students binge drinking at least once in the month prior	Percent of 11th grade students binge drinking at least once in the month prior	11th Grade Students	CHKS/YRBSS, 2011-2013, 2013-US, http://www.cdc.gov/healthyyouth/data/yrbs/results.htm
Percent of 11th grade students reporting driving after drinking (respondent or by friend)	Percent of 11th grade students reporting driving after drinking (respondent or by friend)	11th Grade Students	CHKS/YRBSS, (no other info given)
Percent of 11th grade students reporting harassment on school property related to their sexual orientation	Percent of 11th grade students reporting harassment on school property related to their sexual orientation	11th Grade Students	CHKS, 2011-2013
Percent of 11th grade students reporting marijuana use within the last 30 days	Percent of 11th grade students reporting marijuana use within the last 30 days	11th Grade Students	CHKS/YRBSS, 2011-2013, 2013-US, http://www.cdc.gov/healthyyouth/data/yrbs/results.htm
Percent of 11th grade students using cigarettes any time within last 30 days	Percent of 11th grade students using cigarettes any time within last 30 days	11th Grade Students	CHKS/YRBSS, 2011-2013, 2013-US, http://www.cdc.gov/healthyyouth/data/yrbs/results.htm
Percent of 11th grade students who felt sad or hopeless almost everyday for 2 weeks or more so that they stopped doing some usual activities	Percent of 11th grade students who felt sad or hopeless almost everyday for 2 weeks or more so that they stopped doing some usual activities	11th Grade Students	CHKS/YRBSS, 2011-2013, 2013-US, http://www.cdc.gov/healthyyouth/data/yrbs/results.htm
Percent of adults age 65+ with a physical, mental or emotional disability	Percent of adults age 65+ with a physical, mental or emotional disability	Total Adults 65+	CHIS, 2014
Percent of children age 2-11 drinking one or more sugar sweetened beverages per day	Percent of children age 2-11 drinking one or more sugar sweetened beverages per day	Total Youth 2-11	CHIS policy report
Percent of children ever diagnosed with asthma (ages 17 and below)	Percent of children ever diagnosed with asthma (ages 17 and below)	Total Youth 0-17	CHIS/NHIS
Percent of kindergarteners with all required immunizations	Percent of kindergarteners with all required immunizations	Kindergarten students	CDPH, 2014-15, kindergarten table
Percent People 65 years or Older In Poverty	Percent People 65 years or Older In Poverty	Total Adults 65+	ACS, 2009-2013, table number S1703
Percentage of 11th grade students reporting current gang involvement	Percentage of 11th grade students reporting current gang involvement	11th Grade Students	CHKS, 2011-2013
Pesticide Use - Pounds of Pesticides Applied	Pounds of Agricultural Pesticides Used in 2013	N/A	California Department of Pesticide Regulation (CDPR), Pesticide Use Reporting (PUR) Data. 2013.
Pesticide Use - Rank of Pesticide Use Among CA Counties			California Department of Pesticide Regulation (CDPR), Pesticide Use Reporting (PUR) Data. 2013.
Physical Inactivity (Adult)	Percent Population with no Leisure Time Physical Activity	Total Population Age 20+	Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion. 2012.
Physical Inactivity (Youth)	Percent Physically Inactive	Student Population Tested	California Department of Education, FITNESSGRAM® Physical Fitness Testing. 2013-14.
Pneumonia Vaccinations (Age 65+)	Percent Population Age 65+ with Pneumonia Vaccination (Age-Adjusted)	Total Population Age 65+	Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services, Health Indicators Warehouse. 2006-12.
Poor Dental Health	Percent Adults with Poor Dental Health	Total Population (Age 18+)	Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System. Additional data analysis by CARES. 2006-10.

Indicator Details

Indicator	Indicator Variable	Population Denominator	Data source
Poor General Health	Percent Adults with Poor or Fair Health (Age-Adjusted)	Total Population Age 18+	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2006-12.
Population with Any Disability	Percent Population with a Disability	Total Population (For Whom Disability Status Is Determined)	US Census Bureau,American Community Survey. 2009-13.
Population with Limited English Proficiency	Percent Population Age 5+ with Limited English Proficiency	Total Population	US Census Bureau,American Community Survey. 2009-13.
Poverty - Children Below 100% FPL	Percent Population Under Age 18 in Poverty	Total Population	US Census Bureau,American Community Survey. 2010-14.
Poverty - Population Below 100% FPL	Percent Population in Poverty	Total Population	US Census Bureau,American Community Survey. 2010-14.
Poverty - Population Below 200% FPL	Percent Population with Income at or Below 200% FPL	Total Population	US Census Bureau,American Community Survey. 2010-14.
Preventable Hospital Events	Age-Adjusted Discharge Rate (Per 10,000 Pop.)		California Office of Statewide Health Planning and Development,OSHPD Patient Discharge Data. Additional data analysis by CARES. 2011.
Prostate cancer age adjusted mortality rate	Prostate cancer age adjusted mortality rate	Total Population	CDPH county health profiles/NVSS report, 2011-2013
Recreation and Fitness Facility Access	Recreation and Fitness Facilities, Rate (Per 100,000 Population)	Total Population	US Census Bureau,County Business Patterns. Additional data analysis by CARES. 2012.
Soft Drink Expenditures	Soda Expenditures, Percentage of Total Food-At-Home Expenditures		Nielsen,Nielsen SiteReports. 2014.
STD - Chlamydia	Chlamydia Infection Rate (Per 100,000 Pop.)	Total Population	US Department of Health & Human Services,Health Indicators Warehouse. Centers for Disease Control and Prevention,National Center for HIV/AIDS,Viral Hepatitis,STD,and TB Prevention. 2012.
STD - HIV Hospitalizations	Age-Adjusted Discharge Rate (Per 10,000 Pop.)		California Office of Statewide Health Planning and Development,OSHPD Patient Discharge Data. Additional data analysis by CARES. 2011.
STD - HIV Prevalence	Population with HIV / AIDS, Rate (Per 100,000 Pop.)	Total Population	US Department of Health & Human Services,Health Indicators Warehouse. Centers for Disease Control and Prevention,National Center for HIV/AIDS,Viral Hepatitis,STD,and TB Prevention. 2010.
STD - No HIV Screening	Percent Adults Never Screened for HIV / AIDS	Survey Population(Smokers Age 18+)	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Additional data analysis by CARES. 2011-12.
Substantiated allegations of child maltreatment per 1,000 children ages 0-17	Substantiated allegations of child maltreatment per 1,000 children ages 0-17	Total Youth 0-17	UC Berkeley/child maltreatment 2013 publication from Children's Bureau, http://cssr.berkeley.edu/ucb_childwelfare/refRates.aspx
Teen Births (Under Age 20)	Teen Birth Rate (Per 1,000 Female Pop. Under Age 20)	Female PopulationUnder Age 20	California Department of Public Health,CDPH - Birth Profiles by ZIP Code. 2011.
Tobacco Expenditures	Cigarette Expenditures, Percentage of Total Household Expenditures		Nielsen,Nielsen SiteReports. 2014.
Tobacco Usage	Percent Population Smoking Cigarettes(Age-Adjusted)	Total Population Age 18+	Centers for Disease Control and Prevention,Behavioral Risk Factor Surveillance System. Accessed via the Health Indicators Warehouse. US Department of Health & Human Services,Health Indicators Warehouse. 2006-12.
Total Population	Population Density (Per Square Mile)	Total Population	US Census Bureau,American Community Survey. 2009-13.

Indicator Details

Indicator	Indicator Variable	Population Denominator	Data source
Transit - Public Transit within 0.5 Miles	Percentage of Population within Half Mile of Public Transit	Total Population	Environmental Protection Agency,EPA Smart Location Database. 2011.
Transit - Road Network Density	Total Road Network Density (Road Miles per Acre)	Total Area (Acres)	Environmental Protection Agency,EPA Smart Location Database. 2011.
Transit - Walkability	Percent Population Living in Car Dependent (Almost Exclusively) Cities		Walk_Score®,2012.
Unintentional injuries age adjusted mortality rate	Unintentional injuries age adjusted mortality rate	Total Population	CDPH county health profiles/NVSS report, 2011-2013
Violence - All Violent Crimes	Violent Crime Rate (Per 100,000 Pop.)	Total Population	Federal Bureau of Investigation,FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2010-12.
Violence - Assault (Crime)	Assault Rate (Per 100,000 Pop.)	Total Population	Federal Bureau of Investigation,FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2010-12.
Violence - Assault (Injury)	Assault Injuries, Rate per 100,000 Population	Total Population	Federal Bureau of Investigation, FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2009-11.
Violence - Domestic Violence	Domestic Violence Injuries, Rate per 100,000 Population (Females Age 10+)	Females Age 10+	Federal Bureau of Investigation, FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2009-11.
Violence - Rape (Crime)	Rape Rate (Per 100,000 Pop.)	Total Population	Federal Bureau of Investigation,FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2010-12.
Violence - Robbery (Crime)	Robbery Rate (Per 100,000 Pop.)	Total Population	Federal Bureau of Investigation,FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2010-12.
Violence - School Expulsions	Expulsion Rate	Total Student Enrollment	California,Department,of,Education.,
Violence - School Suspensions	Suspension Rate	Total Student Enrollment	California,Department,of,Education.,
Violence - Youth Intentional Injury	Intentional Injuries, Rate per 100,000 Population (Youth Age 13 - 20)	Total Youth Age 13-20	Federal Bureau of Investigation, FBI Uniform Crime Reports. Additional analysis by the National Archive of Criminal Justice Data. Accessed via the Inter-university Consortium for Political and Social Research. 2009-11.
Walking/Biking/Skating to School	Percentage Walking/Skating/Biking to School	Estimated Total Population Age 5-17	University of California Center for Health Policy Research,California Health Interview Survey. 2011-12.

Napa County Community Health Needs Assessment

Appendix C. Community Input Tracking Form

Data Collection Method	Title/Name	Number	Target Group(s) Represented* (interviewee or at least one participant in the focus group self-identified as a leader, member, or representative of the following populations)					Date Input Was Gathered
Meeting, focus group, interview, survey, written correspondence, etc.	Respondent's title/role and name or focus group population	Number of participants	Health Department representative	Chronic Condition	Minority	Medically underserved	Low-income	Date of data collection
Interview	Executive Director, First 5 Napa County	1						10/8/15
Interview	Executive Director, Up Valley Family Centers	1			X	X	X	10/5/15
Interview	Director, Napa County Health & Human Services	1	X	X	X	X	X	10/2/15
Interview	Program Director, South Napa Shelter	1					X	9/23/15
Interview	Mayor, American Canyon	1			X	X	X	10/7/15
Interview	Director, American Canyon Family Resource Center	1			X	X	X	10/6/15
Interview	Previous Executive Director, On the Move	1			X		X	9/17/15
Interview	Program Director, Napa Valley Hospice and Adult Day Services	1			X			10/5/15

Napa County Community Health Needs Assessment

Appendix C. Community Input Tracking Form

Meeting, focus group, interview, survey, written correspondence, etc.	Respondent's title/role and name or focus group population	Number of participants	Health Department representative	Chronic Condition	Minority	Medically underserved	Low-income	Date of data collection
Interview	Lead Facilitator, Napa Valley Hospice and Adult Day Services	1						9/29/15
Interview	Executive Director, Napa Emergency Women's Services	1			X		X	10/16/15
Interview	Program Director, VOICES/On The Move	1			X	X	X	10/14/15
Interview	Director, Napa Valley Unified School District Student Services	1		X	X	X	X	10/2/15
Interview	CEO, Queen of the Valley	1		X	X	X	X	10/6/15
Interview	CEO, St. Helena Hospital Napa Valley	1		X	X	X	X	10/7/15
Interview	Physician In Charge, Kaiser Permanente Napa Solano	1		X	X	X	X	10/6/15
Interview	CEO, Clinic Ole Federally Qualified Health Center	1						9/21/15
Interview	Public Health Officer, Napa County Health & Human Services	1	X					11/4/15
Interview	Public Health Officer, California Health Workforce	1	X	X	X	X	X	10/20/15

Napa County Community Health Needs Assessment

Appendix C. Community Input Tracking Form

Meeting, focus group, interview, survey, written correspondence, etc.	Respondent's title/role and name or focus group population	Number of participants	Health Department representative	Chronic Condition	Minority	Medically underserved	Low-income	Date of data collection
Focus Group	Calistoga; Latino Population	10		X	X	X		10/13/15
Focus Group	Calistoga; Older Adult Population	13		X	X	X		10/13/15
Focus Group	County-wide; Youth Population	10		X	X	X		10/15/15
Focus Group	American Canyon; General Population	14		X	X	X		10/21/15

* Indicates self-identification of interviewees or focus group participants as a leader, member, or representative of each specified population. In some cases, individuals did not self-identify as a representative of any of the listed groups.

Napa County Community Health Needs Assessment

Appendix D. Primary Data Collection Protocols Napa County Key Informant Interview Protocol FINAL

Introduction

Hello, my name is _____ and I work for Harder+Company Community Research/Raimi+Associates. We are working with Napa County Public Health and several Napa non-profit hospitals on a comprehensive community health assessment, including Kaiser Permanente, Queen of the Valley Medical Center, County of Napa, and St. Helena Hospital.

You have been identified as an individual with extensive and important knowledge of the *[Napa County Community / Specific subpopulation of Napa County]* that can help us with the CHNA -- to help ensure that we get a clear picture of health-related issues that impact our Napa County residents. We are very interested in having you share thoughts and ideas that go beyond access to medical care, taking into consideration social, economic, and environmental factors that impact health. Your input will inform the development of the CHNA as well as a community health implementation plan for all of Napa County

This interview will take about 30-45 minutes. Our discussion today will be incorporated into the Community Health Needs Assessment for Napa County. Everything we talk about today is confidential. That means that when I write up a report of what was said, I won't use your name or any other information to identify who you are. However, there is always a chance that someone is able to identify what you said.

Do you have any questions so far?

Before we start talking about the specifics, I want to make sure you know that, during this interview: There is no right or wrong answer, just your ideas.

It's ok if you don't have an answer or opinion about a particular question. It is just as important for us to know that too. "I don't know" is an ok thing to say. And finally,

If at any time while we are talking you are not sure what I mean or have questions, do not hesitate to ask questions and let me know.

I would like to take notes and record during the interview so that I make sure that I get your statements exactly how you stated them.

Is it ok for me to take notes? Great! Just as a reminder, since I will be typing notes, there might be some short delays to make sure I am able to capture everything you say.

Is it ok for me to record our conversation?

Before we begin, do you have any questions?

Questions

a) Would you give me a brief description of your organization, and your role there?

b) Within Napa County, what geographic area do you primarily serve?

1. a) What are the *most important health needs* that have the greatest impact on overall health in Napa County?

b) What are the specific populations that are most adversely affected by the health problems you just mentioned?

c) The following were identified as priority health issues during the previous CHNA process in 2013:

1. Drug and Alcohol Abuse
2. Inactivity/lack of exercise
3. Unsafe roads/Sidewalk conditions
4. Mental health issues
5. Agricultural pesticides

Can you tell me how aware you are of these health issues? How do they impact overall health in Napa County? In what ways have these health issues changed in recent years?

d) What existing community assets and resources could be used to address these health issues and inequities [and the health issues you think are most important]?

2. a) What health behaviors do you think have the biggest influence on the issues we just discussed in your community?

b) The following were identified as significant health behaviors during the previous CHNA process in 2013:

- a. Binge drinking (In 2009, 38% of adults in Napa reported binge drinking at least once in the past year)
- b. Tobacco use (13.8% of adults were current tobacco users)
- c. Child consumption of sugary beverages (41% of children between ages 2-11 were drinking 1 or more sugar sweetened beverages every day)
- d. Inadequate consumption of fruits and vegetables among children (55% of children in Napa County were eating the recommended amount of fruits and vegetables on a daily basis)
- e. Harassment among youth (In 2011-2012, 27% of 11th graders and 33% of 9th graders reported being harassed on school property during the previous 12 months)

Can you tell me how aware you are of these health behaviors? How do they impact overall health in Napa County? In what ways have these health behaviors changed in recent years?

c) What existing community assets and resources could be used to address these health issues and inequities [i.e. the health issues we just mentioned or those you identified earlier]?

3. a) Are you aware of social factors that influence on the issues we've discussed for your clients/your community? If so, what social issues have the largest influence on these health issues?

b) Are you aware of economic factors that influence the issues we've discussed for your clients/your community? If so, what economic issues have the largest influence on these health issues?

c) The following were identified as socioeconomic conditions in Napa during the previous CHNA process in 2013:

1. Lack of health insurance (In 2011, an estimated 15.8% of Napa residents were uninsured)
2. Food insecurity (In 2009, 52.2% of households in Napa with incomes below 200% of the Federal Poverty Line reported being food insecure)
3. Lack of access to public transportation (In 2013, populations in the Northeastern region of the county did not have access to public transportation service)
4. Performance in school, especially among English Language Learners (45% of 3rd graders and 62% of 4th graders earned a proficient or advanced score in English Language Arts during 2011-2012 school year. Only 15% of English Language Learners earned a proficient or advanced score.)
5. High school dropout among Hispanics/Latinos, English Language Learners, Special Education students, and socioeconomically disadvantaged students (In 2010-2011, the Napa County high school dropout rate was 13.3%. This rate was higher among Hispanics/Latinos, English Language Learners, Special Education students, and socioeconomically disadvantaged students.)

Can you tell me how aware you are of these socioeconomic conditions? How do they impact overall health in Napa County? In what ways have these conditions changed in recent years?

d) What existing community resources could be used to address these health issues and inequities?

4. a) Are you aware of environmental factors that influence the issues we've discussed for your clients/your community? If so, which factors have the biggest influence on overall health in your community?

b) The following were identified as environmental conditions in Napa during the previous CHNA process in 2013:

1. Pollution (From 2007-2009, Napa County experienced an average annual ambient fine particulate matter of 8.5mg/m³, compared to CA 11.7 mg/m³. The mean number of unhealthy days of ozone exposure was 0.21 during 2007-2009.)
2. Pesticide usage (In 2009, 1,542,059 pounds of pesticides were applied in Napa.)
3. Adequate recreational facilities (Napa County had 13.2 recreational facilities per 100,000 people.)
4. Access to grocery stores (Napa County had 27.8 grocery stores per 100,000 people.)

Can you tell me how aware you are of these environmental factors? How do they impact overall health in Napa County? In what ways have these conditions changed?

c) What existing community resources could be used to address these health issues and inequities?

5. What are the challenges Napa County faces in addressing the health needs you mentioned previously?
 - a. Are there any current trends that may have an important impact on the health of Napa County residents?

- b. Are there any challenges that may impact economic opportunities in the community? Access to health care services? Community engagement? Public safety?
- 6. a) Do you have suggestions for systems-level collaborations or changes that could help to address the inequities we just talked about?

b) Looking across all sectors, who are some current or potential community partners that we have not yet engaged who could help to impact these issues?

We have a brief demographics question we would like to ask. These are strictly for tracking purposes and you do not have to answer these questions if you don't want to.

- 7. Do you identify as a leader, representative, or member of any of the following communities? Please select all that apply.
 - ☐ Individuals with chronic conditions
 - ☐ Minorities
 - ☐ Medically underserved
 - ☐ Low-income

Those are all the questions I have for you today. Do you have anything else you would like to add?

Thank you for taking the time to have this conversation! The information that you provided will be very helpful not only for the needs assessment but also in crafting actions to address those needs.

Napa County Community Health Needs Assessment

Focus Group Protocol

FINAL

Hi everyone. My name is _____ and I will be facilitating today's group. This is _____ and he/she will be taking notes and may jump in with any additional questions throughout the group.

First, we want to thank you for agreeing to be a part of this discussion, which will last about 1-2 hours. Napa County healthcare workers really want to improve the health of your community, and many of those people are sitting at the table together to think about the best ways to do this. The information we gather today will be used as part of a collaborative needs assessment that will help Kaiser Permanente, Queen of the Valley, Adventist Health, and Napa County Public Health to work together to determine what they can do to improve health in Napa County. Additionally, as a part of the Affordable Care Act, the federal government requires nonprofit hospitals to conduct community health needs assessments every three years, and to use the results of these assessments to implement plans to improve community health. This assessment will also fulfill this requirement for the hospitals. Harder+Company and Raimi+Associates are the organizations leading the assessment for the nonprofit hospitals in your area.

In this health needs assessment, we want to be sure to bring in voices that are not always represented. One of the reasons we are having this focus group is because we are really interested in the needs of *[XX group across the county/The community in XX location]*. Please keep this lens in mind as we talk about your experience in your community.

Before we begin, I'd like to talk about a few guidelines for our discussion.

- There are no right or wrong answers.
- Every opinion counts. We will respect other's opinions. It is perfectly fine to have a different opinion than others in the group, and you are encouraged to share your opinion even if it is different.
- Everyone should have an equal chance to speak. Please speak one at a time and do not interrupt anyone else.
- Do not hesitate to ask questions if you are not sure what we mean by something.
- Because we have a limited amount of time and a lot to discuss, I may need to interrupt you to give everyone a chance to speak, or to get to all the questions.
- What's said here, stays here. Everything we discuss today is completely confidential. We will summarize what the group had to say, but will not tell anyone who said what. Your names will never be mentioned. We also ask that you not repeat what is said here outside this room.
- We'd also like to record our conversation. Our note taker will be taking notes so that we remember what people had to say, but we'd also like to record the conversation to ensure we have the most accurate information possible. Is that okay?

How do these guidelines sound to everyone? Do you have any questions before we begin?

Introductions/Background

- 1) Let's start by introducing ourselves. Please tell us very briefly your first name, the town/city you live in, and one thing that you are proud of about your community.

Quality of life in community

- 2) Briefly, please describe what it is like to live in your community.
- 3) From your perspective, what are the biggest health issues among [criteria of this FG, e.g. the Latino community in Calistoga]?
 - 3a. Of the health issues you've mentioned, which would you say are the most important or urgent to address? Why?
- 4) What do you think are some of the biggest reasons why these health issues occur in your community?
 - 4b. What things keep you and your family from being as healthy as they could be?
- 5) From your perspective, what health services are lacking for you and the people you know in your community?
- 5b) From your perspective, what health services are difficult to access for you and the people you know in your community?
 - Follow up: What other challenges keep individuals from seeking help?
- 6) Has the Affordable Care Act [may also be known as Covered California, Obamacare] had any impact on you or the people you know in your community?

Community Assets, Barriers, and Gaps

- 7) Outside of healthcare, what resources exist in your community to help you and the people you know to live healthy lives?

7a. What are the barriers to accessing these resources?

7b. What resources are missing?

What is needed to improve health?

- 8) What do you think is [or who is] needed to improve your health or the health of the people you know in your community?
- 9) Is there anything else you would like to share with our team about the health of your community [that hasn't already been addressed]?

Please make sure to fill out the quick survey before you leave!
Thank you so much for your time!

Thank you for participating in today's discussion group. We would like to ask you a few questions to understand who attended our groups. This survey is VOLUNTARY which means that do not have to participate. It is anonymous- your answers will not be tied to your name or any other personal information and we will report answers of the group as a whole.

1. What race/ethnicity do you identify as? (Please select all that apply.)

- | | |
|---|---|
| <input type="checkbox"/> Black/African American | <input type="checkbox"/> Asian (if checked, please select a choice below): |
| <input type="checkbox"/> White/Caucasian | <input type="radio"/> Cambodian <input type="radio"/> Chinese <input type="radio"/> Korean |
| <input type="checkbox"/> Hispanic/Latino | <input type="radio"/> Hmong <input type="radio"/> Pakistani <input type="radio"/> Laotian |
| <input type="checkbox"/> Native American | <input type="radio"/> Vietnamese <input type="radio"/> Japanese <input type="radio"/> East Indian |
| | <input type="radio"/> Filipino <input type="radio"/> Thai <input type="radio"/> Native Hawaiian or Pacific Islander |
| | <input type="radio"/> Other: _____ |

2. What is your current gender identity? (Check one that best describes your current gender identity.)

- | | | |
|---|--------------------------------------|---|
| <input type="checkbox"/> Male | <input type="checkbox"/> Female | <input type="checkbox"/> Genderqueer / Gender non-conforming |
| <input type="checkbox"/> Trans man | <input type="checkbox"/> Trans woman | <input type="checkbox"/> Another gender identity (Fill in the blank.) |
| <input type="checkbox"/> Declined to answer | | _____ |

3. Do you consider yourself to be...? (Check one that best describes your current sexual orientation.)

- | | | |
|---|----------------------------------|--|
| <input type="checkbox"/> Heterosexual or straight | <input type="checkbox"/> Lesbian | <input type="checkbox"/> Gay |
| <input type="checkbox"/> Bisexual | <input type="checkbox"/> Queer | <input type="checkbox"/> Another identity (Fill in the blank.) |
| <input type="checkbox"/> Declined to answer | | _____ |

4. Do you identify as a person with chronic conditions, or a leader or representative of individuals with chronic conditions?

- | | | |
|------------------------------|-----------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Declined to answer |
|------------------------------|-----------------------------|---|

5. What is your age group?

- | | |
|--------------------------------|--------------------------------|
| <input type="checkbox"/> 14-24 | <input type="checkbox"/> 45-64 |
| <input type="checkbox"/> 25-44 | <input type="checkbox"/> 65+ |

6. What is the zip code where you live?

NEXT PAGE →

7. Have you ever served in the U.S. armed forces?

- ☐ Yes
☐ No
☐ Declined to answer

8. An Advance Directive for Health Care is a document in which you can write down your health care choices and name a person you trust to speak for you about health care matters. Do you have an Advance Directive for Health Care?

- ☐ Yes ☐ No
☐ Don't know ☐ Declined to answer

9. What would you estimate your monthly household income is?

- | | |
|---|---|
| <input type="checkbox"/> \$0 to \$4,999 | <input type="checkbox"/> \$35,000 to \$44,999 |
| <input type="checkbox"/> \$5,000 to \$9,999 | <input type="checkbox"/> \$45,000 to \$54,999 |
| <input type="checkbox"/> \$10,000 to \$14,999 | <input type="checkbox"/> \$55,000 to \$64,999 |
| <input type="checkbox"/> \$15,000 to \$19,999 | <input type="checkbox"/> \$65,000 to \$74,999 |
| <input type="checkbox"/> \$20,000 to \$24,999 | <input type="checkbox"/> \$75,000 to \$99,999 |
| <input type="checkbox"/> \$25,000 to \$34,999 | <input type="checkbox"/> \$100,000 and Over |

10. How many people, including you, live in your house (this includes everyone related to each other by blood, marriage or a marriage-like relationship including partners and foster children)?

Thank you for completing this survey!

Napa County Community Health Needs Assessment

Appendix E. Prioritization Scoring Matrix

Instructions: For each health need, write down a score between 1 to 7 for each criterion (1 being the lowest and 7 being the highest score possible). For example, if an issue is nearly impossible to prevent, it could be assigned a 1 in "Prevention" but may receive a score of 6 in "Severity". You will then use the clickers to indicate your score for each health need and criterion. Once everyone scores each health need, the scores will be averaged and multiplied by the weighting value to determine an overall score for each health need.

Health Need	Severity	Disparities	Prevention	Co-Benefit
	2	2	1	1
Access to Primary and Oral Health Care				
Economic and Housing Insecurity				
Education				
Cancers				
Mental Health				
Substance Abuse				
Obesity and Diabetes				

Appendix F. Napa County Asset Inventory

Type	Organization	Address	Phone	Website	Services
Education - Alternative Education and Public Schools	St. Helena Unified School District	465 Main St., St. Helena, CA 94574	707-967-2708	http://sthelenaunified.org/	St. Helena Primary School, St. Helena Elementary School, Robert Louis Stevenson Middle School, St. Helena High School
	Napa Valley Unified School District	2425 Jefferson St., Napa, CA 94558	707-253-3715	http://www.nvUSD.k12.ca.us/	Pueblo Vista Magnet School, Vichy Elementary School
	Calistoga Joint Unified School District	1520 Lake Street, Calistoga, CA 94515	707-942-4703	http://www.calistogaschools.org/	Calistoga Elementary School, Calistoga Junior/Senior High, Palisades High School
	UpValley Family Center, St. Helena	1440 Spring St., St. Helena, CA 94574	707-963-1919	http://upvalleyfamilycenters.org/	Promotoras Program, Lunch and Learn for Older Adults
	UpValley Family Center, Calistoga	1500 Cedar St., Calistoga CA 94515	707-942-6206	http://upvalleyfamilycenters.org/	Promotoras Program, Lunch and Learn for Older Adults
	Napa County Office of Education	2121 Imola Ave, Napa, CA 94559	707-253-6810	http://www.napacoe.org/	Community seminars about alcohol and drug abuse, Safe Routes to School
	Healthy Cooking with Kids	P.O. Box 183, Benicia, CA 94510	707-205-5572	http://www.healthycookingwithkids.net/	A part of the Nutrition Education and Obesity Prevention (NEOP) Program which is a U.S. Department of Agriculture and California Department of Public Health funded initiative aimed at combating obesity in low income California. In Napa County, HCK, Inc. is responsible for executing activities as a recipient of the NEOP Grant.
Older Adult Services	Rianda House	1475 Main St., St. Helena CA 94574	707-963-8555	http://riandahouse.org/	In the heart of St. Helena, Rianda House offers a one-stop shop approach to connect our community's senior population to the programs, services and resources needed to support independence and successful aging.
	Area Agency on Aging Napa and Solano	1443 Main St. #125, Napa, CA 94559	707-255-5328	http://www.aaans.org/	Area Agency on Aging (AAoA) serves Napa and Solano Counties. It is one of 33 similar programs in California. Their role is to plan, coordinate, and advocate for the development of local programs to meet the needs of older persons, persons with disabilities, and their caregivers.
Faith-based Institutions	Pacific Union College	1 Angwin Ave., Angwin, CA 94508	707-965-6311	https://www.puc.edu/	Pacific Union College is a private liberal arts college located in Napa Valley. They put on various amounts of athletic events throughout the year that benefit the community.
	The Haven Seventh-day Adventist Church	15 Woodland Rd., St. Helena, CA 94574	707-963-1497	http://www.thehavennapavalley.org/	The mission of The Haven is to experience our Lives Changing... Not by what we do, but by how we acknowledge the power of the Holy Spirit working in our community.
Health and Safety -- Fire	Saint Helena Fire Department	1480 Main St., St. Helena, CA 94574	707-967-2880	http://www.ci.st-helena.ca.us/fire	It is the mission of the members of the St. Helena Fire Department to provide efficient cost effective emergency services including: fire protection, both prevention and suppression; public life safety education; emergency medical and rescue services; response to natural and man made disasters; and respond to incidents involving hazardous materials.
	Calistoga City Fire Department	1113 Washington St., Calistoga, CA 94515	707-942-2822	http://www.ci.calistoga.ca.us/city-hall/departments-services/fire-department	The mission of the Calistoga Fire Department is to provide those services to the residents and visitors of greater Calistoga which protects their lives, property and environment from medical emergencies, hazardous materials, incidents, and disasters
Health and Safety -- Public Health and Safety	St. Helena Police Department	1480 Main St., St. Helena, CA 94574	707-967-2850	http://www.ci.st-helena.ca.us/content/police	The police department is committed to providing excellent service to the St. Helena community
	Napa County Health and Human Services	2751 Napa Valley Corporate Dr., Napa, CA 94558	707-253-4279	http://www.countyofnapa.org/hhsa/	HHS provides services that help better the greater whole of the community that includes: alcohol and drug services, comprehensive services for older adults, child welfare services, mental health, public health, and self sufficiency services.
	Calistoga Police Department	1234 Washington St., Calistoga, CA 94515	707-942-2810	http://www.ci.calistoga.ca.us/city-hall/departments-services/police	The Calistoga Police Department is dedicated to maintaining a positive and productive relationship with all segments of the community with a goal of ensuring that Calistoga remains a safe and pleasant community for our residents and visitors alike.
Recreation, Sports, Leisure, Athletics	St. Helena Chamber of Commerce	657 Main St., St. Helena, CA 94574	707-963-4456	https://www.sthelena.com/chamber-of-commerce	A useful resource for the community in all aspects. They are a member-based association of business people organized to enhance the local economy and the St. Helena brand for the direct and indirect benefit of its members and the community.
	Calistoga Chamber of Commerce	1133 Washington St., Calistoga, CA 94515	707-942-6333	http://visitcalistoga.com/	Calistoga's chamber of commerce is dedicated to being a resource for the community while maintaining its history http://visitcalistoga.com/
	St. Helena Recreation Department	1360 Oak Ave., St. Helena, CA 94574	707-968-9222	http://www.ci.st-helena.ca.us/parks-recreation	The City of St. Helena Recreation Department's mission is to enrich resident lives through providing quality recreation programs and services and to provide safe and well-maintained facilities and parks, while anticipating the changing needs of the community. The department provides programs in aquatics, youth and adult sports, community classes and events, youth and teen programs, after-school and educational programs, and summer camps.

Appendix G.

2016 CHNA approval

This community health needs assessment was adopted on October 18, 2016 by the Adventist Health System/West Board of Directors. The final report was made widely available on December 31, 2016.

CHNA/CHP contact:

Suwanna Vatananan
Manager, Communications

Phone: 707-963-6412
Email: vatanas1@ah.org

St. Helena Hospital, Napa Valley
10 Woodland Road,
St. Helena, CA 94574

Request a copy, provide comments or view electronic copies of current and previous community health needs assessments: <https://www.adventisthealth.org/pages/about-us/community-health-needs-assessments.aspx>



Adventist Health
St. Helena

Adventist Health
Vallejo



2019



Adventist Health St. Helena
Adventist Health Vallejo
Community Health Needs Assessment



2019 Community Health Needs Assessment

Adventist Health St. Helena and
Adventist Health Vallejo

Ms. Karla Newton, Community Health
Project Manager

With technical assistance from:

Laura Acosta, MPH
HC2 Strategies, Inc.

James Martinez, Ed.D., MPH

Smith Hill Global Consulting, LLC



Table of Contents

Executive Summary.....	4
Acknowledgments.....	6
Letter from President.....	7
Introduction.....	8
Community Profile	12
CHNA Overview	18
Social & Economic Factors	20
Health System	28
Public Health and Prevention	36
Physical Environment	40
Voices from the Community.....	43
Prioritization of Health Needs	49
Addressing Identified Needs.....	53
2016 Evaluation	54
Approval	67
Appendices.....	
A: Qualifications of Consultants.....	68
B: Glossary of Terms	69
C: Data Sources Cited	74
D: Description of Key Informants and Focus Groups.....	75
E: Asset Inventory and Community Resources.....	78

Executive Summary

Empowering our Communities

Adventist Health St. Helena (AHS) and Adventist Health Vallejo (AHV) would like to thank you for the opportunity to work with our communities to conduct a formal Community Health Needs Assessment to acquire knowledge of the pressing health needs, identify community assets, and hear from all members of the community. This CHNA will help us develop strategies to address the priority needs of the communities we serve. The goals of this assessment are to:

- Engage public health and community stakeholders, including low-income, minority and other under served populations.
- Assess and understand the community's health issues and needs.
- Understand the health behaviors, risk factors and social determinants that impact health.
- Identify community resources and collaborate with community partners to develop collective strategies.
- Use findings to develop and implement a Community Health Plan (implementation strategy) based on the hospital's prioritized issues.

Partnering with our Communities for Better Health

While conducting the CHNA, we solicited feedback and input from a broad range of stakeholders. Contributors to our CHNA process included:

- Abode Services
- Rianda House
- Napa Valley Unified School District - St. Helena School District
- Up Valley Family Centers

Data Sources

Primary and secondary data sources are included in this report. A significant portion of the data for this assessment was collected through reports generated through CARES Engagement Network CHNA (<https://engagementnetwork.org/assessment/>). Other sources include California Department of Public Health, County Health Rankings & Road maps, and California Environmental Protection Agency's Office of Environmental Health Hazard Assessment. When feasible, health metrics have been further compared to estimates for the state or national benchmarks, such as the Healthy People 2020 objectives.

Adventist Health St. Helena and Adventist Health Vallejo worked to identify relevant key informants and topical focus groups to gather more insightful data and aid in describing the community. Key informants and focus groups were purposefully chosen to represent medically under-served, low-income, or minority populations in our community, to better direct our investments and form partnerships. All limitations inherent in these sources remain present for this assessment. Results of the qualitative analysis, as well as a description of participants, can be found in Appendix D.

Top Priorities Identified in Partnership with our Communities

On September 24, 2019, HC2 Strategies, Inc. facilitated a strategy meeting with the Adventist Health St. Helena Mission Integration Sub Committee to review the results of the CHNA and determine the top 4 priority needs that the hospital will address over the next three years. To aid in determining the priority health needs, the Mission Integration Sub Committee, that includes community leaders, agreed on the criteria below to consider when making a decision. The criteria listed recognize the need for a combination of information types (e.g., health indicators and primary data) as well as consideration of issues such as practicality, feasibility, and mission alignment.

- Addresses disparities of subgroups
- Availability of evidence or practice-based approaches
- Community assets and internal resources for addressing needs
- Feasibility of intervention
- Identified community need
- Importance to community
- Magnitude
- Mission alignment and resources of hospitals
- Opportunity for partnership
- Opportunity to intervene at population level
- Severity
- Solution could impact multiple problems

Mental and Behavioral Health

- Anxiety
- Stress
- Depression
- Substance Abuse

Access to Healthcare

- Access to providers - including specialist, dentist, optometrist
- Affordable insurance

Chronic Diseases

- Obesity
- Diabetes
- Cancer

Housing and Homelessness

Acknowledgments

This report was made possible through the leadership of Adventist Health St. Helena (AHS) located in St. Helena, California as part of Adventist Health (<https://www.adventisthealth.org/>). Under the leadership of Ms. Karla Newton, she collaborated with Ms. Laura Acosta of HC2 Strategies, Inc. to conduct key informant interviews, focus groups, and establish priority health needs for the 2019-2022 community health needs assessment cycle.

The analysis method and rankings were invaluable in providing “at a glance” information for informed decision making. A significant portion of the data for this assessment was collected through reports generated through CARES Engagement Network CHNA (<https://engagementnetwork.org/assessment/>). Other sources include California Department of Public Health, County Health Rankings & Road maps, and California Environmental Protection Agency’s Office of Environmental Health Hazard Assessment. When feasible, health metrics have been further compared to estimates for the state or national benchmarks, such as the Healthy People 2020 objectives.

Finally, we would like to thank our community members, organizations and all those who gave input for this report through key informant interviews and focus groups. Their perspectives ensure that we are taking into consideration the most vulnerable in our communities to better create initiatives, more meaningful partnerships, and strategic investments into our communities.

Letter from President



Dear Friends and Colleagues,

As President of Adventist Health St. Helena, I am pleased to share our Community Health Needs Assessment with you. Working together, investing deeply and strategically in the work of whole-person health improvement, evaluation must be a top priority.

Studies tell us that health education, the conditions in which people live, learn, work and age will affect their health. Social determinants such as housing, literacy, early childhood experiences, income and social support among others can influence our residents' lifelong health and well-being for generations to come.

Improving community health requires expertise and engagement that goes beyond traditional medical care provided on a hospital campus. It requires the wisdom and collaboration of a multitude of disciplines joining forces, working together, to develop and execute impactful strategies in order to ensure that our community health interventions are sustainable.

The 2019 Community Health Needs Assessment was conducted in partnership with community organizations through rigorous assessment, community and stakeholder perspectives and data analysis, to provide insight to the health of our community. This process has helped us identify areas where we can work together with our partners to achieve better health outcomes in our region.

We invite you to join us in implementing solutions to improve our community health and continue to build a sustainable, healthy community improving the life of everyone in Napa County.

Steven Herber, MD
President

Introduction

The Community Health Needs Assessment (CHNA) represents our commitment to improving health outcomes in our community through rigorous assessment of health status in our market, incorporation of stakeholder's perspectives, and adoption of related implementation strategies to address priority health needs. The CHNA is conducted not only to partner for improved health outcomes but also to satisfy our annual community benefit obligations by meeting requirements that are outlined in section 501(r)(3) of the Federal IRS Code, as well as, under the Affordable Care Act of 2010. The goals of this assessment are to:

- Engage public health and community stakeholders including low-income, minority and other under served populations
- Assess and understand the community's health issues and needs
- Understand the health behaviors, risk factors and social determinants that impact health
- Identify community resources and collaborate with community partners
- Use Assessment findings to develop and implement a Community Health Plan (implementation strategy) based on the Hospital's prioritized issues.

Adventist Health Overview

Adventist Health St. Helena and Adventist Health Vallejo are affiliates of Adventist Health, a faith-based, nonprofit integrated health system serving more than 80 communities on the West Coast and Hawaii. Community has always been at the center of Adventist Health's mission. Founded on Seventh-day Adventist heritage and values, Adventist Health provides compassionate community care. Adventist Health entities include:

- 20 hospitals with more than 3,200 beds
- More than 280 clinics (hospital-based, rural health and physician clinics)
- 13 home care agencies and seven hospice agencies
- Four joint-venture retirement centers
- Compassionate and talented team of 35,000 associates, medical staff physicians, allied health professionals and volunteers

We owe much of our heritage and organizational success to the Seventh-day Adventist Church, which has long been a promoter of prevention and whole person care. Inspired by our belief in the loving and healing power of Jesus Christ, we aim to bring physical, mental and spiritual health and healing to our neighbors of all faiths. Every individual, regardless of his/her personal beliefs, is welcome in our facilities. We are also eager to collaborate with members of other faiths to enhance the health of the communities we serve.

Our commitment to quality health care stems from our heritage, which dates back to 1866 when the first Seventh-day Adventist health care facility opened in Battle Creek, Michigan. There, dedicated pioneers promoted the “radical” concepts of proper nutrition, exercise and sanitation. Early on, the facility was devoted to prevention as well as healing. They called it a sanitarium, a place where patients—and their families—could learn to be well.

More than a century later, the health care system sponsored by the Seventh-day Adventist Church circles the globe with more than 170 hospitals and more than 500 clinics, nursing homes and dispensaries worldwide. And the same vision to treat the whole person—mind, body and spirit—continues to provide the foundation for our progressive approach to health care.

Hospital Identifying Information



Mailing Address: 10 Woodland Road, St. Helena, CA 94574

Contact Information: Karla Newton, 707-967-7512

Website: adventisthealth.org/st-helena/

St. Helena is a 151-bed full-service, nonprofit, community hospital renowned for excellence in cardiac care and a holistic approach to healing. Offering expertly skilled doctors, the latest medical technology and highly-trained staff, Adventist Health St. Helena serves as a regional center for cancer care, cardiac services, orthopedics, general surgery, obstetrics, plastic and reconstructive surgery, sleep disorders, home care and women's services. A comprehensive range of acute care, behavioral health and wellness programs draw patients from the San Francisco Bay Area and beyond.

Healthcare facilities and services that can respond to the health needs of the community include:

- Adventist Heart & Vascular Institute – Hidden Valley Lake, St. Helena
- Behavioral Health (Adventist Health Vallejo)
- Coon Joint Replacement Institute – St. Helena
- Lifestyle Medicine Institute – Lifestyle Medicine – St. Helena
- St. Helena Medical Specialties Family Practice – St. Helena
- St. Helena Medical Specialties Family Practice and Psychology – Calistoga
- St. Helena Medical Specialties General Surgery – St. Helena
- St. Helena Medical Specialties Nephrology/Internal Medicine/Neurology – St. Helena
- St. Helena Women's Center – OB/GYN - St. Helena & Napa
- St. Helena Medical Specialties Orthopedics – St. Helena
- St. Helena Medical Specialties Plastic Surgery – St. Helena
- St. Helena Medical Specialties – Pulmonology and Gastroenterology – St. Helena

Adventist Health Vallejo



Mailing Address: 525 Oregon Street, Vallejo, CA 94590

Contact Information: 707-648-2200

Website: adventisthealth.org/vallejo/

The Adventist Health Vallejo Center for Behavioral Health offers a range of behavioral health services in Vallejo, California. Our campus is a freestanding 61-bed facility offering short-term psychiatric care for children, adolescents and adults. We also offer partial hospitalization programs for adults. In addition, we offer a 32-bed unit at Adventist Health St. Helena which provides in-patient adult and senior mental health services as well.

Treatments include::

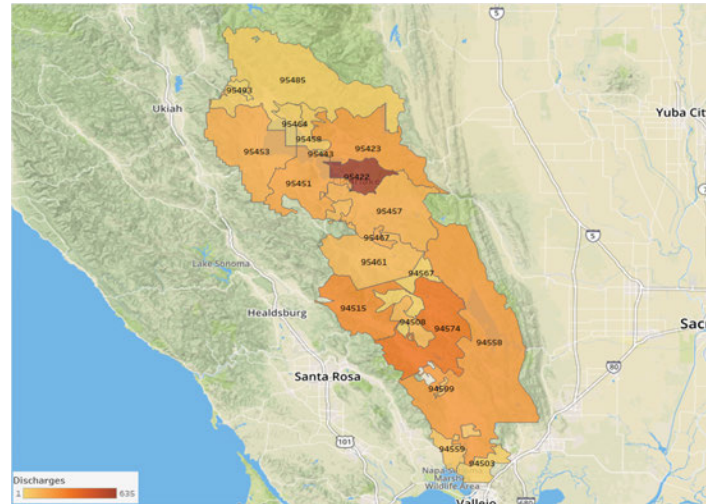
- Adult In-Patient Services- Active therapeutic program includes psychotherapy groups, educational groups, and treatment. Group therapy focuses on developing social, communication and daily living skills. The program also includes physical activities and exercise.
- Child/Adolescent Mental Health Services – There are separate age-specific areas for 3 to 12-year-olds and 13 to 18- year-olds. The program features safe, nurturing environments with age appropriate staff supervision, comprehensive clinical care, a gym and play area, and education groups, which help to develop social and communication skills, family group meetings and therapy sessions.
- Intensive Outpatient Program – Utilizing a team approach which includes psychiatrists, nurses, therapists and social workers, the program includes individual and group psychotherapy, medication management, coping skills and individual skill building.
- Partial Hospitalization – The program is offered five days per week for six hours per day over the course of four to six weeks. It includes individual and group psychotherapy, family therapy, medication management and education groups. The objective is to increase level of function and help patients gain new skills for interaction, communication and other daily living activities.

- Senior Mental Health Services – The senior mental health program provides comprehensive, quality geriatric inpatient treatment for individuals 55 years of age or older. Services include 24-hour behavioral health monitoring and supervision, behavioral health diagnostic assessment and evaluation, medication stabilization and management, individual and group therapy, recreational therapy and individual and group patient and family education.

Community Profile

Adventist Health St. Helena (AHS) resides in the City of St. Helena in Napa County. Napa County is located northern California. Napa County is north of San Francisco and encompasses approximately 748 square miles in the North Bay region of California. Napa County is known for hundreds of hillside vineyards in the Napa Valley wine region. St. Helena is known as Napa Valley's Main Street. It is centrally located in the heart of agricultural and tourism industry. Adventist Health St. Helena is located two miles north of St. Helena in the Napa Valley.

St. Helena serves Lake and Napa Counties. The primary service area (PSA) and secondary service area (PSA) are comprised as:



Primary Service Area (PSA)

	Zip Code	Discharges	City	County
12	94576	8	Deer Park	Napa County
13	95443	5	Glenhaven	Lake Couty

Secondary Service Area (SSA)

	Zip Code	Discharges	City	County
14	94558	191	Napa	Napa County
15	95453	129	Lakeport	Lake Couty
16	94559	57	Napa	Napa County
17	95458	47	Bartlett Springs	Lake Couty
18	95485	31	Bartlett Springs	Lake Couty
19	95464	29	Lucerne	Lake Couty
20	94503	20	American Canyon	Napa County
21	95493	1	Cooper	Lake Couty
	Total	2623		

Community Quick Facts – Lake County

Key Facts



67,857

Population



46.9

Median Age



2.4

Average Household Size



\$46,480

Median Household Income

Households by Income

<\$15,000	19.9%
\$15,000 – \$24,999	12.0%
\$25,000 – \$34,999	8.2%
\$35,000 – \$49,999	12.2%
\$50,000 – \$74,999	19.0%
\$75,000 – \$99,999	11.2%
\$100,000 – \$149,999	12.0%
\$150,000 – \$199,999	3.3%
\$200,000+	2.2%

Income



\$46,480

Per Capita Income



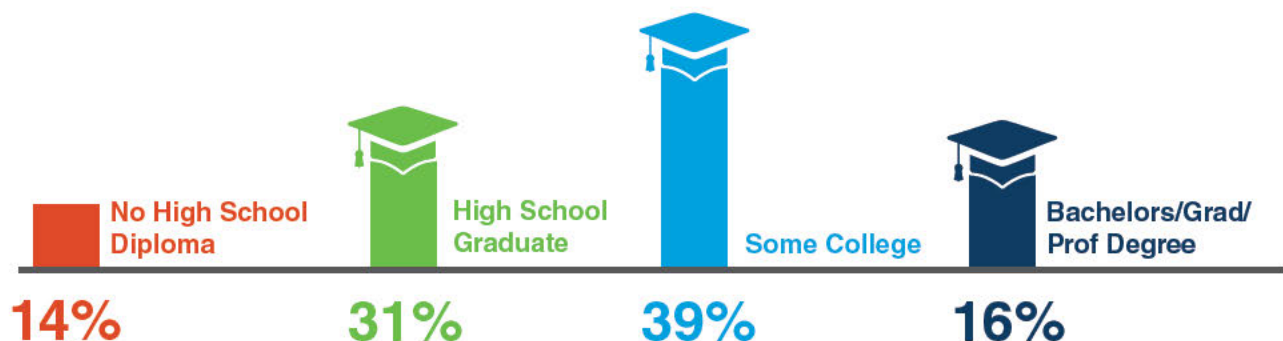
\$74,499

Median Net Worth

Unemployment

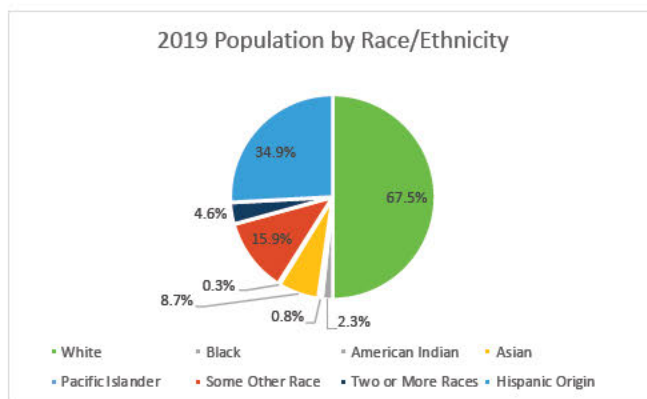
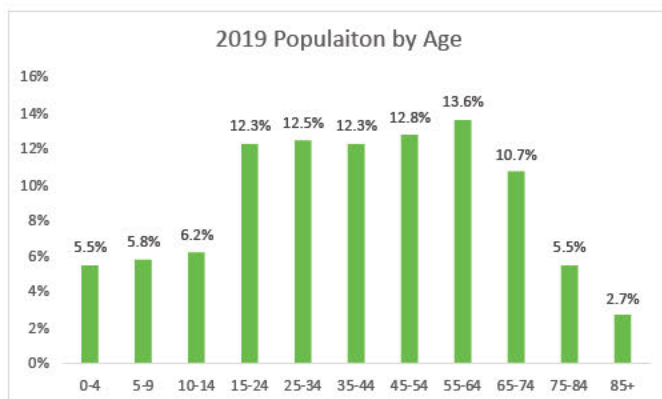


Education



Data Source: Esri Report, 2019. U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023.

Community Quick Facts – Lake County



Community Quick Facts – Napa County

Key Facts



140,314

Population



41.1

Median Age



2.7

Average Household Size



\$88,457

Median Household Income

Households by Income

Income Range	Percentage
<\$15,000	5.8%
\$15,000 – \$24,999	3.8%
\$25,000 – \$34,999	5.9%
\$35,000 – \$49,999	11.4%
\$50,000 – \$74,999	15.2%
\$75,000 – \$99,999	13.1%
\$100,000 – \$149,999	19.3%
\$150,000 – \$199,999	12.3%
\$200,000+	13.2%

Income



\$42,459

Per Capita Income



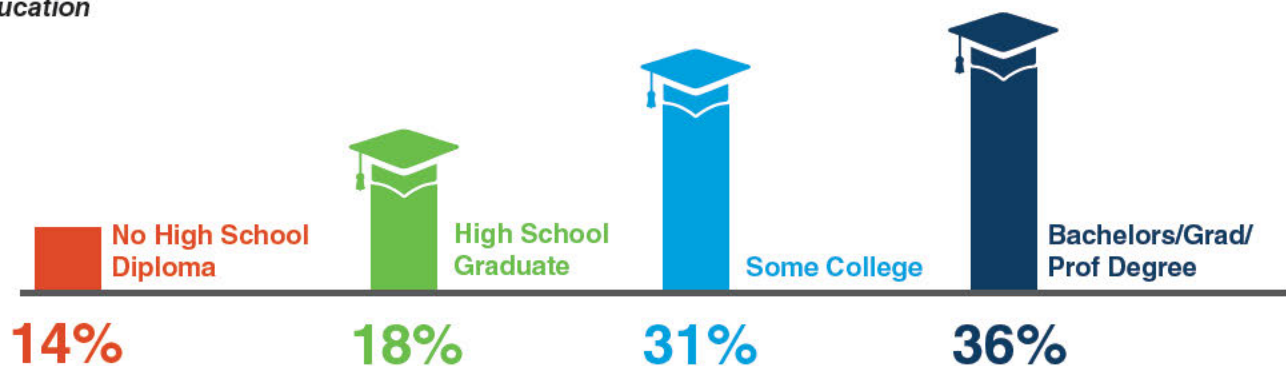
\$88,457

Median Household Income

Unemployment

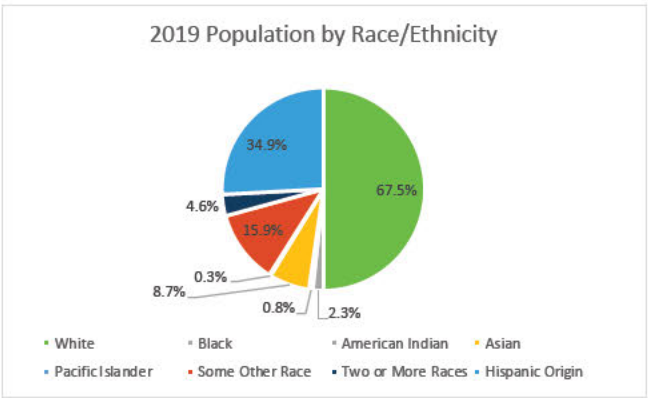
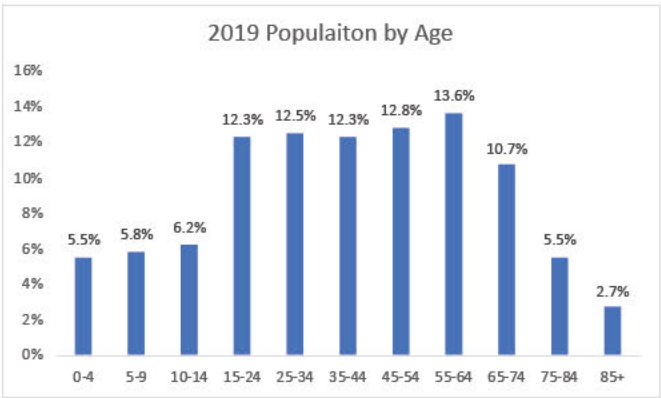


Education



Data Source: Esri Report, 2019. U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023.

Community Quick Facts – Napa County



	2024 Projections	
	Lake County	Napa County
Total Population	68,665	142,765
Median Age	47.3	42.1
Median Household Income	\$52,999	\$102,692
Average Household Size	2.41	2.73

Data Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024 Esri converted Census 2000 data into 2010 geography.

CHNA Overview

Developing metrics for population health interventions are imperative for continued success in elevating the health status of our communities. Including metrics from multiple sectors ensures a holistic assessment that views the health of a community through multiple sectors, helping to identify everyone's role in making improvements. The community health needs assessment (CHNA) ensures we can target our community investments into interventions that best address the needs of our community. The domains used in this regional CHNA encompass national and state community health indicators. While we recognize that health status is a product of multiple factors, each domain influences the next and through systematic and collective action improved health can be achieved. The domains explored in the CHNA are :

- **Social and Economic Factors:** Indicators that provide information on social structures and economic systems. Examples include poverty, educational attainment, and workforce development.
- **Health Systems:** Indicators that provide information on health system structure, function, and access. Examples include health professional shortage areas, health coverage, and vital statistics.
- **Public Health and Prevention:** Indicators that provide information on health behaviors and outcomes, injury, and chronic disease. Examples include cigarette smoking, diabetes rates, substance abuse, physical activity, and motor vehicle crashes.
- **Physical Environment:** Indicators that provide information on natural resources, climate change, and the built environment.



Secondary Data Sources

A significant portion of the data for this assessment was collected through reports generated through CARES Engagement Network CHNA ([https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)). Other sources include California Department of Public Health, County Health Rankings & Road maps, and California Environmental Protection Agency's Office of Environmental Health Hazard Assessment. When feasible, health metrics have been further compared to estimates for the state or national benchmarks, such as the Healthy People 2020 objectives.

Primary Data Sources

To validate data and ensure a broad representation of the community, Adventist Health St. Helena conducted key informant interviews and focus groups to gather more rich data and aid in describing the community. Results of the qualitative analysis can be found later in this document.

Data Limitations and Gaps

It should be noted that the survey results are not based on a stratified random sample of residents throughout Lake and Napa County. The perspectives captured in this data simply represent the community members who agreed to participate and have an interest. In addition, this assessment relies on several national and state entities with publicly available data. All limitations inherent in these sources remain present for this assessment.

Social & Economic Factors

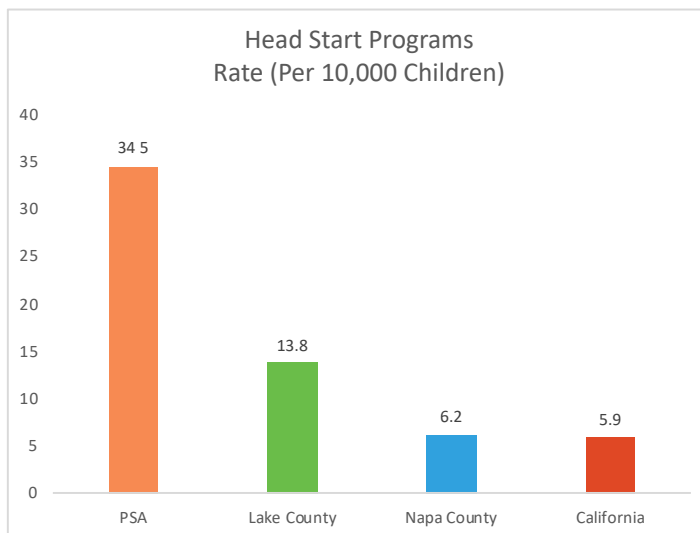
Health starts in our homes, schools, workplaces, neighborhoods, and communities. We know that taking care of ourselves by eating well, staying active, establishing a medical home, living a smoke-free life, getting recommended immunizations and screenings, seeing a medical provider regularly and when sick, all influence health. Our health is also determined in part by access to social and economic opportunities. Positive health outcomes are influenced by the resources and support available in our homes, neighborhoods and communities, as well as the quality of our schooling, safety of our workplaces, cleanliness of our water, environment and our social interactions and relationships. The conditions in which we live explain in part why some Americans are healthier than others and why some are not as healthy as they could be.

Social determinants of health are environmental conditions in which people are born, live, learn, work, play, worship, and age. These determinants affect a wide range of health, functioning, and quality-of-life outcomes and risks. Conditions (e.g., social, economic, and physical) in these various environments and settings (e.g., school, church, workplace, and neighborhood) are referred to as “place.” In addition to the more material attributes of “place,” the patterns of social engagement and sense of security and well-being are also affected by where people live. Quality of life resources can have a significant influence on population health outcomes. Examples of these resources include safe and affordable housing, access to education, public safety, availability of healthy foods, local emergency/health services, and an environment free of life-threatening toxins. This section details the indicators related to social and economic factors in our community which play a role in maintaining good health .

Education

Early education is an important factor in health status. Independent of its relationship to behavior, education influences a person’s ability to access and understand health information. Education is also correlated with a host of preventable poor health outcomes, including increased rates of childhood illness, respiratory illness, renal and liver disease, and diabetes, to name a few. Higher educational levels are associated with lower morbidity and mortality.

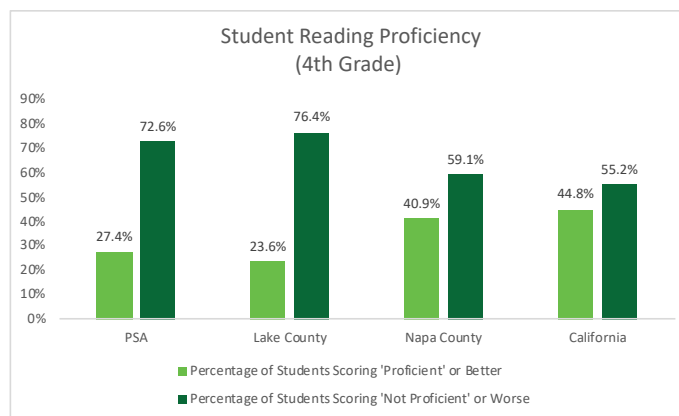
For every 10,000 children, AHSN PSA (34.5) has a higher rate of Head Start Facilities as compared to Lake County (13.8) and Napa County (6.2).



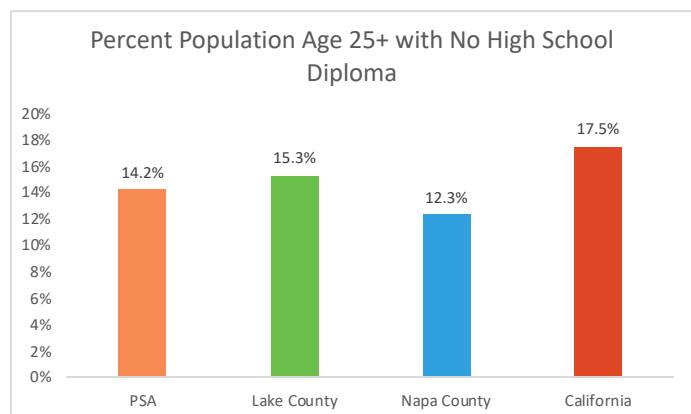
Note: Head Start facility data is acquired from the US Department of Health and Human Services (HHS) 2018 Head Start locator. Population data is from the 2010 US Decennial Census. Data Source: CARES Engagement Network (2019). US Department of Health & Human Services, Administration for Children and Families. 2018. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

Student Reading Proficiency

A report published by the Anne E. Casey Foundation found that children who do not read proficiently by the end of third grade are four times more likely to leave school without a diploma than a proficient reader. At the end of the 2017 school year, testing for fourth graders found that far more students scored 'Not proficient' or worse on standardized reading testing, than 'Proficient' or better in Lake County (76.4%), this average was higher than AHSN PSA (72.6%) and Napa County (59.1%). AHSN PSA (27.4%) showed a higher proportion of fourth graders who demonstrated "Proficient" or Better than Lake County (23.6%) but not Napa County (40.9%).

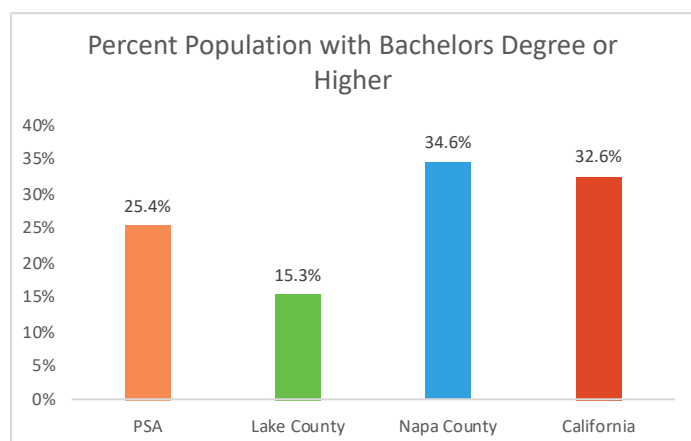


Data Source: CARES Engagement Network (2019). US Department of Education, EDData. Accessed via DATA.GOV. 2016-17. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)



Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. Retrieved May 2019 from <https:// engagementnetwork.org/assessment/>

Graduation from high school or a post-secondary education such as receiving a Bachelor's or Associates degree is linked to better health outcomes and increased earning potential. Estimates for those aged 25 and older without a high school diploma in AHSN PSA (14.2%) is lower than Lake County (15.3%) but higher than Napa County (12.3%).



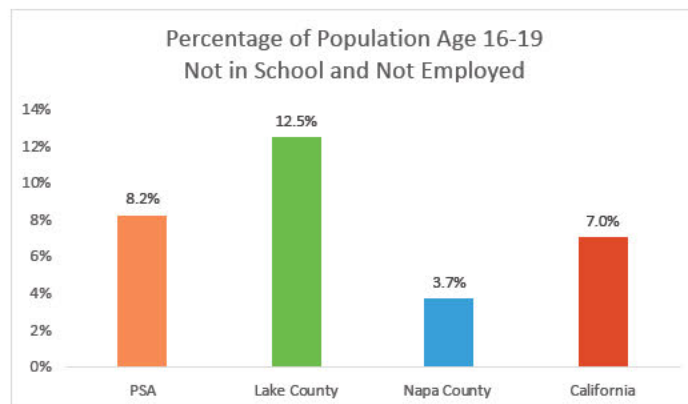
Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. Retrieved May 2019 from <https:// engagementnetwork.org/assessment/>

When examining attainment of a Bachelor's Degree or higher, one finds that the proportion is higher in AHSN PSA (25.4%) as compared to Lake County (15.3%) but lower than Napa County (34.6%).

Employment

Addressing unemployment levels is important to community development. Unemployment can lead to financial instability and serve as a barrier to health care access and utilization. Many people secure health insurance through an employer, however, even with Medicaid expansion, the lack of gainful employment may prevent some from affording medical office co-pays or medications.

When looking at unemployment figures, AHSN PSA (8.2%) has a lower percentage of population age 16-19 not in school and not employed as compared to Lake County (12.5%) but higher than Napa County (3.7%).

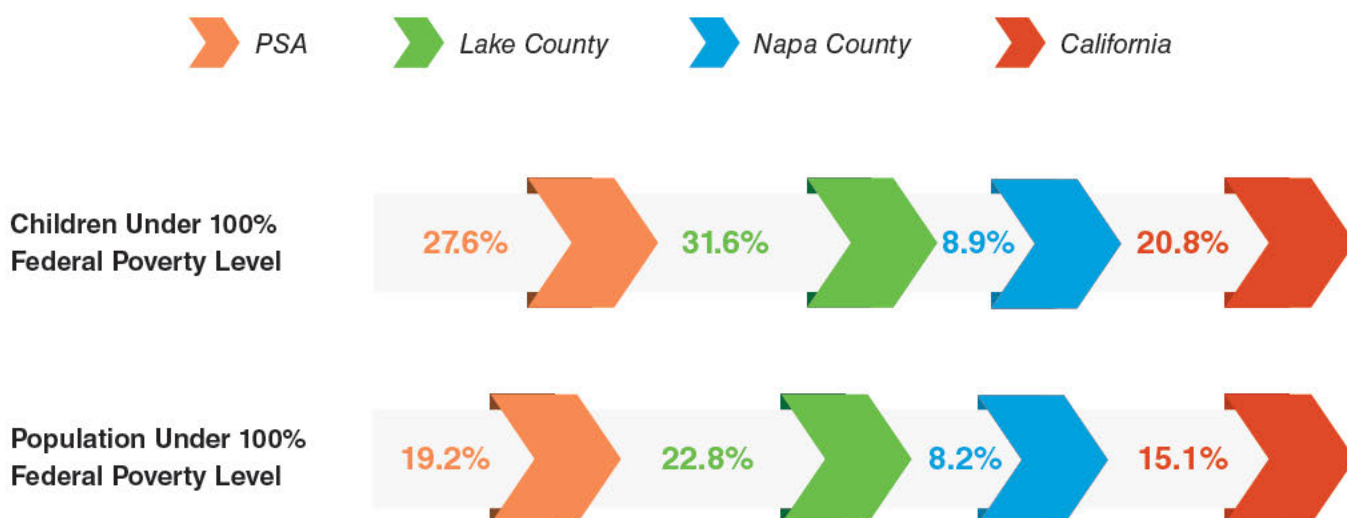


Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

Measures of Poverty

Poverty is a particularly strong risk factor for disease and death, especially among children. Children who grow up in poverty are eight times more likely to die from homicide, five times more likely to have a physical or mental health problem, and twice as likely to be killed in an accident. Additionally, family poverty is consistently correlated with high rates of teenage pregnancy, failure to earn a high school diploma, and violent crimes.

AHSN PSA has a lower percentage of total population and children under age 18 living under the 100% federal poverty level at 27.6% and 19.2%, respectively as compared to Lake County. However, these estimates are higher than Napa County.



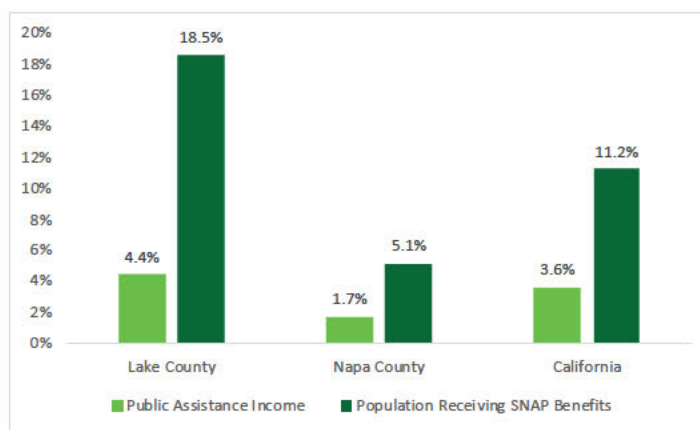
Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

The chart to the right displays two other measures of poverty; the percentage of population receiving supplemental nutritional assistance program (SNAP) benefits, and percentage of population receiving public assistance income.

Public assistance income includes general assistance and Temporary Assistance to Needy Families (TANF). Separate payments received for hospital or other medical care (vendor payments) are excluded. This does not include Supplemental Security Income (SSI) or non-cash benefits such as Food Stamps.

These indicators are relevant because they assess vulnerable populations which are more likely to have multiple health access, health status, and social support needs. When combined with poverty data, providers can use this measure to identify gaps in eligibility and enrollment.

Across the two-county region, Napa County has a lower percentage of populations receiving Public Assistance Income at 1.7% and SNAP benefits at 5.1% as compared to Lake County and the state estimate of 3.6% and 11.2%, respectively.



Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. US Census Bureau, Small Area Income & Poverty Estimates. 2015. Retrieved May 2019 from <https://engagementnetwork.org/assessment/>

Housing and Homelessness

A lack of affordable housing and the limited scale of housing assistance programs have contributed to the current housing crisis and to homelessness. The lack of affordable housing leads to high rent burdens (rents which absorb a high proportion of income), overcrowding, and substandard housing. These phenomena, in turn, have not only forced many people to become homeless; they have put a large and growing number of people at risk of becoming homeless.

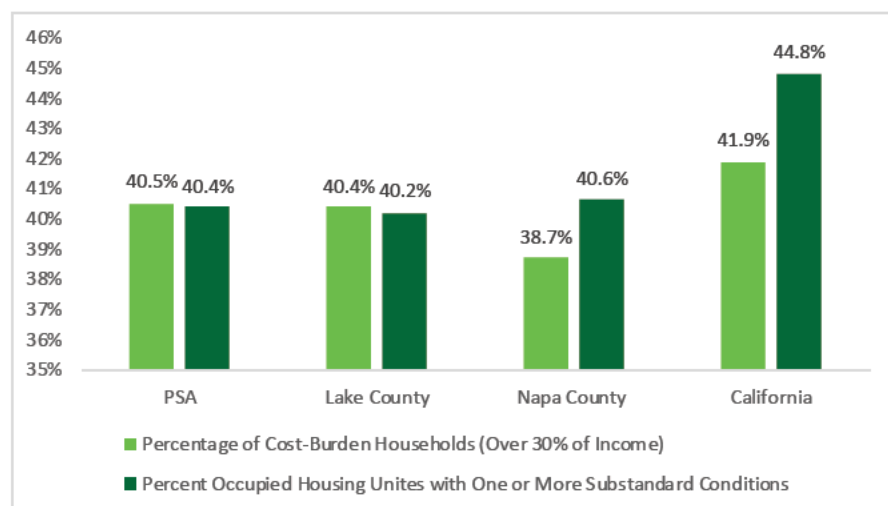
Housing Affordability

Quality of housing has a major impact on overall health. High housing costs may force trade-offs between affordable housing and other needs. According to the 2018 Napa County: Housing as a Health Issue report, states that Napa County is ranked at one of the nation's least affordable area with the average rent for a one-bedroom apartment exceeds \$2,300—more than double what is considered affordable. In addition, the wait time for Section 8 affordable housing in Napa is extremely long: Currently, city of Napa staff are helping people who have been on the list for more than six years.

Recognizing that basic needs consume a higher fraction of income for lower income households, the US Department of Housing and Urban Development uses a definition of affordability that applies specifically to households with incomes at or below 80 percent of the area median family income. It currently calls housing affordable if housing for that income group costs no more than 30 percent of the household's income. Families with such a cost burden may have difficulty affording necessities such as food, clothing, transportation, and medical care.

Substandard housing conditions include the number and percentage of owner-and renter-occupied housing units having at least one of the following conditions: 1) lacking complete plumbing facilities, 2) lacking complete kitchen facilities, 3) with 1.01 or more occupants per room, 4) selected monthly owner costs as a percentage of household income greater than 30%, and 5) gross rent as a percentage of household income greater than 30%. Selected conditions provide information in assessing the quality of the housing inventory and its occupants. This data is used to easily identify homes where the quality of living and housing can be considered substandard.

AHSH PSA (40.5% and 40.4%, respectively) has a higher housing cost burden (paying more than 30% of income for housing) and percentages of houses with one or more substandard conditions than Lake County, 40.4% and 40.2%, respectively.



Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. Retrieved May 2019 from [https:// engagementnetwork.org/ assessment/](https://engagementnetwork.org/assessment/)

Homelessness and Health

When looking at the homeless population by various conditions and experiences, one finds that the largest portions suffer from chronic homelessness, mental illness, or substance abuse. A smaller, but still substantial portion have experienced domestic violence/intimate partner violence or have a physical disability.

Homelessness results in high levels of stress, which put individuals and families at greater risk of violence and injury, food insecurity, unhealthy food options, infectious disease and frequent moves, which have been linked with negative childhood events such as abuse, neglect, household dysfunction and increased likelihood of smoking and suicide in children.

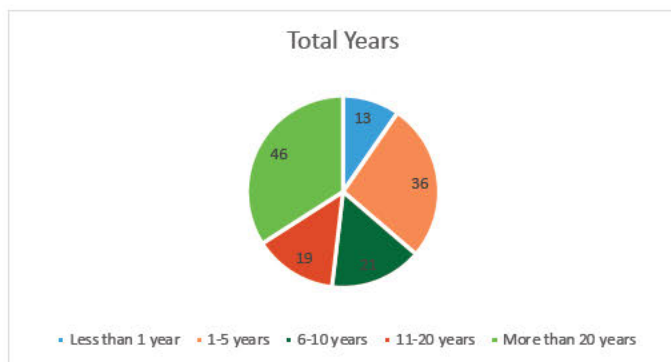
According to the 2019 Homeless report conducted by Napa Continuum of Care (CoC), on the night of January 22nd and the early morning of the 23rd, community leaders such as City and County staff, law enforcement, volunteers, and other in Napa conducted the annual PIT count and measured the prevalence of homelessness across the geographic area of the CoC. Community members collected information on individuals and families residing in emergency shelters and transitional housing, as well as people sleeping on the streets or sidewalks, in cars, abandoned buildings, parks, or other areas not meant for human habitation. New to the 2019 count was the implementation of an observation tool and an earlier surveying time in the morning. The overall findings were:

2019 Napa PIT Count Night of January 22-morning of 23, 2019		
	2018	2017
Total persons experiencing homeless	323	322
Sheltered count	172	168
Unsheltered count	151	154
Chronic Homelessness	149	158
Youth - Number of unsheltered unaccompanied youth increased	15	5
Youth - Sheltered persons in youth-headed households	8	11
Unsheltered veterans (including their families)	7	13
Sheltered veterans	8	10

Data Source: 2018 Update of the Napa Plan to end Homelessness Napa Continuum of Care. Retrieved May 2019 from <https://www.countyofnapa.org/DocumentCenter/View/10896/Napa-Homeless-Plan-Update---Final-Draft-PDF>

Respondents were also asked if they had been in Napa less than six months. If so, they were asked to identify their prior residence. The report finds that of the 145 responses to questions about their length of time in Napa 132 or 91% - had been in Napa for more than one year, 45% had been in Napa for more than ten years, approximately one-third – have been in Napa for more than 20 years.

Lastly, the table and graph below highlights the age of those counted, compared to the 2018 count, 2019 showed an increase in children under 18, ages 18-24 and adults between 45-65 and a decrease for respondents who were 25-44 and older adults who were 65+.



AgeAges	2019	2018
0-17	34	29
18-24	25	16
25-44	104	128
45-64	131	129
65+	12	19

Violence and Injury Prevention

According to the Centers for Disease Prevention and Control, injury is the leading cause of death for children and adults between the ages of 1 and 45. Injury not only includes violence, but also unintentional injuries, such as harm caused by motor vehicle crashes.

When looking at violent crimes across the two-county region, Napa County had the highest counts of reports from 2014 to 2017. Comparatively, Lake County had the lowest reports during that same time period. When examining rates of substantiated child abuse cases, between 2012 and 2015, Lake County had the highest number of cases in 2013 at 8.4 per 1,000 and the lowest rate at 6 per 1,000 in 2012. Conversely, Napa had the highest number of cases in 2014 and 2015 at 8.1 and the lowest rate at 6.1 per 1,000. During the same time period, both counties were lower than the state rates.

For unintentional injuries, Lake County had a higher rate of drug-induced deaths (age-adjusted) per 100,000 at 40.4 than the state estimate of 12.7.

Violent Crimes	2014	2015	2016	2017
Lake County	307	346	379	396
Napa County	534	587	598	597

Note: Rates in red are the worst outcomes as compared to the state estimates. Data Source: State of California Department of Justice (2019). Open Justice Online Database. Retrieved May 2019 from Source: <https://openjustice.doj.ca.gov/data>

Rate of Substantiated Child Abuse per 1,000	2012	2013	2014	2015
Lake County	6	8.4	6.6	6.6
Napa County	6.1	6.7	8.1	8.1
California	9.3	9.2	9	8.4

Note: Rates in red are the worst outcomes as compared to the state. Data Source: Annie E. Casey Foundation (2019). Kids Count Data Center. Retrieved May 2019 from <https://datacenter.kidscount.org/>

	Lake County	Napa County	California	HP 2020
Drug-Induced Deaths, Age-Adjusted Death Rate per 100,000	40.4	10.4*	12.7	11.3
Motor Vehicle Traffic Crashes, Age- Adjusted Death Rate per 100,000	26.2*	7.6*	9.5	12.4

Note: *Rates are deemed unreliable when based on fewer than 20 data elements. Data Source: California Department of Public Health, County Health Status Profiles 2019, Individual County Data Sheets. 2015-2017 Death Files. Retrieved from <https://www.cdph.ca.gov/Programs/CHSI/Pages/Individual-County-Data-Sheets.aspx>

How is the Region Doing?

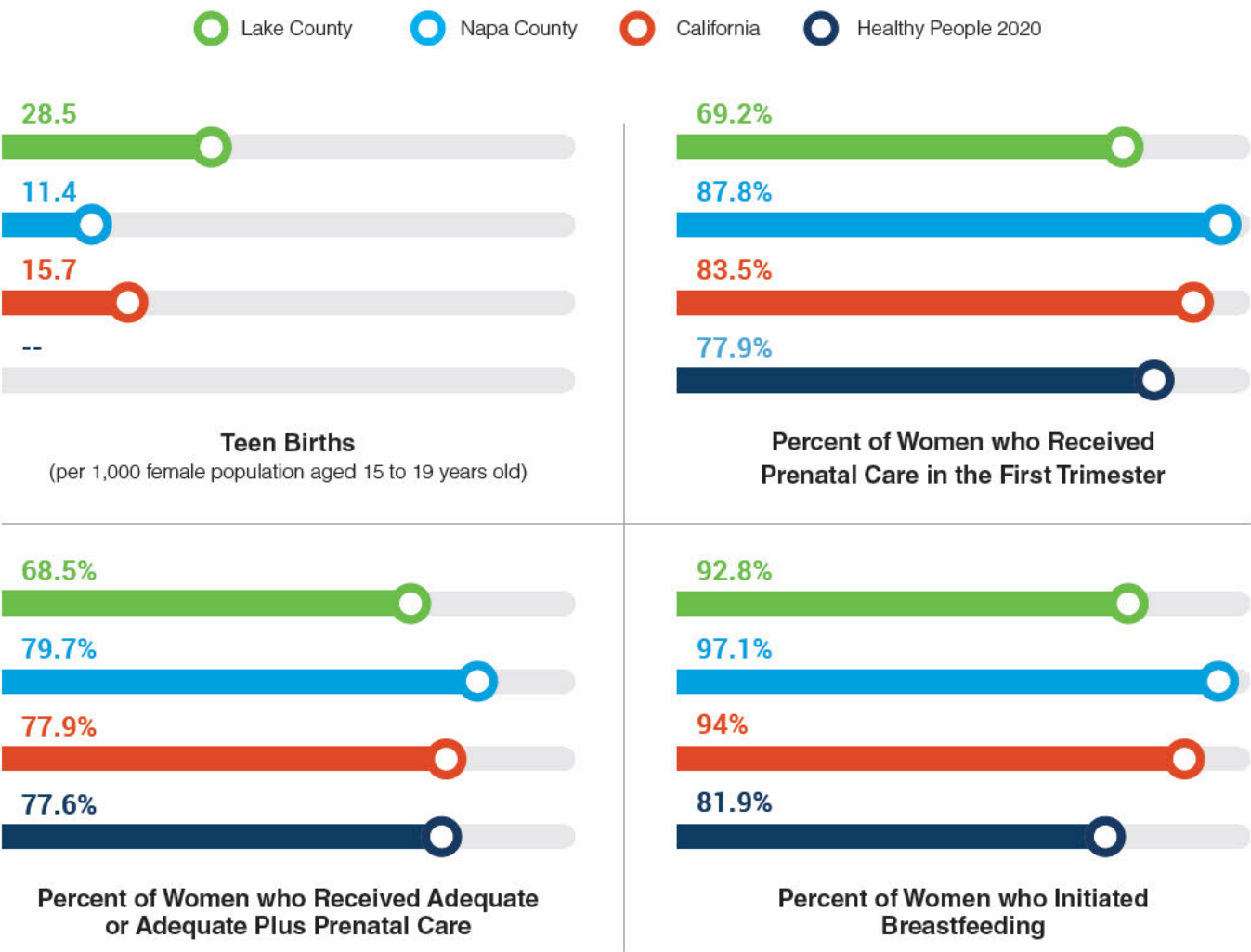
- AHSN PSA (34.5) has a higher rate of Head Start Facilities as compared to Lake County (13.8) and Napa County (6.2).
- At the end of the 2017 school year, testing for fourth graders found that far more students scored 'Not proficient' or worse on standardized reading testing, than 'Proficient' or better in Lake County (76.4%), this average was higher than AHSN PSA (72.6%) and Napa County (59.1%).
- When looking at unemployment figures, Napa County has a lower percent of unemployed adults at 2.3% compared to the state estimate of 4.7%. Napa County (3.7%) has a lower percentage of Young People Not in School and Not Working, youth ages 16-19 years old than Lake County (12.5%) and also compared to 7.0% for the state.
- Across the two-county region, Lake County has the highest percentage of total population and children under age 18 living under the 100% federal poverty level at 31.6% and 22.8%, compared the state estimate of 20.8% and 15.1%, respectively.
- Across the two-county region, Napa County has a lower percentage of populations receiving Public Assistance Income at 1.7% and SNAP benefits at 5.1% as compared to Lake County and the state estimate of 3.6% and 11.2%, respectively.

Health System

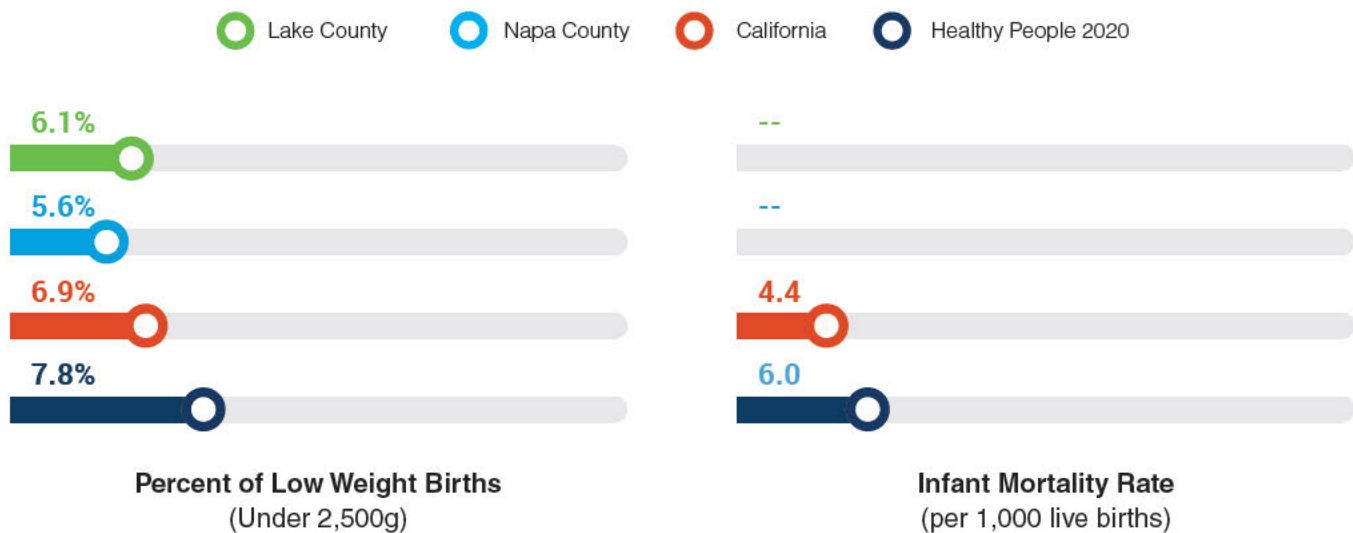
A strong health system is one in which patients receive efficient coordinated care for a variety of illnesses and appropriate follow-up care to prevent unnecessary hospitalizations. In order to strengthen linkages to care, we must first understand the current state of our health system. This begins by understanding the outcomes associated with receiving or not receiving good maternal health care, as well as how one accesses the health care system.

Live births are an indication of population growth and demand on a community's existing resources, infrastructure, schools, and the health care system/services. An adequate health care system is capable of providing preventive, diagnostic, and treatment care according to the requirements of the people being served. It is critical to understand current birth trends to ensure adequate availability of needed resources, particularly among low-income families. This is calculated by dividing the total number of births in a given year by the total population. Napa County has lower teen birth estimates (11.4) in comparison to Lake County (28.5) and the state (15.7) estimate.

Prenatal Care and Birth Indicators



Prenatal Care and Outcomes After Birth (Continue)



Note: (*) Rates are deemed unreliable when based on fewer than 20 data elements. Data Source: California Department of Public Health, County Health Status Profiles 2019, Individual County Data Sheets. 2014-2016 Birth Records. 2015-2017 Death Files. 2014-2016 Birth Cohort-Perinatal Outcome Files. Retrieved from <https://www.cdph.ca.gov/Programs/CHSI/Pages/Individual-County-Data-Sheets.aspx>

“Early prenatal care,” is care started in the 1st trimester (1-3 months). Adequacy of prenatal care calculations are based on the Adequacy of Prenatal Care Utilization Index (APNCU), which measures the utilization of prenatal care based on the timing of initiation of such care using the month prenatal care began as reported on the birth certificate and the ratio of the actual number of visits reported on the birth certificate to the expected number of visits. Adequate-Plus care is defined as prenatal care begun by the 4th month of pregnancy and 110% or more of recommended visits received. Adequate is defined as prenatal care begun by the 4th month of pregnancy and 80-109% of recommended visits received. These indicators are relevant because engaging in prenatal care decreases the likelihood of maternal and infant health risks. These indicators can also highlight a lack of access to preventive care, a lack of health knowledge, insufficient provider outreach, and/or social barriers preventing utilization of health care services. For indicators of prenatal care denoted in the graphs (early first trimester prenatal care and adequate care), in the two-county region, Napa County demonstrated a higher proportion of woman receiving prenatal care and adequate care at 87.8% and 79.7%, respectively. In contrast, Lake County held lower proportions of women receiving prenatal care and adequate care at 69.2% and 68.5%, respectively. Notably, Napa County estimates meet the Healthy People 2020 performance target of 77.9% and 77.6%, respectively.

Breastfeeding has many health benefits for both the mother and infant. Breastfeeding protects against diarrhea and common childhood illnesses such as pneumonia, and may also have longer-term health benefits, such as reducing the risk of overweight and obesity in childhood and adolescence. Across the two-county region, Napa County demonstrated a higher proportion of women across the region initiating breastfeeding at 97.1%, exceeding the Healthy People 2020 performance target for 81.9% of infants to have “ever been breastfed.” It’s also important to note that Lake County also exceeded the Healthy People 2020 performance target.

Low birth weight is indicative of the general health of newborns and often a key determinant of survival, health, and development. Infants born at low birth weights are at a heightened risk of complications, including infections, neurological disorders, Sudden Infant Death Syndrome, and even chronic diseases. Napa County (5.6%) had a lower proportion of low birth weights than the state estimate of 6.9% and the Healthy People 2020 goal of 7.8%.

Finally, the infant mortality rate (IMR) is critical as it is indicative of the existence of broader issues pertaining to access to care and maternal child health. These rates can further provide metrics of community health outcomes and areas of needed services and interventions. In the two-county region, Lake and Napa County did not have any data reference because its rates are deemed unreliable when based on fewer than 20 data elements.

Access to Health Care

Access to health care is arguably the most critical component of measuring community health. Access can be measured at both the individual level (i.e., health insurance coverage, Medicaid coverage) and at the system level (i.e., primary care provider rate, health professional shortage areas). When an individual has the means to secure treatment and quality comprehensive treatment is readily available, then access to health care is highest. Understanding provider rates per 100,000 population can be useful for determining areas in most need of providers and potential stresses on existing providers.

Across each provider indicator (dental, mental health, and primary care per 100,000 population), Napa County recorded higher proportions of providers to population for dental (89.4), mental health providers (497.9) and primary care providers (94.3). Lake County has the lowest proportion of providers for dental and primary care providers per 100,000 population.

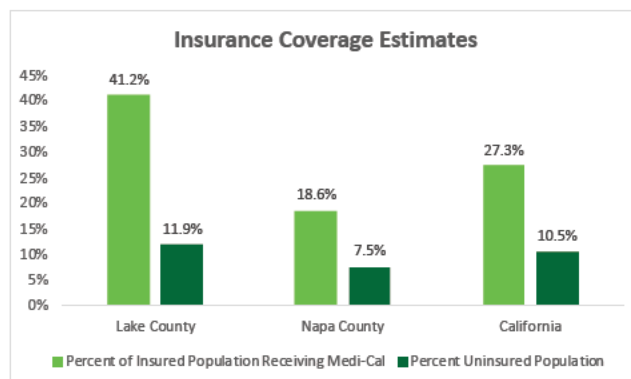
Access to Health Care			
	Lake County	Napa County	California
Dentists Rate per 100,000 Population	45.1	89.4	83.4
Mental Health Care Provider Rate per 100,000 Population	342.4	497.9	327.8
Primary Care Provider Rate per 100,000 Population	46.8	94.3	78.5

Note: Rates in red are the poorest outcomes as compared to the state. Rates in green are the best outcomes as compared to the state. Data Source: Robert Wood Johnson Foundation (2019). County Health Rankings and Road maps. Retrieved May 2019 from <http://www.countyhealthrankings.org>

Health Insurance

Insurance coverage is also an important indicator to consider when determining the health of a community or health system. Lack of insurance is a key barrier to health care access, regular primary care, specialty care, and other health services contributing to poor health status. Additionally, knowing the proportion of the population receiving Medi-Cal is important. This information allows for an assessment of vulnerable populations most likely to have multiple health access, health status, and social support needs. When combined with poverty data, providers can use this measure to identify gaps in eligibility and enrollment.

Across the two-county region, Napa County has the lowest percentage of persons covered through Medi-Cal and percentage of uninsured persons at 18.6% and 7.5%, respectively. The estimates are lower than the state at 27.3% and 10.5%, respectively.



Data Source: CARES Engagement Network (2019). US Census Bureau, American Community Survey. 2013-17. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

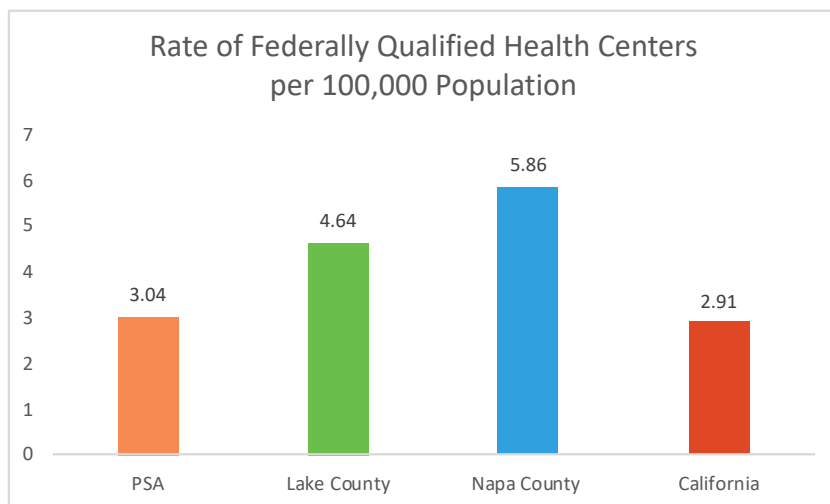
Community Health Centers

Community Health Centers (CHCs) are community assets that provide health care to vulnerable populations in areas designated as medically under-served. Per the California Primary Care Association, the term Community Health Center (CHC) includes Federally Qualified Health Centers (FQHCs), FQHC Look-Alikes, Migrant Health Centers, Rural and Frontier Health Centers, and Free Clinics. CHCs are an essential segment of the safety-net. In many California counties, these clinics provide a significant proportion of comprehensive primary care services to those who receive partial subsidies or are uninsured.

AHSH PSA (3.04) has lower rates of FQHCs for every 100,000 people than Lake (4.64) and Napa (5.86) County. Looking at the raw counts, Napa County had the largest number of CHCs (10) in comparison to Lake County at (1).

Health Center Site Population Type-Description		
	Lake County	Napa County
Rural	1	1
Urban	--	3
Unknown	--	6
Total Number of Community Health Centers	1	10

Note: Unknown means that the type of population served is unknown. Data Source: Health Resources and Services Administration (2019). Health Center Service Delivery and Look-Alike Sites Data Download. Retrieved May 2019 from <https://data.hrsa.gov/data/download>



Data Source: CARES Engagement Network (2019). US Department of Health & Human Services, Center for Medicare & Medicaid Services, Provider of Services File. December 2018. Retrieved May 2019 from <https://engagementnetwork.org/assessment/>

Preventable Hospital Events

Ambulatory or primary care sensitive conditions (ACS) are those conditions for which hospital admission could be prevented by interventions in primary care. This indicator reports the discharge rate (per 1,000 Medicare enrollees) for conditions that are ACS. ACS conditions include pneumonia, dehydration, asthma, diabetes, and other conditions which could have been prevented if adequate primary care resources were available and accessed by those patients. This indicator is relevant because analysis of ACS discharges demonstrates a possible "return on investment" from interventions that reduce admissions through better access to primary care resources. AHSN PSA (37.7) has lower discharge rates than Lake County (41.7) but higher than Napa County (29.5) per 1,000 Medicare enrollees.

Ambulatory Care Sensitive Condition Discharge Rate Per 1,000 Medicare Enrollees			
PSA	Lake County	Napa County	California
37.7	41.7	29.5	36.2

Note: Rates in red are the poorest outcome in comparison to the state. Data Source: CARES Engagement Network (2019). Dartmouth College Institute for Health Policy & Clinical Practice, Dartmouth Atlas of Health Care. 2015. Retrieved May 2019 from <https://engagementnetwork.org/assessment/>

Asthma

Air quality is of great concern to many of the residents in the region and can have detrimental effects on respiratory health. Having asthma can affect a person in many ways. For some people, asthma is a minor nuisance. For others, it can be a major problem that interferes with daily activities and may lead to a life-threatening asthma attack. Examination of trends reveals that Lake County has the highest rates for emergency department visits per 100,000 related to asthma and the highest percentage of persons diagnosed with lifetime asthma (21.4%), suggesting under-diagnosis. Lake County also has the highest percentage of people diagnosed with active and asthma hospitalizations per 100,000.

	Lake County	Napa County	California
Asthma ED Visits, Rate per 100,000	80.1	40.2	46.9
Asthma Hospitalizations, Rate per 100,000	9.1	3.1	4.7

Note: Rates in red are the poorest outcome in comparison to the state. Rates in green are the best outcome in comparison to the state. Data Sources: California Department of Public Health, California Breathing. County Asthma Data Tool, 2017. Retrieved from <https://www.cdph.ca.gov/Programs/CCDPHP/DEODC/EHIB/CPE/Pages/CaliforniaBreathingData.aspx>. Lucile. (Ed and hospit)

Asthma Estimates	Lake County	Napa County	California
Active Asthma Prevalence	17.3%	*	8.7%
Lifetime Asthma Prevalence	21.4%	20.1%	14.8%

Note: (*) No data available on site. Percentages in red are the poorest outcome in comparison to the state. Percentages in green are the best outcomes in comparison to the state. Data Source: California Department of Public Health, California Breathing. County Asthma Data Tool, 2015-2016. Retrieved May 2019 from <https://www.cdph.ca.gov/Programs/CCDPHP/DEODC/EHIB/CPE/Pages/CaliforniaBreathingData.aspx>

Mortality

Health status and health care utilization measures are central indicators of the performance of the health care system. Health status measures the level of wellness and illness, while health care utilization is the use of services by people for the purpose of preventing and curing health problems. The leading causes of death in the United States are overwhelmingly the result of chronic and preventable disease. Nearly 75% of all deaths in the United States are attributed to ten causes, with the top three of these accounting for over 50% of all deaths. According to the Centers for Disease Control and Prevention, the top three causes of death in the U.S. in 2016 were from heart disease, cancer, and unintentional injuries.

Leading Causes of Death (Age-Adjusted Rates per 100,000 Population)			
Mortality	Lake County	Napa County	California
1	Coronary Heart Disease – 105.7	Coronary Heart Disease – 86.2	Coronary Heart Disease - 87.4
2	Accidents (Unintentional Injuries) – 89.6	Accidents (Unintentional Injuries) – 35.7	Cerebrovascular Disease (Stroke) – 36.3
3	Chronic Lower Respiratory Disease – 58.6	Cerebrovascular Disease (Stroke) 35.0	Alzheimer's Disease – 35.7
4	Lung Cancer – 46.7	Alzheimer's Disease – 31.2	Accidents (Unintentional Injuries) – 32.2
5	Cerebrovascular Disease (Stroke) 45.7	Lung Cancer – 30.6	Chronic Lower Respiratory Disease – 32.0
6	Drug Induced Deaths – 40.4	Chronic Lower Respiratory Disease – 26.9	Lung Cancer – 27.5
7	Suicide – 29.3	Prostate Cancer – 26.6	Diabetes – 21.2
8	Female Breast Cancer – 29.2*	Diabetes – 19.0	Prostate Cancer – 19.4
9	Chronic Liver Disease and Cirrhosis – 28.2	Female Breast Cancer – 18.0*	Female Breast Cancer – 18.9
10	Alzheimer's Disease – 26.5	Colorectal Cancer – 11.6	Influenza/Pneumonia – 14.2

Note: * is defined as Rates are deemed unreliable when based on fewer than 20 data elements. Data Source: California Department of Public Health, County Health Status Profiles 2019, Individual County Data Sheets. 2014-2017 Death Files. Retrieved May 2019 from <https://www.cdph.ca.gov/Programs/CHSI/Pages/Individual-County-Data-Sheets.aspx>

The first two leading causes of death for Lake and Napa County are coronary heart disease and unintentional injuries. The third, fourth, fifth and sixth causes of death in the counties varied in terms of order, however, for each county these rankings were comprised of mortality rates for chronic lower respiratory disease, stroke, lung cancer, Alzheimer's Disease and drug induced deaths.

The seventh, eighth and ninth causes of deaths are attributable to suicide, prostate cancer, female breast cancer, diabetes and chronic liver disease and cirrhosis.

Lastly, the tenth leading causes of death for Lake County is Alzheimer's Disease and colorectal cancer. Although for Napa County, Alzheimer's Disease ranked at number four.

How is the Region Doing?

- Napa County has lower teen birth estimates (11.4) in comparison to Lake County (28.5) and the state (15.7) estimate.
- Across the two-counties, Napa County demonstrated a higher proportion of women across the region initiating breastfeeding at 97.1%, exceeding the Healthy People 2020 performance target for 81.9% of infants to have “ever been breastfed.”
- Napa County demonstrated a higher proportion of woman receiving prenatal care and adequate care at 79.7% in comparison to Lake County at 68.5%. Notably, Napa County estimates meet the Healthy People 2020 performance target of 77.9% and 77.6%, respectively.
- Across each provider indicator (dental, mental health, and primary care per 100,000 population), Napa County recorded higher proportions of providers to population for dentist (89.4), mental health providers (497.9) and primary care providers (94.3) than Lake County and the state estimate at 83.4 per 100,000 population.
- Lake County has the highest rates for emergency department visits per 100,000 related to asthma and the highest percentage of persons diagnosed with lifetime asthma (21.4%), suggesting under-diagnosis. Lake County also has the highest percentage of people diagnosed with active asthma 17.3% as compared to the state at 8.7%.
- The first two leading causes of death for Lake and Napa County are coronary heart disease and unintentional injuries.

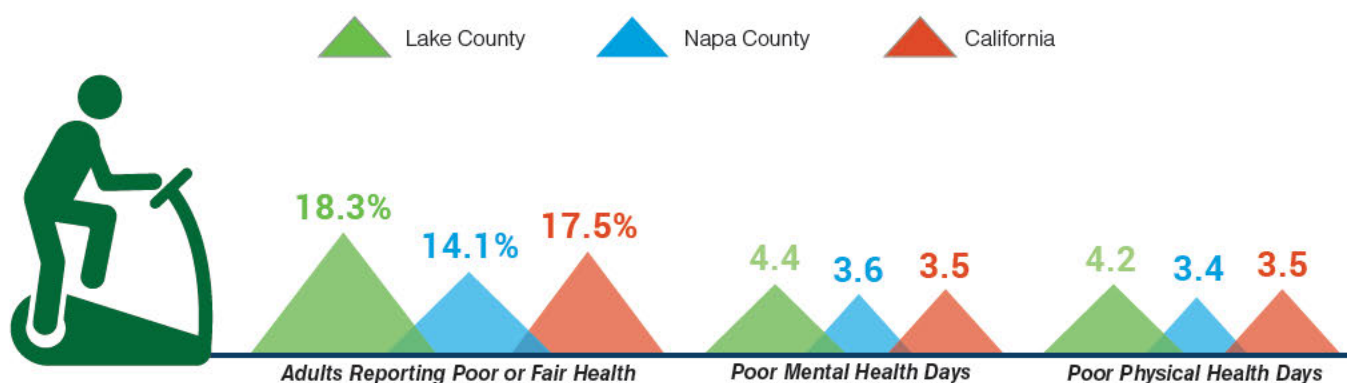
Public Health and Prevention

Public health is the science of protecting and improving the health of people and their communities. This work is achieved by promoting healthy lifestyles, researching disease and injury prevention, and detecting, preventing and responding to infectious diseases. When these factors are addressed, a community will enjoy an overall higher level of physical and emotional well-being.

Health Status

Health status is determined by more than the presence or absence of any disease. It is comprised of a number of factors, including measures of healthy life expectancy, years of potential life lost, self-assessed health status, chronic disease prevalence, measures of functioning, physical illness, and mental well-being. These measures go hand-in-hand with measures related to health behaviors such as physical activity, nutrition, and alcohol consumption. Measuring health behaviors provides a deeper understanding of health status.

When looking at overall health status, across the two-region counties, Napa County had a lower proportion (14.1%) of adults who rate their health as “fair” or “poor,” than the state estimate of 17.5%, while Lake County had a proportion of 18.3%. Lake County (4.4) had a higher number of poor mental health days reported in a 30-day period than the state estimate of 3.5. The rate of poor physical health days within a reported 30-day period was slightly lower in Napa County (3.4 in a 30-day period) than Lake County (4.2 in a 30-day period) and the state estimate of 3.5.



Data Source: Robert Wood Johnson Foundation (2019). County Health Rankings and Roadmaps. Retrieved May 2019 from <http://www.countyhealthrankings.org>

Physical Activity

Increased physical activity is associated with lower risks of type 2 diabetes, cancer, stroke, hypertension, cardiovascular disease, and premature mortality, independent of obesity. Individuals who live closer to sidewalks, parks, and gyms are more likely to exercise. In California, 17.2% of adults answered “yes” to the question: “During the past month, other than your regular job, did you participate in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise?” In Napa County, the percentages of people who responded they participated in leisure-time physical activity was 16.2%, this percentage is better than the state estimate. Conversely, Lake County has a higher percentage at 18.3%.

When considering populations who have adequate access to locations for physical activity, figures vary between the county and state. Access to exercise opportunities is defined as the percentage of individuals in a county who live reasonably close to a location for physical activity. Locations for physical activity are defined as parks or recreational facilities. Napa County had a slightly lower percentage of individuals with adequate access to exercise opportunities at 92.4%, while Lake County had an even lower percentage (68.4%) as compared to the state at 93%.

Chronic Disease

Successfully managing risk factors for chronic diseases is important for preventing unnecessary hospitalizations. According to the Centers for Disease Control and Prevention (CDC), six in ten Americans live with at least one chronic disease, like heart disease, cancer, stroke, or diabetes. These and other chronic diseases are the leading causes of death and disability in America, and they are also a leading driver of health care costs.

AHSH PSA Medicare population has the lowest rates of depression (16.4%) and heart disease (24.4%) as compared to Lake County (16.6% and 25.8%, respectively). AHSH PSA had higher rates of diabetes as compared to Lake and Napa County (21.6% and 22.2%, respectively).

Chronic Disease Indicators	PSA	Lake County	Napa County	California
Adults with a Body Mass Index Greater than 30	*	23.2%	21.1%	22.5%
Medicare Population with Depression	16.4%	16.6%	15.9%	15.8%
Medicare Population with Diabetes	21.7%	21.6%	22.2%	27.2%
Medicare Population with Heart Disease	25.4%	25.8%	24.4%	24.7%

Data Source: Note: Percentages in red are the poorest outcome in comparison to the state. Percentages in green are the best outcomes in comparison to the state. CARES Engagement Network (2019). National Center for Chronic Disease Prevention and Health Promotion.2015. US Department of Health & Human Services, Center for Medicare & Medicaid Services, 2017. Retrieved May 2019 from <https://engagementnetwork.org/assessment/>

Sexually Transmitted Infections

Sexually transmitted infections (STIs) are passed from one person to another through intimate physical contact and from sexual activity. STIs are very common. The causes of STIs are bacteria, parasites, yeast, and viruses. In fact, CDC averages 20 million new infections occur every year in the United States. Understanding the rate of STIs are important because they are measures of poor health status, indicate a lack of sexual health education, and indicate the prevalence of unsafe sex practices.

AHSH PSA had lower rates per 100,000 population for chlamydia (308.9) and gonorrhea (58.3) incidence as compared to Lake County (442.8 and 314.3, respectively) but higher rates than Napa County (308.9 and 58.3, respectively). HIV estimates for AHSH PSA were lower than Lake and Napa County.

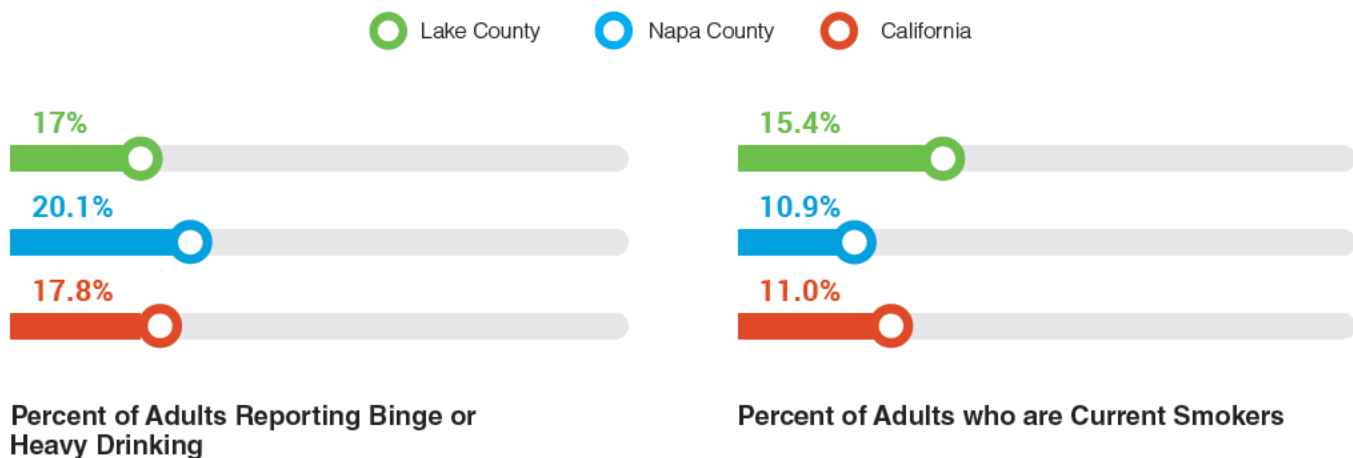
Rate per 100,000 Population	PSA	Lake County	Napa County	California
Chlamydia Incidence	394.7	442.8	308.9	506.2
Gonorrhea Incidence	221.7	314.3	58.3	164.9
HIV Prevalence	.24	236.9	238.5	376.4

Data Source: CARES Engagement Network (2019). US Department of Health & Human Services, Health Indicators Warehouse. Centers for Disease Control and Prevention, National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention. 2016. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

Alcohol and Tobacco Use

Alcohol and/or tobacco use has major adverse impacts on individuals, families and communities. The effects of abuse are cumulative, contributing to costly social, physical, mental, and public health problems.

According to recent averages, Napa County has the highest percentage (17%) of adults who engaged in binge or heavy drinking within the last 30 days than Lake County and the state estimate. Percentages of adults who are current smokers in Lake County is higher 15.4% than Napa County, 10.9%, and the statewide average of 11%.



Data Source: Robert Wood Johnson Foundation (2019). County Health Rankings and Roadmaps. Retrieved May 2019 from <http://www.countyhealthrankings.org>

How is the Region Doing?

- Napa County had a lower proportion, 14.1%, of adults who rate their health as “fair” or “poor,” than the state estimate of 17.5%, Lake County had a proportion of 18.3%. Lake County (4.4) had a higher number of poor mental health days reported in a 30-day period than the state estimate of 3.5. The rate of poor physical health days within a reported 30-day period was slightly lower in Napa County (3.4) than Lake County (4.2) and the state estimate of 3.5.
- Napa County had a slightly lower percentage of individuals with adequate access to exercise opportunities at 92.4%, while Lake County had an even lower percentage (68.4%) as compared to the state at 93%.
- AHSN PSA Medicare population has the lowest rates of depression (16.4%) and heart disease (24.4%) as compared to Lake County (16.6% and 25.8%, respectively). AHSN PSA had higher rates of diabetes as compared to Lake and Napa County (21.6% and 22.2%, respectively).
- AHSN PSA had lower rates per 100,000 population for chlamydia (308.9) and gonorrhea (58.3) incidence as compared to Lake County (442.8 and 314.3, respectively) but higher rates than Napa County (308.9 and 58.3, respectively).
- Napa County has the highest percentage (19.1%) of adults who engaged in binge or heavy drinking within the last 30 days than Lake County and the state estimate. Percentages of adults who are current smokers in Lake County is higher 15.4% than Napa County (10.9%) and the statewide average of 11%.

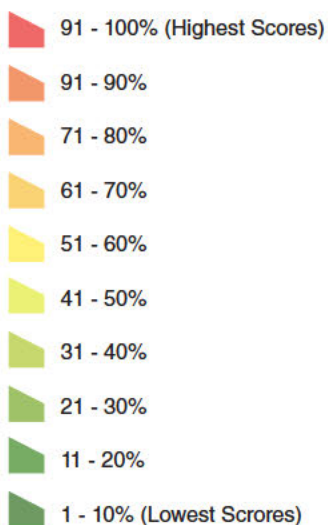
Physical Environment

We interact with the environment constantly, therefore our physical environment can affect our health behaviors, quality of life, years of healthy life lived, and health disparities. The World Health Organization (WHO) defines environment, as “all the physical, chemical, and biological factors external to a person, and all the related behaviors.” This can include air quality and exposure to toxic substances as well as the built environment (human-made surroundings) and housing.

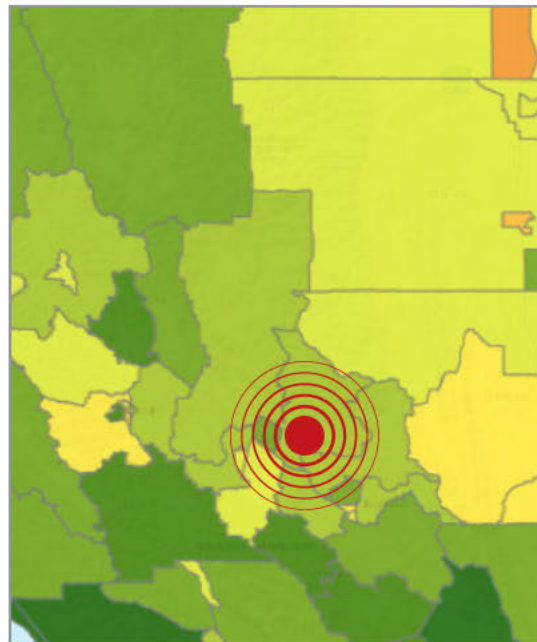
CalEnviroScreen is a science-based mapping tool that was developed by the California Environmental Protection Agency’s Office of Environmental Health Hazard Assessment. This tool helps identify California communities that are affected by many sources of pollution and that are particularly vulnerable to pollution’s effects. CalEnviroScreen uses environmental, health, and socioeconomic information to produce a numerical score for each census tract in the state. A census tract with a high score (colored dark orange to dark red) is one that experiences higher pollution burden and vulnerability than census tracts with low scores (colored shades of green). Indicators that are considered include but are not limited to, ozone, PM 2.5, drinking water quality, pesticides, and hazardous waste.

Lake County ranked 35-40% and Napa County ranked 35-40% percentile on the CalEnviroScreen 3.0 index for pollution. This means that these areas have a moderate pollution burden, populations especially sensitive to these factors, and socioeconomic factors that increase vulnerability to pollution.

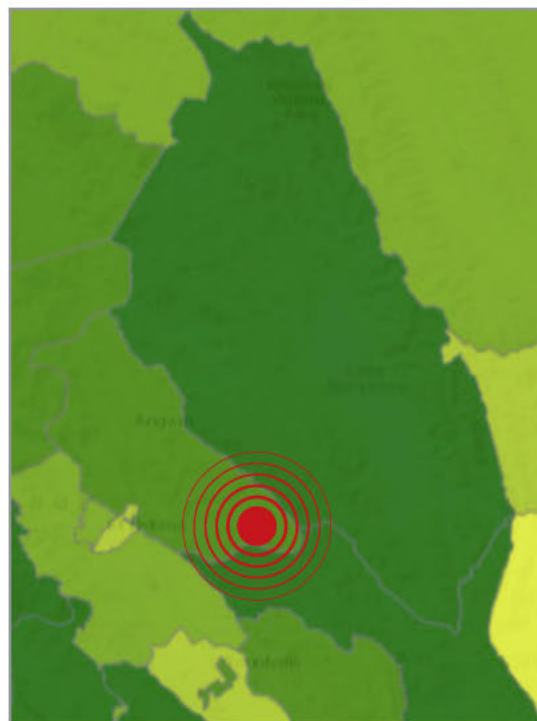
CalEnviroScreen 3.0 Results (June 2018 Update)



Lake County



Napa County

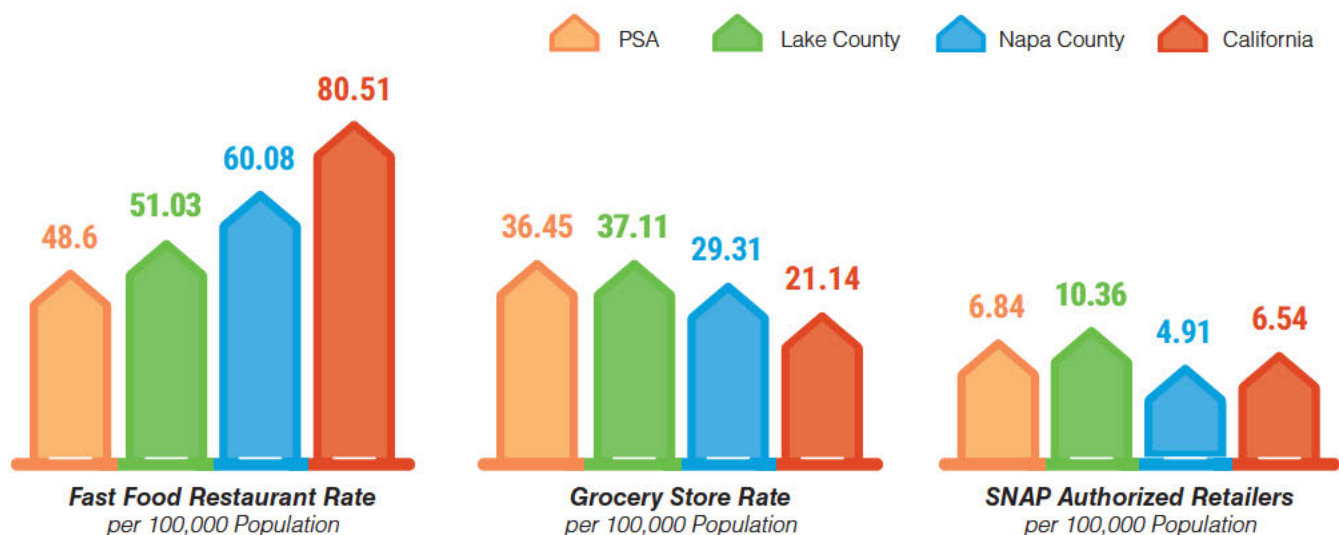


Data Source: Office of Environmental Health Hazard Assessment. CalEnviroScreen 3.0 Overall Results and Individual Indicator Maps, June 2018. Retrieved May 2019 from <https://oehha.ca.gov/calenviroscreen/maps-data>

Retail Food Environment

Understanding the retail food environment is important to determining access to healthy foods for populations and overall environmental influences on dietary behaviors.

Three indicators are important to consider: the fast food restaurant rate, the grocery store rate, and the number of retailers authorized to accept Supplemental Nutrition Assistance Program benefits (all calculated as establishments per 100,000 population). Areas with a high fast food rate, low grocery store rate, and low SNAP authorized retailers will inevitably have populations with higher rates of food insecurity, due to lack of access to healthy and affordable foods. AHSN PSA had the lowest fast food restaurant rate, grocery store rate, and SNAP authorized retailers as compared to Lake and Napa County per 100,000 population.

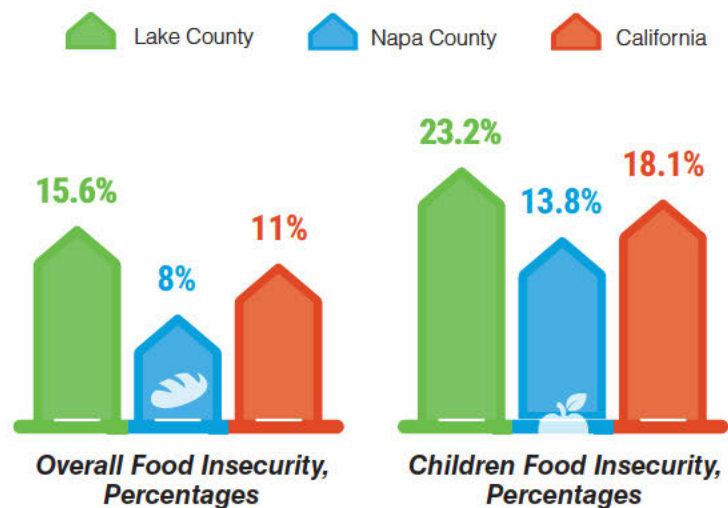


Data Source: CARES Engagement Network (2019). US Census Bureau, County Business Patterns. Additional data analysis by CARES. 2016. US Department of Agriculture, Food and Nutrition Service, USDA - SNAP Retailer Locator. Additional data analysis by CARES. 2019. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

Food Insecurity

The US Department of Agriculture defines food insecurity as a lack of access, at times, to enough food for an active, healthy life for all household members and limited or uncertain availability of nutritionally adequate foods. Food insecurity may reflect a household's need to choose between important basic needs, such as housing or medical bills, and purchasing nutritionally adequate foods.

Food insecurity averages in Lake County for the overall population (15.6%) and children (23.2%) are higher than reported averages for the state (11% and 18.1%, respectively). These averages are higher than Napa County.

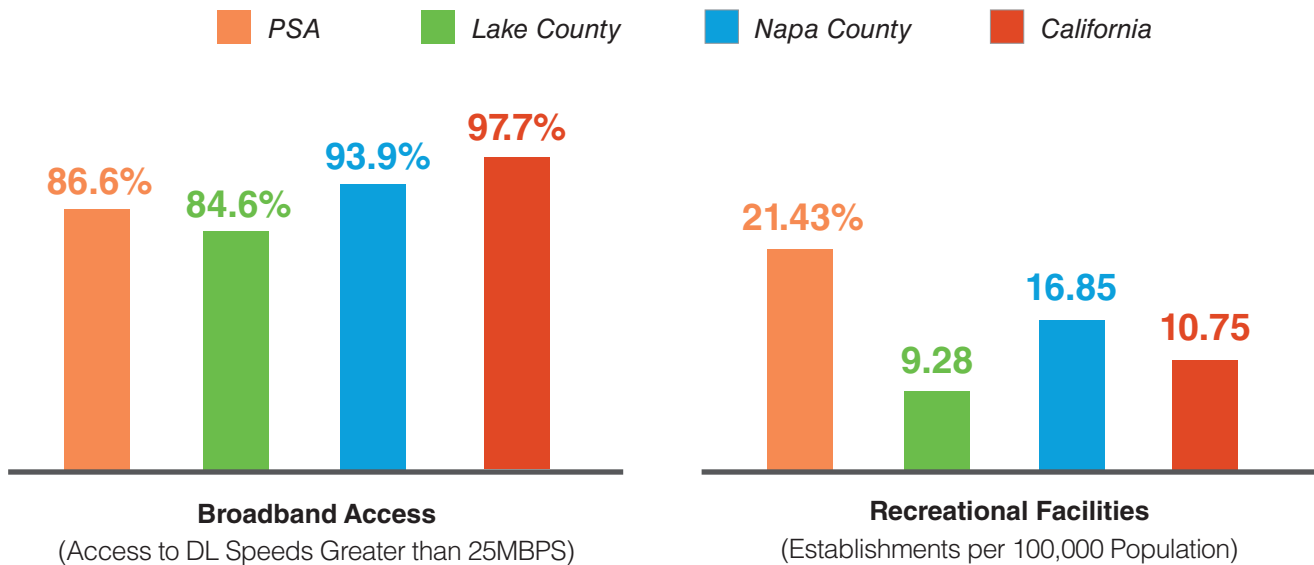


Data Source: Feeding America (2016). Map the Meal Gap, Online Tool. Retrieved May 2019 from <http://map.feedingamerica.org/>.

Built Environment

The term “built environment” refers to the human-made surroundings that provide the setting for human activity, ranging in scale from buildings to parks. It has been defined as “the human-made space in which people live, work, and recreate on a day-to-day basis.” Factors to consider include access to recreational facilities and fitness centers and access to broadband internet access. Access to high-speed internet is important because access to technology opens up opportunities for employment and education. Access to recreational facilities encourages physical activity and other healthy behaviors.

AHSH PSA (86.6%) had higher access to high-speed Internet as compared to Lake County (93.9%). AHSH PSA had higher recreational facilities (21.43) as compared to Lake and Napa County (9.28 and 16.85, respectively).



Data Source: CARES Engagement Network (2019). National Broadband Map. Dec. 2017. US Census Bureau, County Business Patterns. Additional data analysis by CARES. 2016. Retrieved May 2019 from [https:// engagementnetwork.org/assessment/](https://engagementnetwork.org/assessment/)

How is the region doing?

- Lake County ranked 35-40% and Napa County ranked 35-40% percentile on the CalEnviroScreen 3.0 index for pollution. This means that these areas have a moderate pollution burden, populations especially sensitive to these factors, and socioeconomic factors that increase vulnerability to pollution.
- AHSH PSA had the lowest fast food restaurant rate, grocery store rate, and SNAP authorized retailers as compared to Lake and Napa County per 100,000 population.
- Food insecurity averages in Lake County for the overall population (15.6%) and children (23.2%) are higher than reported averages for the state (11% and 18.1%, respectively). These averages are higher than Napa County.
- AHSH PSA (86.6%) had higher access to high-speed Internet as compared to Lake County (93.9%). AHSH PSA had higher recreational facilities (21.43) as compared to Lake and Napa County (9.28 and 16.85, respectively).

Voices from the Community

A CHNA would not be complete without hearing from the local community. Those chosen to provide input, represent the diversity of our community and those who are medically underserved, low-income and minority populations.

Overview

From December 6, 2018 to April 8, 2019, focus groups and key informant interviews were administered. Approximately 46 people were surveyed to obtain input from the community in the form of 4 focus groups (with a total of 36 focus group participants) and 15 key informant interviews. A full description of key informants and focus group participants can be found in the Appendix D of this document.

Focus Group

Focus group participants were end-users of programs and services provided by AHSN. Populations represented by focus group members included Promotoras, seniors, low-income, homeless/at-risk and representatives from the education sector. The majority of focus group participants live in Napa County, specifically in Santa Rosa, Yountville, St. Helena, and Calistoga.

Key Informant Interview

Key informant interviews consisted of key leaders in our community from an array of agencies, including those that serve children, homeless populations, seniors and community at large populations. Additionally, key informant interviews were conducted with representatives from the non-profit, educational, homeless, law enforcement, and faith-based sectors. The majority of the people interviewed serve residents in Napa County, specifically in Santa Rosa, Yountville, St. Helena, and Calistoga. Additional localities identified for the service areas were Rutherford, Ronald Park, Deer Park and Hope Valley. Most key informants hold titles such as Executive Directors or Presidents, Superintendent, Mayor, and Head Pastor.

Methodology

To determine focus groups and key informants, AHSN team members were provided with a list of sample sectors for consideration that included: community-based organizations, local businesses, foundation/funders, school board/districts, city council, public health department, law enforcement, legal, faith-based organizations, and hospital leaders. Additionally, they were asked to consider the following criteria:

- Does this person represent a vulnerable populations?
- Does this person represent the uninsured/underinsured population?
- Does this person's role transcend more than one county?
- Do we have representation from all sectors?
- Does it meet the requirement of community health needs assessments?
- Does this person's role cross sectors?

Additionally, they were asked to consider the following populations for inclusion in focus groups: those dealing with mental health issues or substance abuse, minorities, low-income, uninsured/underinsured, and youth populations. While members considered potential groups and venues, they were asked to keep the following criteria in mind:

- Does this focus group represent a medically underserved, low income, or minority population(s)?
- Can this focus group speak to pressing health care issues in our community (i.e. children's health, mental health, or access to care)?
- Does this focus groups represent diverse populations or health issues?
- Can this focus group speak to the social determinants of health in our community?

Objectives

Through engaging the community our objective was to discover strategies in which our hospital could collaborate to better serve communities and elevate the health status of our region. To better understand the needs, the focus groups and key informant interviews concentrated on these themes:

- Visions of a Healthy Community
- Health and Social Needs
- Existing Resources
- Barriers to Accessing Resources
- Hospital Perception and Opportunities

Additionally, key informants were asked about the greatest health and social needs of children, services that could improve health in the community, barriers for clients from an organizational perspective, and for any additional feedback.

Findings — Significant Health and Social Needs

The focus groups, key informants, and surveys contained questions about the most significant health needs in the community. Based on those responses, prioritization was given to issues most frequently mentioned. The top five mentioned below are a combination of all three data sources based on frequency of response.

The priority needs were identified by first creating codebooks based on the focus group, key informant interviews, and open text responses from the online survey. The codebooks assisted in combining the separate themes for comparison and analysis. The three sources were coordinated to supply richer interpretation when applicable. Using secondary sources, county information was gathered and compared with the themes found in the focus groups, key informant interviews, and surveys. Table 1 displays the separate ranking of most frequently mentioned health issues by focus group and key informant interviews. The overarching themes based on the amount of times the issue was mentioned across all three data sources are:

Table 1. Order of Most Frequently Mentioned Issues by Data Source Type

	Focus Groups	Key Informant Interviews
1	Mental Health	Mental Health
2	Access to Healthcare	Access to Healthcare
3	Chronic Diseases	Housing
4	Dental	Chronic Disease
5	Vision	Nutrition

Supporting Quotes

“...one of the biggest drivers of lost productivity meaning, people’s missing work due to disability is depression. Well, that obviously links to emotional health. So, people’s ability to have healthy relationships whether it’s with their family, whether it’s at school, whether it’s on the job, whether it’s in the community, is they have to have the ability to deal with mental health issues that arise most commonly it’s depression anxiety. Both of which are can are often byproducts of trauma or stress. And we live in a very stressful world.”

“For me, I think it’s access. Not to health care but it’s access to doctors. I spent over 13 months trying to find a neurologist. The doctors were kind of pushed out of the hospital and then eventually pushed off into the community and they added office space and then eventually they got pushed out of there. And now I’m down on the Santa Rosa for some, I’m in Napa for some. So, the specialty areas were pushed out.”

“There’s a lot of, like other communities, there’s a lot of obesity across the board not just childhood but adults and older adults. It’s just that the problem that we are battling across the board, across the world. But it’s definitely here as well.”

“Housing is a theme that just comes up repeatedly no matter what meeting you’re in. I think there is a lack of affordable housing in Napa County, especially for workforce and young families and housing costs are very very high. And that cost burden really interferes with people’s ability to meet their other basic needs like food, health care and medications for older adults to be able to stay in their communities so that that influences the social connectedness.”

“...food -insecurity food access and food insecurity. So, people not being able to access affordable, healthy nutritious food.”

Findings by Themes

Visions of a Healthy Community

The main themes surrounding the vision of a healthy community is collaborative, inclusive, all-encompassing at addressing social, emotional, health, and environmental needs of the residents within the community according to key informant and focus group participants. This theme was characterized by affordable and quality housing, affordable and access to healthy foods, safe neighborhoods, walkability, clean air and water environment that is free from pesticides, and inclusivity regardless of race and sexual orientation. Additionally, a community that has accessible healthcare that includes not only physical structures such as clinics and hospitals, but also access to diverse medical specialties, to information and activities that contribute to good health and education complete the vision of a healthy community.

Supporting Quotes

"A community where such factors as environment, education, water, food, transportation, chemical use etc. are all factored in to provide the highest possible quality of life and long-term health for our community."

"I would say my vision of a healthy community is one where you have broad measures of health and you look at health from a larger perspective. Meaning, physical, mental emotional, that people have basic needs food, clothing, shelter that it's accessible and affordable and that they have opportunities for recreation. So, I think all the different components are socially connected. They have meaningful relationships. There're opportunities for education and employment. There are good environmental standards."

Social Factors

Homeless and working poor were two of the main themes that emerged as social factors that were frequently mentioned by focus group participants and key informants. Income and education were intertwined with ability to afford housing, seeking health and social services, and food insecurity. Additionally, working poor, according to respondents includes the inability to afford housing and other basic necessities while employed, not having enough time to spend with children due to working multiple jobs, inconsistent employment schedules (seasonality), and not being able to afford co-pays and/or insurance.

Supporting Quotes

"I have friends who are living in their car with kids. It's not illegal to be homeless with your child. it's not a danger to your child."

"...I think there's a tremendous amount of stress right now in the immigrant community. Which makes up a large segment of the population in Napa Valley. They are just under a lot of stress and strain and there's a lot of political stuff impacting their community that's been extremely difficult."

"We're in a high cost of living area and our compensation levels are not what they are in other parts of the Napa Valley."

Health Needs of Children

Among key informants and focus groups, responses included social, emotional, and mental health aspects of children's health and well-being. The biggest health issues among children was physical activity, obesity, and lack of activities. Additionally, housing, nutrition education, social/emotional resources, quality education, stress/anxiety, emergency pediatric care, quality and affordable infant and preschool were mentioned.

Supporting Quotes

"Don't just look at the academics, look at the whole child - social, physical, emotional and the mental health part of it – everything."

"I think the housing situation is important. You know, we know, that when children have to repeatedly move housing to different communities or schools, that can have impacts on education and behavior problems and also the possibility that children are living in substandard housing."

"I think for our school aged youth, one of the things that we've heard quite a bit is that there's just not enough kind of recreational things for them to do that are free and accessible after school or during the summers. So that's a concern and it can lead to kind of more problematic behaviors like using substances or obesity."

Existing Community Assets and Resources

The most commonly mentioned community assets and resources was the spectrum of organizations that are working to make the community better. They were proud that they have a mixture of social and educational services to meet senior needs as well as those of working adults. Some of the main resources and assets mentioned by focus groups were after school sports, WIC services, food banks, city park and recreation offerings, and the Boys and Girls Club.

Supporting Quotes

"We really have a pretty amazing spectrum of organizations and agencies that are all individually trying to meet facets of what are perceived needs."

Barriers to Access

The greatest responses to barriers to access include financial resources, immigration status, and availability of clinical, specialty, and social support resources. Additionally, lack of transportation, language barriers, limited knowledge of available resources, the increased distance people must travel for care, perceived social and economic limitations and disparities, and insurance coverage were also mentioned as barriers across key informant and focus group respondents.

Supporting Quotes

"I think the community works a lot to pay for services. The stress we feel to pay for rent, to pay for health services. I'd rather wait until I absolutely have to. If I go to the doctors, the services are there but the insurance and co-pays are very expensive. Not just here in Calistoga, I think it's the stress of the high cost of all the services."

“Public transportation is tough around here. So, getting to and from the hospital or to and from appointments, and again, you know a lot of our patients come from hours and hours away. So, a lot of times they might be here, but their family is not able to be involved in their treatment because they can’t get here.”

“Income disparities, access opportunities are more available to those with greater means. Access to transportation maybe a parent who has the freedom to transport their kids to various activities, there are very affluent families and then those living in special neighborhoods with low income housing and, you know, that may be exacerbated by only one car and dad has that at work or both parents are working and there’s nobody to get help the kids get access to these things.”

Hospital Perception and Opportunities

Positive perceptions of the hospital were indicated by both focus group and key informant respondents. There were several comments related to recent improvement by the hospital regarding community outreach efforts within the community and at schools through health fairs and other health education forums. Opportunities identified include communication and partnerships that involved collaborating with others. As one key informant mentioned, operating in silos does not help with population health. Additionally, some focus group respondents still want to see more involvement from the hospital at different levels within the community.

Supporting Quotes

“I think it’s a tremendous asset personally to have St. Helena Hospital as well funded for this size of the community, it’s probably unheard of.”

“I think they could be present; I think they could be more involved on other levels of the community.”

“I think it’s a recognition that you can’t operate in a silo. You can’t do that out of from a silo you have to be partnering, leveraging resources. You have to be collaborating because population health is really driven by social determinants of health. And part of that is within the purview of a hospital and part of that involves other entities and players. So, if we all buy into the concept of population health broadly physical, mental, emotional and all different levels then I think it requires us to join forces and work together and I think.”

Prioritization of Health Needs

Priority health issue and baseline data

On September 24, 2019 the Mission Integration Sub Committee met to collectively review the findings of this assessment and prioritize the top priority needs Adventist Health St. Helena and partners involved will address over the next three years.

Identified community health needs

Priority Health Issue	Rationale/Contributing Factors
Mental and Behavioral Health <ul style="list-style-type: none"> • Anxiety • Stress • Depression • Substance Abuse 	<p>Mental and behavioral health was the number one mentioned health needs among the focus groups and key informant interviews. Anxiety, stress, and depression were consistently mentioned across both groups of respondents.</p> <p>Napa county is slightly higher than the state average and Lake County is 1.25% higher than the state average in poor mental health days.</p> <p>Lake County (29.3) has a significantly higher mortality rate per 100,000 people than Napa County (10.1) and the state (10.4) mortality rates.</p> <p>Among the Medicare population, depression for Lake County (16.6%) is slightly higher than Napa County (15.9%) or the state (15.8%) estimate.</p> <p>Age-adjusted drug induced deaths in Lake County (40.4) are approximately 3.5-4% higher than Napa County (10.4) or state (12.7) estimates.</p>
Access to Health Care <ul style="list-style-type: none"> • Providers (including specialist - dentists/ optometrists) • Affordable insurance 	<p>As a critical component of measuring community health, access to health care was the second highest mentioned across the focus groups and key informant interviews. This theme encompassed higher visits to the emergency room as a result of limited specialist resources in the community.</p> <p>Care providers, specifically geriatric, pediatric, and mental health, were most frequently mentioned in the focus groups and key informant interviews.</p> <p>Asthma related ED visits are an indicator of managed asthmatic problems and access to primary care providers. Lake County (80.1) is almost double Napa county (40.2) or the state (46.9) visit rate per 100,000 people.</p> <p>The mental health provider rate in Lake County (342.4) is slightly higher than the state (327.8) but significantly less than Napa County (497.9) per 100,000 people.</p> <p>Dental providers for Lake County (45.1) are nearly half the state (83.4) estimate and Napa County (89.4) per 100,000 population.</p>

Priority Health Issue	Rationale/Contributing Factors
Chronic Disease <ul style="list-style-type: none"> • Obesity • Diabetes • Cancer 	<p>Obesity and Diabetes were the most frequently mentioned chronic diseases across age groups and focus group and key informant respondents.</p> <p>Napa County Medicare population has the lowest rates of obesity (21.1%) and heart disease (24.4%) as compared to the state.</p> <p>The amount of exercise is an indicator of obesity. Access to exercise opportunities is significantly lower in Lake County (64.8%) than in Napa (92.4%), which is closest to the state (93%) estimate.</p> <p>Diabetes is in the top 10 leading causes of death for Napa County.</p> <p>Multiple forms of cancer appear for Lake and Napa counties in the top 10 leading causes of death. Lung Cancer is ranked higher than any other forms of cancer between the two counties.</p>
Housing and Homelessness	<p>High cost of living and homelessness were frequently mentioned across focus group and key informant participants as a major health need. Inadequate housing or moving frequently is a stressor that affects the total well-being of an individual. Housing intersects with mental health, chronic disease, nutrition, and ability to access consistent care.</p> <p>Residents in both Lake County (40.4%) and Napa County (38.7%) counties experience cost-burdened households that are slightly lower than the state (41.9%) estimate.</p>
Access to Healthy Foods	<p>Fast food restaurants and grocery stores rates per 100,000 are indicators for obesity. Lake and Napa counties are lower in fast food restaurant rates (51.03, 60.08) and higher in grocery store rates (37.11, 29.31) than the state (80.51, 21.14).</p> <p>Food insecurity directly correlates with nutrition. Lake County (15.6%) has a higher percentage of overall food insecurity than Napa County (8.0%), which is lower than the state.</p> <p>Children's food insecurity is significantly higher for Lake County (23.2%) than Napa County (13.8%) or the state (18.1%).</p> <p>SNAP authorized retailers in Lake County is higher than Napa County and higher than the state estimate.</p>

Prioritization process and criteria

On September 24, the Adventist Health St. Helena Mission Integration Sub Committee met to collectively review the findings of this assessment and determined the top priority needs that Adventist Health St. Helena and partners involved will address over the next three years. Stakeholders agreed on the criteria below to consider when making a decision. The criteria listed recognize the need for a combination of information types (e.g, health indicators and primary data) as well as consideration of issues such as practicality, feasibility, and mission alignment.

- Addresses disparities of subgroups
- Availability of evidence or practice-based approaches
- Existing resources and programs to address problems
- Feasibility of intervention
- Identified community need
- Importance to community
- Magnitude
- Mission alignment and resources of hospitals
- Opportunity for partnership
- Opportunity to intervene at population level
- Severity
- Solution could impact multiple problems

After tallying the results, there was a discussion to validate the needs. The top priority needs for 2019-2022 are:

Access to healthcare

- Access to providers - including specialist, dentist, optometrist
- Affordable insurance

Chronic disease

- Obesity
- Diabetes
- Cancer

Mental and behavioral health

- Anxiety
- Stress
- Depression
- Substance Abuse

Housing and Homelessness

The voting members in attendance were:

- Karla Newton
- Dr. Steve Herber
- Dr. Timothy Lyons
- Jodi Brownfield
- Alfonso Trejo, Jr.
- Nelu Nedelea
- Pacific Union College – Angwin
- Fabio Maia
- Adventist Health Corporate
- Shelly Trumbo (by phone)
- Community Leaders
- Jenny Ocon – Up Valley Family Center
- Julie Spencer -Rianda House
- Rob Weiss – Mentis

Addressing Identified Needs

Plan development

Adventist Health St. Helena will develop strategies to address each need identified in this community health needs assessment. Strategies will be documented in a community health improvement plan (CHIP). The CHIP will describe how AHSN plans to address the health needs and plans to commit, potential partners, and metrics used to evaluate success. If AHSN does not intend to address the need, the CHIP will explain why.

The CHIP will describe the strategies intended to address the health needs and anticipated impact and partnerships. Partnerships are an important to addressing health needs, the CHIP will also describe any planned collaboration between AHSN and other facilities/organizations in addressing the health needs. The improvement plan will be made available May 2020.

Top Health Needs Identified for 2019-2022:

Access to healthcare

- Access to providers - including specialist, dentist, optometrist
- Affordable insurance

Chronic disease

- Obesity
- Diabetes
- Cancer

Mental and behavioral health

- Anxiety
- Stress
- Depression
- Substance Abuse

Housing and Homelessness

2016 Evaluation

Evaluating our efforts encourages accountability to the communities we serve and allows us to share our successes. This section evaluates the impact of actions that were taken to address the significant health needs identified in the prior community health needs assessment and associated implementation strategy (i.e. community health improvement plan) for 2017-2018. These outcomes are related to priority needs that were identified in the 2016 CHNA cycle.

Adventist Health St. Helena identified specific multi-year community benefit strategies to direct its resources and work with others in achieving unmet needs in the area. The following tables provide an update on progress made over the past cycle in meeting the measurable metrics targeted for 2017-2018. Results for 2019 have yet to be completed. More detailed and complete findings can be found in hospital's implementation plan/community benefit report.

Priority Need: Mental Health

Intervention: Utilize the Center for Behavioral Health in Vallejo to expand services in Napa and Solano Counties - Opened a new Behavioral Wellness Center in Vacaville, California.

Adventist Health Vallejo recognized the need to expand access to mental health services in Solano County. After extensive research, it was determined there was high demand for an intensive outpatient program focused on adults suffering from debilitating symptoms of mental illness. Launched in December of 2017, the Behavioral Wellness Center allows individuals to receive thorough treatment in a less restrictive environment than that which is offered in inpatient treatment or residential care. Yet, it provides a more structured therapeutic setting than that which is typically offered in a traditional outpatient setting.

Led by a multidisciplinary team, the Center offers evidence-based, innovative programs, including cognitive behavior therapy and dialectical behavioral therapy. Flexible treatment options, combined with convenient, flexible schedules will help meet patients' needs so they can access care close to home.

Intervention: Recruited three psychiatrists to provide mental health services at Adventist Health Vallejo and Adventist Health St. Helena to serve children, adults and seniors

In an effort to expand access to treatment options for mental health disorders, Adventist Health St. Helena and Adventist Health Vallejo worked together to recruit three new physicians, including Sarah B. Benington, DO, Julie Oldroyd, MD and Heather Lewerenz, MD. These three physicians bring exceptional skills and talent and helped us to meet the growing needs of inpatient psychiatric care. In 2017, they were able to conduct more than 1,750 patient visits combined at both Adventist Health St. Helena and Adventist Health Vallejo.

Intervention: Sponsored Mentis, an organization that provides mental health services for teens.

In an effort to expand access and increase awareness of mental health disorders, Adventist Health St. Helena proudly sponsored Mentis, Napa's center for mental health services to expand access to mental health services and counseling for children in 2018. Mentis' School-Based Program works closely with the Napa, Calistoga, Howell Mountain and St. Helena to provide counseling to children and teens in elementary, middle and high schools struggling with depression, violence, and family conflicts that are causing emotional, behavioral and academic problems. Mentis' therapists work closely with the student and their families to address and resolve problems that are having a significant impact on high risk youth in Napa County.

Intervention: Provide inpatient mental health care for seniors.

Adventist Health St. Helena is working to reduce the gap in services available for our community as it relates to mental health. Our dedicated senior behavioral health unit provides inpatient mental health services for those in need and is the only unit of its kind in the North Bay.

Intervention: Increased outpatient mental health services by expanding available appointments and hours.

Transitioned Dr. Haycraft from part-time inpatient hospital and part-time outpatient clinic setting to full-time clinic setting allowing for additional appointments in clinic and increasing access to immediate mental health resources.

Intervention: Provided community education from an expert psychologist in gun violence to address community fears and help heal after a tragic gun violence incident in the community.

In response to the horrific and tragic gun violence incident that occurred at the Yountville Veterans Home in early 2018, Adventist Health St. Helena held a free community wide presentation and education session in English and Spanish led by expert psychologist Dr. Amy Barnhorst. Approximately 80 community members attended. Dr. Barnhorst addressed the current status and capabilities of our mental health system, gun control and how mental health actually relates to gun violence in the United States. She also discussed healing after such event and resources that are available in the community to all members.

Partner:

- Mentis

Measured Impact

Objective	Baseline Measurement	Performance Target	Intervention	Measurement Update
Expand access with an intensive outpatient program offered via the new Behavioral Wellness Center	2017: 0	0 for 2017	48	Patient visits
Increase access to inpatient services in Napa and Solano County by recruiting three physicians	2017: 0	1,500 patient visits	1,750 patient visits in 2017	AH finance
Create awareness, educate and provide access to mental health services in Napa County through sponsorship of Mentis	2017: 956 individuals	956 will be made aware of mental health disorders through educational programs	48	Patient visits
Increase awareness and treatment of mental health in Napa Valley	2018: # of patients served for mental health services	100% of persons who need services are able to access needed services	55	Patients/Clients
Increase awareness and treatment of mental health in schools through Teens Connect and Mentis	2018: 300 individuals in target audience	100% awareness	300	Mentis
Increase outpatient services	2018: Patient visits	100% of persons who need services are able to access needed services	936 patient visits	Patients/Clients

Priority Need: Obesity and Diabetes

Intervention: Farmer's Market

Through local growers, Adventist Health St. Helena sourced farm fresh produce for a monthly farmers' market available onsite at Café 1878. Employees and community members received food demonstrations and had the option to purchase farm fresh produce once a month.

- 2018 - Total number of people served is approximately 480 people.
- 2017 - Total number of people served is approximately 480 people

Intervention: Wellness Fair for St Helena Unified School District

Adventist Health St. Helena worked together with the St. Helena Unified School District to put together a wellness curriculum that teaches students about mind, body and spirit health. The day's events included education on health snacks, sleep, exercise interventions provided by TakeTEN, and Adventist Health St. Helena's lifestyle medicine program that specializes in helping people to optimize their health through lifestyle and ten proven health habits.

- 2018 - Total number of people served is approximately 285 students.
- 2017 - Total number of people served is approximately 600 students..2017 - Number of Community Members Served: 69.

Intervention: Lead community partners to pursue Blue Zones in Upper Napa Valley

Adventist Health St. Helena opened the eyes of the upper valley community leaders on the benefits of becoming a Blue Zone. Through a series of meetings extended over a 90-day time period. The project was very well received – so much in fact that scope of the project has expanded geographically to include the entire county. At this stage Blue Zones has presented a revised proposal based on a revised scope of work for the entire county and we are awaiting responses from key leaders on next steps to initiate fundraising for the project.

- 2017 - More than 120 leaders of business, government, restaurant, hotel, wine industry, education and city officials participated to help find how we can work together to help our community live longer, healthier and more active lives.

Intervention: Utilize physicians, integrative medicine specialists, and nutritionists to educate parents and students on health-related topics

Adventist Health St. Helena proudly sponsored a series of educational events that helped to educate the public on variety of health topics taught by physicians and dietitians. The Awaken Series is one example of many in which we brought subject matter experts to the community on prevention and quality of life topics as it relates to cancer. In addition, in 2017 we sponsored a monthly Heart Lecture Series whereby we were able to bring in leading cardiac experts who focused their talks on new treatment options for Afib, valves and atherosclerosis.

- 2018 - Total number of people served is approximately 90 community members. In addition, a monthly senior health education series in Calistoga was sponsored that highlights different health-related and self-care topics presented by specialists in each field.
- 2017 - Total number of people served is approximately 273 community members (207 community members in Napa County. We also conducted a lecture on orthopedics and joint replacement which served a total of 109 community members in Napa County and 110 community members in Solano County. We also participated in several educational events surrounding women's heart health, in conjunction with the American Heart Association. Through these events we were able to serve a total of 67 community members).

Intervention: Include prenatal and early life nutrition as a topic in prenatal programs

Adventist Health St. Helena extended prenatal and early life nutrition into its curriculum of its series of twenty free child birth education classes offered over the year. This program teaches them the importance of prenatal health and good nutrition to optimize the health of both the expectant mother and their newly born child.

- 2018 - Total number of people served is approximately 260 mothers and fathers.
- 2017 - Total number of people served is approximately 260 mothers and fathers.

Intervention: Enhance diabetes education program to accommodate for more of the community, including Spanish speaking patients

Adventist Health St. Helena provided our community with access to a free four-week diabetes education class in St. Helena. The free class series helps participant learn how simple lifestyle choices can make all the difference. Plus, participants have an opportunity to meet one on one with a registered dietitian where they work together to tailor a plan around the participant's health and lifestyle.

- 2018 - Total number of people served is approximately 47 community members.
- 2017 - Total number of people served is approximately 184 community members

Intervention: Provide free community exercise programs to encourage physical fitness and weight management.

Together with the City of St. Helena Parks and Recreation department, we were able to introduce a free exercise class where members gathered in the park on a weekly basis, encouraging community members to get outside, get moving and take control of their health.

- 2018 - Total number of people served is approximately 130 community members.
- 2017 - Total number of people served is approximately 273 community members (207 community members in Napa County. We also conducted a lecture on orthopedics and joint replacement which served a total of 109 community members in Napa County and 110 community members in Solano County. We also participated in several educational events surrounding women's heart health, in conjunction with the American Heart Association. Through these events we were able to serve a total of 67 community members).

Partners:

- St. Helena Unified School District
- Blue Zones
- Napa County Health Department
- American Heart Association
- Up Valley Family Centers
- City of St. Helena Parks and Recreation

Measured Impact

Objective	Baseline Measurement	Performance Target	Intervention	Measurement Update
St. Helena Unified School District What is the objective?	Participation of students	600 students	600 students	School roster
Introduce Blue Zones What is the objective?	Engagement with the community leaders	2017: Initiation of project	600 students	School roster
Diabetes Education Classes	# of participants	2017: 150	2017: Self-Reported	School roster
Increase accessibility to healthy foods	2018: 0	2017: 150	600 students	School roster
Increase education about healthy eating and active living	Knowledge of healthy foods and exercise patterns	2017: 200 people to participate in classes 2018:	2017: 575 participants in community education events in Napa County	2017: Patients/ Clients
Increase opportunities for physical activity	0	2018: % of person participating in opportunities	2017: Patients/ Clients	School roster

Priority Need – Access to Health Care

Intervention: Recruited seven physicians into the network to provide specialty services, including urology, cardiology, cardiac electrophysiology and psychiatry.

Measured Impact

Objective	Baseline Measurement	Performance Target	Intervention	Measurement Update
Expand accessibility to care	2017: 0	2017: Recruit seven physicians Dr. Andreossi, Urology Dr. Potter, General Surgery Dr. John Laird, Interventional Cardiology Dr. Dan Kaiser, MD, Cardiac Electrophysiology Dr. Sarah Benington, DO, Psychiatry Dr. Heather Lewerenz, Psychiatry Dr. Julie Oldroyd, Psychiatry	2017: The total number of patient visits between all seven physicians in 2017 was 4,242 patient visits.	Self reported

Priority Need – Access to Health Care and Dental Care (Dental Care was added in 2018)

Intervention: Launched Dare to C.A.R.E program providing free heart and vascular screening for seniors

Adventist Heart & Vascular Institute launched Dare to C.A.R.E, a free screening for those who qualify to detect carotid artery disease, abdominal aortic aneurysm, renal artery disease and extremity artery disease. This ultrasound screening provides the public with education about the unrecognized risks of vascular disease. Countless lives can be saved by teaching people about vascular disease and options they have for pre-emptive treatment. Adventist Heart & Vascular Institute launched Dare to C.A.R.E, a free screening for those who qualify to detect carotid artery disease, abdominal aortic aneurysm, renal artery disease and extremity artery disease. This ultrasound screening provides the public with education about the unrecognized risks of vascular disease. Countless lives can be saved by teaching people about vascular disease and options they have for pre-emptive treatment.

- 2018 Total number of people served a total of 21 screenings completed in 2018 in Calistoga, CA.

Intervention: Provide specialty care and surgical services to low-income, uninsured patients

Adventist Health St. Helena is a proud partner of Operation Access. Together with other community partners we are able to provide quality specialty care for low-income, uninsured patients. This work improves individual lives as well as the community as a whole. In 2017, the physicians who provide services includes Abhishek Choudhary, MD, Gastroenterology Stephanie Kekulawela, MD, General Surgery John H. Kirk, MD, Gynecology, Eugene Lam, MD, Gastroenterology Mark Potter, MD, General Surgery Andreas Sakopoulos, MD, Cardiothoracic Surgery and Huber Anesthesiology Group. Six physician volunteers provided 37 surgical and diagnostic procedures for 30 individuals at Adventist Health St. Helena. Of those who benefited from the services, 97% of the patients were very satisfied with their experience and 96% reported improved health, 90% reported that it improved their ability to work and 93% reported that it improved their quality of life.

Partners:

- Operation Access

Measured Impact

Objective	Baseline Measurement	Performance Target	Intervention	Measurement Update
Expand accessibility to surgical and specialty care	2018: % of persons with a primary care doctor	2018: 100% of persons with an assigned doctor	2018: 37	2018: Patients/clients

Priority Need – Cancers

Intervention: Implemented a comprehensive hereditary cancer screening program offered through clinics throughout Napa county. Implementation of a Hereditary Cancer Risk Assessment (HCRA).

To support the program, Candace Westgate, DO, unified a team of specialists in the fields of oncology, oncologic surgery, plastic surgery, hematology, internal medicine, obstetrics, gynecology, dermatology and gastroenterology to work together to launch the county-wide effort. Through HCRA screenings offered through primary care clinics, patients learned if they are predisposed to familial and hereditary cancers. This has proven to improve patient care and population outcomes by assisting patients who have a suspected hereditary cancer syndrome in the early identification of cancer.

Through the support of the Hereditary Cancer Consortium those patients who tested positive are now able to access specialty care to ensure adequate surveillance and/or screenings to align with their type of cancer and condition.

- 2017: More than 454 patients who elected to participate in the Hereditary Cancer Risk Assessment (HCRA). A total of 28 patients tested positive and are now undergoing increased surveillance or tests to understand the extent of their risk, while 426 patients tested negative and can feel confident in knowing they are not at risk of hereditary cancer syndrome.

Intervention: Prevention – Provide access to lung cancer screening program throughout Napa and Lake counties.

Adventist Health St. Helena continues to offer patients access to the Lung Nodule and Early Detection Lung Cancer Screening Program, a program designed to promote earlier detection, more accurate treatment options with early detection, access to advanced technologies and procedures for diagnosis and treatment of lung cancer and the dedicated support of a specialized Lung Health Nurse Navigator.

To support the program, Adventist Health St. Helena provided access to reduced dose CT screenings. According to the New England Journal of Medicine, early CT screenings have proven to increase survival rates by as much as 30% compared to traditional chest x-rays. To make this technology more accessible to all patients, we are offering a discounted rate for high risk patients who qualify.

As part of the program, the hospital continued to offer access to the iLogic Lung Navigation System from Super Dimension which uses Electromagnetic Navigation Bronchoscopy (ENB) to provide a minimally invasive pathway to peripheral lung nodules. With this technology, our physicians are better able to locate, test, and plan treatment for lung nodules and lymph nodes difficult to access with traditional bronchoscopy.

In addition, the program also includes Endobronchial Ultrasound (EBUS), a relatively new procedure used in the diagnosis of lung cancer, lung infections, and other diseases that cause enlarged lymph nodes or masses in the chest. EBUS is a minimally invasive procedure, so patients can have it on an outpatient basis. It is proven to be highly effective. Technology allows physicians to sample central lung masses and lymph nodes with the help of ultrasound guidance.

Intervention: Prevention – Provide access to education around early detection and prevention.

The Martin-O'Neil Cancer Center sponsors a series of educational events for the community focused on cancer prevention. In 2017, the series included topics such as quality of life, and the power of prevention with a plant based diet, among other topics. The events have brought in hundreds of community members to learn from leading experts and is relied upon for family members whose loved ones are undergoing treatment themselves.

- 2017 - Approximately 276 community members attended the program.

Intervention: Prevention – Provide access to support services to individuals undergoing treatment for cancer and/or caregivers or family members who are supporting a loved one who is undergoing treatment for cancer

- Integrative Cancer Support Services are an integral part of the Martin-O'Neil Cancer Center. They provide patients with emotional, physical and spiritual support through all stages of cancer survivorship. The following support services help to strengthen the body, nurture hope and courage, and enrich the spirit:

- Acupuncture

Proven to be a valuable treatment for a number of side effects associated with cancer treatment such as anxiety, depression, fatigue, insomnia, nausea, neuropathy or pain. We treated 580 patients in the year 2017 alone with acupuncture.

- Massage Therapy / Aromatherapy

Our Cancer Center offers daily therapeutic massage to patients, their family members and caregivers to relieve stress, reduce pain and anxiety and encourage overall relaxation. In addition, we offer the practice of using natural oils to enhance psychological and physical wellbeing. These are skillfully offered by our massage staff to enhance the healing process.

A high percentage of patients in the Martin-O'Neil Cancer Center utilize both of these services as they are offered throughout the day in the both the lobby and infusion areas. We provide every new patient two complimentary full body massages.

- Art Therapy

Expressive art therapy groups are designed to allow individuals to experience thoughts, feelings and emotions through the art making process. The classes are offered the last Wednesday of the month, February - November. Approximately 96 patients participated in Art Therapy in 2017.

- Food of Love

A complimentary food support program whereby nutrient dense, delicious meals are provided to Martin-O'Neil Cancer Center patients. The Center provided 960 meals in 2017.

- Nutrition Counseling

Our Oncology Certified Registered Dietitian will meet with you and discuss your personal nutritional needs and guide you with specific dietary recommendations.

- Patient Counseling
An Oncology Board Certified Licensed Clinical Social Worker meets with you and/ or your loved ones to assess your emotional well-being and provide support as needed.
- 2017 - Total number of people served is approximately 672 community member and participated actively in the services listed above, whether it was a patient or a family member or friend of a patient.

Intervention: Partnered with ZERO Prostate Cancer to promote education and awareness of prostate cancer prevention and treatment to approximately 3,600 community members

In 2018, Adventist Health St. Helena's Martin O'Neil Cancer Center is a proud sponsor of the Zero Prostate Cancer Napa Valley, where a team of staff members, physicians and community members participate in a 5k or 10k walk/run to raise awareness and promote prostate cancer screening. All proceeds provide research for new treatments, free prostate cancer testing, and education for men and families about prostate cancer

Intervention: Held first-ever Turkey Trot to promote the importance of early hereditary cancer screening and educate the community on the AHEAD (Adventist Health Early All-Around Detection) Program for early detection and treatment of genetic cancers

Founded by Dr. Candace Westgate, an obstetrician and gynecologist, our AHEAD program sponsored the first-ever Turkey Trot in St. Helena promoting health, community and the importance of early hereditary cancer screening for genetic cancers

- 2018 - Total number of people served is approximately 150 participants in the first year.

Intervention: Community wide education through the Awaken Series

The Martin-O'Neil Cancer Center held community wide education and support programs throughout 2018 that focused on topics like self-awareness and the importance of genetic screening. During the genetic cancer discussion participants were made aware of genetic screenings available to them.

Partners:

- Myriad Genetics
- Super Dimension

Measured Impact

Objective	Baseline Measurement	Performance Target	Intervention	Measurement Update
Increase access to diagnosis of lung cancer screening	2017: 0 2018: NA	2017: 200 low dose CT screenings	2017: 206 underwent low dose lung screenings. 3 patients diagnosed with lung cancer	Self reported
Identify patients who are predisposed to hereditary cancer syndrome	Increase awareness among patients who present as high risk	2017: 500 patients who undergo HCRA screening 2018: NA	2017: 443 patients were tested/32 tested positive	Patients/Clients
Increase awareness of interventions that prevent cancer	2017: # of attendees	2017: 150 attendees	600 students	School roster
Provide cancer support services for patients diagnoses with cancer and their caregivers	# of participants	2017: 500 participants 2018: 200 participants	2017: 672 participants 2018: 248 participants	Patients/Clients
Increase in number of cases identified through genetic testing	# of genetic tests that result in gene positive outcomes	Genetic tests that test positive	2018: Out of 440 genetic tests, 39 patients tested positive	Patients/Clients

Partners:

- Myriad Genetics
- SuperDimension

Priority Need - Access to shelter and respite care for the homeless

Adventist Health St. Helena is proud to support and be a part of Catholic Charities Shelter and Housing Department's initiative to operate the Nightingale Center, a medical respite center for patients from Queen of the Valley and Adventist Health St. Helena Hospital. The center is designed to help patients who have no place to go to continue with their recovery. The Nightingale House will help patients to be released to a safe and stable environment to minimize recidivism. This facility will have 11 beds to provide temporary on-site residential medical care.

Partners:

- Gasser Foundation
- Catholic Charities

Measured Impact

Objective	Baseline Measurement	Performance Target	Intervention	Measurement Update
Increase access to care for the homeless	# of patients served by the Medical Respite Care Facility	2018: 100% of persons who need services are able to access needed services	2018: Estimated number of patients served is 336	2018: Patients/ Clients

Transportation Program for Seniors

Transportation is a major barrier to healthcare access for many seniors. A recent survey by HAPI (Healthy Aging Population Initiative) indicated that transportation challenges are the leading concern from patients in this population. As a note: 24% of the population of St. Helena is senior, and 22% of Calistoga.

In partnership with Rianda House and Molly's Angels, Adventist Health St. Helena sponsored a pilot with on-demand ride service Lyft for seniors facing transportation challenges getting to and from their appointments at the hospital. The program was very successful and was able to provide approximately 41 rides for seniors.

Partners:

- Rianda House
- Molly's Angels

2019 CHNA Approval

This community health needs assessment was adopted on 10/17/19 by the Adventist Health System/West Board of Directors. The final report was made widely available on December 31, 2019.

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To request a copy, provide comments or view electronic copies of current and previous community health needs assessments or community benefit implementation strategies, please visit the Community Benefits section on our website at <https://www.adventisthealth.org/about-us/community-benefit/>.

Appendix A: Qualifications of Consultants

HC2 Strategies, Inc. is a strategy consulting company that works with health systems and hospitals, physician groups, communities and other non-profit organizations across the country to connect and transform the health and well-being of their communities. They work to integrate the clinical and social aspects of community health to improve equity and reduce health disparities.

Laura Acosta, MPH, HC2 Strategies, Inc.

Laura Acosta has experience in healthcare administration, community-based activities, faith communities, and healthy communities initiatives. She provides leadership to various community-based activities focused on improving the quality of life for Inland Empire, California residents. She has extensive knowledge and experience with community benefits, community health needs assessments, and community health plans. Ms. Acosta earned her bachelor degree in Business Administration, and a Master in Public Health from Loma Linda University with a focus in policy and leadership. She has been involved in leadership programs with the Inland Empire Economic Partnership and Healthcare Executives of Southern California, and has been actively involved in experience design.

Jaynie Boren, HC2 Strategies, Inc.

Jaynie is a strategy and business development executive with more than 25 years of progressive leadership responsibility in planning, growing market share, creating new revenue opportunities, and facilitating relationships and joint ventures for independent hospitals, major integrated healthcare delivery systems and tertiary medical centers.

She has the ability to bring individuals with diverse interests together to achieve corporate and business objectives. Jaynie is an executive that can bring together her outstanding market research, planning, marketing, strategy, project development, implementation, and relationship building skills. She has documented success in building strategic plans and working with teams to assure implementation of goals.

James A. Martinez, Ed.D., MPH

James earned a master's degree in epidemiology and a doctoral degree in health education from Columbia University, NY. He is a population health data expert using data to tell the community story. He teaches courses in database design, cartography and GIS applications in public health practice at Loma Linda University Health. He is also a program manager at the Inland Empire Health Plan.

He also works on a community-lead partnership with local government on developing a countywide health improvement framework, and asset mapping applications to promote networks of healthy communities and real-time community health management platforms for hospital emergency department visits and solutions for preventing readmissions.

Appendix B: Glossary of Terms

Ambulatory Care Sensitive Conditions (ACSC)

A set of 28 medical conditions/diagnoses “for which timely and effective outpatient care can help to reduce the risks of hospitalization by either preventing the onset of an illness or condition, controlling an acute episodic illness or condition, or managing a chronic disease or condition.” Examples of ACSCs include:

- Angina
- Aspiration
- Asthma
- Cellulitis
- Congestive heart failure
- Constipation
- Convulsions/epilepsy
- COPD
- Dehydration and gastroenteritis
- Dental conditions
- Diabetes complications
- Ear, nose and throat infections
- Gangrene
- Gastro-oesophageal reflux disease
- Hypertension
- Iron deficiency anemia
- Influenza
- Nutritional deficiencies
- Pelvic inflammatory disease
- Perforated/bleeding ulcers
- Pneumonia and other acute LRTI
- Tuberculosis and other vaccine preventable
- UTI/pyelonephritis

Benchmark

A benchmark is a measurement that serves as a standard by which other measurements and/or statistics may be measured or judged. A “benchmark” indicates a standard by which a community can determine whether well the community is performing well in comparison to the standard for specific health outcomes.

Community Resources

Community resources include organizations, people, partnerships, facilities, funding, policies, regulations, and a community’s collective experience. Any positive aspect of the community is an asset that can be leveraged to develop effective solutions.

Federal Poverty Level

The set minimum amount of gross income that a family needs for food, clothing, transportation, shelter and other necessities. In the United States, this level is determined by the Department of Health and Human Services and used to determine financial eligibility for certain federal programs. One can calculate various percentage multiples of the guidelines by taking the current guidelines and multiplying each number by 1.25 for 125 percent, 1.50 for 150 percent, etc. 150%, 300%, and 400% are included in the table below.

2019 Poverty Guidelines for the 48 Continental United States, Annual Salary				
Persons in Family/ Household Size	Poverty Guideline (Level)	150% of the FPL	300% of the FPL	400% of the FPL
1	\$12,490	\$18,735	\$37,470	\$49,960
2	\$16,910	\$25,365	\$50,730	\$67,640
3	\$21,330	\$31,995	\$63,990	\$85,320
4	\$25,750	\$38,625	\$77,250	\$103,000
5	\$30,170	\$45,255	\$90,510	\$120,680
6	\$34,590	\$51,885	\$103,770	\$138,360
7	\$39,010	\$58,515	\$117,030	\$156,040
8	\$43,430	\$65,145	\$130,290	\$173,720
For families/households with more than 8 persons, add \$4,420 for each additional person.				

2019 Poverty Guidelines for the 48 Continental United States, Monthly Salary				
Persons in Family/ Household Size	Poverty Guideline (Level)	150% of the FPL	300% of the FPL	400% of the FPL
1	\$1,041	\$1,561	\$3,123	\$4,163
2	\$1,409	\$2,114	\$4,228	\$5,637
3	\$1,778	\$2,666	\$5,333	\$7,110
4	\$2,146	\$3,219	\$6,438	\$8,583
5	\$2,514	\$3,771	\$7,543	\$10,057
6	\$2,883	\$4,324	\$8,648	\$11,530
7	\$3,251	\$4,876	\$9,753	\$13,003
8	\$3,619	\$5,429	\$10,858	\$14,477

Federally Qualified Health Center

Federally Qualified Health Centers are community-based health care providers that receive funds from the Health Resources & Services Administration Health Center Program to provide primary care services in underserved areas. They must meet a stringent set of requirements, including providing care on a sliding fee scale based on ability to pay and operating under a governing board that includes patients. Federally Qualified Health Centers may be Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Health Centers for Residents of Public Housing.

Focus Group

A group of people questioned together about their opinions on an issue. For this CHNA, focus groups answered questions related to components of a healthy community and issues in their community.

Food insecurity

A lack of consistent access to food resulting in reduced quality, variety, or desirability of diet or multiple indications of disrupted eating patterns and reduced food intake.

Housing Cost Burden

Measures the percentage of household income spent on mortgage costs or gross rent. The US Department of Housing and Urban Development currently defines housing as affordable if housing for that income group costs no more than 30 percent of the household's income. Families who pay more than 30 percent of their income for housing are considered cost burdened; families who pay more than 50 percent of their income for housing are severely cost burdened.

Health indicator

A single measure that is reported on regularly and that provides relevant and actionable information about population health and/or health system performance and characteristics. An indicator can provide comparable information, as well as track progress and performance over time.

Healthy People 2020

Healthy People 2020 provides science-based, 10-year national objectives for improving the health of all Americans. For three decades, Healthy People has established benchmarks and monitored progress over time to encourage collaborations across communities and sectors, empower individuals toward making informed health decisions, and measure the impact of prevention activities.

Housing Units with Substandard Conditions

Housing that poses a risk to the health, safety or physical well-being of occupants, neighbors, or visitors. Substandard housing increases risk of disease, crime, social isolation and poor mental health. Substandard housing is associated with one or more of the following conditions:

1. Is dilapidated;
2. Does not have operable indoor plumbing;
3. Does not have a usable flush toilet inside the unit for the exclusive use of a family;
4. Does not have a usable bathtub or shower inside the unit for the exclusive use of a family;
5. Does not have electricity, or has inadequate or unsafe electrical service;
6. Does not have a safe or adequate source of heat;
7. Should, but does not, have a kitchen; or
8. Has been declared unfit for habitation by an agency or unit of government.

Infant Mortality Rate

Expressed as a rate per 1,000 births, this is defined as the death of a child prior to its first birthday (should be read, for example, as 7.8 infant deaths for every 1,000 births).

Low Birth Weight

Expressed as a rate per 1,000 births, this refers to infants born with a weight between 1,500 and 2,500 grams or between 3.3 and 5.5 pounds. Very low birth weight infants are born with a weight less than 1,500 grams.

Prenatal Care

Adequacy of prenatal care calculations are based on the Adequacy of Prenatal Care Utilization Index (APNCU), which measures the utilization of prenatal care on two dimensions. The first dimension, adequacy of initiation of prenatal care, measures the timing of initiation using the month prenatal care began reported on the birth certificate. The second dimension, adequacy of received services, is measured by taking the ratio of the actual number of visits reported on the birth certificate to the expected number of visits. The expected number of visits is based on the American College of Obstetrics and Gynecology prenatal care visitations standards for uncomplicated pregnancies (1), and is adjusted for the gestational age at initiation of care and for the gestational age at delivery. The two dimensions are combined into a single summary index, and grouped into four categories: Adequate Plus, Adequate, Intermediate, and Inadequate.

- *Adequate Plus:* Prenatal care begun by the 4th month of pregnancy and 110% or more of recommended visits received.
- *Adequate:* Prenatal care begun by the 4th month of pregnancy and 80-109% of recommended visits received.

- *Intermediate*: Prenatal care begun by the 4th month of pregnancy and 50-79% of recommended visits received.
- *Inadequate*: Prenatal care begun after the 4th month of pregnancy or less than 50% of recommended visits received.

Primary Data

Primary data are new data collected or observed directly from first-hand experience. They are typically qualitative (not numerical) in nature. For this CHNA, primary data were collected through focus groups and key informant interviews.

Secondary Data

Data that has already been collected and published by another party. Typically, secondary data collected for CHNAs is quantitative (numerical) in nature (for example, data collected by a local or state department of health, the Centers for Disease Control and Prevention, or a state department of education).

Teen Birth Rate

Expressed as a rate per 1,000 births, this refers to the quantity of live births by teenagers who are between the ages of 15 and 19.

Appendix C: Data Sources Cited

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Appendix D: Description of Key Informants and Focus Groups

This assessment would not have been possible without input from our community. This section outlines the community leaders that served as key informants for this assessment, as well as a description of the focus groups convened.

- 46 total participants
- 4 focus groups (total of 31 focus group participants)
- 15 key informants

Description of Focus Groups

2019 Focus Group				
Organization	Location	Populations Served	Language	# of Participants
UpValley Family Centers	1608 Lake St, Calistoga, CA 94515	Promotoras	Spanish	8
Rianda House	1475 Main St, St. Helena, CA 94574	Seniors	English	8
Napa Valley Unified School D - St. Helena School District	1316 Hillview Place, St. Helena, CA 94574	Teachers and staff	English	9
Abode Services	100 Hartle Court , Napa, CA 94559	Homeless	English	6

Description of Key Informants

2019 Key Informant Contact List				
Name	Title	Organization	Sector	Population Served
Amy Zuniga	Head Pastor	Grace Episcopal Church	Faith Community	Community at large
Chris Canning	Mayor	City of Calistoga	Government	City of Calistoga residents
Emma Moyer	Senior Program Manager	Abode Services	Homeless housing	Homeless shelters and outreach programs in Napa County
Geoff Ellsworth	Mayor	City of St. Helena	City Council	City of St. Helena residents
Heather Lewerenz, MD	Behavioral Health Physician	Adventist Health St. Helena	Hospital	Health
Indira Lopez	Program Director	Up Valley Family Centers	Non-profit - Family Resource Center	Upper Valley- Napa & Sonoma County residents
Jennifer Henn, PhD	Public Health Manager - Chronic Disease and Health Equity	Napa County Public Health	Public Health	Napa County residents
Jenny Ocon	Executive Director	UpValley Family Centers	Community based non-profit	Hispanic, migrants, underserved, families, children, seniors
Julie Spencer	Executive Director	Rianda House	Community based non-profit	Napa County seniors
Marylou Wilson, PhD	Superintendent	St. Helena Unified	Education - TK- 12	School aged children & families

2019 Key Informant Contact List

Name	Title	Organization	Sector	Population Served
Rob Weiss	Executive Director	Mentis	Bilingual mental health services	Napa County residents
Robert Cushman, PhD	President and CEO	Pacific Union College	Education - Liberal Arts College	PUC students and staff/ community at large
Rodney Look, MD	Chief of Emergency Services	Adventist Health St. Helena	Hospital	Napa County residents
Steve Herber, MD	President	Adventist Health St. Helena	Hospital	Lake and Napa County residents
Tim Foley	Interim Police Chief	City of St. Helena	Law enforcement	City of St. Helena residents

Appendix E: Asset Inventory and Community Resources

Catholic Charities of the Diocese of Santa Rosa

Napa, CA 94558
(707) 528-8712
www.srcharities.org

Collabria Care

Napa, CA 94559
(707) 258-9080
<http://collabriacare.org/>

Community Health Initiative

2140 Jefferson Street, Suite D
Napa, CA 94559
(707) 227-0830
Fax (707) 226-9923

COPE Family Center

707 Randolph Street
Napa, CA 94559
(707) 252-1123

Girls on the Run Napa & Solano

Napa, CA 94558
(707) 637-8909
www.gotrnapasolano.org

Leukemia and Lymphoma Society

101 Montgomery Street Suite 750
San Francisco, CA 94104
(415) 6251100

Molly's Angels of Napa Valley

433 Soscol Ave #100, Napa, CA 94559
(707) 224-8971

Napa County Bicycle Coalition

Napa, CA 94558
(707) 812-1770
www.napabike.org

Napa Valley Vine Trail Coalition

Napa, CA 94558
(707) 252-3547
<http://www.vinetrail.org>

Nimbus Arts

649 Main St, St Helena, CA 94574
(707) 963-5278

OLE Health

Napa, CA 94558
(707) 254-1770
www.olehealth.org

Operation Access

(415) 733-0004

Pacific Union College

(707) 965-6313

Rianda House Senior Activity Center

St. Helena, CA 94574
(707) 963-8555
www.riandahouse.org

St. Helena Chamber of Commerce

(707) 963-4456

St. Helena Seroptomist

PO Box 1007 St. Helena, CA 94574

Email: info@sisthelena.org

St. Helena Unified School District

2198, 465 Main St, St Helena, CA 94574

Phone: (707) 967-2708

UpValley Family Centers of Napa County

St. Helena, CA 94574

(707) 965-5010

www.upvalleyfamilycenters.org

Zero Prostate Cancer Napa Valley

vanessa@zerocancer.org

818-473-53511

UpValley Community Leaders

(707) 965-5010 ext. 200

Healthy Aging Population Initiative (HAPI)

(707) 258-9087

UpValley Senior Collaborative

(707) 963.8555 ext. 105

Park Rx

(707) 967-2736

Live Healthy Napa County

(510) 305-2854

Monrovia Group

(707) 967-2701



2019 CHNA approval

This community health needs assessment was adopted on _____ by the Adventist Health System/West Board of Directors. The final report was made widely available on December 31, 2019.

CHNA/CHIS contact:

Karla Newton, Community Health Program Manager

Adventist Health St. Helena & AH Vallejo
10 Woodland Road St. Helena, CA 94574

Phone: (707) 363-3589
Email: NewtonKS@ah.org

To request a copy, provide comments or view electronic copies of current and previous community health needs assessments or community benefit implementation strategies, please visit the Community Benefits section on our website at <https://www.adventisthealth.org/about-us/community-benefit/>



10 Woodland Road
St. Helena, CA 94574

Section 999.5(d)(5)(B) A description of all charity care provided in the last five years by the each health facility that is the subject of the agreement or transaction

Amounts of charity care provided by AH Vallejo in the past five (5) years:*

2015	2016	2017	2018	2019
\$5,970	\$1,610,943	\$1,341,657	\$1,326,758	\$1,597,090

** Data as provided to OSHPD (<https://data.chhs.ca.gov/dataset/hospital-annual-financial-data-selected-data-pivot-tables>)*

AH Vallejo's Charity Care Policy, attached as Exhibit 5, discusses in detail the types of services available for charity discounts and the criteria for granting charity discounts.

EXHIBIT 5



- ☒ **Systemwide Standard Policy**
☐ **Systemwide Model Policy**

Standard Policy No. 19727
Department: Accounting / Cash Management

STANDARD POLICY: FINANCIAL ASSISTANCE AND BILLING & COLLECTION POLICY

Adventist Health Vallejo adopts the following systemwide Adventist Health Standard Policy.

POLICY SUMMARY/INTENT:

Adventist Health facilities are built on a team of dedicated health care professionals - physicians, nurses, technicians, management, trustees, volunteers, and many other devoted health care workers. Together, these individuals serve to protect the health of their communities. Their ability to serve requires a special relationship built on trust and compassion. Through mutual trust and goodwill, Adventist Health and patients will be able to meet their responsibilities. This policy is designed to strengthen that relationship and make sure patients receive services regardless of their ability to pay.

This policy describes Adventist Health's Financial Assistance (Charity Care) policy. Adventist Health does not discriminate, and is fair in reviewing and assessing Charity Care, Emergency Medical Care and other Medically Necessary Care, for community members who may be in need of financial help. Adventist Health provides financial assistance to patients and families when they are unable to pay, all or part, of their medical bill. This policy describes how Adventist Health reviews the patient's financial resources to determine if financial assistance can be provided. The intent of this policy is to comply with applicable federal, state and local laws and regulations.

DEFINITIONS

1. **Allowable Medical Expenses** - All family members' medical expenses that are deductible for federal income tax purposes, even if the expenses are more than the medical expense deduction allowed by the IRS. Paid and unpaid bills may be included
2. **Amount Generally Billed (AGB)** - The amounts generally billed for emergency or other medically necessary care to individuals who have insurance covering such care. This is usually described as a percent of Gross Charges. The AGB percentages for each hospital facility are updated annually.
3. **Application Period** - The period during which Adventist Health must accept and process an application for financial assistance under its Financial Assistance Policy submitted by an individual in order to have made reasonable efforts to determine whether the individual is eligible for financial assistance under the policy. The Application Period begins on the date the care is provided and ends on the latter of the 240th day after the date that the first post-discharge billing statement for the care is provided or at least 30 days after Adventist Health provides the individual with a written notice that sets a deadline after which ECAs may be initiated.
4. **Billed Charges** - Charges for services by Adventist Health as published in the Charge Description Master (CDM) and available at www.adventisthealth.org website under Patient Resources, Healthcare Costs and Charges page.
5. **Charge Description Master** - A list of services and tests, along with their individual prices and codes, used to bill for services.
6. **Charity Care** - Free or Discounted Care provided when the patient is not expected to pay a bill or is expected to pay only a small amount of the Billed Charges. Charity Care is based on financial need
7. **Discounted Care** - A deduction from the price of services, tests, or procedures, that is given for cash, prompt, or advanced payment, or to certain categories of patients, e.g., self-pay patient or uninsured patient. A discount is usually described as a percentage of Gross Charges.
8. **Extraordinary Collection Action (ECA)** - ECAs are legal or judicial actions taken to receive payment from a patient for care covered under the hospital facility's Financial Assistance Policy. Selling a patient's debt to another company for collection purposes without adequate protections in place is also an ECA. Other examples include garnishing a patient's wages and adverse credit reporting.
9. **Emergency Medical Care** - Refers to Emergency Services and Care, as defined in the Adventist Health Emergency Medical Treatment and Labor Act policy (EMTALA) #AD-06-019-S.
10. **Essential Living Expenses (ELE)** - The following expenses are considered Essential Living Expenses: rent, house payments and maintenance, food, household supplies, laundry and cleaning, utilities, telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses - including insurance, gas, repairs and installment payments.
11. **Family Members** -
 - a. Family Members, of persons **18 years and older**, include a spouse, domestic partner, as defined by the state where the facility is licensed, and dependent children under 26 years, whether living at home or not.
 - b. Family Members of **persons under 18 years** include parents, caretaker relatives, and other children less than 26 years of age of the parent or caretaker relative, whether living at home or not.
12. **FAP** - The Adventist Health Financial Assistance Policy.

13. **Federal Income Tax Return** - The Internal Revenue Service (IRS) form/s used to report taxable income. The IRS form must be a copy of the signed and dated forms sent to the IRS.
14. **Federal Poverty Level (FPL)** - Level of income the federal government uses to define poverty.
15. **Financial Assistance** - Adventist Health discounts Billed Charges, for Uninsured, or Underinsured Patients, if they qualify for help.
16. **High Medical Costs** - Defined as any of the following
 - a. Annual Out-of-Pocket expenses, billed to an individual by a healthcare facility, that is more than ten percent (10%) of the patient's family income in the prior 12 months; OR,
 - b. Annual Out-of-Pocket expenses that are more than ten percent (10%) of the patient's family income, if the patient provides documentation of their medical expenses paid by the patient, or the patient's family, in the prior 12 months.
17. **Household Income** - Income of all Family Members who live in the same household as the patient, or at the home address the patient uses on tax returns, or on other government documents.
18. **Limited English Proficiency (LEP) group** - A group of people whose first language is not English. The size of the group is the lesser of either 1,000 individuals, or five percent (5%) of the community served by the facility, or the non-English speaking populations likely to be, affected or encountered, by the facility. The facility may use any reasonable method to determine the number, or percentage, of LEP patients may be affected, or encountered, by the facility.
19. **Medically Necessary** - A service is "medically necessary" or a "medical necessity" when it is reasonable and necessary to protect life, to prevent significant illness or significant disability, or to alleviate severe pain. See California Welfare & Institutions Code §14059.5.
20. **Out-of-Pocket Costs** - Costs which the patient pays from personal funds.
21. **Patient Financial Services (PFS)** - Adventist Health department responsible for billing, collecting, and processing payments.
22. **Payment Plan** - A series of payments, made over a period of time, to pay the patient's part of Adventist Health Billed Charges. Monthly payments cannot be more than ten percent (10%) of a patient's monthly family income, excluding deductions for Essential Living Expense.
23. **Plain Language** - Writing designed to ensure the reader understands quickly, easily, and completely as possible. Plain language strives to be easy to read, understand and use.
24. **Presumptive Financial Assistance** - When Adventist Health staff assume a patient will qualify for 100% Financial Assistance based on information given to them, i.e., homelessness, etc.
25. **Qualifying Assets** - Monetary assets that are counted toward the patient's income when deciding if the patient meets income eligibility for the financial assistance. "Qualifying Assets" include:
 - a. 50% of the patient's monetary assets above \$10,000, including cash, stocks, bonds, savings accounts, or other bank accounts;
 - b. Certain real property or tangible assets, i.e., additional residences in excess of a single primary residence, recreational vehicles, etc.; and
 - c. Assets not included when deciding a patient's income include: IRS qualified retirement plans, such as IRAs, 401(k) or 403(b) retirement accounts, or deferred- compensation plans, primary residences, and some automobiles.
26. **Qualifying Patient** - Patient who meets the financial qualifications for Financial Assistance as defined in Section C.
27. **Self-Pay Liability** - Any balance due by the person who is responsible for payment. This could be a patient, or the patient's guarantor (not a third-party payer).
28. **Third-party Coverage** - An insurance policy purchased for protection against certain events, such as health, automobile and general liability insurance, etc.
29. **Uninsured Patient** - Patients who do not have insurance to cover the services received.
30. **Underinsured Patient** - A patient who does not have enough insurance to cover the services received.

POLICY: COMPLIANCE – KEY ELEMENTS

Adventist Health is committed to providing Financial Assistance to patients who seek Emergency Medical Care, or Medically Necessary Care, but have limited, or no means, to pay for that care. Financial Assistance is commonly known as Charity Care and/or Discounted Care. Adventist Health will provide, without discrimination, Emergency Medical Care, or Medically Necessary Care as defined in this policy, to persons regardless of their ability to pay, their eligibility under this policy, or their eligibility for government assistance.

Accordingly, this written policy:

1. Includes eligibility reasons for Financial Assistance – Charity Care (free) and Discounted Care (partial Charity Care);
2. Describes how Adventist Health decides how much patients who qualify for Financial Assistance will pay under this policy;
3. Describes how patients apply for Financial Assistance;
4. Describes how the facility will publicize this policy in the community served; and
5. Describes how the facility limits the amount billed to patients who qualify for Financial Assistance

Charity Care is not a substitute for personal responsibility. Patients are expected to work with the facility when seeking Financial Assistance. Persons must help pay for the cost of their care based on their ability to pay. Persons with finances to purchase health insurance will be encouraged to do so. This helps them get access to health care service.

A. COMMITMENT TO PROVIDE EMERGENCY MEDICAL CARE:

1. Adventist Health provides, without discrimination, care for emergency medical conditions to individuals regardless of whether they are eligible for assistance under this policy. Adventist Health will not engage in actions that discourage individuals from seeking emergency medical care, such as by demanding that emergency department patients pay before receiving treatment for emergency medical conditions or by permitting debt collection activities that interfere with the provision, without discrimination, of emergency medical care. Emergency medical services, including emergency transfers, pursuant to EMTALA, are provided to all Adventist Health patients in a non-discriminatory manner, pursuant to each Adventist Health hospital's EMTALA policy (see AH Model Policy AD-06-109-S "EMTALA – Compliance with EMTALA").

a. Qualifying Care Under This Policy

- i. Emergency Medical Care, or other Medically Necessary Care, provided at Adventist Health owned and operated facilities listed in Appendix B
- ii. Emergency department physician services that the Adventist Health facility bills for on the physicians' behalf.
- iii. Note: Emergency room physicians, who provide emergency medical services in an Adventist Health general acute care facility are excluded from this policy unless listed as a "Covered Provider" in the documentation from Appendix D. California requires these physicians to have their own financial assistance policies. Patients who receive a bill from an Emergency Room physician, and are uninsured, underinsured, or have High Medical Costs and an income at or below 350% of the Federal Poverty Level, should contact that physician's office and ask about their Financial Assistance policy.

b. Communication of Financial Assistance

- i. Adventist Health gives patient's information about Financial Assistance in different ways, including, but not limited to:
 - I. Placing notices in Emergency Rooms, Admitting and Registration Offices, Patient Financial Services Departments, and other public places;
 - II. Placing information in the Adventist Health Conditions of Registration Form;
 - III. Printing information in our Post-Discharge Billing Statement, including information in standard language about how patients can obtain more information about financial assistance;
 - IV. Posting a "plain language summary" of the Financial Assistance policy on all Adventist Health websites; and
 - V. Placing information on Adventist Health facility websites, in a "plain language" brochure, mailings, and at other community places served by the facility.
- ii. Notices and information are provided to patients in their primary language, when the patient is identified as being within a Limited English Proficiency (LEP) group. In addition to the above, Adventist Health gives individual notice of financial assistance to patients who may be at risk for not being able to pay their bill. Referral of patients for financial assistance may be made by any member of the medical, or facility, staff. A request for financial assistance may also be made by the patient, his or her guardian, or family member. Requests are subject to applicable privacy laws.
- iii. Individuals can get information about the Financial Assistance Policy, a copy of our Plain Language Summary, and an application in different languages, free of charge, by:
 - I. Going to the registration area
 - II. Speaking with an Adventist Health facility financial counselor
 - III. Going to our website: <https://www.adventisthealth.org/patient-resources/financial-assistance/>
 - IV. Calling us at 1-844-827-5047 (or local hospital – See appendix B of this policy)
 - V. Writing to our address: Adventist Health, ATTN: Financial Assistance, P.O. Box 677000, Paradise, CA 95967

c. Eligibility for Financial Assistance

- i. Eligibility for financial assistance will be looked at for patients who are uninsured, or underinsured with High Medical Costs and are unable to pay for their care. The facility applies financial assistance according to this policy. Decisions made under this policy, including granting or denying financial assistance, is based on a patient's financial need. The following will not be considered; race, color, national origin, citizenship, religion, creed, gender, sexual preference, gender identity and expression, age, or disability.
- ii. Medicaid Share of Cost (SOC) amounts are not eligible for financial assistance. The SOC amounts are set by the State. States require patients to pay the SOC as a condition of receiving Medicaid/Medi-Cal coverage.
- iii. A patient may qualify for Financial Assistance under this policy, if they meet one of the following criteria:
 - I. Income: Household Income is at, or below, 400% of the FPL.
 - II. Expenses: Patients that do not meet the income criteria, may be eligible for financial assistance based on essential living expenses and resources. The following two (2) qualifications must both apply:

A. Essential Living Expenses: Fifty percent (50%) of the Household Income; and

B. Resources: The patient's excess medical expenses (the amount that Allowable Medical Expenses are greater than 50% of annual Household Income) must be greater than available Qualifying Assets.

d. **Financial Assistance Level:** Basis for Calculating Amounts Charged to Patients

- i. FAP-eligible individuals may not be charged more than the AGB for emergency or other medically necessary care. Adventist Health does not bill or expect payment of gross charges from individuals who qualify for financial assistance under this policy. The specific AGB methodology used to calculate the AGB percentage, as well as the current AGB percentage, for each Adventist Health hospital facility is set forth in Appendix C.
- ii. Charity Care and Discounted Care: Discounts are based on combined Household Income and Qualifying Assets. Documentation of Household income and Qualifying Assets include recent pay stubs, income tax returns, and other documents.
- iii. The discount amount is based on the percentages in the following tables:

I. Emergency and Medically Necessary Care for Uninsured and Insured Patients

Uninsured Patients		
Family Income	Patient Responsibility	Oregon All Locations Amounts Charged
200% or less of the Federal Poverty Level	Zero	<u>Zero</u>
> 200% to 300% of the Federal Poverty Level	50% of the Amount Generally Billed	25% of the Amount Generally Billed
> 300% to 350% of the Federal Poverty Level	75% of the Amount Generally Billed	50% of the Amount Generally Billed
> 350% to 400% of the Federal Poverty Level	75% of the Amount Generally Billed	74% of the Amount Generally Billed
> 400% of the Federal Poverty Level	Not covered under the Financial Assistance Policy, refer to the Uninsured Discount Policy	Not covered under the Financial Assistance Policy, refer to the Uninsured Discount Policy

Patients with Commercial Insurance or Non-Contracted Managed Care Plans and High Medical Costs		
Family Income	Amounts Charged	Oregon All Locations Amounts Charged
400% or less of the Federal Poverty Level	The amount that would be allowed by the Amount Generally Billed for the same service LESS the amount paid by the patient's insurer. If the insurer paid an amount, equal to or greater than the Amount Generally Billed, the patient liability is zero.	Any patient liability after amounts paid by the patient's insurer failed to pay AGB shall follow the FPL groupings and minimum % discounts from AGB applied as outlined in the table above for uninsured patients.
>400% of the Federal Poverty Level	Not covered under the Financial Assistance policy, the patient is responsible for their Self-Pay Liability amount.	Not covered under the Financial Assistance Policy, the patient is responsible for their Self-Pay Liability amount.

II. Non-Emergency and non-Medically Necessary Care for Uninsured and Insured Patients:

Uninsured Patients	
Family Income	Amounts Charged
200% or less of the Federal Poverty Level	100% of the Amount Generally Billed
>200% to 400% of the Federal Poverty Level	50% of the Amount Generally Billed
>400% of the Federal Poverty Level	Not covered under the Financial Assistance Policy, refer to the Uninsured Discount Policy

Patients with Commercial Insurance or Non-Contracted Managed Care Plan and High Medical Costs	
Family Income	Patient Liability

350% or less of the Federal Poverty Level	The amount that would be allowed by the Amount Generally Billed for the same service LESS the amount paid by the patient's insurer. If the insurer paid an amount, equal to or greater than the Amount Generally Billed, patient liability is zero.
>350% of the Federal Poverty Level	Not covered under the Financial Assistance policy; the patient is responsible for their Self-Pay Liability amount.

e. How Patients Apply for Financial Assistance:

- i. To be considered for Financial Assistance under this policy, a patient or guarantor must:
 - I. Work with Adventist Health to find other sources of payment, or coverage, from public and/or private payment programs;
 - II. Submit a true, accurate, and complete confidential → Financial Assistance Application within the Application Period;
 - III. Give a copy of patient's or guarantor's most recent pay stub (or certify that he or she is currently unemployed);
 - IV. Give a copy of patient's or guarantor's most recent Federal Income Tax Return (including all schedules); and
 - V. Give documents and information regarding the patient's or guarantors' monetary assets requested by Adventist Health.
- ii. The patient or guarantor is responsible for meeting the conditions of coverage of their health plan, if they have 3rd-party insurance. Failure to do so, may result in a denial of financial assistance.
- iii. The patient or guarantor is responsible for meeting the conditions of coverage of their health plan, if they have 3rd-party insurance. Failure to do so, may result in a denial of financial assistance.
- iv. Human dignity, and stewardship, are used in the application process for deciding financial need and granting financial assistance.
- v. Adventist Health shall not use any information given by a patient regarding monetary assets, in connection with his or her application, for any collection activities of Adventist Health. Information provided by the patient about their monetary assets will only be used to see if the patient qualifies for financial assistance under this policy.

f. Eligibility for Other Government Programs

- i. The facility will make reasonable efforts to help the patient find insurance options including:
 - I. Private health insurance, including coverage offered through the Health Benefit Exchange;
 - II. Medicare; or
 - III. The Medicaid program, the Healthy Families Program, the Children's Services program, or other state-funded programs designed to provide health coverage. If a patient applied or has a pending application for another health coverage program at the same time that he or she applies for a facility financial assistance program, neither application will stop eligibility for the other program.

g. Presumptive Financial Assistance Eligibility

- i. Presumptive Financial Assistance takes place when Adventist Health staff assume a patient will qualify for financial assistance based on information received by the facility, i.e., homelessness, etc.
 - I. A staff or management member of the Patient Financial Services Department will complete an internal Financial Assistance Application for a patient, to include:
 - A. The reason the patient, or patient's guarantor, cannot apply on his/her own behalf; and
 - B. The patient's documented medical or socio-economic reasons that stop the patient, or patient's guarantor, from completing the application.
 - II. Adventist Health staff may also assign patient accounts to Charity Care for eligibility, if they think the patient may be in need of financial help paying the bill. Adventist Health staff can start Financial Assistance help for patients even if a Financial Assistance Application has not been submitted by the patient. The Adventist Health staff bases their decision, to assign the patient to Charity Care, based on predetermined criteria collected from approved sources. These criteria include:
 - A. The patient's medical record that documents they are homeless;
 - B. Verification received through Adventist Health, or a patient family member, that the patient expired with no known estate;
 - C. The patient is currently in jail or prison;
 - D. The patient qualifies for a public benefit program including Social Security, Unemployment Insurance Benefits, Medicaid, County Indigent Health, AFDC, Food Stamps, WIC, etc.;

- E. The patient meets another public benefit program's requirement that are like Adventist Health's Financial Assistance program;
 - F. Adventist Health tried to get a payment from the patient, and is not able to do so;
 - G. The patient has not completed a Financial Assistance Application; or
 - H. The patient does not respond to requests for documentation.
- ii. A patient's account will be screened for presumptive eligibility using demographic software, if the patient does not respond to the application process. This screening may be done without completing the Financial Assistance Application. Adventist Health facilities use other sources of information, to make an individual assessment of financial need, based on demographic software. This information helps Adventist Health make an informed decision on the financial need of a patient by using the best estimates available when he or she does not provide the requested information.
 - I. Adventist Health facilities use a third-party to conduct electronic reviews of patient information to assess financial need. These reviews use a healthcare industry-recognized model that is based on public record databases. This predictive model uses public record data to calculate a socio-economic and financial capacity score. It includes estimates of income, assets and liquidity. The electronic technology compares each patient using the same standards as the formal application process.
 - II. Electronic technology will be used after all other eligibility, and payment sources, have been tried before a patient account is considered bad debt and turned over to a collection agency. This ensures Adventist Health facilities screen all patients for Financial Assistance before taking any collection actions.
 - III. The electronic eligibility review data that supports the financial need to qualify at 200% FPL, or less, will only be applied to past patient balances.
 - iii. Patient accounts granted presumptive eligibility will be reclassified under the Financial Assistance policy, Adventist Health will:
 - I. not send them to collection agencies;
 - II. not subject them to further collection actions;
 - III. not notify them of their qualification; and
 - IV. not include them in the facility's bad debt expense

h. Eligibility Period

- i. The Financial Assistance Department will apply the Financial Assistance discount to all eligible patient service balances received before the application approval date.
- ii. The financial assistance approval will apply to any eligible services received up to 180 days after the approval is granted.
- iii. A separate Financial Assistance Application will need to be filled out for eligible services received more than 180 days after a Financial Assistance Application is approved.

i. Appeal Regarding Application of this Policy

- i. Patients may write a request for reconsideration to the Finance Officer (FO) of the Adventist Health Facility they received services at when:
 - I. they believe their Financial Assistance Application was not approved according to this policy; or
 - II. they disagree with the way the policy was applied to their case
- ii. The FO will be the final level of appeal.
- iii. Appeal must be submitted within 90 days of the date of the decision letter.

j. Billing and Collection

- i. Adventist Health facilities will follow standard procedures, including levels of authorization, when sending patient accounts to collection agencies. Collection agency contracts define the agencies' scope of practice and includes the collection practices described in this policy. Collection agencies are required to report to the Adventist Health facility when a patient tells the agency they are not able to pay the bill.
- ii. Before receiving any payment for bills from a patient, the facility must provide a plain language summary of the patient's rights. The summary language will appear in the following form:
 - I. "State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov."

- I. Provide the individual with a written notice that indicates financial assistance is available for eligible individuals, identify the ECA(s) that Adventist Health (or other authorized party) intends to initiate to obtain payment for the care, and state a deadline after which such ECA(s) may be initiated that is no earlier than 30 days after the date that the written notice is provided.
 - II. Provide the individual with a plain language summary of the FAP with the written notice described above.
 - III. Make a reasonable effort to orally notify the individual about Adventist Health's FAP and about how the individual may obtain assistance with the FAP application process.
- viii. Collection agencies may take legal action to collect unpaid balances, as long as it is not within 240 days of the first post-discharge billing statement when the agency has information that the patient, or guarantor has the ability to pay for the medical services received, but refuse to do so. When the agency decides that legal action is appropriate, and criteria for extraordinary collection actions is met, the following is required:
- I. The agency must forward an individual written request to the facility's Finance Officer (FO) for approval before taking any legal action
 - II. The request must include all the facts of the encounter, including a copy of the agency's documentation, that led them to believe that the patient or guarantor has the ability to pay for the services.
 - III. The facility FO must approve each individual legal action in writing. This authority may not be delegated by the FO.
 - IV. Facilities must maintain a permanent copy of the signed authorization for legal action, and there must be a note, to that fact, entered in the electronic PFS patient account notes.
 - V. The agency, in no case, will be allowed to file a legal action as a last resort, to motivate the patient to pay when they have no information as to the patient or guarantors' financial means.
 - VI. All of these actions are required to take place at least 30 days prior to performing any extraordinary collection actions to allow reasonable time to respond to the notice.
- ix. If Adventist Health aggregates an individual's outstanding bills for multiple episodes of care before initiating one or more ECAs to obtain payment for those bills, it will refrain from initiating the ECA(s) until 120 days after it provided for first post-discharge billing statement for the most recent episode of care included in the aggregation.
- x. Anti-Abuse Rule – Adventist Health will not base its determination that an individual is not FAP-eligible on information that Adventist Health has reason to believe is unreliable or incorrect or on information obtained from the individual under duress or through the use of coercive practices.
- xi. No Waiver of FAP Application – Adventist Health will not seek to obtain a signed waiver from any individual stating that the individual does not wish to apply for assistance under the FAP, or receive the information described above, in order to determine that the individual is not FAP-eligible.
- xii. Final Authority for Determining FAP Eligibility – Final authority for determining that Adventist Health has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECAs against the individual rests with the AH Finance Officer.
- xiii. Agreements with Other Parties – If Adventist Health sells or refers an individual's debt related to care to another party, Adventist Health will enter into a legally binding written agreement with the party that is reasonably designed to ensure that no ECAs are taken to obtain payment for the care until reasonable efforts have been made to determine whether the individual is FAP-eligible for the care.
- xiv. Providing Documents Electronically – Adventist Health may provide any written notice or communication described in this policy electronically (for example, by email) to any individual who indicates he or she prefers to receive the written notice or communication electronically.

k. Documentation

- i. Confidential Financial Assistance Application

l. List of Covered Providers

- i. The list of Covered and Non-covered Providers who deliver Emergency Medical Care, and other Medically Necessary Care will be updated at least quarterly.
- ii. See Appendix D of this policy for a link to the lists of Covered and Non-covered Providers
- iii. See Appendix B of this policy for the physical address where to get a free copy of the Covered and Non-covered Providers list.
- iv. Section B of this policy describes how this list will be made available.

m. Financial Assistance Standard Procedures

- i. Adventist Health facilities will follow standard internal procedures when applying this Financial Assistance Policy.
- ii. Standard internal procedures will be kept in a separate Financial Assistance procedures document prepared and maintained by Adventist Health.

n. Authorized Body

- i. Adventist Health Finance Cabinet will review any subsequent changes to this policy and recommend approval to the Adventist Health Board of Directors.

APPENDIX A

2020 FEDERAL POVERTY LEVELs (FPL)

Persons in Family	48 Contiguous States and the District of Columbia	Alaska	Hawaii
1	\$12,760	\$15,950	\$14,680
2	17,240	21,550	19,830
3	21,720	27,150	24,980
4	26,200	32,750	30,130
5	30,680	38,350	35,280
6	35,160	43,950	40,430
7	39,640	49,550	45,580
8	44,120	55,150	50,730
For each additional person, add	4,480	5,600	5,150

Source: <http://www.aspe.hhs.gov/poverty/>

APPENDIX B

Covered Facility List

List of Adventist Health facilities covered under this policy:

Doing Business As (DBA)	Address	Phone Number
Adventist Health Bakersfield	2615 Chester Avenue Bakersfield, CA 93301	661-395-3000
Adventist Health Castle	640 Ulukahiki Street Kailua, HI 96374	808-263-5500
Adventist Health Clear Lake	15630 18th Avenue Clearlake, CA 95422	707-994-6486
Adventist Health Delano	1401 Garces Highway Delano, CA 93215	661-725-4800
Adventist Health Feather River	5125 Skyway Road Paradise, CA 95969	530-872-2000
Adventist Health Glendale	1509 Wilson Terrace Glendale, CA 91206e	818-409-8000
Adventist Health Hanford	115 Mall Drive Hanford, CA 93230	559-582-9000
Adventist Health Howard Memorial	1 Marcela Drive Willits, CA 95490	707-459-6801

Adventist Health Lodi Memorial	975 S. Fairmont Avenue Lodi, CA 95240	209-334-3411
Adventist Health Mendocino Coast	700 River Drive Fort Bragg, CA 95437	707-961-1234
Adventist Health Physicians Network or Adventist Health Medical Foundation Clinics	Please use contact address for the nearest AH facility	Please use phone listed for nearest AH Facility
Adventist Health Portland	10123 S. E. Market Street Portland, OR 97216	503-257-2500
Adventist Health Reedley	372 W. Cypress Avenue Reedley, CA 93654	559-638-8155
Adventist Health Rideout	726 4th Street Marysville, CA 95901	530-749-4300
Adventist Health Selma	1141 Rose Avenue Selma, CA 93662	559-891-1000
Adventist Health Simi Valley	2975 North Sycamore Drive Simi Valley, CA 93065	805-955-6000
Adventist Health Sonora	1000 Greenley Road Sonora, CA 95370	209-536-5000
Adventist Health St. Helena	10 Woodland Road St. Helena, CA 94574	707-963-3611
Adventist Health Tehachapi Valley	1100 Magellan Drive Tehachapi, CA 93561	661-823-3000
Adventist Health Tillamook	1000 Third Street Tillamook, OR 97141	503-842-4444
Adventist Health Tulare	869 N. Cherry St Tulare, CA 93274	559-688-0821
Adventist Health Ukiah Valley	275 Hospital Drive Ukiah, CA 95482	707-462-3111
Adventist Health Vallejo	525 Oregon Street Vallejo, CA 94590	707-648-2200
Adventist Health White Memorial	1720 East Cesar E. Chavez Ave. Los Angeles, CA 90033	323-268-5000
Western Health Resources Home Care and Hospice	Please Call for the Information	844-827-5047

APPENDIX C

Amount Generally Billed (AGB) for facilities in California:

AGB Table #1:

The method used to calculate the AGB is the Look-Back Method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a 12-month period (as defined by Treasury Regulations under section 501(r) of the Internal Revenue Code of 1986, as amended). A single average percentage of gross charges, or multiple percentages for separate categories of care or separate items or services may apply, as set forth in the chart below. The AGB rate will be updated annually on January 1st of each year and implemented within 120 days of any AGB rate change.

Facility Abbreviation	Facility	Service	Effective	AGB
AHBD	Adventist Health Bakersfield	All services except Physician Clinics – See Below Table 3	4/1/2020	18%
AHCL	Adventist Health Clear Lake	All services except Physician Clinics – See Below Table 3	4/1/2020	34%
AHDL	Adventist Health Delano	All services except Physician Clinics – See Below Table 3	4/1/2020	28%
AHGL	Adventist Health Glendale	All services except Physician Clinics – See Below Table 3	4/1/2020	13%
AHHF	Adventist Health Hanford	All services except Physician Clinics – See Below Table 3	4/1/2020	22%
AHHM	Adventist Health Howard Memorial	All services except Physician Clinics – See Below Table 3	4/1/2020	28%
AHLM	Adventist Health Lodi Memorial	All services except Physician Clinics – See Below Table 3	4/1/2020	13%
AHMC	Adventist Health Mendocino Coast	All services except Physician Clinics – See Below Table 3	TBD	TBD
AHRD	Adventist Health Reedley	All services except Physician Clinics – See Below Table 3	4/1/2020	22%
AHRO	Adventist Health and Rideout	All services except Physician Clinics – See Below Table 3	4/1/2020	19%
AHSV	Adventist Health Simi Valley	All services except Physician Clinics – See Below Table 3	4/1/2020	20%
AHSR	Adventist Health Sonora	All services except Physician Clinics – See Below Table 3	4/1/2020	20%
AHSH	Adventist Health St. Helena	All services except Physician Clinics – See Below Table 3	4/1/2020	14%
AHTV	Adventist Health Tehachapi Valley	All services except Physician Clinics – See Below Table 3	4/1/2020	53%
AHUV	Adventist Health Ukiah Valley	All services except Physician Clinics – See Below Table 3	4/1/2020	27%
AHWM	Adventist Health White Memorial	All services except Physician Clinics – See Below Table 3	4/1/2020	20%

Amount Generally Billed (AGB) for facilities in Oregon, Washington and Hawaii:

AGB Table #2

The method used to calculate the AGB is the Look-Back Method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a 12-month period (as defined by Treasury Regulations under section 501(r) of the Internal Revenue Code of 1986, as amended). A single average percentage of gross charges, or multiple percentages for separate categories of care or separate items or services may apply, as set forth in the chart below. The AGB rate will be updated annually on January 1st of each year and implemented within 120 days of any AGB rate change.

Facility Abbreviation	Facility	Service	Effective	AGB
AHCS	Adventist Health Castle	All services except Physician Clinics - See Below Table 3	4/1/2020	33%
AHPL	Adventist Health Portland	All Services	4/1/2020	34%
AHTM	Adventist Health Tillamook	All Services	4/1/2020	54%

AGB Table #3

The method used to calculate the AGB is the Look-Back Method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a 12-month period (as defined by Treasury Regulations under section 501(r) of the Internal Revenue Code of 1986, as amended). A single average percentage of gross charges, or multiple percentages for separate categories of care or separate items or services may apply, as set forth in the chart below. The AGB rate will be updated annually on January 1st of each year and implemented within 120 days of any AGB rate change.

Facility Abbreviation	Facility	Service	Effective	AGB
AHPN	Adventist Health Physician Network	All Services	4/1/2020	Medicare Fee Schedule for diagnostics. Flat rate of \$100.00 for clinic visits.
WHR	Western Health Resources	All Services	4/1/2020	74%

APPENDIX D

Sliding Scale – Adventist Health Reedley – Rural Health Clinics

Adventist Health Reedley – RHC Visit			
Nominal Amounts	\$30.00	\$45.00	\$60.00
Family Size	50% of nominal amount	75% of nominal amount	100% of nominal amount
	100% of the FPL	150% of the FPL	200% of the FPL
1	12,760	19,140	25,520
2	17,240	25,860	34,480

3	21,720	32,580	43,440
4	26,200	39,300	52,400
5	30,680	46,020	61,360
6	35,160	52,740	70,320
7	39,640	59,460	79,280
8	44,120	66,180	88,240
Additional Person	4,480	4,420	4,420

APPENDIX E

Covered and Noncovered Provider's List

The list of Covered and Noncovered Providers who provide Emergency Medical Care or other Medically Necessary Care, in each Adventist Health hospital facility, is maintained in the supplemental document called, "PFS-112 Financial Assistance Covered and Noncovered Physicians List". This list is updated quarterly and is published on the Adventist Health website at the links in the following table.

Patients may get a free hard copy of the "PFS-112 Financial Assistance Covered and Noncovered Physicians List" at the facility addresses listed in Appendix B, above.

Below are the links to the lists of Covered and Non-Covered Providers included in this supplemental document:

Facility Abbreviation	Facility
Adventist Health Bakersfield	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHBD-501R-FAP-Providers.pdf
Adventist Health Castle	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHCS-501R-FAP-Providers.pdf
Adventist Health Clear Lake	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHCL-501R-FAP-Providers.pdf
Adventist Health Delano	New Facility - TBD
Adventist Health Glendale	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHGL-501R-FAP-Providers.pdf
Adventist Health Hanford	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHHF-501R-FAP-Providers.pdf
Adventist Health Howard Memorial	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHHM-501R-FAP-Providers.pdf
Adventist Health Lodi Memorial	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHLM-501R-FAP-Providers.pdf
Adventist Health Mendocino Coast	New Facility - TBD
Adventist Health Physician Network	To be determined
Adventist Health Portland	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHPD-501R-FAP-Providers.pdf
Adventist Health and Rideout	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHRO-501R-FAP-Providers.pdf

Adventist Health Simi Valley	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHSV-501R-FAP-Providers.pdf
Adventist Health Sonora	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHSR-501R-FAP-Providers.pdf
Adventist Health Tehachapi Valley	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHTV-501R-FAP-Providers.pdf
Adventist Health Tillamook	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHTM-501R-FAP-Providers.pdf
Adventist Health Ukiah Valley	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHUV-501R-FAP-Providers.pdf
Western Health Resources	To be determined
Adventist Health White Memorial	https://www.adventisthealth.org/documents/financial-assistance/financial-assistance-providers/AHWM-501R-FAP-Providers.pdf

ATTACHMENTS:
(REFERENCED BY THIS DOCUMENT)

<http://www.aspe.hhs.gov/poverty/>
www.ftc.gov
www.adventisthealth.org
 Financial Assistance Policy - Confidential Financial Assistance Application (English)
 Financial Assistance Policy - Confidential Financial Statement Application (English)
 Financial Assistance Policy - Facility Application Letter (English)
 EMTALA - Compliance With EMTALA
www.ftc.gov

OTHER DOCUMENTS:
(WHICH REFERENCE THIS DOCUMENT)

FEDERAL REGULATIONS:

ACCREDITATION:

CALIFORNIA: No specific state requirements noted. Systemwide policy applies as written.

HAWAII: Not applicable

OREGON: Not applicable

WASHINGTON: Not applicable

REFERENCES:

AUTHOR: Patient Financial Services
APPROVED: Revenue Cycle Governance 9/18/2015; Exec Cabinet 12/1/2014; Board Approved 12/15/2015
EFFECTIVE DATE: 12/29/2015
REVIEWED: 11/12/14; **REVISION:** 12/21/09, 1/25/11, 6/3/2011, 1/27/11, 5/13/13, 2/3/14, Nov 2014 (SB1276), 1/22/15 (revised FPL); 12/17/2015 (501(r)) 3/1/2017
DISTRIBUTION: PFS Directors, CFOs

ADVENTIST HEALTH SYSTEM/WEST Corporate Compliance Executive

POLICY OWNER:

ENTITY POLICY OWNER: Administrative Director, Nursing & Behavioral Health

APPROVED BY:

ADVENTIST HEALTH SYSTEM/WEST: (06/10/2020) Nonclinical Policy Review Task Force - Rev Cycle, (07/02/2020) Senior Finance Council, (10/08/2020) AH System Board

ADVENTIST HEALTH SYSTEM/WEST
INDIVIDUAL:

ENTITY: (12/22/2020) Clinical Committee / Community Board

ENTITY INDIVIDUAL: (12/10/2020 01:17PM PST) Jack C Lungu, Administrative Director, Nursing & Behavioral Health

REVIEW DATE:

REVISION DATE: 05/02/2019, 05/10/2019, 04/20/2020, 04/22/2020, 04/24/2020, 10/14/2020

NEXT REVIEW DATE: 12/22/2023

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at <https://www.lucidoc.com/cgi/doc-gw.pl?ref=ahshbh:19727>.

Section 999.5(d)(5)(C) Description of all services provided by each health facility that is the subject of the transaction in the past 5 years to Medi-Cal patients, county indigent patients and other classes of patients

Services Provided at AH Vallejo

Inpatient Psychiatric services for children, adolescents and adults

Partial hospitalization program

Intensive outpatient program

Payer Mix – Net Revenue

Net Patient Revenues	2016	2017	2018	2019	2020
<u>Inpatient Net Revenue</u>					
Medi-Cal	(4,351,824)	(4,838,190)	(5,153,764)	(4,539,576)	(4,768,447)
Medicare	(8,558,821)	(8,189,820)	(7,599,595)	(9,095,966)	(9,890,480)
County	(530,938)	(675,170)	(619,903)	(144,820)	(320,093)
Commercial/HMO/PPO	(9,604,816)	(9,992,151)	(9,584,431)	(10,551,679)	(10,200,787)
Other	(108,915)	(116,175)	(219,833)	(90,031)	(83,369)
Total	(23,155,314)	(23,811,506)	(23,177,526)	(24,422,072)	(25,263,176)
	-	-	-	-	-
<u>Outpatient Net Revenue</u>					
Medi-Cal					
Medicare	(546,546)	(553,112)	(530,694)	(549,410)	(393,443)
County	(13,771)	(1,365)	-	-	-
Commercial/HMO/PPO	(822,609)	(1,027,717)	(1,268,438)	(1,097,454)	(865,593)
Other	(26,153)	(69,249)	(32,139)	(130,011)	(29,250)
Total	(1,409,079)	(1,651,443)	(1,831,271)	(1,776,875)	(1,288,286)
	-	-	-	-	-
<u>Total Net Patient Revenues by Payer</u>					
Medi-Cal	(4,351,824)	(4,838,190)	(5,153,764)	(4,539,576)	(4,768,447)
Medicare	(9,105,368)	(8,742,932)	(8,130,289)	(9,645,376)	(10,283,923)
County	(544,708)	(676,535)	(619,903)	(144,820)	(320,093)
Commercial/HMO/PPO	(10,427,425)	(11,019,868)	(10,852,869)	(11,649,133)	(11,066,380)
Other	(135,068)	(185,424)	(251,972)	(220,041)	(112,619)
Total	(24,564,393)	(25,462,949)	(25,008,797)	(26,198,947)	(26,551,462)
<u>Total Net Patient Revenue Payer Mix</u>					
Medi-Cal	17.7%	19.0%	20.6%	17.3%	18.0%
Medicare	37.1%	34.3%	32.5%	36.8%	38.7%
County	2.2%	2.7%	2.5%	0.6%	1.2%
Commercial/HMO/PPO	42.4%	43.3%	43.4%	44.5%	41.7%
Other	0.5%	0.7%	1.0%	0.8%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

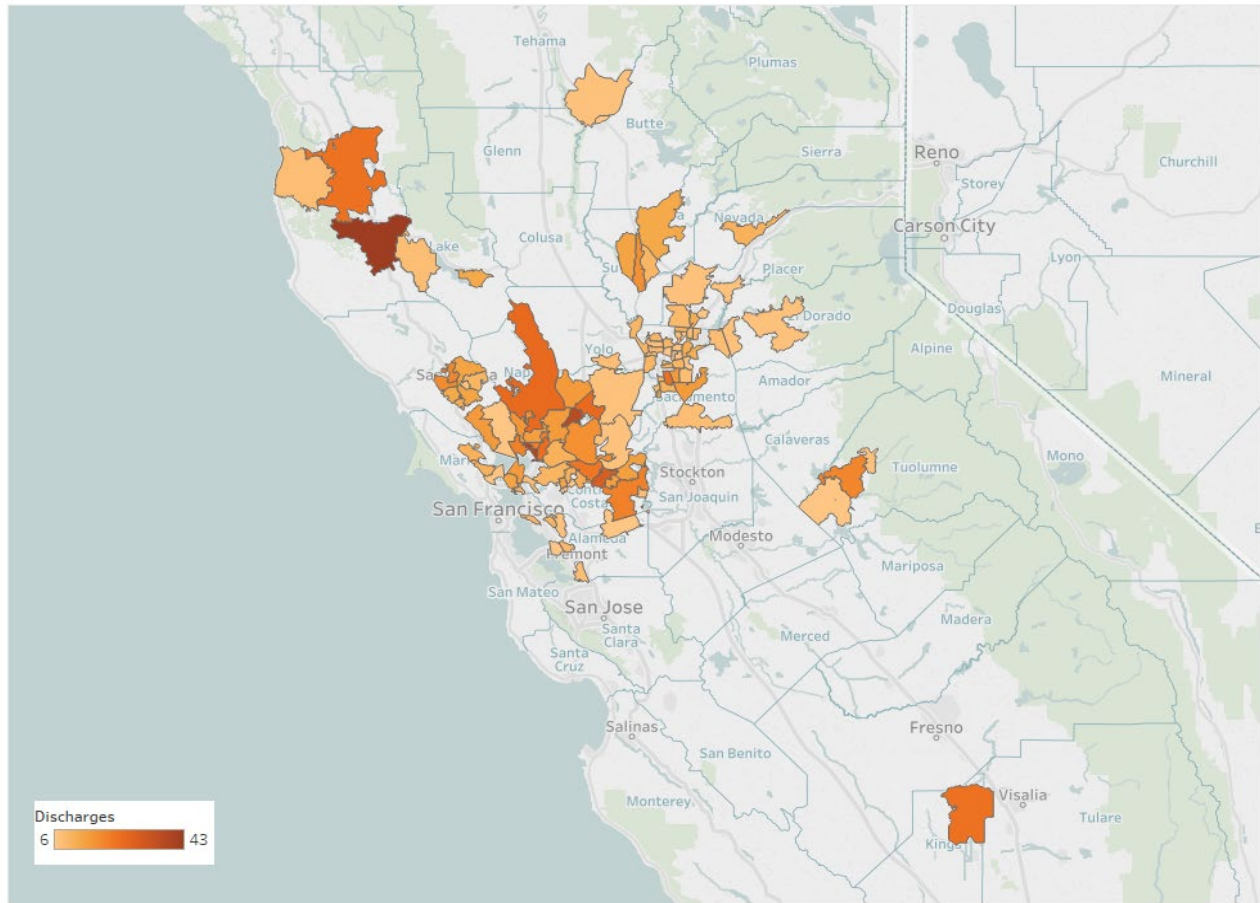
Payor Mix – Gross Revenue

	2016	2017	2018	2019	2020
<u>Gross Patient Inpatient Revenues</u>					
Medi-Cal	14,411,102	15,777,412	17,292,713	14,624,968	15,049,828
Medicare	29,321,022	27,582,126	25,657,040	30,662,820	32,645,959
County	1,907,413	2,278,425	2,465,273	482,017	1,013,707
Commercial/HMO/PPO	28,326,278	29,935,573	28,104,603	30,991,226	30,523,494
Other	370,399	450,053	859,088	454,127	308,228
Total	74,336,215	76,023,588	74,378,718	77,215,158	79,541,215
	-	-	-	-	-
<u>Gross Patient Outpatient Revenues</u>					
Medi-Cal					
Medicare	5,823,804	5,844,521	5,663,697	5,080,943	2,173,011
County	46,452	8,295	-	-	-
Commercial/HMO/PPO	3,571,757	4,281,553	6,069,267	6,151,895	2,574,317
Other	208,481	601,111	283,429	1,131,478	186,041
Total	9,650,494	10,735,480	12,016,393	12,364,317	4,933,369
	-	-	-	-	-
<u>Discharges</u>					
Medi-Cal	446	426	416	328	347
Medicare	738	623	533	657	563
County	65	63	52	20	30
Commercial/HMO/PPO	1,178	1,135	960	1,062	939
Other	15	22	20	17	8
Total	2,442	2,269	1,981	2,084	1,887
<u>Patient Days</u>					
Medi-Cal	4,199	4,396	4,611	3,868	3,721
Medicare	8,022	7,230	6,484	7,717	7,602
County	550	612	640	119	1,831
Commercial/HMO/PPO	7,865	8,016	7,288	8,323	7,301
Other	102	118	213	113	1,673
Total	20,738	20,372	19,236	20,140	22,128
<u>Outpatient Monthly Encounters*</u>					
Medi-Cal	446	426	416	328	347
Medicare	738	623	533	657	563
County	65	63	52	20	30
Commercial/HMO/PPO	1,178	1,135	960	1,062	939
Other	15	22	20	17	8
Total	2,442	2,269	1,981	2,084	1,887

* Outpatient encounters represent the number of monthly bills generated. There are multiple visits on a monthly bill.

AH Vallejo Service Area Map:

Adventist Health Vallejo Primary Service Area



Adventist Health Vallejo is located at 525 Oregon Street in Vallejo, CA. Due to the nature of behavioral health, the service area includes many zip codes well outside the boundary of traditional service area definitions. As a result, the broad range of zip codes where Adventist Health Vallejo receives patients does not lend itself to defining a secondary service area; a secondary service area would include primarily zip codes where the hospital only receives one patient and that could change from one year to the next. This service area map represents where 61.4% of Adventist Health Vallejo patients originated from based on the 2019 OSHPD Private

Discharge Dataset. It does not include zip codes where there were fewer than six (6) discharges.

2020 Demographic Snapshot										
DEMOGRAPHIC CHARACTERISTICS										
			Selected Area	California	USA			2020	2025	% Change
2010 Total Population			3,774,303	37,253,967	308,745,538	Total Male Population		2,013,531	2,090,743	3.8%
2020 Total Population			4,108,948	39,892,126	330,342,293	Total Female Population		2,095,417	2,174,433	3.8%
2025 Total Population			4,265,176	41,218,812	341,132,738	Females, Child Bearing Age (15-44)		822,082	832,811	1.3%
% Change 2020 - 2025			3.8%	3.3%	3.3%					
Average Household Income			\$108,429	\$115,828	\$93,707					
POPULATION DISTRIBUTION						HOUSEHOLD INCOME DISTRIBUTION				
Age Distribution						Income Distribution				
Age Group	2020	% of Total	2025	% of Total	USA 2020 % of Total	2020 Household Income	HH Count	% of Total	USA % of Total	
0-14	777,136	18.9%	774,738	18.2%	18.5%	<\$15K	114,455	7.8%	10.0%	
15-17	162,286	3.9%	172,043	4.0%	3.9%	\$15-25K	100,763	6.9%	8.6%	
18-24	370,603	9.0%	393,075	9.2%	9.5%	\$25-50K	252,921	17.3%	20.7%	
25-34	568,532	13.8%	531,439	12.5%	13.5%	\$50-75K	228,220	15.6%	16.7%	
35-54	1,075,063	26.2%	1,121,058	26.3%	25.2%	\$75-100K	185,209	12.7%	12.4%	
55-64	509,160	12.4%	514,773	12.1%	12.9%	Over \$100K	578,453	39.6%	31.5%	
65+	646,168	15.7%	758,050	17.8%	16.6%					
Total	4,108,948	100.0%	4,265,176	100.0%	100.0%	Total	1,460,021	100.0%	100.0%	
EDUCATION LEVEL						RACE/ETHNICITY				
Education Level Distribution						Race/Ethnicity Distribution				
2020 Adult Education Level	Pop Age 25+	% of Total	USA % of Total			Race/Ethnicity	2020 Pop	% of Total	USA % of Total	
Less than High School	188,033	6.7%	5.2%			White Non-Hispanic	1,807,632	44.0%	59.3%	
Some High School	175,925	6.3%	7.0%			Black Non-Hispanic	325,871	7.9%	12.4%	
High School Degree	613,481	21.9%	27.2%			Hispanic	1,157,482	28.2%	19.0%	
Some College/Assoc. Degree	961,243	34.3%	28.9%			Asian & Pacific Is. Non-Hispanic	605,022	14.7%	6.0%	
Bachelor's Degree or Greater	860,241	30.7%	31.6%			All Others	212,941	5.2%	3.3%	
Total	2,798,923	100.0%	100.0%			Total	4,108,948	100.0%	100.0%	
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The population Adventist Health Vallejo's service area is projected to increase by 3.8% from 2020-2025, which is slightly higher than California's projected increase of 3.3%.										

The demographic information above also excludes zip codes from which there were fewer than six (6) discharges.

Section 999.5(d)(5)(D) Description of any community benefit program provided by the health facility during the past 5 years with an annual cost of least \$10,000 and then annual cost of each program for the past five years

A description of community benefit programs with annual cost of at least \$10,000 is attached as Exhibit 6. These programs apply to both AH Vallejo and AH St. Helena.

EXHIBIT 6

COST OF COMMUNITY BENEFIT SERVICES FY 2013-2018															
Services over \$10,000 in cost:	FY 2015			FY 2016			FY 2017			FY 2018			FY 2019		
	Grant	Non-Grant	Total	Grant	Non-Grant	Total	Grant	Non-Grant	Total	Grant	Non-Grant	Total	Grant	Non-Grant	Total
Health Needs Assessment			\$ -			\$ -			\$ -		\$ 10,000	\$ 10,000			\$ -
Health Education		\$ 107,808	\$ 107,808			\$ -			\$ -		\$ 320,964	\$ 320,964		\$ 390,478	\$ 390,478
Generalizable Research	\$ 169,025	\$ 5,247	\$ 174,272			\$ -			\$ -			\$ -			\$ -
Cash and In-Kind Contributions		\$ 139,489	\$ 139,489		\$ 57,942	\$ 57,942		\$ 120,570	\$ 120,570		\$ 51,000	\$ 51,000		\$ 54,500	\$ 54,500
Workforce development			\$ -			\$ -			\$ -			\$ -			\$ -
Access and Transport			\$ -			\$ -			\$ -			\$ -			\$ -
Community-based Clinical Health Services		\$ 22,655	\$ 22,655			\$ -	\$ 21,200	\$ 89,056	\$ 110,256			\$ -			\$ -
Health Care Support Service		\$ 134,483	\$ 134,483		\$ 92,953	\$ 92,953		\$ 100,000	\$ 100,000		\$ 80,000	\$ 80,000		\$ 15,602	\$ 15,602
Economic development		\$ 10,772	\$ 10,772			\$ -			\$ -			\$ -			\$ -
Workforce development		\$ 234,829	\$ 234,829		\$ 241,192	\$ 241,192			\$ -			\$ -			\$ -
Community Benefit Operations			\$ -			\$ -			\$ -		\$ 99,323	\$ 99,323		\$ 109,367	\$ 109,367
Mental Health Education			\$ -			\$ -			\$ -		\$ 10,641	\$ 10,641			\$ -
Enrollment Assistance			\$ -			\$ -			\$ -		\$ 368,556	\$ 368,556		\$ 82,983	\$ 82,983
Homeless Discharge Planning		\$ 234,829	\$ 234,829		\$ 241,192	\$ 241,192			\$ -			\$ -		\$ 22,542	\$ 22,542
Respite Care			\$ -			\$ -			\$ -		\$ 99,323	\$ 99,323		\$ 80,606	\$ 80,606
Information Referral			\$ -			\$ -			\$ -		\$ 10,641	\$ 10,641		\$ 84,427	\$ 84,427
Wellbeing Support			\$ -			\$ -			\$ -		\$ 368,556	\$ 368,556		\$ 63,765	\$ 63,765
			\$ -			\$ -			\$ -			\$ -			\$ -
Total	\$ 169,025	\$ 890,112	\$ 1,059,137	\$ -	\$ 633,279	\$ 633,279	\$ 21,200	\$ 309,626	\$ 330,826	\$ -	\$ 1,419,004	\$ 1,419,004	\$ -	\$ 904,270	\$ 904,270

9/10/2020

Adventist Health St. Helena & AH Vallejo

Program Detail

For period from 1/1/2017 through 12/31/2017

	Monetary Inputs			Outputs
<u>Title / Department</u>	Expenses	Offsets	Benefit	Persons
Cash Donations/Not-for-profit Community Organizations				
Unknown (0)	120,570	0	120,570	Unknown
Health Improvement Services				
Unknown (0)	110,256	21,200	89,056	5,079
Healthcare Support Services				
Case Management (8750)	100,000	0	100,000	Unknown

9/10/2020

Adventist Health St. Helena & AH Vallejo

Program Detail

For period from 1/1/2018 through 12/31/2018

<u>Title / Department</u>	Expenses	Monetary		Benefit	Outputs
		Inputs	Offsets		Persons
A1 - Mental Health Education					
Unknown (0)	10,641	0	10,641	Unknown	
Cancer Education					
Unknown (0)	708	0	708	83	
Cash Donations/Not-for-profit Community Organizations					
Unknown (0)	51,000	0	51,000	324	
Community Benefit Operations/Dedicated Staff					
Unknown (0)	99,323	0	99,323	Unknown	
Community Benefit Operations/Health Needs Assessment					
Unknown (0)	10,000	0	10,000	Unknown	
Diabetes Self-Management Education					
Nutritional Services (8340)	3,910	0	3,910	47	
Education/Nurses and Nursing Students					
Unknown (0)	318,836	0	318,836	Unknown	
Education/Other Health Professions					
Unknown (0)	2,128	0	2,128	27	
Enrollment Assistance/Public Medical Programs					
Unknown (0)	368,556	0	368,556	Unknown	
Health Fairs					
Unknown (0)	208	0	208	125	
Healthcare Support Services					
Case Management (8750)	80,000	0	80,000	Unknown	
School Based Health Education Programs					
Unknown (0)	236	0	236	75	
Transportation/Bus Tokens, Cab Fare, etc.					
Unknown (0)	2,700	2,700	0	Unknown	

9/10/2020

Adventist Health St. Helena & AH Vallejo

Program Detail

For period from 1/1/2019 through 12/31/2019

Title / Department	Expenses	Monetary Offsets	Benefit	Outputs Persons
A1 - Mental Health Education				
Unknown (0)	164	0	164	Unknown
Cancer Education				
Unknown (0)	4,100	0	4,100	351
Cash Donations/Not-for-profit Community Organizations				
Unknown (0)	54,500	0	54,500	Unknown
Coalition Building				
Unknown (0)	3,104	0	3,104	Unknown
Community Benefit Operations/Dedicated Staff				
Unknown (0)	109,367	0	109,367	Unknown
Community Benefit Operations/Health Needs Assessment				
Unknown (0)	6,000	0	6,000	Unknown
Community Health Improvement				
Unknown (0)	15,602	0	15,602	256
Community Support/Disaster Readiness (Over/above requirements)				
Unknown (0)	250	0	250	Unknown
Diabetes Self-Management Education				
Nutritional Services (8340)	7,432	0	7,432	70
Education/Nurses and Nursing Students				
Unknown (0)	390,478	0	390,478	110
Education/Other Health Professions				
Unknown (0)	0	0	0	5
Education/Scholarships and Funding for Professional Education				
Unknown (0)	5,000	0	5,000	Unknown
Enrollment Assistance/Public Medical Programs				
Unknown (0)	82,983	0	82,983	Unknown
Fitness/Exercise				
Unknown (0)	3,304	0	3,304	Unknown
Grants/Not-for-profit Community Organizations/Groups				
Unknown (0)	79,000	79,000	0	Unknown
Homeless Discharge Planning				

Unknown (0)	22,542	0	22,542	Unknown
In-Home Services/Respite Care				
Unknown (0)	80,606	0	80,606	Unknown
Information and Referral to Community Services				
Unknown (0)	84,427	0	84,427	Unknown
Roseville Community Wellbeing support				
Unknown (0)	63,765	0	63,765	Unknown
Self-Help/Fitness and Exercise				
Unknown (0)	3,559	0	3,559	35

Section 999.5(d)(5)(E) Description of the current policies and procedures on: (1) staffing for patient care areas; (2) employee input on health quality and staffing issues; and (3) employee wages, salaries, benefits, working conditions and employment protections.

Policies Relating to Staffing on Patient Care Areas

- Staffing Plans – Partial Hospitalization System (*Staffing of PHP done in a manner that maintains the function of the unit based on therapeutic programs, and provide adequate, safe patient care by personnel who demonstrate competence in the appropriate levels of skills and licensure*)
- Acuity / Staffing Plans – Patient Care Services (*To consistently provide an adequate number of appropriately prepared employees to provide quality patient care, a therapeutic milieu, a supportive environment, and to ensure the safety of patient and personnel*)
- Staffing Pattern for HIM – Health Information Management (*Establishes staffing pattern with hours of operation for Health Information Management Department*)
- Northern California Network Shared Staffing – Human Performance (*Staffing departments with employees from any other Adventist Health facilities versus outside agency staff in providing continuity of care for patients across the network*)

Policies Relating to Employee Input on Health Quality and Staffing Issues

- Quality Assurance and Performance Improvement Plan 2020 - 2021

Policies Relating to Employee Wages, Salaries, Benefits, Working Conditions and Employment Protections

- Adventist Health Employee Handbook, effective January 1, 2020
- Abandonment of Patient / Assignment
- Access to, Inspection and Copying of Personnel and Payroll Records
- Additional Job Assignments Policy
- Certifications (BLS, ACLS, PALS, and NRP) During COVID-19 Pandemic
- Chemical Dependency
- Competency Determination
- Confidentiality, Non-Disclosure and Proprietary Agreement
- Critical Staffing Shortage

- Disability Status
- Dress Code
- Drug and/or Alcohol Testing Consent Form (California)
- Education and Training - Financial
- Educational Program Attendance
- Employee Assistance Program
- Employee Information, Change of
- Employee Rights
- Exempt Employee Working Bonuses Policy
- Gifts To Employees
- Health Plan Bonus (Subsidy) Policy
- HealthStream Education
- Hospital Requested Time Off (HRO)
- Inspection / Copy Request Form
- Job Descriptions
- Job Posting
- Lactation Accommodation
- Management Health Plan Bonus Policy
- Management Rights
- Meal and Rest Period Policy (California)
- Northern California Network Shared Staffing
- Off Cycle Payments Policy
- OIG Sanction List
- PAGA OPT OUT Form (California)

- Payroll Deductions Policy
- Professional Membership Dues
- Re-issuing of Lost, Damaged or Replacement Paychecks Policy
- Recruitment and Hiring Process Policy
- Reduction in Personnel Expenses Policy
- Release of Employee Information
- Reporting Time Pay Policy
- Required Training Programs - Off-Site Completion
- Retirement
- Sanction List and Employee Comparison Procedures
- Severance or In-Lieu-of-Notice Pay
- Sharing Hospital Training Materials
- Shift Differential: Policy and Procedure
- Skill Class Definitions Policy
- Staffing Assignment By Acuity
- Subpoena for Court
- Telecommute Agreement Form
- Temporary Disaster Volunteer Caregivers: Policy and Procedure
- Tuition Reimbursement
- Volunteer Firefighting / Emergency Response Absence
- Wage Continuation

AH Vallejo is not party to any collective bargaining agreements.

Section 999.5(d)(5)(F) All existing documents setting forth any guarantees made by any entity that would be taking over operation or control of the health facility relating to employee job security and retraining; continuation of current staffing levels and policies; or employee wages, salaries, benefits, working conditions and employment protections.

Section 7.5 of the Agreement addresses employee transition matters, which obligates Acadia to provide offers to employment to all AH Vallejo employees in good standing which includes (i) annual base salary or wages no less than the annual base salary or wages provided immediately prior to the closing date, (ii) participation in Acadia's incentive compensation plans at levels consistent with similarly situated Acadia employees after the closing date, (iii) employee benefits that are not less favorable than those benefits that Acadia provides to its similarly situated employees and (iv) participation in Acadia's group health plan coverage sponsored by Acadia at levels substantially equivalent to those provided immediately prior to the closing date. Acadia has also committed to maintaining those employment terms for a minimum period of ninety (90) days post-close, subject to the terms of the Agreement.

Additionally, under Side Letter, Acadia has made certain other post-close employment commitments, as noted under Section 999.5(d)(1)(A).

Section 999.5(d)(5)(G) Description of all effects that the proposed agreement or transaction may have on the availability or accessibility of reproductive health care services, a description of all reproductive health care services provided in the last 5 years by the facility including types and levels of reproductive services including, but not limited to, information about the number of pregnancy terminations and tubal ligations and a description of how this info was compiled

AH Vallejo does not provide reproductive health care services. Accordingly, the Transaction is not expected to impact the availability or accessibility of reproductive health care services within the community.

Section 999.5(d)(5)(H) Statement describing all effects that the proposed agreement or transaction may have on health care services provided by the facility including, but not limited to, any changes in the types or levels of medical services that may be provided at the facility and a statement of how the proposed transaction may affect the availability and accessibility of health care in the affected communities

The Transaction is expected to have a positive effect on the delivery of mental health services within the local community. The primary purpose of the Transaction is to find an experienced behavioral health provider to improve the availability and accessibility of such care currently provided by AH Vallejo. Acadia is the ideal partner, as it is highly regarded for its expansive range of mental health services and expertise as well as its innovative ability to collaborate with acute care providers to provide mental health services in coordination. Acadia will bring behavioral health operations expertise and financial resources to improve the existing facility and is committed to building upon the existing behavioral health programs to better serve the community. Acadia sees both inpatient and outpatient behavioral health services as vital to AH Vallejo and has a vision to enhance and expand the existing operations. As set forth under the Agreement and Side Letter, Acadia expects to invest at least \$15 million in the AH Vallejo facility to fund repairs and routine maintenance, patient safety improvements, and facility upgrades. Further, Acadia has engaged design and engineering professionals to explore options for expanding the Vallejo facility to address the growing need for mental health services in the community. As noted herein, Acadia owns and operates San Jose Behavioral Health in San Jose, CA, and four residential substance abuse programs in the greater San Francisco Bay Area. Accordingly, AH Vallejo will add to Acadia's existing continuum of care in Northern California and will expand Acadia's ability to offer high quality behavioral health services to the region.

Section 999.5(d)(5)(I) A description and copy of all current contracts between the applicant and the city in which the applicant is located and current contracts between the applicant and the county in which the applicant is located for each health facility that is the subject of the agreement or transaction

Below is a list and description of the current contracts between St. Helena Hospital and city and county agencies, which are applicable to AH St. Helena and AH Vallejo unless otherwise indicated. Copies of the agreements are attached as Exhibit 7.

City or County Agency	Type of Agreement	Description of Services
County of Shasta	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to Shasta County Medi-Cal beneficiaries
Sutter-Yuba Behavioral Health (joint powers agency between Sutter and Yuba Counties)	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to Sutter & Yuba County Medi-Cal beneficiaries
County of Contra Costa	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to patients referred by County
County of Solano	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to patients referred by County
County of Modoc	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to patients referred by County
County of Tuolumne	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to County designated patients*
Lassen County	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to patients referred by County*
County of Lake	Managed Care / Services Agreement	Provision of acute psychiatric inpatient services to patients referred by County*

**Contract only applicable to AH Vallejo*

EXHIBIT 7

**MANAGED CARE AGREEMENT BETWEEN
SUTTER-YUBA BEHAVIORAL HEALTH
AND**

**ST. HELENA HOSPITAL, DBA ADVENTIST HEALTH ST. HELENA
ST. HELENA HOSPITAL, DBA ADVENTIST HEALTH VALLEJO**

MANAGED CARE AGREEMENT

THIS MANAGED CARE AGREEMENT ("AGREEMENT") is made and entered into on July 1, 2018, by and between Sutter-Yuba Behavioral Health (SYBH), a joint powers agency operated by the counties of Sutter and Yuba ("BEHAVIORAL HEALTH"), and St. Helena Hospital, dba Adventist Health St. Helena, and St. Helena Hospital, dba Adventist Health Vallejo ("PROVIDER").

ARTICLE I DEFINITIONS

- A. **Meaning of Words and Terms.** The words and terms used in this AGREEMENT shall have their ordinary meanings, unless a different meaning is associated with their usage in Welfare and Institutions Code, Sections 14000, *et seq.*, or California Code of Regulations Title XXII, or unless specifically defined in this AGREEMENT.
- B. **Beneficiary.** "Beneficiary" shall mean any person certified pursuant to California Welfare and Institutions Code, Sections 14016 and 14018, as eligible for Medi-Cal and whose Beneficiary I.D. Number contains Sutter County Code Number 51 or Yuba County Code Number 58 as the first two numbers, except that Beneficiary shall not include Medi-Cal Beneficiaries enrolled in prepaid health plans or other managed care systems which contract with the California State Department of Health Services under the provisions of California Welfare and Institutions Code, Sections 14000, *et seq.*, and under California Code of Regulations Title XXII.
1. Beneficiary also includes a person whose eligibility was not determined until after services are rendered.
 2. Medi-Cal Beneficiaries who are also eligible for Medicare hospital benefits under the provisions of Title XVIII of the Social Security Act, and who have not exhausted those benefits, are not considered Beneficiaries within the meaning of this AGREEMENT.
 3. Beneficiary does not include those persons receiving skilled nursing facility or long-term care services.
- C. **Inpatient Services.** "Inpatient Services" includes, but is not limited to, the following when ordered by a Beneficiary's responsible physician or other qualified health practitioner and rendered in accordance with Section 1327 of Title XXII of the California Code of Regulations, subject, however, to such exclusions, limitations, exceptions, and conditions as are set forth in this AGREEMENT.
1. Bed and Board.
 2. Inpatient services, nursing, pharmaceuticals, dietary services, medical social services, biologicals, supplies, appliances, and equipment provided on an inpatient basis with the exception of those services and items which

PROVIDER is not equipped or staffed to provide.

3. Diagnostic and therapeutic services required by the Beneficiary which shall include, but not be limited to: assessment by qualified staff; psychiatric intensive care; placement in a locked unit for assessment and treatment of acute psychiatric and substance abuse episodes; hospitalization for a period of time less than 23 hours for observation, assessment and crisis stabilization only; and longer term care for stabilization of more chronic conditions and preparation for transition to less restrictive settings. PROVIDER shall provide for all necessary professional services to be provided to Beneficiaries under this AGREEMENT.
- D. **Plan:** "Plan" refers to California's Managed Care Plan which consolidates the dual private Fee-For-Service and public Short-Doyle/Medi-Cal System into a single coordinated system administered by BEHAVIORAL HEALTH.
- E. **Claim:** "Claim" shall mean a claim for compensation filed by PROVIDER in accordance with Medi-Cal policy and procedures as defined in Title XXII of the California Code of Regulations; State Fiscal Intermediary PROVIDER Manual and bulletins; and as specifically modified by BEHAVIORAL HEALTH.
- F. **Behavioral Health:** "BEHAVIORAL HEALTH" means Sutter-Yuba Behavioral Health.
- G. **DHCS:** "DHCS" means the California Department of Health Care Services.
- H. **State:** "State" means the State of California.
- I. **Delegate:** "Delegate" means any natural or corporate person with whom the PROVIDER contracts to perform its promises under this AGREEMENT.
- J. **Administrative Day:** "Administrative Day" shall mean any day of care in an acute care facility for which acute inpatient care is not required, and whose care has been approved by BEHAVIORAL HEALTH as such.
- K. **Fiscal Intermediary:** "Fiscal Intermediary" means the person or entity who has contracted as specified in Section 14104.3 of the California Welfare and Institutions Code with the Department to perform fiscal intermediary services related to this AGREEMENT.
- L. **Shall:** "Shall" is mandatory, and not directory.
- M. **May:** "May" is permissive.
- N. **PROVIDER:** "PROVIDER" includes any of its subcontractors performing services pursuant to this AGREEMENT.
- O. **TAR 18-3:** "TAR 18-3" indicates treatment authorization request #18-3, and is the only acceptable form used for Managed Care.

ARTICLE II PROVIDER PERFORMANCE PROVISIONS

- A. **Services Provided:** PROVIDER shall provide psychiatric Inpatient Services to Beneficiaries subject to the availability of appropriate PROVIDER facilities and services as specified in Exhibit 1 attached hereto and incorporated herein by reference.
1. PROVIDER assumes full responsibility for provision of all psychiatric Inpatient Services performed by PROVIDER or its delegates, in accordance with regulations adopted pursuant to Section 14680, *et seq.*, of the California Welfare and Institutions Code. PROVIDER agrees to accept from BEHAVIORAL HEALTH and the State as payment in full for these services those amounts set forth in Article IV. BEHAVIORAL HEALTH will authorize payment to the PROVIDER for such services rendered in accordance with this AGREEMENT.
 2. PROVIDER shall provide and maintain facilities and professional, allied, and supportive paramedical personnel to provide all necessary and appropriate psychiatric inpatient hospital services.
 3. PROVIDER shall provide and maintain the administrative capabilities to carry out its duties under this AGREEMENT and all applicable statutes and regulations pertaining to Medi-Cal Providers.
 4. For the purposes of A.1 above, "psychiatric inpatient services" means the services defined as "Inpatient Services" in Article I of this AGREEMENT.
 5. If PROVIDER engages subcontractors to perform services under this AGREEMENT, BEHAVIORAL HEALTH shall be notified in writing. BEHAVIORAL HEALTH shall have the right to disapprove the use of any such subcontractor by PROVIDER. As a material term of this AGREEMENT, PROVIDER shall require any such subcontractor to be made subject to all of the terms, conditions, and covenants herein. The parties hereto acknowledge that independently licensed professionals may provide services under this AGREEMENT and such professionals including, but not limited to, physicians, psychologists and social workers shall not be considered subcontractors as that term is used in this AGREEMENT.
 6. Services provided at Adventist Health Vallejo pursuant to this AGREEMENT shall be limited to Beneficiaries/patients ages 4-17 and adults age 18 and older. Services provided at Adventist Health St. Helena pursuant to this AGREEMENT shall be limited to patients age 18 and older.
 7. Nothing in this AGREEMENT shall be construed to obligate BEHAVIORAL HEALTH to refer Beneficiaries to PROVIDER.

B. Licensure and Certification

1. PROVIDER warrants that it is, and for the duration of this AGREEMENT shall, remain licensed as an acute care hospital, a free standing psychiatric hospital or PHF certified as a hospital, in accordance with Health and Safety Code Sections 1250, *et seq.*, and the licensing regulations contained in Titles XXII and XVII of the California Code of Regulations.
2. PROVIDER warrants that it is, and for the duration of this AGREEMENT shall, remain certified under Title XVIII of the Federal Social Security Act.
3. PROVIDER shall notify BEHAVIORAL HEALTH immediately of any restrictions, revocations, or suspensions of any of PROVIDER'S licenses or of PROVIDER'S ability to bill and receive reimbursement from Medicare or Medi-Cal. PROVIDER shall also notify BEHAVIORAL HEALTH immediately of any malpractice actions, disciplinary proceedings, or ethical inquiries instituted against or involving PROVIDER or any of PROVIDER'S staff providing services under this AGREEMENT.

C. Services Neither Covered Nor Compensated

1. Under the terms of this AGREEMENT, PROVIDER shall not be obligated to provide Beneficiaries with, and BEHAVIORAL HEALTH shall **not** authorize compensation to PROVIDER for, the following services (services not covered under BEHAVIORAL HEALTH'S allocations from the State):
 - a. Services rendered under the California Children's Services Program which are not reimbursable under the State's Medi-Cal program.
 - b. Mental health services, as defined in Title XXII of the California Code of Regulations, Section 51059.
 - c. Short-Doyle/Medi-Cal mental health services.
 - d. Long-term care institutional services including the use of swing beds.
 - e. Outpatient services.

D. Availability of Services

1. PROVIDER shall not unlawfully discriminate on the basis of race, religion, gender, ethnicity, physical or mental disability, age, or sexual orientation. PROVIDER shall maintain adequate knowledge and skills to work effectively with a multi-cultural population.
2. PROVIDER shall render services to Beneficiaries in the same manner and time as provided to PROVIDER'S other patients, except as limited by Medi-

Cal restrictions.

3. PROVIDER shall retain the right to alter, enlarge, reconstruct, or shut down all or any part of its facilities provided, however, written notice of any action described herein which would materially affect the services available to Beneficiaries shall be given to BEHAVIORAL HEALTH at least 30 days prior to implementation of such change. In such event, BEHAVIORAL HEALTH may terminate this AGREEMENT upon providing PROVIDER with 30 days advance written notice.

E. Evaluation process and procedures for payment authorization for Psychiatric Inpatient Admission

1. Designated Point of Authorization (POA)

Sutter-Yuba Behavioral Health
Quality Assurance Officer
1965 Live Oak Boulevard, Suite A
P.O. Box 1520
Yuba City, CA 95992-1520
Phone: (530) 822-7200
FAX: (530) 822-5061

2. Payment Authorization for Planned Admissions

- a. Referral. Prior to a client's referral to a PROVIDER, BEHAVIORAL HEALTH is solely responsible for determining that referred clients are residents of either Sutter or Yuba Counties, are medically indigent, and have been prescreened and authorized for admission pursuant to any other non-medical requirements of BEHAVIORAL HEALTH other than those provisions laid out in the following subsections. In the event that a referred and admitted client thereafter is determined not to meet the non-medical criteria established by BEHAVIORAL HEALTH, BEHAVIORAL HEALTH shall be responsible for reimbursement to PROVIDER for such services and treatment of client as provided in this AGREEMENT as if such criteria had been met until such time as the mistake was discovered by BEHAVIORAL HEALTH and subsequently relayed to PROVIDER.
- b. Admission. After BEHAVIORAL HEALTH shall have determined that a client meets its independent criteria and should be referred, BEHAVIORAL HEALTH shall submit a request for admission of the client to PROVIDER'S authorization staff prior to the admission of the client. PROVIDER'S authorization staff shall consist of licensed mental health professionals. If PROVIDER determines that the medical necessity criteria for acute psychiatric inpatient services is met, BEHAVIORAL HEALTH will request admission of the client, and PROVIDER will approve the request to admit, except as provided in section (3) below for "Emergency Admission. "Medical necessity" is

defined as circumstances when any person, as a result of mental disorder, is a danger to others, or to himself or herself, or is gravely disabled. PROVIDER shall provide a written Notice of Action (NOA) to the Beneficiary (client) when the PROVIDER determines that the Beneficiary does not meet the medical necessity criteria for eligibility; CCR, Title 9 and CFR Title 42. PROVIDER shall ensure that the Beneficiary is able to ask for a second opinion outside of the MHP network.

- c. Except as provided in this paragraph, PROVIDER shall not deny or discharge any client referred and determined eligible for admission by both BEHAVIORAL HEALTH and the PROVIDER'S authorization staff unless there is no available bed on the unit, the current level of acuity on the unit prohibits further admissions, or allotted funds designated to PROVIDER by BEHAVIORAL HEALTH have been exhausted. PROVIDER shall have the right to withhold consent for said client's admission pending a consultation with BEHAVIORAL HEALTH to request additional funding on a case-by-case basis unless a medical emergency exists. In the event a medical emergency, psychiatric or non-psychiatric, exists and the client is on PROVIDER property, PROVIDER shall stabilize and treat or transfer patient in accordance with the Emergency Medical Treatment and Active Labor Act, 42 U.S.C. § 1395dd ("EMTALA").
- d. All admissions require the submission of a Treatment Authorization Request (TAR) by PROVIDER to BEHAVIORAL HEALTH. The TAR must be accompanied by such clinical documentation as is required for BEHAVIORAL HEALTH to authorize the admission and the payment of costs for the admission.

3. Authorization for Payment for Emergency Admission to PROVIDER.

- a. Prepayment authorization for emergency admissions shall be exempt from preauthorization.
 - (1) PROVIDER shall notify BEHAVIORAL HEALTH designated point of authorization of the Beneficiary within 24 hours of the time of the admission of the Beneficiary to the hospital by faxing a TAR.
 - (2) The original TAR requesting payment authorization for emergency admission and a clinical summary will be submitted to the County Utilization Review Coordinator within 14 calendar days after:
 - (a) Ninety-nine (99) calendar days of continuous service to a Beneficiary if the hospital stay exceeds that period of time; or

- (b) Discharge; or
 - (c) When a Beneficiary has requested Medical Assistance Pending Fair Hearing (Aid Paid Pending); and
 - (d) Administrative day services are requested for a Beneficiary.
- (3) BEHAVIORAL HEALTH authorization staff is licensed mental health professionals.
- (4) BEHAVIORAL HEALTH will authorize payment for the services received pursuant to the emergency admission if the clinical record documents meet:
 - (a) Eligible DSM V diagnosis;
 - (b) Medications used during admission;
 - (c) Discharge with prescription for medications;
 - (d) Treatment plan (during hospitalization);
 - (e) Course of treatment while in PROVIDER'S facility, which includes daily documentation of medical necessity and for each day of admission, daily physician progress notes;
 - (f) Results of testing;
 - (g) Chart notes for this admission only;
 - (h) Aftercare plan; and
 - (i) Discharge summary that includes physician's signature.

4. Authorization for Administrative Day Services for PROVIDER.

- a. In order to substantiate the authorization for administrative day services, there must be at least five (5) contacts per week with appropriate placement facilities.
 - (1) These should be within a reasonable geographic distance.
 - (2) BEHAVIORAL HEALTH POA staff may waive five (5) contact requirements if there are less than five non-acute, appropriate facilities available as placement options.
 - (3) In no case shall there be less than one contact per week.
 - (4) These contacts are documented by a description of status, date and signature of the person making the contacts.

- (5) Utilization Review Coordinator or Clinician/Case Manager shall monitor the Beneficiary's chart on a weekly basis to determine if the Beneficiary's status has changed.

5. Non-psychiatric and non-substance abuse medical conditions: In the event BEHAVIORAL HEALTH or the PROVIDER authorization staff have knowledge prior to referral or admission that a client has a non-psychiatric or non-substance abuse medical condition requiring evaluation and/or treatment, BEHAVIORAL HEALTH shall arrange to have such medical condition evaluated and stabilized prior to referring the client to PROVIDER for inpatient care. BEHAVIORAL HEALTH'S obligation hereunder shall be deemed satisfied if a licensed physician or authorized personnel at a hospital emergency room or similar medical facility authorizes transfer of patient to PROVIDER. If at any time prior to or during admission PROVIDER discovers such a non-psychiatric or non-substance abuse medical condition requiring treatment or evaluation, PROVIDER shall either work with BEHAVIORAL HEALTH to refer the client to another facility or, if the situation is a medical emergency, shall stabilize the client and transfer the client to an appropriate medical facility in accordance with the Emergency Medical Treatment and Active Labor Act (EMTALA). The expenses of any treatment of a non-psychiatric or non-substance abuse medical condition shall not be the responsibility of either BEHAVIORAL HEALTH or PROVIDER.

F. **Utilization Controls:** As an express condition precedent to BEHAVIORAL HEALTH'S payment authorization, PROVIDER shall adhere to BEHAVIORAL HEALTH'S Quality Management Plan, including utilization controls, DHCS letters and notices.

G. **Appointments of Liaisons:**

1. PROVIDER shall designate in writing a person to act as liaison to BEHAVIORAL HEALTH. The written designation shall grant such person full agency powers to bind PROVIDER in dealings with BEHAVIORAL HEALTH.
2. The Director of Sutter County Department of Health and Human Services is hereby designated the Contract Administrator of this AGREEMENT. Communications to BEHAVIORAL HEALTH shall be submitted to the Acute Psychiatric and Forensic Services Branch Director, 1965 Live Oak Blvd. Suite A, P.O. Box 1520, Yuba City, California, 95992-1520.

H. **Service Location:** Psychiatric inpatient hospital services rendered pursuant to this AGREEMENT shall be rendered at the following facilities:

St. Helena Hospital, dba Adventist Health St. Helena
10 Woodland Road
St. Helena, CA 94575

St. Helena Hospital, dba Adventist Health Vallejo
525 Oregon Street
Vallejo, CA 94590

- I. **Quality of Care:** As an express condition precedent to any BEHAVIORAL HEALTH authorization for payment under this AGREEMENT, whether performed directly or through a Delegate, the PROVIDER shall:
1. Assure that any and all eligible Beneficiaries receive care as required by Sections 14714 *et seq.*, and 14680 *et seq.*, of the California Welfare and Institutions Code.
 2. Provide psychiatric inpatient hospitalization in the same manner to Beneficiaries as it provides to all patients to whom it renders psychiatric inpatient services.
 3. Not discriminate against Medi-Cal Beneficiaries in any manner, including admission practices and placement in special wings or rooms, nor make any provision of special or separate meals.

ARTICLE III PROGRAMMATIC/ADMISSION PROVISIONS

- A. **Goals and Objectives of Plan:** The goal of BEHAVIORAL HEALTH'S Inpatient Local Managed Mental Health Care Plan is to assure Beneficiary access to quality coordinated services and the avoidance of duplication and unnecessary costs. The objective, whenever clinically appropriate, is to divert Medi-Cal Beneficiaries into community-based services.
- B. **Contact Prior to Admission:** PROVIDER shall contact BEHAVIORAL HEALTH'S Psychiatric Emergency Services prior to any non-emergency admission to PROVIDER. This contact may be initiated by telephone to the facility at (530) 673-8255.
- C. **Outpatient Consideration:** Before authorizing admission, PROVIDER shall provide an assessment and documentation as to why a Medi-Cal Beneficiary cannot be treated at a lower level of care.
- D. **Plan as PROVIDER:** PROVIDER and BEHAVIORAL HEALTH shall consult as to appropriate location of hospital services. When BEHAVIORAL HEALTH determines that the Beneficiary should be served at Sutter-Yuba Behavioral Health, BEHAVIORAL HEALTH will coordinate transportation of such Beneficiary.
- E. **Agreement for Admission:** When PROVIDER and BEHAVIORAL HEALTH have agreed that admission is appropriate; BEHAVIORAL HEALTH agrees to authorize full payment for services for the first 48 hours of admission. A Treatment Authorization Request (TAR) 18-3 shall be completed and submitted via FAX to (530) 822-5061 or carrier by the completion of the 48 hours. Medical records shall

be forwarded to BEHAVIORAL HEALTH as per Paragraph H. below.

- F. **Consultative/Retrospective Review:** Following the initial 48 hours, BEHAVIORAL HEALTH will consult with PROVIDER on need for ongoing hospitalization and/or transfer to BEHAVIORAL HEALTH for ongoing and/or follow-up services. This consultation does not imply authorization for payment. Payment authorization will occur retrospectively upon discharge.
- G. **Discharge Planning:** A key component of the Plan is to avoid future hospitalizations. BEHAVIORAL HEALTH and PROVIDER shall work *collaboratively* to develop a quality discharge plan.
- H. **Beneficiary's Medical Record/TAR 18-3:** PROVIDER shall provide BEHAVIORAL HEALTH with (as minimum requirement) copies of the following medical records and original TAR for each discharged Medi-Cal Beneficiary, in accordance with applicable law, no later than 30 days from the date of discharge for each admission:
1. DSM V diagnosis;
 2. Medications used during stay;
 3. Discharge medications prescribed;
 4. Treatment plan (during this hospitalization), including medical necessity;
 5. Course of treatment while in PROVIDER;
 6. Any testing done and results;
 7. Physician signature;
 8. If patient was out of the facility during the stay, provide chart notes; and
 9. Aftercare plan.

Failure of PROVIDER to provide the aforementioned minimum requirements for discharge information within 30 days of discharge date may result in all charges for that admission being denied in total. If a TAR 18-3 is presented more than 30 calendar days after the client's discharge, payment authorization staff will evaluate the reason for retroactive submission.

The Behavioral Health Plan payment authorization staff must consider the TAR 18-3 if it is retroactive due to natural disaster or circumstances beyond the control of the PROVIDER.

- I. **Retroactive TAR 18-3 review:** The only reasons for considering a retroactive TAR 18-3 shall be:
- a. When certification has been delayed by the County Welfare Department;



- b. When a client concealed his/her status as a Medi-Cal Beneficiary;
 - c. When there has been a natural disaster; and
 - d. When there are other circumstances beyond PROVIDER'S control.
- J. **State Regulations:** Nothing in this section is intended to supersede DHCS' Medi-Cal Psychiatric Inpatient Hospital Services Consolidation Emergency Regulations.

ARTICLE IV COMPENSATION FOR SERVICES AND PAYMENT PROCEDURE

- A. **Annual Compensation:** The total annual compensation for Fiscal Years 2018-19, 2019-20 and 2020-21 under this AGREEMENT, inclusive of all expenses, shall not exceed:

**TWENTY-FIVE THOUSAND AND NO/100 DOLLARS
(\$25,000.00)**

BEHAVIORAL HEALTH shall make no payment to PROVIDER in any greater amount for any extra, further, or additional services, unless such services and payment therefore have been mutually agreed to and this AGREEMENT has been formally amended in accordance with the provisions of this AGREEMENT.

- B. **Invoice and Payments:** PROVIDER shall submit an itemized statement for psychiatric Inpatient Services rendered during the preceding month. PROVIDER shall provide BEHAVIORAL HEALTH with all Information required by the Short-Doyle Medi-Cal Program for the reimbursement of Services provided. BEHAVIORAL HEALTH shall pay invoices that are undisputed within thirty (30) days of receipt and approval.
- C. **Coordination of Benefits:** PROVIDER shall use reasonable efforts to collect monies due and owing for psychiatric Inpatient Services provided under the terms of this AGREEMENT that are Covered Services (CS) under the federal Medicare program and/or private health insurance plans when the PROVIDER has knowledge that a patient is a Beneficiary of one of those programs or plans. In the event that PROVIDER collects such monies, BEHAVIORAL HEALTH'S obligation shall be reduced by the amount actually collected.
- D. **Day of Service:** A day of service shall be billed and paid for each Beneficiary who occupies an inpatient bed at 12:00 noon. However, a day of service may be billed if the Beneficiary is admitted and discharged during the same day provided that such admission and discharge are not within 24-hours of a prior discharge. Payment for such day will be the lesser of billed charges or the amount set forth in Exhibit 2, Reimbursement, attached hereto and incorporated herein by reference.
- E. **Reimbursement:** Reimbursement shall be on a fee-for-service basis at a per diem negotiated rate, including physician, as stated in Exhibit 2. A day of service shall be billed for each Beneficiary who meets admission and/or continued stay

criteria, minimum documentation requirements, treatment and discharge planning requirements, and occupies a psychiatric inpatient hospital bed as per Article IV. B above. The rate as stated in Exhibit 2 shall be negotiated at the beginning of each fiscal year during the life of this AGREEMENT to reflect the rate as may be established by the host county.

- F. **Administrative Day:** For Beneficiaries on administrative day status, the acute care PROVIDER, with prior consent of Behavioral Health Plan in writing and at least weekly updates of progress, shall contact a minimum of five (5) non-acute appropriate facilities within a 60-mile radius per week until the Beneficiary is placed, or no longer requires that level of care. These contacts shall be documented by a brief description of status and the signature of the person making the contacts. The physician reviewer or a utilization review committee shall monitor the Beneficiary's chart on a weekly basis to determine if the Beneficiary's status has changed or that no facility vacancies exist within a 60-mile radius.
- G. **Discharge Planning:** PROVIDER shall assist BEHAVIORAL HEALTH in discharge planning and PROVIDER shall submit a written discharge summary within 14 days of Beneficiary's discharge. The discharge summary shall contain the information ordinarily prepared by the PROVIDER and provided to Beneficiary and third-party payors at the time a bill for service is submitted and shall conform to Article III, Programmatic/Admission Provisions.
- H. **Appeals:** Any payment dispute between PROVIDER and BEHAVIORAL HEALTH shall be resolved in accordance with the attached Exhibit 3 Provider Appeal Procedure.

ARTICLE V INDEMNIFICATION AND INSURANCE

- A. To the fullest extent permitted by law, PROVIDER shall defend (with legal counsel reasonably acceptable to BEHAVIORAL HEALTH) indemnify and hold harmless BEHAVIORAL HEALTH, its officers, employees, and agents, from and against any and all claims, losses, costs, damages, injuries (including injury to or death of an employee of PROVIDER or its subcontractors), expenses and liabilities of every kind, nature and description (including incidental and consequential damages, court costs, attorneys' fees, litigation expenses and fees of expert consultants or expert witnesses incurred in the connection therewith and costs of investigation) that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of PROVIDER, any subcontractor, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities"). Such obligation to defend, hold harmless and indemnify BEHAVIORAL HEALTH, its officers, agents and employees, shall not apply to the extent that such Liabilities are caused by the sole negligence, active negligence, or willful misconduct of the BEHAVIORAL HEALTH, its officers, agents and employees. The provisions of

the California Government Claims Act, Government Code section 810 et seq., including its defenses and immunities, will apply to allegations of negligence or wrongful acts or omissions by BEHAVIORAL HEALTH. To the extent there is an obligation to indemnify under this paragraph; PROVIDER shall be responsible for incidental and consequential damages resulting directly or indirectly, in whole or in part, from PROVIDER'S negligence, recklessness, or willful misconduct.

To the fullest extent permitted by law, BEHAVIORAL HEALTH shall defend (with legal counsel reasonably acceptable to PROVIDER), indemnify and hold harmless the PROVIDER, its officers, employees, and agents, from and against any and all claims, losses, costs, damages, injuries (including injury to or death of an employee of BEHAVIORAL HEALTH or its subcontractors), expenses and liabilities of every kind, nature and description (including incidental and consequential damages, court costs, attorneys' fees, litigation expenses and fees of expert consultants or expert witnesses incurred in the connection therewith and costs of investigation) that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of BEHAVIORAL HEALTH, any subcontractor, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities"). The provisions of the California Government Claims Act, Government Code section 810 et seq., including its defenses and immunities, will apply to allegations of negligence or wrongful acts or omissions by BEHAVIORAL HEALTH. Such obligation to defend, hold harmless and indemnify PROVIDER, its officers, agents and employees, shall not apply to the extent that such Liabilities are caused by the sole negligence, active negligence, or willful misconduct of PROVIDER, its officers, agents and employees. To the extent there is an obligation to indemnify under this paragraph; BEHAVIORAL HEALTH shall be responsible for incidental and consequential damages resulting directly or indirectly, in whole or in part, from BEHAVIORAL HEALTH'S negligence, recklessness, or willful misconduct.

B. Insurance. Without limiting PROVIDER'S indemnification of BEHAVIORAL HEALTH, PROVIDER shall provide and maintain at its own expense during the term of this AGREEMENT or as may be further required herein, the following insurance coverages and provisions. PROVIDER may elect to self-insure any of the coverages required by this AGREEMENT.

1. Prior to commencement of this AGREEMENT, PROVIDER shall provide BEHAVIORAL HEALTH Certificates of Insurance or Certificates of Self-Insurance certifying that all coverage as required herein has been obtained and remains in force for the period required by the AGREEMENT. Any required endorsements shall either be attached to the Certificate or certified as issued on the Certificate. All Certificates of Insurance or Certificates of Self-Insurance shall be sent to the following address:

Acute Psychiatric and Forensic Services Branch Director
Sutter-Yuba Behavioral Health

1965 Live Oak Blvd., Suite A
Post Office Box 1520
Yuba City, California 95992-1520

PROVIDER shall not proceed with the work under this AGREEMENT until it has obtained all insurance required and Certificates of Insurance have been provided to BEHAVIORAL HEALTH. All Certificates of Insurance shall provide that BEHAVIORAL HEALTH will receive thirty (30) days prior written notice of cancellation before the expiration date.

2. Insurance Required:

a. Comprehensive General Liability Insurance or Commercial Liability Insurance or a program of self-insurance for bodily injury (including death) and property damage which provides limits of not less than One Million Dollars (\$1,000,000.00) each occurrence and is written on an occurrence basis. If the insurance has a General Aggregate, it must be no less than Two Million Dollars (\$2,000,000.00). Each type of insurance shall include coverage for Premises/Operations, Products/Completed Operations, Contractual Liability, Broad Form Property Damage, X/C/U Hazards and Personal Injury Liability. For either type of general liability insurance, coverage shall include the following endorsements:

(1) Additional Insured Endorsement: Insurance afforded by this policy shall also apply to the County of Sutter, the County of Yuba, and members of the Boards of Supervisors of Sutter and Yuba Counties, the officers, agents and employees of Sutter and Yuba Counties, individually and collectively, as additional insureds.

(2) Primary Insurance Endorsement: Insurance afforded by the Additional Insured Endorsement shall apply as primary insurance and other insurance maintained by the County of Sutter, the County of Yuba, their officers, agents and employees shall be excess only and not contributing with insurance provided under this policy.

(3) Notice of Cancellation or Change of Coverage Endorsement: Insurance provided by this policy shall not be canceled or changed so as to no longer meet the specified County insurance requirements without thirty (30) days prior written notice of such cancellation or change being delivered to BEHAVIORAL HEALTH at the address to which the Certificate of Insurance is sent as specified above.

(4) Severability of Interest Endorsement: Insurance provided by this policy shall apply separately to each insured who is seeking coverage or against whom the claim is made or a suit brought, except with respect to the policy's limits of liability.

If PROVIDER elects to self-insure, then PROVIDER shall certify prior to commencement of this AGREEMENT that PROVIDER maintains a minimum of Two Million Dollars (\$2,000,000) in its self-insurance trust funds for general liability. PROVIDER shall notify BEHAVIORAL HEALTH immediately if its self-insurance funds for general liability drop below Two Million Dollars (\$2,000,000).

b. Professional Errors and Omissions Liability Insurance or a program of self-insurance in an amount of not less than Three Million Dollars (\$3,000,000.00) and written on an occurrence basis.

If coverage is written on a claims made basis, such policy shall provide that:

(1) The policy retroactive date coincides with or precedes PROVIDER'S start of work (including subsequent policies purchased as renewals or replacements).

(2) If the policy is terminated for any reason during the term of this AGREEMENT, PROVIDER shall either purchase a replacement policy with a retroactive date coinciding with or preceding the retroactive date of the terminating policy, or shall purchase an extended reporting provision of at least two years to report claims arising from work performed in connection with this AGREEMENT and a replacement policy with a retroactive date coinciding with or preceding the expiration date of the terminating policy.

(3) If this AGREEMENT is terminated or not renewed, PROVIDER shall maintain the policy in effect on the date of termination or non-renewal for a period of not less than two years therefrom. If that policy is terminated for any reason during the two year period, PROVIDER shall purchase an extended reporting provision at least covering the balance of the two year period to report claims arising from work performed in connection with this AGREEMENT or a replacement policy with a retroactive date coinciding with or preceding the retroactive date of the terminating policy.

All Professional Liability policies maintained pursuant to this section shall either be endorsed to name the Counties of Sutter and Yuba, members of the Boards of Supervisors of the Counties of Sutter and Yuba, and officers, agents and employees of the Counties of Sutter and Yuba, individually and collectively, as additional insureds, or endorsed to provide that the insurance provided by the policy shall apply to liability assumed by the PROVIDER under written contract with BEHAVIORAL HEALTH.

If PROVIDER elects to self-insure, PROVIDER shall certify prior to commencement of this AGREEMENT that PROVIDER maintains a

minimum of Three Million Dollars (\$3,000,000) in its self-insurance trust funds for professional errors and omissions liability. PROVIDER shall notify BEHAVIORAL HEALTH immediately if its self-insurance funds for professional errors and omissions liability drop below Three Million Dollars (\$3,000,000).

c. Workers' Compensation and Employer's Liability Insurance with statutory California Workers' Compensation coverage and Employer's Liability coverage of not less than One Million Dollars (\$1,000,000.00) per occurrence for all employees engaged in services or operations under this AGREEMENT. PROVIDER may elect to maintain a program of self-insurance that satisfies all California statutory requirements.

d. Automobile Liability Insurance for bodily injury (including death) and property damage which provides total limits of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence applicable to all owned, non-owned and hired vehicles."

ARTICLE VI RECORDS, AUDITS, REPORTS, AND RECOVERY OF OVERPAYMENTS

A. Inspection Rights

1. PROVIDER, upon written request and in accordance with applicable laws, shall make all of its books and records pertaining to the goods and services furnished under this AGREEMENT available for inspection, and copying:
 - a. By BEHAVIORAL HEALTH, the State, and the United States Department of Health and Human Services.
 - b. At all reasonable times at the PROVIDER'S facility or at another mutually agreeable location.
 - c. In a form maintained in accordance with the general standards applicable to such record-keeping.
 - d. For a term of at least ten (10) years from the final date of the contract period or from the date of completion of any audit, whichever is later (42 C.F.R. § 438.230(c)(3)(iii)), or until resolution of any review, or claim, or litigation pursuant thereto, whichever is later.
 - e. BEHAVIORAL HEALTH and other federal and state agencies may inspect, evaluate, and audit the PROVIDER at any time if there is a reasonable possibility of fraud or similar risk. (42 C.F.R. § 438.230(c)(3)(iv).)
2. PROVIDER shall make adequate office space available for the review team

or auditors to meet.

3. On-site reviews and audits shall occur during normal working hours with at least 72-hour notice, except that unannounced on-site reviews and requests for information may be made in those exceptional situations where arrangement of an appointment beforehand is clearly not possible or clearly inappropriate due to the nature of the intended visit.
4. These audits or reviews may evaluate the following pertinent to Medi-Cal beneficiaries:
 - a. Level and quality of care, and the necessity and appropriateness of the services provided.
 - b. Internal procedures for assuring efficiency, economy, and quality of care.
 - c. Grievances or complaints relating to medical care and their disposition.
 - d. Financial records to assure accountability of public funds.

B. **Records and Audits:** PROVIDER and the information specified in this section shall be subject at all reasonable times and in accordance with applicable laws, to inspection, audits, and reproduction by any duly authorized agents of BEHAVIORAL HEALTH, Department of Health Care Services, the federal Department of Health and Human Services, and Comptroller General of the United States.

1. PROVIDER shall maintain financial records, including an annual, independent audit prepared in accordance with OMB Circular A-133 which clearly reflects the actual cost of each type of service for which PROVIDER claims payment. The Beneficiary-eligibility determination and the fees charged to, and collected from, Beneficiaries shall also be shown in such records, and any apportionment of costs shall be made in accordance with P. L. 98-502, OMB A-133, and generally accepted accounting principles.
2. PROVIDER shall maintain the above information in accordance with Medicare principles of reimbursement and shall be consistent with the requirements of the California Health Facilities Commission. In cases where any of the above requirements are in conflict, PROVIDER'S compliance with any one of such requirements is sufficient.
3. PROVIDER shall maintain medical records required by Sections 70747 through 70751 of Title XXII of the California Code of Regulations and other records related to a Beneficiary's eligibility for services, the service rendered, the Beneficiary to whom the service was rendered, the date of the service, the medical necessity of the service, and the quality of service



provided. Records shall be maintained in accordance with Section 51476 of Title XXII of the California Code of Regulations.

4. PROVIDER shall make all of its premises, physical facilities, equipment, books, records, documents, contracts, computers, or other electronic systems pertaining to Medi-Cal enrollees, Medi-Cal-related activities, services and activities furnished under the terms of this AGREEMENT, or determinations of amounts payable available at any time, with reasonable accommodation and notice, for inspection, examination or copying by the Department, CMS, HHS Inspector General, the United States Comptroller General, their designees, and other authorized federal and state agencies. (42 C.F.R. §438.3(h).) This audit right will exist for 10 years from the final date of the contract period or from the date of completion of any audit, whichever is later. (42 C.F.R. § 438.230(c)(3)(iii).) The Department, CMS, or the HHS Inspector General may inspect, evaluate, and audit the subcontractor at any time if there is a reasonable possibility of fraud or similar risk, then. (42 C.F.R. § 438.230(c)(3)(iv).)

C. Recovery of Overpayments

1. When an audit or review performed by any authorized agency discloses that PROVIDER has been overpaid, or where the total payments exceed the total liability, such overpayment or excess payments over liability may be recouped by BEHAVIORAL HEALTH by withholding the amount due from future payments, seeking recovery by payment from the PROVIDER, or a combination of both methods.
2. Overpayments determined as a result of audits of periods prior to the effective date of this AGREEMENT may be recouped by withholding the amount due from what would otherwise be BEHAVIORAL HEALTH'S liability under this AGREEMENT, seeking recovery by payment from the PROVIDER, or a combination of both methods.
3. When recoupment is sought under Paragraph 1 of this section, the PROVIDER may appeal according to applicable procedural requirements of the regulations adopted pursuant to Section 14718, *et seq.*, of the California Welfare and Institutions Code with the following exceptions:
 - a. The recoupment shall commence 60 days after issuance of account status or demand resulting from an audit or review and shall not be deferred by the filing of a request for an appeal according to applicable regulations.
 - b. PROVIDER'S liability to BEHAVIORAL HEALTH for any amount recovered under this section shall be as provided in Section 14718 of the California Welfare and Institutions Code.

D. Confidentiality of Beneficiary Information: Notwithstanding any other provision

of this AGREEMENT, names of Beneficiaries receiving public social services hereunder are confidential and are to be protected from unauthorized disclosure in accordance with Title 42, Code of Federal Regulations, Sections 431.300 *et seq.*, and Sections 5328 and 14100.2 of the California Welfare and Institutions Code and regulations adopted thereunder. For the purpose of this AGREEMENT, all information, records, and data pertaining to Beneficiaries collected and maintained shall be protected by the PROVIDER from unauthorized disclosure in accordance with applicable law.

- E. **Third-Party Liability:** PROVIDER shall report within two (2) business days to BEHAVIORAL HEALTH when PROVIDER discovers that mental health benefits rendered are covered, in whole or in part, by workers' compensation, tort liability, or casualty insurance.

ARTICLE VII PATIENTS' RIGHTS

- A. **Patients' Rights:** PROVIDER acknowledges that it is familiar with the provisions of the California Welfare and Institutions Code pertaining to the rights of Beneficiaries. PROVIDER shall adopt and post in a conspicuous place or places a written policy on the rights of patients in accordance with such code and with Section 70707 of Title XXII of the California Code of Regulations, and Section 5325 of the California Welfare and Institutions Code.

PROVIDER is familiar with provisions pertaining to rights of youth beneficiaries. PROVIDER shall operate in accordance with provisions of the California Welfare and Institutions Code, Section 6002.15 *et seq.*, and other relevant laws and regulations.

ARTICLE VIII TERM, TERMINATION, AND EFFECT OF TERMINATION

- A. **Term:** The term of this AGREEMENT shall commence July 1, 2018 and end June 30, 2021 unless earlier terminated as provided in this Article.
- B. **Termination Without Cause:** PROVIDER or BEHAVIORAL HEALTH may terminate this AGREEMENT with or without cause upon providing the other party with 30-days advance written notice. Notice shall be effective upon receipt.
- C. **Termination Based on Unforeseen Events:** In the event that (1) changes in BEHAVIORAL HEALTH'S agreement with the State of California, (2) changes in the Medi-Cal program, or changes in Federal laws governing the Medi-Cal program, (3) changes in the Federal Medicare program, or (4) changes in private insurance provisions have a material detrimental financial effect on the operations of PROVIDER or BEHAVIORAL HEALTH, PROVIDER or BEHAVIORAL HEALTH may terminate this AGREEMENT upon providing the other party with 30-days prior

written notice. In any case, where such notice is provided, both parties shall negotiate in good faith during such 30-day period in an effort to develop a revised Agreement, which to the extent reasonably practical, will adequately protect the interests of both parties in light of the changes which constitute the basis for the exercise of this termination provision.

- D. **Notice to State:** If PROVIDER terminates this AGREEMENT; PROVIDER shall send a copy of the Notice of Intended Termination to the State Department of Health Care Services.
- E. **Obligations After Termination:** Following the effective date of termination:
 - 1. Each party shall remain liable for any obligations or liabilities arising from activities carried on by such party prior to the effective date of termination.
 - 2. In the event that this AGREEMENT is terminated, or PROVIDER or BEHAVIORAL HEALTH gives notice of termination of this AGREEMENT, BEHAVIORAL HEALTH may transfer hospitalized individuals being treated under the terms of this AGREEMENT to another provider. If BEHAVIORAL HEALTH is not able to transfer all affected individuals to another provider by the termination date, PROVIDER shall, upon request of BEHAVIORAL HEALTH, continue to provide services in accordance with the terms of this AGREEMENT to such individuals who have not been transferred until the transfer to another provider can be accomplished. PROVIDER shall assist and cooperate with BEHAVIORAL HEALTH during the transfer and shall provide all necessary information to ensure continuity of care.
 - 3. The provisions relating to insurance, indemnification, maintenance of and access to books, documents, and records following termination, continuation of services following termination, compliance with the law, and other related provisions of this AGREEMENT, such as non-disclosure, and confidentiality shall survive termination of this AGREEMENT.

ARTICLE IX GRIEVANCES

- A. **Contract Administrator:** The Contract Administrator shall be the initial authority for presentation and resolution of disputes arising under this AGREEMENT. BEHAVIORAL HEALTH and PROVIDER shall make reasonable effort to resolve disputes informally.
- B. **Formal Resolution of Beneficiary Grievances:** If an informal resolution does not occur, the PROVIDER will cooperate with formal grievance procedures developed by BEHAVIORAL HEALTH and approved by DHCS as described in Exhibit 4, attached hereto and incorporated herein by reference.

ARTICLE X MISCELLANEOUS

- A. **Time of the Essence:** Time shall be of the essence of this AGREEMENT.
- B. **Entire Agreement:** This AGREEMENT contains the entire AGREEMENT between the parties.
- C. **Amendments:** This AGREEMENT may be amended only by an instrument in writing executed by both parties.
- D. **Headings:** The headings of articles and sections contained in this AGREEMENT are intended for the purpose of reference, are not a part of the AGREEMENT, and shall not affect the meaning or interpretation of this AGREEMENT.
- E. **Independent Contractors:**

It is understood and agreed, and is the intention of the parties hereto, that PROVIDER is an independent contractor, and not the employee or agent of BEHAVIORAL HEALTH for any purpose whatsoever. BEHAVIORAL HEALTH shall have no right to and shall not control the manner or prescribe the method by which the professional services are performed by PROVIDER herein. PROVIDER shall be entirely and solely responsible for its acts and the acts of its agents, employees, and subcontractors while engaged in the performance of services hereunder. PROVIDER shall have no claim under this AGREEMENT or otherwise against BEHAVIORAL HEALTH for vacation pay, sick leave, retirement benefits, Social Security, workers compensation, disability, or unemployment insurance benefits or other employee benefits of any kind. The parties acknowledge that BEHAVIORAL HEALTH shall not withhold from PROVIDER'S compensation any funds for income tax, FICA, disability insurance, unemployment insurance or similar withholding and PROVIDER is solely responsible for the timely payment of all such taxes and related payments to the state and federal governments, for itself and for its employees, agents, and subcontractors who might render services in connection with this AGREEMENT. The PROVIDER shall inform all persons who perform any services pursuant to this AGREEMENT of the provisions of this section.

In the event that the PROVIDER'S activities under this AGREEMENT are found by any state or federal agency to be those of an employee rather than an independent contractor, PROVIDER agrees to indemnify BEHAVIORAL HEALTH and hold BEHAVIORAL HEALTH harmless for any damages, costs, or taxes imposed upon it pursuant to the Internal Revenue Code or state or federal taxing laws, including but not limited to any penalties and interest which BEHAVIORAL HEALTH may be assessed by such state or federal agency for failing to withhold from the compensation paid to PROVIDER under this AGREEMENT any amount which may have been required to be withheld by law.

- F. **Conflict of Interest and Ownership / Control Attestation for Contractors:**

(a) The officers and employees of Sutter County and Sutter-Yuba Behavioral Health shall not have a financial interest in this AGREEMENT or a subcontract of this AGREEMENT made by them in their official capacity, or by anybody or board of which they are members unless the interest is remote. (Gov. Code §§1090, 1091; 42 C.F.R. § 438.3(f)(2).)

(b) PROVIDER agrees to comply with and abide by all relevant provisions of the Sutter-Yuba Behavioral Health Conflict of Interest and Ownership/Control standards as set forth as Exhibit 5, attached hereto and incorporated herein by reference.

- G. **Jurisdiction:** This AGREEMENT shall be administered and interpreted under the laws of the State of California and any action brought hereunder shall be brought in the Superior Court in and for County of Sutter.
- H. In the event any Beneficiaries treated under this AGREEMENT by PROVIDER become involved in any legal proceedings, either in a court of law or before any administrative tribunal, PROVIDER shall retain at its own expense its own legal counsel, and PROVIDER shall not be represented by Sutter County Counsel or Yuba County Counsel.
- I. **Severability and Waiver:** This AGREEMENT is subject to all applicable laws and regulations. If any provision of this AGREEMENT is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulations governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the AGREEMENT to either party is lost, the AGREEMENT may be terminated at the option of the affected party. In all other cases, the remainder of the AGREEMENT shall continue in full force and effect. The waiver by any party of one or more defaults on the part of the other party in its performance or obligations under this AGREEMENT shall not be construed to operate as a waiver of any subsequent defaults.
- J. **Authorization:** The execution and performance of this AGREEMENT by PROVIDER and BEHAVIORAL HEALTH have been duly authorized by all necessary law, resolutions and corporate or partnership action, and this AGREEMENT constitutes the valid and enforceable obligations of BEHAVIORAL HEALTH and PROVIDER in accordance with its terms.
- K. **Construction:** This AGREEMENT reflects the contributions of both parties and accordingly the provisions of California Civil Code section 1654 shall not apply to address or interpret any uncertainty.

ARTICLE XI
NOTICES

- A. Any notices required by this AGREEMENT shall be written and delivered either personally, by overnight courier or first class U.S. postage prepaid mail to the following addresses or to such addresses the parties specify in accordance with this section:

BEHAVIORAL HEALTH: Sutter-Yuba Behavioral Health
Acute Psychiatric and Forensic Services
Branch Director
1965 Live Oak Blvd, Suite A
P.O. Box 1520
Yuba City, CA 95992-1520

PROVIDER: Adventist Health
Managed Care
1509 Wilson Terrace PMT Building, Suite 215
Glendale, CA 91206

Notice shall be effective upon receipt.



IN WITNESS WHEREOF, the parties have duly executed this AGREEMENT as of the dates of their signatures.

SUTTER-YUBA BEHAVIORAL HEALTH

[Redacted Signature]

Date: 6-28-19

Nancy O'Hara, Director
Sutter County Health and Human Service Department

ST. HELENA HOSPITAL, dba ADVENTIST HEALTH ST. HELENA and
ST. HELENA HOSPITAL, dba ADVENTIST HEALTH VALLEJO

[Redacted Signature]

Date: 6-14-19

Authorized Signature

SUTTER COUNTY BOARD OF SUPERVISORS

By: [Redacted Signature]

Date: 6-25-19

Chairman

ATTEST

By: [Redacted Signature]

Clerk

APPROVED AS TO FORM

[Redacted Signature]

County Counsel Office

Exhibits

Exhibit 1 – Covered Services

Exhibit 2 – Reimbursement

Exhibit 3 – Provider Appeal Procedure

Exhibit 4 – Resolution Process/Grievance Procedure

Exhibit 5 – Conflict of Interest and Ownership/Control Attestation

Attachment A – SYMPH Problem Resolution Guide and Beneficiary Rights



EXHIBIT 1 COVERED SERVICES

Psychiatric Inpatient Services:

Clinical and medical services which are generally recognized and accepted for the diagnosis and treatment of a behavioral disorder or psychological injury, as clinically necessary:

- A. Semi-private room accommodations, including bed, board, and related services.
- B. Twenty-four hour nursing care.
- C. Physical and mental examination for assessment and diagnosis.
- D. Crisis intervention services.
- E. Administration and supervision of the clinical use of psychotropic medications.
- F. Individual and group psychotherapy.
- G. Art, recreational, and vocational therapy.
- H. Clinical laboratory services.
- I. Social services.
- J. Services of psychiatrist and/or psychologist are included in this AGREEMENT.



**EXHIBIT 2
REIMBURSEMENT**

ADVENTIST HEALTH

Fiscal Year 2018-19

dba ADVENTIST HEALTH ST. HELENA HOSPITAL

REDACTED

dba ADVENTIST HEALTH VALLEJO

Inpatient Bed Rate

Professional Fee Rate*

Administrative Rate

Short Doyle Rate

Fiscal Year 2019-20

**DbA ADVENTIST HEALTH ST. HELENA HOSPITAL AND ADVENTIST HEALTH
VALLEJO**

Inpatient Bed Rate, Adult

Inpatient Bed Rate, Child

Professional Fee Rate*

Administrative Rate

Short Doyle Rate, Adult

Short Doyle Rate, Child

Fiscal Year 2020-21

**DbA ADVENTIST HEALTH ST. HELENA HOSPITAL AND ADVENTIST HEALTH
VALLEJO**

Inpatient Bed Rate, Adult

Inpatient Bed Rate, Child

Professional Fee Rate*

Administrative Rate

Short Doyle Rate, Adult

Short Doyle Rate, Child

The Administrative Day Rate is subject to change, as specified and directed by the State of California, Department of Health Care Services. Any changes to the Administrative Day Rate shall be incorporated by reference herein.

* Professional Fee Rate is due every day a patient is in a facility, including day of Admission and day of Discharge, as long as the services are billable to Medi-Cal

EXHIBIT 3 PROVIDER APPEAL PROCEDURE

Provider Problem Resolution

1. The PROVIDER has the right to access the provider appeal process at any time before, during, or after the Provider Problem Resolution process has begun, when the complaint concerns a denial or modified request for MHP payment authorization, or the processing or payment of a provider's claim to the MHP.
2. PROVIDER may call the following numbers to speak with someone to resolve its complaint:
Quality Assurance Officer (530) 822-7200
Quality Assurance Staff Analyst (530) 822-7200
3. If the PROVIDER is unable to resolve its complaint through the informal process it may request a formal Provider Appeal in writing to:
Sutter-Yuba Behavioral Health Plan
Attention: Provider Appeals
1965 Live Oak Boulevard, Suite A
P.O. Box 1520
Yuba City, CA 95992-1520
Telephone: (530) 822-7200
Fax: (530) 822-7108
4. California Department of Health Care Services Appeals may be filed when denial or modification of a MHP payment authorization request for specialty mental health services are denied in full or in part by the MHP on the basis that the PROVIDER did not comply with the required timeliness for notification or submission of payment request, medical necessity criteria not met or administrative day requirements not met. The appeal must be submitted in writing, along with supporting documentation, within 30 calendar days from the date of the MHP's written decision of denial to:

Department of Health Care Services
Utilization Management Division
1501 Capitol Avenue MS-4505
Sacramento, CA. 95899-7419

EXHIBIT 4
**BENEFICIARY RESOLUTION PROCESS/
FORMAL BENEFICIARY GRIEVANCE PROCEDURE**

Beneficiary Problem Resolution

1. PROVIDER shall inform SYBH of any grievances or appeals involving clients of SYBH who are receiving treatment at PROVIDER'S facility. PROVIDER shall display the Problem Resolution Process, attached hereto as Attachment A, incorporated herein by reference, in order to inform client of said process. PROVIDER shall report any grievances or appeals with resolution to SYBH each calendar quarter.

(a) The Medi-Cal beneficiary has the right to file for a State Fair Hearing at any time before, during or after the appeal process, or within 90 days after notification of an action.

- 1) State Fair Hearings may be filed by calling toll free, 1-800-952-5253 or TDD 1-800-952-8349 for hearing impaired, or in writing mailed to:

State Hearings Division
California Department of Social Services
P. O. Box 944243, Mail Station 19-37
Sacramento, CA 94244-2430

- 2) Beneficiary may receive assistance in filing a grievance, appeal or state Fair Hearing from:

Adult Services Branch Director	(530) 822-7200
Quality Assurance Staff Analyst	(530) 822-7200
Patient Rights Advocate	(530) 632-3202
Toll Free	1-888-923-3800
TTY-CRS	1-800-735-2929

- 3) Beneficiary may authorize a person of his/her choice to act in his/her behalf at any time during the grievance, appeals or State Fair Hearing process.
- 4) Beneficiary has the right to request continuation of benefits during the State Fair Hearing process.



EXHIBIT 5
Sutter-Yuba Behavioral Health Conflict of Interest and Ownership/Control Attestation for Contractors

Pursuant to CFR Title 42, Sutter-Yuba Behavioral Health (SYBH) contractors are required to manage and disclose relationships that may be potential conflicts of interest with their SYBH duties.

A conflict of interest is defined as any situation in which financial or other personal considerations may compromise or appear to compromise any employee's business judgement, delivery of client care, or ability of any employee to do his or her job or perform his or her responsibilities.

A conflict of interest may arise if you engage in any activities or advance any personal interests at the expense of SYBH's interests. An actual or potential conflict of interest occurs when any contractor is in a position to influence a decision that may result in personal gain for that contractor, a relative or a friend.

Contractors have an obligation to address both actual conflicts of interest and the appearance of a conflict of interest. You must always disclose and seek resolution of any actual or potential conflict of interest – whether or not you consider it an actual conflict – before taking a potentially improper action.

Conflict of Interest and Ownership/Control Attestation

1. Contractors may not make or influence business decisions, including executing purchasing agreements (including but not limited to agreements to purchase or rent equipment, materials, supplies or space) or other types of contracts (for personal services), from which they, a family member or a friend may benefit.
2. Contractors must disclose any significant business transactions (defined below) and ownership or control interests in any entity that they know to have current or prospective business, directly or indirectly, with SYBH.
 - a. *Significant business transaction.* Any business transaction or series of transactions that, during any one fiscal year, exceed the lesser of \$25,000 and 5 percent of a provider's total operating expenses (42 CFR § 455.101.)
 - b. *Ownership interest.* The possession of equity in the capital, the stock, or the profits of the disclosing entity.
Person with an ownership or control interest means a person or corporation that:
 - i. Has an ownership interest totaling 5 percent or more in a disclosing entity;
 - ii. Has an indirect ownership interest equal to 5 percent or more in a disclosing entity;

- iii. Has a combination of direct and indirect ownership interests equal to 5 percent or more in a disclosing entity;
- iv. Owns an interest of 5 percent or more in any mortgage, deed of trust, note, or other obligation secured by the disclosing entity if that interest equals at least 5 percent of the value of the property or assets of the disclosing entity;
- v. Is an officer or director of a disclosing entity that is organized as a corporation; or
- vi. Is a partner in a disclosing entity that is organized as a partnership.

Ownership includes being related to another person with ownership or control interest as a spouse, parent, child or sibling. (42 CFR §§ 455.101 and 455.104.)

3. If a significant financial interest exists, a disclosure of such must be provided at any of the following times (42 CFR § 455.104(c)(1):
 - a. Upon the provider submitting a provider application.
 - b. Upon the provider executing a provider agreement.
 - c. Upon request of SYBH during the re-validation of enrollment process under 42 CFR section 455.414.
 - d. Within 35 days after any change in ownership of the provider.
4. All disclosures must be provided to SYBH.
5. Contractors shall provide written verification of compliance with 42 CFR sections 455.101 and 455.104. This verification will be provided to SYBH by December 31 of each year and when prescribed above.
6. Any person with five (5) percent or more direct or indirect ownership interest in an organization must submit a set of fingerprints per 42 CFR section 455.434(b)(1).
7. Contractors must disclose any activity, relationship or interest that is a conflict of interest so that these activities, relationships and interests can be evaluated and managed properly. A conflict of interest is any situation in which financial or other personal considerations may compromise an employee's business judgment, delivery of patient care, or ability of an employee to do his/her job or perform his/her responsibilities.
8. Contractors must disclose any outside activities that interfere with the contractor's capacity to satisfy his or her contractual responsibilities with SYBH. Such outside activities include leadership participation (such as serving as an officer or member of the board of directors) in professional, community or charitable activities; participation in business partnerships; and employment or consulting arrangements with entities other than SYBH.
9. Contractors must guard client and SYBH information against improper access or use by unauthorized individuals.

10. Contractors must avoid any appearance of impropriety when dealing with sub-contracted clinicians and referral sources.
11. All vendors and contractors who have or desire business relationships with SYBH must abide by these requirements. Individuals having knowledge of vendors or contractors who violate these standards in their relationship with SYBH must report these to the Compliance Officer.
12. Contractors shall not request donations for any purpose from clients.

I attest that I understand and will abide by the above SYBH Conflict of Interest and Ownership/Control standards. If I have information to disclose, I will complete the Financial Interest Disclosure Form (DHCS 6207).

TIMOTHY J. KAES
Printed Name


Signature TJ

6-14-19
Date

NO WITHHOLDING

**AGREEMENT BETWEEN
THE COUNTY OF SHASTA AND
ST. HELENA HOSPITAL**

This agreement is entered into by, and between the County of Shasta, a political subdivision of the State of California, through its Health and Human Services Agency, and St. Helena Hospital, a California corporation, hereinafter referred to as "Provider" (collectively, the "Parties" and individually a "Party"). For the purposes of this agreement, the County of Shasta and Shasta County Health and Human Services Agency shall be referred to collectively as "County."

COUNTY OF SHASTA

Date: 12/11/18

[Redacted Signature]

LES BAUGH, CHAIRMAN
Board of Supervisors
County of Shasta
State of California

ATTEST:

LAWRENCE G. LEES
Clerk of the Board of Supervisors

By: [Redacted Signature]
Deputy

Approved as to form:

RUBIN E. CRUSE, JR.
County Counsel

By: [Redacted Signature] 10/27/19
Alan B. Cox
Deputy County Counsel

RISK MANAGEMENT APPROVAL

By: [Redacted Signature] 10/23/18
James Johnson
Risk Management Analyst

PROVIDER

Date: 11/19/18

[Redacted Signature]

Steven Herber
President

Date: 11-15-18

[Redacted Signature]

Tim Kares
Treasurer

Tax I.D.#: On File

TABLE OF CONTENTS

	<u>Page Number</u>
ARTICLE I	Definitions 3
ARTICLE II	Hospital Performance Provisions..... 6
ARTICLE III	Programmatic/Admission Provisions..... 10
ARTICLE IV	Payment Procedure 12
ARTICLE V	Indemnification & Insurance 14
ARTICLE VI	Records, Audits, Reports, and Recovery of Overpayments..... 16
ARTICLE VII	Patients' Rights 19
ARTICLE VIII	Terms, Termination, and Effect of Termination 20
ARTICLE IX	Applicability of Statutes 22
ARTICLE X	Grievances and Appeals..... 23
ARTICLE XI	HIPAA 24
ARTICLE XII	Miscellaneous 25
ARTICLE XIII	Notices 27
EXHIBIT NO. 1	Reimbursement Addendum 28
EXHIBIT NO. 2	Provider Appeal Procedure 30
EXHIBIT NO. 3	Shasta County Grievance Brochure..... 31
EXHIBIT NO. 4	Shasta County Health and Human Services MHP Code of Conduct 33

ARTICLE I

DEFINITIONS

A. General Meaning of Words and Terms.

The words and terms used in this agreement are intended to have their usual meanings unless a particular or more limited meaning is associated with their usage under the provisions of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code (Section 14000 et seq.) and/or Titles 9 and 22 of the California Code of Regulations pertaining to the rendition of health care or unless specifically defined in this Article I or otherwise in this agreement.

B. Beneficiary.

1. Beneficiary shall mean any person certified pursuant to the Welfare and Institutions Code, sections 14016 and 14018, as eligible for Medi-Cal and whose Beneficiary ID Number contains Shasta County Code Number 45 as the first two numbers, except that Beneficiary shall not include Medi-Cal beneficiaries enrolled in prepaid health plans or other Managed Care Systems which contract with the State of California Department of Health Services under the provisions of Chapter 7 of Part 3 of Division 9 (sections 14000, et seq.) of the Welfare and Institutions Code and the regulations adopted under Title 22 of the California Code of Regulations.
2. Beneficiary may also include any person whose eligibility for Medi-Cal was not determined until after the rendition of services by Provider or any person admitted to Provider's facility ("Facility"), either voluntarily or involuntarily pursuant to the Lanterman-Petris-Short Act (the "LPS Act," Part 1 of Division 5 of the Welfare and Institutions Code, commencing at section 5000).
3. A Medi-Cal Beneficiary who is also eligible for Medicare hospital benefits under the provisions of Title XVIII of the Social Security Act, (42 U.S.C. §1395c et seq.), and who has not exhausted those benefits, is not considered a Beneficiary within the meaning of this agreement.
4. Beneficiary does not include those persons receiving skilled nursing facility or long-term care services.

C. Inpatient Psychiatric Services.

1. Inpatient Psychiatric Services includes, but is not limited to, the following services when ordered by a Beneficiary's responsible physician or other qualified health practitioner and rendered in accordance with Title 22 of the California Code of Regulations to a Beneficiary, subject, however, to such exclusions, limitations, exceptions, and conditions as are otherwise set forth in any provision of this agreement or any Exhibit hereto:
 - a. Semi-private room accommodations including bed, board, and related services.
 - b. 24-hour nursing care.
 - c. Pharmaceuticals.
 - d. Dietary.
 - e. Physical and mental examination for assessment and diagnosis - technical component.
 - f. Crisis intervention services.
 - g. Administration and supervision of the clinical use of psychotropic medications.
 - h. Individual and group psychotherapy.

- i. Art, recreational, and vocational therapy.
- j. Clinical laboratory services.
- k. Social services.
- l. Services of psychiatrist and/or psychologist under contract by Provider for a Short-Doyle Indigent.
- m. Services of psychiatrist and/or psychologist not included in the provisions for managed Medi-Cal Beneficiaries.
- n. Supplies, appliances, and equipment.

D. **Plan.**

Plan refers to the Inpatient Managed Care Plan of the State of California that consolidates the dual private Fee-For-Service and public Short-Doyle/Medi-Cal System into a single coordinated service system administered by Shasta County.

E. **Claim.**

Claim shall mean a claim for compensation filed by Provider in accordance with Medi-Cal policy and procedures as specified in Title 22, California Code of Regulations; the State Fiscal Intermediary Provider Manual and Bulletins; and as specified by Shasta County.

F. **County.**

County means the County of Shasta, a political subdivision of the State of California, and shall be deemed to include the Shasta County Health and Human Services Agency.

G. **State.**

State shall mean the State of California Department of Health Care Services.

H. **Delegate.**

Delegate means any natural or corporate person to whom Provider, by contract or otherwise, transfers or assigns the responsibility to perform any covenant assumed by Provider in this agreement.

I. **Administrative Day.**

Administrative day shall mean any day of care in an acute care facility for which acute inpatient care is not required as approved by Shasta County.

J. **Fiscal Intermediary.**

Fiscal intermediary means that person(s) or entity who/that has contracted as specified in section 14104.3 of the Welfare and Institutions Code with the State of California Department of Health Care Services to perform fiscal intermediary services related to this agreement.

K. **Provider.**

Provider shall mean St. Helena Hospital, a California corporation.

L. **Shall.**

Shall is used to specify an obligation of either County or Provider and denotes a mandatory function or direction.

M. **May.**

May is used to indicate a permissive or discretionary term or function.

N. **Emergency Services.**

Emergency Services mean those services provided to an individual, which are necessary to screen and treat a medical condition that shows itself by acute symptoms of sufficient severity, including severe pain, such that the absence of immediate medical care could be reasonably expected to result in one of the following:

- a. Placing the individual's health, or, with respect to a pregnant woman, her health or her unborn child's health, in serious jeopardy.
- b. Serious impairment to bodily function or serious dysfunction of any bodily organ or part.
- c. With respect to a pregnant woman who is having contractions, Emergency Services includes those medical services which are necessary to effectuate a safe delivery of the child while protecting the health of the pregnant woman, when there is inadequate time to affect a safe transfer to another hospital or facility before delivery or when a transfer may threaten the health or safety of the pregnant woman or the unborn child.

Emergency Services includes emergency screening and stabilizing treatment that the Provider is required to provide in accordance with state and federal law.

O. **Medically Necessary.**

Medically Necessary shall mean medical services that are:

- a. Determined to be appropriate and necessary for the symptoms, diagnosis, or treatment of the medical conditions of a Beneficiary.
- b. Provided for the diagnosis or care and treatment of a Beneficiary's medical condition.
- c. Within the standards of the Provider and medical practice within the community. Medically Necessary services include Emergency Services.

P. Short-Doyle refers to the Short-Doyle/Bronzan-McCorquodale Act, Part 2 of Division 5 (commencing with section 5600) of the Welfare and Institutions Code.

ARTICLE II
HOSPITAL PERFORMANCE PROVISIONS

A. Services Provided by Provider.

1. In accordance with the terms and conditions of this agreement, Provider shall provide Inpatient Psychiatric Services to Beneficiaries subject to the availability of space in Provider's Facility.
2. For all Inpatient Psychiatric Service provided pursuant to this agreement, Provider assumes full responsibility for the provision of those Inpatient Psychiatric services in accordance with Part 2.5 of Division 5 (commencing at section 5775) and Article 5 of Chapter 8.8 of Part 3 of Division 9 (commencing at section 14680) of the Welfare and Institutions Code, and all regulations adopted pursuant thereto, through a delegate, or as otherwise provided in this agreement. For all Inpatient Psychiatric Services provided pursuant to this agreement, Provider agrees to accept as payment in full those payments made to Provider in accordance with Article IV and **EXHIBIT NO. 1** of this agreement. County agrees to pay Provider for Inpatient Psychiatric Services rendered in accordance with the terms and conditions of Article IV and **EXHIBIT NO. 1** of this agreement.
3. Provider shall at its own expense provide and maintain facilities and professional, allied, and supportive medical and paramedical personnel to provide all necessary and appropriate Inpatient Psychiatric Services in accordance with this agreement.
4. Provider shall at its own expense provide and maintain the organizational administrative capabilities to carry out its duties and responsibilities under this agreement and all applicable statutes and regulations pertaining to Medi-Cal providers.
5. For the purposes of Article II.A.1 of this agreement, "Beneficiaries," means any individual who meets the criteria for a Medi-Cal beneficiary without reference to residence, domicile, or any other geographic factor and as provided in Article I.B. of this agreement.
6. For the purposes of Article II.A.2 of this agreement, "all Inpatient Psychiatric Services" means the services specified in Article I.C. of this agreement, and Emergency Services means the services specified in Article I.N. of this agreement.

B. Licensing and Certification.

1. Provider hereby represents and warrants that it is currently, and for the duration of this agreement shall remain, licensed as a general acute care hospital or acute psychiatric hospital in accordance with Chapter 2 of Division 2 of the Health and Safety Code (commencing at section 1250) and the licensing regulations contained in Titles 22 and 17 of the California Code of Regulations.
2. Provider hereby represents and warrants that it is currently, and for the duration of this agreement shall remain, certified under Title XVIII of the Social Security Act (commencing at 42 U.S.C. §1395).
3. Provider agrees to comply with its obligation to remain licensed as a general acute care hospital or acute psychiatric hospital as provided in Article II.B.1. of this agreement and to remain certified under Title XVIII of the Social Security Act as provided in Article II.B.2. of this agreement.

C. **Services Neither Covered Nor Compensated.**

1. Provider shall not be obligated to provide Beneficiaries with, and County shall not be obligated to compensate Provider for the following services pursuant to this agreement (services not covered under County's allocations from the State):
 - a. Services rendered under the State of California Children's Services Program that are not reimbursable under the State's Medi-Cal program.
 - b. Dental services, as defined in Title 22, California Code of Regulations, section 51059.
 - c. Long-term care institutional services.
 - d. Outpatient services.

D. **Availability of Services.**

1. Provider shall not differentiate or discriminate in the treatment of Medi-Cal beneficiaries, nor shall Provider discriminate on the basis of race, color, creed, religion, national origin, sex, physical or mental disability, age, marital status, or sexual orientation.
2. Provider shall render services to Beneficiaries in the same manner and in accordance with the same time availability as offered to Provider's other patients except as limited by existing Medi-Cal restrictions.
3. Provider shall retain the right, within its sole discretion, to alter, enlarge, reconstruct, modify, or shut down all or any part of its Facility provided, however, that written notice of any action described herein which would materially affect the services available to Beneficiaries under this agreement, shall be given to County at least 30 days prior to implementation of such change, and County shall maintain the right to terminate this agreement without cause upon providing Provider with 30 days prior written notice from the date in which notice was received by County of such change.

E. **County Not to Interfere with Provider.**

Provider and County acknowledge that County's responsibilities under this agreement and governing legislation and regulations, do not create a right for County to interfere in treatment methods or methodologies used by Provider or by treating or attending physicians providing services under this agreement provided that such services are rendered in accordance with this agreement and with governing laws and regulations. Provider shall operate as an independent contractor as described in Article XII.E. of this agreement.

F. **Utilization Controls.**

County shall not be obligated to pay Provider for any services provided to a Beneficiary pursuant to this agreement unless Provider adheres to all utilization controls and obtains authorization for services in accordance with Medi-Cal policy and procedures as prescribed in Title 22 of the California Code of Regulations and in the State Fiscal Intermediary Provider Manual and bulletins.

G. **Services Authorization.**

1. Provider and County acknowledge that County's responsibilities under this agreement and under governing legislation and regulations require that, except when Emergency Services are being provided, Provider consult with County concerning individuals who may be eligible for Psychiatric Inpatient Services under the terms of this agreement. Therefore, in order to exercise its responsibilities (both under this agreement and pursuant to legislation

and regulations), County requires that Provider consult with County concerning individuals not referred to Provider by County so that County can determine whether criteria for Medically Necessary services (as defined in Article I.O., of this agreement), appropriateness of admission, length of proposed services, and other determinants as defined in funding legislation and regulations and as described in Article III of this agreement have been met.

2. Provider shall provide such consultation by contacting County prior to admission of an individual whom Provider believes is eligible for, and in need of, services under this agreement, in all cases (except emergency admission) in which County's staff is not the source of the referral.

H. **Utilization Controls Compliance by Provider as Condition Precedent to County Payment Obligation.**

As a condition precedent to any County payment obligation under the terms of this agreement, Provider shall adhere to County's Quality Management Plan including utilization controls, State of California Department of Health Care Services (or any other subsequent applicable state agency) Letters and Notices, as well as subdivision (g) of section 5777 of the Welfare and Institutions Code and regulations adopted pursuant thereto.

I. **Appointments of Liaisons and Agency Status.**

1. Provider shall designate in writing a person to act as liaison to County. Such person shall coordinate all communications between the Parties.
2. County shall designate a liaison in conformity with procedures and with such authority as specified in Article X.C. of this agreement. Communications to County shall be submitted by the Provider to the Shasta County Health and Human Services Agency ("HHSA") Director ("Director"), or any HHSA Branch Director designated by the HHSA Director, at the following address: Shasta County Health and Human Services Agency, P.O. Box 496005, Redding, CA, 96049-6005.

J. **Service Locations.**

Inpatient Psychiatric services rendered by Provider pursuant to this agreement shall be rendered at the following Facilities:

Adventist Health Vallejo
525 Oregon Street
Vallejo, CA 94590

Adventist Health St. Helena
10 Woodland Road
St. Helena, CA 94574

K. **Quality of Care.**

1. As a condition precedent to any payment by County to Provider under the terms of this agreement, whether performance pursuant to this agreement is by the Provider directly or by a delegate as permitted herein, Provider shall:
 - a. Assure that any and all eligible Beneficiaries receive care as required by Part 2.5 of Division 5 (commencing at section 5777) and Article 5 of Chapter 8.8 of Part 3 of Division 9 (commencing at section 14680) of the Welfare and Institutions Code.

- b. Take such actions as required by Provider's Medical Staff Bylaws against Medical Staff members who violate those Bylaws.
- c. Provide Inpatient Psychiatric Services in the same manner to Beneficiaries as it provides to all patients to whom it renders Inpatient Psychiatric Services.
- d. Not discriminate against Beneficiaries in any manner including admission practices and placement in special wings or rooms, nor make any provision for special or separate meals unless medically necessary.

L. **Payment in Full.**

Whether rendered directly or through the instrumentality of a delegate as permitted under this agreement, Provider shall bear the total cost of Inpatient Psychiatric Services rendered to each Beneficiary covered in this agreement. This means that Provider covenants to accept as payment in full for the Inpatient Psychiatric Services described herein, the payments made by County pursuant to Article IV. of this agreement.

ARTICLE III
PROGRAMMATIC/ADMISSION PROVISIONS

A. Goals and Objectives of Plan.

The goal of County's Inpatient Local Managed Mental Health Care Plan (the "Plan") is to assure Beneficiary access to quality coordinated mental health services and the avoidance of service duplication and unnecessary costs. The objective, whenever clinically appropriate, is to divert Beneficiaries into community-based services.

B. Contact Prior to Admission.

Provider shall contact Shasta County Transitions, Admissions and Discharge Team ("TAD Team") for authorization prior to any planned admission to Provider's Facility pursuant to this agreement. In the cases of admissions for Emergency Services, Provider shall obtain from County authorization within 10 calendar days of said admission. This contact can be initiated by telephone to the TAD Team at (530) 225-5204.

C. Outpatient Consideration.

Before authorizing an admission to the Facility, Provider shall provide, at County's request, an assessment as to the reason why the Beneficiary cannot be treated at a lower level of care, i.e., outpatient services.

D. Agreement for Admission.

A Treatment Authorization Request ("TAR") Form 18-3 must be completed and submitted to County via FAX (530-225-5950) or courier so that it is received prior to expiration of the first 48 hours of admission, and medical records must be forwarded to County pursuant to Article III.G. of this agreement. When Provider and County have agreed that admission to the Facility is appropriate, County agrees to provide full payment for services for the first 48 hours of admission except when medical necessity is not established due to insufficient or illegible documentation. In the event a TAR Form 18-3 is not approved by County due to insufficient or illegible documentation, County shall not be liable for payment for any hours of admission up to and including the first 48 hours of admission.

E. Consultative/Retrospective Review.

Following the initial 48 hours of admission, County's personnel shall consult with Provider on the need for ongoing Inpatient Psychiatric Services and/or transfer to County for ongoing and/or follow-up services. This consultation does not imply payment. Questions concerning such consultations can be forwarded to the County's Managed Care Program Manager. Payment authorization, if required under this agreement, will occur retrospectively upon discharge.

F. Discharge Planning.

A key component of the Plan is to assure that Beneficiaries avoid future hospitalizations. In this regard, it is essential that County and Provider work collaboratively to develop a quality discharge strategy. Upon being informed of a Planned Discharge, Provider shall contact the TAD Team as soon as Beneficiary is determined by facility to be ready for discharge within 24 hours to coordinate discharge planning with County. Regarding Unplanned Discharges, Provider shall make all best efforts to contact TAD Team as soon as Beneficiary is determined by facility to be ready for discharge.

G. **Beneficiary's Medical Record/Treatment Authorization Request.**

1. Provider must provide County with legible copies of the following medical records and TAR forms for each discharged Beneficiary no later than 14 calendar days from the date of discharge for each admission:
 - a. Comprehensive psychiatric evaluation.
 - b. M.D. orders.
 - c. Treatment plan.
 - d. Progress notes.
 - e. Discharge plan.
 - f. Any other clinical information that Provider deems appropriate.
2. Failure of Provider to provide the aforementioned medical records and the TAR forms in a legible format and within 14 calendar days of discharge date may result in all charges for the Beneficiary's dates of service for that admission being denied in total on retrospective review.

H. **State Regulations.**

Nothing in this Article (Article III) is intended to supersede the Medi-Cal Psychiatric Inpatient Hospital Services Consolidation Emergency Regulations of the State of California Department of Health Care Services (or any other subsequent appropriate state agency).

I. **Beneficiaries Age 21 and Under.**

In compliance with legal requirements of *Emily Q. v. Bonta* [C.D.Cal.,2001,CV 98-4181], Provider shall provide a copy of the brochure describing the Early and Periodic Screening, Diagnosis, and Treatment program and entitled "Medi-Cal Services for Children and Young People: Early and Periodic Screening, Diagnosis, and Treatment Mental Health Services" and a copy of the Therapeutic Behavioral Services notice entitled "Medi-Cal Services for Children and Young People: Therapeutic Behavioral Services" to all full-scope Medi-Cal Beneficiaries under 21 years of age admitted to Provider's Facility pursuant to this agreement, as well as their legal representatives. It is the responsibility of Provider to ensure that sufficient numbers of these notices are available at the Facility at all times.

ARTICLE IV.
PAYMENT PROCEDURE

A. Coordination of Benefits.

Provider shall use reasonable efforts to collect monies due and owing for Covered Services (CS) provided to a Beneficiary, from the Federal Medicare program, and from private health insurance plans when Provider has knowledge that a patient is a Beneficiary receiving Inpatient Psychiatric Services under this agreement is also a beneficiary of the Federal Medicare program or a private health insurance plan. In the event Provider collects monies from one of the foregoing entities, Provider shall notify County and County's compensation obligations under this agreement shall be reduced by the amount actually collected by Provider. No adjustment shall be made for any amounts that Provider is unable to collect.

B. Billing Procedures.

Provider shall submit claims to the Fiscal Intermediary for all services rendered under the terms of this agreement in accordance with the applicable billing requirements contained in section 5778 of the Welfare and Institutions Code and the regulations adopted pursuant thereto.

C. Day of Service.

A Day of Service shall be billed for each Beneficiary who meets admission and/or continued stay criteria, documentation requirements, treatment and discharge planning requirements, and occupies a psychiatric inpatient hospital bed at 12:00 midnight in the Facility of either Provider or the facilities of an authorized appropriately licensed Provider subcontractor.

D. Reimbursement.

1. Reimbursement shall be on a Fee-For-Service basis at an all-inclusive negotiated rate as stated in **EXHIBIT NO. 1** of this agreement. A Day of Service shall be billed for each Beneficiary who meets admission and/or continued stay criteria, documentation requirements, treatment and discharge planning requirements, and occupies a psychiatric inpatient hospital bed pursuant to Article IV.C. of this agreement. Professional fees are not included in the daily rate.
2. During the term of this agreement, the HHSA Director, or any HHSA Branch Director designated by Director, may approve, rate changes made by Provider, in writing and in advance, and rate changes made by the state, both retroactive and prospective, provided that the increase in any single rate set forth in **EXHIBIT NO. 1** on the effective date of signing of this agreement shall not exceed 15 percent during the entire term of this agreement provided further that any rate increase shall not increase the total compensation payable under this agreement.

E. Reimbursement Definitions as Applied to this Agreement.

1. Administrative Days.

There will be reimbursement for those days authorized by Provider or Provider's Utilization Review Committee in an acute inpatient facility when, due to the lack of Medi-Cal-eligible nursing facility, the Beneficiary's stay at an acute inpatient facility must be continued beyond the Beneficiary's need for acute care. Provider is responsible for contacting appropriate facilities within a 60-mile radius at least once each five working days until the Beneficiary is placed or no longer requires that level of care. These contacts must be documented by a brief description of status and the signature of the person making the contacts. The Physician Reviewer or a Utilization Review Committee must monitor the

Beneficiary's chart on a weekly basis to determine if the Beneficiary's status has changed or that no facility exists within a 60-mile radius. After written approval of County, at least one facility can be contacted weekly to meet the foregoing requirement of contracting appropriate facilities within a 60-mile radius when it is determined by County that this finding has been documented in the Beneficiary's chart.

F. **Rate Exclusion.**

The rate structure in **EXHIBIT NO. 1** of this agreement is intended by both County and Provider to be inclusive of all services defined and provided pursuant to this agreement.

ARTICLE V.
INDEMNIFICATION & INSURANCE

A. Indemnification and Insurance.

1. Hold Harmless.

It is agreed by the Parties to this agreement, Provider and County, that each will mutually indemnify, defend and hold the other Party and its appointed and elected officials, officers, volunteers, agents, and employees harmless from all costs, expenses, losses and damages, including death, personal injuries and damages to property caused or contributed to by any act or neglect of such Party, its appointed or elected officials, officers, volunteers, agents, or employees in the performance of this agreement.

2. Insurance Requirements.

- a. Without limiting Provider's duties of defense and indemnification, Provider shall obtain, from an insurance carrier authorized to transact business in the State of California or maintain programs of self-insurance approved by County's Risk Manager, and maintain continuously during the term of this agreement, Commercial General Liability Insurance, including coverage for owned and non-owned automobiles, with limits of liability of not less than \$1 million per occurrence and \$3 million aggregate bodily injury and property damage; such insurance shall be primary as to any other insurance maintained by County for the acts of Provider and its employees.
- b. Provider and any subcontractor shall obtain and maintain continuously Workers' Compensation and Employer's Liability Insurance to cover Provider and Provider's employees with an insurance carrier authorized to transact business in the State of California covering the full liability for compensation for injury to those employed by Provider or maintain programs of self-insurance therefore and as approved by County's Risk Manager. Each such policy shall be endorsed to state that the Workers' Compensation carrier waives its right of subrogation against the County, its elected officials, officers, employees, agents, and volunteers which might arise in connection with this agreement. Provider hereby certifies that Provider is aware of the provisions of section 3700 of the Labor Code, which requires every employer to insure against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and Provider shall comply with such provisions before commencing the performance of the work or the provision of services pursuant to this agreement.
- c. Provider shall obtain and maintain continuously a policy of Errors and Omissions coverage with limits of liability of not less than the \$1 million per occurrence and \$3 million annual aggregate.
- d. With regard to all insurance coverage required by this agreement:
 - (1) Any deductible or self-insured retention exceeding \$25,000 for Provider or subcontractor shall be disclosed to and be subject to approval by County's Risk Manager prior to the effective date of this agreement.
 - (2) If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Provider shall maintain such insurance coverage with an effective date earlier or equal to the effective date of this agreement and continue coverage for a period of three years after the expiration of this agreement and any extensions thereof. In lieu of maintaining post-agreement expiration coverage as specified above, Provider may satisfy this provision by purchasing tail coverage for the

claims-made policy. Such tail coverage shall, at a minimum, provide the insurance coverage required hereunder for claims received and reported three years after the expiration date of this agreement.

- (3) All insurance (except workers' compensation and professional liability) shall include an endorsement or an amendment to the policy of insurance which names County, its elected officials, officers, employees, agents, and volunteers as additional insureds. In the event that coverage is reduced or canceled a notice of said reduction or cancellation shall be provided to County within 24 hours. Any available insurance proceeds in excess of the specified minimum limits and coverage pursuant to the terms of this agreement shall be applicable to the Additional Insured. The additional insureds coverage shall be equal to Insurance Service Office endorsement CG 20 10 for on-going operations, and CG 20 37 for completed operations.

- (4) Separation of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each suit insured against whom a claim is made or suit is brought.

- (5) Provider shall provide County with a certificate of insurance as evidence of insurance protection before the effective date of this agreement.
- (6) The insurance required herein shall be in effect at all times during the term of this agreement. In the event any insurance coverage expires at any time during the term of this agreement, Provider shall provide, at least twenty (20) days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this agreement or for a period of not less than one year. In the event Provider fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this agreement, County may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event and pay in full all contractual invoices for work completed prior to expiration of insurance.
- (7) If the endorsement or amendment does not reflect the limits of liability provided by the policy of insurance, Provider shall provide County a certificate of insurance reflecting those limits.
- (8) Any of Provider's Excess Insurance shall contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the County.

ARTICLE VI.
RECORDS, AUDITS, REPORTS, AND RECOVERY OF OVERPAYMENTS

A. Inspection Rights.

1. Provider, upon written request, shall make all of its books and records pertaining to the services furnished under the terms of this agreement available for inspection, examination, or copying:
 - a. By County, agents of the State of California, and the United States Department of Health and Human Services.
 - b. At all reasonable times at Provider's Facility or Provider's place(s) of business or at such other mutually-agreeable location(s) in California.
 - c. In a form maintained in accordance with the general standards applicable to such books or records.
 - d. For a term of at least seven years from the close of the County Fiscal Year in which this agreement was in last effect, or until resolution of any audit, review, claim, or litigation pursuant thereto, whichever is later. For the purposes of this agreement, the County Fiscal Year begins on July 1 and ends on June 30 of the following calendar year.
 - e. By making adequate office space available for review teams or auditors to perform the inspection, examination, and/or copying described herein. Such space must be capable of being locked and secured to protect the work of the review team or auditors during the period of their inspection, examination, and/or copying.
 - f. By permitting on-site reviews and audits during normal working hours with at least 72- hour notice, except that unannounced on-site reviews and requests for information may be made at the sole discretion of the inspecting entity in those exceptional situations where arrangement of an appointment beforehand is clearly not possible or clearly inappropriate to the nature of the intended review and/or audit.
2. These audits or reviews may evaluate the following matters pertinent to Medi-Cal beneficiaries:
 - a. Level and quality of care, and the necessity and appropriateness of the services provided.
 - b. Internal procedures for assuring efficiency, economy, and quality of care.
 - c. Grievances or complaints relating to medical care and their disposition.
 - d. Beneficiary-related financial records when determined necessary by County to assure accountability for public funds.
3. The Parties agree that the purpose of the audits and reviews authorized by Article VI.A. of this agreement is solely to assess Provider and Provider's subcontractor's compliance with the terms and conditions of this agreement.
4. Provider does not waive the provisions of Evidence Code section 1157 with regard to medical staff records as applicable to state and federal laws and Provider's Bylaws.

B. Records to be Kept; Audits or Review; Availability; Period of Retention.

1. Provider or such Parties thereof as may be engaged in the performance of this agreement and subject to the inspection, examination, and copying of the information specified in this Article (Article VI) shall, upon 48 hours of advance notice and during customary business

hours, be subject to inspection, examination, and copying by any duly authorized agents of County, the State of California Department of Health Care Services (or any other subsequent appropriate state agency), the United States Department of Health and Human Services, and the Comptroller General of the United States. The United States Department of Health and Human Services and Comptroller of the United States are intended third-party beneficiaries of this covenant.

2. Provider shall maintain complete financial records including an annual, independent audit prepared in accordance with OMB Circular A-133, which clearly reflects the actual cost of each type of service for which Provider claims payment hereunder. The Beneficiary-eligibility determination and the fees charged to and collected from Beneficiaries shall also be shown in such records, and any apportionment of costs shall be made in accordance with P.L. 98-502 (31 USC §7501 et seq.), OMB A-133 and generally accepted accounting principles.
3. Provider shall maintain the above information in accordance with Medicare principles of reimbursement and consistent with the requirements of the State of California Health Facilities Commission. In cases where any of the above requirements are in conflict, Provider's compliance with any one of such requirements is sufficient.
4. Provider shall maintain medical records as required by sections 70747 through 70751 of Title 22 of the California Code of Regulations and other records related to a Beneficiary's eligibility for services, the service rendered, the Beneficiary to whom the service was rendered, the date of the service, the medical necessity of the service, and the quality of service provided. Records shall be maintained in accordance with section 51476 of Title 22 of the California Code of Regulations. The foregoing constitutes "records" for the purposes of this Article (Article VI).

C. **Subcontracts.**

Provider shall maintain and make available to County, the United States Department of Health and Human Services, and agents of the State of California, upon written request, copies of all subcontracts for the performance of any of Provider's obligations and responsibilities under this agreement. Provider shall assure that all subcontracts entered into from the effective date of this agreement shall require subcontractors to:

1. Make all applicable books and records pertaining to this agreement available upon 48 hours of advance notice and during customary business hours for inspection, examination, or copying by County, the State of California Department of Health Services, or the United States Department of Health and Human Services.
2. Retain such books and records for a term of seven years from the close of the State of California's fiscal year in which the subcontract became effective or until resolution of any audit, review, or claim, or litigation pursuant thereto, whichever is later.

D. **Recovery of Overpayments to Provider, Liability for Interest.**

1. When an audit or review performed by any authorized agency discloses that Provider has been overpaid under this agreement, or where the total payments exceed the total liability under this agreement, Provider covenants that any such overpayment or excess payments over liability may be recouped by County by withholding the amount due from future payments, seeking recovery by payment from Provider, or a combination of these two methods.

2. When recoupment or recovery is sought under Article VI.D.1. of this agreement, Provider may appeal according to applicable procedural requirements of the regulations adopted pursuant to Part 2.5 of Division 5 (commencing at section 5775) of the Welfare and Institutions Code with the following exceptions:
 - a. The process for recovery or recoupment shall commence within 60 days after issuance of account status or demand resulting from an audit or review and shall not be deferred or tolled by the filing of a request for an appeal according to the applicable regulations.
 - b. Provider's liability to County for any overpayment or excess payment shall be as provided in section 5779(e) of the Welfare and Institutions Code.

E. **Confidentiality of Beneficiary Information.**

Notwithstanding any other provision of this agreement, names of Beneficiaries receiving public social services hereunder are confidential and are to be protected from unauthorized disclosure in accordance with Chapter IV of Subchapter C of Part 431 of Subpart F of Title 42, of the Code of Federal Regulations (commencing at section 431.300) and section 14100.2 of the Welfare and Institutions Code and regulations adopted there under. For the purpose of this agreement, all information, records, data, and data elements collected and maintained under this agreement and pertaining to Beneficiaries shall be protected by Provider from unauthorized disclosure. This provision shall survive the termination, expiration, or cancellation of this agreement.

In addition, Provider shall comply with all other applicable state and federal requirements regarding confidentiality of patient information (including, but not limited to, section 5328 of the Welfare and Institutions Code; section 56.10 of the Civil Code; the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the privacy and security regulations adopted pursuant thereto; Title 42, Code of Federal Regulations, Part 2; and Title 45, Code of Federal Regulations, section 205.50). This provision shall survive the termination, expiration, or cancellation of this agreement.

F. **Protection of Confidentiality and Programs.**

Except when disclosure is required by law, regulation, or legal process, Provider agrees to ensure the confidentiality of all information obtained from County including, but not limited to, financial, utilization, or any other information related to the delivery of health care.

G. **Third-Party Liability.**

Provider shall report within one business day to County whenever Provider discovers that the costs of Inpatient Psychiatric Services provided under this agreement and rendered either directly by Provider or through the instrumentality of a Provider subcontractor are covered, in whole or in part, by workers' compensation, tort liability, or casualty insurance. Nothing contained herein shall be construed to reduce or modify County's obligation to reimburse Provider for Medi-Cal benefits rendered to a Beneficiary.

ARTICLE VII.
PATIENTS' RIGHTS

A. Patients' Rights.

1. Provider shall comply with all applicable laws and regulations pertaining to the rights of Beneficiaries and patients. Specifically, Provider shall adopt and post in a conspicuous place or places a written policy on the rights of patients in accordance with section 70707 of Title 22 of the California Code of Regulations and shall comply with sections 5325 and 5325.1 of the Welfare and Institutions Code. Complaints by Beneficiaries shall be investigated by County's Patients' Rights Advocate, and, when appropriate, by the State of California Department of Health Care Services (or any other subsequent appropriate state agency) or other persons and entities as required by law or regulation.
2. Provider represents that it is familiar with provisions pertaining to rights of youth Beneficiaries. Provider shall operate in accordance with the provisions of Chapter 1 or Part 1 of Division 6 (commencing with section 6002.15) of the Welfare and Institutions Code, and other applicable laws and regulations.

B. Notification of Rights.

At the time of a Beneficiary's admission to Provider's Facility, the Beneficiary shall be notified in writing of their rights in accordance with section 70707 of Title 22 of the California Code of Regulations and with sections 5325 and 5325.1 of the Welfare and Institutions Code. The Beneficiary's signed and dated copy of the notification shall be kept in the Beneficiary's case record, a copy of which shall be made available to the client.

ARTICLE VIII
TERMS, TERMINATION, AND EFFECT OF TERMINATION

A. Term.

The initial term of this agreement shall commence July 1, 2018, and shall end June 30, 2019. The term shall be automatically renewed for two additional 1-year terms at the end of the initial term, under the same terms and conditions unless either Party provides written notice of non-renewal to the other Party at least 30 days prior to the expiration of the initial term or the then current term. Notwithstanding the foregoing, County shall not be obligated for payments hereunder for any future County fiscal year unless or until County's Board of Supervisors appropriates funds for this agreement in County's budget for that County Fiscal Year. In the event that funds are not appropriated for this agreement, then this agreement shall end as of June 30 of the last County Fiscal Year for which funds were appropriated. For the purposes of this agreement, the County fiscal year commences on July 1 and ends on June 30 of the following year. County shall notify Provider in writing of such non-appropriation at the earliest possible date.

B. Termination Without Cause.

Provider and/or County may terminate this agreement upon providing the other Party with 30 days prior written notice. In any case, where such notice is provided, both Parties shall negotiate in good faith during such 30-day period in an effort to develop a revised agreement, which to the extent reasonably practical, under the circumstances, will adequately protect the interests of both Parties.

C. Termination Based on Unforeseen Events.

In the event that changes are made in County's agreement with the State of California for the provision of mental health services, Provider and County may terminate this agreement immediately by giving oral notice to the other Party based on the following unforeseen events:

1. Changes are made in the Medi-Cal program, or changes are made in federal laws or regulations governing the Medi-Cal program;
2. Changes are made in the Federal Medicare program;
3. Changes are made under other public or private health and/or Provider insurance programs, or policies, which have a material detrimental financial effect on the operations of Provider and/or County.

County may terminate this agreement immediately upon oral notice should funding cease or be materially decreased during the term of this agreement.

D. Notice to State.

If Provider terminates this agreement, County shall send a copy of the notice of termination to the State of California Department of Health Services.

E. Obligations After Termination.

In the event that this agreement is terminated, County may transfer individuals being treated under the terms of this agreement to another provider. If County is not able to transfer all affected individuals to another provider by the termination date, at County's request, Provider shall continue to provide Inpatient Psychiatric Services in accordance with the terms of this agreement to such individuals who have not been transferred, until those individuals have been transferred to another provider. Provider shall assist and cooperate with County during the transfer and shall provide all necessary information to ensure continuing care. Following the effective date of termination of this agreement, the provisions of this agreement shall be of no further force and effect except that:

1. Each Party shall remain liable for any obligations or liabilities arising from activities carried on by each Party prior to the effective date of termination.
2. The provisions relating to insurance; indemnification; maintenance of and access to books, documents, and records following termination; continuation of services following termination; compliance with the law; and other related provisions of this agreement; as well as non-disclosure, confidentiality, and non-disparagement provisions thereof shall survive the expiration, termination, or cancellation of this agreement.

F. **Right to Terminate**

County's right to terminate this agreement may be exercised by County's Board of Supervisors, County's Executive Officer, the HHSA Director, or any HHSA Branch Director designated by the Director.

ARTICLE IX.
APPLICABILITY OF STATUTES

A. Application of Statutes.

1. This agreement shall be governed and construed in accordance with the laws of the State of California and the United States, including, but are not necessarily limited to, the following:
 - a. Title XIX of the Social Security Act and regulations promulgated thereunder. (42 USC section 1396 et. seq.)
 - b. The California Welfare and Institutions Code and related provisions thereunder.
 - c. Titles 17 and 22 of the California Code of Regulations.
2. All references in this agreement to any law or regulation, state or federal, which may from time to time be changed by appropriate authority during the term of this agreement, are binding upon the Provider and County.

B. Severability.

1. In the event any provision of this agreement is rendered invalid or unenforceable by Act of Congress, by statute of the State of California, and by any regulation duly promulgated by the United States or the State of California in accordance with law, or is declared null and void by any court of competent jurisdiction, the remainder of the provisions hereof shall remain in full force and effect.
2. If there is determination that any of the provisions of this agreement are invalid or unenforceable or declared null and void or which materially alters the obligations of either Party in such manner as to cause financial hardship to such Party, the Party so affected shall have the right to terminate this agreement upon providing 30 days prior written notice to the other Party.

ARTICLE X.
GRIEVANCES AND APPEALS

A. Contract Administrator.

The Director, or HHSA Branch Director, as designated by the Director, is hereby designated the Contract Administrator of this agreement. The Contract Administrator shall be the initial authority for presentation and resolution of disputes arising under this agreement.

B. Hospital Grievance Procedures.

Provider shall have in place its own internal grievance policies and procedures, a copy of which shall, upon request, be made available to County.

C. Principles of Informal Resolution of Grievances.

Each Party shall designate a liaison, pursuant to Article II.I., who shall act as the initial contact point for resolution of any dispute concerning the terms of this agreement or any services or activities carried on under its terms. County and Provider shall make every reasonable effort to resolve all disputes and differences informally. In the event of such dispute or difference, County and Provider shall initiate telephone or written contact with the respective designated liaisons.

D. Designee for Beneficiary Grievances.

For Beneficiary grievances, County's designee shall be the County's Patients' Rights staff.

E. Formal Resolution of Beneficiary Grievances.

The Beneficiary, or his/her representative, may initiate a formal grievance by filing a written or oral grievance with the Shasta County Managed Care Program. To file a written grievance the Beneficiary shall complete and submit the Shasta County Grievance Brochure (**EXHIBIT NO. 3**) to Shasta County Managed Care Program, P.O. Box 496005, Redding, CA 96049-6005. The Patient's Rights Advocate shall assist the Beneficiary to complete and submit the written form if necessary. Oral grievances may be filed by contacting the Shasta County Managed Care Program at (530) 245-6750. Confidentiality of the Beneficiary shall be protected at all stages of the grievance process.

F. Provider Appeal Procedures.

If an informal resolution does not resolve a dispute concerning the terms of this agreement, Provider will cooperate with formal grievance procedures developed by County and approved by the California Department of Health Care Services (or any other subsequent appropriate state agency) as described in **EXHIBIT NO. 2**.

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ARTICLE XI.
HIPAA

The Parties acknowledge the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations ("HIPAA"). Provider understands and agrees that, as a provider of medical treatment services, it is a "covered entity" under HIPAA and, as such, has obligations with respect to the confidentiality, privacy, and security of patients' medical information, and must take certain steps to preserve the confidentiality of this information, both internally and externally, including the training of staff and the establishment of proper procedures for the release of such information. The Parties acknowledge their separate and independent obligations with respect to HIPAA, and that such obligations relate to transactions and code sets, privacy, and security. Provider understands and agrees that it is independently responsible for compliance with HIPAA and agrees to take all necessary and reasonable actions to comply with the requirements of HIPAA related to transactions and code sets, privacy, and security. The Parties agree that, should either Provider or County fail to comply with its obligations under HIPAA, it shall indemnify and hold harmless the other party (including its officers, employees, and agents), for damages attributable to such failure. The indemnification provided in this section is in addition to, and does not in any way limit, the hold harmless, indemnification, and defense obligations of the Parties that are provided for in Article V.

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ARTICLE XII
MISCELLANEOUS

A. **Time is of the Essence.**

Time shall be of the essence for each and every term, obligation, and condition of this agreement.

B. **Entire Agreement.**

This agreement, together with all EXHIBITS hereto, contains the entire agreement between the Parties relating to the rights herein granted and the obligations herein assumed. It is the express intention of Provider and County that any and all prior or contemporaneous agreements, promises, negotiations, or representations either oral or written relating to the subject matter and period governed by this agreement which are not expressly set forth herein shall be of no further force, effect, or legal consequence after the effective date hereof.

C. **Amendments.**

No changes, amendments, or alterations to this agreement shall be effective unless in writing and signed by both Parties. In addition to the provisions of Article IV D.2 of this agreement, minor amendments, including retroactive, that do not result in a substantial or functional change to the original intent of this agreement and do not cause an increase to the maximum amount payable under this agreement may be agreed to in writing between Provider and the County's HHSA Director, or any HHSA Branch Director designated by the HHSA Director, provided that the amendment is in substantially the same format as the County's standard format amendment contained in the Shasta County Contracts Manual (Administrative Policy 6-101).

D. **Headings.**

The headings or titles of articles and sections contained in this agreement are intended solely for the purpose of facilitating reference, are not a part of this agreement, and shall not affect the meaning or interpretation of this agreement.

E. **Independent Contractors.**

This agreement does not constitute a hiring by either Party. It is the Parties' intention that, to the full extent permitted by law, Provider shall be an independent contractor and not an employee of County nor the Shasta County Health and Human Services Agency, and in conformity therewith, that Provider shall retain sole and absolute discretion and judgment in the manner and means of carrying out Provider's activities and obligations under this agreement. Therefore, the Parties hereto are and shall remain independent contractors bound by the provisions hereof. Provider is responsible and obligated to County as to the results accomplished. Except as provided by law, County thereby obtains no authority or right to direct or control Provider's actions, and Provider assumes and retains discretion for methods, techniques, and procedures in management. Further, Provider acknowledges that neither it nor its employees are entitled to participate in any Workers' Compensation benefits, pension plan, retirement plan, bonus, or any similar benefits, which are provided by County as a condition of employment by County.

F. **Federal Healthcare Compliance Program.**

In entering into this agreement, Provider acknowledges and agrees to comply with the County's Program for Compliance with Federal Healthcare Programs and the County's Contractor Code of Conduct (Code of Conduct), attached and incorporated herein as **EXHIBIT NO. 4**. Should the

aforementioned Code of Conduct be amended during the term of this agreement, Provider shall comply with the Code of Conduct as amended and provided to Provider by County.

G. **No Inducement to Refer.**

Nothing contained in this agreement shall require County to refer any patients to Provider for treatment. The Parties enter into this agreement with the intent of conducting their relationship in full compliance with all applicable federal, state, and local law, including the Medicare/Medicaid Anti-Fraud and Abuse Amendments. Notwithstanding an unanticipated effect of the provisions herein, neither Party will intentionally conduct itself under the terms of this agreement in a manner to constitute a violation of federal, state, and local law, including the Medicare/Medicaid Anti-Fraud and Abuse Amendments.

ARTICLE XIII
NOTICES

- A. Except as may otherwise be specifically provided in this agreement with respect to oral notice, any notices required or permitted pursuant to the terms and provisions of this agreement shall be given to the appropriate Party at the address specified below or at such other address as the Party shall specify in writing. Such notice shall be deemed given: (1) upon personal delivery; or (2) if sent by First Class mail, postage prepaid, two days after the date of mailing.

County:

Director
HHSA Adult Services Branch
Attn: Contracts Unit
2640 Breslauer Way
Redding, CA 96001
Phone: (530) 225-5900
Fax: (530) 225-5977

Provider:

Chief Financial Officer
St. Helena Hospital
10 Woodland Rd.
St. Helena, CA 94574
Phone: (707) 642-0276
Fax: (707) 642-0509

- B. Any oral notice authorized by this agreement shall be given to the persons specified in Article XIII.A. and shall be deemed to be effective immediately.

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EXHIBIT NO. 1
REIMBURSEMENT ADDENDUM

A. Provider Inpatient Service Reimbursement.

1. County shall pay Provider 100 percent of the following all-inclusive rates per day for admissions:

St. Helena Hospital (10 Woodland Road, St. Helena, CA):

REDACTED

**St. Helena Hospital Center for Behavioral Health
(525 Oregon St., Vallejo, CA):**

Facility Rate	\$	
Psy Pro Fee (Physician fee) *	\$	
All-inclusive rate	\$	
Short Doyle rate	\$	
Admin*	\$	
*Physician fee due every day		

2. The all-inclusive per diem rates, as described above, are to be the only payments made by County for Inpatient Psychiatric Services provided to Medi-Cal Beneficiaries under this agreement except where otherwise provided hereunder.
3. The rate structure under Section A.1 of this EXHIBIT shall not include transportation services required in providing Inpatient Psychiatric Services under this agreement. When transportation services are Medi-Cal eligible services, they shall be billed separately from the per diem rate for the Inpatient Psychiatric Services provided under this agreement.

The total compensation payable under this agreement shall not exceed REDACTED during any County Fiscal Year, (July 1 – June 30).

COVERED/NON-COVERED SERVICES

The following services listed under “Covered Services” are included in the per diem rates, while services listed under “Non-Covered” Services are excluded from the per diem rates.

INCLUDED SERVICES

Clinical Laboratory Services
Dietary Services and Consultations
Drug Screening
Educational Services
Emergency Services
Family Therapy
Group Therapy
Involuntary Patient Care

Medical History and Physical Examination
Pharmacy Services
Psychiatric Nursing Services
Recreation Services
Seclusion Room w/Special Observation
Social Services
Urinalysis
Medical History
Physical Examination (Tech component)

NON-COVERED SERVICES

Ambulance Services
Arteriogram
Biofeedback
Brain Mapping
CAT Scans
Chest X-ray
Electrocardiography
Electroconvulsive Therapy (ECT)
Electroencephalography
Inhalation Therapy
MRI
Physician Services
Psychological Testing
Speech and Language Services

Both the Short-Doyle/Medi-Cal Maximum Allowance rate and the Federal Financial Participation are adjusted during the year. The rates noted in this agreement are subject to change, and Provider shall be paid at the adjusted interim rates up to the agreement's maximum amount, without amendment to this agreement.

EXHIBIT NO. 2
PROVIDER APPEAL PROCEDURE

- A. Every effort shall be made to process claims in a timely manner and resolve disagreements informally as outlined prescribed in Article X. of this agreement. In the event disagreements cannot be resolved informally, the following Provider appeal procedures are to be followed.
1. Provider may file a written appeal concerning the processing or payment of its claims for Inpatient Psychiatric Services provided pursuant to this agreement directly to the Fiscal Intermediary. The written appeal shall provide all facts and documents to support the Provider's appeal and that appeal shall clearly state the grounds for the appeal. The Fiscal Intermediary will have 60 days from receipt of the appeal to review the claim, seek information, and respond in writing to Provider.
 2. Provider may appeal a denied request for reimbursement of Inpatient Psychiatric Services provided pursuant to this agreement to County. The written appeal must be received by the Contract Administrator within 90 calendar days of the date of notification of the non-approval of payment. Appeals shall be in writing and include all relevant documentation.
 - a. County shall have 60 calendar days from the receipt of the appeal to inform the Provider in writing of the decision and its basis.
 - b. If no basis is found for altering the decision or the remedy is not within the purview of County, Provider will be notified of its right to submit the appeal to the State of California Department of Health Care Services (or any other subsequent appropriate state agency).
 - c. If County upholds Provider's appeal, County has 15 days from the date the Provider was notified in writing of the decision to submit an approved payment authorization document or take corrective action.
 3. If County does not respond within 60 days, Provider has the right to appeal directly to the State of California Department of Health Care Services (or any other subsequent appropriate state agency).
 4. If Provider wishes to appeal to the State of California Department of Health Care Services (or any other subsequent appropriate state agency), Provider must do so within 30 calendar days from the date of County's written decision or within 30 calendar days from expiration of the time within which the County is required to respond to an appeal, should County fail to respond.
 5. The State of California Department of Health Care Services (or any other subsequent appropriate state agency). will have 60 calendar days from the receipt of the appeal to notify in writing Provider and County of its decision and the basis for the decision. If the State of California Department of Health Care Services (or any other subsequent appropriate state agency) does not respond within 60 calendar days from the receipt of the appeal, the appeal is deemed denied.
 6. If the State of California Department of Health Care Services (or any other subsequent appropriate state agency). upholds Provider's appeal, County has 15 days from receipt of the State Department of Health Care Services' written decision to submit an approved payment authorization document or take corrective action.

EXHIBIT NO. 3
SHASTA COUNTY GRIEVANCE BROCHURE

WHAT HAPPENS TO YOUR GRIEVANCE?

To make sure your complaint is taken care of, we will:

- Send you a letter to say we got it.
- Choose someone that is not part of your complaint to look over your grievance.
- Send you a letter to tell you what was decided.

You will be treated fairly during this process.

For questions, or the status of your grievance, call *Managed Care* at 530-245-6750 or toll free at 1-888-385-5201.

Our ADA coordinator may be reached at:
530-225-5515 (phone)
530-225-5345 (fax)
California Relay Service: 711



Health and Human
Services Agency

2640 Breslauer Way
Redding, CA 96001
www.shastahhsa.net

Grievance Form

*Let us help you
resolve any service
complaints.*

For help call:
(530) 245-6750

Revised 08/17

SHASTA COUNTY HEALTH AND HUMAN SERVICES AGENCY
2640 Breslauer Way
Redding, CA 96001
www.shastahhsa.net



Health and Human
Services Agency

Shasta County Health & Human Services Agency
Attn: Managed Care & Compliance HHB-502
P.O. Box 496005
Redding, CA 96049-6005

WHY FILE A GRIEVANCE?

Shasta County tries to work fairly with everyone but sometimes things do not work out. You can file a grievance if you are not happy with your services.

HOW TO FILE A GRIEVANCE

Fill out this form or tell us. To tell us, call (530) 245-6750 or 1-888-385-5201. If you fill out the form, send it to the address on the back or give it to your health care worker.

GRIEVANCE FORM

You may ask for help filling out this form or have someone do it for you.

You will be treated fairly if you file this form.

Date: _____ Location: _____

Name: _____ Birth Date: _____

Address: _____ City: _____ State: _____

Telephone: (home) _____ (work) _____ (cell) _____

Primary Language Spoken: _____

Describe the reason for your dissatisfaction: _____

How do you think this can be resolved? _____

Signature: _____

11/11

EXHIBIT NO. 4

SHASTA COUNTY HEALTH AND HUMAN SERVICES, MENTAL HEALTH PLAN (MHP) CONTRACTOR CODE OF CONDUCT

Shasta County Health and Human Services Agency (HHSA), maintains high ethical standards and is committed to complying with all applicable statutes, regulations, and guidelines. HHSA Contractors shall follow this Contractor Code of Conduct (Code of Conduct) as applicable to services performed under the Managed Care Plan agreement between Shasta County and the State Department of Health Care Services and this Agreement between the County of Shasta and HHSA Contractor.

1. PURPOSE

The purpose of this HHSA Code of Conduct is to ensure that all HHSA Contractors providing services under the Shasta County Managed Care Plan (the agreement between Shasta County and State of California Department of Health Care Services to provide specialty mental health services to eligible Shasta County Medi-Cal beneficiaries) and this Agreement between the County of Shasta and Contractor, are committed to conducting their activities ethically and in compliance with all applicable state and federal statutes, regulations, and guidelines applicable to Federal Health Care programs. This Code of Conduct also serves to demonstrate HHSA's dedication to providing quality care to its clients, and to submitting accurate claims for reimbursement to all payers.

2. CODE OF CONDUCT - GENERAL STATEMENT

- A. This Code of Conduct is intended to provide HHSA Contractors with general guidelines, to enable them to conduct the business of HHSA in an ethical and legal manner;
- B. Every HHSA Contractor is expected to uphold this Code of Conduct;
- C. Failure to comply with this Contractor Code of Conduct, or failure to report reasonably suspected issues of non-compliance, may result in the HHSA Contractor's termination of contracted status. In addition, such conduct may place the Contractor, the individuals employed by Contractor, or HHSA, at substantial risk in terms of its relationship with various payers. In extreme cases, there is also the risk of action by a governmental entity up to and including an investigation, criminal prosecution, and/or exclusion from participation in the Federal Health Care Programs.

3. CODE OF CONDUCT

All HHSA Contractors and employees, volunteers, and interns of Contractor shall:

- A. Perform their duties in good faith and to the best of their ability;
- B. Comply with all statutes, regulations, and guidelines applicable to Federal Health Care programs, and with this Code of Conduct;

- C. Refrain from any illegal conduct. When a Contractor is uncertain of the meaning or application of a statute, regulation, or policy, or the legality of a certain practice or activity, Contractor shall inform the HHSA Compliance Officer or designee;
- D. Not obtain any improper personal benefit by virtue of their contractual relationship with HHSA;
- E. Notify the HHSA Compliance Officer or designee immediately upon the receipt, at any location, of any inquiry, subpoena, or other agency or government request for information regarding HHSA or the services provided under this agreement between HHSA and Contractor;
- F. Not destroy or alter HHSA information or documents in anticipation of, or in response to, a request for documents by any applicable government agency or from a court of competent jurisdiction;
- G. Not engage in any practice intended to unlawfully obtain favorable treatment or business from any entity, physician, client, resident, vendor, or any other person or entity in a position to provide such treatment or business;
- H. Not accept any gift of more than nominal value or any hospitality or entertainment, which because of its source or value, might influence the Contractor's independent judgment in transactions involving HHSA or the services provided under this agreement between HHSA and Contractor;
- I. Disclose to the HHSA Compliance Officer or designee any financial interest, official position, ownership interest, or any other financial or business relationship that they (or a member of their immediate family, or persons in their employ) has with HHSA's employees, vendors or contractors;
- J. Not participate in any false billing of HHSA, client, other government entities, or any other Party;
- K. Not participate in preparation or submission of any false cost report or other type of report submitted to the HHSA or any other government entity;
- L. Not pay, or arrange for Contractor to pay, any person or entity for the referral of HHSA client to Contractor, and shall not accept any payment or arrange for any other entity to accept any payment for referrals from Contractor;
- M. Not use confidential HHSA information for their own personal benefit or for the benefit of any other person or entity, while under contract to HHSA, or at any time thereafter;
- N. Not disclose confidential medical information pertaining to HHSA's clients without the express written consent of the client or pursuant to court order and in accordance with all applicable laws;
- O. Promptly report to the HHSA Compliance Officer or designee any and all violations or reasonably suspected violations of this Code of Conduct;

MMW

- P. Promptly report to the HHSA Compliance Officer or designee any and all violations or reasonably suspected violations of any statute, regulation, or guideline applicable to Federal Health Care programs;
- Q. Know they have the right to use HHSA's Confidential Disclosure Line without fear of retaliation with respect to disclosures; and with HHSA's commitment to maintain confidentiality, as appropriate; and
- R. Not engage in or tolerate retaliation against anyone who reports suspected wrongdoing.

4. **SHASTA COUNTY COMPLIANCE OFFICER**

The Shasta County HHSA Compliance Officer may be contacted at:

Compliance Officer
Shasta County Health and Human Services Agency, Business & Support Services
1810 Market Street, Redding, CA 96001
P.O. Box 496005, Redding, CA 96049-6005
(530) 245-6750

24/7 Confidential Disclosure Line: (530) 229-8050 or 1-866-229-8050

Email: mhcompofcr@co.shasta.ca.us

CODE OF CONDUCT CERTIFICATION PAGE FOLLOWS



Shasta County Health & Human Services Agency (HHSA)

CODE OF CONDUCT - CONTRACTOR CERTIFICATION

I, _____, by signing this Certification
(Print First and Last Name)

acknowledge that:

1. I am an employee of St. Helena Hospital, a contractor of the County of Shasta, through its Health and Human Services Agency;
2. I have received a copy of the Code of Conduct;
3. I have read and understand the Code of Conduct; and
4. I agree to comply with the Code of Conduct.

Signed _____ Date _____

Contractor shall maintain all current signed Code of Conduct – Contractor Certification forms on file and retain forms for a period of seven years after employee no longer works for Contractor, and provide to HHSA upon request, or submit-depending upon agreement terms, this signed certification to HHSA Compliance Program staff at 1810 Market Street, Redding, CA 96001, or to P.O. Box 496005, Redding, CA 96049-6005.

Thank you.

STANDARD CONTRACT
(Purchase of Services - Long Form)

Number 24-794-7(18)
Fund/Org # As Coded
Account # As Coded
Other # _____

1. Contract Identification.

Department: Health Services – Behavioral Health Services Division/Mental Health

Subject: Inpatient Psychiatric Hospital Services

2. Parties. The County of Contra Costa, California (County), for its Department named above, and the following named Contractor mutually agree and promise as follows:

Contractor: ST. HELENA HOSPITAL

Capacity: Non-Profit Corporation

Legal Address: 10 Woodland Road, St. Helena, California 94574

Mailing Address: 1509 Wilson Terrace PMT Building, Suite 215 Glendale, CA 91206

3. Term. The effective date of this Contract is October 1, 2018. It terminates on June 30, 2019 unless sooner terminated as provided herein.

4. Payment Limit. County's total payments to Contractor under this Contract shall not exceed REDACTED.

5. County's Obligations. County shall make to the Contractor those payments described in the Payment Provisions attached hereto which are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.

6. Contractor's Obligations. Contractor shall provide those services and carry out that work described in the Service Plan attached hereto which is incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.


7. General and Special Conditions. This Contract is subject to the General Conditions and Special Conditions (if any) attached hereto, which are incorporated herein by reference.

8. Project. This Contract implements in whole or in part the following described Project, the application and approval documents of which are incorporated herein by reference: Not Applicable


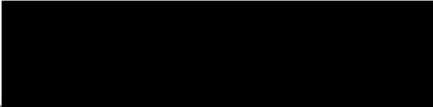
9. Legal Authority. This Contract is entered into under and subject to the following legal authorities: _____
42 U.S.C. §§1396, et seq.; 42 U.S.C. §300e; 42 U.S.C. §1395; California Welfare and Institutions Code
§§14000, et seq.; California Health and Safety Code, §§1340, et seq.; California Government Code §§ 25209.6,
26227, and 31000; and all legal authorities cited in the HIPAA Business Associate Addendum, which is attached
hereto and incorporated herein by reference.

10. Signatures. These signatures attest the parties' agreement hereto:

COUNTY OF CONTRA COSTA, CALIFORNIA

<p>BOARD OF SUPERVISORS</p> <p>By  _____</p> <p>Chairman/Designee</p>	<p>ATTEST: Clerk of the Board of Supervisors</p> <p>By <u>XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX</u> _____</p> <p>Deputy</p>
---	--

CONTRACTOR

<p>Signature A</p> <p>Name of business entity</p> <p><u>St. Helena Hospital, a non-profit corporation</u></p> <p>By  _____</p> <p>(Signature of individual or officer)</p> <p><u>(President)</u></p> <p><u>Steven Herber, MD</u></p> <p>(Print name and title A, if applicable)</p>	<p>Signature B</p> <p>Name of business entity</p> <p><u>St. Helena Hospital, a non-profit corporation</u></p> <p>By  _____</p> <p>(Signature of individual or officer)</p> <p><u>(Treasurer)</u></p> <p><u>TIMOTHY J. KARES, Finance Officer</u></p> <p>(Print name and title B, if applicable)</p>
--	---

Note to Contractor: For corporations (profit or nonprofit) and limited liability companies, the contract must be signed by two officers. Signature A must be that of the chairman of the board, president, or vice-president; and Signature B must be that of the secretary, any assistant secretary, chief financial officer or any assistant treasurer (Civil Code Section 1190 and Corporations Code Section 313). All signatures must be acknowledged as set forth on form L-2.

ACKNOWLEDGMENTS/APPROVALS
(Purchase of Services – Long Form)

Number 24-794-7(18)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

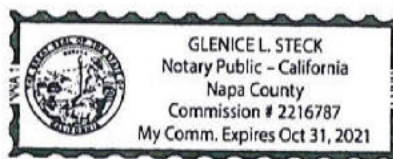
STATE OF CALIFORNIA)
)
COUNTY OF CONTRA COSTA)

On April 16, 2019 (Date), before me, Glenice L Steck, Notary Public (Name and Title of the Officer), personally Stephen Heiber MD and Timothy Kares, Financial Officers appeared who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS MY HAND AND OFFICIAL SEAL

Glenice L Steck
Signature of Notary Public



Place Seal Above

ACKNOWLEDGMENT (by Corporation, Partnership, or Individual)
(Civil Code §1189)

APPROVALS

RECOMMENDED BY DEPARTMENT

By: [Redacted]
Designee

FORM APPROVED COUNTY COUNSEL

By: [Redacted]
Deputy County Counsel

APPROVED: COUNTY ADMINISTRATOR

By: [Redacted]
Designee

PAYMENT PROVISIONS
(Fee Basis Contracts - Long Form)

Number 24-794-7(18)



1. **Payment Amounts.** Subject to the Payment Limit of this Contract and subject to the following Payment Provisions, County will pay Contractor the following fee as full compensation for all services, work, expenses or costs provided or incurred by Contractor:
 - ☐ a. \$_____ monthly,
 - ☐ b. \$_____ per unit, as defined in the Service Plan,
 - ☐ c. \$_____ after completion of all obligations and conditions herein, *or*
 - ☒ d. As set forth in Article 3 (Compensation) of the Service Plan
2. **Payment Demands.** Contractor shall submit written demands for payment on County Demand Form D-15 in the manner and form prescribed by County. Contractor shall submit said demands for payment no later than 30 days from the end of the month in which the contract services upon which such demand is based were actually rendered. Upon approval of payment demands by the head of the County Department for which this Contract is made, or his designee, County will make payments as specified in Paragraph 1. (Payment Amounts) above.
3. **Penalty for Late Submission.** If County is unable to obtain reimbursement from the State of California as a result of Contractor's failure to submit to County a timely demand for payment as specified in Paragraph 2. (Payment Demands) above, County shall not pay Contractor for such services to the extent County's recovery of funding is prejudiced by the delay even though such services were fully provided.
4. **Right to Withhold.** County has the right to withhold payment to Contractor when, in the opinion of County expressed in writing to Contractor, (a) Contractor's performance, in whole or in part, either has not been carried out or is insufficiently documented, (b) Contractor has neglected, failed or refused to furnish information or to cooperate with any inspection, review or audit of its program, work or records, or (c) Contractor has failed to sufficiently itemize or document its demand(s) for payment.
5. **Audit Exceptions.** Contractor agrees to accept responsibility for receiving, replying to, and/or complying with any audit exceptions by appropriate county, state or federal audit agencies resulting from its performance of this Contract. Within 30 days of demand, Contractor shall pay County the full amount of County's obligation, if any, to the state and/or federal government resulting from any audit exceptions, to the extent such are attributable to Contractor's failure to perform properly any of its obligations under this Contract.

SERVICE PLAN

Number 24-794-7(18)

ARTICLE 1
DEFINITIONS

- 1.1 General Meaning of Words and Terms. The words and terms used in this Contract are intended to have their usual meanings unless a particular or more limited meaning is set forth in Welfare and Institutions Code §§ 14712, et seq. or 14680, et seq., or in the Medi-Cal Psychiatric Inpatient Hospital Services Consolidation Regulations pertaining to the rendition of mental health care, or unless specifically defined in this Contract.
- 1.2 "Client" means residents of Contra Costa County, aged eighteen and older, referred and authorized by County to receive services pursuant to this Contract.
- 1.3 "Medi-Cal Beneficiary" is a Client who is certified, pursuant to § 51000.2, Title 22, California Code of Regulations, as eligible for Medi-Cal. "Medi-Cal Beneficiary" also includes a person whose eligibility for Medi-Cal is not established until after inpatient services have been provided. Medi-Cal beneficiaries who are also eligible for Medicare hospital benefits under the provisions of Title XVIII of the Social Security Act, and who have not exhausted those benefits, shall not be considered "Medi-Cal Beneficiaries" within the meaning of this Contract.
- 1.4 "Patient" means any person admitted to, or receiving services from Contractor's facility. A patient may, but need not, also be a Client.
- 1.5 "Acute Psychiatric Day of Service" means those days spent by a Client in an acute inpatient facility receiving those psychiatric services required to treat an acute episode of mental illness experienced by Client. All "Acute Psychiatric Days of Service" must be clinically appropriate, meet all other criteria regarding medical necessity for psychiatric inpatient hospital services, and be approved by County.
- 1.6 "Administrative Day" means those days spent by a Medi-Cal Beneficiary in an acute inpatient facility when, due to the lack of a Medi-Cal psychiatric eligible nursing facility, the Medi-Cal Beneficiary's stay at the acute inpatient facility must be continued beyond the Medi-Cal Beneficiary's need for acute care. All "Administrative Days" must be approved by County.
- 1.7 "Department" means the State Department of Health Care Services.
- 1.8 "Fiscal Intermediary" means that person or entity who has contracted, as specified in § 14104.3 of the Welfare and Institutions Code, with the State Department of Health Services to perform fiscal intermediary services related to this Contract.
- 1.9 "May" means permissive or discretionary.
- 1.10 "Inpatient Psychiatric Hospital Services" means all services except those expressly excluded in paragraph 3.1 (Rate Structure: Contingent Liability of County) of this Service Plan, rendered to a Client pursuant to this Contract in either an acute care hospital or an acute psychiatric hospital, as part of the treatment of an acute episode of mental illness. Psychiatric Inpatient Hospital Services include, but are not limited to the following services when ordered by a physician who is licensed to practice medicine in the State of California or by another qualified health practitioner acting within their licensed capacity:
- (a) Bed and Board;
 - (b) Mental Health, nursing, pharmaceutical, dietary, medical social service, diagnostic and therapeutic services; *and*
 - (c) Medical and non-medical supplies, appliances and equipment.
- 1.11 "Shall" is mandatory.

Initials:  
Contractor County Dept.

SERVICE PLAN

Number 24-794-7(18)

ARTICLE 2
PERFORMANCE PROVISIONS

2.1 Contractor's Obligations.

- (a) Contractor shall render all necessary Inpatient Psychiatric Hospital Services to children, adolescent, and adult Clients referred and authorized by County. Contractor assumes full responsibility for the provision of all Inpatient Psychiatric Hospital Services as provided in this Contract. Contractor agrees to accept, as payment in full for these services, payment from the County as set forth in Article 3 of this Service Plan. The County agrees to pay the Contractor for such services rendered in accordance with the terms and under the express conditions of this Contract.
- (b) Contractor shall, at its own expense, provide and maintain facilities and professional, allied and supportive paramedical personnel to provide all necessary and appropriate Inpatient Psychiatric Hospital Services required under this Contract.
- (c) Contractor shall, at its own expense, provide and maintain the organizational and administrative capabilities to carry out its duties and responsibilities under this Contract.

2.2 Licensure and Certification as Conditions Precedent to County Payment Obligation.

- (a) Contractor hereby represents and warrants that it is currently, and for the duration of this Contract shall remain, licensed as a general acute care hospital or acute psychiatric hospital in accordance with §§ 1250 et seq. of the Health and Safety Code and the licensing regulations contained in Title 22 and Title 17 of the California Code of Regulations.
- (b) Contractor hereby represents and warrants that it is currently, and for the duration of this Contract shall remain, certified under Title XVIII and Title XIX (SBE 2.10(a)) of the Federal Social Security Act.
- (c) Contractor agrees that its continuous licensure as a general acute care hospital or acute psychiatric hospital as provided in (a) of this Paragraph, and continuous certification under the Federal Social Security Act as provided in (b) of this Paragraph are conditions precedent to the County's payment obligations under Paragraph 2.1(a) and Article 3 of this Service Plan.

2.3 Utilization Controls: Compliance by Contractor as Condition Precedent to County Payment Obligation. As a further condition precedent to the County's payment obligations under the terms of this Contract, the Contractor shall comply with all County utilization controls and obtain prior authorization for services from the County through County's Division of Behavioral Health Services/Mental Health, or other designee, in accordance with §§ 14714 (g) and 14718 of the Welfare and Institutions Code, and regulations adopted pursuant thereto.

2.4 Appointment of Liaisons and Agency Status of Contractor's Liaison.

- (a) Contractor shall designate in writing a person to act as liaison to the County. Such person shall coordinate communications between the parties. The written designation of such person shall constitute the conferral of full agency powers to bind the Contractor as principal in all dealings with the County.

Liaison Name: Tim Kares
Title: Chief Financial Officer
Address: 10 Woodland Road
St. Helena, California 94574

Initials: OK HK
Contractor County Dept.

SERVICE PLAN

Number 24-794-7(18)

- (b) The County will designate a liaison in conformity with the procedures and with such authority as specified in Paragraph 5.4 of this Contract.

Liaison Name: Matthew P. White M.D.
Title: Behavioral Health Services Division Director
Address: Behavioral Health Services Administration
1340 Arnold Drive, Suite 200
Martinez, California 94553
Telephone Number 925-957-5201

- 2.5 Service Location. Psychiatric Inpatient Hospital Services rendered pursuant to this Contract shall be rendered at the following facilities:

Adventist Health Vallejo
525 Oregon Street
Vallejo, California 94590
and
Adventist Health St. Helena
10 Woodland Road
St. Helena, California 94574

- 2.6 Quality of Care. The Contractor shall:

- (a) Assure that all Clients receive care as required by §§ 14712, et seq. and 14680, et seq. of the Welfare and Institutions Code;
- (b) Provide Inpatient Psychiatric Hospital Services in the same manner to all Clients as it provides to all other psychiatric patients;
- (c) Not discriminate against Medi-Cal Beneficiaries in any manner, including, but not limited to, admission practices, placement in special or separate wings or rooms, and provision of special or separate meals;
- (d) Notify the County's Behavioral Health Services Division/Mental Health Director or designee, via telephone, within twenty-four (24) hours of any untoward incident(s), including, but not limited to: death of any patient, suicide of any patient, or serious injury to a patient or others. Contractor shall follow-up with a written report in the time and form required by County; *and*
- (e) Adhere to all provisions of the County's Quality Management/Utilization Review Policy, which is incorporated herein by this reference, including, but not limited to, the County's Medi-Cal beneficiary complaint resolution and grievance process. A copy of the Quality Management/Utilization Review Policy is on file in the office of the County's Behavioral Health Services Director, and County has furnished a copy to Contractor.

- 2.7 Assumption of Costs by Contractor. Contractor shall bear all costs of all Inpatient Psychiatric Hospital Services rendered to Clients, as described herein, pursuant to this Contract. Contractor shall accept, as payment in full for any and all Inpatient Psychiatric Hospital Services, payments made by the County pursuant to Article 3 of this Service Plan. Such acceptance shall be made irrespective of whether the cost of such services, transportation, and related administrative expenses shall have exceeded the payment obligation of the County under this Contract. Such acceptance includes, but is not limited to, the cost for all Inpatient Psychiatric Hospital Services which result from or are contributed to by

Initials:  Contractor  County Dept.

SERVICE PLAN

Number 24-794-7(18)

catastrophe or disaster which occur subsequent to the effective date of this Contract, including, but not limited to, acts of God, war, or a public enemy.

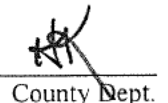
- 2.8 Patient Rights. The Contractor shall adopt and post in a conspicuous place the County's written policies on Patient's rights in accordance with § 70707 of Title 22 of the California Code of Regulations and § 5325.1 of the Welfare and Institutions Code. Complaints by Clients with regard to substandard conditions may be investigated by the County, the State of California or by the Joint Commission on Accreditation of Healthcare Organization (JCAHO) or such other agency, as required by law or regulation, or at the County's discretion.
- 2.9 Medi-Cal Beneficiary Evaluation of Contractor's Services. The Contractor shall provide a written questionnaire to the Medi-Cal Beneficiary, or the Beneficiary's legal representative, at the time of the Medi-Cal Beneficiary's admission. The questionnaire shall be approved by the State Department of Health Care Services and offer the Medi-Cal Beneficiary the opportunity to evaluate the care given. It shall be collected at the time of discharge and maintained in the Contractor's file for four years, and shall be made available to agents of the County, State Department of Health Services, State Department of Health Care Services, and the Department of Health and Human Services.
- 2.10 Disclosures. Contractor shall notify County immediately in writing upon the occurrence of any of the following events:
- (a) Contractor's license to operate as an acute care facility, or its Joint Commission Accreditation, or its certification under Title XVIII or XIX of the Social Security Act is suspended, revoked, terminated, or subjected to terms of probation or other restriction; or Contractor is notified of any such proposed action;
 - (b) Contractor's liability insurance is canceled, terminated, not renewed, or materially modified; or Contractor is notified of any such proposed action;
 - (c) Contractor learns, or reasonably should know, that it has become a defendant in a negligence action filed by a Client or is required or agrees to pay damages in any such action by way of judgment or settlement;
 - (d) An act of nature or any other event occurs which substantially interrupts all or a portion of Contractor's facilities or which has a materially adverse effect on Contractor's ability to perform its obligations hereunder;
 - (e) A petition is filed to declare Contractor bankrupt or for reorganization under the bankruptcy laws of the United States or a receiver is appointed over all or any portion of the Contractor's assets, or the Contractor fails to pay when due any material obligation; or
 - (f) Any other situation arises which could reasonably be expected to materially affect Contractor's ability to carry out its obligations under this Contract.

ARTICLE 3
COMPENSATION

- 3.1 Rate Structure: Contingent Liability of County. Subject to the payment limit of this Contract, Payment Provisions and the following compensation provisions, County will pay Contractor the following fees as full compensation for all services, directly related to the psychiatric diagnosis for which Clients are hospitalized.
- (1) [REDACTED] for each Adult Medi-Cal "Acute Psychiatric Day of Service" inclusive of all Inpatient Psychiatric Hospital Services, including routine services and hospital-based ancillary services directly related to the psychiatric diagnosis for which they are admitted, but NOT including physician or psychologist services rendered to Medi-Cal Beneficiaries;
 - (2) [REDACTED] for each Adult non Medi-Cal "Acute Psychiatric Day of Service" inclusive of all inpatient hospital services, including routine and hospital-based ancillary services, and physician services, or psychologist services rendered to County's Clients;
 - (3) [REDACTED] for each Medi-Cal child 17 years of age and younger "Acute Psychiatric Day of Service" inclusive of all Inpatient Psychiatric Hospital Services including routine services and hospital-based ancillary services, directly related to the psychiatric diagnosis for which they are admitted, but NOT including physician or psychologist services rendered to Medi-Cal Beneficiaries;

Initials:


Contractor


County Dept.

SERVICE PLAN

Number 24-794-7(18)

- (4) [REDACTED] for each non Medi-Cal child 17 years of age and younger "Acute Psychiatric Day of Service" inclusive of all Inpatient Psychiatric Hospital Services including routine and hospital-based ancillary services, directly related to the psychiatric diagnosis for which they are admitted, including physician or psychologist services rendered to Medi-Cal Beneficiaries;
- (5) [REDACTED] per day for Professional Fees for each Medi-Cal Beneficiary.
- (6) [REDACTED] for each "Administrative Day of Psychiatric Service" inclusive of all Inpatient Psychiatric Hospital Services including routine services and hospital-based ancillary services, but NOT including physician or psychologist services rendered to Medi-Cal Beneficiaries.
- (7) Transportation charges are NOT included in the rates specified above.

3.2 Denial of Payment. County will deny payment for:

- (a) All non-emergency services for which the required treatment authorization request form was not obtained prior to rendering such services; *and*
- (b) Services claimed as emergency services, which are determined not to have been emergency services.
- (c) Such denial shall not create any liability on the part of the Client, and Contractor shall neither bill nor collect from the Client any charges in connection with such services.

3.3 Billing Procedures as Express Conditions Precedent to the County Payment Obligation.

- (a) As a condition precedent to payment, the Contractor shall determine and certify to County that Inpatient Psychiatric Hospital Services rendered are not covered, in whole or in part, under any other state or federal medical care program or under any other contractual or legal entitlement, including, but not limited to, a private group indemnification or insurance program or workers' compensation. To the extent that such coverage is available, the County payment obligation pursuant to Paragraph 3.1 shall be reduced.
- (b) As a further condition precedent to payment, Payment Provisions, Paragraph 2. (Payment Demands) shall apply only to Clients who are not Medi-Cal Beneficiaries. For Medi-Cal Beneficiaries, the Contractor shall submit claims to the Fiscal Intermediary for all Inpatient Psychiatric Hospital Services rendered in accordance with the applicable billing requirements contained in § 14718 of the Welfare and Institutions Code.
- (c) An Acute Psychiatric Day of Service may be billed for each Client who meets admission and/or continued stay criteria, documentation requirements, treatment and discharge planning requirements and occupies a psychiatric inpatient hospital bed at 12:00 midnight in the facilities of the Contractor. Nevertheless, a day of service may be billed if the Client is admitted and discharged during the same day provided that such admission and discharge is not within 24 hours of a prior discharge.

3.4 Recovery of Overpayment to Contractor. Liability for Interest.

- (a) When an audit performed by the County, the State Department of Health Services, the State Controller's Office, or any other authorized agency discloses that the Contractor has been overpaid under this Contract, or where the total payments exceed the total liability under this Contract, any such overpayment or excess payments over liability may be recovered by the County by withholding the amount due from future payments, by seeking recovery by payment from the Contractor, or by a combination of these two methods.
- (b) Overpayment determined as a result of audits of periods prior to the effective date of this Contract may be recovered by the County by withholding the amount from payments otherwise due under this Contract, by seeking recovery by payment from the Contractor, or by a combination of these two methods.
- (c) When recovery is sought under this Section 3.4, the Contractor may appeal as provided in the regulations adopted pursuant to §§ 14712, et seq. and 14680, et seq. of the Welfare and Institutions Code, provided:
 - (1) The recovery shall commence ninety (90) days after issuance of account status or demand resulting from an audit or review and shall not be deferred by such appeal.

Initials: JK AK
Contractor County Dept.

SERVICE PLAN

Number 24-794-7(18)

- (2) The Contractor's liability to the County for any amount recovered under this Paragraph shall be as provided in §§ 14718 of the Welfare and Institutions Code and regulations adopted pursuant thereto.

3.5 Customary Charges Limitation.

- (a) "Customary Charges" is defined in conformity with 42 USC § 1395f and the regulations promulgated pursuant thereto.
- (b) Notwithstanding the Payment Provisions of this Contract, County's liability to the Contractor shall not exceed the Contractor's Customary Charges for like services during each hospital fiscal year or part thereof, in which this Contract is in effect. The County may recover any excess payments above such Customary Charges.

ARTICLE 4
RECORDS AND AUDIT PROVISIONS

4.1 Onsite Reviews.

- (a) Agents of the County, and the State Department of Health Care Services may conduct periodic audits or reviews, including onsite audits or reviews of performance under this Contract. These audits or reviews may evaluate any or all of the following:
- (1) Level and quality of care, and the medical necessity and appropriateness of the services provided;
 - (2) Internal procedures for assuring efficiency, economy and quality of care;
 - (3) Compliance with County Quality Management/Utilization Review Policy;
 - (4) Compliance with all County client grievances procedures; *and*
 - (5) Financial records.
- (b) The Contractor shall make adequate office space available for the review team or auditors to meet and confer. Such space must be capable of being locked and secured.
- (c) Onsite reviews and audits shall occur during normal working hours with at least 72-hour notice, except that unannounced onsite reviews and requests for information may be made when arrangement of an appointment beforehand is not possible or is inappropriate given the nature of the intended review. Such on-site reviews and audits shall not interfere with the delivery of patient care.

4.2 Records to be Kept; Audit or Review; Availability; Period of Retention.

- (a) Contractor shall maintain books, records, documents, and other evidence, accounting procedures, and practices sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Contract.
- (b) Such information shall be maintained in accordance with Medicare principles of reimbursement and generally accepted accounting principles, and shall be consistent with the requirements of the Office of Statewide Health Planning and Development.
- (c) The Contractor shall also maintain medical records required by §§ 70747-70751 of Title 22 of the California Code of Regulations, and other records showing a Medi-Cal beneficiary's eligibility for services, the service rendered, the Medi-Cal beneficiary to whom the service was rendered, the date of the service, the medical necessity of the service and the quality of the care provided. Records shall be maintained in accordance with § 51476 of Title 22 of the California Code of Regulations.
- (d) The facility or office, or such part thereof as may be engaged in the performance of this Contract, and the information specified in this Paragraph shall be subject at all reasonable times to inspection, audits and reproduction by any duly authorized agents of the County, State Department of Health Services, State Department of Health Care Services, the Federal Department of Health and Human Services and Comptroller General of the United States. The Federal

Initials:


Contractor


County Dept.

SERVICE PLAN



Number 24-794-7(18)

Department of Health and Human Services and Comptroller General of the United States are intended third party beneficiaries of this provision.

- (e) Contractor shall preserve and make available its records relating to payments made under this Contract for a period of three years from the close of the Contractor's fiscal year, or for such longer period, required by subparagraphs (1) and (2) below.
- (1) If this Contract is terminated, the records relating to the services provided shall be preserved and made available for a period of three years from the date of the last payment made under the Contract.
 - (2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the related records shall be retained until completion and resolution of all issues arising there from or until the end of the three-year period whichever is later.

ARTICLE 5
MISCELLANEOUS PROVISIONS

- 5.1 Performance Obligations. The terms of this Contract shall continue to apply to any Client receiving Inpatient Psychiatric Hospital Services at the date of discharge. At the time of discharge, Contractor shall cooperate in arranging for the psychiatrically appropriate transfer of Client(s) to County facilities or another County designated provider. In the event this Contract is terminated by the County, Contractor shall have no entitlement to an administrative hearing, except as provided elsewhere in this Contract. The Contractor waives any claim it may have to an administrative hearing relating to termination of the Contract, in consideration of the covenants, conditions, and the provisions of this Contract.
- 5.2 Governing Authorities.
- (a) This Contract shall be governed and construed in accordance with:
 - (1) Chapter 8.9 of Part 3 of Division 9 of the Welfare and Institutions Code and regulations adopted pursuant thereto, and all other applicable state laws and regulations according to their content on the effective date of this contract; *and*
 - (2) Titles 42 and 45 (Part 74) of the Code of Federal Regulations and all other applicable federal laws and regulations according to their content on and after the effective date of this contract, except those provisions or applications of those provisions waived by the Secretary of the Department of Health and Human Services.
 - (b) Any provision of this Contract in conflict with the laws or regulations stipulated in (a) of this Paragraph is hereby amended to conform to the provisions of those laws and regulations. Such amendment of the Contract shall be effective on the effective date of the statute or regulation necessitating it, and shall be binding on the parties even though such amendment may not have been reduced to writing and formally agreed upon and executed by the parties.
- 5.3 Conformance with Federal Regulations. The Contractor stipulates that this Contract, in part, implements Title XIX of the Federal Social Security Act, and that it will conform to such requirements and regulations as the United States Department of Health and Human Services may issue from time to time, except for those provisions waived by the Secretary of Health and Human Services.
- 5.4 Contracting Officer. The County will administer this Contract through a single administrator, the Contracting Officer. Until such time as the County gives the Contractor written notice of successor appointment, the Contracting Officer shall make all determinations and take all actions necessary to administer this Contract, subject to the limitations of California laws and state administrative regulations.
- 5.5 Medi-Cal Beneficiary Eligibility. This Contract is not intended to change the determination of Medi-Cal eligibility for beneficiaries in any way. However, in the event the California State Legislature or Congress of the United States enacts a statute, which redefines Medi-Cal eligibility so as to affect the provision of psychiatric inpatient hospital services under this Contract, this new definition shall apply to the terms of this Contract.

Initials:  Contractor  County Dept.

SERVICE PLAN

Number 24-794-7(18)

- 5.6 Limitation of County Liability. No provision of this Contract withstanding, the liability of the County under this Contract shall not exceed the amount of funds appropriated in the support of this Contract by the California Legislature and allocated by the State Department of Health Care Services.
- 5.7 HIPAA Requirements. Contractor must comply with the applicable requirements and procedures established by the Health Insurance Portability and Accountability Act (HIPAA) of 1996 and any modifications thereof, including but not limited to, the attached HIPAA Business Associate Addendum, which are incorporated herein by reference
- 5.8 Additional Provisions. Contractor shall comply with provisions set forth in Appendix A, which is attached hereto and incorporated herein by reference.

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County Dept.

APPENDIX A

Number: 24-794-7(18)

1. Fair Employment Practices.

- (a) In the performance of this Contract, the Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, sex, sexual orientation, age, national origin, physical handicap, mental condition, or marital status. The Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, ancestry, sex, sexual orientation, age, national origin, mental condition, physical handicap, or marital status. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section.
- (b) The Contractor shall permit access to his records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment and Housing Commission, or any other agency of the State of California designated by the State, for the purposes of investigation to ascertain compliance with the Fair Employment Practices section of this Contract.
- (c) Remedies for Unlawful Employment Practice:
 - (1) The County may determine an unlawful practice under the Fair Employment Practices section of this Contract to have occurred upon receipt of a final judgment having that effect from a court in an action to which Contractor was a party, or upon receipt of a written notice from the Fair Employment and Housing Commission that it has investigated and determined that the Contractor has violated the provisions of the Fair Employment and Housing Act and has issued an order, under Government Code § 12970, which has become final.
 - (2) For unlawful practices under this Fair Employment Practices section, the County shall have the right to terminate this Contract after a determination pursuant to (c)(1) of this section has been made. Any loss or damage sustained by the County in securing a replacement Contractor to render the services contracted for under this Contract shall be borne and paid for by the Contractor and the County may deduct from any moneys due to that thereafter may become due to the Contractor, the difference between the price named in the contract and the actual cost thereof to the County.
- (d) Contractor agrees to comply with Title 2, Division 3, Part 2.8 (Government Code §§ 12900 et seq.) any amendments thereto, and any regulation adopted pursuant to that part.

2. Nondiscrimination in Services, Benefits and Facilities.

- (a) The Contractor shall not discriminate in the provision of services because of race, color, religion, national origin, sex, sexual orientation, age or mental or physical handicap as provided by state and federal law.
- (b) For the purposes of this Contract, distinctions on the grounds of race, color, religion, national origin, age or mental or physical handicap include but are not limited to the following: denying a Medi-Cal beneficiary any service or benefit which is different, or is provided in a different manner or at a different time from that provided other beneficiaries under this Contract; subjecting a beneficiary to segregation or separate treatment in any matter related to his receipt of any service; restricting a beneficiary in any way in the enjoyment, advantage or privilege enjoyed by others receiving any service or benefit; treating a beneficiary differently from others in determining whether the beneficiary satisfied any admission, eligibility, other requirement or condition which individuals must meet in order to be provided any benefit; the assignment of times or places for the provision of services on the basis of the race, color, religion, nation origin, sexual orientation, age or mental or physical handicap of the beneficiaries to be served.

Initials:

TK
Contractor

AK
County Dept.

APPENDIX A

Number: 24-794-7(18)

(c) The Contractor shall take affirmative action to ensure that services to intended Medi-Cal beneficiaries are provided without regard to race, color, religion, national origin, sex, sexual orientation, age or mental or physical handicap.

3. Clean Air and Water. (This paragraph 3.0 applicable only if the Contract exceeds \$100,000, or the Federal Contracting Officer, the State or the County has determined that orders under an indefinite quantity contract in any one year will exceed \$100,000, or a facility to be used has been the subject of a conviction under the Clean Air Act [42 U.S.C. 7413 (c) (1)] or the Federal Water Pollution Control Act (33 U.S.C. 1319[c]) and is listed by EPA, or the contract is not otherwise exempt).

(a) The Contractor agrees as follows:

- (1) To comply with all the requirements of § 114 of the Clean Air Act, as amended (42 U.S.C. 7401, et seq.) and § 308 of the Federal Water Pollution Control Act (33 USC 1251 et seq.) respectively relating to inspection monitoring, entry, reports, and information, as well as other requirements specified in § 114 and § 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder before the award of this Contract;
- (2) No obligation required by this Contract will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date when this contract was executed unless and until the EPA eliminates the name of such facility or facilities from such listing;
- (3) To use its best efforts to comply with clean air standards and clean water standards at the facility in which the services are being performed; *and*
- (4) To insert the substance of the provisions of this Paragraph 3.0 into any written delegation.

(b) The terms used in this Paragraph have the following meanings:

- (1) The term "Air Act" means the Clean Air Act, as amended (42 U.S.C. 7401 et seq.).
- (2) The terms "Water Act" means Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.).
- (3) The term "clean air standards" means any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other which are contained in, issued under, or otherwise adopted pursuant to the Air Act or Executive Order 11738, an approved implementation procedure or plan under § 110(d) of the Clean Air Act [42 U.S.C. 7410 (a)] an approved implementation procedure or plan under § 111(c) [42 U.S.C. 7411 (c)] or § 111(d) [42 U.S.C. 7411(d)] or an approved implementation procedure under § 112(d) of the Air Act [42 U.S.C. 7412(d)].
- (4) The terms "clean water standards" means any enforceable limitation, control, condition, prohibition, standard, or other requirement which is promulgated pursuant to the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a state under an approved program, as authorized by § 402 of the Water Act (33 U.S.C. 1342).
- (5) The term "compliance" means compliance with clean air or water standards. Compliance shall also mean compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency or an air or water pollution control agency in accordance with the requirements of the Air Act or Water Act and regulations issued pursuant thereto.
- (6) The term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Contractor or delegate, to be utilized in the performance of a contract of delegation. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a

Initials:

Contractor

County Dept.

APPENDIX A

Number: 24-794-7(18)

facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collected in one geographical area.

4. Utilization of Small Business Concerns.

- (a) It is the policy of the Federal Government and the State as declared by the Congress and the State Legislature that a fair proportion of the purchases and contracts for supplies and services for the State be placed with small business concerns.
- (b) The Contractor shall accomplish the maximum amount of delegation to and purchased of goods or services from small business concerns that the Contractor finds to be consistent with the efficient performance of this Contract.

5. Utilization of Minority Business Enterprises.

- (a) It is the policy of the Federal Government and the State that minority business enterprises shall have the maximum practicable opportunity to participate in the performance of State contracts.
- (b) The Contractor agrees to use its best efforts to carry out this policy in its delegations and purchases of goods and services to the fullest extent consistent with the efficient performance of this Contract. As used in this Contract, the terms "minority business enterprise" means a business, at least 50 percent of which is owned by minority group members or, in the case of public owned business, at least 51 percent of the stock of which is owned by minority group members. For the purpose of this definition, minority group members are Black, Asian, Spanish-speaking/Surnamed, Filipino, Polynesian, American Indian, or Alaskan Native. Non-minority women-owned firms may be included when business is 50 percent owned and operated by a woman and the co-owner is not her husband, or 51 percent (or greater) when owned and operated by a woman and the co-owner is her husband, and/or is publicly owned. Contractor may rely on written representations from businesses regarding their status as minority business enterprises in lieu of an independent investigation.

6. Provision of Bilingual Services.

- (a) When the community potentially served by the Contractor consists of non-English or limited-English speaking persons, the Contractor shall take all steps necessary to develop and maintain an appropriate capability for communicating in any necessary second language, including, but not limited to the employment of, or contracting for, in public contact positions of persons qualified in the necessary second languages in a number sufficient to ensure full and effective communication between the non-English and limited-English speaking applicants for, and beneficiaries of, the facility's services and the facility's employees.

Contractor may comply with this paragraph 6. by providing sufficient qualified translators to provide translation in any necessary second language for any patient, caller or applicant for service, within ten minutes of need for translation. Contractor shall maintain immediate translation capability in the emergency room when five percent of the emergency room patients or applicants for emergency room services are non-English or limited-English speaking persons.

Contractor shall provide immediate translation to non-English or limited-English speaking patients whose condition is such that failure to immediately translate would risk serious impairment. Contractor shall post notices in prominent places in the facility of the availability of translation in the necessary second languages.

- (b) As used in this Paragraph:

- (1) "Non-English or limited-English speaking persons" refers to persons whose primary language is a language other than English;

Initials:
Contractor County Dept.

APPENDIX A

Number: 24-794-7(18)

- (2) "Necessary second language" refers to a language, other than English, which is the primary language of at least five percent (5%) of either the community potentially served by the contracting facility or of the facility's patient population;
 - (3) "Community potentially served by the contracting facility" refers to the geographic area from which the facility derives eighty percent (80%) of its patient population; *and*
 - (4) "Qualified translator" is a person fluent in English and in the necessary second language, familiar with medical terminology, and who can accurately speak, read, write and readily interpret in the necessary second language.
7. Practice Guidelines. Contractor shall adopt the Contra Costa Mental Health Plan's (CCMHP) Practice Guidelines once CCHMP has provided Contractor with a copy of them.
 8. Physician Incentive Plan. If Contractor wants to institute a Physician Incentive Plan, Contractor shall submit the proposed plan to the County which will in turn submit the Plan to the State for approval, in accordance with the provisions of Title 42, CFR section 438.6(h).
 9. Certification of Non-Exclusion from Participation in Federal Health Care Program. Prior to the effective date of this Contract, Contractor must certify that it is not excluded from participation in Federal Health Care Programs under either Section 1128 or 1128A of the Social Security Act. Failure to so certify will render all provisions of this Contract null and void or result in the immediate termination of the Contract.
 10. Copeland Anti Kickback Act. Contractor must comply with the provisions of the Copeland Anti-Kickback Act (18 U.S.C. 874 and 40 U.S.C.S. 3145). All contracts and subcontracts in excess of \$2,000 for construction or repair awarded by the Contractor must include a provision for compliance with the Copeland Anti-Kickback Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (Title 29, CFR, Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in part by Loans or Grants from the United States").
 11. Davis-Bacon Act. Contractor must comply with the provisions of Davis-Bacon Act, as amended (40 U.S.C. 3141 et seq.). When required by Federal Medicaid Program legislation, all construction contracts awarded by the Contractor and its subcontractors of more than \$2,000 must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141 et seq.) as supplemented by Department of Labor regulations (Title 29, CFR, Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").
 12. Contract Work Hours and Safety Standards Act. Contractor must comply with the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701 et seq.), as applicable. All subcontracts awarded by the Contractor in excess of \$2,000 for construction and in excess of \$2,500 for other subcontracts that involve the employment of mechanics or laborers shall include a provision for compliance with the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701 et seq.), as supplemented by Department of Labor regulations (Title 29, CFR, Part 5).
 13. Debarment and Suspension. The Contractor shall comply with the provisions of Title 42, CFR Section 438.610 and Executive Orders 12549 and 12689, "Debarment and Suspension," which excludes parties listed on the General Services Administration list of parties excluded from federal procurement or non-procurement programs from having a relationship with the Contractor.
 14. Advance Directives. The Contractor must comply with all Contra Costa Mental Health Plan policies and procedures regarding Advanced Directives in compliance with the requirements of Title 42, CFR, Sections 422.128 and 438.6(i)(1), (3) and (4).

Revised by County Counsel, August 2013

Initials: TJK AK
Contractor County Dept.

SPECIAL CONDITIONS

Number 24-794-7(18)

1. **Termination.** General Conditions Paragraph 5. (Termination), Subparagraph a. (Written Notice) is hereby deleted and replaced with a new paragraph to read as follows:

“5. a. **Written Notice.** This Contract may be terminated by either party, at its sole discretion, upon **sixty (60)** day advance written notice thereof to the other, and may be cancelled immediately by written mutual consent.”

2. **Confidentiality of Information.** In addition to the requirements of General Conditions, Paragraph 16. (Confidentiality), and the requirements of the HIPAA Business Associate Attachment, Contractor must ensure confidentiality of information, as follows:

(a) Contractor agrees that names of persons receiving public social services are confidential and are to be protected from unauthorized disclosure in accordance with Title 42, Code of Federal Regulations, and §§ 5328, 10850 and 14100.2 of the Welfare and Institutions Code; and, regulations adopted pursuant thereto. For the purpose of this Contract, all information, records, and data pertaining to clients shall be protected by Contractor from unauthorized disclosure.

(b) With respect to any identifiable information concerning any client under this Contract that is obtained by the Contractor or its delegates, the Contractor:

(1) Shall not use any such information for any purpose other than carrying out this Contract;

(2) Shall not disclose, except as required by law or this Contract, any such information to any party other than the County; *and*

(3) Shall, at the termination of this Contract, maintain such information according to written procedures sent to the Contractor by the County for this purpose.

3. **Indemnification.** General Conditions Paragraph 18. (Indemnification) is hereby deleted in its entirety and replaced with a new paragraph to read as follows:

“18. **Indemnification.**


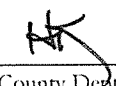
a. Contractor shall defend, save harmless and indemnify the County and its officers, agents and employees for the Contractor’s share of all liabilities and claims for damages for death, sickness or injury to persons or property, including without limitation, all consequential damages, from any cause whatsoever arising from or connected with the operations or the services of the Contractor hereunder, resulting from the conduct, negligent or otherwise, of the Contractor, its agents or employees.

b. County shall defend, save harmless and indemnify the Contractor and its officers, agents and employees for County’s share of all liabilities and claims for damages for death, sickness or injury to persons or property, including without limitation, all consequential damages, from any cause whatsoever arising from or connected with the operations or the services of the County, resulting from the conduct, negligent or otherwise, of the County or its employees.”

4. **Insurance.** General Conditions Paragraph 19. (Insurance) is hereby deleted and replaced with a new paragraph to read as follows:

“19. **Insurance.**

a. **Liability Insurance.** Contractor shall provide comprehensive liability insurance, including coverage for Blanket Contractual Liability and owned and non-owned automobiles, with a minimum

Initials:  
Contractor County Dept.

SPECIAL CONDITIONS



Number 24-794-7(18)

combined single limit coverage of \$1,000,000 for all damages, including consequential damages, due to bodily injury, sickness or disease, or death to any person or damage to or destruction of property, including the loss of use thereof, arising from each occurrence. Such insurance shall be endorsed to include the County and its officers and employees as additional insureds as to all services performed by Contractor under this agreement. Said policies shall constitute primary insurance as to the County, the State and Federal Governments, and their officers, agents, and employees, so that other insurance policies held by them or their self-insurance program(s) shall not be required to contribute to any loss covered under the Contractor's insurance policy or policies.

- b. Professional Liability Insurance. Contractor shall maintain Hospital Professional Liability insurance policies that provides a minimum coverage level of \$3,000,000 per claim with a deductible of \$5,000 or less per claim from a firm acceptable to the County, provided that such acceptance shall not be unreasonably withheld, and/or maintain a self-insurance program that provides a minimum coverage level of \$3,000,000 per claim with a deductible of \$5,000 or less per claim.
- c. Workers' Compensation. Contractor shall provide workers' compensation insurance coverage for its employees.
- d. Certificate of Insurance. Contractor shall provide the County with a certificate(s) of insurance evidencing liability and workers' compensation insurance as required herein no later than the effective date of this Contract. If Contractor should renew the insurance policy(ies) or acquire either a new insurance policy(ies) or amend the coverage afforded through an endorsement to the policy(ies) at any time during the term of this Contract, then Contractor shall provide (a) current certificate(s) of insurance.
- e. Additional Insurance Provisions. The insurance policies provided by Contractor shall include a provision for thirty (30) days written notice to County before cancellation or material changes of the above specified coverage.
- f. Cyber Liability Insurance. If Contractor will be hosting County data or software on Contractor's servers, Contractor shall provide commercial Cyber Liability Insurance, in form and substance satisfactory to County, including without limitation, coverage for loss of data, breaches of personally identifiable information, call center services, credit monitoring remedies, identity restoration services, and any penalties or fines that may be assessed. Contractor shall cause such insurance to be endorsed to include County and its officers and employees as additional insureds. Such policies must constitute primary insurance as to County and its officers, agents, and employees, so that other insurance policies held by them or their self-insurances programs will not be required to contribute to any loss covered under Contractors' insurance policy or policies. Contractor shall provide County with a copy of the endorsement making the County an additional insured on its commercial Cyber Liability Insurance policies as required herein no later than the effective date of this Contract."

5. Primacy of General Conditions. General Conditions Paragraph 21. (Primacy of General Conditions) is hereby amended to read as follows:

"21. Primacy of General Conditions. Except for Special Conditions which modify and expressly supersede General Conditions, the Special Conditions (if any) and Service Plan do not limit any term of the General Conditions."

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GENERAL CONDITIONS
(Purchase of Services - Long Form)

1. **Compliance with Law.** Contractor is subject to and must comply with all applicable federal, state, and local laws and regulations with respect to its performance under this Contract, including but not limited to, licensing, employment, and purchasing practices; and wages, hours, and conditions of employment, including nondiscrimination.
2. **Inspection.** Contractor's performance, place of business, and records pertaining to this Contract are subject to monitoring, inspection, review and audit by authorized representatives of the County, the State of California, and the United States Government.
3. **Records.** Contractor must keep and make available for inspection and copying by authorized representatives of the County, the State of California, and the United States Government, the Contractor's regular business records and such additional records pertaining to this Contract as may be required by the County.
 - a. **Retention of Records.** Contractor must retain all documents pertaining to this Contract for five years from the date of submission of Contractor's final payment demand or final Cost Report; for any further period that is required by law; and until all federal/state audits are complete and exceptions resolved for this Contract's funding period. Upon request, Contractor must make these records available to authorized representatives of the County, the State of California, and the United States Government.
 - b. **Access to Books and Records of Contractor, Subcontractor.** Pursuant to Section 1861(v)(1) of the Social Security Act, and any regulations promulgated thereunder, Contractor must, upon written request and until the expiration of five years after the furnishing of services pursuant to this Contract, make available to the County, the Secretary of Health and Human Services, or the Comptroller General, or any of their duly authorized representatives, this Contract and books, documents, and records of Contractor necessary to certify the nature and extent of all costs and charges hereunder.

Further, if Contractor carries out any of the duties of this Contract through a subcontract with a value or cost of \$10,000 or more over a twelve-month period, such subcontract must contain a clause to the effect that upon written request and until the expiration of five years after the furnishing of services pursuant to such subcontract, the subcontractor must make available to the County, the Secretary, the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents, and records of the subcontractor necessary to verify the nature and extent of all costs and charges thereunder.

This provision is in addition to any and all other terms regarding the maintenance or retention of records under this Contract and is binding on the heirs, successors, assigns and representatives of Contractor.

4. **Reporting Requirements.** Pursuant to Government Code Section 7550, Contractor must include in all documents and written reports completed and submitted to County in accordance with this Contract, a separate section listing the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of each such document or written report. This section applies only if the Payment Limit of this Contract exceeds \$5,000.

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Contractor County Dept.

GENERAL CONDITIONS
(Purchase of Services - Long Form)

5. **Termination and Cancellation.**

- a. **Written Notice.** This Contract may be terminated by either party, in its sole discretion, upon thirty-day advance written notice thereof to the other, and may be cancelled immediately by written mutual consent.
- b. **Failure to Perform.** County, upon written notice to Contractor, may immediately terminate this Contract should Contractor fail to perform properly any of its obligations hereunder. In the event of such termination, County may proceed with the work in any reasonable manner it chooses. The cost to County of completing Contractor's performance will be deducted from any sum due Contractor under this Contract, without prejudice to County's rights to recover damages.
- c. **Cessation of Funding.** Notwithstanding any contrary language in Paragraphs 5 and 11, in the event that federal, state, or other non-County funding for this Contract ceases, this Contract is terminated without notice.

6. **Entire Agreement.** This Contract contains all the terms and conditions agreed upon by the parties. Except as expressly provided herein, no other understanding, oral or otherwise, regarding the subject matter of this Contract will be deemed to exist or to bind any of the parties hereto.

7. **Further Specifications for Operating Procedures.** Detailed specifications of operating procedures and budgets required by this Contract, including but not limited to, monitoring, evaluating, auditing, billing, or regulatory changes, may be clarified in a written letter signed by Contractor and the department head, or designee, of the county department on whose behalf this Contract is made. No written clarification prepared pursuant to this Section will operate as an amendment to, or be considered to be a part of, this Contract.

8. **Modifications and Amendments.**

- a. **General Amendments.** In the event that the total Payment Limit of this Contract is less than \$100,000 and this Contract was executed by the County's Purchasing Agent, this Contract may be modified or amended by a written document executed by Contractor and the County's Purchasing Agent or the Contra Costa County Board of Supervisors, subject to any required state or federal approval. In the event that the total Payment Limit of this Contract exceeds \$100,000 or this Contract was initially approved by the Board of Supervisors, this Contract may be modified or amended only by a written document executed by Contractor and the Contra Costa County Board of Supervisors or, after Board approval, by its designee, subject to any required state or federal approval.
- b. **Minor Amendments.** The Payment Provisions and the Service Plan may be amended by a written administrative amendment executed by Contractor and the County Administrator (or designee), subject to any required state or federal approval, provided that such administrative amendment may not increase the Payment Limit of this Contract or reduce the services Contractor is obligated to provide pursuant to this Contract.

9. **Disputes.** Disagreements between County and Contractor concerning the meaning, requirements, or performance of this Contract shall be subject to final written determination by the head of the county department for which this Contract is made, or his designee, or in accordance with the applicable procedures (if any) required by the state or federal government.

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GENERAL CONDITIONS
(Purchase of Services - Long Form)

10. **Choice of Law and Personal Jurisdiction.**

- a. This Contract is made in Contra Costa County and is governed by, and must be construed in accordance with, the laws of the State of California.
- b. Any action relating to this Contract must be instituted and prosecuted in the courts of Contra Costa County, State of California.

11. **Conformance with Federal and State Regulations and Laws.** Should federal or state regulations or laws touching upon the subject of this Contract be adopted or revised during the term hereof, this Contract will be deemed amended to assure conformance with such federal or state requirements.

12. **No Waiver by County.** Subject to Paragraph 9. (Disputes) of these General Conditions, inspections or approvals, or statements by any officer, agent or employee of County indicating Contractor's performance or any part thereof complies with the requirements of this Contract, or acceptance of the whole or any part of said performance, or payments therefor, or any combination of these acts, do not relieve Contractor's obligation to fulfill this Contract as prescribed; nor is the County thereby prevented from bringing any action for damages or enforcement arising from any failure to comply with any of the terms and conditions of this Contract.

13. **Subcontract and Assignment.** This Contract binds the heirs, successors, assigns and representatives of Contractor. Prior written consent of the County Administrator or his designee, subject to any required state or federal approval, is required before the Contractor may enter into subcontracts for any work contemplated under this Contract, or before the Contractor may assign this Contract or monies due or to become due, by operation of law or otherwise.

14. **Independent Contractor Status.** The parties intend that Contractor, in performing the services specified herein, is acting as an independent contractor and that Contractor will control the work and the manner in which it is performed. This Contract is not to be construed to create the relationship between the parties of agent, servant, employee, partnership, joint venture, or association. Contractor is not a County employee. This Contract does not give Contractor any right to participate in any pension plan, workers' compensation plan, insurance, bonus, or similar benefits County provides to its employees. In the event that County exercises its right to terminate this Contract, Contractor expressly agrees that it will have no recourse or right of appeal under any rules, regulations, ordinances, or laws applicable to employees.

15. **Conflicts of Interest.** Contractor covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Contract, no person having any such interests will be employed by Contractor. If requested to do so by County, Contractor will complete a "Statement of Economic Interest" form and file it with County and will require any other person doing work under this Contract to complete a "Statement of Economic Interest" form and file it with County. Contractor covenants that Contractor, its employees and officials, are not now employed by County and have not been so employed by County within twelve months immediately preceding this Contract; or, if so employed, did not then and do not now occupy a position that would create a conflict of interest under Government Code section 1090. In addition to any indemnity provided by Contractor in this Contract, Contractor will indemnify,

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Contractor County Dept.

GENERAL CONDITIONS
(Purchase of Services - Long Form)

defend, and hold the County harmless from any and all claims, investigations, liabilities, or damages resulting from or related to any and all alleged conflicts of interest. Contractor warrants that it has not provided, attempted to provide, or offered to provide any money, gift, gratuity, thing of value, or compensation of any kind to obtain this Contract.

16. **Confidentiality.** To the extent allowed under the California Public Records Act, Contractor agrees to comply and to require its officers, partners, associates, agents and employees to comply with all applicable state or federal statutes or regulations respecting confidentiality, including but not limited to, the identity of persons served under this Contract, their records, or services provided them, and assures that no person will publish or disclose or permit or cause to be published or disclosed, any list of persons receiving services, except as may be required in the administration of such service. Contractor agrees to inform all employees, agents and partners of the above provisions, and that any person knowingly and intentionally disclosing such information other than as authorized by law may be guilty of a misdemeanor.
17. **Nondiscriminatory Services.** Contractor agrees that all goods and services under this Contract will be available to all qualified persons regardless of age, gender, race, religion, color, national origin, ethnic background, disability, or sexual orientation, and that none will be used, in whole or in part, for religious worship.
18. **Indemnification.** Contractor will defend, indemnify, save, and hold harmless County and its officers and employees from any and all claims, demands, losses, costs, expenses, and liabilities for any damages, fines, sickness, death, or injury to person(s) or property, including any and all administrative fines, penalties or costs imposed as a result of an administrative or quasi-judicial proceeding, arising directly or indirectly from or connected with the services provided hereunder that are caused, or claimed or alleged to be caused, in whole or in part, by the negligence or willful misconduct of Contractor, its officers, employees, agents, contractors, subcontractors, or any persons under its direction or control. If requested by County, Contractor will defend any such suits at its sole cost and expense. If County elects to provide its own defense, Contractor will reimburse County for any expenditures, including reasonable attorney's fees and costs. Contractor's obligations under this section exist regardless of concurrent negligence or willful misconduct on the part of the County or any other person; provided, however, that Contractor is not required to indemnify County for the proportion of liability a court determines is attributable to the sole negligence or willful misconduct of the County, its officers and employees. This provision will survive the expiration or termination of this Contract.
19. **Insurance.** During the entire term of this Contract and any extension or modification thereof, Contractor shall keep in effect insurance policies meeting the following insurance requirements unless otherwise expressed in the Special Conditions:

Initials: AK AK
Contractor County Dept.

GENERAL CONDITIONS
(Purchase of Services - Long Form)

- a. **Commercial General Liability Insurance.** For all contracts where the total payment limit of the contract is \$500,000 or less, Contractor will provide commercial general liability insurance, including coverage for business losses and for owned and non-owned automobiles, with a minimum combined single limit coverage of \$500,000 for all damages, including consequential damages, due to bodily injury, sickness or disease, or death to any person or damage to or destruction of property, including the loss of use thereof, arising from each occurrence. Such insurance must be endorsed to include County and its officers and employees as additional insureds as to all services performed by Contractor under this Contract. Said policies must constitute primary insurance as to County, the state and federal governments, and their officers, agents, and employees, so that other insurance policies held by them or their self-insurance program(s) will not be required to contribute to any loss covered under Contractor's insurance policy or policies. Contractor must provide County with a copy of the endorsement making the County an additional insured on all commercial general liability policies as required herein no later than the effective date of this Contract. For all contracts where the total payment limit is greater than \$500,000, the aforementioned insurance coverage to be provided by Contractor must have a minimum combined single limit coverage of \$1,000,000.
- b. **Workers' Compensation.** Contractor must provide workers' compensation insurance coverage for its employees.
- c. **Certificate of Insurance.** The Contractor must provide County with (a) certificate(s) of insurance evidencing liability and worker's compensation insurance as required herein no later than the effective date of this Contract. If Contractor should renew the insurance policy(ies) or acquire either a new insurance policy(ies) or amend the coverage afforded through an endorsement to the policy at any time during the term of this Contract, then Contractor must provide (a) current certificate(s) of insurance.
- d. **Additional Insurance Provisions.** No later than five days after Contractor's receipt of: (i) a notice of cancellation, a notice of an intention to cancel, or a notice of a lapse in any of Contractor's insurance coverage required by this Contract; or (ii) a notice of a material change to Contractor's insurance coverage required by this Contract, Contractor will provide Department a copy of such notice of cancellation, notice of intention to cancel, notice of lapse of coverage, or notice of material change. Contractor's failure to provide Department the notice as required by the preceding sentence is a default under this Contract
20. **Notices.** All notices provided for by this Contract must be in writing and may be delivered by deposit in the United States mail, postage prepaid. Notices to County must be addressed to the head of the county department for which this Contract is made. Notices to Contractor must be addressed to the Contractor's address designated herein. The effective date of notice is the date of deposit in the mails or of other delivery, except that the effective date of notice to County is the date of receipt by the head of the county department for which this Contract is made.
21. **Primacy of General Conditions.** In the event of a conflict between the General Conditions and the Special Conditions, the General Conditions govern unless the Special Conditions or Service Plan expressly provide otherwise.
22. **Nonrenewal.** Contractor understands and agrees that there is no representation, implication, or understanding that the services provided by Contractor under this Contract will be purchased by County under a new contract following expiration or termination of this Contract, and Contractor waives all rights or claims to notice or hearing respecting any failure to continue purchasing all or any such services from Contractor.

Initials:
Contractor County Dept.

GENERAL CONDITIONS
(Purchase of Services - Long Form)

23. **Possessory Interest.** If this Contract results in Contractor having possession of, claim or right to the possession of land or improvements, but does not vest ownership of the land or improvements in the same person, or if this Contract results in the placement of taxable improvements on tax exempt land (Revenue & Taxation Code Section 107), such interest or improvements may represent a possessory interest subject to property tax, and Contractor may be subject to the payment of property taxes levied on such interest. Contractor agrees that this provision complies with the notice requirements of Revenue & Taxation Code Section 107.6, and waives all rights to further notice or to damages under that or any comparable statute.
24. **No Third-Party Beneficiaries.** Nothing in this Contract may be construed to create, and the parties do not intend to create, any rights in third parties.
25. **Copyrights, Rights in Data, and Works Made for Hire.** Contractor will not publish or transfer any materials produced or resulting from activities supported by this Contract without the express written consent of the County Administrator. All reports, original drawings, graphics, plans, studies and other data and documents, in whatever form or format, assembled or prepared by Contractor or Contractor's subcontractors, consultants, and other agents in connection with this Contract are "works made for hire" (as defined in the Copyright Act, 17 U.S.C. Section 101 et seq., as amended) for County, and Contractor unconditionally and irrevocably transfers and assigns to Agency all right, title, and interest, including all copyrights and other intellectual property rights, in or to the works made for hire. Unless required by law, Contractor shall not publish, transfer, discuss, or disclose any of the above-described works made for hire or any information gathered, discovered, or generated in any way through this Agreement, without County's prior express written consent. If any of the works made for hire is subject to copyright protection, County reserves the right to copyright such works and Contractor agrees not to copyright such works. If any works made for hire are copyrighted, County reserves a royalty-free, irrevocable license to reproduce, publish, and use the works made for hire, in whole or in part, without restriction or limitation, and to authorize others to do so.
26. **Endorsements.** In its capacity as a contractor with Contra Costa County, Contractor will not publicly endorse or oppose the use of any particular brand name or commercial product without the prior written approval of the Board of Supervisors. In its County-contractor capacity, Contractor will not publicly attribute qualities or lack of qualities to a particular brand name or commercial product in the absence of a well-established and widely accepted scientific basis for such claims or without the prior written approval of the Board of Supervisors. In its County-contractor capacity, Contractor will not participate or appear in any commercially produced advertisements designed to promote a particular brand name or commercial product, even if Contractor is not publicly endorsing a product, as long as the Contractor's presence in the advertisement can reasonably be interpreted as an endorsement of the product by or on behalf of Contra Costa County. Notwithstanding the foregoing, Contractor may express its views on products to other contractors, the Board of Supervisors, County officers, or others who may be authorized by the Board of Supervisors or by law to receive such views.
27. **Required Audit.** (A) If Contractor is funded by \$500,000 or more in federal grant funds in any fiscal year from any source, Contractor must provide to County, at Contractor's expense, an audit conforming to the requirements set forth in the most current version of Office of Management and Budget Circular A-133. (B) If Contractor is funded by less than \$500,000 in federal grant funds in any fiscal year from any source, but such grant imposes specific audit requirements, Contractor must provide County with an audit conforming to those requirements. (C) If Contractor is funded by less than \$500,000 in federal grant funds in any fiscal year from any source, Contractor is exempt from federal audit requirements for that year; however, Contractor's records must be available for and an audit may be

Initials:
Contractor County Dept.

GENERAL CONDITIONS
(Purchase of Services - Long Form)

required by, appropriate officials of the federal awarding agency, the General Accounting Office (GAO), the pass-through entity and/or the County. If any such audit is required, Contractor must provide County with such audit. With respect to the audits specified in (A), (B) and (C) above, Contractor is solely responsible for arranging for the conduct of the audit, and for its cost. County may withhold the estimated cost of the audit or 10 percent of the contract amount, whichever is greater, or the final payment, from Contractor until County receives the audit from Contractor.

28. **Authorization.** Contractor, or the representative(s) signing this Contract on behalf of Contractor, represents and warrants that it has full power and authority to enter into this Contract and to perform the obligations set forth herein.
29. **No Implied Waiver.** The waiver by County of any breach of any term or provision of this Contract will not be deemed to be a waiver of such term or provision or of any subsequent breach of the same or any other term or provision contained herein.

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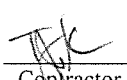

HIPAA BUSINESS ASSOCIATE ADDENDUM

To the extent, and as long as required by the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act, this HIPAA Business Associate Addendum ("Addendum") supplements and is made a part of the Contract identified as Number 24-794-7(18) (hereinafter referred to as "Agreement") by and between a Covered Entity (Contra Costa County for its Health Services Department, hereinafter referred to as "County") and Business Associate (the Contractor identified in the Agreement, hereinafter referred to as "Associate").

- A. County wishes to disclose certain information to Associate pursuant to the terms of the Agreement, some of which may constitute Protected Health Information ("PHI") under Federal law, defined below.
- B. County and Associate intend to protect the privacy and provide for the security of PHI disclosed to Associate pursuant to the Agreement as required by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("HITECH Act"), and the regulations promulgated thereunder by the U.S. Department of Health and Human Services (collectively, the "HIPAA regulations"), and other applicable laws.
- C. As part of the HIPAA regulations, the Privacy Rule and the Security Rule, defined below, require County to enter into a contract containing specific requirements with Associate prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(a) and (e), and 164.504(e) of the Code of Federal Regulations and contained in this Addendum.

In consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. **Definitions.** As used in this Addendum, the following terms have the following meanings:
 - a. **Breach** has the meaning given to such term under the HITECH Act and HIPAA regulations set forth at 42 U.S.C. Section 17921 and 45 C.F.R. Section 164.402.
 - b. **Breach Notification Rule** means the HIPAA regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and D.
 - c. **Business Associate** ("Associate") has the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including, but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.
 - d. **Confidential Medical Information Act** means California Civil Code Sections 56 et seq.
 - e. **Covered Entity** has the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.

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- f. **Data Aggregation** has the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- g. **Day** means calendar day unless otherwise indicated.
- h. **Designated Record Set** has the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- i. **Electronic Media** means:
 - (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or
 - (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the Internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media.
- j. **Electronic Protected Health Information (ePHI)** means any Protected Health Information that is stored in or transmitted by electronic media.
- k. **Electronic Health Record** has the meaning given to such term under the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.
- l. **Health Care Operations** has the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- m. **HIPAA Rules or Final Rule** means the Privacy Rule, Security Rule, Breach Notification Rule and Enforcement Rule set forth at 45 C.F.R. Part 160 and Part 164.
- n. **Privacy Rule** means the Standards for Privacy of Individually Identifiable Health Information set forth in 45 C.F.R. Parts 160 and 164, Subparts A and E.
- o. **Protected Health Information** ("PHI") means any information in any form or medium, including oral, paper, or electronic: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes electronic Protected Health Information.
- p. **Protected Information** means PHI provided by County to Associate or created, maintained, received or transmitted by Associate on behalf of the County in connection with the Agreement.
- q. **Secretary** means the Secretary of the U.S. Department of Health and Human Services.

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Contractor County Dept.



- r. **Security Incident** has the meaning given to such term under the Security Rule, including, but not limited to, 45. C.F.R. Section 164.304.
- s. **Security Rule** means the HIPAA regulation that is codified at 45. C.F.R. Parts 160 and 164, Subparts A and C.
- t. **Unsecured PHI** has the meaning given to such term under the HITECH Act and any guidance issued pursuant to said Act including, but not limited to, 42 U.S.C. Section 17932(h) and 45 C.F.R. Section 164.402.

Terms used in this Addendum but not defined have the meanings given to such terms under the HIPAA Rules.

2. **Obligations of Associate.** Associate acknowledges that it is directly required to comply with HIPAA, the HITECH Act, the HIPAA regulations and the Final Rule, and that Associate is directly liable under the HIPAA Rules, and subject to civil and criminal penalties for failure to comply with the Confidential Medical Information Act or for using and disclosing Protected Information when the use and disclosure is not authorized by the Agreement, the Addendum or as required by law. Associate acknowledges that it is directly liable and subject to civil penalties for failing to safeguard ePHI in accordance with the HIPAA Security Rule. Associate further acknowledges that Associate may be liable for the acts or omissions of its agents or subcontractors.
 - a. **Permitted Uses.** Associate shall not use Protected Information except for the purpose of performing Associate's obligations under the Agreement and as permitted or required under the Agreement and this Addendum or as required by law. Further, Associate shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if the County used it in the same manner.
 - b. **Permitted Disclosures.** Associate shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by County. However, Associate may disclose Protected Information (i) in a manner permitted pursuant to the Agreement and this Addendum, (ii) for the proper management and administration of Associate, (iii) as required by law, or (iv) for Data Aggregation purposes for the Health Care Operations of County. To the extent that Associate discloses Protected Information to a third party, Associate must obtain, prior to making any such disclosure (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Addendum and used or disclosed only as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify Associate of any breaches of confidentiality, suspected breaches, security incidents, or unauthorized uses or disclosures of the Protected Information, in accordance with Paragraphs 2.f. and 2.g. of this Addendum, to the extent such third party has obtained knowledge of such occurrences.

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- c. **Prohibited Uses and Disclosures.** Associate shall not use or disclose PHI other than as permitted or required by the Agreement and this Addendum, or as Required by Law. Associate shall not use or disclose Protected Information for fundraising or marketing purposes. Associate shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out-of-pocket in full for the health care item or service to which the PHI solely relates. Associate shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of County and as permitted by the HITECH Act, 42 U.S.C. Section 17935(d)(2) and the HIPAA regulations, 45 C.F.R. Section 164.502(a)(5)(ii); however, this prohibition shall not affect payment by County to Associate for services provided pursuant to the Agreement.
- d. **Appropriate Safeguards.** Associate shall implement appropriate safeguards to prevent the unpermitted use or disclosure of Protected Information, including but not limited to, the administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Protected Information that it creates, receives, maintains, or transmits on behalf of County as required by the Agreement or this Addendum and in accordance with 42 C.F.R. Sections 164.308, 164.310, and 164.312. Associate shall comply with the policies, procedures, and documentation requirements of the Security Rule, including, but not limited to, 45 C.F.R. Section 164.316.
- e. **Business Associate's Agents and Subcontractors.** Associate shall enter into written agreements with any agent or subcontractor, to whom it provides Protected Information received from the County or created, received, maintained or transmitted by Associate on behalf of the County to implement the safeguards required by paragraph 2.d. above with respect to Electronic PHI. Associate shall ensure that its agents and subcontractors agree in writing to the same restrictions, conditions and requirements that apply to Associate with respect to such information. This includes the requirement to immediately notify the Associate of any instances of any breach, security incident, intrusion, or unauthorized access to or use or disclosure of PI of which it becomes aware. Upon request, Associate shall provide copies of such agreements to the County. Associate shall implement and maintain sanctions against any agent, subcontractor or other representative that violates such restrictions, conditions or requirements and shall mitigate the effects of any such violation.
- f. **Notification of Breach or Suspected Breach.**
- Associate will notify County orally and in writing in the manner set forth in paragraph 2.g. within twenty-four (24) hours of its discovery of any suspected or actual breach of Protected Information; any use or disclosure of Protected Information not permitted by the Agreement or this Addendum; any Security Incident; and any actual or suspected use or disclosure of data in violation of applicable federal or state laws or regulations by Associate or its agents or subcontractors. Associate will take (i) prompt corrective action to cure any deficiencies and (ii) any action pertaining to such unauthorized uses or disclosures required by applicable federal and state laws and regulations.

Initials:  
Contractor County Dept.

- g. **Breach Notification Process.** (i) Written Notice. Associate shall notify County by writing to the County's Privacy Officer within twenty-four (24) hours of its discovery of any suspected or actual breach of Protected Information as described by paragraph 2.f. above. Associate's written notification shall be securely transmitted to:

Contra Costa County Privacy Officer
50 Douglas Drive, Suite 310-E
Martinez, CA 94553
orPrivacy.Officer@hdsd.cccounty.us



(ii) Oral notice. In addition to the written notice required by 2.g.i., Associate shall notify County by calling the County's Privacy Officer within twenty-four (24) hours of its discovery of any suspected or actual breach of Protected Information as described by paragraph 2.f. above. Associate's oral notification shall be made by calling:

Contra Costa County Privacy Officer
(925) 957-5430

If the notification is made after business hours, on a weekend or a holiday, Associate will call the 24-hour Privacy Hotline at 1-800-659-4611 to submit the report.

Written and oral notifications shall include, to the extent possible, the identification of each individual whose unsecured Protected Information has been, or is reasonably believed by the Associate to have been accessed, acquired, used, or disclosed, as well as any other information the County is required to include in notification to the individual, the media, the Secretary, and any other entity under the Breach Notification Rule and any other applicable state or federal laws, including, but not limited to, 45 C.F.R. Section 164.404 through 45 C.F.R. Section 164.408. Associate shall take (i) prompt corrective action to cure any such deficiencies; and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations.

- h. **Access to Protected Information.** Associate agrees to make Protected Information maintained by Associate or its agents or subcontractors in Designated Record Sets available to County for inspection and copying within five (5) days of a request by County to enable County to fulfill its obligations under state law and the Privacy Rule, including but not limited to, 45 C.F.R. Section 164.524. If Associate maintains Protected Information in electronic format, Associate shall provide such information in electronic format to enable County to fulfill its obligations under the HITECH Act and HIPAA regulations, including, but not limited to, 42 U.S.C. Section 17935(e) and 45 C.F.R. Section 164.524.



Initials:  Contractor  County Dept.

- i. **Amendment of Protected Health Information.** Within ten (10) days of receipt of a request by County for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, Associate and its agents and subcontractors shall make such Protected Information available to County for amendment or other documentation and incorporate any such amendment to enable County to fulfill its obligations under the Privacy Rule including, but not limited to, 45 C.F.R. Section 164.526. If an individual requests an amendment of Protected Information directly from Associate, its agents or subcontractors, Associate must notify County within five (5) calendar days of the request. County, in its sole discretion, will determine whether to approve or deny a request for an amendment of Protected Information maintained by Associate, its agents or subcontractors.

- j. **Availability of Protected Information and Accounting of Disclosures.** Within ten (10) days of a request by County for an accounting of disclosures of Protected Information, Associate and its agents or subcontractors shall make available to County the information required to provide an accounting of disclosures to enable County to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and the HITECH Act, including, but not limited to, 42 U.S.C. Section 17935(c), as determined by County. As set forth in, and as limited by, 45 CFR Section 164.528, Associate need not provide an accounting to County of disclosures: (i) to carry out treatment, payment or health care operations, as set forth in 45 C.F.R. Section 164.506; (ii) to individuals of PHI about them as set forth in 45 CFR 164.502; (iii) incident to a use or disclosure otherwise permitted or required by this Subpart as provided in 45 C.F.R. 164.502; (iv) pursuant to an authorization as provided in 45 C.F.R. Section 164.508; (v) to persons involved in the individual's care or other notification purposes as set forth in 45 CFR Section 164.510; (vi) for national security or intelligence purposes as set forth in 45 C.F.R. Section 164.512(k)(2); (vii) to correctional institutions or law enforcement officials as set forth in 45 C.F.R. Section 164.512(k)(5); or (viii) as part of a limited data set in accordance with 45 C.F.R. 164.514(e). Associate agrees to implement a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years prior to the request, but not before the compliance date of the Privacy Rule. However, accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request, and only to the extent that Associate maintains an electronic health record and is subject to this requirement. At a minimum, the accounting must include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of the purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or, in lieu of such statement, a copy of the individual's authorization or a copy of the written request for disclosure pursuant to 45 C.F.R. Section 164.502 (a)(2)(ii) or 45 C.F.R. Section 164.512, if any. In the event that the request for an accounting is delivered directly to Associate or its agents or subcontractors, Associate shall forward the request, in writing, to County within five (5) days of receipt. Associate shall not prepare, deliver or otherwise respond to the request for accounting without prior County approval.

Initials: TK HK
 Contractor County Dept.

- k. **Governmental Access to Records.** Associate agrees to make its internal practices, books, and records relating to the use and disclosure of Protected Information available to County and to the Secretary for purposes of determining Associate's and County's compliance with HIPAA. Associate shall provide County a copy of any Protected Information and other documents and records that Associate provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- l. **Minimum Necessary.** Associate and its agents and subcontractors will request, use, and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use, or disclosure. Associate understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."
- m. **Data Ownership.** Associate acknowledges that Associate has no ownership rights with respect to the Protected Information.
- n. **Retention of Protected Information.** Except as provided in Section 3.c. of this Addendum, Associate and its subcontractors and agents must retain all Protected Information throughout the term of the Agreement and must continue to maintain the information required by Section 2.h. of this Addendum for a period of six (6) years after termination or expiration of the Agreement. However, accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for three (3) years prior to the request, and only to the extent that Associate maintains an electronic health record and is subject to this requirement.
- o. **Associate's Insurance.** In addition to any other insurance requirements specified in the Agreement, Associate will, at its sole cost and expense, insure its activities in connection with this Addendum. Associate will obtain, keep in force and maintain insurance or equivalent program(s) of self-insurance with appropriate limits, as determined by County, that will cover losses that may arise from any breach of this Addendum, violation of HIPAA, the HITECH Act, HIPAA regulations or applicable California law. It is expressly understood and agreed that the insurance required herein does not in any way limit the liability of Associate with respect to its activities in connection with this Addendum.
- p. **Breach Pattern or Practice by Associate's Agents or Subcontractors.** Pursuant to 42 U.S.C. Section 17934(b) and 45 C.F.R. Section 164.504(e) (1) (ii), if the Associate knows of a pattern of activity or practice of an agent or subcontractor that constitutes a material breach or violation of the agent or subcontractor's obligations under the Agreement or Addendum, the Associate must take reasonable steps to cure the breach or end the violation. Associate shall meet with its agent or subcontractor to discuss and attempt to resolve the matter. Such meeting will be considered one of the reasonable steps to cure the breach or end the violation. If the steps taken are unsuccessful, the Associate must terminate its Agreement with the agent or subcontractor, if feasible. Associate shall provide written notice to County of any pattern of activity or practice of Associate's agents or subcontractors that Associate believes constitutes a material breach or violation of the agent or subcontractor's obligations under the Agreement or Addendum within five (5) days of discovery.

Initials:  Contractor  County Dept.

- q. **Audits, Inspections and Enforcement.** At any time during the term of the Agreement, with or without notice, County and its authorized agents or contractors may inspect Associate's facilities, systems, books, records, agreements and written policies and procedures as may be necessary to determine the extent to which Associate's security safeguards comply with HIPAA, the HITECH Act, HIPAA regulations, and this Addendum. The fact that County has the right to conduct such inspection, that County conducts an inspection or fails to inspect, does not relieve Associate of its responsibility to comply with this Addendum. County's failure to detect, or County's detection but failure to notify Associate of, or to require Associate to remediate unsatisfactory practices, does not constitute acceptance of such practice or a waiver of County's rights under the Agreement or Addendum. Associate shall notify County within five (5) days of discovery that it is, or that any of its agents or subcontractors are, the subject of a non-County audit, compliance review or complaint investigation regarding HIPAA or other health privacy-related matter.

3. **Termination.**

- a. **Material Breach.** A breach by Associate of any material provision of this Addendum, as determined by County, shall constitute a material breach of the Agreement and will be grounds for immediate termination of the Agreement pursuant to the Agreement's General Conditions, paragraph 5 (b), Failure to Perform.
- b. **Reasonable Steps to Cure Breach.** Notwithstanding County's right to terminate the Agreement immediately, if County knows of an activity or practice of Associate that constitutes a material breach or violation of Associate's obligations under the provisions of this Addendum, County may elect to provide Associate an opportunity to cure such breach or end such violation. If Associate's efforts to cure such breach or end such violation are unsuccessful, County will either (i) terminate the Agreement, if feasible or (ii) if termination of the Agreement is not feasible, County will report Associate's breach or violation to the Secretary.
- c. **Effect of Termination.** If the Agreement is terminated for any reason, Associate must, at the exclusive option of County, return or destroy all Protected Information that Associate, its agents and subcontractors, still maintain in any form. Associate may not retain any copies of such Protected Information. If County determines that return or destruction is not feasible, Associate may retain the Protected Information but must continue to extend the protections and satisfy its obligations under this Addendum. With regard to the retained Protected Information, Associate will limit further use of such Protected Information to those purposes that make the return or destruction of such Protected Information infeasible. If County directs Associate to destroy the Protected Information, Associate must act in accordance with the Secretary's guidance regarding the proper destruction of PHI and provide the County with written certification that the Protected Information has been destroyed. The obligations of Associate under this paragraph shall survive the Agreement.

Initials: TK NK
Contractor County Dept.



d. **Indemnification.** In addition to any indemnification requirements of the Agreement, Associate agrees to save, hold harmless and indemnify County for the costs of any mitigation undertaken by Associate. Associate agrees to assume responsibility for any and all costs associated with the County's notification of individuals affected by a breach or unauthorized access, use or disclosure by Associate or its employees, officers, subcontractors, agents or other representatives when such notification is required by any state or federal law or regulation, or under any applicable contract to which County is a party. Associate agrees to save, hold harmless, defend at its own expense if County so requests, and indemnify County, including County's employees, directors, officers, subcontractors, agents or other members of its workforce (each of the foregoing hereinafter referred to as "Indemnified Party"), against all actual and direct losses suffered by the Indemnified Party and against all liability to third parties arising from or in connection with any breach of this Agreement or from any acts or omissions related to this Agreement by Associate or its employees, directors, officers, subcontractors, agents or other members of its workforce. Accordingly, on demand, Associate shall reimburse any Indemnified Party for any and all actual and direct losses, liabilities, lost profits, fines, penalties, costs or expenses (including reasonable attorneys' fees) which may for any reason be imposed upon any Indemnified Party by reason of any suit, claim, action, proceeding or demand by any third party which results from the Associate's acts or omissions hereunder. The obligations of Associate under this provision shall survive the Agreement.

4. **Penalties/Fines.** Associate shall pay any penalty or fine assessed against County arising from Associate's failure to comply with the obligations imposed by the Addendum, HIPAA, the HITECH Act, the HIPAA regulations and other state and federal laws related to security and privacy. Associate shall pay any penalty or fine assessed against County arising from Associate's failure to comply with all applicable Federal or State Health Care Program Requirements, including, but not limited to any penalties or fines, which may be assessed under a Federal or State False Claims Act provision.

5. **Disclaimer.** County makes no warranty or representation that compliance by Associate with this Addendum, HIPAA, the HITECH Act, or the HIPAA regulations, will be adequate or satisfactory for Associate's own purposes. Associate is solely responsible for all decisions made by Associate regarding the safeguarding of PHI.

6. **Changes to Privacy Laws.**

a. **Compliance with Law.** County and Associate acknowledge that state and federal laws relating to electronic data security and privacy are evolving and that this Addendum may require amendment to ensure compliance with such developments. County and Associate agree to take such action(s) as may be necessary to implement the standards and requirements of HIPAA, the HITECH Act, the HIPAA regulations, and other applicable state and federal laws relating to the security and confidentiality of PHI.



Initials:  
Contractor County Dept.

- b. **Amendment to Addendum.** In the event that a change to state or federal law, statute, or regulation materially affects the terms and conditions of this Addendum, the parties agree that County may unilaterally amend the Addendum, if an amendment is required to remain in compliance with state or federal law or regulation.
- c. **Cybersecurity Risk.** In addition to the obligations Associate has in the Agreement and this Addendum, Associate will manage cybersecurity risk by staying current with, and integrating into its security program where appropriate, available federal and state agency guidance regarding cybersecurity of PHI. This includes, but is not limited to, the National Institute of Standards and Technology Cybersecurity Framework, the Cybersecurity Awareness Initiative of the Office for Civil Rights and the Office of the National Coordinator for Health Information Technology.

7. **Miscellaneous Provisions.**

- a. **Assistance in Litigation or Administrative Proceedings.** Associate will make itself, and any subcontractors, employees or agent assisting Associate in the performance of its obligations under the Agreement, available to County, at no cost to County, to testify as witnesses or otherwise, in the event of litigation or administrative proceedings against County, its officers or employees, based upon a claimed violation of HIPAA, the HITECH Act, the HIPAA regulations, or any other laws relating to security and privacy and arising out of the Agreement or this Addendum.
- b. **No Third Party Beneficiaries.** Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than County, Associate, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- c. **Interpretation.** The provisions of this Addendum prevail over any provisions in the Agreement that may conflict, or appear to be inconsistent with, any provision of this Addendum. This Addendum and the Agreement will be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, the HIPAA regulations and other state and federal laws related to security and privacy. The parties agree that any ambiguity in this Addendum will be resolved in favor of a meaning that complies, and is consistent, with HIPAA, the HITECH Act, the HIPAA regulations and other state and federal laws related to security and privacy.
- d. **Survival.** The obligations of Associate pursuant to Sections 2.j. and 3.c. of this Addendum survive the termination or expiration of the Agreement.

Count approved by County Counsel [11/8/2017]

Initials:  Contractor  County Dept.



**County of Solano
Standard Contract**

For County Use Only
CONTRACT NUMBER:
00096-20
(Dept., Division, FY, #)
H&SS/MH
BUDGET ACCOUNT:
7714, 7745
SUBJECT ACCOUNT:
3153

1. This Contract is entered into between the County of Solano and the Contractor named below:

Adventist Health St. Helena and Adventist Health Vallejo

CONTRACTOR'S NAME

2. The Term of this Contract is:

October 1, 2019 – June 30, 2021

3. The maximum amount of this Contract is:

REDACTED

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of this Contract:





Exhibit A – Scope of Work

Exhibit B – Budget Detail and Payment Provision

Exhibit C – General Terms and Conditions

Exhibit D – Special Terms and Conditions

This Contract is made on August 19, 2019.

CONTRACTOR	COUNTY OF SOLANO
<u>Adventist Health St. Helena and Adventist Health Vallejo</u> CONTRACTOR'S NAME	<u>Birgitta Corsello</u>  <u>01/14/2020 04:46 PM EST</u> DATED
 <u>12-20-19</u> SIGNATURE DATED	<u>Birgitta E. Corsello</u> COUNTY ADMINISTRATOR TITLE
<u>Steven Herber, President</u> PRINTED NAME AND TITLE	<u>275 Beck Avenue, MS 5-200</u> ADDRESS
<u>10 Woodland Road</u> ADDRESS	<u>Fairfield</u> <u>CA</u> <u>94533</u> CITY STATE ZIP CODE
<u>St. Helena</u> <u>CA</u> <u>94574</u> CITY STATE ZIP CODE	Approved as to Content: <u>Gerald Huber</u>  <u>12/31/2019 04:46 PM EST</u> Gerald R. Huber, Director Health & Social Services Department
	Approved as to Form: <u>Bernadette Curry</u>  <u>12/31/2019 06:52 PM EST</u> COUNTY COUNSEL

Rev. 12/17/09

CONTRACT MUST BE EXECUTED BEFORE WORK CAN COMMENCE

EXHIBIT A
SCOPE OF WORK

I. Contract Description:

Contractor will provide acute psychiatric inpatient treatment for Solano County patients who have no insurance or other financial means to cover their inpatient cost and are referred by Solano County Mental Health (County). These services will be provided at one of two psychiatric facilities owned and operated by the Contractor:

Adventist Health St. Helena and Adventist Health Vallejo

This Contract also authorizes Contractor to provide Welfare and Institutions Code (W&IC) sections 5150 evaluations and 5250 and 5270 certifications. As a part of this designation, Contractor's staff will participate in a County-provided 5150 training in which certification and proof of this training will be monitored by the County and evidenced by employee ID badges.

II. Work Activities:

Contractor will provide Inpatient Mental Health Services – Clinical and medical services that are generally recognized and accepted for the diagnosis and treatment of a behavioral disorder or psychological injury, as clinically necessary including the following:

1. Semi-private room accommodations including bed, board, and related services
2. Twenty-four (24) hour nursing care
3. Physical and mental examination for assessment and diagnosis
4. Crisis intervention services
5. Administration and supervision of the clinical use of psychotropic medications
6. Individual and group psychotherapy
7. Art, recreational and vocational therapy
8. Psychological testing and consultation directly related to evaluation and diagnosis
9. Clinical laboratory services
10. Social services
11. Services of psychiatrist and/or psychologist under contract by hospital

III. Contractor will participate in County discharge planning and concurrent Utilization Review processes as follows:

1. Communicate with the designated Solano County Mental Health staff on a routine basis as requested by County staff to determine an appropriate treatment/discharge plan. Each plan shall include a potential time line for discharge and a treatment/discharge plan and identify the required outpatient services and housing that will ensure stabilization in the community. Concurrent review processes must be in accordance with requirements within the DHCS Mental Health Plan contract. Concurrent review replaces retrospective review. This

includes same or next business day notification of Solano County regarding any direct admissions that were not facilitated by the Solano County CSU in order to initiate the concurrent review process.

2. Transfer requests for patients will be worked on collaboratively to identify a suitable placement as soon as possible.
3. Provide County staff with a written copy of the treatment/discharge plan and any subsequent changes and revisions of that plan.

IV. W&IC Sections 5150, 5250 and 5270 Designation:

1. County designates Adventist Health Vallejo and Adventist Health St. Helena as facilities for 72-hour treatment and evaluation and for intensive treatment pursuant to W&IC sections 5150 5250 and 5270 subject to all the terms and conditions related to this designation.
2. Contractor will send all Contractor W&IC section 5150 applications to the County's designated Crisis Manager within 7 days of admission.
3. Contractor will submit monthly summary reports of such activities no later than the 10th day of the following month.

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

In consideration of Contractor's satisfactory performance in providing the medically necessary services described in Exhibit A, County agrees to compensate Contractor the daily bed rate specified in Exhibit B-1 multiplied by the actual bed utilization payable in accordance with the Department of Health Care Services Mental Health Plan Cost Report procedures up to the maximum amount specified in Section 3 of this Contract and the following:

1. COMPENSATION

A. County shall compensate Contractor based on:

- (1) the actual number of patients authorized by the County and served by Contractor,
- (2) the actual number of medically necessary service units Contractor provides each patient, and

A. The interim rate(s) set forth in Exhibit B-1 attached to this Contract and incorporated by this reference. Contractor shall make every reasonable effort to obtain all available Medi-Cal and Medicare benefits and any other third party or private reimbursement for which patients served hereunder may be eligible to receive for provision of mental health treatment services, including and not limited to charges to insurance carriers shall be on the basis of Contractor's usual and customary charges. Obtaining verification of patient eligibility for coverage under the Medicare or other reimbursement programs is the responsibility of the Contractor. County does not assume responsibility for such certification procedures. All revenues received from third-party payer shall be considered as payment in full. Any claims billable to third-party payer that are denied due to Contractor's inability to submit claims in a timely and complete manner are the responsibility of the Contractor and not billable to the County. When appropriate, Contractor shall collect from the patient its share of cost for services provided pursuant to this contract. Contractor's failure to obtain third party benefits to patients within 90 days of date of service shall be deemed to have no insurance or other financial means to cover their inpatient costs and are payable by this contract.

2. SUBMISSION OF INVOICES

Contractor will submit a Solano County vendor claim and invoices with adequate supporting documentation as to services provided no later than one hundred twenty (120) days after the last day of the month in which those services were provided.

3. SUBMISSION OF COST REPORT

A. County will, at its discretion, schedule a cost report briefing in October of each fiscal year. Contractor will submit its cost report by the deadline set by the County. Contractor's cost report must be complete, accurate and formatted within the guidelines provided by the Solano County Health and Social Services Department.

B. If Contractor is currently out of compliance with the cost report's submission requirement, Contractor agrees that funds to be disbursed under the terms of this contract will be withheld until such time as Contractor submits an acceptable cost report. County will not be liable for

any interest that may accrue as a result of delay in payment caused by Contractor's failure to submit an appropriate cost report. County will not withhold funds if it untimely provides patient data and Contractor submits an otherwise acceptable cost report.

- C. Contractor must repay the County for any disallowed costs identified by County through monthly reports, audits, Quality Assurance monitoring, or other sources within thirty days of receipt of notice from County that the costs have been disallowed. Contractor may submit a written appeal to a disallowance to the County Health and Social Services Mental Health Deputy Director, or designee, within fifteen days of receipt of a disallowance notice. The appeal must include the basis for the appeal and any documentation necessary to support the appeal. No fees or expenses incurred by Contractor in the course of appealing a disallowance will be an allowable cost under this Contract and will not be reimbursed by County.

4. FINANCIAL STATEMENTS AND AUDITS

- A. Contractor agrees to furnish an audited financial statement to the County in a format acceptable to Department of Health Care Services within thirty (30) days of request.
- B. Contractor agrees to furnish all records and documents within a reasonable time, in the event that the County, State or Federal Government conducts an audit.

EXHIBIT B-1
CONTRACT RATES AND DETAIL

- A. Rates will be adjusted every fiscal year to match Host County negotiated rates. Compensation shall be as follows:

Adventist Health St. Helena and Adventist Health Vallejo

REDACTED

**The Administrative Day rate is subject to change, as specified and directed by the State of California, Department of Health Care Services. Any changes to the Administrative Day rate shall be incorporated by reference herein.*

- B. Rates effective for services certified by County mental health as administrative day rate when patients no longer meet medical necessity criteria for acute psychiatric day rate. Medical necessity is determined through County utilization review.
- C. Acute admission days are subject to concurrent review of medical necessity by County.
- D. County is responsible for transportation of patients to and from the Contractor's location.

E. **REDACTED**

EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. CLOSING OUT

A. County will pay Contractor's final request for payment providing Contractor has paid all financial obligations undertaken pursuant to this Contract or any other contract and/or obligation that Contractor may have with the County. If Contractor has failed to pay any obligations outstanding, County will withhold from Contractor's final request for payment the amount of such outstanding financial obligations owed by Contractor. Contractor is responsible for County's receipt of a final request for payment 30 days after termination of this Contract.

B. A final undisputed invoice shall be submitted for payment no later than ninety (90) calendar days following the expiration or termination of this Contract, unless a later or alternate deadline is agreed to in writing by the County. The final invoice must be clearly marked "FINAL INVOICE", thus indicating that all payment obligations of the County under this Contract have ceased and that no further payments are due or outstanding.

2. TIME

Time is of the essence in all terms and conditions of this Contract.

3. TIME OF PERFORMANCE

Work will not begin, nor claims paid for services under this Contract until all Certificates of Insurance, business and professional licenses/certificates, IRS ID number, signed W-9 form, or other applicable licenses or certificates are on file with the County's Contract Manager.

4. TERMINATION

A. This Contract may be terminated by County or Contractor, at any time, with or without cause, upon 30 days' written notice from one to the other.

B. County may terminate this Contract immediately upon notice of Contractor's malfeasance.

C. Following termination, County will reimburse Contractor for all expenditures made in good faith that are unpaid at the time of termination not to exceed the maximum amount payable under this Contract unless Contractor is in default of this Contract.

5. SIGNATURE AUTHORITY

The parties executing this Contract certify that they have the proper authority to bind their respective entities to all terms and conditions set forth in this Contract.

6. REPRESENTATIONS

A. County relies upon Contractor's professional ability and training as a material inducement to enter into this Contract. Contractor represents that Contractor will perform the work according to generally accepted professional practices and standards and the requirements of applicable federal, state and local laws. County's acceptance of Contractor's work shall not constitute a waiver or release of Contractor from professional responsibility.

B. Contractor further represents that Contractor possesses current valid appropriate licensure, including, but not limited to, driver's license, professional license, certificate of tax-exempt status, or permits, required to perform the work under this Contract.

7. INSURANCE

A. Without limiting Contractor's obligation to indemnify County, Contractor must procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work under this Contract and the results of that work by Contractor, Contractor's agents, representatives, employees or subcontractors.

B. Minimum Scope of Insurance

Coverage must be at least as broad as:

- (1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01).
- (2) Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Code 1 (any auto).
- (3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

C. Minimum Limits of Insurance

Contractor must maintain limits no less than:

- | | | |
|---|---|---|
| (1) General Liability:
(Including operations, products
and completed operations.) | \$2,000,000 | per occurrence for bodily injury, personal injury and property damage, or the full per occurrence limits of the policy, whichever is greater. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. |
| (2) Automobile Liability: | \$1,000,000 | per accident for bodily injury and property damage. |
| (3) Workers' Compensation: | As required by the State of California. | |
| (4) Employer's Liability: | \$1,000,000 | per accident for bodily injury or disease. |

D. Additional Insurance Coverage

To the extent coverage is applicable to Contractor's services under this Contract, Contractor must maintain the following insurance coverage:

- | | | |
|----------------------|--------------------|--|
| (1) Cyber Liability: | \$1,000,000 | per incident with the aggregate limit twice the required limit to cover the full replacement value of damage to, alteration of, loss of, or destruction of electronic data and/or information property of the County that will be in the care, custody or control of Contractor under this Contract. |
|----------------------|--------------------|--|

- (2) Professional Liability: **\$2,000,000** combined single limit per claim and in the aggregate. The policy shall remain in full force and effect for no less than 5 years following the completion of work under this Contract.

E. If Contractor maintains higher limits than the minimums shown above, County is entitled to coverage for the higher limits maintained by Contractor. Any insurance proceeds in excess of the specified limits and coverage required, which are applicable to a given loss, shall be available to the County. No representation is made that the minimums shown above are sufficient to cover the indemnity or other obligations of the Contractor under this Contract.

F. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by County. At the option of County, either:

- (1) The insurer will reduce or eliminate such deductibles or self-insured retentions with respect to County, its officers, officials, agents, employees and volunteers; or
- (2) Contractor must provide a financial guarantee satisfactory to County guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

G. Other Insurance Provisions

(1) The general liability policy must contain, or be endorsed to contain, the following provisions:

(a) The County of Solano, its officers, officials, agents, employees, and volunteers must be included as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; and with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage shall be provided in the form of an Additional Insured endorsement (CG 20 10 11 85 or both CG 20 10 and CG 20 37 if later ISO revisions are used or the equivalent) to Contractor's insurance policy, or as a separate owner's policy. The insurance afforded to the additional insureds shall be at least as broad as that afforded to the first named insured.

(b) For any claims related to work performed under this Contract, Contractor's insurance coverage must be primary insurance with respect to the County of Solano, its officers, officials, agents, employees, and volunteers. Any insurance maintained by County, its officers, officials, agents, employees, or volunteers is excess of Contractor's insurance and shall not contribute to it.

(2) If Contractor's services are technologically related, Professional Liability coverage shall include, but not be limited to claims involving infringement of intellectual property, copyright, trademark, invasion of privacy violations, information theft, release of private information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to such obligations. The policy shall also include, or be endorsed to include, property damage liability coverage for damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the County in the care, custody, or control of the Contractor. If not covered under the Contractor's Professional Liability policy, such "property" coverage of the County may be endorsed onto the Contractor's Cyber Liability Policy.

(3) Should any of the above described policies be cancelled prior to the policies' expiration date, Contractor agrees that notice of cancellation will be delivered in accordance with the policy provisions.

H. Waiver of Subrogation

(1) Contractor agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation.

(2) The Workers' Compensation policy must be endorsed with a waiver of subrogation in favor of County for all work performed by Contractor, its employees, agents and subcontractors.

I. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII unless otherwise acceptable to County.

J. Verification of Coverage

(1) Contractor must furnish County with original certificates and endorsements effecting coverage required by this Contract.

(2) The endorsements should be on forms provided by County or, if on other than County's forms, must conform to County's requirements and be acceptable to County.

(3) County must receive and approve all certificates and endorsements before work commences.

(4) However, failure to provide the required certificates and endorsements shall not operate as a waiver of these insurance requirements.

(5) County reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage described above at any time.

8. BEST EFFORTS

Contractor represents that Contractor will at all times faithfully, industriously and to the best of its ability, experience and talent, perform to County's reasonable satisfaction.

9. DEFAULT

A. If Contractor defaults in Contractor's performance, County shall promptly notify Contractor in writing. If Contractor fails to cure a default within 30 days after notification, or if the default requires more than 30 days to cure and Contractor fails to commence to cure the default within 30 days after notification, then Contractor's failure shall constitute cause for termination of this Contract.

B. If Contractor fails to cure default within the specified period of time, County may elect to cure the default and any expense incurred shall be payable by Contractor to County. The contract may be terminated at County's sole discretion.

C. If County serves Contractor with a notice of default and Contractor fails to cure the default, Contractor waives any further notice of termination of this Contract.

D. If this Contract is terminated because of Contractor's default, County shall be entitled to recover from Contractor all damages allowed by law.

10. INDEMNIFICATION

A. Each party shall indemnify, defend, protect, hold harmless, and release the other, their elected bodies, officers, agents, and employees, from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any negligent act or omission or willful misconduct of such indemnifying party. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

B. Acceptance of insurance required by this Contract does not relieve Contractor from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by Contractor's operations regardless if any insurance is applicable or not.

11. INDEPENDENT CONTRACTOR

A. Contractor is an independent contractor and not an agent, officer or employee of County. The parties mutually understand that this Contract is between two independent contractors and is not intended to and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association.

B. Contractor shall have no claim against County for employee rights or benefits including, but not limited to, seniority, vacation time, vacation pay, sick leave, personal time off, overtime, medical, dental or hospital benefits, retirement benefits, Social Security, disability, Workers' Compensation, unemployment insurance benefits, civil service protection, disability retirement benefits, paid holidays or other paid leaves of absence.

C. Contractor is solely obligated to pay all applicable taxes, deductions and other obligations including, but not limited to, federal and state income taxes, withholding, Social Security, unemployment, disability insurance, Workers' Compensation and Medicare payments.

D. Contractor shall indemnify and hold County harmless from any liability which County may incur because of Contractor's failure to pay such obligations nor shall County be responsible for any employer-related costs not otherwise agreed to in advance between the County and Contractor.

E. As an independent contractor, Contractor is not subject to the direction and control of County except as to the final result contracted for under this Contract. County may not require Contractor to change Contractor's manner of doing business, but may require redirection of efforts to fulfill this Contract.

F. Contractor may provide services to others during the same period Contractor provides service to County under this Contract.

G. Any third persons employed by Contractor shall be under Contractor's exclusive direction, supervision and control. Contractor shall determine all conditions of employment including hours, wages, working conditions, discipline, hiring and discharging or any other condition of employment.

H. As an independent contractor, Contractor shall indemnify and hold County harmless from any claims that may be made against County based on any contention by a third party that an employer-employee relationship exists under this Contract.

I. Contractor, with full knowledge and understanding of the foregoing, freely, knowingly, willingly and voluntarily waives the right to assert any claim to any right or benefit or term or condition of employment insofar as they may be related to or arise from compensation paid hereunder.

12. RESPONSIBILITIES OF CONTRACTOR

A. The parties understand and agree that Contractor possesses the requisite skills necessary to perform the work under this Contract and County relies upon such skills. Contractor pledges to perform the work skillfully and professionally. County's acceptance of Contractor's work does not constitute a release of Contractor from professional responsibility.

B. Contractor verifies that Contractor has reviewed the scope of work to be performed under this Contract and agrees that in Contractor's professional judgment, the work can and shall be completed for costs within the maximum amount set forth in this Contract.

C. To fully comply with the terms and conditions of this Contract, Contractor shall:

(1) Establish and maintain a system of accounts for budgeted funds that complies with generally accepted accounting principles for government agencies;

(2) Document all costs by maintaining complete and accurate records of all financial transactions associated with this Contract, including, but not limited to, invoices and other official

documentation that sufficiently support all charges under this Contract;

(3) Submit monthly reimbursement claims for expenditures that directly benefit Solano County;

(4) Be liable for repayment of any disallowed costs identified through quarterly reports, audits, monitoring or other sources; and

(5) Retain financial, programmatic, client data and other service records for 3 years from the date of the end of the contract award or for 3 years from the date of termination, whichever is later.

13. COMPLIANCE WITH LAW

A. Contractor shall comply with all federal, state and local laws and regulations applicable to Contractor's performance, including, but not limited to, licensing, employment and purchasing practices, wages, hours and conditions of employment.

B. To the extent federal funds are used in whole or in part to fund this Contract, Contractor specifically agrees to comply with Executive Order 11246 entitled "Equal Employment Opportunity", as amended and supplemented in Department of Labor regulations; the Copeland "Ant-Kickback" Act (18 U.S.C. §874) and its implementing regulations (29 C.F.R. part 3); the Clean Air Act (42 U.S.C. §7401 et seq.); the Clean Water Act (33 U.S.C. §1251); and the Energy Policy and Conservation Act (Pub. L. 94-165).

C. Contractor represents that it will comply with the applicable cost principles and administrative requirements including claims for payment or reimbursement by County as set forth in 2 C.F.R. part 200, as currently enacted or as may be amended throughout the term of this Contract.

14. CONFIDENTIALITY

A. Contractor shall prevent unauthorized disclosure of names and other client-identifying information, except for statistical information not identifying a particular client receiving services under this Contract.

B. Contractor shall not use client specific information for any purpose other than carrying out Contractor's obligations under this Contract.

C. Contractor shall promptly transmit to County all requests for disclosure of confidential information.

D. Except as otherwise permitted by this Contract or authorized by law, Contractor shall not disclose any confidential information to anyone other than the State of California without prior written authorization from County.

E. For purposes of this section, identity shall include, but not be limited to, name, identifying number, symbol or other client identifying particulars, such as fingerprints, voice print or photograph. Client shall include individuals receiving services pursuant to this Contract.

15. CONFLICT OF INTEREST

A. Contractor represents that Contractor and/or Contractor's employees and/or their immediate families and/or Board of Directors and/or officers have no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any interest, direct or indirect, including separate contracts for the work to be performed hereunder, which conflicts with the rendering of services under this Contract. Contractor shall employ or retain no such person while rendering services under this Contract. Services rendered by Contractor's associates or employees shall not relieve Contractor from personal responsibility under this clause.

B. Contractor has an affirmative duty to disclose to County in writing the name(s) of any person(s) who have an actual, potential or apparent conflict of interest.

16. DRUG FREE WORKPLACE

Contractor represents that Contractor is knowledgeable of Government Code section 8350 et seq., regarding a drug free workplace and shall abide by and implement its statutory requirements.

17. HEALTH AND SAFETY STANDARDS

Contractor shall abide by all health and safety standards set forth by the State of California and/or the County of Solano pursuant to the Injury and Illness Prevention Program. If applicable, Contractor must receive all health and safety information and training from County.

18. CHILD/ADULT ABUSE

If services pursuant to this Contract will be provided to children and/or elder adults, Contractor represents that Contractor is knowledgeable of the Child Abuse and Neglect Reporting Act (Penal Code section 11164 et seq.) and the Elder Abuse and Dependent Adult Civil Protection Act (Welfare and Institutions Code section 15600 et seq.) requiring reporting of suspected abuse.

19. INSPECTION

Authorized representatives of County, the State of California and/or the federal government may, upon reasonable notice, inspect and/or audit Contractor's performance, place of business and/or records pertaining to this Contract.

20. NONDISCRIMINATION

A. In rendering services under this Contract, Contractor shall comply with all applicable federal, state and local laws, rules and regulations and shall not discriminate based on age, ancestry, color, gender, marital status, medical condition, national origin, physical or mental disability, race, religion, sexual orientation, or other protected status.

B. Further, Contractor shall not discriminate against its employees, which includes, but is not limited to, employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

21. SUBCONTRACTOR AND ASSIGNMENT

A. Services under this Contract are deemed to be personal services.

B. Subject to any required state or federal approval, Contractor shall not subcontract any work under this Contract without the prior written consent of the County's Contract Manager nor assign this Contract or monies due without the prior written approval of the County's applicable Department Head or his or her designee and the County Administrator.

C. If County consents to the use of subcontractors, Contractor shall require and verify that its subcontractors maintain insurance meeting all the requirements stated in Section 7 above.

D. Assignment by Contractor of any monies due shall not constitute an assignment of the Contract.

22. UNFORESEEN CIRCUMSTANCES

Contractor is not responsible for any delay caused by natural disaster, war, civil disturbance, labor dispute or other cause beyond Contractor's reasonable control, provided Contractor gives written notice to County of the cause of the delay within 10 days of the start of the delay.

23. OWNERSHIP OF DOCUMENTS

A. County shall be the owner of and shall be entitled to possession of any computations, plans, correspondence or other pertinent data and information gathered by or computed by Contractor prior to termination of this Contract by County or upon completion of the work pursuant to this Contract.

B. No material prepared in connection with the project shall be subject to copyright in the United States or in any other country.

24. NOTICE

A. Any notice necessary to the performance of this Contract shall be given in writing by personal delivery or by prepaid first-class mail addressed as stated on the first page of this Contract.

B. If notice is given by personal delivery, notice is effective as of the date of personal delivery. If notice is given by mail, notice is effective as of the day following the date of mailing or the date of delivery reflected upon a return receipt, whichever occurs first.

25. NONRENEWAL

Contractor acknowledges that there is no guarantee that County will renew Contractor's services under a new contract following expiration or termination of this Contract. Contractor waives all rights to notice of non-renewal of Contractor's services.

26. COUNTY'S OBLIGATION SUBJECT TO AVAILABILITY OF FUNDS

A. The County's obligation under this Contract is subject to the availability of authorized funds. The County may terminate the Contract, or any part of the Contract work, without prejudice to any right or remedy of the County, for lack of appropriation of funds. If expected or actual funding is withdrawn, reduced or limited in any way prior to the expiration date set forth in this Contract, or any subsequent amendment, the County may, upon written Notice to the Contractor, terminate this Contract in whole or in part.

B. Payment shall not exceed the amount allowable for appropriation by the Board of Supervisors. If the Contract is terminated for non-appropriation of funds:

(1) The County will be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination; and

(2) The Contractor shall be released from any obligation to provide further services pursuant to this Contract that are affected by the termination.

C. Funding for this Contract beyond the current appropriation year is conditional upon appropriation by the Board of Supervisors of sufficient funds to support the activities described in this Contract. Should such an appropriation not be approved, this Contract will terminate at the close of the current appropriation year.

D. This Contract is void and unenforceable if all or parts of federal or state funds applicable to this Contract are not available to County. If applicable funding is reduced, County may either:

(1) Cancel this Contract; or,

(2) Offer a contract amendment reflecting the reduced funding.

27. CHANGES AND AMENDMENTS

A. County may request changes in Contractor's scope of services. Any mutually agreed upon changes, including any increase or decrease in the amount of Contractor's compensation, shall be effective when incorporated in written amendments to this Contract.

B. The party desiring the revision shall request amendments to the terms and conditions of this Contract in writing. Any adjustment to this Contract shall be effective only upon the parties' mutual execution of an amendment in writing.

C. No verbal agreements or conversations prior to execution of this Contract or requested amendment shall affect or modify any of the terms or conditions of this Contract unless reduced to writing according to the applicable provisions of this Contract.

28. CHOICE OF LAW

The parties have executed and delivered this Contract in the County of Solano, State of California. The laws of the State of California shall govern the validity, enforceability or interpretation of this Contract. Solano County shall be the venue for any action or proceeding, in law or equity that may be brought in connection with this Contract.

29. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

Contractor represents that it is knowledgeable of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations issued by the U.S. Department of Health and Human Services (45 C.F.R. parts 160-64) regarding the protection of health information obtained, created, or exchanged as a result of this Contract and shall abide by and implement its statutory requirements.

30. WAIVER

Any failure of a party to assert any right under this Contract shall not constitute a waiver or a termination of that right, under this Contract or any of its provisions.

31. CONFLICTS IN THE CONTRACT DOCUMENTS

The Contract documents are intended to be complementary and interpreted in harmony so as to avoid conflict. In the event of conflict in the Contract documents, the parties agree that the document providing the highest quality and level of service to the County shall supersede any inconsistent term in these documents.

32. FAITH BASED ORGANIZATIONS

A. Contractor agrees and acknowledges that County may make funds available for programs or services affiliated with religious organizations under the following conditions: (a) the funds are made available on an equal basis as for programs or services affiliated with non-religious organizations; (b) the program funded does not have the substantial effect of supporting religious activities; (c) the funding is indirect, remote, or incidental to the religious purpose of the organization; and (d) the organization complies with the terms and conditions of this Contract.

B. Contractor agrees and acknowledges that County may not make funds available for programs or services affiliated with a religious organization (a) that has denied or continues to deny access to services on the basis of any protected class; (b) will use the funds for a religious purpose; (c) will use the funds for a program or service that subjects its participants to religious education.

C. Contractor agrees and acknowledges that all recipients of funding from County must: (a) comply with all legal requirements and restrictions imposed upon government-funded activities set forth in Article IX, section 8 and Article XVI, section 5 of the California Constitution and in the First Amendment to the United States Constitution; and (b) segregate such funding from all funding used for religious purposes.

33. USE OF PROVISIONS, TERMS, CONDITIONS AND PRICING BY OTHER PUBLIC AGENCIES

Contractor and County agree that the terms of this Contract may be extended to any other public agency located in the State of California, as provided for in this section. Another public agency wishing to use the provisions, terms, and pricing of this Contract to contract for equipment and services comparable to that described in this Contract shall be responsible for entering into its own contract with Contractor, as well as providing for its own payment provisions, making all payments, and obtaining any certificates of insurance and bonds that may be required. County is not responsible for providing to any other public agency any documentation relating this Contract or its implementation. Any public agency that uses provisions, terms, or pricing of this Contract shall by virtue of doing so be deemed to indemnify and hold harmless County from all claims, demands, or causes of actions of every kind arising directly or indirectly with the use of this Contract. County makes no guarantee of usage by other users of this Contract nor shall the County incur any financial responsibility in connection with any contracts entered into by another public agency. Such other public agency shall accept sole responsibility for placing orders and making payments to Contractor.

34. DISBARMENT OR SUSPENSION OF CONTRACTOR

A. Contractor represents that its officers, directors and employees (i) are not currently excluded, debarred, or otherwise ineligible to participate in a federally funded program; (ii) have not been convicted of a criminal offense related to the provision of federally funded items or services nor has been previously excluded, debarred, or otherwise declared ineligible to participate in any federally funded programs, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in Contractor being excluded from participation in federally funded programs.

B. For purposes of this Contract, federally funded programs include any federal health program as defined in 42 USC § 1320a-7b(f) (the "Federal Healthcare Programs") or any state healthcare programs.

C. This representation and warranty shall be an ongoing representation and warranty during the term of this Contract and Contractor must immediately notify the County of any change in the status of the representation and warranty set forth in this section.

D. If services pursuant to this Contract involve federally-funded programs, Contractor agrees to provide certification of non-suspension with submission of each invoice. Failure to submit certification with invoices will result in a delay in County processing Contractor's payment.

35. EXECUTION IN COUNTERPARTS

This Contract may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or electronic transmission (e.g., by e-mail delivery of a ".pdf" format data file), such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original signature.

36. LOCAL EMPLOYMENT POLICY

Solano County desires, whenever possible, to hire qualified local residents to work on County projects. A local resident is defined as a person who resides in, or a business that is located in, Solano County. The County encourages an active outreach program on the part of its contractors, consultants and agents. When local projects require subcontractors, Contractor shall solicit proposals for qualified local residents where possible.

37. ENTIRE CONTRACT

This Contract, including any exhibits referenced, constitutes the entire agreement between the parties and there are no inducements, promises, terms, conditions or obligations made or entered into by County or Contractor other than those contained in it.

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. CONTRACT EXTENSION

Notwithstanding Sections 2 and 3 of the Standard Contract, and unless terminated by either party prior to contract termination date, at County's sole election, this Contract may be extended for up to 90 days beyond the contract termination date to allow for continuation of services and sufficient time to complete a novation or renewal contract. In the event that this Contract is extended, compensation for the extension period shall not exceed ^{REDACTED}.

2. DRUG FREE WORKPLACE

Contractor shall execute the form attached as Exhibit D-1.

3. CHILD/ADULT ABUSE

Contractor shall execute the forms attached as Exhibits D-2 and D-3.

4. HIPAA COMPLIANCE-COVERED ENTITY TO COVERED ENTITY

COUNTY and CONTRACTOR each consider and represent themselves as covered entities as defined by the U.S. Health Insurance Portability and Accountability Act and agree to use and disclose protected health information as required by law. COUNTY and CONTRACTOR acknowledge that the exchange of protected health information between them is only for treatment, payment, and health care operations.

County of Solano
Standard Contract

EXHIBIT D-1

SOLANO COUNTY

DRUG-FREE WORKPLACE CERTIFICATION

(rev-09/01/94)

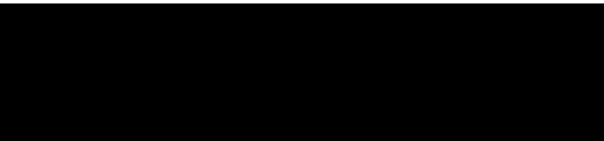
Adventist Health St. Helena and Adventist Health Vallejo

Contractor certifies compliance with Government Code section 8355 in matters relating to providing a drug-free workplace. Contractor will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code section 8355(a).
 2. Establish a Drug-Free Awareness Program as required by Government Code section 8355(b), to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace;
 - (b) The person's or organization's policy of maintaining a drug-free workplace;
 - (c) Any available counseling, rehabilitation and employee assistance programs; and
 - (d) Penalties that may be imposed upon employees for drug abuse violations.
 3. Provide, as required by Government Code section 8355(c), that every employee who works on the proposed contract or grant:
 - (a) Will receive a copy of the company's drug-free policy statement; and
 - (b) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.
-

CERTIFICATION

I certify that I am duly authorized legally to bind the Contractor to the above-described certification. I am fully aware that this certification, executed on the date below, is made under penalty of perjury under the laws of the State of California.



Contractor Signature

County of Solano
Standard Contract

EXHIBIT D-2

CHILD ABUSE REPORTING REQUIREMENTS

Section 11166 of the Penal Code requires any child care custodian, medical practitioner, nonmedical practitioner, or employee of a child protective agency who has knowledge of, or observes a child in his or her professional capacity or within the scope of his or her employment, whom he or she knows or reasonably suspects, has been the victim of a child abuse to report the known or suspected instance of child abuse to a child protective agency immediately or as soon as practically possible by telephone, and to prepare and send a written report thereof within 36 hours of receiving the information concerning the incident.

I, the undersigned, have read and understand the requirements of Penal Code section 11166 and will comply with its provisions.

I agree to report to my immediate supervisor any suspected child abuse situations of which I am aware and will report directly to the Child Protective Services as necessary.

A solid black rectangular box used to redact the signature of the contractor.

Contractor Signature

County of Solano
Standard Contract

EXHIBIT D-3

ADULT ABUSE REPORTING REQUIREMENTS

Welfare and Institutions Code section 15630 and following:

The undersigned, having read the statement below, signifies knowledge and understanding of its provisions:

Section 15630 of the Welfare and Institutions Code requires any care custodian, health practitioner, or employee of an adult protective services agency or a local law enforcement agency who has knowledge of, or observes a dependent adult, in his or her professional capacity or within the scope of his or her employment who he or she knows has been the victim of physical abuse, or who has injuries under circumstances which are consistent with abuse where the dependent adult's statements indicate, or in the case of a person with developmental disabilities, where his or her statements or other corroborating evidence indicates that abuse has occurred, to report the known or suspected instance of physical abuse to an adult protective services or a local law enforcement agency immediately or as soon as practically possible by telephone and to prepare and send a written report, thereof, within 36 hours of receiving the information concerning the incident.

"Care Custodian" means an administrator or an employee of any of the following public or private facilities:

- | | |
|---|---|
| 1. Health facility | 12. Licensing worker or evaluator |
| 2. Clinic | 13. Public assistance worker |
| 3. Home health agency | 14. Adult protective services agency |
| 4. Educational institution | 15. Patient's rights advocate |
| 5. Sheltered workshop | 16. Nursing home ombudsman |
| 6. Camp | 17. Legal guardian or conservator |
| 7. Respite care facility | 18. Skilled nursing facility |
| 8. Residential care institution
including foster homes and
group homes | 19. Intermediate care facility |
| 9. Community care facility | 20. Local Law enforcement agency |
| 10. Adult day care facility,
including adult day health
care facilities | 21. Any other person who provides
goods or services necessary to
avoid physical harm or mental
suffering and who performs duties |
| 11. Regional center for persons
with developmental disabilities | |

"Health Practitioner" means a physician, surgeon, psychiatrist, psychologist, dentist, resident, intern, podiatrist, chiropractor, licensed nurse, dental hygienist, marriage, family and child counselor or any other person who is currently licensed under Division 2 (commencing with Section 500) of the Business and Professions Code, any emergency medical technician I or II, paramedic, a person certified pursuant to Division 2.5 (commencing with Section 1797) of the Health and Safety Code, or psychological assistant registered pursuant to Section 2913 of the Business and Professions Code, a marriage, family and child counselor trainee, as defined in subdivision (c) of Section 4980.03 of the Business and Professions Code, a state or county public health employee who treats a dependent adult for any condition, a coroner, or a religious practitioner who diagnoses, examines, or treats dependent adults.

I certify that a full copy of Welfare and Institutions Code section 15630 and following has been provided to me, and I have read and understand the above statement and will comply with its provisions.


Contractor Signature

CONTRACT FOR SERVICES MODOC COUNTY BEHAVIORAL HEALTH SERVICES

DESCRIPTION: Acute Inpatient Psychiatric Services
BEGINS: July 1, 2019
ENDS: June 30, 2021

This is an Agreement made and entered into on this **1st day of July, 2019**, between the County of Modoc, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and **St. Helena Hospital DBA Adventist Health, a non-profit religious corporation and St. Helena DB Adventist Health Vallejo**, a non-profit religious corporation, hereinafter referred to as "CONTRACTOR."

WHEREAS, COUNTY desires to enter into an Agreement whereby CONTRACTOR will provide mental health services in accordance with the requirements in Title 9, California Administrative Code; and

WHEREAS, the CONTRACTOR is a Health Care Facility duly licensed as an Acute Psychiatric Hospital under the laws of the State of California and accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO), and

WHEREAS, it is understood and agreed by and between the parties of this Agreement that they wish to enter into this Agreement in order to provide a full and complete statement of their respective responsibilities in connection with this venture during the term of this Agreement,

THEREFORE, in consideration of the mutual covenants and agreements of this Agreement, it is understood and agreed by and between the parties as follows:

1. DESCRIPTION OF SERVICES:

- 1.1 CONTRACTOR shall accept and admit all Beneficiaries referred by COUNTY for inpatient psychiatric services, assuming such Beneficiaries meet CONTRACTOR criteria for inpatient psychiatric services.
- 1.2 CONTRACTOR shall provide services as specified in Exhibit "A" titled "Scope of Work."
- 1.3 CONTRACTOR shall provide quality care in a manner consistent with efficient, cost effective delivery of Covered Services.
- 1.4 CONTRACTOR shall provide Covered Services to a COUNTY Beneficiary in the same manner in which it provides said services to all other individuals receiving services from CONTRACTOR subject to any limitations in the Treatment Plan.
- 1.5 Both parties agree that while COUNTY Beneficiaries may be placed by the COUNTY in CONTRACTOR'S facility, COUNTY is under no obligation to place any patients in CONTRACTOR'S facility.
- 1.6 CONTRACTOR shall comply with all applicable provisions of the federal mental health requirements as set forth in Exhibit B entitled "Special Terms and Conditions," attached hereto and incorporated herein by this reference.

2. DEFINITIONS:

- 2.1 Beneficiary is a person who is entitled to Covered Services and who on the date of health care services are rendered has satisfied the eligibility requirements and provisions of a Treatment Plan. Also referred to as the Patient.
- 2.2 Day of Service means a measure of time during which a Beneficiary receives Covered Services and which occurs when a bed is occupied as of 12:00 midnight, or when a patient is admitted and discharged within the same day, provided that such admission and discharge are not within twenty-four (24) hours of a prior discharge.
- 2.3 Benefits shall mean the dollar amount payable for a Covered Service after application of

deductibles and co-insurance.

- 2.4 Covered Services means any health care services authorized and provided under the Beneficiary's Treatment Plan.
- 2.5 Treatment Plan means the agreed-upon plan of health care services, authorized by COUNTY'S admitting physician to be rendered to Beneficiary by CONTRACTOR.
- 2.6 Administrative Day is a standard inpatient service type used when a patient is eligible for discharge but a suitable placement cannot be located.
- 2.7 Host County is the County where the CONTRACTOR'S facility is physically located and treatment of COUNTY patients is occurring.

3. REGULATIONS:

- 3.1 CONTRACTOR, its employees and subcontractors are fully licensed and in conformance with all appropriate governmental regulations, including JCAHO accreditation, to provide inpatient services to the mentally ill population.
- 3.2 CONTRACTOR agrees to comply with all applicable laws, regulations, and contractual obligations of the Modoc County Performance Agreement and Mental Health Managed Care Agreement between COUNTY and the California Department of Health Care Services (DHCS), and applicable COUNTY policy and procedures.

4. **PATIENTS' RIGHTS:** Patients' Rights shall comply with Welfare and Institutions Code Division 5, Section 5325 et seq.; and California Code of Regulations, Title 9, Division 1, Chapter 3, Article 6, Section 590 et seq. COUNTY Patients' Rights Advocate shall have access to COUNTY clients by telephone or in person as deemed necessary by Advocate and client. COUNTY Patients' Rights Advocate shall also have access to COUNTY patients' charts during normal business hours to investigate and resolve complaints.

5. **AMENDMENTS:** This Agreement constitutes the entire agreement between the parties. Any amendments or changes to this Agreement shall be made in writing, specifying the change(s) and the effective date(s) and shall be executed by duly authorized representatives of both parties. However, in no event shall such amendments create additional liability to COUNTY or provide additional compensation to CONTRACTOR except as explicitly set forth in this Agreement.

6. COMPENSATION:

- 6.1 The total contract amount for inpatient services under this Agreement shall not exceed
REDACTED
- 6.2 Indigent Services - CONTRACTOR shall be responsible for the billing and collection of all third party payer revenue for costs incurred in psychiatric treatment where applicable, including but not limited to Medi-Cal, Medicare, prepaid health plans, or other private insurance. For costs not reimbursed by these third party payer sources, and when COUNTY has specifically authorized the services for the relevant time period, CONTRACTOR shall submit a UB (CMS) invoice to COUNTY on no less than a monthly basis, within 30 days of the close of each calendar month. Professional psychiatric fees shall be submitted in a format that is accepted by Medi-Cal for reimbursement. All components of compensation billed to COUNTY will be calculated in accordance with the Office of Management and Budget (OMB) Super Circular. All invoices shall detail the dates of service for services rendered to COUNTY patients who are not eligible for Medi-Cal reimbursement. COUNTY will review and pay all valid invoices within 30 days of receipt. Invoices for payment shall be submitted to:

Modoc County Behavioral Health
Attn: Accounts Payable
441 N. Main St.
Alturas, CA 96101

480

- 6.3 CONTRACTOR agrees to hold harmless both the State and beneficiaries in the event the COUNTY cannot or will not pay for services performed by the CONTRACTOR pursuant to this Agreement.
- 6.4 Patient Fees and Third Party Billing:
- 6.4.1 CONTRACTOR shall be responsible for billing and collecting from all third party revenue sources for Modoc County patients receiving services including, but not limited to, private insurance co-payments and Medi-Cal Share-of-Cost. CONTRACTOR is responsible for clearing and collecting the Share of Cost if any as required by the State of California. CONTRACTOR shall recover the value of covered services rendered to Medi-Cal beneficiaries whenever the beneficiaries are covered for the same services, either fully or partially, under any other state or federal medical care program (if eligible) or under other contractual or legal entitlement including, but not limited to, a private group or indemnification program, but excluding instances of the tort liability of a third party or casualty liability insurance.
- 6.4.2 CONTRACTOR shall first apply any Modoc County patient revenues collected (including, but not limited to: patient fees, third party reimbursements, private contracts) to billable services as an offset to the costs charged against this Agreement. The remaining balance may be claimed against this contract funding.
- 6.5 Statement of Billing Amount: After appropriate submission and approval of Treatment Authorization Request (TAR), CONTRACTOR will be paid at the following rate per individual day for acute psychiatric inpatient hospital services. Reimbursement for Administrative Day services shall be based upon and subject to a rate established by the established by the California State Department of Health Care Services (DHCS). Should the rate included in this Agreement conflict with the rate established by DHCS, the rate established by DHCS shall prevail and shall be the rate paid.

FY 19-20 Adventist Health Vallejo

(Adult, Adolescent, and Child)

Psychiatric Inpatient, excluding physician (Child)	\$1,373.00/day of service
Physician Fees – Medi-Cal and Administrative Days	\$110.00/day of service
Combined Rate, including Physician	\$1,483.00/day of service
Short Doyle/Indigent Rate, including Physician	\$1,483.00/day of service
Hospital Administrative Day	\$611.60/day of service

REDACTED

FY 20-21 Adventist Health Vallejo

(Adult, Adolescent, and Child)

Psychiatric Inpatient, excluding physician (Child)	\$1,445.00/day of service
Physician Fees – Medi-Cal and Administrative Days	\$116.00/day of service
Combined Rate, including Physician	\$1,561.00/day of service
Short Doyle/Indigent Rate, including Physician	\$1,561.00/day of service
Hospital Administrative Day	\$(TBD)/day of service

REDACTED

REDACTED

The Administrative Day rate is subject to change, as specified and directed by the State of California, Department of Health Care Services. Any changes to the Administrative Day rate shall be incorporated by reference herein.

6.6 Recovery of Overpayments:

6.6.1 Audit - When an audit or review performed by the COUNTY, DHCS, State Controller's Office, or any other authorized agency discloses that the CONTRACTOR has been overpaid under this Agreement, or where the total payments exceed the total liability under this Agreement, the CONTRACTOR covenants that any such overpayment or excess payments over liability may be recouped by the COUNTY seeking recovery by payment from the CONTRACTOR.

6.6.2 Repayment - CONTRACTOR must repay COUNTY for any overpayments identified in the course of an audit within thirty (30) days of audit completion unless the audit findings are appealed as set forth in subsection 6.6.3 below. Repayment may be scheduled for direct submission to the COUNTY. If CONTRACTOR fails to submit appropriate repayment within the designated time frame, COUNTY may offset future bills for services under this Agreement.

6.6.3 Appeals - CONTRACTOR has the right to appeal audit findings and related COUNTY actions in writing to the County Board of Supervisors or through any other administrative conflict resolution mechanism identified by COUNTY. COUNTY shall schedule a formal hearing for CONTRACTOR appeals within thirty (30) days of receipt of a written request. COUNTY shall issue a final report on appeal findings within thirty (30) days of the formal hearing.

In the event that the COUNTY denies the CONTRACTOR'S appeal and upholds the audit findings in whole or in part, CONTRACTOR repayment shall be due within thirty (30) days after the appeal process is final.

7. **FEDERAL AND STATE ACCOUNTING REQUIREMENTS:** CONTRACTOR shall comply with all applicable COUNTY, State, and Federal laws, rules and regulations. CONTRACTOR shall be required to establish and maintain accounting systems and financial records that accurately account for and reflect all Federal funds received, including all matching funds from the State, COUNTY and any other local or private organizations. CONTRACTOR's records shall reflect the expenditure and accounting of said funds in accordance with all State laws and procedures for expending and accounting for all funds and receivables, as well as meet the financial management standards in 45 CFR Part 92 and in the Office of Management and Budget Super Circular "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."
8. **RIGHT TO MONITOR AND AUDIT:** COUNTY, State and Federal Governments shall have the right to monitor all work performed under this Agreement to assure that all-applicable State and Federal regulations are met. COUNTY, State and Federal Governments shall have the right to audit all work, records and procedures related to this Agreement upon reasonable notice to determine the extent to which the program is achieving its purposes and performance goals. COUNTY will have the right to review financial and programmatic reports and will notify CONTRACTOR of any potential Federal and/or State exception(s) discovered during such examination. COUNTY will follow-up and ensure that the CONTRACTOR takes timely and appropriate action on all deficiencies.
9. **LIMITATION OF COUNTY LIABILITY FOR DISALLOWANCES:** Notwithstanding any other provision of the Agreement, COUNTY shall be held harmless from any Federal or State audit disallowance and interest resulting from payments made to CONTRACTOR pursuant to this Agreement, less the amounts already submitted to the State for the disallowed claim.

To the extent that a Federal or State audit disallowance and interest results from a claim or claims

for which CONTRACTOR has received reimbursement for services provided, COUNTY shall recoup within 30 days from CONTRACTOR by direct billing, amounts equal to the amount of the disallowance plus interest in that fiscal year, less the amounts already remitted to the State for the disallowed claim. All subsequent claims submitted to COUNTY applicable to any previously disallowed claim may be held in abeyance, with no payment made, until the federal or state disallowance issue is resolved.

CONTRACTOR shall reply in a timely manner, to any request for information or to audit exceptions by COUNTY, State and Federal audit agencies that directly relate to the services to be performed under this Agreement.

10. **MENTAL HEALTH COST REPORT:** Pursuant to Section 14705 (c) of the California Welfare and Institutions Code, COUNTY must provide cost reporting to the State in relation to this contract. Upon request CONTRACTOR agrees to provide COUNTY with an annual cost report in accordance with the California Department of Health Care Services (DHCS) (formerly the California Department of Mental Health [DMH]) requirements no later than October 31st for the preceding fiscal/contractual year. Should the year-end cost report reflect a total cost that is less than amounts paid herein, CONTRACTOR agrees to reimburse COUNTY for all amounts paid in excess of the year-end cost report amount. Reimbursement shall be remitted to COUNTY not later than December 31st for the preceding fiscal/contractual year. County will provide a list of all patients sent to CONTRACTOR by September 1st for the preceding fiscal/contractual year.

11. **CERTIFICATION OF PROGRAM INTEGRITY:**

- 11.1 CONTRACTOR shall comply with all State and Federal statutory and regulatory requirements for certification of claims including Title 42, Code of Federal Regulations (CFR) Part 438.
- 11.2 CONTRACTOR shall ensure that each Medi-Cal beneficiary for whom the CONTRACTOR is submitting a claim for reimbursement will assure the following:
- 11.2.1 An assessment of the Medi-Cal beneficiary was conducted in compliance with the requirements established in the Mental Health Plan (MHP) contract between Modoc County and DHCS, a copy of which will be provided to CONTRACTOR by COUNTY under separate cover.
- 11.2.2 The Medi-Cal beneficiary was eligible to receive Medi-Cal services at the time the services were provided to the beneficiary.
- 11.2.3 The services included in the claim were actually provided to the beneficiary.
- 11.2.4 Medical necessity was established for the beneficiary as defined in statute for the service or services provided, for the timeframe in which the services were provided.
- 11.2.5 A client plan was developed and maintained for the beneficiary that met all client plan requirements established in the MHP contract between Modoc County and DHCS.
- 11.2.6 For each beneficiary with day rehabilitation, day treatment intensive, or EPSDT supplemental specialty mental health services included in the claim, all requirements for MHP payment authorization in the MHP contract for day rehabilitation, day treatment intensive, and EPSDT supplemental specialty mental health services were met, and any reviews for such service or services were conducted prior to the initial authorization and any re-authorization periods as established in the MHP contract between Modoc County and DHCS.
- NOTE: Authority: Sections 5775, 14043.75 and 14680 W & I Code.
- 11.3 CONTRACTOR certifies that it shall comply with all State and Federal requirements regarding false claims and whistleblower protection, including but not limited to California Government Code Sections 8547 et seq. and 12653, and shall not prevent an employee from disclosing information, or retaliate against an employee in any manner because of acts

by or on behalf of the employee in disclosing information in furtherance of a false claims action.

11.4 In addition, CONTRACTOR certifies that the following processes are in place:

11.4.1 Written policies, procedures and standards of conduct that articulate the organization's commitment to comply with all applicable Federal and State standards.

11.4.2 The designation of a compliance officer and a compliance committee that are accountable to senior management.

11.4.3 Effective training and education for the compliance officer and the organization's employees.

11.4.4 Enforcement of standards through well-publicized disciplinary guidelines.

11.4.5 Provisions for internal monitoring and auditing.

11.4.6 Provision for prompt response to detected offenses, and for development of corrective action initiatives relating to the provision of mental health services.

11.4.7 CONTRACTOR shall conduct monthly comparisons of all CONTRACTOR employees billing Medi-Cal to the following federal databases for positive name matches: Office of the Inspector General's (OIG) List of Excluded Individual/Entities (LEIE) (www.oig.hhs.gov) and General Services Administration (GSA) Excluded Parties List System (EPLS) (www.epls.gov) or System for Award Management (SAM) Excluded Parties List System (EPLS) (www.sam.gov/portal/public/SAM). These monthly checks shall be compiled into a quarterly report and sent to the County Contract Administrator. Individuals listed in these databases as ineligible to participate in Medicaid or Medicare may not provide services to the County.

12. **CONTRACT TERM:** This Agreement shall remain in full force and effect from **July 1, 2019** through **June 30, 2021**. Contract provisions that contain report deadlines or record obligations which occur after contract termination survive as enforceable continuing obligations.

13. **CONTINGENCY OF FUNDING:**

13.1 This Agreement is valid and enforceable only if the County of Modoc, State and/or the United States government make sufficient funds available to the COUNTY for the purposes of this program. In addition, this Agreement is subject to any additional restrictions, limitations or conditions enacted by the Congress or the State that may affect the provisions, terms, or funding of this Agreement in any manner.

13.2 It is mutually agreed that if the Congress, State, or County of Modoc does not appropriate the same level of funding that was anticipated by COUNTY at the time this Agreement was initiated, or if funding amounts are modified at any time during the term of this Agreement, this Agreement may, at the discretion of COUNTY, be amended to reflect such changes in funding allocations.

13.3 COUNTY has the option to void the Agreement under the termination clause to reflect any reduction of funds.

13.4 Adjustments in funding shall be made through a written contract amendment, and shall include any changes required to the Scope of Services in response to modifications in funding. The amount of such adjustment shall not exceed any augmentation or reduction in funding to COUNTY by the County of Modoc, State and/or the United States government. Amendments issued in response to adjustments in funding shall be considered fully executed when approved by the CONTRACTOR and by the Director of Health and Human Services, with concurrence from the County Executive Office. CONTRACTOR understands that amendments to this Agreement may not reflect the entire amount of any augmentation or reduction in funding provided to COUNTY for the subject services.

14. BUSINESS INTERRUPTION:

- 14.1 In the event the operations of CONTRACTOR or substantial portion thereof are interrupted by war, fire, insurrection, bankruptcy, riots, the elements, earthquakes, acts of God, or, without limiting the foregoing, any other cause beyond CONTRACTOR'S power, CONTRACTOR agrees to develop a plan with COUNTY which in good faith shall assure the safety and welfare of all COUNTY Beneficiaries until such time as usual services can be renewed or until all Beneficiaries can be released or transferred to appropriate settings.
- 14.2 Nothing contained herein shall be construed to limit or reduce COUNTY'S obligation to pay CONTRACTOR for services rendered to a Beneficiary prior to or subsequent to an event described herein.

15. DESIGNATION OF CONTRACTOR TO INVOLUNTARILY DETAIN MENTALLY DISORDERED MINORS FOR TREATMENT AND EVALUATION:

- 15.1 Sections 5150 et seq. of the W & I Code provide that the COUNTY may designate facilities to provide for involuntary treatment and evaluation of people who are mentally disordered.
- 15.2 COUNTY shall be responsible to designate CONTRACTOR and COUNTY staff authorized to complete application for the involuntary detention of mentally disordered people pursuant to W & I Code 5150 et seq.
- 15.3 Per the terms of this Agreement and commencing on the date that this Agreement is in effect, the CONTRACTOR shall be designated as a facility to involuntarily detain mentally disordered people for treatment and evaluation.
- 15.4 This designation shall be rescinded at the discretion of the COUNTY Mental Health Director.
- 15.5 This designation shall continue in effect during the life of this Agreement, subject to the following conditions:
- 15.5.1 CONTRACTOR shall meet such requirements as the California Director of Mental Health shall establish by regulation, as well as other legal requirements, and shall maintain all applicable current licenses.
- 15.5.2 CONTRACTOR must meet those requirements and standards set forth in Division 5, W & I Code, and Title 9, California Code of Regulations.

16. NO INDUCEMENT TO REFER: Nothing contained in this Agreement shall require COUNTY to refer any patients to CONTRACTOR. The parties enter into this Agreement with the intent of conducting their relationship in full compliance with applicable state, local and federal law, including the Medicare/Medicaid Anti-fraud and Abuse Amendments. Notwithstanding any unanticipated effect of any of the provisions herein, neither party will intentionally conduct itself under the terms of this Agreement in a manner to constitute a violation of these provisions.

17. TERMINATION:

- 17.1 Either of the parties hereto shall have the right and privilege of canceling and terminating this Agreement on sixty (60) calendar days' written notice to the other.
- 17.2 Either party may terminate this Agreement in the event of a material breach of this Agreement of the other party, by providing written notice of termination to such other party at least thirty (30) calendar days prior to the effective date of termination, such notice to include a description of the facts underlying the claim that the other party is in breach of this Agreement. Remedy of such breach in a manner satisfactory to the party giving notice within twenty (20) calendar days of the receipt of such notice shall revive the Agreement in effect for the remaining term, subject to any other rights of termination contained in this Agreement.
- 17.3 If any of CONTRACTOR'S licenses are revoked, this Agreement shall be terminated automatically, without notice, effective as of the date such license is revoked.

- 17.4 Termination of this Agreement shall not affect any rights or obligations of the parties hereunder which shall have occurred previously, or shall arise thereafter with respect to any occurrence prior to the termination, and such rights and obligations shall continue to be governed by this Agreement.
- 17.5 In the event that this Agreement is terminated or CONTRACTOR gives notice of termination of participation in this Agreement, COUNTY may transfer hospitalized individuals being treated under the terms of this Agreement by CONTRACTOR to another provider. If COUNTY is not able to transfer all affected individuals to another provider by the termination date, CONTRACTOR shall, upon request of COUNTY, continue to provide services in accordance with the terms of this Agreement to such individuals who have not been transferred until the transfer to another provider can be accomplished. CONTRACTOR shall assist and cooperate with COUNTY during the transfer and shall provide all necessary information to ensure continuity of care.
18. **STANDARD OF PERFORMANCE:** CONTRACTOR shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which CONTRACTOR is engaged in the geographical area in which CONTRACTOR practices its profession. All products of whatsoever nature which CONTRACTOR delivers to COUNTY pursuant to this Agreement shall be prepared in a substantial first class and workmanlike manner and conform to the standards or quality normally observed by a person practicing in CONTRACTOR'S profession.
19. **LICENSES, PERMITS, ETC.:** CONTRACTOR represents and warrants to COUNTY that it has all licenses, permits, qualifications, and approvals of whatsoever nature which are legally required for CONTRACTOR to provide services under this Agreement. CONTRACTOR represents and warrants to COUNTY that CONTRACTOR shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for CONTRACTOR to provide services under this Agreement at the time the services are performed.
20. **RECORDS:** CONTRACTOR shall maintain such books and records necessary to disclose how CONTRACTOR discharged its obligations under this Agreement. These books and records shall disclose the quantity of covered services provided under this Agreement, the quality of those services, the manner and amount of payment made for those services, the beneficiaries eligible to receive covered services, the manner in which CONTRACTOR administered its daily business, and the cost thereof.

Such books and records shall include, but are not limited to, all physical records originated or prepared pursuant to the performance under this Agreement including working papers; reports submitted to the COUNTY or State (as required); financial records; all medical and treatment records, medical charts and prescription files; and other documentation pertaining to services rendered to beneficiaries. These books and records shall be maintained for a minimum of four years after the final payment is made and all pending matters closed, or, in the event the CONTRACTOR has been duly notified that the COUNTY, State of California, Dept. of Health and Human Services, or the Comptroller General of the United States, or their duly authorized representatives, have commenced an audit or investigation of the contract, until such time as the matter under audit or investigation has been resolved, whichever is later.

This provision is intended to provide the minimum obligations with respect to records. If provisions contained elsewhere in this Agreement, or at law, provide greater obligations with respect to records or information, those obligations control. For purposes of this provision "records" is defined to mean any and all writings, as further defined in California Evidence Code section 250, whether maintained in paper or electronic form, prepared by or received by CONTRACTOR, in relation to this Agreement.

CONTRACTOR shall maintain, at all times, complete detailed records with regard to work performed under this Agreement in a form acceptable to COUNTY. CONTRACTOR agrees to

provide documentation or reports, compile data, or make its internal practices and records available to COUNTY or personnel of authorized state or federal agencies, for purpose of determining compliance with this Agreement or other applicable legal obligations. County shall have the right to inspect or obtain copies of such records during usual business hours upon reasonable notice.

Upon completion or termination of this Agreement and as requested by COUNTY, CONTRACTOR shall deliver originals or copies of all records to COUNTY. COUNTY shall have full ownership and control of all such records. All records shall be maintained by CONTRACTOR for a minimum of four (4) years after completion or termination of the Agreement. If for some reason CONTRACTOR is unable to continue its maintenance obligations, CONTRACTOR shall give notice to COUNTY in sufficient time for COUNTY to take steps to ensure proper continued maintenance of records.

CONTRACTOR shall be subject to the examination and audit of the State Auditor General for a period of three years after final payment under contract (Government Code, Section 8546.7). Should COUNTY or any outside governmental entity require or request a post-contract audit, record review, report, or similar activity that would require CONTRACTOR to expend staff time and/or resources to comply, CONTRACTOR shall be responsible for all such reasonable costs incurred as a result of this activity.

21. **REPORTING:** CONTRACTOR agrees to provide COUNTY with reports that may be required by County, State or Federal agencies for compliance with this Agreement including and not limited to:

21.1 COUNTY may request quarterly progress reports from CONTRACTOR and a final annual report reflecting progress made in implementing the services and achieving the outcomes set forth in Exhibit A, and to assure CONTRACTOR'S compliance with contract terms. Said annual report shall be submitted by August 31 for the preceding fiscal year.

21.2 CONTRACTOR will make annual client outcome information available to COUNTY within 60 days of fiscal year end. Outcome data will be based upon the full array of services provided and how those services advanced the functional improvement of the client. Functional improvement will be measured by the disposition of the client at discharge.

22. **CRIMINAL/BACKGROUND CHECK:** CONTRACTOR accepts responsibility for determining and approving the character and fitness of their employees (including volunteers, agents or representatives), including completion of a satisfactory criminal/background check and periodic rechecks. CONTRACTOR further agrees to hold COUNTY harmless from any liability for injuries or damages (as outlined in the hold harmless clause contained herein) resulting from a breach of this provision or CONTRACTOR'S actions in this regard.

23. **CHILD ABUSE:** CONTRACTOR warrants that it is knowledgeable of the Child Abuse and Neglect Reporting Act (California Penal Code Section 11164 et seq.) requiring reporting of suspected abuse. CONTRACTOR shall require that all of its employees, consultants, and agents performing services under this Agreement who are mandated reporters under the Act sign statements indicating that they know of and will comply with the Act's reporting requirements, and make them available for COUNTY'S inspection.

24. **INDEPENDENT CONTRACTOR:** In the performance of this Agreement, CONTRACTOR, its agents and employees are, at all times, acting and performing as an independent contractor, and this Agreement creates no relationship of employer and employee as between COUNTY and CONTRACTOR. CONTRACTOR agrees neither it or its agents and employees have any rights, entitlement or claim against COUNTY for any type of employment benefits or workers' compensation or other programs afforded to COUNTY employees.

CONTRACTOR shall be responsible for all applicable state and federal income, payroll and taxes and agrees to provide any workers' compensation coverage as required by California State laws.

25. **HOLD HARMLESS AND INDEMNIFICATION AGREEMENT:** CONTRACTOR shall indemnify and hold harmless COUNTY against and from any and all liability, loss, expense, (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees,

or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of CONTRACTOR, its officers, employees or agents.

COUNTY shall indemnify and hold harmless CONTRACTOR against and from any and all liability, loss, expense, (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of COUNTY, its officers, employees or agents.

This provision is not intended to create any cause of action in favor of any third party against CONTRACTOR or the COUNTY or to enlarge in any way the CONTRACTOR'S liability but is intended solely to provide for indemnification of COUNTY from liability for damages or injuries to third persons or property arising from CONTRACTOR'S performance pursuant to this contract or agreement.

As used above, the term COUNTY means Modoc County or its officers, agents, employees, and volunteers.

26. **INSURANCE:** CONTRACTOR shall file with the COUNTY concurrently herewith a Certificate of Insurance evidencing all coverages and limits listed below, in companies acceptable to COUNTY, with a Best's Rating of no less than A-:VII, or evidence of a program of Self-Insurance, evidencing all coverages and limits listed below:

26.1 **WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE:**

Workers' Compensation Insurance shall be provided as required by any applicable law or regulation. Employer's liability insurance shall be provided in amounts not less than one million dollars (\$1,000,000) each accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit for bodily injury by disease, and one million dollars (\$1,000,000) each employee for bodily injury by disease.

If there is an exposure of injury to CONTRACTOR'S employees under the U.S. Longshoremen's and Harbor Worker's Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

CONTRACTOR shall require all subcontractors to maintain adequate Workers' Compensation insurance. Certificates of Workers' Compensation shall be filed forthwith with the County upon demand.

- 26.2 **Comprehensive General Liability or Commercial General Liability** insurance covering all operations by or on behalf of the CONTRACTOR, providing insurance for bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for:

- Premises and operations;
- Products and completed operations;
- Contractual liability insuring the obligations assumed by the CONTRACTOR in this Agreement;
- Broad form property damage (including completed operations);
- Explosion, collapse, and underground hazards; and
- Personal injury liability.

Except with respect to bodily injury and property damage included within the products and completed operations hazards, the aggregate limits, where applicable, shall apply separately to work under the Contract.

26.2.1 One of the following forms is required:

- Comprehensive General Liability;
- Commercial General Liability (Occurrence); or

- Commercial General Liability (Claims Made).

26.2.2 If CONTRACTOR carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of:

- Two million dollars (\$2,000,000) each occurrence
- Three million dollars (\$3,000,000) aggregate

26.2.3 If CONTRACTOR carries a Commercial General Liability (Occurrence) policy:

26.2.3.1 The limits of liability shall not be less than:

- Two million dollars (\$2,000,000) each occurrence (combined single limit for bodily injury and property damage)
- Two million dollars (\$2,000,000) for Products-Completed Operations
- Three million dollars (\$3,000,000) General Aggregate

26.2.3.2 If the policy does not have an endorsement providing that the General Aggregate Limit applies separately, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be three million dollars (\$3,000,000).

26.2.4 Special Claims Made Policy Form Provisions:

CONTRACTOR shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of COUNTY, which consent, if given, shall be subject to the following conditions:

26.2.4.1 The limits of liability shall not be less than:

- Two million dollars (\$2,000,000) each occurrence (combined single limit for bodily injury and property damage)
- Two million dollars (\$2,000,000) aggregate for Products Completed Operations
- Three million dollars (\$3,000,000) General Aggregate

26.2.4.2 The insurance coverage provided by the CONTRACTOR shall contain language providing coverage up to one (1) year following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims-made policy.

26.2.5 Conformity of Coverages: If more than one policy is used to meet the required coverages, such as a separate umbrella policy, such policies shall be consistent with all other applicable policies used to meet these minimum requirements. For example, all policies shall be Occurrence Liability policies or all shall be Claims Made Liability policies, if approved by COUNTY as noted above. In no cases shall the types of policies be different

26.3 ENDORSEMENTS: Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language:

26.3.1 "The County of Modoc, its officers, agents, employees, and volunteers are to be covered as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement."

26.3.2 "The insurance provided by the Contractor, including any excess liability or umbrella form coverage, is primary coverage to the County of Modoc with respect to any insurance or self-insurance programs maintained by the County of Modoc and no insurance held or owned by the County of Modoc shall be called upon to contribute to a loss."

26.3.3 "This policy shall not be changed without first giving thirty (30) days' prior written notice and ten (10) days' prior written notice of cancellation for non-payment of premium to the County of Modoc."

26.4 AUTOMOBILE LIABILITY INSURANCE: Automobile Liability insurance covering bodily injury and property damage in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence. Covered vehicles shall include owned, non-owned, and hired automobiles/trucks.

26.5 Medical Malpractice Liability Insurance for all activities of the CONTRACTOR and his/her employees arising out of or in connection with this Agreement in an amount of no less than three million dollars (\$3,000,000) in the aggregate annually.

If CONTRACTOR subcontracts for professional services in support of CONTRACTOR'S work provided for in this Agreement, Professional Liability Insurance shall be provided by the subcontractor in an amount not less than \$1,000,000 in aggregate.

The insurance coverage provided shall contain language providing coverage up to one (1) year following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims-made policy.

26.6 ADDITIONAL REQUIREMENTS:

26.6.1 Premium Payments - The insurance companies shall have no recourse against the COUNTY and funding agencies, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by a mutual insurance company.

26.6.2 CONTRACTOR'S Obligations - CONTRACTOR'S indemnity and other indemnity and insurance related obligations shall not be limited by the foregoing insurance requirements and shall survive the expiration of this Agreement.

26.6.3 Verification of Coverage - CONTRACTOR shall furnish COUNTY with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by COUNTY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONTRACTOR'S obligation to provide them. COUNTY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

26.6.4 Material Breach - Failure of the CONTRACTOR to maintain the insurance required by this agreement, or to comply with any of the requirements of this section, shall constitute a material breach of the entire Agreement.

27. CONFLICT OF INTEREST: CONTRACTOR attests that it has no current business or financial relationship with any COUNTY employees or other COUNTY providers that would conflict with this Agreement and will not enter into any such business or financial relationships with any such employees or providers during or following the period of this Agreement.

28. CONFIDENTIALITY:

28.1 CONTRACTOR agrees to maintain a record of each Beneficiary served, to be maintained in the strictest confidence as per State law and in accordance with W & I Code Sections 5328 through 5331, and Code of Federal Regulations, Title 45, Section 205.50. CONTRACTOR agrees to hold COUNTY harmless from any breach of confidentiality, as set forth in the hold harmless provisions contained herein.

28.2 Designated COUNTY staff shall function in the role of administrative liaison to CONTRACTOR with access to Beneficiary and Beneficiaries records in order to coordinate provision of care between COUNTY and CONTRACTOR. The names of such designated COUNTY staff shall be provided to the Chief Administrative Officer of CONTRACTOR.

28.3 Patients' Rights shall comply with W & I Code Section 5325 et seq.; and California Code of Regulations, Title 9, Article 6.

29. **HIPAA COMPLIANCE:** CONTRACTOR agrees, to the extent required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), including but not limited to Title 42, United States Code, Section 1320d et seq. and its implementing regulations (including but not limited to Title 45, Code of Federal Regulations (CFR), Parts 142, 160, 162, and 164) to comply with applicable requirements of law and subsequent amendments relating to protected health information, as well as any task or activity CONTRACTOR performs on behalf of COUNTY, to the extent COUNTY would be required to comply with such requirements.

More specifically, CONTRACTOR will not use or disclose confidential information other than as permitted or required by this Agreement and will notify COUNTY of any discovered instances of breaches of confidentiality.

Without limiting the rights and remedies of COUNTY elsewhere as set forth in this Agreement, COUNTY may terminate this Agreement without penalty or recourse if determined that CONTRACTOR violated a material term of the provisions of this section.

CONTRACTOR ensures that any subcontractors' agents receiving health information related to this Agreement agree to the same restrictions and conditions that apply to CONTRACTOR with respect to such information.

30. **PROBLEM RESOLUTION PROCESS - Grievance and Complaint Procedures:** CONTRACTOR shall maintain an acceptable beneficiary problem resolution process that meets requirements of Title 9, Section 1795, California Code of Regulations for service related issues for all Medi-Cal specialty mental health services.

31. **SPECIAL INCIDENT REPORTING:** CONTRACTOR shall provide written notification to COUNTY of any critical incidents and outcomes that may have occurred at their facility, County-owned facility, or to the staff or patients under CONTRACTOR'S jurisdiction. CONTRACTOR shall prepare a report utilizing the California Department of Social Services "Unusual Incident/Injury Report" form in accordance with the California Department of Social Services Community Care Licensing Division.

32. **CONTRACT ADMINISTRATOR:**

- 32.1 Such services shall be performed by CONTRACTOR under general direction of the Assistant Director of the Children's System of Care, hereinafter called ADMINISTRATOR.
- 32.2 ADMINISTRATOR will specify the kind, quality, and amount of CONTRACTOR services, and criteria for determining the people to be served.
- 32.3 ADMINISTRATOR will provide consultation and technical assistance in monitoring the terms of this Agreement
- 32.4 ADMINISTRATOR is responsible for monitoring the performance of the CONTRACTOR in meeting the terms of this Agreement, for notifying CONTRACTOR of performance deficiencies, and for pursuing corrective action to assure compliance with contract requirements.
- 32.5 ADMINISTRATOR may be revised from time to time, at the discretion of the COUNTY. Any change in ADMINISTRATOR will be provided to CONTRACTOR by written notice. At contract commencement, the ADMINISTRATOR will be:

Stacy Sphar, RN, PHN, BSN, Interim Director
Modoc County Behavioral Health
441 N Main St.
Alturas, CA 96101
(530) 233-6312

33. **NOTICES:** All notices required or authorized by this Agreement shall be in writing and shall be

deemed to have been served if delivered personally or deposited in the United States Mail, postage prepaid and properly addressed as follows. Changes in contact person or address information shall be made by notice, in writing, to the other party.

If to COUNTY: Modoc County Behavioral Health
Marina Ruiz, Admin Assistant
441 N Main St.
Alturas, CA 96101
(530) 233-6312

If to CONTRACTOR: St. Helena Hospital Adventist Health Managed Care
1509 Wilson Terrace
PMT Building Ste. 215
Glendale, CA 91206

34. **NONDISCRIMINATION:** During the performance of this Agreement, CONTRACTOR shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, including the provisions of the Americans with Disabilities Act of 1990, and Fair Employment and Housing Act, and will not unlawfully discriminate against employees, applicants or clients because of race, sex, sexual orientation, color, ancestry, religion or religious creed, national origin or ethnic group identification, mental disability, physical disability, medical condition (including cancer, HIV and AIDS), age (over 40), marital status, or use of Family and Medical Care Leave and/or Pregnancy Disability Leave in regard to any position for which the employee or applicant is qualified.
35. **ASSIGNMENT:** Neither CONTRACTOR nor COUNTY shall assign, sublet, delegate or transfer any of its rights, duties or obligations arising hereunder without written agreement of the other party.
36. **ENTIRETY OF AGREEMENT:** This Agreement contains the entire agreement of COUNTY and CONTRACTOR with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer, or agent of any party which is not contained in this Agreement shall be binding or valid.
37. **Governing Law:** This Agreement shall be governed by the internal laws of the State of California without regard to any conflicts of law provisions, principles or rules that would invoke the laws of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement effective on the date first stated above.

ST. HELENA HOSPITAL ("CONTRACTOR")*

Tax ID# 94-1279779

NPI: 1720078082

NPI Adventist Health Vallejo: 1851381890

Signature

STEVEN HERBER, M.D.

Print Name

☐ Chair of the Board, ☒ President, or
☐ Vice President

Date: December 16, 2020

Signature

TODD HOFHEINS

Print Name

☐ Secretary, ☐ Asst. Secretary,
☒ Chief Financial Officer, or ☐ Asst. Treasurer

Date: 12/16/2020

MODOC COUNTY BEHAVIORAL HEALTH
("COUNTY")

ATTACHMENTS:

Exhibit A – Scope of Work

Exhibit B – Special Terms and Conditions

Chair, Board of Supervisors

Date: _____

ATTEST:

Modoc County Clerk
Board of Supervisors

Date: _____

Approved as to Form:

Margaret Long, Modoc County Counsel

Date: _____

Stacy Sphar, DNP, Director
Modoc County Behavioral Health Services

Date: _____

SCOPE OF WORK

PRINCIPLES

The CONTRACTOR and the COUNTY agree to the following principles of psychiatric care:

- Psychiatric inpatient care and services shall be provided to all people in Modoc County who, due to a mental disorder cannot resolve his/her problems in a less restrictive, available community setting and, who require the level of protection and security available in an acute, 24-hour setting.
- Psychiatric inpatient care and services shall not be denied to any Beneficiary based on age, sex, race, color, religion, ancestry, national origin, physical or mental handicap or proof of ability to pay for basic services, provided the person meets specific criteria for voluntary or involuntary admission as determined by both CONTRACTOR and COUNTY and there is a bed available in the facility.
- Beneficiaries admitted to the psychiatric inpatient unit shall receive the type, amount and intensity of treatment, education and care needed from qualified staff in order to maximize treatment outcomes, to reduce the possibility of relapse and to minimize over-reliance on this mode of treatment.
- Psychiatric inpatient services to COUNTY Beneficiaries shall be coordinated by CONTRACTOR and COUNTY staff to ensure appropriate admission, treatment, discharge, after-care planning, and linkages occur based on each individual Beneficiary's need and the availability of resources.
- The inpatient services provided pursuant to this Agreement are part of a 24-hour system of care for COUNTY Beneficiaries; therefore it is imperative that CONTRACTOR and COUNTY designate staff to collaborate in providing services such as the exchange of Beneficiaries clinical information and development of protocols for resolving potential disputes, disagreements and/or misunderstandings with regard to these services.

1. GENERAL AND ADMINISTRATIVE RESPONSIBILITIES:

- 1.1 CONTRACTOR shall be designated by COUNTY as a facility for the 72-hour detention and treatment for the mentally ill in accordance with the W & I Code 5150 and following and Section 820 of Title 9 of the California Code of Regulations so long as CONTRACTOR agrees to and is capable of providing a psychiatric inpatient program for beneficiaries requiring that level of care in accordance with the terms of this Agreement.
- 1.2 CONTRACTOR shall maintain the inpatient facility in such a manner that it remains clean, in good repair, and free from any fire or health hazards for all Beneficiaries and staff.
- 1.3 CONTRACTOR shall maintain an emergency food plan in case of natural disaster or other calamity.
- 1.4 CONTRACTOR shall maintain a current written agreement for medical services with a general acute care hospital. CONTRACTOR shall be responsible for transportation of Beneficiaries to acute medical facilities due to medical emergencies.
- 1.5 If CONTRACTOR does not employ qualified personnel to provide a specific service, CONTRACTOR shall develop and maintain contracts with qualified outside resources.
- 1.6 CONTRACTOR shall maintain records and reports including but not limited to Beneficiary health records, contracts and/or agreements with outside resources, reports of inspections, minutes of committee meetings, policies and procedures, Beneficiary admission rosters and Beneficiary statistical and financial records. COUNTY shall have access to records and reports as deemed necessary to provide quality Beneficiary care and to monitor this Agreement for compliance.
- 1.7 CONTRACTOR shall obtain COUNTY Director of Modoc County Behavioral Health Services approval in writing prior to implementing any research projects involving COUNTY Beneficiary identification.
- 1.8 CONTRACTOR shall obtain legal guardian or Beneficiary consent in writing prior to photographing COUNTY patients for any reason including that of Beneficiary identification.

- 1.9 CONTRACTOR shall obtain COUNTY Director of Modoc County Behavioral Health Services approval prior to releasing any information to the media concerning COUNTY Beneficiaries, staff, or program services for any reason including that of advertising.
 - 1.10 CONTRACTOR shall have available equipment, supplies and personnel adequate in quality and quantity as necessary to provide patient services related to the nature and scope of the services offered.
 - 1.11 CONTRACTOR shall not discriminate against COUNTY Beneficiaries in any phase of the admission, discharge planning, or treatment process. COUNTY Beneficiaries shall not be segregated from other patients except as directly related to specific medical, clinical, or therapeutic interventions (e.g., seclusion and restraint).
 - 1.12 CONTRACTOR shall develop and maintain procedures for reviewing adverse incidents and unusual occurrences. CONTRACTOR shall have responsibility for investigating the above and making written recommendations with regard to each incident in accordance with licensing requirements. COUNTY Medical Director may serve on CONTRACTOR Adverse Incidents/Unusual Occurrence Committee. COUNTY Director of Modoc County Behavioral Health Services may request written reports regarding specific Adverse Incident/Unusual Occurrences. COUNTY shall be notified immediately of any unusual occurrence involving any Beneficiary, staff member or visitor.
 - 1.13 CONTRACTOR shall be responsible for reporting suspected child abuse, elder abuse and dependent adult abuse in accordance with current laws and regulations.
 - 1.14 CONTRACTOR shall submit to COUNTY a copy of their Quality Assurance Plan to include Utilization Review, Medication Monitoring, and Peer Review procedures. COUNTY Quality Assurance Coordinator will review and monitor these aspects of the program with regard to COUNTY Beneficiaries and report to the COUNTY Director of Modoc County Behavioral Health Services or his/her designee on at least a quarterly basis.
 - 1.15 CONTRACTOR shall assure that clinical and treatment staff has sufficient training to carry out their individual responsibilities. COUNTY shall collaborate with CONTRACTOR in assuring that clinical and treatment staff have knowledge of the requirements, rights, and procedures specifically pertaining to involuntary Beneficiaries including but not limited to the pertinent W & I Code Sections, the criteria and proper documentation for involuntary hospitalization treatment and procedures, the role and responsibilities of the Patients' Rights Advocate, and techniques for the management of assaultive behaviors.
- 2. CONTRACTOR'S RESPONSIBILITIES - (LEGAL/PATIENTS' RIGHTS)**
- 2.1 CONTRACTOR shall be responsible for developing and maintaining policies and procedures specifically related to the admission, treatment and discharge of involuntary Beneficiaries. CONTRACTOR is also responsible for adequate training of all clinical and treatment staff involved in these areas.
 - 2.2 CONTRACTOR shall require a complete written application for the 72-hour detention of people pursuant to W & I Code Section 5150.
 - 2.3 CONTRACTOR shall be responsible for the Advisement of Patients' Rights upon admission and at the time of each additional voluntary and involuntary hold. CONTRACTOR shall inform Beneficiaries of their right to either a Certification Review Hearing or a Writ of Habeas Corpus at the time they are placed on a 14-Day Certification.

- 2.4 CONTRACTOR shall be responsible for completing and filing in the Superior Court the following legal documents for COUNTY as well as CONTRACTOR Beneficiaries who require involuntary treatment:
- 14-Day Certifications
 - Certifications for Additional 14-Day Treatment
 - 180-Day Post Certifications for Imminent Dangerousness
 - Writs of Habeas Corpus
 - Capacity to Accept Treatment Hearing
- 2.5 CONTRACTOR shall not file for LPS or Probate Conservatorship for COUNTY Beneficiaries without consultation and concurrence by COUNTY, Modoc County Counsel, and the Modoc County Public Guardian's office.
- 2.6 CONTRACTOR psychiatrists/psychologists shall have sole responsibility for testifying in all court (LPS) hearings regarding COUNTY Beneficiaries where psychiatric or psychological testimony is required.
- 2.7 CONTRACTOR shall be responsible for providing transportation to court for all Beneficiaries other than COUNTY conservatees and temporary conservatees and for supervising such Beneficiaries during the court process while they are under the care of the CONTRACTOR.
- 2.8 CONTRACTOR shall be responsible for scheduling and conducting all Certification Review and Capacity Hearings.
- 2.9 CONTRACTOR shall be responsible for notifying law enforcement upon the release of any Beneficiary admitted on a 5150 if law enforcement has requested such notification.
- Likewise, if requested by law enforcement, CONTRACTOR shall notify law enforcement of the release of any Beneficiary pursuant to W & I Code Section 8102.
- 2.10 CONTRACTOR shall be responsible for notifying in writing the Department of Justice pursuant to W & I Code Section 8103 if applicable to any Beneficiary.
- 2.11 CONTRACTOR shall be responsible for notification of law enforcement and/or all people pursuant to W & I Code Section 5328(s) (Tarasoff).
- 2.12 CONTRACTOR shall post in each unit the Rights of Patients in English and Spanish.
- CONTRACTOR shall assure that the Rights of Patients be read to each Beneficiary in their predominant language.
- CONTRACTOR shall provide to all Beneficiaries a "Handbook of Rights for Mental Health Patients" in either English or Spanish.
- 2.13 CONTRACTOR shall, pursuant to the W & I Code Section 5326 and Title 9 of the California Code of Regulations Sections 865 through 865.5, develop protocols and procedures for the denial of patient rights.
- Such denials shall be documented appropriately in the Beneficiary record. In addition, CONTRACTOR shall submit to Host and jurisdictional County's Patients' Rights Advocate a "Denial of Rights Seclusion and Restraint Quarterly Report."
- 2.14 CONTRACTOR shall submit to the Host and jurisdictional County's Patients' Rights Advocate the "Convulsive Treatments Administered - Quarterly Report" (ECT).
- 2.15 CONTRACTOR shall follow explicitly the W & I Code, Sections 5326.2 through 5327 regarding Electro Convulsive Therapy (ECT).
- 2.16 CONTRACTOR shall submit to Host and jurisdictional County's Patients' Rights Advocate the "Quarterly Report on Involuntary Detentions."
- 2.17 CONTRACTOR shall assure Beneficiary confidentiality pursuant to W & I Code Sections

5328 through 5330. CONTRACTOR shall obtain a valid Release of Information form signed by the patient in order to release information as delineated in the above Code sections. It is understood and agreed upon that CONTRACTOR and COUNTY have equal access to the mental health records of Beneficiaries for whom they are jointly providing care and services through this Agreement, provided that, however, COUNTY shall not make any entries into medical records of any patient.

- 2.18 CONTRACTOR shall establish protocols and procedures regarding the notification of the Patients' Rights Advocate in all circumstances relating to patient's rights including but not limited to Beneficiary or Beneficiaries families' requests for advocacy services, violations or conflicts with regard to patients' rights and in matters involving Certification Review Hearings, Capacity Hearings, and Minors' Independent Clinical Reviews. CONTRACTOR shall assure that the Patients' Rights Advocate has access to Beneficiaries upon request and their Beneficiary mental health records.

3. COUNTY RESPONSIBILITIES - (LEGAL & PATIENTS' RIGHTS)

- 3.1 COUNTY shall have primary responsibility for filing for initial and renewal conservatorships for COUNTY Beneficiaries.
- 3.2 COUNTY Medical Director or designee shall have sole responsibility for testifying in all court (LPS) hearings involving COUNTY Beneficiaries.
- 3.3 COUNTY shall assure that a Patients' Rights Advocate is available to CONTRACTOR for purposes of developing and revising protocols and procedures, consulting with and/or training CONTRACTOR staff with regards to Patients' Rights issues.

4. MEDICAL/CLINICAL TREATMENT RESPONSIBILITIES

- 4.1 COUNTY Medical Director, designee or authorized private psychiatrist shall provide admission authorization and admission orders for all beneficiaries referred by COUNTY.
- 4.2 CONTRACTOR shall provide on-site treatment services to COUNTY beneficiaries, including:
- 4.2.1 Initial Psychiatric Evaluation within 24 hours of admission
 - 4.2.2 Initial beneficiary history within 24 hours of admission
 - 4.2.3 Admission Orders
 - 4.2.4 Admission diagnosis
 - 4.2.5 Daily therapeutic contacts with each beneficiary Monday through Friday except holidays (to include appropriate documentation)
 - 4.2.6 Medication evaluations, appropriate orders and documentation
 - 4.2.7 Orders and rationale for any kind of therapy including special diets, lab work, medical tests
 - 4.2.8 Review of Informed Consent for each medication for each beneficiary
 - 4.2.9 Preparation for legal proceedings and court testimony (for COUNTY beneficiaries only)
 - 4.2.10 Completion of legal documentation
 - 4.2.11 Participation in Multi-disciplinary Treatment Meetings and Clinical Review, Adverse Incidents/Unusual Occurrence Committee and Contract Review Committee as needed in the service of COUNTY beneficiaries
 - 4.2.12 Dictation of Admission and Discharge Summaries
 - 4.2.13 Development of Individual Treatment Plans

- 4.3 COUNTY shall provide, through COUNTY crisis services, emergency evaluations for inpatient admission 24 hours per day, seven days per week.
- 4.4 Evenings (after 6 p.m.), weekend and holiday referrals for admission from COUNTY shall be authorized by COUNTY.
- 4.5 COUNTY shall be responsible for transporting COUNTY beneficiaries to CONTRACTOR for inpatient services.
- 4.6 COUNTY shall be responsible for transporting COUNTY beneficiaries from inpatient services to placement facilities at time of discharge. Transportation may be provided by COUNTY staff, by Conservator, by family or friends or by ambulance depending on individual patient need and availability of resources.
- 4.7 COUNTY Beneficiaries admitted to CONTRACTOR inpatient services shall receive customary care and services as well as Covered Services including but not limited to:
 - 4.7.1 A full range of diagnostic and acute psychiatric services.
 - 4.7.2 Clinical intervention based on diagnostic evaluation and individualized Treatment Plan.
 - 4.7.3 For the psychiatric inpatient unit, a history and physical examination within 24 hours of admission.
 - 4.7.4 A nursing assessment.
 - 4.7.5 Special diets and medical interventions, as needed.
 - 4.7.6 An individualized Treatment Plan developed implemented and monitored by a multi-disciplinary/interagency team. This team shall be composed of at least the COUNTY Medical Director or his/her designee, either a social worker or psychologist, and a registered nurse. This team shall also include other mental health professionals as assigned by the COUNTY (e.g., case managers) who will have after-care responsibilities for the Beneficiary.
 - 4.7.7 Psychological testing, as ordered. This testing must be pre-approved by COUNTY and shall be reimbursed separately.
 - 4.7.8 Individual therapy.
 - 4.7.9 Group therapy.
 - 4.7.10 Family therapy (as indicated).
 - 4.7.11 A family education and support group.
 - 4.7.12 A highly-structured treatment milieu with a psycho-social-behavioral orientation.
 - 4.7.13 Recreational, social, educational, and rehabilitation opportunities as necessary and appropriate.
 - 4.7.14 Developing in collaboration with COUNTY, discharge planning and aftercare linkages for all COUNTY Beneficiaries.
 - COUNTY shall be responsible for coordinating placement of all COUNTY Beneficiaries.
 - CONTRACTOR shall be responsible for preparing discharge packets with appropriate documentation to facilitate placement.
 - CONTRACTOR shall be responsible for providing Beneficiaries or their representatives with appropriate discharge information.
- 4.8 CONTRACTOR shall maintain protocols and procedures for assessing and intervening in all high risk behaviors including but not limited to suicide precautions, assault precautions,

and elopements. CONTRACTOR shall notify COUNTY of all adverse incidents and unusual occurrences.

- 4.9 CONTRACTOR shall assure staff are trained in and will properly implement Seclusion and Restraint procedures including documentation.
- 4.10 CONTRACTOR shall maintain visitation policies which assure Beneficiaries their rights without breaching their confidentiality.
- 4.11 COUNTY shall assist, where practicable, CONTRACTOR in applying for Medi-Cal, Medicare or SSI for any Beneficiary who may qualify for such benefits.

5. CONTRACT IMPLEMENTATION AND MONITORING RESPONSIBILITIES

COUNTY shall delegate to the Client Services Program Manager/Assistant Director the responsibilities of contract implementation and monitoring.

The COUNTY designee shall:

- 5.1 Develop in conjunction with CONTRACTOR protocols, procedures, forms, etc., needed to implement this Agreement.
- 5.2 Provide training for COUNTY and CONTRACTOR staff as warranted by this Agreement.
- 5.3 Review admissions, legal documents, discharges, and individualized Treatment Plans to assure compliance with State regulations, good clinical practice and legal requirements.

Special Terms and Conditions

1. **FEDERAL EQUAL OPPORTUNITY REQUIREMENTS:** Applicable to all federally funded agreements.
 - a. CONTRACTOR shall not unlawfully discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. CONTRACTOR shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, including apprenticeship. CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or DHCS, setting forth the provisions of the Equal Opportunity clause, Section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212). Such notices shall state the CONTRACTOR'S obligation under the law to take affirmative action to employ and advance in employment qualified applicants without discrimination based on their race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees.
 - b. CONTRACTOR shall, in all solicitations or advancements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era.
 - c. CONTRACTOR shall comply with all provisions of and furnish all information and reports required by Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212) and of the Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and of the rules, regulations, and relevant orders of the Secretary of Labor.
 - d. CONTRACTOR shall furnish all information and reports required by Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and the Rehabilitation Act of 1973, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the State and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
 - e. In the event of CONTRACTOR'S noncompliance with the requirements of the provisions herein or with any federal rules, regulations, or orders which are referenced herein, this Agreement may be cancelled, terminated, or suspended in whole or in part and CONTRACTOR may be declared ineligible for further federal and state contracts in

accordance with procedures authorized in Federal Executive Order No. 11246 as amended and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- f. CONTRACTOR shall include the provisions of Paragraphs a through f in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or Section 503 of the Rehabilitation Act of 1973 or (38 U.S.C. 4212) of the Vietnam Era Veteran's Readjustment Assistance Act, so that such provisions will be binding upon each subcontractor or vendor. CONTRACTOR shall take such action with respect to any subcontract or purchase order as COUNTY may direct as a means of enforcing such provisions including sanctions for noncompliance provided, however, that in the event CONTRACTOR becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by COUNTY, CONTRACTOR may request in writing to COUNTY, who, in turn, may request DHCS to enter into such litigation to protect the interests of the State and of the United States.
2. **SUBCONTRACT REQUIREMENTS:** CONTRACTOR agrees to maintain and preserve, until three years after termination of this Agreement and final payment from DHCS to the COUNTY, to permit DHCS or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records.
3. **AUDIT AND RECORD RETENTION:** Applicable to agreements in excess of \$10,000. (Exhibit D(F) Section 7 a-f)
- a. CONTRACTOR shall maintain books, records, documents, and other evidence, accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purpose of this provision.
 - b. CONTRACTOR'S facility or office or such part thereof as may be engaged in the performance of this Agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.

- c. CONTRACTOR agrees that COUNTY, DHCS, the Department of General Services, the Bureau of State Audits, or their designated representatives including the Comptroller General of the United States shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this hours and to allow interviews of any employees who might reasonably have information related to such records. Further, CONTRACTOR agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (GC 8546.7, CCR Title 2, Section 1896).
- d. CONTRACTOR shall preserve and make available his/her records (1) for a period of four years from the date of final payment under this Agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this Agreement, or by subparagraphs (1) or (2) below.
 - (1) If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.
 - (2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
- e. CONTRACTOR shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.
- f. CONTRACTOR may, at its discretion, following receipt of final payment under this Agreement, reduce its accounts, books and records related to this Agreement to microfilm, computer disk, CD ROM, DVD, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, CONTRACTOR must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.

4. CONFIDENTIALITY OF INFORMATION:

- a. CONTRACTOR shall protect from unauthorized disclosure names and other identifying information concerning people either receiving services pursuant to this Agreement or people whose names or identifying information become available or are disclosed to CONTRACTOR, as a result of services performed under this Agreement, except for statistical information not identifying any such person.
- b. CONTRACTOR shall not use such identifying information for any purpose other than carrying out CONTRACTOR'S obligations under this Agreement.
- c. CONTRACTOR shall promptly transmit to the COUNTY all requests for disclosure of such identifying information not emanating from the client or person.
- d. CONTRACTOR shall not disclose, except as otherwise specifically permitted by this Agreement or authorized by the client, any such identifying information to anyone other than COUNTY without prior written authorization from COUNTY, except if disclosure is required by State or Federal law.
- e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

- f. As deemed applicable by COUNTY, this provision may be supplemented by additional terms and conditions covering personal health information (PHI) or personal, sensitive, and/or confidential information (PSCI). Said terms and conditions will be outlined in one or more exhibits that will either be attached to this Agreement or incorporated into this Agreement by reference.
5. **DEBARMENT AND SUSPENSION CERTIFICATION:** Applicable to all agreements funded in part or whole with federal funds.
- a. By signing this Agreement, CONTRACTOR agrees to comply with applicable federal suspension and debarment regulations including, but not limited to 7 CFR Part 3017, 45 CFR 76, 40 CFR 32 or 34 CFR 85.
- b. By signing this Agreement, CONTRACTOR certifies to the best of its knowledge and belief, that it and its principals:
- (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
 - (2) Have not within a three-year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph b(2) herein; and
 - (4) Have not within a three-year period preceding this application/proposal/agreement had one or more public transactions (Federal, State or local) terminated for cause or default.
 - (5) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR part 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State.
 - (6) Will include a clause entitled, "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- c. If CONTRACTOR is unable to certify to any of the statements in this certification, CONTRACTOR shall submit an explanation to COUNTY.
- d. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.
- e. If CONTRACTOR knowingly violates this certification, in addition to other remedies available to the Federal Government, COUNTY may terminate this Agreement for cause or default.

AGREEMENT

BETWEEN

THE COUNTY OF TUOLUMNE

AND

**ST. HELENA & DBA ADVENTIST HEALTH VALLEJO
FOR
ACUTE PSYCHIATRIC INPATIENT HOSPITAL SERVICES**

July 1, 2019 – June 30, 2021

KBD

TABLE OF CONTENTS

ARTICLE 1 FORMATION

- 1.1 Identification of Parties
- 1.2 Specification of County's Authority and Instrumentalities
- 1.3 Declaration that Beneficiaries under the Medi-Cal Program and County Designated Beneficiaries are not Third Party Beneficiaries under this Contract
- 1.4 Declaration of Present Contractual Intent

ARTICLE 2 DEFINITIONS

- 2.1 Acute Administrative Day
- 2.2 Beneficiary
- 2.3 Delegate
- 2.4 Department
- 2.5 Fiscal Intermediary
- 2.6 Psychiatric Inpatient Hospital Services
- 2.7 Meaning of Words

ARTICLE 3 PERFORMANCE PROVISIONS

- 3.1 General Agreement
- 3.2 Licensure and Certification as Conditions Precedent to County's Payment Obligation
- 3.3 Utilization Controls: Compliance by Provider as Condition Precedent to Maturing County's Payment Obligation
- 3.4 Appointment of Liaisons and Agency Status of Provider's Liaison
- 3.5 Service Location
- 3.6 Access to Care and Quality of Care
- 3.7 Assumption of Risk by Provider
- 3.8 Patient Rights, Grievances and Appeals & Advance Directives
- 3.9 Provider Satisfaction Survey
- 3.10 Provider Handbook

ARTICLE 4 PAYMENT PROVISIONS

- 4.1 Rate Structure; Contingent Liability of County/State
- 4.2 Emergency Medical Treatment and Active Labor Act (EMTALA)
- 4.3 Rate Inclusive of All Psychiatric Inpatient Hospital Services; Rate Does Not Include Physician and Transportation Services
- 4.4 Billing Procedures as Express Conditions Precedent to County's Payment Obligation
- 4.5 Recovery of Overpayments to Provider, Liability for Interest
- 4.6 Customary Charges Limitation
- 4.7 Funding Availability

KBD

Table of Contents
(continued)

ARTICLE 5 RECORDS AND AUDIT PROVISIONS

- 5.1 Onsite Reviews
- 5.2 Records Retention; Audit or Review; Availability;
Period of Retention
- 5.3 Liability of Delegates of Examination of Accounts,
Audit and Records

ARTICLE 6 GENERAL PROVISIONS

- 6.1 Integration Clause
- 6.2 Performance Obligations; Effective Date and Term of Contract
- 6.3 Headings
- 6.4 Governing Authorities
- 6.5 Conformance with Federal Regulations
- 6.6 Application for Termination in the Face of a Declaration or Finding of Partial Invalidity
- 6.7 Restriction on Assignments
- 6.8 Contracting Officer - Delegation of Authority
- 6.9 Notice
- 6.10 Status as Independent Contractors
- 6.11 Informal Amendments Ineffective; Toleration of Deviation from Terms of Contract Not to be
Construed as Waiver
- 6.12 Beneficiary Eligibility
- 6.13 Hold Harmless
- 6.14 Limitation of County/State Liability
- 6.15 Termination - Generally
- 6.16 Termination for Default
- 6.17 Insurance Requirements
- 6.18 Confidentiality of Information
- 6.19 Additional Provisions
- 6.20 Renegotiation Language
- 6.21 Disputes

APPENDIX A: FEDERAL REQUIREMENTS

APPENDIX B: COVERED ENTITY ADDENDUM

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ARTICLE 1 FORMATION

1.1 Identification of Parties

This Contract is between the County of Tuolumne, a political subdivision of the State of California doing business as the Behavioral Health Department ("County"), and St. Helena Hospital doing business as Adventist Health Vallejo, a California corporation ("Provider"), for and in consideration of the recitals and the mutual promises, covenants, and agreements as are hereinafter set forth.

1.2 Specification of County's Authority and Instrumentalities

The Provider hereby recognizes that this Contract is formed under the authority of Sections 14712, et seq. of the Welfare and Institutions Code and the regulations adopted pursuant thereto, which authorize the County to contract for provision of freestanding psychiatric inpatient hospital services to beneficiaries eligible for such services under the Medi-Cal program and County designated Short-Doyle clients freestanding, adults, youth (13-17) ("County Clients") in accordance with the rates, terms and conditions negotiated by the County.

1.3 Declaration that Beneficiaries under the Medi-Cal Program and County designated Short-Doyle clients Are Not Third Party Beneficiaries under this Contract

Notwithstanding mutual recognition that services under this agreement will be rendered by the Provider to beneficiaries under the Medi-Cal program & County approved and designated Short-Doyle clients, as more fully defined in Paragraph 2.2, it is not the intention of either the County or Provider that such individuals occupy the position of intended third party beneficiaries of the obligations assumed by either party to this Contract.

1.4 Declaration of Present Contractual Intent

The County and the Provider, in consideration of the covenants, conditions, stipulations, terms and warranties hereinafter expressed, presently contract as follows.

ARTICLE 2 DEFINITIONS

2.1 Acute Administrative Day

"Acute Administrative Day" means those days authorized by a designated point of authorization or utilization review committee in an acute inpatient facility when, due to the lack of a Medi-Cal eligible nursing facility, the beneficiary's stay at an acute inpatient facility must be continued beyond the beneficiary's need for acute care. The acute facility is responsible for contacting appropriate facilities within a 60-mile radius at least once each five working days with the assistance of the Tuolumne County Conservator's Office until a beneficiary is placed or no longer requires that level or care. These contacts must be documented by a brief description of status and the signature of the person making the contacts. The physician reviewer or the utilization review committee must monitor the beneficiary's chart on a weekly basis to determine if the beneficiary's status has changed.

2.2 Beneficiary

"Beneficiary" means any person certified as eligible for services under the Medi-Cal Program according to Section 51001, Title 22, California Code of Regulations and those County residents the County approves as appropriate and designates as Short-Doyle clients.

2.3 Delegate

"Delegate" means any natural or corporate person to whom the Provider attempts, by contract or otherwise, to transfer the primary liability to perform any covenant assumed in this Contract.

2.4 Department

"Department" means the State Department of Health Care Services.

2.5 Fiscal Intermediary

"Fiscal Intermediary" means that person or entity that has contracted, as specified in Section 14104.3 of the Welfare and Institutions Code, with the Department to perform fiscal intermediary services related to this Contract.

2.6 Acute Psychiatric Inpatient Hospital Services

"Acute Psychiatric Inpatient Hospital Services" means services provided either in an acute care hospital or a free standing psychiatric inpatient hospital, for the care and treatment of an acute episode of mental illness meeting the medical necessity criteria covered by the Medi-Cal program.

2.7 Meaning of Words

The words and terms used in this contract are intended to have their usual meanings unless a particular or more limited meaning is associated with their usage in Sections 14712, et seq. and 14680, et seq. of the Welfare and Institutions Code, or the Medi-Cal Psychiatric Inpatient Hospital Services Consolidation Regulations pertaining to the rendition of mental health care or unless specifically defined in this Article or otherwise in this Contract. May is used to indicate a permissive or discretionary term of function. Shall is used to introduce a covenant of either the County or the Provider, and is mandatory.

ARTICLE 3
PERFORMANCE PROVISIONS

3.1 General Agreement

- (a) Provider agrees to render psychiatric inpatient hospital services (Paragraph 2.6) to eligible beneficiaries (Paragraph 2.2) in need of such services and assumes full responsibility for provision of all psychiatric inpatient hospital services in accordance with regulations adopted pursuant to Sections 14712, et seq. and 14680, et seq. of the Welfare and Institutions Code, through delegates, or as otherwise provided in this Contract. For these psychiatric inpatient hospital services, Provider agrees to accept payment from the County and the State Department of Health Services as payment in full as provided in Article 4 of this Contract. The County agrees to pay the Provider for such services rendered in accordance with the terms and under the express conditions of this Contract.
- (b) Provider shall, at its own expense, provide and maintain facilities and professional, allied and supportive paramedical personnel to provide all necessary and appropriate psychiatric inpatient hospital services.
- (c) Provider shall, at its own expense, provide and maintain the organizational and administrative capabilities to carry out its duties and responsibilities under this Contract and all applicable statutes and regulations pertaining to Medi-Cal providers.
- (d) For the purpose of (a) of this Paragraph "any eligible beneficiary" means any individual who meets the criteria established in Paragraph 2.2 of this Contract without reference to residence, domicile or any other geographic factor.
- (e) For the purpose of (a) of this Paragraph "all psychiatric inpatient hospital services" means those services defined in Paragraph 2.6 of this Contract.

3.2 Licensure and Certification as Conditions Precedent to County's Payment Obligation

- (a) Provider hereby represents and warrants that it is currently, and for the duration of this Contract shall remain, licensed as an acute psychiatric inpatient hospital in accordance with Sections 1250 et seq. of the Health and Safety Code and the licensing regulations contained in Title 22 and Title 17 of the California Code of Regulations.
- (b) Provider hereby represents and warrants that it is currently, and for the duration of this Contract shall remain, certified under Title XVIII of the Federal Social Security Act.
- (c) Provider agrees that compliance with its obligations to remain licensed as an acute psychiatric inpatient hospital as provided in (a) of this Paragraph, and certified under the Federal Social Security Act as provided in (b) of this Paragraph shall be express conditions precedent to maturing the County's payment obligations under Paragraph 3.1(a) and Article 4 of this Contract.

3.3 Utilization Controls: Compliance by Provider as Condition Precedent to Maturing County's Payment Obligation

- (a) As express conditions precedent to maturing the County's payment obligation under the terms of this Contract the Provider shall adhere to the County's, Policies, Procedures, and Quality Management Program Plan including utilization controls, DHCS (Department of Healthcare Services) Letters Notices, 42 CFR Part 438, CCR, title 9, chapter 11, section 1810.310 (a), as well as Sections 15714(g) and 14718 of the Welfare and Institutions Code and regulations adopted pursuant thereto. This includes the responsibility to provide Medi-Cal informing materials to any Medi-Cal beneficiary and additional materials to beneficiaries under 21 years of age and such beneficiary's representatives regarding the availability of Therapeutic Behavioral Services and Early Periodic Screening, diagnosis and treatment services.
- (b) County will conduct retrospective MHP payment authorization of the Covered Services provided to County Clients pursuant to this Agreement. County may, based on California public mental health industry standards and California Code of Regulations ("CCR"), Title 9, § 1820.205, issue denials resulting from lack of medical necessity.
- (c) County will perform concurrent reviews and may deny payment if the client no longer meets medical necessity for inpatient, acute psychiatric care at any time. Contractor to notify County of any admission that County did not place in order to be in compliance with concurrent reviewing standards.
- (d) Each party shall cooperate in good faith with the other party in managing patient discharge plans, and in referring County Clients for appropriate aftercare services. Medi-Cal beneficiaries are entitled to an assessment of appropriate aftercare services by the County. If County Clients meet medical necessity criteria for specialty mental health services as stipulated in CCR, Title 9, §1830.205, County will refer them to the appropriate aftercare services. To the extent resources are available, public mental health services can be provided to uninsured individuals who meet target populations as defined in law (i.e., California Welfare and Institutions Code ("W&I Code") §5600.3.). County's obligation to ensure that uninsured individuals have access to aftercare shall be in accordance with any applicable federal, state and/or local laws.
- (e) Each party shall cooperate in good faith and assist the other party in attempting to qualify appropriate County Clients for applicable medical assistance programs. Provider shall provide access for County staff to County Clients for the purpose of assisting with and applying for medical assistance programs.
- (f) Provider shall hold County responsible for chronic homeless individuals/ beneficiary who may still be registered under Tuolumne County Medi-Cal incorrectly or clearly intend to reside in a county other than Tuolumne and presents to the Provider for treatment. Provider must consider the County in which the beneficiary presents as the individuals County of residence, and MHP for the beneficiary, per CCR Title 9 section 1850.405, Arbitration section D.

3.4 Appointment of Liaisons and Agency Status of Provider's Liaison

- (a) Provider shall designate in writing a person to act as liaison to the Department. Such person shall coordinate all communications between the parties. The written designation of such person shall constitute the conferral of full agency powers to bind the Provider as principal in all dealings with the County/Department(s).

- (b) The County shall designate a liaison in conformity with the procedures and with such authority as specified in Paragraph 6.8 of this Contract. Communications to the County shall be submitted to its liaison at the following address: Refer to Section 6.9 of this agreement.

3.5 Service Location

Psychiatric inpatient hospital services rendered pursuant to this Contract shall be rendered at the following facilities:

Adventist Health Vallejo
525 Oregon Street, Vallejo, CA 94590

3.6 Access to Care and Quality of Care

- (a) For purposes of this Agreement, County Clients shall not include Medicare beneficiaries who qualify for Medi-Cal assistance (*i.e.*, "Medi-Medi clients"). Tuolumne County shall reimburse Adventist Health St. Helena & Adventist Health Vallejo when Medicare bed days are exhausted. After the admission of a client who does not have Medi-Cal insurance, Provider will not be denied payment for services provided during a three (3) day 5150 hold, Provider must make efforts to transfer the client to a hospital that accepts Medi-Cal insurance. Concurrent review for medical necessity will be conducted to determine if the patient continues to meet medical necessity on a daily basis.
- (b) All admissions of County Medi-Cal Clients under this Agreement, must meet Medi-Cal criteria for medical necessity as defined in CCR, Title 9, Division 1, §§ 1774 and 1820.205, and as certified by a County designated staff. Further, all admissions for Non Medi-Cal County clients such as uninsured clients must meet Medi-Cal criteria for medical necessity.
- (c) As express conditions precedent to maturing the County payment obligation under the terms of this Contract whether performed directly or through the instrumentality of a delegate as permitted under this Contract, the Provider shall:
- (1) Assure that any and all eligible beneficiaries receive care as required by regulations adopted pursuant to Sections 14712 et seq. and 14680 et seq. of the Welfare and Institutions Code.
 - (2) Take such action as required by Provider's Medical Staff Bylaws against medical staff members who violate those bylaws, as the same may be from time to time amended.
 - (3) Provide psychiatric inpatient hospital services in the same manner to beneficiaries as it provides to all clients to whom it renders psychiatric inpatient hospital services.
 - (4) Not discriminate against Medi-Cal or County Short-Doyle designated beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, provision of special or separate meals.

3.7 Assumption of Risk by Provider

Whether rendered directly or through the instrumentality of a delegate as permitted under this Contract, the Provider shall bear total risk for the cost of all psychiatric inpatient hospital services rendered to each beneficiary covered by this Contract. As used in this Paragraph "risk" means that the Provider covenants to accept as payment in full for any and all psychiatric inpatient hospital services (Paragraph 2.6) payments made by the County pursuant to Article 4 of this Contract, except for that which falls under stop loss in section 4.8. Such acceptance shall be made irrespective of whether the cost of such services and related administrative expenses shall have exceeded the payment obligation of the County matured under the conditions set forth in this Contract.

3.8 Patient Rights, Grievance and Appeals & Advance Directives

The Provider, or any delegate performing the covenants of the Provider pursuant to the terms of this Contract, shall adopt and post in a conspicuous place a written policy on patient's rights in accordance with Section 70707 of Title 22 of the California Code of Regulations and Section 5325.1 of the Welfare and Institutions Code. Complaints by beneficiaries with regard to substandard conditions may be investigated by Napa and Solano Counties and Tuolumne County's Patients' Rights Advocate, County, State Department of Mental Health or by the Joint Commission on Accreditation of Healthcare Organization, or such other agency, as required by law or regulation.

The Provider shall make all beneficiaries aware of the avenues of grievance and appeal available through the County in accordance with Title 9 California Code of Regulations, Sections 1850.205 and 1850.305. The Provider may direct beneficiaries who are receiving services from the Provider to the County to file grievances and appeals. The Provider shall post the grievance and appeal language in a publicly visible area. Specific procedures for fulfilling these requirements are outlined in the County's Provider Handbook. The County shall not preclude the Provider from establishing its own grievance and appeals processes for beneficiaries receiving services from the Provider.

The Provider shall provide beneficiaries with written information pertaining to Advance Directives as provided for in Title 42 of the Code of Federal Regulations and California Probate Code, Sections 4600-4678, 4695-4698 and 4735-4736.

3.9 Provider Satisfaction Survey

The Provider agrees to complete and return to the County the Provider Satisfaction Survey as required in Title 9, Chapter 11, Sections 1810.310 and 1810.315, when such is provided by the County.

3.10 Provider Handbook

The Provider agrees to adhere to all procedures and regulations as described in the County's Provider Handbook.

ARTICLE 4
PAYMENT PROVISIONS

4.1 Rate Structure: Contingent Liability of County/State

- (a) Provided that there shall first have been a submission of claims in accordance with Paragraph 4.3 of this Contract, the Provider shall be paid at the following all-inclusive rate per patient day for acute psychiatric inpatient hospital services, based on the following accommodation codes: (complete any of the following that apply and indicate the accommodation codes that are not applicable to this contract):

Adventist Health Vallejo

FY 2019-2020 Rates	FY 2020- 2021 Rates
<i>Inpatient Bed (Adult/Child)-</i> REDACTED	<i>Inpatient Bed (Adult/Child)-</i> REDACTED
<i>Pro fee -</i> REDACTED	<i>Pro fee -</i> REDACTED
<i>Admin rate *-</i> REDACTED	<i>Admin rate *-</i> REDACTED
<i>Short Doyle -</i> REDACTED	<i>Short Doyle -</i> REDACTED

* The Administrative Day rate is subject to change, as specified and directed by the State of California. Any changes to the Administrative Day Rate shall be incorporated by reference herein.

- (b) Physician services will be billed separately and reimbursed by the County
- i. Physicians will have 180 days from date of service to submit claims for reimbursement. Claims outside of this period are subject to denial for timeliness of submission.

4.2 EMERGENCY MEDICAL TREATMENT AND ACTIVE LABOR ACT (EMTALA)

In the event of a medical emergency, either psychiatric or non-psychiatric, Provider shall stabilize and treat or transfer clients in accordance with Emergency Medical Treatment and Active Labor Act, 42 U.S.C. § 1395dd ("EMTALA"). County agrees that all screenings and stabilizing services provided by a Provider in a medical emergency are services covered by County under this agreement.

4.3 Rate Inclusive of All Psychiatric Inpatient Hospital Services; Rate Does Not Include Physician, Transportation

- (a) The rate structure under Paragraph 4.1 of this Contract is intended by both the County and the Provider to be inclusive of all services defined in Paragraph 2.6 of this Contract as Psychiatric

Inpatient Hospital Services. The per diem rate is considered to be payment in full, subject to third party liability and patient share of costs, for psychiatric inpatient hospital services to a beneficiary. The rate structure utilized to negotiate the contract is inclusive of all services defined as psychiatric services in Title 9, Chapter 11 of the California Code of Regulations and the per diem rate structure does not include non-hospital based physician or psychological services. (CCR Title 9, Chapter 11, Section 1810.430 (d) (4) & (5).)

- (b) The rate structure for Medi-Cal under Paragraph 4.1(a) and (b) of this Contract shall not include physician services rendered to beneficiaries covered under this Contract, or transportation services required in providing Psychiatric Inpatient Hospital Services. When physician services or transportation services are Medi-Cal eligible services, they shall be billed separately from the per diem rate for Psychiatric Inpatient Hospital Services. A physician fee is due for every day of service provided by the physician, even if the care is for an administrative day.
- (c) Under no circumstances shall Provider receive compensation exceeding a total aggregate amount of One Hundred and Fifty Thousand Dollars (\$150,000.00) per fiscal year.

4.4 Billing Procedures as Express Conditions Precedent to the County's Payment Obligation

- (a) As an express condition precedent to maturing the County's payment obligation under Paragraph 4.1 of this Contract, the Provider shall determine that psychiatric inpatient hospital services rendered either directly or through the instrumentality of an authorized delegate are not covered, in whole or in part, under any other state or federal medical care program or under any other contractual or legal entitlement, including, but not limited to, a private group indemnification or insurance program or workers' compensation. To the extent that such coverage is available, the County's payment obligation pursuant to paragraph 4.1 shall be reduced.
- (b) As a further express condition precedent to maturing the Department's payment obligation under Paragraph 4.1 of this Contract, the Provider shall submit claims to the fiscal intermediary for all services rendered either directly or through the instrumentality of an authorized delegate under the terms of this Contract, in accordance with the applicable billing requirements contained in Section 14718 of the Welfare and Institutions Code and the regulations adopted pursuant thereto. County agrees to process all claims submitted for payment and will provide payment, a written denial or a written statement that the claim is pending additional information within the required time frame.
- (c) A day of service shall be billed for each beneficiary who meets admission and/or continued stay criteria, documentation requirements, treatment and discharge planning requirements and occupies a psychiatric inpatient hospital bed at 12:00 midnight in the facilities of either the Provider or an authorized delegate. "Admission" begins on the date and at the time the patient has been accepted by a physician for inpatient care as set forth in the physician's order of admission whether or not the patient is occupying an inpatient hospital bed. However, a day of service may be billed if the beneficiary is admitted and discharged during the same day provided that such admission and discharge is not within 24 hours of a prior discharge.
- (d) The Provider may access the County's Problem Resolution Process in an effort to resolve any payment authorization or other issue, by following the procedure outlined in the County's Provider Handbook. When the issue concerns a payment authorization issue, the Provider may initiate the Department's Provider Appeal Process at any time before, during or after the Provider Problem Resolution Process has begun. Procedures are in accordance with CCR, Title 9, Chapter 11, Sections 1850.305 (a), (b).

4.5 Recovery of Overpayments to Provider, Liability for Interest

- (a) When an audit or review performed by the County, the Department, the Department of Health Care Services, the State Controller's Office, or any other authorized agency discloses that the Provider has been overpaid under this Contract, or where the total payments exceed the total liability under this Contract, the Provider covenants that any such overpayment or excess payments over liability may be recouped by the County/ Department. If County/Department refund is not returned to the County within sixty (60) days, the County has the right to offset a future claim.
- (b) When recoupment or recovery is sought under (a) of this Paragraph the Provider may appeal according to applicable procedural requirements of the regulations adopted pursuant to Sections 14712, et seq. and 14680, et seq. of the Welfare and Institutions Code, with the following exceptions:
 - (1) The recovery or recoupment shall commence sixty (60) days after issuance of account status or demand resulting from an audit or review and shall not be deferred by the filing of a request for an appeal according to the applicable regulations.
 - (2) The Provider's liability to the County for any amount recovered under this Paragraph shall be as provided in Section 14718 of the Welfare and Institutions Code and regulations adopted pursuant thereto.
- (c) Provider must report to County immediately when an overpayment has been received. The overpayment shall be returned to County within sixty (60) calendar days after the date on which the overpayment was identified, and notify County in writing of the reason for the overpayment. County may suspend payments to Provider for which County determines there is a credible allegation of fraud in accordance with 42 CFR §455.23.

4.6 Customary Charges Limitation

- (a) No provision in this Contract withstanding, the County's total liability to the Provider shall not exceed the Provider's total customary charges for like services during each hospital fiscal year or part thereof, in which this Contract is in effect. The County may recoup any excess of total payments above such total customary charges under Paragraph 4.5.
- (b) As used in (a) of this Paragraph "customary charges" is defined in conformity with 42 USC Section 1395(f) and the regulations promulgated pursuant thereto.

4.7 Funding Availability

- (a) It is mutually agreed that if the County budget of the current year and/or any subsequent years covered under this Contract does not appropriate sufficient funds for the program, the County will adhere to section 6.9 Notice, 6.16 Termination for Default and this Contract shall be of no further force and effect. In this event, the County shall have no liability to pay any funds whatsoever to Provider or to furnish any other considerations under this Contract and Provider shall not be obligated to perform any provisions of this Contract. Provider's assumption of risk of possible non-appropriation is part of the consideration for this Agreement. County budget decisions are subject to the discretion of the Board of Supervisors.

- (b) If funding for any fiscal year is reduced or deleted by the County budget for purposes of this program, the County shall have the option to either cancel this Contract with no liability occurring to the County or offer a Contract amendment to Provider to reflect the reduced amount.

4.8 Stop Loss Provision

- (a) Provider and County agree to meet and confer if, in the opinion of the Provider, the proposed patient admission will require utilization of Provider's resources, or those purchased by Provider specifically to provide services to the patient, to such an extent that daily expenditures by Provider will exceed the Inclusive per diem rate recited above (not to include ECT) by 220%. In this circumstance, Provider shall contact County immediately for the purpose of meeting and conferring regarding amendment of the Agreement to permit Provider to generate such expenditures and for County to compensate Provider for the increased costs. In such case, County may determine not to approve said expenditures and to remove patient, or may make separate arrangements for ancillary services, in which case no additional payment by County shall be required. If County approves or continues placement for the specific patient with Provider, County and Provider agree that County shall compensate Provider at the rate of 154% (70% of 220%) of the per diem inclusive rate approved in 4.1 (a) unless and until amendment of the Agreement providing for a higher rate is approved by the parties.

ARTICLE 5 RECORDS AND AUDIT PROVISIONS

5.1 Onsite Reviews

- (a) Agents of the County and the State Department of Mental Health shall conduct periodic audits or reviews, including onsite audits or reviews, of performance under this Contract. These audits or reviews may evaluate the following:
 - (1) Level and quality of care, and the necessity and appropriateness of the services provided.
 - (2) Internal procedures for assuring efficiency, economy and quality of care.
 - (3) Compliance with County Client Grievances Procedures
 - (4) Financial records when determined necessary to protect public funds.
- (b) The Provider shall make adequate office space available for the review team or auditors to meet and confer. Such space must be capable of being locked and secured to protect the work of the review team or auditors during the period of their investigation.
- (c) Onsite reviews and audits shall occur during normal working hours with at least 72-hour notice, except that unannounced onsite reviews and requests for information may be made in those exceptional situations where arrangement of an appointment beforehand is clearly not possible or clearly inappropriate to the nature of the intended visit.

5.2 Records Retention; Audit or Review: Availability; Period of Retention

The Provider covenants that:

- (a) It shall maintain books, records, documents, and other evidence, accounting procedures, and practices sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Contract.
- (b) The above information shall be maintained in accordance with Medicare principles of reimbursement and generally accepted accounting principles, and shall be consistent with the requirements of the Office of Statewide Health Planning and Development.
- (c) The Provider shall also maintain medical records required by Title 22 Sections 70747 - 70751 of the California Code of Regulations, and other records related to a beneficiary's eligibility for services, the service rendered, the beneficiary to whom the service was rendered, the date of the service, the medical necessity of the service and the quality of the care provided. Records shall be maintained in accordance with Section 51476 of Title 22 of the California Code of Regulations. The foregoing constitutes "records" for the purposes of this Paragraph.
- (d) The facility or office, or such part thereof as may be engaged in the performance of this Contract, and the information specified in this Paragraph shall be subject at all reasonable times upon reasonable notice to inspection, audits and reproduction by any duly authorized agents of the County, Department of Health Services, Department of Mental Health, the Federal Department of Health and Human Services and Comptroller General of the United States. The Federal Department of Health and Human Services and Comptroller General of the United States are intended third party beneficiaries of this covenant.
- (e) Preserve and make available its records relating to payments made under this Contract for a period of ten (10) years from the close of the Provider's fiscal year, or for such longer period, required by subparagraphs (1) and (2) below.
 - (1) If this Contract is terminated, the records relating to the work terminated shall be preserved and made available for a period of ten (10) years from the date of the last payment made under the Contract.
 - (2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the ten (10) year period, the related records shall be retained until completion and resolution of all issues arising therefrom or until the end of the ten (10) year period whichever is later.

5.3 Liability of Delegates for Examination of Accounts, Audit and Records

The County shall have such rights as are accorded to it as an intended third-party beneficiary of a covenant made in a contract of delegation.

ARTICLE 6 GENERAL PROVISIONS

6.1 Integration Clause

The County and Provider declare that this instrument, including Appendix A and B, contains a total integration of all rights and obligations of all parties. There are no extrinsic conditions or collateral agreements or undertakings of any kind. In regarding this instrument as the full and final expression of their Contract it is the express intention of both the County and the Provider that any and all prior or contemporaneous agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter and period of time governed by this instrument which are not expressly set forth herein are to have no force, effect, or legal consequence of any kind. Should the terms of any attachments conflict with the terms of this Agreement, the terms of this Agreement shall prevail.

6.2 Performance Obligations; Effective Date and Term of this Contract

Performance obligations assumed under this Contract shall commence on the 1st day of July 2019 and shall apply to all psychiatric inpatient hospital admissions on or after this date. This Contract shall continue until June 30, 2021 subject to the provisions of Paragraph 6.14 and the rights of termination reserved under Paragraphs 6.15, 6.16 and 6.17. However, with the exception of Paragraph 4.7, the terms of this Contract shall continue to apply to any beneficiary receiving psychiatric inpatient hospital services at the date of termination until the patient is discharged or transferred to another facility.

6.3 Headings

The headings of articles and paragraphs contained in this Contract are for reference purposes only and shall not affect in any way its meaning or interpretation.

6.4 Governing Authorities

This Contract shall be governed and construed in accordance with:

- (a) Part 2.5, Division 5 of the Welfare and Institutions Code and regulations adopted pursuant thereto, and all other applicable California state laws and regulations according to their content on the effective date stipulated in Paragraph 6.2; and
- (b) Titles 42 and 45 (Part 74) of the Code of Federal Regulations and all other applicable federal laws and regulations according to their content on and after the effective date stipulated in Paragraph 6.2, except those provisions or applications of those provisions waived by the Secretary of the Department of Health and Human Services.
- (c) Any provision of this Contract in conflict with the laws or regulations stipulated in (a) of this Paragraph is hereby amended to conform to the provisions of those laws and regulations. Such amendment of the Contract shall be effective on the effective date of the statute or regulation necessitating it and shall be binding on the parties even though such amendment may not have been reduced to writing and formally agreed upon and executed by the parties as provided in Paragraph 6.11.

6.5 Conformance with Federal Regulations and Compliance with Laws

The Provider stipulates that this Contract, in part, implements Title XIX of the Federal Social Security Act and, accordingly, covenants that it will conform to such requirements and regulations as the United States Department of Health and Human Services may issue from time to time, except for those provisions waived by the Secretary of Health and Human Services.

Provider shall observe and comply with all Federal, State and local laws, ordinances, and codes that are applicable to Provider's operations and delivery of services to County. Provider shall include in all subcontracts associated with the provision of services to County provisions that are the same in all material respects to the provisions of this Paragraph.

6.6 Application for Termination in the Face of a Declaration or Finding of Partial Invalidity

In the event any provision of this Contract is declared null and void by any court of law, either party may apply to that court for permission to immediately rescind the remainder of the Contract. In ruling upon this request the court shall consider the impact upon the affected Medi-Cal population as well as the relative degree of hardship which would be imposed upon either or both of the parties if the request is denied.

6.7 Restriction on Assignment

The County and Provider hereby declare their mutual recognition that the subject matter of this Contract is founded upon the County's confidence in the reputation, type and location of facilities, and other attributes of the Provider. Neither party may assign any of its rights nor delegate any of its duties under this contract without the express written approval of the other party.

6.8 Contracting Officer - Delegation of Authority

The County will administer this Contract through a single administrator, the Contracting Officer. Until such time as the County gives the Provider written notice of successor appointment, the person designated above shall make all determinations and take all actions necessary to administer this Contract, subject to the limitations of California laws and state administrative regulations. No person other than the Contracting Officer shall have the power to bind the County relative to the rights and duties of the Contractor and the County under this Contract, nor shall any other person be considered to have the delegated authority of the Contracting Officer or to be acting on his behalf unless the Contracting Officer has expressly stated in writing that person is acting as his authorized agent.

6.9 Notice

Any notice required to be given pursuant to the terms and provisions of the Contract shall be in writing and shall be sent by certified mail, return receipt requested. Notice to the County shall be sent to the following address:

Behavioral Health Director
Tuolumne County Behavioral Health

2 South Green St.
Sonora, CA 95370

Notice to the Provider shall be sent to the Vice President of Managed Care at the following address:

Adventist Health
Attn: Vice-President, Managed Care
1509 Wilson Terrace,
PMT Building, Ste. 215
Glendale, CA 91206

6.10 Status as Independent Contractors

It is understood that Provider, in the performance of the services agreed to be performed, shall act as and be an independent contractor and shall not act as an agent or employee of the County. Provider shall obtain no rights to retirement benefits or other benefits which accrue to County's employees, and Provider hereby expressly waives any claim it may have to any such rights. All employees, agents, contractors, subcontractors hired or retained by the Provider are performing in that capacity for and on behalf of the Provider and not the County. The County shall not be obligated in any way to pay any wage claims or other claims made against the Provider by any such employee, agent, contractor or subcontractor, or any other person resulting from the performance of this Agreement.

6.11 Informal Amendments Ineffective; Toleration of Deviation from Terms of Contract not to be Construed as Waiver

- (a) It is the express intention of both the County and Provider that the terms of this totally integrated writing shall comprise their entire Contract and are not subject to rescission, modification or waiver except as defined in a subsequent written instrument executed in the same manner and with the same authority. In furtherance of this agreement the County and Provider mutually covenant and request of any reviewing tribunal that any claim of rescission, modification, or waiver predicated upon any evidence other than a subsequent written instrument executed in the same manner and with the same authority as this writing be regarded as void.
- (b) The informal toleration by either party of defective performance of any independent covenant in this Contract shall not be construed as a waiver of either the right to performance or the express conditions, which have been created in this Contract.

6.12 Beneficiary Eligibility

This Contract is not intended to change the determination of Medi-Cal eligibility for beneficiaries in any way. However, in the event the California State Legislature or Congress of the United States enacts a statute, which redefines Medi-Cal eligibility so as to affect the provision of psychiatric inpatient hospital services under this Contract, this new definition shall apply to the terms of this Contract.

6.13 Hold Harmless

Provider shall indemnify, defend, save, protect and hold harmless County, its elected and appointed officials, officers, employees, agents and volunteers (collectively, "County") from any and all demands, losses, claims, costs, suits, liabilities and expenses for any damage, injury or death (collectively, "Liability") arising directly or indirectly from or connected with the services provided hereunder which is caused, or claimed or alleged to be caused, in whole or in part, by the negligence or willful misconduct of Provider, its officers, employees, agents, contractors, consultants, or any person under its direction or control and shall make good to and reimburse County for any expenditures, including reasonable attorney's fees, the County may make by reason of such matters and, if requested by County, shall defend any such suits at the sole cost and expense of Provider. Provider's obligations under this section shall exist regardless of concurrent negligence or willful misconduct on the part of the County or any other person; provided, however, that Provider shall not be required to indemnify County for the proportion of Liability a court determines is attributable to the negligence or willful misconduct of the County.

If such indemnification becomes necessary, the County Counsel for the County shall have the absolute right and discretion to approve or disapprove of any and all counsel employed to defend the County. This indemnification clause shall survive the termination or expiration of this Agreement.

6.14 Limitation of County/State Liability

No provision of this Contract withstanding, the liability of the County and State shall not exceed the amount of funds appropriated in the support of this Contract by the California Legislature.

6.15 Termination - Generally

This Agreement may only be terminated upon 60 days written notice to the other party, or as a consequence of default as provided in Section 6.16 below.

6.16 Termination for Default

- (a) Either party may terminate this Contract for default upon thirty (30) days written notice to the other party, except in cases where the County determines that the health and welfare of Medi-Cal beneficiaries is jeopardized by continuation of the Contract, in which case the Contract may be immediately terminated. Notification shall state the effective date of and grounds for termination.
- (b) The County may terminate this agreement upon thirty (30) days written notice to the Provider in the event that: (1) The Secretary of the Department of Health and Human Services determines that the Provider does not meet the requirements for participation in the Medicaid program, Title XIX of the Social Security Act; or (2) The County or State determines that the Provider is abusing or defrauding the Medi-Cal program or its beneficiaries. In the event that DHCS determines the Provider does not meet the requirements for participation in the Medicaid program or, the County or State determines the Provider is abusing or defrauding the Medi-Cal program or its beneficiaries, Provider will not be eligible for payment for those services provided which are determined to be ineligible as a result of those actions.
- (c) Conflict of Interest: Either party may terminate this Contract immediately if it is determined that a county officer or county employee responsible for development, negotiation, contract management, or supervision of this Contract has a financial interest in the Contract as that

term is defined in Section 87103 of the Government Code and the regulations adopted pursuant thereto.

- (d) For cause unrelated to health and safety and conflicts of interest, if Provider defaults in Provider's performance, County shall promptly notify Contractor in writing. If Provider fails to cure a default within 30 days after notification, or if the default requires more than 30 days to cure and Provider fails to commence to cure the default within 30 days after notification, then Provider's failure shall constitute cause for termination of this Provider.

6.17 Insurance Requirements

- A. The Provider shall provide at its own expense and or Maintain Programs of Self Insurance at all times the following insurance with insurance companies licensed in the State of California and shall provide evidence of such insurance to the County as may be required by the Risk Manager of the County. The Provider's insurance policy(ies) shall be placed with insurer(s) with acceptable Best's rating of A:VII or with approval of the Risk Manager. The Provider shall provide notice to the Risk Manager of the County by registered mail, return receipt requested, thirty (30) days prior to cancellation or material change for all of the following stated insurance policies:
- i. Workers' Compensation Coverage – Workers' Compensation Insurance and Employer's Liability Insurance for employees in accordance with the laws of the State of California (including requiring any authorized subcontractor to obtain such insurance for its employees).
 - ii. General Liability Coverage - Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
 - iii. Automobile Liability ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
 - iv. Hospital Professional Liability: Professional errors and omissions liability for protection against claims alleging negligent acts, errors or omissions which may arise from Provider's operations under this Agreement, whether such operations be by Provider or by its employees, subcontractors, or subconsultants. The amount of this insurance shall not be less than two million dollars (\$2,000,000) per claim with an aggregate limit of five million dollars (\$5,000,000). Provider agrees to maintain the required coverage for a period of three (3) years after the expiration of this Agreement and any extensions thereof.

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the Entity requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Entity.

- B. Policy Endorsements: Each general liability and automobile liability insurance policy shall be endorsed with the following specific provisions:
- i. The County, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insureds ("County additional insureds").
 - ii. This policy shall be considered, and include a provision it is, primary as respects the County additional insureds, and shall not include any special limitations to coverage provided to the County additional insureds. Any insurance maintained by the County, including any self-insured retention the County may have, shall be considered excess insurance only and shall not contribute with it.
 - iii. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 - iv. The insurer waives all rights of subrogation against the County additional insureds.
 - v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County additional insureds.
- C. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the Risk Manager. At the County's option, Provider shall demonstrate financial capability for payment of such deductibles or self-insured retentions.
- D. Unsatisfactory Policies: If at any time any of the policies or endorsements be unsatisfactory as to form or substance, or if an issuing company shall be unsatisfactory, to the Risk Manager, a new policy or endorsement shall be promptly obtained, and evidence submitted to the Risk Manager for approval.
- E. Failure to Comply: Upon failure to comply with any of these insurance requirements, this Agreement may be forthwith declared suspended or terminated. Failure to obtain and/or maintain any required insurance shall not relieve any liability under this Agreement, nor shall the insurance requirements be construed to conflict with or otherwise limit the indemnification obligations.

6.18 Confidentiality of Information

- (a) No provision of this Contract withstanding, names of persons receiving public social services are confidential and are to be protected from unauthorized disclosure in accordance with Title 45, Code of Federal Regulations Section 205.50; Sections 5328, 10850 and 14100.2 of the Welfare and Institutions Code; and, regulations adopted pursuant thereto. For the purpose of this Contract, all information, records, and data elements pertaining to beneficiaries shall be protected by the Provider from unauthorized disclosure.
- (b) With respect to any identifiable information concerning beneficiaries under this Contract that is obtained by the Provider or its delegates, the Provider:
 - (1) Shall not use any such information for any purpose other than carrying out the express terms of this Contract;
 - (2) Shall promptly transmit to the County all requests for disclosure of such information;
 - (3) Shall only disclose in accordance with Title 45, Code of Federal Regulations Section

205.50; Sections 5328, 10850 and 14100.2 of the Welfare and Institutions Code; and, regulations adopted pursuant thereto; and,

6.19 Additional Provisions

The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Appendix "A" and Appendix "B". Appendix "A" and "B" is made a part of this contract.

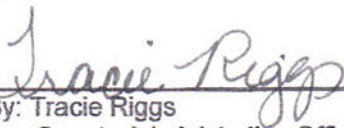
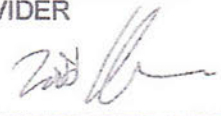
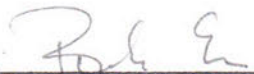


6.20 Renegotiation Language

Either the Provider or County may request renegotiation of the rate or services provided under the terms of this Contract upon written notice. The parties shall renegotiate in good faith. However, it is understood by both parties that good faith negotiations may not necessarily result in agreement upon Contract changes.

6.21 Disputes

- (a) Should it become necessary for a party to this Agreement to enforce any of the provisions hereof, the prevailing party in any claim or action shall be entitled to reimbursement for all expenses so incurred, including reasonable attorney fees.
- (b) It is agreed by the parties hereto that unless otherwise expressly waived by them, any action brought to enforce any of the provisions hereof or for declaratory relief hereunder shall be filed and remain in a court of competent jurisdiction in the County of Tuolumne, State of California.
- (c) Disputes regarding denial of requests for payment authorization and other payment dispute related to County Clients who are Medi-Cal adult beneficiaries of Tuolumne County shall be handled in accordance with Title 9, Cal. Code of Regulations §§ 1850.315 and 1850.320.
- (d) Other Disputes and Appeals of Disputes
 - (1) Except for disputes described in 6.21(c), in the event any material controversy or dispute arises between any of the parties hereto with respect to the enforcement or interpretation of this Agreement, the parties shall use their best efforts to reach an agreement for the resolution of such controversy or dispute.
 - (2) In the event that the parties are unable to resolve any material controversy or dispute within 30-days, such controversy or dispute shall be submitted to a disinterested third-party mediator mutually agreed to by the parties for non-binding mediation within 30-days of submission to such mediator prior to any party instituting any formal request for binding arbitration.
- (e) Any material controversy or dispute between the parties that is not resolved pursuant to sections 6.21(a) - (d) (2) above, shall be filed in Superior Court consistent with California law. The prevailing party in any suit, including all appeals, shall be awarded reasonable attorney's fees and costs.
- (f) Nothing in this Section shall be interpreted as preventing either party from seeking equitable relief from a court of competent jurisdiction against the other party at any time.

THIS CONTRACT IS NOT VALID UNTIL SIGNED BY ALL PARTIES

COUNTY OF TUOLUMNE  By: Tracie Riggs County Administrative Officer	PROVIDER  By: CHIEF FINANCIAL OFFICER
 By: Rebecca Espino, Health & Human Services Agency Director	
 By: Michael Wilson, LMFT Behavioral Health Director	
APPROVED AS TO LEGAL FORM:  By: Christopher Schmidt, Deputy County Counsel	

APPENDIX A

1.0 Fair Employment Practices

- (a) In the performance of this Contract, the Provider shall not unlawfully discriminate in their hiring practices against any employee or applicant for employment because of race, color, religion, ancestry, sex, age, national origin, physical handicap, mental condition, or marital status. The Provider shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, ancestry, sex, age, national origin, mental condition, physical handicap, or marital status. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Provider shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the County setting forth the provisions of this Fair Employment Practices section.
- (b) The Provider shall permit access to records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment and Housing Commission, or any other agency of the State of California designated by the State, for the purposes of investigation to ascertain compliance with the Fair Employment Practices section of this Contract.
- (c) Remedies for Unlawful Employment Practice:
 - (1) The County may determine an unlawful practice under the Fair Employment Practices section of this Contract to have occurred upon final judgment having that effect from a court in an action to which Provider was a party, or upon receipt of a written notice from the Fair Employment and Housing Commission that it has investigated and determined that the Provider has violated the provisions of the Fair Employment and Housing Act and has issued an order which has become final.
 - (2) Any loss or damage sustained by the County in securing a replacement provider to render the services contracted for under this Contract shall be borne and paid for by the Provider and the County may deduct from any moneys that thereafter may become due to the Provider, the difference between the price named in the contract and the actual cost thereof to the County.
- (d) Provider agrees to comply with Title 2, Division 3, Part 2.8 (Government Code Sections 12900 et seq.), and any amendments thereto, and any regulation adopted pursuant to that part.

2.0 Nondiscrimination in Services, Benefits and Facilities

- a) The provider shall not discriminate in the provision of services because of race, color, religion, national origin, age or mental or physical handicap as provided by state and federal law.

- (b) For the purpose of this Contract, distinctions on the grounds of race, color, religion, national origin, age or mental or physical handicap include but are not limited to the following: denying a beneficiary any service or benefit which is different, or is provided in a different manner or at a different time from that provided other beneficiaries under this Contract; subjecting a beneficiary to segregation or separate treatment in any matter related to his receipt of any service; restricting a beneficiary in any way in the enjoyment, advantage or privilege enjoyed by others receiving any service or benefit; treating a beneficiary any differently from others in determining whether the beneficiary satisfied any admission, eligibility, other requirement or condition which individuals must meet in order to be provided any benefit; the assignment of times or places for the provision of services on the basis of the race, color, religion, national origin, age or mental or physical handicap of the beneficiaries to be served.
- (c) The Provider shall take affirmative action to ensure that services to intended beneficiaries are provided without regard to race, color, religion, national origin, sex, age or mental or physical handicap.
- (d) The Provider agrees to use its best efforts to carry out this policy in its delegations and purchases of goods and services to the fullest extent consistent with the efficient performance of this Contract. As used in this Contract, the terms "minority business enterprise" means a business, at least 50 percent of which is owned by minority group members or, in the case of public owned business, at least 51 percent of the stock of which is owned by minority group members. For the purpose of this definition, minority group members are Black, Asian, Spanish-speaking/Surnamed, Filipino, Polynesian, American Indian, or Alaskan Native. Non-minority women-owned firms may be included when business is 50 percent owned and operated by a woman and the co-owner is not her husband, or 51 percent (or greater when owned and operated by a woman and the co-owner is her husband, and/or is publicly owned). Providers may rely on written representations from businesses regarding their status as minority business enterprises in lieu of an independent investigation.

3.0 Provisions of Bilingual Services

- (a) When the community potentially served by the Provider consists of non-English or limited-English speaking persons, the Provider shall take all steps necessary to develop and maintain an appropriate capability for communicating in any necessary second language, including, but not limited to the employment of, or contracting for, in public contact positions of persons qualified in the necessary second languages in a number sufficient to ensure full and effective communication between the non-English and limited-English speaking applicants for, and beneficiaries of, the facility's services and the facility's employees.

Provider may comply with this paragraph 3.0 by providing sufficient qualified translators to provide translation in any necessary second language for any patient, caller or applicant for service, within ten minutes of need for translation. Provider shall maintain immediate translation capability in the emergency room when five percent of the emergency room clients or applicants for emergency room services are non-English or limited-English speaking persons.

Provider shall provide immediate translation to non-English or limited-English speaking clients whose condition is such that failure to immediately translate would risk serious impairment. Provider shall post notices in prominent places in the facility of the

availability of translation in the necessary second languages.

(b) As used in this Paragraph:

- 1) "Non-English or limited-English speaking persons" refers to persons whose primary language is a language other than English;
- 2) "Necessary second language" refers to a language, other than English, which is the primary language of at least five percent (5%) of either the community potentially served by the contracting facility or the facility's patient population;
- 3) "Community potentially served by the contracting facility" refers to the geographic area from which the facility derives eighty percent (80%) of its patient population.
- 4) "Qualified translator" is a person fluent in English and in the necessary second language, familiar with medical terminology, and who can accurately speak, read, write and readily interpret in the necessary second language.

COVERED ENTITY ADDENDUM

This Covered Entity Addendum ("Addendum") supplements and is made a part of the contract ("Contract") by and between the County of Tuolumne ("County") and St. Helena Hospital Center for Behavioral Health & St. Helena Hospital Inc., ("CE"), dated July 1, 2019. This Addendum is effective as of July 1, 2019 (the "Addendum Effective Date").

RECITALS

- A. COUNTY wishes to disclose certain information to CE pursuant to the terms of the Contract, some of which may constitute Protected Health Information ("PHI") (defined below).
- B. COUNTY and CE intend to protect the privacy and provide for the security of PHI disclosed to CE pursuant to the Contract in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the, "HIPAA Regulations") and other applicable laws.
- C. As a part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) require COUNTY to enter into a contract containing specific requirements with CE prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(e) and 164.504(e) of the Code of Federal Regulations ("C.F.R.") and contained in the Addendum.

In consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. Definitions

- a. **Breach** shall have the meaning given to such term under the HITECH Act [42 U.S.C. Section 17921].
- b. **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including, but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.
- c. **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.
- d. **Data Aggregation** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- e. **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- f. **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media.
- g. **Electronic Health Record** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.
- h. **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

- i. **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and E.
- j. **Protected Health Information of PHI** means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition or an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes Electronic Protected Health Information [45 C.F.R. Sections 160.103. 164.501].
- k. **Protected Information** shall mean PHI provided by COUNTY to BA or created or received by BA on COUNTY's behalf.
- l. **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.
- m. **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U.S.C. Section 17932(h).

2. Obligations of Business Associate

- a. **Permitted Uses.** CE shall not use Protected Information except for the purpose of performing CE's obligations under the Contract and as permitted under the Contract and Addendum. Further, CE shall not use Protected Information in any matter that would constitute a violation of the Privacy Rule of the HITECH Act if so used by COUNTY. However, CE may use Protected Information (i) for the proper management and administration of CE, (ii) to carry out the legal responsibilities of CE, or (iii) for Data Aggregation purposes for the Health Care Operations of COUNTY [45 C.F.R. Sections 164.504(e)(2)(i), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(i)].
- b. **Permitted Disclosures.** CE shall not disclose Protected Information except for the purpose of performing CE's obligations under the Contract and as permitted under the Contract of the Addendum. CE shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by COUNTY. However, CE may disclose Protected Information (i) for the proper management and administrations of CE; (ii) to carry out the legal responsibilities of CE; (iii) as required by law; or (iv) for Data Aggregation purposes for the Health Care Operations of COUNTY. If CE discloses Protected Information to a third party, CE must obtain, prior to making any such disclosure, (i) reasonable *written* assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Addendum and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a *written* agreement from such third party to immediately notify CE of any breaches of confidentiality of the Protected Information, to the extent it has obtained knowledge of such breach [42 U.S.C. Section 17932; 45 C.F.R. Sections 164.504(e)(2)(i), 164.504(e)(2)(i)(B), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(ii)].
- c. **Prohibited Uses and Disclosures.** CE shall not use or disclose Protected Information for fundraising or marketing purposes. CE shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates 42 U.S.C. Section 17935(a). CE shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of COUNTY and as permitted by the HITECH Act, 42

- U.S.C. Section 17935(d)(2); however, this prohibition shall not affect payment by COUNTY to BA for services provided pursuant to the Contract.
- d. **Appropriate Safeguards.** CE shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information otherwise than as permitted by the Contract or Addendum, including, but not limited to, administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Protected Information, in accordance with 45 C.F.R. Sections 164.308, 164.310, and 164.312. [45 C.F.R. Section 164.504(e)(2)(ii)(B); 45 C.F.R. Section 164.308(b)]. BA shall comply with the policies and procedures and documentation requirements of the HIPAA Security Rule, including, but not limited to, 45 C.F.R. Section 164.316. [42 U.S.C. Section 17931]
 - e. **Reporting of Improper Access, Use or Disclosure.** CE shall report to COUNTY *in writing* of any access, use or disclosure of Protected Information not permitted by the Contract and Addendum, and any Breach of Unsecured PHI of which it becomes aware without unreasonable delay and in no case later than 60 calendar days after discovery [42 U.S.C. Section 17921; 45 C.F.R. Section 164.504(e)(2)(ii)(C); 45 C.F.R. Section 164.308(b)].
 - f. **Covered Entities Agents.** CE shall ensure that any agents, including subcontractors, to whom it provides Protected Information, agree *in writing* to the same restrictions and conditions that apply to CE with respect to such PHI and implement the safeguards required by paragraph c above with respect to Electronic PHI [45 C.F.R. Section 164.504(e)(2)(ii)(D); 45 C.F.R. Section 164.308(b)]. BA shall implement and maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation (see 45 C.F.R. Sections 164.530(f) and 164.530(e)(1)).
 - g. **Access to Protected Information.** CE shall make Protected Information maintained by CE or its agents or subcontractors in Designated Record Sets available to COUNTY for inspection and copying *within* ten (10) days of a request by COUNTY to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.524 [45 C.F.R. Section 164.504(e)(2)(ii)(E)]. If CE maintains an Electronic Health Record, CE shall provide such information in electronic format to enable COUNTY to fulfill its obligations under the HITECH Act, including, but not limited to, 42 U.S.C. Section 17935(e).
 - h. **Amendment of PHI.** Within ten (10) days of receipt of a request from COUNTY for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, CE or its agents or subcontractors shall make such Protected Information available to COUNTY for amendment and incorporate any such amendment to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.526. If any individual requests an amendment of Protected Information directly from CE or its agents or subcontractors, CE must notify COUNTY in writing within five (5) days of the request. Any approval or denial of amendment of Protected Information maintained by CE or its agents or subcontractors shall be the responsibility of COUNTY [45 C.F.R. Section 164.504(e)(2)(ii)(F)].
 - i. **Accounting Rights.** Within ten (10) days of notice by COUNTY of a request for an accounting of disclosures of Protected Information, CE and its agents or subcontractors shall make available to COUNTY the information required to provide an accounting of disclosures to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and the HITECH Act, including, but not limited to 42 U.S.C. Section 17935(c), as determined by COUNTY. CE agrees to implement a process that allows for an accounting to be collected and maintained by CE and its agents or subcontractors for at least six (6) years prior to the request. However, accounting of disclosures from an Electronic Health Record for treatment,

payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request, and only to the extent that CE maintains an electronic health record and is subject to this requirement. At a minimum, the information collected and maintained shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. In the event that the request for an accounting is delivered directly to CE or its agents or subcontractors, CE shall within five (5) days of a request forward it to COUNTY in writing. It shall be COUNTY's responsibility to prepare and deliver any such accounting requested. CE shall not disclose any Protected Information except as set forth in Sections 2.b of this Addendum [45 C.F.R. Sections 164.504(e)(2)(ii)(G) and 165.528]. The provisions of this subparagraph h shall survive the termination of this Agreement.

- j. **Governmental Access to Records.** CE shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to COUNTY and to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") for purposes of determining BA's compliance with the Privacy Rule [45 C.F.R. Section 164.504(e)(2)(ii)(H)] CE shall provide to COUNTY a copy of any Protected Information that CE provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- k. **Minimum Necessary.** CE (and its agents or subcontractors) shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. [42 U.S.C. Section 17935(b); 45 C.F.R. Section 164.514(d)(3)] CE understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."
- l. **Data Ownership.** CE acknowledges that CE has no ownership rights with respect to the Protected Information.
- m. **Notification of Breach.** During the term of Contract, CE shall notify COUNTY within twenty-four (24) hours of any suspected or actual breach of security, intrusion or unauthorized use or disclosure of PHI of which CE becomes aware and/or any actual or suspected use or disclosure of data in violation of any applicable federal or state laws or regulations. CE shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations.
- n. **Breach Pattern of Practice by Covered Entity.** Pursuant to 42 U.S.C. Section 17934(b), if the CE knows of a pattern of activity or practice of the COUNTY that constitutes a material breach or violation of the COUNTY's obligations under Contract or Addendum or other arrangement, the CE must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the CE must terminate the Contract or other arrangement if feasible, or if termination is not feasible, report the problem to the Secretary of DHHS. CE shall provide written notice to COUNTY of any pattern of activity or practice of the COUNTY that CE believes constitutes a material breach or violation of the COUNTY's obligations under the Contract or Addendum or other arrangement within five (5) days of discovery and shall meet with COUNTY to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.
- o. **Audits, Inspection and Enforcement.** Within ten (10) days of a written request by COUNTY, CE and its agents or subcontractors shall allow COUNTY to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to

this Addendum for the purpose of determining whether CE has complied with this Addendum; provided, however, that (i) CE and COUNTY shall mutually agree in advance upon the scope, timing and location of such an inspection, (ii) COUNTY shall protect the confidentiality of all confidential and proprietary information of CE to which COUNTY has access during the course of such inspection; and (iii) COUNTY shall execute a nondisclosure agreement, upon terms mutually agreed upon by the parties, if requested by CE. The fact that COUNTY inspects, or fails to inspect, or has the right to inspect, CE's facilities, systems, books, records, agreements, policies and procedures does not relieve CE of its responsibility to comply with this Addendum, nor does COUNTY's (i) failure to detect or (ii) detection, but failure to notify CE or require CE's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of COUNTY's enforcement rights under the Contract of Addendum, CE shall notify COUNTY within ten (10) days of learning that CE has become the subject of an audit, compliance review, or complaint investigation by the Office for Civil Rights.

3. Termination

- a. **Material Breach.** A breach by CE of any provision of this Addendum, as determined by COUNTY, shall constitute a material breach of the Contract and shall provide grounds for *immediate* termination of the Contract, any provision in the Contract to the contrary notwithstanding. [45 C.F.R. Section 164.504(e)(2)(iii)].
- b. **Judicial or Administrative Proceedings.** COUNTY may terminate the Contract, effective immediately, if (i) CE is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws or (ii) a finding or stipulation that the CE has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws is made in any administrative or civil proceeding in which the party had been joined.
- c. **Effect of Termination.** Upon termination of the Contract for any reason, CE shall, at the option of COUNTY, return or destroy all Protected Information that CE or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by COUNTY, CE shall continue to extend the protections of Section 2 of this Addendum to such information, and limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible [45 C.F.R. Section 164.504(e)(ii)(2)(I)]. If COUNTY elects destruction of the PHI, CE shall certify in writing to COUNTY that such PHI has been destroyed.

4. Disclaimer

COUNTY makes no warranty or representation that compliance by CE with this Addendum, HIPAA, the HITECH Act, of the HIPAA Regulations will be adequate or satisfactory for CE's own purposes. CE is solely responsible for all decisions made by CE regarding the safeguarding of PHI.

HIPPA compliance-covered entity County and Provider each consider and represent themselves as covered entities as defined by the U.S. Health Insurance Portability and Accountability Act and agree to use and disclose protected health information as required by law. County and Provider acknowledge that the exchange of protected health information between them is only for treatment, payment, and health care operations.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

This Agreement is made and entered into by and between the County of Lake, hereinafter referred to as "County," and Adventist Health Vallejo, hereinafter referred to as "Contractor," collectively referred to as the "parties."

RECITALS

WHEREAS, the Lake County Behavioral Health Services Department provides mental health services to the residents of Lake County; and

WHEREAS, the Board of Supervisors of County has determined that its mental health program requires a program to provide specialized mental health services for the residents of Lake County; and

WHEREAS, Contractor has appropriate staffing and facilities necessary to provide such specialized mental health services and desires to enter into this Agreement with County upon the provisions hereinafter set forth.

NOW, THEREFORE, based on the forgoing recitals, the parties hereto agree as follows:

- 1. SERVICES.** Subject to the terms and conditions set forth in this Agreement, Adventist Health St. Helena and Adventist Health Vallejo shall provide to County the services described in the "**Scope of Services**" attached and incorporated herein as **Exhibit A** at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and **Exhibits A/B/C**, the Agreement shall prevail.
- 2. TERM.** This Agreement shall commence on **July 1, 2020**, and shall terminate on **June 30, 2021**, unless earlier terminated as hereinafter provided. In the event County desires to temporarily continue services after the expiration of this Agreement, such continuation shall be deemed on a month-to-month basis, subject to the same terms, covenants, and conditions contained herein.
- 3. COMPENSATION.** Contractor has been selected by County to provide the services described hereunder in **Exhibit A**, titled, "**Scope of Services.**" **REDACTED**

The County shall compensate Contractor for services rendered, in accordance with the provisions set forth in **Exhibit B**, titled "**Fiscal Provisions**" attached hereto and incorporated herein, provided that Contractor is not in default under any provisions of this Agreement.

- 4. TERMINATION.** This Agreement may be terminated by mutual consent of the parties or by County upon 30 days written notice to Contractor.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

In the event of non-appropriation of funds for the services provided under this Agreement, County may terminate this Agreement, without termination charge or other liability.

Upon termination, Contractor shall be paid a prorated amount for the services provided up to the date of termination.

5. MODIFICATION. This Agreement may only be modified by a written amendment hereto, executed by both parties; however, matters concerning scope of services which do not affect the compensation may be modified by mutual written consent of Contractor and County executed by the Lake County Behavioral Health Services Director.

6. NOTICES. All notices that are required to be given by one party to the other under this Agreement shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited with the United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses, unless such addresses are changed by notice, in writing, to the other party.

County of Lake
Lake County Behavioral Health Services
PO Box 1024
6302 Thirteenth Avenue
Lucerne, CA 95458-1024
Attn: Todd Metcalf, MPA
Behavioral Health Director

Adventist Health St. Helena
1509 Wilson Terrace
PMT Building, Ste. 215

Glendale, CA 91206
Attn: Managed Care

7. EXHIBITS. The Agreement Exhibits, as listed below, are incorporated herein by reference:

Exhibit A - Scope of Services
Exhibit B - Fiscal Provisions
Exhibit C - Compliance Provisions

8. TERMS AND CONDITIONS. Contractor warrants and agrees that it shall comply with all terms and conditions of this Agreement including **Exhibit A, Exhibit B, and Exhibit C**, titled, "**Compliance Provisions**", attached hereto and incorporated herein in addition to all other applicable federal, state and local laws, regulations and policies.

9. INTEGRATION. This Agreement, including attachments, constitutes the entire agreement between the parties regarding its subject matter and supersedes all prior Agreements, related proposals, oral and written, and all negotiations, conversations or discussions heretofore and between the parties.

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**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
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VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

County and Contractor have executed this Agreement on the day and year first written above.

COUNTY OF LAKE

ADVENTIST HEALTH
VALLEJO

Chair
Board of Supervisors
Date: _____

Todd Hofheins, Chief Financial Officer

Date: 1/13/21

APPROVED AS TO FORM:
ANITA L. GRANT
County Counsel

ATTEST:
CAROL J. HUCHINGSON
Clerk to the Board of
Supervisors

By: _____

Date: 12-01-2020

By: _____

Date: _____

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HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

EXIDBIT A- SCOPE OF SERVICES

1. CONTRACTOR'S RESPONSIBILITIES. Contractor agrees to comply with all applicable Medi-Cal laws, regulations, including 1915(b) Waiver and any Special Terms and Conditions.

1.1 Contractor shall possess and maintain all necessary licenses, permits, certificates and credentials required by the laws o(the United States, the State of California, County of Lake and all other appropriate govemmenlal agencies, including any certification and credentials required by County. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this Agreement and constitutes grounds for the termination of this Agreement by County. Contractor and County shall comply with California Code of Regulations (CCR), Title 9, Section 18010.435, in the selection of providers and shall review for continued compliance with standards at least every three (3) years.

1.2 The Contractor shall maintain written policies and procedures on advance directive in compliance with the requirements of 42, Code of Federal Regulations (CFR), Section 422.128 and 438.6(i (1), (3) and (4). Any written materials prepared by the Congactor for beneficiaries shall be updated to reflect changes in state laws governing advance directives as soon as possible, but not later than 90 days after the effective date of the change. For purposes of this contract, advance directives means a written instruction, such as a living will or durable power of attorney for health care, recognized under State law, relating to the provision of health care when the individual is incapacitated as defined in 42 C.F.R 489.100.

1.3 Contractor will observe and comply with all applicable Federal, State and local laws, ordinances and codes which relate to the services to be provided pursuant to this Agreement, including but not limited to the Deficit Reduction Act (DRA) of 2005, the Federal and State False Claims Acts, and the Health Insurance Portability and Accountability Act (HIPAA) of 1996 and the Health Information Technology for Economic and Clinical Health Act, found in Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-005 (HITECH Act); and the HIPAA Omnibus Final Rule.

1.4 Contractor will ensure that each client has adequate information about the Contractor's problem resolution processes by including information describing the grievance, appeal, and expedited appeal processes in the Contractor's beneficiary booklet and providing the beneficiary booklet to beneficiaries. Contractor will post notices explaining grievance, appeal, and expedited appeal process procedures in locations at all Contractor provider sites. Notices shall be sufficient to ensure that the information is readily available to both clients and provider staff. The posted notice shall explain the availability of fair hearings after the exhaustion of an appeal or expedited appeal process, including information that a fair hearing may be requested whether or not the beneficiary has received a notice of action pursuant to CCR, Title 9, and Section 1850.210. A Contractor provider site means any office or facility owned or operated by the Contractor at which clients may obtain specialty mental health services.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

1.5 Client's rights shall be assured pursuant to California law and regulation, including but not limited to Welfare and Institutions Code 5325, Title 9, CCR, Sections 860 through 868 and Title 42, CFR, Section 438.100(b)(1) and, (b)(2). Included in these rights is the right of beneficiaries to participate in decisions regarding his or her health care, including the right to refuse potential treatment services.

1.6 Contractor agrees to extend to County or its designee, the right to review and monitor all records, programs or procedures, at any time in regards to clients, as well as the overall operation of Contractor's programs in order to ensure compliance with the terms and conditions of this Agreement.

1.7 All expenses of copying records and other documents shall be borne by the party seeking to review those records and/or documents and charged at the rate of \$0.25 cents per page.

1.8 Upon discovery of a reportable breach by Contractor, the Contractor must notify County within five (5) working days of the breach by submitting an incident report to the Behavioral Health Compliance Officer/Privacy Officer, and fulfill the mandated reporting requirements. Contractor will make his/her best efforts to preserve data integrity and the confidentiality of protected health information.

1.9 Upon termination of the Agreement all Protected Health Information provided by Lake County Behavioral Health Services to Contractor, or created or received by Contractor on behalf of County, is destroyed or returned to County, or if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.

1.10 Contractor shall comply with the provision of the County's Cultural Competency Plan by maintaining 100% compliance with National Culturally and Linguistically Appropriate Services (CLAS) standards. Contractor shall provide proof, no less than annually or upon County's request, evidence of compliance including but not limited to attendance and training agendas, or other such documentation which reasonably evidences compliance.

2. REPORTING REQUIREMENTS. Contractor agrees to provide County with any reports which may be required by State or Federal agencies for compliance with this Agreement.

2.1 Contractor shall submit a year-end program summary in a format to be provided by County. Failure to provide reports in a timely fashion will constitute a material breach of the contract and grounds for termination as defined under **Exhibit C**, Section 8, titled "**Due Performance -Default**".

2.2 At County's request, within ninety (90) days after the close of the fiscal year, Contractor shall provide County with an annual Cost Report in the appropriate format for submission to the State of California, Department of Health Care Services for Medi-Cal reimbursement. This Cost Report will establish the final basis upon which Contractor will be paid for services provided

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

during the term of this Agreement. If Contractor's costs do not meet the contracted rate, Contractor will be required to pay back the difference to County.

3. RECORDS RETENTION.

3.1 Contractor shall prepare, maintain and/or make available to County upon request, all records and documentation pertaining to this Agreement, including financial, statistical, property, recipient and service records and supporting documentation for a period of ten (10) years from the date of final payment of this Agreement. If at the end of the retention period, there is ongoing litigation or an outstanding audit involving the records, Contractor shall retain the records until resolution of litigation or audit. After the retention period has expired, Contractor assures that confidential records shall be shredded and disposed of appropriately.

3.2 Clinical records of each client served at the Facility shall be the property of County and shall be kept at least ten (10) years following discharge. Clinical records of un-emancipated minors shall be kept at least one (1) year after such minor has reached the age of eighteen (18) years or ten (10) years past the last date of treatment, whichever is longer. Records of minors who have been treated by a licensed psychologist must be retained until minor has reached age 25. All information and records obtained in the course of providing services under this Agreement shall be confidential and Contractor shall comply with State and Federal requirements regarding confidentiality of patient information (including but not limited to section 5328 of the Welfare and Institutions Code (W&I), and Title 45, and CFR, section 205.50 for Medi-Cal-eligible patients). All applicable regulations and statutes relating to patients' rights shall be adhered to. This provision shall survive the termination, expiration, or cancellation of this Agreement. Clinical records shall contain sufficient detail to make possible an evaluation by County's Behavioral Health Director or designee, or DHCS and shall be kept in accordance with the rules and regulations of the Community Mental Health Services Act of 1967 (**MHSA**), as amended.

4. DESCRIPTION OF SERVICES.

4.1 Contractor shall provide acute inpatient psychiatric hospital services and professional services associated with acute inpatient psychiatric hospitalizations to clients referred by County. These services shall be provided pursuant to the laws and regulations of the State of California governing such programs. These services shall be provided at Contractor's facility, hereinafter called "**Facility**", and located at the following addresses "**525 Oregon Street, Vallejo, CA 94590.**"

4.2 Contractor shall provide staffing at the Facility twenty-four (24) hours per day, seven (7) days per week, and staffing will include all legally required care for clients, all in accordance with laws and regulations outlined in California Code of Regulations (CCR), Title 22, Divisions 2 and 6.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

4.3 The following services listed under "Included Services" are included in the per diem rates, while services listed under "Non-Covered Services" are excluded from the per diem rates._

Included Services

Clinical Laboratory Services
Dietary Services and Consultations
Drug Screening
Educational Services
Family Therapy
Group Therapy
Involuntary Patient Care
Medical History and Physical Exam (Tech Comp)
Pharmacy Services
Psychiatric Nursing Services
Seclusion Room w/Special Observation
Social Services
Urinalysis

Non-Covered Services

Ambulance Services
Arteriogram
Biofeedback
Brain Mapping
CAT Scans
Chest X-ray
Electrocardiography
Electroencephalography
Inhalation Therapy
MRI
Psychological Testing
Neurological Testing
Psychologist Services
Anesthesiologist
Speech and Language

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

EXHIBIT B - FISCAL PROVISIONS

1. **CONTRACTOR'S FINANCIAL RECORDS.** Contractor shall keep financial records for funds received hereunder, separate from any other funds administered by Contractor, and maintained in accordance with Generally Accepted Accounting Principles and Procedures and the Office of Management and Budget's Cost Principles.

2. **INVOICES.**

2.1 Contractor's invoices shall be submitted in arrears on a monthly basis, or such other time that is mutually agreed upon in writing and shall be itemized and formatted to the satisfaction of the County.

2.2 Contractor shall bill County on or before the tenth (10th) working day of the month following the month in which specialty services were provided.

2.3 All billing forms, including supporting documentation, shall clearly reflect client names, number of client days, types of services, and corresponding rates, as well as the NPI numbers of staff who provided the service. ALL SUPPORTING DOCUMENTATION MUST ACCOMPANY THE APPROVED BILLING FORM OR SERVICE(S) MAY BE DENIED. Supporting documentation will include all progress notes, treatment/client plans and assessments.

2.4 County shall make payment within 20 business days of an undisputed invoice for the compensation stipulated herein for supplies delivered and accepted or services rendered and accepted, less potential deductions, if any, as herein provided. Payment on partial deliverables may be made whenever amounts due so warrant or when requested by the Contractor and approved by the Assistant Purchasing Agent.

2.5 County shall not be obligated to pay Contractor for services provided which are the subject of any bill if Contractor submits such bill to County more than ninety (90) days after the date Contractor provides the services, or more than ninety (90) days after this Agreement terminates, whichever is earlier.

2.6 Contractor will be obligated to reimburse County for any claims subsequently denied for payment by the State of California due to violations of applicable rules and regulations.

2.7 Monthly payment may vary based on actual services billed.

2.8 County shall not provide reimbursement for date of discharge from any facilities including hospitals, skilled nursing facilities, mental health rehabilitation centers, and residential facilities.

2.9 County clients who are able to pay for services from other public or private resources are not billable under this Agreement.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

2.10 Contractor and County shall each appoint one responsible representative for the purpose of resolving any billing questions or disputes which may arise during the term of this Agreement. Should such issues arise, County shall still be obligated to pay Contractor on a timely basis for those amounts and/or services which are not in dispute or with respect to which there are no questions. Questioned amounts, once adjusted (if necessary) as agreed by the two representatives, shall be paid to Contractor immediately after the Agreement is reached by the two representatives.

3. AUDIT REQUIREMENTS AND AUDIT EXCEPTIONS.

3.1 Contractor warrants that it shall comply with all audit requirements established by County and will provide a copy of Contractor's Annual Independent Audit Report, if applicable.

3.2 County may conduct periodic audits of Contractor's financial records, notifying Contractor no less than 48 hours prior to scheduled audit. Said notice shall include a detailed listing of the records required for review. Contractor shall allow County, or other appropriate entities designated by County, access to all financial records pertinent to this Agreement.

3.3 If DHCS, CMS, or HHS Inspector General determines that there is a reasonable possibility of fraud or similar risk, DHCS, CMS or the HHS Inspector General may inspect, evaluate and audit the Contractor or subcontractor at any time per 42 CFR 438.230(iv).

3.4 DHCS, Centers for Medicare and Medicaid Services (CMS), Health and Human Services (HHS) Inspector General, the Comptroller General or their designees have the right to audit, evaluate and inspect any books, records, contracts, computer or other electronic systems of the contractor or subcontractor that pertain to any aspects of services and activities performed on Medi-Cal beneficiaries per 42 CFR 438.230(i).

3.5 Contractor shall reimburse County for audit exceptions within 30 days of written demand or shall make other repayment arrangements subject to the approval of County

3.6 Contractor will make available, for purposes of an audit, evaluation, or inspection, its premises, physical facilities, equipment, books, records, contracts, computer or other electronic systems relating to any Medi-Cal beneficiaries per 42 CFR 438.230(ii).

3.7 The right to audit will exist through ten (10) years from the final date of the contract period or from the date of completion of any audit, whichever is later per 42 CFR 438.230(iii).

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HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

4. PAYMENT TERMS. County shall reimburse Contractor for services provided per the schedule below:

4.1 Adventist Health Vallejo

REDACTED

Physician Professional Fee is due every day patient is in a Facility, even on Admin Days and day of discharge, as long as the services are billable to Medi-Cal.

Short Doyle claims are billed on a UB04 and no other Physician claim will be submitted. Payment to the facility includes the Physician rate which the Facility will distribute to appropriate parties.

The Administrative Day rate is subject to change, as specified and directed by the State of California, Department of Health Care Services. Any changes to the Administrative Day rate shall be incorporated by reference herein.

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HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

EXHIBIT C - COMPLIANCE PROVISIONS

1. **INFORMATION INTEGRITY AND SECURITY.** Contractor shall immediately notify County of any known or suspected breach of personal, sensitive and confidential information related to Contractor's work under this Agreement.
2. **NON-DISCRIMINATION.** Contractor shall not unlawfully discriminate against any qualified worker or recipient of services because of race, religious creed, color, sex, sexual orientation, national origin, ancestry, physical disability, mental disability, medical condition, marital status or age.
3. **DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS.**
 - 3.1 The Contractor certifies to the best of its knowledge and belief, that it and its subcontractors:
 - A. Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - B. Have not, within a three-year period preceding this Agreement, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction; violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - C. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity with commission of any of the offenses enumerated in the preceding paragraph; and
 - D. Have not, within a three-year period preceding this Agreement, had one or more public transactions terminated for cause or default.
 - 3.2 Contractor shall report immediately to County, in writing, any incidents of alleged fraud and/or abuse by either Contractor or Contractor's subcontractor. Contractor shall maintain any records, documents, or other evidence of fraud and abuse until otherwise notified by County.
4. **AGREEMENTS IN EXCESS OF \$100,000.** Contractor shall comply with all applicable orders or requirements issued under the following laws:
 - 4.1 Clean Air Act, as amended (42 USC 1857).
 - 4.2 Clean Water Act, as amended (33 USC 1368).
 - 4.3 Federal Water Pollution Control Act, as amended (33 USC 1251, et seq.)

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

4.4 Environmental Protection Agency Regulations (40 CFR, Part 15 and Executive Order 11738).

5. **INDEMNIFICATION AND HOLD HARMLESS.** Contractor and County shall each indemnify and defend the other's officers, employees, and agents against and hold them harmless from any and all claims, losses, damages, and liability for damages, including attorney's fees and other costs of defense incurred by either party, whether for damage to or loss of property, or injury to or death of person, including properties of either party and injury to or death of each other's officials, employees or agents, arising out of, or connected with Contractor's operations hereunder or the performance of the work described herein, unless such damages, loss, injury or death is caused solely by the negligence of either party.

6. **STANDARD OF CARE.** Contractor represents that it is specially trained, licensed, experienced and competent to perform all the services, responsibilities and duties specified herein and that such services, responsibilities and duties shall be performed, whether by Contractor or designated subcontractors, in a manner according to generally accepted practices.

7. **INTEREST OF CONTRACTOR.** Contractor assures that neither it nor its employees has any interest, and that it shall not acquire any interest in the future, direct or indirect, which would conflict in any manner or degree with the performance of services hereunder.

8. **DUE PERFORMANCE-DEFAULT.** Each party agrees to fully perform all aspects of this agreement. If a default to this Agreement occurs, then the party in default shall be given written notice of said default by the other party. If the party in default does not fully correct (cure) the default within 30 days of the date of that notice (i.e. the time to cure) then such party shall be in default. The time period for corrective action of the party in default may be extended in writing executed by both parties, which must include the reason(s) for the extension and the date the extension expires.

Notice given under this provision shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable time period. No such notice shall be deemed a termination of this Agreement, unless the party giving notice so elects in that notice, or so elects in a subsequent written notice after the time to cure has expired.

9. **INSURANCE.**

9.1 Contractor shall procure and maintain Workers' Compensation Insurance for all its employees.

9.2 Contractor shall procure and maintain Comprehensive Public Liability Insurance, both bodily injury and property damage, in an amount of not less than one million dollars (\$1,000,000) combined single limit coverage per occurrence, including but not limited to endorsements for the following coverage: personal injury, premises-operations, products and completed operations, blanket contractual, and independent contractor's liability.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

9.3 Contractor shall procure and maintain Comprehensive Automobile Liability Insurance, both bodily injury and property damage, on owned, hired, leased and non-owned vehicles used in connection with Contractor's business in an amount of not less than one million dollars (\$1,000,000) combined single limit coverage per occurrence.

9.4 Contractor shall procure and maintain Professional Liability Insurance for the protection against claims arising out of the performance of services under this Agreement caused by errors, omissions or other acts for which Contractor is liable. Said insurance shall be written with limits of not less than one million dollars (\$1,000,000).

9.5 Contractor shall not commence work under this Agreement until it has obtained all the insurance required hereinabove and submitted to County certificates of insurance naming the County of Lake as additional insured. Contractor shall provide County certificates of insurance within 30 days of date of execution of the Agreement. Contractor agrees to provide to County, at least 30 days prior to expiration date, a new certificate of insurance.

9.6 In case of any subcontract, Contractor shall require each subcontractor to provide all the same coverage as detailed hereinabove. Subcontractors shall provide certificates of insurance naming the County of Lake as additional insured and shall submit new certificates of insurance at least 30 days prior to expiration date. Contractor shall not allow any subcontractor to commence work until the required insurances have been obtained.

9.7 For any claims related to the work performed under this Agreement, the Contractor's insurance coverage shall be primary insurance as to the County, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by County, its officers, officials, employees, agents or volunteers shall be in excess of the Contractor's insurance and shall not contribute to the Contractor's insurance.

9.8 The Commercial General Liability and Automobile Liability Insurance must each contain, or be endorsed to contain, the following provision:

The County, its officers, officials, employees, agents, and volunteers are to be covered as additional insureds and shall be added in the form of an endorsement to Contractor's insurance on Form CG 20 10 11 85. Contractor shall not commence work under this Agreement until Contractor has had delivered to County the Additional Insured Endorsements required herein.

Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under subdivision (b) of California Civil Code Section 2782.

9.9 Insurance coverage required of Contractor under this Agreement shall be placed with insurers with a current A.M. Best rating of no less than A: VII.

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve the Contractor for liability in excess of such coverage, nor shall it preclude County from taking other action as is available to it under any other provision of this Agreement or applicable law. Failure of County to enforce in a timely manner any of the provisions of this section shall not act as a waiver to enforcement of any of these provisions at a later date.

9.10 Any failure of Contractor to maintain the insurance required by this section, or to comply with any of the requirements of this section, shall constitute a material breach of the entire Agreement.

10. ATTORNEY'S FEES AND COSTS. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such part may be entitled.

11. ASSIGNMENT. Contractor shall not assign any interest in this Agreement and shall not transfer any interest in the same without the prior written consent of County except that claims for money due or to become due Contractor from County under this Agreement may be assigned by Contractor to a bank, trust company, or other financial institution without such approval. Written notice of any such transfer shall be furnished promptly to County. Any attempt at assignment of rights under this Agreement except for those specifically consented to by both parties or as stated above shall be void.

12. INDEPENDENT CONTRACTOR. It is specifically understood and agreed that, in the making and performance of this Agreement, Contractor is an independent contractor and is not an employee, agent or servant of County. Contractor is not entitled to any employee benefits. County agrees that Contractor shall have the right to control the manner and means of accomplishing the result agreed for herein.

Contractor is solely responsible for the payment of all federal, state and local taxes, charges, fees, or contributions required with respect to Contractor and Contractor's officers, employees, and agents who are engaged in the performance of this Agreement (including without limitation, unemployment insurance, social security and payroll tax withholding.)

13. SEVERABILITY. If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

14. ADHERENCE TO APPLICABLE DISABILITY LAW. Contractor shall be responsible for knowing and adhering to the requirements of Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, (42 U.S.C. Sections 12101, et seq.). California Government Code Sections 12920 et seq., and all related state and local laws.

15. HIPAA COMPLIANCE. Contractor will adhere to Titles 9 and 22 and all other applicable Federal and State statutes and regulations, including the Health Insurance Portability

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

and Accountability Act of 1996 (HIPAA) and will make his best efforts to preserve data integrity and the confidentiality of protected health information.

16. SAFETY RESPONSIBILITIES. Contractor will adhere to all applicable CalOSHA requirements in performing work pursuant to this Agreement. Contractor agrees that in the performance of work under this Agreement, Contractor will provide for the safety needs of its employees and will be responsible for maintaining the standards necessary to minimize health and safety hazards.

17. JURISDICTION AND VENUE. This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue of any action or proceeding regarding this Agreement or performance thereof shall be in Lake County, California. Contractor waives any right of removal it might have under California Code of Civil Procedure Section 394.

18. RESIDENCY. All independent contractors providing services to County for compensation must file a State of California Form 590, certifying California residency or, in the case of a corporation, certifying that they have a permanent place of business in California.

19. NO THIRD-PARTY BENEFICIARIE. Nothing contained in this Agreement shall be construed to create, and the parties do not intend to create any rights in or for the benefit of third parties.

20. UNUSUAL OCCURRENCE REPORTING. Contractor is required to have procedures for reporting unusual occurrences relating to health and safety issues. Contractor shall report to County any unusual events, accidents, or injuries requiring medical treatment for clients, staff, or members of the community. An unusual occurrence shall be reported to the County in writing (or electronic mail) as soon as possible but no later than three (3) working days of the Contractor's knowledge of the event. An unusual occurrence is subject to investigation by Lake County Behavioral Health; and upon a request, a copy of the County's investigation shall be made available to the State Department of Behavioral Health, which may subsequently conduct its own investigation.

21. OVERSIGHT. Lake County Behavioral Health Services shall conduct oversight and impose sanctions on the Contractor for violations of the terms of this Agreement, and applicable federal and state law and regulations, in accordance with Welfare & Institutions Code 14712(3) and CCR, Title 9, Section 1810.380 and 1810.385.

22. NON-APPROPRIATION. In the event County is unable to obtain funding at the end of each fiscal year for specialty mental health services required during the next fiscal year, County shall have the right to terminate this Agreement, without incurring any damages or penalties, and shall not be obligated to continue performance under this Agreement. To the extent any remedy in this Agreement may conflict with Article XVI of the California Constitution or any other debt

**AGREEMENT BETWEEN COUNTY OF LAKE AND ADVENTIST
HEALTH VALLEJO FOR ACUTE INPATIENT PSYCHIATRIC
HOSPITAL SERVICES AND PROFESSIONAL SERVICES ASSOCTATED
WITH ACUTE INPATIENT PSYCHIATRIC HOSPITALIZATION AT THE
VALLEJO CALIFORNIA FACILITY FOR FISCAL YEAR 2020-21**

limitation provision of California law applicable to County, Contractor hereby expressly and irrevocably waives its right to such remedy.

**FIRST AMENDMENT TO AGREEMENT
BY AND BETWEEN
LASSEN COUNTY
AND
ST. HELENA HOSPITAL dba ADVENTIST HEALTH VALLEJO**

THIS FIRST AMENDMENT TO AGREEMENT ("Amendment") is made by and between LASSEN COUNTY ("COUNTY") and St. Helena Hospital dba Adventist Health Vallejo (hereinafter "CONTRACTOR"), who agree as follows:

1. **Recitals:** This First Amendment is made with reference to the following facts and objectives:

COUNTY and CONTRACTOR have entered into a written Agreement for the term of July 1, 2017 through June 30, 2019, (the "Agreement") in which CONTRACTOR agreed to provide inpatient mental health services at its facility

2. **Amendments:** The parties agree to amend the Agreement as follows:

- a. The parties desire to extend the term of the agreement for two additional years, FY 2019/20 and FY 2020/21. Therefore, the first sentence of Section 8 is deleted and replaced with the following:

"The term of this agreement shall be for the period of July 1, 2019 through June 30, 2021."

- b. The parties desire to extend the Maximum Contract Amount to include FY 2019/20 and FY 2020/21. Therefore, Exhibit B is deleted and replaced with the following:

Original Agreement (2 years) July 1, 2019 to June 30, 2020					
Scope #	Program/Service Description	Funding Source	Unit Type	Rate	Total # Units
Exhibit A	Medi-Cal Rate:			REDACTED	
	Inpatient Psychiatric Facility - Adult	Medi-Cal	Daily		TBD
	Inpatient Psychiatric Facility - Child	Medi-Cal	Daily		TBD
	Professional Fees	Medi-Cal	Daily		TBD
	Administrative Rate TBD Per State	Medi-Cal	Daily		TBD
	Short-Doyle Rate:				
	Inpatient Psychiatric Facility - Adult	Realignment	Daily		TBD
	Inpatient Psychiatric Facility - Child	Realignment	Daily		TBD
	Professional Fees	Realignment	Daily		TBD
	Administrative Day - TBD Per State	Realignment	Daily		TBD
July 1, 2020 to June 30, 2021					
Scope #	Program/Service Description	Funding Source	Unit Type	Rate	Total # Units
Exhibit A	Medi-Cal Rate:			REDACTED	
	Inpatient Psychiatric Facility - Adult	Medi-Cal	Daily		TBD
	Inpatient Psychiatric Facility - Child	Medi-Cal	Daily		TBD
	Plus daily doctor cost	Medi-Cal	Daily		TBD
	Admin Rate TBD Per State - TBD Per State				
	Short-Doyle Rate:				
	Inpatient Psychiatric Facility - Adult	Realignment	Daily		TBD
	Inpatient Psychiatric Facility - Child	Realignment	Daily		TBD
	Professional Fees	Realignment	Daily		TBD
	Administrative Rate - TBD Per State	Realignment	Daily		TBD

Inpatient services paid by TAR.


* Contingent on availability of funds approved by the Board of Supervisors

3. **Effectiveness of Agreement:** Except as set forth in this First Amendment, all provisions of the Agreement dated March 13, 2018, shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates shown opposite their respective signatures.

CONTRACTOR

Dated: December 23, 2020

By: 
CHIEF FINANCIAL OFFICER
St. Helena Hospital dba Adventist Health Vallejo

COUNTY

Dated: _____

By: _____
Richard Egan
County Administrative Officer

Dated: _____

By: _____
Barbara Longo, Director
Health and Social Services

Approved as to form:

Robert M. Burns
Lassen County Counsel

Dated: _____

By: _____

Contract Process

Insurance Company Lassen County
Type of Insurance: UVPCG: ☐ CMG ☐ Hospital FFS ☒
Hospital AHSH & AHVC
Effective Date of Contract: 7/1/17 - 6/30/19
Approved to Extend Contract: By: Buck McDonald Date 5/1/17
Review for rate or language changes: By: [REDACTED] Date 1/22/18
Contract approved for language: By: [REDACTED] Date 1/22/18
Contract approved for rates: By: [REDACTED] Date by
Contract received from insurance company: Date: 3/5/18
Contract reviewed for terms: By: [REDACTED] Date 3/5/18
Contract sent for approval/signature: By: [REDACTED] Date 3/7/18
Contract signed: By: [REDACTED] Date 3/13/18
Contract received with signature: By: [REDACTED] Date 3/16/18
Contract sent to insurance company: By: [REDACTED] Date 3/16/18
Fully executed contract received from insurance company: By: KP Date 3/28/18

Copy of contract sent to: Hospital Glenice Steck Date 3/28/18
PFS Soni McAllister Date 3/28/18
Expected Reimbursement Albee Date 3/28/18
Group _____ Date _____
Group billing _____ Date _____

**AGREEMENT BETWEEN
LASSEN COUNTY
AND
ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO**

This agreement is entered into by and between the County of Lassen, a political subdivision of the State of California, hereinafter called "COUNTY" and St Helena Hospital DBA Adventist Health Vallejo, hereinafter called "CONTRACTOR."

WHEREAS, COUNTY has need to extend to the residents of Lassen County inpatient mental health services under the Short-Doyle Act (Welfare and Institutions Code, Sections 5600, et seq.) and,

WHEREAS, CONTRACTOR can provide that inpatient mental health services at its facility,

NOW, THEREFORE, in consideration of the promises herein, the parties hereto agree as follows:

1. **SERVICES:** CONTRACTOR shall provide inpatient mental health services to clients referred by COUNTY. Such services shall include, but not be limited to 72-hour detention under Section 5150 of the Welfare and Institutions Code, 14-day Certification under Section 5250 of the Welfare and Institutions Code and Voluntary patients that would otherwise be referred by COUNTY'S Mental Health Services. These services shall be provided in the St Helena Hospital dba Adventist Health Vallejo in Vallejo, California, except that any necessary Court proceedings shall be conducted at County's cost in Lassen County.
2. **NOTICE:** All notices of Certification under Welfare and Institutions Code, Section 5250 et seq., shall be prepared and served by CONTRACTOR except that if the time requirements for filing in the Superior Court cannot be met by use of the U.S. Mail, COUNTY shall pick up and transport said Notices to Superior Court for timely filing. CONTRACTOR shall give its best efforts in making the evaluation for 14-day certifications as expeditiously as possible and in notifying COUNTY during the second day of 72-hour detentions if 14-day certifications under Welfare and Institutions Code Section 5250 are anticipated. All Notices are to be sent to Adventist Health Managed Care, 1509 Wilson Terrace, PMT Building Ste 215, Glendale, CA 91206
3. **72-HOUR HOLD:** COUNTY hereby agrees that it will designate the CONTRACTOR as a facility for 72-hour detention for treatment and evaluation as well as for 14-day Certifications, as provided for in Welfare and Institutions Code Section 5150, et seq.
4. **SERVICES:** The services provided within the CONTRACTOR's facility will be under the general direction of and the supervision of the Director of the facility and/or the physicians in charge. ~~Acute psychiatric day rates include daily evaluation and documentation by the treating psychiatrist.~~
5. **RATES AND BILLING:**
 - a. The rate structure utilized to negotiate the contract is inclusive of all services defined as psychiatric inpatient services in Title 9, Chapter II, and that the rate structure does not include non-hospital based physician or psychological services unless the provider is a Short-Doyle Medi-Cal provider.
 - b. The per diem rate is considered to be payment in full, subject to third party liability and patients share of costs, for psychiatric inpatient hospital services to a beneficiary.

- c. For the services which the CONTRACTOR shall perform under this agreement (See Exhibit A) COUNTY shall pay to CONTRACTOR the rates identified on Exhibit B.
- d. CONTRACTOR shall provide billing procedures and be responsible to bill those patients eligible for payment by private insurance, Medi-Cal, Medicare, CMSP, or those persons able to pay from private sources. Contractor will bill CMSP for all services provided to clients eligible for CMSP. For clients referred by County, County will cover any days after CMSP benefit is exhausted or denied where continued medical necessity for inpatient hospitalization is established at the rates below.
- e. CONTRACTOR and COUNTY agree to meet and confer if, in the opinion of CONTRACTOR, the proposed patient admission will require utilization of CONTRACTOR'S resources, or those purchased by CONTRACTOR specifically to provide services to the patient, to the extent that CONTRACTOR'S daily charges for the client will exceed the All Inclusive Per Diem Rate recited in paragraph 5c (not to include ECT) by 220%. In this circumstance, CONTRACTOR agrees to contact COUNTY immediately for the purpose of meeting and conferring on COUNTY'S approval to CONTRACTOR to generate such expenditures and to compensate CONTRACTOR to the extent said expenditure exceed the average All Inclusive Per Diem Rate described by 220%. In such case, COUNTY may determine not to approve said expenditures and to remove the patient, or make separate arrangements for ancillary services, in which case no additional payment by COUNTY shall be required. In the case that COUNTY determines to approve or continue the placement of the specific patients with CONTRACTOR, COUNTY and CONTRACTOR agree that COUNTY shall compensate CONTRACTOR at the rate of 70% of the actual billed charges incurred. In the event of continuation of CONTRACTOR services, COUNTY shall inform CONTRACTOR of the proper procedures for submission of claims for said charges.

6. TRANSPORTATION AND PATIENT PREPARATION:

- a. Transportation from County to Vallejo and, upon discharge from the Vallejo facility to County, will be the responsibility of and expense of COUNTY. All aftercare arrangements will be the responsibility of COUNTY.
- b. COUNTY, before transporting and admitting a patient into CONTRACTOR's facility, will make prior arrangement with CONTRACTOR and obtain permission for admission.
- c. It is further understood and agreed that COUNTY will arrange for transportation back to COUNTY of all patients within 24 hours of termination of the 72-hour or 14-day Certification period in which CONTRACTOR may legally retain those involuntary patients that COUNTY refers to CONTRACTOR.

7. PATIENT RECORDS:

- a. All beneficiaries' records will be available from CONTRACTOR to COUNTY or COUNTY'S designee for authorized review for fiscal audits, programs compliance and beneficiary complaints.
- b. All records relating to this Agreement shall be prepared and maintained in accordance with the Welfare and Institutions Code relating to the Lanterman-Petris-Short Act and the Short-Doyle Act and all records shall be maintained for a period of at least four years or until audit findings are resolved. All records shall

be subject to the confidentiality provisions of Welfare and Institutions Code Section 5328 and the Code of Federal Regulations, Title 45, Section 205.50. The State Department of Mental Health, either party hereto, and/or their appropriate audit agency, shall have the right to inspect all records in order to evaluate the cost, quality, appropriateness, and timeliness of service.

- c. Patient records must comply with all appropriate state and federal requirements.
 - d. The contracting parties shall be subject to the examination and audit of the Auditor General for a period of three years after final payment under Contract (Government Code Section 8546.7).
8. **TERM OF CONTRACT:** This Agreement shall commence on July 1, 2017, and shall terminate on June 30, 2019. This Agreement may be extended for additional 24-months periods upon written agreement of the parties. Rates will be automatically adjusted to that established by CONTRACTOR at the time of renewal, unless otherwise listed.
9. **TERMINATION NOTICE:** This Agreement may be terminated under the following conditions:
- a. By mutual consent of the parties with a 30-day notice.
 - b. At any time upon a material breach of any of the provisions hereof with a 30-day notice.
 - c. By the COUNTY upon delivery of written notice thereof to CONTRACTOR with 30-day notice.
10. **ASSIGNMENT:** The CONTRACTOR shall not assign any interest in this Agreement and shall not transfer any interest in the same without prior written consent of the COUNTY, except that claims for money due the CONTRACTOR from the COUNTY under this Agreement may be assigned by the CONTRACTOR to a bank, trust company, or other financial institution without such approval, written notice of any such transfer shall be furnished promptly to the COUNTY. Any attempt at assignment of rights under this Agreement except for those specifically consented to by both parties or as stated above shall be void.
11. **INDEPENDENT CONTRACTOR:** It is specifically understood and agreed that in the making and performance of this Agreement, CONTRACTOR is an independent contractor and is not an employee, agent, or servant of COUNTY.
12. **INDEMNIFICATION:** To the fullest extent permitted by law, CONTRACTOR shall indemnify and hold harmless COUNTY, its agents, officers, and employees, and COUNTY shall indemnify and hold harmless CONTRACTOR, against and from any and all claims, lawsuits, actions, liability, damages, losses, expenses and costs (including but not limited to attorney's fees), brought for, or on account of, injuries to or death of any person or persons, including employees of the CONTRACTOR or COUNTY, or injuries to or destruction of property, including the loss of use thereof, arising out of, alleged to arise out of, or resulting from, the performance of the work described herein, provided that any such claim, lawsuit, action, liability, damage, loss, expense or cost is caused in whole or in part by any negligent or intentional act or omission of the CONTRACTOR or COUNTY, and subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them are liable, regardless of whether or not it is caused by the passive negligence of a party indemnified hereunder.
13. **AMENDMENT:** This Agreement may only be modified by a written amendment hereto, executed by both parties.

14. **INSURANCE:** CONTRACTOR shall maintain programs of self-insurance during the life of the Agreement. Certificates of insurance shall be submitted to and approved by COUNTY prior to the execution of this Agreement by COUNTY. The certificates of insurance shall contain a provision that coverage afforded under the policies will not be canceled until at least 20 days prior written notice has been given to COUNTY.

- a. Worker's Compensation Insurance: CONTRACTOR'S employees shall be covered by Worker's Compensation Insurance or a program of self-insurance in compliance with State law in a minimum amount of One million dollars (\$1,000,000) per occurrence, combined single limit, bodily injury and property damage. In case of any such work sublet, CONTRACTOR shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the CONTRACTOR'S Worker's Compensation Insurance.
- b. CONTRACTOR shall maintain a program of self-insurance professional liability insurance and general liability insurance with limits of liability of not less than Two million (\$2,000,000) per occurrence and Five million (\$5,000,000) in aggregate.
- c. CONTRACTOR shall require each subcontractor to procure and maintain during the life of his contract public liability, property damage and other insurance, with minimum limits equal to one-half the amounts requires by CONTRACTOR.
- d. All certificates, endorsements, cancellations, and other notices required under Paragraph 10, shall be mailed by CONTRACTOR to the following address:

Barbara Longo, Director
Health and Social Services
1445 Paul Bunyan Road
Susanville, CA 96130

And to CONTRACTOR by COUNTY to the following address:

Dr. Steve Herber, President and CEO
Adventist Health Vallejo
525 Oregon Street
Vallejo, CA 94590

15. **QUALITY OF CARE:** ~~CONTRACTOR assures COUNTY that beneficiaries will not be unlawfully discriminated against in any manner, including race, creed, color, sex, national origin and admission practices, placement in special wings or rooms, or provision of special or separate meals.~~

- a. CONTRACTOR will post notices explaining grievance, appeal and expedited appeal processes and procedures
- b. CONTRACTOR will notify COUNTY of all grievances, appeals and expedited appeals within 24 hours of receipt of filing.

16. **NO INTEREST:** CONTRACTOR hereby covenants that he has, at the time of execution of this Agreement, no interest, and that he shall not acquire any interest in the future, direct

____ County Initials
St Helena Center for Behavioral Health v.1 17.19

4

Contractor Initials BO

AGREEMENT BETWEEN LASSEN COUNTY AND ADVENTIST HEALTH VALLEJO

or indirect, which would conflict in any manner or degree with the performance of services required to be performed pursuant to this Agreement. CONTRACTOR further covenants that in the performance of this work, no person having any such interest shall be employed.

17. **CONFORM TO REGULATIONS:** CONTRACTOR shall adhere to Title XIX of the Social Security Act, USC and conform to all applicable federal and state statutes and regulations. CONTRACTOR and COUNTY shall comply with the requirements of the federal Health Insurance Portability and Accountability Act (HIPAA).

18. **CALIFORNIA LAW:** The laws of the State of California shall govern this Agreement. It constitutes the entire Agreement between the parties regarding its subject matter.

This Agreement supersedes all proposals, oral and written, and all negotiations, conversations or discussions heretofore and between the parties related to the subject matter of this Agreement.

19. **HIPAA COMPLIANCE.** CONTRACTOR will comply with the requirements of the Federal Health Insurance Portability and Accountability Act ("HIPAA").

20. **SPECIAL NOTICING PROVISIONS:** The CONTRACTOR consistent with DMH Letter #04-04 shall provide upon admission EPSDT and TBS notices to all COUNTY Medi-Cal beneficiaries under the age of 21 and to their representative. The COUNTY shall provide CONTRACTOR with the EPSDT and TBS noticing materials (see Exhibit D).

21. **NONDISCRIMINATION.** During the performance of this Agreement, CONTRACTOR shall not unlawfully discriminate against any employee of the CONTRACTOR or of the COUNTY or applicant for employment or for services or any member of the public because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age or sex. CONTRACTOR shall ensure that in the provision of services under this Agreement, its employees and applicants for employment and any member of the public are free from such discrimination. CONTRACTOR shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.). The applicable regulations of the Fair Employment Housing Commission implementing Government Code Section 12900, set forth in Chapter 5, Division 4 of Title 2 of the California *Administrative Code* are incorporated into this Agreement by reference and made a part hereof as if set forth in full. CONTRACTOR shall also abide by the Federal Civil Rights Act of 1964 and all amendments thereto, and all administrative rules and regulation issued pursuant to said Act. CONTRACTOR shall give written notice of its obligations under this clause to any labor agreement. CONTRACTOR shall include the non-discrimination and compliance provision of this paragraph in all subcontracts to perform work under this Agreement.

-
22. **MEDI-CAL COST REPORT:** When requested CONTRACTOR shall provide COUNTY with an annual Cost Report in the appropriate format for submission to the State of California, Department of Mental Health for Medi-Cal reimbursement no later than 30 days from the end of the State Fiscal Year. This Cost Report will establish the final basis upon which CONTRACTOR will be paid for services provided during the term of the Agreement for those accounts that are deemed appropriate.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates shown opposite their respective signatures.

____ County Initials
St Helena Center for Behavioral Health v.1 17.19

5

Contractor Initials



AGREEMENT BETWEEN LASSEN COUNTY AND ADVENTIST HEALTH VALLEJO

CONTRACTOR

Dated: 2/27/18

By: [Redacted]
Dr. Steve Herber, President and CEO
St. Helena Hospital dba Adventist Health Vallejo

COUNTY

Dated: 3-12-18

By: [Redacted]
Richard Egan
County Administrative Officer

Dated: 3/12/18

By: [Redacted]
Barbara Longo, Director
Health and Social Services

Approved as to form:

Robert M. Burns
Lassen County Counsel

Dated: 2/13/18

By: [Redacted]
Andrew Haut
Attorney for County Counsel

**AGREEMENT BETWEEN
LASSEN COUNTY
AND
ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO**

**EXHIBIT A
COVERED SERVICES**

Inpatient Mental Health Services.

Clinical and medical services which are generally recognized and accepted for the diagnosis and treatment of a behavioral disorder or psychological injury, as clinically necessary.

- A. Semi-private room accommodations including bed, board, and related services.
- B. Twenty-four hour nursing care.
- C. Physical and mental examination for assessment and diagnosis.
- D. Crisis intervention services.
- E. Administration and supervision of the clinical use of psychotropic medications.
- F. Individual and group psychotherapy.
- G. Art, recreational and vocational therapy.
- H. Clinical laboratory services.
- I. Social services.

**AGREEMENT BETWEEN
LASSEN COUNTY
AND
ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO**

**EXHIBIT B
PAYMENT SCHEDULE**

Original Contract (2 Years) - July 1, 2017 - June 30, 2018					
Scope	Program/Service Description	Funding Source	Unit Type	Rate	Total # Units
Exhibit A	Medi-Cal Rate:			REDACTED	
	Acute Facility Psychiatric	Medi-Cal	Daily		TBD
	Plus daily doctor cost	Medi-Cal	Daily		TBD
	<i>Medi-Cal All Inclusive</i>				
	Short-Doyle Rate:				
	Acute Facility Psychiatric	Realignment	Daily		TBD
	Administrative Day	Realignment	Daily		TBD
July 1, 2018 - June 30, 2019					
Scope	Program/Service Description	Funding Source	Unit Type	Rate	Total # Units
Exhibit A	Medi-Cal Rate:			REDACTED	
	Acute Facility Psychiatric	Medi-Cal	Daily		TBD
	Plus daily doctor cost	Medi-Cal	Daily		TBD
	<i>Medi-Cal All Inclusive</i>				
	Short-Doyle Rate:				
	Acute Facility Psychiatric	Realignment	Daily		TBD
	Administrative Day	Realignment	Daily		TBD

Inpatient services paid by TAR.

¹ Contingent on availability of funds approved by the Board of Supervisors

**AGREEMENT BETWEEN
LASSEN COUNTY
AND
ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO**

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

THIS AGREEMENT is made effective the _____ day of _____, 20____, by and between LASSEN COUNTY, a political subdivision of the State of California, hereinafter referred to as "Covered Entity", ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO, hereinafter referred to as "Business Associate", (individually, a "Party" and collectively, the "Parties").

RECITALS: This Agreement is made with reference to the following facts:

- A. Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1966, Public Law 104.191, known as the "the Administrative Simplification provisions," direct the Department of Health and Social Services to develop standards to protect the security, confidentiality and integrity of health information; and
- B. Pursuant to the Administrative Simplification provisions, the Secretary of Health and Social Services has issued regulations modifying 45 CFR Parts 160 and 164 (the "HIPAA Privacy Rule"); and
- C. The Parties wish to enter into or have entered into an arrangement whereby Business Associate will provide certain services to Covered Entity, and, pursuant to such arrangement, Business Associate may be considered a "business associate" of covered Entity as defined in the HIPAA Privacy Rule (the agreement evidencing such arrangement is entitled "Agreement Between Lassen County and Behavioral Health: ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO, dated, _____ and is a covered entity and is acting as a Business Associate under this agreement here referred to as the "Arrangement Agreement"); and
- D. Business Associate may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under such arrangement.

In consideration of the Parties' continuing obligations under the Arrangement Agreement, compliance with the HIPAA Privacy Rule, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the HIPAA Privacy Rule and to protect the interests of both Parties.

- 1. **Definitions:** Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms are defined in 45 Code of Federal Regulations section 160.103 and 164.501. (All regulatory references in this Agreement are to Title 45 of the Code of Federal Regulations unless otherwise specified.)
 - 1.1 Business Associate. Business Associate shall mean Behavioral Health: St. Helena Hospital Center for Behavioral Health.
 - 1.2 Covered Entity. Covered Entity shall mean that part of the County of Lassen designated as the hybrid entity within the County of Lassen subject to the Standards for Privacy of Individually Identifiable Health Information set forth in 45 Code of Federal Regulations Part 160 and Part 164, Subparts A and B (County).

____ County Initials
St Helena Center for Behavioral Health v.1 17.19

Contractor Initials  _____

- 1.3 Designated Record Set. Designated Record Set shall have the same meaning as the term designated record set in Section 164.501.
- 1.4 Individual. Individual shall have the same meaning as the term individual in Section 164.501 and shall include a person who qualifies as a personal representative in accordance with Section 164.502(g).
- 1.5 Privacy Rule. Privacy Rule[®] shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations Part 160 and Part 164, Subparts A and B.
- 1.6 Protected Health Information. Protected Health Information shall have the same meaning as the term Protected health information in Section 164.501 and is limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- 1.7 Required By Law. Required by law shall have the same meaning as the term required by law in Section 164.501.
- 1.8 Secretary. Secretary shall mean the Secretary of the United States Department of Health and Social Services or his or her designee.

2. Obligations and Activities of Business Associate:

- 2.1 Business Associate agrees to provide National Provider Identification (NPI) number to Covered Entity for billing of services provided.
- 2.2 Business Associate agrees to not use or further disclose Protected Health Information other than as permitted or required by the Agreement or as Required by Law.
- 2.3 Business Associate agrees to use appropriate safeguards to prevent the use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- 2.4 Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- 2.5 Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement.
- 2.6 Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- 2.7 Business Associate agrees to provide access, at the request of Covered Entity, and in the time and manner designated by Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under Section 164.524.
- 2.8 Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to make pursuant to Section 164.526 at the request of Covered Entity or an Individual, and in the time and manner designated by Covered Entity.



- 2.9 Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or at the request of the Covered Entity to the Secretary, in a time and manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- 2.10 Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with Section 164.528.
- 2.11 Business Associate agrees to provide to Covered Entity or an Individual, in the time and manner designated by Covered Entity, information collected in accordance with Section 2.9 of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with Section 164.528.
3. **Permitted Uses and Disclosures by Business Associate:** Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified the Arrangement Agreement provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity.
4. **Obligations of Covered Entity:** Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with Section 164.522.
5. **Permissible Requests by Covered Entity:** Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.
6. **Term and Termination:**
- 6.1 Term. The Term of this Agreement shall be effective as of effective date of the Arrangement Agreement and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.
- 6.2 Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement and the Arrangement Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity, or immediately terminate this Agreement and the Arrangement Agreement if Business Associate has breached a material term of this Agreement and cure is not possible.
- 6.3 Effect of Termination.

6.3.1 Except as provided in paragraph 6.3.2 of this section, upon termination of this

Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

- 6.3.2 In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

7. Miscellaneous:

- 7.1 Regulatory References. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended, and for which compliance is required.
- 7.2 Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act, Public Law 104.191.
- 7.3 Survival. The respective rights and obligations of Business Associate under Section 6.3 of this Agreement shall survive the termination of this Agreement.
- 7.4 Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Rule.

**AGREEMENT BETWEEN
LASSEN COUNTY
AND
ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO**

EXHIBIT E

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum ("Addendum") supplements and is made a part of the contract ("Contract") by and between Lassen County referred to herein as Covered Entity (CE), and Behavioral Health: ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO, referred to herein as Business Associate (BA). This Addendum is effective as of the date of execution.

RECITALS

CE wishes to disclose certain information to BA pursuant to the terms of the Contract, some of which may constitute Protected Health Information ("PHI") (defined below).

CE and BA intend to protect the privacy and provide for the security of PHI disclosed to BA pursuant to the Contract in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable laws.

As part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) require CE to enter into a contract containing specific requirements with BA prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(e) and 164.504(e) of the Code of Federal Regulations ("C.F.R.") and contained in this Addendum.

In consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. Definitions

- a. **Breach** shall have the meaning given to such term under the HITECH Act [42 U.S.C. Section 17921].
- b. **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.
- c. **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.
- d. **Data Aggregation** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- e. **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media.
- f. **Electronic Health Record** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.
- g. **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

- h. **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and E.
- i. **Protected Health Information or PHI** means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes Electronic Protected Health Information [45 C.F.R. Sections 160.103, 164.501].
- j. **Protected Information** shall mean PHI provided by CE to BA or created or received by BA on CE's behalf.
- k. **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.
- l. **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U.S.C. Section 17932(h).

2. **Obligations of Business Associate**

- a. **Permitted Uses.** BA shall not use Protected Information except for the purpose of performing BA's obligations under the Contract and as permitted under the Contract and Addendum. Further, BA shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by CE. However, BA may use Protected Information (i) for the proper management and administration of BA, (ii) to carry out the legal responsibilities of BA, or (iii) for Data Aggregation purposes for the Health Care Operations of CE [45 C.F.R. Sections 164.504(e)(2)(ii)(A) and 164.504(e)(4)(i)].
- b. **Permitted Disclosures.** BA shall not disclose Protected Information except for the purpose of performing BA's obligations under the Contract and as permitted under the Contract and Addendum. BA shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act or 42 CFR Part 2, if so disclosed by CE. However, BA may disclose Protected Information (i) for the proper management and administration of BA; (ii) to carry out the legal responsibilities of BA; (iii) as required by law; or (iv) for Data Aggregation purposes for the Health Care Operations of CE. If BA discloses Protected Information to a third party, BA must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Addendum and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify BA of any breaches of confidentiality of the Protected Information, to the extent it has obtained knowledge of such breach [42 U.S.C. Section 17932; 45 C.F.R. Sections 164.504(e)(2)(i), 164.504(e)(2)(i)(B), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(ii)].
- c. **Prohibited Uses and Disclosures.** BA shall not use or disclose Protected Information for fundraising or marketing purposes. BA shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates [42 U.S.C. Section 17935(a)]. BA shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of CE and as permitted by the HITECH Act, 42 U.S.C. section 17935(d)(2); however, this prohibition shall not affect payment by CE to BA for services provided pursuant to the Contract.

- d. **Appropriate Safeguards.** BA shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information otherwise than as permitted by the Contract that reasonably and appropriately protect the confidentiality, integrity and availability of the Protected Information, in accordance with 45 C.F.R. Sections 164.308, 164.310, and 164.312. [45 C.F.R. Section 164.504(e)(2)(ii)(B); 45 C.F.R. Section 164.308(b)]. BA shall comply with the policies and procedures and documentation requirements of the HIPAA Security Rule, including, but not limited to, 45 C.F.R. Section 164.316 [42 U.S.C. Section 17931].
- e. **Reporting of Improper Access, Use or Disclosure.** BA shall report to CE in writing of any access, use or disclosure of Protected Information not permitted by the Contract and Addendum, and any Breach of Unsecured PHI of which it becomes aware without unreasonable delay and in no case later than 30 calendar days after discovery [42 U.S.C. Section 17921; 45 C.F.R. Section 164.504(e)(2)(ii)(C); 45 C.F.R. Section 164.308(b)].
- f. **Business Associate's Agents.** BA shall ensure that any agents, including subcontractors, to whom it provides Protected Information, agree in writing to the same restrictions and conditions that apply to BA with respect to such PHI and implement the safeguards required by paragraph c above with respect to Electronic PHI [45 C.F.R. Section 164.504(e)(2)(ii)(D); 45 C.F.R. Section 164.308(b)]. BA shall implement and maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation (see 45 C.F.R. Sections 164.530(f) and 164.530(e)(1)).
- g. **Access to Protected Information.** BA shall make Protected Information maintained by BA or its agents or subcontractors in Designated Record Sets available to CE for inspection and copying within ten (10) days of a request by CE to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.524 [45 C.F.R. Section 164.504(e)(2)(ii)(E)]. If BA maintains an Electronic Health Record, BA shall provide such information in electronic format to enable CE to fulfill its obligations under the HITECH Act, including, but not limited to, 42 U.S.C. Section 17935(e).
- h. **Amendment of PHI.** Within ten (10) days of receipt of a request from CE for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, BA or its agents or subcontractors shall make such Protected Information available to CE for amendment and incorporate any such amendment to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.526. If any individual requests an amendment of Protected Information directly from BA or its agents or subcontractors, BA must notify CE in writing within five (5) days of the request. Any approval or denial of amendment of Protected Information maintained by BA or its agents or subcontractors shall be the responsibility of CE [45 C.F.R. Section 164.504(e)(2)(ii)(F)].
- i. **Accounting Rights.** Within ten (10) days of notice by CE of a request for an accounting of disclosures of Protected Information, BA and its agents or subcontractors shall make available to CE the information required to provide an accounting of disclosures to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and the HITECH Act, including but not limited to 42 U.S.C. Section 17935(c), as determined by CE. BA agrees to implement a process that allows for an accounting to be collected and maintained by BA and its agents or subcontractors for at least six (6) years prior to the request. Accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request. At a minimum, the information collected and maintained shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. In the event that the request for an accounting is delivered directly to BA or its agents or subcontractors, BA shall within five (5) days of a request forward it to CE in writing. It shall be CE's

responsibility to prepare and deliver any such accounting requested. BA shall not disclose any Protected Information except as set forth in Sections 2.b. of this Addendum [45 C.F.R. Sections 164.504(e)(2)(ii)(G) and 165.528].

- j. **Governmental Access to Records.** BA shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to CE and to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") for purposes of determining BA's compliance with the Privacy Rule [45 C.F.R. Section 164.504(e)(2)(ii)(H)]. BA shall provide to CE a copy of any Protected Information that BA provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- k. **Minimum Necessary.** BA (and its agents or subcontractors) shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use, or disclosure [42 U.S.C. Section 17935(b); 45 C.F.R. Section 164.514(d)(3)]. BA understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."
- l. **Data Ownership.** BA acknowledges that BA has no ownership rights with respect to the Protected Information.
- m. **Business Associate's Insurance.** Insurance provisions in Paragraph D.5 of the Agreement shall be effective for the Addendum as long as the Agreement is in effect.
- n. **Notification of Breach.** During the term of the Contract, BA shall notify CE within twenty-four (24) hours of any suspected or actual breach of security, intrusion or unauthorized use or disclosure of PHI of which BA becomes aware and/or any actual or suspected use or disclosure of data in violation of any applicable federal or state laws or regulations. BA shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations.
- o. **Breach Pattern or Practice by Covered Entity.** Pursuant to 42 U.S.C. Section 17934(b), if the BA knows of a pattern of activity or practice of the CE that constitutes a material breach or violation of the CE's obligations under the Contract or Addendum or other arrangement, the BA must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the BA must terminate the Contract or other arrangement if feasible, or if termination is not feasible, report the problem to the Secretary of DHHS. BA shall provide written notice to CE of any pattern of activity or practice of the CE that BA believes constitutes a material breach or violation of the CE's obligations under the Contract or Addendum or other arrangement within five (5) days of discovery and shall meet with CE to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.
- p. **Audits, Inspection and Enforcement.** Within ten (10) days of a written request by CE, BA and its agents or subcontractors shall allow CE to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to this Addendum for the purpose of determining whether BA has complied with this Addendum; provided, however, that (i) BA and CE shall mutually agree in advance upon the scope, timing and location of such an inspection, (ii) CE shall protect the confidentiality of all confidential and proprietary information of BA to which CE has access during the course of such inspection; and (iii) CE shall execute a nondisclosure agreement, upon terms mutually agreed upon by the parties, if requested by BA. The fact that CE inspects, or fails to inspect, or has the right to inspect, BA's facilities, systems, books, records, agreements, policies and procedures does not relieve BA of its responsibility to comply with this Addendum, nor does CE's (i) failure to detect or (ii) detection, but failure to notify BA or require BA's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of CE's enforcement rights under the Contract or Addendum, BA shall notify CE within ten (10) days of learning that BA



has become the subject of an audit, compliance review, or complaint investigation by the Office for Civil Rights

3. Termination

- a. **Material Breach.** A breach by BA of any provision of this Addendum, as determined by CE, shall constitute a material breach of the Contract and shall provide grounds for immediate termination of the Contract, any provision in the Contract to the contrary notwithstanding [45 C.F.R. Section 164.504(e)(2)(iii)].
- b. **Judicial or Administrative Proceedings.** CE may terminate the Contract, effective immediately, if (i) BA is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws or (ii) a finding or stipulation that the BA has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.
- c. **Effect of Termination.** Upon termination of the Contract for any reason, BA shall, at the option of CE, return or destroy all Protected Information that BA or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by CE, BA shall continue to extend the protections of Section 2 of this Addendum to such information, and limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible. [45 C.F.R. Section 164.504(e)(ii)(2)(I)]. If CE elects destruction of the PHI, BA shall certify in writing to CE that such PHI has been destroyed.

4. Indemnification

Indemnification provision in Paragraph D.6 of the Agreement shall be effective for the Addendum as long as the Agreement is in effect.

5. Disclaimer

CE makes no warranty or representation that compliance by BA with this Addendum, HIPAA, the HITECH Act, 42 CFR Part 2 or the HIPAA Regulations will be adequate or satisfactory for BA's own purposes. BA is solely responsible for all decisions made by BA regarding the safeguarding of PHI.

6. Certification

To the extent that CE determines that such examination is necessary to comply with CE's legal obligations pursuant to HIPAA relating to certification of its security practices, CE or its authorized agents or contractors, may, at CE's expense, examine BA's facilities, systems, procedures and records as may be necessary for such agents or contractors to certify to CE the extent to which BA's security safeguards comply with HIPAA, the HITECH Act, the HIPAA Regulations or this Addendum.

7. Amendment

- a. **Amendment to Comply with Law.** The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of the Contract of Addendum may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, the Privacy Rule, the Security Rule and other applicable laws relating to the security or confidentiality of PHI. The parties understand and agree that CE must receive satisfactory written assurance from BA that BA will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the Privacy

Rule, the Security Rule or other applicable laws. CE may terminate the Contract upon thirty (30) days written notice in the event (i) BA does not promptly enter into negotiations to amend the Contract or Addendum when requested by CE pursuant to this Section or (ii) BA does not enter into an amendment to the Contract or Addendum providing assurances regarding the safeguarding of PHI that CE, in its sole discretion, deems sufficient to satisfy the standards and requirements of applicable laws.

- b. **Amendment of Attachment A.** Attachment A may be modified or amended by mutual agreement of the parties at any time without amendment of the Contract or Addendum.

8. Assistance in Litigation of Administrative Proceedings

BA shall make itself, and any subcontractors, employees or agents assisting BA in the performance of its obligations under the Contract or Addendum, available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees based upon a claimed violation of HIPAA, the HITECH Act, the Privacy Rule, the Security Rule, or other laws relating to security and privacy, except where BA or its subcontractor, employee or agent is named adverse party.

9. No Third-Party Beneficiaries

Nothing express or implied in the Contract or Addendum is intended to confer, nor shall anything herein confer, upon any person other than CE, BA and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

10. Effect on Contract

Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract shall remain in force and effect.

11. Interpretation

The provisions of this Addendum shall prevail over any provisions in the Contract that may conflict or appear inconsistent with any provision in this Addendum. This Addendum and the Contract shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, 42 CFR Part 2, the Privacy Rule and the Security Rule. The parties agree that any ambiguity in this Addendum shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act, 42 CFR Part 2, the Privacy Rule and the Security Rule.

**AGREEMENT BETWEEN
LASSEN COUNTY
AND
ST HELENA HOSPITAL DBA ADVENTIST HEALTH VALLEJO**

**EXHIBIT D
EPSDT/TBS
Medi-Cal Services for Children and Young People
THERAPEUTIC BEHAVIORAL SERVICES**

This notice is for children and young people, under 21 years of age, who have full-scope Medi-Cal. This notice is also for the families, caregivers or guardians of those children and young people.

A Medi-Cal mental health service called Therapeutic Behavioral Services (TBS) is available from county mental health departments. This notice gives you information about TBS. You may also get information about TBS from your county mental health department by calling one of the toll-free numbers listed at the end of this notice.

What are Therapeutic Behavioral Services (TBS)?

TBS is a type of mental health service available to you if you have serious emotional problems. You must be under 21 and have full-scope Medi-Cal to get TBS.

- If you are living at home, the TBS staff person can work one-to-one with you to reduce severe behavior problems to try to keep you from needing to go to a higher level of care, such as a group home for children and young people with very serious emotional problems.
- If you are living in a group home for children and young people with very serious emotional problems, a TBS staff person can work with you so you may be able to move to a lower level of care, such as a foster home or back home.

The rest of this notice will answer your questions about ways TBS can help you.

TBS will help you and your family, caregiver or guardian learn new ways of controlling problem behavior and ways of increasing the kinds of behavior that will allow you to be successful. You, the TBS staff person, and your family, caregiver or guardian will work together very intensively for a short period of time, until you no longer need TBS. You will have a TBS Plan that will say what you, your family, caregiver or guardian, and the TBS staff person will do during TBS, and when and where TBS will occur. The TBS staff person can work with you in most places where you are likely to need help with your problem behavior. This includes your home, foster home, group home, school, day treatment program and other areas in the community.

Who can get TBS?

You may be able to get TBS if you have full scope Medi-Cal, are under 21 years old AND

-
- Have serious emotional problems AND
 - Live in a group home for children and young people with very serious emotional problems. [Group homes are sometimes called Rate Classification Level (RCL) 12, 13 or 14 group homes]; OR
 - Live in a state mental health hospital, a nursing facility that specializes in mental health treatment or Mental Health Rehabilitation Center (these places are also called institutions for mental diseases or IMDs); OR
 - Are at risk of having to live in a group home (RCL 12, 13 or 14), a mental health hospital or IMD; OR
 - Have been hospitalized, within the last 2 years, for emergency mental health problems.

Are there other things that must happen for me to get TBS?

Yes. You must be getting other mental health services. TBS adds to other mental health services. It doesn't take the place of them. Since TBS is short term, other mental health services may be needed to keep problems from coming back or getting worse after TBS has ended.

TBS is not provided if the reason it is needed is:

- Only to help you follow a court order about probation
- Only to protect your physical safety or the safety of other people
- Only to make things easier for your family, caregiver, guardian or teachers
- Only to help with behaviors that are not part of your mental health problems

You cannot get TBS while you are in a mental health hospital, an IMD, or locked juvenile justice setting, such as a juvenile hall. If you are in a mental health hospital or an IMD, though, you may be able to leave the mental hospital or IMD sooner, because TBS can be added to other mental health services to help you stay in a lower level of care (home, a foster home or a group home).

How do I get TBS?

If you think you may need TBS, ask your psychiatrist, therapist or case manager, if you already have one, to contact the county mental health department and request services. A family member, caregiver, guardian, doctor, psychologist, counselor or social worker may call and ask for information about TBS or other mental health services for you. You may also call the county mental health department and ask about TBS. The county mental health departments' toll-free numbers are listed at the end of this notice.

Who decides whether or not I need TBS and where and when I can get it? The county mental health department decides if you need mental health services, including TBS. Usually a county mental health department staff person will talk with you, your family, caregiver or guardian, and others who are important in your life and will make a Plan for all the mental health services you need, including a TBS Plan if TBS is needed. This may take one or two meetings face-to-face, sometimes more. If you need TBS, someone will be assigned as your TBS staff person.

What is in my TBS Plan?

Your TBS Plan will spell out the problem behaviors that need to change and what the TBS staff person, you and sometimes your family, caregiver or guardian will do when TBS happens. The TBS Plan will say how many hours a day and the number of days a week the TBS staff person will work with you and your family, caregiver or guardian. The hours in the TBS Plan may be during the day, early morning, evening or night. The days in the TBS Plan may be on weekends as well as weekdays. The TBS plan will say how long you will receive TBS. The TBS Plan will be reviewed regularly. TBS may go on for a longer period of time, if the review shows you are making progress but need more time.

What if the county mental health department doesn't approve TBS, but you, your family or caregivers disagree?

You can file a grievance with the county mental health department if the county mental health department doesn't approve TBS, but you, your family, caregiver or guardian disagree. Call the county mental health department's toll free number to talk to a grievance coordinator for information and help. The toll-free numbers are listed at the end of this notice. You may also call the county patient's rights advocate or the State Mental Health Ombudsman Office at 1-800-896-4042 or TTY 1-800-896-2512.

You and your family or caregivers can ask for a State Hearing instead of filing a grievance or at the same time you file a grievance with the county mental health department. Call 1-800-952-5253, send a fax to 916-229-4110, or write to the State Department of Social Services/State Hearings Division, P.O. Box 944243, Mail Station 19-37, Sacramento CA 94244-2430. You must ask for a State Hearing within 90 days after you learn that your request to the county mental health department for TBS was denied. Protection & Advocacy, Inc. is also available to assist with complaints, appeals, and grievances at 1-800-776-5746 or www.pai-ca.org

Medi-Cal Services for Children and Young People:

Early and
Periodic
Screening,
Diagnostic
and
Treatment

Mental Health Services

This notice is for children and young people who qualify for Medi-Cal EPSDT services because they are under 21. This notice is also for caregivers or guardians of children and young people who qualify for EPSDT.

What are Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services?

EPSDT services are extra Medi-Cal services. You can get them in addition to other Medi-Cal services. You must be under age 21 and have full scope Medi-Cal to get these services. EPSDT services correct or improve medical problems that your doctor or other health care provider finds, even if the health problem will not go away entirely.

How can I get EPSDT services for my child or, if am under age 21, for myself?

Ask your doctor or clinic about EPSDT services. You may get these services if you and your doctor, or other health care provider, clinic (such as Child Health and Disability Prevention Program [CHDP]) or county mental health department agree that you need them.

What are EPSDT mental health services?

EPSDT mental health services are Medi-Cal services that correct or improve mental health problems. These problems may be sadness, nervousness, or anger that makes your life difficult.

Some of the services you can get from your county mental health department are:

- Individual therapy
 - Group therapy
 - Family therapy
 - Crisis counseling
 - Case management
 - Special day programs
-
- Medication for your mental health
 - EPSDT mental health services to alcohol and drug problems you have that affect your mental health.

You can also ask for counseling and therapy as often as once per week or more if you think you need it. You may be able to get these services in your home or in the community.

In most cases, your county mental health department, you, and your doctor or provider will decide if the services you ask for are medically necessary. County mental health departments must approve your EPSDT services. Every county mental health department has a toll-free phone number that you can call for more information and to ask for EPSDT mental health services.

What are EPSDT Therapeutic Behavior Services (TBS)?

Therapeutic Behavioral Services (TBS) is a new EPSDT mental health service. TBS helps children and young people who:

- Have severe emotional problems
- Live in a mental health placement or are at risk of placement, or
- Have been hospitalized recently for mental health problems.

If you get other mental health services and still feel very sad, nervous, or angry, you may be able to have a trained mental health coach help you. This person could help you when you have problems that might cause you to get mad, upset or sad. This person would come to your home, group home or go with you on trips and activities in the community.

Your county mental health department can tell you how to ask for an assessment to see if you need mental health services including TBS.

Who can I talk to about EPSDT mental health services?

You can talk to your doctor, psychologist, counselor or social worker about EPSDT mental health services. For children and young people in a group home or residential facility, you can talk to the staff about getting additional EPSDT services, treat may

For children in foster care, you can also ask the child's court-appointed attorney. You can also call your county mental health department directly. (Look in your phone book for the toll-free telephone number, or call the State mental health ombudsman)

What if I don't get the services I want from my county mental health department?

You can file a grievance with the county mental health department if the county mental health department denies the EPSDT services requested by your doctor or provider. You may also file a grievance if you think you need mental health services and your provider or county mental health department does not agree. Call the county mental health department's toll free number to talk to a grievance coordinator for information and help. You may also call the county patient's rights advocate, or the State Mental Health Ombudsman Office.

You can ask for a State hearing at the same time. Call 1-800-952-5253, send a fax to 916-229-4100, or write to the Department of Social Services/State Hearings Division, P.O Box 944243, Mail Station 19-37, Sacramento CA 94244-2430. You must ask for a hearing within 90 days after you learn that your request for services was denied. Protection & Advocacy, Inc. is also available to assist with complaints, appeals, and grievances, please contact the telephone numbers

Who can I call for more information?

For more information following offices at the below:

County Mental Health Department toll-free access number

Look in your local phone book

Department of Mental Health Ombudsman Office

1-800-896-4042

Child Health and Disability Prevention (CHOP) Program located in your county or city health department.

Look in your local phone book.

Protection & Advocacy, Inc.

1 -800-776-5746

or www.pai-ca.org

COUNTY MENTAL HEALTH DEPARTMENTS—Toll-Free Numbers

Note: For Yuba County: See Sutter - Bi-County. For Sierra County: See Placer County

Alameda County 1-800-491-9099
Alpine County 1-800-486-2163
Amador County 1-888-310-6555
Butte County 1-800-334-6622
Calaveras County 1-800-499-3030
Colusa County Business hours: 1-888-793-6580 after hours: 1-800-700-3577
Contra Costa County 1-888-678-7277
Del Norte County 1-888-446-4408
El Dorado County 1-800-929-1955
Fresno County 1-800-654-3937
Glenn County Business hours: 1-800-500-6582 After hours: 1-888-624-5820
Humboldt County 1-888-849-5728
Imperial County 1-800-817-5292
Kern County 1-800-991-5272
Kings County 1-800-655-2553
Lake County 1-800-900-2075
Lassen County 1-888-530-8688
Inyo County 1-800-841-5011
Los Angeles County 1-800-854-7771
Ma County 1-888-818-1115
Madera County 1-888-275-9779
Mariposa County 1-800-549-6741
Mendocino County 1-800-575-4357
Merced County 1-888-334-0163
Modoc County 1-888-700-3577
Mono County Business hours: 1-800-687-1101 After hours: 1-800-700-3577
Monterey County 1-888-258-6029
Napa County 1-800-648-8650
Nevada County 1-888-801-1437
Orange County 1-800-723-8641
Placer County (Also serves Sierra County): 1-888-886-5401
Plumas County 1-800-757-7898
Riverside County 1-800-706-7500
Sacramento County 1-888-88-4881
San Benito County 1-888-636-4020
San Bernardino County 1-888-743-1478
San Diego County 1-800-479-3339
San Francisco County 1-888-246-3333

San Joaquin County 1-888-468-9370
San Luis Obispo County 1-800-838-1381
San Mateo County 1-800- 686-0101
Santa Barbara County 1-888-868-1649
Santa Clara County 1-800-704-0900
Santa Cruz County 1-800-952-2335
Shasta County 1-888-385-5201
Siskiyou County 1-800-842-8979
Solano County 1 -800-547-0495
Sonoma County 1 -800-870-8786
Stanislaus County 1-888-376-6246
Sutter-Yuba Bi-County 1-888-923-3800
Tehama County 1-800-240-3208
Trinity County 1-888-624-5820
Tulare County 1-800-320-1616
Tuolumne County 1-800-630-1130
Ventura County 1-800-671-0887
Yolo County 1-888-965-6647

Section 999.5(d)(5)(J) A description of compliance with H&S Code § 129675-130070 (Hospital Facilities Seismic Safety Act) for each health facility that is the subject of the agreement or transaction, including the certified Structural Performance Category of every building affected by the agreement or transaction and a copy of every final determination letter received from the Office of Statewide Health Planning and Development for every building affected by the agreement or transaction

Acute psychiatric hospitals such as AH Vallejo are not subject to the Hospital Facilities Seismic Safety Act. Please see the below confirmation from the OSHPD website.

11013 Adventist Health Vallejo

Bldg Num	Bldg Name	Classification & Status	RACs Date	CO/CF Received	NPC Extension Date	Building Code	Year Built	Stories	Height in Feet	Hazus Score	Instrumented	Construction Type	Sprinklered	
BLD-05128	Main Building	OSHPD 5, Acute Psych Only				Unknown		UNKN OWN	Unknown		No			SPC: NA NPC:

Section 999.5(d)(5)(K) A description of each measure proposed by the applicant to mitigate or eliminate any potential adverse effect on the availability or accessibility of health care services to the affected community that may result from the agreement or transaction

AH Vallejo does not anticipate that the Transaction will have any adverse effect on the availability or accessibility of mental health services in the community. As described in Section (d)(5)(G), the Transaction is expected to have a positive effect on the delivery of services and should materially improve the availability and accessibility of mental health services with Acadia as the new operator of the facility.

Section 999.5(d)(5)(L) A list of the primary languages spoken at the health facility or facility that provides similar health care and the threshold languages for Medi-Cal beneficiaries, as determined by the State Department of Health Care Services for the county in which the health facility or facility that provides similar health care is located

The primary languages spoken at AH Vallejo are English and Spanish (through Spanish speaking staff). The threshold languages as determined by Department of Health Care Services are English and Spanish.

POSSIBLE EFFECT OF COMPETITION

(Cal. Code Regs., tit. 11, § 999.5(d)(6))

Section 999.5(d)(6)(A) If Hart-Scott-Rodino premerger notification and report is required, a brief analysis of the possible effect of the transaction on each health facility that is the subject to the transaction on competition and market share in any relevant product or geographic market

Hart-Scott-Rodino premerger notification is not required for this Transaction.

Section 999.5(d)(6)(B) Submit copy of the HSR premerger notification and report and any attachments thereto as filed with the FTC pursuant to HSR and 16 CFR Parts 801-803

As noted in Section 999.5(d)(6)(A), Hart-Scott-Rodino premerger notification is not required for this Transaction.

OTHER PUBLIC INTEREST FACTORS

(Cal. Code Regs., tit. 11, § 999.5(d)(7))

Section 999.5(d)(7) Other Public Interest Factors

St. Helena Hospital believes that all public interest factors relevant to this Transaction have been stated in this notice. By allowing the AH Vallejo facility to become part of Acadia, an established behavioral health provider network with a proven track record, it will be able to improve upon and expand the delivery of much needed mental health services for the community.

**BOARD RESOLUTION AND
STATEMENT OF BOARD CHAIR
(Cal. Code Regs., tit. 11, § 999.5(d)(8))**

Section 999.5(d)(8) Board Resolution authorizing the filing of the application and statement of Board Chair that the contents are true, accurate and complete

Attached as Exhibit 8 is the (i) St. Helena Hospital Board Resolution authorizing management to seek a buyer for Adventist Health Vallejo Campus and take all actions and sign all documents necessary to proceed with the sale, which would include the filing of this notification to the California Attorney General; and (ii) statement of the Board Chair that the contents herein are true, accurate and complete.

EXHIBIT 8

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF ST. HELENA HOSPITAL
dba ADVENTIST HEALTH ST. HELENA and
dba ADVENTIST HEALTH VALLEJO**

January 16, 2020

A regular meeting of the Board of Directors (the "**Board**") of St. Helena Hospital, a California nonprofit religious corporation, dba Adventist Health St. Helena and dba Adventist Health Vallejo (the "**Corporation**"), was held on Thursday, January 16, 2020, at One Monarch Beach Resort, Dana Point, California. The Board met pursuant to a notice sent to each director on December 6, 2019.

MEMBERS PRESENT

Scott Reiner, Chair; David Banks; Andrew Davis; John Freedman; Ricardo Graham; Kerry Heinrich; Larry Innocent; Lucy Ocampo; Rich Reiner; Velino Salazar; Bill Wing; Marc Woodson; Robert Cherry and Celeste Philip joined via telephone, each with the ability to communicate concurrently with all other directors and participate in all matters before the Board.

OTHERS PRESENT

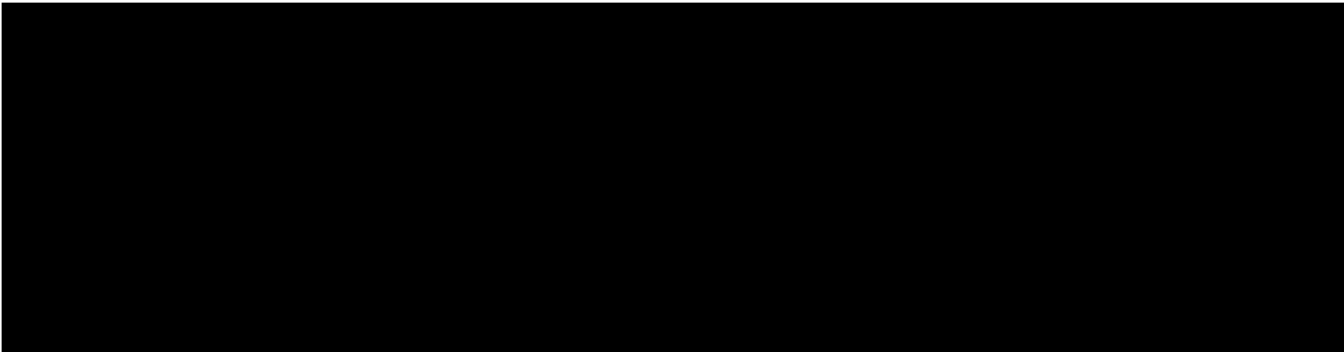
Cheryl Stalis

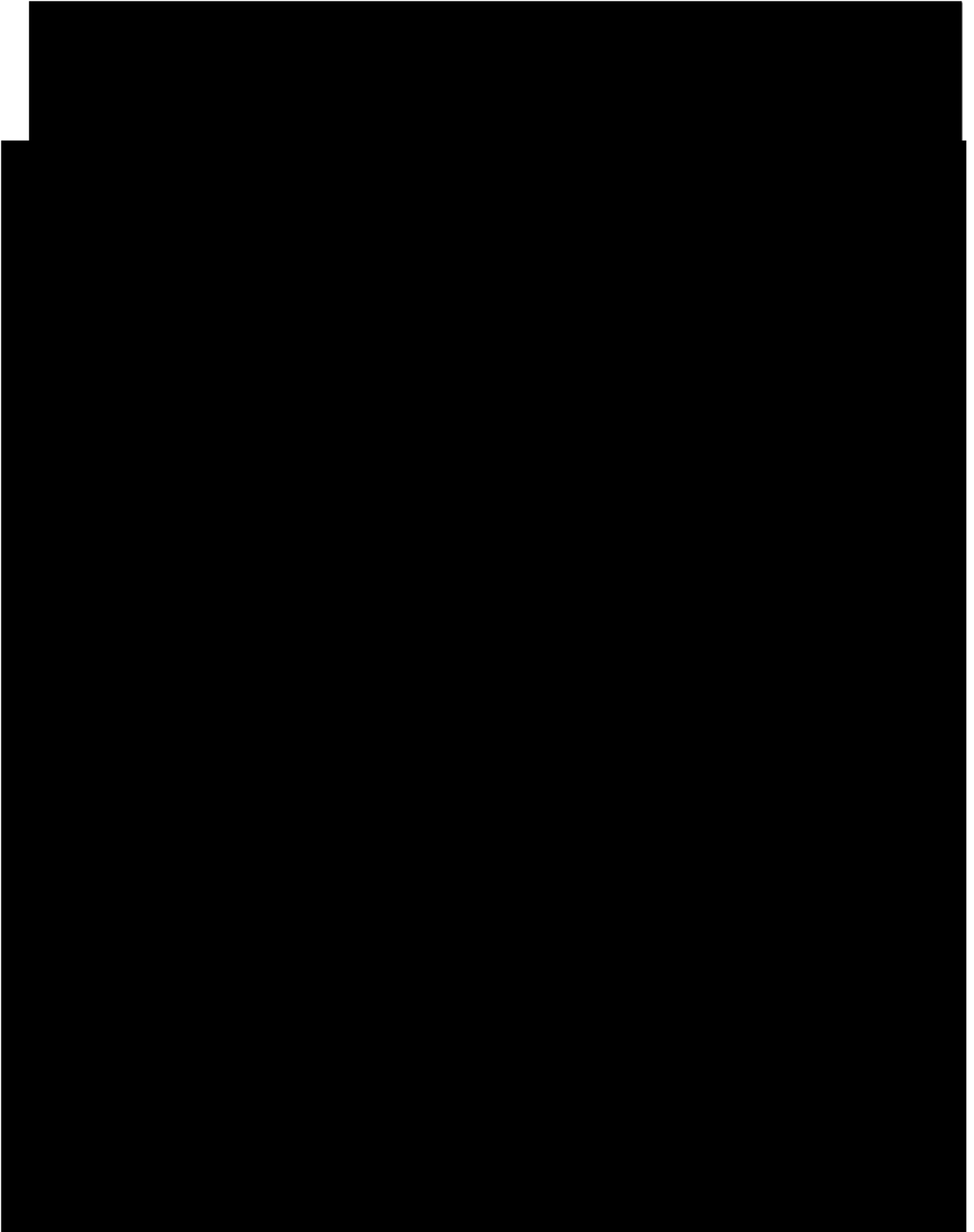
CALL TO ORDER

Mr. Scott Reiner noted that a quorum was present and called the meeting to order.

DEVOTION

Elder Freedman shared the devotion. He talked about the phenomenon of the millions of Amazon packages that are delivered every day around the world and how many never reach the intended recipient due to theft. As Christians, we also receive a gift, the Holy Spirit, every day. Elder Freedman reminded us that there is someone that will try to steal this special gift if he is allowed an opening. Ezekiel 36:27 says, "I will put my Spirit within you, and cause you to walk in My statutes and you will keep My judgments and do them." Elder Freedman encouraged everyone to seek guidance and encouragement from the Holy Spirit each day and not allow any opening for this gift to be taken away.





**ADVENTIST HEALTH
VALLEJO CAMPUS**

Mr. Banks then shared the recommendations from management for the Adventist Health Vallejo campus. (**Attachment 8**)

Upon motion duly made and seconded, the Board

20-09

VOTED to:

1. Approve authorizing management to seek a buyer for the Adventist Health Vallejo campus with an established behavioral health provider and to authorize management to take all actions and sign all documents necessary to proceed with the sale; and

**MINUTES OF A MEETING
OF THE BOARD STRATEGY COMMITTEE OF
ADVENTIST HEALTH SYSTEM/WEST
dba ADVENTIST HEALTH**

January 15, 2020

A regular meeting of the Board Strategy Committee (the "**Committee**") of Adventist Health System/West, a California nonprofit religious corporation, dba Adventist Health ("**Adventist Health**" or the "**Corporation**"), was held on Wednesday, January 15, 2020. References to the "Board" means the board of directors of Adventist Health.

MEMBERS PRESENT

David Banks, Chair; Robert Cherry (via telephone); John Freedman; Jim Gamble; Kerry Heinrich; Larry Innocent; Celeste Philip (via telephone); George Ramirez; Rich Reiner; Scott Reiner; Tim Trujillo; Bill Wing; Marc Woodson

OTHERS PRESENT

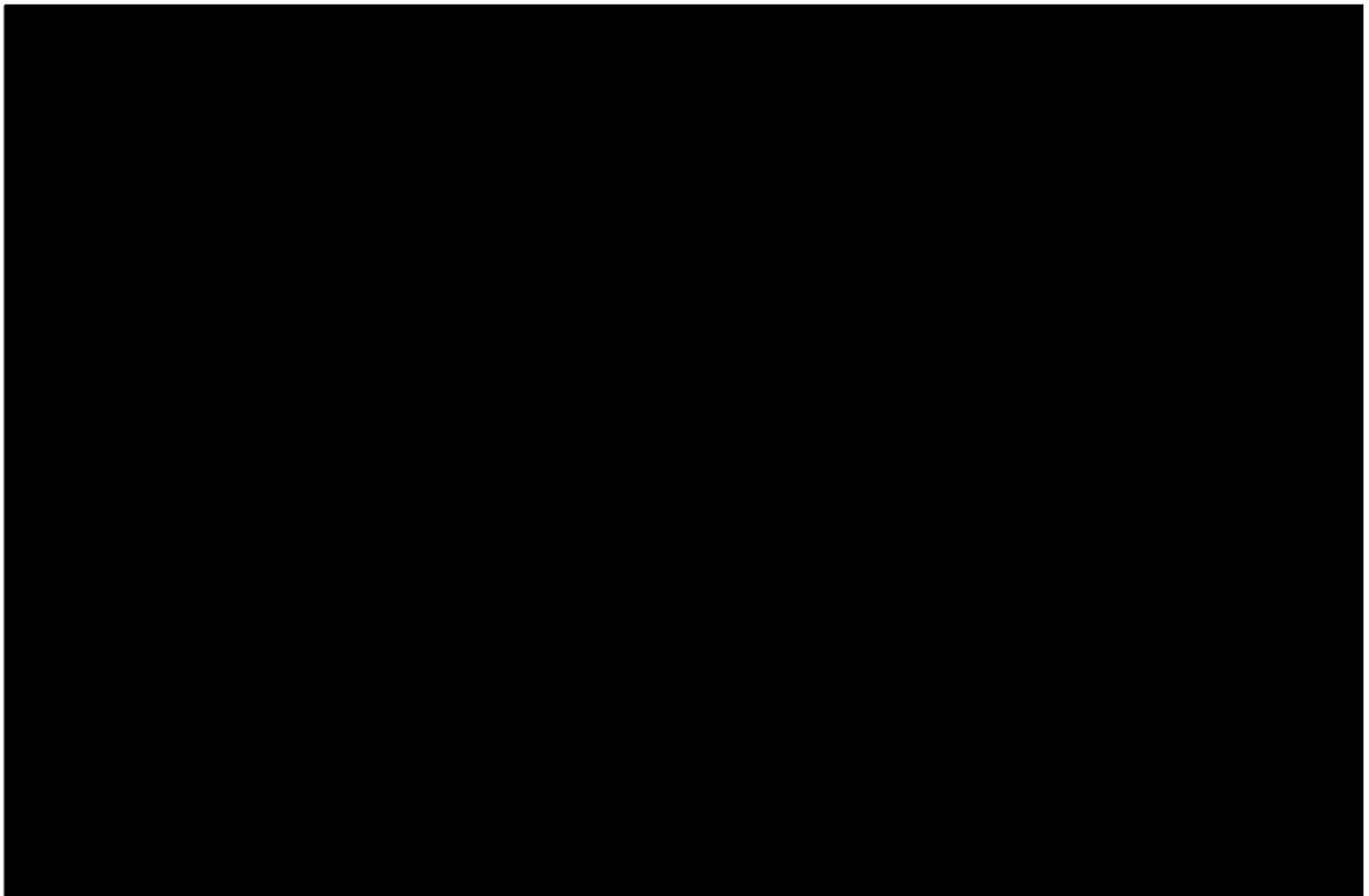
Meredith Jobe; Debbie Marks; Lucy Ocampo; Cheryl Stalis

CALL TO ORDER

Mr. Banks called the meeting to order and offered prayer.

APPROVAL OF MINUTES

Upon motion duly made and seconded, it was



***Recommendation to the Board –
St. Helena Strategy***

Following discussion and upon motion duly made and seconded, the Committee **VOTED** to recommend that the Board approve:

1. Ratification of Adventist Health St. Helena Community Governing Board's (CGB) decision to close the Obstetrics Unit
2. Support for the CGB deciding to close the on-campus Psychiatry units (geriatrics and mental health)
3. Approve authorizing management to seek a buyer for the Adventist Health Vallejo campus with an established behavioral health provider and authorize management to take all actions and sign all documents necessary to proceed with the sale.
4. Authorize management to continue to study other service lines for possible change or closure, and to authorize management to take such actions and sign such documents as it believes are necessary to change or close service lines.


Jim Gamble abstained.

ADJOURNMENT:

Upon a motion duly made and seconded, the Committee **VOTED** to adjourn.



David Banks, Chair



Bill Wing, Secretary

**STATEMENT OF THE CHAIRMAN OF THE BOARD
OF ST. HELENA HOSPITAL**

The undersigned, being the duly appointed and acting Chairman of the Board of St. Helena Hospital, a California nonprofit religious corporation, hereby states that he has reviewed the notice to the California Attorney General pursuant to California Corporations Code Section 5920 and California Code of Regulations, title 11, Section 999.5 et seq., to which this Statement is attached, and hereby states that such notice is true, accurate and complete.

By: _____

Name: Scott Reiner

Title: Chairman of the Board, St. Helena Hospital

OFFICERS AND DIRECTORS AND FINANCIAL STATEMENT OF TRANSFEREE
(Cal. Code Regs., tit. 11, § 999.5(d)(9))

Section 999.5(d)(9) List of officers and directors of the transferee, the most recent audited financial statement, the transferee's governance documents (such as Articles of Incorporation and Bylaws), a description of the transferee's policies, procedures, and eligibility requirements for the provision of charity care

The officers and directors of Buyer are set forth below:

President: Debra Osteen

VP & Treasurer: David M. Duckworth

VP & Secretary: Christopher L. Howard

Buyer was formerly known as Park Royal Fee Owner LLC, a Delaware LLC. The initial formation certificate for Park Royal Fee Owner LLC, the amendment pursuant to which it changed its name to Vallejo Acquisition Sub LLC, qualification to do business in California and Operating Agreement are attached as Exhibit 9. Buyer does not have an audited financial statement, however, attached hereto as Exhibit 10 is the most recent audited financial statement of Acadia filed with its most recent 10-K. Finally, the charity care policy to be adopted post-close is attached as Exhibit 11.

EXHIBIT 9

Delaware

PAGE 1

The First State

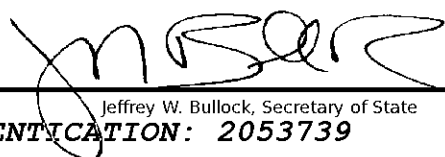
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PARK ROYAL FEE OWNER, LLC", FILED IN THIS OFFICE ON THE TWENTY-FIRST DAY OF JANUARY, A.D. 2015, AT 10:45 O'CLOCK A.M.



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150075014

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 2053739

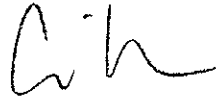
DATE: 01-21-15

**CERTIFICATE OF FORMATION
OF
PARK ROYAL FEE OWNER, LLC**

Pursuant to Section 18-201 of the Delaware Limited Liability Company Act (the "Act"), the undersigned, desiring to form a limited liability company, does hereby certify as follows:

1. The name of the limited liability company is Park Royal Fee Owner, LLC (the "Company").
2. The address of the Company's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801. The name of the registered agent is The Corporation Trust Company.
3. This Certificate of Formation shall be effective upon filing with the Delaware Secretary of State.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 20th day of January, 2015.



Christopher L. Howard, Authorized Person

LIMITED LIABILITY COMPANY AGREEMENT

OF

PARK ROYAL FEE OWNER, LLC

This Limited Liability Company Agreement (the "Agreement") of Park Royal Fee Owner, LLC, a Delaware limited liability company (the "Company"), is entered into by and between Acadia Healthcare Company, Inc., a Delaware corporation (the "Member") and the persons admitted to the Company as members who shall be identified on Schedule A, as amended from time to time, effective as of January 21, 2015.

WHEREAS, the Member desires to form the Company as a limited liability company in accordance with the Delaware Limited Liability Company Act (as amended, the "Act");

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Organization. Effective January 21, 2015, the Company was formed as a Delaware limited liability company by the filing of a certificate of formation in the office of the Secretary of State of Delaware (the "Certificate").

Section 2. Registered Office; Registered Agent. The registered office of the Company in the State of Delaware will be the initial registered office designated in the Certificate or such other office (which need not be a place of business of the Company) as the Member may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Delaware will be the initial registered agent designated in the Certificate, or such other person as the Member may designate from time to time in the manner provided by law. The principal office of the Company will be at such location as the Member may designate from time to time, which need not be in the State of Delaware.

Section 3. Powers. The Company will have all powers permitted to be exercised by a limited liability company organized in the State of Delaware.

Section 4. Term. The Company commenced on the date the Certificate was filed with the Secretary of State of Delaware, and will continue in existence until terminated pursuant to this Agreement.

Section 5. Fiscal Year. The fiscal year of the Company for financial statement and federal income tax purposes will end on December 31 unless otherwise determined by the Member.

Section 6. Member. The Member owns 100% of the limited liability company interests in the Company.

Section 7. Address. The address of the Member is set forth below:

830 Crescent Centre Drive, Suite 610
Franklin, TN 37067

Section 8. New Members. No person may be admitted as a member of the Company without the approval of the Member.

Section 9. Liability to Third Parties. The Member will not have any personal liability for any obligations or liabilities of the Company, whether such liabilities arise in contract, tort or otherwise.

Section 10. Capital Contributions. On or before the date hereof, the Member has made a capital contribution in cash to the Company in the amount of \$100.00. The Member will not be required to make any additional capital contributions to the Company except as may otherwise be agreed to by the Member.

Section 11. Participation in Profits and Losses. All profits and losses of the Company will be allocated to the Member.

Section 12. Distributions. Distributions will be made by the Company to the Member at such times as may be determined by the Member.

Section 13. Management. The power and authority to manage, direct and control the Company will be vested solely in the Member.

Section 14. Officers. The Member may, from time to time, designate one or more individuals to be officers of the Company, with such titles as the Member may assign to such individuals. The initial officers of the Company will be a President, a Secretary and two Vice Presidents as more specifically provided below. Officers so designated will have such authority and perform such duties as the Member may from time to time delegate to them. Any number of officer positions may be held by the same individual. Any officer may resign as such at any time by providing written notice to the Company. Any officer may be removed as such, either with or without cause, by the Member, in its sole discretion. Any vacancy occurring in any officer position of the Company may be filled by the Member. The officers of the Company, if and when designated by the Member, will have the authority, acting individually, to bind the Company.

Section 15. President. The President will, subject to the control of the Member, have general supervision, direction and control of the business and affairs of the Company. Subject to the control of the Member, the President will have the general powers and duties of management usually vested in the office of president and chief executive officer of corporations, and will have such other powers and duties as may be prescribed by the Member.

Section 16. Secretary. The Secretary will, subject to the control of the Member, prepare and keep the minutes of the proceedings of the Company in books provided for that purpose, see that all notices are duly given in accordance with the provisions of the Act, be custodian of the Company records, and will have the general powers and duties usually vested in the office of secretary of corporations, and will have such other powers and duties as may be prescribed by the Member.

Section 17. Vice Presidents. The Vice Presidents will, subject to the control of the Member, perform such duties as may be assigned to them by the President and will have the general powers and duties usually vested in the office of vice president of corporations, and will have such other powers and duties as may be prescribed by the Member. In the case of the death, disability or absence of the President, a Vice President shall perform and be vested with all the duties and powers of the President until the Member appoints a new President.

Section 18. Indemnification. The Company shall indemnify any individual who is or was a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an officer of the Company against expenses (including reasonable attorneys' fees and expenses), judgments, fines and amounts paid in settlement actually and reasonably incurred by such individual in connection with such action, suit or proceeding, to the extent permitted by applicable law. The right to indemnification conferred in this Section 18 includes the right of such individual to be paid by the Company the expenses incurred in defending any such action in advance of its final disposition (an "Advancement of Expenses"); provided, however, that the Company will only make an Advancement of Expenses upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it is ultimately determined that such Indemnitee is not entitled to be indemnified under this Section 18 or otherwise.

Section 19. Dissolution. The Company will dissolve and its affairs will be wound up as may be determined by the Member, or upon the earlier occurrence of any other event causing dissolution of the Company under the Act. In such event, the Member will proceed diligently to wind up the affairs of the Company and make final distributions, and will cause the existence of the Company to be terminated.

Section 20. Amendment or Modification. This Agreement may be amended or modified from time to time only by a written instrument that is executed by the Member.

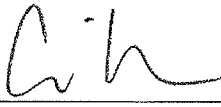
Section 21. Binding Effect. This Agreement will be binding on and inure to the benefit of the Member and its successors and assigns.

Section 22. Governing Law. This Agreement is governed by and will be construed in accordance with the law of the State of Delaware without regard to the conflicts of law principles thereof.

IN WITNESS THEREOF, the parties hereto have executed this Agreement effective as of the date set forth above.

MEMBER:

ACADIA HEALTHCARE COMPANY, INC.

By: 

Name: Christopher L. Howard

Its: Executive Vice President and Secretary

Schedule A

None.

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PARK ROYAL FEE OWNER, LLC", CHANGING ITS NAME FROM "PARK ROYAL FEE OWNER, LLC" TO "VALLEJO ACQUISITION SUB, LLC", FILED IN THIS OFFICE ON THE THIRTIETH DAY OF SEPTEMBER, A.D. 2020, AT 1:27 O`CLOCK P.M.



Jeffrey W. Bullock, Secretary of State

5678222 8100
SR# 20207564206

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 203779042
Date: 10-02-20


STATE OF DELAWARE CERTIFICATE OF AMENDMENT

1. Name of Limited Liability Company: Park Royal Fee Owner, LLC

2. The Certificate of Formation of the limited liability company is hereby amended as follows:

1. The name of the limited liability company is Vallejo Acquisition Sub, LLC (the "Company").

IN WITNESS WHEREOF, the undersigned have executed this Certificate on the 30th day of September, A.D. 2020.

By: 
Authorized Person(s)

Name: Christopher L. Howard
Print or Type

State of California
Secretary of State

CERTIFICATE OF REGISTRATION

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify:

That on the **6th** day of **October, 2020**, **VALLEJO ACQUISITION SUB, LLC**, complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California; and further purports to be a limited liability company organized and existing under the laws of **Delaware** as **VALLEJO ACQUISITION SUB, LLC** and that as of said date said limited liability company became and now is duly registered and authorized to transact intrastate business in the State of California, subject, however, to any licensing requirements otherwise imposed by the laws of this State.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great Seal
of the State of California this day of
October 9, 2020.



A handwritten signature in black ink, appearing to read "Alex Padilla". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

ALEX PADILLA
Secretary of State



Secretary of State

LLC-5

Application to Register a Foreign Limited Liability Company (LLC)

IMPORTANT — Read instructions before completing this form.

Must be submitted with a current Certificate of Good Standing issued by the government agency where the LLC was formed. (See Instructions.)

Filing Fee - \$70.00

Copy Fees - First page \$1.00; each attachment page \$0.50;
Certification Fee - \$5.00

Note: Registered LLCs in California may have to pay minimum \$800 tax to the California Franchise Tax Board each year. For more information, go to <https://www.ftb.ca.gov>.

FILED ^{SGS}
 Secretary of State
 State of California

OCT 06 2020
 SDW

1 CC

This Space For Office Use Only

1a. LLC Name (Enter the exact name of the LLC as listed on your attached Certificate of Good Standing.)

Vallejo Acquisition Sub, LLC

1b. California Alternate Name, If Required (See Instructions — Only enter an alternate name if the LLC name in 1a not available in California.)**2. LLC History** (See Instructions — Ensure that the formation date and jurisdiction match the attached Certificate of Good Standing.)**a. Date LLC was formed in home jurisdiction (MM/DD/YYYY)**

1 / 21 / 2015

b. Jurisdiction (State, foreign country or place where this LLC is formed.)

Delaware

c. Authority Statement (Do not alter Authority Statement)

This LLC currently has powers and privileges to conduct business in the state, foreign country or place entered in Item 2b.

3. Business Addresses (Enter the complete business addresses. Items 3a and 3b cannot be a P.O. Box or "in care of" an individual or entity.)

a. Street Address of Principal Executive Office - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
6100 Tower Circle, Suite 1000	Franklin	TN	37067
b. Street Address of Principal Office in California, if any - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
		CA	
c. Mailing Address of Principal Executive Office, if different than item 3a	City (no abbreviations)	State	Zip Code

4. Service of Process (Must provide either individual OR Corporation.)

INDIVIDUAL — Complete Items 4a and 4b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
		CA	

CORPORATION — Complete Item 4c only. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) — Do not complete Item 4a or 4b

C T Corporation System

5. Read and Sign Below (See Instructions. Title not required.)

By signing, I affirm under penalty of perjury that the information herein is true and correct and that I am authorized to sign on behalf of the foreign LLC.

Signature

Christopher L. Howard

Type or Print Name

LLC-5 (REV 08/2019)

2019 California Secretary of State
bizfile.sos.ca.gov

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "VALLEJO ACQUISITION SUB, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF OCTOBER, A.D. 2020.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



5678222 8300

SR# 20207668919

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

Authentication: 203803247

Date: 10-06-20

202028310063



I hereby certify that the foregoing
transcript of 2 page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

OCT 12 2020

Date: _____

Alex Padilla

ALEX PADILLA, Secretary of State



CALIFORNIA SECRETARY OF STATE



Business Entities, 1500 11th St., 3rd Floor,
Sacramento, CA 95814

Thank You for Doing Business in California

Congratulations on the registration of your limited liability company with the California Secretary of State (SOS). Please see below for important information.

What's next? Required Filings

SOS Statement of Information – Limited liability companies must fill out and file a complete Statement of Information (Form LLC-12) within the first 90 days of registering with the SOS, and every 2 years thereafter before the end of the calendar month of the original registration date.

How can you file your Statement of Information?

- Currently, Statements of Information can be submitted on paper to the SOS through the mail, or submitted in person (drop off) to the Sacramento office. Additional information regarding Statements of Information, including forms, instructions and fees is available at www.sos.ca.gov/business/be/statements.
- Current processing times for Statements of Information may be found at www.sos.ca.gov/business/be/processing-times.
- Limited liability companies may file their Statement of Information using our secure E-File Statement of Information filing service at <https://llcbizfile.sos.ca.gov>.

Franchise Tax Board (FTB) Tax Filing – Once your limited liability company is registered with the SOS, you are required to file a tax return with FTB for each taxable year even if you are not conducting business or have no income. Contact FTB at www.ftb.ca.gov or (800) 852-5711 for forms and requirements concerning franchise taxes or income taxes.

Be aware, if you fail to file a return by the original or extended due date, or fail to pay taxes when due, a penalty may be imposed by FTB. Please visit www.ftb.ca.gov/businesses/Penalty-Information.shtml for tax penalty related information.

Other Business Information and Resources

All business entities are subject to state and federal tax laws. You may wish to contact the following agencies to assist you with these issues:

- Internal Revenue Service – www.irs.gov or call (800) 829-1040 for forms and issues concerning Federal tax, employer identification numbers, subchapter S elections.
- State Board of Equalization – www.boe.ca.gov or call (800) 400-7115 for forms and issues concerning sales taxes or use taxes.
- Employment Development Department – www.edd.ca.gov or call (800) 300-5616 for forms and issues concerning employment and payroll taxes.
- CalGold – www.calgold.ca.gov for appropriate permit, licensing, and contact information for the various agencies that administer and issue these permits.
- SOS Business Resources – www.sos.ca.gov/business/be/resources for a list of agencies you may need to contact to ensure proper compliance with California state law.
- CA Governor's Office of Business and Economic Development (Go-Biz) – www.business.ca.gov for a range of business services including, site selection and permit assistance.
- The California Business Incentives Gateway (CBIG) – <https://cbig.ca.gov> is a web portal that connects business owners and entrepreneurs with financial incentives.

EXHIBIT 10

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-35331

ACADIA HEALTHCARE COMPANY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-2492228
(I.R.S. Employer
Identification No.)

6100 Tower Circle, Suite 1000
Franklin, Tennessee 37067

(Address, including zip code, of registrant's principal executive offices)

(615) 861-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of exchange on which registered
Common Stock, \$.01 par value	ACHC	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Emerging growth company ☐
Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 28, 2019, the aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately \$3.1 billion, based on the closing price of the registrant's common stock reported on the NASDAQ Global Select Market of \$34.95 per share.

As of February 28, 2020, there were 88,493,519 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2020 annual meeting of stockholders to be held on May 7, 2020 are incorporated by reference into Part III of this Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Acadia Healthcare Company, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Acadia Healthcare Company, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Acadia Healthcare Company, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Acadia Healthcare Company, Inc. as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 28, 2020

Acadia Healthcare Company, Inc.
Consolidated Balance Sheets

	December 31,	
	2019	2018
	(In thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 124,192	\$ 50,510
Accounts receivable, net	339,775	318,087
Other current assets	78,244	81,820
Total current assets	542,211	450,417
Property and equipment, net	3,224,034	3,107,766
Goodwill	2,449,131	2,396,412
Intangible assets, net	90,357	88,990
Deferred tax assets	3,339	3,468
Derivative instrument assets	—	60,524
Operating lease right-of-use assets	501,837	—
Other assets	68,233	64,927
Total assets	<u>\$ 6,879,142</u>	<u>\$ 6,172,504</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 43,679	\$ 34,112
Accounts payable	127,045	117,740
Accrued salaries and benefits	122,552	113,299
Current portion of operating lease liabilities	29,140	—
Other accrued liabilities	<u>141,160</u>	<u>151,226</u>
Total current liabilities	463,576	416,377
Long-term debt	3,105,420	3,159,375
Deferred tax liabilities	71,860	80,372
Operating lease liabilities	502,252	—
Derivative instrument liabilities	68,915	—
Other liabilities	128,587	154,267
Total liabilities	4,340,610	3,810,391
Redeemable noncontrolling interests	33,151	28,806
Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value; 180,000,000 shares authorized; 87,715,591 and 87,444,473 issued and outstanding as of December 31, 2019 and 2018, respectively	877	874
Additional paid-in capital	2,557,642	2,541,987
Accumulated other comprehensive loss	(414,884)	(462,377)
Retained earnings	<u>361,746</u>	<u>252,823</u>
Total equity	<u>2,505,381</u>	<u>2,333,307</u>
Total liabilities and equity	<u>\$ 6,879,142</u>	<u>\$ 6,172,504</u>

See accompanying notes.

Table of Contents

Acadia Healthcare Company, Inc.
Consolidated Statements of Operations

	Year Ended December 31,		
	2019	2018	2017
	(In thousands, except per share amounts)		
Revenue before provision for doubtful accounts	\$ 3,107,462	\$ 3,012,442	\$ 2,877,234
Provision for doubtful accounts	—	—	(40,918)
Revenue	3,107,462	3,012,442	2,836,316
Salaries, wages and benefits (including equity-based compensation expense of \$17,307, \$22,001 and \$23,467, respectively)	1,717,180	1,659,348	1,536,160
Professional fees	240,983	227,425	196,223
Supplies	123,061	119,314	114,439
Rents and leases	82,229	80,282	76,775
Other operating expenses	375,433	354,498	331,827
Depreciation and amortization	164,044	158,832	143,010
Interest expense, net	187,094	185,410	176,007
Debt extinguishment costs	—	1,815	810
Legal settlements expense	—	22,076	—
Loss on impairment	54,386	337,889	—
Transaction-related expenses	27,064	34,507	24,267
Total expenses	2,971,474	3,181,396	2,599,518
Income (loss) before income taxes	135,988	(168,954)	236,798
Provision for income taxes	25,866	6,532	37,209
Net income (loss)	110,122	(175,486)	199,589
Net (income) loss attributable to noncontrolling interests	(1,199)	(264)	246
Net income (loss) attributable to Acadia Healthcare Company, Inc.	\$ 108,923	\$ (175,750)	\$ 199,835
Earnings per share attributable to Acadia Healthcare Company, Inc. stockholders:			
Basic	\$ 1.24	\$ (2.01)	\$ 2.30
Diluted	\$ 1.24	\$ (2.01)	\$ 2.30
Weighted-average shares outstanding:			
Basic	87,612	87,288	86,948
Diluted	87,816	87,288	87,060

See accompanying notes.

Acadia Healthcare Company, Inc.
Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Net income (loss)	\$ 110,122	\$ (175,486)	\$ 199,589
Other comprehensive income (loss):			
Foreign currency translation gain (loss)	69,811	(127,521)	206,784
(Loss) gain on derivative instruments, net of tax of \$(3.6) million, \$12.7 million and \$(22.9) million, respectively	(19,008)	36,799	(33,431)
Pension liability adjustment, net of tax of \$(0.6) million, \$0.3 million and \$0.4 million, respectively	(3,310)	2,463	2,099
Other comprehensive income (loss)	47,493	(88,259)	175,452
Comprehensive income (loss)	157,615	(263,745)	375,041
Comprehensive (income) loss attributable to noncontrolling interests	(1,199)	(264)	246
Comprehensive income (loss) attributable to Acadia Healthcare Company, Inc.	<u>\$ 156,416</u>	<u>\$ (264,009)</u>	<u>\$ 375,287</u>

See accompanying notes.

Acadia Healthcare Company, Inc.
Consolidated Statements of Equity
(In thousands)

	Common Stock		Additional Paid- in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount				
Balance at January 1, 2017	86,688	\$ 867	\$ 2,496,288	\$ (549,570)	\$ 220,139	\$ 2,167,724
Common stock issued under stock incentive plans	372	4	2,065	—	—	2,069
Common stock withheld for minimum statutory taxes	—	—	(5,524)	—	—	(5,524)
Equity-based compensation expense	—	—	23,467	—	—	23,467
Cumulative effect of change in accounting principle	—	—	—	—	8,599	8,599
Other comprehensive income	—	—	—	175,452	—	175,452
Other	—	—	1,249	—	—	1,249
Net income attributable to Acadia Healthcare Company, Inc. stockholders	—	—	—	—	199,835	199,835
Balance at December 31, 2017	87,060	871	2,517,545	(374,118)	428,573	2,572,871
Common stock issued under stock incentive plans	384	3	371	—	—	374
Common stock withheld for minimum statutory taxes	—	—	(3,781)	—	—	(3,781)
Equity-based compensation expense	—	—	22,001	—	—	22,001
Other comprehensive loss	—	—	—	(88,259)	—	(88,259)
Other	—	—	5,851	—	—	5,851
Net loss attributable to Acadia Healthcare Company, Inc. stockholders	—	—	—	—	(175,750)	(175,750)
Balance at December 31, 2018	87,444	874	2,541,987	(462,377)	252,823	2,333,307
Common stock issued under stock incentive plans	271	3	566	—	—	569
Common stock withheld for minimum statutory taxes	—	—	(2,218)	—	—	(2,218)
Equity-based compensation expense	—	—	17,307	—	—	17,307
Other comprehensive income	—	—	—	47,493	—	47,493
Net income attributable to Acadia Healthcare Company, Inc. stockholders	—	—	—	—	108,923	108,923
Balance at December 31, 2019	<u>87,715</u>	<u>\$ 877</u>	<u>\$ 2,557,642</u>	<u>\$ (414,884)</u>	<u>\$ 361,746</u>	<u>\$ 2,505,381</u>

See accompanying notes.

Table of Contents

Acadia Healthcare Company, Inc. Consolidated Statements of Cash Flows

	2019	Year Ended December 31, 2018 (In thousands)	2017
Operating activities:			
Net income (loss)	\$ 110,122	\$ (175,486)	\$ 199,589
Adjustments to reconcile net income (loss) to net cash provided by continuing operating activities:			
Depreciation and amortization	164,044	158,832	143,010
Amortization of debt issuance costs	11,987	10,456	9,855
Equity-based compensation expense	17,307	22,001	23,467
Deferred income taxes	1,780	(9,714)	31,372
Debt extinguishment costs	—	1,815	810
Legal settlements expense	—	22,076	—
Loss on impairment	54,386	337,889	—
Other	4,035	12,371	11,412
Change in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable, net	(19,060)	(16,821)	(28,570)
Other current assets	(1,344)	13,864	20,808
Other assets	(73)	2,762	(3,176)
Accounts payable and other accrued liabilities	(21,354)	26,054	(10,113)
Accrued salaries and benefits	7,820	15,748	(8,988)
Other liabilities	3,254	(5,219)	11,794
Net cash provided by continuing operating activities	332,904	416,628	401,270
Net cash used in discontinued operating activities	—	(2,548)	(1,693)
Net cash provided by operating activities	332,904	414,080	399,577
Investing activities:			
Cash paid for acquisitions, net of cash acquired	(45,677)	—	(18,191)
Cash paid for capital expenditures	(284,682)	(341,462)	(274,177)
Cash paid for real estate acquisitions	(7,618)	(18,383)	(41,057)
Settlement of foreign currency derivatives	105,008	—	—
Proceeds from sale of property and equipment	18,076	8,248	5,252
Other	13,752	(9,367)	(8,353)
Net cash used in investing activities	(201,141)	(360,964)	(336,526)
Financing activities:			
Borrowings on revolving credit facility	76,573	—	—
Principal payments on revolving credit facility	(76,573)	—	—
Principal payments on long-term debt	(52,984)	(39,738)	(57,305)
Repayment of long-term debt	—	(21,920)	—
Common stock withheld for minimum statutory taxes, net	(1,649)	(3,407)	(3,455)
Distributions to noncontrolling interests	(154)	—	—
Other	(6,840)	(2,265)	686
Net cash used in financing activities	(61,627)	(67,330)	(60,074)
Effect of exchange rate changes on cash	3,546	(2,566)	7,250
Net increase (decrease) in cash and cash equivalents	73,682	(16,780)	10,227
Cash and cash equivalents at beginning of the period	50,510	67,290	57,063
Cash and cash equivalents at end of the period	\$ 124,192	\$ 50,510	\$ 67,290
Supplemental Cash Flow Information:			
Cash paid for interest	\$ 173,239	\$ 175,204	\$ 159,098
Cash paid for income taxes	\$ 35,463	\$ 6,720	\$ 10,291
Effect of acquisitions:			
Assets acquired, excluding cash	\$ 49,715	\$ —	\$ 19,649
Liabilities assumed	(4,038)	—	(1,458)
Cash paid for acquisitions, net of cash acquired	\$ 45,677	\$ —	\$ 18,191

See accompanying notes.

Acadia Healthcare Company, Inc.
Notes to Consolidated Financial Statements
December 31, 2019

1. Description of Business and Basis of Presentation

Description of Business

Acadia Healthcare Company, Inc. (the “Company”) develops and operates inpatient psychiatric facilities, residential treatment centers, group homes, substance abuse facilities and facilities providing outpatient behavioral healthcare services to serve the behavioral health and recovery needs of communities throughout the United States (“U.S.”), the United Kingdom (“U.K.”) and Puerto Rico. At December 31, 2019, the Company operated 585 behavioral healthcare facilities with approximately 18,200 beds in 40 states, the U.K. and Puerto Rico.

During 2019, the Company commenced a review of strategic alternatives including those related to its U.K. operations and a potential sale of such operations. In January 2020, the Company launched a formal process regarding the sale of its U.K. business. Consistent with market practice for U.K. transactions of this nature, and in conjunction with its advisors, the Company solicited and has received initial, non-binding offers to acquire its U.K. business from multiple bidders. The Company is now in the second phase of the sale process, during which interested bidders will receive proposed transaction documents and complete their confirmatory due diligence.

Basis of Presentation

The business of the Company is conducted through limited liability companies, partnerships and C-corporations. The Company’s consolidated financial statements include the accounts of the Company and all subsidiaries controlled by the Company through its’ direct or indirect ownership of majority interests and exclusive rights granted to the Company as the controlling member of an entity. All intercompany accounts and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The majority of the Company’s expenses are “cost of revenue” items. Costs that could be classified as general and administrative expenses include the Company’s corporate office costs, which were \$90.4 million, \$86.6 million and \$76.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Certain reclassifications have been made to prior years to conform to the current year presentation.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At times, cash and cash equivalent balances may exceed federally insured limits. Management believes that the Company mitigates any risks by depositing cash and investing in cash equivalents with major financial institutions.

Insurance

The Company is subject to medical malpractice and other lawsuits due to the nature of the services the Company provides. A portion of the Company’s professional liability risks are insured through a wholly-owned insurance subsidiary. The Company is self-insured for professional liability claims up to \$3.0 million per claim and has obtained reinsurance coverage from a third party to cover claims in excess of the retention limit. The reinsurance policy has a coverage limit of \$75.0 million in the aggregate. The Company’s reinsurance receivables are recognized consistent with the related liabilities and include known claims and any incurred but not reported claims that are covered by current insurance policies in place. The reserve for professional and general liability risks was estimated based on historical claims, demographic factors, industry trends, severity factors, and other actuarial assumptions. The estimated accrual for professional and general liabilities could be significantly affected should current and future occurrences differ from historical claim trends and expectations. While claims are monitored closely when estimating professional and general liability accruals, the complexity of the claims and wide range of potential outcomes often hampers timely adjustments to the assumptions used in these estimates. The professional and general liability reserve was \$52.6 million at December 31, 2019, of which \$4.7 million was included in other accrued liabilities and \$47.9 million was included in other long-term liabilities. The professional and general liability reserve was \$42.8 million at December 31, 2018, of which \$5.0 million was included in other accrued liabilities and \$37.8 million was included in other long-term liabilities. The Company estimates receivables for the portion of professional and general liability reserves

Table of Contents

that are recoverable under the Company's insurance policies. Such receivable was \$8.5 million at December 31, 2019, of which \$3.0 million was included in other current assets and \$5.5 million was included in other assets, and such receivable was \$8.2 million at December 31, 2018, of which \$2.1 million was included in other current assets and \$6.1 million was included in other assets.

The Company's statutory workers' compensation program is fully insured with a \$0.5 million deductible per accident. The workers' compensation liability was \$20.8 million at December 31, 2019, of which \$10.0 million was included in accrued salaries and benefits and \$10.8 million was included in other long-term liabilities, and such liability was \$19.3 million at December 31, 2018, of which \$10.0 million was included in accrued salaries and benefits and \$9.3 million was included in other long-term liabilities. The reserve for workers compensation claims was based upon independent actuarial estimates of future amounts that will be paid to claimants. Management believes that adequate provisions have been made for workers' compensation and professional and general liability risk exposures.

Property and Equipment and Other Long-Lived Assets

Property and equipment are recorded at cost. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, which typically range from 10 to 50 years for buildings and improvements, three to seven years for equipment and the shorter of the lease term or estimated useful lives for leasehold improvements. When assets are sold or retired, the corresponding cost and accumulated depreciation are removed from the related accounts and any gain or loss is recorded in the period of sale or retirement. Repair and maintenance costs are expensed as incurred. Depreciation expense was \$164.0 million, \$158.8 million and \$143.0 million for the years ended years ended December 31, 2019, 2018 and 2017, respectively.

The carrying values of long-lived assets are reviewed for possible impairment whenever events, circumstances or operating results indicate that the carrying amount of an asset may not be recoverable. If this review indicates that the asset will not be recoverable, as determined based upon the undiscounted cash flows of the operating asset over the remaining useful lives, the carrying value of the asset will be reduced to its estimated fair value. Fair value estimates are based on independent appraisals, market values of comparable assets or internal evaluations of future net cash flows.

The Company performed an impairment review of long-lived assets in the fourth quarter of 2019, which indicated the carrying amounts of certain long-lived assets in the Company's facilities in the U.S. (the "U.S. Facilities") and its facilities in the U.K. (the "U.K. Facilities") may not be recoverable. This created a non-cash loss on impairment of \$54.4 million for the year ended December 31, 2019. A 2018 impairment review resulted in a non-cash impairment of \$12.0 million for the year ended December 31, 2018 related to certain U.K. Facilities. These items were recorded in loss on impairment on our consolidated statements of operations. No impairment was recorded for the year ended December 31, 2017.

Goodwill and Indefinite-Lived Intangible Assets

The Company's goodwill and other indefinite-lived intangible assets, which consist of license and accreditations, trade names and certificates of need intangible assets that are not amortized, are evaluated for impairment annually during the fourth quarter or more frequently if events indicate the carrying value of a reporting unit may not be recoverable. The Company has two operating segments for segment reporting purpose, U.S. Facilities and U.K. Facilities, each of which represents a reporting unit for purposes of the Company's goodwill impairment test.

Our annual goodwill impairment and other indefinite-lived intangible assets test performed as of October 1, 2019 resulted in no impairment charges. The Company's annual goodwill impairment test performed as of October 1, 2018 considered the recent financial performance, including the labor market pressures faced by the U.K. Facilities. The 2018 impairment test for the U.S. Facilities indicated estimated fair value exceeded carrying value, and therefore no impairment was recorded. The 2018 impairment test for the U.K. Facilities indicated carrying value exceeded the estimated fair value. The difference was recorded as a non-cash loss on impairment of \$325.9 million for the year ended December 31, 2018 within loss on impairment in the consolidated statements of operations. The Company's annual impairment tests of goodwill and other indefinite-lived intangible assets in 2017 resulted in no impairment charges.

In performing the goodwill impairment test, the Company used a combination of the income and market approaches to estimate fair value of our reporting units. Determining fair value requires substantial judgement and use of significant unobservable inputs, which are categorized as Level 3 fair value measurements. For the income approach, the Company used a discounted cash flow model in which cash flows are projected using internal forecasts over future periods, plus a terminal value, and are discounted to present value using a risk-adjusted rate of return. The Company's internal forecasts include estimates of growth rates and profitability based on our current views of the long-term outlook of each reporting unit and may materially differ from actual results. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of each reporting unit. The discount rates used in its analysis range from 10.0% to 10.5% and correspond to the risks inherent in each reporting unit. For the market approach, we compared our reporting units to guideline companies actively traded in public markets and included a control premium, which was

Table of Contents

based on acquisition premiums of selected companies similar to our reporting units. Estimating fair values of our reporting units includes substantial judgement and significant estimates and may materially differ from actual results. Changes in assumptions, industry or peer groups could negatively impact estimated fair value.

Other Current Assets

Other current assets consisted of the following (in thousands):

	December 31,	
	2019	2018
Prepaid expenses	\$ 23,708	\$ 30,802
Other receivables	16,097	19,205
Cost report receivable	13,723	10,340
Workers' compensation deposits – current portion	10,000	10,000
Income taxes receivable	5,579	2,380
Inventory	4,759	5,055
Insurance receivable – current portion	3,030	2,049
Other	1,348	1,989
Other current assets	<u>\$ 78,244</u>	<u>\$ 81,820</u>

Other Accrued Liabilities

Other accrued liabilities consisted of the following (in thousands):

	December 31,	
	2019	2018
Accrued expenses	\$ 50,614	\$ 44,938
Accrued interest	33,323	32,838
Unearned income	38,475	32,154
Finance lease liabilities	6,819	—
Insurance liability – current portion	4,731	4,956
Accrued property taxes	4,755	4,136
Income taxes payable	—	3,041
Accrued legal settlements	—	22,076
Other	2,443	7,087
Other accrued liabilities	<u>\$ 141,160</u>	<u>\$ 151,226</u>

Stock Compensation

The Company measures and recognizes the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 718, “*Compensation—Stock Compensation*.” The Company uses the Black-Scholes valuation model to determine grant-date fair value for equity awards and uses straight-line amortization of share-based compensation expense over the requisite service period of the respective awards. The fair values of restricted stock units are determined based on the closing price of the Company’s common stock on the trading date immediately prior to the grant date for units subject to performance conditions, or at their Monte-Carlo simulation value for units subject to market conditions.

Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with FASB ASC 260, “*Earnings Per Share*,” based on the weighted-average number of shares outstanding in each period and dilutive stock options and non-vested shares, to the extent such securities have a dilutive effect on earnings per share.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss and tax credit carryforwards. The amount of deferred taxes on these temporary differences is determined using the tax rates that are expected to apply in the period when the asset is

Table of Contents

realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

The Company has accruals for taxes and associated interest that may become payable in future years as a result of audits by tax authorities. The Company accrues for tax contingencies when it is more likely than not that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. Although Management believes that the positions taken on previously filed tax returns are reasonable, we nevertheless have established tax and interest reserves in recognition that various taxing authorities may challenge the positions taken by us resulting in additional liabilities for taxes and interest. These amounts are reviewed as circumstances warrant and adjusted as events occur that affect our potential liability for additional taxes, such as lapsing of applicable statutes of limitations, conclusion of tax audits, additional exposure based on current calculations, identification of new issues, release of administrative guidance, or rendering of a court decision affecting a particular tax issue.

The Tax Act was enacted on December 22, 2017. The Tax Act reduced the U.S. federal corporate tax rate from 35% to 21% and included certain other changes. See additional disclosure described in Note 12 – Income Taxes.

Recent Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-15, *“Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract”* (“ASU 2018-15”). ASU 2018-15 requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-402 to determine which implementation costs to capitalize as assets. ASU 2018-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of ASU 2018-15 on the Company’s consolidated financial statements.

In August 2017, FASB issued ASU 2017-12, *“Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities”* (“ASU 2017-12”). ASU 2017-12 amends the hedge accounting model to enable entities to better portray the economics of their risk management activities in the financial statements and simplifies the application of hedge accounting in certain situations. ASU 2017-12 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company adopted ASU 2017-12 on January 1, 2019. There is no significant impact on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *“Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”* (“ASU 2016-13”). ASU 2016-13 replaces the current incurred loss impairment methodology with a new methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of ASU 2016-13 on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-02, *“Leases”* (“ASU 2016-02”). ASU 2016-02’s core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. ASU 2016-02 requires application either retrospectively to each prior reporting period presented in the financial statements or retrospectively at the beginning of the period of adoption. The Company adopted ASU 2016-02 retrospectively at the beginning of the period of adoption. Prior periods have not been adjusted. On January 1, 2019, the Company recorded right-of-use assets and lease liabilities of \$500.3 million and \$526.6 million, respectively, as described in Note 8 – Leases.

Table of Contents

3. Revenue

In May 2014, the FASB and the International Accounting Standards Board issued ASU 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” (“ASU 2014-09”). ASU 2014-09 requires companies to exercise more judgment and recognize revenue using a five-step process. The Company adopted ASU 2014-09 using the modified retrospective method for all contracts effective January 1, 2018 and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of retained earnings at the date of initial application. Prior periods have not been adjusted. No cumulative-effect adjustment in retained earnings was recorded as the adoption of ASU 2014-09 did not significantly impact the Company’s reported historical revenue.

As a result of certain changes required by ASU 2014-09, the majority of the Company’s provision for doubtful accounts are recorded as a direct reduction to revenue instead of being presented as a separate line item on the consolidated statements of operations. The adoption of ASU 2014-09 has no impact on the Company’s accounts receivable as it was historically recorded net of allowance for doubtful accounts and contractual adjustments, and the Company has eliminated the presentation of allowance for doubtful accounts on the consolidated balance sheets. At December 31, 2019 and 2018, estimated implicit price concessions of \$47.4 million and \$47.0 million, respectively, had been recorded as reductions to our accounts receivable balances to enable us to record our revenues and accounts receivable at the estimated amounts we expected to collect. The adoption of ASU 2014-09 did not have a significant impact on the Company’s consolidated statements of operations.

The Company evaluated the nature, amount, timing and uncertainty of revenue and cash flows using the five-step process provided within ASU 2014-09.

Revenue is primarily derived from services rendered to patients for inpatient psychiatric and substance abuse care, outpatient psychiatric care and residential treatment. The services provided by the Company have no fixed duration and can be terminated by the patient or the facility at any time, and therefore, each treatment is its own stand-alone contract.

Services ordered by a healthcare provider in an episode of care are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Company recognizes revenue as its performance obligations are completed. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the healthcare services provided. For inpatient services, the Company recognizes revenue equally over the patient stay on a daily basis. For outpatient services, the Company recognizes revenue equally over the number of treatments provided in a single episode of care. Typically, patients and third-party payors are billed within several days of the service being performed or the patient being discharged, and payments are due based on contract terms.

As our performance obligations relate to contracts with a duration of one year or less, the Company elected the optional exemption in ASC 606-10-50-14(a). Therefore, the Company is not required to disclose the transaction price for the remaining performance obligations at the end of the reporting period or when the Company expects to recognize the revenue. The Company has minimal unsatisfied performance obligations at the end of the reporting period as our patients typically are under no obligation to remain admitted in our facilities.

The Company disaggregates revenue from contracts with customers by service type and by payor within each of the Company’s segments.

U.S. Facilities

The Company’s U.S. Facilities and services provided by the U.S. Facilities can generally be classified into the following categories: acute inpatient psychiatric facilities; specialty treatment facilities; residential treatment centers; and outpatient community-based facilities.

Acute inpatient psychiatric facilities. Acute inpatient psychiatric facilities provide a high level of care in order to stabilize patients that are either a threat to themselves or to others. The acute setting provides 24-hour observation, daily intervention and monitoring by psychiatrists.

Specialty treatment facilities. Specialty treatment facilities include residential recovery facilities, eating disorder facilities and comprehensive treatment centers. The Company provides a comprehensive continuum of care for adults with addictive disorders and co-occurring mental disorders. Inpatient, including detoxification and rehabilitation, partial hospitalization and outpatient treatment programs give patients access to the least restrictive level of care.

Table of Contents

Residential treatment centers. Residential treatment centers treat patients with behavioral disorders in a non-hospital setting, including outdoor programs. The facilities balance therapy activities with social, academic and other activities.

Outpatient community-based facilities. Outpatient community-based programs are designed to provide therapeutic treatment to children and adolescents who have a clinically-defined emotional, psychiatric or chemical dependency disorder while enabling the youth to remain at home and within their community.

The table below presents total U.S. revenue attributed to each category (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Acute inpatient psychiatric facilities	\$ 912,097	\$ 814,124	\$ 757,211
Specialty treatment facilities	788,232	761,017	725,151
Residential treatment centers	286,959	293,053	284,637
Outpatient community-based facilities	21,093	36,501	42,845
Revenue	<u>\$ 2,008,381</u>	<u>\$ 1,904,695</u>	<u>\$ 1,809,844</u>

The Company receives payments from the following sources for services rendered in our U.S. Facilities: (i) state governments under their respective Medicaid and other programs; (ii) commercial insurers; (iii) the federal government under the Medicare program administered by the Centers for Medicare and Medicaid Services ("CMS"); and (iv) individual patients and clients. As the period between the time of service and time of payment is typically one year or less, the Company elected the practical expedient under ASC 606-10-32-18 and did not adjust for the effects of a significant financing component.

The Company determines the transaction price based on established billing rates reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients and implicit price concessions. Contractual adjustments and discounts are based on contractual agreements, discount policies and historical experience. Implicit price concessions are based on historical collection experience. Most of our U.S. Facilities have contracts containing variable consideration. However, it is unlikely a significant reversal of revenue will occur when the uncertainty is resolved, and therefore, the Company has included the variable consideration in the estimated transaction price. Subsequent changes resulting from a patient's ability to pay are recorded as bad debt expense, which is included as a component of other operating expenses in the consolidated statements of operations. Bad debt expense for the years ended December 31, 2019 and 2018 was not significant.

The Company derives a significant portion of its revenue from Medicare, Medicaid and other payors that receive discounts from established billing rates. The Medicare and Medicaid regulations and various managed care contracts under which these discounts must be estimated are complex, subject to interpretation and adjustment, and may include multiple reimbursement mechanisms for different types of services provided in the Company's facilities and cost settlement provisions. Management estimates the transaction price on a payor-specific basis given its interpretation of the applicable regulations or contract terms. The services authorized and provided and related reimbursement are often subject to interpretation that could result in payments that differ from the Company's estimates. Additionally, updated regulations and contract renegotiations occur frequently, necessitating regular review and assessment of the estimation process by management.

Settlements under cost reimbursement agreements with third-party payors are estimated and recorded in the period in which the related services are rendered and are adjusted in future periods as final settlements are determined. Final determination of amounts earned under the Medicare and Medicaid programs often occurs in subsequent years because of audits by such programs, rights of appeal and the application of numerous technical provisions. In the opinion of management, adequate provision has been made for any adjustments and final settlements. However, there can be no assurance that any such adjustments and final settlements will not have a material effect on the Company's financial condition or results of operations. The Company's cost report receivables were \$13.7 million and \$10.3 million for the years ended December 31, 2019 and 2018, respectively, and were included in other current assets in the consolidated balance sheets. Management believes that these receivables are properly stated and are not likely to be settled for a significantly different amount. The net adjustments to estimated cost report settlements resulted in a decreases to revenue of \$0.4 million for the year ended December 31, 2019 and increases to revenue of \$0.5 million and \$0.2 million for the years ended December 31, 2018 and 2017, respectively.

The Company provides care without charge to patients who are financially unable to pay for the healthcare services they receive based on Company policies and federal and state poverty thresholds. Such amounts determined to qualify as charity care are not reported as revenue. The cost of providing charity care services were \$4.3 million, \$4.7 million and \$5.3 million for the years ended December 31, 2019, 2018 and 2017, respectively. The estimated cost of charity care services was determined using a ratio of cost to gross charges determined from our most recently filed Medicare cost reports and applying that ratio to the gross charges associated with providing charity care for the period.

Table of Contents

The following table presents revenue by payor type and as a percentage of revenue in our U.S. Facilities for the years ended December 31, 2019, 2018 and 2017 (in thousands):

	Year Ended December 31,					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Commercial	\$ 565,350	28.2%	\$ 573,089	30.1%	\$ 569,242	30.8%
Medicare	294,691	14.7%	280,340	14.7%	281,270	15.2%
Medicaid	1,007,102	50.1%	893,644	46.9%	796,375	43.0%
Self-Pay	118,716	5.9%	134,054	7.1%	169,727	9.2%
Other	22,522	1.1%	23,568	1.2%	33,942	1.8%
Revenue before provision for doubtful accounts	2,008,381	100.0%	1,904,695	100.0%	1,850,556	100.0%
Provision for doubtful accounts	—		—		(40,712)	
Revenue	<u>\$2,008,381</u>		<u>\$1,904,695</u>		<u>\$1,809,844</u>	

U.K. Facilities

The Company's U.K. Facilities and services provided by the U.K. Facilities can generally be classified into the following categories: healthcare facilities, education and children's services; and adult care facilities.

Healthcare facilities. Healthcare facilities provide psychiatric treatment and nursing for sufferers of mental disorders, including for patients whose risk of harm to others and risk of escape from hospitals cannot be managed safely within other mental health settings. In order to manage the risks involved with treating patients, the facility is managed through the application of a range of security measures depending on the level of dependency and risk exhibited by the patient.

Education and children's services. Education and children's services provide specialist education for children and young people with special educational needs, including autism, Asperger's Syndrome, social, emotional and mental health, and specific learning difficulties, such as dyslexia. The division also offers standalone children's homes for children that require 52-week residential care to support complex and challenging behavior and fostering services.

Adult care facilities. Adult care focuses on care of individuals with a variety of learning difficulties, mental health illnesses and adult autism spectrum disorders. It also includes long-term, short-term and respite nursing care to high-dependency elderly individuals who are physically frail or suffering from dementia. Care is provided in a number of settings, including in residential care homes and through supported living.

The table below presents total U.K. revenue attributed to each category (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Healthcare facilities	\$ 607,053	\$ 614,994	\$ 566,482
Education and Children's Services	183,195	187,306	165,874
Adult Care facilities	308,833	305,447	294,116
Revenue	<u>\$ 1,099,081</u>	<u>\$ 1,107,747</u>	<u>\$ 1,026,472</u>

The Company receives payments from approximately 500 public funded sources in the U.K. (including the National Health Service ("NHS"), Clinical Commissioning Groups ("CCGs") and local authorities in England, Scotland and Wales) and individual patients and clients. The Company determines the transaction price based on established billing rates by payor and is reduced by implicit price concessions. Implicit price concessions are insignificant in our U.K. Facilities. There is no significant variable consideration in our U.K. Facilities' contracts. As the period between the time of service and time of payment is typically one year or less, the Company elected the practical expedient under ASC 606-10-32-18 and did not adjust for the effects of a significant financing component.

Table of Contents

The following table presents revenue by payor type and as a percentage of revenue in our U.K. Facilities for the years ended December 31, 2019, 2018 and 2017 (in thousands):

	Year Ended December 31,					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
U.K. public funded sources	\$ 991,353	90.2%	\$ 1,000,828	90.3%	\$ 922,159	89.8%
Self-Pay	105,430	9.6%	104,824	9.5%	95,687	9.3%
Other	2,298	0.2%	2,095	0.2%	8,832	0.9%
Revenue before provision for doubtful accounts	1,099,081	100.0%	1,107,747	100.0%	1,026,678	100.0%
Provision for doubtful accounts	—		—		(206)	
Revenue	<u>\$1,099,081</u>		<u>\$1,107,747</u>		<u>\$1,026,472</u>	

The Company's contract liabilities primarily consist of unearned revenue in our U.K. Facilities due to the timing of payments received mainly in our education and children's services and healthcare facilities. Contract liabilities are included in other accrued liabilities on the consolidated balance sheets. A summary of the activity in unearned revenue in the U.K. Facilities is as follows (in thousands):

Balance at December 31, 2018	\$ 31,239
Payments received	172,666
Revenue recognized	(167,811)
Foreign currency translation loss	485
Balance at December 31, 2019	<u>\$ 36,579</u>

4. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2019, 2018 and 2017 (in thousands, except per share amounts):

	Year Ended December 31,		
	2019	2018	2017
Numerator:			
Net income (loss) attributable to Acadia Healthcare Company, Inc.	<u>\$ 108,923</u>	<u>\$ (175,750)</u>	<u>\$ 199,835</u>
Denominator:			
Weighted average shares outstanding for basic earnings per share	87,612	87,288	86,948
Effects of dilutive instruments	204	—	112
Shares used in computing diluted earnings per common share	<u>87,816</u>	<u>87,288</u>	<u>87,060</u>
Earnings per share attributable to Acadia Healthcare Company, Inc. stockholders:			
Basic	<u>\$ 1.24</u>	<u>\$ (2.01)</u>	<u>\$ 2.30</u>
Diluted	<u>\$ 1.24</u>	<u>\$ (2.01)</u>	<u>\$ 2.30</u>

Approximately 2.2 million, 1.9 million and 1.4 million shares of common stock issuable upon exercise of outstanding stock options were excluded from the calculation of diluted earnings per share for the years ended December 31, 2019, 2018 and 2017, respectively, because their effect would have been anti-dilutive. For the year ended December 31, 2018, approximately 0.1 million of the outstanding restricted stock and shares of common stock issuable upon exercise of outstanding stock option awards have been excluded from the calculation of diluted earnings per share because the net loss for the year ended December 31, 2018 causes such securities to be anti-dilutive.

Table of Contents

5. Acquisitions

The Company's strategy is to acquire and develop behavioral healthcare facilities and improve operating results within its facilities and its other behavioral healthcare operations.

On April 1, 2019, the Company completed the acquisition of Bradford Recovery Center ("Bradford"), a specialty treatment facility with 46 beds located in Millerton, Pennsylvania, for cash consideration of approximately \$4.5 million.

On February 15, 2019, the Company completed the acquisition of Whittier Pavilion ("Whittier"), an inpatient psychiatric facility with 71 beds located in Haverhill, Massachusetts, for cash consideration of approximately \$17.9 million. Also on February 15, 2019, the Company completed the acquisition of Mission Treatment ("Mission Treatment") for cash consideration of approximately \$22.5 million and a working capital settlement. Mission Treatment operates nine comprehensive treatment centers in California, Nevada, Arizona and Oklahoma.

On November 13, 2017, the Company completed the acquisition of Aspire Scotland, an education facility with 36 beds located in Scotland, for cash consideration of approximately \$21.3 million.

Transaction-related expenses

Transaction-related expenses represent costs primarily related to termination, restructuring, strategic review, management transition and other acquisition-related costs. Transaction-related expenses comprised the following costs for the years ended years ended December 31, 2019, 2018 and 2017 (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Termination, restructuring and strategic review costs	\$ 18,233	\$ 16,785	\$ 19,469
Management transition costs	5,529	14,033	—
Legal, accounting and other acquisition-related costs	3,302	3,689	4,798
	<u>\$ 27,064</u>	<u>\$ 34,507</u>	<u>\$ 24,267</u>

6. Property and Equipment

Property and equipment consisted of the following at December 31, 2019 and 2018 (in thousands):

	December 31,	
	2019	2018
Land	\$ 448,716	\$ 430,771
Building and improvements	2,746,111	2,423,594
Equipment	516,769	444,538
Construction in progress	254,213	294,848
	3,965,809	3,593,751
Less: accumulated depreciation	(741,775)	(485,985)
Property and equipment, net	<u>\$ 3,224,034</u>	<u>\$ 3,107,766</u>

During the first quarter of 2019, the Company closed a 168-bed residential treatment center in Albuquerque, New Mexico. During the third quarter of 2019, the Company closed a 108-bed residential treatment center in Butte, Montana. During the fourth quarter of 2019, the Company determined the carrying amounts of these properties may not be recoverable, and a loss on impairment of \$27.2 million was recorded related to these closed U.S. Facilities. Additionally, the Company recorded a loss on impairment of \$27.2 million in the fourth quarter of 2019 related to certain closed U.K. Facilities. The closed properties are being actively marketed and are included in assets held for sale within other assets on the consolidated balance sheets at December 31, 2019. The Company has recorded assets held for sale of \$31.1 million and \$17.0 million at December 31, 2019 and December 31, 2018, respectively.

Table of Contents

7. Other Intangible Assets

Other identifiable intangible assets and related accumulated amortization consisted of the following at December 31, 2019 and 2018 (in thousands):

	Gross Carrying Amount		Accumulated Amortization	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Intangible assets subject to amortization:				
Contract intangible assets	\$ 2,100	\$ 2,100	\$ (2,100)	\$ (2,100)
Non-compete agreements	1,131	1,147	(1,131)	(1,147)
	3,231	3,247	(3,231)	(3,247)
Intangible assets not subject to amortization:				
Licenses and accreditations	12,455	12,343	—	—
Trade names	60,831	60,109	—	—
Certificates of need	17,071	16,538	—	—
	90,357	88,990	—	—
Total	<u>\$ 93,588</u>	<u>\$ 92,237</u>	<u>\$ (3,231)</u>	<u>\$ (3,247)</u>

All the Company's definite-lived intangible assets are fully amortized. The Company's licenses and accreditations, trade names and certificate of need intangible assets have indefinite lives and are, therefore, not subject to amortization.

8. Leases

The Company's lease portfolio primarily consists of finance and operating real estate leases integral for facility operations. The original terms of the leases typically range from five to 30 years with optional renewal periods. A minimal portion of the Company's lease portfolio consists of non-real estate leases, including copiers and equipment, which generally have lease terms of one to three years and have insignificant lease obligations.

In March 2016, the FASB issued ASU 2016-02. ASU 2016-02's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information. The Company adopted ASU 2016-02 retrospectively at the beginning of the period of adoption. Prior periods have not been adjusted.

The Company has elected the package of practical expedients offered in the transition guidance which allows management not to reassess lease identification, lease classification and initial direct costs. The Company also elected the accounting policy practical expedients by class of underlying asset to: (i) combine associated lease and non-lease components into a single lease component; and (ii) exclude recording short-term leases as right-of-use assets and liabilities on the consolidated balance sheets. Non-lease components, which are not significant overall, are combined with lease components.

On January 1, 2019, the Company recorded right-of-use assets and lease liabilities on the consolidated balance sheet of \$500.3 million and \$526.6 million, respectively, for non-cancelable real estate operating leases with original lease terms in excess of one year. Finance leases remained on the consolidated balance sheets as required by previous accounting guidance. The Company reviews service agreements for embedded leases and records right-of-use assets and liabilities as necessary.

Operating lease liabilities were recorded as the present value of remaining lease payments not yet paid for the lease term discounted using the incremental borrowing rate associated with each lease. Operating lease right-of-use assets represent operating lease liabilities adjusted for prepayments, accrued lease payments, lease incentives and initial direct costs. Certain of the Company's leases include renewal or termination options. Calculation of operating lease right-of-use assets and liabilities include the initial lease term unless it is reasonably certain a renewal or termination option will be exercised. Variable components of lease payments fluctuating with a future index or rate, as well as those related to common area maintenance costs, are not included in determining lease payments and are expensed as incurred. Most of the Company's leases do not contain implicit borrowing rates, and therefore, incremental borrowing rates were calculated based on information available at the later of the lease commencement date or January 1, 2019. Incremental borrowing rates reflect the Company's estimated interest rates for collateralized borrowings over similar lease terms.

Table of Contents

Lease Position

At December 31, 2019, the Company recorded the following on the consolidated balance sheet (in thousands):

Right-of-Use Assets	Balance Sheet Classification	December 31, 2019
Finance lease right-of-use assets	Property and equipment, net	\$ 44,370
Operating lease right-of-use assets	Operating lease right-of-use assets	501,837
Total		\$ 546,207

Lease Liabilities	Balance Sheet Classification	December 31, 2019
Current:		
Finance lease liabilities	Other accrued liabilities	\$ 6,819
Operating lease liabilities	Current portion of operating lease liabilities	29,140
Noncurrent:		
Finance lease liabilities	Other liabilities	43,662
Operating lease liabilities	Operating lease liabilities	502,252
Total		\$ 581,873

Weighted-average remaining lease terms and discount rates at December 31, 2019 were as follows:

Weighted-average remaining lease term (in years):	
Finance	6.9
Operating	19.4
Weighted-average discount rate:	
Finance	6.4%
Operating	6.3%

Lease Costs

The Company recorded the following lease costs for the year ended December 31, 2019 (in thousands):

Finance lease costs:	
Depreciation of leased assets	4,526
Interest of lease liabilities	3,991
Total finance lease costs	\$ 8,517
Operating lease costs	
Operating lease costs	64,958
Variable lease costs	5,407
Short term lease costs	5,497
Other lease costs	6,367
Total rents and leases	\$ 82,229
Total lease costs	\$ 90,746

Table of Contents

Other

Undiscounted cash flows for finance and operating leases recorded on the consolidated balance sheet were as follows at December 31, 2019 (in thousands):

	Finance Leases	Operating Leases
2020	\$ 7,494	\$ 61,857
2021	35,624	58,279
2022	2,681	53,395
2023	1,369	49,714
2024	1,007	47,505
Thereafter	25,088	689,931
Total minimum lease payments	73,263	960,681
Less: amount of lease payments representing interest	22,782	429,289
Present value of future minimum lease payments	50,481	531,392
Less: Current portion of lease liabilities	6,819	29,140
Noncurrent lease liabilities	<u>\$ 43,662</u>	<u>\$ 502,252</u>

Supplemental data for the year ended December 31, 2019 was as follows (in thousands):

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 62,122
Operating cash flows for finance leases	\$ 3,991
Financing cash flows for finance leases	\$ 3,270
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 21,809
Finance leases	\$ 3,234

9. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	December 31, 2019	December 31, 2018
Amended and Restated Senior Credit Facility:		
Senior Secured Term A Loan	\$ 346,750	\$ 365,750
Senior Secured Term B Loans	1,338,928	1,372,912
Senior Secured Revolving Line of Credit	—	—
6.125% Senior Notes due 2021	150,000	150,000
5.125% Senior Notes due 2022	300,000	300,000
5.625% Senior Notes due 2023	650,000	650,000
6.500% Senior Notes due 2024	390,000	390,000
Other long-term debt	4,821	5,953
Less: unamortized debt issuance costs, discount and premium	(31,400)	(41,128)
	3,149,099	3,193,487
Less: current portion	(43,679)	(34,112)
Long-term debt	<u>\$ 3,105,420</u>	<u>\$ 3,159,375</u>

Amended and Restated Senior Credit Facility

The Company entered into a senior secured credit facility (the “Senior Secured Credit Facility”) on April 1, 2011. On December 31, 2012, the Company entered into an Amended and Restated Credit Agreement (the “Amended and Restated Credit Agreement”) which amended and restated the Senior Secured Credit Facility (the “Amended and Restated Senior Credit Facility”). The Company has amended the Amended and Restated Credit Agreement from time to time as described in the Company’s prior filings with the SEC.

Table of Contents

On May 10, 2017, the Company entered into a Third Repricing Amendment (the “Third Repricing Amendment”) to the Amended and Restated Credit Agreement. The Third Repricing Amendment reduced the Applicable Rate with respect to the Term Loan B facility Tranche B-1 (the “Tranche B-1 Facility”) and the Term Loan B facility Tranche B-2 (the “Tranche B-2 Facility”) from 3.00% to 2.75% in the case of Eurodollar Rate loans and from 2.00% to 1.75% in the case of Base Rate Loans. In connection with the Third Repricing Amendment, the Company recorded a debt extinguishment charge of \$0.8 million, including the discount and write-off of deferred financing costs, which was recorded in debt extinguishment costs in the consolidated statements of operations.

On March 22, 2018, the Company entered into a Second Repricing Facilities Amendment (the “Second Repricing Facilities Amendment”) to the Amended and Restated Credit Agreement. The Second Repricing Facilities Amendment (i) replaced the Tranche B-1 Facility and the Tranche B-2 Facility with a new Term Loan B facility Tranche B-3 (the “Tranche B-3 Facility”) and a new Term Loan B facility Tranche B-4 (the “Tranche B-4 Facility”), respectively, and (ii) reduced the Applicable Rate from 2.75% to 2.50% in the case of Eurodollar Rate loans and reduced the Applicable Rate from 1.75% to 1.50% in the case of Base Rate Loans.

On March 29, 2018, the Company entered into a Third Repricing Facilities Amendment to the Amended and Restated Credit Agreement (the “Third Repricing Facilities Amendment”, and together with the Second Repricing Facilities Amendment, the “Repricing Facilities Amendments”). The Third Repricing Facilities Amendment replaced the existing revolving credit facility and Term Loan A facility (“TLA Facility”) with a new revolving credit facility and TLA Facility, respectively. The Company’s line of credit on its revolving credit facility remains at \$500.0 million and the Third Repricing Facility Amendment reduced the size of the TLA Facility from \$400.0 million to \$380.0 million to reflect the then current outstanding principal. The Third Repricing Facilities Amendment reduced the Applicable Rate by 25 basis points for the revolving credit facility and the TLA Facility by amending the definition of “Applicable Rate.”

In connection with the Repricing Facilities Amendments, the Company recorded a debt extinguishment charge of \$0.9 million, including the discount and write-off of deferred financing costs, which was recorded in debt extinguishment costs in the consolidated statements of operations.

On February 6, 2019, the Company entered into the Eleventh Amendment (the “Eleventh Amendment”) to the Amended and Restated Credit Agreement. The Eleventh Amendment, among other things, amended the definition of “Consolidated EBITDA” to remove the cap on non-cash charges, losses and expenses related to the impairment of goodwill, which in turn provided increased flexibility to the Company in terms of the Company’s financial covenants.

On February 27, 2019, the Company entered into the Twelfth Amendment (the “Twelfth Amendment”) to the Amended and Restated Credit Agreement. The Twelfth Amendment, among other things, modified certain definitions, including “Consolidated EBITDA”, and increased our permitted Maximum Consolidated Leverage Ratio, thereby providing increased flexibility to the Company in terms of the Company’s financial covenants.

The Company had \$485.1 million of availability under the revolving line of credit and had standby letters of credit outstanding of \$14.9 million related to security for the payment of claims required by its workers’ compensation insurance program at December 31, 2019. Borrowings under the revolving line of credit are subject to customary conditions precedent to borrowing. The Amended and Restated Credit Agreement requires quarterly term loan principal repayments of our TLA Facility of \$7.1 million for March 31, 2020 to December 31, 2020, and \$9.5 million for March 31, 2021 to September 30, 2021, with the remaining principal balance of the TLA Facility due on the maturity date of November 30, 2021. The Company is required to repay the Tranche B-3 Facility in equal quarterly installments of \$1.2 million on the last business day of each March, June, September and December, with the outstanding principal balance of the Tranche B-3 Facility due on February 11, 2022. The Company is required to repay the Tranche B-4 Facility in equal quarterly installments of approximately \$2.3 million on the last business day of each March, June, September and December, with the outstanding principal balance of the Tranche B-4 Facility due on February 16, 2023. On December 29, 2017, the Company made an additional payment of \$22.5 million, including \$7.7 million on the Tranche B-1 Facility and \$14.8 million on the Tranche B-2 Facility. On April 17, 2018, the Company made an additional payment of \$15.0 million, including \$5.1 million on the Tranche B-3 Facility and \$9.9 million on the Tranche B-4 Facility. On November 15, 2019, the Company made an additional payment of \$20.0 million, including \$7.0 million on the Tranche B-3 Facility and \$13.0 million on the Tranche B-4 Facility.

Borrowings under the Amended and Restated Senior Credit Facility are guaranteed by each of the Company’s wholly-owned domestic subsidiaries (other than certain excluded subsidiaries) and are secured by a lien on substantially all of the assets of the Company and such subsidiaries. Borrowings with respect to the TLA Facility and the Company’s revolving credit facility (collectively, “Pro Rata Facilities”) under the Amended and Restated Credit Agreement bear interest at a rate tied to Acadia’s Consolidated Leverage Ratio (defined as consolidated funded debt net of up to \$50.0 million of unrestricted and unencumbered cash to consolidated EBITDA, in each case as defined in the Amended and Restated Credit Agreement). The Applicable Rate (as defined in the Amended and Restated Credit Agreement) for the Pro Rata Facilities was 2.5% for Eurodollar Rate Loans (as defined in the

Table of Contents

Amended and Restated Credit Agreement) and 1.5% for Base Rate Loans (as defined in the Amended and Restated Credit Agreement) at December 31, 2019. Eurodollar Rate Loans with respect to the Pro Rata Facilities bear interest at the Applicable Rate plus the Eurodollar Rate (as defined in the Amended and Restated Credit Agreement) (based upon the LIBOR Rate (as defined in the Amended and Restated Credit Agreement) prior to commencement of the interest rate period). Base Rate Loans with respect to the Pro Rata Facilities bear interest at the Applicable Rate plus the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate and (iii) the Eurodollar Rate plus 1.0%. At December 31, 2019, the Pro Rata Facilities bore interest at a rate of LIBOR plus 2.5%. In addition, the Company is required to pay a commitment fee on undrawn amounts under the revolving line of credit.

The Amended and Restated Credit Agreement requires the Company and its subsidiaries to comply with customary affirmative, negative and financial covenants, including a fixed charge coverage ratio, consolidated leverage ratio and senior secured leverage ratio. The Company may be required to pay all of its indebtedness immediately if it defaults on any of the numerous financial or other restrictive covenants contained in any of its material debt agreements. As of December 31, 2019, the Company was in compliance with such covenants.

Senior Notes

6.125% Senior Notes due 2021

On March 12, 2013, the Company issued \$150.0 million of 6.125% Senior Notes due 2021 (the “6.125% Senior Notes”). The 6.125% Senior Notes mature on March 15, 2021 and bear interest at a rate of 6.125% per annum, payable semi-annually in arrears on March 15 and September 15 of each year.

5.125% Senior Notes due 2022

On July 1, 2014, the Company issued \$300.0 million of 5.125% Senior Notes due 2022 (the “5.125% Senior Notes”). The 5.125% Senior Notes mature on July 1, 2022 and bear interest at a rate of 5.125% per annum, payable semi-annually in arrears on January 1 and July 1 of each year.

5.625% Senior Notes due 2023

On February 11, 2015, the Company issued \$375.0 million of 5.625% Senior Notes due 2023 (the “5.625% Senior Notes”). On September 21, 2015, the Company issued \$275.0 million of additional 5.625% Senior Notes. The additional notes formed a single class of debt securities with the 5.625% Senior Notes issued in February 2015. Giving effect to this issuance, the Company has outstanding an aggregate of \$650.0 million of 5.625% Senior Notes. The 5.625% Senior Notes mature on February 15, 2023 and bear interest at a rate of 5.625% per annum, payable semi-annually in arrears on February 15 and August 15 of each year.

6.500% Senior Notes due 2024

On February 16, 2016, the Company issued \$390.0 million of 6.500% Senior Notes due 2024 (the “6.500% Senior Notes”). The 6.500% Senior Notes mature on March 1, 2024 and bear interest at a rate of 6.500% per annum, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2016.

The indentures governing the 6.125% Senior Notes, 5.125% Senior Notes, 5.625% Senior Notes and 6.500% Senior Notes (together, the “Senior Notes”) contain covenants that, among other things, limit the Company’s ability and the ability of its restricted subsidiaries to: (i) pay dividends, redeem stock or make other distributions or investments; (ii) incur additional debt or issue certain preferred stock; (iii) transfer or sell assets; (iv) engage in certain transactions with affiliates; (v) create restrictions on dividends or other payments by the restricted subsidiaries; (vi) merge, consolidate or sell substantially all of the Company’s assets; and (vii) create liens on assets.

The Senior Notes issued by the Company are guaranteed by each of the Company’s subsidiaries that guarantee the Company’s obligations under the Amended and Restated Senior Credit Facility. The guarantees are full and unconditional and joint and several.

The Company may redeem the Senior Notes at its option, in whole or part, at the dates and amounts set forth in the indentures.

Table of Contents

9.0% and 9.5% Revenue Bonds

On November 11, 2012, in connection with the acquisition of The Pavilion at HealthPark, LLC (“Park Royal”), the Company assumed debt of \$23.0 million. The fair market value of the debt assumed was \$25.6 million and resulted in a debt premium balance being recorded as of the acquisition date. The debt consisted of \$7.5 million and \$15.5 million of Lee County (Florida) Industrial Development Authority Healthcare Facilities Revenue Bonds, Series 2010 with stated interest rates of 9.0% and 9.5% (“9.0% and 9.5% Revenue Bonds”), respectively.

On December 1, 2018, the Company exercised the option to redeem in whole the 9.0% and 9.5% Revenue Bonds at a redemption price equal to the sum of 104% of the principal amount of the 9.0% and 9.5% Revenue Bonds plus accrued and unpaid interest. In connection with the redemption of the 9.0% and 9.5% Revenue Bonds, the Company recorded a debt extinguishment charge of \$0.9 million, which was recorded in debt extinguishment costs in the consolidated statements of operations.

Debt Issuance Costs

Debt issuance costs are deferred and amortized to interest expense over the term of the related debt. Debt issuance costs at December 31, 2019 were \$29.0 million, net of accumulated amortization of \$46.2 million. Debt issuance costs at December 31, 2018 were \$37.8 million, net of accumulated amortization of \$36.5 million. Amortization expense related to debt issuance costs, which is included in interest expense on the consolidated statements of operations, was \$9.7 million, \$9.0 million and \$8.6 million, respectively, for the years ended December 31, 2019, 2018 and 2017.

Other

The aggregate maturities of long-term debt at December 31, 2019 were as follows (in thousands):

2020	\$ 43,675
2021	483,501
2022	757,855
2023	1,505,468
2024	390,000
Thereafter	—
Total	<u>\$ 3,180,499</u>

10. Equity

Preferred Stock

The Company’s amended and restated certificate of incorporation provides that up to 10,000,000 shares of preferred stock may be issued. The board of directors has the authority to issue preferred stock in one or more series and to fix for each series the voting powers (full, limited or none), and the designations, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions on the stock and the number of shares constituting any series and the designations of this series, without any further vote or action by the stockholders.

Common Stock

The Company’s amended and restated certificate of incorporation provides that up to 180,000,000 shares of common stock may be issued. Holders of the Company’s common stock are entitled to one vote for each share held of record on all matters on which stockholders may vote. There are no preemptive, conversion, redemption or sinking fund provisions applicable to shares of the Company’s common stock. In the event of liquidation, dissolution or winding up, holders of the Company’s common stock are entitled to share ratably in the assets available for distribution, subject to any prior rights of any holders of preferred stock then outstanding. Delaware law prohibits the Company from paying any dividends unless it has capital surplus or net profits available for this purpose. In addition, the Amended and Restated Senior Credit Facility imposes restrictions on the Company’s ability to pay dividends.

Table of Contents

11. Equity-Based Compensation

Equity Incentive Plans

The Company issues stock-based awards, including stock options, restricted stock and restricted stock units, to certain officers, employees and non-employee directors under the Acadia Healthcare Company, Inc. Incentive Compensation Plan (the “Equity Incentive Plan”). At December 31, 2019, a maximum of 8,200,000 shares of the Company’s common stock were authorized for issuance as stock options, restricted stock and restricted stock units or other share-based compensation under the Equity Incentive Plan, of which 2,903,059 were available for future grant. Stock options may be granted for terms of up to ten years. The Company recognizes expense on all share-based awards on a straight-line basis over the requisite service period of the entire award. Grants to employees generally vest in annual increments of 25% each year, commencing one year after the date of grant. The exercise prices of stock options are equal to the closing price of the Company’s common stock on the most recent trading date prior to the date of grant.

The Company recognized \$17.3 million, \$22.0 million and \$23.5 million in equity-based compensation expense for the years ended December 31, 2019, 2018 and 2017, respectively. Stock compensation expense for the years ended December 31, 2019, 2018 and 2017 included forfeiture adjustments and restricted stock unit adjustments based on actual performance compared to vesting targets of \$(6.4) million, \$(5.5) million and \$(5.7) million, respectively. At December 31, 2019, there was \$34.3 million of unrecognized compensation expense related to unvested options, restricted stock and restricted stock units, which is expected to be recognized over the remaining weighted average vesting period of 1.2 years.

At December 31, 2019, there were no warrants outstanding and exercisable. The Company recognized a deferred income tax benefit of \$4.2 million and \$7.0 million for the years ended December 31, 2019 and 2018, respectively, related to equity-based compensation expense.

Stock Options

Stock option activity during 2017, 2018 and 2019 was as follows (aggregate intrinsic value in thousands):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2017	1,000,946	\$ 48.42	7.46	\$ 8,166
Options granted	259,300	42.25	9.30	205
Options exercised	(87,367)	25.92	N/A	1,636
Options cancelled	(198,313)	54.71	N/A	N/A
Options outstanding at December 31, 2017	974,566	47.89	7.46	3,802
Options granted	374,700	37.54	9.21	246
Options exercised	(20,989)	17.83	N/A	383
Options cancelled	(128,737)	50.83	N/A	N/A
Options outstanding at December 31, 2018	1,199,540	44.64	7.26	2,717
Options granted	605,200	28.50	9.21	1,343
Options exercised	(55,671)	19.05	N/A	658
Options cancelled	(389,001)	40.84	N/A	N/A
Options outstanding at December 31, 2019	1,360,068	\$ 39.40	7.57	\$ 1,650
Options exercisable at December 31, 2018	534,164	\$ 44.98	5.73	\$ 2,386
Options exercisable at December 31, 2019	513,290	\$ 48.08	5.88	\$ 512

Fair values are estimated using the Black-Scholes option pricing model. The following table summarizes the grant-date fair value of options and the assumptions used to develop the fair value estimates for options granted during the years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31,		
	2019	2018	2017
Weighted average grant-date fair value of options	\$ 17.59	\$ 13.67	\$ 14.39
Risk-free interest rate	2.4%	2.2%	2.0%
Expected volatility	38%	37%	33%
Expected life (in years)	5.0	5.1	5.5

Table of Contents

The Company's estimate of expected volatility for stock options is based upon the volatility of our stock price over the expected life of the award. The risk-free interest rate is the approximate yield on U. S. Treasury Strips having a life equal to the expected option life on the date of grant. The expected life is an estimate of the number of years an option will be held before it is exercised.

Other Stock-Based Awards

Restricted stock activity during 2017, 2018 and 2019 was as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested at January 1, 2017	844,419	\$ 55.76
Granted	404,224	42.38
Cancelled	(145,981)	55.03
Vested	(292,794)	53.07
Unvested at December 31, 2017	809,868	\$ 50.19
Granted	480,137	36.84
Cancelled	(88,989)	47.57
Vested	(395,959)	50.41
Unvested at December 31, 2018	805,057	\$ 42.40
Granted	700,937	28.77
Cancelled	(389,684)	33.50
Vested	(311,174)	44.23
Unvested at December 31, 2019	<u>805,136</u>	<u>\$ 34.14</u>

Restricted stock unit activity during 2017, 2018 and 2019 was as follows:

	Number of Units	Weighted Average Grant-Date Fair Value
Unvested at January 1, 2017	273,599	\$ 59.68
Granted	219,840	43.23
Cancelled	—	—
Vested	(132,530)	58.67
Unvested at December 31, 2017	360,909	\$ 50.04
Granted	285,358	42.26
Cancelled	(89,173)	55.44
Vested	(72,983)	49.64
Unvested at December 31, 2018	484,111	\$ 44.52
Granted	234,408	34.54
Cancelled	(271,162)	45.17
Vested	—	—
Unvested at December 31, 2019	<u>447,357</u>	<u>\$ 38.89</u>

Restricted stock awards are time-based vesting awards that vest over a period of three or four years and are subject to continuing service of the employee or non-employee director over the ratable vesting periods. The fair values of the restricted stock awards were determined based on the closing price of the Company's common stock on the trading date immediately prior to the grant date.

Restricted stock units are granted to employees and are subject to Company performance compared to pre-established targets and Company performance compared to peers. In addition to Company performance, these performance-based restricted stock units are subject to the continuing service of the employee during the two- or three-year period covered by the awards. The performance condition for the restricted stock units is based on the Company's achievement of annually established targets for diluted earnings per share. Additionally, the number of shares issuable pursuant to restricted stock units granted during 2019 and 2018 are subject to adjustment based on the Company's three-year annualized total stockholder return relative to a peer group consisting of S&P 1500 companies within the Healthcare Providers & Services 6 digit GICS industry group and selected other companies deemed to be peers. The number of shares issuable at the end of the applicable vesting period of restricted stock units ranges from 0% to 200% of

Table of Contents

the targeted units based on the Company's actual performance compared to the targets and, for 2019 and 2018 awards, performance compared to peers.

The fair values of restricted stock units were determined based on the closing price of the Company's common stock on the trading date immediately prior to the grant date for units subject to performance conditions, or at its Monte-Carlo simulation value for units subject to market conditions.

12. Income Taxes

Provision for income taxes consists of the following for the periods presented (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Current:			
Federal	\$ 18,954	\$ 13,961	\$ 3,325
State	3,440	1,113	680
Foreign	1,692	1,172	1,832
Total current	24,086	16,246	5,837
Deferred:			
Federal	(1,573)	(7,176)	27,179
State	2,509	(10)	4,408
Foreign	844	(2,528)	(215)
Total deferred provision	1,780	(9,714)	31,372
Provision for income taxes	<u>\$ 25,866</u>	<u>\$ 6,532</u>	<u>\$ 37,209</u>

A reconciliation of the U.S. federal statutory rate to the effective tax rate is as follows for the periods presented:

	Year Ended December 31,		
	2019	2018	2017
U.S. federal statutory rate on income before income taxes	21.0%	21.0%	35.0%
Impact of foreign operations	(15.3)	9.5	(14.1)
Impacts of SAB 118	—	6.7	—
Effects of statutory rate change	—	—	(8.5)
State income taxes, net of federal tax effect	3.3	(1.4)	2.1
Permanent differences	2.4	(4.1)	1.8
Goodwill impairment	—	(36.6)	—
Change in valuation allowance	2.9	(1.4)	1.6
Unrecognized tax benefit release	0.3	3.1	(0.8)
Interest disallowance	4.2	(2.2)	—
Federal tax credits	(1.3)	1.0	—
Other	1.5	0.5	(1.4)
Effective income tax rate	<u>19.0%</u>	<u>(3.9)%</u>	<u>15.7%</u>

The domestic and foreign components of income (loss) before income taxes are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Foreign	\$ 61,921	\$ (228,350)	\$ 120,905
Domestic	74,067	59,396	115,893
Total	<u>\$ 135,988</u>	<u>\$ (168,954)</u>	<u>\$ 236,798</u>

Table of Contents

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities of the Company at December 31, 2019 and December 31, 2018 were as follows (in thousands):

	December 31,	
	2019	2018
Deferred tax assets:		
Net operating losses and tax credit carryforwards – federal and state	\$ 25,118	\$ 27,294
Bad debt allowance	996	898
Accrued compensation and severance	14,645	15,229
Pension reserves	724	595
Insurance reserves	16,485	13,994
Leases	3,436	5,374
Accrued expenses	1,496	4,231
Interest carryforwards	59,413	32,272
Lease liabilities	98,419	—
Other assets	2,562	2,284
Total gross deferred tax assets	223,294	102,171
Less: valuation allowance	(28,648)	(24,079)
Deferred tax assets	194,646	78,092
Deferred tax liabilities:		
Fixed asset basis difference	(43,992)	(48,698)
Prepaid items	(2,163)	(1,728)
Intangible assets	(104,542)	(87,628)
Lease right-of-use assets	(99,677)	—
Other liabilities	(12,793)	(16,942)
Total deferred tax liabilities	(263,167)	(154,996)
Total net deferred tax liability	\$ (68,521)	\$ (76,904)

The Company records a valuation allowance to reduce its net deferred tax assets to the amount that is more likely than not to be realized. At December 31, 2019 and 2018, the Company carried a valuation allowance against deferred tax assets of \$28.6 million and \$24.1 million, respectively.

As of December 31, 2019 and 2018, the Company had no domestic net operating loss carryforwards. The foreign net operating loss carryforwards at December 31, 2019 and 2018 are approximately \$70.0 million and \$81.0 million, respectively, and have no expiration.

The Company has state net operating loss carryforwards at December 31, 2019 and 2018 of approximately \$220.8 million and \$236.0 million, respectively. These net operating loss carryforwards, if not used to offset future taxable income, will expire from 2020 to 2038. In addition, the Company has certain state tax credits of \$0.8 million which will begin to expire in 2029 if not utilized.

Income taxes receivable was \$5.6 million and \$2.4 million at December 31, 2019 and 2018, respectively, and was included in other current assets in the consolidated balance sheets. Income taxes payable of \$3.0 million at December 31, 2018 was included in other accrued liabilities in the consolidated balance sheets.

The Company has recorded income taxes payable related to unrecognized tax benefits of \$3.1 million and \$0.9 million at December 31, 2019 and 2018, respectively, in other liabilities in the consolidated balance sheets. A reconciliation of the beginning and ending amount of unrecognized income tax benefits net of the federal benefit is as follows (in thousands):

	2019	2018
Balance at January 1	\$ 713	\$ 6,104
Additions based on tax positions related to the current year	3,001	52
Reductions as a result of the lapse of applicable statutes of limitations and settlements with tax authorities	(1,273)	(5,443)
Balance at December 31	\$ 2,441	\$ 713

Table of Contents

The Company recognizes interest and penalties related to unrecognized tax benefits in its consolidated balance sheets. At December 31, 2019 and 2018, the cumulative amounts recognized were \$0.6 million and \$0.1 million, respectively. Unrecognized tax benefits of \$1.0 million would affect the effective rate if recognized. It is possible the amount of unrecognized tax benefit could change in the next twelve months as a result of a lapse of the statute of limitations and settlements with taxing authorities; however, management does not anticipate the change will have a material impact on the Company's consolidated financial statements.

The Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. The Company and its subsidiaries file income tax returns in federal and in many state and local jurisdictions as well as foreign jurisdictions. The Company may be subject to examination by the Internal Revenue Service ("IRS") for calendar year 2016 through 2018. Additionally, any net operating losses that were generated in prior years and utilized in these years may also be subject to examination by the IRS. The Company is subject to inquiry, for calendar years 2014 through 2018, by foreign taxing authorities within the U. K. While no other foreign jurisdictions are presently under examination, the Company may be subject to examination for calendar years 2015 through 2018. Generally, for state tax purposes, the Company's 2013 through 2018 tax years remain open for examination by the tax authorities. At the date of this report there were no audits or inquiries that had progressed sufficiently to predict their ultimate outcome.

One of the Company's Puerto Rico subsidiaries was granted a tax exemption for which a tax credit of up to 15% of eligible payroll expenses is available to offset up to 50% of the income taxes attributed to that entity.

U.S. Tax Reform

On December 22, 2017, Public Law 115-97, informally referred to as The Tax Cuts and Jobs Act (the "Tax Act") was enacted into law. The Tax Act provided for significant changes to the U.S. tax code that has impacted businesses. Effective January 1, 2018, the Tax Act reduced the U.S. federal tax rate for corporations from 35% to 21%, for U.S. taxable income. The Tax Act included other changes, including, but not limited to, a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries, a new provision designed to tax global intangible low-taxed income, a limitation of the deduction for net operating losses, elimination of net operating loss carrybacks, immediate deductions for depreciation expense for certain qualified property, additional limitations on the deductibility of executive compensation and limitations on the deductibility of interest.

ASC 740 "Income Taxes" ("ASC 740") requires the Company to recognize the effect of tax law changes in the period of enactment. However, the SEC staff issued Staff Accounting Bulletin 118 ("SAB 118") which allowed the Company to record provisional amounts during a measurement period similar to the measurement period used when accounting for business combinations.

The Tax Act required a one-time remeasurement of deferred taxes to reflect their value at a lower tax rate of 21% and a one-time transition tax on certain repatriated earnings of foreign subsidiaries that is payable over eight years. At December 31, 2018, the Company has completed its accounting for the tax effects of the enactment of the Tax Act. At December 31, 2018, the Company has recorded a reduction in net deferred taxes of \$20.6 million related to the remeasurement of its deferred tax balance. In addition, the Company has recorded a one-time transition tax liability in relation to its foreign subsidiaries of \$0.0 million at December 31, 2018. The Company continues to assess the impact of the Tax Act on its business.

Deferred Tax Assets and Liabilities

The Company remeasured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. As a result of the reduction in the corporate income tax rate, the Company was required to revalue its net deferred tax assets and liabilities to account for the future impact of lower corporate tax rates on this deferred amount and record any change in the value of such asset or liability as a one-time non-cash charge or benefit on its income statement. The Company recorded a reduction in net deferred taxes of \$20.2 million as of December 31, 2017 and an additional reduction of \$0.4 million as of December 31, 2018 for a total reduction in net deferred taxes of \$20.6 million related to the remeasurement of its deferred tax balance.

U.S. Tax on Foreign Earnings

The one-time transition tax is based on total post-1986 earnings and profits that the Company previously deferred from U.S. income taxes. At December 31, 2018, the Company has completed the earnings and profits analysis for its foreign subsidiaries to calculate the effects of the one-time transition tax and has recorded a one-time transition tax liability amount of \$0.0 million. As part of the analysis of the Tax Act, the Company made an adjustment regarding the treatment of foreign dividends of \$10.9 million during the twelve months ended December 31, 2018. The change in the provisional estimate recorded at December 31, 2017 was recognized under the law that existed prior to December 22, 2017.

Table of Contents

The Company has continued to analyze the impacts for Global Intangible Low-Taxed Income (“GILTI”), Foreign-Derived Intangible Income, the Base Erosion and Anti-Abuse Tax and any remaining impacts of the foreign income provisions of the Tax Act. At December 31, 2019, the Company has recorded a tax liability amount of \$0.0 million relating to such items.

The Tax Act subjects a U.S. shareholder to tax on GILTI earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740, No. 5, “*Accounting for Global Intangible Low-Taxed Income*”, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or to provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. The Company elects to account for GILTI in the year the tax is incurred.

13. Derivatives

The Company entered into foreign currency forward contracts during the years ended December 31, 2019 and 2018 in connection with certain transfers of cash between the U.S. and U.K. under the Company’s cash management and foreign currency risk management programs. Foreign currency forward contracts limit the economic risk of changes in the exchange rate between US Dollars (“USD”) and British Pounds (“GBP”) associated with cash transfers.

In May 2016, the Company entered into multiple cross currency swap agreements with an aggregate notional amount of \$650.0 million to manage foreign currency risk by effectively converting a portion of its fixed-rate USD-denominated senior notes, including the semi-annual interest payments thereunder, to fixed-rate GBP-denominated debt of £449.3 million. In August 2019, the Company terminated its existing net investment cross currency swap derivatives of \$105.0 million. Cash received from the termination of the cross currency swap derivatives is included in investing activities in the consolidated statements of cash flows. The related gain from this termination is included in accumulated other comprehensive loss in accordance with ASC 815-30-40-1.

In August 2019, the Company also entered into multiple cross currency swap agreements with an aggregate notional amount of \$650.0 million to manage foreign currency risk by effectively converting a portion of its fixed-rate USD-denominated senior notes, including the semi-annual interest payments thereunder, to fixed-rate GBP-denominated debt of £538.1 million. During the term of the swap agreements, the Company will receive semi-annual interest payments in USD from the counterparties at fixed interest rates, and the Company will make semi-annual interest payments in GBP to the counterparties at fixed interest rates. The interest payments under the cross-currency swap agreements result in £25.4 million of annual cash flows from the Company’s U.K. business being converted to \$35.8 million.

The Company has designated the cross currency swap agreements and certain forward contracts entered into during 2018 and 2019 as qualifying hedging instruments and is accounting for these as net investment hedges. The fair values of these derivatives at December 31, 2019 and 2018 of \$(68.9) million and \$60.5 million, respectively, are recorded as derivative instrument liabilities and derivative instrument assets, respectively, on the consolidated balance sheets. During the year ended 2019, the Company elected the spot method for recording its net investment hedges. Gains and losses resulting from the settlement of the excluded components are recorded in interest expense on the consolidated statements of operations. Gains and losses resulting from fair value adjustments to the cross currency swap agreements are recorded in accumulated other comprehensive loss as the swaps are effective in hedging the designated risk. Cash flows related to the cross currency swap derivatives are included in operating activities in the consolidated statements of cash flows.

Table of Contents

14. Fair Value Measurements

The carrying amounts reported for cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities approximate fair value because of the short-term maturity of these instruments.

The carrying amounts and fair values of the Company's Amended and Restated Senior Credit Facility, 6.125% Senior Notes, 5.125% Senior Notes, 5.625% Senior Notes, 6.500% Senior Notes, other long-term debt and derivative instruments at December 31, 2019 and 2018 were as follows (in thousands):

	Carrying Amount		Fair Value	
	December 31,		December 31,	
	2019	2018	2019	2018
Amended and Restated Senior Credit Facility	\$ 1,668,062	\$ 1,715,338	\$ 1,668,062	\$ 1,715,338
6.125% Senior Notes due 2021	\$ 149,254	\$ 148,657	\$ 149,441	\$ 147,542
5.125% Senior Notes due 2022	\$ 297,761	\$ 296,946	\$ 299,994	\$ 283,583
5.625% Senior Notes due 2023	\$ 644,771	\$ 643,289	\$ 655,249	\$ 609,516
6.500% Senior Notes due 2024	\$ 384,430	\$ 383,304	\$ 398,366	\$ 369,888
Other long-term debt	\$ 4,821	\$ 5,953	\$ 4,821	\$ 5,953
Derivative instrument (liabilities) assets	\$ (68,915)	\$ 60,524	\$ (68,915)	\$ 60,524

The Company's Amended and Restated Senior Credit Facility, 6.125% Senior Notes, 5.125% Senior Notes, 5.625% Senior Notes, 6.500% Senior Notes and other long-term debt were categorized as Level 2 in the GAAP fair value hierarchy. Fair values were based on trading activity among the Company's lenders and the average bid and ask price as determined using published rates.

The fair values of the derivative instruments were categorized as Level 2 in the GAAP fair value hierarchy and were based on observable market inputs including applicable exchange rates and interest rates.

15. Commitments and Contingencies

The Company is, from time to time, subject to various claims, lawsuits, governmental investigations and regulatory actions, including claims for damages for personal injuries, medical malpractice, overpayments, breach of contract, securities law violations, tort and employment related claims. In these actions, plaintiffs request a variety of damages, including, in some instances, punitive and other types of damages that may not be covered by insurance. In addition, healthcare companies are subject to numerous investigations by various governmental agencies. Certain of the Company's individual facilities have received, and from time to time, other facilities may receive, subpoenas, civil investigative demands, audit requests and other inquiries from, and may be subject to investigation by, federal and state agencies. These investigations can result in repayment obligations, and violations of the False Claims Act can result in substantial monetary penalties and fines, the imposition of a corporate integrity agreement and exclusion from participation in governmental health programs. In addition, the federal False Claims Act permits private parties to bring qui tam, or "whistleblower," suits against companies that submit false claims for payments to, or improperly retain overpayments from, the government. Some states have adopted similar state whistleblower and false claims provisions.

On April 1, 2019, a consolidated complaint was filed against the Company and certain former and current officers in the lawsuit styled *St. Clair County Employees' Retirement System v. Acadia Healthcare Company, Inc., et al.*, Case No. 3:19-cv-00988, which is pending in the United States District Court for the Middle District of Tennessee. The complaint purports to be brought on behalf of a class consisting of all persons (other than defendants) who purchased securities of the Company between April 30, 2014 and November 15, 2018, and alleges that defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. At this time, we are not able to quantify any potential liability in connection with this litigation because the case is in its early stages.

On February 21, 2019, a purported stockholder filed a related derivative action on behalf of the Company against certain former and current officers and directors in the lawsuit styled *Davydov v. Joey A. Jacobs, et al.*, Case No. 3:19-cv-00167, which is pending in the United States District Court for the Middle District of Tennessee. The complaint alleges claims for violations of Section 10(b) and 14(a) of the Exchange Act, breach of fiduciary duty, waste of corporate assets, and unjust enrichment. On May 23, 2019, a purported stockholder filed a second related derivative action on behalf of the Company against certain former and current officers and directors in the lawsuit styled *Beard v. Jacobs, et al.*, Case No. 3:19-cv-0441, which is pending the United States District Court for the Middle District of Tennessee. The complaint alleges claims for violations of Sections 10(b), 14(a), and 21D of the Exchange Act, breach of fiduciary duty, waste of corporate assets, unjust enrichment, and insider selling. On June 11, 2019, the Davydov and Beard actions were consolidated and ordered stayed pending a ruling on the motion to dismiss that was filed in the *St. Clair County v. Acadia Healthcare*

Table of Contents

case described above. At this time, we are not able to quantify any potential liability in connection with this litigation because the cases are in their early stages.

During the second quarter of 2019, the Company reached a settlement with the U.S. Attorney's Office for the Southern District of West Virginia relating to the manner in which seven of our comprehensive treatment centers in West Virginia had historically billed lab claims to the West Virginia Medicaid Program. The Company paid the government \$17.0 million during the three months ended June 30, 2019 and entered into a corporate integrity agreement with the Office of Inspector General imposing customary compliance obligations on us and our subsidiary, CRC Health.

In the fall of 2017, the Office of Inspector General issued subpoenas to three of the Company's facilities requesting certain documents from January 2013 to the date of the subpoenas. The U.S. Attorney's Office for the Middle District of Florida issued a civil investigative demand to one of the Company's facilities in December 2017 requesting certain documents from November 2012 to the date of the demand. In April 2019, the Office of Inspector General issued subpoenas relating to six additional facilities requesting certain documents and information from January 2013 to the date of the subpoenas. The government's investigation of each of these facilities is focused on claims not eligible for payment because of alleged violations of certain regulatory requirements relating to, among other things, medical necessity, admission eligibility, discharge decisions, length of stay and patient care issues. The Company is cooperating with the government's investigation but is not able to quantify any potential liability in connection with these investigations.

16. Noncontrolling Interests

Noncontrolling interests in the consolidated financial statements represents the portion of equity held by noncontrolling partners in the Company's non-wholly owned subsidiaries. At December 31, 2019, the Company operated five facilities and owns between approximately 60% and 86% of the equity interests, and noncontrolling partners own the remaining equity interests. The initial value of the noncontrolling interests is based on the fair value of contributions, and the Company consolidates the operations of each facility based on its equity ownership and its control of the entity. The noncontrolling interests are reflected as redeemable noncontrolling interests on the accompanying consolidated balance sheets based on put rights that could require the Company to purchase the noncontrolling interests upon the occurrence of a change in control.

The components of redeemable noncontrolling interests are as follows (in thousands):

Balance at January 1, 2018	\$ 22,417
Acquisition of redeemable noncontrolling interests	6,125
Net income attributable to noncontrolling interests	264
Balance at December 31, 2018	28,806
Acquisition of redeemable noncontrolling interests	3,300
Net income attributable to noncontrolling interests	1,199
Distributions to noncontrolling interests	(154)
Balance at December 31, 2019	<u>\$ 33,151</u>

17. Segment Information

The Company operates in one line of business, which is operating acute inpatient psychiatric facilities, specialty treatment facilities, residential treatment centers and facilities providing outpatient behavioral healthcare services. As management reviews the operating results of its U.S. Facilities and its U.K. Facilities separately to assess performance and make decisions, the Company's operating segments include its U.S. Facilities and U.K. Facilities. At December 31, 2019, the U.S. Facilities included 224 behavioral healthcare facilities with approximately 9,500 beds in 40 states and Puerto Rico, and the U.K. Facilities included 361 behavioral healthcare facilities with approximately 8,700 beds in the U.K.

Table of Contents

The following tables set forth the financial information by operating segment, including a reconciliation of Segment EBITDA to income before income taxes (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Revenue:			
U.S. Facilities	\$ 2,008,381	\$ 1,904,695	\$ 1,809,844
U.K. Facilities	1,099,081	1,107,747	1,026,472
Corporate and Other	—	—	—
	<u>\$ 3,107,462</u>	<u>\$ 3,012,442</u>	<u>\$ 2,836,316</u>
Segment EBITDA (1) :			
U.S. Facilities	\$ 503,358	\$ 488,207	\$ 475,260
U.K. Facilities	166,693	185,755	198,566
Corporate and Other	(84,168)	(80,386)	(69,467)
	<u>\$ 585,883</u>	<u>\$ 593,576</u>	<u>\$ 604,359</u>

	Year Ended December 31,		
	2019	2018	2017
Segment EBITDA(1)	\$ 585,883	\$ 593,576	\$ 604,359
Plus (less):			
Equity-based compensation expense	(17,307)	(22,001)	(23,467)
Debt extinguishment costs	—	(1,815)	(810)
Legal settlements expense	—	(22,076)	—
Loss on impairment	(54,386)	(337,889)	—
Transaction-related expenses	(27,064)	(34,507)	(24,267)
Interest expense, net	(187,094)	(185,410)	(176,007)
Depreciation and amortization	(164,044)	(158,832)	(143,010)
Income (loss) before income taxes	<u>\$ 135,988</u>	<u>\$ (168,954)</u>	<u>\$ 236,798</u>

	U.S. Facilities	U.K. Facilities	Corporate and Other	Consolidated
Goodwill:				
Balance at January 1, 2018				
Goodwill	\$ 2,042,592	\$ 708,582	\$ —	\$ 2,751,174
Accumulated impairment loss	—	—	—	—
Net goodwill at January 1, 2018	2,042,592	708,582	—	2,751,174
Loss on impairment	—	(325,875)	—	(325,875)
Increase from contribution of redeemable noncontrolling interests	2,245	—	—	2,245
Foreign currency translation loss	—	(31,894)	—	(31,894)
Prior year purchase price adjustments	—	762	—	762
Balance at December 31, 2018				
Goodwill	2,044,837	677,450	—	2,722,287
Accumulated impairment loss	—	(325,875)	—	(325,875)
Net goodwill at December 31, 2018	2,044,837	351,575	—	2,396,412
Increase from contribution of redeemable noncontrolling interests	3,300	—	—	3,300
Increase from 2019 acquisitions	36,967	—	—	36,967
Foreign currency translation gain	—	12,452	—	12,452
Balance at December 31, 2019				
Goodwill	2,085,104	689,902	—	2,775,006
Accumulated impairment loss	—	(325,875)	—	(325,875)
Net goodwill at December 31, 2019	<u>\$ 2,085,104</u>	<u>\$ 364,027</u>	<u>\$ —</u>	<u>\$ 2,449,131</u>

Table of Contents

	December 31,	
	2019	2018
Assets (2) :		
U.S. Facilities	\$ 4,037,968	\$ 3,779,040
U.K. Facilities	2,610,357	2,175,809
Corporate and Other	230,817	217,655
	<u>\$ 6,879,142</u>	<u>\$ 6,172,504</u>

- (1) Segment EBITDA is defined as income before provision for income taxes, equity-based compensation expense, debt extinguishment costs, legal settlements expense, loss on impairment, transaction-related expenses, interest expense and depreciation and amortization. The Company uses Segment EBITDA as an analytical indicator to measure the performance of the Company's segments and to develop strategic objectives and operating plans for those segments. Segment EBITDA is commonly used as an analytical indicator within the health care industry, and also serves as a measure of leverage capacity and debt service ability. Segment EBITDA should not be considered as a measure of financial performance under GAAP, and the items excluded from Segment EBITDA are significant components in understanding and assessing financial performance. Because Segment EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, Segment EBITDA, as presented, may not be comparable to other similarly titled measures of other companies.
- (2) Assets include property and equipment for the U.S. Facilities of \$1.4 billion, U.K. Facilities of \$1.7 billion and corporate and other of \$50.9 million at December 31, 2019. Assets include property and equipment for the U.S. Facilities of \$1.4 billion, U.K. Facilities of \$1.7 billion and corporate and other of \$44.9 million at December 31, 2018.

18. Employee Benefit Plans

Defined Contribution Plan

The Company maintains a qualified defined contribution 401(k) plan covering substantially all of its employees in the U.S. The Company may, at its discretion, make contributions to the plan. The Company recorded expense of \$4.1 million, \$3.5 million, and \$0.2 million related to the 401(k) plan for the years ended December 31, 2019, 2018 and 2017, respectively.

Partnerships in Care Pension Plan

As part of the acquisition of Partnerships in Care on July 1, 2014, the Company assumed a frozen contributory defined benefit retirement plan ("Partnerships in Care Pension Plan") covering substantially all of the employees of Partnerships in Care and its subsidiaries prior to May 1, 2005 at which time, the Partnerships in Care Plan was frozen to new participants. Effective May 2015, the active participants no longer accrue benefits. The benefits under the Partnerships in Care Pension Plan were primarily based on years of service and final average earnings.

The Company accounts for the Partnerships in Care Pension Plan in accordance with ASC 715-30 "Compensation — Defined Benefit Plans", ("ASC 715-30"). In accordance with ASC 715-30, the Company recognizes the unfunded liability of the Partnerships in Care Pension Plan on the Company's consolidated balance sheet and unrecognized gains (losses) and prior service credits (costs) as changes in other comprehensive income (loss). The measurement date of the Partnerships in Care Pension Plan's assets and liabilities coincides with the Company's year-end. The Company's pension benefit obligation is measured using actuarial calculations that incorporate discount rates, rate of compensation increases, when applicable, expected long-term returns on plan assets and consider expected age of retirement and mortality. Expected return on plan assets is determined by using the specific asset distribution at the measurement date.

The following table summarizes the funded status (unfunded liability) of the Partnerships in Care Pension Plan based upon actuarial valuations prepared at December 31, 2019 and 2018 (in thousands):

	2019	2018
Projected benefit obligation	\$ 66,468	\$ 57,993
Fair value of plan assets	62,207	54,491
Unfunded liability	<u>\$ 4,261</u>	<u>\$ 3,502</u>

Table of Contents

The following table summarizes changes in the Partnerships in Care Pension Plan net pension liability at December 31, 2019 and 2018 (in thousands):

	2019	2018
Net pension liability at beginning of period	\$ 3,502	\$ 8,795
Employer contributions	(2,413)	(2,267)
Net pension expense	(933)	283
Pension liability adjustment	4,012	(2,803)
Foreign currency translation (loss) gain	93	(506)
Net pension liability at end of period	<u>\$ 4,261</u>	<u>\$ 3,502</u>

A pension liability of \$4.3 million and \$3.5 million were recorded within other liabilities on the consolidated balance sheets at December 31, 2019 and 2018. The following assumptions were used to determine the plan benefit obligation:

Discount rate	1.9%	2.8%
Compensation increase rate	2.9%	3.3%
Measurement date	December 31, 2019	December 31, 2018

A summary of the components of net pension plan expense for the years ended December 31, 2019 and 2018 is as follows (in thousands):

	2019	2018
Interest cost on projected benefit obligation	\$ 1,605	\$ 1,602
Expected return on assets	(2,538)	(1,319)
Net pension expense	<u>\$ (933)</u>	<u>\$ 283</u>

Assumptions used to determine the net periodic pension plan expense for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Discount rate	1.9%	2.8%
Expected long-term rate of return on plan assets	1.9%	2.8%

The Company recognizes changes in the funded status of the pension plan as a direct increase or decrease to stockholders' equity through accumulated other comprehensive income. The accumulated other comprehensive income (loss) related to the Partnerships in Care Pension Plan, net of taxes, for the years ended December 31, 2019, 2018 and 2017 was \$(5.2) million, \$(1.8) million and \$(4.5) million, respectively.

The trustees of the Partnerships in Care Pension Plan are required to invest assets in the best interest of the Partnerships in Care Pension Plan's members and also ensure liquid assets are available to make benefit payments as they become due. Performance of the Partnerships in Care Pension Plan's assets are monitored quarterly, at a minimum, and asset allocations are adjusted as needed. The Partnerships in Care Pension Plan's weighted-average asset allocations by asset category at December 31, 2019 and 2018 were as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	1.4%	1.3%
U.K. government obligation	16.2%	15.0%
Annuity contracts	35.1%	38.6%
Equity securities	28.8%	25.4%
Debt securities	12.5%	15.8%
Other	6.0%	3.9%

At December 31, 2019 and 2018, the Partnerships in Care Pension Plan cash and cash equivalents were classified as Level 1 in the GAAP fair value hierarchy. Fair values were based on utilizing quoted prices (unadjusted) in active markets for identical assets. The U.K. government obligations, annuity contracts, equity securities, debt securities and other investments were classified as Level 2 in the GAAP fair value hierarchy. Fair values were based on data points that are observable, such as quoted prices, interest rates and yield curves.

Table of Contents

19. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows (in thousands):

	Foreign Currency Translation Adjustments	Change in Fair Value of Derivative Instruments	Pension Plan	Total
Balance at January 1, 2017	\$ (584,081)	\$ 40,598	\$ (6,087)	\$ (549,570)
Foreign currency translation gain (loss)	207,341	—	(557)	206,784
Loss on derivative instruments, net of tax of \$(22.9) million	—	(33,431)	—	(33,431)
Pension liability adjustment, net of tax of \$0.4 million	—	—	2,099	2,099
Balance at December 31, 2017	(376,740)	7,167	(4,545)	(374,118)
Foreign currency translation (loss) gain	(127,788)	—	267	(127,521)
Gain on derivative instruments, net of tax of \$12.7 million	—	36,799	—	36,799
Pension liability adjustment, net of tax of \$0.3 million	—	—	2,463	2,463
Balance at December 31, 2018	(504,528)	43,966	(1,815)	(462,377)
Foreign currency translation gain (loss)	69,895	—	(84)	69,811
Loss on derivative instruments, net of tax of \$(3.6) million	—	(19,008)	—	(19,008)
Pension liability adjustment, net of tax of \$(0.6) million	—	—	(3,310)	(3,310)
Balance at December 31, 2019	<u>\$ (434,633)</u>	<u>\$ 24,958</u>	<u>\$ (5,209)</u>	<u>\$ (414,884)</u>

Table of Contents

20. Quarterly Information (Unaudited)

The tables below present summarized unaudited quarterly results of operations for the years ended December 31, 2019 and 2018. Management believes that all necessary adjustments have been included in the amounts stated below for a fair presentation of the results of operations for the periods presented when read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2019 and 2018. Results of operations for a particular quarter are not necessarily indicative of results of operations for an annual period and are not predictive of future periods.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(In thousands except per share amounts)			
2019:				
Revenue	\$ 760,617	\$ 789,362	\$ 777,251	\$ 780,232
Income before income taxes	\$ 36,871	\$ 59,805	\$ 49,560	\$ (10,248)
Net income attributable to Acadia				
Healthcare Company, Inc. stockholders	\$ 29,471	\$ 48,140	\$ 42,566	\$ (11,254) ⁽¹⁾
Basic earnings per share attributable to Acadia				
Healthcare Company, Inc. stockholders	\$ 0.34	\$ 0.55	\$ 0.49	\$ (0.13) ⁽¹⁾
Diluted earnings per share attributable to Acadia				
Healthcare Company, Inc. stockholders	\$ 0.34	\$ 0.55	\$ 0.48	\$ (0.13) ⁽¹⁾
2018:				
Revenue	\$ 742,241	\$ 765,738	\$ 760,916	\$ 743,547
Income (loss) before income taxes	\$ 48,088	\$ 69,258	\$ 55,036	\$ (341,336)
Net income (loss) attributable to Acadia				
Healthcare Company, Inc. stockholders	\$ 50,819 ⁽²⁾	\$ 58,836	\$ 46,232	\$ (331,637) ⁽³⁾
Basic earnings per share attributable to Acadia				
Healthcare Company, Inc. stockholders	\$ 0.58 ⁽²⁾	\$ 0.67	\$ 0.53	\$ (3.80) ⁽³⁾
Diluted earnings per share attributable to Acadia				
Healthcare Company, Inc. stockholders	\$ 0.58 ⁽²⁾	\$ 0.67	\$ 0.53	\$ (3.80) ⁽³⁾

(1) Includes a loss on impairment of \$54.4 million.

(2) Includes tax benefits of \$10.5 million pursuant to a change in the Company's provisional amounts recorded at December 31, 2017 related to the enactment of the Tax Act.

(3) Includes loss on impairment of \$337.9 million and legal settlements expense of \$22.1 million.

21. Financial Information for the Company and Its Subsidiaries

The Company conducts substantially all of its business through its subsidiaries. The 6.125% Senior Notes, 5.125% Senior Notes, 5.625% Senior Notes and 6.500% Senior Notes are jointly and severally guaranteed on an unsecured senior basis by all of the Company's subsidiaries that guarantee the Company's obligations under the Amended and Restated Senior Credit Facility. Presented below is condensed consolidating financial information for the Company and its subsidiaries at December 31, 2019 and 2018, and for the years ended December 31, 2019, 2018 and 2017. The information segregates the parent company (Acadia Healthcare Company, Inc.), the combined wholly-owned subsidiary guarantors, the combined non-guarantor subsidiaries and eliminations.

Acadia Healthcare Company, Inc.
Condensed Consolidating Balance Sheets
December 31, 2019
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Current assets:					
Cash and cash equivalents	\$ —	\$ 98,943	\$ 25,249	\$ —	\$ 124,192
Accounts receivable, net	—	266,864	72,911	—	339,775
Other current assets	—	61,508	16,736	—	78,244
Total current assets	—	427,315	114,896	—	542,211
Property and equipment, net	—	1,313,830	1,910,204	—	3,224,034
Goodwill	—	1,992,344	456,787	—	2,449,131
Intangible assets, net	—	58,291	32,066	—	90,357
Deferred tax assets – noncurrent	1,403	—	3,339	(1,403)	3,339
Operating lease right-of-use assets	—	97,396	404,441	—	501,837
Investment in subsidiaries	5,521,340	—	—	(5,521,340)	—
Other assets	233,975	48,949	13,127	(227,818)	68,233
Total assets	<u>\$ 5,756,718</u>	<u>\$ 3,938,125</u>	<u>\$ 2,934,860</u>	<u>\$ (5,750,561)</u>	<u>\$ 6,879,142</u>
Current liabilities:					
Current portion of long-term debt	\$ 43,679	\$ —	\$ —	\$ —	\$ 43,679
Accounts payable	—	87,165	39,880	—	127,045
Accrued salaries and benefits	—	89,483	33,069	—	122,552
Current portion of operating lease liabilities	—	17,967	11,173	—	29,140
Other accrued liabilities	33,323	22,672	85,165	—	141,160
Total current liabilities	77,002	217,287	169,287	—	463,576
Long-term debt	3,105,420	—	227,818	(227,818)	3,105,420
Deferred tax liabilities – noncurrent	—	21,858	51,405	(1,403)	71,860
Operating lease liabilities	—	85,365	416,887	—	502,252
Derivative instrument liabilities	68,915	—	—	—	68,915
Other liabilities	—	110,445	18,142	—	128,587
Total liabilities	<u>3,251,337</u>	<u>434,955</u>	<u>883,539</u>	<u>(229,221)</u>	<u>4,340,610</u>
Redeemable noncontrolling interests	—	—	33,151	—	33,151
Total equity	<u>2,505,381</u>	<u>3,503,170</u>	<u>2,018,170</u>	<u>(5,521,340)</u>	<u>2,505,381</u>
Total liabilities and equity	<u>\$ 5,756,718</u>	<u>\$ 3,938,125</u>	<u>\$ 2,934,860</u>	<u>\$ (5,750,561)</u>	<u>\$ 6,879,142</u>

Table of Contents

Acadia Healthcare Company, Inc.
Condensed Consolidating Balance Sheets
December 31, 2018
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Current assets:					
Cash and cash equivalents	\$ —	\$ 32,471	\$ 18,039	\$ —	\$ 50,510
Accounts receivable, net	—	248,218	69,869	—	318,087
Other current assets	—	60,160	21,660	—	81,820
Total current assets	—	340,849	109,568	—	450,417
Property and equipment, net	—	1,219,803	1,887,963	—	3,107,766
Goodwill	—	1,936,057	460,355	—	2,396,412
Intangible assets, net	—	56,611	32,379	—	88,990
Deferred tax assets – noncurrent	1,841	—	3,468	(1,841)	3,468
Derivative instruments	60,524	—	—	—	60,524
Investment in subsidiaries	5,190,771	—	—	(5,190,771)	—
Other assets	306,495	52,824	9,548	(303,940)	64,927
Total assets	<u>\$ 5,559,631</u>	<u>\$ 3,606,144</u>	<u>\$ 2,503,281</u>	<u>\$ (5,496,552)</u>	<u>\$ 6,172,504</u>
Current liabilities:					
Current portion of long-term debt	\$ 34,112	\$ —	\$ —	\$ —	\$ 34,112
Accounts payable	—	79,463	38,277	—	117,740
Accrued salaries and benefits	—	84,150	29,149	—	113,299
Other accrued liabilities	32,837	42,062	76,327	—	151,226
Total current liabilities	66,949	205,675	143,753	—	416,377
Long-term debt	3,159,375	—	303,940	(303,940)	3,159,375
Deferred tax liabilities – noncurrent	—	31,874	50,339	(1,841)	80,372
Other liabilities	—	107,866	46,401	—	154,267
Total liabilities	3,226,324	345,415	544,433	(305,781)	3,810,391
Redeemable noncontrolling interests	—	—	28,806	—	28,806
Total equity	2,333,307	3,260,729	1,930,042	(5,190,771)	2,333,307
Total liabilities and equity	<u>\$ 5,559,631</u>	<u>\$ 3,606,144</u>	<u>\$ 2,503,281</u>	<u>\$ (5,496,552)</u>	<u>\$ 6,172,504</u>

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income (Loss)
Year Ended December 31, 2019
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue	\$ —	\$ 1,882,518	\$ 1,224,944	\$ —	3,107,462
Salaries, wages and benefits	17,307	1,018,267	681,606	—	1,717,180
Professional fees	—	107,115	133,868	—	240,983
Supplies	—	80,137	42,924	—	123,061
Rents and leases	—	34,443	47,786	—	82,229
Other operating expenses	—	243,478	131,955	—	375,433
Depreciation and amortization	—	81,105	82,939	—	164,044
Interest expense, net	76,138	92,538	18,418	—	187,094
Loss on impairment	—	27,217	27,169	—	54,386
Transaction-related expenses	—	21,156	5,908	—	27,064
Total expenses	93,445	1,705,456	1,172,573	—	2,971,474
Income (loss) before income taxes	(93,445)	177,062	52,371	—	135,988
Equity in earnings of subsidiaries	174,216	—	—	(174,216)	—
(Benefit from) provision for income taxes	(29,351)	52,903	2,314	—	25,866
Net income (loss)	110,122	124,159	50,057	(174,216)	110,122
Net income attributable to noncontrolling interests	—	—	(1,199)	—	(1,199)
Net income (loss) attributable to Acadia Healthcare Company, Inc.	<u>\$ 110,122</u>	<u>\$ 124,159</u>	<u>\$ 48,858</u>	<u>\$ (174,216)</u>	<u>\$ 108,923</u>
Other comprehensive income:					
Foreign currency translation loss	—	—	69,811	—	69,811
Gain on derivative instruments	(19,008)	—	—	—	(19,008)
Pension liability adjustment, net	—	—	(3,310)	—	(3,310)
Other comprehensive income (loss)	<u>(19,008)</u>	<u>—</u>	<u>66,501</u>	<u>—</u>	<u>47,493</u>
Comprehensive income (loss) attributable to Acadia Healthcare Company, Inc.	<u>\$ 91,114</u>	<u>\$ 124,159</u>	<u>\$ 115,359</u>	<u>\$ (174,216)</u>	<u>\$ 156,416</u>

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income (Loss)
Year Ended December 31, 2018
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue	\$ —	\$ 1,788,757	\$ 1,223,685	\$ —	3,012,442
Salaries, wages and benefits	22,001	965,419	671,928	—	1,659,348
Professional fees	—	98,441	128,984	—	227,425
Supplies	—	76,526	42,788	—	119,314
Rents and leases	—	33,101	47,181	—	80,282
Other operating expenses	—	225,446	129,052	—	354,498
Depreciation and amortization	—	74,341	84,491	—	158,832
Interest expense, net	65,588	92,983	26,839	—	185,410
Debt extinguishment costs	940	—	875	—	1,815
Legal settlements expense	—	22,076	—	—	22,076
Loss on impairment	—	—	337,889	—	337,889
Transaction-related expenses	—	29,720	4,787	—	34,507
Total expenses	88,529	1,618,053	1,474,814	—	3,181,396
(Loss) income before income taxes	(88,529)	170,704	(251,129)	—	(168,954)
Equity in earnings of subsidiaries	(98,669)	—	—	98,669	—
(Benefit from) provision for income taxes	(11,712)	19,045	(801)	—	6,532
Net (loss) income	(175,486)	151,659	(250,328)	98,669	(175,486)
Net income attributable to noncontrolling interests	—	—	(264)	—	(264)
Net (loss) income attributable to Acadia Healthcare Company, Inc.	<u>\$ (175,486)</u>	<u>\$ 151,659</u>	<u>\$ (250,592)</u>	<u>\$ 98,669</u>	<u>\$ (175,750)</u>
Other comprehensive income:					
Foreign currency translation loss	—	—	(127,521)	—	(127,521)
Gain on derivative instruments	36,799	—	—	—	36,799
Pension liability adjustment, net	—	—	2,463	—	2,463
Other comprehensive income (loss)	36,799	—	(125,058)	—	(88,259)
Comprehensive (loss) income attributable to Acadia Healthcare Company, Inc.	<u>\$ (138,687)</u>	<u>\$ 151,659</u>	<u>\$ (375,650)</u>	<u>\$ 98,669</u>	<u>\$ (264,009)</u>

Acadia Healthcare Company, Inc.
Condensed Consolidating Statement of Comprehensive Income (Loss)
Year Ended December 31, 2017
(In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Revenue before provision for doubtful accounts	\$ —	\$ 1,746,656	\$ 1,130,578	\$ —	\$ 2,877,234
Provision for doubtful accounts	—	(35,636)	(5,282)	—	(40,918)
Revenue	—	1,711,020	1,125,296	—	2,836,316
Salaries, wages and benefits	23,467	902,180	610,513	—	1,536,160
Professional fees	—	93,991	102,232	—	196,223
Supplies	—	75,248	39,191	—	114,439
Rents and leases	—	33,365	43,410	—	76,775
Other operating expenses	—	217,900	113,927	—	331,827
Depreciation and amortization	—	66,482	76,528	—	143,010
Interest expense, net	61,872	81,274	32,861	—	176,007
Debt extinguishment costs	810	—	—	—	810
Transaction-related expenses	—	11,236	13,031	—	24,267
Total expenses	86,149	1,481,676	1,031,693	—	2,599,518
(Loss) income before income taxes	(86,149)	229,344	93,603	—	236,798
Equity in earnings of subsidiaries	259,282	—	—	(259,282)	—
(Benefit from) provision for income taxes	(26,456)	69,882	(6,217)	—	37,209
Net income (loss)	199,589	159,462	99,820	(259,282)	199,589
Net loss attributable to noncontrolling interests	—	—	246	—	246
Net income (loss) attributable to Acadia Healthcare Company, Inc.	<u>\$ 199,589</u>	<u>\$ 159,462</u>	<u>\$ 100,066</u>	<u>\$ (259,282)</u>	<u>\$ 199,835</u>
Other comprehensive income:					
Foreign currency translation gain	—	—	206,784	—	206,784
Loss on derivative instruments	(33,431)	—	—	—	(33,431)
Pension liability adjustment, net	—	—	2,099	—	2,099
Other comprehensive (loss) income	(33,431)	—	208,883	—	175,452
Comprehensive income (loss) attributable to Acadia Healthcare Company, Inc.	<u>\$ 166,158</u>	<u>\$ 159,462</u>	<u>\$ 308,949</u>	<u>\$ (259,282)</u>	<u>\$ 375,287</u>

Table of Contents

Acadia Healthcare Company, Inc. Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2019 (In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net (loss) income	\$ 110,122	\$ 124,159	\$ 50,057	\$ (174,216)	\$ 110,122
Adjustments to reconcile net (loss) income to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(174,216)	—	—	174,216	—
Depreciation and amortization	—	81,105	82,939	—	164,044
Amortization of debt issuance costs	11,987	—	—	—	11,987
Equity-based compensation expense	17,307	—	—	—	17,307
Deferred income taxes	441	86	1,253	—	1,780
Loss on impairment	—	27,217	27,169	—	54,386
Other	1,814	2,100	121	—	4,035
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(13,380)	(5,680)	—	(19,060)
Other current assets	—	776	(2,120)	—	(1,344)
Other assets	3,929	(2,501)	2,428	(3,929)	(73)
Accounts payable and other accrued liabilities	—	(5,391)	(15,963)	—	(21,354)
Accrued salaries and benefits	—	4,283	3,537	—	7,820
Other liabilities	—	15,110	(11,856)	—	3,254
Net cash (used in) provided by continuing operating activities	(28,616)	233,564	131,885	(3,929)	332,904
Net cash used in discontinued operating activities	—	—	—	—	—
Net cash (used in) provided by operating activities	(28,616)	233,564	131,885	(3,929)	332,904
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(45,677)	—	—	(45,677)
Cash paid for capital expenditures	—	(188,161)	(96,521)	—	(284,682)
Cash paid for real estate acquisitions	—	(7,618)	—	—	(7,618)
Settlement of foreign currency derivatives	105,008	—	—	—	105,008
Proceeds from sale of property and equipment	—	11,765	6,311	—	18,076
Other	—	13,752	—	—	13,752
Net cash used in investing activities	105,008	(215,939)	(90,210)	—	(201,141)
Financing activities:					
Borrowings on revolving credit facility	76,573	—	—	—	76,573
Principal payments on revolving credit facility	(76,573)	—	—	—	(76,573)
Principal payments on long-term debt	(52,984)	—	(3,929)	3,929	(52,984)
Common stock withheld for minimum statutory taxes, net	(1,649)	—	—	—	(1,649)
Distributions to noncontrolling interests	—	—	(154)	—	(154)
Other	(2,375)	(1,993)	(2,472)	—	(6,840)
Cash provided by (used in) intercompany activity	(19,384)	50,840	(31,456)	—	—
Net cash provided by (used in) financing activities	(76,392)	48,847	(38,011)	3,929	(61,627)
Effect of exchange rate changes on cash	—	—	3,546	—	3,546
Net decrease in cash and cash equivalents	—	66,472	7,210	—	73,682
Cash and cash equivalents at beginning of the period	—	32,471	18,039	—	50,510
Cash and cash equivalents at end of the period	\$ —	\$ 98,943	\$ 25,249	\$ —	\$ 124,192

Table of Contents

Acadia Healthcare Company, Inc. Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2018 (In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net (loss) income	\$ (175,486)	\$ 151,659	\$ (250,328)	\$ 98,669	\$ (175,486)
Adjustments to reconcile net (loss) income to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	98,669	—	—	(98,669)	—
Depreciation and amortization	—	74,341	84,491	—	158,832
Amortization of debt issuance costs	10,825	—	(369)	—	10,456
Equity-based compensation expense	22,001	—	—	—	22,001
Deferred income taxes	529	(8,795)	(1,448)	—	(9,714)
Debt extinguishment costs	940	—	875	—	1,815
Legal settlements expense	—	22,076	—	—	22,076
Loss on impairment	—	—	337,889	—	337,889
Other	6,981	5,457	(67)	—	12,371
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(17,328)	507	—	(16,821)
Other current assets	—	14,881	(1,017)	—	13,864
Other assets	4,596	118	2,644	(4,596)	2,762
Accounts payable and other accrued liabilities	—	15,743	10,311	—	26,054
Accrued salaries and benefits	—	15,094	654	—	15,748
Other liabilities	—	3,014	(8,233)	—	(5,219)
Net cash (used in) provided by continuing operating activities	(30,945)	276,260	175,909	(4,596)	416,628
Net cash used in discontinued operating activities	—	(2,548)	—	—	(2,548)
Net cash (used in) provided by operating activities	(30,945)	273,712	175,909	(4,596)	414,080
Investing activities:					
Cash paid for capital expenditures	—	(210,023)	(131,439)	—	(341,462)
Cash paid for real estate acquisitions	—	(14,096)	(4,287)	—	(18,383)
Proceeds from sale of property and equipment	—	5,168	3,080	—	8,248
Other	—	(9,367)	—	—	(9,367)
Net cash used in investing activities	—	(228,318)	(132,646)	—	(360,964)
Financing activities:					
Principal payments on long-term debt	(39,738)	(169)	(4,427)	4,596	(39,738)
Repayment of long-term debt	—	—	(21,920)	—	(21,920)
Common stock withheld for minimum statutory taxes, net	(3,407)	—	—	—	(3,407)
Other	(1,742)	2,094	(2,617)	—	(2,265)
Cash provided by (used in) intercompany activity	75,832	(61,708)	(14,124)	—	—
Net cash provided by (used in) financing activities	30,945	(59,783)	(43,088)	4,596	(67,330)
Effect of exchange rate changes on cash	—	—	(2,566)	—	(2,566)
Net decrease in cash and cash equivalents	—	(14,389)	(2,391)	—	(16,780)
Cash and cash equivalents at beginning of the period	—	46,860	20,430	—	67,290
Cash and cash equivalents at end of the period	\$ —	\$ 32,471	\$ 18,039	\$ —	\$ 50,510

Table of Contents

Acadia Healthcare Company, Inc. Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2017 (In thousands)

	Parent	Combined Subsidiary Guarantors	Combined Non- Guarantors	Consolidating Adjustments	Total Consolidated Amounts
Operating activities:					
Net income (loss)	\$ 199,589	\$ 159,462	\$ 99,820	\$ (259,282)	\$ 199,589
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:					
Equity in earnings of subsidiaries	(259,282)	—	—	259,282	—
Depreciation and amortization	—	66,482	76,528	—	143,010
Amortization of debt issuance costs	10,270	—	(415)	—	9,855
Equity-based compensation expense	23,467	—	—	—	23,467
Deferred income taxes	1,236	28,882	1,254	—	31,372
Debt extinguishment costs	810	—	—	—	810
Other	4,189	2,498	4,725	—	11,412
Change in operating assets and liabilities, net of effect of acquisitions:					
Accounts receivable, net	—	(21,791)	(6,779)	—	(28,570)
Other current assets	—	(6,429)	27,237	—	20,808
Other assets	24,549	(3,277)	101	(24,549)	(3,176)
Accounts payable and other accrued liabilities	—	4,909	(15,022)	—	(10,113)
Accrued salaries and benefits	—	(3,974)	(5,014)	—	(8,988)
Other liabilities	—	8,794	3,000	—	11,794
Net cash provided by (used in) continuing operating activities	4,828	235,556	185,435	(24,549)	401,270
Net cash used in discontinued operating activities	—	(1,693)	—	—	(1,693)
Net cash provided by (used in) operating activities	4,828	233,863	185,435	(24,549)	399,577
Investing activities:					
Cash paid for acquisitions, net of cash acquired	—	—	(18,191)	—	(18,191)
Cash paid for capital expenditures	—	(161,312)	(112,865)	—	(274,177)
Cash paid for real estate acquisitions	—	(37,047)	(4,010)	—	(41,057)
Proceeds from sale of property and equipment	—	2,415	2,837	—	5,252
Other	—	(10,359)	2,006	—	(8,353)
Net cash used in investing activities	—	(206,303)	(130,223)	—	(336,526)
Financing activities:					
Principal payments on long-term debt	(57,050)	(14,250)	(10,554)	24,549	(57,305)
Common stock withheld for minimum statutory taxes, net	(3,455)	—	—	—	(3,455)
Other	(539)	1,225	—	—	686
Cash provided by (used in) intercompany activity	56,216	16,644	(72,860)	—	—
Net cash (used in) provided by financing activities	(4,828)	3,619	(83,414)	24,549	(60,074)
Effect of exchange rate changes on cash	—	—	7,250	—	7,250
Net increase (decrease) in cash and cash equivalents	—	31,179	(20,952)	—	10,227
Cash and cash equivalents at beginning of the period	—	15,681	41,382	—	57,063
Cash and cash equivalents at end of the period	\$ —	\$ 46,860	\$ 20,430	\$ —	\$ 67,290

EXHIBIT 11



Policy Title: Financial Assistance Policy

Policy Number: BO – 104.00

Effective Date: June 1, 2012

Revised Date: ~~January 1, 2017~~ ~~June 1, 2017~~ ~~May 11, 2018~~ ~~June 15, 2018~~ June 22, 2020

Policy:

It is the company's policy to provide financial assistance based on federal poverty guidelines to patients with no health insurance or other state or federal health assistance or for whom the out of pocket expenses are significant. All financial assistance will be provided based on established protocols and completion of the **Financial Disclosure Form (Attachment A)** and supporting documentation.

Procedures:

As stated in policy **BO-102.00 Insurance Verification**, all facilities must perform verification of benefits for each patient and each potential payer prior to or upon admission. If an admission occurs after normal business hours, the verification must be performed no later than the next business day. This insurance verification process should be completed to identify any potential resources for the patient's medical services, whether federal or state governmental health care program (e.g. Medicare, Medicaid, state or local government agency, Champus, Medicare HMO, Medicare secondary payer), private insurance company, or other private, non-governmental third party payer source.

Financial assistance is not considered to be a substitute for personal responsibility. It is the responsibility of the patient/responsible party to actively participate in the financial assessment process and provide timely, accurate information, as requested. This requested information may include information concerning actual or potentially available health benefits such as COBRA coverage or Medicaid/state or local government agency coverage. Failure to provide accurate and timely information may subject the patient/responsible party to a denial of financial assistance.

Self-pay/Uninsured Patients

All self-pay/uninsured patients (no current insurance coverage) will be requested to pre-pay for all services at time of admission/registration. Each facility must have a self-pay deposit schedule based on various estimated lengths of stay and the facility's established self-pay rate. This deposit schedule should be used to estimate the upfront payment that is required for self-pay patients.

If the patient is unable to pre-pay for services, the patient will be financially assessed during the pre-admission or admission process. The Financial Counselor, or designated Business Office staff member, will then meet with the patient and request that **Attachment A - Financial Disclosure Form** be completed. This form must be completed verbally or in person before the Equifax reporting tool can be utilized.

As stated in further detail in **BO-103.00 Financial Counseling** policy, the Financial Counselor or Business Office Representative will meet with each patient or guarantor expected to have an out-of-pocket liability to discuss payment arrangements and facilitate the completion of the **Financial Disclosure Form**.

Financially or Medically Indigent Patients

Financial assistance can be provided to financially and medically indigent patients (see definitions at the end of this policy) according to the discount scale as outlined in this policy. If the patient is unable to pay estimated out-of-pocket expenses, the patient will be financially assessed during the pre-admission or admission process in accordance with **BO-103.00 Financial Counseling** policy. During the counseling session, the **Patient Responsibility Worksheet** (Attachment A -Policy BO-103.00 Financial Counseling) will be utilized by the facility to assist in determining the capacity of the patient/responsible party to pay their estimated liability.

During the financial counseling process, the facility may reasonably determine that COBRA coverage is available to the patient. In these cases, the patient will provide the facility with information necessary to determine the monthly COBRA premium by completing the **Application for COBRA Assistance (Attachment D)**. If the facility determines that the patient is financially unable to pay the COBRA premiums the facility may decide to pay the COBRA premium on behalf of the patient/responsible party. Payment of any COBRA premiums must be approved by the facility CEO and CFO prior to payment.

Determining Qualification for Financial Assistance

The **Patient Responsibility Worksheet** along with the **Financial Disclosure Form** will be reviewed by the Business Office Director (BOD) and facility CFO. These completed forms are required for the qualification of patients for financial assistance.

The BOD or Financial Counselor is responsible for ensuring the completion of the Financial Disclosure Form by the patient/responsible party during the financial counseling process to evidence their ability to pay. All supporting documentation should be attached to the Financial Disclosure Form such as insurance verifications, bank statements, proof of income and Equifax.

The BOD or Financial Counselor must verify the assets and income of the patient/responsible party during the qualification process. The facility must have at least one form of documentation from the list below in order to verify and analyze the information received on the Financial Disclosure Form to determine financial assistance available for a patient/responsible party. Documentation for income verification must be provided to the facility within 30 days of discharge for the patient/responsible party to be eligible for financial assistance.

To complete **Income Verification** for Medicare patients, the facility must have one of the following:

- Most Recent Income Tax Return
- Most Recent Paystubs (must span 4 weeks or 30-day period)
- Social Security Statement of Earnings
- SSI Disability Benefit Letter or Current Bank Statement showing Monthly Deposit
- Unemployment Vouchers (must span 4 weeks or 30-day period)
- Letter from a Third Party Source such as a Shelter, Mission or Group Home confirming Financial Status

Equifax can be used to further analyze patient's financial status for medically indigent patients but cannot be the primary source of data in the qualification process for Medicare patients. For Medicare patients, Income verification documentation is the primary method in which financial assistance will be determined. Equifax is the primary source of data in the qualification process for non-Medicare patients. Equifax Decision Power will provide a recommended discount based on their ability to pay their medical bills. The recommended discount may be changed per CFO approval only.

Final approval of the financial assistance offered to the patient will be determined by the facility management (CFO/CEO) based on their review of the completed **Patient Responsibility Worksheet**, the completed **Financial Disclosure Form** and documentation required for verifying income and assets of the patient/responsible party.

Approval and Recording of Financial Assistance

Financial or medical indigence (categorized as charity or indigent care on the facility general ledger) must be identified prior to the patient's discharge and must be logged on the Charity Log within the month identified. Charity Adjustments will be written off in the patient accounting system no later than the end of the month following discharge with the exception of insured patients which can be adjusted at the time of the remittance advice posting. Facilities involved in a joint venture with a non-profit organization must be aware of the different guidelines for the time period in which a patient may qualify for charity care and follow the agreed upon policy.

Upon identifying a self-pay 100% charity patient at admission – enter the self-pay payer in the patient's account so that a self-pay contractual will post. Indigent accounts pending Medicaid approval should not be immediately written off as Charity. Patients who are in process of being qualified for Medicaid eligibility should be included in the Medicaid Pending Financial Class and contractualized at the Medicaid reimbursement rate. If it is determined after discharge that the patient is not eligible for Medicaid coverage, however the patient meets indigent criteria for the facility, move the account to financial class "SX" for self-pay charity and process the patient's account balance (gross charge less Medicaid contractual) for a charity adjustment.

As noted in **Accounting Policy #115.00 – Administrative, Denial, and Charity Care Adjustments**, the following approvals are required for any Administrative or Charity Care patient account adjustment.

- BOD/CFO approval is required for financial assistance up to \$5,000.

- Additional approval by CEO is required for financial assistance greater than \$5,000 with Divisional CFO approval being required above \$10,000 as stated in **Policy #115.00 – Administrative, Denial, and Charity Care Adjustments.**

A form letter provided, **Notification of Determination of Eligibility for Financial Assistance (Attachment B)** can be used as a notification letter to inform patients/responsible parties of the facility's determination of financial assistance.

All documentation for financial assistance must be maintained in the patient financial file. The amount of financial assistance will only be applied after recovery from all third party payers has been verified. Reductions in revenue deemed financial assistance shall not result in a credit balance or a refund situation.

Method for the Calculating of the Amount of Financial Assistance (Discounts)

This method is intended to illustrate a sliding scale. It should be used as a guide for facilities in conjunction with the completion of the **Financial Disclosure Form** and determination of any financial assistance.

This method uses the **Federal Poverty Guideline (FPG)** Schedule. This schedule can be accessed from the internet by putting the following data in your web browser – <https://aspe.hhs.gov/poverty-guidelines> . First, find the number of the guarantor's dependents under the column labeled "Family Size". Then, locate the guarantor's gross annual income on the same row as the Family Size. In most cases, the guarantor's income will fall between two percentage categories (much like the tax schedule individuals use each year in determining how much they owe the government).

- With this information, determine the discount percentage based on the discount scale included herein. Example: Mr. Jones is uninsured and has met the criteria for the financially indigent. According to his federal income tax return, Mr. Jones earned \$35,000 and has 4 dependents. Mr. Jones's total charges are \$20,000. In this example, Mr. Jones's income level is 139% of the FPG and would therefore be eligible for a 75% discount of \$15,000. Mr. Jones will be responsible for the remaining balance of \$5,000.

DISCOUNT SCALE

Income Level	% of Discount on Total Charges
Equal to or less than 125% of FPG	100%
125% - 150% of FPG	75%
150% - 175% of FPG	50%
175% - 200% of FPG	25%

Greater than 200% of FPG	0%
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Definitions:

Equifax is one of the largest sources of consumer and commercial data in the world and has been providing business solutions using advanced analytics and the latest technologies for over 100 years.

Financial Assistance also known as Charity Care or Discount is defined as a reduction in the cost of health care services granted to patients based on their capacity to pay their estimated liability.

Financially Indigent is defined as those patients who are accepted for medical care who are uninsured with no or a significantly limited ability to pay for the services rendered. These patients are also defined as economically disadvantaged and have incomes at or below the federal poverty guidelines. An individual may also be classified as “categorically needy” by proof of entitlement to some state or federal government programs such as SSI, Food Stamps, Aid to Families with Dependent Children (AFDC), or Medicaid for which entitlement has been established, but for which coverage is not available for the expected dates of service.

Medically Indigent is defined as those patients who incur severe or catastrophic medical expenses but are unable to pay and/or payment would require substantial liquidation of assets critical to living or would cause undue financial hardship to the family support system.

Attachments:

- Attachment A – Financial Disclosure Form
- Attachment B – Notification of Approval/Denial for Financial Assistance
- Attachment C – Charity Log
- Attachment D – Application for COBRA assistance

Approvals:

Administrative:



Date: 6/22/2020

David Duckworth, Chief Financial Officer

Related Policies:

ACC-115.00 Administrative, Denial, and Charity Care Adjustments

BO-103.00 Financial Counseling

BO-102.00 Insurance Verification

PUBLIC COMMUNICATIONS
(Cal. Code Regs., tit. 11, § 999.5(d)(10))

Section 999.5(d)(10) Description of the applicant's efforts to inform local government entities, professional staff and employees of the health facility, and the general public, as to the transaction, including comments or reaction to the effort

AH Vallejo has utilized a variety of communication strategies, including press releases, internal memos and organizational announcements. Attached as Exhibit 12 are copies of the internal communications within the Adventist Health organization related to the Transaction as well as public communications that were disseminated.

EXHIBIT 12

News Release

Media Contacts:

Acadia Healthcare

Gretchen Hommrich

615.861.6000

Gretchen.Hommrich @acadiahealthcare.com

Adventist Health

Mary Parra

928.853.4733

mparra@randlecommunications.com

Adventist Health announces the acquisition of Vallejo behavioral health services by Acadia Healthcare

VALLEJO, Calif. – February 9, 2021 – To strengthen behavioral health services in Solano County, Adventist Health Vallejo, which has served as the county’s behavioral treatment center of choice for nearly 25 years, announced today it has signed a definitive agreement to sell the hospital and its behavioral health services to Acadia Healthcare (NASDAQ: ACHC), a leading provider of behavioral healthcare in the United States.

“Behavioral health and well-being are central to Adventist Health’s mission, and we are committed to taking actions that meet the needs of our communities,” said Steven Herber, MD, president of Adventist Health services in Vallejo and St. Helena. “Acadia has the national and local experience, clinical expertise and proven track record to be an ideal community partner. They share our vision of enhancing the hospital’s capabilities to provide high-quality behavioral health and substance use services.”

Adventist Health Vallejo, a 61-bed psychiatric hospital that is operated as a service of Adventist Health St. Helena, provides inpatient and outpatient care. Its services include short-term psychiatric care for children, adolescents and adults as well as partial hospitalization services for adults who are experiencing psychiatric problems or are dependent on alcohol, drugs or prescription medications.

As a leading provider of behavioral healthcare services, Acadia Healthcare owns and operates treatment facilities throughout the United States and Puerto Rico, including a facility in nearby San Jose. Acadia is solely dedicated to behavioral health and is the partner of choice for many health systems and communities across the country due to its commitment to high quality and integrated care. The investment that Acadia intends to make in the facility and its expertise will

help meet the care needs of the community for years to come as the company explores opportunities to expand services.

“Adventist Health took great care and consideration in its process to select Acadia as its community partner, and we are proud they recognized the expertise and commitment to quality that we will bring to Solano County. We will invest in the facility to ensure it continues to serve as the center of behavioral health excellence for the surrounding community,” said Dwight Lacy, group president for the Western Region of Acadia Healthcare. “We look forward to building upon the tremendous foundation provided by Adventist Health for many years to come.”

Adventist Health recently expanded its behavioral health offerings through a partnership investment with Synchronous Health that leverages the power of human connection with AI to deliver behavioral healthcare to millions of people. Nearby Adventist Health St Helena, which operates a 21-bed mental health unit, also expanded behavioral health inpatient services by opening a 12-bed behavioral medical unit to better care for the needs of patients with both medical and behavioral health diagnoses.

Recognizing that people and continuity are the heart of behavioral health healing, Acadia Healthcare intends to retain current staff and associates.

The organizations expect to complete the transaction, following regulatory approval, by mid-2021 and will look for additional opportunities to partner together.

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About Adventist Health Vallejo

Adventist Health Vallejo is a 61-bed psychiatric hospital that is operated as a service of Adventist Health St. Helena. Both hospitals are part of Adventist Health, a faith-based, nonprofit integrated health system serving more than 80 communities on the West Coast and Hawaii as well as others across the U.S. through its Blue Zones company, a pioneer in taking a systemic and environmental approach to improving the health of entire cities and communities. Through this work, Adventist Health is leading a 21st century well-being transformation movement. Founded on Seventh-day Adventist heritage and values, Adventist Health provides care in hospitals, clinics, its innovative Adventist Health Hospital@Home program that provides virtual in-patient care at home, home care agencies, hospice agencies and joint-venture retirement centers in both rural and urban communities. Our compassionate and talented team of 37,000 includes associates, medical staff physicians, allied health professionals and volunteers driven in pursuit of one mission: living God's love by inspiring health, wholeness and hope. Together, we are transforming the American healthcare experience with an innovative, yet timeless, whole-person focus on physical, mental, spiritual and social healing to support community well-being.

About Acadia Healthcare

Acadia is a leading provider of behavioral healthcare services across the United States. Acadia operates a network of 227 behavioral healthcare facilities with approximately 9,900 beds in 40 states and Puerto Rico. With more than 20,000 employees serving approximately 70,000 patients daily, Acadia is the largest stand-alone behavioral health company in the U.S. Acadia provides behavioral healthcare services to its patients in a variety of settings, including inpatient psychiatric hospitals, specialty treatment facilities, residential treatment centers and outpatient clinics. Acadia integrates high-reliability principles and data-driven decisions in actionable ways to promote best practices and drive safety and quality of care.

Vallejo services to transition to Acadia Healthcare

February 9, 2021

To: AHSB Everyone

From: Steven Herber, MD, President

This week we signed the agreement for Acadia Healthcare to acquire our Adventist Health Vallejo psychiatric hospital, which has been with our family for nearly 25 years. While releasing a hospital is a difficult decision, this transaction supports our mission by securing a solid future for our Vallejo associates and behavioral health services in the region. Acadia is solely dedicated to behavioral health and is the partner of choice for many health systems and communities across the country, due to its commitment to high quality and integrated care. The company's investment in expanding the facility and its expertise will help meet the care needs of the community for years to come.

Recognizing that people and continuity are critical to the hospital's success, Acadia has committed to employing our current medical staff and associates. The Vallejo team has been aware of Acadia's interest in their hospital and will learn more about the company and transition in upcoming town halls.

Thank you for your support of our Vallejo team during this transition. The next phase of this process will be submitting a proposal to the California attorney general, who will review the transaction and formulate the conditions under which it will be approved. With that in mind, we anticipate this process will continue into the middle of this year.



Vallejo services to transition to Acadia Healthcare

February 9, 2021

To: AHVO Everyone

From: Steven Herber, MD, President

This week we signed the agreement for Acadia Healthcare to acquire our Adventist Health Vallejo psychiatric hospital, which has been in your charge for nearly 25 years. "This was a difficult decision; this transaction supports our mission by securing a solid future for you, our Vallejo associates, and behavioral health services in the region." – Dr. Herber. Acadia is solely dedicated to behavioral health and is the partner of choice for many health systems and communities across the country due to its commitment to high quality and integrated care. The company's investment in expanding the facility and its expertise will help meet the community's care needs for years to come.

You play a critical role in the hospital's continued success and care continuity for the people you serve; as a result, Acadia has committed to employing our current medical staff and associates. "I am excited about the possibilities Acadia Behavioral Healthcare brings. I am impressed with their leadership and their commitment to set the standard for excellence in the treatment of behavioral health." – Jack Lungu, Administrative Director, Behavioral Health.

The next phase of this process will be submitting a proposal to the California attorney general, who will review the transaction and formulate the conditions under which it will be approved. With that in mind, we anticipate this process will continue into the middle of this year.

Please join us for a virtual town hall to hear from leadership and Acadia health regarding this time of change.

There are two times you may participate:

- February 9 from 1:30 to 2:30 p.m. [Link](#)
- February 9 from 3 to 4 p.m. [Link](#)

We invite you to [fill out this form](#) ahead of the town hall to best respond to your questions.



Communication Plan

Adventist Health Vallejo Transaction

August 25, 2020

Timeline

- 9/1/- 9/3 – Internal review of communications plan and messaging
- 9/3- 9/6 – Partner review of communications plan and messaging
- 9/7- 9/11 – Adventist Health (Dr. Herber to share verbally with internal stakeholders as outlined below)

Audiences

- Market executives
- Clinical staff
- Associates
- Media (reactive basis only)

Messaging

- **We are committed to the behavioral health needs of the communities we serve.**
 - Behavioral health and well-being are central to Adventist Health's mission, and we are committed to taking actions that strengthen our ability to meet the needs of our communities. We have recently entered into a partnership with Synchronous Health that leverages the power of human touch with AI to increase our capacity to deliver behavioral healthcare to millions of people.
 - In addition to its 21 bed Mental Health Unit (MHU), St Helena is expanding behavioral health inpatient services and is in the process of opening a 12 bed Behavioral Medical Unit (BMU) to better take care of the needs of patients with both a medical and behavioral health diagnosis.
 -

- Adventist Health understands the importance of behavioral health and is committed to taking actions to strengthen our ability to meet the needs of our communities. To meet this need we have decided to partner with an organization that is nationally recognized as an expert in providing behavioral health services.
- After exploring options with many interested parties we have decided to move forward with Acadia Healthcare. Their proposal was not the most lucrative for Adventist Health but it was clearly the best option for continuing and expanding behavioral care for the patients we serve. As the largest provider of behavioral healthcare services in the world, Acadia Healthcare owns and operates treatment facilities in nearly 600 cities throughout the United States, Puerto Rico, and the United Kingdom. Their network of treatment facilities offers multiple levels of care for various behavioral health and substance use disorders.

Some of the key elements of our selection criteria were as follows.

- Our top priority was to meet the needs of behavioral health patients.
 - Those organizations that we explored a relationship with must be experienced in providing a broad range of behavioral health programs including, inpatient, outpatient and substance abuse treatment, have the capacity and willingness to invest in growing access to care and most importantly, have a track record of providing high-quality care.
 - They must have the intent to build on the legacy of what we have done.
 - Since our people are the heart of our behavioral health healing they must demonstrate a commitment to retain our staff and associates.
- We appreciate your commitment to our culture to “Be Welcoming” and inspiring health, wholeness and hope.

- We will continue to communicate with associates throughout this process and will keep everyone apprised of any pertinent information or details.
- We encourage associates to “Be Welcoming” to guests. However, because of the potential contractual relationship, we must also respect the need for discretion and confidentiality.
- We appreciate your continued dedication to inspiring health, wholeness and hope, especially for our patients that are enduring behavioral health challenges.

Sample Q&A

What is the future of the Vallejo campus? For more than 30 years, Adventist Health Vallejo has been the treatment center of choice for many families in Solano County and beyond.

- As we continue to evaluate the care needs of our community, we are exploring opportunities for relationships to help support both inpatient and outpatient behavioral healthcare at our Vallejo campus.

How long will this process take? We have selected our preferred partner in Acadia and will be engaging in the process of Due Diligence and negotiating the formal agreements. When that is all done the California Attorney General will review the transaction and formulate the conditions under which this transaction will be approved. With that in mind, we anticipate this process will continue into early 2021.

How will this impact the Vallejo campus? As we get closer to finalizing the relationship with Acadia some on-site activities and guest visitations will be necessary. We encourage all associates to be welcoming to any and all guests. To that end, you may see leaders working with guests from other organizations over the coming weeks.

- Our commitment, as always, will be to continue delivering high-quality patient care throughout this process.

Will we be updated throughout the process? We will continue to communicate with associates throughout this process and will keep everyone apprised of any pertinent information or details.

- We encourage associates to “Be Welcoming” to guests. However, because of the potential contractual relationship, we must also respect the need for discretion and confidentiality.
- We appreciate your continued dedication to inspiring health, wholeness and hope, especially for our patients that are enduring behavioral health challenges.

Media Holding Statement (Reactive use only)

- Behavioral health and well-being are central to Adventist Health’s mission, and we are committed to taking actions that strengthen our ability to meet the needs of our communities. We recently entered into a partnership with Synchronous Health that leverages the power of human touch with AI to increase our capacity to deliver behavioral healthcare to millions of people. As we continue to evaluate the care needs of the community, we are exploring opportunities for relationships to help support both inpatient and outpatient behavioral healthcare at our Vallejo campus.
- St Helena is expanding behavioral health inpatient services and is in the process of opening a 12 bed Behavioral Medical Unit to better take care of the needs of patients with both a medical and behavioral health diagnosis.

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Communication Plan

Adventist Health Vallejo Transaction

February 8, 2021

Timeline

- 2/5 – Signing Day
 - Notify Adventist Health and Napa Lake Region boards through memo
- 2/8 – Courtesy notice to Attorney General
- 2/8 – Notify AHLC through newsletter
- 2/9 – Release and outreach – select local, trade and church outlets
- 2/9 – Outreach to Solano and Napa County Behavioral Health
- 2/9 – Memo - invitation to Town Hall (Vallejo and St. Helena)
- 2/9 – OneChannel post (Vallejo and St. Helena)
- 2/9 – Outreach to elected officials and regional stakeholders
- 2/10 – Inform Vallejo associates and providers in town halls with Acadia and follow-up communication to St. Helena staff through memo
- 2/10 – After submission to attorney general, post transaction narrative on Adventist Health Vallejo website and form for associates and community
 - Email contact from Acadia for questions

Audiences

- Adventist Health board
- Adventist Health Leadership Council
- Market executives
- Vallejo leaders and providers
- Vallejo associates
- St. Helena leaders

Rev. February 8, 2021

- Solano County Behavioral Health
- Napa County Health & Human Services (Behavioral Health)
- Elected officials and regional stakeholders
- Media (selected outlets)

Tools

- Memos to board, AHLC, St. Helena leaders
- Town hall for Vallejo associates and providers, followed by memo and FAQs
- Website posting of AG proposal
- Web page on Acadia site for summary, FAQs and form for additional questions (need to have process and staff to respond)
- News release

Messaging

- **We are committed to the behavioral health needs of the communities we serve.**
 - To further support behavioral health services, Adventist Health has entered an agreement to transition services at Adventist Health Vallejo to Acadia Healthcare, an organization that is nationally recognized as an expert in providing behavioral health services.
 - This was a serious decision, years in the making for Adventist Health St. Helena. Leadership implemented an exhaustive process to identify a strategic partner and to maximize the outcome for our patients and community.
 - As the largest provider of behavioral healthcare services in the world, Acadia Healthcare owns and operates treatment facilities throughout the United States, Puerto Rico, including nearby San Jose. Its network of treatment facilities offers multiple levels of care for various behavioral health and substance use disorders.
 - Behavioral health and well-being are central to Adventist Health's mission, and we are committed to taking actions that help meet the needs of our communities. We have recently entered into a partnership with Synchronous Health that leverages the power of human touch with AI to increase our capacity to deliver behavioral healthcare to millions of people.

- In addition to its 21-bed mental health unit, Adventist Health St Helena has expanded behavioral health inpatient services and opened a 12-bed behavioral medical unit to better care for the needs of patients with both medical and behavioral health diagnoses.
- **Some of the key elements of our selection criteria were as follows.**
 - Our top consideration in this decision was to meet the needs of behavioral health patients.
 - Because our people are the heart of our behavioral health healing, Acadia Healthcare has committed to retain our staff and associates.
- **For Vallejo associates and providers: We appreciate your commitment to our culture to “Be Welcoming” and inspiring health, wholeness and hope.**
 - We will continue to communicate with you throughout this process and will keep everyone apprised of any pertinent information or details.
 - We encourage associates to “Be Welcoming” to Acadia team members.
 - We appreciate your continued dedication to inspiring health, wholeness and hope, especially for our patients who are enduring behavioral health challenges.
- **[Acadia Healthcare](#) is solely dedicated to behavioral health and addiction services across 227 behavioral healthcare facilities with approximately 9,900 beds in 40 states and Puerto Rico. Founded in 2005, Acadia has an exceptional track record of providing evidence-based care and services to millions of patients annually through inpatient psychiatric hospitals, specialty treatment facilities, residential treatment centers and outpatient clinics.**
 - Its strong tenured senior leadership team has over 130 years of combined behavioral health industry experience in achieving superior operational and clinical quality performance results.
 - The leadership and staff at our 227 facilities are dedicated to positive outcomes and patient care.

- In 2020, more than eight out of 10 patients throughout all of our facilities gave a ‘good’ or ‘very good’ response when asked to rate the following questions: (1) if their condition had improved, (2) if their hopefulness had increased as result of the care they received and (3) if they felt safe during their stay.
- Acadia and its facilities are strong corporate citizens and community partners, enjoying long term relationships and mutual collaborations with nationally recognized behavioral health advocacy and industry organizations, including the National Association for Mental Illness, the Jason Foundation, the National Association for Behavioral Health, and many others.

Sample Q&A

What is the future of the Vallejo campus?

- For nearly 25 years, Adventist Health Vallejo has been the treatment center of choice for many families in Solano County and beyond. Based on an evaluation of care needs, we are entering into an agreement with Acadia Healthcare to provide inpatient and outpatient behavioral healthcare at our Vallejo campus. As the largest provider of behavioral healthcare services in the world, Acadia Healthcare owns and operates treatment facilities in nearly 600 cities throughout the United States, Puerto Rico and the United Kingdom, including nearby San Jose. Their network of treatment facilities offers multiple levels of care for various behavioral health and substance use disorders. They are committed to compassionate patient care, emphasizing dignity and respect for all patients. These values and expertise will help meet the care needs of this region for years to come as Acadia explores opportunities to expand services.

How long will this process take?

- With the agreement between Adventist Health and Acadia Healthcare now final, both organizations are seeking regulatory approvals, which are expected to be completed by mid-2021.

How will this impact the Vallejo campus?

- As we go through the attorney general review process, some on-site activities and guest visitations will be necessary. We encourage all associates to be welcoming to any and all guests. Our commitment, as always, will be to continue delivering high-quality patient care throughout this process. It is important to note that Acadia will be making a substantial investment to enhance the facility and expand services.

How will this impact Vallejo campus associates?

- Because our people are the heart of our behavioral health healing, it was essential that our agreement with Acadia include a commitment to retain our staff and associates.
- Employee forums are being scheduled to discuss additional details with staff and associates.

Does Acadia share Adventist Health Vallejo's commitment to patient care and quality?

- Acadia demonstrates an unwavering commitment to safety and quality of care through its use of actionable high reliability principles. High reliability principles such as sensitivity to operations, deference to expertise, and resilience inform day-to-day operations and proactive approaches to patient care.
 - For example, frequent "safety huddles" among staff reflect the priority placed on ensuring potential safety risks and patient care needs are addressed.
 - Process improvement methods to promote resilience in quickly addressing individual and facility issues.
 - Acadia strives to improve its aggregate scores as part of its overall quality assurance, compliance initiatives, and ongoing clinician training programs, which include an employee Code of Conduct and a third-party monitored 24-hour compliance reporting hotline.

Will we be updated throughout the process?

- We will continue to communicate with associates throughout this process and will keep everyone apprised of any pertinent information or details.
- We encourage associates to “Be Welcoming” to guests.
- We appreciate your continued dedication to inspiring health, wholeness and hope, especially for our patients who are enduring behavioral health challenges.

Will Acadia be making any investments to update the facility?

- Yes. Acadia has committed to a substantial investment (in the millions of dollars) to update the Center and make it a best-in-class facility for our community.

Media Holding Statement

- Behavioral health and well-being are central to Adventist Health’s mission, and we are committed to taking actions that meet the needs of our communities. We recently entered into a partnership with Synchronous Health that leverages the power of human touch with AI to increase our capacity to deliver behavioral healthcare to millions of people. As we continuously evaluate care needs, we have entered into a relationship with Acadia Healthcare to provide both inpatient and outpatient behavioral healthcare at our Vallejo campus. Their network of treatment facilities offers multiple levels of care for various behavioral health and substance use disorders, and this expertise will provide care to this community. Recognizing that people and continuity are the heart of behavioral health healing, Acadia Healthcare intends to retain current staff and associates.
- In addition to its 21-bed mental health unit, Adventist Health St Helena has expanded behavioral health inpatient services and opened a 12-bed behavioral medical unit to better care for the needs of patients with both medical and behavioral health diagnoses.

Vallejo acquisition agreement signed

February 5, 2021

To: Board members

From: Scott Reiner, CEO

Today we have signed the agreement for Acadia Healthcare to acquire our Adventist Health Vallejo psychiatric hospital, which has been with our family for nearly 25 years. While releasing a hospital is a difficult decision, this transaction supports our mission by securing a solid future for our Vallejo associates and behavioral health services in this region. Acadia is solely dedicated to behavioral health and is the partner of choice for many health systems and communities across the country due to its commitment to high quality and integrated care. The company's investment in the facility and its expertise will help meet the care needs of the community for years to come.

This transition, once approved by the California attorney general, is part of the overall strategy to improve care and sustainability for both Vallejo and St. Helena campuses. In addition to strong financial consideration, Acadia has committed to invest \$15 million in the current hospital to improve facilities and services offered to the community. In addition, they are actively pursuing an expansion of the hospital to better meet the needs of this community. With the proceeds from this sale, we will also be able to invest in the St. Helena campus to achieve our 2030 strategic plan.

Recognizing that people and continuity are critical to the hospital's success, Acadia intends to retain our current staff and associates. The Vallejo team has been aware of Acadia's interest in their hospital and will learn more about the company and transition in upcoming town halls.

I am grateful to the leaders who have worked tirelessly to make this transaction possible, including Mergers and Acquisitions Executive Bob Beehler and his team, St. Helena/Vallejo President Dr. Steven Herber and his team and Vallejo Administrator Jack Lungu.

The next phase of this process will be submitting a proposal to the California attorney general, who will review the transaction and formulate the conditions under which it will be approved. With that in mind, we anticipate this process will continue into the middle of this year.

Thank you for your support of this transition. We will keep you updated as we advance through this process.

ADDITIONAL ATTACHMENTS
(Cal. Code Regs., tit. 11, § 999.5(d)(11))

Section 999.5(d)(11)(A) Any board minutes or other documents relating or referring to consideration by the Board and any related entity, or any committee thereof, of the transaction or of any other transaction involving the health facility

Please refer to the response for Section 999.5(d)(2)(D).

Section 999.5(d)(11)(B) Copies of all documents relating or referring to the reasons why any potential transferee was excluded from further consideration as a potential transferee

Please see the response to Section 999.5(d)(2)(D), which includes Review of Proposals for Phase I and Phase II.

Section 999.5(d)(11)(C) Copies of all RFPs sent to any potential transferee, and all responses received

Please refer to the materials provided in response to Section 999.5(d)(2)(D), which includes the Instruction Letter sent to potential partners and the responses received in connection with Phase I and Phase II of the bidding process.

Section 999.5(d)(11)(D) Any documents reflecting the deliberative process used by the applicant and any related entity in selecting the transferee as the entity to participate in the proposed agreement or transaction

Please see the materials provided in response to Section 999.5(d)(2)(D), including the Review of Proposals for Phase I and Phase II.

Section 999.5(d)(11)(E) Copy of each proposal received by the applicant from any potential transferee suggesting the terms of the potential transfer, and any analysis of the each proposal

Please see the materials provided in response to Section 999.5(d)(2)(D) for the proposals submitted by the bidders for Phase I and Phase II, as well as the Review of Proposals for Phase I and Phase II.

**Section 999.5(d)(11)(F) The applicant's prior two annual audited financial statements;
the most current unaudited financial statement; business projection data and current
capital asset valuation data**

Attached hereto as Exhibit 13 are St. Helena Hospital's audited financial statements for fiscal years ending 2018 and 2019 and unaudited financial statement for fiscal year 2020. These statements are consolidated and include both AH Vallejo and AH St. Helena. The capital asset valuation is attached as Exhibit 14. There were no business projections conducted for AH Vallejo in connection with this Transaction.

EXHIBIT 13

MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board and Nationally Recognized Municipal Securities Information Repositories (NRMSIRS) pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

Issuers' and/or Other Obligated Person's Names:

California Health Facilities Financing Authority, California
Adventist Health System/West (CHFFA)
California Statewide Communities Development Authority
Adventist Health System/West (CSCDA)
Multnomah County Hospital Facilities Authority
Roseville Finance Authority

CUSIP Numbers:

CSCDA AHS/W 2007	CHFFA 2013A – cont.	CHFFA 2016A – cont.	CSCDA 2018A – cont.
Series A 1307957C5	13033LR66 13033LS40	13032UFU7 13032UGE2	13080SVW1 13080SWH3
CHFFA AHS/W 2009	13033LR74 13033LS65	13032UFV5 13032UGF9	13080SVX9 13080SWJ9
Series B 13033LBC0	13033LR82 13033LS57	13032UFW3 13032UGG7	13080SVY7 13080SWK6
CHFFA AHS/W 2009 Series C	CSCDA AHS/W 2015 Series A	13032UFX1 13032UGH5	13080SVZ4
13033F7Z7 13033F8B9	13080SHW7 13080SJF2	13032UFY9 13032UGJ1	Roseville Finance Authority
13033F8A1	13080SHX5 13080SJG0	13032UFZ6 13032UGK8	2017 Series B
Multnomah County, OR 2009A	13080SHY3 13080SJH8	13032UGA0 13032UGL6	77781PDD6 77781PDN4
62551PBQ9 62551PBS5	13080SHZ0 13080SJJ4	13032UGB8	77781PDE4 77781PDP9
62551PBR7	13080SJA3 13080SJK1	CSCDA AHS/W 2018 Series A	77781PDF1 77781PDQ7
AHS/W Taxable 2013	13080SJB1 13080SJN5	13080SVP6 13080SWA8	77781PDG9 77781PDR5
07944AC5	13080SJC9 13080SJL9	13080SVQ4 13080SWB6	77781PDH7 77781PDS3
CHFFA AHS/W 2013 Series A	13080SJD7 13080SJP0	13080SVR2 13080SWC4	77781PDJ3 77781PDT1
13033LR25 13033LS73	13080SJE5 13080SJM7	13080SVS0 13080SWD2	77781PDK0 77781PDU8
13033LR33 13033LR90	CHFFA AHS/W 2016 Series A	13080SVT8 13080SWE0	77781PDL8 77781PDV6
13033LR41 13033LS24	13032UFS2 13032UGC6	13080SVU5 13080SWF7	77781PDM6 77781PDW4
13033LR58 13033LS32	13032UFT0 13032UGD4	13080SVV3 13080SWG5	77781PDX2

Description of Material Event Notice/Financial Information (Check One):

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ☐ Modifications to rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution or sale of property securing repayment of the securities
11. ☐ Rating changes
12. ☐ Failure to provide annual financial information as required
13. ☐ Other material event notice
14. ☒ Financial information (not to be filed with the MSRB): Please check all appropriate boxes

CAFR ¹: a. ☒ includes Annual Financial Information ☐ does not include Annual Information

b. Audited? Yes ☒ No ☐

Operating Data

Period Covered: 12 months ended December 31, 2018

I hereby represent that I am authorized by the Obligated Person to distribute this information publicly:

Signature: _____

Name: Joseph A. Reppert
Employer: Adventist Health System/West
Address: 2100 Douglas Blvd.
City, State, and Zip Code: Roseville, CA 95661
Voice Telephone Number: 916.406.1377

Title: Executive Vice President and CFO

Adventist Health System/West
Annual Report: December 31, 2018
Per Continuing Disclosure Certificates:
CSCDA 2007 Series A
CHFFA 2009 Series B and C
Multnomah County, OR HFA 2009 Series A
CHFFA 2013 Series A
Adventist Health System/West Taxable Bonds 2013
CSCDA 2015 Series A
CHFFA 2016 Series A
Roseville Finance Authority 2017 Series B

<u>Certificate Reference</u>	<u>Requirement</u>	<u>Location</u>
Section 3(c)(2)*	Long-term debt disclosure	Tab "Financial Ratios"
Section 3(c)(3)*	Statement regarding accounts receivable liens	Tab "Financial Ratios"
Section 4(a)	Audited combined financial statement	Tab "AH 2018 Audited Financials"
Section 4(b)(1)	Summary Listing of Hospitals	Tab "Operating/Utilization Statistics"
	(2) Combined Summary of Revenues & Expenses Note that 5.8% of Revenues are from entities outside of the Obligated Group	Tab "AH 2018 Audited Financials"
	(3) Combined Balance Sheet Note that 3.3% of Assets are from entities outside of the Obligated Group	Tab "AH 2018 Audited Financials"
	(4) Debt Service Coverage and Capitalization	Tab "Financial Ratios"
	(5) Payor Mix – Obligated Group	Tab "Operating/Utilization Statistics"
	(6) Utilization Statistics – Obligated Group	Tab "Operating/Utilization Statistics"
	(7) Operating Statistics – Obligated Group	Tab "Operating/Utilization Statistics"
Section 4(c)	Combining financial statements	Tab "AH 2018 Audited Financials"

*Does not apply for CSCDA 2015A and CHFFA 2016A



Consolidated Financial Statements
and Supplementary Information

Adventist Health System/West

Year Ended December 31, 2018 with
Report of Independent Auditors

Audited Consolidated Financial Statements
and Supplementary Information

Adventist Health System/West

Years Ended December 31, 2018 and 2017

Audited Consolidated Financial Statements

Report of Independent Auditors.....	1
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	3
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements.....	6

Supplementary Information

Report of Independent Auditors on Supplementary Information	34
Consolidating Balance Sheets	35
Consolidating Statements of Operations and Changes in Net Assets	37

Report of Independent Auditors

The Board of Directors
Adventist Health System/West

We have audited the accompanying consolidated financial statements of Adventist Health System/West (Adventist Health), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adventist Health System at December 31, 2018 and 2017, and the consolidated results of its operations and changes in net assets, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

March 29, 2019

Adventist Health

Consolidated Balance Sheets

(In millions of dollars)

	December 31	
	2018	2017
Assets		
Cash and cash equivalents	\$ 700	\$ 728
Short-term investments	313	184
Patient accounts receivable	509	467
Receivables from third-party payors	390	349
Other current assets	165	203
Total current assets	2,077	1,931
Noncurrent investments	1,243	1,091
Other assets	208	181
Property and equipment, net	2,288	1,854
Total assets	\$ 5,816	\$ 5,057
Liabilities and net assets		
Accounts payable	\$ 297	\$ 254
Accrued compensation and related payables	277	248
Liabilities to third-party payors	39	53
Other current liabilities	57	73
Current maturities of long-term debt	41	38
Total current liabilities	711	666
Long-term debt, net of current maturities	2,073	1,750
Other noncurrent liabilities	210	313
Total liabilities	2,994	2,729
Net assets without donor restrictions:		
Controlling	2,737	2,251
Noncontrolling	15	1
Net assets with donor restrictions	70	76
Total net assets	2,822	2,328
Total liabilities and net assets	\$ 5,816	\$ 5,057

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets

(In millions of dollars)

	Year Ended December 31	
	2018	2017
Revenues and support:		
Patient service revenue	\$ 3,994	\$ 3,724
Premium revenue	164	199
Other revenue	265	179
Net assets released from restrictions for operations	11	12
Total revenues and support	4,434	4,114
Expenses:		
Employee compensation	1,984	1,888
Professional fees	498	431
Supplies	580	506
Purchased services and other	1,018	875
Interest	54	45
Depreciation and amortization	183	165
Total expenses	4,317	3,910
Income from operations	117	204
Nonoperating income:		
Investment income	37	26
Gain on acquisition and divestitures	399	—
Other nonoperating losses	(9)	—
Total nonoperating income	427	26
Excess of revenues over expenses from continuing operations	544	230
Less: excess of revenues over expenses from noncontrolling interests	(14)	—
Excess of revenues over expenses from controlling interests	\$ 530	\$ 230

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets (continued) (In millions of dollars)

	Year Ended December 31	
	2018	2017
Net assets without donor restrictions:		
Controlling:		
Excess of revenues over expenses from controlling interests	\$ 530	\$ 230
Net change in unrealized gains and losses on other-than-trading securities	(55)	(16)
Donated property and equipment	—	2
Net assets released from restrictions for capital additions	13	15
Increase in net assets without donor restrictions before discontinued operations	488	231
Loss from discontinued operations	(2)	(22)
Increase in net assets without donor restrictions – controlling	486	209
Noncontrolling:		
Excess of revenues over expenses from noncontrolling interests	14	—
Increase in net assets without donor restrictions – noncontrolling	14	—
Net assets with donor restrictions:		
Restricted gifts and grants	19	17
Net assets released from restrictions	(24)	(27)
Other donor-restricted activity	(1)	1
Decrease in net assets with donor restrictions	(6)	(9)
Increase in net assets	494	200
Net assets, beginning of year	2,328	2,128
Net assets, end of year	\$ 2,822	\$ 2,328

Adventist Health

Consolidated Statements of Cash Flows (In millions of dollars)

	Year Ended December 31	
	2018	2017
Operating activities		
Increase in net assets	\$ 494	\$ 200
Adjustments to reconcile increase in net assets to net cash provided by operating activities of continuing operations:		
Inherent contribution from affiliation	(399)	—
Loss from discontinued operations	2	22
Depreciation and amortization	183	165
Loss on early extinguishment of debt	9	—
Amortization of bond issuance costs and discount/premium	(3)	(3)
Net loss on investments	—	18
Net gain on sale of property and equipment	—	(1)
Net changes in operating assets and liabilities:		
Patient accounts receivable	(4)	41
Other assets	99	1
Net receivables from third-party payors	(62)	(150)
Other liabilities	(141)	21
Net cash provided by operating activities of continuing operations	178	314
Investing activities		
Purchases of property and equipment	(216)	(212)
Proceeds from sale of property and equipment	1	5
Issuance of notes receivable	(10)	(1)
Collections on notes receivable	1	10
Purchase of investments	(670)	(501)
Proceeds from sale of investments	468	450
Cash acquired in affiliation	30	—
Net cash used in investing activities of continuing operations	(396)	(249)
Financing activities		
Proceeds from lines of credit	427	640
Payments on lines of credit	(337)	(662)
Proceeds from issuance of long-term debt	249	150
Payments on long-term debt	(175)	(32)
Bond issuance premium/discount, net	26	—
Net cash provided by financing activities of continuing operations	190	96
Cash used in discontinued operations	—	(13)
(Decrease) increase in cash and cash equivalents	(28)	148
Cash and cash equivalents, beginning of year	728	580
Cash and cash equivalents, end of year	\$ 700	\$ 728

See notes to consolidated financial statements. -5-

Adventist Health

Notes to Consolidated Financial Statements

(In millions of dollars)

Note A – Summary of Significant Accounting Policies

Reporting Entity and Principles of Consolidation: Adventist Health System/West (Adventist Health) is a California not-for-profit religious corporation that controls and operates hospitals and other healthcare facilities in the western United States (collectively, the “System”). Many of the hospitals now controlled and operated by Adventist Health were formerly operated by various conferences of the Seventh-day Adventist Church (the “Church”). The obligations and liabilities of Adventist Health and its hospitals and other healthcare facilities are neither obligations nor liabilities of the Church or any of its other affiliated organizations.

The consolidated financial statements include the accounts of the following entities:

Adventist Health System/West dba Adventist Health – Roseville, California
San Joaquin Community Hospital dba Adventist Health Bakersfield – Bakersfield, California
Castle Medical Center dba Adventist Health Castle – Kailua, Hawaii
Adventist Health Clearlake Hospital, Inc., dba Adventist Health Clear Lake – Clearlake, California
Feather River Hospital dba Adventist Health Feather River – Paradise, California
Glendale Adventist Medical Center dba Adventist Health Glendale – Glendale, California
Hanford Community Hospital dba Adventist Health Hanford – Hanford, California
Willits Hospital, Inc., dba Adventist Health Howard Memorial – Willits, California
Lodi Memorial Hospital Association, Inc., dba Adventist Health Lodi Memorial – Lodi, California
Adventist Health Physicians Network – Roseville, California
Portland Adventist Medical Center dba Adventist Health Portland – Portland, Oregon
Rideout Memorial Hospital dba Adventist Health and Rideout – Marysville, California
Reedley Community Hospital dba Adventist Health Reedley – Reedley, California
Simi Valley Hospital & Health Care Services dba Adventist Health Simi Valley – Simi Valley, California
Sonora Community Hospital dba Adventist Health Sonora – Sonora, California
St. Helena Hospital dba Adventist Health St. Helena – St. Helena, California
Adventist Health Medical Center Tehachapi dba Adventist Health Tehachapi Valley – Tehachapi, California
Northwest Medical Foundation of Tillamook dba Adventist Health Tillamook – Tillamook, Oregon
Ukiah Adventist Hospital dba Adventist Health Ukiah Valley – Ukiah, California
White Memorial Medical Center dba Adventist Health White Memorial – Los Angeles, California
South Coast Medical Center – Roseville, California (discontinued operations)
Walla Walla General Hospital – Roseville, California (discontinued operations)
Western Health Resources dba Adventist Health Home Care Services – Roseville, California

The Board of Directors (the “Board”) of Adventist Health and/or Adventist Health management constitutes the membership and/or serves as the legal board of the individual hospital corporations. All material intercompany transactions have been eliminated in consolidation.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Basis of Accounting: The financial statements are prepared in conformity with United States (U.S.) generally accepted accounting principles.

Cash and Cash Equivalents: Cash and cash equivalents consist primarily of unrestricted readily marketable securities with original maturities not in excess of three months when purchased and net deposits in demand accounts. Cash deposits are federally insured in limited amounts.

Inventories: Inventories, which consist principally of medical and other supplies, are stated at the lower of cost or market as determined by the average cost method. Inventories are included in other current assets of \$59 and \$57 at December 31, 2018 and 2017, respectively.

Marketable Securities: Marketable securities, stated at fair value, consist primarily of U.S. government treasury, U.S. agency securities, corporate notes, exchange-traded funds, and open-end mutual funds comprised of fixed-income securities and domestic and international equities. Investment income or loss (including interest, dividends, and realized gains and losses on investments) is included in the excess of revenues over expenses from continuing operations unless the income or loss is restricted by donor or law. Unrealized gains and losses, calculated using the specific identification method, are excluded from the excess of revenues over expenses from continued operations. Securities with remaining maturity dates of one year or less as of the balance sheet date are classified as current.

Assets Whose Use is Limited: Certain System investments are limited as to use through Board resolution, provisions of contractual arrangements with third parties, terms of indentures, self-insurance trust arrangements, or donors who restrict the use of specific assets. The Board and certain hospital boards have resolved to fund the replacement and expansion of depreciable capital assets but may, at their discretion, use these funds for other purposes. Assets that are expected to be expended within one year are classified as current, including board-designated assets that are available and periodically borrowed for working capital needs.

Split-interest Agreements: The System is the trustee and beneficiary of various split-interest agreements. The carrying amounts of the System's split-interest assets are included with investments held by trustee and donor-restricted investments and include marketable securities and real estate. Trust assets are carried at fair value. Assets under split-interest agreements were \$23 and \$25 at December 31, 2018 and 2017, respectively. Trust obligations are reported in other noncurrent liabilities at their discounted estimated present value using actuarially determined life expectancy tables. Discount rates range between approximately 6% to 12%. Liabilities under split-interest agreements were \$2 at December 31, 2018 and 2017.

Goodwill: The System records goodwill as the excess of purchase price and related costs over the fair value of net assets acquired. These amounts are evaluated for impairment annually or when there is an indicator of impairment. If it is determined that goodwill is impaired, the carrying value is reduced. The System had goodwill of \$21 and \$22 at December 31, 2018 and 2017, respectively, which is included in other long-term assets with no additions in 2018 and \$1 in 2017.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Property and Equipment: Property and equipment are reported on the basis of cost, except for donated items, which are recorded as an increase in net assets without donor restrictions based on fair market value at the date of the donation. During the period of construction, the System capitalizes expenditures and interest costs, net of earnings on invested bond proceeds that materially increase values, change capacities, and extend useful lives. The System had obligations for property and equipment of \$22 and \$5 at December 31, 2018 and 2017, respectively.

Management periodically evaluates the carrying amounts of long-lived assets for possible impairment. The System estimates that it will recover the carrying value of long-lived assets from future operations; however, considering the regulatory environment, competition, and other factors affecting the industry, there is at least a reasonable possibility this estimate might change in the near term. The effect of any change could be material.

Depreciation is computed using the straight-line method over the expected useful lives of the assets, which range from 3 to 40 years. Amortization of equipment under capital leases is included in depreciation expense.

Debt Issuance Costs: Debt issuance costs are reported as a reduction of long-term debt and are deferred and amortized over the life of the financings using the effective-interest method.

Bond Discounts/Premiums: Bonds payable are included in long-term debt, net of unamortized original issue discounts or premiums. Such discounts or premiums are amortized using the effective interest method based on outstanding principal over the life of the bonds.

Other Noncurrent Liabilities: Other noncurrent liabilities are comprised primarily of accruals for workers' compensation claims, professional and general liability claims, deferred revenue, and long-term charitable gift annuity obligations.

Net Assets: All resources not restricted by donors are included in net assets without donor restrictions. Resources restricted by donors for specific operating purposes, or for a period of time greater than one year, are reported as net assets with donor restrictions. When the restrictions have been met, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Resources restricted by donors for additions to property and equipment are initially reported as net assets with donor restrictions and are transferred to net assets without donor restrictions when expended. Investment income is classified as net assets without donor restrictions or net assets with donor restrictions based on the intent of the donor. Gifts of future interests are reported as net assets with donor restrictions. Gifts, grants, and bequests not restricted by donors are reported as other revenue.

Patient Service Revenue: Patient service revenue is recognized when services are provided and reported at the estimated net realizable amounts from patients, third-party payors, and others, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Charity Care: The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. In assessing a patient's ability to pay, the System uses federal poverty income levels and evaluates the relationship between the charges and the patient's income. The System did not materially change its charity care policy during 2018. The estimated cost of charity care was \$30 and \$29 in 2018 and 2017, respectively. The costs were determined using cost-to-charge ratios.

Premium Revenue: The System has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants, regardless of the services actually performed by the System.

Other Revenue: Other revenue is comprised primarily of rental income, retail pharmacy, investment income, electronic health record revenue, and other miscellaneous income.

Advertising: The System expenses advertising costs as incurred. Advertising expense, included in purchased services and other expenses, was \$15 and \$17 in 2018 and 2017, respectively.

Income Tax: The principal operations of the System is exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3) and related state provisions. The System recognizes tax benefits from any uncertain tax positions only if it is more-likely-than-not the tax position will be sustained, based solely on its technical merits, with the taxing authority having full knowledge of all relevant information. The System records a liability for unrecognized tax benefits from uncertain tax positions as discrete tax adjustments in the first interim period the more-likely-than-not threshold is not met. The System recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities along with net operating loss and tax credit carryovers only for tax positions that meet the more-likely-than-not recognition criteria. At December 31, 2018 and 2017, no such assets or liabilities were recorded.

The System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U.S. federal jurisdiction and the state of California. The System is not subject to income tax examinations prior to 2014 in major tax jurisdictions.

Income from Operations: The System's consolidated statements of operations and changes in net assets include an intermediate measure of operations, labeled "Income from operations." Items that are considered nonoperating are excluded from income from operations and include investment income and losses, gains and losses on acquisitions and divestitures, and gains and losses on debt refinancing.

Excess of Revenues Over Expenses: The consolidated statements of operations and changes in net assets include excess of revenues over expenses from continuing operations as a performance indicator. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses from continuing operations include unrealized gains and losses on investments in other-than-trading securities, contributions of long-lived assets, use of net assets with donor restricted funds for capital additions, and gains and losses from discontinued operations.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. Actual results could differ from these estimates.

New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded virtually all revenue recognition guidance in U.S. GAAP. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers (unless the contracts are in the scope of other U.S. GAAP requirements). The guidance provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. The effective date for this standard was delayed with the issuance of ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, and was effective in 2018. The System adopted the guidance as of the January 1, 2018, effective date, using the full retrospective method of transition. The System primarily used a portfolio approach to apply the new model to classes of customers with similar characteristics. The adoption of the new standard on the System's 2018 and 2017 total revenues and results of operations is not material, as the analysis of its contracts under the new guidance supports the recognition of revenue consistent with its current revenue recognition model. The most significant impact of adopting the new standard is to the presentation of the consolidated income statements, where the provision for doubtful accounts is no longer presented as a separate line item and revenues are presented net of estimated implicit price concession revenue deductions. The related presentation of allowances for uncollectible accounts have been eliminated on the consolidated balance sheets as a result of the adoption of the new standard.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance simplifies and improves the face of the financial statements and enhances the disclosures in the footnotes of not-for-profit entities (NFPs). The most significant change is that net assets is now reported in two classes: net assets without donor restrictions and net assets with donor restrictions. Other simplifications and improvements have been made on NFPs presentation of information about liquidity and financial performance. Adventist Health has adjusted the presentation of these statements accordingly, and the ASU has been applied retrospectively to all periods presented.

In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, which enhances ASU No. 2016-02, *Leases (Topic 842)*. The guidance of these ASUs requires the rights and obligations arising from the lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet and allows for an option to apply the transition provisions of the new standard at its adoption date instead of at the earliest comparative period presented in its financial statements. The ASUs are effective January 1, 2019, and the System elected the practical expedient to initially apply the new leasing standard at the effective date. The System is finalizing its analysis of certain key assumptions that will be utilized at the transition date, including the incremental borrowing rate. The primary effect of the new standard will be to record right-of-use assets and obligations for current operating leases, which will have a material impact on the consolidated balance sheets and significant incremental disclosures in the notes to consolidated financial statements. The standard will not have a material impact on the System's consolidated results of operations or statement of cash flows.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-05 amends and aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2020. The Company early adopted ASU 2018-05 retroactively to January 1, 2018, which did not have a material impact on the System's consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 amends how entities recognize, measure, present, and disclose certain financial assets and financial liabilities. It requires the System to measure equity investments (except for those accounted for under the equity method) at fair value and recognize any changes in fair value in its performance indicator. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company adopted ASU 2016-01 on January 1, 2019. The impact on the Company's consolidated financial statements will depend on the performance of its equity investments.

Note B – Fair Value of Financial Instrument

The System accounts for certain assets at fair value. A fair value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels determined by the lowest level input considered significant to the fair value measurement in its entirety. These levels are defined as:

Level 1: Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in Level 1 include U.S. treasury securities, domestic and foreign equities, and exchange-traded mutual funds.

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Financial assets in this category generally include government agencies and municipal bonds, asset-backed securities, and corporate bonds.

Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The System had no Level 3 investments at December 31, 2018 and 2017.

There were no transfers of financial assets between Level 1 and Level 2 of the fair value hierarchy.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The fair value of the System's financial assets, measured on a recurring basis at December 31, 2018, consists of the following:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 822	\$ –	\$ 822
U.S. government treasury obligations	340	–	340
U.S. corporation and agency debentures	–	44	44
U.S. agency mortgage-backed securities	–	10	10
Corporate debt securities	–	412	412
Municipal bonds	–	26	26
Mutual funds – fixed income	308	–	308
Mutual funds – equity	258	–	258
Total financial assets stated at fair value	\$ 1,728	\$ 492	2,220
Commercial real estate			36
Other investments			135
Total cash and investments			\$ 2,391

Commercial real estate investments are recorded at cost or fair market value if donated. These investments are periodically reviewed for impairment and written down if necessary. Other investments include retirement plan assets, joint ventures, and partnerships and are included in other assets.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The fair value of the System's financial assets, measured on a recurring basis at December 31, 2017, consists of the following:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 797	\$ –	\$ 797
U.S. government treasury obligations	336	–	336
U.S. corporation and agency debentures	–	17	17
U.S. agency mortgage-backed securities	–	8	8
Corporate debt securities	–	393	393
Municipal bonds	–	23	23
Mutual funds – fixed income	328	–	328
Mutual funds – equity	67	–	67
Total financial assets stated at fair value	\$ 1,528	\$ 441	1,969
Commercial real estate			34
Other investments			117
Total cash and investments			\$ 2,120

As of December 31, 2018 and 2017, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

U.S. corporation and agency debentures: The fair value of investments in U.S. corporation and agency debentures classified as Level 2 is primarily determined using consensus pricing methods of observable market-based data. Significant observable inputs include quotes, spreads, and data points for yield curves.

U.S. agency mortgage-backed securities: The fair value of U.S. agency mortgage-backed securities classified as Level 2 is primarily determined using matrices. These matrices utilize observable market data of bonds with similar features, prepayment speeds, credit ratings, and discounted cash flows. Additionally, observed market movements, tranche cash flows, and benchmark yields are incorporated in the pricing models.

Corporate debt securities: The fair value of investments in corporate debt securities classified as Level 2 is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades, dealer quotes, security-specific characteristics, and multiple sources of spread data points in developing yield curves.

Municipal bonds: The fair value of municipal bonds classified as Level 2 is determined using a market approach. The inputs include yield benchmark curves, prepayment speeds, and observable market data, such as institutional bids, dealer quotes, and two-sided markets.

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note C – Patient Accounts Receivable

The System's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies, and self-pay patients. The System manages its receivables by regularly reviewing its patient accounts and contracts and by providing an appropriate allowance for contractual reimbursement, policy discounts, charity, and price concessions. These allowances are estimated based upon an evaluation of governmental reimbursements, negotiated contracts, and historical payments.

The following is a summary of significant concentrations of gross patient accounts receivable:

	December 31	
	2018	2017
Medicare	37%	37%
Medicaid	31	32
Other third-party payors	29	29
Self-pay	3	2
	100%	100%

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note D – Investments and Assets Whose Use is Limited

The following is a summary of investments and assets whose use is limited:

	December 31	
	2018	2017
Total unrestricted investments	\$ 1,188	\$ 920
Assets designated by the Board, primarily for property and equipment	122	122
Investments held by trustees for:		
Debt service	12	13
Future capital projects	32	11
Self-insurance programs	170	176
Charitable annuities and other	8	7
Total investments held by trustees	222	207
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	17	18
Other purposes	7	8
Total donor-restricted investments	24	26
Total investments	1,556	1,275
Less short-term investments	313	184
Total noncurrent investments	\$ 1,243	\$ 1,091

Liquidity Management: As part of its liquidity management, the System's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The System invests cash in excess of daily requirements in short-term investments and has a committed syndicated line of credit to help manage unanticipated liquidity needs. Additionally, board-designated funds in the amount of \$122 and other unrestricted noncurrent investments of \$948 at December 31, 2018, may be utilized if necessary.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note D – Investments and Assets Whose Use is Limited (continued)

The System's financial assets available for general operating expenses within one year are as follows:

	December 31 2018
Cash and cash equivalents	\$ 700
Short-term investments	313
Patient accounts receivable	509
Receivables from third-party payors	390
Other receivables	66
	<u>\$ 1,978</u>

Note E – Investment Income

Net realized investment income, including capital gains, interest, and dividend income, includes the following:

	Year Ended December 31 2018	2017
Investment earnings:		
Unrestricted and board-designated funds	\$ 37	\$ 26
Trustee-held funds:		
Bonds	1	–
Self-insurance programs	19	31
	<u>\$ 57</u>	<u>\$ 57</u>

For purposes of performance evaluation, management considers investment earnings on bond and self-insurance trustee-held funds to be components of operating income. These earnings are used to pay the operating expenses of interest and insurance and are reported in other revenue. Investment earnings on unrestricted and board-designated funds are components of nonoperating income and are reported on a separate line on the accompanying consolidated financial statements.

Changes in net unrealized gains and losses on other-than-trading securities, reported at fair value, are separately disclosed in the consolidated statements of operations and changes in net assets. Unrealized gains and losses associated with these securities relate principally to market changes in interest rates for similar types of securities. Since the System has the intent and ability to hold these securities for the foreseeable future, and it is more-likely-than-not that the System will not be required to sell the investments before their recovery, the declines are not reported as realized unless they are deemed to be other-than-temporary. In determining whether the losses are other-than-temporary, the System considers the length of time and extent to which the fair value has been less than cost or carrying value, the financial strength of the issuer, and the intent and ability of the System to retain the security for a period of time sufficient to allow for anticipated recovery or maturity.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note F – Property and Equipment

The following is a summary of property and equipment:

	December 31	
	2018	2017
Land and improvements	\$ 243	\$ 222
Buildings and improvements	2,634	2,234
Equipment	1,181	1,056
	<u>4,058</u>	<u>3,512</u>
Less accumulated depreciation	(2,094)	(1,918)
	<u>1,964</u>	<u>1,594</u>
Construction-in-progress	324	260
	<u>\$ 2,288</u>	<u>\$ 1,854</u>

The System has commitments to complete certain construction projects approximating \$72 (unaudited) at December 31, 2018.

The System is in the process of developing internal use software for clinical and financial operations. Depreciation expense for the software placed in service totaled \$18 and \$15 in 2018 and 2017, respectively. Amounts capitalized are included in property and equipment as follows:

	December 31	
	2018	2017
Equipment	\$ 253	\$ 209
Less accumulated depreciation	(143)	(125)
	<u>110</u>	<u>84</u>
Construction-in-progress	21	45
	<u>\$ 131</u>	<u>\$ 129</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued *(In millions of dollars)*

Note G – Long-Term Debt

A master note under the master bond indenture provides security for substantially all long-term debt. Under the terms of the master bond indenture, substantially all System consolidated entities are jointly and severally obligated for the payments to be made under the master note. In addition, security is provided by a combination of bond insurance, funds held in trust of \$12, and bank letters of credit aggregating to \$80 at December 31, 2018. Bonds are not secured by any property of the System.

The System is obligated under variable-rate demand instruments, which are subject to certain market risks. The letters of credit, which the System intends to renew on a long-term basis, expire between 2021 and 2024, with the arrangements converting any unpaid amounts to term loans due within three years after conversion. The term loans would bear interest based on prime or the London Interbank Offered Rate. Long-term debt has been issued primarily on a tax-exempt basis.

The fair value of the System's long-term debt, including current maturities, is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the System for debt of the same remaining maturities. The fair value of long-term debt was \$2,175 and \$1,851 at December 31, 2018 and 2017, respectively. Based on the inputs and valuation techniques, the fair value of long-term debt is classified as Level 2 within the fair value hierarchy.

Certain financing agreements impose limitations on the issuance of new debt by the System and require it to maintain specified financial ratios.

Interest paid, net of amounts capitalized, totaled \$52 and \$49 in 2018 and 2017, respectively. Interest capitalized totaled \$7 and \$4 in 2018 and 2017, respectively.

The System recorded operating lease expense amounting to \$55 and \$51 in 2018 and 2017, respectively.

The System was in compliance with its debt covenants at December 31, 2018.

In April 2018, the system exercised the option to call and redeem in full \$20 of bonds issued in 2006 through the California Statewide Communities Development Authority (CSCDA) for The Fremont-Rideout Health Group. This resulted in a loss of \$1.

In September 2018, the System issued \$246 of new bonds through the CSCDA for the purpose of financing a new corporate office building and refinancing the 2011 City of Marysville bonds issued by The Fremont-Rideout Health Group. The 2011 City of Marysville bond issue was refinanced with proceeds from the 2018 CSCDA Series A bonds and assets in trustee-held reserve accounts of the refinanced bonds. The bonds were legally defeased with assets placed in an irrevocable trust and derecognized at the date of refunding. The extinguishment and defeasance of this bond issue resulted in a loss on refinancing of \$8.

In December 2017, the System entered into taxable term loan agreements for variable direct placement debt in the amount of \$150.

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note G – Long-Term Debt (continued)

The following is a summary of long-term debt:

	Year Ended December 31	
	2018	2017
Long-term bonds payable, with fixed rates currently ranging from 2.00% to 5.25%, payable in installments through 2048	\$ 1,079	\$ 850
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2041	245	252
Long-term notes payable, with fixed rates primarily ranging from 2.45% to 7.50%, payable in installments through 2046	358	361
Long-term notes payable, with rates that vary with market conditions, payable in installments through 2047	367	281
Net unamortized debt issuance costs and original issue premium	65	44
	<u>2,114</u>	<u>1,788</u>
Less current maturities	<u>(41)</u>	<u>(38)</u>
	<u><u>\$ 2,073</u></u>	<u><u>\$ 1,750</u></u>

Scheduled maturities of long-term debt and minimum lease payments on noncancelable operating leases with initial terms in excess of one year are as follows for the year ended December 31, 2018:

	Long-Term Debt	Operating Leases
2019	\$ 37	\$ 26
2020	44	19
2021	79	15
2022	164	13
2023	87	10
Thereafter	1,638	50
	<u><u>\$ 2,049</u></u>	<u><u>\$ 133</u></u>

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note H –Net Assets With Donor Restrictions

The System receives donations from generous individuals and organizations that support certain programs and services. Donations included in net assets with donor restrictions were maintained for the following purposes:

	December 31,	
	2018	2017
Subject to expenditure for specified purpose:		
Capital projects and medical equipment	\$ 32	\$ 36
Research and education	25	26
	<u>57</u>	<u>62</u>
Subject to passage of time	4	5
Investment in perpetuity – endowment	9	9
	<u>\$ 70</u>	<u>\$ 76</u>

The board has designated certain net assets without donor restrictions funds to be used in the future for specific projects. Board-designated funds included in net assets without donor restrictions are held for the following purposes:

	December 31,	
	2018	2017
Subject to expenditures for specified purpose:		
Capital projects and medical equipment	\$ 113	\$ 114
Patient care, education, and other	4	4
	<u>117</u>	<u>118</u>
Investment in perpetuity – endowments	5	4
	<u>\$ 122</u>	<u>\$ 122</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note I – Patient Service Revenue

Patient service revenue is reported at the amount the System expects to be paid for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the System bills the patients and third-party payors soon after the services are performed.

Patient service revenue is recognized as performance obligations are satisfied based on the nature of the services provided by the System. Revenue for performance obligations that are satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the System does not believe it is required to provide additional goods or services to the patient.

Because all its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in ASC 606-10-50-14(a). Under this exemption, the System is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Since the unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient services at the end of the reporting period, the performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

The System determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and other implicit price concessions provided to uninsured patients. The System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and its historical settlement experience. The System determines its estimate of implicit price concessions for uninsured patients based on its historical collection experience with this class of patients.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note I – Patient Service Revenue (continued)

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies (subject to certain limits) with final settlement determined after Medicare Administrative Contractors have audited annual cost reports submitted by the System. Physician services are paid based upon established fee schedules based on services provided.
- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. Supplemental funding is generally provided by the various states in which the System operates for Medicaid Disproportionate Share and Hospital Fee programs.
- **Other:** Payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The healthcare industry is subject to laws and regulations concerning government programs, including Medicare and Medicaid, which are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. While the System operates a Compliance Program, which reviews its compliance with these laws and regulations, there can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Subsequent revisions compared favorably to original estimates by \$13 and \$23 for the years ended December 31, 2018 and 2017, respectively.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note I – Patient Service Revenue (continued)

Consistent with the System’s mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). For uninsured patients, the System applies a policy discount from standard charges to determine amounts billed to those patients. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the System expects to collect based on its collection history with that class of patients.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient’s ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2018 and 2017, was not significant.

The composition of patient service revenues by payor is as follows:

	Year Ended December 31	
	2018	2017
Medicare	\$ 1,483	\$ 1,323
Medicaid	1,273	1,229
Other payors	1,238	1,172
	<u>\$ 3,994</u>	<u>\$ 3,724</u>

The composition of patient service revenues by area of operation and business type is as follows:

	Year Ended December 31, 2018					
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Inpatient	\$ 272	\$ 603	\$ 708	\$ 757	\$ –	\$ 2,340
Outpatient and other	176	233	350	150	37	946
Emergency	59	60	162	80	–	361
Physician services	69	118	181	26	67	461
Eliminations	(17)	(27)	(37)	(25)	(8)	(114)
Grand total	<u>\$ 559</u>	<u>\$ 987</u>	<u>\$ 1,364</u>	<u>\$ 988</u>	<u>\$ 96</u>	<u>\$ 3,994</u>

	Year Ended December 31, 2017					
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Inpatient	\$ 254	\$ 334	\$ 759	\$ 766	\$ –	\$ 2,113
Outpatient and other	163	210	359	186	33	951
Emergency	56	57	141	79	–	333
Physician services	72	109	172	25	69	447
Eliminations	(18)	(27)	(41)	(26)	(8)	(120)
Grand total	<u>\$ 527</u>	<u>\$ 683</u>	<u>\$ 1,390</u>	<u>\$ 1,030</u>	<u>\$ 94</u>	<u>\$ 3,724</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note I – Patient Service Revenue (continued)

Premium revenues: The System has entered into payment agreements with certain HMOs to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants regardless of the services actually provided by the system. The transaction price may be adjusted for stop loss recoveries, ceded premiums, and risk adjustment factors. Performance obligations are satisfied over the passage of time by standing ready to provide services.

The composition of premium revenues based on area of operation and payor class is as follows:

Year Ended December 31, 2018						
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Medicaid managed care	\$ 3	\$ 96	\$ 23	\$ 37	\$ 3	\$ 162
Other managed care	2	–	–	–	–	2
	<u>\$ 5</u>	<u>\$ 96</u>	<u>\$ 23</u>	<u>\$ 37</u>	<u>\$ 3</u>	<u>\$ 164</u>
Year Ended December 31, 2017						
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Medicaid managed care	\$ 3	\$ 90	\$ 18	\$ 33	\$ 4	\$ 148
Medicare managed care	49	–	–	–	–	49
Other managed care	2	–	–	–	–	2
	<u>\$ 54</u>	<u>\$ 90</u>	<u>\$ 18</u>	<u>\$ 33</u>	<u>\$ 4</u>	<u>\$ 199</u>

The composition of premium revenues based on type of service and area of operation is as follows:

Year Ended December 31, 2018						
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Institutional services	\$ –	\$ 89	\$ 18	\$ 37	\$ –	\$ 144
Professional services	5	7	5	–	3	20
	<u>\$ 5</u>	<u>\$ 96</u>	<u>\$ 23</u>	<u>\$ 37</u>	<u>\$ 3</u>	<u>\$ 164</u>
Year Ended December 31, 2017						
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Institutional services	\$ 51	\$ 84	\$ 16	\$ 33	\$ 1	\$ 185
Professional services	3	6	2	–	3	14
	<u>\$ 54</u>	<u>\$ 90</u>	<u>\$ 18</u>	<u>\$ 33</u>	<u>\$ 4</u>	<u>\$ 199</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note I – Patient Service Revenue (continued)

The System recorded revenue from state programs for serving a disproportionate share of Medicaid and low-income patients in the amount of \$49 and \$43 in 2018 and 2017, respectively, including final settlements on prior years.

The State of California enacted legislation for a hospital fee program to fund certain Medi-Cal program coverage expansions. The program charges hospitals a quality assurance fee that is used to obtain federal matching funds for Medi-Cal with the proceeds redistributed as supplemental payments to California hospitals that treat Medi-Cal patients. There are two hospital fee programs that had activity in 2017 and 2018: a 36-month hospital fee program covering the period from January 1, 2014 through December 31, 2016, and a 30-month hospital fee program covering the period from January 1, 2017 through June 30, 2019.

Federal and state payments received from these programs are included in patient service revenue, and fees paid or payable to the state and California Health Foundation and Trust (CHFT) are included in purchased services and other expenses, as follows:

	Year Ended December 31	
	2018	2017
Patient service revenue	\$ 412	\$ 508
Purchased services:		
Quality assurance fees	165	194
CHFT payments	2	3
Total purchased services and other expenses	167	197
Income from operations	<u>\$ 245</u>	<u>\$ 311</u>

Accrued net receivables related to the hospital fee programs are included in receivables from third-party payors, and amount to \$345 and \$285 as of December 31, 2018 and 2017, respectively.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note J – Functional Classification of Expenses

The System groups like expenses into financial statement lines and classifies programmatic expenses by business line. Expenses that are attributable to one or more programs or supporting functions are allocated based on operating expenses, square footage, and other criteria.

The following is a functional classification of the System's expenses:

	Year Ended December 31, 2018		
	Program Services	General and Administrative	Total
Employee compensation	\$ 1,692	\$ 292	\$ 1,984
Professional fees	420	78	498
Supplies	570	10	580
Purchased services and other	755	263	1,018
Interest	54	–	54
Depreciation and amortization	174	9	183
Total expenses	<u>\$ 3,665</u>	<u>\$ 652</u>	<u>\$ 4,317</u>

	Year Ended December 31, 2017		
	Program Services	General and Administrative	Total
Employee compensation	\$ 1,532	\$ 356	\$ 1,888
Professional fees	355	76	431
Supplies	492	14	506
Purchased services and other	747	128	875
Interest	44	1	45
Depreciation and amortization	160	5	165
Total expenses	<u>\$ 3,330</u>	<u>\$ 580</u>	<u>\$ 3,910</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued *(In millions of dollars)*

Note K – Retirement Plan

Most of the System's operating entities participate in a single defined contribution plan (the "Plan"). The Plan is exempt from the Employee Retirement Income Security Act of 1974. The Plan provides, among other things, that the employer will contribute 3% of wages plus additional amounts for employees earning more than the Social Security wage base capped by the IRS compensation limit for the Plan year. Additionally, the Plan provides that the employer will match 50% of the employee's contributions up to 4% of the contributing employee's wages. Substantially all full-time employees who are at least 18 years of age are eligible for coverage in the Plan. The cost to the System for the Plan is included in employee compensation in the amount of \$55 and \$58 for the years ended December 31, 2018 and 2017, respectively.

The System has implemented deferred compensation agreements (the "Agreements") with certain key executives. The Agreements are structured such that the System will have no future obligation to fund any additional amounts beyond an initial \$34 that was set aside to fund the premium payments on various split-dollar life insurance policies. The cash flows received by the executives following their retirement will be funded with loans taken against the life insurance contracts, which can be drawn by the executives post-retirement. Related to this transaction, the System has recorded \$9 and \$14 as prepaid insurance contracts at December 31, 2018 and 2017, respectively, and \$21 and \$16 of cash surrender value in other assets at December 31, 2018 and 2017, respectively. The compensation expense in 2018 and 2017 related to the Agreements was not material.

Note L – Self-Insurance Liability Programs

The System has established a separate self-insured revocable trust (the "System Trust") that covers the System's entities for professional and general liability claims up to \$8 per occurrence and \$23 in aggregate. The System contracts with Adhealth, Limited (Adhealth), a Bermuda company, to provide excess coverage for professional and general liability claims that exceed the self-insured revocable trust limits. Adhealth provided excess coverage with aggregate and per claim limits of \$133 for professional and general liability claims for the years ended December 31, 2018 and 2017. Adhealth has purchased reinsurance through commercial insurers for 100% of the excess limits of coverage.

Claim liabilities (reserves) for future losses and related loss adjustment expenses for professional liability claims have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2018 and 2017. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. The System Trust's accrued liability for professional and general liability claims is included in the consolidated balance sheets in the amount of \$133 and \$140 at December 31, 2018 and 2017, respectively.

The System has a 50% ownership position in Adhealth at December 31, 2018 and 2017, and accounts for its investment using the equity method of accounting. The cost of acquiring commercial insurance by Adhealth is reflected as an expense in the consolidated statements of operations and changes in net assets.

Adventist Health

Notes to Consolidated Financial Statements – Continued *(In millions of dollars)*

Note L – Self-Insurance Liability Programs (continued)

The System maintains a self-insured workers' compensation plan to pay for the cost of workers' compensation claims. The System has entered into an excess insurance agreement with an insurance company to limit its losses on claims. The cost of workers' compensation claims is accrued using actuarially determined estimates that are based on historical factors. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term.

Workers' compensation claim liabilities have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2018 and 2017. The System's accrued liability for workers' compensation claims is recorded in the consolidated balance sheets in the amount of \$72 and \$68 at December 31, 2018 and 2017, respectively.

Note M – Related-Party Transactions

The System had transactions with organizations that are considered related parties. The amounts receivable from related parties are reported in the accompanying consolidated financial statements as other receivables of \$8 and \$10 and notes receivable of \$16 and \$6 at December 31, 2018 and 2017, respectively.

Note N – Commitments and Contingencies

Certain member organizations are involved in litigation and investigations arising in the ordinary course of business. In addition, certain member organizations in the ordinary course of business identified matters that they have reported to the Centers for Medicare & Medicaid Services (CMS), CMS contractors, or Medicaid/Medi-Cal contractors. Such disclosures typically involve simple repayment of affected claims; however, federal and state contractors may refer these matters to the Department of Health and Human Services' Office of Inspector General to investigate whether certain member organizations have submitted false claims to the Medicare and Medicaid programs or have violated other laws. Submission of false claims or violation of other laws can result in substantial civil and/or criminal penalties and fines, including treble damages and/or possible debarment from future participation in such programs. The System is committed to cooperating in such investigations as they arise. Although management does not believe these matters will have a material adverse effect on the System's consolidated financial position, there can be no assurance that this will be the case.

Adventist Health

Notes to Consolidated Financial Statements – Continued *(In millions of dollars)*

Note O – FEMA Financial Grants

Several of the System's hospitals are located in areas of frequent earthquake activity and have sustained damage from earthquakes in the past. Three System hospitals received \$156 of grant funds from the Federal Emergency Management Agency (FEMA) for repair of damage and seismic structural upgrades, and all of these funds were recorded in the accompanying consolidated financial statements in years prior to 2018.

Prior to 2018, FEMA grant funds received for capitalized expenditures were accounted for as an exchange transaction and are reported as deferred revenue in other noncurrent liabilities. In 2018, all remaining conditions related to the receipt of the FEMA funds were met and the remaining \$84 was recognized in other revenue.

Note P – Discontinued Operations

In April 2017, management committed to a plan to either transfer the assets of Walla Walla General Hospital (WWGH) to another healthcare entity or to discontinue operating the hospital and sell its nonfinancial assets. As a result of this plan, operations ceased and WWGH was removed from the Obligated Group in July 2017. Accordingly, at December 31, 2017, all WWGH activity was reflected in the consolidated statements of operations and changes in net assets as a component of net loss from discontinued operations, and the applicable assets, primarily property and equipment, were reported in the consolidated balance sheets as assets held for sale. No further depreciation was recorded subsequent to the commitment date. All assets held for sale as of December 31, 2017 were sold in March 2018 for \$16. This sale did not result in any gain or loss subsequent to the initial losses included in discontinued operations in 2017.

Note Q – Adventist Health Tehachapi Valley

In 2016, the System entered into an agreement with Tehachapi Valley Healthcare District (the "District") to take over the operations of the District's hospital (Adventist Health Tehachapi Valley) for a period of 30 years, beginning November 1, 2016. The terms of the agreement resulted in the consolidation of Adventist Health Tehachapi Valley's financial statements into the System's financial statements. The agreement also included construction of a new hospital, which was completed and placed into service in November 2018, and is included in property and equipment on the accompanying consolidated financial statements for \$38.

Note R – Camp Fire Impact

In November 2018, the System's Adventist Health Feather River (AHFR) facilities in Paradise, California, and neighboring communities incurred extensive damage as a result of the Camp Fire. Since the Camp Fire, most of the AHFR properties, including the 100-bed acute care hospital, remain temporarily closed and non-operational as the System completes the damage assessments. These assessments may include the restoration of the properties to an operational condition, or determination of the plans associated with rebuilding properties that were fully or partially destroyed during the Camp Fire. The System is currently unable to provide any estimates of re-opening dates for the facilities, and it is expected that most of the facilities will continue to be closed for the foreseeable future. In the aggregate, these properties comprised approximately 4.8% of total revenues and support during the 12 months ended December 31, 2017.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note R – Camp Fire Impact (continued)

As discussed below, the System believes it is entitled to insurance recovery proceeds for substantially all the costs incurred related to the remediation, repair, and reconstruction of each of the impacted properties, subject to certain deductibles and other limitations. In addition, during the period that these properties are non-operational, the System believes it is entitled to business interruption insurance recoveries for the lost income related to these properties, subject to certain deductibles and other limitations.

At the time of the Camp Fire, the System maintained an insurance policy with an insurance company providing for total per occurrence aggregate coverage of \$1,000 subject to a one hundred twenty-five thousand dollars per-occurrence deductible with other limitations. This policy provides full replacement value coverage, with valuation under the policy based on the lesser of the cost to repair or replace on the same site with new materials of like size, kind, and quality. This also includes the costs to clean smoke and/or soot impacted buildings, equipment, and stock and supplies. Subject to certain limitations, the policy also includes provisions that allow for replacement on sites other than the current facility sites.

When all property insurance coverage and deductibles applicable to the above-mentioned Camp Fire damaged and destroyed buildings and assets are considered, the System believes it is entitled to the recovery of substantially all Camp Fire related expenses and reconstruction costs, less an aggregate net deductible. In addition, pursuant to the business interruption policy, we believe we are entitled to substantially all lost income at the impacted properties resulting from the Camp Fire. However, we can provide no assurance that we will ultimately collect, after satisfaction of the applicable deductibles, substantially all of the Camp Fire related expenses and reconstruction costs and the lost income resulting from the related interruption of business at the impacted properties.

As of December 31, 2018, the System has disposed of all fixed assets that were fully destroyed during the Camp Fire. The System has also written off current assets with a book value of \$4 primarily related to destroyed inventory. The System insurance recoveries and receivables recorded in the amount of \$32 related to recovery of expenses, primarily related to payroll and professional fees expenses and fire remediation and demolition expenses. As of December 31, 2018, the System received initial Camp Fire related insurance payments of \$30. These payments have been applied as an offset to the insurance recovery receivables recorded on the balance sheet. After the application of the \$30, there is a remaining \$2 in insurance recovery receivables included in other current assets. As of December 31, 2018, AHFR has property and equipment with a book value of \$34 that is currently non-operational as a result of the Camp Fire. Based on an impairment analysis, management does not believe these assets are impaired. However, based on the preliminary nature of the damage assessments and management's intentions with regard to reconstruction, there can be no assurance that a future impairment may not be recognized.

As of December 31, 2018, the System's financial statements do not include any business interruption insurance recoveries related to lost profits since no business interruption insurance proceeds were received as of that date for that purpose. The System has also not included any insurance recoveries for expected receipts above the book value of the assets recorded in the financial statements at the time of the loss. However, the System expects that business interruption and other insurance recoveries will be recognized in future periods when recovery proceeds are probable and/or insurance carrier notifications are received.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note R – Camp Fire Impact (continued)

The Camp Fire related expenses and insurance recoveries recorded to date are based upon the preliminary damage assessments of the real property at AHFR properties. The System is unable to assess the ultimate repair cost of the damaged property or the amount of total insurance recoveries it may ultimately receive. Although the System expects to receive additional Camp Fire related insurance proceeds in the future, the timing and amount of such proceeds cannot be determined at this time since it will be based upon factors such as ultimate replacement costs of damaged assets and the ultimate value of the business interruption claims. Therefore, in connection with the Camp Fire, it is likely that the System will record additional Camp Fire related expenses and insurance recoveries in future periods, which could be material.

Note S – Acquisition of The Fremont-Rideout Health Group

The System entered into an affiliation agreement with Fremont-Rideout Health Group, located in Marysville, California, to become the sole member of Fremont-Rideout Health Group (Rideout Health). This agreement was effective April 1, 2018. Rideout Health is comprised of Rideout Memorial Hospital and several other health businesses and community services in Marysville, California. This acquisition allowed the System the ability to provide expanded healthcare services in the Marysville, California market.

The fair value of assets acquired and liabilities assumed at the acquisition date consisted of the following:

Assets acquired:

Cash and cash equivalents	\$	33
Patient accounts receivable		38
Prepays and other current assets		73
Assets whose use is limited		85
Property and equipment		385
Other assets		8
	\$	<u>622</u>

Liabilities assumed:

Accounts payable and accrued compensation	\$	74
Long-term debt		134
Other liabilities		12
		<u>220</u>

Net assets without donor restrictions:

Controlling		390
Noncontrolling		12
		<u>402</u>
	\$	<u>622</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note S – Acquisition of The Fremont-Rideout Health Group (continued)

As a part of the affiliation agreement, the System contributed \$3 to The Fremont-Rideout Foundation, an unconsolidated affiliated organization of Rideout Health, and incurred \$2 in acquisition costs. In addition, the System committed to investing \$90 in capital expenditures among the Rideout Health entities during the next five years. As part of the affiliation, the System recorded a gain on acquisition and divestitures of \$399, which is reported as a gain on acquisition in a separate line in the accompanying consolidated financial statements. No intangible assets were recorded.

Rideout Health's results of operations and changes in net assets were included in the System's consolidated financial statements beginning April 1, 2018. Summary operating results, exclusive of the gain on acquisition recorded at acquisition, were as follows for the nine-month period ended December 31, 2018:

Revenues and support	\$ 317
Excess of revenue over expense	(2)
Decrease in net assets without donor restrictions	(14)

The following pro forma consolidated operating results for the years ended December 31, 2018 and 2017, give effect to the acquisition as if it had occurred on January 1, 2017. Pro forma amounts for both periods were adjusted to exclude the gain on acquisition recognized from the acquisition. The pro forma consolidated operating results do not necessarily represent the System's consolidated operating results had the acquisition occurred on the date assumed, nor are these results necessarily indicative of the System's future consolidated operating results.

	Year Ended December 31,	
	2018	2017
Pro forma revenues and support	\$ 4,537	\$ 4,501
Pro forma excess of revenues over expense	140	220
Pro forma increase in net assets without donor restrictions	110	190
Pro forma decrease in donor-restricted net assets	(6)	(9)

Adventist Health

Notes to Consolidated Financial Statements – Continued *(In millions of dollars)*

Note T – Subsequent Events

In 2019, the System executed an Affiliation Agreement with Delano Regional Medical Center, located in Delano, California, to become the sole corporate member of Delano Regional Medical Center. Upon approval by the State of California Attorney General’s Office, which is expected in the third quarter of 2019, the affiliation will become effective. This acquisition will expand the System’s mission in the central California region.

In 2018, board members of the Tulare Local Healthcare District (the “District”) voted to lease Tulare Regional Medical Center (TRMC) to Adventist Health. While negotiations were pending, the System agreed to loan the District \$10 to help reopen the hospital. As of December 31, 2018, \$9 of this loan had been drawn and is included on the System’s consolidated financial statements in other assets. The agreement between the System and the District, which was approved by the bankruptcy court, will allow the System to manage the operations of TRMC. TRMC reopened October 15, 2018, and is being managed by the System under the terms of an interim management services agreement. On November 6, 2018, a district vote granted final approval of the agreement between the System and the District. The lease for TRMC is likely to commence in the first quarter of 2019 with a 30-year term and annual payments of approximately \$2, providing for interim early termination options at the System’s discretion. Upon commencement of the lease, the System will purchase certain assets of TRMC for approximately \$6.

The System has evaluated subsequent events and disclosed all material events through March 29, 2019, the date the accompanying consolidated financial statements were issued.



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Report of Independent Auditors on Supplementary Information

The Board of Directors
Adventist Health System/West

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating financial statement schedules for Adventist Health System/West is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

March 29, 2019

Adventist Health
Consolidating Balance Sheets
(In millions of dollars)
December 31, 2018

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Assets											
Cash and cash equivalents	\$ 700	\$ (976)	\$ 12	\$ 130	\$ 105	\$ 18	\$ 56	\$ 65	\$ 253	\$ 19	\$ 88
Short-term investments	313	18	280	1	2	–	1	3	1	–	1
Patient accounts receivable	509	(14)	–	49	23	13	14	68	37	8	34
Receivables from third-party payors	390	(19)	–	17	1	22	39	34	62	13	18
Other current assets	165	(218)	99	26	8	4	5	17	43	4	15
Total current assets	2,077	(1,209)	391	223	139	57	115	187	396	44	156
Noncurrent investments	1,243	(41)	1,090	1	11	1	4	6	8	1	3
Other assets	208	12	141	–	7	–	–	6	2	–	3
Property and equipment, net	2,288	(1)	292	131	113	32	51	198	197	56	139
Total assets	<u>\$ 5,816</u>	<u>\$ (1,239)</u>	<u>\$ 1,914</u>	<u>\$ 355</u>	<u>\$ 270</u>	<u>\$ 90</u>	<u>\$ 170</u>	<u>\$ 397</u>	<u>\$ 603</u>	<u>\$ 101</u>	<u>\$ 301</u>
Liabilities and net assets											
Accounts payable	\$ 297	\$ –	\$ 95	\$ 26	\$ 7	\$ 3	\$ 6	\$ 26	\$ 12	\$ 3	\$ 9
Accrued compensation and related payables	277	(14)	125	13	9	3	8	18	11	4	9
Liabilities to third-party payors	39	–	–	1	–	1	–	7	3	2	5
Other current liabilities	57	(238)	88	16	5	1	8	9	16	–	65
Current maturities of long-term debt	41	–	8	2	1	2	2	6	5	–	4
Total current liabilities	711	(252)	316	58	22	10	24	66	47	9	92
Long-term debt, net of current maturities	2,073	(16)	687	80	61	57	71	168	215	26	131
Other noncurrent liabilities	210	(971)	1,088	4	2	1	2	7	7	1	4
Total liabilities	2,994	(1,239)	2,091	142	85	68	97	241	269	36	227
Net assets without donor restrictions:											
Controlling	2,737	–	(184)	209	182	22	71	149	333	64	74
Noncontrolling	15	–	–	–	1	–	–	(1)	–	–	–
Net assets with donor restrictions	70	–	7	4	2	–	2	8	1	1	–
Total net assets	2,822	–	(177)	213	185	22	73	156	334	65	74
Total liabilities and net assets	<u>\$ 5,816</u>	<u>\$ (1,239)</u>	<u>\$ 1,914</u>	<u>\$ 355</u>	<u>\$ 270</u>	<u>\$ 90</u>	<u>\$ 170</u>	<u>\$ 397</u>	<u>\$ 603</u>	<u>\$ 101</u>	<u>\$ 301</u>

See accompanying auditors’ report on supplementary information.

Adventist Health Physicians Network	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Heath Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Walla Walla General Hospital	Western Health Resources
\$ —	\$ 137	\$ 41	\$ 147	\$ 7	\$ 121	\$ 30	\$ —	\$ 33	\$ 72	\$ 339	\$ —	\$ —	\$ 3
—	1	—	—	1	1	1	—	—	1	1	—	—	—
2	37	18	46	19	32	24	6	12	16	56	—	—	9
—	—	19	21	2	16	17	4	2	27	94	—	1	—
30	24	5	23	6	11	24	4	6	8	20	—	—	1
32	199	83	237	35	181	96	14	53	124	510	—	1	13
—	5	—	—	1	5	23	1	1	3	120	—	—	—
—	4	10	8	6	—	—	1	—	1	6	—	—	1
—	102	21	367	126	93	88	40	12	79	152	—	—	—
<u>\$ 32</u>	<u>\$ 310</u>	<u>\$ 114</u>	<u>\$ 612</u>	<u>\$ 168</u>	<u>\$ 279</u>	<u>\$ 207</u>	<u>\$ 56</u>	<u>\$ 66</u>	<u>\$ 207</u>	<u>\$ 788</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 14</u>
\$ 1	\$ 17	\$ 4	\$ 26	\$ 5	\$ 11	\$ 12	\$ 4	\$ 3	\$ 9	\$ 17	\$ —	\$ —	\$ 1
3	10	4	20	7	10	8	1	3	6	16	—	—	3
—	1	2	6	1	1	1	—	—	—	8	—	—	—
23	7	1	4	2	3	15	2	—	16	14	—	—	—
—	—	—	2	4	2	2	—	—	1	—	—	—	—
27	35	11	58	19	27	38	7	6	32	55	—	—	4
—	80	18	142	105	74	52	44	4	44	29	—	—	1
5	3	1	13	2	5	4	11	1	2	13	3	—	2
32	118	30	213	126	106	94	62	11	78	97	3	—	7
—	188	85	385	40	167	85	(6)	55	127	686	(3)	1	7
—	—	—	14	1	—	—	—	—	—	—	—	—	—
—	4	(1)	—	1	6	28	—	—	2	5	—	—	—
—	192	84	399	42	173	113	(6)	55	129	691	(3)	1	7
<u>\$ 32</u>	<u>\$ 310</u>	<u>\$ 114</u>	<u>\$ 612</u>	<u>\$ 168</u>	<u>\$ 279</u>	<u>\$ 207</u>	<u>\$ 56</u>	<u>\$ 66</u>	<u>\$ 207</u>	<u>\$ 788</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 14</u>

Adventist Health
Consolidating Statements of Operations and Changes in Net Assets
(In millions of dollars)
Year Ended December 31, 2018

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Revenues and support:											
Patient service revenue	\$ 3,994	\$ (114)	\$ —	\$ 410	\$ 168	\$ 96	\$ 186	\$ 455	\$ 296	\$ 57	\$ 248
Premium revenue	164	—	—	—	2	11	—	—	18	5	3
Other revenue	265	(362)	388	5	12	4	18	45	6	4	5
Net assets released from restrictions for operations	11	—	2	—	1	—	—	2	1	—	—
Total revenues and support	4,434	(476)	390	415	183	111	204	502	321	66	256
Expenses:											
Employee compensation	1,984	(130)	269	159	81	43	80	198	125	30	110
Professional fees	498	—	46	25	8	19	27	26	24	8	33
Supplies	580	—	(22)	74	33	7	33	64	40	9	32
Purchased services and other	1,018	(346)	153	126	47	25	53	165	84	13	61
Interest	54	(1)	13	3	1	2	2	6	7	1	4
Depreciation and amortization	183	—	26	14	7	3	6	17	13	5	12
Total expenses	4,317	(477)	485	401	177	99	201	476	293	66	252
Income from operations	117	1	(95)	14	6	12	3	26	28	—	4
Nonoperating income:											
Investment income	37	(1)	1	3	2	—	1	1	5	—	1
Gain on acquisition and divestitures	399	—	—	—	—	—	—	—	—	—	—
Other nonoperating losses	(9)	—	1	—	—	—	—	—	—	—	—
Total nonoperating income	427	(1)	2	3	2	—	1	1	5	—	1
Excess (deficiency) of revenues over expenses from continuing operations	544	—	(93)	17	8	12	4	27	33	—	5
Less: excess (deficiency) of revenues over expenses from noncontrolling interest	14	—	—	—	—	—	—	(1)	—	—	—
Excess (deficiency) of revenues over expense from controlling interests	\$ 530	\$ —	\$ (93)	\$ 17	\$ 8	\$ 12	\$ 4	\$ 28	\$ 33	\$ —	\$ 5

See accompanying auditors' report on supplementary information.

Adventist Health Physicians Network	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Walla Walla General Hospital	Western Health Resources
\$ 62	\$ 323	\$ 169	\$ 313	\$ 149	\$ 257	\$ 214	\$ 21	\$ 86	\$ 146	\$ 410	\$ —	\$ —	\$ 42
3	3	2	—	—	—	30	—	—	50	37	—	—	—
19	15	7	4	14	10	10	—	2	4	54	—	—	1
—	1	—	—	—	—	1	—	—	—	3	—	—	—
84	342	178	317	163	267	255	21	88	200	504	—	—	43
28	178	68	149	73	106	88	14	45	67	168	—	—	35
51	14	34	44	7	30	29	2	9	30	29	—	—	3
13	47	12	43	18	40	45	1	10	22	58	—	—	1
(9)	91	40	51	52	65	93	8	20	59	162	—	—	5
—	2	—	4	4	1	2	1	—	1	1	—	—	—
1	11	3	20	8	6	8	—	2	3	18	—	—	—
84	343	157	311	162	248	265	26	86	182	436	—	—	44
—	(1)	21	6	1	19	(10)	(5)	2	18	68	—	—	(1)
—	3	1	2	—	3	1	—	1	2	11	—	—	—
—	—	—	399	—	—	—	—	—	—	—	—	—	—
—	—	—	(10)	—	—	—	—	—	—	—	—	—	—
—	3	1	391	—	3	1	—	1	2	11	—	—	—
—	2	22	397	1	22	(9)	(5)	3	20	79	—	—	(1)
—	—	—	14	1	—	—	—	—	—	—	—	—	—
\$ —	\$ 2	\$ 22	\$ 383	\$ —	\$ 22	\$ (9)	\$ (5)	\$ 3	\$ 20	\$ 79	\$ —	\$ —	\$ (1)

Adventist Health
Consolidating Statements of Operations and Changes in Net Assets (continued)
(In millions of dollars)
Year Ended December 31, 2018

	<u>Consolidated Balances</u>	<u>Adjustments and Eliminations</u>	<u>Adventist Health System Office</u>	<u>Adventist Health Bakersfield</u>	<u>Adventist Health Castle</u>	<u>Adventist Health Clear Lake</u>	<u>Adventist Health Feather River</u>	<u>Adventist Health Glendale</u>	<u>Adventist Health Hanford</u>	<u>Adventist Health Howard Memorial</u>	<u>Adventist Health Lodi Memorial</u>
Net assets without donor restrictions:											
Controlling:											
Excess (deficiency) of revenues over expenses from controlling interests	\$ 530	\$ —	\$ (93)	\$ 17	\$ 8	\$ 12	\$ 4	\$ 28	\$ 33	\$ —	\$ 5
Net unrealized losses on other-than-trading securities	(55)	—	(54)	—	—	—	—	—	—	—	—
Donated property and equipment	—	—	11	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	13	—	—	—	4	—	—	1	—	—	1
Increase in net assets without donor restrictions before discontinued operations	488	—	(136)	17	12	12	4	29	33	—	6
Loss from discontinued operations	(2)	—	—	—	—	—	—	—	—	—	—
Increase in net assets without donor restrictions – controlling	486	—	(136)	17	12	12	4	29	33	—	6
Noncontrolling:											
Excess (deficiency) of revenues over expenses from noncontrolling interests	14	—	—	—	—	—	—	(1)	—	—	—
Increase in net assets without donor restrictions – noncontrolling	14	—	—	—	—	—	—	(1)	—	—	—
Net assets with donor restrictions:											
Restricted gifts and grants	19	—	9	—	1	—	—	3	—	—	—
Net assets released from restrictions	(24)	—	(2)	—	(5)	—	—	(3)	(1)	—	(1)
Other donor restricted activity	(1)	—	—	—	—	—	—	—	—	—	—
Decrease in net assets with donor restrictions	(6)	—	7	—	(4)	—	—	—	(1)	—	(1)
Increase in net assets	494	—	(129)	17	8	12	4	28	32	—	5
Net assets, beginning of year	2,328	—	(48)	196	177	10	69	128	302	65	69
Net assets, end of year	<u>\$ 2,822</u>	<u>\$ —</u>	<u>\$ (177)</u>	<u>\$ 213</u>	<u>\$ 185</u>	<u>\$ 22</u>	<u>\$ 73</u>	<u>\$ 156</u>	<u>\$ 334</u>	<u>\$ 65</u>	<u>\$ 74</u>

See accompanying auditors' report on supplementary information.

Adventist Health Physicians Network	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Walla Walla General Hospital	Western Health Resources
\$ —	\$ 2	\$ 22	\$ 383	\$ —	\$ 22	\$ (9)	\$ (5)	\$ 3	\$ 20	\$ 79	\$ —	\$ —	\$ (1)
—	—	—	(1)	—	—	—	—	—	—	—	—	—	—
—	—	—	3	—	—	—	—	—	—	—	—	(14)	—
—	—	—	—	—	—	3	—	—	4	—	—	—	—
—	2	22	385	—	22	(6)	(5)	3	24	79	—	(14)	(1)
—	—	—	—	—	—	—	—	—	—	—	—	(2)	—
—	2	22	385	—	22	(6)	(5)	3	24	79	—	(16)	(1)
—	—	—	14	1	—	—	—	—	—	—	—	—	—
—	—	—	14	1	—	—	—	—	—	—	—	—	—
—	—	(1)	—	—	1	1	—	—	1	4	—	—	—
—	(1)	—	—	—	—	(4)	—	—	(4)	(3)	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	(1)	—
—	(1)	(1)	—	—	1	(3)	—	—	(3)	1	—	(1)	—
—	1	21	399	1	23	(9)	(5)	3	21	80	—	(17)	(1)
—	191	63	—	41	150	122	(1)	52	108	611	(3)	18	8
\$ —	\$ 192	\$ 84	\$ 399	\$ 42	\$ 173	\$ 113	\$ (6)	\$ 55	\$ 129	\$ 691	\$ (3)	\$ 1	\$ 7

Section 4(b)(4)

Debt Service Coverage	2018
Excess of Revenues over Expenses from Continuing Operations	\$ 530
Gain on acquisition	(399)
Depreciation, amortization, interest expense and non-cash charges	246
Income available for debt service	377
Maximum annual debt service	115
Debt service coverage ratio	3.28

Capitalization	2018
Long-term Debt (including current maturities)	\$ 2,114
Unrestricted Net Assets	2,752
Total Capitalization	4,866
Total Long-term Debt as a Percentage of Total Capitalization	43.4%

Adventist Health System/West
Municipal Secondary Market Disclosure
December 31, 2018
(In millions of dollars)

The following information is provided pursuant to Section 3(b) of the Continuing Disclosure Certificate executed by the System in connection with the issuance of:

California Statewide Communities Development Authority Insured Revenue Bonds, 2007 Series A
California Health Facilities Financing Authority Revenue Bonds, 2009 Series B and C
The Hospital Facilities Authority of Multnomah County, Oregon Bonds, 2009 Series A
California Health Facilities Financing Authority Revenue Bonds 2013 Series A
Adventist Health System/West Taxable Bonds, Series 2013

Section 3(b)(2) Long-term debt disclosure:

On December 31, 2018, the long-term debt of the Members of the Obligated Group (including current maturities) totaled \$2,095. Of that amount \$611 was variable interest rate debt, with the remaining \$1,484 being fixed interest rate debt.

Section 3(b)(3) Statement regarding accounts receivable liens:

During the year ended December 31, 2018 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.

Section 4(b)(1). Below is a listing of the System's hospital facilities, grouped by state, and sorted within each state alphabetically.

Summary Listing of the System's Hospitals

Obligated Group Hospital Name	Location	Number of Licensed Beds at December 31, 2018	2018 Total Revenue (in millions)
Adventist Health Bakersfield	Bakersfield, CA	254	\$415
Adventist Health Hanford	Hanford, CA	230	321
Adventist Health Feather River	Paradise, CA	100	204
Adventist Health Glendale	Glendale, CA	515	502
Adventist Health Howard Memorial ⁽¹⁾	Willits, CA	25	66
Adventist Health Lodi Memorial	Lodi, CA	190	256
Adventist Health Reedley	Reedley, CA	49	178
Adventist Health and Rideout ⁽²⁾	Marysville, CA	366	317
Adventist Health Simi Valley	Simi Valley, CA	144	163
Adventist Health Sonora	Sonora, CA	152	267
Adventist Health St Helena	Deer Park, CA	213	255
Adventist Health Ukiah Valley	Ukiah, CA	68	200
Adventist Health White Memorial	Los Angeles, CA	353	504
Adventist Health Castle	Kailua, HI	160	183
Adventist Health Portland	Portland, OR	302	342
Adventist Health Tillamook ⁽¹⁾	Tillamook, OR	25	88
Non-Obligated Group Hospital Name			
Adventist Health Clear Lake ⁽¹⁾	Clearlake, CA	25	111
Adventist Health Tehachapi Valley ⁽¹⁾	Tehachapi, CA	25	21

⁽¹⁾ Critical Access Hospital.

⁽²⁾ Adventist Health and Rideout entered the Obligated Group effective 4/1/2018. (Supplemental Indenture No. 67

Source: The Corporation.

Adventist Health System/West
Obligated Group Operating Statistics

Section 4(b)(5)

Payor Mix		
2016	2017	2018

Medicare	42.4%	45.1%	45.5%
Medicaid	30.1%	29.8%	30.2%
HMO/PPO	20.3%	19.4%	19.6%
Commercial	1.4%	1.2%	2.6%
Self-Pay and Other	5.8%	4.5%	2.2%

Section 4(b)(6)

Patient Days (Including Sub-Acute)		
2016	2017	2018

Hospital

Adventist Health Hanford	46,118	45,333	43,979
Adventist Health Portland	41,525	30,503	30,387
Adventist Health Reedley	4,392	4,272	4,475
Adventist Health Castle	32,310	32,574	31,395
Adventist Health Feather River	15,764	17,906	13,570
Adventist Health Glendale	104,053	97,382	100,533
Adventist Health Howard Memorial	6,048	6,568	7,111
Adventist Health Lodi Memorial	33,246	35,366	35,211
Adventist Health and Rideout	-	-	39,523
Adventist Health St Helena	48,380	48,140	45,039
Adventist Health Bakersfield	68,092	70,023	65,002
Adventist Health Sonora	43,926	42,280	39,815
Adventist Health Simi Valley	28,451	26,769	26,155
Adventist Health Tillamook	4,577	4,652	4,494
Adventist Health Ukiah Valley	11,685	11,414	11,929
Adventist Health White Memorial	87,347	84,852	85,071
	575,914	558,034	583,689

Average Length of Stay		
2016	2017	2018

Hospital

Adventist Health Hanford	3.98	4.08	4.00
Adventist Health Portland	4.06	3.23	3.20
Adventist Health Reedley	2.26	2.30	2.47
Adventist Health Castle	4.43	4.25	4.03
Adventist Health Feather River	3.34	3.71	3.64
Adventist Health Glendale	4.92	4.64	5.13
Adventist Health Howard Memorial	4.09	4.05	4.27
Adventist Health Lodi Memorial	4.38	3.92	3.77
Adventist Health and Rideout	-	-	4.66
Adventist Health St Helena	5.87	6.20	6.84
Adventist Health Bakersfield	3.76	3.90	3.72
Adventist Health Sonora	9.31	7.55	7.85
Adventist Health Simi Valley	3.98	3.82	3.97
Adventist Health Tillamook	3.52	3.28	3.46
Adventist Health Ukiah Valley	3.45	3.22	3.38
Adventist Health White Memorial	4.45	4.34	4.34
	4.48	4.30	4.39

Adventist Health System/West
Obligated Group Operating Statistics

Section 4(b)(6)

Hospital

Adventist Health Hanford
Adventist Health Portland
Adventist Health Reedley
Adventist Health Castle
Adventist Health Feather River
Adventist Health Glendale
Adventist Health Howard Memorial
Adventist Health Lodi Memorial
Adventist Health and Rideout
Adventist Health St Helena
Adventist Health Bakersfield
Adventist Health Sonora
Adventist Health Simi Valley
Adventist Health Tillamook
Adventist Health Ukiah Valley
Adventist Health White Memorial

Discharges (Including Sub-Acute)		
2016	2017	2018
11,598	11,101	10,998
10,216	9,441	9,505
1,943	1,859	1,809
7,291	7,663	7,789
4,723	4,822	3,723
21,140	20,973	19,610
1,477	1,622	1,667
7,589	9,029	9,346
-	-	8,484
8,245	7,769	6,584
18,097	17,972	17,452
4,716	5,597	5,075
7,145	6,999	6,587
1,302	1,419	1,300
3,385	3,552	3,525
19,611	19,531	19,592
128,478	129,349	133,046

Section 4(b)(7)

Number of Licensed Beds
Discharges
Patient Days

Occupancy - Licensed Beds

Average Length of Stay

Outpatient Revenues as % of Gross Pt. Revenues

Other Key Volume Indicators		
2016	2017	2018
2,819	2,780	3,146
128,478	129,349	133,046
575,914	558,034	583,689
56.0%	55.0%	50.8%
4.48	4.30	4.39
45.1%	44.7%	46.5%

Adventist Health

Management Discussion and Analysis of Financial Condition and Results of Operations

(In millions of dollars)

General

Adventist Health System/West, doing business as Adventist Health (the “Corporation”), is a faith-based, nonprofit corporation that leads an integrated health system serving communities in California, Hawaii, Oregon and Washington (collectively with the Corporation, the “System”). The workforce of the System includes approximately 22,000 employees, 7,500 medical staff physicians, and 3,700 volunteers. Founded on Seventh-day Adventist health values, the System provides compassionate care in 21 hospitals, approximately 280 clinics (physician clinics, hospital-based clinics, and rural health clinics), 14 home care agencies, nine hospice agencies, one fully-owned continuing care retirement community and four joint-venture retirement centers.

The System emphasizes wellness and prevention of disease, in keeping with the historic Seventh-day Adventist health care tradition of integration of physical, mental and spiritual care. The System is committed to integration of hospitals, physicians and other providers in a manner that best serves and cooperates with its communities, both in terms of commitment to quality and a demonstrated ability to provide cost-effective care in an environment increasingly driven by competitive market forces.

The System operates in four states in the western United States. The map on the last page of this analysis shows the location of the Corporation’s headquarters and the System’s 21 owned or leased hospital facilities. The corporate office is centrally located in Roseville, California. Outside of California, the System includes one hospital in Hawaii and two in Oregon. While the map does not show the location of each of the System’s 280 clinics, the geographic area served by the System’s clinics, as well as its hospital facilities, is depicted in the map.

Strategy and Mission

As an extension of the System’s core business model, the System announced its ONE Adventist Health initiative in July 2016. ONE Adventist Health seeks to align, centralize and clarify leadership functions within the System and foster mission expansion, growth and development. A key component of ONE Adventist Health is the System’s strategic plan, which reaffirms the System’s dedication to the communities it serves with special attention to underserved populations and seeks to increase the number of people served while prioritizing faith-based, whole-person health enlivened by the Seventh-day Adventist heritage. The strategic plan is updated annually, guided by the following strategy statement.

Adventist Health with our engaged physicians, workforce and community, will transform the health (including experience, outcomes and status) for our defined populations, especially the underserved. We will partner a fully integrated, affordable value-based network of services to serve one million lives with the ability to manage and leverage information in a full-risk payment environment. Our presence in Western states, including rural markets, where we have an advantageous, competitive position, enables us to expand our mission and double the number of people served resulting in \$6 billion in revenue, a greater than 9% EBIDA margin and top quartile performance against A-rated systems. Our priority is faith-based, whole-person health enlivened by our Seventh-day Adventist heritage.

Through our mission, Adventist Health is called to transform lives and communities. We are building on five years of successful standardization, modernization and optimization efforts which have positioned us to take responsibility for creating profound changes in our community's wellbeing. As agents of hope, we will create lasting impact in people's whole lives, advocate for changes to healthcare and social policy, and demonstrate radical love to our patients, communities, associates and our God.

Volume Trends

During the twelve months ended December 31, 2018, the System's patient days increased by 5.0%, observation stays increased by 4.8% and emergency department visits increased by 7.0% from the same period in the previous year. These volume trends include the acquisition of Adventist Health and Rideout, which was effective on April 1, 2018. On a same store basis, the System's patient days decreased by 2.0%, observation stays increased by 4.8% and emergency department visits decreased by 0.5% from the same period in the previous year.

Utilization Statistics		
	Twelve Months Ended December 31,	
	2018	2017
Discharges	134,689	130,779
Patient Days	592,274	563,846
Observation Stays	17,707	16,895
Outpatient Procedures	3,751,238	3,631,228
Emergency Department Visits	723,989	676,387
Inpatient Surgeries	27,002	26,757
Outpatient Surgeries	53,195	54,393
Average Length of Stay (in days)	4.4	4.3
Outpatient Revenues as % of Gross Patient Revenue	46.9%	46.6%

Total Operating Revenue and Income from Operations

Total operating revenue grew 7.8% and total operating expenses grew 10.4% for the twelve months ended December 31, 2018 as compared to the previous year. On a same store basis, total operating revenue grew 0.1% and total operating expenses grew 2.5% for the twelve months ended December 31, 2018 as compared to the previous year. Income from operations as a percent of total operating revenue was 2.6% and 5.0% for the twelve months ended December 31, 2018 and December 31, 2017, respectively. On a same store basis, income from operations as a percent of total operating revenue was 2.7% for the twelve months ended December 31, 2018.

Total Operating Revenue and Income from Operations		
	Twelve Months Ended December 31,	
	2018	2017
Total operating revenue	\$ 4,434	\$ 4,114
Total operating expenses	4,317	3,910
Income from operations	<u>\$ 117</u>	<u>\$ 204</u>
EBIDA	\$ 354	\$ 414
Income from operations as a percentage of total operating revenue	2.6%	5.0%
EBIDA as a percentage of total operating revenue	8.0%	10.1%

Total Nonoperating Income

Investment income grew by 42.3% for the twelve months ended December 31, 2018 as compared to the previous year. The affiliation agreement with The Fremont-Rideout Health Group resulted in a gain on acquisition of \$399. Certain bonds of The Fremont-Rideout Health Group were refunded resulting in a loss on early extinguishment of debt of \$9.

Nonoperating Income		
	Twelve Months Ended December 31,	
	2018	2017
Investment income	\$ 37	\$ 26
Gain on acquisition	399	-
Loss on early extinguishment of debt	(9)	-
Income from operations	<u>\$ 427</u>	<u>\$ 26</u>

Balance Sheet Ratios

Cash and unrestricted investments increased by \$240 for the twelve months ended December 31, 2018. Days cash on hand increased to 177.5 at December 31, 2018 from 172.5 at December 31, 2017. Long-term debt to capitalization decreased to 43.0% at December 31, 2018 from 43.7% at December 31, 2017.

As a result of stable income and improving balance sheet metrics, the Corporation's board of directors authorized the addition of equities and other asset classes as more significant components of the Corporation's asset allocation. The addition of these components is intended to diversify return drivers and improve long-term performance. As a result, management anticipates that the portfolio's volatility may increase commensurately as market conditions dictate.

Balance Sheet Ratios		
	Twelve Months Ended December 31,	
	2018	2017
Total cash and unrestricted investments	\$ 2,010	\$ 1,770
Days cash on hand	177.5	172.5
Long-term debt to capitalization	43.0%	43.7%

Ratings and Outlook Change

Effective August 10, 2018, Fitch Ratings upgraded its long-term rating on various bonds of the Corporation to 'A+' from 'A'. The outlook on the A+ rating is Stable.

Affiliation Activity

On August 1, 2018, board members of the Tulare Local Healthcare District voted to lease Tulare Regional Medical Center to Adventist Health. While negotiations were pending, Adventist Health agreed to loan Tulare Local Healthcare District \$10 million to help reopen the hospital. As of December 31, 2018, \$9 million of this loan had been drawn. The reached agreement, approved by the bankruptcy court, will allow Adventist Health to manage the operations of Tulare Regional Medical Center. Tulare Regional Medical Center re-opened October 15, 2018. On November 6, 2018, a district vote granted final approval of the agreement between Adventist Health and Tulare Local Healthcare District. Change of ownership was granted on March 15, 2019, initiating the lease for the acute care hospital and other facilities which has a 30-year term, providing for interim early termination options at the Corporation's discretion.

Delano Regional Medical Center (DRMC) is expected to join Adventist Health in mid-2019 through membership transfer. DRMC selected Adventist Health through a request for proposal process, executing a definitive agreement on January 4, 2019. DRMC chose Adventist Health because our missions are aligned and we have the resources and expertise to deliver more coordinated care to its agricultural service area. DRMC has been recognized as Community Partner of the Year by the Central Valley Farmworkers' Foundation and opened a \$20 million outpatient pavilion in 2018. Their heritage of serving their agricultural communities and improving access to care gives us a strong foundation from which to expand our mission. The membership transfer is pending approval by the California Attorney General. Should the transaction be approved, Adventist Health will evaluate when to bring DRMC into the obligated group.

On April 23, 2018, Adventist Health, and St. Joseph Health System, a California nonprofit public benefit corporation ("SJHS"), announced an agreement to integrate clinical activities and services in six Northern California counties. This partnership is expected to be carried out through a new joint operating company. If consummated, this new joint operating company will integrate the facilities, services and clinics associated with five hospitals and home health services affiliated with Adventist Health and four hospitals, home health, and hospice care services affiliated with SJHS. This partnership will allow Adventist Health and SJHS to preserve their respective religious identities and allow the new joint operating company to operate and manage the nine hospitals, while Adventist Health and SJHS maintain ownership of their respective assets. Closing of the transaction is currently expected to occur in 2019, but is subject to applicable regulatory approvals. No assurance can be given when and if any partnership will be consummated.

Pacific Northwest Region

Adventist Health Tillamook
2 Medical Offices, 7 Rural Health Clinics
Home Care Services

Adventist Health Portland
30 Medical Offices
Home Care Services
Retirement Center

Walla Walla

Retirement Center

Adventist Health Castle
Kailua
Honolulu
5 Medical Offices, 1 Rural Health Clinic
Home Care Services

Northern California Region

Adventist Health Howard Memorial
1 Rural Health Clinic
Home Care Services

Adventist Health Ukiah Valley
10 Medical Offices, 4 Rural Health Clinics

Adventist Health Clear Lake
4 Medical Offices, 9 Rural Health Clinics
Home Care Services

Adventist Health St. Helena
16 Medical Offices
Home Care Services

Paradise
Marysville
Clearlake
St. Helena

Adventist Health Feather River
4 Medical Offices, 2 Rural Health Clinics
Home Care Services

Adventist Health and Rideout
15 Medical Offices
Home Care Services
Retirement Center

Adventist Health
Roseville Campus

Adventist Health Vallejo

Central California Region

Adventist Health Sonoma
25 Medical Offices, 1 Rural Health Clinic
Home Care Services

Adventist Health Reedley
36 Rural Health Clinics

Adventist Health Selma

Adventist Health Hanford
26 Medical Offices
Home Care Services

Tulare Regional Medical Center

Adventist Health Bakersfield
10 Medical Offices
Home Care Services

Sonoma

Adventist Health Lodi Memorial
20 Medical Offices, 1 Rural Health Clinic
Home Care Services

Adventist Health Tehachapi Valley
3 Rural Health Clinics

Southern California Region

Adventist Health Simi Valley
5 Medical Offices
Home Care Services

Adventist Health White Memorial
8 Medical Offices

Retirement Center

Adventist Health Glendale
12 Medical Offices
Home Care Services

MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board and Nationally Recognized Municipal Securities Information Repositories (NRMSIRS) pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

Issuers' and/or Other Obligated Person's Names:

California Health Facilities Financing Authority, California
Adventist Health System/West (CHFFA)
California Statewide Communities Development Authority
Adventist Health System/West (CSCDA)
Multnomah County Hospital Facilities Authority
Roseville Finance Authority

CUSIP Numbers:

CSCDA AHS/W 2007A	CSCDA AHS/W 2015 Series A	CHFFA 2016A – cont.	CSCDA AHS/W 2018 Series A
13080SYC2	13080SHX5	13032UFY9	13080SVQ4
CHFFA AHS/W 2009 Series B	13080SHY3	13032UFZ6	13080SVR2
13033LBC0	13080SHZ0	13032UGA0	13080SVS0
CHFFA AHS/W 2009 Series C	13080SJA3	13032UGB8	13080SVT8
13033F8A1	13080SJB1	Roseville Finance Authority	13080SVU5
CHFFA AHS/W 2011A	13080SJC9	2017 Series B	13080SVV3
13032UUX4	13080SJD7	77781PDE4	13080SVW1
AHS/W Taxable 2013	13080SJD7	77781PDF1	13080SVX9
07944AC5	13080SJD7	77781PDG9	13080SVY7
CHFFA AHS/W 2013 Series A	13080SJE5	77781PDH7	13080VZ4
13033LR33	13080SJF2	77781PDJ3	AHS/W Taxable 2019
13033LR41	CHFFA AHS/W 2016 Series A	77781PDK0	007944AE1
13033LR58	13032UFT0	77781PDL8	007944AG6
13033LR66	13032UFU7	77781PDM6	007944AF8
13033LR74	13032UFV5	77781PDV6	Multnomah County, OR 2019
13033LR82	13032UFW3	77781PDW4	62551PCX3
13033LS73	13032UFX1		

Description of Material Event Notice/Financial Information (Check One):

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ☐ Modifications to rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution or sale of property securing repayment of the securities
11. ☐ Rating changes
12. ☐ Failure to provide annual financial information as required
13. ☐ Other material event notice
14. ☒ Financial information (not to be filed with the MSRB): Please check all appropriate boxes

CAFR ¹: a. ☒ includes Annual Financial Information ☐ does not include Annual Information

b. Audited? Yes ☒ No ☐

Operating Data

Period Covered: 12 months ended December 31, 2019

I hereby represent that I am authorized by the Obligated Person to distribute this information publicly:

Signature: _____

Name: Bill Wing Title: CFO
Employer: Adventist Health System/West
Address: ONE Adventist Health Way
City, State, and Zip Code: Roseville, CA 95661
Voice Telephone Number: 916.406.1371

Adventist Health System/West
Annual Report: December 31, 2019
Per Continuing Disclosure Certificates:
CSCDA 2007 Series A
CHFFA 2009 Series B and C
CHFFA 2013 Series A
Adventist Health System/West Taxable Bonds 2013
CSCDA 2015 Series A
CHFFA 2016 Series A
Roseville Finance Authority 2017 Series B
CSCDA 2018 Series A
Multnomah County, OR 2019 Series A
Adventist Health System/West Taxable Bonds 2019

<u>Certificate</u>		
<u>Reference</u>	<u>Requirement</u>	<u>Location</u>
Section 3(b)(2)*	Long-term debt disclosure	Tab “Financial Ratios”
Section 3(b)(3)*	Statement regarding accounts receivable liens	Tab “Financial Ratios”
Section 4(a)	Audited combined financial statement	Tab “AH 2019 Audited Financials”
Section 4(b)(1)	Summary Listing of Hospitals	Tab “Operating/Utilization Statistics”
	(2) Combined Summary of Revenues & Expenses Note that 7.5% of Revenues are from entities outside of the Obligated Group	Tab “AH 2019 Audited Financials”
	(3) Combined Balance Sheet Note that 7.2% of Assets are from entities outside of the Obligated Group	Tab “AH 2019 Audited Financials”
	(4) Debt Service Coverage and Capitalization	Tab “Financial Ratios”
	(5) Payor Mix – Obligated Group	Tab “Operating/Utilization Statistics”
	(6) Utilization Statistics – Obligated Group	Tab “Operating/Utilization Statistics”
	(7) Operating Statistics – Obligated Group	Tab “Operating/Utilization Statistics”
Section 4(c)	Combining financial statements	Tab “AH 2019 Audited Financials”

*Does not apply for CSCDA 2007A, CSCDA 2015A, CHFFA 2016A and Multnomah 2019A



Consolidated Financial Statements
and Supplementary Information

Adventist Health System/West

Year Ended December 31, 2019 with
Report of Independent Auditors

Audited Consolidated Financial Statements
and Supplementary Information

Adventist Health System/West

Years Ended December 31, 2019 and 2018

Audited Consolidated Financial Statements

Report of Independent Auditors.....	1
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	3
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements.....	6

Supplementary Information

Report of Independent Auditors on Supplementary Information.....	37
Consolidating Balance Sheets	38
Consolidating Statements of Operations and Changes in Net Assets.....	40

Report of Independent Auditors

The Board of Directors
Adventist Health System/West

We have audited the accompanying consolidated financial statements of Adventist Health System/West (Adventist Health), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations and changes in net assets, and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adventist Health System at December 31, 2019 and 2018, and the consolidated results of its operations and changes in net assets, and its cash flows, for the years then ended, in conformity with U.S. generally accepted accounting principles.

Adoption of Accounting Standards Update No. 2016-02, *Leases* (Topic 842)

As discussed in Note A to the consolidated financial statements, Adventist Health changed its method for accounting for leases as a result of the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update No. 2016-02, *Leases* (Topic 842), effective January 1, 2019. Our opinion is not modified with respect to this matter.

Ernst & Young LLP

March 27, 2020

Adventist Health

Consolidated Balance Sheets (In millions of dollars)

	December 31	
	2019	2018
Assets		
Cash and cash equivalents	\$ 482	\$ 700
Short-term investments	356	313
Patient accounts receivable	598	509
Receivables from third-party payors	394	390
Other current assets	182	165
Total current assets	2,012	2,077
Noncurrent investments	1,459	1,243
Other assets	426	208
Property and equipment, net	2,336	2,288
Total assets	\$ 6,233	\$ 5,816
Liabilities and net assets		
Accounts payable	\$ 296	\$ 297
Accrued compensation and related payables	283	277
Liabilities to third-party payors	35	39
Other current liabilities	122	57
Current maturities of long-term debt	58	41
Total current liabilities	794	711
Long-term debt, net of current maturities	2,114	2,073
Other noncurrent liabilities	337	210
Total liabilities	3,245	2,994
Net assets without donor restrictions:		
Controlling	2,914	2,737
Noncontrolling	16	15
Net assets with donor restrictions	58	70
Total net assets	2,988	2,822
Total liabilities and net assets	\$ 6,233	\$ 5,816

See notes to consolidated financial statements.

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets
(In millions of dollars)

	Year Ended December 31	
	2019	2018
Revenues and support:		
Patient service revenue	\$ 4,123	\$ 3,994
Premium revenue	152	164
Other revenue	245	265
Net assets released from restrictions for operations	17	11
Total revenues and support	<u>4,537</u>	<u>4,434</u>
Expenses:		
Employee compensation	2,092	1,984
Professional fees	555	498
Supplies	627	580
Purchased services and other	1,100	1,018
Interest	66	54
Depreciation and amortization	192	183
Total expenses	<u>4,632</u>	<u>4,317</u>
(Loss) income from operations	(95)	117
Nonoperating income:		
Investment income	85	37
Gain on acquisition and divestitures	160	399
Other nonoperating losses	(5)	(9)
Total nonoperating income	<u>240</u>	<u>427</u>
Excess of revenues over expenses	145	544
Less: excess of revenues over expenses from noncontrolling interests	<u>(1)</u>	<u>(14)</u>
Excess of revenues over expenses from controlling interests	\$ 144	\$ 530

See notes to consolidated financial statements.

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets (continued) (In millions of dollars)

	Year Ended December 31	
	2019	2018
Net assets without donor restrictions:		
Controlling:		
Excess of revenues over expenses from controlling interests	\$ 144	\$ 530
Net change in unrealized gains and losses on other-than-trading securities	14	(55)
Net assets released from restrictions for capital additions	19	13
Other	—	(2)
Increase in net assets without donor restrictions – controlling	177	486
Noncontrolling:		
Excess of revenues over expenses from noncontrolling interests	1	14
Increase in net assets without donor restrictions – noncontrolling	1	14
Net assets with donor restrictions:		
Restricted gifts and grants	22	19
Net assets released from restrictions	(36)	(24)
Other donor-restricted activity	2	(1)
Decrease in net assets with donor restrictions	(12)	(6)
Increase in net assets	166	494
Net assets, beginning of year	2,822	2,328
Net assets, end of year	\$ 2,988	\$ 2,822

See notes to consolidated financial statements.

Adventist Health

Consolidated Statements of Cash Flows
(In millions of dollars)

	Year Ended December 31	
	2019	2018
Operating activities		
Increase in net assets	\$ 166	\$ 494
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Inherent contribution from affiliation	(160)	(399)
Depreciation and amortization	192	183
Loss on early extinguishment of debt	5	9
Amortization of bond issuance costs and discount/premium	(4)	(3)
Noncash operating lease expense	33	—
Loss on note receivable	3	—
Net gain on investments	(36)	—
Net gain on sale of property and equipment	(8)	—
Net changes in operating assets and liabilities:		
Patient accounts receivable	(78)	(4)
Other assets	(59)	99
Net receivables from third-party payors	4	(62)
Other liabilities	(28)	(139)
Net cash provided by operating activities	<u>30</u>	<u>178</u>
Investing activities		
Purchases of property and equipment	(184)	(216)
Proceeds from sale of property and equipment	18	1
Net issuance and payment in notes receivable	(3)	(9)
Purchase of investments	(1,443)	(670)
Proceeds from sale of investments	1,271	468
Cash acquired in affiliation	51	30
Net cash used in investing activities	<u>(290)</u>	<u>(396)</u>
Financing activities		
Proceeds from lines of credit	395	427
Payments on lines of credit	(594)	(337)
Proceeds from issuance of long-term debt	797	249
Payments on long-term debt	(579)	(175)
Bond issuance premium/discount, net	23	26
Net cash provided by financing activities	<u>42</u>	<u>190</u>
Decrease in cash and cash equivalents	(218)	(28)
Cash and cash equivalents, beginning of year	<u>700</u>	<u>728</u>
Cash and cash equivalents, end of year	<u>\$ 482</u>	<u>\$ 700</u>

See notes to consolidated financial statements.

Adventist Health

Notes to Consolidated Financial Statements

(In millions of dollars)

Note A – Summary of Significant Accounting Policies

Reporting Entity and Principles of Consolidation: Adventist Health System/West (Adventist Health) is a California not-for-profit religious corporation that controls and operates hospitals and other healthcare facilities in the western United States (collectively, the “System”). Many of the hospitals now controlled and operated by Adventist Health were formerly operated by various conferences of the Seventh-day Adventist Church (the “Church”). The obligations and liabilities of Adventist Health and its hospitals and other healthcare facilities are neither obligations nor liabilities of the Church or any of its other affiliated organizations.

The consolidated financial statements include the accounts of the following entities:

Adventist Health System/West dba Adventist Health – Roseville, California
San Joaquin Community Hospital dba Adventist Health Bakersfield – Bakersfield, California
Castle Medical Center dba Adventist Health Castle – Kailua, Hawaii
Adventist Health Clearlake Hospital, Inc., dba Adventist Health Clear Lake – Clearlake, California
Delano Regional Medical Center dba Adventist Health Delano – Delano, California
Feather River Hospital dba Adventist Health Feather River – Paradise, California
Glendale Adventist Medical Center dba Adventist Health Glendale – Glendale, California
Hanford Community Hospital dba Adventist Health Hanford – Hanford, California
Willits Hospital, Inc., dba Adventist Health Howard Memorial – Willits, California
Lodi Memorial Hospital Association, Inc., dba Adventist Health Lodi Memorial – Lodi, California
Adventist Health Physicians Network – Roseville, California
Portland Adventist Medical Center dba Adventist Health Portland – Portland, Oregon
Rideout Memorial Hospital dba Adventist Health and Rideout – Marysville, California
Reedley Community Hospital dba Adventist Health Reedley – Reedley, California
Simi Valley Hospital & Health Care Services dba Adventist Health Simi Valley – Simi Valley, California
Sonora Community Hospital dba Adventist Health Sonora – Sonora, California
St. Helena Hospital dba Adventist Health St. Helena – St. Helena, California
Adventist Health Medical Center Tehachapi dba Adventist Health Tehachapi Valley – Tehachapi, California
Northwest Medical Foundation of Tillamook dba Adventist Health Tillamook – Tillamook, Oregon
Adventist Health Tulare – Tulare, California
Ukiah Adventist Hospital dba Adventist Health Ukiah Valley – Ukiah, California
White Memorial Medical Center dba Adventist Health White Memorial – Los Angeles, California
South Coast Medical Center – Roseville, California (discontinued operations)
Walla Walla General Hospital – Roseville, California (discontinued operations)
Western Health Resources dba Adventist Health Home Care Services – Roseville, California

The Board of Directors (the “Board”) of Adventist Health and/or Adventist Health management constitutes the membership and/or serves as the legal board of the individual hospital corporations. All material intercompany transactions have been eliminated in consolidation.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Basis of Accounting: The financial statements are prepared in conformity with United States generally accepted accounting principles (U.S. GAAP).

Cash and Cash Equivalents: Cash and cash equivalents consist primarily of unrestricted readily marketable securities with original maturities not in excess of three months when purchased and net deposits in demand accounts. Cash deposits are federally insured in limited amounts.

Inventories: Inventories, which consist principally of medical and other supplies, are stated at the lower of cost or net realized value as determined by the average cost method. Inventories are included in other current assets of \$68 and \$59 at December 31, 2019 and 2018, respectively.

Marketable Securities: Marketable securities, stated at fair value, consist primarily of U.S. government treasury, U.S. agency securities, corporate notes, exchange-traded funds, open-end mutual funds comprised of fixed-income securities and domestic and international equities, and alternative investments comprised of commingled funds and hedge funds. Investment income or loss (including realized gains and losses on investments and unrealized gains and losses on trading investments) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Interest and dividends are included in other revenue. Securities with remaining maturity dates of one year or less as of the balance sheet date are classified as current.

Assets Whose Use is Limited: Certain System investments are limited as to use through Board resolution, provisions of contractual arrangements with third parties, terms of indentures, self-insurance trust arrangements, or donors who restrict the use of specific assets. Assets that are expected to be expended within one year are classified as current, including board-designated assets that are available and periodically borrowed for working capital needs.

Split-interest Agreements: The System is the trustee and beneficiary of various split-interest agreements. The carrying amounts of the System's split-interest assets are included with investments held by trustee and donor-restricted investments and include marketable securities and real estate. Trust assets are carried at fair value. Assets under split-interest agreements were \$16 and \$23 at December 31, 2019 and 2018, respectively. Trust obligations are reported in other noncurrent liabilities at their discounted estimated present value using actuarially determined life expectancy tables. Discount rates range between approximately 6% and 12%. Liabilities under split-interest agreements were \$3 and \$2 at December 31, 2019 and 2018, respectively.

Goodwill: The System records goodwill as the excess of purchase price and related costs over the fair value of net assets acquired. These amounts are evaluated for impairment annually or when there is an indicator of impairment. If it is determined that goodwill is impaired, the carrying value is reduced. The System had goodwill of \$22 and \$21 at December 31, 2019 and 2018, respectively, which is included in other long-term assets with additions of \$1 in 2019 and none in 2018.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Property and Equipment: Property and equipment are reported on the basis of cost, except for donated items, which are recorded as an increase in net assets without donor restrictions based on fair market value at the date of the donation. During the period of construction, the System capitalizes expenditures and interest costs, net of earnings on invested bond proceeds that materially increase values, change capacities, and extend useful lives. The System had obligations for property and equipment of \$19 and \$22 at December 31, 2019 and 2018, respectively.

Management periodically evaluates the carrying amounts of long-lived assets for possible impairment. The System estimates that it will recover the carrying value of long-lived assets from the estimated future undiscounted cashflows; however, considering the regulatory environment, competition, and other factors affecting the industry, there is at least a reasonable possibility this estimate might change in the near term. The effect of any change could be material.

Depreciation is computed using the straight-line method over the expected useful lives of the assets, which range from 3 to 40 years. Amortization of equipment is included in depreciation expense.

Debt Issuance Costs: Debt issuance costs are reported as a reduction of long-term debt and are deferred and amortized over the life of the financings using the effective-interest method.

Bond Discounts/Premiums: Bonds payable are included in long-term debt, net of unamortized original issue discounts or premiums. Such discounts or premiums are amortized using the effective interest method based on outstanding principal over the life of the bonds.

Other Noncurrent Liabilities: Other noncurrent liabilities are comprised primarily of accruals for workers' compensation claims, professional and general liability claims, deferred revenue, lease liabilities, and long-term charitable gift annuity obligations.

Net Assets: All resources not restricted by donors are included in net assets without donor restrictions. Resources restricted by donors for specific operating purposes, or for a period of time greater than one year, are reported as net assets with donor restrictions. When the restrictions have been met, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Resources restricted by donors for additions to property and equipment are initially reported as net assets with donor restrictions and are transferred to net assets without donor restrictions when expended. Investment income is classified as net assets without donor restrictions or net assets with donor restrictions based on the intent of the donor. Gifts of future interests are reported as net assets with donor restrictions. Gifts, grants, and bequests not restricted by donors are reported as other revenue.

Patient Service Revenue: Patient service revenue is recognized when services are provided and reported at the estimated net realizable amounts from patients, third-party payors, and others, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Charity Care: The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. In assessing a patient's ability to pay, the System uses federal poverty income levels and evaluates the relationship between the charges and the patient's income. The System did not change its charity care policy during 2019. The estimated cost of charity care was \$24 and \$30 in 2019 and 2018, respectively. The costs were determined using cost-to-charge ratios.

Premium Revenue: The System has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants, regardless of the services actually performed by the System.

Other Revenue: Other revenue is comprised primarily of rental income, retail pharmacy, investment income, electronic health record revenue, and other miscellaneous income.

Income Tax: The principal operations of the System is exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3) and related state provisions. The System recognizes tax benefits from any uncertain tax positions only if it is more-likely-than-not the tax position will be sustained, based solely on its technical merits, with the taxing authority having full knowledge of all relevant information. The System records a liability for unrecognized tax benefits from uncertain tax positions as discrete tax adjustments in the first interim period the more-likely-than-not threshold is not met. The System recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities along with net operating loss and tax credit carryovers only for tax positions that meet the more-likely-than-not recognition criteria. At December 31, 2019 and 2018, no such assets or liabilities were recorded.

The System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U.S. federal jurisdiction and the state of California. The System is not subject to income tax examinations prior to 2015 in major tax jurisdictions.

Income from Operations: The System's consolidated statements of operations and changes in net assets include an intermediate measure of operations, labeled "Income from operations." Items that are considered nonoperating are excluded from income from operations and include investment income and losses, gains and losses on acquisitions and divestitures, and gains and losses on debt refinancing.

Excess of Revenues Over Expenses: The consolidated statements of operations and changes in net assets include excess of revenues over expenses as a performance indicator. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses include unrealized gains and losses on investments in other-than-trading debt securities, contributions of long-lived assets, use of net assets with donor restricted funds for capital additions, and gains and losses from discontinued operations.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note A – Summary of Significant Accounting Policies (continued)

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. Actual results could differ from these estimates.

New Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The new standard requires lessees to record assets and liabilities on the balance sheet for all leases with initial terms longer than 12 months. Under this standard, leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, which enhances ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU allows an option for a company to apply the transition provisions of the new standard at its adoption date instead of at the earliest comparative period presented in its financial statements. The ASUs are effective January 1, 2019, and the System elected the practical expedient to initially apply the new leasing standard at the effective date. In addition, the System elected the modified retrospective transition approach and elected the package of practical expedients permitted under the transition guidance, which allowed the System to carry forward its historical assessments of: 1) whether contracts are or contain leases, 2) lease classification and 3) initial direct costs, where applicable. The System did not elect the practical expedient allowing the use-of-hindsight which would require the System to reassess the lease term of its leases based on all facts and circumstances through the effective date and did not elect the practical expedient pertaining to land easements as this is not applicable to the current contract portfolio. The System elected the post-transition practical expedient to not separate lease components from non-lease components for all existing lease classes. The System also elected a policy of not recording leases on its balance sheets when the leases have a term of 12 months or less and the System is not reasonably certain to elect an option to purchase the leased asset.

The primary effect of the new standard is to record right-of-use assets and obligations for current operating leases, which resulted in recognition of additional net lease assets and lease liabilities of approximately \$155 and \$157, respectively, as of January 01, 2019, and provided for significant incremental disclosures in the notes to consolidated financial statements. The standard did not have a material impact on the System's consolidated results of operations or statement of cash flows, or the System's liquidity, and did not impact on the System's debt-covenant compliance under the System's current agreements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 amends how entities recognize, measure, present, and disclose certain financial assets and financial liabilities. It requires the System to measure equity investments (except for those accounted for under the equity method) at fair value and recognize any changes in fair value in its performance indicator. ASU 2016-01 was effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The System adopted ASU 2016-01 on January 1, 2019. The impact on the System's consolidated financial statements depends on the performance of its equity investments. For the year ended December 31, 2019, the adoption resulted in the System recording \$47 related to unrealized gains on investments in investment income. If this guidance had been in effect in 2018, a loss of \$23 would have been included in investment income instead of net change in unrealized gains and losses on other than trading securities.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note B – Fair Value of Financial Instrument

The System accounts for certain assets at fair value. A fair value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels determined by the lowest level input considered significant to the fair value measurement in its entirety. These levels are defined as follows:

Level 1: Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in this category include U.S. treasury securities, U.S. and foreign equities, and exchange-traded mutual funds.

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Financial assets in this category generally include U.S. government agencies and municipal bonds, asset-backed securities, and U.S. corporate bonds.

Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The System had no Level 3 investments at December 31, 2019 and 2018.

There were no transfers of financial assets between Level 1 and Level 2 of the fair value hierarchy.

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The following represents assets measured at fair value or at NAV as a practical expedient on a recurring basis at December 31, 2019:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 550	\$ —	\$ 550
Fixed income:			
U.S. government treasury obligations	257	—	257
U.S. corporation and agency debentures	—	78	78
U.S. agency mortgage-backed securities	—	4	4
U.S. corporate debt securities	—	343	343
Municipal bonds	—	31	31
Mutual funds	300	183	483
Equities:			
Mutual funds	388	—	388
Total financial assets stated at fair value	\$ 1,495	\$ 639	2,134
Commercial real estate			35
Investments measured at NAV			128
Other investments			174
Total cash and investments			\$ 2,471

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The following represents assets measured at fair value on a recurring basis at December 31, 2018:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 822	\$ –	\$ 822
Fixed income:			
U.S. government treasury obligations	340	–	340
U.S. corporation and agency debentures	–	44	44
U.S. agency mortgage-backed securities	–	10	10
U.S. corporate debt securities	–	412	412
Municipal bonds	–	26	26
Mutual funds	308	–	308
Equities:			
Mutual funds	258	–	258
Total financial assets stated at fair value	\$ 1,728	\$ 492	2,220
Commercial real estate			36
Other investments			135
Total cash and investments			<u>\$ 2,391</u>

Commercial real estate investments are recorded at cost or fair market value if donated. These investments are periodically reviewed for impairment and written down if necessary. Other investments include retirement plan assets, joint ventures, and partnerships and are included in other assets.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

As of December 31, 2019 and 2018, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

U.S. corporation and agency debentures: The fair value of investments in U.S. corporation and agency debentures classified as Level 2 is primarily determined using consensus pricing methods of observable market-based data. Significant observable inputs include quotes, spreads, and data points for yield curves.

U.S. agency mortgage-backed securities: The fair value of U.S. agency mortgage-backed securities classified as Level 2 is primarily determined using matrices. These matrices utilize observable market data of bonds with similar features, prepayment speeds, credit ratings, and discounted cash flows. Additionally, observed market movements, tranche cash flows, and benchmark yields are incorporated in the pricing models.

U.S. corporate debt securities: The fair value of investments in corporate debt securities classified as Level 2 is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades, dealer quotes, security-specific characteristics, and multiple sources of spread data points in developing yield curves.

Municipal bonds: The fair value of municipal bonds classified as Level 2 is determined using a market approach. The inputs include yield benchmark curves, prepayment speeds, and observable market data, such as institutional bids, dealer quotes, and two-sided markets.

Certain of the investments are reported using a calculated NAV or its equivalent. These investments are not expected to be sold at amounts that are different from NAV. The following table and explanations identify attributes relating to the nature of the risk of such investments:

December 31, 2019				
	NAV	Unfunded Commitments	Redemption Frequency (if currently Eligible)	Redemption Notice Period (if currently Eligible)
Commingled funds – equity securities	\$ 68	\$ –	Weekly	5-30 days
Hedge Funds	60	25	Monthly/Quarterly	45-60 days
Total	<u>\$ 128</u>	<u>\$ 25</u>		

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

Commingled funds – equity securities: This class includes investments in commingled funds that invest primarily in U.S. or foreign equity securities and attempt to match the returns of specific equity indices. As of December 31, 2019, 100% of this class is redeemable weekly with a notice period of 5 to 30 days.

Hedge funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies, which may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes the redemption criteria for the hedge fund portfolio as of December 31, 2019:

% of Hedge Funds	Redemption Criteria	Notice Period
50%	Redeemable monthly	45–60 days
25%	Redeemable quarterly	45 days
25%	Redeemable quarterly after June 1, 2021	45 days

Note C – Patient Accounts Receivable

The System's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies, and self-pay patients. The System manages its receivables by regularly reviewing its patient accounts and contracts and by providing an appropriate allowance for contractual reimbursement, policy discounts, charity, and price concessions. These allowances are estimated based upon an evaluation of governmental reimbursements, negotiated contracts, and historical payments.

The following is a summary of significant concentrations of gross patient accounts receivable:

	December 31	
	2019	2018
Medicare	36%	37%
Medicaid	32	31
Other third-party payors	28	29
Self-pay	4	3
	<u>100%</u>	<u>100%</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note D – Investments and Assets Whose Use is Limited

The following is a summary of unrestricted investments and assets whose use is limited:

	December 31	
	2019	2018
Total unrestricted investments	\$ 1,621	\$ 1,188
Assets designated by the Board, primarily for property and equipment	12	122
Investments held by trustees for:		
Debt service	8	12
Future capital projects	–	32
Self-insurance programs	150	170
Charitable annuities and other	11	8
Total investments held by trustees	169	222
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	5	17
Other purposes	8	7
Total donor-restricted investments	13	24
Total investments	1,815	1,556
Less short-term investments	356	313
Total noncurrent investments	\$ 1,459	\$ 1,243

Liquidity Management: As part of its liquidity management, the System's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The System invests cash in excess of daily requirements in short-term investments and has a committed syndicated line of credit to help manage unanticipated liquidity needs. Additionally, other unrestricted noncurrent investments of \$1,347 at December 31, 2019, may be utilized if necessary.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note D – Investments and Assets Whose Use is Limited (continued)

The System's financial assets available for general operating expenses within one year are as follows:

	December 31 2019
Cash and cash equivalents	\$ 482
Short-term investments	356
Patient accounts receivable	598
Receivables from third-party payors	394
Other receivables	80
	\$ 1,910

Note E – Investment Income

Net realized and unrealized investment income, including capital gains on unrestricted, board designated, and trustee-held funds, includes the following:

	Year Ended December 31 2019	2018
Realized gains, net	\$ 38	\$ 14
Unrealized gains, net	47	–
	\$ 85	\$ 14
Interest income	53	43
	\$ 138	\$ 57

Interest and dividend income is included in other revenue and was \$53 for the year ended December 31, 2019. Interest and dividend income of \$6 is included in other revenue and \$37 is included in investment income for the year ended December 31, 2018. For purposes of performance evaluation, management considers investment earnings on bond and self-insurance trustee-held funds to be components of operating income. These earnings are used to pay the operating expenses of interest and insurance and are reported in other revenue. Realized and unrealized gains and losses on unrestricted and board-designated funds are components of nonoperating income and are reported in investment income on the accompanying consolidated financial statements.

Changes in net unrealized gains and losses on other-than-trading debt securities, reported at fair value, are separately disclosed in the consolidated statements of operations and changes in net assets. Unrealized gains and losses associated with these securities relate principally to market changes in interest rates for similar types of securities. Since the System has the intent and ability to hold these securities for the foreseeable future, and it is more-likely-than-not that the System will not be required to sell the investments before their recovery, the declines are not reported as realized unless they are deemed to be other-than-temporary. In determining whether the losses are other-than-temporary, the System considers the length of time and extent to which the fair value has been less than cost or carrying value, the financial strength of the issuer, and the intent and ability of the System to retain the security for a period of time sufficient to allow for anticipated recovery or maturity.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note F – Property and Equipment

The following is a summary of property and equipment:

	December 31	
	2019	2018
Land	\$ 158	\$ 144
Land improvements	100	99
Buildings and improvements	2,940	2,725
Equipment	1,292	1,197
	<u>4,490</u>	<u>4,165</u>
Less accumulated depreciation	<u>(2,247)</u>	<u>(2,094)</u>
	2,243	2,071
Construction-in-progress	93	217
	<u>\$ 2,336</u>	<u>\$ 2,288</u>

In the year ended December 31, 2018, consolidated financial statements, the System overstated construction-in-progress by \$107 and understated buildings and improvements by \$91 and equipment by \$16. The System has corrected the 2018 error in the 2019 consolidated financial statements. The correction had no impact on the consolidated financial statements, other than the property and equipment footnote disclosure. In addition, no qualitative factors indicate that the error is material.

The System has commitments to complete certain construction projects approximating \$431 (unaudited) at December 31, 2019.

The System is in the process of developing internal use software for clinical and financial operations. Depreciation expense for the software placed in service totaled \$18 for the years ended 2019 and 2018, respectively. Amounts capitalized are included in property and equipment as follows:

	December 31	
	2019	2018
Equipment	\$ 274	\$ 253
Less accumulated depreciation	<u>(160)</u>	<u>(143)</u>
	114	110
Construction-in-progress	11	21
	<u>\$ 125</u>	<u>\$ 131</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note G – Long-Term Debt

A master note under the master bond indenture provides security for substantially all long-term debt. Under the terms of the master bond indenture, substantially all System consolidated entities are jointly and severally obligated for the payments to be made under the master note. In addition, security is provided by a combination of funds held in trust of \$8, and bank letters of credit aggregating to \$49 at December 31, 2019. Bonds are not secured by any property of the System.

The System is obligated under variable-rate demand instruments, which are subject to certain market risks. The letters of credit, which the System intends to renew on a long-term basis, expire between 2022 and 2024, with the arrangements converting any unpaid amounts to term loans due within three years after conversion. The term loans would bear interest based on prime or the London Interbank Offered Rate.

Certain financing agreements impose limitations on the issuance of new debt by the System and require it to maintain specified financial ratios. The System was in compliance with its debt covenants at December 31, 2019.

Interest paid, net of amounts capitalized, totaled \$60 and \$52 in 2019 and 2018, respectively. Interest capitalized totaled \$4 and \$7 in 2019 and 2018, respectively.

The System recorded operating lease expense amounting to \$56 and \$55 in 2019 and 2018, respectively.

In October 2019, the system issued \$752 of Adventist Health System/West Taxable Bonds for the purpose of refinancing certain notes payable and general operating use. The retirement of the notes payable resulted in a loss on refinancing of \$4.

In November 2019, the system issued \$53 of bonds through The Hospital Facilities Authority of Multnomah County, Oregon (HFA) for the purposes of refinancing the 2009 HFA bonds. The refinancing of these bonds resulted in a loss of \$1. Additionally, a reoffering of the 2011 California Health Facilities Financing Authority (CHFFA) Series A bonds in the amount of \$105 and the 2007 California Statewide Communities Development Authority (CSCDA) Series A bonds in the amount of \$55 was completed. As a result, the Assured Guarantee bond insurance policy was removed from the 2007 CSCDA Series A bonds.

The financing transactions above resulted in the springing of an amended and restated master trust indenture dated October 31, 2019.

In April 2018, the system exercised the option to call and redeem in full \$20 of bonds issued in 2006 through the CSCDA for The Fremont-Rideout Health Group. This resulted in a loss of \$1.

In September 2018, the System issued \$246 of new bonds through the CSCDA for the purpose of financing a new corporate office building and refinancing the 2011 City of Marysville bonds issued by The Fremont-Rideout Health Group. The 2011 City of Marysville bond issue was refinanced with proceeds from the 2018 CSCDA Series A bonds and assets in trustee-held reserve accounts of the refinanced bonds. The bonds were legally defeased with assets placed in an irrevocable trust and derecognized at the date of refunding. The extinguishment and defeasance of this bond issue resulted in a loss on refinancing of \$8.

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note G – Long-Term Debt (continued)

The following is a summary of long-term debt:

	Year Ended December 31	
	2019	2018
Non-taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 3.00% to 5.25%, payable in installments through 2048	\$ 1,157	\$ 1,029
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2038	48	245
Net unamortized debt issuance costs and original issue premium	86	67
Taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 2.43% to 3.63%, payable in installments through 2049	802	50
Long-term notes payable, with fixed rates currently ranging from 2.00% to 6.75%, payable in installments through 2045	82	358
Long-term notes payable, with rates that vary with market conditions, payable in installments through 2020	1	168
Long-term revolving line of credit, with rates that vary with market conditions, payable in installments through 2022	–	199
Net unamortized debt issuance costs and original issue premium	(4)	(2)
	2,172	2,114
Less current maturities	(58)	(41)
	\$ 2,114	\$ 2,073

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note G – Long-Term Debt (continued)

Scheduled maturities of long-term debt are as follows as of December 31, 2019:

	Long-Term Debt
2020	\$ 52
2021	14
2022	30
2023	81
2024	185
Thereafter	1,728
	<u>\$ 2,090</u>

Note H – Leases

The System leases certain locations, office space, land, and equipment. The System determines whether an arrangement contains a lease at inception. Assets held under finance leases are included in property and equipment. Operating leases are expensed on a straight-line basis over the life of the lease beginning on the commencement date. Any direct and indirect costs for the leases are expensed and are immaterial for the System.

At lease commencement, the System determines the lease term by assuming the exercise of the renewal option that are reasonably certain to be exercised. The exercise of lease renewal or termination options are at the System's sole discretion. The depreciable life of assets and leasehold improvements are limited by the expected lease terms, unless there is a transfer of title or purchase option reasonably certain of exercise.

Some lease agreements include rental payments based on annual percentage increases, and others include rental payments adjusted periodically for inflation. Certain leases require the System to pay real estate taxes, insurance, maintenance, and other operating expenses associated with the leased premises.

The System's lease agreements do not contain any material residual value guarantees or material restricted covenants.

The System uses the incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. The System uses the incremental borrowing rate at January 01, 2019, for operating leases that commenced prior to that date.

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note H – Leases (continued)

	Classification	December 31, 2019
Leased assets	Other assets	\$ 177
Lease liabilities		
Current	Other current liabilities	\$ 27
Noncurrent	Other noncurrent liabilities	151
Total lease liabilities		<u>\$ 178</u>

	Classification	December 31, 2019
Operating lease expense	Purchase services and other	\$ 33

**Cash paid for amounts not included in
the measurement of lease liabilities:**

	December 31, 2019
Operating cash outflows for operating leases	<u>\$ 37</u>

Operating lease payments include payments relating to options to extend lease terms that are reasonably certain of being exercised. Excluded are any legally binding lease payments for signed leases not yet commenced, which are immaterial for the System. Minimum lease payments for operating leases with initial terms in excess of one year are as follows for the period ended December 31, 2019:

Maturity of Lease Liabilities	Operating Leases
2020	\$ 35
2021	27
2022	24
2023	20
2024	17
Thereafter	104
Total lease payments	<u>227</u>
Less imputed interest	<u>(49)</u>
	<u>\$ 178</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued
(In millions of dollars)

Note H – Leases (continued)

Minimum lease payments on operating leases with initial terms in excess of one year are as follows for the period ended December 31, 2018:

Maturity of Lease Liabilities	Operating Leases
2019	\$ 37
2020	44
2021	79
2022	164
2022	87
Thereafter	1,638
Total lease payments	<u>\$ 2,049</u>

Lease Term and Discount Rate	December 31, 2019
Weighted average remaining lease term (years)	10.9
Weighted average discount rate	3.96%

Note I – Net Assets With Donor Restrictions

The System receives donations from generous individuals and organizations that support certain programs and services. Donations included in net assets with donor restrictions were maintained for the following purposes:

	December 31,	
	2019	2018
Subject to expenditure for specified purpose:		
Capital projects and medical equipment	\$ 20	\$ 32
Research and education	26	25
	<u>46</u>	<u>57</u>
Subject to passage of time	3	4
Investment in perpetuity – endowment	9	9
	<u>\$ 58</u>	<u>\$ 70</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note I – Net Assets With Donor Restrictions (continued)

The board has designated certain net assets without donor restrictions funds to be used in the future for specific projects. Board-designated funds included in net assets without donor restrictions are held for the following purposes:

	December 31, 2019	2018
Subject to expenditures for specified purpose:		
Capital projects and medical equipment	\$ —	\$ 113
Patient care, education, and other	6	4
	<u>6</u>	<u>117</u>
Board designated – endowments	6	5
	<u>\$ 12</u>	<u>\$ 122</u>

Note J – Patient Service Revenue

Patient service revenue is reported at the amount the System expects to be paid for providing patient care. These amounts are due from patients and third-party payors (including health insurers and government programs) and includes variable consideration for retroactive revenue adjustments due to the settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors soon after the services are performed.

Patient service revenue is recognized as performance obligations are satisfied based on the nature of the services provided by the System. Revenue for performance obligations that are satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient services. The System measures the performance obligation for inpatient services from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. The System measures the performance obligations for outpatient services over a period of less than one day when goods or services are provided and the System does not believe it is required to provide additional goods or services to the patient.

Because all its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in ASC 606. Under this exemption, the System is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Since the unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient services at the end of the reporting period, the performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note J – Patient Service Revenue (continued)

The System determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and other implicit price concessions provided to uninsured patients. The System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and its historical settlement experience. The System determines its estimate of implicit price concessions for uninsured patients based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies (subject to certain limits) with final settlement determined after Medicare Administrative Contractors have audited annual cost reports submitted by the System. Physician services are paid based upon established fee schedules based on services provided.
- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. Supplemental funding is generally provided by the various states in which the System operates for Medicaid Disproportionate Share and hospital fee programs.
- **Other:** Payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The healthcare industry is subject to laws and regulations concerning government programs, including Medicare and Medicaid, which are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. While the System operates a Compliance Program, which reviews its compliance with these laws and regulations, there can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Subsequent revisions compared favorably to original estimates by \$15 and \$13 for the years ended December 31, 2019 and 2018, respectively.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note J – Patient Service Revenue (continued)

Consistent with the System’s mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). For uninsured patients, the System applies a policy discount from standard charges to determine amounts billed to those patients. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the System expects to collect based on its collection history with that class of patients.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient’s ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2019 and 2018, was not significant.

The composition of patient service revenues by payor is as follows:

	Year Ended December 31	
	2019	2018
Medicare	\$ 1,506	\$ 1,483
Medicaid	1,253	1,273
Other payors	1,364	1,238
	<u>\$ 4,123</u>	<u>\$ 3,994</u>

The composition of patient service revenues by area of operation and business type is as follows:

	Year Ended December 31, 2019					
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Inpatient	\$ 267	\$ 641	\$ 772	\$ 767	\$ –	\$ 2,447
Outpatient and other	193	156	382	182	46	959
Emergency	61	95	176	90	–	422
Physician services	68	105	173	11	67	424
Eliminations	(21)	(35)	(36)	(17)	(20)	(129)
Grand total	<u>\$ 568</u>	<u>\$ 962</u>	<u>\$ 1,467</u>	<u>\$ 1,033</u>	<u>\$ 93</u>	<u>\$ 4,123</u>

	Year Ended December 31, 2018					
	Pacific Northwest	Northern California	Central California	Southern California	Other	Total
Inpatient	\$ 272	\$ 603	\$ 708	\$ 757	\$ –	\$ 2,340
Outpatient and other	176	233	350	150	37	946
Emergency	59	60	162	80	–	361
Physician services	69	118	181	26	67	461
Eliminations	(17)	(27)	(37)	(25)	(8)	(114)
Grand total	<u>\$ 559</u>	<u>\$ 987</u>	<u>\$ 1,364</u>	<u>\$ 988</u>	<u>\$ 96</u>	<u>\$ 3,994</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note J – Patient Service Revenue (continued)

Premium revenues: The System has entered into payment agreements with certain HMOs to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants regardless of the services actually provided by the system. The transaction price may be adjusted for stop loss recoveries, ceded premiums, and risk adjustment factors. Performance obligations are satisfied over the passage of time by standing ready to provide services.

The composition of premium revenues based on area of operation and payor class is as follows:

		Year Ended December 31, 2019				
		Pacific Northwest	Northern California	Central California	Southern California	Other
						Total
Medicaid managed care	\$	1	\$ 88	\$ 21	\$ 37	\$ 3
Other managed care		2	–	–	–	2
	\$	3	\$ 88	\$ 21	\$ 37	\$ 3
						150
						2
						152
		Year Ended December 31, 2018				
		Pacific Northwest	Northern California	Central California	Southern California	Other
						Total
Medicaid managed care	\$	3	\$ 96	\$ 23	\$ 37	\$ 3
Other managed care		2	–	–	–	2
	\$	5	\$ 96	\$ 23	\$ 37	\$ 3
						162
						2
						164

The composition of premium revenues based on type of service and area of operation is as follows:

		Year Ended December 31, 2019				
		Pacific Northwest	Northern California	Central California	Southern California	Other
						Total
Institutional services	\$	–	\$ 82	\$ 18	\$ 37	\$ –
Professional services		3	6	3	–	3
	\$	3	\$ 88	\$ 21	\$ 37	\$ 3
						137
						15
						152
		Year Ended December 31, 2018				
		Pacific Northwest	Northern California	Central California	Southern California	Other
						Total
Institutional services	\$	–	\$ 89	\$ 18	\$ 37	\$ –
Professional services		5	7	5	–	3
	\$	5	\$ 96	\$ 23	\$ 37	\$ 3
						144
						20
						164

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note J – Patient Service Revenue (continued)

The System recorded revenue from state programs for serving a disproportionate share of Medicaid and low-income patients in the amount of \$51 and \$49 in 2019 and 2018, respectively, including final settlements on prior years.

The State of California enacted legislation for a hospital fee program to fund certain Medi-Cal program coverage expansions. The program charges hospitals a quality assurance fee that is used to obtain federal matching funds for Medi-Cal with the proceeds redistributed as supplemental payments to California hospitals that treat Medi-Cal patients. There were two hospital fee programs that had activity in 2019: a 30-month hospital fee program covering the period from January 1, 2017 through June 30, 2019, and a 30-month program covering the period from July 1, 2019 to December 31, 2021, which was submitted to CMS for approval on September 30, 2019, and was approved on February 26, 2020. Accordingly, all related supplemental payments have been recognized as revenue and related quality assurance fees recognized as expense as of December 31, 2019 and 2018.

Federal and state payments received from these programs are included in patient service revenue, and fees paid or payable to the state and California Health Foundation and Trust (CHFT) are included in purchased services and other expenses, as follows:

	Year Ended December 31	
	2019	2018
Patient service revenue	\$ 440	\$ 412
Purchased services:		
Quality assurance fees	195	165
CHFT payments	1	2
Total purchased services and other expenses	<u>196</u>	<u>167</u>
Income from operations	<u>\$ 244</u>	<u>\$ 245</u>

Accrued net receivables related to the hospital fee programs are included in receivables from third-party payors, and amount to \$357 and \$345 as of December 31, 2019 and 2018, respectively.

Adventist Health

Notes to Consolidated Financial Statements – Continued (In millions of dollars)

Note K – Functional Classification of Expenses

The System groups like expenses into financial statement lines and classifies programmatic expenses by business line. Expenses that are attributable to one or more programs or supporting functions are allocated based on operating expenses, square footage, and other criteria.

The following is a functional classification of the System's expenses:

	Year Ended December 31, 2019		
	Program Services	General and Administrative	Total
Employee compensation	\$ 1,738	\$ 354	\$ 2,092
Professional fees	460	95	555
Supplies	618	9	627
Purchased services and other	861	239	1,100
Interest	66	–	66
Depreciation and amortization	184	8	192
Total expenses	<u>\$ 3,927</u>	<u>\$ 705</u>	<u>\$ 4,632</u>

	Year Ended December 31, 2018		
	Program Services	General and Administrative	Total
Employee compensation	\$ 1,692	\$ 292	\$ 1,984
Professional fees	420	78	498
Supplies	570	10	580
Purchased services and other	755	263	1,018
Interest	54	–	54
Depreciation and amortization	174	9	183
Total expenses	<u>\$ 3,665</u>	<u>\$ 652</u>	<u>\$ 4,317</u>

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note L – Retirement Plan

Most of the System's operating entities participate in a single defined contribution plan (the "Plan"). The Plan is exempt from the Employee Retirement Income Security Act of 1974. The Plan provides, among other things, that the employer will contribute 3% of wages plus additional amounts for employees earning more than the Social Security wage base capped by the IRS compensation limit for the Plan year. Additionally, the Plan provides that the employer will match 50% of the employee's contributions up to 4% of the contributing employee's wages. Substantially all full-time employees who are at least 18 years of age are eligible for coverage in the Plan. The cost to the System for the Plan is included in employee compensation in the amount of \$63 and \$55 for the years ended December 31, 2019 and 2018, respectively.

The System has implemented deferred compensation agreements (the "Agreements") with certain key executives. The Agreements are structured such that the System will have no future obligation to fund any additional amounts beyond the initial contributions that were set aside to fund the premium payments on various split-dollar life insurance policies. The cash flows received by the executives following their retirement will be funded with loans taken against the life insurance contracts, which can be drawn by the executives post-retirement. Related to these transactions, the System has recorded \$12 and \$9 as prepaid insurance contracts at December 31, 2019 and 2018, respectively, and \$32 and \$21 of cash surrender value in other assets at December 31, 2019 and 2018, respectively. The compensation expense in 2019 and 2018 related to the Agreements was not material.

Note M – Self-Insurance Liability Programs

The System has established a separate self-insured revocable trust (the "System Trust") that covers the System's entities for professional and general liability claims up to \$8 per occurrence and \$23 in aggregate. The System contracts with Adhealth, Limited (Adhealth), a Bermuda company, to provide excess coverage for professional and general liability claims that exceed the self-insured revocable trust limits. Adhealth provided excess coverage with aggregate and per claim limits of \$133 for professional and general liability claims for the years ended December 31, 2019 and 2018. Adhealth has purchased reinsurance through commercial insurers for 100% of the excess limits of coverage.

Claim liabilities (reserves) for future losses and related loss adjustment expenses for professional liability claims have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2019 and 2018. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. The System Trust's accrued liability for professional and general liability claims is included in the consolidated balance sheets in the amount of \$119 and \$133 at December 31, 2019 and 2018, respectively.

The System has a 50% ownership position in Adhealth at December 31, 2019 and 2018, and accounts for its investment using the equity method of accounting. The cost of acquiring commercial insurance by Adhealth is reflected as an expense in the consolidated statements of operations and changes in net assets.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note M – Self-Insurance Liability Programs (continued)

The System maintains a self-insured workers' compensation plan to pay for the cost of workers' compensation claims. The System has entered into an excess insurance agreement with an insurance company to limit its losses on claims. The cost of workers' compensation claims is accrued using actuarially determined estimates that are based on historical factors. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term.

Workers' compensation claim liabilities have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2019 and 2018. The System's accrued liability for workers' compensation claims is recorded in the consolidated balance sheets in the amount of \$78 and \$72 at December 31, 2019 and 2018, respectively.

Note N – Related-Party Transactions

The System had transactions with organizations that are considered related parties. The amounts receivable from related parties are reported in the accompanying consolidated financial statements as other receivables of \$5 and \$8 and notes receivable of \$10 and \$16 at December 31, 2019 and 2018, respectively.

Note O – Commitments and Contingencies

Certain member organizations are involved in litigation and investigations arising in the ordinary course of business. In addition, certain member organizations in the ordinary course of business identified matters that they have reported to the Centers for Medicare & Medicaid Services (CMS), CMS contractors, or Medicaid/Medi-Cal contractors. Such disclosures typically involve simple repayment of affected claims; however, federal and state contractors may refer these matters to the Department of Health and Human Services' Office of Inspector General to investigate whether certain member organizations have submitted false claims to the Medicare and Medicaid programs or have violated other laws. Submission of false claims or violation of other laws can result in substantial civil and/or criminal penalties and fines, including treble damages and/or possible debarment from future participation in such programs. The System is committed to cooperating in such investigations as they arise. Although management does not believe these matters will have a material adverse effect on the System's consolidated financial position, there can be no assurance that this will be the case.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note P – FEMA Financial Grants

Several of the System's hospitals are located in areas of frequent earthquake activity and have sustained damage from earthquakes in the past. Three System hospitals received \$156 of grant funds from the Federal Emergency Management Agency (FEMA) for repair of damage and seismic structural upgrades, and all of these funds were recorded in the accompanying consolidated financial statements in years prior to 2019.

Prior to 2018, FEMA grant funds received for capitalized expenditures were accounted for as an exchange transaction and were reported as deferred revenue in other noncurrent liabilities. In 2018, all remaining conditions related to the receipt of the FEMA funds were met and the remaining \$84 was recognized in other revenue.

Note Q – Acquisitions

The System entered into an affiliation agreement with Central California Foundation for Health dba: Delano Regional Medical Center, located in Delano, California, to become the sole member of Delano. This agreement was effective December 31, 2019. This acquisition allowed the System the ability to provide expanded healthcare services in the Delano, California, market.

The fair value of assets acquired and liabilities assumed at the acquisition date consisted of the following:

Assets acquired:

Cash and cash equivalents	\$	51
Patient accounts receivable		11
Prepays and other current assets		19
Assets whose use is limited		3
Property and equipment		62
Other assets, including noncurrent investments		46
	\$	<u>192</u>

Liabilities assumed:

Accounts payable and accrued compensation	\$	11
Long-term debt		17
Other liabilities		4
		<u>32</u>

Net assets without donor restrictions – controlling

160
<u>\$ 192</u>

As a part of the affiliation agreement, the System committed to developing a 12-bed private room obstetric and delivery unit during the next five years. As part of the affiliation, the System recorded a gain on acquisition of \$160, which is reported as a gain on acquisition in a separate line in the accompanying consolidated financial statements. No intangible assets were recorded.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note Q – Acquisitions (continued)

Delano's results of operations and changes in net assets were included in the System's consolidated financial statements beginning December 31, 2019. As such, there were no operating results for 2019 to report.

The System entered into an affiliation agreement with Fremont-Rideout Health Group, located in Marysville, California, to become the sole member of Fremont-Rideout Health Group (Rideout Health). This agreement was effective April 1, 2018. Rideout Health is comprised of Rideout Memorial Hospital and several other health businesses and community services in Marysville, California. This acquisition allowed the System the ability to provide expanded healthcare services in the Marysville, California, market.

The fair value of assets acquired and liabilities assumed at the acquisition date consisted of the following:

Assets acquired:

Cash and cash equivalents	\$	33
Patient accounts receivable		38
Prepays and other current assets		73
Assets whose use is limited		85
Property and equipment		385
Other assets		8
	\$	<u>622</u>

Liabilities assumed:

Accounts payable and accrued compensation	\$	74
Long-term debt		134
Other liabilities		12
		<u>220</u>

Net assets without donor restrictions:

Controlling		390
Noncontrolling		12
		<u>402</u>
	\$	<u>622</u>

As a part of the affiliation agreement, the System contributed \$3 to The Fremont-Rideout Foundation, an unconsolidated affiliated organization of Rideout Health, and incurred \$2 in acquisition costs. In addition, the System committed to investing \$90 in capital expenditures among the Rideout Health entities during the next five years. As part of the affiliation, the System recorded a gain on acquisition and divestitures of \$399, which is reported as a gain on acquisition in a separate line in the accompanying consolidated financial statements. No intangible assets were recorded.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note Q – Acquisitions (continued)

Rideout Health's results of operations and changes in net assets were included in the System's consolidated financial statements beginning April 1, 2018. Summary operating results, exclusive of the gain on acquisition recorded at acquisition, were as follows for the nine-month period ended December 31, 2018:

Revenues and support	\$	317
Excess of revenue over expense		(2)
Decrease in net assets without donor restrictions		(14)

The following pro forma consolidated operating results for the years ended December 31, 2019 and 2018, give effect to the acquisitions as if they had occurred on January 1, 2018. Pro forma amounts for both periods were adjusted to exclude the gain on acquisition recognized from acquisitions. The pro forma consolidated operating results do not necessarily represent the System's consolidated operating results had the acquisitions occurred on the date assumed, nor are these results necessarily indicative of the System's future consolidated operating results.

	Year Ended December 31,	
	2019	2018
Pro forma revenues and support	\$ 4,629	\$ 4,627
Pro forma (deficiency) excess of revenues over expense	(4)	144
Pro forma increase in net assets without donor restrictions	29	114
Pro forma decrease in donor-restricted net assets	(12)	(6)

Note R – Camp Fire Impact

In November 2018, the System's Adventist Health Feather River (AHFR) facilities in Paradise, California, and neighboring communities incurred extensive damage as a result of the Camp Fire. Since the Camp Fire, most of the AHFR properties, including the 100-bed acute care hospital, remain temporarily closed and non-operational as the System completes the damage assessments. These assessments may include the restoration of the properties to an operational condition, or determination of the plans associated with rebuilding properties that were fully or partially destroyed during the Camp Fire. The System is currently unable to provide any estimates of re-opening dates for the facilities, and it is expected that most of the facilities will continue to be closed for the foreseeable future. In the aggregate, these properties comprised approximately 4.8% of total revenues and support during the 12 months ended December 31, 2017, which was the last complete year of (AHFR) operations before the Camp Fire.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note R – Camp Fire Impact (continued)

At the time of the Camp Fire, the System maintained an insurance policy with an insurance company providing for total per occurrence aggregate coverage of \$1,000 subject to a one hundred twenty-five thousand dollars per-occurrence deductible with other limitations. This policy provides full replacement value coverage, with valuation under the policy based on the lesser of the cost to repair or replace on the same site with new materials of like size, kind, and quality. This also includes the costs to clean smoke and/or soot impacted buildings, equipment, and stock and supplies. Subject to certain limitations, the policy also includes provisions that allow for replacement on sites other than the current facility sites. In addition, during the period that these properties are non-operational, the System believes it is entitled to business interruption recoveries for the lost income related to these properties, subject to certain deductibles and other limitations.

The System also filed a claim against Pacific Gas and Electric (PG&E), which has accepted responsibility for the Camp Fire and filed for bankruptcy protection in January 2019.

When all property insurance coverage and PG&E claims applicable to the above-mentioned Camp Fire damaged and destroyed buildings and assets are considered, the System believes it is entitled to the recovery of substantially all Camp Fire related expenses and reconstruction costs. In addition, pursuant to the business interruption policy, we believe we are entitled to substantially all lost income at the impacted properties resulting from the Camp Fire. However, we can provide no assurance that we will ultimately collect substantially all of the Camp Fire related expenses and reconstruction costs and the lost income resulting from the related interruption of business at the impacted properties.

As of December 31, 2019, the System has disposed of all fixed assets that were fully destroyed during the Camp Fire. The System has also written off current assets with a book value of \$5 primarily related to destroyed inventory. The System recoveries and receivables recorded in the amount of \$88 related to recovery of expenses, primarily related to payroll and professional fees expenses, fire remediation and demolition expenses, and the costs of property damage primarily related to certain destroyed outbuildings. As of December 31, 2019, the System received initial Camp Fire related insurance payments of \$60. These payments have been applied as an offset to the recovery receivables recorded on the balance sheet. After the application of the \$60, there is a remaining \$28 in recovery receivables included in other current assets. As of December 31, 2019, AHFR has property and equipment with a book value of \$35 that is currently non-operational as a result of the Camp Fire. As of December 31, 2019, the System has received no payments related to its PG&E claim. Based on an impairment analysis, management does not believe these assets are impaired. However, based on the preliminary nature of the damage assessments and management's intentions with regard to reconstruction, there can be no assurance that a future impairment may not be recognized.

As of December 31, 2019, the System's financial statements do not include any business interruption recoveries related to lost profits since no business interruption proceeds were received as of that date for that purpose. The System has also not included any recoveries for expected receipts above the book value of the assets recorded in the financial statements at the time of the loss unless cash was received and specifically identified in the payment as relating to those assets. However, the System expects that business interruption and other recoveries will be recognized in future periods for these items when recovery proceeds are probable and/or insurance carrier notifications are received.

Adventist Health

Notes to Consolidated Financial Statements – Continued

(In millions of dollars)

Note R – Camp Fire Impact (continued)

The Camp Fire related expenses and insurance recoveries recorded to date are based upon the preliminary damage assessments of the real property at AHFR properties. The System is unable to assess the ultimate repair cost of the damaged property or the amount of total recoveries it may ultimately receive. Although the System expects to receive additional Camp Fire related proceeds in the future, the timing and amount of such proceeds cannot be determined at this time since it will be based upon factors such as the ultimate replacement costs of damaged assets and the ultimate value of the business interruption claims. Therefore, in connection with the Camp Fire, it is likely that the System will record additional Camp Fire related expenses and recoveries in future periods, which could be material.

Note S – Subsequent Events

In 2019, the System approved a term sheet with Mendocino Coast District Hospital, located in Fort Bragg, California, to become the sole operator of Mendocino Coast District Hospital through a long-term lease. The terms were presented as ballot measure language November 26, 2019, for voting on March 3, 2020, by the registered voters in the Health Care District. A vote of greater than 50% on the measure was passed by the voters on March 3, 2020. The System expects this lease to commence in the second quarter of 2020.

The lease agreement will specify that the hospital remains an acute care in-patient hospital, maintain at least 25 beds (the current number) and continue to provide emergency room services. It is expected that, as a result of the affiliation, more resources will be available to recruit and retain staff as well as bolster departments that currently have unmet needs such as new equipment and upgrading existing facilities. A new community board will be formed with members appointed by Adventist Health. It will likely consist of 11 members, including three members from Adventist Health, one member from the Mendocino Coast District Board, the hospital's Chief of Staff and six representatives from the local community.

On March 10, 2020 the System finalized the purchase of Blue Zones, LLC and Thrive Productions, Inc for \$75. These companies focus on supporting a number of activities, including charitable and educational activities, designed to help people live longer and better through community transformation programs that lower healthcare costs, improve productivity, and boost national recognition as great places to live, work, and play.

The System has evaluated subsequent events and disclosed all material events through March 27, 2020, the date the accompanying consolidated financial statements were issued.

Report of Independent Auditors on Supplementary Information

The Board of Directors
Adventist Health System/West

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating financial statement schedules for Adventist Health System/West is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

March 27, 2020

Adventist Health
Consolidating Balance Sheets
(In millions of dollars)
December 31, 2019

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Assets												
Cash and cash equivalents	\$ 482	\$ (1,474)	\$ –	\$ 144	\$ 127	\$ 15	\$ 51	\$ 37	\$ 57	\$ 303	\$ 22	\$ 40
Short-term investments	356	–	338	–	–	–	3	–	1	–	–	1
Patient accounts receivable	598	(16)	–	55	24	14	11	15	76	42	8	33
Receivables from third-party payors	394	(39)	–	36	2	17	16	28	27	63	10	21
Other current assets	182	(156)	89	9	5	13	3	30	13	31	10	19
Total current assets	2,012	(1,685)	427	244	158	59	84	110	174	439	50	114
Noncurrent investments	1,459	(9)	1,404	–	4	–	46	3	1	–	–	–
Other assets	426	9	179	5	7	6	–	2	22	25	11	11
Property and equipment, net	2,336	–	321	138	106	36	62	48	194	179	53	128
Total assets	<u>\$ 6,233</u>	<u>\$ (1,685)</u>	<u>\$ 2,331</u>	<u>\$ 387</u>	<u>\$ 275</u>	<u>\$ 101</u>	<u>\$ 192</u>	<u>\$ 163</u>	<u>\$ 391</u>	<u>\$ 643</u>	<u>\$ 114</u>	<u>\$ 253</u>
Liabilities and net assets												
Accounts payable	\$ 296	\$ –	\$ 108	\$ 18	\$ 6	\$ 3	\$ 4	\$ 2	\$ 23	\$ 11	\$ 4	\$ 11
Accrued compensation and related payables	283	(16)	93	16	8	5	7	2	22	13	3	11
Liabilities to third-party payors	35	(29)	–	19	–	1	3	2	6	5	3	5
Other current liabilities	122	(169)	58	9	4	2	1	7	21	12	1	14
Current maturities of long-term debt	58	(42)	9	2	1	2	16	1	10	3	1	4
Total current liabilities	794	(256)	268	64	19	13	31	14	82	44	12	45
Long-term debt, net of current maturities	2,114	(1)	739	78	60	54	–	69	158	208	25	127
Other noncurrent liabilities	337	(1,428)	1,592	3	4	5	1	2	14	6	9	8
Total liabilities	3,245	(1,685)	2,599	145	83	72	32	85	254	258	46	180
Net assets (deficit) without donor restrictions:												
Controlling	2,914	–	(270)	238	190	28	160	76	132	384	68	70
Noncontrolling	16	–	–	–	–	–	–	–	(1)	–	–	–
Net assets (deficit) with donor restrictions	58	–	2	4	2	1	–	2	6	1	–	3
Total net assets	<u>2,988</u>	<u>–</u>	<u>(268)</u>	<u>242</u>	<u>192</u>	<u>29</u>	<u>160</u>	<u>78</u>	<u>137</u>	<u>385</u>	<u>68</u>	<u>73</u>
Total liabilities and net assets	<u>\$ 6,233</u>	<u>\$ (1,685)</u>	<u>\$ 2,331</u>	<u>\$ 387</u>	<u>\$ 275</u>	<u>\$ 101</u>	<u>\$ 192</u>	<u>\$ 163</u>	<u>\$ 391</u>	<u>\$ 643</u>	<u>\$ 114</u>	<u>\$ 253</u>

Adventist Health Physicians Network	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Heath Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Tulare	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Walla Walla General Hospital	Western Health Resources
\$ 7	\$ 158	\$ 65	\$ 122	\$ 8	\$ 146	\$ 27	\$ 6	\$ 44	\$ –	\$ 83	\$ 494	\$ –	\$ –	\$ –
–	–	–	3	–	–	10	–	–	–	–	–	–	–	–
(3)	41	20	76	25	32	21	6	11	17	15	55	–	–	20
–	–	19	24	5	19	13	6	2	4	27	92	–	2	–
20	9	4	21	6	9	18	2	2	3	7	14	–	–	1
24	208	108	246	44	206	89	20	59	24	132	655	–	2	21
–	–	–	–	–	–	10	–	–	–	–	–	–	–	–
–	27	45	12	17	12	8	–	3	13	9	1	–	–	2
–	106	27	356	123	91	89	41	11	8	79	140	–	–	–
<u>\$ 24</u>	<u>\$ 341</u>	<u>\$ 180</u>	<u>\$ 614</u>	<u>\$ 184</u>	<u>\$ 309</u>	<u>\$ 196</u>	<u>\$ 61</u>	<u>\$ 73</u>	<u>\$ 45</u>	<u>\$ 220</u>	<u>\$ 796</u>	<u>\$ –</u>	<u>\$ 2</u>	<u>\$ 23</u>
\$ 2	\$ 14	\$ 4	\$ 24	\$ 7	\$ 9	\$ 11	\$ 4	\$ 3	\$ 5	\$ 6	\$ 16	\$ –	\$ –	\$ 1
1	14	6	32	8	10	10	2	4	2	6	19	–	–	5
–	1	2	2	1	1	2	3	–	–	1	7	–	–	–
21	18	5	19	9	8	28	1	1	5	23	16	1	–	7
–	–	–	2	2	2	1	–	1	33	1	–	1	–	8
24	47	17	79	27	30	52	10	9	45	37	58	2	–	21
–	74	19	141	102	73	52	60	3	–	43	29	–	–	1
–	19	33	14	10	10	7	–	2	8	6	9	2	–	1
24	140	69	234	139	113	111	70	14	53	86	96	4	–	23
–	196	111	363	44	194	65	(10)	59	(8)	133	693	(4)	2	–
–	–	–	17	–	–	–	–	–	–	–	–	–	–	–
–	5	–	–	1	2	20	1	–	–	1	7	–	–	–
–	201	111	380	45	196	85	(9)	59	(8)	134	700	(4)	2	–
<u>\$ 24</u>	<u>\$ 341</u>	<u>\$ 180</u>	<u>\$ 614</u>	<u>\$ 184</u>	<u>\$ 309</u>	<u>\$ 196</u>	<u>\$ 61</u>	<u>\$ 73</u>	<u>\$ 45</u>	<u>\$ 220</u>	<u>\$ 796</u>	<u>\$ –</u>	<u>\$ 2</u>	<u>\$ 23</u>

Adventist Health
Consolidating Statements of Operations and Changes in Net Assets
(In millions of dollars)
Year Ended December 31, 2019

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Revenues and support:												
Patient service revenue	\$ 4,123	\$ (129)	\$ –	\$ 427	\$ 169	\$ 104	\$ –	\$ 20	\$ 473	\$ 320	\$ 70	\$ 245
Premium revenue	152	–	–	–	2	9	–	–	–	18	5	1
Other revenue	245	(496)	546	5	12	6	–	29	17	7	3	10
Net assets released from restrictions for operations	17	–	2	1	–	2	–	1	1	2	1	–
Total revenues and support	4,537	(625)	548	433	183	121	–	50	491	347	79	256
Expenses:												
Employee compensation	2,092	(148)	299	162	85	47	–	22	212	125	32	107
Professional fees	555	–	64	32	8	22	–	8	26	25	10	32
Supplies	627	–	(13)	73	31	10	–	5	76	39	11	33
Purchased services and other	1,100	(477)	256	128	48	31	–	9	176	98	17	73
Interest	66	(1)	19	2	2	2	–	2	6	7	1	5
Depreciation and amortization	192	–	26	13	7	4	–	1	16	14	5	12
Total expenses	4,632	(626)	651	410	181	116	–	47	512	308	76	262
(Loss) income from operations	(95)	1	(103)	23	2	5	–	3	(21)	39	3	(6)
Nonoperating income:												
Investment income	85	(1)	8	6	5	1	–	2	2	12	1	2
Gain on acquisition and divestitures	160	–	–	–	–	–	160	–	–	–	–	–
Other nonoperating losses	(5)	–	(5)	–	–	–	–	–	–	–	–	–
Total nonoperating income	240	(1)	3	6	5	1	160	2	2	12	1	2
Excess (deficiency) of revenues over expenses	145	–	(100)	29	7	6	160	5	(19)	51	4	(4)
Less: excess (deficiency) of revenues over expenses from noncontrolling interest	(1)	–	–	–	1	–	–	–	–	–	–	–
Excess (deficiency) of revenues over expense from controlling interests	\$ 144	\$ –	\$ (100)	\$ 29	\$ 8	\$ 6	\$ 160	\$ 5	\$ (19)	\$ 51	\$ 4	\$ (4)

See accompanying auditors' report on supplementary information.

Adventist Health Physicians Network	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Tulare	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Walla Walla General Hospital	Western Health Resources
\$ 68	\$ 329	\$ 169	\$ 440	\$ 168	\$ 264	\$ 212	\$ 38	\$ 92	\$ 39	\$ 151	\$ 409	\$ –	\$ –	\$ 45
3	3	2	–	–	–	28	–	–	–	44	37	–	–	–
24	19	14	7	3	14	7	–	2	–	3	12	–	–	1
–	–	–	–	–	–	1	–	–	–	2	4	–	–	–
95	351	185	447	171	278	248	38	94	39	200	462	–	–	46
34	182	68	221	72	108	91	17	46	18	71	181	–	–	40
68	12	33	55	7	34	28	7	10	7	32	31	–	–	4
14	45	12	60	23	46	53	4	11	4	24	64	–	–	2
(22)	97	44	105	54	65	99	10	23	15	63	181	–	–	7
–	3	1	5	4	2	1	2	–	1	1	1	–	–	–
1	10	4	25	8	8	8	2	2	2	6	18	–	–	–
95	349	162	471	168	263	280	42	92	47	197	476	–	–	53
–	2	23	(24)	3	15	(32)	(4)	2	(8)	3	(14)	–	–	(7)
–	6	3	5	–	6	1	–	2	–	3	21	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	6	3	5	–	6	1	–	2	–	3	21	–	–	–
–	8	26	(19)	3	21	(31)	(4)	4	(8)	6	7	–	–	(7)
–	–	–	(3)	1	–	–	–	–	–	–	–	–	–	–
\$ –	\$ 8	\$ 26	\$ (22)	\$ 4	\$ 21	\$ (31)	\$ (4)	\$ 4	\$ (8)	\$ 6	\$ 7	\$ –	\$ –	\$ (7)

Adventist Health
Consolidating Statements of Operations and Changes in Net Assets (continued)
(In millions of dollars)
Year Ended December 31, 2019

	<u>Consolidated Balances</u>	<u>Adjustments and Eliminations</u>	<u>Adventist Health System Office</u>	<u>Adventist Health Bakersfield</u>	<u>Adventist Health Castle</u>	<u>Adventist Health Clear Lake</u>	<u>Adventist Health Delano</u>	<u>Adventist Health Feather River</u>	<u>Adventist Health Glendale</u>	<u>Adventist Health Hanford</u>	<u>Adventist Health Howard Memorial</u>	<u>Adventist Health Lodi Memorial</u>
Net assets without donor restrictions:												
Controlling:												
Excess (deficiency) of revenues over expenses from controlling interests	\$ 144	\$ –	\$ (100)	\$ 29	\$ 8	\$ 6	\$ 160	\$ 5	\$ (19)	\$ 51	\$ 4	\$ (4)
Net unrealized gains on other-than-trading securities	14	–	14	–	–	–	–	–	–	–	–	–
Net assets released from restrictions for capital additions	19	–	–	–	–	–	–	–	2	–	–	–
Increase (decrease) in net assets without donor restrictions before discontinued operations	177	–	(86)	29	8	6	160	5	(17)	51	4	(4)
Loss from discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in net assets without donor restrictions – controlling	177	–	(86)	29	8	6	160	5	(17)	51	4	(4)
Noncontrolling:												
Excess (deficiency) of revenues over expenses from noncontrolling interests	1	–	–	–	(1)	–	–	–	–	–	–	–
Increase (decrease) in net assets without donor restrictions – noncontrolling	1	–	–	–	(1)	–	–	–	–	–	–	–
Net assets with donor restrictions:												
Restricted gifts and grants	22	–	(3)	1	–	3	–	1	1	2	–	3
Net assets released from restrictions	(36)	–	(2)	(1)	–	(2)	–	(1)	(3)	(2)	(1)	–
Other donor restricted activity	2	–	–	–	–	–	–	–	–	–	–	–
(Decrease) increase in net assets with donor restrictions	(12)	–	(5)	–	–	1	–	–	(2)	–	(1)	3
Increase in net assets	166	–	(91)	29	7	7	160	5	(19)	51	3	(1)
Net assets, beginning of year	2,822	–	(177)	213	185	22	–	73	156	334	65	74
Net assets, end of year	<u>\$ 2,988</u>	<u>\$ –</u>	<u>\$ (268)</u>	<u>\$ 242</u>	<u>\$ 192</u>	<u>\$ 29</u>	<u>\$ 160</u>	<u>\$ 78</u>	<u>\$ 137</u>	<u>\$ 385</u>	<u>\$ 68</u>	<u>\$ 73</u>

See accompanying auditors' report on supplementary information.

Adventist Health Physicians Network	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Tulare	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Walla Walla General Hospital	Western Health Resources
\$ -	\$ 8	\$ 26	\$ (22)	\$ 4	\$ 21	\$ (31)	\$ (4)	\$ 4	\$ (8)	\$ 6	\$ 7	\$ -	\$ -	\$ (7)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	6	11	-	-	-	-	-	-	-	-
-	8	26	(22)	4	27	(20)	(4)	4	(8)	6	7	-	-	(7)
-	-	-	-	-	-	-	-	-	-	-	-	(1)	1	-
-	8	26	(22)	4	27	(20)	(4)	4	(8)	6	7	(1)	1	(7)
-	-	-	3	(1)	-	-	-	-	-	-	-	-	-	-
-	-	-	3	(1)	-	-	-	-	-	-	-	-	-	-
-	1	1	-	-	2	2	1	-	-	1	6	-	-	-
-	-	-	-	-	(6)	(12)	-	-	-	(2)	(4)	-	-	-
-	-	-	-	-	-	2	-	-	-	-	-	-	-	-
-	1	1	-	-	(4)	(8)	1	-	-	(1)	2	-	-	-
-	9	27	(19)	3	23	(28)	(3)	4	(8)	5	9	(1)	1	(7)
-	192	84	399	42	173	113	(6)	55	-	129	691	(3)	1	7
\$ -	\$ 201	\$ 111	\$ 380	\$ 45	\$ 196	\$ 85	\$ (9)	\$ 59	\$ (8)	\$ 134	\$ 700	\$ (4)	\$ 2	\$ -

Section 4(b)(4)

Debt Service Coverage	2019
Excess of Revenues over Expenses from Continuing Operations	\$ 144
Net unrealized gains and losses on investments	(47)
Gain on acquisition	(160)
Depreciation, amortization, interest expense and non-cash charges	227
Income available for debt service	164
Maximum annual debt service	115
Debt service coverage ratio	1.43

Capitalization	2019
Long-term Debt (including current maturities)	\$ 2,172
Unrestricted Net Assets	2,930
Total Capitalization	5,102
Total Long-term Debt as a Percentage of Total Capitalization	42.6%

Adventist Health System/West
Municipal Secondary Market Disclosure
December 31, 2019
(In millions of dollars)

The following information is provided pursuant to Section 3(b) of the Continuing Disclosure Certificate executed by the System in connection with the issuance of:

California Health Facilities Financing Authority Revenue Bonds, 2009 Series B and C
California Health Facilities Financing Authority Revenue Bonds 2013 Series A
Adventist Health System/West Taxable Bonds, Series 2013

Section 3(b)(2) Long-term debt disclosure:

On December 31, 2019, the long-term debt of the Members of the Obligated Group (including current maturities) totaled \$2,142. Of that amount \$49 was variable interest rate debt, with the remaining \$2,093 being fixed interest rate debt.

Section 3(b)(3) Statement regarding accounts receivable liens:

During the quarter ended December 31, 2019 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.

Section 4(b)(1). Below is a listing of the System's hospital facilities, grouped by state, and sorted within each state alphabetically.

Summary Listing of the System's Hospitals

Obligated Group Hospital Name	Location	Number of Licensed Beds at December 31, 2019	2019 Total Revenue (in millions)
Adventist Health Bakersfield	Bakersfield, CA	254	\$433
Adventist Health Hanford	Hanford, CA	230	347
Adventist Health Feather River	Paradise, CA	-	50
Adventist Health Glendale	Glendale, CA	515	491
Adventist Health Howard Memorial ⁽¹⁾	Willits, CA	25	79
Adventist Health Lodi Memorial	Lodi, CA	194	256
Adventist Health Reedley	Reedley, CA	49	185
Adventist Health and Rideout	Marysville, CA	366	447
Adventist Health Simi Valley	Simi Valley, CA	144	171
Adventist Health Sonora	Sonora, CA	152	278
Adventist Health St Helena	Deer Park, CA	212	248
Adventist Health Ukiah Valley	Ukiah, CA	68	200
Adventist Health White Memorial	Los Angeles, CA	353	462
Adventist Health Castle	Kailua, HI	160	183
Adventist Health Portland	Portland, OR	302	351
Adventist Health Tillamook ⁽¹⁾	Tillamook, OR	25	94
Non-Obligated Group Hospital Name			
Adventist Health Clear Lake ⁽¹⁾	Clearlake, CA	25	121
Adventist Health Delano	Delano, CA	156	-
Adventist Health Tehachapi Valley ⁽¹⁾	Tehachapi, CA	25	38
Adventist Health Tulare	Tulare, CA	108	39

⁽¹⁾ Critical Access Hospital.

Source: The Corporation.

Adventist Health System/West
Obligated Group Operating Statistics

Section 4(b)(5)

	Payor Mix		
	2017	2018	2019
Medicare	45.1%	45.5%	44.7%
Medicaid	29.8%	30.2%	30.5%
HMO/PPO	19.4%	19.6%	19.7%
Commercial	1.2%	2.6%	2.8%
Self-Pay and Other	4.5%	2.2%	2.4%

Section 4(b)(6)

	Patient Days (Including Sub-Acute)		
	2017	2018	2019
<u>Hospital</u>			
Adventist Health Hanford	45,333	43,979	42,428
Adventist Health Portland	30,503	30,387	31,831
Adventist Health Reedley	4,272	4,475	4,318
Adventist Health Castle	32,574	31,395	28,231
Adventist Health Feather River	17,906	13,570	-
Adventist Health Glendale	97,382	100,533	95,227
Adventist Health Howard Memorial	6,568	7,111	7,409
Adventist Health Lodi Memorial	35,366	35,211	30,204
Adventist Health and Rideout	-	39,523	55,490
Adventist Health St Helena	48,140	45,039	44,538
Adventist Health Bakersfield	70,023	65,002	60,860
Adventist Health Sonora	42,280	39,815	39,072
Adventist Health Simi Valley	26,769	26,155	29,414
Tillamook Regional Medical Center	4,652	4,494	4,373
Adventist Health Ukiah Valley	11,414	11,929	12,534
Adventist Health White Memorial	84,852	85,071	88,418
	558,034	583,689	574,347

	Average Length of Stay		
	2017	2018	2019
<u>Hospital</u>			
Adventist Health Hanford	4.08	4.00	3.82
Adventist Health Portland	3.23	3.20	3.43
Adventist Health Reedley	2.30	2.47	2.42
Adventist Health Castle	4.25	4.03	3.95
Adventist Health Feather River	3.71	3.64	-
Adventist Health Glendale	4.64	5.13	4.76
Adventist Health Howard Memorial	4.05	4.27	4.17
Adventist Health Lodi Memorial	3.92	3.77	3.65
Adventist Health and Rideout	-	4.66	4.92
Adventist Health St Helena	6.20	6.84	6.74
Adventist Health Bakersfield	3.90	3.72	3.60
Adventist Health Sonora	7.55	7.85	7.55
Adventist Health Simi Valley	3.82	3.97	3.90
Tillamook Regional Medical Center	3.28	3.46	3.20
Adventist Health Ukiah Valley	3.22	3.38	3.47
Adventist Health White Memorial	4.34	4.34	4.47
	4.30	4.39	4.36

Adventist Health System/West
Obligated Group Operating Statistics

Section 4(b)(6)

	Discharges (Including Sub-Acute)		
<u>Hospital</u>	2017	2018	2019
Adventist Health Hanford	11,101	10,998	11,097
Adventist Health Portland	9,441	9,505	9,272
Adventist Health Reedley	1,859	1,809	1,785
Adventist Health Castle	7,663	7,789	7,142
Adventist Health Feather River	4,822	3,723	-
Adventist Health Glendale	20,973	19,610	20,003
Adventist Health Howard Memorial	1,622	1,667	1,775
Adventist Health Lodi Memorial	9,029	9,346	8,284
Adventist Health and Rideout	-	8,484	11,270
Adventist Health St Helena	7,769	6,584	6,611
Adventist Health Bakersfield	17,972	17,452	16,902
Adventist Health Sonora	5,597	5,075	5,173
Adventist Health Simi Valley	6,999	6,587	7,533
Tillamook Regional Medical Center	1,419	1,300	1,366
Adventist Health Ukiah Valley	3,552	3,525	3,608
Adventist Health White Memorial	19,531	19,592	19,785
	<u>129,349</u>	<u>133,046</u>	<u>131,606</u>

Section 4(b)(7)

	Other Key Volume Indicators		
	2017	2018	2019
Number of Licensed Beds	2,780	3,146	3,049
Discharges	129,349	133,046	131,606
Patient Days	558,034	583,689	574,347
Occupancy - Licensed Beds	55.0%	50.8%	51.6%
Average Length of Stay	4.30	4.39	4.36
Outpatient Revenues as % of Gross Pt. Revenues	44.7%	46.5%	46.1%



Management Discussion and Analysis of Financial Condition and Results of Operations

Year End: December 31, 2019

Adventist Health Overview

Adventist Health System/West, doing business as Adventist Health (the “Corporation”), is a faith-based, nonprofit organization. The health system serves communities in California, Hawaii, Oregon and Washington (collectively with the Corporation, the “System” or “Adventist Health”). With a workforce of approximately 35,000 associates including physicians, allied health professionals and support services, this transformational organization is realizing its mission by providing health, wholeness and hope. Through coordinated care, advanced medical technology, innovative models of health transformation and compassionate care, the System is revolutionizing the delivery of health. Adventist Health operates 22 hospitals, approximately 294 clinics (physician clinics, hospital-based clinics, and rural health clinics), 14 home care agencies, nine hospice agencies, one fully-owned continuing care retirement community and three joint-venture retirement centers.

With an emphasis in wellness and prevention of disease, rooted in the Seventh-day Adventist healthcare legacy, emphasis is placed on treating the mind, body and spirit. The System is committed to the integration of hospitals, physicians and other providers in a manner that best serves and cooperates with its communities, both in terms of commitment to quality and a demonstrated ability to provide cost-effective care in an environment increasingly driven by competitive market forces.

Adventist Health’s brand is woven throughout the western United States. The map on the next page of this analysis shows the location of the Corporation’s headquarters and the System’s owned or leased hospital facilities. The corporate office is centrally located in Roseville, California. Outside of California, the System includes one hospital in Hawaii and two in Oregon. While the map does not show the location of each of the System’s 294 clinics, the geographic area served by the System’s clinics, as well as its hospital facilities, is depicted in the map.

Strategy and Mission

The 2030 Strategy:

Adventist Health has laid out an aggressive plan based on the calling of our mission of living God’s love by inspiring health, wholeness and hope. The diversified, growth-oriented strategy is based on building an organization which will bring “**affordable consumer health and wellbeing within reach**” for everyone we serve. Within 10 years we will grow to reach more than 10 million individuals annually with wellbeing initiatives or health services, operate near a 10% margin, and achieve \$10 billion of annual revenue.

Embedded within the Adventist Health strategy are several key themes:

- Becoming a consumer-oriented company. Using **consumer insights** and segmentation to **develop products and services** to better serve individuals on their **personal wellbeing** path.
- **Transforming costs and pricing** to improve **affordability of health** services for individuals, employers, communities and payers.
- **Integrating with payers** to **manage health** of populations, lower costs, and **improve market share**.
- Innovation and integration around **early-intervention behavioral health** services.
- Development of standalone **community wellbeing** businesses which can be implemented in and beyond communities where Adventist Health has care delivery services.
- Elevating and **uniting philanthropic efforts** in support of both community care services and large-scale wellbeing initiatives.

Adventist Health Overview (Continued)



Organization Structure

Operating Structure Updates:

Adventist Health is reorganizing itself around its 2030 strategic plan. Three key divisions, oriented around product rather than geography, are being formed with Clinical Services and Shared Services cross-cutting each of them.

Building off the progress toward standardization, modernization and optimization enabled by the regional structure adopted in 2012, Adventist Health is transitioning to a single Care Division with a unified leadership team in 2020. The Care Division will be positioned alongside newly established Wellbeing and Health Management Divisions, as well as Consumer Services which will support capabilities necessary to accomplish our 2030 strategic plan. All three divisions will be supported by shared services and guided by system leadership, our governance model, and most importantly our mission.

In addition to the new divisions outlined above, Clinical Services will expand its role providing clinical leadership and medical expertise across all divisions of care delivery including acute, post-acute and ambulatory. As an equal partner in the Care Division, Clinical Services will support clinical product development, establish quality targets, partner with payers around care management, and lead a systemwide clinical service line structure with responsibility for growth and financial performance.



Affiliation and Other Activities

Tulare Regional Medical Center

On August 1, 2018, board members of the Tulare Local Healthcare District voted to lease Tulare Regional Medical Center to Adventist Health. While negotiations were pending, Adventist Health agreed to loan Tulare Local Healthcare District \$10 million to help reopen the hospital. As of December 31, 2019, \$3.5 million of this loan was outstanding and is being amortized as prepaid rent. Tulare Regional Medical Center re-opened October 15, 2018. On November 6, 2018, a district vote granted final approval of the agreement between Adventist Health and Tulare Local Healthcare District. The reached agreement, approved by the bankruptcy court, allowed Adventist Health to manage the operations of Tulare Regional Medical Center. Change of ownership was granted on March 15, 2019, initiating the lease for the acute care hospital and other facilities which has a 30-year term, providing for interim early termination options at the Corporation's discretion.

Delano Regional Medical Center

Delano Regional Medical Center (DRMC) joined Adventist Health December 31, 2019 through a membership transfer. DRMC selected Adventist Health through a request for proposal process, executing a definitive agreement on January 4, 2019 initiating nearly a year of regulatory review before the transaction was ultimately approved. DRMC chose Adventist Health because of mission alignment and the resources and expertise of Adventist Health to deliver more coordinated care to its agricultural service area. DRMC has been recognized as Community Partner of the Year by the Central Valley Farmworkers' Foundation and opened a \$20 million outpatient pavilion in 2018. Their heritage of serving their agricultural communities and improving access to care gives Adventist Health a strong foundation from which to expand its mission.

Dameron Hospital

In December 2019, Adventist Health entered into an 18-month agreement to manage Dameron Hospital in Stockton, California. Extending the service area of Adventist Health Lodi Memorial in neighboring Lodi, California, Dameron Hospital adds more than 200 inpatient beds to Adventist Health's footprint and ensures ongoing access to a population of more than 310,000. At the conclusion of the management services agreement, the corporation will have the option to pursue a membership transfer.

Mendocino Coast District Hospital

On March 3, 2020 more than 90% of the voters of the Mendocino Coast Healthcare District in Mendocino County, California voted to approve terms of Adventist Health's long-term lease of Mendocino Coast District Hospital (MCDH) in Ft. Bragg. This approval gives Adventist Health the option to complete the transaction later this year. MCDH is a 25-bed critical access acute care hospital which operates rural health clinics. Should the transaction close in 2020 the lease would extend Adventist Health's coverage in Mendocino County and ensure continued access to a coastal population of more than 15,000.

Blue Zones, LLC and Thrive Productions, Inc

In support of Adventist Health's 2030 strategy, on March 10, 2020, the System finalized the purchase of Blue Zones, LLC and Thrive Productions, Inc. These companies focus on supporting a number of activities, including charitable and educational activities, designed to help people live longer and better through community transformation programs that lower healthcare costs, improve productivity, and boost national recognition as great places to live, work, and play. This new acquisition will not only improve resources available to communities where Adventist Health provides healthcare services, but will open up new markets and product lines to support plans to diversify revenue sources over the mid- and long-term.

Adventist Health Feather River - Camp Fire

In November 2018, the System's Adventist Health Feather River (AHFR) facilities in Paradise, California and neighboring communities incurred extensive damage as a result of the most destructive wildfire in California history. The fire destroyed the majority of homes and businesses throughout the community. Most of the AHFR properties, including the 100-bed acute care hospital, remain temporarily closed and non-operational as the System completes the damage assessments. As of December 31, 2019, the timelines of Adventist Health's fixed acute care services in Paradise was yet to be determined.

Debt Issuance and Refinancing

On October 31, 2019, Adventist Health issued \$751.9 million of taxable bonds of which \$676.9 million was used to refinancing existing indebtedness and \$75 million was new money for general corporate purposes. On November 13, 2019, \$52.5 million of tax-exempt bonds were issued to refinance existing indebtedness and \$94.6 million of tax-exempt bonds were converted from variable index rate bonds to fixed rate put bonds. This financing extended debt renewals and reduced floating rate debt exposure.

COVID-19 Update

As is the case with most healthcare systems and hospitals across the nation, Adventist Health is managing the impacts of the COVID-19 pandemic. While we cannot predict the full extent of the impact this will have on our business, we do expect that it will negatively impact our financial results over the coming period. Several unavoidable factors are impacting both revenue and expense as the result of necessary actions by our system as well as local, state and federal governments to mitigate the spread and effect of the virus. Clinic visits and elective surgical volumes have dropped as patients have been directed or have chosen to stay home to avoid unnecessary exposure. Medical patient volumes are expected to continue to increase, displacing higher-margin procedural volumes. Labor costs are expected to increase as necessary nurses and support teams are faced with school closures forcing families to find childcare resources. Supply shortages are expected which will impact costs of supplies and additional supply chain management challenges. Volatile markets have negatively impacted our investments. Mitigation initiatives have been deployed including remote work support to maintain as much productivity as possible in this unprecedented environment. We are continuing to explore all possible options to ease negative financial impacts while still delivering the commitments of our mission, the critical services our communities require, and support for our associates and families.

Ratings and Outlook Affirmed

In October 2019, Fitch Ratings affirmed its 'A+' long-term rating with Stable outlook and S&P Global Ratings affirmed its 'A' long-term rating with Stable outlook on the bonds discussed previously. The Fitch 'A+' long-term rating reflects Fitch Ratings' view of Adventist Health's position as the leading acute care provider in multiple growing markets, supporting midrange revenue defensibility, despite its comparatively higher levels of Medicaid and self-pay volumes. Fitch also considered Adventist Health's historically solid operating income levels and a gradually improving balance sheet as well as operational challenges through the first six months of fiscal 2019, which Fitch considers to be somewhat one-time in nature, with appropriate mitigation strategies in place. The S&P 'A' long-term rating reflects S&P's view of Adventist Health's sizable geographic and revenue diversity and management's focus on system growth by budgeting significant capital investment and additional debt over the next several years.

Key Operating Metrics: Volume Trends

During the twelve months ended December 31, 2019, the System's inpatient discharges were down 0.2%. Combined inpatient and observation stays increased by 3.0% from the same period in the previous year. On a same store basis which excludes Adventist Health Feather River, Rideout and Tulare, inpatient discharges were down 0.1% primarily driven by statewide trends. Excluding the fire-damaged AHFR, discharges were 120,513 for the twelve months ended December 31, 2018.

Total inpatient surgeries decreased by 4.1% and outpatient surgeries decreased by 3.4% from the same period in the previous year. On a same store basis, inpatient surgeries decreased by 3.0% and outpatient surgeries decreased by 2.1% from the same period in the previous year.

Adventist Health is strengthening its same store operations by focusing efforts on increasing access to care. Rural Health Clinic (RHC) development, physician recruitment, and ambulatory service expansion have given patients more access points in our markets. A provider outreach program focused on improving referral simplicity implemented in certain markets has resulted in increased specialist volume. Digital and other consumer-facing strategies are being implemented across the system to enhance patient experiences and meet modern expectations for ease and speed of access. Finally, in specific markets, we continue to focus on expanding our service offerings and adding more advancing service lines like Heart and Vascular, Cancer and NICU.

UTILIZATION STATISTICS

Twelve Months Ended December 31,	2019	2018
Discharges	134,458	134,689
Patient Days	586,048	592,274
Observation Stays	22,568	17,707
Outpatient Procedures	3,798,691	3,751,238
Emergency Department Visits	757,362	723,989
Inpatient Surgeries	25,892	27,002
Outpatient Surgeries	51,363	53,195
Average Length of Stay (in days)	4.4	4.4
Outpatient Revenues as % of Gross Patient Revenue	47.2%	46.9%

Key Operating Metrics: Total Operating Revenue and Income from Operations

Total operating revenue increased 2.3% for the twelve months ended December 31, 2019 as compared to the previous year. On a same store basis, total operating revenue increased 2.2% for the twelve months ended December 31, 2019 as compared to the previous year. Revenue growth was negatively impacted by revenue cycle operational performance. Effective November 4, 2019, the System transitioned the management of all revenue cycle operations from Cerner Corporation to Huron, a nationally known leader in revenue cycle. Cerner corporation will continue to support the System as its partner for revenue cycle technology platform, electronic medical records and care transformation, and all three parties will work to ensure a smooth transition of revenue cycle functions.

Uncertainty surrounding Revenue from the California Medicaid Quality Assurance Fee program was resolved in February 2020 when The Centers for Medicare and Medicaid Services (CMS) approved the 2019-2021 program. Total California Medicaid Quality Assurance Fee net revenue recognized in 2019 was \$244.

Total operating expenses increased 7.3% for the twelve months ended December 31, 2019 as compared to the previous year. On a same store basis, total operating expenses increased 6.9% for the twelve months ended December 31, 2019 as compared to the previous year. Salaries and benefits expenses increased 5.4% for the twelve months ended December 31, 2019 as compared to the previous year. On an adjusted occupied bed basis, labor productivity declined 1.6% compared to the prior year. Total premium pay as a percentage of productive wages was unchanged compared to the prior year. Labor costs are being reduced by focusing on premium labor spend and an acceleration of productivity standards towards top-quartile labor performance.

Professional fees increased by 11.4% from the previous year due to increased investment in clinic services and physician recruitment and retention, primarily in the northern California region. Supplies increased by 8.1% from the previous year due to higher acuity and increase in implant expense along with increases in other medical supplies and decreases in supply expense adjustment credits.

Income from operations as a percent of total operating revenue was (2.1)% and 2.6% for the twelve months ended December 31, 2019 and December 31, 2018, respectively. On a same store basis, income from operations as a percent of total operating revenue was (1.6)% for the twelve months ended December 31, 2019.

TOTAL OPERATING REVENUE AND INCOME FROM OPERATIONS

Twelve Months Ended December 31,	2019	2018
Total operating revenue	\$4,537	\$4,434
Total EBIDA expenses	\$4,374	\$4,080
EBIDA	\$163	\$354
EBIDA as a percentage of total operating revenue	3.6%	8.0%
Depreciation and interest expense	\$258	\$237
Income from operations	\$(95)	\$117
Income from operations as a percentage of total operating revenue	(2.1%)	2.6%

Key Operating Metrics: Total Nonoperating Income

Investment income grew by 129.7% for the twelve months ended December 31, 2019 as compared to the previous year. The gain on acquisition and divestitures results from the acquisitions of Adventist Health Delano in 2019 and Adventist Health and Rideout in 2018.

NONOPERATING INCOME

Twelve Months Ended December 31,	2019	2018
Investment income	\$85	\$37
Other nonoperating losses	\$(5)	\$(9)
Nonoperating income before gain on acquisition and divestitures	\$80	\$28
Gain on acquisition and divestitures	\$160	\$399
Nonoperating income	\$240	\$427

Balance Sheet Ratios

Cash and unrestricted investments increased by \$105 for the twelve months ended December 31, 2019. Days cash on hand decreased to 173.9 at December 31, 2019 from 177.5 at December 31, 2018. Overall cash and unrestricted investments increased primarily due to 2019 financing, strong equity market returns, and reduced capital spending as a result of lower operating performance. Long-term debt to capitalization decreased to 41.9% at December 31, 2019 from 43.0% at December 31, 2018.

BALANCE SHEET RATIOS

Period Ended	Dec 31, 2019	Dec 31, 2018
Total cash and unrestricted investments	\$2,115	\$2,010
Days cash on hand	173.9	177.5
Long-term debt to capitalization	41.9%	43.0%
Capital expenditures as a percentage of depreciation expense	95.8%	118.0%

Adventist Health Hospitals

OBLIGATED GROUP MEMBERS

Adventist Health Bakersfield
Adventist Health Castle
Adventist Health Feather River
Adventist Health Glendale
Adventist Health Hanford
Adventist Health Selma
Adventist Health Howard Memorial
Adventist Health Lodi Memorial
Adventist Health Portland
Adventist Health Reedley
Adventist Health and Rideout
The Fremont-Rideout Health Group
United Com-Serve
Adventist Health Simi Valley
Adventist Health Sonora
Adventist Health St. Helena
St. Helena Center for Behavioral Health
Adventist Health Tillamook
Adventist Health Ukiah Valley
Adventist Health White Memorial

NON-MEMBER ENTITIES

Adventist Health Clear Lake
Adventist Health Delano
Adventist Health Tehachapi Valley
Adventist Health Tulare

Entities in italics are consolidated with their respective parent entities



Unaudited financial statement
Confidential - submitted under separate cover

EXHIBIT 14

Confidential - submitted under separate
cover

**Section 999.5(d)(11)(G) Copies of any requests for opinions to the IRS for rulings
related to the transaction and any IRS responses received**

AH Vallejo has not submitted any requests to the IRS for rulings related to the Transaction.

Section 999.5(d)(11)(H) Pro forma post-transaction balance sheet for the surviving or successor nonprofit corporation

Upon closing of the Transaction, the following is expected with respect to St. Helena Hospital's balance sheet: (i) retirement of all AH Vallejo land, buildings, equipment, or other fixed assets, which includes IT equipment and infrastructure; (ii) sale of inventory and prepaids, and other immaterial assets or liabilities, if applicable. Based on the book value of AH Vallejo's assets in relation to the selling price, a gain/loss will be recorded and the assets will be retired from St. Helena Hospital's balance sheet.