

2:19-cv-10354-DSF

**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re: VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession

STRATEGIC GLOBAL
MANAGEMENT, INC.¹

Appellant

v.

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*

Appellees

On Appeal from the United States
Bankruptcy Court for the Central
District of California

Bankruptcy Court Lead Case No.:
2:18-bk-20151-ER
Chapter 11

Date: [TBD]

Time: [TBD]

Courtroom: 7D

Location: 350 W. First Street
Los Angeles, CA 90012

**APPENDIX IN SUPPORT OF
DEBTORS' EMERGENCY MOTION TO DISMISS APPEALS**

¹ The other Debtors in the chapter 11 cases, being jointly administered under Lead Case No. 2:18-bk-20151-ER, are O'Connor Hospital 2:18-bk-20168-ER, Saint Louise Regional Hospital 2:18-bk-20162-ER, St. Francis Medical Center 2:18-cv-20165-ER, St. Vincent Medical Center 2:18-bk-20164-ER, Seton Medical Center 2:18-cv-20167-ER, O'Connor Hospital Foundation 2:18-bk-20179-ER, Saint Louise Regional Hospital Foundation 2:18-cv-20172-ER, St. Francis Medical Center of Lynwood Foundation 2:18-cv-20178-ER, St. Vincent Foundation 2:18-cv-20180-ER, St. Vincent Dialysis Center, Inc. 2:18-cv-20171- ER Seton Medical Center Foundation 12:8-cv-20175-ER, Verity Business Services 2:18-cv-20173-ER, Verity Medical Foundation 2:18-cv-20169-ER, Verity Holdings, LLC 2:18-cv-20163-ER, DePaul Ventures, LLC 2:18-cv-20176-ER, and DePaul Ventures - San Jose Dialysis, LLC 2:18-cv-20181-ER.



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Verity Health System of California, Inc., and the above-referenced affiliated debtors and debtors-in-possession in the above-captioned chapter 11 cases pending in the United States Bankruptcy Court for the Central District of California, and the appellees herein, hereby submit this appendix in support of their concurrently-filed emergency motion (the “Motion”)² to dismiss the above-captioned appeals filed by Appellant, Strategic Global Management, Inc. This Appendix consists of a Table of Contents and one consecutively paginated appendix divided into separately tabbed .pdf attachments.

² Unless otherwise defined herein, all abbreviated document names have the definitions set forth in the Motion.

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³ All docket references relate to the docket of *In re Verity Health System of California, Inc.*, Lead Bankr. Case No. 2:18-bk-20151-ER (Bankr. C.D. Cal.).

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Respectfully submitted,

Dated: December 19, 2019

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By: /s/ Tania M. Moyron
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CERTIFICATE OF SERVICE

I hereby certify that on December 19, 2019, I electronically filed the foregoing document with the Clerk of the Court for the United States District Court for the Central District of California by using the CM/ECF system.

I further certify that parties of record to this appeal who either are registered CM/ECF users, or who have registered for electronic notice, or who have consented in writing to electronic service, will be served through the CM/ECF system.

I further certify that some of the parties of record to this appeal have not consented to electronic service. I have served the foregoing document by the means set forth below:

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Attachment 1

**Declaration of Richard G. Adcock in Support of Emergency First-Day
Motions**

Debtors' App. pp. 1 - 55

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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

(Proposed To Be) jointly administered with:

Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____
Case No. 18-_____; Case No. 18-_____

Chapter 11 Cases

**DECLARATION OF RICHARD G. ADCOCK IN
SUPPORT OF EMERGENCY FIRST-DAY
MOTIONS**

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

1 I, Richard G. Adcock, hereby state and declare as follows:

2 1. I am the Chief Executive Officer of Verity Health System of California, Inc.
3 (“VHS”). I became the Debtors’ Chief Executive Officer effective January 2018. Prior thereto, I
4 served as VHS’s Chief Operating Officer since August 2017.

5 2. I have extensive senior-level experience in the not-for-profit healthcare arena,
6 especially in the areas of healthcare delivery, hospital acute care services, health plan
7 management, product management, acquisitions, integrations, population health management,
8 budgeting, disease management and medical devices. I have meaningful experience in both the
9 technology and healthcare industries in the areas of product development, business development,
10 mergers and acquisitions, marketing, financing, strategic and tactical planning, human resources,
11 and engineering.

12 3. Prior to VHS, from 2014 until 2017, I served as Executive Vice President and
13 Chief Innovation Officer of Sanford Health, a large integrated health system headquartered in the
14 Dakotas and is dedicated to health and healing. In this role, I was responsible for leading Sanford
15 Health’s growth and innovation, in addition to direct operational oversight of the following
16 related entities: Sanford Research, Sanford Health Plan, Sanford Foundation (a philanthropic
17 fundraising foundation), Sanford Frontiers (a commercial and real estate company), Profile by
18 Sanford (a scientific weight loss program), and Sanford World Clinic (which operates clinics in
19 multiple countries).

20 4. From 2012 to 2017, I served as the President of Sanford Frontiers and was
21 responsible for starting a new entity within Sanford Health focused on innovative ventures. From
22 2008 to 2012, I served as Executive Vice President of Sanford Clinic. I was responsible both for
23 (i) working directly with the President of the Clinic to the lead team of Vice Presidents in all
24 aspects of management, and (ii) Sanford World Clinics operations, including the design, opening
25 and operation of several global clinics. From 2006 to 2008, I served as the Vice President of
26 Sanford Clinic and was responsible for leading strategic, operational and financial aspects within
27 Sanford Clinic. From 2004 to 2006, I served as Director of Clinical Operations at Sanford
28

1 Children's Specialty Clinic and was responsible for leading the Pediatric Subspecialty Physician
2 program and the clinical practice through all facets of the operation.

3 5. Prior to Sanford Health, I served as the Director of Engineering and Six Sigma
4 Master Black Belt at GE Medical Systems, and before that I was the Vice President of Research
5 and Development and the Co-Owner/Founder of Micro Medical Systems. I have a bachelor of
6 science in business administration and a masters of business administration in healthcare
7 management.

8 6. On the date hereof (the "Petition Date"), VHS and certain of its subsidiaries
9 (collectively, the "Debtors" or "Verity") filed voluntary petitions for relief under Chapter 11 of
10 Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy
11 Court for the Central District of California, Los Angeles Division (the "Bankruptcy Court"). I am
12 knowledgeable and familiar with the Debtors' day-to-day operations, business and financial
13 affairs, and the circumstances leading to the commencement of these chapter 11 cases (the
14 "Chapter 11 Cases").

15 7. Except as otherwise indicated herein, this Declaration is based upon my personal
16 knowledge, my review of relevant documents, information provided to me by employees of the
17 Debtors and Integrity Healthcare, LLC ("Integrity") or the Debtors' legal and financial advisors,
18 or my opinion based upon my experience, knowledge, and information concerning the Debtors'
19 operations and the healthcare industry. If called upon to testify, I would testify competently to the
20 facts set forth in this Declaration.

21 8. I make this declaration for the purpose of apprising the Court and parties in
22 interest of the circumstances that compelled the commencement of these Chapter 11 Cases and in
23 support of the First-Day Motions (as defined below).

24 9. To enable the Debtors to minimize the adverse effects of the commencement of
25 these Chapter 11 Cases on their business, the Debtors have requested various types of relief in a
26 number of applications and motions (each a "First Day Motion," and, collectively, the "First Day
27 Motions"). The First-Day Motions seek relief intended to maintain the Debtors' business
28 operations; to preserve value for the Debtors, its stakeholders, and parties in interest; and, most

1 importantly, to protect the health and wellbeing of the patients who are being treated at the
2 Hospitals (defined below) operated by the Debtors and the employees of the Debtors. Each First
3 Day Motion is crucial to the Debtors' reorganization efforts and to the health and wellbeing of the
4 patients. Any capitalized term not expressly defined herein shall have the meaning ascribed to
5 that term in the relevant First-Day Motion.

6 10. Section I provides an overview of the Debtors and these Chapter 11 Cases.
7 Section II describes the Debtors' businesses. Section III describes the circumstances that
8 compelled the commencement of the Chapter 11 Cases. Section IV describes the Debtors'
9 corporate and capital structure. Section V describes the Debtors' sales efforts. Section VI
10 provides a summary of the First-Day Pleadings and factual bases for the relief requested therein.

11 I. OVERVIEW¹

12 11. Debtor VHS, a California nonprofit public benefit corporation, is the sole
13 corporate member of the following five Debtor California nonprofit public benefit corporations
14 that operate six acute care hospitals, O'Connor Hospital, Saint Louise Regional Hospital, St.
15 Francis Medical Center, St. Vincent Medical Center, Seton Medical Center, and Seton Medical
16 Center Coastsides (collectively, the "Hospitals") and other facilities in the state of California.
17 Seton Medical Center and Seton Medical Center Coastsides operate under one consolidated acute
18 care license.

19 12. VHS, the Hospitals, and their affiliated entities (collectively, "Verity Health
20 System") operate as a nonprofit health care system in the state of California, with approximately
21 1,680 inpatient beds, six active emergency rooms, a trauma center, and a host of medical
22 specialties, including tertiary and quaternary care. The scope of the services provided by the
23 Verity Health System (defined below) is exemplified by the fact that in 2017, the Hospitals
24 provided medical services to over 50,000 inpatients and approximately 480,000 outpatients.

25 13. The VHS affiliated entities, including the Debtors, are as follows:

- 26 • O'Connor Hospital
- 27 • Saint Louise Regional Hospital

28 ¹ Capitalized terms used but not defined in this overview section shall have the meanings assigned to them below.

- St. Francis Medical Center
- St. Vincent Medical Center
- Seton Medical Center, including
- Seton Medical Center Coastside campus
- Verity Business Services
- Marillac Insurance Company, Ltd.
- O'Connor Hospital Foundation
- Saint Louise Regional Hospital Foundation
- St. Francis Medical Center of Lynwood Foundation
- St. Vincent Medical Center Foundation
- Seton Medical Center Foundation
- St. Vincent de Paul Ethics Corporation
- St. Vincent Dialysis Center
- De Paul Ventures, LLC
- De Paul Ventures San Jose Dialysis, LLC
- De Paul Ventures San Jose ASC, LLC
- Verity Medical Foundation
- Verity Holdings, LLC

14. Verity Medical Foundation (“VMF”), incorporated in 2011, is a medical foundation, exempt from licensure under California Health & Safety Code § 1206(l). VMF contracts with physicians and other healthcare professionals to provide high quality, compassionate, patient-centered care to individuals and families throughout California. With more than 100 primary care and specialty physicians, VMF offers medical, surgical and related healthcare services for people of all ages at community-based, multi-specialty clinics conveniently located in areas served by the Debtor Hospitals. VMF holds long-term professional services agreements with the following medical groups: (a) Verity Medical Group; (b) All Care Medical Group, Inc.; (c) CFL Children's Medical Associates, Inc.; (d) Hunt Spine Institute, Inc.; (e) San Jose Medical Clinic, Inc., D/B/A San Jose Medical Group; and (f) Sports, Orthopedic And Rehabilitation Associates.

15. Verity Holdings LLC (“Holdings”), a direct subsidiary of its sole member VHS, was created in 2016 to hold and finance Verity’s interests in six medical office buildings whose tenants are primarily physicians, medical groups, healthcare providers, and certain of the VHS Hospitals. Holdings’ real estate portfolio includes over 30 properties, as more fully described below.

16. Saint Louise Regional Hospital Foundation, St. Francis Medical Center Foundation, St. Vincent Medical Center Foundation, Seton Medical Center Foundation, and

1 O'Connor Medical Center Foundation handle fundraising and grant-making programs for each of
2 their respective Debtor Hospitals.

3 17. As of August 30, 2018, the Debtors' facilities had approximately 850 patients, and
4 are currently at approximately 50% occupancy.

5 18. As of August 31, 2018, the Debtors have approximately 7,385 employees, of
6 whom 4,733 are full-time employees. Approximately 74% of these employees are represented by
7 collective bargaining units. Specifically, 72% of the Debtors' Employees – approximately 5,331
8 Employees in total – are represented through California Nurses Associations ("CNA"), Service
9 Employees International Union ("SEIU"), National Union Healthcare Workers ("NUHW") and
10 United Nurses Association of California/Union of Health Care Professionals ("UNAC").

11 19. As part of the mission of Verity Health System to serve the community, VHS
12 provides care to patients even though they may lack adequate insurance or may participate in
13 programs that do not pay full charges.

14 20. All of the Debtors' Hospitals are licensed as general acute care hospitals by the
15 California Department of Public Health, certified to participate in the Medicare and Medicaid
16 programs, and managed by VHS.

17 21. Each of the Debtors are exempt from federal income taxation as an organization
18 described in Section 501(c)(3) of the Internal Revenue Code of 1986, except for Verity Holdings,
19 LCC, DePaul Ventures, LLC, and DePaul Ventures - San Jose Dialysis, LLC.

20 22. St. Francis Medical Center owns real property commonly known as: (i) 3630 E.
21 Imperial Highway Lynwood, CA 90262, including the patient tower and all of the facilities
22 thereon; (ii) 2700 E. Slauson Ave, Huntington Park, CA 90255, and the Huntington Park Medical
23 Office Building thereon; and (iii) 5953 S. Atlantic Blvd. 5, Maywood, CA 90270, and Maywood
24 Medical Office Building thereon.

25 23. St. Vincent Medical Center owns real property commonly known as: (i) 2131 W
26 3rd Street, Los Angeles, CA 90057, including the hospital and all of the facilities located thereon;
27 and (ii) vacant land in Salton Sea, California.

28

24. Saint Vincent Medical Foundation owns: (i) a fractional timeshare of a condominium commonly known as 2600 Avenida Del Presidente, San Clemente, CA 92672; and (ii) Lot 10 of Block 572 of Rio Grande Estates, Unit 25, Valencia, NM.

25. O'Connor Hospital owns real property commonly known as: (i) 455 O'Connor Dr. San Jose, CA 95128, and partial interest in the medical office building thereon; (ii) 2105 Forest Ave, San Jose, CA 95128 and the acute hospital, medical office building, and all of the facilities located thereon.

26. Saint Louise Regional Hospital owns real property commonly known as: (i) 9400 No Name Uno, Gilroy, CA 95020, and the hospital and helipad thereon; and (ii) 705 Las Animas Road, Gilroy, CA 95020.

27. Seton Medical Center owns (i) real property commonly known as 1900 Sullivan Avenue, Daly City, CA 94015, and the Hospital and the facilities thereon (the "Daly Property"), and (ii) an employee parking lot on the Daly Property.

II. The Debtors' Businesses

A. The Debtors' Current Business Operations.

28. A description of VHS, each Hospital and its respective subsidiaries and affiliates is described below, all of which are jointly-administered Debtors in these cases.

29. Verity Health Systems. As set forth above, VHS is a nonprofit regional healthcare system headquartered in El Segundo, California. VHS was originally established by the Daughters of Charity of St. Vincent de Paul, Province of the West, to support the mission of the Catholic Church through a commitment to the sick and poor. VHS operates six hospitals in California.

30. Verity Business Services. VHS operates Verity Business Services ("VBS"), a nonprofit public benefit corporation. VBS provides support services to Verity and its affiliated hospitals including accounting, finance, patient financial services, supply chain management, and purchasing services for the entire health system.

31. Verity Medical Foundation. As set forth above, VMF operates clinics and contracts with physicians to provide high quality, compassionate, patient-centered care to

1 individuals and families throughout California. With more than 100 primary care and specialty
2 physicians, VMF offers medical, surgical and related healthcare services for people of all ages at
3 community-based, multi-specialty clinics conveniently located in areas served by the Hospitals.

4 32. **O'Connor Hospital.** O'Connor Hospital is a nonprofit public benefit corporation
5 that operates a 358 licensed-bed, general acute care hospital that serves residents from the greater
6 San Jose area. The hospital has an emergency department with 23 emergency treatment stations.
7 It also has 11 surgical operating rooms and two cardiac catheterization labs. The hospital offers a
8 comprehensive range of healthcare services, including emergency, cardiac, orthopedic, cancer,
9 obstetrics, and sub-acute care services. The hospital is accredited by The Joint Commission.

10 33. **O'Connor Foundation.** O'Connor Foundation was incorporated in 1983 and is
11 governed by a Board of Trustees. Charitable donations and endowments help fund the acquisition
12 of new equipment, the expansion of O'Connor Hospitals' facilities, healthcare services, and
13 community outreach programs. O'Connor Hospital is the sole corporate member of O'Connor
14 Foundation. As of May 31, 2018, O'Connor Hospital Foundation had a balance of \$1,123,644.15
15 in temporarily restricted assets and a balance of approximately \$334,802.20 in permanently
16 restricted assets for the purpose of funding the cardiac catheterization lab capital, wound care
17 services, surgical services, and various other programs.

18 34. **St. Vincent Medical Center.** St. Vincent Medical Center was founded as the first
19 hospital in Los Angeles in 1856. In 1971, a new facility was constructed at the Hospital's current
20 location at 2131 West Third Street, Los Angeles, CA 90057. The hospital has expanded to a 366
21 licensed bed, regional acute care, tertiary referral facility, specializing in cardiac care, cancer
22 care, total joint and spine care, and multi-organ transplant services. The Hospital serves both local
23 residents and residents from Los Angeles, San Bernardino, Riverside, and Orange Counties. As a
24 provider of healthcare services for a high percentage of elderly patients, many of the hospital's
25 services and programs are focused on the treatment of various chronic diseases.

26 35. **St. Vincent Foundation.** St. Vincent Foundation was incorporated in 1989 as a
27 nonprofit public benefit corporation. Charitable donations and endowments raised by St. Vincent
28 Foundation help fund the acquisition of new equipment, the expansion of the Hospital's facilities,

1 healthcare services, and community outreach programs. St. Vincent Foundation raises funds
2 through grants, special events, and individual donors. St. Vincent is governed by a Board of
3 Trustees, and St. Vincent Medical Center is the sole corporate member of the Foundation. St.
4 Vincent, as well as St. Vincent Foundation, holds donor-restricted funds. As of May 31, 2018, St.
5 Vincent Foundation had a balance of approximately \$1,590,149.89 in temporarily restricted assets
6 and a balance of approximately \$136,159 in board designated temporarily restricted assets for the
7 purpose of funding programs such as bone mineral density research, transportation for low-
8 income patients, the organ transplantation program, and oncology research and treatment.

9 36. **St. Vincent Dialysis Center.** St. Vincent Medical Center is the sole corporate
10 member of the St. Vincent Dialysis Center, located on the Hospital's campus. The St. Vincent
11 Dialysis Center provides dialysis services for kidney disease patients, including hemodialysis and
12 isolated ultrafiltration treatments as part of the Hospital's end-stage renal disease program.

13 37. **St. Francis.** St. Francis Medical Center was established in 1945 and gained
14 sponsorship from Daughters of Charity, Province of the West, in 1981. The hospital provides
15 comprehensive healthcare services and operates one of the busiest emergency trauma centers in
16 Los Angeles County. The Hospital serves 1.2 million residents of Southeast Los Angeles, located
17 in the communities of Lynwood, South Gate, Downey, Huntington Park, Bell Gardens,
18 Maywood, and Compton. As a provider of healthcare services for many Medi-Cal and uninsured
19 patients, the hospital receives significant Disproportionate Share Hospital funding. St. Francis
20 operates a 384 licensed bed, general acute care hospital located at 3630 East Imperial Highway in
21 Lynwood, California. The hospital has an emergency department with 46 licensed emergency
22 treatment stations and is designated a Level II Trauma Center. It also has nine surgical operating
23 rooms and three cardiac catheterization labs for inpatient and outpatient cardiac catheterization
24 services. The hospital offers a comprehensive range of services, including emergency and trauma
25 care, neonatal intensive, cardiovascular, oncology, pediatrics, behavioral health, and maternity
26 and child services. In addition to the inpatient programs and services, the Hospital also offers
27 various outpatient services, including ambulatory surgical services, laboratory services, imaging
28 services, infusion therapy, nuclear medicine services, respiratory therapy, and physical therapy.

1 Other outpatient services are provided at the following clinics: Orthopedics Clinic, Wound Care
2 Clinic, Industrial Clinic, Lynwood Clinic, Downey Clinic , and Huntington Park Clinic. The
3 Hospital is accredited by The Joint Commission.

4 38. **St. Francis Medical Center Foundation.** St. Francis Medical Center is the sole
5 corporate member of St. Francis Medical Center Foundation. St. Francis Medical Center
6 Foundation was incorporated in 1983 as a nonprofit public benefit corporation and is governed by
7 a volunteer Board of Trustees. Charitable donations and endowments help fund the acquisition of
8 new equipment, the expansion of the Hospital's facilities, healthcare services, and community
9 outreach programs. St. Francis Foundation raises funds through grants, special events, and
10 individual donors. As of May 31, 2018, St. Francis Foundation had a balance of \$656,118.24 in
11 temporarily restricted assets for the purpose of funding programs such as the Children's
12 Counseling Center, nurse education, and the annual Women's Luncheon in support of
13 mammogram equipment. The Foundation also funds Health Benefit Resource Center, Healthy
14 Communities Initiative, and Trauma Recovery.

15 39. **Seton Medical Center.** Seton Medical Center was originally founded as Mary's
16 Help Hospital by the Daughters of Charity of St. Vincent De Paul in 1893. The original facility
17 was destroyed in the San Francisco Earthquake of 1906, and by 1912, Mary's Help Hospital
18 reopened a new facility in San Francisco. In 1965, the hospital was moved to its current location
19 at 1900 Sullivan Avenue in Daly City. The hospital was renamed Seton Medical Center in 1983,
20 is currently licensed for 357 beds and serves residents from San Francisco and San Mateo areas.
21 Seton Medical Center has an emergency department with 18 licensed treatment stations. It also
22 has 13 surgical operating rooms and three cardiac catheterization labs. Of the Hospital's 83
23 licensed skilled nursing beds, 39 are in suspense, and the remaining 44 beds are utilized as sub-
24 acute care beds. Additionally, the hospital has 24 licensed acute psychiatric beds which have been
25 placed in suspense. The hospital has a broad spectrum of medical services, including cancer,
26 cardiac, emergency, surgical, rehabilitation, respiratory, orthopedic, and sub-acute care. The
27 hospital is accredited by The Joint Commission. Seton Medical Center and Seton Coastsides share
28 a consolidated license.

1 40. **Seton Coastsides**. Seton Coastsides was founded as Moss Beach Rehabilitation
2 Hospital in 1970. In 1980, the City of Half Moon Bay acquired ownership of the hospital and
3 signed an agreement for Daughters of Charity to manage operations of the hospital and rename it
4 St. Catherine's Hospital. In 1993, St. Catherine's Hospital became Seton Coastsides as it became
5 integrated with Seton Medical Center. Today, Seton Coastsides is licensed for 116 skilled nursing
6 beds and five general, acute-care beds. Seton Coastsides also operates the only 24-hour "standby"
7 Emergency Department along the 55-mile stretch between Santa Cruz and Daly City. Under a
8 consolidated license, Seton Medical Center and Seton Coastsides share the same Board of
9 Directors, executive leadership team, charity care policies, and union collective bargaining
10 agreements.

11 41. **Seton Foundation**. Seton Foundation, governed by a Board of Trustees, raises
12 funds through grants, special events and individual donors. Charitable donations and endowments
13 raised by Seton Foundation help fund the acquisition of new equipment and the expansion of
14 facilities at the Seton Medical Center and Seton Coastsides. Seton is the sole corporate member of
15 the Seton Foundation. As of May 31, 2018, Seton Foundation had a balance of \$2,693,778.66
16 million in temporary restricted assets and a balance of \$ 2,717,591 million in permanently
17 restricted assets for the purpose of funding programs such as oncology, the San Francisco Heart
18 & Vascular Institute, and women and delivery services.

19 42. **Saint Louise Hospital**. Saint Louise Hospital opened in 1989 in the Morgan Hill
20 area of Santa Clara County. In December 1999, the Daughters of Charity of St. Vincent de Paul
21 relocated the hospital to Gilroy and renamed it Saint Louise Regional Hospital. Today, the
22 Hospital's 93-bed facility and 24-hour emergency department provide services to the residents of
23 southern Santa Clara County, including Morgan Hill, San Martin, and Gilroy. Saint Louise
24 Regional Hospital operates a 93 licensed bed, general acute care hospital located at 9400 No
25 Name Uno, Gilroy, California 95020. The Hospital has an emergency department with eight
26 licensed emergency treatment stations. The Hospital also has five surgical operating rooms for
27 inpatient and outpatient surgical procedures. Ten of the Hospital's 21 licensed skilled nursing
28

1 beds are in suspense. The Hospital provides comprehensive healthcare services including cancer,
2 emergency, rehabilitation, and surgical care. The Hospital is accredited by The Joint Commission.

3 43. Saint Louise Regional Hospital owns and operates the De Paul Urgent Care
4 Center. The De Paul Urgent Care Center is located in Morgan Hill, and offers patients non-
5 emergency medical services seven days a week. The De Paul Urgent Care Center treats non-life
6 threatening cases, such as minor injuries and lacerations, strep throat, sinus infections, rashes,
7 nausea, vomiting, colds, flu, and fever.

8 44. **Saint Louise Foundation.** Saint Louise Foundation, governed by a Board of
9 Trustees, raises funds through grants, special events, and individual donors. Charitable donations
10 and endowments raised by Saint Louise Foundation help fund the acquisition of new equipment
11 and the expansion of the Hospital's facilities. Saint Louise is the sole corporate member of Saint
12 Louise Foundation. As of May 31, 2018, Saint Louise Regional Hospital Foundation had a
13 balance of approximately \$561,486.86 in temporarily restricted assets.

14 45. **De Paul Ventures, LLC.** De Paul Ventures, LLC is a wholly-owned and operated
15 holding company of Verity that was formed in August 2010 for the purpose of investing in a
16 freestanding surgery center and other healthcare entities.

17 46. **DePaul Ventures - San Jose Dialysis, LLC.** In April, 2013, DePaul Ventures,
18 LLC, formed DePaul Ventures - San Jose Dialysis, LLC ("Dialysis"). Dialysis is a general and
19 limited partner of Priday Dialysis, LLC, a healthcare center specializing in end-stage renal disease
20 treatment. Dialysis shares an interest in Priday Dialysis with Total Renal Care, Inc., which is a
21 subsidiary of DaVita.

22 47. **Verity Holdings, LLC.** As set forth above, Holdings is a direct subsidiary of its
23 sole member VHS and was created in 2016 to hold and finance Verity's interests in six medical
24 office buildings whose tenants are primarily physicians, medical groups, healthcare providers,
25 and certain of the VHS Hospitals. Holdings' real estate portfolio includes over 30 properties,
26 including, but not limited to, apartment buildings, parking lots, and condominiums. Holdings is
27 the borrower on approximately \$66.2 million of non-recourse financing secured by separate deeds
28 of trust and revenue and accounts pledges, including the rents on each medical office building

1 (collectively “MOB Financing”).

2 48. **Non-Debtor VHS Entities.** The Debtors’ have an interest in the entities described
3 below that are not filing chapter 11.

4 49. Marillac Insurance Company, LTD. (“Marillac”), a wholly-owned subsidiary of
5 VHS, was incorporated in the Cayman Islands on December 9, 2003, as an exempted company
6 and was granted an Unrestricted Class “B” Insurer’s License effective December 15, 2003, which
7 it holds subject to the provisions of the Insurance Law of the Cayman Islands. On November 1,
8 2012, The Insurance Law, 2010 (the “Law”) became effective. Under such law, Class B licenses
9 were changed from “restricted” and “unrestricted,” as they had been described in previous
10 revisions of the law, into three separate classes “(i),” “(ii)” and “(iii).” Insurers writing at least
11 95% of net premiums with their related business (in this case VHS) fell into Class B(i). The
12 Company was granted a Class B(i) license, effective April 2, 2015. Marillac provides insurance
13 coverage to VHS and its affiliates.

14 50. St. Vincent De Paul Ethics Corporation does not hold any assets and is a
15 nondebtor entity. St. Francis Medical Center is its sole corporate member.

16 51. VHoldings MOB, LLC (“VHoldings”) is currently an inactive subsidiary of VHS
17 and has no assets or obligations. It was created as a “special purpose entity” for a proposed
18 financing that did not materialize. As part of the proposed transaction structure, four additional
19 LLCs were established in which, VHoldings was the sole member of each. The four additional
20 LLCs were dissolved on January 23, 2017.

21 52. De Paul Ventures – San Jose ASC, LLC (“San Jose ASC”), was formed in
22 February 2011, by De Paul Ventures, LLC (which is a filing entity), and owns a 25% interest as a
23 limited partner in a partnership with Physician Surgery Services, dba Advanced Surgery Center, a
24 freestanding surgery center in San Jose. San Jose ASC’s only asset is a sale contract, pursuant to
25 which it receives payments of \$125,000 every other month. Postpetition, San Jose ASC will
26 continue to forward to VHS the \$125,000 received every other month. Once all payments are
27 received, the Debtors will dissolve San Jose.

28 53. Robert F. Kennedy Medical Center is a nonprofit public benefit corporation that

1 operated a 229-bed general acute care hospital and served residents in Hawthorne, California,
2 until December 31, 2004. Robert F. Kennedy Medical Center Foundation is a nonprofit public
3 benefit corporation that raised funds for the Robert F. Kennedy Medical Center.

4 54. O'Connor Health Center I is a California limited partnership, formed in January
5 1996 ("OCH1"). O'Connor Hospital is a limited partner in OCH1 and the general partner is
6 OCH Forest 1, LP. OCH1 owns certain real property at 455 O'Connor Drive, San Jose,
7 California. Such property is leased by O'Connor Hospital.

8 55. Sports Medical Management, Inc. has no assets or obligations.

9 **B. Integrity's Management of Debtors.**

10 56. As set forth above, Integrity was formed in 2015 to carry out the management
11 services under the Management Agreement, for which Integrity is paid a monthly management
12 fee. Through June 30, 2017, Integrity was wholly owned by BlueMountain. In July 2017,
13 NantWorks, LLC ("NantWorks"), acquired a majority stake in Integrity from BlueMountain.
14 There were no significant changes to the terms of the Restructuring Agreement or the California
15 Attorney General requirements as a result of this transaction.

16 57. On a monthly basis, VHS records management fee expense and makes payments
17 to Integrity associated with the management services received under the Management Agreement.
18 During the initial fiscal year which ended June, 2016, the monthly management fee was
19 determined based on a specified percentage of trailing 12 month operating revenues for VHS.
20 Such management fees are adjusted each succeeding fiscal year based on changes in the
21 consumer price index. VHS defers payment for a portion of management fees based on its days'
22 cash on hand over the most recent 90 day period. All deferred management fees accrue interest at
23 2.82% per annum to the extent such amounts are not paid in the fiscal year that services are
24 received. Such deferred management fees are contingently payable based on the terms of the
25 Management Agreement, which include annual calculations of excess cash on hand.

26 **C. Verity's Employees.**

27 58. As set forth above, altogether, the Debtors employ approximately 7,385 employees
28 (the "Employees") – 6,907 excluding VMF and 478 under VMF. Almost three-quarters of the

Debtors' Employees – approximately 5,488 Employees in total – are represented through CNA, SEIU, California Licensed Vocational Nurses' Association, and The International Union of Operating Engineers, Stationary Local No. 39, AFL-CIO.

59. For W-2 tax and payroll purposes, the Debtors are divided into eight employers:

(a) VHS, which covers the Systems Office and the Philanthropic Foundations, and as of the Petition Date employed approximately 294 employees, of which 289 are full-time, 3 are part time and 2 are employed on a per diem basis;

(b) Verity Business Services, which as of the Petition Date employed approximately 307 employees, of which 285 are full-time, 11 are part time and 11 are per diem;

(c) O'Connor Hospital, which as of the Petition Date employed approximately 1,370 employees, of which 586 are full-time, 441 are part time and 343 are per diem;

(d) Saint Louise Regional Hospital, which as of the Petition Date employed approximately 480 employees, of which 153 are full-time, 159 are part time and 168 are per diem;

(e) St. Francis Medical Center, which as of the Petition Date employed approximately 2,017 employees, of which 1,583 are full-time, 136 are part time and 298 are per diem;

(f) St. Vincent Medical Center, which as of the Petition Date employed approximately 1,099 employees, of which 897 are full-time, 42 are part time and 160 are per diem;

(g) Seton Medical Center, which includes Seton Medical Center Coastsides, and as of the Petition Date employed approximately 1,340 employees, of which 516 are full-time, 551 are part time and 273 are per diem; and

(h) VMF, which as of the Petition Date employed approximately 478 employees, of which 424 are full-time, 15 are part-time and 39 are per diem.

60. The Debtors' Employees are represented by the following unions with the respective contractual obligations: (i) SEIU-UHW (Non-Nursing Service Employees) at St. Francis Medical Center, St. Vincent Medical Center, O'Connor Medical Center, Saint Louise Regional Hospital; (ii) SEIU-UHW (Non-Nursing Service Employees) at Verity Medical Foundation; (iii) NUHW (Non-Nursing Service Employees) at Verity Medical Foundation; (iv) NUHW (Non-Nursing Service Employees) at Seton Medical Center, Seton Medical Center Coastsides; (v) CAN (Nurses) St.

Vincent, O'Connor, St. Louise, Seton, Seton Coastsides; (vi) UNAC (Nurses) at St. Francis; (vii) CLVNA (Licensed Vocational Nurses) (O'Connor); (viii) Local 20 (Clinical Laboratory Scientists) O'Connor, St. Louise, Seton; (ix) Local 39 (Stationary and Bio-medical Engineers) and O'Connor, St. Louise, Seton.

D. Pension and Other Postretirement Benefit Plans.

61. VHS maintains two single employer defined benefit pension plans and participates in two multi-employer defined benefit pension plans. The defined benefit pension plans have been frozen for all employees, except members of the CNA at certain facilities. Defined benefit pension plan benefits are generally based on age, years of service, and employee compensation. In addition, VHS and VMF maintain several defined contribution retirement plans for employees.

62. The significant multiemployer defined benefit pension plan is the Retirement Plan for Hospital Employees ("RPHE"). The VHS entities that participate in the RPHE are Seton Medical Center, Seton Medical Center Coastsides, O'Connor Hospital, Saint Louise Regional Hospital, and Verity Business Services. The RPHE is frozen as to these facilities, other than with respect to CNA members at O'Connor Hospital, Saint Louise Regional Hospital and Seton Medical Center. Benefits under the RPHE are generally based on years of service and employee compensation. Contributions to the RPHE are based on actuarially determined amounts by the RPHE Board of Trustees to meet benefits to be paid to plan participants and satisfy IRS funding requirements. VHS recorded benefit expenses of approximately \$20.46 million and \$17.22 million in cash contributions to the RPHE for the fiscal years ended June 30, 2017 and 2016, respectively. The VHS contributions accounted for approximately 43% and 40% of total contributions made to the RPHE for the fiscal years ending June 30, 2017 and 2016, respectively. Of the estimated remaining \$4.79 million for 2018 and expected \$12.68 million for 2019, VHS contributions to RPHE, approximately \$3.15 million and \$7.63 million, respectively, is for make-up of underfunded amounts that arose prior to VHS' acquisition from the Daughters of Charity Health System ("DCHS"). As of July 31, 2018, there were no unpaid contribution installment obligations owed by VHS to the RPHE.

63. In addition to the RPHE, Verity assumed in the Daughters of Charity restructuring

1 certain obligations under a multiemployer plan commonly referred to as Stationary Engineers
2 Local 39 Pension Plan (the "Local 39 Plan"). As of July 31, 2018, there were no unpaid
3 contributions due on the Local 39 Plan.

4 64. VHS maintains two single-employer defined benefit pension plans (the "Verity A
5 & B Plans"). VHS personnel at St. Francis Medical Center, St. Vincent Medical Center,
6 O'Connor Hospital, Saint Louise Regional Hospital, and the VHS system office are eligible to
7 participate in these plans. However, only CNA members continue to earn new benefits under the
8 Verity Plan A; the Verity Plan B is completely frozen with no ongoing benefit accruals. VHS
9 contributed approximately \$41.68 million and \$9.92 million during the fiscal years ended June
10 30, 2017 and 2016, respectively. Of the estimated remaining \$10.12 million for 2018 and
11 expected \$35.53 million for 2019 VHS contributions to Verity Plan A, approximately \$8.10
12 million and \$28.05 million, respectively, is for make-up of underfunded amounts that arose prior
13 to VHS' acquisition from the Daughters of Charity. As of July 31, 2018, there were no unpaid
14 contribution installment obligations owed by VHS to the Verity A & B Plans.

15 65. VHS and VMF also maintain several active defined contribution retirement plans
16 for eligible employees; eligibility for and benefits under the defined contribution retirement plans
17 vary according to facility, union status, and employee classification/hire date. These defined
18 contribution plans include the Verity Health System Supplemental Retirement Plan (TSA), the
19 Verity Health System Supplemental Retirement Plan (401(a)), the Verity Health System
20 Retirement Account (RPA), the Verity Medical Foundation 401(k) Plan, the Verity Medical
21 Foundation Management Bargaining Unit Employees 401(k) Plan for represented employees and
22 the Verity Health System Executive Long-Term Savings Plan (457(b)) Plan for nonrepresented
23 employees. These defined contribution plans are funded from employee and/or employer
24 contributions generally on a payroll by payroll basis. In addition to the above active defined
25 contribution plans, there are several small, frozen ancillary retirement plans. During the fiscal
26 years ended June 30, 2017 and 2016, the employer's contribution expense for defined
27 contribution plans was approximately \$18.48 million and \$21.75 million respectively. As of July
28 31, 2018, there were no unpaid employer contributions owed on any of these defined contribution

1 plans other than unpaid contributions for current and recent payroll cycles consistent with
2 ordinary administrative practices.

3 66. VHS also maintains an early retiree health insurance program (the Postretirement
4 Healthcare Plan), which provides medical benefits to eligible retirees from early retirement to age
5 65 only. The postretirement health care benefits are determined based on age and years of
6 service. Certain employees at O'Connor Hospital, St. Louise Regional Hospital, Seton Medical
7 Center, and Seton Medical Center Coastsides are eligible to participate in this plan. The
8 Postretirement Healthcare Plan is an unfunded plan. VHS contributed \$50,000 and \$58,000 to the
9 Postretirement Healthcare Plan during the fiscal years ended June 30

10 **E. Insurance Policies**

11 67. The Debtors maintain various insurance policies issued by several insurance
12 carriers (collectively, the "Insurance Carriers"). Collectively, these policies provide for coverage
13 for, among other things: storage tank liability, commercial property, workers' compensation and
14 employers liability, commercial automobile, helipad liability & non-owned aircraft liability,
15 sexual misconduct and molestation liability, D&O liability, general liability, and professional
16 liability (collectively, the "Insurance Policies").²

17 68. Significant insurance is issued to the Debtors by its captive insurer Marillac. VHS
18 is the sole owner of Marillac. The policies issued by Marillac cover professional and general
19 liability (both at the primary and excess level) and additional excess coverage as to automobile
20 liability, heliport and non-owned aircraft liability, employer's liability and certain other general
21 liability. Marillac also issued a Deductible Liability Protection Policy which provides coverage
22 for the deductible obligations on the Debtors' workers' compensation policy issued by Old
23 Republic Insurance Company ("Old Republic").

24 69. Most of the Debtors' Insurance Policies will expire between September 5, 2018
25 and July 1, 2019. The Debtors have begun negotiating renewals, extensions and/or entries into
26 new insurance policies with respect to the expiring Insurance Policies.

27
28 ² The Insurance Policies include six (6) CA DHS patient Trust Bonds, which have an annual premium in the
aggregate of \$1,100 that was paid in full in December 2017 and will not come due for renewal until December 2018.

70. In certain instances, the Debtors pay premiums for their Insurance Policies in full at the beginning of the policy and in other instances in quarterly installments. The total annual premium due for Insurance Policies is approximately \$18,647,036. Of that amount, the Debtors pay \$2,637,071 at the time of inception, and the remaining \$16,009,965 is paid in quarterly installments. As of the Petition Date, there are no outstanding unpaid premiums due. The total amount of annual insurance premiums which will come due postpetition is \$10,043,085.

a. Self-Insured Retentions

71. The Debtors maintain self-insured retentions of \$250,000 per claim under their D&O liability coverage, \$350,000 per claim under their employment practices coverage, \$50,000 per claim under their fiduciary liability coverage, \$100,000 per claim under their crime coverage, and \$50,000 per claim under their sexual misconduct and molestation liability coverage (the “Self-Insured Retentions” or “SIRs”). A SIR is a loss amount that the insured is obligated to pay before the insurer’s coverage obligation is triggered.

72. The Debtors’ Self-Insured Retentions are administered so that the Debtors pay directly for the losses under each policy as they are incurred up to the amounts of the Self-Insured Retentions. Such SIRs due prepetition have been paid. For the last year, no SIR amounts have been due for (a) the D&O liability coverage, (b) the employment practices coverage, (c) the fiduciary liability coverage, and (d) the crime coverage. There have also been no SIR amounts incurred under the sexual misconduct and molestation liability policy last year.

b. Deductibles

73. The Debtors maintain a workers’ compensation insurance policy with Old Republic with a \$500,000 deductible for each claim. Old Republic provides coverage under the policy up to \$1 million for each claim. On average, the monthly invoice amounts for deductibles (including ALAE) incurred under the workers’ compensation policy is between \$400,000 and \$650,000, which are timely paid by Marillac under the Deductible Liability Protection Policy.

74. The deductibles included in the Debtors’ other Insurance Policies are:

- Storage Tank Liability - ACE American Insurance Company (Chubb) - \$5,000 per Storage Tank Incident;

- Storage Tank Liability - Tokio Marine Specialty Insurance Company (Philadelphia) - \$25,000 per Confirmed Release;
- Commercial Property - American Guarantee and Liability Insurance Company (Zurich) - \$100,000 Basic Policy Deductible;
- Commercial Automobile - National Union Fire Insurance Company of Pittsburg, PA (AIG) - \$1,000 Comprehensive, \$1,000 Collision;
- Helipad Liability & Non-Owned Aircraft Liability - StarNet Insurance Company (Berkley Aviation) - \$1,000 Physical Damage per Occurrence; and
- General Liability - Chubb - \$10,000 per Occurrence.

75. The Debtors expect their prepetition deductible obligations, other than those deductibles owed under the workers' compensation policy (which are paid by Marillac, a non-debtor), to be minimal.

c. Letter of Credit

76. The Debtors provide a \$34,087,296 letter of credit to Old Republic as security for all of the Debtors' obligations, as required under their workers' compensation policy. Marillac is the account party on the letter of credit, and the letter of credit is fully secured by Marillac's assets - \$34,087,296 of liquid securities. Pursuant to the Program Agreement Endorsement to the workers' compensation policy, Old Republic may draw upon the letter of credit to reimburse Old Republic for payment of the Debtors' deductible obligations or for payment of other obligations of the Debtors under the workers' compensation policy, if not paid by Marillac. Old Republic may also draw down the \$34,087,296 letter of credit in full upon the Debtors' insolvency or filing of a bankruptcy petition.

77. The Debtors expect that Marillac will continue to honor its policy to insure the Debtors' obligations under the workers' compensation policy, and that Old Republic will not be harmed by the Debtors' chapter 11 filing.

d. Claims Administration Agreements

78. The Debtors have entered into administrative services contracts with Sedgwick Claims Management Services, Inc. ("Sedgwick"), for administration of claims submitted under

1 the Debtors' workers' compensation policy as well as their professional and general liability
2 policy.

3 79. The Debtors pay Sedgwick an annual estimated fee of \$702,000 which is paid in
4 quarterly installments of \$175,000 for services provided by Sedgwick under the Debtor's
5 workers' compensation policy. The actual fees owed to Sedgwick are based on the staffing
6 necessary for Sedgwick to provide claims services and are calculated by taking the actual
7 program salaries, bonuses and temporary expenses multiplied by the salary multiplier. Sedgwick
8 will periodically provide an accounting to determine the actual fees incurred. The Debtors are
9 entitled to a credit if the amount of actual fees owed to Sedgwick are less than the estimated fees
10 paid. On the other hand, Sedgwick bills the Debtors for the additional actual fee owed if the
11 actual fee amount is higher than the estimated fees.

12 80. With respect to administration of their professional and general liability policy, the
13 Debtors pay Sedgwick \$3,545 per claim and suit file, \$1,825 per Potentially Compensable Event
14 ("PCE") where an investigation has been requested, \$275 for a PCE where an investigation has
15 not been requested pursuant to this agreement. Fees are paid monthly as files are assigned to
16 Sedgwick by the Debtors. Debtors also pay Sedgwick a program management fee of \$1,250 each
17 month.

18 **F. Recent Financial Results.**

19 81. As of June 30, 2018, Verity's consolidated unaudited financial statements reflected
20 total assets of approximately \$847 million and total liabilities of approximately \$1,278 billion.

21 **III. The Need For Chapter 11 Relief And The Events Leading To The Commencement**
22 **Of These Chapter 11 Cases**

23 **A. Historical Challenges.**

24 82. The Hospitals and VMF were originally owned and operated by the Daughters of
25 Charity of St. Vincent de Paul, Province of the West (the "Daughters of Charity"), to support the
26 mission of the Catholic Church through a commitment to the sick and poor. The Daughters of
27 Charity began their healthcare mission in California in 1858 with the opening of Los Angeles
28 Infirmary, now known as St. Vincent Medical Center. The Daughters of Charity expanded its

1 hospitals to San Jose in 1889 and San Francisco in 1893. The Daughters of Charity ministered to
2 ill, poverty-stricken individuals for more than 150 years.

3 83. In March 1995, the Daughters of Charity merged with Catholic Healthcare West
4 (“CHW”). In June 2001, the Daughters of Charity Health System (“DCHS”) was formed. In
5 October 2001, the Daughters of Charity withdrew from CHW. In 2002, DCHS commenced
6 operations and was the sole corporate member of the Hospitals, which at that time were
7 California nonprofit religious corporations.

8 84. Between 1995 and 2015, the Daughters of Charity and DCHS struggled to find a
9 solution to continuing operating losses, either through a sale of some or all of the hospitals or a
10 merger with a more financially sound partner. All these efforts failed. During these efforts,
11 however, the health system’s losses continued to mount. In 2005, DCHS issued \$364 million in
12 bonds to refinance existing debt and to fund future capital expenditures. Three years later, in
13 2008, they issued another \$143 million in bonds to refinance existing debt.

14 85. Between 2012 and 2014, DCHS participated in an affiliation with Ascension
15 Health Alliance (“Ascension”) in an effort to create greater operating efficiencies. Ascension is
16 the largest Catholic health system in the world and the largest non-profit health system in the
17 United States with facilities in 23 states and the District of Columbia. The affiliation between
18 DCHS and Ascension failed.

19 86. Despite continuous efforts to improve operations, operating losses continued to
20 plague the health system due to, among other things, mounting labor costs, low reimbursement
21 rates and the ever-changing healthcare landscape. In 2013, DCHS actively solicited offers for
22 O’Connor Hospital, St. Louise Regional Hospital, Seton Medical Center and Seton Medical
23 Center Coastsides. In 2013, to avoid failing debt covenants, the Daughters of Charity Foundation,
24 an organization separate and distinct from DCHS, donated \$130 million to DCHS to allow it to
25 retire the 2008 Bonds in the total amount of \$143.7 million.

26 87. In early 2014, DCHS announced that they were beginning a process to evaluate
27 strategic alternatives for the health system. Throughout 2014, DCHS explored offers to sell their
28 health system and, in October of 2014, they entered into an agreement with Prime Healthcare

Services and Prime Healthcare Foundation (collectively, “Prime”) to sell the health system. However, to keep the hospitals open, DCHS, needed to borrow another \$125 million to mitigate immediate cash needs during the sale process; in other words, to allow DCHS to continue to operate until the sale could be consummated. Notably, DCHS’ goal in the transaction was to basically maintain the status quo; their guiding principles for the sale included protecting existing pensions, repaying all their bond debt, continuation of all collective bargaining agreements, maintenance of existing contracts for patient services, and obtaining promises for substantial capital expenditures. In early 2015, the California Attorney General consented to the sale to Prime, subject to conditions on that sale that were so onerous that Prime terminated the transaction.

88. In 2015, DCHS again marketed their health system for sale, and, again, focused on offers that maintained the health system as a whole, and assumed all the obligations. In July 2015, the DCHS Board of Directors selected BlueMountain Capital Management LLC (“BlueMountain”), a private investment firm, to recapitalize its operations and transition leadership of the health system to the new Verity Health System (the “BlueMountain Transaction”).

89. In connection with the BlueMountain Transaction, BlueMountain agreed to make a capital infusion of \$100 million to the hospital system, arrange loans for another \$160 million to the health system, and manage operations of the health system, with an option to buy the health system at a future time. In addition, the parties entered into a System Restructuring and Support Agreement (the “Restructuring Agreement”), DCHS’s name was changed to Verity Health System, and Integrity was formed to carry out the management services under a new management agreement.

90. DCHS requested the California Attorney General’s consent to enter into the Restructuring Agreement and the BlueMountain Transaction. According to report prepared by MDS Consulting, an expert consulting firm retained to prepare healthcare impact reports for the AG, DCHS outlined the following reasons why the BlueMountain Transaction was either necessary or desirable:

- 1 • The current structure and sponsorship of DHCS was no longer plausible as a result of cash
2 flow projections and dire financial conditions.
- 3 • In July and August of 2014, DCHS obtained a short-term financing bridge loan in the
4 amount of \$125 million to mitigate the immediate cash needs for an estimated period of
5 time long enough to allow for the transaction to close. Repayment of the funds was due on
6 December 15, 2015, at which time if the full amount was not repaid, DCHS would be at
7 risk of defaulting on both their 2014 and 2005 Revenue Bonds.
- 8 • Without bankruptcy protection or additional financial support, DHCS could not continue
9 hospital operations if there is a default.

10 91. On December 3, 2015, the California Attorney General approved the BlueMountain
11 Transaction, subject to conditions. The Attorney General conditions were imposed for periods
12 ranging from 5 to 15 years. Generally, the terms of conditions (collectively, the “Conditions”)
13 included: (1) limits on transfers of control; (2) maintenance of specific health services and
14 specific bed counts; (3) required participation in Medicare and Medi-Cal programs; (4) required
15 levels of community benefit programs; (5) required levels of charity care; (6) maintenance of
16 certain county payor contracts; (7) requirements for local governing boards; (8) requirements for
17 medical staff compliance; and (9) an annual attestation of compliance with the AG conditions.

18 92. Under the Restructuring Agreement, VHS, O’Connor Hospital, Saint Louise
19 Regional Hospital, St. Francis Medical Center, St. Vincent Medical Center, Seton Medical Center
20 and Seton Medical Center Coastsides, all of whom are members of the Obligated Group (as
21 defined below), were converted from religious corporations to public benefit corporations.

22 93. Despite BlueMountain’s infusion of cash and retention of various consultants and
23 experts to assist in improving cash flow and operations, the health system did not prosper.

24 94. In July 2017, NantWorks, LLC acquired a controlling stake in Integrity.
25 NantWorks brought in a new CEO, CFO, and COO. NantWorks loaned another \$148 million to
26 the Debtors.

27 95. Despite the infusion of capital and new management, it became apparent that the
28 problems facing the Verity Health System were too large to solve without a formal court
supervised restructuring. Thus, despite VHS’ great efforts to revitalize its Hospitals and
improvements in performance and cash flow, the legacy burden of more than a billion dollars of
bond debt and unfunded pension liabilities, an inability to renegotiate collective bargaining

1 agreements or payor contracts, the continuing need for significant capital expenditures for seismic
2 obligations and aging infrastructure, and the general headwinds facing the hospital industry, make
3 success impossible. Losses continue to amount to approximately \$175 million annually on a cash
4 flow basis.

5 96. Based on the foregoing, and while VHS has made improvements to the existing
6 system, the Debtors have commenced these chapter 11 cases to protect the original legacy of the
7 Daughters of Charity to the maximum extent possible by retiring debt incurred over the past 18
8 years and freeing the hospital facilities and work force to continue to operate as hospitals under
9 new ownership and leadership without the accumulated crisis of the past. To do that requires the
10 bankruptcy court supervised sale of some or all of the hospitals and related facilities, and the
11 comprehensive resolution of the Debtors financial obligations through a court approved plan of
12 reorganization.

13 97. The goals of the Debtors' restructuring are to maintain the Debtors' business
14 operations; preserve the going-concern value of the Debtors' businesses, its stakeholders, and
15 parties in interest; and, most importantly, to protect the health and wellbeing of the patients who
16 are treated at the Hospitals and the jobs of the Debtors' approximately 7,000 employees.

17 **B. Current Fiscal Crisis.**

18 98. As described above, the fiscal crisis is the confluence of various factors and
19 historical challenges. Below are a few of the most significant and expected funding requirements
20 in the immediate future.

21 **a. *Payor Rates.***

22 99. Verity is paid below market rates through its payor contracts with health plans.
23 Verity's contracts are 20-43% below market. These below market rates would make it difficult
24 for any hospital to break even. Summarized below is illustrative data, highlighting Verity's rates
25 as a percentage of Medicare relative to the market rates.

26 ///

27 ///

28

Managed Care Rates Expressed as a Percent of Medicare Rates (Combined Inpatient and Outpatient)

	BlueCross			BlueShield			United		
	Verity	Market	% Difference	Verity	Market	% Difference	Verity	Market	% Difference
SFMC	193%	223%	-15%	193%	226%	-17%	198%	237%	-20%
SVMC	139%	206%	-48%	156%	202%	-29%	139%	195%	-40%
OCH	164%	237%	-44%	229%	244%	-6%	151%	242%	-60%
SMC	207%	252%	-22%	235%	254%	-8%	228%	262%	-15%
SLRH	202%	280%	-38%	204%	280%	-37%	159%	289%	-82%
Average			-34%			-20%			-43%

b. Labor Rates.

100. Payroll costs in the last twelve months have increased nearly \$65,000,000 partially related to Verity's union contracts (~5% increases year over year forward).

c. Pension Obligations.

101. Under the Pension Plans (as defined above), there are expected pension funding requirements in the next year of over \$66 million. Only ~\$20M relates to current year costs. In other words, most is funding the underfunded status of the plans.

d. IT Investment.

102. VHS' system requires IT investment in the amount of nearly \$50 million over the next year alone. There is outdated electronic health records and enterprise resource planning (i.e., human resources, supply chain management, inventory management, etc.). Further, VHS needs significant upgrades to its IT assets in order to modernize its Hospitals and remain able to continue providing quality patient care services. For example, VHS needs to (i) immediately replace its outdated local area and wireless networking equipment with modern equipment to enable reliable access by all VHS system users (estimated cost \$15 million over a one-year implementation period), (ii) replace VHS' obsolete clinical systems — including its medical record systems and financial systems — in order to provide up-to-date patient records, improved clinical planning, care management, and better charge control (estimated cost \$220 million over a period of two years), and (iii) replace and upgrade such other information technology hardware and software, including for imaging clinics, that are necessary for operating a full range of healthcare services.

1 *e. Seismic and Energy Requirements.*

2 103. The Verity system requires seismic and energy expenditures of over \$150 million
3 over the next few years. By way of example, there are significant improvements (including
4 demolition of certain buildings) required by 2020 to St. Vincent Medical Center, Seton
5 Medical Center, and O'Connor Medical Center. There are additional improvement required by
6 2030 to St. Vincent, Seton Medical Center, O'Connor Medical Center, and St. Louise Regional
7 Hospital. These seismic improvement deadlines are part of the conditions imposed by the
8 Attorney General in the BlueMountain Transaction, as well as mandated by the California Office
9 of Statewide Health Planning and Development (OSHPD).

10 *f. Medical Equipment.*

11 104. The Verity system requires over \$100 million in medical equipment expenditures
12 over a period of several years.

13 **C. Working Capital Shortages.**

14 105. The Debtors, like other hospitals serving similar communities, rely on HQAF,
15 DSH and other government support to help bridge the gap between what they get reimbursed by
16 Medicare and Medi-Cal and their cost of providing care. The Hospital Quality Assurance Fee
17 (HQAF), established in 2010, provides funding for supplemental payments to California hospitals
18 that serve Medi-Cal and uninsured patients. The program has been very successful, providing
19 billions of dollars in supplemental payments to California hospitals. The Medicare and Medi-cal
20 programs also provide funding to hospitals that treat indigent patients through the
21 Disproportionate Share Hospital (DSH) programs, under which facilities are able to receive at
22 least partial compensation. Under the Patient Protection and Affordable Care Act of 2010 (ACA,
23 P.L. 111-148, as amended), Congress would have reduced federal DSH allotments beginning in
24 2014, to account for the decrease in uncompensated care anticipated under health insurance
25 coverage expansion. However, several pieces of legislation have been enacted since 2010 have
26 since delayed the ACA's Medicaid DSH reduction schedule. Unfortunately, both HQAF and
27 DSH have proven difficult to rely on, as payments are reduced and delayed.

28 106. Relying on the HQAF payments has led to working capital shortages due to delays

1 in approval and receiving less than expected amounts. For example:

- 2 • *14-Month Delay*: QAF 5 FFS (service period 1/1/17 –6/30/19) was not approved until
3 Dec. 2017 and the Debtors did not start receiving payments until the end of Feb. 2018 (14-
month delay);
- 4 • *Potential 24 Month Delay*: QAF 5 HMO is likely not going to be approved until the end
5 of 2018 (potentially a 24-month delay on receiving funds);
- 6 • *Receiving less than Expected*: through the first 4 cycles of QAF 5 FFS, the Debtors have
7 received anywhere from 69.2-93.9% of expected payments.

7 **D. Attorney General Requirements.**

8 107. As set forth above, as part of approving the Restructuring Agreement, the AG
9 placed certain operational restrictions on VHS and each of the Hospitals, which include certain
10 minimum annual requirements for charity care, community benefits, and capital expenditures
11 among other mandates. Taken separately, most of these conditions would not have contributed to
12 the Debtors' failure to thrive. However, the cumulative effect of the conditions was to lock the
13 Debtors into a failing business model, dictating both minute details of business operations, as well
14 as denying the Debtors the ability to repurpose facilities. For example, SMC could better serve
15 the community by operating as a much-needed long-term post-acute care facility, rather than as
16 one of the many acute care hospitals in a saturated service area.

17 108. The AG's conditions also compelled the expenditure of millions of dollars to
18 provide charity care even though the number of uninsured people in California has steadily
19 decreased since passage of the Affordable Care Act. Also, as a result of a shortfall in the fiscal
20 year 2017 charity care requirement for certain hospitals, VHS was required to make an additional
21 contribution to the Retirement Plans of \$7,619,000 in October 2017.

22 109. The AG's conditions denied the Debtor the benefits of the marketplace. For
23 example, the conditions required Verity to enter into contracts with certain entities. Because
24 those entities were well aware of the AG's requirement that Verity contract with them or be in
25 default, Verity had no bargaining power with those entities or payors.

26 **E. Increased Cap Volumes.**

27 110. The Debtors have capitation contracts with health plans. Capitation is a flat
28 periodic payment per enrollee paid to a healthcare provider; it is the sole reimbursement for

1 providing services to a defined population. Under capitation, fixed payments are made to
 2 providers regardless of the volume of services rendered, so providers like the Debtors bear the
 3 risk that the costs of providing service, including opportunity costs (profits), might exceed the
 4 capitation payment. Capitation completely reverses the actions that providers must take to ensure
 5 financial success; under capitation, the keys to profitability are to work more efficiently and
 6 decrease volume. The Debtors have seen a significant increase in volume from capitated
 7 populations and therefore are bearing the loss from that increased volume.

8 **IV. Corporate And Capital Structure**

9 **A. Corporate Structure.**

10 111. As set forth above, VHS is a California nonprofit public benefit corporation and
 11 the sole member of O'Connor Hospital, St. Francis Medical Center, St. Vincent Medical Center,
 12 Seton Medical Center, Verity Business Services, Verity Medical Foundation, Verity Holdings,
 13 LLC, and DePaul Ventures, LLC.

14 112. As set forth above, each Debtor Hospital is the sole member of the Debtor
 15 nonprofit public benefit corporation that handles its fundraising and grant-making programs: St.
 16 Francis Medical Center Foundation, St. Vincent Foundation, Seton Medical Center Foundation,
 17 Saint Louise Regional Hospital Foundation, and O'Connor Hospital Foundation (collectively, the
 18 "Philanthropic Foundations").

19 113. St. Vincent Medical Center is the sole Member of St. Vincent Dialysis Center, Inc.

20 114. VHS is the sole member of DePaul Ventures, LLC. DePaul Ventures, LLC, is the
 21 sole Member of DePaul Ventures-San Jose ASC, LLC, and of DePaul Ventures-San Jose
 22 Dialysis, LLC.

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24 ///

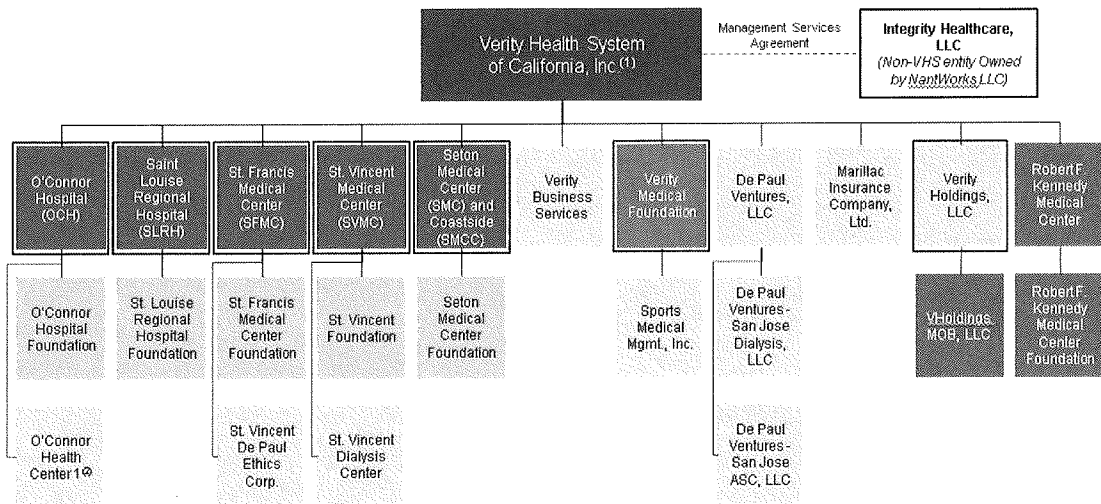
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115. The following graphic depicts Verity's prepetition organizational structure:



116. Each Debtor entity has its own management and governance structure. Under the leadership of the Daughters of Charity, each Hospital operated independently except that all employees were under the same pension plans. After the transition of operations and leadership to VHS, there has been a systemizing of operations, so that functions that were being performed at each of the Debtors are being transitioned and performed by VHS and being standardized, such as pharmacy operations, credentialing, IT, case management, etc.

117. As set forth above, VMF offers medical, surgical and related healthcare services for people of all ages at community-based, multi-specialty clinics conveniently located in areas served by Verity hospitals. The following graphic depicts VMF's structure that is comprised of, among other things, professional service agreements with seven medical groups that provide physicians to VMF's clinics:

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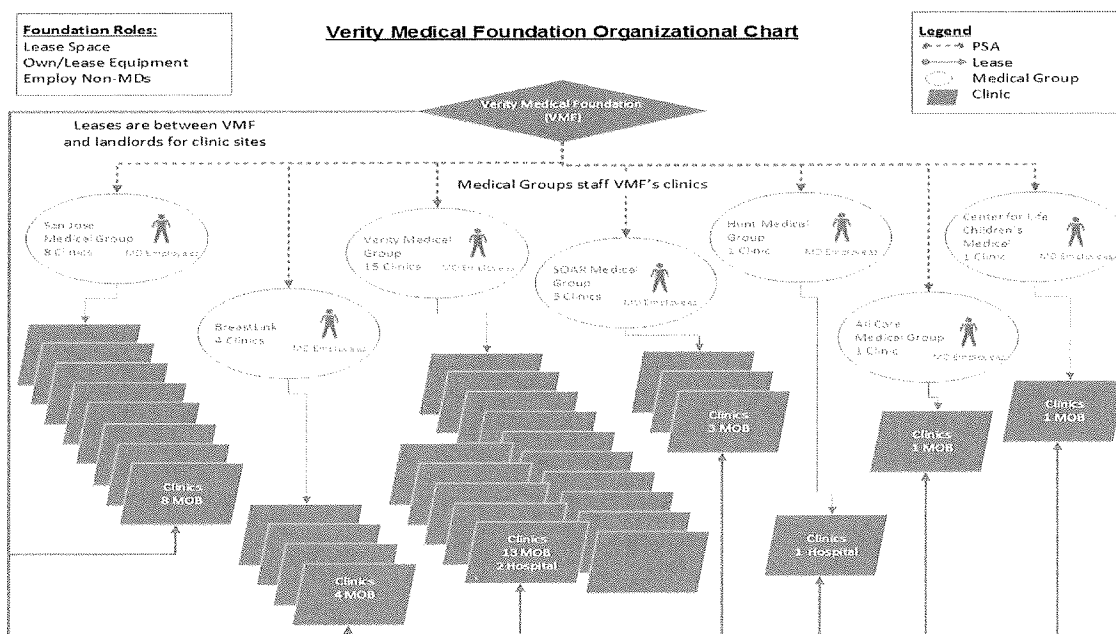
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118. As stated above, I am the CEO. The remainder of the senior management follows:

Name	Position
Chief Financial Officer	Anita Chou
Chief Operating Officer	Anthony Armada
Chief Medical Officer	Tirso del Junco, Jr. M.D.

119. VHS is governed by a 7-member Board (the "VHS Board of Directors"), the membership of which follows:

Name	Position
Dr. Ernest Agatstein	Director
James Barber	Director
Terry Belmont	Secretary
Jack Krouskup	Chairman
Charles B. Patton	Director
Christobel Selecky	Director
Andrew Pines	Vice Chair

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1 120. Verity Holdings, LLC, De Paul Ventures, LLC, and De Paul - San Jose Dialysis,
2 LLC, are all limited liability companies that do not have Boards of Directors. The sole Member
3 of Verity Holdings, LLC, and De Paul Ventures, LLC, is VHS. The sole member of De Paul
4 Ventures - San Jose Dialysis, LLC, is De Paul Ventures, LLC. I am the President and Eleanor
5 Ramirez and Art Huber were appointed Vice Presidents of Verity Holdings, LLC, on
6 November 17, 2017. I am the managing member for De Paul Ventures, LLC. Dr. Tirso del
7 Junco, Jr., is the managing member for De Paul Ventures - San Jose Dialysis, LLC.

8 **B. Capital Structure.**

9 121. As more fully set forth in the declaration of Anita Chou in support of the Debtors'
10 *Emergency Motion Of Debtors For Interim And Final Orders (A) Authorizing The Debtors To*
11 *Obtain Post Petition Financing (B) Authorizing The Debtors To Use Cash Collateral And (C)*
12 *Granting Adequate Protection To Prepetition Secured Creditors Pursuant To 11 U.S.C. §§ 105,*
13 *363, 364, 1107 And 1108, VHS, Verity Business Services ("VBS"), the Hospitals, and one*
14 *operating division are jointly obligated parties on approximately \$461.4 million of outstanding*
15 *secured debt consisting of: (a) \$259.4 million outstanding tax exempt revenue bonds, Series 2005*
16 *A, G and H issued by the California Statewide Communities Development Authority (the "2005*
17 *Bonds"), which loaned the bond proceeds to VHS to provide funds for capital improvements and*
18 *to refinance certain tax exempt bonds previously issued in 2001 by the DCHS, a religious not-for-*
19 *profit enterprise and VHS's reorganization predecessor; and (b) \$202 million outstanding tax*
20 *exempt revenue notes, Series 2015 A, B, C, and D and Series 2017 issued by the California*
21 *Public Finance Authority, which loaned the proceeds to VHS to provide working capital (the*
22 *"Working Capital Notes"). Wells Fargo Bank, N.A. ("Wells Fargo") is the Bond Trustee and*
23 *UMB Bank National Association ("UMB Bank") is the successor Master Trustee and for the*
24 *prepetition secured 2005 Bonds. U.S. Bank, National Association ("U.S. Bank") is the Note*
25 *Trustee and also the Collateral Agent for the Working Capital Notes.*

26 122. Except for the taxable Series 2015C Working Capital Notes, the 2005 Bonds and
27 the Working Capital notes are all tax exempt, meaning interest on the bonds is not taxable to the
28 holders so long as the issuer maintains its qualified tax exempt status and the proceeds of the

bonds were used for the tax exempt purposes for which they were originally intended. The Series 2005 A Bonds are comprised four term bonds maturing on July 1, 2024, 2030 and 2035 bearing interest at 5.75% (Series 2005A-2024), (Series 2005A-2030), (Series 2005A-2035) and one maturing July 1, 2039 bearing interest at 5.50% (Series 2005A-2039). The Series 2005G term bond matures on July 1, 2022 and bears interest at 5.50%. The Series 2005H- term bond matures on July 1, 2025 and bears interest at 5.75%. The Working Capital Notes mature on June 10, 2019 (Series 2015A, Series 2015B, Series 2015C and Series 2015D) and on December 10, 2020 (Series 2017A, 2017B). Series 2015A and B and Series 2017 and 2017B bear interest at 7.25%, while the Series 2015D carries an 8.75% interest rate and Series 2015C accrues interest at 9.5%.

123. As set forth above, Holdings, a direct subsidiary of its sole member Verity, was created in 2016 to hold and finance Verity's interests in six medical office buildings whose tenants are primarily physician and other practicing medical groups and certain of the Verity Hospitals. Holdings is the borrower on approximately of \$66 million on two series of non-recourse financing secured by separate deeds of trust, revenue and accounts pledges, including lease rents on each medical buildings (collectively "MOB Financing"). The MOB Financings bear interest at a variable interest rate based on equal to One Month LIBOR plus a spread of 5.0% with a floor of 6.23%. The secured lenders for the MOB Financings are affiliates of NantWorks, LLC, which is an affiliate of Integrity.

124. During May 2017, the California Statewide Communities Development Authority issued \$20 million of limited obligation tax exempt bonds, pursuant to the CaliforniaFIRST Clean Fund Program in five series all with the same maturity date of September 2, 2047 (the "Clean Fund Bonds") as the conduit issuer for the benefit and obligation of Verity. The purpose of the bond funding was to assist with clean energy construction efforts of the Seaton Medical Center and are secured by Seton Medical Center's voluntary agreement to special tax assessments by Daley City. No other Debtor is liable for repayment of the Clean Fund Bonds. Wilmington Trust National Association ("WTNA") is the Trustee holding the construction funds, and a pre funded capitalized interest fund and is the collateral agent for collection of the special tax assessments for use in paying interest and principal on the Clean Fund Bonds. Interest on the Clean Fund Bonds

1 accrues at 6.4%. The special assessment runs for a period which is the shorter of 30 years or the
2 early full defeasement of the Clean Fund Bonds.

3 125. Also in September 2017, the California Statewide Communities Development
4 Authority issued a single series \$20 million of limited obligation tax exempt bonds pursuant to
5 the CaliforniaFIRST Program for the purpose of assisting with clean energy and seismic
6 improvement construction at Seton Medical Center ("NR2 Petros Bonds"). The NR2 Petros
7 Bonds also mature on September 2, 2047, but carry an interest rate of 6.45%. The NR2 Petros
8 Bonds are also California tax exempt and are secured by a special Daly City tax assessment on
9 Seton Medical Center property. No other Debtor is liable for repayment of the NR2 Petros
10 Bonds. The special assessment runs for a period which is the shorter of 30 years or the early full
11 defeasement of the NR2 Petros Bonds. WTNA is the Trustee holding the seismic improvement
12 funds, as well as a pre-funded interest payment fund.

13 126. NantCapital also provided \$40 million of unsecured debt financing for Verity as
14 reflected in two \$20 million unsecured notes (the "Unsecured Notes"). The Unsecured Notes are
15 balloon notes with interest and principal payable at maturity in 2020 and carry annual
16 compounded interest rates of 7.25%.

17 **C. Unsecured Debt.**

18 127. The Debtors have approximately \$500 million in total unsecured debt, including
19 disputed, unliquidated or contingent claims, which are comprised of claims made by vendors of
20 goods and services, cost report payables, pension obligations, management fees, and incurred but
21 not reported third party claims.

22 **V. Sale Efforts**

23 128. Prior to the Petition Date, the Debtors engaged in substantial efforts to market and
24 sell their assets. In June 2018, the Debtor engaged Cain Brothers, a division of KeyBanc Capital
25 Markets ("Cain"), to identify potential buyers of some or all of the Verity hospitals and related
26 assets and commenced discussions with those potential buyer.

27 129. Cain prepared a Confidential Investment Memorandum (the "CIM") and organized
28 an online data site to share information with potentially buyers and contacted over 110 strategic

1 and financial buyers beginning in July 2018 to solicit their interest in exploring a transaction
2 regarding the Debtors and has advanced significantly towards achieving sales.

3 130. In August 2018, as a result of its ongoing and broad marketing process, Cain has
4 received 11 Indications of Interest (“IOI”) to date, and expects to receive additional proposals on
5 or near the end of August. Shortly after the Petition Date, the Debtors, in consultation with Cain
6 and its other advisors, anticipate selecting an offer from one or more stalking horse bidder(s) to
7 acquire some or substantially all of the Debtors’ assets through a sale under § 363 of the
8 Bankruptcy Code.

9 **V. First-Day Pleadings**

10 131. The Debtors request that the relief described below in the First-Day Motions be
11 granted, as each request constitutes a critical element in achieving the successful restructuring of
12 the Debtors for the benefit of its patients, creditors and the communities they serve.

13 **A. Administrative Motions.**

14 132. In the *Motion of Debtors for Entry of an Order Directing the Joint Administration*
15 *of their Related Chapter 11 Cases* (the “Joint Administration Motion”), the Debtors request entry
16 of an order directing joint administration of these chapter 11 cases for procedural purposes
17 pursuant to Bankruptcy Rule 1015(b) and that the Court maintain one file and one docket for all
18 of the chapter 11 cases under the lead case, Verity Health System of California, Inc.

19 133. Joint administration of the chapter 11 cases will provide significant administrative
20 efficiencies without harming the substantive rights of any party in interest. Many of the motions,
21 hearings and orders that will be filed in the chapter 11 cases almost certainly will affect each of
22 the Debtors. The entry of an order directing joint administration of the chapter 11 cases will
23 reduce fees and costs by avoiding duplicative filings, objections, notices, and hearings, and will
24 allow all parties in interest to monitor the chapter 11 cases with greater ease and efficiency. The
25 relief requested in the Joint Administration Motion is in the best interests of the Debtors’ estates,
26 their creditors, and all other parties in interest and will enable the Debtors to continue to operate
27 their businesses in chapter 11 with the least disruption.

28

1 134. In the *Ex Parte Motion For Entry Of Order Extending Time To File Schedules Of*
2 *Assets And Liabilities, Schedules Of Executory Contracts And Unexpired Leases, And Statements*
3 *Of Financial Affairs* (the “Schedules and SOFA Motion”), as set forth in the declaration of Anita
4 M. Chou, the Debtors request entry of an order granting additional time to file their schedules of
5 assets and liabilities, schedules of executory contracts and unexpired leases, and statements of
6 financial affairs. As a consequence of the size and complexity of the Debtors’ business
7 operations, the number of creditors likely to be involved in these chapter 11 cases, the numerous
8 critical operational matters that the Debtors’ management and employees must address, a 30-day
9 extension (without prejudice to further extensions) is necessary and appropriate.

10 135. In the *Debtors’ Emergency Motion (A) Approving the Debtors Filing a*
11 *Consolidated List of Fifty Largest General Unsecured Creditors For All Cases; (B) Approving*
12 *The Debtors Filing A Consolidated Master Mailing Matrix For All Cases; and (C) Permitting the*
13 *Debtors’ Claims And Noticing Agent To Maintain The Master Mailing Matrix*, the Debtors seek
14 entry of an order approving each Debtor having filed in its respective case: a consolidated list of
15 the fifty largest general unsecured creditors for all eighteen Debtors and a consolidated Master
16 Mailing Matrix for all 17 Debtors; and permitting the Debtor’s claims and Noticing Agent
17 (Kurtzman Carson Consultants) to maintain and update the Master Mailing Matrix. There are 17
18 entities that are Debtors in these chapter 11 cases. As of the Petition Date, the Debtors estimate
19 that they have over \$1 billion in liabilities and they have over 20,000-40,000 potential creditors
20 and parties in interest (on a consolidated basis) in these chapter 11 cases. Many of the Debtors’
21 creditors overlap. As such, requiring the Debtors to prepare individual Top 20 Lists of Creditors
22 and individual Mailing Matrixes for each Debtor would be an exceptionally burdensome task and
23 would greatly increase the risk and recurrence of error of information already on computer
24 systems maintained by the Debtors or their agents.

25 **B. Operational Motions Requesting Immediate Relief.**

26 136. The Debtors intend to ask for immediate relief with respect to the following First
27 Day Pleadings and, therefore, will present these motions at the First Day Hearing.
28

1 a. ***Emergency Motion Of Debtors For Interim And Final Orders (A) Authorizing***
 2 ***The Debtors To Obtain Post Petition Financing (B) Authorizing The Debtors To Use Cash***
 3 ***Collateral And (C) Granting Adequate Protection To Prepetition Secured Creditors Pursuant***
 To 11 U.S.C. §§ 105, 363, 364, 1107 And 1108 (the “Cash Collateral/DIP Motion”).

4 137. By way of the Cash Collateral/DIP Motion, and as set forth in the Declaration of
 5 Anita M. Chou (the “Chou Declaration”), Chief Financial Officer of VHS (“Chou Decl.”), in
 6 support of the Cash Collateral/DIP Motion, the Debtors move, on an emergency basis, for entry
 7 of an interim order (substantially in the form attached as Exhibit “A” to the Chou Declaration, the
 8 “Interim Order”) and a final order (the “Final Order” and together with the Interim Order, the
 9 “DIP Orders”) (i) (a) authorizing the Debtors to enter into a senior secured, superpriority debtor
 10 in possession financing facility with Ally Bank, a subsidiary of Ally Financial, Inc., (the “DIP
 11 Lender”), in an (a) interim amount not to exceed \$30,000,000 and only as needed to avoid
 12 immediate and irreparable harm, and (b) after a final hearing, amount up to \$185,000,000 (as
 13 amended, modified or otherwise in effect from time to time, the “DIP Facility”), substantially on
 14 the terms set forth in the Chou Declaration and the Debtors In Possession Facility Agreement,
 15 attached as Exhibit “1” to the proposed Interim Order (as amended, supplemented, or otherwise
 16 modified and in effect from time to time, the “DIP Facility Agreement,” and together with all
 17 other agreements, documents, notes, certificates, and instruments executed and/or delivered with,
 18 to or in favor of the DIP Lender, (the “DIP Financing Agreements”), and (b) granting the DIP
 19 Liens and the DIP Superpriority Claims (in each case, as defined below); (ii) authorizing the
 20 interim use of Cash Collateral (as defined below) on the terms set forth in the Interim Order; (iii)
 21 granting “adequate protection” to UMB Bank, N.A., as successor Master Trustee for the
 22 Prepetition Secured Revenue Bonds, Series 2005 A, G and H (“2005 Bonds”) , U.S. Bank
 23 National Association (“U.S. Bank”), as the Collateral Agent and Note Trustee for the Series 2015
 24 A, B, C, and D and the Series 2017 A and B Revenue Notes (collectively, the “Working Capital
 25 Notes”) and MOB Financing LLC and MOB Financing II LLC as holders of security interests in
 26 Verity Holdings prepetition accounts, including rents arising from the prepetition MOB Financing
 27 (described below) in the form of Adequate Protection Payments and Replacement Liens, each as
 28 defined in the Chou Decl.; (iv) modifying the automatic stay as imposed by section 362 of the

1 Bankruptcy Code to the extent necessary to implement and effectuate the terms of the DIP
2 Facility and the DIP Orders; and (v) scheduling an interim hearing to approve the proposed
3 Interim Order and a final hearing with respect to the relief requested herein (the "Final Hearing").

4 138. Each Debtor has all requisite corporate power and authority to execute and deliver
5 the DIP Financing Agreements to which it is a party and to perform its obligations thereunder.

6 139. Absent granting emergency access to the Debtors' cash collateral, the Debtors will
7 not be able to made payroll or meet other obligations critical to the maintenance of safe facilities
8 and the delivery of effective acute care services for its patients and staff during the week ending
9 September 7, 2018. Absent emergency access to postpetition financing, the Debtors will lose
10 vendor support for critical postpetition deliveries of goods and services further burdening the
11 Debtors use of cash. Absent entry of an interim order granting the requested relief, the very
12 existence of the Hospitals will be threatened and the ability of the Hospitals to survive as long
13 term going concerns, whether or not owned by the Debtors, will be irreparably harmed.

14 ***b. Emergency Motion Of Debtors For Entry Of Order: (I) Authorizing The Debtors***
15 ***To (A) Pay Prepetition Employee Wages And Salaries, And (B) Pay And Honor Employee***
16 ***Benefits And Other Workforce Obligations; And (II) Authorizing And Directing The***
17 ***Applicable Bank To Pay All Checks And Electronic Payment Requests Made By The Debtors***
Relating To The Foregoing; Memorandum Of Points And Authorities In Support Thereof (the
"Wage Motion").

18 140. By the Wage Motion, the Debtors move the Court for entry of an order
19 (i) authorizing the Debtors, in their discretion, to (a) pay prepetition employee wages and salaries,
20 and (b) pay and honor employee benefits and other workforce obligations (including remitting
21 withholding obligations, maintaining workers' compensation and benefits programs, paying
22 related administration obligations, making contributions to retirement plans, and paying
23 reimbursable employee expenses) (collectively, the "Employee Obligations"); and (ii) authorizing
24 and directing the applicable bank to pay all checks and electronic payment requests made by the
25 Debtors relating to the foregoing.

26 141. Wages. The Employees are paid their wages and salaries (the "Wages")
27 bi-weekly, in arrears, either five or six days after the end of every 14-day pay period, through
28 direct deposit or by check. The Debtors' average bi-weekly gross payroll is approximately

1 \$25,394,994, which includes approximately \$463,907 for executive payroll, \$3,726,816 for
2 withholding obligations (relating to various taxes, claims and other obligations) and \$208,476 for
3 retirement plan contribution matching. Under a bifurcated, constant pay cycle, Employees were
4 last paid on August 24 and 30, 2018. The next routine payroll dates covering all Employees'
5 accrued and unpaid prepetition Wages are scheduled for September 7, 13 and 14, 2018, and
6 expected to include approximately \$15,353,375 that is attributable to prepetition Wages (the
7 "Requested Prepetition Payroll"), which the Debtors seek authority to pay by the Wage Motion.
8 The Debtors do not believe payments of Wages to any individual Employee will exceed the
9 \$12,850 cap under § 507(a).

10 142. Withholding and Union Obligations. In the ordinary course of their business, the
11 Debtors routinely withhold from the Wages certain amounts that the Debtors are required to
12 transmit to third parties for purposes such as Social Security and Medicare, federal and state or
13 local income taxes, contributions to the Debtors' benefit plans, savings and retirement plan
14 contributions, union claims, garnishment, child support or other similar obligations pursuant to
15 court order or law (collectively, the "Withholding Obligations"). The Debtors owe approximately
16 \$3,726,816 for Withholding Obligations in connection with the Requested Prepetition Payroll,
17 which the Debtors seek authority to pay by the Wage Motion. The Debtors are also required to
18 make certain Union-specific contributions, which are currently accrued and unpaid in the amount
19 of \$85,089 on account of prepetition Wages, which the Debtors seek authority to pay by the Wage
20 Motion.

21 143. Bonuses. Certain Employees are eligible to receive sign-on, retention and
22 incentive bonuses. Payout opportunity is based on Employee position, title and location (i.e.,
23 Hospital or Systems Office). The Debtors do not, by the Wage Motion, seek permission to pay
24 any bonuses to continuing Employees but do seek the authority, in the Debtors' discretion, to pay
25 the Employees for contractually agreed bonuses that accrued within the 180 days prior to the
26 Petition Date when their services with the Debtors are terminated so long as the total of the
27 payments already then made for prepetition Employee Obligations and the bonuses does not
28 exceed the statutory limit for priority claims of \$12,850.

1 144. Reimbursement Obligations. The Debtors customarily reimburse Employees who
2 incur business expenses in the ordinary course of performing their duties on behalf of the
3 Debtors. Such expenses typically include, but are not limited to, business-related travel expenses
4 (including mileage), business meals, relocation allowances, tuition reimbursement, and other
5 items specified in the CBAs. Based on historical experience, the Debtors anticipate that, as of the
6 Petition Date, the Debtors owe an estimated \$30,200 in Reimbursement Obligations to their
7 Employees, which they seek authority to pay by the Wage Motion. The Debtors further seek to
8 continue to pay Reimbursement Obligations incurred postpetition in the ordinary course of the
9 Debtors' business.

10 145. Paid Time Off and Extended Sick Leave. Full-time and part-time Employees
11 become eligible to receive employment benefits beginning the first of the month following 30
12 days of employment (when they become "Eligible Employees"). *Per diem* Employees are not
13 Eligible Employees. The Debtors provide Eligible Employees with Paid Time Off ("PTO") and
14 Extended Sick Leave ("ESL"), which are accrued annually and in increasing rates over successive
15 years. PTO is time off due to vacation, holiday, personal or incidental sick time. ESL kicks in (a)
16 immediately where the Eligible Employee is admitted for surgery, (b) after a 3-day waiting period
17 for a workers' compensation injury, and (c) after a 7-day waiting period if workers'
18 compensation is not implicated. As of the Petition Date, the Debtors are carrying approximately
19 \$36.6 million on their books for 789,942 hours of accrued and unused PTO. Eligible Employees
20 are permitted to cash out their unused PTO on one or two occasions during the year depending on
21 the relevant Hospital or CBA. As of the Petition Date, the Debtors are carrying approximately
22 \$17.5 million on their books for 372,000 hours of accrued and unused ESL. Some CBAs permit
23 Eligible Employees to cash out a portion of their unused ESL at retirement. By the Wage Motion,
24 the Debtors seek authority to honor their existing PTO and ESL policies to the extent it would
25 permit continuing Employees to use their prepetition accrued leave in the ordinary course of
26 business, and going forward. The Debtors are not, by the Wage Motion, seeking permission to
27 cash out any accrued and unused PTO or ESL of continuing Employees but do seek the authority,
28 in the Debtors' discretion, to pay the Employees for unused PTO and/or ESL, as permitted per

1 Hospital policy and relevant CBA terms, that accrued within the 180 days prior to the Petition
2 Date so long as the total of the payments for prepetition Employee Obligations does not exceed
3 the statutory limit for priority claims of \$12,850.

4 146. Health Benefits. The Debtors offer Eligible Employees the opportunity to
5 participate in a number of insurance and benefit programs, including, among other things, medical,
6 dental and vision plans, life insurance, short-term and long-term disability insurance, workers'
7 compensation, retirement plans and other insurance plans and benefits. As of the Petition Date,
8 the Debtors owed (a) approximately \$3,162,816 to Healthnow as third-party administrator on
9 account of accrued and unpaid prepetition claims against the self-insured medical plans; (b)
10 approximately \$48,060 to Cigna and Delta Dental for accrued and unpaid prepetition claims
11 against the self-insured dental plans; (c) approximately \$60,150 to VSP for accrued and unpaid
12 prepetition claims on account of the self-insured vision plans. By the Wage Motion, the Debtors
13 seek authority to pay these prepetition claims. The Debtors believe that they are current on the
14 administration fees and premiums related to the health plans to pay their portion of any premiums
15 or administration fees for the health plans that accrued and remain unpaid as of the Petition Date,
16 and to turn over to Blue Shield of California any amounts sufficient to satisfy the portion of the
17 accrued and unpaid prepetition premiums to be paid by the Employees in connection with the
18 payment of the Wages and Withholding Obligations. By the Wage Motion, the Debtors also seek
19 authority to continue to pay, in their discretion and in the ordinary course of their business, the
20 administration fees, premiums for and claims under the health plans incurred postpetition. The
21 Debtors further seek, by the Wage Motion, to continue to perform any obligations under
22 Continuation Health Coverage (COBRA) in respect to former employees.

23 147. Life, Disability and Workers' Compensation. The Debtors offer Eligible
24 Employees premium-based group life insurance and accidental death and dismemberment
25 insurance ("AD&D") through UNUM; premium based short term ("STD") and long term
26 disability coverage ("LTD") through Cigna; workers' compensation insurance through Old
27 Republic Insurance; and an employee assistance program through Optum. The Debtors are also
28 are obligated to Cigna on account of claims under the Federal Medical Leave Act (FMLA) and

1 California Family Rights Act (CFRA). The Debtors believe that they are current on all the above
2 mentioned insurance policies and claims obligations. To the extent they are not, however, the
3 Debtors seek authority, by the Wage Motion, in their discretion, to pay any accrued and unpaid
4 prepetition premiums and related charges and to continue these benefits postpetition and to
5 deliver the Employees' portion of any accrued and unpaid prepetition premiums to the
6 corresponding administrators.

7 148. Retirement Plans. As described in further detail above, the Debtors offer eligible
8 Employees the opportunity to participate in various retirement plans, including defined benefit
9 plans and defined contribution plans. By the Wage Motion, the Debtors seek authority to pay
10 their matching contributions that accrued and remain unpaid as of the Petition Date for the
11 retirement plans and to deliver the Employee contributions in connection with the payment of
12 Wages and Withholding Obligations described above. The Debtors also seek authority, by the
13 Wage Motion, to continue to pay, in their discretion and in the ordinary course of their business,
14 matching contributions for the retirement plans incurred postpetition.

15 149. Miscellaneous Plans. The Debtors also offer their eligible Employees the
16 opportunity to participate in a "Cafeteria Plan" through Alliant Choice Plus, which includes
17 voluntary critical care insurance, pet insurance, auto and home insurance. The healthcare
18 reimbursement account and dependent care reimbursement account are administered through
19 Healthnow, and long-term care is administered through UNUM. All of these programs are 100%
20 funded by the Employees and are paid for through payroll deductions. By the Wage Motion, the
21 Debtors request authority to continue to honor these programs, in their discretion, and to continue
22 distributing to third-parties the payments for these programs in connection with the payment of
23 Wages and Withholding Obligations as described above, including the distributions of payments
24 that are for prepetition amounts due.

25 150. The Debtors believe that substantially all of its Employees rely exclusively on
26 their compensation to pay their daily living expenses. Also, the Employee Benefit Programs are a
27 critical component of the Employees' total compensation package. It is imperative to the
28 accomplishment of the Debtors' goals in this case that the Debtors minimize any adverse impact

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of the chapter 11 filing on the Debtors' workforce, patients, operations, and orderly administration of these Cases. Any disruption to payment of the payroll in the ordinary course, or to the continued implementation of employee programs in the Debtors' discretion, would adversely affect the Debtors' goals in this case because such events are likely to cause some employees to terminate their employment with the Debtors, will cause employees to be distracted from their duties to care for the patients, and will hurt employee morale at a particularly sensitive time for all employees. Failure to honor the Employee Obligations could have severe repercussions on the Debtors' ability to preserve its assets and administer its estate, to the detriment of all constituencies. Accordingly, as set forth in the Wage Motion, the Debtors request authority to continue paying the Employees and administering the Employee Benefit Programs and any obligations related to the foregoing (subject to the Budget and any applicable payment caps) in the ordinary course of business.

c. Emergency Motion Of Debtors For Authority To: (1) Continue Using Existing Cash Management System, Bank Accounts And Business Forms; (2) Implement Changes To The Cash Management System In The Ordinary Course Of Business; (3) Continue Intercompany Transactions; (4) Provide Administrative Expense Priority For Postpetition Intercompany Claims; And (5) Obtain Related Relief; Memorandum Of Points And Authorities In Support Thereof (the "Cash Management Motion").

151. By the Cash Management Motion, the Debtors move the Court for the entry of an order authorizing them, subject to the terms of the DIP Orders and DIP Financing Agreements to: (1) continue to use their cash management system, including the continued maintenance of their existing bank accounts (three of which include passive investing) and business forms; (2) implement changes to their cash management system in the ordinary course of business, including opening new or closing existing bank accounts; (3) continue to perform under and honor intercompany transactions in the ordinary course of business, in their business judgment and at their sole discretion; (4) provide administrative expense priority for postpetition intercompany claims, all as set forth in more detail below; and (5) obtain related relief.

152. The Debtors further request, by the Cash Management Motion, that the Court authorize the financial institutions at which the Debtors maintain various bank accounts to (a) continue to maintain, service and administer the Debtors' bank accounts, and (b) debit the bank

1 accounts in the ordinary course of business on account of (i) wire transfers or checks drawn on
2 the bank accounts, or (ii) undisputed service charges owed to the banks for maintenance of the
3 Debtors' cash management system, if any.

4 153. The Debtors currently have 63 accounts (the "Accounts") with five commercial
5 banks and one investment bank (collectively the "Banks"). The Debtors request authority to
6 continue utilizing the Accounts, subject to the terms of the DIP Orders and DIP Financing
7 Agreements. Requiring the Debtors to close certain of the Accounts and open new ones will
8 disrupt the Debtors' cash flow – and, ultimately, impact patient care – because (i) the depositors
9 (some of which are governmental agencies) will not respond quickly to the change and will likely
10 continue to send deposits to the original deposit account, and (ii) the Debtors have certain
11 obligations (including for debt, pension and defined contribution) that they pay exclusively by
12 electronic funds transfer and changes to the payment accounts have the potential of slowing down
13 these crucial payments. Closing the Accounts will also increase the work of the Debtors'
14 accounting personnel, who are already dealing with the many and varied issues related to these
15 Cases. Closing the Accounts and opening new ones under the circumstances described in the
16 corresponding Memorandum of Points and Authorities would needlessly cost the Debtors time
17 and money at a time when they are trying to conserve both, and would result in no discernible
18 benefit to the Debtors' bankruptcy estates.

19 154. The Debtors also request in the Cash Management Motion authority to continue
20 using their business forms without the designation "Debtors in Possession" on them *for a limited*
21 *time*. The Debtors' forms are either electronically printed or can be electronically altered. The
22 Debtors seek the authority of this Court to utilize their electronically generated forms without the
23 "Debtors in Possession" designation until the adjustments to the software can be initiated and
24 existing stock is exhausted.

25 155. Subject to the DIP Orders and DIP Financing Agreements, by the Cash
26 Management Motion, the Debtors request that the Court authorize them to continue using their
27 cash management system in connection with the continued use of Accounts and continued use of
28

1 the Debtors' business forms; in furtherance thereof, the Debtors further request that the Court
2 authorize and direct the Banks to continue honoring the Debtors' transactions.

3 ***d. Emergency Motion Of Debtors For Order (A) Prohibiting Utilities From***
4 ***Altering, Refusing, Or Discontinuing Service And (B) Determining Adequate Assurance Of***
5 ***Payment For Future Utility Services (the "Utilities Motion").***

6 156. By the Utilities Motion, the Debtors move the Court for the entry of an order
7 authorizing them to (i) prohibiting utilities (collectively, the "Utility Companies") and
8 individually, a "Utility Company") from altering, refusing, or discontinuing service without
9 further order of the Court; and (ii) determining adequate assurance of payment for future utility
10 services. The Debtors receive essential utility services from several Utility Companies.
11 Furthermore, the Debtors seek a determination that: (i) a deposit made by the Debtors to each
12 Utility Company in an amount equal to the average monthly invoice for prepetition services
13 provided to the Debtors by such Utility Company (the "Deposit"); (ii) the ability of any Utility
14 Company to obtain an initial hearing on the adequacy of the Deposit; and (iii) the ability of any
15 Utility Company to obtain an expedited hearing regarding further adequate assurance if the
16 Debtors fail to cure a post-petition payment default within twenty (20) days after written notice of
17 such default, constitute adequate assurance of payment for future utility services.

18 157. As life-saving medical service providers, the Debtors are situated in a vulnerable
19 position—without the continual flow of vital services of Utility Companies, the mission of the
20 Debtors' business would unravel, irreparably harming the Debtors and their patients who seek
21 medical care in the hospitals, medical centers, and clinics operated by the Debtors. Thus, I believe
22 that in order to ensure the timely and proper care of the patients and maintain ongoing business
23 operations, it is imperative the Debtors are able to rely on a consistent supply of these services.

24 158. Specifically, uninterrupted electricity, gas, telephone, and similar services are
25 essential to the Debtors' provision of medical services to the Debtors' patients. Any interruption,
26 however brief, to utility services to the Debtors' business will result in a serious disruption of the
27 Debtors' business operations and dramatically affect patient care. Therefore, I believe that it is
28 critical that the Court prohibit the Utility Companies from altering, refusing or discontinuing
service to the Debtors without further order of this Court. The Deposit for each of the Utility

1 Companies, coupled with the streamlined mechanism for requesting further adequate assurance
2 will provide adequate assurance of payment to the Utility Companies as well as safeguard the
3 Debtors' continuing operations.

4 159. The Debtors are current on payment to the Utility Companies. Further, the Debtors
5 have sufficient cash to pay their postpetition utility bills as they come due and have specifically
6 budgeted for such payments in the Debtors' operating budget submitted in connection with the
7 Debtors' Cash Collateral Motion.

8 *e. Debtors' Emergency Motion For Entry Of An Order Authorizing Debtors To*
9 *Honor Prepetition Obligations To Critical Vendors (the "Critical Vendors Motion").*

10 160. By the Critical Vendors Motion, the Debtors move the Court for the entry of an
11 order authorizing, but not directing, the Debtors to continue to pay and/or honor the prepetition
12 claims, up to \$20 million (the "Critical Vendor Cap"), with (i) an interim amount of up to \$5
13 Million, and (ii) an additional amount of up to \$15 Million, of their most critical vendors, in the
14 Debtors' discretion and in the ordinary course of the Debtors' business, pursuant to a carefully-
15 designed Protocol (defined below) overseen by a core, centralized team consisting of senior
16 members of Debtors' management and professional advisors, and subject to the terms and
17 conditions. The Debtors will suffer irreparable harm without the relief requested in Critical
18 Vendors Motion.

19 161. As life-saving medical service providers, the Debtors are situated in a vulnerable
20 position in that their entire mission would immediately unravel, irreparably harming the Debtors
21 and their patients without the continual flow of vital medical services, medical supplies, medical
22 equipment, physicians, nurses, nurse practitioners, physicians assistants, professional technicians
23 such as, imaging technicians, surgical technicians, sterile processing technicians and interim
24 clinical/management staff, coders, admission department staff, as well as non-medical services,
25 information technology support, and/or benefits.

26 162. Additionally, local, state, and federal law places certain compliance requirements
27 on the Debtors. For example, as the operator of hospitals licensed under California state law and
28 certified to participate in the Medicare and Medicaid programs, the Debtors must comply with all

1 hospital licensing and certification requirements, including those found in the Health and Safety
2 Code and in Title 22 of the California Code of Regulations, as well as the applicable Medicare
3 conditions of participation and corresponding Medicaid requirements. In addition to complying
4 with these overarching requirements, the Debtors must monitor and comply with all of the other
5 licensing and operational requirements that apply to the different service lines and programs
6 offered by the hospitals, including, for example, those applicable to the hospital pharmacies and
7 laboratories. These extensive, comprehensive requirements can only be fulfilled through
8 continued, uninterrupted access to various goods and services. Thus, in order to ensure the timely
9 and proper care of the patients and maintain ongoing business operations, it is imperative the
10 Debtors are able to rely on a consistent, quality supply of various physicians, nurses, nurse
11 practitioners, physicians assistants, professional technicians such as, imaging technicians, surgical
12 technicians, sterile processing technicians and interim clinical/management staff, coders,
13 admission department staff, as well as certain medical supplies, medical equipment, and services
14 provided by vendors, suppliers and/or service-providers that are “critical” to the Debtors’
15 businesses (the “Critical Vendors”).

16 163. The Debtors’ Critical Vendors include the following categories of providers:
17 (i) uncompensated care contract physicians and on-call coverage physicians (collectively, the
18 “Uncompensated Care and On-Call Coverage Physicians”); (ii) medical directors (the “Medical
19 Directors”); (iii) medical staff officers and leadership positions (“Medical Leadership”);
20 (iv) physicians providing teaching services (“Physician Educators”); (v) medical services
21 providers (the “Medical Services Providers”); (vi) medical supplies and medical equipment
22 providers (collectively, the “Medical Supplies and Equipment Providers”); (vii) medical staffing
23 agencies and hospital-based services providers (collectively, the “Clinical Staffing”); (viii) non-
24 medical services providers (the “Non-Medical Services Providers”); (ix) information technology
25 services providers (the “IT Services Providers”); and (x) various employee benefits providers (the
26 “Benefits Providers”).
27
28

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1 164. The Debtors require the use of various physicians, the Uncompensated Care and
2 On-Call Coverage Physicians, who provide care to patients who lack the ability to compensate the
3 Debtors for their medical treatment (individually, "Uncompensated Care Contract Physicians")
4 and the physicians who provide on-call services to cover the Debtors' daily on-call needs
5 (individually, "On-Call Coverage Physicians"), all in order to ensure patient care. The
6 Uncompensated Care Contract Physicians routinely provide the following vital services: (i)
7 Emergency Room coverage; (ii) surgical procedures for any Patient who is uninsured or
8 underinsured; (iii) psychiatry; and (iv) cardiac services. The On-Call Coverage Physicians make
9 themselves available to the Debtors for certain periods of time to ensure that a specialist is
10 available at all times for emergency situations, including such emergent conditions as cardiac
11 arrest and immediate trauma. The On-Call Coverage Physicians routinely provide the following
12 areas of expertise: (i) urology; (ii) general surgery; (iii) orthopedics; (iv) cardiology; (v)
13 neurosurgery; (vi) thoracic surgery; (vii) cardiac surgery; (viii) radiation oncology; (ix)
14 neurology, (x) psychiatry; (xi) nephrology; (xii) gastroenterology; (xiii) pediatric surgery; and
15 (xiv) obstetrics.

16 165. Due to the strong economy and the tight labor market for professionals with
17 expertise, Uncompensated Care and On-Call Coverage Physicians have a vast array of working
18 opportunities available to them, and to the extent the Debtors are unable to ensure payment for
19 prepetition claims, these Uncompensated Care and On-Call Coverage Physicians will work at
20 other hospitals, resulting in a devastating impact on patient care and irreparable harm to the
21 smooth transition into chapter 11 and preservation and maximization of value for the benefit of
22 the Debtors' creditors.

23 166. Further, the Debtors require the use of various physicians who serve as Medical
24 Directors. As Medical Directors, it is their responsibility to ensure the hospital runs smoothly and
25 efficiently and according to local, state, and federal mandates in order to ensure patient care.
26 These Medical Directors supervise and coordinate the On-Call Coverage Physicians, provide vital
27 operating and administrative services, such as (i) the Long Term & Sub-Acute Unit; (ii)
28 Advanced Wound Care; (iii) the Comprehensive Spine Care Program; (iv) the Stroke Program;

(v) Cardiac & Pulmonary Rehabilitation; (vi) Oncology; (vii) Non-Invasive Cardiology; (viii) Radiation Therapy; (ix) the Intensive Care Unit and Neonatal Intensive Care Unit; (x) the Antimicrobial Stewardship Program; (xi) Interventional Neurology; (xii) the Bioethics Program; (xiii) the Catherization Laboratory; (xiv) the Skilled Nursing Facility, the Stroke Program; (xv) Thoracic Surgery; (xvi) the Dialysis Center; and (xvii) Nuclear Medicine and Vascular Laboratory. They also are vital for program quality, oversight, and risk management. There are approximately 60 physicians serving as Medical Directors. Similar to the Uncompensated Care and On-Call Coverage Physicians. I believe they also are vital for program quality, oversight, and risk management. There are approximately 68 physicians serving as Medical Directors.

167. Similar to the Uncompensated Care and On-Call Coverage Physicians, and due to the strong economy and the low labor market for professionals with expertise, Medical Directors are in demand and have a vast array of working opportunities available to them. To the extent the Debtors are unable to ensure payment for prepetition claims to Medical Directors, these Medical Directors will work at other hospitals, resulting in a devastating impact on patient care and irreparable harm to the smooth transition into chapter 11 and preservation and maximization of value for the benefit of the Debtors' creditors.

168. Debtors require the use of various physicians who serve as medical staff officers and in other leadership positions, as required by each Hospital's accreditation with The Joint Commission (the "TJC"). Medical Leadership includes the Chiefs of Staff and all Department Chairs required by each of the Debtors' Medical Staff Bylaws, and by Title 22, including physician oversight for cardiology, pulmonary, laboratory, stroke, and ST-elevation myocardial infarction departments. The Chief Medical Officers are essential to ensure quality and risk oversight. Without these physicians, who I believe can easily find competitive opportunities elsewhere, the Debtors' day-to-day programs will cease to function, resulting in a significant impact on patient care and other irreparable harm to the Debtors' Chapter 11 Cases.

169. The Debtors require the use of various physicians, the Physician Educators, who provide teaching services in the Debtors' graduate medical education (the "GME") program, a legal requirement with which the Debtors must comply. The GME program simultaneously

1 provides: (i) training for interns, residents, and fellows until they become independent and
2 licensed practitioners; and (ii) access to healthcare for elderly and impoverished patients.
3 Physician Educators are in high demand because the State of California mandates that every
4 teaching hospital support the efforts to provide access to high quality healthcare to its most
5 vulnerable population. To maintain Level 2 Trauma status, the Debtors must maintain the GME
6 program. Therefore, the Physician Educators are vital to maintaining the Debtors' teaching
7 hospital status and affording access to healthcare, both of which are key to the Debtors' Patient
8 care, ongoing operations, and/or potential sale of its assets for the benefit of its creditors and the
9 Estates.

10 170. Debtors require the use of various Medical Services Providers, including, but not
11 limited to, those who provide services such as surgical anesthesia coverage, organ harvesting and
12 organ matching services, medical equipment sanitization, diagnostic interventional cardiology
13 services, interventional neuroradiology, imaging services, advanced wound care, pathology and
14 laboratory services, dialysis services, lithotripsy services, sterile compounding services,
15 rehabilitation staffing and management services, subacute management services, psychiatric
16 management services, hospitalist services, intensivist program services, medical screening
17 services, and medical instrument repair services. These services are vital to the Debtors' day-to-
18 day operations, in particular with regard to Patient care, and the Debtor will suffer immediate
19 irreparable harm should the Court not grant the Debtors' request to include the Medical Services
20 Providers as Critical Vendors.

21 171. Debtors require the use of various medical supplies and medical equipment from
22 the Medical Supplies and Equipment Providers, including, but not limited to, blood and plasma,
23 heart valves, coronary intervention products, defibrillators, laparoscopic and minimally invasive
24 surgical supplies, neurosurgical supplies and neurology devices, other surgical medical products,
25 bone substitute biologics, regenerative vascular grafts, vaccinations and other pharmaceuticals,
26 nuclear medicines, medical gases, anesthesia medical equipment, laboratory medical supplies,
27 radiation equipment, gastrointestinal supplies, cochlear implants, orthopedic implants, spinal
28 implants, intraocular lenses and ophthalmology supplies, sterilization equipment and products,

1 and fetal monitoring systems. Equipment includes medical equipment rentals, biomedical repair
2 tools and equipment, patient beds and stretchers, vital sign monitoring, infusion pumps,
3 medication supply stations, gastro-intestinal lab equipment, cardiac catheterization lab equipment,
4 operating room equipment, imaging equipment, laboratory equipment, pharmacy dispensing
5 equipment, and transplant program equipment. The medical supplies and medical equipment the
6 Debtors receive from the Medical Supplies and Equipment Providers are vital to the Debtors'
7 day-to-day operations, to maintain Patient care, and the Debtors will suffer immediate irreparable
8 harm should the Court not grant the Debtors' request to include the Medical Supplies and
9 Equipment Providers as Critical Vendors.

10 172. The Debtors also require the Clinical Staffing, which are various medical groups,
11 staffing agencies, and other hospital-based services providers, to meet critical thresholds of
12 physicians, nurses, nurse practitioners, physicians assistants, professional technicians such as,
13 imaging technicians, surgical technicians, sterile processing technicians and interim
14 clinical/management staff, coders, and admission department staff servicing patients in
15 emergency and non-emergency room situations. The provision of physicians, nurses, professional
16 technicians such as, imaging technicians, surgical technicians, sterile processing technicians and
17 interim clinical/management staff, coders, and admission department staff is vital to service the
18 Debtors' six active emergency rooms, trauma center, and the multiple medical specialty units
19 providing tertiary and quaternary care.

20 173. Additionally, regarding the provision of nurses, the staffing supplementation is
21 essential because: (1) California has a mandatory statutory nurse to patient ratio, and so the
22 Debtors are required by law to meet certain ratios in order to operate on a daily basis; and (2) it is
23 difficult to recruit experienced staff—as opposed to recent graduates—for short-term
24 assignments. Indeed, these staffing agencies provide the requisite “registry” nurses who take short
25 single-day assignments and “traveler” nurses who take longer-term assignments to fill in during
26 busier seasons—*e.g.*, flu season—and understaffed periods—*e.g.*, during nurses strikes of
27 represented nurses—where the Debtors may not otherwise have sufficient numbers of nurses
28 between their core and per diem nurses.

1 174. Moreover, many of the Clinical Staffing who provide physicians, nurses, nurse
2 practitioners, physicians assistants, professional technicians such as, imaging technicians, surgical
3 technicians, sterile processing technicians and interim clinical/management staff, coders, and
4 admission department staff to the Debtors will not staff the Debtors' business if there is any
5 interruption or delay in the payment of the amounts due to them. Given the Debtors' reliance on
6 the medical services provided by the Clinical Staffing to provide Patient care and otherwise fulfill
7 the Debtors' daily medical services needs, and the fact that the Clinical Staffing can simply shift
8 their services to a medical services company, it is crucial that the Debtors be authorized to pay
9 any prepetition amounts due to the Clinical Staffing as Critical Vendors in the ordinary course of
10 business.

11 175. The Debtors require use of Non-Medical Services Providers, including, but not
12 limited to, those who provide services such as payroll tax services, financial audit services, billing
13 services, cost reporting services, revenue cycle management services, consulting and education
14 services for various required national, state, and local accreditations and mandates, environmental
15 services, record retention services, building maintenance services, medical equipment
16 maintenance services, management services, and other similar services, as well as to seismic
17 contractors. Seismic contractors are designers, engineers, suppliers and constructors who are
18 engaged in the statutory work of retrofitting hospital structures to meet the SB1953 and
19 subsequent amendments that are required to be completed by December 31, 2019. Delay of the
20 projects will cause the Debtors to miss the regulated deadlines, risking the Debtors' California
21 Department of Public Health license and suspension of such. These non-medical services are vital
22 to the Debtors' day-to-day operations, particular with regard to Patient care, and the Debtor's
23 ability to comply with regulatory requirements set by the State of California legislature, and the
24 Debtor will suffer immediate irreparable harm should the Court not grant the Debtors' request to
25 include the Non-Medical Services Providers as Critical Vendors.

26 176. The Debtors require use of various IT Services Providers who provide information
27 technology services, including, but not limited to, those who provide services such as diagnostic
28 technology, interoperability between devices, risk management and software services, revenue

1 cycle management billing software and services, teleradiology services, customer relationship
2 management, networking solutions services, multi-function copiers, voice over internet protocol
3 system services, hosting services for applications, and point of care data management system
4 services. Critical patient care systems such as electronic health record systems and enterprise
5 resource planning systems must be maintained to ensure continuity and Patient care. I believe
6 these information technology services are vital to the Debtors' day-to-day operations, in particular
7 with regard to Patient care, and the Debtor will suffer immediate irreparable harm should the
8 Court not grant the Debtors' request to include the IT Services Providers as Critical Vendors.

9 177. The Debtors require certain Benefits Providers because the Debtors have
10 incentivized their employees to continue working through the continuation of company-
11 subsidized benefits, such as workers compensation, medical, dental, vision, short term and long
12 term care, leave of absence, and life insurance. If the Debtors are not permitted to pay any
13 prepetition premium amounts due to these Benefits Providers, the employees' insurance coverage
14 will be jeopardized and the employees will likely seek employment elsewhere. Specifically, I
15 believe any disruption to payment of the employee benefits in the ordinary course (and in the
16 Debtors' discretion), would adversely affect the Debtors' goals in this Case because such events
17 are likely to cause some employees to terminate their employment with the Debtors, will cause all
18 employees to be distracted from their duties to care for the patients and the operations of the
19 hospitals, and will inevitably hurt employee morale at a particularly sensitive time for all
20 employees, resulting in severe repercussions on the Debtors' ability to provide Patient care, and
21 to preserve their assets and administer the Estates, to the detriment of all constituencies. Since the
22 Debtors do not have the ability to quickly or cost-effectively replace their employees who provide
23 vital medical and non-medical services on a daily basis, it is critical that the Debtors be allowed
24 to continue these benefits in order to retain their employees and maintain their business
25 operations to preserve the full value of their assets for the benefit of their creditors. Therefore, the
26 Court should include Benefits Providers as Critical Vendors.

27 178. I, along with the Debtors, am mindful of the Debtors' fiduciary obligations to seek
28 to preserve and maximize the value of their Bankruptcy Estate. To that end, the Debtors and their

1 advisors have engaged in an intense process of reviewing and analyzing the Debtors' books and
2 records, consulting operations management and purchasing personnel, reviewing contracts and
3 supply agreements, and analyzing applicable laws, regulations, and historical practices to identify
4 business relationships—which, if lost, could materially harm the Debtors' patients, the Debtors'
5 businesses, reduce their enterprise value, and/or impair their restructuring process—all in an
6 effort to identify only those most critical vendors using their business judgment (the "Protocol").
7 Such Protocol is on-going; however, the amounts proposed to be paid to the Critical Vendors are
8 already provided for in the Debtors' operating budget submitted in connection with the Debtors'
9 Cash Collateral Motion.

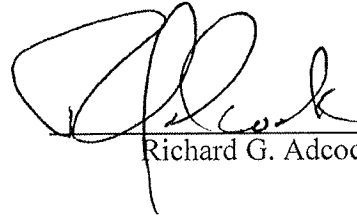
10 179. Indeed, during the Protocol process, the Debtors and I have deemed certain
11 vendors as critical because each of these Critical Vendors meets the following criteria: (a) the
12 vendor is essential to patient care, supports maintaining the Debtors' business in full compliance
13 with California's Title XII requirements for operating general acute care hospitals in the state of
14 California, and allows the Debtors to maintain their business postpetition until reorganization
15 and/or sale of the Debtors' assets for the benefit of creditors; (b) the vendor is indispensable for
16 providing vital goods or services, replacing said vendor would be prohibitively expensive, or said
17 vendor is otherwise critical to prevent the diversion of management and key personnel to solicit
18 other vendors to provide comparable goods or services and to prevent other unnecessary
19 distraction during the extensive transitional period; (c) the vendor holds an unpaid prepetition
20 claim for the provision of goods or services; (d) the vendor will refuse to deliver goods or provide
21 services without payment of the prepetition claim and the automatic stay imposed by section
22 362(a) will be inadequate to address the issue; (e) cash on delivery is unlikely to provide the
23 requisite incentive for the vendor to continue providing goods or services; (f) the Debtors lack a
24 long-term contractual relationship with the vendor that would oblige the vendor to continue the
25 prepetition relationship, and the Debtors are otherwise without adequate leverage to compel
26 performance on commercially reasonable terms; and (g) the Debtors will suffer immediate and
27 irreparable harm if the vendor is not specially incentivized to continue providing goods or
28 services. The Debtors will use commercially reasonable efforts to require the vendor to sign a

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1 postpetition agreement with normalized terms and conditions that contractually bind the vendor to
2 continue providing goods and services postpetition.

3 I declare under penalty of perjury that, to the best of my knowledge and after reasonable
4 inquiry, the foregoing is true and correct.

5 Executed this 31st of August 2018, at Los Angeles, California.

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7
8 
9 Richard G. Adcock

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Attachment 2 - Part 1

APA

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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER

Case No. 2:18-bk-20163-ER

Case No. 2:18-bk-20164-ER

Case No. 2:18-bk-20165-ER

Case No. 2:18-bk-20167-ER

Case No. 2:18-bk-20168-ER

Case No. 2:18-bk-20169-ER

Case No. 2:18-bk-20171-ER

Case No. 2:18-bk-20172-ER

Case No. 2:18-bk-20173-ER

Case No. 2:18-bk-20175-ER

Case No. 2:18-bk-20176-ER

Case No. 2:18-bk-20178-ER

Case No. 2:18-bk-20179-ER

Case No. 2:18-bk-20180-ER

Case No. 2:18-bk-20181-ER

Hon. Judge Ernest M. Robles

**NOTICE OF FILING OF FINAL ASSET
PURCHASE AGREEMENT AND SCHEDULES**

**RE MOTION FOR THE ENTRY OF (I) AN ORDER
(I) APPROVING FORM OF ASSET PURCHASE
AGREEMENT FOR STALKING HORSE BIDDER
AND FOR PROSPECTIVE OVERBIDDERS, (2)
APPROVING AUCTION SALE FORMAT,
BIDDING PROCEDURES AND STALKING HORSE
BID PROTECTIONS [...]**

[RELATED TO DOCKET NOS. 1279 & 1572]

DENTONS US LLP
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PLEASE TAKE NOTICE that, on January 17, 2019, Verity Health System of California, Inc. ("VHS") and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Debtors"), filed their *Motion For The Entry Of (I) An Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder, And (5) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* [Docket No. 1279] (the "Bidding Procedures Motion"), which attached, as Exhibit "A," that certain Asset Purchase Agreement, dated January 8, 2018 (the "APA"), between: (i) VHS, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation and Seton Medical Center, a California nonprofit public benefit corporation, on the one hand; and (ii) Strategic Global Management, Inc., a California corporation ("SGM"), on the other hand. Thereafter, on February 1, 2019, the Debtors filed the *Omnibus Reply to Objections to Motion For The Entry Of (I) An Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder, And (5) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances*, which attached the schedules to the APA [Docket No. 1448-2].

PLEASE TAKE FURTHER NOTICE that, on February 19, 2019, the Court entered an order granting the Bidding Procedures Motion, and, among other things, approving the APA and Schedule 6.1(b)(3) with certain modifications [Docket No. 1572]. At a hearing on April 17, 2019, the Court approved the Debtors' sale to SGM of the assets set forth in the APA.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the final version of the APA and the schedules, attached hereto as **Exhibit "1."**

Dated: May 2, 2019

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON

By /s/ Tania Moyron
Tania Moyron

Attorneys for the Chapter 11 Debtors and
Debtors In Possession

EXHIBIT 1

PART 1

EXHIBIT 1

PART 1

ASSET PURCHASE AGREEMENT

By and Among

Verity Health System of California, Inc., Verity Holdings, LLC,

**St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc.,
Seton Medical Center**

and

Strategic Global Management, Inc.

Dated January 8, 2019

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made and entered into as of the 8th day of January, 2019 (the “**Signing Date**”) by and among Verity Health System of California, Inc., a California nonprofit public benefit corporation (“**Verity**”), Verity Holdings, LLC, a California limited liability company (“**Verity Holdings**”), St. Francis Medical Center, a California nonprofit public benefit corporation (“**St. Francis**”), St. Vincent Medical Center, a California nonprofit public benefit corporation (“**St. Vincent**”), St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation (“**St. Vincent Dialysis**”), and Seton Medical Center, a California nonprofit public benefit corporation (“**Seton**” and together with St. Francis Medical Center, St. Vincent Medical Center and St. Vincent Dialysis, collectively, the “**Hospital Sellers**”) (Verity, Verity Holdings, St. Francis, St. Vincent, St. Vincent Dialysis and Seton are each referred to herein individually as a “**Seller**” and collectively as the “**Sellers**”), and Strategic Global Management, Inc., a California corporation (“**Purchaser**”).

RECITALS:

A. St. Francis engages in the business of the operation of the hospital known as St. Francis Medical Center, located at 3630 E. Imperial Highway, Lynwood, CA 90262, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by St. Francis (collectively, the “**St. Francis Hospital**”).

B. St. Vincent engages in the business of the operation of the hospital known as St. Vincent Medical Center, located at 2131 W 3rd Street, Los Angeles, CA 90057, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by St. Vincent (collectively, the “**St. Vincent Hospital**”).

C. Seton engages in the business of the operation of two general acute care hospitals under a single license, consisting of: (i) the hospital known as Seton Medical Center, located at 1900 Sullivan Avenue, Daly City, CA 94015, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by Seton (collectively, the “**Seton Hospital**”) and (ii) the hospital known as Seton Medical Center Coastside, located at 600 Marine Blvd, Moss Beach, CA 94038, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by Seton (collectively, the “**Seton Coastside Hospital**” and together with the St. Francis Medical Center Hospital, the St. Vincent Medical Center Hospital and the Seton Hospital, the “**Hospitals**”; the business of the operation of the Hospitals is referred to herein as the “**Businesses**”).

D. Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, the assets described in Section 1.7 below (the “**Assets**”) owned by Sellers and used with respect to the Businesses, for the consideration and upon the terms and conditions contained in this Agreement.

E. Sellers filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the “**Bankruptcy Court**”), lead Case No. 2:18-bk-201510ER, jointly administered or to be jointly administered with their affiliates (the “**Bankruptcy Cases**”).

F. The parties intend to effectuate the transactions contemplated by this Agreement through a sale of the Assets approved by the Bankruptcy Court pursuant to Section 363 of Title 11 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants contained in this Agreement, and for their mutual reliance and incorporating into this Agreement the above recitals, the parties hereto agree as follows:

ARTICLE 1

SALE AND TRANSFER OF ASSETS; CONSIDERATION; CLOSING

1.1 Purchase Price.

(a) Subject to the terms and conditions of this Agreement, the purchase price (“**Purchase Price**”) shall consist of the following:

(i) Cash payment to Sellers (the “**Cash Consideration**”) of Six Hundred Ten Million Dollars (\$610,000,000.00), which shall be allocated Four Hundred Twenty Million Dollars (\$420,000,000) to St. Francis Medical Center, One Hundred Twenty Million Dollars (\$120,000,000) to St. Vincent Medical Center, and Seventy Million Dollars (\$70,000,000) to Seton for Seton Hospital and Seton Coastside Hospital, provided, that if the CA AG’s approval does not include a requirement that Seton Hospital remain open as an acute care hospital or that Seton Coastside Hospital remain open as a skilled nursing facility, then an amount to be determined by Purchaser, in its sole discretion, of such Cash Consideration shall be re-allocated from St. Francis to Seton;

(ii) Assumption of Sellers’ accrued vacation and other paid time off as of the Closing, to be provided only with respect to Hired Employees (as defined in Section 5.3(a)) in the form of credited vacation and PTO, subject to compliance with applicable law and regulation, including consent of such employees if required;

(iii) Assumption of all liabilities of Seton as Obligated Party and Property Owner under the (i) Agreement to Pay Assessment and Finance Improvements dated May 17, 2017 with California Statewide Communities Development Authority (“**CSCDA**”) and (ii) Agreement to Pay Assessment and Finance Improvements dated May 18, 2017 with CSCDA (collectively

the “**Special Assessments**”) each associated with of the Property Assessed Clean Energy (“**PACE**”) (seismic and clean energy) loans (collectively the “**PACE Obligations**”); and

(iv) Payment of Cure Costs (defined below) associated with any Assumed Leases and/ or Assumed Contracts and assumption of the other Assumed Obligations (as defined below).

(b) Purchaser (i) is acquiring the Assets and (ii) is only assuming (x) the PACE Obligations and (y) the Assumed Obligations (as defined below).

(c) At the Closing, Purchaser shall pay to Sellers, by wire transfer of immediately available funds to the accounts specified by Sellers to Purchaser in writing, an aggregate amount equal to the Cash Consideration, minus the Net QAF Reduction Amount (defined below), if any, plus the Net QAF Increase Amount (defined below), if any, plus any amounts (x) held by the PACE Trustee as an interest or fee reserve on account the PACE Obligations on the Closing Date and (y) remitted to CSCDA by Seton pursuant to the Special Assessments from and after the date of execution of this Agreement by Buyer up to and including the Closing Date, minus the Deposit (defined below).

(d) For purposes of this Agreement, the “**QAF Program**” means the California Department of Health Care Services Hospital Quality Assurance Fee Programs IV (“**QAF IV**”) and V (“**QAF V**”). During the period prior to Closing, Sellers shall pay any fees owing under QAF IV and QAF V, and Sellers shall be entitled to retain all payments received under QAF IV and QAF V. At Closing, Sellers shall credit to the Cash Consideration the amount by which payments received under QAF IV and QAF V between the Signing Date and Closing exceed the sum of (i) fees paid under QAF IV and QAF V during such period plus (ii) the amount of fees which are unpaid and owing as of the Closing in respect of invoices received by Sellers prior to Closing under QAF IV and QAF V (the “**Net QAF Reduction Amount**”), as provided above in Section 1.1(c). At Closing, Purchaser shall pay Sellers (as an increase to the Cash Consideration) the amount by which the sum of (i) fees paid under QAF IV and QAF V between the Signing Date and Closing plus (ii) the amount of fees which are unpaid and owing as of Closing in respect of invoices received by Sellers prior to Closing under QAF IV and QAF V exceeds payments received under QAF IV and QAF V during such period (the “**Net QAF Increase Amount**”), as provided above in Section 1.1(c).

(e) Purchaser shall, prior to Closing, be permitted to communicate with holders of secured debt of the Sellers regarding the possible assumption by Purchaser of all or a portion of such debt at the Closing. If Purchaser agrees to assume any such debt at the Closing, Purchaser and Sellers shall negotiate an appropriate credit to the Purchase Price for such assumption of debt.

1.2 Deposit. Purchaser, by wire transfer to an account designated by Sellers has made a good faith deposit in the amount of Thirty Million Dollars (\$30,000,000) on the date hereof (the “**Deposit**”). The Deposit shall be non-refundable in all events, except as provided in Section 6.1(b) or Section 6.2, or in the event Purchaser has terminated this Agreement pursuant to Section 9.1 (other than Section 9.1(b)) or as set forth in Section 9.2, in which case Seller shall immediately return the Deposit to Purchaser with all interest earned thereon. Upon Closing, the Deposit will

be credited against the Purchase Price. Pending the Closing, or until this Agreement is terminated, the Deposit shall be deposited in an interest bearing account, with interest credited to Purchaser, at a federally-insured financial institution mutually acceptable to Purchaser and Sellers. In addition, on the Signing Date, Purchaser shall deliver to Sellers executed letters from its financing sources, in form and substance satisfactory to Sellers in their discretion.

1.3 Closing Date. The consummation of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at 10:00 a.m. local time at the offices of Dentons US LLP, 601 South Figueroa St., Suite 2500, Los Angeles, CA 90017-5704 (the day on which Closing actually occurs, the “**Closing Date**”) promptly but no later than ten (10) business days following the satisfaction or waiver of the conditions set forth in ARTICLE 7 and ARTICLE 8, other than those conditions that by their nature are to be satisfied at Closing but subject to fulfillment or waiver of those conditions. The Closing shall be deemed to occur and to be effective as of 11:59 p.m. Pacific time on the Closing Date (the “**Effective Time**”).

1.4 Items to be Delivered by Sellers at Closing. At or before the Closing, Sellers shall deliver, or cause to be delivered, to Purchaser the following:

1.4.1 a Bill of Sale substantially in the form of Exhibit 1.4.1 attached hereto (the “**Bill of Sale**”), duly executed by each Seller, with respect to the Assets;

1.4.2 Real Estate Assignment and Assumption Agreements (the “**Real Estate Assignments**”) in the form of Exhibit 1.4.2 attached hereto with respect to (i) the Leased Real Property, and (ii) the Tenant Leases, each duly executed by each Seller;

1.4.3 a Quitclaim Deed (the “**Deed**”) in the form of Exhibit 1.4.2 attached hereto with respect to the real property listed in Schedule 1.4.3, together with all plant, buildings, structures, installments, improvements, fixtures, betterments, additions and constructions in progress situated thereon (collectively, the “**Owned Real Property**”) duly executed by each Seller;

1.4.4 an Assumption Agreement (the “**Assumption Agreement**”) in the form of Exhibit 1.4.2 attached hereto with respect to the Assumed Obligations duly executed by each Seller;

1.4.5 favorable original certificates of good standing, of each Seller, issued by the State of California, dated no earlier than a date which is fifteen (15) calendar days prior to the Closing Date;

1.4.6 a duly executed certificate of an officer of each Seller certifying to Purchaser (i) the incumbency of the officers of such Seller on the Signing Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (ii) the due adoption and text of the resolutions or consents of the Board of Directors of such Seller authorizing (I) the transfer of the Assets and transfer of the Assumed Obligations by such Seller to Purchaser and (II) the due execution, delivery and performance of this Agreement and all additional documents contemplated

by this Agreement, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.4.7 a certified copy of the Sale Order (as defined below);

1.4.8 a Transition Services Agreement (the “**Transition Services Agreement**”) in form and substance satisfactory to Sellers and Purchaser, in their reasonable discretion, granting to Sellers use of certain assets, systems and personnel identified in such agreement solely in connection with Sellers’ wind-down of the Businesses, the completion of the Bankruptcy Cases and the dissolution of Sellers (and following completion of such wind-down, Bankruptcy Cases and dissolution of Sellers, such Transition Services Agreement shall automatically terminate);

1.4.9 acknowledgements by CSCDA and the PACE Trustee that Purchaser is the Successor Property Owner and Obligated Party under the PACE Obligations and releases of the Sellers from any and all claims arising or accruing prior to the Closing Date, and

1.4.10 any such other instruments, certificates, consents or other documents which Purchaser and Sellers mutually deem reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

1.5 Items to be Delivered by Purchaser at Closing. At or before the Closing, Purchaser shall deliver or cause to be delivered to Sellers the following:

1.5.1 payment of the Cash Consideration subject to credits or plus payment to Sellers of all amounts as provided under Section 1.6;

1.5.2 evidence of payment of all Cure Costs required hereunder to be paid by Purchaser;

1.5.3 a duly executed certificate of the Secretary of Purchaser certifying to Sellers (a) the incumbency of the officers of Purchaser on the Signing Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (b) the due adoption and text of the resolutions of the Board of Directors of Purchaser authorizing the execution, delivery and performance of this Agreement and all additional documents contemplated by this Agreement, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.5.4 favorable original certificate of good standing, of Purchaser, issued by the California Secretary of State dated no earlier than a date which is fifteen (15) calendar days prior to the Closing Date;

1.5.5 the Bill of Sale, duly executed by Purchaser;

1.5.6 the Real Estate Assignment(s), duly executed by Purchaser;

1.5.7 the Assumption Agreement, duly executed by Purchaser;

1.5.8 the License Agreement referenced in Section 1.7(q);

1.5.9 the Transition Services Agreement; and

1.5.10 any such other instruments, certificates, consents or other documents which Purchaser and Sellers mutually deem reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

1.6 Prorations and Utilities. All items of income and expense listed below with respect to the Assets shall be prorated in accordance with the principles and the rules for the specific items set forth hereafter:

1.6.1 All transfer, conveyance, sales, use, stamp, similar state and local taxes arising from the sale of the Assets hereunder shall be the responsibility of, and allocated to, Purchaser.

1.6.2 Other than the Utility Deposits (defined below), which are governed by Section 1.8(j), and other than with respect to Cure Costs payable by Purchaser, the following costs and expenses shall be prorated based upon the payment period (*i.e.*, calendar or other tax fiscal year) to which the same are attributable: all real estate and personal property lease payments, real estate and personal property taxes, real estate assessments, other than the PACE Special Assessments and other similar charges against real estate, and power and utility charges (collectively, the “**Prorated Charges**”) on the Assets. Each Seller shall pay its respective portion at or prior to the Closing (or Purchaser shall receive credit for) of any unpaid Prorated Charges attributable to periods or portions thereof occurring prior to the Effective Time, and Purchaser shall assume as an Assumed Liability or, to the extent previously paid by any Seller, pay to such Seller at the Closing all Prorated Charges attributable to periods or portions thereof occurring from and after the Effective Time. In the event that as of the Closing Date the actual tax bills for the tax year or years in question are not available and the amount of taxes to be prorated as aforesaid cannot be ascertained, then rates, millages and assessed valuation of the previous year, with known changes, shall be used. The parties agree that if the real estate and personal property tax prorations are made based upon the taxes for the preceding tax period, the prorations shall be re-prorated after the Closing. As to power and utility charges, “final readings” as of the Closing Date shall be ordered from the utilities; the cost of obtaining such “final readings,” if any, shall be paid by Purchaser.

1.6.3 Sellers shall be entitled to all rents and other payments under Tenant Leases accruing for the period prior to the Effective Time (“**Pre Effective Time Lease Amounts**”), and Purchaser shall be entitled to all rents and other payments under tenant leases accruing for the period after the Effective Time (“**Post Effective Time Lease Amounts**” and together with the Pre Effective Time Lease Amounts, the “**Lease Amounts**”). All Lease Amounts that are collected prior to the Closing shall be prorated as of the Closing in accordance with the immediately preceding sentence. All Lease Amounts that are accrued but uncollected as of the Closing (including, without limitation, rents and other payments accrued prior to the Closing but payable in arrears after the Closing) (collectively, the “**Unpaid Amounts**”) shall belong to Sellers, and Purchaser shall, upon receipt of said rents and other payments, receive the same in trust for Sellers and shall promptly remit any of such amounts to the applicable Seller within ten (10) days after

Purchaser's receipt of same. For the avoidance of doubt, all rental payments received after Closing shall be first applied to any amounts owed to the Sellers under this Section 1.6.3.

1.6.4 All prorations and payments to be made under the foregoing provisions shall be agreed upon by Purchaser and Sellers prior to the Closing and shall be binding upon the parties; provided, however, with respect to the Unpaid Amounts, in the event any proration, apportionment or computation shall prove to be incorrect for any reason, then either the applicable Seller or Purchaser shall be entitled to an adjustment to correct the same, provided that said party makes written demand on the party from whom it is entitled to such adjustment within thirty (30) calendar days after the erroneous payment or computation was made, or such later time as may be required, in the exercise of due diligence, to obtain the necessary information for proration. This Section 1.6 shall survive Closing.

1.7 Transfer of Assets of Sellers. On the Closing Date and subject to the terms and conditions of this Agreement, each Seller shall sell, assign, transfer, convey and deliver to Purchaser, free and clear of all liens, claims, interests and encumbrances other than the Permitted Exceptions (defined below), and Purchaser shall acquire, all of each Seller's right, title and interest in and to only the following assets and properties, as such assets shall exist on the Closing Date, in each case (notwithstanding anything else in this Agreement) solely to the extent used primarily in the conduct of the Businesses and to the extent not included among the Excluded Assets, such transfer being deemed to be effective at the Effective Time:

(a) all of the tangible personal property owned by such Hospital Seller, or to the extent assignable or transferable by each Hospital Seller, leased, subleased or licensed by such Hospital Seller, and used by such Seller in the operation of the Hospital of such Hospital Seller, including equipment, furniture, fixtures, machinery, vehicles, office furnishings and leasehold improvements (the "**Personal Property**");

(b) all of such Hospital Seller's rights, to the extent assignable or transferable, to all Medicare and Medi-Cal provider agreements, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued to such Seller for use in the operation of the Hospital of such Hospital Seller (the "**Licenses**"), including, without limitation, the Licenses and Medicare/Medi-Cal Provider Agreements set forth on Schedule 1.7(b), except to the extent Purchaser elects, in its discretion, not to take assignment of any such Licenses;

(c) all of such Hospital Seller's interest in and to the Owned Real Property and all of such Hospital Seller's interest, to the extent assignable or transferable, in and to all of the following (the "**Assumed Leases**"): (i) personal property leases with respect to the operation of the Hospital of such Hospital Seller (including leases for assets described in Section 1.7(i)), (ii) the real property leases for all real property leased by such Hospital Seller and set forth on Schedule 1.7(c)(ii) (the "**Leased Real Property**"), and (iii) the real property leased or subleased by such Seller to a third party and set forth on Schedule 1.7(c)(iii) (the "**Tenant Leases**");

(d) all of such Hospital Seller's interest, to the extent assignable or transferable, in and to all contracts and agreements (including, but not limited to, purchase orders) with respect

to the operation of the Hospital of such Hospital Seller that have been designated by Purchaser as a contract to be assumed pursuant to Section 1.11 (the “**Assumed Contracts**”);

(e) other than the Excluded Settlements and Actions (defined below), all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by such Seller to any third party health plans with respect to periods prior to the Effective Time (e.g. such overpaid amounts may be determined by billing audits undertaken by such Seller or such Seller’s consultants), except with respect to any causes of action or proceeds thereof arising under Chapter 5 of the Bankruptcy Code other than with respect to Assumed Contracts and Assumed Leases and other items described in Section 1.8(h);

(f) to the extent assignable or transferable, all inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables (i) located at the Hospital of such Seller or (ii) used in the operation of the Hospital of such Seller (the “**Inventory**”) except as set forth in Section 1.8(e);

(g) other than Utility Deposits, all prepaid rentals, deposits, prepayments (excluding prepaid insurance and prepaid taxes) and similar amounts relating to the Assumed Contracts and/or the Assumed Leases, which were made with respect to the operation of the Hospital of such Hospital Seller (the “**Prepays**”);

(h) to the extent assignable or transferrable, all of the following that are not proprietary to such Seller and/or owned by or proprietary to such Hospital Seller’s affiliates: operating manuals, files and computer software with respect to the operation of the Hospital of such Hospital Seller, including, without limitation, all patient records, medical records, employee records, financial records, equipment records, construction plans and specifications, and medical and administrative libraries; *provided, however*, that any patient records and medical records which are not required by law to be maintained by such Hospital Seller as of the Effective Time shall be an Excluded Asset;

(i) to the extent assignable or transferrable (and if leased, to the extent the associated lease is transferrable), including any assignment which is made effective pursuant to the Sale Order where the consent of a third party is required pursuant to the terms of an applicable agreement but not obtained, all systems, servers, computers, hardware, firmware, middleware, telecom equipment, networks, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation owned, leased or licensed by Sellers and used by Sellers with respect to the operations of the Hospitals;

(j) all Measure B trauma funding received after the Signing Date to be paid related to service periods ending on or after the Signing Date (pro rated between Purchaser and Sellers for any such payments covering service periods which include days both before and after the Signing Date based upon the number of days in the relevant payment period before the Signing Date (for the account of Sellers) and after the Signing Date (for the account of Purchaser));

(k) Except for as stated in Section 1.7(j), all accounts and interest thereupon, notes and interest thereupon and other receivables of such Seller, including, without limitation,

accounts, notes or other amounts receivable, disproportionate share payments and all claims, rights, interests and proceeds related thereto, including all accounts and other receivables, and Seller Cost Report settlements related thereto, in each case arising from the rendering of services or provision of goods, products or supplies to inpatients and outpatients at the Hospital of such Seller, billed and unbilled, recorded and unrecorded, for services, goods, products and supplies provided by such Seller prior to the Effective Time whether payable by Medicare, Medicaid, or any other payor (including an insurance company), or any health care provider or network (such as a health maintenance organization, preferred provider organization or any other managed care program) or any fiscal intermediary of the foregoing, private pay patients, private insurance or by any other source (collectively, “**Accounts Receivable**”);

(l) all rights, claims and causes of action of such Seller to the extent related to and/or to the extent arising out of the Accounts Receivable acquired by Purchaser at the Closing;

(m) other than the Excluded Settlements and Actions, all regulatory settlements, rebates, adjustments, refunds or group appeals, including without limitation pursuant to all cost reports filed by Sellers for payment or reimbursement from government payment programs and other payors with respect to periods after the Signing Date;

(n) other than the Excluded Settlements and Actions, all casualty insurance proceeds arising in respect of casualty losses occurring after the Signing Date in connection with the ownership or operation of the Assets;

(o) other than the Excluded Settlements and Actions, all surpluses arising out of any risk pools, shared savings program or accountable care organization arrangement to which any Seller is party on the Closing Date, in each case to the extent Purchaser assumes the underlying contract relating to such risk pools, shared savings program or accountable care organization arrangement;

(p) all transferable unclaimed property of any Person in Sellers’ possession as of the Closing Date, including, without limitation, property which is subject to applicable escheat laws;

(q) to the extent assignable or transferable by Sellers without out-of-pocket expense to Sellers, all warranties (including warranties of any manufacturer or vendor) on or in connection with the Assets (including the Personal Property) in favor of the Hospitals or Sellers;

(r) the right to use the names “St. Francis Medical Center”, “St. Vincent Medical Center”, “Seton Medical Center” and “Seton Medical Center Coastside”, including any trademarks, service marks, trademark and service mark registrations and registration applications, trade names, trade name registrations, logos, domain names, trade dress, copyrights, copyright registrations, website content, know-how, trade secrets and the corporate or company names of Sellers and the names of the Hospitals, together with all rights to sue and recover damages for infringement, dilution, misappropriation or other violation or conflict associated with any of the foregoing; at the Closing, Purchaser will execute and deliver to Sellers the Transition Services Agreement granting to Sellers an unlimited, royalty free, irrevocable license to use any and all of the foregoing solely in connection with the wind-down of the Businesses, the completion of the

Bankruptcy Cases and the dissolution of Sellers (and following completion of such wind-down, Bankruptcy Cases and dissolution of Sellers, such license shall automatically terminate);

(s) all goodwill of the Hospital of such Hospital Seller evidenced by or associated with any of the Assets;

(t) to the extent transferable or assignable, such Hospital Seller's right or interest in the telephone and facsimile numbers and uniform resource locaters used with respect to the operation of the Hospital of such Hospital Seller;

(u) each such Hospital Seller's Medicare and Medi-Cal provider agreements and lockbox account(s) identified on **Schedule 1.7(u)**;

(v) all documents, records, correspondence, work papers and other documents, other than patient records, primarily relating to the Accounts Receivable;

(w) with respect to Verity Holdings, the assets represented by the assessor's parcel numbers (APN's) listed in **Schedule 1.7(w)** hereof (the "**Purchased Verity Holdings Assets**");

(x) except for the Excluded Assets, to the extent assignable or transferable, and subject to the Permitted Exceptions, any other assets owned by such Hospital Seller (which are not otherwise specifically described above in this Section 1.7) that are used in the operation of the Hospital of such Hospital Seller;

(y) all of Seton's interest in and to the PACE Obligations; and

(z) all QAF V and subsequent QAF program payments received after the Closing (e.g., QAF VI and QAF VII).

As used herein, the term "**Permitted Exceptions**" means (i) the Assumed Obligations; (ii) the PACE Obligations; (iii) liens for taxes not yet due and payable (iv) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property; (v) other imperfections of title or encumbrances, if any, which are not monetary in nature and that are not, individually or in the aggregate, material to the business of the Hospital; (vi) any agreements made with any governmental authority in order to obtain any consent or approval, including, without limitation, in connection with the Medicare and Medi-Cal provider agreements; and (vii) other imperfections of title or encumbrances that are expressly identified on **Schedule 1.7** hereof.

1.8 Excluded Assets. Notwithstanding anything to the contrary in Section 1.7, each Seller shall retain all interests, rights and other assets owned directly or indirectly by it (or any of such Seller's affiliates) which are not among the Assets, including, without limitation, the following interests, rights and other assets of such Seller (collectively, the "**Excluded Assets**"):

(a) cash, cash equivalents and short-term investments;

(b) all Seller Plans (defined below) and the assets of all Seller Plans and any asset that would revert to the employer upon the termination of any Seller Plan, including, without limitation, any assets representing a surplus or overfunding of any Seller Plan;

(c) all contracts that are not Assumed Contracts;

(d) all leases that are not Assumed Leases;

(e) the portions of Inventory, Prepaids, and other assets disposed of, expended or canceled, as the case may be, by such Seller after the Signing Date and prior to the Effective Time in the ordinary course of business;

(f) assets owned and provided by vendors of services or goods to the Hospital of such Hospital Seller;

(g) all of such Seller's organizational or corporate record books, minute books, tax returns, tax records and reports, data, files and documents, including electronic data related thereto;

(h) all claims, counterclaims and causes of action of such Seller or such Seller's bankruptcy estate (including parties acting for or on behalf of such Seller's bankruptcy estate, including, but not limited to, the official committee of unsecured creditors appointed in the Bankruptcy Cases), including, without limitation, rights of recovery or set-off of every kind and character against third parties, causes of action arising out of any claims and causes of action under chapter 5 of the Bankruptcy Code and any related claims, counterclaims and causes of action under applicable non-bankruptcy law, and any rights to challenge liens asserted against property of such Seller's bankruptcy estate, including, but not limited to, liens attaching to the Purchase Price paid to such Seller, and the proceeds from any of the foregoing;

(i) other than casualty insurance proceeds described in Section 1.7(m), all insurance policies and contracts and coverages obtained by such Seller or listing such Seller as insured party, a beneficiary or loss payee, including prepaid insurance premiums, and all rights to insurance proceeds under any of the foregoing, and all subrogation proceeds related to any insurance benefits arising from or relating to Assets prior to the Closing Date;

(j) all deposits made with any entity that provides utilities to the Hospital (the **"Utility Deposits"**);

(k) all rents, deposits, prepayments, and similar amounts relating to any contract or lease that is not an Assumed Contract or Assumed Lease;

(l) all non-transferrable unclaimed property of any third party as of the Effective Time, including, without limitation, property which is subject to applicable escheat laws;

(m) all other bank accounts of such Sellers not listed on **Schedule 1.7(u)**;

(n) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection;

(o) the rights of such Seller to receive mail and other communications with respect to Excluded Assets or Excluded Liabilities;

(p) all director and officer insurance;

(q) all tax refunds of such Seller;

(r) all documents, records, operating manuals and film pertaining to the Hospital that the parties agree that such Seller is required by law to retain;

(s) all patient records and medical records which are not required by law to be maintained by such Seller as of the Effective Time;

(t) all documents, records, correspondence, work papers and other patient records that may not be transferred under applicable law, and any other documents, records, or correspondence (including with respect to any employees) that may not be transferred under applicable law;

(u) any rights or documents relating to any Excluded Liability or other Excluded Asset;

(v) any rights or remedies provided to such Seller under this Agreement and each other document executed in connection with the Closing;

(w) any (i) personnel files for employees of such Seller who are not hired by Purchaser; (ii) other books and records that such Seller is required by Law to retain; provided, however, that except as prohibited by Law and subject to Article 5, Purchaser shall have the right to make copies of any portions of such retained books and records that relate to the business of the Hospital as conducted before the Closing or that relate to any of the Assets; (iii) documents which such Seller is not permitted to transfer pursuant to any contractual obligation owed to any third party; (iv) documents primarily related to any Excluded Assets; and (v) documents necessary to prepare tax returns (Purchaser shall be entitled to a copy of such documents). With respect to documents necessary to prepare cost reports, Purchaser shall receive the original document and such Seller shall be entitled to retain a copy of such documents for any period ending on or prior to the Closing Date;

(x) all deposits or other prepaid charges and expenses paid in connection with or relating to any other Excluded Assets;

(y) all rights, claims and causes of action of such Seller to the extent related to and/or to the extent arising out of the receivables identified in **Schedule 1.8(y)** and rights to settlements and retroactive adjustments, if any, whether arising under a Seller Cost Report or otherwise, for any reporting periods ending on or prior to the Effective Time, whether open or closed, arising from or against the United States government under the terms of the Medicare

program or TRICARE (formerly the Civilian Health and Medical Program of the Uniformed Services);

(z) all pre-Closing settlements or settlements pursuant to adversary proceedings in the Bankruptcy Cases, including, without limitation, any proceedings identified in Section 1.8(h) or 1.8(y) (together with the items identified in Section 1.8(h) and 1.8(y), the “**Excluded Settlements and Actions**”);

(aa) for the avoidance of doubt, all QAF IV and QAF V payments actually received prior to the Signing Date;

(bb) all assets of Verity Holdings other than the Purchased Verity Holdings Assets and all assets of any of the tenants located in the leased premises of the purchased Verity Holdings properties; and

(cc) any assets identified in Schedule 1.8(cc).

1.9 Assumed Obligations. On the Closing Date, each Seller shall assign, and Purchaser shall assume and agrees to discharge, perform and satisfy fully, on and after the Effective Time, the following liabilities and obligations of such Seller and only the following liabilities and obligations (collectively, the “**Assumed Obligations**”):

(a) the Assumed Contracts and all liabilities of such Seller under the Assumed Contracts, including related Cure Costs;

(b) the Assumed Leases and all liabilities of such Seller under the Assumed Leases, including related Cure Costs;

(c) all liabilities and obligations arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation by Purchaser of the Hospital or any of the Assets on or after the Effective Time;

(d) all accrued vacation and other paid time off, to the extent assumed under Section 1.1(a)(ii);

(e) all liabilities and obligations of such Seller related to the Hired Employees arising on or following the Effective Time;

(f) all unpaid real and personal property taxes, if any, that are attributable to the Assets after the Effective Time, subject to the prorations provided in Section 1.6;

(g) all liabilities and obligations relating to utilities being furnished to the Assets, subject to the prorations provided in Section 1.6;

(h) any documentary, sales and transfer tax liabilities of such Seller incurred as a result of the consummation of the transaction contemplated by this Agreement;

(i) all liabilities or obligations provided for in Section 5.3;

(j) any obligations or liabilities Purchaser may desire or need to assume in order to have the Certifications/Licenses/Permits identified on Schedule 1.7(b) reissued to Purchaser, as well as any liabilities or obligations associated with Sellers' Medicare and Medi-Cal provider agreements, but only to the extent assumed by Purchaser, and any Medi-Cal liabilities or obligations needed to support ongoing Hospital Quality Assurance Fee Program payments; and

(k) any other obligations and liabilities identified in Schedule 1.9(k).

1.10 Excluded Liabilities. Purchaser shall not assume or become responsible for any duties, obligations or liabilities of any Seller that are not assumed by Purchaser pursuant to the terms of this Agreement, the Bill of Sale, the Assumption Agreement or the Real Estate Assignment(s) (the "**Excluded Liabilities**"), and each Seller shall remain fully and solely responsible for all of such Seller's debts, liabilities, contract obligations, expenses, obligations and claims of any nature whatsoever related to the Assets or the Hospital unless assumed by Purchaser under this Agreement, in the Bill of Sale, the Assumption Agreement or in the Real Estate Assignment(s).

1.11 Designation of Assumed Contracts and Assumed Leases.

(a) Except as provided in Section 1.11(b), all contracts and leases will be subject to evaluation by Purchaser for assumption or rejection (collectively "**Evaluated Contracts**"). Not later than seven (7) days prior to the date of the auction for the Assets (i) Purchaser shall notify each Seller in writing of which Evaluated Contracts are to be assumed by such Seller and assigned to Purchaser and (ii) Purchaser shall notify each Seller in writing signed and dated by Purchaser of which Evaluated Contracts are to be rejected by such Seller (collectively, the "**Rejected Contracts**"); provided, that Purchaser shall have the right to designate additional Evaluated Contracts for assumption up to thirty (30) days prior to Closing. Each Seller shall file such motions in the Bankruptcy Court and take such other actions as are reasonably necessary to ensure that final and non-appealable orders are entered (x) assuming and assigning the respective Assumed Contracts or Assumed Leases applicable to such Seller to Purchaser and (y) rejecting the Rejected Contracts. With respect to each Assumed Lease, the applicable Seller shall execute and deliver to Purchaser an Assignment and Assumption of Lease. Notwithstanding anything to the contrary set forth in this Agreement, the Rejected Contracts shall constitute part of the Excluded Assets pursuant to, and as defined in, this Agreement.

(b) At Closing and pursuant to an order of the Bankruptcy Court, each Seller will assume and immediately assign to Purchaser the leases of such Seller for Leased Real Property and the Tenant Leases.

(c) Notwithstanding the foregoing, Purchaser's obligation to consummate the transactions contemplated by this Agreement are not contingent upon the assumption, assignment or rejection of any contract or lease, or on the amount of any payment or other performance needed to cure any default thereunder.

1.12 Disclaimer of Warranties; Release.

(a) THE ASSETS TRANSFERRED TO PURCHASER WILL BE SOLD BY SELLERS AND PURCHASED BY PURCHASER IN THEIR PHYSICAL CONDITION AT THE EFFECTIVE TIME, "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, SUITABILITY, USAGE, WORKMANSHIP, QUALITY, PHYSICAL CONDITION, OR VALUE, AND ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED, AND WITH RESPECT TO THE LEASED REAL PROPERTY WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, INCLUDING, WITHOUT LIMITATION, THE LAND, THE BUILDINGS AND THE IMPROVEMENTS. ALL OF THE PROPERTIES, ASSETS, RIGHTS, LICENSES, PERMITS, PRIVILEGES, LIABILITIES, AND OBLIGATIONS OF SELLERS INCLUDED IN THE ASSETS AND THE ASSUMED OBLIGATIONS ARE BEING ACQUIRED OR ASSUMED "AS IS, WHERE IS" ON THE CLOSING DATE AND IN THEIR PRESENT CONDITION, WITH ALL FAULTS. ALL OF THE TANGIBLE ASSETS SHALL BE FURTHER SUBJECT TO NORMAL WEAR AND TEAR AND NORMAL AND CUSTOMARY USE OF THE INVENTORY AND SUPPLIES IN THE ORDINARY COURSE OF BUSINESS UP TO THE EFFECTIVE TIME.

(b) Purchaser acknowledges that Purchaser will be examining, reviewing and inspecting all matters which in Purchaser's judgment bear upon the Assets, the Sellers, the Hospitals, the business of the Hospitals and their value and suitability for Purchaser's purposes and is relying solely on Purchaser's own examination, review and inspection of the Assets and Assumed Obligations. Purchaser releases each Seller and its affiliates from all responsibility and liability regarding the condition, valuation, salability or utility of the business of the Hospitals or the Assets, or their suitability for any purpose whatsoever. Purchaser further acknowledges that the representations and warranties of Sellers contained in ARTICLE 2 of this Agreement are the sole and exclusive representations and warranties made by Sellers to Purchaser (including with respect to the Hospitals, the Assets and the Assumed Obligations) and shall expire, and be of no further force or effect after January 8, 2019 (the period from the Signing Date until January 8, 2019, the "**Final Diligence Period**"), except that the Sale Order Date Representations shall expire, and be of no further force or effect upon the Sale Order Date, and in each case Sellers shall not have any liability in respect of any breach thereof following such expiration.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller hereby represents, warrants and covenants to Purchaser, severally (and not jointly) with respect to such Seller that the following matters are true and correct as of the Signing Date and as of the last day of the Final Diligence Period, except as would not have a material adverse effect upon the Hospitals, taken as a whole (a “**Material Adverse Effect**”) and except as disclosed in the disclosure schedule, as may be amended pursuant to the terms of this Agreement (the “**Disclosure Schedule**”), provided that the representations and warranties set forth in Sections 2.1 (Authorization), 2.2 (Binding Agreement), 2.3 (Organization and Good Standing; No Violation), 2.8 (Compliance with Legal Requirements), 2.9 (Required Consents), 2.11 (Title) and 2.14 (Legal Proceedings) (the “**Sale Order Date Representations**”) shall also be made as of immediately prior to the entry of the Sale Order (the “**Sale Order Date**”):

2.1 Authorization. Such Seller has all necessary corporate power and authority to enter into this Agreement and, subject to Bankruptcy Court approval, to carry out the transactions contemplated hereby.

2.2 Binding Agreement. This Agreement has been duly and validly executed and delivered by such Seller and, assuming due and valid execution by Purchaser, this Agreement constitutes a valid and binding obligation of such Seller enforceable in accordance with its terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors’ rights generally from time to time in effect and (b) limitations on the enforcement of equitable remedies. Except for such corporate actions which have been taken on or before the date hereof, no other corporate action on the part of Sellers is necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby.

2.3 Organization and Good Standing; No Violation.

(a) Such Seller is an entity duly organized, validly existing and in good standing under the laws of the State of California. Such Seller has all necessary power and authority to own, operate and lease its properties and to carry on its businesses as now conducted.

(b) Neither the execution and delivery by such Seller of this Agreement nor the consummation of the transactions contemplated hereby by such Seller nor compliance with any of the material provisions hereof by such Seller, will violate, conflict with or result in a breach of any material provision of such Seller’s articles of incorporation or bylaws or any other organizational documents of such Seller.

2.4 Contracts. Except as set forth in Schedule 2.4, upon entry of the Sale Order and Purchaser’s payment of the Cure Costs, to Seller’s knowledge, Seller is not in material breach or default of the Assumed Contracts or Assumed Leases. No provision of this Section 2.4 shall apply to any failure to obtain consents to the assignment of the Assumed Contracts and Assumed Leases from third parties to the Assumed Contracts and Assumed Leases for which consent is required to

assign the Assumed Contracts and Assumed Leases to Purchaser (the “**Contract and Lease Consents**”).

2.5 Brokers and Finders. Except as set forth on Schedule 2.5, neither such Seller nor any affiliate thereof, nor any officer or director thereof, have engaged or incurred any liability to any finder, broker or agent in connection with the transactions contemplated hereunder.

2.6 Seller Knowledge. References in this Agreement to “Sellers’ knowledge or “the knowledge of Sellers” means the actual knowledge of the Chief Executive Officer or Chief Financial Officer of the applicable Seller, without independent research. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

2.7 Non-Contravention. Neither the execution and delivery by Sellers of this Agreement and each Ancillary Agreement nor performance of any of the material provisions hereof by Sellers, will violate, conflict with or result in a breach of any material provisions of the articles of incorporation or bylaws of Sellers.

2.8 Compliance with Legal Requirements. Except as set forth in Schedule 2.8, to the knowledge of Sellers: each Seller, with respect to the operation of the Hospitals, is in material compliance with all applicable laws, statutes, ordinances, orders, rules, regulations, policies, guidelines, licenses, certificates, judgments or decrees of all judicial or governmental authorities (federal, state, local, foreign or otherwise) (collectively, “**Legal Requirements**”). Except as set forth in Schedule 2.8, to the knowledge of Sellers, none of the Sellers, with respect to the operation of the Hospitals, has been charged in writing with or been given written notice of or is under investigation with respect to, any material violation of, or any obligation to take material remedial action under, any applicable Legal Requirements.

2.9 Required Consents. Except as set forth in Schedule 2.9, and other than in connection with any Licenses, any provider agreements (including any such agreements with a governmental authority) and the CA AG (defined below), Sellers are not a party to or bound by, nor are any of the Assets subject to, any mortgage, or any material lien, deed of trust, material lease, or material contract or any material order, judgment or decree which, after giving effect to the Sale Order (a) will require the consent of any third party to the execution of this Agreement or (b) will require the consent of any third party to consummate the transactions contemplated by this Agreement.

2.10 Environmental Matters.

(a) Sellers have provided Purchasers with the Phase I Environmental Site Assessments set forth in said Schedule 2.10(a).

(b) Except as disclosed in Schedule 2.10(b), to the knowledge of Sellers, the operations of the Hospitals are not in material violation of any applicable limitations, restrictions, conditions, standards, prohibitions, requirements and obligations of Environmental Laws and related orders of any court or any other governmental authority.

(c) For the purposes of this Section, the term “**Environmental Laws**” shall mean all state, federal or local laws, ordinances, codes or regulations relating to Hazardous Substances or to the protection of the environment, including, without limitation, laws and regulations relating to the storage, treatment and disposal of medical and biological waste. For purposes of this Agreement, the term “**Hazardous Substances**” shall mean (i) any hazardous or toxic waste, substance, or material defined as such in (or for the purposes of) any Environmental Laws, (ii) asbestos-containing material, (iii) medical and biological waste, (iv) polychlorinated biphenyls, (v) petroleum products, including gasoline, fuel oil, crude oil and other various constituents of such products, and (vi) any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any Environmental Laws.

2.11 Title. Prior to December 21, 2018, Sellers have delivered at their own expense (i) for all the Real Property preliminary title reports issued by First American Title Insurance Company (the “**Title Commitments**”), (ii) for all of the Real Property all underlying title documents listed on the Title Commitments (the “**Underlying Title Documents**”), and (iii) for all of the Hospitals an as-built ALTA Surveys (the “**Surveys**”, and collectively with the Title Commitment and the Underlying Title Documents, the “**Title Documents**”).

2.12 Certain Other Representations with Respect to the Hospitals.

(a) Except as set forth in Schedule 2.12, all Licenses which are material and necessary to the operation of the Hospitals or the Hospitals by Sellers are valid and in good standing and Sellers are in compliance with the terms and conditions of all such Licenses in all material respects, in each case except where the failure to be valid and in good standing or in compliance would not have a material adverse effect on the Assets or the Hospitals. Except as set forth in Schedule 2.12, as of the Closing Date Sellers will have any and all material Licenses required under Legal Requirements to conduct the Hospitals as presently conducted by Sellers, except where the failure to have any such License would not have a material adverse effect on the Assets or the Hospitals. To the knowledge of Sellers, no loss or expiration of any License is pending or threatened.

(b) Sellers are certified for participation in the Medicare, Medi-Cal and TRICARE programs and any other federal or state health care reimbursement programs in which they participate, and have current and valid provider agreements with each such program, except where the failure to be so certified or have such provider agreements would not have a material adverse effect.

(c) Sellers have not been excluded from Medicare, Medi-Cal or any federal or state health care reimbursement program, and, to the knowledge of Sellers, there is no pending or threatened exclusion action by a governmental authority against Sellers.

2.13 Financial Statements.

(a) Schedule 2.13(a) hereto contains the following financial statements (the “Historical Financial Statements”): (i) the unaudited balance sheets of the Sellers as of June 30,

2018; (ii) unaudited income statements of the Sellers for the twelve-month periods ended June 30, 2018; (iii) the audited consolidated income statements of Sellers for the years ended 2016 and 2017; and (iv) the unaudited consolidated balance sheet of Sellers as of June 30, 2018.

(b) the income statements contained in the Historical Financial Statements present, fairly in all material respects the results of the operations of the Sellers as of and for the periods covered therein and, except as set forth on Schedule 2.13(b), the balance sheets contained in the Historical Financial Statements (i) are true, complete and correct in all material respects; (ii) present, fairly in all material respects the financial condition of the Sellers as of the dates indicated thereon; and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered, except as disclosed therein.

2.14 Legal Proceedings. Except as set forth on Schedule 2.14, and except for any and all cases and/or pleadings filed or to be filed in the Bankruptcy Court, which shall be available through Sellers' claims and noticing agent's website at <http://www.kccclcc.com/VERITYHEALTH/>, to the knowledge of Sellers, there are no material claims, proceedings or investigations pending or threatened with respect to the ownership of the Assets or the operation of the Hospitals or the Hospitals by Sellers before any governmental authority. Except as set forth on Schedule 2.14, and other than any action or proceeding brought in the Bankruptcy Court, to the knowledge of Sellers, Sellers are not subject to any government order with respect to the ownership or operation by Sellers of the Hospitals or the other Assets or the Hospitals and are in substantial compliance with respect to each such government order.

2.15 Employee Benefits. Schedule 2.15(a) contains a list of (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of Seller with respect to the operation of the Hospital, whether oral or written, which constitutes an "employee pension benefit plan" as defined in Section 3(2) of ERISA, (ii) each medical, health, disability, insurance or other plan or arrangement of Seller with respect to the operation of the Hospital, whether oral or written, which constitutes an "employee welfare benefit plan" as defined in Section 3(1) of ERISA, and (iii) each other employee benefit or perquisite provided by Seller with respect to the operation of the Hospital, in which any employee of Seller participates in his capacity as such (collectively, the "**Seller Plans**").

2.16 Personnel. Schedule 2.16 sets forth a complete list (as of the date set forth therein) of names, positions and current annual salaries or wage rates and scheduled bonus, and the accrued paid time off pay of all employees of Sellers (including employees of the Hospitals and employees of Verity and Verity Holdings) immediately prior to December 21, 2018, whether such employees are full time employees, part-time employees, on short-term or long-term disability or on leave of absence pursuant to Sellers's policies, the Family and Medical Leave Act of 1993 or other similar Legal Requirements (the "**Hospital Employees**") and indicating whether the Hospital Employee is full-time or part-time. Sellers shall have the right to update to Schedule 2.16(a) to reflect changes in employment status or new hires and terminations occurring after December 21, 2018 by providing a revised schedule to Purchase no later than five (5) Business Days before the date scheduled for the Closing. Insurance. Schedule 2.17 contains a list of all material insurance maintained by Sellers with respect to the Assets and the Businesses, as of the Signing Date.

2.18 Accounts Receivable. To the knowledge of Sellers, all Accounts Receivable included in the Assets at Closing result from the bona fide provision of products or services in the ordinary course of business. All Sellers Accounts Receivable are currently deposited, either electronically or manually, into the bank accounts listed on Schedule 4.25(b).

2.19 Payer Contracts. To the knowledge of Sellers, and subject to Section 365 of the Bankruptcy Code, Schedule 2.19 sets forth a complete list of all written contracts with private third party payers including insurance companies and HMOs ("**Payer Contracts**"). Sellers have provided Purchasers with a true and correct copy of all material Payer Contracts, whether or not entered into in the ordinary course of business, or otherwise required to be disclosed on Schedule 2.20, in each case together with all amendments thereto.

2.20 Excluded Individuals. Except as set forth on Schedule 2.20, to the knowledge of Sellers: neither Sellers, Hospitals nor any director, officer or employee of Sellers or Hospitals (a) was, is or is proposed to be, suspended, excluded from participation in, or sanctioned under, any federal or state health care program (including, without limitation, Medicare and Medicaid) (an "**Excluded Individual**"); (b) has been convicted of any criminal offense related to the delivery of any medical or health care services or supplies, or related to the neglect or abuse of patients; (c) has failed to maintain its current License to provide the services required to be provided by it to or on behalf of Sellers and Hospitals; or (d) is unable to obtain or maintain liability insurance consistent with commercially reasonable industry practices.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Sellers to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Purchaser hereby represents, warrants and covenants to Sellers as to the following matters as of the Signing Date and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

3.1 Authorization. Purchaser has full power and authority to enter into this Agreement and has full power and authority to perform its obligations hereunder and to carry out the transactions contemplated hereby. No additional internal consents are required in order for Purchaser to perform its obligations and agreements hereunder.

3.2 Binding Agreement. This Agreement has been duly and validly executed and delivered by Purchaser and, assuming due and valid execution by Sellers, this Agreement constitutes a valid and binding obligation of Purchaser enforceable in accordance with its terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and (b) limitations on the enforcement of equitable remedies.

3.3 Organization and Good Standing. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of California, is or will be duly

authorized to transact business in the State of California, and has full power and authority to own, operate and lease its properties and to carry on its business as now conducted.

3.4 No Violation. Except as set forth in Schedule 3.4, neither the execution and delivery by Purchaser of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the material provisions hereof by Purchaser will (a) violate, conflict with or result in a breach of any material provision of the Articles of Incorporation, Bylaws or other organizational documents of Purchaser or any contract, lease or other instrument by which Purchaser is bound; (b) require any approval or consent of, or filing with, any governmental agency or authority, (c) violate any law, rule, regulation, or ordinance to which Purchaser is or may be subject, (d) violate any judgment, order or decree of any court or other governmental agency or authority to which Purchaser is subject.

3.5 Brokers and Finders. Neither Purchaser nor any affiliate thereof nor any officer or director thereof has engaged any finder or broker in connection with the transactions contemplated hereunder.

3.6 Representations of Sellers. Purchaser acknowledges that it is purchasing the Assets on an "AS IS, WHERE IS" basis (as more particularly described in Section 1.12), and that Purchaser is not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of any Seller other than as expressly set forth in this Agreement. Purchaser further acknowledges that no Seller is making any representations or warranties herein relating to the Assets or the operation of the Hospital on and after the Effective Time.

3.7 Legal Proceedings. Except as described on Schedule 3.7, there are no claims, proceedings or investigations pending or, to the best knowledge of Purchaser, threatened relating to or affecting Purchaser or any affiliate of Purchaser before any court or governmental body (whether judicial, executive or administrative) in which an adverse determination would materially adversely affect the properties, business condition (financial or otherwise) of Purchaser or any affiliate of Purchaser or which would adversely affect Purchaser's ability to consummate the transactions contemplated hereby. Neither Purchaser nor any affiliate of Purchaser is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to Purchaser or any affiliate of Purchaser which materially adversely affects the condition (financial or otherwise), operations or business of Purchaser or any affiliate of Purchaser or which would adversely affect Purchaser's ability to consummate the transactions contemplated hereby.

3.8 No Knowledge of a Seller's Breach. Neither Purchaser nor any of its affiliates has knowledge of any breach of any representation or warranty by any Seller or of any other condition or circumstance that would give Purchaser a right to terminate this Agreement pursuant to Section 9.1(c). If information comes to Purchaser's attention on or before the Closing Date (whether through a Seller or otherwise and whether before or after the Signing Date) which indicates that Sellers have breached any of its representations and warranties under this Agreement, then the effect shall be as if the representations and warranties had been modified in this Agreement in accordance with the actual state of facts existing prior to the Effective Time such that there will be no breach under Sellers' representations and warranties in relation to such information; *provided, however*, that Purchaser must immediately notify Sellers if any such breach comes to its attention

on or before the Closing Date, and Purchaser's failure to so notify Sellers shall constitute a waiver by Purchaser of Sellers' breach, if any, of any representation or warranty. If any such information comes to Purchaser's attention on or before the Closing Date (whether through a Seller or otherwise, including through updated schedules, and whether before or after the Signing Date) that would give Purchaser a right to terminate this Agreement pursuant to Section 9.1(c), Purchaser must immediately notify Sellers if any such information comes to its attention on or before the Closing Date, and Purchaser's failure to so notify Sellers shall constitute a waiver of such right in relation to the relevant breach.

3.9 Ability to Perform. Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Price by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

3.10 Purchaser Knowledge. References in this Agreement to "Purchaser's knowledge" or "the knowledge of Purchaser" means the actual knowledge of the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer of Purchaser, without independent research. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

3.11 Investigation. Purchaser has been afforded reasonable access to, and has been provided adequate time to review, the books, records, information, operations, facilities and personnel of each Seller and the Hospital for purposes of conducting a due diligence investigation of each Seller and the Hospital. Purchaser has conducted a reasonable due diligence investigation of each Seller and the Hospital and has received satisfactory answers to all inquiries it has made respecting each Seller and the Hospital and has received all information it considers necessary to make an informed business evaluation of each Seller and the Hospital. In connection with its due diligence investigation of each Seller and the Hospital, Purchaser has not relied upon any books, records, information, operations, facilities and personnel provided by any Seller, including in making its determination to enter into this Agreement and/or consummate the transactions contemplated hereby.

ARTICLE 4

COVENANTS OF SELLERS

4.1 Access and Information; Inspections.

4.1.1 From the Signing Date through the Effective Time, (a) each Seller shall afford to the officers and agents of Purchaser (which shall include accountants, attorneys, bankers and other consultants and authorized agents of Purchaser) reasonable access during normal business hours at Seller's corporate headquarters in El Segundo, California to, and the right to inspect, the books, accounts, records and all other relevant documents and information with respect to the assets, liabilities and business of the Hospital of such Seller and the plant and property of the Hospital of such Seller at the Hospital of such Seller and (b) each Seller shall furnish Purchaser with such additional financial and operating data and other information in such Seller's possession

as to businesses and properties of the Hospital of such Seller as Purchaser or its representatives may from time to time reasonably request; *provided, however*, that such Seller is not obligated to disclose information which is proprietary to such Seller and would not be essential to the ongoing operation of the Hospital of such Seller by Purchaser; *provided, further*, that all disclosures of information shall be consistent with the confidentiality agreements and any other non-disclosure agreements entered into (or to be entered into) among Purchaser, its representatives and such Seller. Purchaser's right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of any Seller or the Hospital.

4.1.2 Notwithstanding anything contained herein, no Seller shall be required to provide Purchaser or its representatives or agents access to or disclose information where such access or disclosure would violate the rights of its patients, jeopardize the attorney-client or similar privilege with respect to such information or contravene any law, judgment, fiduciary duty or contract entered into prior to or on the date of this Agreement with respect to such information.

4.2 Cooperation.

4.2.1 Each Seller shall reasonably cooperate with Purchaser and its authorized representatives and attorneys: (a) in Purchaser's efforts to obtain all consents, approvals, authorizations, clearances and licenses required to carry out the transactions contemplated by this Agreement (including, without limitation, those of governmental and regulatory authorities) or which Purchaser reasonably deems necessary or appropriate, (b) in the preparation of any document or other material which may be required by any governmental agency as a predicate to or result of the transactions contemplated in this Agreement, and (c) in Purchaser's efforts to effectuate the assignment of Assumed Contracts to Purchaser as of the Closing Date. Except as may be otherwise requested by a Seller in order to comply with applicable law or regulatory guidance, notwithstanding anything contained herein, other than Bankruptcy Court orders and authorizations, it shall be Purchaser's sole responsibility (including payment of any fees, expenses, filings costs or other amounts) to obtain the Contract and Lease Consents, as well as all governmental consents, approvals, assignments, authorizations, clearances and licenses required to (x) carry out the transactions contemplated by this Agreement, including but not limited to medical licenses and/or (y) transfer any of the Assets, including any Licenses. To the extent Purchaser needs certain information and data which is in the possession of a Seller in order for Purchaser to complete Purchaser's license and permit approval applications, Purchaser shall receive, upon request, reasonable assistance from such Seller in connection with the provision of such information.

4.2.2 Notwithstanding any provision to the contrary contained in this Agreement (including Section 8.7), no Seller shall be obligated to obtain the approval or consent to the assignment, to Purchaser, of any Assumed Contracts or Assumed Leases, from any party to any of the Assumed Contracts or Assumed Leases even if any such contract or lease states that it is not assignable without such party's consent.

4.3 Other Bidders. Purchaser expressly acknowledges and agrees that each Seller has an obligation to seek out and determine the best and highest offer reasonably available for such

Seller's assets in accordance with the Bankruptcy Code, and nothing herein shall amend, modify, alter, diminish or affect such obligation.

4.4 Sellers' Efforts to Close. Each Seller shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in ARTICLE 7 and ARTICLE 8 to its or Purchaser's obligations under this Agreement to the extent that such Seller's action or inaction can control or materially influence the satisfaction of such conditions; provided, however, that such Seller shall not be required to pay or commit to pay any amount to (or incur any obligation in favor of) any person (other than filing or application fees).

4.5 Termination Cost Reports. Each Seller shall file all Medicare, Medi-Cal and any other termination cost reports required to be filed as a result of the consummation of (a) the transfer of the Assets of such Seller to Purchaser and (b) the transactions contemplated by this Agreement with respect to such Seller, provided that Purchaser shall fund reasonable costs and expenses of preparation, filing and audit of such reports. Purchaser shall permit each Seller access to all Hospital books and records to prepare such reports and shall assist such Seller in the process of preparing, filing, and reviewing the termination cost reports. All such termination cost reports shall be filed by the applicable Seller in a manner that is consistent with current laws, rules and regulations. Each Seller shall be responsible for filing governmental cost reports for the period of January 1, 2019 through the Closing Date. Purchaser shall be responsible for its own cost report filings relating to the Hospitals beginning on the day immediately following the Effective Time.

4.6 Conduct of the Business. From the Signing Date until the Closing, or the earlier termination of this Agreement, without the prior written consent of Purchaser, Sellers shall, with respect to the ownership of the Assets and the operation of the Hospitals, use commercially reasonable efforts to, in each case except as would not have a Material Adverse Effect (except as otherwise noted):

(a) without regard to Material Adverse Effect, carry on Sellers' ownership of the Assets and the operation of the Hospitals consistent with past practice, but subject to the Bankruptcy Cases and Sellers' obligations and actions in connection therewith;

(b) maintain in effect the insurance and equipment replacement coverage with respect to the Assets;

(c) if and as permitted by the Bankruptcy Court, pay any bonuses payable under the Key Employee Retention Plan and Key Employee Incentive Plan of Sellers;

(d) maintain the Assets in materially the same condition as at present, ordinary wear and tear excepted;

(e) perform its obligations under all contracts with respect to the Assets in compliance with the Bankruptcy Code;

(f) following entry of the Sale Order, permit and allow reasonable access by Purchaser and its representatives (which shall include the right to send written materials, all of which shall be subject to Sellers' reasonable approval prior to delivery) to make offers of post-

Closing employment to any of Sellers' personnel (including access by Purchasers and their representatives for the purpose of conducting open enrollment sessions for Purchasers' employee benefit plans and programs) and to establish relationships with physicians, medical staff and others having business relations with Sellers;

(g) with respect to material deficiencies, if any, cited by any governmental authority (other than the Attorney General of the State of California and other than with respect to Seismic requirements) or accreditation body in the most recent surveys conducted by each, cure or develop and timely implement a plan of correction that is acceptable to such governmental authority or such accreditation body;

(h) timely file or cause to be filed all material reports, notices and tax returns required to be filed and pay all required taxes as they come due;

(i) without regard to Material Adverse Effect, beginning on February 21, 2019 and in accordance with the Sellers' budget under their debtor in possession financing, timely pay any fees that are or become due and payable under QAF IV and QAF V;

(j) comply in all material respects with all Legal Requirements (including Environmental Laws) applicable to the conduct and operation of the Hospitals; and

(k) without regard to Material Adverse Effect, maintain all material approvals, permits and environmental permits relating to the Hospitals and the Assets.

4.7 Contract With Unions. Representatives of Sellers who are parties to collective bargaining agreements and Purchaser shall meet and confer from time to time as reasonably requested by either party to discuss strategic business options and alternative approaches in negotiating each collective bargaining agreement. The applicable Sellers and Purchaser shall each participate in all union negotiations related to any specific collective bargaining agreement. Promptly following the Signing Date, applicable Sellers shall use commercially reasonable efforts to initiate discussions with Purchaser and conduct discussions to renegotiate each collective bargaining agreement currently in effect with each applicable union. The applicable Sellers will not unreasonably withhold, condition or delay approval or implementation of any successfully renegotiated collective bargaining agreement. The parties recognize that an applicable Seller's failure to secure a modification to any collective bargaining agreement, or to conclude a successor collective bargaining agreement shall not be a breach of Sellers' obligation under this Agreement, provided that if the unions refuse to negotiate, or otherwise are not timely, reasonable or realistic in renegotiating, the collective bargaining agreements during the period between the Signing Date and the Closing Date, Sellers and Purchaser will jointly consider, and negotiate mutually in good faith, alternative approaches that may be available and/or necessary to reduce Sellers' labor cost structure, including, but not limited to, seeking to reject the collective bargaining agreement(s).

ARTICLE 5

COVENANTS OF PURCHASER

5.1 Purchaser's Efforts to Close. Purchaser shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in ARTICLE 7 and ARTICLE 8 to its or Sellers' obligations under this Agreement to the extent that Purchaser's action or inaction can control or materially influence the satisfaction of such conditions. Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement, Purchaser shall be permitted to communicate and meet with (a) counter-parties to the agreements and contracts of the Hospitals, included those included in Assumed Obligations, regarding the terms and conditions under which they may be assumed and assigned to Purchaser, and (b) applicable governmental and regulatory authorities regarding prospective compliance with regulatory requirements and related issues; so long as, in the case of each of (a) and (b) (i) such communications and meetings do not interfere with the operation of the Businesses or the conduct of the Bankruptcy Cases and (ii) any communications or meetings with any governmental authority are approved in advance by Sellers as to timing and content (and Sellers are copied on such communications and afforded the opportunity to participate in such meetings).

5.2 Required Governmental Approvals.

(a) Purchaser, at its sole cost and expense (a) shall use its best efforts to secure, as promptly as practicable before the Closing Date, all consents, approvals (or exemptions therefrom), authorizations, clearances and licenses required to be obtained from governmental and regulatory authorities in order to carry out the transactions contemplated by this Agreement and to cause all of its covenants and agreements to be performed, satisfied and fulfilled (and provide Sellers copies of all materials relating to such consents, approvals, authorizations, clearances and licenses upon submission and all materials received from third parties in connection with such consents, approvals, authorizations, clearances and licenses upon receipt), and (b) will provide such other information and communications to governmental and regulatory authorities as any Seller or such authorities may reasonably request. Purchaser will provide Sellers periodic and timely updates regarding all such consents, approvals, authorizations, clearances and licenses. Purchaser is responsible for all filings with and requests to governmental authorities necessary to enable Purchaser to operate the Hospital at and after the Effective Time. Purchaser shall, promptly, but no later than thirty (30) business days after the entry of the Sale Order or sooner if required by applicable governmental or regulatory authorities, file all applications, licensing packages and other similar documents with all applicable governmental and regulatory authorities which are a prerequisite to obtaining the material licenses, permits, authorizations and provider numbers described in Section 8.1. Purchaser shall be entitled, but not obligated, to obtain the Contract and Lease Consents. Purchaser shall be entitled, but not obligated, to solicit and obtain estoppel certificates from any third party to any Leased Real Property. Purchaser's failure to obtaining any or all of the Contract and Lease Consents or estoppel certificates as of the Closing Date shall not be a condition precedent to either party's obligation to close the transactions contemplated by this Agreement.

(b) Purchaser and Sellers agree that because the change of ownership and regulatory approval process in connection with the transactions contemplated by this Agreement may take an extended period of time, Purchaser and Sellers agree to an initial closing effective upon the approval of the court and upon the approval of the transaction by the CA AG (as defined below) in accordance with Sections 7.5 and 8.6, at which time the Assets (less the portion of the Assets constituting drugs or other pharmacy assets) will be sold to Purchaser and immediately leased back

to Sellers, with a concurrent management agreement entered into at that time upon terms mutually agreeable to the parties in their reasonable business judgment. The Sale Leaseback Agreement and Interim Management Agreement will terminate at the Closing when the Purchaser is issued the Licenses necessary to operate the Hospitals directly (namely, the Hospital Licenses and pharmacy permits).

5.3 Certain Employee Matters.

(a) Purchaser agrees to make offers of employment, effective as of the Effective Time, to substantially all persons (whether such persons are full time employees, part-time employees, on short-term or long-term disability or on leave of absence, military leave or workers compensation leave) (the “**Hospital Employees**”) who, immediately prior to the Effective Time are: (i) employees of any Seller; (ii) employees of any affiliate of any Seller which employs individuals at the Hospital and are listed on Schedule 5.3; or (iii) employed by an affiliate of any Seller and are listed on Schedule 5.3. For the avoidance of doubt, the Hospital Employees shall not include any employees of Verity or any other affiliate of Seller unless such individual is listed on Schedule 5.3. Any of the Hospital Employees who accept an offer of employment with Purchaser as of or after the Effective Time shall be referred to in this Agreement as the “**Hired Employees**.” All employees who are Hired Employees shall cease to be employees of the applicable Seller or its affiliates as of the Effective Time.

(b) Purchaser shall give all Hired Employees full credit for paid time off pay to such employees as of the Closing Date by crediting such employees the time off reflected in the employment records of the applicable Seller and/or any of its affiliates immediately prior to the Effective Time, subject to compliance with applicable law and regulation, including consent of such employees if required.

(c) After the Closing Date, Purchaser’s human resources department will give reasonable assistance to each Seller and its affiliates with respect to such Seller’s and such Seller’s affiliates’ post-Closing administration of such Seller’s and such Seller’s affiliates’ pre-Closing employee benefit plans for the Hospital Employees. Within five (5) days after the Closing Date, Purchaser shall provide to each Seller a list of all the Hospital Employees who were offered employment by Purchaser but refused such employment along with a list of all Hired Employees (which such list Purchaser shall periodically update).

(d) With respect to any collective bargaining agreements or labor contract with respect to any employees, Purchaser shall comply with the applicable laws and bankruptcy court orders relating to collective bargaining agreements or labor contracts.

(e) The provisions of this Section 5.3 are solely for the benefit of the parties to this Agreement, and no employee or former employee or any other individual associated therewith or any employee benefit plan or trustee thereof shall be regarded for any purpose as a third party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any employee benefit plan for any purpose.

5.4 Excluded Assets. As soon as practicable after the Closing Date, Purchaser shall deliver to each Seller or such Seller’s designee any Excluded Assets of such Seller found at the

Hospital on and after the Effective Time, without imposing any charge on any Seller for Purchaser's storage or holding of same on and after the Effective Time.

5.5 Waiver of Bulk Sales Law Compliance. Purchaser hereby waives compliance by Sellers with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Assets are located and all other laws applicable to bulk sales and transfers.

5.6 Attorney General. Promptly after entry of the Sale Order, but in any event within ten (10) calendar days, Purchaser shall, at its sole cost and expense, make any notices or other filings with the Attorney General of the State of California (the "CA AG"). Each Seller shall reasonably cooperate with Purchaser in such notices or other filings.

5.7 Conduct Pending Closing. Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement pursuant to its terms, unless Sellers shall otherwise consent in writing, Purchaser shall not take any action or fail or omit to take any action which would cause any of Purchaser's representations and warranties set forth in ARTICLE 4 to be inaccurate or untrue as of the Closing.

5.8 Cure Costs. Purchaser, upon assumption, shall pay the Cure Costs for each Assumed Contract and Assumed Lease so that each such Assumed Contract and Assumed Lease may be assumed by the applicable Seller and assigned to Purchaser in accordance with the provisions of section 365 of the Bankruptcy Code. For purposes of this Agreement, "**Cure Costs**", means all amounts that must be paid and all obligations that otherwise must be satisfied, including pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code in connection with the assumption and/or assignment of the Assumed Contracts and Assumed Leases to Purchaser as provided herein.

5.9 Operating Covenant. Purchaser shall act in good faith and use Purchaser's commercially reasonable efforts to serve the medical needs of each Hospital's service area.

5.10 HSR Filing. Purchaser and each Seller will as promptly as practicable, and in any event no later than five business days after the date of the Sale Order, file with the Federal Trade Commission and the Department of Justice the notification and report forms required for the transactions contemplated hereby and any supplemental information that may be reasonably requested in connection therewith pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"), which notification and report forms and supplemental information will comply in all material respects with the requirements of the HSR Act. Purchaser shall pay all filing fees required with respect to the notification, report and other requirements of the HSR Act. Each of Purchaser and Sellers shall furnish to the other such information and assistance as the other shall reasonably requires in connection with the preparation and submission to, or agency proceedings by, any governmental authority under the HSR Act, and each of Purchaser and Sellers shall keep the other promptly apprised of any communications with, and inquires or requests for information from, such governmental authorities. Purchaser shall take such action (including divestitures or hold separate arrangements) as may be required by any governmental authority in order to resolve with the minimum practicable delay any objections such governmental authorities may have to the transactions contemplated by this Agreement under the HSR Act.

5.11 Contract with Unions. Representatives of Sellers who are parties to collective bargaining agreements and Purchaser shall meet and confer from time to time as reasonably requested by either party to discuss strategic business options and alternative approaches in negotiating each collective bargaining agreement. The applicable Sellers and Purchaser shall each participate in all union negotiations related to any specific collective bargaining agreement. Promptly following the Signing Date, applicable Sellers shall use commercially reasonable efforts to initiate discussions with Purchaser and conduct discussions to renegotiate each collective bargaining agreement currently in effect with each applicable union. The applicable Sellers will not unreasonably withhold, condition or delay approval or implementation of any successfully renegotiated collective bargaining agreement to be assumed by Purchaser. The parties recognize that an applicable Seller's failure to secure a modification to any collective bargaining agreement, or to conclude a successor collective bargaining agreement shall not be a breach of Sellers' obligation under this Agreement. In addition, Sellers may, in their discretion, seek to reject any or all of the collective bargaining agreement(s).

ARTICLE 6

SELLERS' BANKRUPTCY AND BANKRUPTCY COURT APPROVAL

6.1 Bankruptcy Court Approval; Overbid Protection and Break-Up Fee.

(a) Sellers and Purchaser acknowledge that this Agreement and the sale of the Assets and the assumption and assignment of the Assumed Contracts and Assumed Leases are subject to Bankruptcy Court approval, and that this Agreement is subject to termination in its entirety in the event any Seller receives a better and higher offer for the Assets in accordance with the Bankruptcy Code and subject to the terms stated herein.

(b) Promptly following the execution of this Agreement by all parties, the Seller shall file a motion with the Bankruptcy Court (the "**Sales Procedures Motion**"), the content of which shall be subject to the reasonable approval by Purchaser, for entry of an order approving bid procedures and overbid protections containing substantially the following terms and conditions:

(1) the Seller shall not accept any offer to sell the Assets subject to this Agreement ("**Overbid**") to another purchaser ("**Overbidder**") unless that offer exceeds the Purchase Price by an amount sufficient to pay the Break-Up Fee and such offer includes the purchase of substantially all Assets subject of this Agreement;

(2) in the event that an overbidder (and not the Purchaser) is the successful bidder for the purchase of the Assets (the "**Alternate Transaction**") and the Alternative Transaction is approved by the Bankruptcy Court, (a) the Deposit, and any interest earned thereon, shall be returned to Purchaser immediately upon the entry of such sale order, and (b) Purchaser shall be paid a break-up fee of three and one-half percent (3.25%) of the Cash Consideration (\$19,825,000.00) plus reimbursement of reasonably documented reasonable costs and expenses incurred by Purchaser related to its due diligence, and pursuing, negotiating, and documenting the transactions contemplated by this Agreement in an amount not to exceed \$2,000,000.00 (the "**Break-Up Fee**"); provided, however, that in the event that

the Purchaser is successful as to some but not all of the Assets, the Break-Up Fee shall be reduced pro rata to the percentage of Assets not actually purchased by the Purchaser, based on the allocation of the Purchase Price as described in Section 1.1(a)(i), as compared to the Assets which were the subject of this Agreement; in the event that Purchaser terminates this Agreement in accordance with Section 8.6 hereof, expenses of Purchaser incurred in satisfaction of Section 8.6 shall be reimbursed up to \$500,000; and

(3) The Break-Up Fee shall be deemed to be an allowed expense of the kind specified in Section 503(b) of the Bankruptcy Code to be paid solely from the proceeds of the Alternate Transaction, pursuant to the Sale Order. The Break-Up Fee shall not be paid if the Alternate Transaction was pursued due to a material breach by the Purchaser or the Purchaser's failure or refusal to consummate the transaction after the satisfaction or waiver of all closing conditions.

The Sales Procedures Motion will contain bid procedures as set forth in the bid procedures attached hereto as **Schedule 6.1(b)(3)**.

If Sellers fails to obtain Bankruptcy Court approval for the Sales Procedures Motion by no later than four weeks after the end of the Final Diligence Period, Purchaser shall have the right to terminate this Agreement, without recourse or liability, and Seller shall immediately thereafter return to Purchaser the Deposit and any interest earned thereon.

(c) Each Seller shall at the Sale Hearing exercise reasonable efforts to obtain a "Sale Order" approving this Agreement, subject to its obligations in respect of any better and higher offer for such Seller's assets in accordance with the Bankruptcy Code. For purposes of this Agreement, the term "**Sale Order**" shall mean an order of the Bankruptcy Court authorizing the sale of the Assets (including the assumption and assignment of the Assumed Contracts and Assumed Leases) to Purchaser consistent with this Agreement and in a form reasonably satisfactory to Purchaser.

(d) Each Seller agrees to proceed in good faith to obtain Bankruptcy Court approval of the sale contemplated herein with a determination that Purchaser is a good faith purchaser pursuant to Bankruptcy Code section 363(m) and to file such declarations and other evidence as may be required to support a finding of good faith.

(e) Each Seller shall seek an order from the Bankruptcy Court retaining jurisdiction over all matters relating to claims against such Seller as debtor solely in the Bankruptcy Court.

6.2 Appeal of Sale Order. In the event an appeal is taken or a stay pending appeal is requested from the Sale Order, Sellers shall immediately notify Purchaser of such appeal or stay request and shall provide to Purchaser promptly a copy of the related notice of appeal or order of stay. Sellers shall also provide Purchaser with written notice of any motion or application filed in connection with any appeal from either of such orders. In the event of an appeal of the Sale Order, Sellers shall be primarily responsible for drafting pleadings and attending hearings as necessary to defend against the appeal; provided, however, Purchaser, at its option, shall have the right to

participate as a party in interest in such appeal. In the event a stay is issued by any appellate court, including the United States District Court, which prevents the sale from closing, as scheduled, Purchaser shall have the right to terminate this Agreement if such stay is not vacated on or before 45 days from the date of the stay is issued, and Purchaser shall be entitled to the prompt return of the Deposit and any interest earned thereon.

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS

Sellers' obligation to sell the Assets and to close the transactions as contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Sellers in whole or in part at or prior to the Closing:

7.1 Signing and Delivery of Instruments. Purchaser shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

7.2 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the transactions contemplated in this Agreement shall have been issued by any court of competent jurisdiction or any other governmental body and shall remain in effect on the Closing Date, and further, no governmental entity shall have commenced any action or suit before any court of competent jurisdiction or other governmental authority that seeks to restrain or prohibit the consummation of the transactions contemplated hereby.

7.3 Performance of Covenants. Purchaser shall have in all respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

7.4 Governmental Authorizations. Purchaser shall have obtained all material licenses, permits and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, including reasonable assurances that any material licenses, permits and authorizations not actually issued as of the Closing will be issued following Closing (which may include oral assurances from appropriate governmental agencies or bodies).

7.5 Attorney General Provisions. The conditions to Purchaser's obligations to close set forth in Section 8.6 shall have been satisfied.

7.6 Bankruptcy Court Approval. The Bankruptcy Court shall have entered the Sale Order.

7.7 HSR Act. The applicable waiting period under the HSR Act shall have expired or been earlier terminated.

7.8 CSCDA Acknowledgement. The CSCDA and PACE Trustee shall have executed acknowledgements in form and substance acceptable to Sellers that Purchaser is the Successor Property Owner and Obligated Party under the PACE Obligations, and releases of the Sellers from any and all claims arising or accruing prior to the Closing Date.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

Purchaser's obligation to purchase the Assets and to close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Purchaser in whole or in part at or prior to the Closing.

8.1 Governmental Authorizations. Except as otherwise set forth in this Agreement, Purchaser and Sellers shall have obtained licenses, permits and authorizations from governmental agencies or governmental bodies that are required for the purchase, sale and operation of the Hospitals, including without limitation approval of the CA AG (subject to Section 8.6), except in such case where failure to obtain such license, permit or authorizations from a governmental agency or governmental body does not have a Material Adverse Effect.

8.2 Bankruptcy Court Approval. The Bankruptcy Court shall have entered the Sale Order and made a finding that Purchaser is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code.

8.3 Signing and Delivery of Instruments. Sellers shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to all of the provisions of this Agreement.

8.4 Performance of Covenants. Sellers shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Sellers on or prior to the Closing Date; *provided, however*, this condition will be deemed to be satisfied unless (a) Sellers were given written notice of such failure to perform or comply and did not or could not cure such failure to perform or comply within fifteen (15) business days after receipt of such notice and (b) the respects in which such obligations, covenants, agreements and conditions have not been performed have had or would have a Material Adverse Effect.

8.5 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the transactions contemplated in this Agreement shall have been issued by any court of competent jurisdiction and shall remain in effect on the Closing Date, and further, no governmental entity shall have commenced any action or suit before any court of competent jurisdiction or other governmental authority that seeks to restrain or prohibit the consummation of the transactions contemplated hereby.

8.6 Attorney General Provisions. Purchaser recognizes that the transactions contemplated by this Agreement may be subject to review and approval of the CA AG. Purchaser

agrees to close the transactions contemplated by this Agreement so long as any conditions imposed by the CA AG are substantially consistent with the conditions set forth, as Purchaser Approved Conditions, in Schedule 8.6. In the event the CA AG imposes conditions on the transactions contemplated by this Agreement, or on Purchaser in connection therewith, which are materially different than the Purchaser Approved Conditions set forth on Schedule 8.6 (the "Additional Conditions"), Sellers shall have the opportunity to file a motion with the Bankruptcy Court seeking the entry of an order ("Supplemental Sale Order") finding that the Additional Conditions are an "interest in property" for purposes of 11 U.S.C. § 363(f), and that the Assets can be sold free and clear of the Additional Conditions without the imposition of any other conditions, which would adversely affect the Purchaser. For purposes of this Section 8.6, Additional Conditions which individually or collectively impose a direct or indirect cost to Purchaser of \$5 million, or more, shall be conclusively deemed to be "materially different." If Sellers determine not to seek such Supplemental Sale Order, or fail to obtain such Supplemental Sale Order within 60 days of the Attorney General's imposition of Additional Conditions, Purchaser shall be entitled to terminate this Agreement and receive the return of its Good Faith Deposit. If Sellers timely obtain such Supplemental Sale Order from the Bankruptcy Court or another court, Purchaser shall have a period of 21 business days from the entry of such order (the "Evaluation Period") to determine, in the exercise of the Purchaser's reasonable business judgment and in consultation with Purchaser's financing sources, whether to proceed to consummate the transactions contemplated by this Agreement; provided, however, (i) Purchaser shall not terminate or provide notice of termination of the Stalking Horse APA based on the Seller's failure to satisfy the condition set forth under this Section 8.6 until the expiration of the Evaluation Period as may be extended herein, and (ii) the Evaluation Period may be extended by the Debtors, in consultation with the Consultation Parties, by up to 90 days for any appeal properly perfected with respect to the Supplemental Sale Order (the "Extended Evaluation Periods"). For the avoidance of doubt, if the Debtors or any of the Consultation Parties dispute the reasonableness of the exercise of the Purchaser's business judgment, such dispute shall be determined by the Bankruptcy Court only in the context of an adversary proceeding. If, at the conclusion of the Extended Evaluation Periods, such Supplemental Sale Order has not become a final, non-appealable order and Purchaser determines not to proceed, Purchaser shall have the right within ten (10) business days after the conclusion of the Extended Evaluation Periods to terminate this Agreement and receive the return of its Good Faith Deposit. Sellers shall provide Purchaser with prompt written notice of the conclusion of the Extended Evaluation Periods and whether the Supplemental Sale Order has become a final, non-appealable order. For purposes of this Section 8.6, "a final, non-appealable order" shall include a Supplemental Sale Order (i) which has been affirmed or the appeal of which has been dismissed by any appellate court and for which the relevant appeal period has expired (other than any right of appeal to the U.S. Supreme Court), or (ii) which has been withdrawn by the appellant. If the Supplemental Sale Order becomes a final, non-appealable order prior to the expiration of the Evaluation Period or, if applicable, the Extended Evaluation Periods, Purchaser shall consummate the Sale provided that all other conditions to closing have been satisfied. During any Evaluation Period or Extended Evaluation Periods, Purchaser shall reasonably cooperate in any efforts to render the Supplemental Sale Order a final, non-appealable order, including timely taking reasonable steps in preparation for closing of the transactions described in this Agreement; provided, however, Purchaser shall not be obligated to expend more than \$500,000. For the avoidance of doubt, neither this provision, nor any of the rights granted to the Purchaser herein,

shall constitute a waiver of any party in interest's right to argue that any appeal from the Sale Order should be dismissed on statutory, Constitutional or equitable mootness grounds.

8.7 Medicare and Medi-Cal Provider Agreements. Sellers shall transfer their Medicare provider agreements pursuant to a settlement agreement with the Centers for Medicare and Medicaid Services ("CMS") and shall transfer their Medi-Cal provider agreements pursuant to a settlement agreement with the California Department of Health Care Services ("DHCS"), which such settlement agreements shall result in: (i) resolution of all outstanding financial defaults under any of Sellers' Medicare and Medi-Cal provider agreements and (ii) full satisfaction, discharge, and release of any claims under the Medicare or Medi-Cal provider agreements, whether known or unknown, that CMS or DHCS, as applicable, has against the Seller or Purchaser for monetary liability arising under the Medicare or Medi-Cal provider agreements before the Effective Time; provided, however, that Purchaser acknowledges that it will succeed to the quality history associated with the relevant Medicare or Medi-Cal provider agreements assigned and shall be treated, for purposes of survey and certification issues as if it is the relevant Seller and no change of ownership occurred.

8.8 HSR Act. The applicable waiting period under the HSR Act shall have expired or been earlier terminated.

ARTICLE 9

TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to Closing:

- (a) by the mutual written consent of the parties;
- (b) by Sellers if a material breach of this Agreement has been committed by Purchaser and such breach has not been (i) waived in writing by Sellers or (ii) cured by Purchaser to the reasonable satisfaction of Sellers within fifteen (15) business days after service by Sellers upon Purchaser of a written notice which describes the nature of such breach;
- (c) by Purchaser if, in its sole and absolute discretion, it is not satisfied with either (i) the results of its due diligence examination of the Hospitals, or (ii) the contents of any schedule or exhibit that was not completed and attached to this Agreement, but which has been provided to Purchaser after the Signing Date, and Purchaser has notified Seller of its election to terminate the Agreement under this Section 9.1(c) on or prior to January 8, 2019, which notice may be given by facsimile or email correspondence; provided, that for the avoidance of doubt, following expiration of the Final Diligence Period, notwithstanding anything else in this Agreement, Purchaser shall not be entitled to terminate this Agreement (or not Close) as a result of the breach of any representation or warranty made by Sellers (or any of them) other than the breach of a Sale Order Date Representation, but in each case solely to the extent such breach of a

Sale Order Date Representation would result in a Material Adverse Effect; provided, further, that any dispute between Purchaser and Sellers as to whether a Material Adverse Effect has occurred for any purpose under this Agreement shall be exclusively settled by a determination made by the Bankruptcy Court;

(d) by Purchaser if a material breach of this Agreement has been committed by Sellers and such breach has not been (i) waived in writing by Purchaser or (ii) cured by Sellers to the reasonable satisfaction of Purchaser within fifteen (15) business days after service by Purchaser upon Sellers of a written notice which describes the nature of such breach;

(e) by Purchaser if satisfaction of any of the conditions in ARTICLE 8 has not occurred by December 31, 2019 or becomes impossible, and Purchaser has not waived such condition in writing (provided that the failure to satisfy any of the applicable condition or conditions in Sections 8.1 through 8.5 inclusive has occurred by reason other than (i) through the failure of Purchaser to comply with its obligations under this Agreement or (ii) Sellers' failure to provide their closing deliveries on the Closing Date as a result of Purchaser not being ready, willing and able to close the transaction on the Closing Date); provided that upon the imposition of Additional Conditions by the CA AG, Section 8.6 must be satisfied or waived by Purchaser by no later than sixty (60) days thereafter.

(f) by Sellers if satisfaction of any of the conditions in ARTICLE 7 has not occurred by December 31, 2019 or becomes impossible, and Sellers have not waived such condition in writing (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of Sellers to comply with their obligations under this Agreement or (ii) Purchaser's failure to provide its closing deliveries on the Closing Date as a result of Sellers not being ready, willing and able to close the transaction on the Closing Date);

(g) by either Purchaser or Sellers if the Bankruptcy Court enters an order dismissing the Bankruptcy Cases or fails to approve the Sales Procedures Motion by the date specified in Section 6.1(b);

(h) by Sellers if, in connection with the Bankruptcy Cases, any Seller accepts an Alternate Transaction and pays the Break-Up Fee;

(i) by either Purchaser or Sellers if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before December 31, 2019; or

(j) by Purchaser if a force majeure event (such as acts of God, storms, floods, landslides, earthquakes, lightning, riots, fires, pandemics, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities, other national or international calamity, one or more acts of terrorism, or failure of energy sources) shall have occurred between the Signing Date and Closing Date, which event is reasonably likely to have a Material Adverse Effect.

9.2 Termination Consequences. If this Agreement is terminated pursuant to

Sections 6.1(b), 6.2 or 9.1: (a) all further obligations of the parties under this Agreement shall terminate (other than Purchaser's right to receive the Break-Up Fee if applicable), provided that the provisions of ARTICLE 12, shall survive; and (b) each party shall pay only its own costs and expenses incurred by it in connection with this Agreement; provided, in the case of any termination based on Sections 9.1(b) or (d) the consequences of such termination shall be determined in accordance with ARTICLE 11 hereof. In addition, if this Agreement is terminated pursuant to Sections 6.1(b), 6.2 or 9.1 (other than Section 9.1(b)), Seller shall immediately return the Deposit to Purchaser with all interest earned thereon. Each Party acknowledges that the agreements contained in this Section 9.2 are an integral part of the transactions contemplated by this Agreement, that without these agreements such Party would not have entered into this Agreement.

ARTICLE 10

POST-CLOSING MATTERS

10.1 Excluded Assets.

Subject to Section 10.2 hereof, any Excluded Asset (or proceeds thereof) (a) pursuant to the terms of this Agreement, (b) as otherwise determined by the parties' mutual written agreement or (c) absent such agreement, as determined by adjudication by the Bankruptcy Court, which comes into the possession, custody or control of Purchaser (or its respective successors-in-interest, assigns or affiliates) shall, within five (5) business days following receipt, be transferred, assigned or conveyed by Purchaser (and its respective successors-in-interest, assigns and affiliates) to the applicable Seller. Purchaser (and its respective successors-in-interest, assigns and affiliates) shall have neither the right to offset amounts payable to any Seller under this Section 10.1 against, nor the right to contest its obligation to transfer, assign and convey to any Seller because of, outstanding claims, liabilities or obligations asserted by Purchaser against any Seller. If Purchaser does not remit any monies included in the Excluded Assets (or proceeds thereof) to the applicable Seller in accordance with the first sentence of this Section 10.1, such withheld funds shall bear interest at the Prime Rate in effect on the calendar day upon which such payment was required to be made to Seller (the "**Excluded Asset Due Date**") plus five percent (5%) (or the maximum rate allowed by law, whichever is less), such interest accruing on each calendar day after the Excluded Asset Due Date until payment of the Excluded Assets and all interest thereon is made to the applicable Seller.

10.2 Preservation and Access to Records After the Closing.

(a) From the Closing Date until seven (7) years after the Closing Date or such longer period as required by law (the "**Document Retention Period**"), Purchaser shall keep and preserve all medical records (including, without limitation, electronic medical records), patient records, medical staff records and other books and records which are among the Assets as of the Effective Time, but excluding any records which are among the Excluded Assets. Purchaser will afford to the representatives of Sellers, any of their affiliates, the Official Committee of the Unsecured Creditors of the Sellers, Sellers' estate representative or any liquidating trustee of the Sellers' bankruptcy estate ("**Seller Parties**"), including their counsel and accountants, full and complete access to, and copies (including, without limitation, color laser copies) of, such records with respect to time periods prior to the Effective Time (including, without limitation, access to

records of patients treated at the Hospital prior to the Effective Time) during normal business hours after the Effective Time, to the extent reasonably needed by any Seller Party for any lawful purpose. Purchaser acknowledges that, as a result of entering into this Agreement and operating the Hospital, it will gain access to patient records and other information which are subject to rules and regulations concerning confidentiality. Purchaser shall abide by any such rules and regulations relating to the confidential information it acquires. Purchaser shall maintain the patient and medical staff records at the Hospital in accordance with applicable law and the requirements of relevant insurance carriers. After the expiration of the Document Retention Period, if Purchaser intends to destroy or otherwise dispose of any of the documents described in this Section 10.2(a), Purchaser shall provide written notice to Sellers of Purchaser's intention no later than forty-five (45) calendar days prior to the date of such intended destruction or disposal. Any of the Seller Parties shall have the right, at its sole cost, to take possession of such documents during such forty-five (45) calendar day period. If any of the Seller Parties does not take possession of such documents during such forty-five (45) calendar day period, Purchaser shall be free to destroy or otherwise dispose of such documentation upon the expiration of such forty-five (45) calendar day period.

(b) Provided that Purchaser shall not incur any out of pocket costs, Purchaser shall give full cooperation to the Seller Parties and their insurance carriers in connection with the administration of Sellers' estate, including, without limitation, in connection with all claims, actions, causes of action or audits relating to the Excluded Assets, Excluded Liabilities or pre-Closing operation of the Sellers or the Hospital that any Seller Party may elect to pursue, dispute or defend, in respect of events occurring prior to the Effective Time with respect to the operation of the Hospital. Such cooperation shall include, without limitation, making the Hired Employees available for interviews, depositions, hearings and trials and other assistance in connection with the administration of Sellers' estate and such cooperation shall also include making all of its employees available to assist in the securing and giving of evidence and in obtaining the presence and cooperation of witnesses (all of which shall be done without payment of any fees or expenses to Purchaser or to such employees); provided that Purchaser shall not be required to incur any out of pocket costs in association therewith. In addition, Sellers and their affiliates shall be entitled to remove from the Hospital originals of any such records, but only for purposes of pending litigation involving the persons to whom such records refer, as certified in writing prior to removal by counsel retained by Sellers or any of their affiliates in connection with such litigation. Any records so removed from the Hospital shall be promptly returned to Purchaser following Sellers' or their applicable affiliate's use of such records.

(c) In connection with (i) the transition of the Hospital pursuant to the transaction contemplated by this Agreement, (ii) Sellers' rights to the Excluded Assets, (iii) any claim, audit, or proceeding, including, without limitation, any tax claim, audit, or proceeding and (iv) the Sellers' obligations under the Excluded Liabilities, Purchaser shall after the Effective Time give Sellers access during normal business hours to Purchaser's books, personnel, accounts and records and all other relevant documents and information with respect to the assets, liabilities and business of the Hospital as representatives of Sellers and their affiliates may from time to time reasonably request, all in such manner as not to unreasonably interfere with the operations of the Hospital.

(d) Purchaser and its representatives shall be given access by Sellers during normal business hours to the extent reasonably needed by Purchaser for business purposes to all documents, records, correspondence, work papers and other documents retained by Sellers pertaining to any of the Assets prior to the Effective Time (excluding confidential employee information, privileged materials and patient records), all in such manner as to not interfere unreasonably with Sellers. Such documents and other materials shall be, at Sellers' option, either (i) copied by Sellers for Purchaser at Purchaser's expense, or (ii) removed by Purchaser from the premises, copied by Purchaser and promptly returned to Sellers.

(e) Purchaser shall comply with, and be solely responsible for, all obligations under the Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160 and 164) promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 with respect to the operation of the Hospital on and after the Effective Time.

(f) Purchaser shall cooperate with Sellers, on a timely basis and as reasonably requested by Sellers, in connection with the provision of all data of the Hospital and other information required by Sellers for reporting to HFAP for the remainder of the quarterly period in which the Closing has occurred.

(g) To the maximum extent permitted by law, if any Person requests or demands, by subpoena or otherwise, any documents relating to the Excluded Liabilities or Excluded Assets, including without limitation, documents relating to the operations of any of the Hospital or any of the Hospital's committees prior to the Effective Time, prior to any disclosure of such documents, Purchaser shall notify Sellers and shall provide Sellers with the opportunity to object to, and otherwise coordinate with respect to, such request or demand.

(h) Provision of Benefits of Certain Contracts. Notwithstanding anything contained herein to the contrary, this Agreement shall not constitute an agreement to assign any Assumed Contract or Assumed Lease, if, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without the consent of the third party thereto, would constitute a breach thereof or in any way negatively affect the rights of Sellers or Purchaser, as the assignee of such Assumed Contract or Assumed Lease, as the case may be, thereunder. If, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, such consent or approval is required but not obtained, Sellers will cooperate with Purchaser in any reasonable arrangement designed to both (a) provide Purchaser with the benefits of or under any such Assumed Contract or Assumed Lease, and (b) cause Purchaser to bear all costs and obligations of or under any such Assumed Contract or Assumed Lease. Further, notwithstanding anything contained in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Account Receivable the assignment of which is either prohibited by law or by the terms of any contract with a payor without the consent of such payor. Any payments received by Sellers after the Closing Date from patients, payors, clients, customers, or others who are the obligors on Accounts Receivables transferred to Purchaser as a part of the Assets on the Closing Date shall be paid over to Purchaser within ten (10) business days after receipt by Seller.

10.3 Closing of Financials. Provided that Purchaser shall not incur any out of pocket costs, Purchaser shall cause the individual acting as the chief financial officer of the Hospital after the Effective Time (the "**Post-Effective Time CFO**") to cooperate with Sellers' representatives in

order to complete the standardized closing of Sellers' financial records through the Closing Date including, without limitation, the closing of general ledger account reconciliations (collectively, the "**Closing of Financials**"). Purchaser shall cause the Post-Effective Time CFO to use his or her good faith efforts to cooperate with Sellers' representatives in order to complete the Closing of Financials by no later than the date which is thirty (30) calendar days after the Closing Date. The Post-Effective Time CFO and other appropriate personnel shall be reasonably available to Sellers for a period of no less than one hundred eighty (180) calendar days after the Closing Date to assist Sellers in the completion of Sellers' post-Closing audit, such assistance not to interfere unreasonably with such Post-Effective Time CFO's other duties.

10.4 Medical Staff. To ensure continuity of care in the community, Purchaser agrees that the Hospital's medical staff members in good standing as of the Effective Time shall maintain medical staff privileges at the Hospital as of the Effective Time. On and after the Effective Time, the medical staff will be subject to the Hospital's Medical Staff Bylaws then currently in effect, provided that such Bylaws are in compliance with all applicable laws and regulations and contain customary obligations.

10.5 Shared Intangible Assets. In the event and to the extent that certain intangible Assets transferred by Sellers have been used to operate businesses of Verity or Verity Holdings or their affiliates which are not being sold to Purchaser ("**Shared Intangible Assets**") and such Shared Intangible Assets continue to be used by Verity or Verity Holdings or their affiliates to operate such businesses after Closing, Verity and Verity Holdings retain the rights to continue to use such Assets notwithstanding their sale to Purchaser. Purchaser shall reasonably cooperate with Verity and Verity Holdings and their affiliates to give effect to such rights and shall provide Verity and Verity Holdings and their affiliates such documentation, records and information and reasonable access to such systems as necessary for Verity and Verity Holdings and their affiliates to continue to operate such businesses; all in such manner as not to reasonably interfere with the operations of the Hospitals; provided, however, Purchaser shall not be required to incur any out-of-pocket costs in association therewith unless reimbursed by Verity and Verity Holdings and their affiliates.

ARTICLE 11

DEFAULT, TAXES AND COST REPORTS

11.1 Purchaser Default. If Purchaser commits any material default under this Agreement, Sellers shall have the right to sue for damages; provided, however that the amount of such damages shall never exceed \$60,000,000.00. For the avoidance of doubt, Sellers shall have no right to sue for specific performance under this Agreement.

11.2 Seller Default. If Sellers commit any material default under this Agreement, Purchaser shall have the right to demand and receive a refund of the Deposit, and Purchaser may, in addition thereto, pursue any rights or remedies that Purchaser may have under applicable law, including the right to sue for damages or specific performance.

11.3 Tax Matters; Allocation of Purchase Price.

(a) After the Closing Date, the parties shall cooperate fully with each other and shall make available to each other, as reasonably requested, all information, records or documents relating to tax liabilities or potential tax liabilities attributable to Sellers with respect to the operation of the Hospital for all periods prior to the Effective Time and shall preserve all such information, records and documents at least until the expiration of any applicable statute of limitations or extensions thereof. The parties shall also make available to each other to the extent reasonably required, and at the reasonable cost of the requesting party (for out-of-pocket costs and expenses only), personnel responsible for preparing or maintaining information, records and documents in connection with tax matters and as Sellers reasonably may request in connection with the completion of any post-Closing audits of the Hospital.

(b) The Purchase Price (including any liabilities that are considered to be an increase to the Purchase Price for United States federal income Tax purposes) shall be allocated among the Assets in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder as set forth in **Schedule 11.3(b)** (such schedule the “**Allocation Schedule**”). The Allocation Schedule shall be for Sellers’ and Purchaser’s tax purposes only, and shall not limit the Sellers’ creditors in any way.

11.4 Cost Report Matters.

(a) Consistent with Section 4.5, Sellers shall, at Purchaser’s expense, prepare and timely file all cost reports relating to the periods ending prior to the Effective Time or required as a result of the consummation of the transactions described in this Agreement, including, without limitation, those relating to Medicare, Medicaid, and other third party payors which settle on a cost report basis (the “**Seller Cost Reports**”).

(b) Upon reasonable notice and during normal business office hours, Purchaser will cooperate reasonably with Sellers in regard to Sellers’ preparation and filing of the Seller Cost Reports. Such cooperation shall include, at no cost to Sellers, obtaining access to files at the Hospital and Purchaser’s provision to Sellers of data and statistics, and the coordination with Sellers pursuant to reasonable notice of Medicare and Medicaid exit conferences or meetings. Sellers shall have no obligations after the Effective Time with respect to Seller Cost Reports except for preparation and filing thereof.

ARTICLE 12

MISCELLANEOUS PROVISIONS

12.1 Further Assurances and Cooperation. Sellers shall execute, acknowledge and deliver to Purchaser any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by Purchaser at any time and shall take any and all other actions reasonably requested by Purchaser at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to Purchaser, the Assets. After consummation of the transaction contemplated in this Agreement, the parties agree to cooperate with each other and take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement and the transactions contemplated hereby.

12.2 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; *provided, however*, that no party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other parties which consent shall not be unreasonably withheld or delayed, except that Purchaser may, without the prior written consent of Sellers, assign all or any portion of its rights under this Agreement to one or more of its affiliates prior to the Closing Date.

12.3 Governing Law; Venue. This Agreement shall be construed, performed, and enforced in accordance with, and governed by, the laws of the State of California (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code or other applicable federal law. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. The parties hereby consent to the jurisdiction of such court and waive their right to challenge any proceeding involving or relating to this Agreement on the basis of lack of jurisdiction over the Person or forum non conveniens.

12.4 Amendments. This Agreement may not be amended other than by written instrument signed by the parties hereto.

12.5 Exhibits, Schedules and Disclosure Schedule. The Disclosure Schedule and all exhibits and schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein. From the Signing Date until the Closing, the parties agree that Sellers may update the Disclosure Schedule as necessary upon written notice to Purchaser, and the applicable representation and warranty shall thereafter be deemed amended for all purposes by such updated Disclosure Schedule. Notwithstanding the foregoing, but subject to Section 9.2(c), should any exhibit or schedule not be completed and attached hereto as of the Signing Date, Sellers and Purchaser shall promptly negotiate in good faith any such exhibit or schedule, which exhibit or schedule must be acceptable to each of Sellers and Purchaser in their reasonable discretion prior to being attached hereto. Any matter disclosed in this Agreement or in the Disclosure Schedule with reference to any Section of this Agreement shall be deemed a disclosure in respect of all sections to which such disclosure may apply. The headings, if any, of the individual sections of the Disclosure Schedule are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. The Disclosure Schedule is arranged in sections and paragraphs corresponding to the numbered and lettered sections and paragraphs of Article III merely for convenience, and the disclosure of an item in one section of the Disclosure Schedule as an exception to a particular representation or warranty shall be deemed adequately disclosed as an exception with respect to all other representations or warranties to the extent that the relevance of such item to such representations or warranties is reasonably apparent on the face of such disclosure, notwithstanding the presence or absence of an appropriate section of the Disclosure Schedule with respect to such other representations or warranties or an appropriate cross reference thereto.

12.6 Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including facsimile) or overnight courier, or five (5)

calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Sellers: Verity Health System of California, Inc.
2040 East Mariposa St.
El Segundo, CA 90245
Attention: Rich Adcock, CEO
Telephone: 424-367-0630

With copies to: Dentons US LLP
(which copies shall 601 South Figueroa St., Suite 2500
not constitute notice) Los Angeles, CA 90017-5704
Attention: Samuel R. Maizel, Esq.
Telephone: 213-892-2910
Facsimile: 213-623-9924

If to Purchaser: Strategic Global Management, Inc.
9 KPC Parkway, Suite 301
Corona, CA 92879
Attention: William E. Thomas
Facsimile: 951-782-8850

With copies to: Levene, Neale, Bender, Yoo & Brill L.L.P.
(which copies shall 10250 Constellation Blvd., Suite 1700
not constitute notice) Los Angeles, CA 90067
Attention: Gary E. Klausner, Esq.
Facsimile: 310-229-1244

and
Loeb & Loeb LLP
10100 Santa Monica Blvd., Suite 2200
Los Angeles, California 90067
Attention: Allen Z. Sussman, Esq.
Facsimile: 310-919-3934

or at such other address as one party may designate by notice hereunder to the other parties.

12.7 Headings. The section and other headings contained in this Agreement and in the Disclosure Schedule, exhibits and schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the Disclosure Schedule, exhibits and schedules hereto.

12.8 Publicity. Prior to the Closing Date, Sellers and Purchaser shall consult with each other as to the form and substance of any press release or other public disclosure materially related

to this Agreement or any other transaction contemplated hereby and each shall have the right to review and comment on the other's press releases prior to issuance; *provided, however*, that nothing in this Section 12.8 shall be deemed to prohibit either Sellers or Purchaser from making any disclosure that its counsel deems necessary or advisable in order to satisfy either party's disclosure obligations imposed by law subject to reasonable prior notice to the other party thereof.

12.9 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto.

12.10 Gender and Number; Construction; Affiliates. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word "including" followed by a listing does not limit the preceding words or terms and shall mean "including, without limitation." Any reference in this Agreement to an "affiliate" shall mean any Person directly or indirectly controlling, controlled by or under common control with a second Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. A "Person" shall mean any natural person, partnership, corporation, limited liability company, association, trust or other legal entity.

12.11 Third Party Beneficiary. None of the provisions contained in this Agreement are intended by the parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement, except for the parties' successors and permitted assigns, and except for any liquidating trustee or plan administrator for Sellers' estate.

12.12 Expenses and Attorneys' Fees. Except as otherwise provided in this Agreement, each party shall bear and pay its own costs and expenses relating to the preparation of this Agreement and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, this Agreement, including without limitation, the disbursements and fees of their 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. The parties expressly agree that all sales, transfer, documentary transfer and similar taxes, fees, surcharges and the like in connection with the sale of the Assets shall be borne by Purchaser. If any action is brought by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs and reasonable attorneys' fees.

12.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the parties hereto. The parties agree that facsimile copies of signatures shall be deemed originals for all purposes hereof and that a party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

12.14 Entire Agreement. This Agreement, the Disclosure Schedule, the exhibits and schedules, and the documents referred to in this Agreement contain the entire understanding

between the parties with respect to the transactions contemplated hereby and supersede all prior or contemporaneous agreements, understandings, representations and statements, oral or written, between the parties on the subject matter hereof (the “**Superseded Agreements**”), which Superseded Agreements shall be of no further force or effect; provided, that notwithstanding the foregoing, the letter Confidentiality Agreement dated July 12, 2018 between Purchaser and Cain Brothers, a division of KeyBanc Capital Markets Inc., on behalf of Sellers and their related entities shall not be a Superseded Agreement and shall continue in full force in effect in accordance with its terms.

12.15 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof but only by a written notice signed by the party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a party shall not be deemed to be a waiver of any preceding breach by any other party of any term, covenant or condition of this Agreement, other than the failure of such other party to perform the particular duties so accepted, regardless of the accepting party’s knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.

12.16 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12.17 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

PURCHASER:

**STRATEGIC GLOBAL
MANAGEMENT, INC.,**
a California corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

SELLERS:

ST. FRANCIS MEDICAL CENTER,
a California nonprofit public benefit
corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. VINCENT MEDICAL CENTER,
a California nonprofit public benefit
corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

**ST. VINCENT DIALYSIS CENTER,
INC.**

a California nonprofit public benefit
corporation

Signature By: _____

Print Name: _____

Title: _____

Date: _____

SETON MEDICAL CENTER,

a California nonprofit public benefit
corporation

Signature By: _____

Print Name: _____

Title: _____

Date: _____

VERITY HOLDINGS, LLC,

a California limited liability company

Signature By: _____

Print Name: _____

Title: _____

Date: _____

**VERITY HEALTH SYSTEM OF
CALIFORNIA, INC.,**

a California nonprofit public benefit
corporation

Signature By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT 1

PART 2

EXHIBIT 1

PART 2

DISCLOSURE SCHEDULES

To

ASSET PURCHASE AGREEMENT

By and Among

Verity Health System of California, Inc., Verity Holdings, LLC,

St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center,

Seton Medical Center

and

Strategic Global Management, Inc.

Dated May 2, 2019

BILL OF SALE

This Bill of Sale (this “**Bill of Sale**”) is made and entered into as of this [_____] day of [_____, 201_], by and among by and among Verity Health System of California, Inc., a California nonprofit public benefit corporation (“**Verity**”), Verity Holdings, LLC, a California limited liability company (“**Verity Holdings**”), St. Francis Medical Center, a California nonprofit public benefit corporation (“**St. Francis**”), St. Vincent Medical Center, a California nonprofit public benefit corporation (“**St. Vincent**”), St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation (“**St. Vincent Dialysis**”), and Seton Medical Center, a California nonprofit public benefit corporation (“**Seton**”), on the one hand, and Strategic Global Management, Inc., a California corporation (“**Purchaser**”), on the other hand. Verity, Verity Holdings, St. Francis Medical Center, St. Vincent Medical Center and St. Vincent Dialysis and Seton may each be referred to herein as a “**Seller**,” and collectively as the “**Sellers**.” Sellers and Purchaser may each be referred to herein as a “**Party**,” and collectively as the “**Parties**.”

The Parties are entering into this Bill of Sale pursuant to that certain Asset Purchase Agreement entered into by the Parties as of December __, 2018 (the “**Purchase Agreement**”). Capitalized terms used herein that are not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement. By this instrument, Purchaser and Sellers, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Sale and Assignment. Subject to the terms of the Purchase Agreement, effective as of the Effective Time, Sellers hereby sell, assign, transfer, convey, and deliver to Purchaser, and Purchaser accepts and acquires from Sellers, all of Sellers’ right, title and interest in and to the Assets (including but not limited to the Assumed Contracts and Assumed Leases) as described in Section 1.7 of the Purchase Agreement.

2. Miscellaneous Provisions.

a. Purchase Agreement. This Bill of Sale is executed and delivered in connection with the Purchase Agreement. Notwithstanding anything herein to the contrary, nothing herein shall in any way alter or waive the promises, agreements, and covenants set forth in the Purchase Agreement, and in the event of a conflict between the terms of this Bill of Sale and the Purchase Agreement, the Purchase Agreement shall control.

b. Notices. All notices or other communications or deliveries provided for hereunder shall be given as provided in the Purchase Agreement.

c. Successors in Interest. This Bill of Sale and all of the provisions hereof shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto permitted under the Purchase Agreement.

d. Governing Law; Venue. This Bill of Sale shall be construed, performed, and enforced in accordance with, and governed by, the laws of the State of California (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code or other applicable federal law. For so long as

Sellers are subject to the jurisdiction of the Bankruptcy Court, the Parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Bill of Sale, and consent to the exclusive jurisdiction of, the Bankruptcy Court, and thereafter, the Parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Bill of Sale, and consent to the exclusive jurisdiction of, the courts in Los Angeles County, California. The Parties hereby consent to the jurisdiction of such courts and waive their right to challenge any proceeding involving or relating to this Bill of Sale on the basis of lack of jurisdiction over the person or forum non conveniens.

e. Counterparts. This Bill of Sale may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on all of the Parties. The Parties agree that signatures to this Bill of Sale created by the signer by electronic means shall be valid and effective to bind the Party so signing, and signatures transmitted by facsimile or electronic pdf shall be deemed originals for all purposes hereof and that a Party may produce such copies, without the need to produce original signatures, to prove the existence of this Bill of Sale in any proceeding brought hereunder.

f. Amendment. This Bill of Sale may not be amended or altered except by a written instrument executed by all of the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, this Bill of Sale has been duly executed as of the date first written above.

PURCHASER:

Strategic Global Management, Inc.,
a California corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

SELLERS:

Verity Health System of California, Inc.,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

Verity Holdings, LLC,
a California limited liability company

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. FRANCIS MEDICAL CENTER,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. VINCENT MEDICAL CENTER,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. VINCENT DIALYSIS CENTER, INC.
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

SETON MEDICAL CENTER,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

[Signature Page to Bill of Sale]

ASSUMPTION AGREEMENT

This Assumption Agreement (this “**Assumption Agreement**”) is made and entered into as of this [_____] day of [_____, 201_], by and among Verity Health System of California, Inc., a California nonprofit public benefit corporation (“**Verity**”), Verity Holdings, LLC, a California limited liability company (“**Verity Holdings**”), St. Francis Medical Center, a California nonprofit public benefit corporation (“**St. Francis**”), St. Vincent Medical Center, a California nonprofit public benefit corporation (“**St. Vincent**”), St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation (“**St. Vincent Dialysis**”), and Seton Medical Center, a California nonprofit public benefit corporation (“**Seton**”), on the one hand, and Strategic Global Management, Inc., a California corporation (“**Purchaser**”), on the other hand. Verity, Verity Holdings, St. Francis Medical Center, St. Vincent Medical Center and St. Vincent Dialysis and Seton may each be referred to herein as a “**Seller**,” and collectively as the “**Sellers**.” Sellers and Purchaser may each be referred to herein as a “**Party**,” and collectively as the “**Parties**.”

The Parties are entering into this Assumption Agreement pursuant to that certain Asset Purchase Agreement entered into by the Parties as of December __, 2018 (the “**Purchase Agreement**”). Capitalized terms used herein that are not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement. By this instrument, Purchaser and Sellers, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. **Assumption of Assumed Obligations.** Subject to the terms of the Purchase Agreement, Sellers hereby assign to, and Purchaser hereby assumes and agrees to discharge on or after the Effective Time, the Assumed Obligations set forth in Section 1.9 of the Purchase Agreement.

2. **Miscellaneous Provisions.**

a. **Purchase Agreement.** This Assumption Agreement is executed and delivered in connection with the Purchase Agreement. Notwithstanding anything herein to the contrary, nothing herein shall in any way alter or waive the promises, agreements, and covenants set forth in the Purchase Agreement, and in the event of a conflict between the terms of this Assumption Agreement and the Purchase Agreement, the Purchase Agreement shall control.

b. **Notices.** All notices or other communications or deliveries provided for hereunder shall be given as provided in the Purchase Agreement.

c. **Successors in Interest.** This Assumption Agreement and all of the provisions hereof shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto permitted under the Purchase Agreement.

d. **Governing Law; Venue.** This Agreement shall be construed, performed, and enforced in accordance with, and governed by, the laws of the State of California (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code or other applicable federal law. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the Parties irrevocably elect, as

the sole judicial forum for the adjudication of any matters arising under or in connection with this Assumption Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court, and thereafter, the Parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Assumption Agreement, and consent to the exclusive jurisdiction of, the courts in Los Angeles County, California. The Parties hereby consent to the jurisdiction of such courts and waive their right to challenge any proceeding involving or relating to this Assumption Agreement on the basis of lack of jurisdiction over the person or forum non conveniens.

e. Counterparts. This Assumption Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on all of the Parties. The Parties agree that signatures to this Assumption Agreement created by the signer by electronic means shall be valid and effective to bind the Party so signing, and signatures transmitted by facsimile or electronic pdf shall be deemed originals for all purposes hereof and that a Party may produce such copies, without the need to produce original signatures, to prove the existence of this Assumption Agreement in any proceeding brought hereunder.

f. Amendment. This Assumption Agreement may not be amended or altered except by a written instrument executed by all of the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF, this Assumption Agreement has been duly executed as of the date first written above.

PURCHASER:

Strategic Global Management, Inc.,
a California corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

SELLERS:

Verity Health System of California, Inc.,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

Verity Holdings, LLC,
a California limited liability company

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. FRANCIS MEDICAL CENTER,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. VINCENT MEDICAL CENTER,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. VINCENT DIALYSIS CENTER, INC.
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

SETON MEDICAL CENTER,
a California nonprofit public benefit corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

[Signature Page to Assignment and Assumption Agreement]

Exhibit 1.4.2

Recording Requested By:

When Recorded Mail to:

Attn: _____

(Space Above This Line For Recorder's Use)

QUITCLAIM DEED

Assessor's Parcel Number(s) _____

The undersigned Grantor(s) declare(s) under penalty of perjury that the following is true and correct:

Documentary transfer tax is \$ _____

☐ Computed on full value of property conveyed, or

☐ Computed on full value less value of liens and encumbrances remaining at time of sale or transfer.

☐ Unincorporated area: ☐ City of _____

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

_____ ("Grantor"),

hereby REMISES, RELEASES AND FOREVER QUITCLAIMS to

_____ ("Grantee"),

All that certain real property in the City of _____, County of _____, State of _____ described on Exhibit "A" attached hereto and incorporated herein.

Dated: _____, 20__ _____

By: _____

Name: _____

Title: _____

Mail Tax Statements to: _____

Exhibit 1.4.2

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____, Notary Public,
personally 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.

Signature

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (the “**Assignment**”) is dated as of _____, 201_ by and between _____, a _____ (“**Assignor**”) and STRATEGIC GLOBAL MANAGEMENT, INC., a California corporation (“**Assignee**”).

RECITALS

A. Assignor, certain of Assignor’s affiliates, and Assignee entered into that certain Asset Purchase Agreement dated as of December __, 2018 (as the same may be amended, the “**Agreement**”) with respect to the purchase of certain Assets. Capitalized terms not defined in this Assignment shall have the meanings ascribed to such terms in the Agreement.

B. Pursuant to the Agreement, Assignor has agreed to assign to Assignee (i) those certain leases governing the Leased Real Property described on Exhibit A attached hereto (the “**Operational Leases**”), and (ii) those Tenant Leases described on Exhibit B attached hereto.

C. In addition, pursuant to the Agreement, Assignor has agreed to assign to Assignee (i) Assignor’s right to the deposits held by landlords in connection with the Operational Leases in the amounts set forth on Exhibit A attached hereto, and (ii) the security deposits held by Assignor in connection with the Tenant Leases set forth on Exhibit B attached hereto ((i) and (ii), collectively, the “**Security Deposits**”).

NOW THEREFORE, for good and valuable consideration, Assignor and Assignee agree:

AGREEMENT

1. Assignment of Leases and Security Deposits. Assignor hereby assigns, sells, transfers, sets over and delivers to Assignee all of Assignor’s right, title and interest in and to the Operational Leases, the Tenant Leases and the Security Deposits.
2. Assumption of Leases. Assignee hereby assumes all covenants and obligations to be performed, fulfilled or complied with by Assignor under the Operational Leases and the Tenant Leases to the extent arising on or after the Effective Time, including any related Cure Costs.
3. Notices. Immediately following the Closing, Assignor and Assignee shall give notice to the landlords of the Operational Leases and the tenants under the Tenant Leases that Assignee has assumed the respective lease.
4. Governing Law. This Assignment and the legal relations between the parties hereto shall be governed by and be construed in accordance with the laws of the State of California.

5. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original. This Assignment shall only be effective if a counterpart is signed by both Assignor and Assignee. Signatures to this Assignment created by the signer by electronic means and/or transmitted by telecopy, email, or other electronic transmission shall be valid and effective to bind the party so signing.
6. Purchase Agreement. This Assignment is executed and delivered in connection with the Agreement. Notwithstanding anything herein to the contrary, nothing herein shall in any way alter or waive the promises, agreements, and covenants set forth in the Agreement, and in the event of a conflict between the terms of this Assignment and the Agreement, the Agreement shall control.
7. Successors and Assigns. This Assignment and all of the provisions hereof shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto permitted under the Agreement.
8. Miscellaneous. If any term or provision of this Assignment shall be held invalid or unenforceable, the remainder of this Assignment shall not be affected. This Assignment may not be amended or altered except by a written instrument executed by Assignor and Assignee.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

a _____

By: _____
Name: _____
Its: _____

ASSIGNEE:

STRATEGIC GLOBAL MANAGEMENT,
INC., a California corporation

By: _____
Name: _____
Its: _____

EXHIBIT A

DESCRIPTION OF OPERATIONAL LEASES (INCLUDING SECURITY DEPOSITS)

[To be attached.]

EXHIBIT B

DESCRIPTION OF TENANT LEASES (INCLUDING SECURITY DEPOSITS)

[To be attached.]

Schedule 1.4.3 - Owned Real Property**St. Francis Medical Center**

Description	Owner	Address	APN
Hospital Campus (including Hospital Patient Tower, Health Services Pavilion, Progressive Care Unit, Family Life Center, Power Plant and Parking Structure #1)	St. Francis Medical Center	3630 East Imperial Highway, Lynwood, CA 90262	6173-021-008
Huntington Park Medical Office Building	St. Francis Medical Center	2700 East Slauson Avenue, Huntington Park, CA 90255	6320-006-069
Maywood Medical Office Building	St. Francis Medical Center	5953 South Atlantic Boulevard 5, Maywood, CA 90270	6313-013-028
Parking Lot (St. Francis Medical Center)	Verity Holdings, LLC	3633 Martin Luther King Jr., Boulevard, Lynwood, CA 90262	6173-015-047
Ministry Services Building (St. Francis Medical Center)	Verity Holdings, LLC	3663 Martin Luther King Jr., Boulevard, Lynwood, CA 90262	6173-019-022
Parking Lot (St. Francis Medical Center)	Verity Holdings, LLC	3621 Martin Luther King Jr., Boulevard, Lynwood, CA 90262	6173-015-048
Five Unit Apartment (St. Francis Medical Center)	Verity Holdings, LLC	3570 Brenton Avenue, Lynwood, CA 90057	6191-016-008

St. Vincent Medical Center

Description	Owner	Address	APN
Hospital Campus (including Hospital, Central Plant, Stauffer Wing Conference Rooms, Doheny Building, Cath Village, Annex/Boiler and Parking Structure)	St. Vincent Medical Center	2131 West 3 rd Street, Los Angeles, CA 90057	5154-018-018

Schedule 1.7(b) - Licenses*See attached "Schedule 1.7b Licenses.pdf"*

Provider Number Listing	
Medicare	Hospital
05-0104	St Francis Medical Center
55-5238	St Francis Medical Center - SNF
05-0502	St Vincent Medical Center
55-5437	St Vincent Medical Center - SNF
05-T502	St Vincent Medical Center - Rehab
05-2355	St Vincent Medical Center - Dialysis (never used)
05-0289	Seton Medical Center
ZZZ26237Z	Seton Medical Center (Part B)
05-0289 ¹	Seton Medical Center - Coastside DPNF
55-5235	Seton Medical Center-SNF (hospital based) closed Oct 2010
05-S289	Seton Medical Center - Psych
05-7249	West Bay-HHA (closed Dec 2008)
05-2582	St Vincent Dialysis Center (free standing)

Medi-Cal	Hospital	NPI
	St Francis Medical Center	
HSC30104G	Acute Inpatient Contract	1487697215
ZZT30104G	Acute Inpatient Non-Contract	

¹ Coastside combined license with Seton effective February 1, 2005.

ZZT40104G	Outpatient Contract	
LTC55238G	SNF Inpatient	1245227180
	St Vincent Medical Center	
HSC30502H	Acute Inpatient Contract	1124004304
ZZT40502H	Outpatient Contract	
ZZT30502H	Outpatient Other	
LTC55437G	SNF Inpatient	1194879114
	Rehab Inpatient	1184898736
	Seton Medical Center	
ZZR 00289G	Acute Inpatient Non-Contract	1154428688
HSC 00289G	Acute Inpatient Contract	
LTC 55235G	SNF Inpatient LTC	1932200441
LTC 70037G	MAC Inpatient (LTC Subacute)	1679608640
	Gero-Psych	1922456458
HSP 40289G	Coastside - Outpatient	1154428688
HHA 70027F	Home Health Agency	
	St Vincent Dialysis Center	
CDC70030F	St Vincent Dialysis Center	1992700314

OSHPD	Hospital	EIN
106190754	St Francis Medical Center	91-2154439
106190762	St Vincent Medical Center	91-2154438
106410817	Seton Medical Center	91-2154441
	Seton Medical Center - Coastside	
306191163	St Vincent Dialysis Center	95-3749293

Schedule 1.7(b) - Licenses¹

Seton Medical Center and Seton Coastside - Accreditations/Certifications/Licenses		
License/Permit/Certificate	License/Permit Number	Expiration Date
General Acute Care Hospital License	220000026	12/31/2019
Police Alarm Permit	ALA5171	12/31/2019
Fire Permit	FCP5441	12/31/2019
Permit to Operate Air Pressure Tanks	A035637-81	7/6/2023
Permit to Operate Air Pressure Tanks	A022238-10	10/8/2020
Permit to Operate Air Pressure Tanks	A035635-81	10/8/2020
Permit to Operate Air Pressure Tanks	A021539-79	10/8/2020
Permit to Operate Air Pressure Tanks	A021538-79	10/8/2020
Permit to Operate Air Pressure Tanks	A021540-79	10/8/2020
Permit to Operate Air Pressure Tanks	A003602-72	10/8/2020
Permit to Operate Air Pressure Tanks	A003601-72	10/8/2020
Permit to Operate Air Pressure Tanks	A035638-81	7/6/2023
Permit to Operate Air Pressure Tanks	A024295-13	7/6/2023
Permit to Operate Liquefied Petroleum Gas Tank	L000325-63	7/6/2023
Hazardous Materials Uniform Program Credential	MNS000110924	3/31/2019
Bay Area Air Quality Management District Permit to Operate	1000	1/1/2020
Permit to Operate Steam Boiler	B031777-65	2/21/2019
Permit to Operate Steam Boiler	B031778-65	4/5/2019
Permit to Operate Steam Boiler	B021694-81	4/16/2019
CLIA Accreditation (SMCC)	05D0062438	1/2/2021
Clinical Laboratory Certificate of Deemed Status (SMCC)	CDF00002552	12/29/2019
College of American Pathologists Laboratory Accreditation (SMCC)	2370501	Resurvey 8/2019
Permit to Operate –LHCF Food Prep (over 100 beds)	FA0016507 (Permit # PT0002070)	3/31/2019
Permit to Operate – Food Prep (11-100) and LHCF Food Prep (over 100 beds)	FA0017183 (Permit # PT0006834 and PT0002090)	8/31/2019
Diabetes Self-Management Education Program Recertification	3360	5/9/2019
Conveyance Permit	49252	6/28/2019
Conveyance Permit	42282	6/28/2019
Conveyance Permit	42283	6/28/2019
Conveyance Permit	41854	6/28/2019
Conveyance Permit	42281	6/28/2019
Conveyance Permit	48856	10/4/2019
Conveyance Permit	41857	6/28/2019

¹ Expiration date is subject to being updated.

Conveyance Permit	68597	6/28/2019
Conveyance Permit	68598	6/28/2019
Haz Mat Certification Registration -Stericycle	051016 550 027YA	6/30/2019
Hazard waste transporter registration	5791	4/30/2019
ACR Mammography		2/27/2021
Mammography X-Ray Equipment and Facility Accreditation Certificates	Facility #: 35539 Certificate #:19031, 19032, 19033	2/27/2021
FDA Certified Mammography Facility Certificate	156463	2/27/2021
Hazardous Waste Materials Registration	Site: 203048 Generator: (a) 735952-02 (b) 735950-03 (c) 917260-01 (d) 836234-01 (e) 836237-01 (f) 836238-01 (g) 836239-01 (h) 735945-02 (i) 735958-02 (j) 798252-02 (k) 975827-00 (l) 975831-00 (m) 782341-002 (n) 975828-00 (o) 975824-00 (p) 975820-00 (q) 980575-00 (r) 735954-003 (s) 735957-003 (t) 980588-00 (u) 735961-03	(a) 1/31/2020 (b) 1/31/2020 (c) 12/31/2019 (d) 4/30/2019 (e) 4/30/2019 (f) 4/30/2019 (g) 4/30/2019 (h) 1/31/2020 (i) 1/31/2020 (j) 12/31/2019 (k) 9/30/2019 (l) 9/30/2019 (m) 9/30/2019 (n) 9/30/2019 (o) 9/30/2019 (p) 9/30/2019 (q) 9/30/2019 (r) 1/31/2020 (s) 1/31/2020 (t) 9/30/2019 (u) 1/31/2020
Joint Commission Primary Stroke Certification	10087	8/12/2019
Commission on Cancer Accreditation	6932980	3/2021
Radioactive Material License	1391-41	6/3/2024

Joint Commission SMC Hospital Accreditation	10087	8/19/2020
College of American Pathologists Laboratory Accreditation (SMC)	2369901	Resurvey 8/22/2019
Clinical Laboratory License (SMC)	CLF 00000798	12/28/2019
CLIA Accreditation (SMC)	05D0673829	2/27/2021
Weights & Measures License	2152	12/31/2018
Federal Communications Commission Private Radio Licenses - (Seton Medical Center Coastside)	WNYW584	
Federal Communications Commission Private Radio Licenses - (Seton Medical Center)	WPUI949	
Medical Waste transfer station permit - Stericycle	TS-114	12/15/2021
Medical Waste transfer station permit - Stericycle	TS-109	12/27/2023
Sterile Compounding Pharmacy License	LSC 100405	2/1/2020
ACR Accreditation	Siemens Somatom Sensation 16 2003	10/10/2020
ACR Accreditation	General Electric Medical Systems CTI-Performix 1998	10/10/2020
DEA Controlled Substances Registration Certificate	BS7757430	2/29/2020
Certificate Reportable Sources of Radiation (SMCC)	FAC00032490	6/30/2019
Tissue Bank License (SMC)	CTB 00080703	12/13/2019
Tissue Bank License (Advanced Wound Care)	CTB 00081131	12/13/2019
Hospital Pharmacy Permit (SMC)	HSP 45703	2/01/2020
Hospital Pharmacy Permit (SMCC)	HSP 45702	2/01/2020

St Francis Medical Center - Accreditations/Certifications/Licenses		
License/Permit/Certificate	License/Permit Number	Expiration date
AABB - Certificate of Accreditation for Transfusion Activities		9/30/2019
ACR - Obstetrical, Gynecological, General Vascular		10/20/2019
ACR - for Adult Patients - Revolution EVO - 5		7/7/2020
ACR - for Adult Patients - Revolution EVO -4		7/7/2020
ACR - ADAC Laboratories TRANSCAM 1994-Accreditation		10/12/2021
ACR - ADAC Laboratories VERTEX 1998 for Planer - Accreditation		10/12/2021
ACR - MRI Siemens AVANTO 2005 - Accreditation		5/19/2021
ACR - Siemens SYMBIA T 2011 for Planar, SPECT, Nuclear Cardiology		10/12/2021
ACR - Mammography - Lorad Medical Systems Dimensions 2012		8/4/2019
ACR - Ultrasound Accreditation-OB/GYN		10/20/2019
Hospital Pharmacy Permit	HSP 45706	2/1/2020
California Department of Health - Processing Reportable Sources of Radiation	FAC00007446	6/30/2020
Sterile Compounding License	LSC 100267	2/1/2020
City of Lynwood - Business License - 4 Units	2301342	12/31/2019
City of Lynwood - Business License	2301756	12/31/2019
City of South Gate - Business License	3201	6/30/2019
CLIA Certificate of Waiver	05D0548351	2/27/2021
CLIA Certificate of Waiver	05D0949548	11/1/2019
County of LA Public Health - Public Health Permit - Cafeteria	PR0038667	6/30/2019
Department of Health & Human Services - Mammography Facility	138560	8/4/2019
Clinical Laboratory Certificate of Deemed Status	CDF00000291	12/28/2018
Department of Public Health - Mammography X-Ray Equipment and Facility 2 Dimension	17341	8/4/2019
Department of Public Health - Mammography X-Ray Equipment and Facility 3 Dimension	17342	8/4/2019
Department of Public Health - Medical Waste Generator Small Quantity	SQG37254	4/16/2019
Department of Public Health - Medical Waste Large Quantity Management Program	No. 289	11/16/2019
Hospital License	930000157	12/31/2019
Tissue Bank License - FLC	CTB 00080570	12/13/2019
Tissue Bank License - Hospital OR	CTB 00080568	12/13/2019
Department of Transportation Division Aeronautics - Heliport(TLOF) Permit	LA-179(H)	
DEA Controlled Substance Registration	BS7805609	2/29/2020
Institute for Medical Quality - Continuing Medical Education Certificate		12/31/2021

Los Angeles County Department of Public Health - Retail Food Official Inspection Report	FA0069958 (PR0038667)	12/19/2019
South Coast Air Quality Management District - Rule 2202-On Road Motor Vehicle Mitigation Options	14924	4/16/2019
Conveyance Permit	107436	1/16/2019
Conveyance Permit	107437	1/16/2019
Conveyance Permit	107438	1/16/2019
Conveyance Permit	113252	1/15/2019
Conveyance Permit	113372	1/15/2019
Conveyance Permit	113373	4/24/2019
Conveyance Permit	113374	1/15/2019
Conveyance Permit	113375	1/15/2019
Conveyance Permit	113401	1/16/2019
Conveyance Permit	113402	1/16/2019
Conveyance Permit	121533	1/15/2019
Conveyance Permit	121535	1/15/2019
Conveyance Permit	121557	1/15/2019
Conveyance Permit	36304	1/16/2019
Conveyance Permit	36305	1/16/2019
Conveyance Permit	90171	1/16/2019
Conveyance Permit	99368	1/16/2019
Conveyance Permit	99562	1/16/2019
Conveyance Permit	99563	1/16/2019
Conveyance Permit	99564	1/16/2019
Conveyance Permit	99565	1/16/2019
Radioactive Material License	0488-19	6/28/2024
The College of America Pathologists Laboratory Certification	2273801	8/22/2019
The Joint Commission - Hospital Accreditation Program	9953	10/27/2021
The Joint Commission - Primary Stroke	9953	6/21/2020
Federal Communications Commission Private Radio Licenses	KUX246	2/9/2024
Federal Communications Commission Private Radio Licenses	KWK570	3/21/2024
Federal Communications Commission Private Radio Licenses	WQHA434	6/11/2027
Federal Communications Commission Private Radio Licenses	WQIG242	1/30/2028
California Department of Tax and Fee Administration Seller's Permit	097962355-10000	N/A
Los Angeles County Department of Mental Health Consolidated Medi-Cal Re-Certification Approval for St. Francis Medical Center Children's Center	N/A	N/A

St Vincent Medical Center - Accreditations/Certifications/Licenses		
License/Permit/Certificate	License/Permit Number	Expiration date
ACR – Computed Tomography Services	Siemens EMOTION 6 2019 approved following survey	7/30/2022
ACR - Mammography	17975 (Lorad Medical Systems Inc. Selenia 2010 approved following survey)	4/12/2020
ACR - MRI	Siemens Magenatom Symphony 2001 approved following survey	10/13/2019
ACR - Nuclear Med Signature	Siemens Signature Series 2000 for Planar	1/20/2021
American Association of Blood Banks Certificate of Accreditation	8599	9/30/2020
Hospital Pharmacy Permit	HSP 45704	2/1/2020
Sterile Compounding	LSC 100177	2/1/2020
LADPH CA Health & Safety Code California Retail Food Code (Public Health Permit)	PR 0192041	6/30/2019
CAP - Pulmonary Services Lab	CAP Number 2266501	10/8/2018 (awaiting new certification, onsite audits completed in August 2018)
CAP - Pulmonary Services Lab	CAP Number 2266503	10/8/2020
CDPH - Tissue Bank	CTB 00080423	12/13/2019
CLIA Certificate	05D0545353	2/27/2019
CLIA Certificate - Pulmonary / ABG Lab	05D0867804	11/3/2020
CTC - X-Ray Tube Registration	FAC00049874	6/30/2020
DEA Controlled Substances Registration	BS7751755	2/29/2020
LADHS-EMSA-STEMI		6/30/2020
FDA- IRB	FWA00003778	8/1/2022
FDA- Mammography	150029	4/12/2020
Joint Commission Accreditation	9938	9/22/2021
CDPH MQSA - Mammography	17975	4/12/2020
DHHS Office for Human Research Protections – IRB	IRB00000913	7/26/2020
Reportable Sources of Radiation Certificate (X-Ray Tube Registration)	FAC00030779	6/30/2019
Radioactive Material License	0610-19	10/26/2024
Reportable Sources of Radiation Certificate (SPINE/JRI RAD -X-Ray Tube Registration)	FAC00058259	3/31/2019
CDPH State of California: Laboratory Field Services Certificate of Deemed Status	CDF00001222	12/28/2018
Reportable Sources of Radiation Certificate (X-Ray Tube Registration)	FAC00012617	10/31/2019
Federal Communications Commission Private Radio Licenses	WQQW771	3/18/2023
CDPH General Acute Care License	930000161	12/31/2019
IV Sterile Room Testing Certificate		4/17/2019
Department of Consumer Affairs – Continuing Education Provider Certificate	CEP13815	1/31/2021
Institute for Medical Quality Accreditation	4001292	1/31/2019

St Vincent Dialysis Center - Accreditations/Certifications/Licenses

License/Permit/Certificate	License/Permit Number	Expiration date
CDPH License	930000245	10/31/2019
FTB	994394	N/A
Board of Equalization Organizational Clearance Certificate	12364	N/A
CLIA Certificate of Waiver	05D0710877	8/31/2020
CDPH Medical Waste Management Certificate	Registration No. 155	8/16/2019
Los Angeles Fire Department Consolidated Unified Permit	Facility ID FA0013248	9/30/2019
City of Los Angeles Tax Registration Certificate	738283-14	

Schedule 1.7(c)(ii) - Leased Real Property

St. Francis Medical Center as Tenant
1. Lease Agreement, dated May 1, 2018 between St. Francis Medical and Hopevale Properties, L.P. c/o Reliable Properties for the premises located at 4390 Tweedy Blvd., South Gate, CA 90280 (Expires May 1, 2019).
2. Lease Agreement dated May 1, 2018, between St. Francis Medical Center (as Tenant) and Hopevale Properties, L.P. c/o Reliable Properties, its agent (as Landlord) for the premises located at 4390 Tweedy Blvd., South Gate, CA 90280 (Expired April 30, 2019).
3. Standard Industrial/Commercial Multi-Tenant Lease-Gross, dated April 4, 2003, between St. Francis Medical Center (as Lessee) and the James H. and Wanda E. De Wald Trust (as Lessor) for the premises located at 9404 Burtis Street, South Gate, CA 90280, as amended by that certain Addendum to Lease, dated April 4, 2003, the Extension of Lease, dated December 2, 2005, between St. Francis Medical Center (as Lessee) and Huffburt Property LLC (as Lessor), the Second Extension and Amendment of Lease, dated April 30, 2009, the Third Extension of Lease, dated April 16, 2012, the Fourth Extension of Lease, dated May 11, 2015, and the Fifth Extension of Lease, dated March 18, 2016, the Sixth Extension of Lease, dated May 14, 2016 (Expired April 30, 2019).
4. St. Francis Medical Plaza Office Space Lease, dated January 1, 2006, between St. Francis Medical Center (as Tenant) and St. Francis-Lynwood Medical Plaza L.P. (as Landlord) for the premises located at 3628 E. Imperial Highway, Lynwood, CA 90262, as amended by that certain First Amendment to Lease, dated May 1, 2006, the Second Amendment to Lease, dated February 7, 2007, the Third Amendment to Lease, dated November 29, 2007, the Fourth Amendment to Lease, dated January 1, 2010, between St. Francis Medical Center (as Tenant) and NHP/PMB St. Francis-Lynwood Medical Plaza LLC (as Landlord), the Fifth Amendment to Lease, dated December 31, 2010, the Sixth Amendment to Office Lease and Agreement Regarding Property Tax Protection, dated May 27, 2011, the Seventh Amendment to Lease, dated March 27, 2012, the Eighth Amendment to Lease, dated May 1, 2013, the Ninth Amendment to Lease, dated September 9, 2013, the Consent of Prime Landlord to Sublease, dated April 1, 2014 by NHP/PMB St. Francis Lynwood Medical Plaza, LLC, the Tenth Amendment to Lease, dated November 20, 2015, the Consent of Prime Landlord to Sublease, dated January 15, 2016, by NHP/PMB St. Francis Lynwood Medical Plaza, LLC, the Eleventh Amendment to Lease, dated September 27, 2016, and the Consent

St. Francis Medical Center as Tenant
of Prime Landlord to Sublease, dated December 1, 2016, by NHP/PMB St. Francis Lynwood Medical Plaza, LLC (Expires December 31, 2021).
5. Standard Multi-Tenant Office Lease-Gross, dated March 1, 2006, between St. Francis Medical Center (as Lessee) and Sunshine Capital Group, LLC (as Lessor) for the premises located at 3680 E. Imperial Hwy Suites 450, 525 and 550, Lynwood, CA 90262, as amended by that certain First Amendment to Office Lease, dated October 23, 2007, the Second Amendment to Lease, dated December 5, 2012, the Third Amendment to Lease, dated June 25, 2013, and the Fourth Amendment to Lease, dated September 17, 2013 (Expired September 30, 2018).*

St. Vincent Medical Center Hospital as Tenant
1. Office Building Lease, dated July 1, 2016, between St. Vincent Medical Center (as Tenant) and Bakersfield Land and Cattle Company, LLC (as Landlord) for the premises located at 8501 Camino Media, Bakersfield, CA 93311 (Expires June 30, 2019).
2. Office Building Lease, dated July 1, 2016, between Bakersfield Land and Cattle Company, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) for the premises located at 8501 Camino Media Suite 100, Bakersfield, CA 93311 (Expires June 30, 2019).
3. Lease-Back Agreement between Verity Holdings, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) dated November 29, 2016, for the premises located at 201 South Alvarado, Suites A, 219, 220 ² , 311, 321, Los Angeles, CA 90057 as amended by that First Amendment to Lease-Back Agreement dated March 1, 2017 (Expires 11/30/2026)
4. Lease-Back Agreement between Verity Holdings, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) dated November 29, 2016, for that premises located at 2200 West Third Street, Suites 120A, 120B, 200, 300D, 400, 500 and 501, Los Angeles, CA 90057, as amended by that First Amendment to Lease-Back Agreement dated March 1, 2017, and that Second Amendment to Lease-Back Agreement dated

* Within the Lease Schedules “*” indicates the lease is currently month-to-month.

² St. Vincent Dialysis Center occupies Suites 219 & 220.

St. Vincent Medical Center Hospital as Tenant
June 29, 2018 which noted that Suite 200 should not have been included in the lease and removed Suite 200 from the Lease (Expires November 30, 2026)
5. Lease between Verity Holdings, LLC and St. Vincent Medical Center dated as of October 1, 2017, for The Seton Guest Center located at 262 South Lake Street, Los Angeles, CA 90057 (Expires September 30, 2027)

Seton Medical Center as Tenant
1. Lease, dated March 1, 1999, between Catholic Healthcare West (as Lessee) and The Roman Catholic Archbishop of San Francisco (as Lessor) for the premises located on a portion of Assessor's Parcel Number 037-0160-020 (formerly known as "Our Lady of Lourdes Chapel"), as amended by that certain Lease Renewal, dated August 1, 2008, between Seton Medical Center (as Lessee) and The Archdiocese of San Francisco Real Property Support Corporation (as Lessor) and the Lease Renewal, dated July 15, 2013, between Seton Medical Center (as Lessee) and The Archdiocese of San Francisco Parish and School Juridic Persons Real Property Support Corporation (as Lessor).*
2. Lease-Back Agreement between Seton Medical Center (as Tenant) and Verity Holdings, LLC (as Landlord) dated March 15, 2017, for the premises located at 1500 Southgate Avenue, Suites 112, 115, 108, and 201A, Daly City, CA 94015 (Expires March 31, 2027)
3. Lease-Back Agreement between Seton Medical Center (as Tenant) and Verity Holdings, LLC (as Landlord) dated November 29, 2016, for the premises located at 1850 Sullivan Avenue, Suites 400, 100, 110, 150, 140, 190, and 315, Daly City, CA 94015 as amended by that First Amendment to Lease-Back Agreement dated March 9, 2017 (Expires November 29, 2026)
4. Lease-Back Agreement between Seton Medical Center (as Tenant) and Verity Holdings, LLC (as Landlord) dated November 29, 2016, for the premises located at 1800 Sullivan Avenue, Suites 102 and 106, Daly City, CA 94015, as amended by that First Amendment to Lease-Back Agreement dated March 9, 2017 (Expires November 29, 2026)
5. Lease-Back Agreement between Verity Holdings, LLC (as Landlord) and Seton Medical Center (as Tenant) dated August 18, 2017, for the premises located at 600 Marine Boulevard, Moss Beach, CA 94038 (entire building) (Expires August 3, 2027)

Verity Holdings, LLC as Tenant

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| 1. Sublease Agreement between Nantworks, LLC (as Sublandlord) and Verity Holdings, LLC (as Subtenant) dated April 1, 2018, for that premises located at 2040 East Mariposa Avenue, (portion of 2 nd floor) El Segundo, CA 90245 (Expires March 31, 2019). |
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Schedule 1.7(c)(iii) - Tenant Leases

St. Francis Medical Center as Landlord
1. Parking Space Lease, dated on or about January 7, 2018 between St. Francis Medical Center (as Landlord) and Davita Medical Management (as Tenant) for the premises located at 2700 E. Slauson Avenue, Huntington Park, CA 90255 (Expires December 31, 2018).*
2. Medical Office Building Ground Lease, dated January 1, 1993 between St. Francis Medical Center (as Landlord) and Pacific Medical Buildings, L.P. (as Tenant) for the premises located in Lynwood, CA, as amended by that certain First Amendment to Medical Office Building Ground Lease, dated February 1, 1993, the Second Amendment to Medical Office Building Ground Lease, dated May 1, 1993, the Assignment and Assumption of Leases and Subleases dated, June 4, 1993 between Pacific Medical Buildings, L.P. (as Assignor) and St. Francis-Lynwood Medical Plaza, L.P. (as Assignee), and the Grant and Reservation of Easements and Parking Covenants by St. Francis Medical Center, dated January 1, 1993 (Expires January 1, 2048).
3. Parking Garage Ground Lease, dated January 1, 1993 between St. Francis Medical Center (as Landlord) and Pacific Medical Buildings, L.P. (as Tenant) for the premises located in Lynwood, CA, as amended by that certain Assignment and Assumption of Leases and Subleases, dated June 4, 1993 between Pacific Medical Buildings, L.P. (as Assignor) and St. Francis-Lynwood Medical Plaza, L.P. (as Assignee) (Expires January 1, 2048).
4. Sublease, dated December 1, 2016, between St. Francis Medical Center (as Sublessor) and Verity Medical Foundation (as Sublessee) for the premises located at 3628 East Imperial Highway Suite 408, Lynwood, CA 90262 (Expires December 31, 2020).
5. Sublease, dated January 15, 2016, between St. Francis Medical Center (as Sublessor) and St. Francis Multispecialty Medical Group, Inc. (as Sublessee) for the premises located at 3628 East Imperial Highway Suite 303, Lynwood, CA 90262 (Expired January 31, 2018). *

St. Vincent Medical Center Hospital as Landlord	
1.	St. Vincent Medical Center Office Building Lease, dated May 20, 2009, between St. Vincent Medical Center (as Landlord) and Clinica Msr. Oscar A. Romero (as Tenant) for the premises located at 201 South Alvarado Street Suite 100, Los Angeles, CA 90057, as amended by that certain First Amendment to St. Vincent Medical Center Office Building Lease, dated June 21, 2011 and the Second Amendment to St. Vincent Medical Center Office Building Lease, dated July 9, 2014 (Expires May 31, 2019).
2.	St. Vincent Medical Center Office Building Lease, dated June 17, 2009, between St. Vincent Medical Center (as Landlord) and Mordo Suchov, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 711, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated June 14, 2012, the Second Amendment to Lease, dated July 30, 2014, and the Third Amendment to Lease, dated July 26, 2016 (Expires July 31, 2019).
3.	St. Vincent Medical Center Office Building Lease, dated January 3, 2005, between St. Vincent Medical Center (as Landlord) and Randal P. Arase, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 716, Los Angeles, CA 90057, as amended by that certain First Amendment to St. Vincent Professional Building Office Lease, dated February 1, 2005, the Second Amendment to St. Vincent Professional Building Office Lease, dated September 15, 2009, the Third Amendment to St. Vincent Professional Building Office Lease, dated November 6, 2014, and the Fourth Amendment to St. Vincent Professional Building Office Lease, dated January 15, 2016 (Expires January 31, 2019).
4.	St. Vincent Medical Center Office Building Lease, dated August 30, 2012, between St. Vincent Medical Center (as Landlord) and Samuel K. Lee, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 622, Los Angeles, CA 90057 (Expires September 30, 2022).
5.	St. Vincent Medical Center Office Building Lease, dated October 1, 2006, between St. Vincent Medical Center (as Landlord) and Southern California Infectious Disease Medical Group (as Tenant) for the premises located at 201 South Alvarado Street Suite 820, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated June 30, 2009 and the Second Amendment to Lease, dated July 31, 2012, and the Third Amendment to the Lease dated June 5, 2015 (Expired August, 31 2018).*
6.	St. Vincent Medical Center Office Building Lease, dated September 24, 2013, between St. Vincent Medical Center (as Landlord) and Deno D. Kang, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 815, Los Angeles, CA 90057, as

St. Vincent Medical Center Hospital as Landlord
amended by that certain First Amendment to Lease, dated August 15, 2016 (Expires December 31, 2018).
7. St. Vincent Medical Center Office Building Lease, dated August 17, 2011, between St. Vincent Medical Center (as Landlord) and Elena Spektor, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 808, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated August 1, 2014, the Second Amendment to Lease dated July 29, 2019, the Third Amendment to Lease dated (Expired August 31, 2018).*
8. St. Vincent Medical Center Office Building Lease, dated June 2, 2014, between St. Vincent Medical Center (as Landlord) and Felix Sigal, D.P.M., a Professional Corporation (as Tenant) for the premises located at 201 South Alvarado Street Suite 819, Los Angeles, CA 90057 (Expired July 31, 2017).*
9. St. Vincent Medical Center Office Building Lease, dated February 8, 2016, between St. Vincent Medical Center (as Landlord) and Elite Provider Network, Inc., a California Corporation (as Tenant) for the premises located at 201 South Alvarado Street Suite 100, Los Angeles, CA 90057 (Expires April 30, 2021).
10. St. Vincent Medical Center Office Building Lease, dated April 6, 2016, between St. Vincent Medical Center (as Landlord) and Regal Medical Group, Inc. (as Tenant) for the premises located at 2200 West 3 rd Street Suite 300, Los Angeles, CA 90057 (Expires December 1, 2021).
11. St. Vincent Medical Center Office Building Lease, dated November 8, 2013, between St. Vincent Medical Center (as Landlord) and Mendez National Institute of Transplantation Foundation (as Tenant) for the premises located at 2200 West 3 rd Street Suite 390, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated June 15, 2015 (Expired November 30, 2018).*
12. St. Vincent Medical Center Office Building Lease, dated August 1, 2006, between St. Vincent Medical Center (as Landlord) and Roberts Ngan Sugerman, A Medical Group, Inc. (as Tenant) for the premises located at 201 South Alvarado Street Suite 717, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated June 1, 2009, the Second Amendment to Lease, dated July 13, 2012, and the Third Amendment to Lease, dated July 17, 2015 (Expired July 31, 2018).*
13. St. Vincent Medical Center Office Building Lease, dated April 25, 2016, between St. Vincent Medical Center (as Landlord) and Greater Los Angeles Cardiology (as Tenant)

St. Vincent Medical Center Hospital as Landlord
for the premises located at 201 South Alvarado Street Suites 612 and 620, Los Angeles, CA 90057 (Expires September 30, 2021).
14. Parking Facilities Lease, dated May 23, 2011, between St. Vincent Medical Center (as Landlord) and Modern Parking, Inc. (as Tenant) for the premises located at 201 South Alvarado Street, Los Angeles, CA 90057 (Expired July 1, 2016). *
15. St. Vincent Medical Center Office Building Lease, dated October 26, 2007, between St. Vincent Medical Center (as Landlord) and Barton Tanenbaum, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 215, Los Angeles, CA 90057, as amended by that certain First Amendment to Office Lease, dated July 9, 2010, the Second Amendment to Office Lease, dated August 16, 2013, the Third Amendment to Lease, dated June 17, 2014, the Fourth Amendment to Lease, dated July 2, 2015, and the Fifth Amendment to Office Lease, dated June 28, 2016, between St. Vincent Medical Center and Barton Tanenbaum, M.D. (Expired August 31, 2017). *
16. St. Vincent Medical Center Office Building Lease, dated March 26, 2013, between St. Vincent Medical Center (as Landlord) and Los Angeles Hematology Oncology Medical Group (as Tenant), for the premises located at 201 South Alvarado Street Suite 110, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated June 22, 2016 (Expires June 30, 2019).
17. St. Vincent Medical Center Office Building Lease, dated July 1, 2013, between St. Vincent Medical Center (as Landlord) and Barry Morguelan, M.D. (as Tenant), for the premises located at 201 South Alvarado Street Suite 602, Los Angeles, CA 90057 (Expires July 31, 2020).
18. St. Vincent Medical Center Office Building Lease, dated August 23, 2013, between St. Vincent Medical Center (as Landlord) and Taro Yokoyama, M.D. (as Tenant), for the premises located at 201 South Alvarado Street Suite 702, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease, dated August 16, 2016 (Expires October 31, 2019).
19. St. Vincent Medical Office Building Lease, dated October 14, 2016, between St. Vincent Medical Center (as Landlord) and J.W. Duncan, M.D., a Medical Corporation and Jan W. Duncan, M.D. (as Tenants) for the premises located at 2200 West 3 rd Street Suite 1, Los Angeles, CA 90068 (Expires October 31, 2021).
20. St. Vincent Medical Center Office Building Lease, dated December 2, 2013, between St. Vincent Medical Center (as Landlord) and Daughters of Charity Foundation (as

St. Vincent Medical Center Hospital as Landlord
Tenant) for the premises located at 262 South Lake Street, Los Angeles, CA 90057, Rooms 213-223 (Odd) and Rooms 218-232 (Even),
21. St. Vincent Medical Center Office Building Lease, dated October 7, 2013, between St. Vincent Medical Center (as Landlord) and Narinder Batra, M.D. (as Tenant), for the premises located at 201 South Alvarado Street Suite 720, Los Angeles, CA 90057 (Expires December 31, 2018).
22. Office Lease, dated May 25, 2016, between St. Vincent Medical Center (as Landlord) and Alvarado Eye Surgery Center, LLC (as Tenant) for the premises located at 201 South Alvarado Street Suites 718 and 722, Los Angeles, CA 90057. (Expires May 31, 2021)
23. Lease dated September 29, 2014, between St. Vincent Medical Center (as Landlord) and House Clinic Foundation (as Tenant) for the premises located at 2222 West Ocean View Street, Rooms 202A and 202B at Suite 200, Los Angeles, CA 90057, as amended by that certain First Amendment to Lease dated January 5, 2015, the Second Amendment to Lease dated April 3, 2015, the Third Amendment to Lease dated July 1, 2015, the Fourth Amendment to Lease dated October 1, 2015, the Fifth Amendment to Lease dated January 4, 2016, Sixth Amendment to Lease dated March 21, 2016, First Amendment to Lease dated July 1, 2016 (Expired October 9, 2016) *
24. St. Vincent Medical Office Building Lease dated October 14, 2016, between St. Vincent Medical Center (as Landlord) and J.W. Duncan, M.D. (as Tenant) for that premises located at 2200 West 3rd Street, Suite 1, Los Angeles, CA (Expires October 31, 2021)
25. Office Lease S. Mark Taper Foundation Transplant Center Building dated April 6, 2016, between St. Vincent Medical Center (as Landlord) and Regal Medical Group, Inc. (as Tenant) for that premises located at 2200 West 3rd Street, Suite 300, Los Angeles, CA 90057 (Expires November 30, 2021).

Seton Medical Center as Landlord
1. Seton Medical Office Building Lease, dated April 1, 2012, between Seton Medical Center (as Landlord) and John Lai and Kevin Wong Medical Corporation (as Tenant)

Seton Medical Center as Landlord	
	for the premises located at 1500 Southgate Avenue Suite 207, Daly City, CA 94015 (Expired June 30, 2018).*
2.	Seton Medical Office Building Lease, dated May 31, 2012, between Seton Medical Center (as Landlord) and John W. Wilson, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 503, Daly City, CA 94015 (Expired June 30, 2017).*
3.	Seton Medical Office Building Lease, dated July 23, 2015, between Seton Medical Center (as Landlord) and Richard Moskowitz, M.D., Inc. a California professional corporation and Richard P. Moskowitz, M.D. (as Tenants) for the premises located at 1500 Southgate Avenue Suite 209, Daly City, CA 94015 (Expires July 31, 2019).
4.	Seton Medical Office Building Lease, dated April 1, 2007, between Seton Medical Center (as Landlord) and Peninsula Orthopedic Associates, Inc. (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 330, Daly City, CA 94015, as amended by that certain Amendment to Office Building Lease, dated November 1, 2012, the Second Amendment to Office Building Lease, dated October 24, 2013, the Third Amendment to Office Building Lease, dated February 24, 2014, and the Amended and Restated Seton Medical Office Building Lease, dated May 25, 2016, between Seton Medical Center (as Landlord) and Peninsula Orthopedic Associates, Inc., Stephen E. Conrad, M.D., Victoria L. Barber, M.D., Alfredo Fernandez, M.D., and A. Shabi Khan, M.D. (as Tenants) for the premises located at 1850 Sullivan Avenue Suites 320 and 330, Daly City, CA 94015 (Expired August 31, 2019).
5.	Seton Medical Office Building Lease, dated April 30, 2012, between Seton Medical Center (as Landlord) and Herminigildo Valle, M.D. (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 510, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated June 6, 2013, the Settlement Agreement and Mutual Release, dated June 10, 2013, between Seton Medical Center and Herminigildo Valle, M.D., and the Amended and Restated Seton Medical Office Building Lease, dated June 29, 2016 (Expires June 30, 2021).
6.	Seton Medical Office Building Lease, dated April 27, 2012, between Seton Medical Center (as Landlord) and James C. Wu, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 411, Daly City, CA 94015, as amended by that certain Guaranty of Lease, dated March 19, 2013, between Seton Medical Center (as Landlord) and James C. Wu, M.D. (as Guarantor), the First Amendment to Office Building Lease, dated March 19, 2013, the Settlement Agreement and Mutual Release, dated March 31, 2013, between Seton Medical Center (as Landlord) and James C. Wu, M.D. (as Tenant), and the Amended and Restate Seton Medical Office Building Lease,

Seton Medical Center as Landlord
dated March 18, 2016, between Seton Medical Center (as Landlord) and James C. Wu, M.D., Inc. and James C. Wu, M.D. (as Tenants) (Expires March 31, 2021).
<p>7. Seton Medical Office Center (SMOC II) Office Building Lease, dated January 23, 2006, between Seton Medical Center (as Landlord) and Women's Health Group, A Medical Corporation (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 312, Daly City, CA 94015, as amended by that certain Amendment to Office Lease, dated July 29, 2011, the Amendment to Seton Medical Office Lease, dated May 1, 2012, the Settlement Agreement and Mutual Release, dated October 31, 2012, between Seton Medical Center (as Landlord) and Women's Health Group, A Medical Corporation (as Tenant), and the Amended and Restated Seton Medical Office Building Lease, dated November 1, 2012, between Seton Medical Center (as Landlord) and Women's Health Group, A Medical Corporation and Katie Shapiro, M.D. (as Tenants) as amended by that certain Amended and Restated Seton Medical Office Building Lease, dated August 1, 2016, between Seton Medical Center (as Landlord) and Women's Health Group, A Medical Corporation and Katie Shapiro, M.D. (as Tenants) for the premises located at 1850 Sullivan Avenue Suite 312, Daly City, CA 94015 (Expires July 31, 2019).</p>
<p>8. PCS Site Agreement, dated on or about January 28, 1997, between Seton Medical Center (as Landlord) and Sprint Spectrum, L.P. (as Tenant) for the premises located at 1900 Sullivan Avenue, Daly City, CA 94015, amended by that certain PCS Site Agreement Amendment, Settlement and Mutual Release, dated March 25, 2013, between Seton Medical Center (as Landlord) and Sprint Spectrum Realty Company, L.P. (as Tenant), the Second Amendment to PCI Site Agreement, dated September 25, 2013, and the Third Amendment to PCS Site Agreement, dated April 13, 2017, between Seton Medical Center (as Landlord) and Sprint Spectrum Realty Company, LLC (as Tenant) (Expired July 31, 2018). *</p>
<p>9. Seton Medical Office Center (SMOC II) Office Building Lease, dated February 10, 2005, between Seton Medical Center (as Landlord) and Pharmacia, Inc. and Randall Tonelli (as Tenants) for the premises located at 1800 Sullivan Avenue Suite 102, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Building Lease, dated December 9, 2013 and the Settlement Agreement and Mutual Release, dated December 16, 2013, between Seton Medical Center (as Landlord) and Pharmacia, Inc. and Randall Tonelli (as Tenants) (Expires January 31, 2019).</p>

Seton Medical Center as Landlord
10. Seton Medical Office Building Lease, dated May 1, 2012, between Seton Medical Center (as Landlord) and Robert G. Perez, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 507, Daly City, CA 94015 (Expired April 30, 2018).*
11. SMOC I & SMOC II Seton Medical Office Buildings Medical Office Lease, dated July 1, 2003, between Seton Medical Center (as Landlord) and Peninsula Allergy, a Medical Corporation (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 502, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Center (SMOC I) Office Building Lease, dated June 30, 2008, the Amendment to Seton Medical Office Lease, dated June 30, 2012, the Second Amendment to Seton Medical Office Lease, dated September 26, 2012, the Settlement Agreement and Mutual Release, dated June 30, 2013, between Seton Medical Center (as Landlord) and Peninsula Allergy Associates, a Medical Group, Inc. (as Tenant), the Amended and Restated Seton Medical Building Office Lease, dated July 1, 2013, the Guaranty of Lease, dated July 1, 2013, between Seton Medical Center (as Landlord) and Michael N. Cowan, M.D. (as Guarantor), and the Amended and Restated Seton Medical Office Building Lease, dated June 16, 2016, between Seton Medical Center (as Landlord) and Peninsula Allergy Associates, a Medical Group, Inc. and Michael N. Cowan, M.D. (as Tenants) (Expires June 30, 2019).
12. Seton Medical Office Building Lease, dated March 29, 2012, between Seton Medical Center (as Landlord) and Julia Myint, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 601, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Building Lease, dated March 18, 2016 (Expires March 31, 2021).
13. Seton Medical Office Center (SMOC II) Office Building Lease, dated August 14, 2001, between Seton Medical Center (as successor in interest to CHW Bay Area) (as Lessor) and Wheeler, Consiglieri, Selinger, Scheifele, Zaglin M.D.S, Inc. (as Lessees) for the premises located at 1850 Sullivan Avenue Suite 550, Daly City, CA 94015, as amended by that First Amendment to Lease, dated April 30, 2002, that certain Amended and Restated Seton Medical Office Center (SMOC II) Office Building Lease, dated September 1, 2008, the Amendment to Seton Medical Office Lease, dated February 28, 2012, the Amended and Restated Seton Medical Office Building Lease, dated April 22, 2013, between Seton Medical Center (as Landlord) and Wheeler, Consiglieri, Selinger, Scheifele, Zaglin M.D.S, Inc., Pamela D. Singleton, M.D., Douglas E. Rittenhouse, M.D., Emily N. Hu, M.D., Rong Wendy Zeng, M.D., and Milagros Cabrera, M.D. (as Tenants), the Settlement Agreement and Mutual Release, dated April 30, 2013, between Seton Medical Center (as Landlord) and Wheeler, Consiglieri, Selinger, Scheifele, Zaglin M.D.S, Inc., Pamela D. Singleton, M.D.,

Seton Medical Center as Landlord
Douglas E. Rittenhouse, M.D., Emily N. Hu, M.D., Rong Wendy Zeng, M.D., and Milagros Cabrera, M.D. (as Tenants), and the First Amendment to Office Building Lease, dated March 14, 2014, between Seton Medical Center (as Landlord) and Bay Area Obstetrics & Gynecology, a California professional corporation (as Tenants) (Expires April 30, 2019).
14. Seton Medical Office Building Lease, dated March 1, 2012, between Seton Medical Center (as Landlord) and Leslie C. Moretti, M.D., Inc. (as Tenant), for the premises located at 1850 Sullivan Avenue Suite 440, Daly City, CA 94015, as amended by that certain Guaranty of Lease, dated May 29, 2012, between Seton Medical Hospital (as Landlord) and Leslie C. Moretti, M.D. (the Guarantor), the Amended and Restated Seton Medical Office Building Lease, dated February 24, 2016, between Seton Medical Center (as Landlord) and Leslie C. Moretti, M.D., Inc. and Leslie C. Moretti, M.D. (as Tenants) (Expired February 28, 2018).*
15. Seton Medical Office Center (SMOC I & SMOC II) Office Building Lease, dated August 26, 2004, between Seton Medical Center (as Landlord) and Dr. Sean T. Moloney (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 201, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Center (SMOC I) Office Building Lease, dated October 1, 2009, the Amendment to Seton Medical Office Lease, dated September 30, 2012, the Amended and Restated Seton Medical Office Building Lease, dated March 13, 2013, the First Amendment to Office Building Lease, dated February 4, 2014, and the Amended and Restated Seton medical Office Building Lease, dated February 24, 2016 (Expired February 28, 2018).*
16. Seton Medical Office Center (SMOC I & SMOC II) Office Building Lease, dated August 1, 2003, between Seton Medical Center (as Landlord) and Joseph Myers, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 308, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Center (SMOC I) Office Building Lease, dated July 31, 2008, the Amendment to Medical Office Lease, dated June 30, 2012, the Second Amendment to Seton Medical Office Lease, dated September 26, 2012, the Amended and Restated Seton Medical Office Building Lease, dated December 18, 2012, the Settlement Agreement and Mutual Release, dated December 31, 2012, between Seton Medical Center (as Landlord) and Joseph R. Myers, M.D. (as Tenant), and the First Amendment to Seton Medical Office Building Lease, dated December 10, 2015 (Expires December 31, 2018).
17. Seton Medical Office Building Lease, dated July 12, 2012, between Seton Medical Center (as Landlord) and Damon Lee, M.D. (as Tenant) for the premises located at

Seton Medical Center as Landlord
1800 Sullivan Avenue Suite 304A, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated October 11, 2013, the Second Amendment to Office Building Lease, dated January 28, 2015, and the Third Amendment to Office Building Lease, dated January 28, 2016 (Expires January 31, 2019).
18. Seton Medical Office Center (SMOC I & SMOC II) Office Building Lease, dated August 1, 2003, between Seton Medical Center (as Landlord) and Dr. Bernd M. Kutzscher (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 540, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Center (SMOC II) Office Building Lease, dated October 1, 2009, between Seton Medical Center (as Landlord) and Bernd Kutzscher, M.D., Inc. (as Tenant), the First Amendment to Seton Medical Office Lease, dated September 26, 2012, the Amended and Restated Seton Medical Office Building Lease, dated December 18, 2012, and the Settlement Agreement and Mutual Release, dated December 31, 2012, between Seton Medical Center (as Landlord) and Bernd Kutzscher, M.D., Inc. (Expires December 31, 2018).
19. Seton Medical Office Building Lease, dated January 26, 2012, between Seton Medical Center (as Landlord) and Divya R. Kini, M.D., Inc. (as Tenant) for the premises located at 1500 Southgate Avenue Suite 204, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated March 30, 2015, between Seton Medical Center (as Landlord) and Divya R. Kini, M.D., Inc. and Divya R. Kini, M.D. (as Tenants) (Expires March 31, 2019).
20. Seton Medical Office Building Lease, dated January 26, 2012, between Seton Medical Center (as Landlord) and Paul D. Hartman, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 301, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated January 7, 2015 (Expired February 28, 2019).
21. Seton Medical Office Building Lease, dated June 1, 2012, between Seton Medical Center (as Landlord) and Dennis Hamby, M.D. (as Tenant) for the premises located at 1500 Southgate Avenue Suite 201, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated July 15, 2013 and the Amended and Restated Seton Medical Office Building Lease, dated August 1, 2016 (Expires July 31, 2021).
22. Seton Medical Office Building Lease, dated May 1, 2012, between Seton Medical Center (as Landlord) and James M. Feeney M.D. and David A. Vaughan, M.D., a

Seton Medical Center as Landlord
<p>partnership (as Tenants) for the premises located at 1800 Sullivan Avenue Suite 207, Daly City, CA 94015, as amended by that certain First Amendment to Seton Medical Office Building Lease, dated April 20, 2015, between Seton Medical Center (as Landlord), James M. Feeney M.D. and David A. Vaughan, M.D., a partnership, and James M. Feeney M.D. and David A. Vaughan, M.D. (as Tenants) and the Amended and Restated Seton Medical Office Building Lease, dated July 28, 2016 (Expires July 31, 2019).</p>
<p>23. Seton Medical Office Building Lease, dated February 29, 2012, between Seton Medical Center (as Landlord) and Family Medical Group, a California professional corporation (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 209, Daly City, CA 94015, as amended by that certain First Amendment to Seton Medical Office Building Lease, dated February 24, 2015 and the Second Amendment to Seton Medical Office Building Lease, dated January 27, 2016 (Expires February 28, 2019).</p>
<p>24. Land Lease Agreement, dated December 15, 1993, between Seton Medical Center (as Landlord) and GTE Mobilnet of California Limited Partnership (as Tenant) for that premises located in Daly City, CA, as amended by that certain First Amendment to Land Lease Agreement, dated on or about May 31, 2012 (Expires February 1, 2029).</p>
<p>25. Seton Medical Office Building Lease, dated February 8, 2005, between Seton Medical Center (as Landlord) and Paul Belluomini, DDS, John I. Kis, DDS, Hung Pham, DDS, and Stephen F. West DDS (as Tenants) for the premises located at 1500 Southgate Avenue Suite 210, Daly City, CA 94015, as amended by that certain Settlement Agreement and Mutual Release, dated October 22, 2013 between Seton Medical Center (as Landlord) and Paul Belluomini, DDS, John I. Kis, DDS, Hung Pham, DDS, and Stephen F. West DDS (as Tenants), the Amended and Restated Seton Medical Office Building Lease, dated October 22, 2013, and the First Amendment to Office Building Lease, dated February 12, 2014 (Expired November 30, 2019).</p>
<p>26. Seton Medical Office Center (SMOC I & SMOC II) Office Building Lease, dated May 16, 1989, between Seton Medical Center (as Lessor) and Bay Area Cellular Telephone Company, a California General Partnership (as Lessee) for the premises located at 1850 Sullivan Avenue, Mechanical Penthouse, Daly City, CA 94015, as amended by that certain First Amendment to Medical Office Lease, dated March 10, 2004, the Second Amendment to Medical Office Lease, dated on or about August 16, 2010, and the Third Amendment to Medical Office Lease, dated September 30, 2015 (Expired July 31, 2019).</p>

Seton Medical Center as Landlord
<p>27. Seton Medical Office Center (SMOC I & SMOC II) Office Building Lease, dated June 10, 2005, between Seton Medical Center (as Lessor) and Edgardo G. Alicaway, M.D. (as Lessee) for the premises located at 1800 Sullivan Avenue Suite 508, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Center (SMOC I) Office Building Lease, dated April 1, 2010, between Seton Medical Center (as Landlord) and Edgardo G. Alicaway, M.D., P.C. (as Tenant), the Amended and Restate Seton Medical Office Building Lease, dated June 6, 2013, between Seton Medical Center (as Landlord) and Edgardo G. Alicaway, M.D., P.C. and Edgardo G. Alicaway, M.D. (as Tenants), the Settlement Agreement and Mutual Release, dated June 9, 2013, between Seton Medical Center (as Landlord) and Edgardo G. Alicaway, M.D. (as Tenant), and the Amended and Restated Seton Medical Office Building Lease, dated March 18, 2016 (Expires June 30, 2019).</p>
<p>28. Seton Medical Office Building Lease, dated March 29, 2012, between Seton Medical Center (as Landlord) and Aesthetic Dermatology and Cosmetic Surgery Medical Associates, Inc. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 403 Daly City, CA 94015, as amended by the Assumption and Consent to Assignment of Office Lease, dated June 4, 2013, between Seton Medical Center (as Landlord), Aesthetic Dermatology and Cosmetic Surgery Medical Associates, Inc. (as Existing Tenant), Jeffrey H. Binstock, M.D., and California Skin Institute, A Medical Corporation (as New Tenant) and the First Amendment to Medical Office Lease, dated March 25, 2015, between Seton Medical Center (as Landlord) and California Skin Institute, Inc. and CSI Medical Group, a California corporation (as Tenants) (Expires March 31, 2019).</p>
<p>29. Seton Medical Office Building Lease, dated June 15, 2016, between Seton Medical Center (as Landlord) and Okumu M.D., Inc. and Kris Okumu, M.D. (as Tenants) for the premises located at 1800 Sullivan Avenue Suite 602, Daly City, CA 94015 (Expired June 19, 2018). *</p>
<p>30. Seton Medical Office Building Lease, dated June 17, 2016, between Seton Medical Center (as Landlord) and Felix G. Millhouse, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 302, Daly City, CA 94015 (Expires July 31, 2021).</p>
<p>31. Seton Medical Office Building Lease, dated May 27, 2016, between Seton Medical Center (as Landlord) and Dale Kocienski, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 605, Daly City, CA 94015 (Expires June 30, 2019).</p>

Seton Medical Center as Landlord
32. Seton Medical Office Building Lease, dated January 29, 2016, between Seton Medical Center (as Landlord) and John O. Missirian, MD, Inc., Richard C. Sherwood, M.D., Inc., John O. Missirian, M.D., and Richard C. Sherwood, M.D. (as Tenants) for the premises located at 1800 Sullivan Avenue Suite 604, Daly City, CA 94015, as amended by that certain Amended and Restated Seton Medical Office Building Lease, dated January 11, 2017 (Expires January 31, 2019).
33. Amended and Restated Seton Medical Office Building Lease, dated April 25, 2014, between Seton Medical Center (as Landlord) and Patricia Caverro, M.D. (as Tenant) for the premises located at 1500 Southgate Avenue Suite 202, Daly City, CA 94015, as amended by that certain First Amendment to Seton Medical Office Building Lease, dated April 29, 2015, and the Amended and Restated Seton Medical Office Building Lease, dated May 25, 2016 (Expires May 31, 2019).
34. Seton Medical Office Building Lease, dated March 21, 2016, between Seton Medical Center (as Landlord) and Bay Area Family Practice Medical Group, Inc., Ruth Hoddinott, M.D., and Norma Espinoza, NP (as Tenants) for the premises located at 1800 Sullivan Avenue Suite 606, Daly City, CA 94015 (Expires March 31, 2019).
35. Seton Medical Office Building Lease, dated November 4, 2013, between Seton Medical Center (as Landlord) and Melinda Aquino, M.D. (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 300, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated June 24, 2014. (Expired November 30, 2018). *
36. Amended and Restated Seton Medical Office Building Lease, dated February 18, 2016, between Seton Medical Center (Landlord) and Tony Lee Wong, M.D., Inc. and Tony Lee Wong, M.D. (as Tenants) for the premises located at 1800 Sullivan Avenue Suite 104, Daly City, CA 94015 (Expires February 28, 2021).
37. Amended and Restated Seton Medical Office Building Lease, dated November 27, 2012, between Seton Medical Center (as Landlord) and Hermenegildo G. Angeles Jr., M.D. (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 310, Daly City, CA 94015, as amended by that certain Settlement Agreement and Mutual Release, dated October 11, 2013, between Seton Medical Center (as Landlord) and Hermenegildo G. Angeles Jr., M.D. (as Tenant) and the Amended and Restated Seton Medical Office Building Lease, dated October 11, 2013, between Seton Medical Center (as Landlord) and Hermenegildo G. Angeles, Jr., M.D., a Professional Corporation, and Hermenegildo G. Angeles, Jr., M.D. (as Tenants) (Expired November 30, 2018). *

Seton Medical Center as Landlord
38. Seton Medical Office Building Lease, dated August 1, 2012, between Seton Medical Center (as Landlord) and Cynthia Carsolin-Chang, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 506, Daly City, CA 94015 (Expired August 31, 2018).*
39. Seton Medical Office Building Lease dated May 1, 2018, between Seton Medical Center (as Landlord) and Verity Health System of California, Inc. (as Tenant) for the premises located at 1500 Southgate Ave, Daly City, 94015, Suites 102, 104, 107, 109, 206, 208, 211, 213 (Expires April 30, 2028)
40. Amended and Restated Seton Medical Office Center (SMOC II) Office Building Lease, dated June 30, 2008, between Seton Medical Center (as Landlord) and Bay Area Digestive Health Medical Group, Inc. (as Tenant) for the premises located at 1850 Sullivan Avenue Suite 520, Daly City, CA 94015, as amended by that certain Amendment to Seton Medical Office Lease, dated July 1, 2012, the Second Amendment to Seton Medical Office Lease, dated September 26, 2012, the Settlement Agreement and Mutual Release, dated June 25, 2013, between Seton Medical Center (as Landlord) and Bay Area Digestive Health Medical Group (as Tenant), and the Amended and Restated Seton Medical Office Building Lease, dated June 30, 2013 (Expires June 30, 2019).
41. Seton Medical Office Building Lease, dated July 17, 2012, between Seton Medical Center (as Landlord) and Ellick Tsang, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 304A, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated October 11, 2013 and the Second Amendment to Office Building Lease, dated November 25, 2015 (Expired November 30, 2018).*
42. Seton Medical Office Building Lease, dated May 28, 2013, between Seton Medical Center (as Landlord) and James W. Stavosky, M.D. (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 401, Daly City, CA 94015, as amended by that certain First Amendment to Office Building Lease, dated November 11, 2013 (Expired June 30, 2019).

Verity Holdings, LLC as Landlord
1. Amended and Restated St. Vincent Medical Office Building Lease dated April 24, 2018, between Verity Holdings, LLC (as Tenant) and Michael Roberts, M.D. for the

Verity Holdings, LLC as Landlord	
	premises located at 201 South Alvarado Street Suite 406, Los Angeles, CA 90057 (as Tenant) (Expires April 30, 2023).
2.	Amended and Restated St. Vincent Medical Office Building Lease dated March 30, 2018, between Verity Holdings, LLC (as Landlord) and Mingquan Bussarakum, M.D. for the premises located at 201 South Alvarado Street Suite 603, Los Angeles, CA 90057 (as Tenant) (Expires March 31, 2020).
3.	Amended and Restated Office Lease dated June 19, 2018, between Verity Holdings, LLC (as Landlord) and Victor De Los Santos, DDS (as Tenant) for the for the premises located at 201 South Alvarado Street Suite 402, Los Angeles, CA 90057 (Expires June 30, 2019).
4.	St. Vincent Medical Center Office Building Lease, dated June 15, 2017, between Verity Holdings, LLC (as Landlord) and Verity Medical Foundation (as Tenant) for the premises located at 201 South Alvarado Street Suite 407, Los Angeles, CA 90057 (Expires July 31, 2022).
5.	St. Vincent Medical Center Office Building Lease, dated July 17, 2018, between Verity Holdings, LLC (as Landlord) and Verity Medical Foundation (as Tenant) for the premises located at 2200 West 3 rd Street, Suite 200, Los Angeles, CA (Expires July 31, 2028).
6.	St. Vincent Medical Center Office Building Lease, dated February 25, 2016, between St. Vincent Medical Center (as Landlord) and Richard L Hoffman, M.D. (as Tenant) for the premises located at 201 South Alvarado Street Suite 828, Los Angeles, CA 90057 as amended by that First Amendment to Office Lease dated March 30, 2018 by and between Verity Holdings, LLC and Richard L. Hoffman, M.D. (Expires March 31, 2019).
7.	Amended and Restated St. Vincent Medical Office Building Lease dated June 29, 2017, between Verity Holdings, LLC successor-in-interest to St. Vincent Medical Center (as Landlord) and Michael J. Wong, M.D. Medical Corporation dba Hear Care and Michael J. Wong, M.D., an individual for that premises located at 201 South Alvarado Street, Suite 618, Los Angeles, CA 90057 (Expires June 30, 2019).
8.	Amended and Restated St. Vincent Professional Office Building Lease dated June 26, 2018 by Verity Holdings, LLC successor-in –interest to St. Vincent Medical Center (as Landlord) and Louis Wong and Mary Jo Wong (collectively as Tenant) for that

Verity Holdings, LLC as Landlord
premises located at 201 South Alvarado Street Suite 611, Los Angeles, CA 90057 (Expired June 30, 2019).
9. Office Lease Seton Medical Office Building dated April 26, 2017, between Verity Holdings, LLC (as Landlord) and Valdez Medical Corp. and Amelia B. Valdez MD (as Tenant) for the premises located at 1800 Sullivan Ave, Suite 408, Daly City, CA 94015 (Expires June 30, 2022)
10. Lease-Back Agreement between Verity Holdings, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) dated November 29, 2016, for the premises located at 201 South Alvarado, Suites A, 219, 220, 311, 321, Los Angeles, CA 90057 as amended by that First Amendment to Lease-Back Agreement dated March 1, 2017 (Expires November 30, 2026)
11. Lease-Back Agreement between Verity Holdings, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) dated November 29, 2016, for that premises located at 2200 West Third Street, Suites 120A, 120B, 200, 300D, 400, 500 and 501, Los Angeles, CA 90057, as amended by that First Amendment to Lease-Back Agreement dated March 1, 2017, and that Second Amendment to Lease-Back Agreement dated June 29, 2018 which noted that Suite 200 should not have been included in the lease and removed Suite 200 from the Lease (Expires November 30, 2026)
12. Lease between Verity Holdings, LLC and St. Vincent Medical Center dated as of October 1, 2017, for The Seton Guest Center located at 262 South Lake Street, Los Angeles, CA 90057 (Expires September 30, 2027)
13. Amended and Restated Seton Medical Office Building Lease dated as of April 27, 2017, between Verity Holdings, LLC (as Landlord) and Daniel J. Buckley (as Tenant) for the premises located at 1800 Sullivan Avenue Suite 410, Daly City, CA 94015 (Expires April 30, 2022).
14. Amended and Restated Seton Medical Office Building Lease dated June 7, 2017, between Verity Holdings, LLC (as Landlord) and Alice Yan, MD (as Tenant) for the premises located at 1800 Sullivan Avenue, Suite 405, Daly City, CA 94015 (Expires June 30, 2022).
15. Lease-Back Agreement between Seton Medical Center (as Tenant) and Verity Holdings, LLC (as Landlord) dated March 15, 2017, for the premises located at 1500 Southgate Avenue, Suites 112, 115, 108, and 201A, Daly City, CA 94015 (Expires March 31, 2027)

Verity Holdings, LLC as Landlord
16. Lease-Back Agreement between Seton Medical Center (as Tenant) and Verity Holdings, LLC (as Landlord) dated November 29, 2016, for the premises located at 1850 Sullivan Avenue, Suites 400, 100, 110, 150, 140, 190, and 315, Daly City, CA 94015 as amended by that First Amendment to Lease-Back Agreement dated March 9, 2017 (Expires November 29, 2026)
17. Lease-Back Agreement between Seton Medical Center (as Tenant) and Verity Holdings, LLC (as Landlord) dated November 29, 2016, for the premises located at 1800 Sullivan Avenue, Suites 102 and 106, Daly City, CA 94015, as amended by that First Amendment to Lease-Back Agreement dated March 9, 2017 (Expires November 29, 2026)
18. Lease-Back Agreement between Verity Holdings, LLC (as Landlord) and Seton Medical Center (as Tenant) dated August 18, 2017, for the premises located at 600 Marine Boulevard, Moss Beach, CA 94038 (entire building) (Expires August 3, 2027)
19. Amended and Restated St. Vincent Medical Office Building Lease, dated September 29, 2017, between Verity Holdings, LLC (as Landlord) and Wolfgang Scheele, M.D. (as Tenant) for the premises located at 201 South Avarado, Suite 609, Los Angeles, CA 90057(Expires September 30, 2020).
20. Lease-Back Agreement dated May 15, 2018, between Verity Holdings, LLC (as Landlord) and Verity Health System of California, Inc. (as Tenant) for that premises located at 2222 Ocean View Avenue, Suites 100 and 122.03, Los Angeles, CA 90057 (Expires May 31, 2025).
21. Office Lease S. Mark Taper Foundation Transplant Center Building dated March 2, 2017, between Verity Holdings, LLC (as Landlord) and Michael Stefin, M.D. (as Tenant) for that premises located at 2200 West 3rd Street, Suite 370 and 380, Los Angeles, CA 90057 (Expires April 14, 2022).
22. Lease-Back Agreement dated as of November 29, 2016, between Verity Holdings, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) located at the premises 2200 West Third Street, Suites 120A, 120B, 300D, 400, 500, 501, Los Angeles, CA 90057 as amended by that First Amendment to Lease-Back Agreement dated March 1, 2017, and that Second Amendment to Lease-Back Agreement dated June 29, 2018 removing Suite 120A from the lease (Expires November 30, 2026).
23. Amended and Restated St. Francis Medical Office Building Lease dated February 16, 2018, between Verity Holding, LLC (as Landlord) and St. Louise Resource Services

Verity Holdings, LLC as Landlord	
	(as Tenant) for that premises located at 3663 Martin Luther King Jr. Blvd, Lynwood, CA (Expires February 28, 2020).
24.	Amended and Restated Office Lease St. Francis Medical Office Building dated October 1, 2017, between Verity Holding, LLC (as Landlord) and Ardmore Medical Group, Inc. and Alan K. Kims, M.D. (as Tenant) for the premises located 5953 Atlantic Blvd, Maywood, CA 90270 (Expired September 30, 2018).
25.	Lease dated October 1, 2017, Verity Holdings, LLC (as Landlord) and St. Vincent Medical Center (as Tenant) for that premises located at The Seton Hall Guest Center, 262 Lake Street, (1st floor, half of 2nd floor, 3rd floor, subbasement) Los Angeles, CA 90057 (Expires September 30, 2027).

Schedule 1.7(u) - Medicare and Medi-Cal Lockbox Accounts

<u>Bank Account Name</u>	<u>Seller</u>	<u>Financial Institution</u>	<u>Account Number</u>
SFMC - Lockbox	St. Francis Medical Center	Bank of America	*****2940
SVMC - Lockbox	St. Vincent Medical Center	Bank of America	*****2964
SMC - Lockbox	Seton Medical Center	Bank of America	*****2902
SMCC - Lockbox	Seton Medical Center	Bank of America	*****2907

See **Schedule 1.7(b) - Licenses** for provider numbers.

Schedule 1.7(w) - Purchased Verity Holdings Assets

See **Schedule 1.4.3 - Owned Real Property.**

Schedule 1.7 - Permitted Exceptions

None.

Schedule 1.8(y) - Health Plan Causes of Actions

See attached folder “Schedule 1.8(y) - Health Plan Causes of Actions”

Schedule 1.8(y) - Health Plan Causes of Action		
Seton Medical Center		
Health Plan	Nature of Cause	Amount requested
Aetna	No Payment and/or Underpayment of Fee for Service Claims	\$836,486.00
Anthem Blue Cross	No Payment and/or Underpayment of Fee for Service Claims	\$2,500,000.00
Blue Shield of California	No Payment and/or Underpayment of Fee for Service Claims	\$3,900,000.00
Cigna	No Payment and/or Underpayment of Fee for Service Claims	\$509,267.00
Health Net	No Payment and/or Underpayment of Fee for Service Claims	\$306,700.63
Health Plan of San Mateo	No Payment and/or Underpayment of Fee for Service Claims	\$4,000,000.00
Kaiser	No Payment and/or Underpayment of Fee for Service Claims	\$3,700,000.00
Tricare Healthnet Federal	No Payment and/or Underpayment of Fee for Service Claims	\$45,454.00
United Healthcare	No Payment and/or Underpayment of Fee for Service Claims	\$1,082,852.00
	TOTAL:	\$16,880,759.63
St. Francis Medical Center		
Health Plan	Nature of Cause	Amount requested
Aetna	No Payment and/or Underpayment of Fee for Service Claims	\$815,621.00
Anthem Blue Cross	No Payment and/or Underpayment of Fee for Service Claims	\$4,941,107.00
Blue Shield of California	No Payment and/or Underpayment of Fee for Service Claims	\$3,631,301.00
Care 1st Health Plan	No Payment and/or Underpayment of Fee for Service Claims	\$2,090,674.00
Cigna	No Payment and/or Underpayment of Fee for Service Claims	\$747,074.00
Davita Healthcare Partners	No Payment and/or Underpayment of Fee for Service Claims	\$1,811,608.00
Health Net	No Payment and/or Underpayment of Fee for Service Claims	\$6,800,000.00
Kaiser	No Payment and/or Underpayment of Fee for Service Claims	\$4,035,011.00
LA Care Health Plan	No Payment and/or Underpayment of Fee for Service Claims	\$17,500,000.00
United Healthcare	No Payment and/or Underpayment of Fee for Service Claims	\$1,011,766.00
	TOTAL:	\$43,384,162.00
St. Vincent Medical Center		
Health Plan	Nature of Cause	Amount requested
Aetna	No Payment and/or Underpayment of Fee for Service Claims	\$895,081.00
Anthem Blue Cross	No Payment and/or Underpayment of Fee for Service Claims	\$3,487,892.00
Blue Shield of California	No Payment and/or Underpayment of Fee for Service Claims	\$2,361,240.00
Care 1st Health Plan	No Payment and/or Underpayment of Fee for Service Claims	\$3,685,291.00
Cigna	No Payment and/or Underpayment of Fee for Service Claims	\$497,935.00
Health Net	No Payment and/or Underpayment of Fee for Service Claims	\$3,168,653.41
Kaiser	No Payment and/or Underpayment of Fee for Service Claims	\$511,119.00
LA Care Health Plan	No Payment and/or Underpayment of Fee for Service Claims	\$4,118,214.00
United Healthcare	No Payment and/or Underpayment of Fee for Service Claims	\$1,005,615.00
	TOTAL:	\$19,731,040.41

Schedule 1.8(cc) - Other Excluded Assets

None.

Schedule 1.9(k) - Other Assumed Obligations

None.

Schedule 2.4 - Material Breach

None.

Schedule 2.5 - Brokers and Finders

Cain Brothers, a division of KeyBanc Capital Markets

Schedule 2.8 - Legal Requirements

See Confidential Disclosure Letter.

Schedule 2.9 - Required Consents

None, other than those consents required under §365 of the Bankruptcy Code.

Schedule 2.10(a) - Phase I Environmental Site Assessments

See attached folder “Schedule 2.10(a) - Phase I Environmental Site Assessments”

**[PHASE I REPORTS INTENTIONALLY
OMITTED FROM FILING, FILES ARE
OVER 24,000 PAGES]**

Schedule 2.10(b) - Environmental Matters

- In the Matter of South Coast Air Quality Management District, Petitioner, vs. St. Vincent Medical Center (Case No. 5936-1)
 - Agency: South Coast Air Quality Management District
 - 2013 Order for Abatement Regarding Hospital Boilers
 - Case Concluded
- Underground storage tank non-compliance notice issued by Los Angeles Department of Water and Power (LADWP) in September 2016 to Saint Francis Medical Center. Seller removed tank per closure permit issued to Saint Francis Medical Center by LADWP. There was no soil contamination or clean up necessary.

Schedule 2.12 - Certain Other Representations with Respect to the Hospitals

See Confidential Disclosure Letter.

Schedule 2.13 - Historical Financial Statements

(a)

See attached folder "Schedule 2.13 - Historical Financial Statements"

(b)

None.

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

Daughters of Charity Health System
As of and for the Years Ended June 30, 2015 and 2014
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

Daughters of Charity Health System

Consolidated Financial Statements and Supplementary Schedules

As of and for the Years Ended June 30, 2015 and 2014

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Report of Independent Auditors

The Board of Directors
Daughters of Charity Health System

We have audited the accompanying consolidated financial statements of Daughters of Charity Health System, which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of operations and changes in net (deficit) 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 did not audit the financial statements of Marillac Insurance Company, Ltd (Marillac), a wholly-owned subsidiary, which statements reflect total assets constituting 6.81% as of June 30, 2015 and 6.68% as of June 30, 2014 and total revenues constituting 0.88% in 2015 and 0.85% in 2014 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Marillac, is based solely on the report of the other auditors. 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, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Daughters of Charity Health System at June 30, 2015 and 2014, and the consolidated results of its operations and changes in net (deficit) assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Daughters of Charity Health System's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that Daughters of Charity Health System will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Daughters of Charity Health System has recurring losses from operations and has a net deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Ernst & Young LLP

November 16, 2015

Daughters of Charity Health System

Consolidated Balance Sheets
(In Thousands)

	June 30	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 108,430	\$ 100,355
Interest in pooled investment fund – short-term	–	921
	<u>108,430</u>	<u>101,276</u>
Patient accounts receivable, net of allowance for doubtful accounts of \$30,678 and \$34,692 in 2015 and 2014, respectively	156,749	163,569
Due from government agencies	22,621	21,052
Other current assets	121,259	49,718
Other restricted assets	76,212	–
Total current assets	<u>485,271</u>	<u>335,615</u>
Assets limited as to use:		
Interest in pooled investment fund – long-term	–	26,881
Other investments	64,815	58,737
Under bond indenture agreements	25,871	26,133
Total assets limited as to use	<u>90,686</u>	<u>111,751</u>
Goodwill and intangibles, net	–	590
Property and equipment, net	282,215	339,439
Other long-term assets	9,390	10,852
Total assets	<u>\$ 867,562</u>	<u>\$ 798,247</u>
Liabilities and net (deficit) assets		
Current liabilities:		
Accounts payable	\$ 46,197	\$ 54,969
Accrued liabilities and other current liabilities	164,862	120,632
Current portion of long-term debt	6,833	6,607
Short-term debt	123,855	–
Due to government agencies	5,387	11,006
Total current liabilities	<u>347,134</u>	<u>193,214</u>
Pension obligations	251,267	235,467
Workers' compensation and hospital professional and general liability	45,594	37,209
Other liabilities	4,008	4,051
Long-term debt – net of current portion	<u>282,308</u>	<u>289,427</u>
Total liabilities	<u>930,311</u>	<u>759,368</u>
Net (deficit) assets:		
Unrestricted	(86,409)	1,661
Temporarily restricted	15,453	28,064
Permanently restricted	8,207	9,154
Total net (deficit) assets	<u>(62,749)</u>	<u>38,879</u>
Total liabilities and net (deficit) assets	<u>\$ 867,562</u>	<u>\$ 798,247</u>

See accompanying notes.

Daughters of Charity Health System

Consolidated Statements of Operations and
Changes in Net (Deficit) Assets
(In Thousands)

	Year Ended June 30	
	2015	2014
Unrestricted revenues and other support		
Net patient service revenue	\$ 1,315,150	\$ 1,136,718
Provision for doubtful accounts	(31,903)	(43,282)
Net patient service revenue less provision for doubtful accounts	1,283,247	1,093,436
Premium revenue	128,316	83,298
Other operating revenue	44,306	59,657
Contributions	8,321	157,694
Total unrestricted revenues and other support	1,464,190	1,394,085
Expenses:		
Salaries and benefits	759,508	805,075
Supplies	166,281	172,535
Purchased services and other	519,218	346,817
Depreciation and amortization	60,457	65,554
Interest – net	22,550	19,106
Goodwill impairment loss	–	13,376
Long-lived asset impairment	10,000	–
Total expenses	1,538,014	1,422,463
Operating loss	(73,824)	(28,378)
Investment income	3,876	16,276
Deficiency of revenues over expenses	(69,948)	(12,102)
Pension related changes	(23,383)	(8,564)
Other	576	342
Net assets released from restrictions used for purchase of property and equipment	4,685	1,319
Decrease in unrestricted net assets	(88,070)	(19,005)
Temporarily restricted net assets		
Contributions	2,464	138,443
Net realized and unrealized losses on investments	(3)	–
Net assets released from restrictions:		
Operations	(7,872)	(143,942)
Property, plant and equipment	(4,685)	(1,319)
Other	(2,515)	894
Decrease in temporarily restricted net assets	(12,611)	(5,924)

Daughters of Charity Health System

Consolidated Statements of Operations and
Changes in Net (Deficit) Assets (continued)
(In Thousands)

	Year Ended June 30	
	2015	2014
Permanently restricted net assets		
Net realized and unrealized gains on investments	\$ (562)	\$ 354
Other	(385)	(480)
Decrease in permanently restricted net assets	(947)	(126)
Decrease in net assets	(101,628)	(25,055)
Net assets, beginning of year	38,879	63,934
Net (deficit) assets, end of year	<u>\$ (62,749)</u>	<u>\$ 38,879</u>

See accompanying notes.

Daughters of Charity Health System

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2015	2014
Operating activities		
Change in net (deficit) assets	\$ (101,628)	\$ (25,055)
Adjustments to reconcile decrease in net (deficit) assets to net cash used in operating activities:		
Depreciation and amortization	60,457	65,554
Provision for doubtful accounts	31,903	43,282
Changes in fair value and unrealized and realized losses (gains) on investment, net	(2,920)	(12,408)
Amortization of bond premium	(359)	(359)
Amortization of deferred debt issuance cost	394	1,683
Pension related changes	23,383	8,564
Goodwill impairment loss	—	13,376
Long-lived asset impairment	10,000	—
Gain on disposal of property and equipment	(253)	(18,081)
Loss on sale of physician practice	27	—
Gain on contribution for debt repayment	—	(130,000)
Gain on loan forgiveness	—	(12,409)
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(25,083)	(53,000)
Due to/from government agencies	(7,188)	(7,873)
Other current assets	(71,751)	64,002
Other long-term assets	1,205	486
Accounts payable	(8,772)	17,735
Accrued liabilities	44,892	(5,535)
Workers' compensation and hospital professional and general liabilities	8,385	(6,318)
Pension obligations	(7,583)	(7,171)
Other long-term liabilities	(43)	397
Net cash used in operating activities	(44,934)	(63,130)
Investing activities		
Purchases of investments and deposits to interest in pooled investment fund – long-term	(224,111)	(272,990)
Purchase of asset for health-related activity	—	(2,488)
Proceeds from disposal of property and equipment	1,638	5,296
Proceeds from sales of investments	247,682	338,621
Changes in interest in pooled investment fund – short-term	921	90,644
Changes in assets under bond indenture agreements	262	14,726
Purchases of property and equipment	(14,607)	(39,662)
Proceeds from disposal of other assets	—	18,047
Net cash provided by investing activities	11,785	152,194

Daughters of Charity Health System

Consolidated Statements of Cash Flows (continued)

(In Thousands)

	Year Ended June 30	
	2015	2014
Financing activities		
Retirement of debt	\$ —	\$ (13,655)
Repayment of debt	(6,606)	(8,787)
Issuance of debt	47,643	—
Cash contributions received for the purchase of property and equipment	187	2,573
Net cash provided by (used in) financing activities	41,224	(19,869)
Increase in cash and cash equivalents	8,075	69,195
Cash and cash equivalents at beginning of year	100,355	31,160
Cash and cash equivalents at end of year	\$ 108,430	\$ 100,355
Supplemental disclosures of cash flow information		
Cash paid for interest – net of capitalized interest	\$ 22,229	\$ 17,735
Supplemental disclosures of noncash items		
Gain on contribution for debt repayment	\$ —	\$ (130,000)
Gain on loan forgiveness	\$ —	\$ (12,409)
Capitalized interest	\$ 665	\$ 824
Increase (decrease) in payable for investments purchased	\$ 1,579	\$ (7,132)
Increase (decrease) in receivable for investments sold	\$ 927	\$ (488)
Accrued purchases of property and equipment	\$ 270	\$ 747
Purchases of goodwill through debt issuance	\$ —	\$ 985

See accompanying notes.

Daughters of Charity Health System

Notes to Consolidated Financial Statements

June 30, 2015

1. Organization

The Daughters of Charity Health System (Parent), a California nonprofit religious corporation, was formed in June 2001 by the Daughters of Charity Ministry Services Corporation (Ministry Services), a California not-for-profit religious corporation. Ministry Services is the sole corporate member of Daughters of Charity Health System. Daughters of Charity Health System is the sole corporate member of six California not-for-profit religious corporations that operate six acute care hospitals and other facilities (the Hospitals, see list below) in the state of California. Daughters of Charity Health System and the following list of affiliated entities (collectively, DCHS) became one of the largest not-for-profit health care systems in the state of California, with approximately 1,660 licensed acute care and skilled nursing beds.

DCHS consists of Parent* and the following:

- O'Connor Hospital*
- Saint Louise Regional Hospital*
- St. Francis Medical Center Lynwood*
- St. Vincent Medical Center*
- Seton Medical Center*
- Seton Medical Center Coastside (a division of Seton Medical Center)*
- Caritas Business Services
- Marillac Insurance Company, Ltd. (Marillac)
- O'Connor Hospital Foundation
- Saint Louise Regional Hospital Foundation
- St. Francis Medical Center of Lynwood Foundation
- St. Vincent Medical Center Foundation
- Seton Health Services Foundation
- St. Vincent de Paul Ethics Corporation
- St. Vincent Dialysis Center
- De Paul Ventures, LLC (see Note 2)
- DCHS Medical Foundation (see Note 2)

*Part of the Obligated Group (see discussion below and Note 9)

The Daughters of Charity of St. Vincent de Paul (the Daughters of Charity) commenced its health care mission in California in 1856, with four of the Hospitals having been sponsored by the Daughters of Charity since their formation.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

DCHS established an Obligated Group (see listing of entities included in the Obligated Group above) to access the capital markets. Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Bond Master Indenture.

2. Summary of Significant Accounting Policies

Basis of Presentation and Going Concern

In recent years, DCHS has experienced recurring operating losses that have been funded primarily from cash reserves. For the year ended June 30, 2015, DCHS recorded a net operating loss of \$73,824,000 and a decrease in cash, cash equivalents, short-term and long-term investments of \$13,911,000. In 2014, DCHS received a \$130,000,000 contribution from the Daughters of Charity Foundation that was restricted for the purpose of defeasing the Series 2008 Bonds. Refer to Note 9 for further details on the defeased Series 2008 Bonds. DCHS anticipates that it will continue to incur operating losses and intends to continue to fund its losses from operations. Subsequent to June 30, 2015, DCHS has not borrowed any additional short-term debt from the California Statewide Development Corporation. Refer to Note 9 for further details.

On July 17, 2015, the DCHS Parent and Daughters of Charity Ministry Services selected Blue Mountain Capital Management (Blue Mountain), a private investment firm, to recapitalize the Hospitals. Blue Mountain will also provide management services (via Integrity Healthcare, a wholly owned subsidiary) to operate the six California hospitals and medical foundation (collectively, the "Transaction"). Under the terms of the Transaction, the DCHS board of directors will transfer control of the Hospitals to an independent, non-profit board of directors, which will oversee hospital operations. The Transaction is subject to regulatory approval and there can be no guarantee that the Transaction will close. Refer to Note 12 for further details on the Transaction.

In the event that the Transaction does not close, the Board of DCHS will consider all alternatives, which may include seeking alternative transactions, closure, and use of bankruptcy proceedings to accomplish alternatives.

The uncertainties surrounding future cash flows and liquidity position raise substantial doubt regarding DCHS' ability to continue as a going concern. The accompanying consolidated financial statements have been prepared in accordance with United States (U.S.) generally accepted accounting principles applicable to a going concern, which contemplates the realization

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

of assets and the settlement of liabilities and commitments in the normal course of business for the foreseeable future. Such consolidated financial statements do not include any adjustments relating to the recoverability of the carrying amounts of recorded assets or the amount of liabilities that might result from the outcome of the uncertainties described above.

Consolidation

The accompanying consolidated financial statements include the accounts of DCHS after elimination of intercompany transactions.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. DCHS considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances and discounts; provisions for doubtful accounts and charity care; and risks and assumptions for measurement of pension and other postretirement liabilities. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash and highly liquid marketable securities with original maturities, at the time of purchase, of three months or less.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)**Patient Accounts Receivable, Allowance for Doubtful Accounts, and Net Patient Service Revenue**

Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payers. Settlements with third-party payers are accrued on an estimated basis in the period in which the related services are rendered and are adjusted in future periods as final settlements are determined.

DCHS manages the receivables by regularly reviewing its patient accounts and contracts and by providing appropriate allowances for uncollectible amounts. These allowances are estimated based upon an evaluation of historical payments, negotiated contracts and governmental reimbursements. Adjustments and changes in estimates are recorded in the period in which they are determined. The allowance for doubtful accounts for self-pay patients was 87% and 87% of self-pay accounts receivable at June 30, 2015 and 2014, respectively.

Patient service revenues, net of contractual allowances and discounts, are as follows (in thousands):

	Year Ended June 30	
	2015	2014
Government	\$ 881,274	\$ 656,291
Contracted	380,068	412,280
Self-pay and others	53,808	68,147
Net patient service revenue	1,315,150	1,136,718
Less: Provision for doubtful accounts	(31,903)	(43,282)
Net patient service revenue less provision for doubtful accounts	<u>\$ 1,283,247</u>	<u>\$ 1,093,436</u>

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Significant concentrations of net patient accounts receivable are as follows:

	June 30	
	2015	2014
HMO/PPO/Commercial	36%	38%
Medicare	32	29
Medi-Cal	29	28
Other	3	5
Total	100%	100%

Inpatient acute care services, outpatient services, and skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid using a cost reimbursement methodology.

Health care services are provided free of charge or at a significant discount based on a sliding scale to individuals who meet certain financial criteria. DCHS makes every effort to determine if a patient qualifies for charity care upon admission. If a patient is determined to qualify for charity care, services are rendered to the patient free of cost. The costs of providing these services are included in unsponsored community benefit expense (see Note 3).

After satisfaction of amounts due from insurance and the application of financial discounts to patients' balances, and after exhausting all reasonable efforts to collect from the patients, a significant portion of the DCHS's uninsured and self-pay patient accounts are referred to the third-party agencies based on DCHS's established guidelines for further collection activities. As a result, DCHS's records a significant provision for doubtful accounts related to these uninsured patients in the period the services are rendered.

Payments from Medi-Cal and contracted-rate payers are based on a per diem, per discharge, modified cost, or capitated basis or a combination of these.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Adjustments for the finalization of prior year cost reports from both Medicare and Medi-Cal resulted in an increase to patient service revenues of \$5,176,000 and \$9,291,000, for the years ended June 30, 2015 and 2014, respectively. Additionally, as a result of recent finalized cost reports, management determined that certain allocated reserves related to open prior year Medicare cost reports were no longer necessary, which resulted in a gain of \$15,069,000 for the year ended June 30, 2015.

DCHS's St. Francis Medical Center qualified for and received Medi-Cal funding as a disproportionate-share hospital from the state of California under Senate Bill (SB) 855. Related revenues were \$27,143,000 and \$27,381,000, for the years ended June 30, 2015 and 2014, respectively, and are included in net patient service revenue. Amounts to be received in future years, if any, are subject to annual determination.

The St. Francis Medical Center also received funding for Medi-Cal disproportionate-share hospitals under Senate Bill 1255 (SB 1255). These SB 1255 funds are paid from the Emergency Services and Supplemental Payments Fund. Related revenues were \$8,413,000 and \$9,023,000, for the years ended June 30, 2015 and 2014, respectively, and are included in net patient service revenue. This funding must be applied for and approved each year.

The St. Francis Medical Center also qualifies for Medi-Cal funding as a disproportionate-share hospital from the state of California under Senate Bill 1732 (SB 1732). This SB 1732 program permits health care facilities servicing a disproportionate share of Medi-Cal patients to receive supplemental reimbursement for a portion of their debt service for qualified capital projects. St. Francis Medical Center has an amendment to its Medi-Cal contract, which was executed on June 19, 1993, for reimbursement related to the St. Francis Medical Center Health Services Pavilion, which was completed in 1991. Related revenues were \$2,570,000 and \$2,475,000, for the years ended June 30, 2015 and 2014, respectively, and are included in net patient service revenue.

As part of DCHS's mission to serve the community, DCHS provides care to patients even though they may lack adequate insurance or may participate in programs that do not pay full charges. Reserves for charity care and uncollectible amounts have been established and are netted against patient accounts receivable in the consolidated balance sheets.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)**Industry Concentration**

The receipt of future revenues by DCHS is subject to, among other factors, federal and state policies affecting the health care industry. There are future revenue uncertainties that may require that costs be controlled, which will be subject to the capability of management; future economic conditions, which may include an inability to control expenses in periods of inflation; increased competition; and other conditions, which are impossible to predict.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market value, which is determined using the first-in, first-out method. Inventories are reviewed for obsolescence on a periodic basis. Amounts are included in other current assets.

Assets Limited as to Use

Assets limited as to use represent assets designated by the board of directors for future capital improvements, other specific purposes for Marillac over which the board of directors retains control, assets held by trustees under bond indenture agreements, and investments restricted by donors. The board of directors has the full ability to utilize the Marillac assets limited as to use to satisfy the needs of on-going operations, as necessary. Additionally, DCHS participated in a pooled investment fund administered by Ascension Health until September 2014. Assets limited as to use are stated at fair value. Refer to Note 4 for further details.

Investment income or loss is included in deficiency of revenues over expenses, unless the income or loss is restricted by donor or law. The assets are reflected in the assets limited as to use line item in the consolidated balance sheets.

Investments

Investments received through gifts are recorded at estimated fair value at the date of donation. Gains and losses that result from market fluctuations are recognized in the period that such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted-cost basis. Adjusted-cost is the original cost of the security adjusted for any purchases or sales during the year. Dividend and interest income are accrued when earned.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment income includes the following (in thousands):

	Year Ended June 30	
	2015	2014
Interest and dividends	\$ 3,362	\$ 1,559
Investment fees	(213)	(246)
Unrealized (loss) gain on investments – net	(936)	8,871
Net realized gain on sales of securities	1,660	6,450
	<u>3,873</u>	<u>16,634</u>
Amounts included in changes in restricted net assets	3	(358)
Investment income	<u>\$ 3,876</u>	<u>\$ 16,276</u>

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair market value, if donated. Depreciation of property and equipment is calculated using a half-year convention and the straight-line method for financial statement purposes. Estimated useful lives by classification are as follows:

Land improvements	5–25 years
Buildings	10–40 years
Building service equipment	5–25 years
Equipment	4–20 years

Long-Lived Asset Impairment

DCHS routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. The impairment tests are based on financial projections prepared by management that incorporate anticipated results from programs and initiatives being implemented and market value assessments of the assets. If the projections are not met, or if negative trends occur that impact the future outlook, the value of the long-lived assets may be impaired, which could be material.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

DCHS recorded \$10,000,000 of impairment for the estimated non-recoverability of the building and select equipment at St. Vincent Medical Center. The amount of impairment was determined using a distressed revenue multiple, and was allocated using comparable prices for similar assets.

Goodwill and Intangible Assets

Goodwill is measured as of the effective date of a business acquisition as the excess of the aggregate of the fair value of consideration transferred over the fair value of the tangible and intangible assets acquired and liabilities assumed.

The changes in the carrying amount of goodwill are as follows (in thousands):

	Year Ended June 30	
	2015	2014
Beginning balance	\$ —	\$ 10,421
Addition from acquisition	—	2,955
Impairment	—	(13,376)
Ending balance	<u>\$ —</u>	<u>\$ —</u>

DCHS, through the DCHS Medical Foundation, acquired intangible assets and goodwill valued at \$3,251,000 as of June 30, 2014, as a result of various physician practice acquisitions during fiscal year 2014. No acquisitions were made during fiscal year 2015.

The goodwill impairment tests are based on financial projections prepared by management that incorporate anticipated results from programs and initiatives being implemented. If these projections are not met or if negative trends occur that impact outlook, the value of goodwill may be impaired. During the year ended June 30, 2014, management determined that all goodwill was impaired.

It is DCHS's policy to amortize intangible assets with a finite life over their useful lives.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and due to/from government agencies approximate fair value. The fair value of investments is disclosed in Notes 4 and 8, and the fair value of debt is disclosed in Note 9.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Medical Foundation

The DCHS Medical Foundation (Medical Foundation) was established in December 2011 and incorporated under the California Nonprofit Religious Corporation regulations as a not-for-profit corporation exempted from IRC Section 501(c)(3). The sole member of this corporation is DCHS, acting through its board of directors.

During the fiscal year ended June 30, 2014, the Medical Foundation acquired eight physician groups, comprising the physician groups tangible and intangible assets, respectively. The total purchase consideration for the year ended June 30, 2014, amounted to \$3,473,000, of which \$2,488,000 was paid in cash and the remaining balance of \$985,000 in notes payable in two installments of \$492,500 due in fiscal years 2015 and 2016, respectively. The majority of the purchase price was allocated to goodwill at June 30, 2014. These acquisition costs have been reflected in DCHS's consolidated financial statements as of June 30, 2014. No acquisitions were made during the fiscal year ended June 30, 2015.

Guarantees

In the normal course of its business, DCHS enters into various types of guarantees with counterparties in connection with asset sales and other transactions. DCHS also provides indemnifications against potential losses to certain parties involved in their bond financing. The indemnifications are ordinarily documented in standard contract terms. Generally, there are no stated or notional amounts included in these indemnifications, and the events or contingences triggering the obligations to indemnify are generally not expected to occur. There have been no claims, and none are expected to occur; therefore, it is not possible to develop an estimate of the maximum payout and fair value under these guarantees and indemnifications. DCHS has not recorded any liabilities in the consolidated financial statements as of June 30, 2015 and 2014, related to any guarantees or indemnification arrangements.

Self Insurance

DCHS is self-insured for hospital professional and general liabilities by a wholly-owned self-insured captive insurance company. The provisions for estimated hospital professional and general liability claims include estimates of the ultimate costs for both uninsured reported claims and claims incurred-but-not-reported (IBNR), in accordance with actuarial projections or paid claims lag models based on past experience. Such claim reserves are based on the best data

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

available to DCHS; however, these estimates are subject to a significant degree of inherent variability. There is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. Such estimates are continually monitored and reviewed, and as reserves are adjusted, the differences are reflected in current operations. Management is of the opinion that the associated liabilities recognized in the accompanying consolidated financial statements are adequate to cover such claims.

DCHS has entered into reinsurance, stop loss, and excess policy agreements with independent insurance companies to limit its losses on hospital professional and general liability claims.

Hospital professional and general liabilities were \$13,161,000 and \$6,022,000, discounted at a rate of 4% and 3% as of June 30, 2015 and 2014, respectively. Management is not aware of any potential hospital professional and general liability claims whose settlement would have a material adverse effect on DCHS's consolidated financial position.

Workers' Compensation Insurance

DCHS is insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$500,000 per occurrence as of June 30, 2015 and 2014. Based on actuarially determined estimates, provisions have been made in the consolidated financial statements, with the current portion included within accrued liabilities and the non-current portion within workers' compensation and hospital professional and general liabilities, for all known claims and incurred but not reported claims as of June 30, 2015 and 2014. Workers' compensation liabilities were \$24,278,000 and \$26,115,000 discounted using a rate of 4% and 3%, as of June 30, 2015 and 2014, respectively. Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those for which use by DCHS has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by DCHS in perpetuity.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

California Hospital Fee Program

California legislation established a program in 2009 that imposes a Quality Assurance Fee (QA Fee) on certain general acute-care hospitals in order to make supplemental and grant payments and increased capitation payments (Supplemental Payments) to hospitals up to the aggregate upper payment limit for various periods. There have been four such programs (the "Programs") since inception.

The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population. This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund. Payments are made directly by the state or Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments. Outside of the legislation, the California Hospital Association has created a private program, operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs.

The Programs require full federal approval (i.e., by the Centers for Medicare and Medicaid Services (CMS)) in order for them to be fully enacted. If final federal approval is not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively. As such, revenue and expense recognition is not allowed until full CMS approval was obtained.

In June 2012, the third program (30-Month Program), covering the period from July 2011 to December 2013, was amended to allow for the fee-for-service portion to be administered separately from the managed care portion. The fee-for-service portion of the 30-Month Program was approved in June 2012. In May and June 2013, 24 months of managed care payments were approved by CMS. In December 2014, the final six months of managed care payments were approved by CMS.

In October 2013, the fourth program (36-Month Program), covering the period from January 2014 to December 2016, was signed into law by the Governor of California. The fee-for-service payments of the 36-Month Program were approved in December 2014 by CMS. The first six months of non-expansion managed care payments were approved by CMS in June 2015.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

DCHS recognized payments to the California Department of Health Care Services for the QA fee in the amount of \$134,198,000 and \$33,411,000 and pledge payments to CHFT of \$2,282,000 and \$1,577,000 within purchased services and other expenses for the years ended June 30, 2015 and 2014, respectively. DCHS also recognized Supplemental Payment revenue in the amount of \$222,467,000 and \$49,606,000 pertaining to the 30-Month and 36-Month Programs within the net patient service revenues for the years ended June 30, 2015 and 2014, respectively.

Meaningful Use Incentives

The American Recovery and Reinvestment Act of 2009 established payments under the Medicare and Medi-Cal programs for certain professionals and hospitals that meaningfully use certified electronic health record (EHR) technology. The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule. To qualify for Medi-Cal incentives, hospitals and physicians must annually meet EHR “meaningful use” criteria that become more stringent over three stages as determined by CMS. For the years ended June 30, 2015 and 2014, DCHS has recorded meaningful use incentive payments of \$7,947,000 and \$10,104,000, respectively. These incentive payments have been recorded as other operating revenue in the DCHS consolidated financial statements.

Premium Revenue

Certain entities of DCHS have at-risk agreements with various payers to provide medical services to enrollees. Under these agreements, DCHS receives monthly payments based on the number of enrollees, regardless of services actually performed by DCHS. DCHS accrues costs when services are rendered under these contracts, including estimates of IBNR claims and amounts receivable/payable under risk-sharing arrangements.

The IBNR accrual includes an estimate of the costs of services for which DCHS is responsible, including out-of-network services.

Other Operating Revenue

Included in other operating revenue are amounts from investments in health-related activities, rental income, cafeteria, and other nonpatient care revenue.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)**Contributions**

Unconditional promises to give cash and other assets to DCHS are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Net assets released from restrictions used for operations are also included in other operating revenue as contribution revenue to the Hospitals.

Interest Expense

Interest expense on debt issued for construction projects, net of income earned on the funds held pending use, is capitalized from the date of the borrowing until the projects are placed in service. Interest components include the following (in thousands):

	Year Ended June 30	
	2015	2014
Total interest expense	\$ 23,215	\$ 19,930
Less: capitalized interest expense	(665)	(824)
Net interest expense	<u>\$ 22,550</u>	<u>\$ 19,106</u>

Income Taxes

DCHS has established its status as an organization exempt from income taxes under the Internal Revenue Code (IRC) Section 501(c) (3) and the laws of California. Certain activities of the operating entities of DCHS may be subject to income taxes; however, such activities are not significant to the consolidated financial statements.

Performance Indicator

Management considers the deficiency of revenues over expenses to be DCHS's performance indicator. Deficiency of revenues over expenses includes all changes in unrestricted net assets, except net assets released from restrictions used for purchase of property and equipment, the change in funded status of pension plans, and other.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Transactions Between Related Organizations

DCHS and various members of DCHS pay for sisters' services provided to it by its sponsoring congregation at amounts comparable to low-wage employees' salaries.

Certain Obligated Group members have a policy whereby assets are periodically transferred as charitable distributions to subsidiaries of DCHS that are not members of the Obligated Group. These transfers are accounted for as direct charges to the Obligated Group members' unrestricted net assets. It is anticipated that Obligated Group members will continue to make asset transfers to the subsidiaries. These transfers are eliminated upon consolidation.

Asset Retirement Obligations (AROs)

AROs are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value, and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, DCHS records period-to-period changes in the ARO liability resulting from the passage of time. DCHS's ARO liabilities recorded in the consolidated financial statements at June 30, 2015 and 2014 were \$3,421,000 and \$3,227,000, respectively.

Revenue Guarantees

DCHS has agreements with physicians whereby minimum revenues are guaranteed by DCHS for stipulated dollar amounts over specified periods, as defined in the contracts. DCHS records a liability for the amount of the guaranteed revenue at the time the contract is entered into and adjusts the liability as it is expended. DCHS has recorded liabilities of \$746,000 and \$1,396,000 as of June 30, 2015 and 2014, respectively.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)**Recent Accounting Pronouncements**

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2015-07), which removes the requirement to categorize, within the fair value hierarchy, investments for which fair value is measured using the net asset value per share practical expedient. It also limits disclosures related to investments for which the entity has elected to measure the fair value using that practical expedient. The guidance is effective for DCHS as of July 1, 2016. The adoption of ASU 2015-07 is not expected to have a material impact on the consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of the Debt Issuance Costs* (ASU 2015-03), which changes the presentation of debt issuance costs in financial statements. Under ASU 2015-03, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset, and amortization of the costs is reported as interest expense. The guidance is effective for DCHS as of July 1, 2016. The adoption of ASU 2015-03 is not expected to have a material impact on the consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance, as amended by ASU 2015-14, *Revenue From Contracts With Customers (Topic 106)*, is effective for DCHS as of July 1, 2018. Early adoption is not permitted; DCHS management is currently evaluating the impact on the consolidated financial statements and the options of adopting either a full retrospective or a modified approach.

In April 2014, the FASB issued ASU No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08), which amends the definition of a discontinued operation in Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*, and requires entities to disclose additional information about disposal

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

transactions that do not meet the discontinued operations criteria. The guidance is effective for DCHS as of July 1, 2015. DCHS is assessing the impact of the adoption of ASU 2014-08 on its consolidated financial statements.

3. Un-sponsored Community Benefit Expense

The following is a summary of DCHS's community service in terms of services to the poor and benefits to the broader community for the year ended June 30, 2015. The summary has been prepared in accordance with the Catholic Health Association of the United States publication, *A Guide for Planning and Reporting Community Benefit* (dollars in thousands) (unaudited):

	Total Community Benefit Expense – at Cost		Un-sponsored Community Benefit Expense – at Cost		
	Amount	Percentage of Total Expenses	Direct Offsetting Revenue	Amount	Percentage of Total Expenses
	<i>(Unaudited)</i>				
Benefits for the poor:					
Traditional charity care	\$ 13,226	0.9%	\$ –	\$ 13,226	0.9%
Unpaid costs of public programs – Medicaid	402,506	26.2	304,259	98,247	6.4
Nonbilled services	5,578	0.4	3,363	2,215	0.1
Cash and in-kind donations	2	0.0	–	2	0.0
Other	4,170	0.3	1,243	2,927	0.2
Total quantifiable benefits for the poor	425,482	27.8	308,865	116,617	7.6
Benefits for the broader community:					
Nonbilled services	1,970	0.1	1,574	396	0.0
Education and research	211	0.0	–	211	0.0
Cash and in-kind donations	137	0.0	33	104	0.0
Other	1,607	0.1	–	1,607	0.1
Total quantifiable benefits for the broader community	3,925	0.2	1,607	2,318	0.1
Total quantifiable community benefits	429,407	27.9	310,472	118,935	7.7
Unpaid costs of Medicare program	341,566	22.1	265,492	76,074	5.0
Total quantifiable community benefits and unpaid costs of Medicare program	\$ 770,973	50.1%	\$ 575,964	\$ 195,009	12.7%

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

3. Un-sponsored Community Benefit Expense (continued)

Benefits for the Poor

Benefits for the poor include services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

Benefits for the Broader Community

Benefits for the broader community include services and programs provided to other needy populations that may not qualify as poor, but that need special services and support. Examples include the elderly, substance abusers, victims of child abuse, and persons with acquired immune deficiency syndrome. They also include the cost of health promotion and education, health clinics and screenings, and medical research, which benefit the broader community.

Traditional Charity Care

Traditional charity care covers services provided to persons who cannot afford to pay and who meet DCHS's criteria for financial assistance. DCHS utilizes information obtained directly from patients as well as information from publicly available sources in determining charity care eligibility. The amounts above reflect the costs of these services (based on DCHS's relationship of costs to charges) before and after contributions and other revenues received as direct assistance for the provision of charity care. The amount of traditional charity care at cost was \$13,226,000 and \$21,768,000 for the years ended June 30, 2015 and 2014, respectively.

Unpaid Costs of Public Programs – Medi-Cal

Unpaid costs of public programs are the costs of treating indigent and Medi-Cal beneficiaries in excess of government payments. Cost is based on DCHS's relationship of costs to charges.

Nonbilled Services

Nonbilled services include the cost of services for which a patient is not billed or for which a nominal fee has been assessed. These are services that are not expected to be financially self-supporting. Examples are free clinic services and meal programs.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

3. Un-sponsored Community Benefit Expense (continued)

Cash and In-Kind Donations

Cash and in-kind donations are made by DCHS to special funds used to benefit the poor and the community.

Education

Education includes the unpaid cost of training health professionals, such as medical residents, nursing students, and students in allied health professions.

Research

Research includes the unpaid cost of testing medical equipment and controlled studies of therapeutic protocols.

Other Benefits for the Broader Community Expenses

Other benefits for the broader community expenses include low-or negative-margin services, which are services offered because of a need in the community. They do not include services offered because they create revenues elsewhere.

Total Community Benefit Expense

Total community benefit expense is the total cost of community benefits before direct offsetting revenue, donations, or other funds used to defray such costs.

Un-sponsored Community Benefit Expense

Un-sponsored community benefit expense is the total cost incurred after direct offsetting revenue, if any, from patients, donations, and other sources.

Unpaid Costs of Medicare Program

Unpaid costs of the Medicare program are the costs of treating Medicare beneficiaries in excess of government payments. Cost is based on DCHS's relationship of costs to charges.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements

DCHS accounts for certain assets at fair value or on a basis that approximates 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, which is determined by the lowest-level input that is significant to the fair value measurement in its entirety. These levels are as follows:

- *Level 1* – Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in Level 1 include listed equities and money market balances.
- *Level 2* – Pricing inputs are based upon 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 asset-backed securities, corporate bonds, municipal bonds, and commingled investment funds.
- *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 inputs used in determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets. Therefore, the fair values are determined using factors that involve judgment and interpretations, including discounted cash flow models and similar techniques. There were no Level 3 investments at June 30, 2015 and 2014.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

The following represents assets measured at fair value on a recurring basis (in thousands):

	June 30, 2015		
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)
	Total		
Other investments – assets limited as to use:			
Cash equivalents	\$ 12,737	\$ 12,737	\$ –
Debt securities issued by foreign corporations	1,961	–	1,961
Debt securities issued by the U.S. Treasury and other U.S. government corporations	14,806	–	14,806
Government mortgage-backed securities	1,575	–	1,575
Commercial mortgage-backed securities	4,094	–	4,094
Corporate U.S. debt securities	14,017	–	14,017
Index funds	10,311	–	10,311
Convertible equity	32	–	32
Investment held in trust account	5,282	–	5,282
	<u>64,815</u>	<u>12,737</u>	<u>52,078</u>
Under bond indenture agreements – assets limited as to use:			
Cash equivalents	2,000	2,000	–
Receivables under repurchase agreement	23,871	–	23,871
	<u>\$ 90,686</u>	<u>\$ 14,737</u>	<u>\$ 75,949</u>

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

	June 30, 2014		
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)
	Total		
Pooled investment funds:			
Pooled funds – short-term	\$ 921	\$ —	\$ 921
Pooled funds – long-term	26,881	—	26,881
	27,802	—	27,802
Other investments – assets limited as to use:			
Cash equivalents	10,665	10,665	—
Debt securities issued by foreign corporations	2,364	—	2,364
Debt securities issued by the U.S. Treasury and other U.S. government corporations	8,608	—	8,608
Government mortgage-backed securities	2,243	—	2,243
Commercial mortgage-backed securities	2,872	—	2,872
Corporate U.S. debt securities	15,987	—	15,987
Index funds	10,458	—	10,458
Convertible equity	199	—	199
Investment held in trust account	5,341	—	5,341
	58,737	10,665	48,072
Under bond indenture agreements – assets limited as to use:			
Cash equivalents	2,000	2,000	—
Receivables under repurchase agreement	24,133	—	24,133
	26,133	2,000	24,133
	\$ 112,672	\$ 12,665	\$ 100,007

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

There were no transfers to or from Levels 1, 2 or 3 during the years presented. The Level 2 financial assets listed in fair value hierarchy tables above use the following valuation techniques and inputs:

DCHS participated in Ascension Health's pooled Catholic Healthcare Investment Management Company (CHIMCO) Alpha Fund, LLC, which is carried at fair value based on quoted market prices, quoted market prices for similar instruments, and observable and unobservable inputs. The pooled fund is composed of cash, equity securities (domestic and foreign), U.S. federal and corporate obligations, to be announced (TBA) mortgage-backed securities, asset-backed securities, and fixed-income securities and is designated as Level 2. Beginning January 1, 2014, DCHS moved all of its investments in the Alpha Fund to short-term liquid funds, such as cash and cash equivalents. As of September 2014, DCHS sold its investment in the Fund, and Ascension Investment Management no longer manages any funds on behalf of DCHS.

For marketable securities, such as foreign corporation and U.S. government debt securities, government and commercial mortgage-backed securities, TBA mortgaged-backed securities, corporate U.S. debt securities, index funds, and beneficial interest held in trust accounts, wherein identical quoted market prices are not readily available, the fair value of such investments is determined based on market participant pricing or other available market data for comparable instruments and transactions at the measurement date. DCHS, therefore, incorporates industry-standard valuation techniques as inputs to fair valuation of its investments designated as Level 2.

DCHS's rationale for the assignment of levels is based on types or classes of financial assets, rather than an analysis of each individual asset. Key consideration in the assignment of levels was given to the determination of a security's fair valuation measurement if obtained from an active market, and then further consideration was given for the types of inputs used to evaluate the fair value price. This approach has been supported by management's analysis of the methodology, the evaluated pricing models, and inputs used by its pricing vendors. It is also consistent with industry practice.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

Where quoted prices are available in an active market (exchange-traded), the securities are classified as Level 1. It is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. If quoted market prices are not readily available for a specific financial asset, then value is determined using quoted prices of assets with similar characteristics and is classified as Level 2. Examples of these categories are DCHS's investment in high-yield debt securities, collateralized mortgage obligations, and fixed-income prices provided by a broker-dealer. In cases where there is limited activity and less transparency associated with inputs to the valuation, DCHS will designate the investments as Level 3.

Included within the assets above are investments in certain securities that report fair value, using a calculated Net Asset Value (NAV) or its equivalent. The following table and explanations identify attributes relating to the nature and risk of such investments (in thousands):

	June 30, 2014		
	Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Level 2			
Pooled funds – short-term (1)	\$ 921	Daily	1–3 days
Pooled funds – long-term (1)	26,881	Daily	1–3 days
Total pooled funds	<u>\$ 27,802</u>		

- (1) This category includes investments in CHIMCO Alpha Fund and is mainly invested in U.S. government, state, municipal, and agency obligations; corporate- and foreign government-fixed maturities; and U.S. government and corporate asset-backed securities.

The investments included above are not expected to be sold at amounts that are different from their NAV. There were no unfunded commitments at June 30, 2015 and 2014.

Investment Held in Trust Accounts

DCHS is the beneficiary of a split-interest agreement from a donor. The related assets are controlled and invested by an independent third party. DCHS records the assets for its share when formal written or other verifiable documentation is received. DCHS's share of the assets is based on the present value of the estimated future distributions to be received by DCHS over the term of the agreement. The agreements are carried at fair value based on the underlying assets. DCHS used 2.0% discount rate to value split-interest agreements at June 30, 2015.

Attachment 2 - Part 2

APA

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)*Receivables Under Repurchase Agreements*

DCHS participates in a repurchase agreement with a custodian, whereby DCHS lends cash from a bond reserve fund to a third party on a short-term basis. The loans are secured by collateral, consisting of various investments that equal the amount of the cash loaned. DCHS is paid a fixed rate of return of 4.6% for the amounts loaned. Interest is accrued monthly and paid semi-annually. The amounts of the receivables under repurchase agreements were \$23,871,000 and \$24,133,000 at June 30, 2015 and 2014, respectively, and are included in assets limited as to use under bond indenture agreements. The loans remained in place until the termination date, which was July 1, 2015, at which time these funds were reinvested in other securities.

5. Property and Equipment

Property and equipment consists of the following (in thousands):

	June 30	
	2015	2014
Land	\$ 29,955	\$ 29,955
Land improvements	20,263	20,244
Buildings and service equipment	710,572	709,161
Equipment	526,830	522,180
Construction in progress	5,312	14,082
Total	<u>1,292,932</u>	<u>1,295,622</u>
Less accumulated depreciation	<u>(1,010,717)</u>	<u>(956,183)</u>
	<u>\$ 282,215</u>	<u>\$ 339,439</u>

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

6. Other Assets

Other current assets consist of the following (in thousands):

	June 30	
	2015	2014
Inventories	\$ 21,594	\$ 21,253
Prepaid expenses	6,932	5,175
Provider fee receivable	74,176	3,881
Other receivable	6,457	4,969
Pledges receivable	3,154	6,669
Deposit	2,682	2,889
Other current assets	6,264	4,882
	<u>\$ 121,259</u>	<u>\$ 49,718</u>

Other long-term assets consist of the following (in thousands):

	June 30	
	2015	2014
Notes receivable – primarily secured	\$ 1,143	\$ 1,546
Ownership interest in health-related activities – net	3,710	4,417
Other	4,537	4,889
	<u>\$ 9,390</u>	<u>\$ 10,852</u>

7. Accrued Liabilities and Other Current Liabilities

Accrued liabilities and other current liabilities consist of the following (in thousands):

	June 30	
	2015	2014
Wages and benefits	\$ 60,751	\$ 62,592
Out-of-network cost and IBNR	35,556	17,324
Provider fee payable	34,192	2,653
Other	34,363	38,063
	<u>\$ 164,862</u>	<u>\$ 120,632</u>

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans

DCHS maintains a single employer defined benefit retirement plan and participates in a multi-employer defined benefit retirement plan. The plans have been frozen for all employees, except members of the California Nurses Association (CNA). Benefits are generally based on age, years of service, and employee compensation. DCHS also offers postretirement health care benefits to a limited number of its employees. The postretirement health care benefits are determined based on age and years of service.

The first retirement plan is a multiemployer defined benefit pension plan called Retirement Plan for Hospital Employees (RPHE). The entities that participate in the RPHE are Seton Medical Center, Seton Medical Center Coastsides, O'Connor Hospital, Saint Louise Regional Hospital, and Caritas Business Services (however, as noted above, only CNA members at these locations earn new benefits under the plan). Benefits are generally based on years of service and the employee's compensation. Contributions to the plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants and satisfy IRS funding requirements. DCHS contributed cash of \$14,495,000 and \$14,788,000 to the RPHE during the fiscal years ended June 30, 2015 and 2014, respectively.

The second retirement plan is a single-employer defined benefit pension plan (the DCHS Retirement Plan). DCHS associates at St. Francis Medical Center, St. Vincent Medical Center, O'Connor Hospital, Saint Louise Regional Hospital and the system office are eligible to participate in this plan (however, as noted above, only CNA members continue to earn new benefits under the plan). DCHS contributed \$18,479,000 and \$19,333,000 to the DCHS Retirement Plan during the fiscal years ended June 30, 2015 and 2014, respectively.

DCHS also maintains a retiree health insurance program (the Postretirement Healthcare Plan) which provides medical benefits to retirees from early retirement to age 65 only. DCHS employees at O'Connor Hospital, St. Louise Regional Hospital, Seton Medical Center, and Seton Medical Center Coastsides are eligible to participate in this plan. The Postretirement Healthcare Plan is an unfunded plan. DCHS contributed \$98,000 and \$114,000 to the Postretirement Healthcare Plan during the fiscal years ended June 30, 2015 and 2014, respectively.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)**Defined Contribution Retirement Plans**

In addition to the above pension plans, DCHS maintains three different defined contribution retirement plans for its employees. One of these defined contribution plans (TSA/403(b)) includes employee voluntary contributions only. A second defined contribution plan (Match Benefit) requires employer contributions and the benefits are based on a percentage of the employees' contributions to the TSA/403(b). A third plan covers all employee groups, except members of the CNA and is a fully employer-paid defined contribution plan with benefits based on a percentage of compensation. During the fiscal years ended June 30, 2015 and 2014, the employer's contribution for these three defined contribution plans was \$24,472,000 and \$24,935,000, respectively.

Pension Plan Amendments

In April 2012, DCHS's largest union, SEIU, ratified freezing the defined benefit pension plan covering all its members in DCHS's six hospitals effective January 1, 2013 (the plan had previously been frozen for all nonunion employees). Upon freezing the defined benefit pension plan, DCHS introduced an employer-paid defined contribution plan (IRC 401(a)) for its SEIU members beginning January 1, 2013.

The funded status of the DCHS Retirement Plan and the Postretirement Healthcare Plan benefits is as follows (in thousands):

	June 30, 2015		June 30, 2014	
	DCHS Retirement Plan	Postretirement Healthcare Plan	DCHS Retirement Plan	Postretirement Healthcare Plan
Change in benefit obligation:				
Benefit obligation – beginning of year	\$ 505,523	\$ 5,002	\$ 458,316	\$ 4,678
Service cost	2,162	256	1,931	240
Interest cost	23,355	215	23,425	223
Actuarial loss (gain)	11,728	(1,719)	37,663	(25)
Benefits paid	(19,333)	(98)	(15,812)	(114)
Benefit obligation – end of year	\$ 523,435	\$ 3,656	\$ 505,523	\$ 5,002
Accumulated benefit obligation	\$ 515,437	\$ 3,656	\$ 493,968	\$ 5,002

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)

	June 30, 2015		June 30, 2014	
	DCHS Retirement Plan	Postretirement Healthcare Plan	DCHS Retirement Plan	Postretirement Healthcare Plan
Change in plan assets:				
Fair value of plan assets – beginning of year	\$ 275,058	\$ –	\$ 228,920	\$ –
Actual return on plan assets	3,271	–	44,231	–
Employer contribution	18,479	98	19,333	114
Benefits paid	(19,333)	(98)	(15,812)	(114)
Administrative expenses	(1,651)	–	(1,614)	–
Fair value of plan assets – end of year	\$ 275,824	\$ –	\$ 275,058	\$ –
Funded status	\$ (247,611)	\$ (3,656)	\$ (230,465)	\$ (5,002)

Amounts that have not yet been recognized as components of net period benefit cost are as follows (in thousands):

	June 30, 2015		June 30, 2014	
	DCHS Retirement Plan	Postretirement Healthcare Plan	DCHS Retirement Plan	Postretirement Healthcare Plan
Net actuarial loss (gain)	\$ 181,392	\$ (11,043)	\$ 157,007	\$ (10,211)
Prior service costs	–	352	–	424
Total amount not recognized	\$ 181,392	\$ (10,691)	\$ 157,007	\$ (9,787)

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)

The components of net period benefit cost and amounts recognized in the consolidated statements of operations and changes in net assets apart from expenses are as follows (in thousands):

	Year Ended June 30, 2015		Year Ended June 30, 2014	
	DCHS Retirement Plan	Postretirement Healthcare Plan	DCHS Retirement Plan	Postretirement Healthcare Plan
Components of net periodic benefit cost (income):				
Service cost	\$ 2,162	\$ 256	\$ 1,931	\$ 240
Interest cost	23,355	215	23,425	223
Expected return on plan assets	(18,503)	—	(16,209)	—
Net prior service cost amortization	—	72	—	72
Amortization of actuarial (loss) gain	4,226	(887)	3,438	(958)
Net periodic benefit cost (income)	<u>\$ 11,240</u>	<u>\$ (344)</u>	<u>\$ 12,585</u>	<u>\$ (423)</u>
Change in net assets apart from periodic benefit cost:				
Net actuarial loss (gain)	\$ 28,611	\$ (1,719)	\$ 11,255	\$ (25)
Deduct:				
Amortization of prior service cost	—	(72)	—	(72)
Amortization of actuarial (loss) gain	(4,226)	887	(3,438)	958
Total	<u>\$ 24,385</u>	<u>\$ (904)</u>	<u>\$ 7,817</u>	<u>\$ 861</u>

The estimated actuarial loss and prior service cost for the DCHS Retirement Plan that will be amortized into net periodic benefit cost over the next fiscal year is \$4,442,000 and \$42,000, respectively.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)**Assumptions**

The weighted-average assumptions used to determine benefit obligations and net period benefit costs, are as follows:

	June 30, 2015		June 30, 2014	
	DCHS Retirement Plan	Postretirement Healthcare Plan	DCHS Retirement Plan	Postretirement Healthcare Plan
Weighted-average assumptions used to determine benefit obligations:				
Discount rate	4.80%	4.55%	4.70%	4.40%
Rate of compensation increase	2.50%	N/A	3.50	N/A
Weighted-average assumptions used to determine net periodic benefit costs:				
Discount rate	4.70%	4.40%	5.20%	4.89%
Expected return on plan assets	7.25%	N/A	7.25	N/A
Rate of compensation increase	3.50%	N/A	3.50	N/A

Expected Return on Plan Assets

The DCHS Retirement Plan's estimated long-term rate of return on pension assets is driven primarily by historical asset-class returns, an assessment of expected future performance, advice from external actuarial firms, and the incorporation of specific asset-class risk factors. Asset allocations are periodically updated using pension plan asset/liabilities studies, and DCHS's estimated long-term rates of return are consistent with these studies. The DCHS Retirement Plan portfolio return assumption is 7.00% and 7.25% at June 30, 2015 and 2014, respectively.

Discount Rate

The discount rate assumptions used to determine the postretirement benefit plan obligations and expenses reflect the prevailing rate available on high-quality, fixed-income debt instruments. The rate was based on cash flow analysis that matched estimated future benefit payments to the bond discount yield curve as of June 30, 2015 and 2014.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)**Other Benefit Assumptions**

For the measurement of accumulated postretirement benefit obligations at June 30, 2015, the Postretirement Healthcare Plan assumed health care cost trend rates start at 8.00% in 2015 and decrease by 0.25-0.50% annually, reaching an ultimate rate of 5.50% in fiscal year 2023.

Plan Assets and Investment Strategy

The following information represents DCHS's pension plan assets measured at fair value and indicate the fair value hierarchy and valuation techniques utilized to determine such fair value (in thousands):

	June 30, 2015		
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)
Total Balance			
Cash equivalents	\$ 1,637	\$ 1,637	\$ —
Common collective trust funds	81,255	—	81,255
Fixed-income funds	95,983	—	95,983
Domestic stocks	24,670	24,670	—
Real estate equity investments	19,379	19,379	—
Foreign stock funds	52,900	—	52,900
Total plan assets	<u>\$ 275,824</u>	<u>\$ 45,686</u>	<u>\$ 230,138</u>

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)

	June 30, 2014		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	Total Balance		
Cash equivalents	\$ 3,770	\$ 3,770	\$ —
Common collective trust funds	78,701	—	78,701
Fixed-income funds	96,353	—	96,353
Domestic stocks	21,839	21,839	—
Real estate equity investments	19,330	19,330	—
Foreign stock funds	55,065	—	55,065
Total plan assets	<u>\$ 275,058</u>	<u>\$ 44,939</u>	<u>\$ 230,119</u>

As of June 30, 2015, \$1,587,000 of the plan's cash balance was held in a separate non-interest-bearing cash account for the purpose of claims disbursement by the plan's administrator.

DCHS's investment strategy for the assets of the DCHS Retirement Plan is designed to preserve principal while earning returns relative to the overall market consistent with a prudent level of risk. The strategy balances the liquidity needs of the DCHS Retirement Plan with the long-term return goals necessary to satisfy future obligations. The target asset allocation is diversified across traditional asset classes. Diversification is also achieved through participation in U.S. and non-U.S. markets, investment manager style, philosophy, and capitalization. The complementary investment styles and approaches used by investment managers are aimed at reducing volatility while capturing the equity premium from the capital markets over the long-term. Risk tolerance is established through consideration of plan liabilities, plan funded status, and DCHS's consolidated financial condition. Consistent with DCHS's fiduciary responsibilities, the fixed-income allocation generally provides for security of principal to meet near-term expenses and obligations. Periodic reviews of the market values and corresponding asset allocation percentages are performed to determine whether a rebalancing of the portfolio is necessary.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)

The following were the target asset allocations as of June 30, 2015, by major asset classification:

Common collective trust funds	5%
Fixed-income funds	38
Domestic stocks	30
Real estate equity investments	7
Foreign stock funds	20
Total plan assets	<u>100%</u>

Cash Contributions and Benefit Payments

DCHS expects to contribute \$12,467,000 to the DCHS Retirement Plan and \$172,000 to the Postretirement Healthcare Plan in 2016.

The benefit payments, which reflect expected future service, as appropriate, expected to be paid in each of the next five years, and in aggregate for the next five years are as follows (in thousands):

	DCHS Retirement Plan Benefits	Postretirement Healthcare Benefits
2016	\$ 18,672	\$ 172
2017	20,435	174
2018	22,300	209
2019	24,462	244
2020	26,425	290
Next five years	154,706	1,606

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)**Multiemployer Plan**

Certain affiliated entities in Northern California participate in multiemployer defined benefit retirement plans as described below (in thousands):

Plan	Pension Plan Employer Identification Number/Plan Number	Pension Protection Act Zone Status		Funding Improvement/ Rehabilitation Plan Status June 30, 2015
		June 30		
		2015	2014	
Retirement Plan for Hospital Employees	94-2995676/001	Green	Green	No

Pension Protection Act Zone Status (from worst to best):

Critical Status	Red
Seriously Endangered	Orange
Endangered	Yellow
None of the above	Green

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

8. Pension and Other Postretirement Benefit Plans (continued)

Plan	Pension Plan Employer Identification Number/Plan Number	Contributions			Surcharge Imposed (during 2013)	Collective Bargaining Agreement Expiration Date
		2016 (Expected)	2015	2014		
Retirement Plan for Hospital Employees	94-2995676/001	\$18,068	\$ 14,588	\$ 14,788	No	November 30, 2015

Since March 1, 2011, participant benefits were frozen for the non-contractual employees of the two participating affiliates in the Retirement Plan for Hospital Employees. Beginning January 1, 2013 participant benefits were frozen for all Service Employees International Union (SEIU) employees. Certain affiliates will continue to make periodic contributions as needed for eligible participants.

The contributions for the multiemployer plan were approximately 45% and 43% of the total contributions to the plans for June 30, 2015 and 2014, respectively. There are no minimum contributions required for future periods by the collective-bargaining agreements, statutory obligations, or other contractual obligations for both plans.

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if the affiliates choose to stop participating in the multiemployer plan, the affiliates may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

9. Debt

Long-term debt consists of the following (in thousands):

	June 30	
	2015	2014
California Statewide Communities Development Authority Revenue \$259 million Bonds Series 2005A, payable in varying installments through 2040, fixed interest rates ranging from 5.00% to 5.25%	\$ 253,150	\$ 256,170
California Statewide Communities Development Authority Revenue \$106 million Bonds Series 2005F, G, and H (St. Francis Medical Center), payable in varying annual installments through 2026, fixed interest rates ranging from 5.00% to 5.25%	25,530	28,305
Notes payable for Health Center One Mortgage, \$6.5 million face value, payable in monthly installments with a lump-sum payment in May 2018, fixed interest rate of 5.85%	5,506	5,674
Other	564	1,135
	284,750	291,284
Less current portion	6,833	6,607
	277,917	284,677
Plus bond premium	4,391	4,750
	\$ 282,308	\$ 289,427

Scheduled long-term principal debt payments as of June 30, 2015, are as follows (in thousands):

2016	\$ 6,833
2017	6,594
2018	11,879
2019	7,089
2020	7,455
Thereafter	244,900
	\$ 284,750

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

9. Debt (continued)

Obligated Group

DCHS and the local health ministries identified in Note 1 are the members of the Obligated Group established pursuant to a Master Trust Indenture dated December 1, 2001 (the Master Indenture), with U.S. Bank, National Association, as master trustee (the Master Trustee). DCHS and such local health ministries collectively are referred to as the Obligated Group or as “Members,” and each individually is sometimes referred to herein as a “Member.” The Obligated Group is jointly and severally liable for the debt outstanding under the Master Indenture.

The Series 2005 Bonds (the Revenue Bonds) are a limited obligation of California Statewide Communities Development Authority and are payable solely from payments made by the Obligated Group. Payment of principal and interest on the Revenue Bonds is secured by the property and equipment of each Member of the Obligated Group. Each of the Obligated Group Members has executed one or more deeds of trust pursuant to which the respective Obligated Group Member has granted to the trustee hereunder, as trustee for the benefit of the Master Trustee, a first lien on, and security interest in, the Hospitals and other parcels of property owned by such Obligated Group Members, subject to permitted liens, as security for the performance of the Obligated Group Members’ obligations under the Master Indenture. Additionally, each of the Obligated Group Members has created a gross revenue fund with its depository bank to further secure its gross revenues for the benefit of the Master Trustee.

The Obligated Group’s financing agreements contain restrictive covenants, including maintenance of a debt ratio, limitations on the amount of any additional borrowings, and limitations on the disposal or transfer of assets to nonobligated group members. Additionally, the financing agreements require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding. The Obligated Group has complied with such financial covenants and restrictions at June 30, 2015.

Loan Forgiveness and Contributions To Pay Off Debts

On September 12, 2013, The Daughters of Charity Foundation (DOCF), an organization separate and independent from DCHS, unconditionally forgave the line of credit that was owed by DCHS to DOCF, amounting to \$12,408,000 as of that date. This balance was part of DCHS’ notes payable to DOCF payable in monthly installments through 2032.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

9. Debt (continued)

In October 2013, DOCF made a restricted donation of \$130,000,000 for the benefit of DCHS by depositing sufficient funds with the bond trustee to redeem the \$143,655,000 principal amount of the California Statewide Development Authority Revenue Bonds Series 2008A Bonds. The Series 2008A Bonds were redeemed at par on October 25, 2013. The Series 2008A Bonds included a debt service reserve fund of \$13,655,000, which was released as part of the redemption.

DCHS recognized the contributions made by DOCF aggregating \$130,000,000 as contribution revenue on the consolidated statement of operations and changes in net assets for the year ended June 30, 2014.

Short-Term Debt

On July 30, 2014, DCHS borrowed \$110,000,000 from the California Statewide Communication Development Authority (CSCDA) in two series of bonds: the \$100,000,000 CSCDA Revenue Bonds (Daughters of Charity Health System) Series 2014A (the “2014 Series A Bonds”) and the \$10,000,000 CSCDA Revenue Bonds (Daughters of Charity Health System) Series 2014 B (the “2014 Series B Bonds”). On August 28, 2014, DCHS borrowed an additional \$15,000,000 from the CSCDA pursuant to the \$15,000,000 CSCDA Revenue Bonds (Daughters of Charity Health System) Series 2014C (the “2014 Series C Bonds”) (collectively, the “Series 2014 Bonds”). The Series 2014 Bonds are supported by obligations issued pursuant to the DCHS Master Trust Indenture dated as of December 1, 2001.

The Series 2014 Bonds are secured by: (1) a first priority lien on the accounts receivable of St. Francis Medical Center, St. Vincent Medical Center, O’Connor Hospital, Saint Louise Regional Hospital, Seton Medical Center and Seton Coastside as a division of Seton Medical Center; and (2) first priority Deeds of Trust and related subordination agreements with the master trustee on certain property of St. Francis Medical Center and Saint Louise Regional Hospital (collectively, the 2014 Priority Assets). The Master Trustee has subordinated its interest in the 2014 Priority Assets to the Series 2014 Bond trustee. The Series 2014 Bonds are also secured by a parity lien under the master indenture.

The Series 2014 Bonds had an initial maturity date of July 10, 2015. That maturity date has been extended to December 15, 2015, and the Series 2014 Bonds are recorded as short-term debt on the DCHS consolidated balance sheets. Interest accrues at the rate of 6% and is paid on a monthly basis. The total proceeds of the Series 2014 Bonds have been deposited with the trustee,

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

9. Debt (continued)

with funds made available to DCHS subject to the satisfaction of certain conditions. On June 29, 2015, debt redemption was made in the amount of \$1,145,000 which reduced the outstanding principal balance to \$123,855,000 as of June 30, 2015. DCHS has drawn down \$47,600,000 of funds from the Series 2014 Bonds, excluding the debt redemption of \$1,145,000 as of June 30, 2015.

Fair Values

The fair value of debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities. The estimated fair values of the DCHS's debt instruments as of June 30, 2015 and 2014, are \$393,704,000 and \$277,294,000, respectively, and are valued using Level 2 inputs. The reported fair value of DCHS's debt instrument excludes the full value of an irrevocable principal pre-payment of \$5,795,000 and \$5,510,000 made as of June 30, 2015 and 2014, respectively. The fair value amounts do not represent the amount that would be required to expend to retire the indebtedness.

10. Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are available for the following purposes (in thousands):

	June 30	
	2015	2014
Equipment and expansion	\$ 4,823	\$ 9,322
Research and education	2,965	3,033
Charity and other	7,665	15,709
Total temporarily restricted net assets	15,453	28,064
Permanently restricted net assets	8,207	9,154
Total restricted net assets	\$ 23,660	\$ 37,218

Equipment and expansion relate to assets held by DCHS, which are restricted by donors or grantors to be used specifically for equipment, capital projects, or other capital needs.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets (continued)

Research and education relate to assets held by DCHS, which are restricted by donors or grantors to be used in specific research or education programs.

Charity and other relate mainly to assets held by DCHS, which are restricted by donors or grantors to be used in specific health care programs for charity care and other medical and patient services.

Permanently restricted net assets of \$8,207,000 and \$9,154,000 at June 30, 2015 and 2014, respectively, are restricted to investments to be held in perpetuity, with the income expendable to support DCHS's mission.

Endowments

DCHS and five of its consolidated charitable foundations follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminates the concept of "historic dollar value" and allows an institution to spend or accumulate as the board determines is prudent for the uses, benefits, purposes, and duration of the endowment fund unless the gift instrument states a particular spending rate or formula. California's version of UPMIFA also includes a rebuttable provision that spending greater than 7% of the average fair market value (calculated at least quarterly over a minimal period of three years) is presumed to be imprudent.

In accordance with UPMIFA, DCHS considers the following factors when appropriating or accumulating an endowment fund: (i) general economic conditions, (ii) effects of inflation and deflation, (iii) the purposes of the institution and the endowment fund, (iv) expected total return from income and appreciation of investments, (v) DCHS's other resources, (vi) the duration and preservation of the endowment fund, and (vii) DCHS's investment policies.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires DCHS to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were not material as of June 30, 2015 and 2014. These deficiencies resulted from unfavorable investment market fluctuations.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets (continued)

DCHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the boards of trustees of the charitable foundations, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, DCHS relies on a balanced investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). DCHS targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The endowment net asset composition by type of fund consists of the following (in thousands):

June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 596	\$ 778	\$ 8,207	\$ 9,581
Total funds	\$ 596	\$ 778	\$ 8,207	\$ 9,581

June 30, 2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 1,259	\$ 1,013	\$ 9,154	\$ 11,426
Total funds	\$ 1,259	\$ 1,013	\$ 9,154	\$ 11,426

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets (continued)

The changes in endowment net assets are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2013	\$ 496	\$ 781	\$ 9,280	\$ 10,557
Net gains – realized and unrealized	763	232	354	1,349
Other	–	–	(480)	(480)
Balance at June 30, 2014	1,259	1,013	9,154	11,426
Net losses – realized and unrealized	(663)	(235)	(562)	(1,460)
Other	–	–	(385)	(385)
Balance at June 30, 2015	<u>\$ 596</u>	<u>\$ 778</u>	<u>\$ 8,207</u>	<u>\$ 9,581</u>

11. Commitments and Contingent Liabilities**Standby Letter of Credit**

Marillac, a subsidiary of DCHS, pledged \$25,850,000 of its assets as of June 30, 2015 and 2014, to support a standby letter of credit in favor of Old Republic Insurance Company (ORIC), one of the parent's insurers.

Litigation

Certain entities of DCHS are defendants in various actions arising from their health care service activities. It is the opinion of management, after consulting with legal counsel, that such actions will not have a material adverse effect on DCHS's consolidated financial position or results of operations as of June 30, 2015. Therefore, based on the information provided by its legal counsel, DCHS has accrued \$1,369,000 and \$1,515,000 as of June 30, 2015 and 2014, respectively, which were related to certain of these actions. DCHS evaluates recoveries from insurance coverage separately from its liability, and when appropriate, an asset is recorded separately from the associated liability.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)

As part of its ongoing compliance program, DCHS routinely reviews arrangements between physicians and its hospitals. In September and October 2013, DCHS made a voluntary self-disclosure to the federal government (in accordance with federal self-disclosure guidelines) related to certain financial arrangements between physicians and one of its hospitals, Seton Medical Center (SMC), that might constitute potential violations of federal regulatory standards. Pursuant to a settlement agreement entered into by SMC with CMS, effective as of November 6, 2015, SMC paid to CMS the sum of \$815,000, and CMS agreed to release SMC from administrative liabilities and claims under section 1877(g)(1) of the Social Security Act relating to the matters addressed in the voluntary self-disclosure.

DCHS and certain other entities and individuals have been named as defendants in a punitive class action complaint under ERISA. The complaint alleges that DCHS's Retirement plan, a defined benefit "church plan" exempt from ERISA, is not a "church plan" and seeks orders, among other relief, requiring the plan to be brought into compliance with ERISA's minimum funding, reporting, and other administrative requirements. The proceeding is in its initial stage and is stayed through December 15, 2015. At this time, management cannot accurately estimate the amounts of any payments or settlements that might result, or if additional related issues will arise. There can be no guarantee that any resulting payments or settlements will not have a material adverse impact on DCHS's consolidated financial position or results of operations.

DCHS is a named defendant in a breach of contract, unjust enrichment, and declaratory relief complaint filed by Prime Healthcare Services, Inc. and Prime Healthcare Foundation, Inc. and captioned Prime Healthcare Services, Inc., et al., vs. Blue Mountain Management Capital, et al., in the Superior Court of California, County of San Bernardino, San Bernardino Justice Center. The complaint alleges that DCHS and the other defendants materially breached the Definitive Agreement entered into between Prime Healthcare Services, Inc., Prime Healthcare Foundation, Inc. and DCHS in October 2014 and that the defendants also unjustly enriched themselves at the Plaintiff's expense and seeks, among other relief, \$135 million in damages. At this time, management cannot accurately estimate the amounts of any payments or settlements that might result, or if additional related issues will arise. There can be no guarantee that any resulting payments or settlements will not have a material adverse impact on DCHS's consolidated financial position or results of operations.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)**Laws and Regulations**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters, such as licensure, accreditation, government health care program participation requirements, reimbursement laws and regulations, anti-referral laws, and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, and anti-referral statutes and regulations by health care providers. Certain entities of DCHS are subject to such laws and regulations and to governmental investigations, whistle-blower lawsuits, and other legal proceedings concerning such laws and regulations. Violations of these laws and regulations could result in expulsion from government health care programs, as well as imposition of significant fines and penalties and significant repayments for patient services previously reimbursed.

DCHS had 6,937 employees as of June 30, 2015, of whom just over 5,569 are full-time employees. Approximately 72% of these employees are employed by DCHS entities and are represented by collective bargaining units. Majority of the employees are represented by collective bargaining agreements with Service Employees International Union (SEIU) and California Nurses Association (CNA). The agreement with SEIU, representing 37% of these employees, will expire on November 30, 2015, and the agreement with CNA, representing 22% of these employees, will expire on April 30, 2016. These contracts are currently in the process of being negotiated. Employee strikes or other adverse labor actions may have a material adverse impact on DCHS's consolidated financial position or results of operations.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)**Lease Commitments**

Future minimum lease payments under DCHS's significant non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2015, are as follows (in thousands):

	Operating Leases
2016	\$ 11,030
2017	7,060
2018	4,135
2019	2,450
2020	2,134
Thereafter	5,415
	<u>\$ 32,224</u>

Rent expense was \$22,318,000 and \$22,042,000 for the years ended June 30, 2015 and 2014, respectively.

Seismic Standards

DCHS assessed its earthquake retrofit requirements for health care facilities under a state of California law (SB90) that can allow a delay of up to seven years from the January 1, 2013, deadline for Structural Performance Category 1 (SPC-1) retrofits. This affects six buildings at three of DCHS's hospitals. The previously reported seventh building, the St. Vincent Medical Center Central Plant, has been upgraded to SPC-2 status. Extensions have been approved by the Office of Statewide Health Planning and Development as follows:

St. Vincent Medical Center Main Hospital must meet SP-2 standards by January 1, 2019. St. Vincent Medical Center Doheny Wing must meet SP-2 standards by July 1, 2019.

O'Connor Hospital 1953 Building must meet SPC-2 standards by July 1, 2019. O'Connor Hospital 1953 Boiler Plant/Laundry must meet SPC-2 standards by January 1, 2019.

Seton Medical Center Main Tower and Seton Medical Center Front Wing must meet SP-2 standards by July 1, 2019.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

12. Subsequent Events

DCHS has evaluated subsequent events and disclosed all material events through November 16, 2015, which is the date these consolidated financial statements of DCHS were issued.

Sale Announcement

On July 17, 2015, Parent and Ministry Services executed the System Restructuring and Support Agreement (System Agreement) to change the governance of and recapitalize Parent and the other entities comprising DCHS in partnership with certain funds managed by Blue Mountain Capital Management LLC (with its affiliates, "Blue Mountain") and Blue Mountain's subsidiary, Integrity Healthcare, Inc. (Integrity) (collectively, the "Transaction"). Under the System Agreement, a new, independent board will replace the existing members of the board of directors of Parent. Parent and its subsidiaries will be converted from religious corporations to public benefit corporations, the name of Parent will be changed to Verity Health System, and the Daughters of Charity will cease to sponsor DCHS. It is expected that Parent and its nonprofit subsidiaries will continue to be organizations described in Section 501(c) (3) of the Internal Revenue Code, based on a determination by the Internal Revenue Service and a group ruling, applications for which are pending. Blue Mountain will provide DCHS with \$100,000,000 of funding in exchange for the lease of IT assets and purchase options to acquire the assets of DCHS exercisable between the third and fifteenth years after the closing of the Transaction. In addition, Blue Mountain and certain affiliated lenders have committed to provide DCHS with a senior secured line of credit of not less than \$150,000,000 and not exceeding \$160,000,000. DCHS intends to apply a portion of the proceeds of the line of credit at closing to, among other uses, repay in full the Series 2014 Bonds. The balance of the funds available under the line of credit and the proceeds of the acquisition price of the purchase options and IT assets lease are intended to provide DCHS with substantial new operating liquidity. At closing of the Transaction, Integrity and the Verity Health System will enter into an agreement under which Integrity will provide executive management services to Verity Health System under the direction of Verity Health System's independent board. After closing of the Transaction, Verity Health System and the other entities comprising the health system will be non-profit, tax-exempt California public benefit corporations. Verity Health System shall continue to hold all of DCHS's existing liabilities, including pensions and the Series 2005 Bonds, which will remain outstanding and payable in accordance with their terms. There will be no change in the composition of the Obligated Group. The Transaction is subject to regulatory approval and, accordingly, there can be no assurance that the Transaction will be consummated.

Daughters of Charity Health System

Notes to Consolidated Financial Statements (continued)

12. Subsequent Events (continued)

In the event that the Transaction does not close, the Board of DCHS will consider all alternatives, which may include seeking alternative transactions, closure of facilities, and use of bankruptcy proceedings to accomplish alternatives.

Supplementary Schedules



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Report of Independent Auditors on Supplementary Information

The Board of Directors
Daughters of Charity Health System

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Daughters of Charity Health System as of and for the year ended June 30, 2015, and have issued an unmodified opinion report thereon dated November 16, 2015. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statement schedules for Daughters of Charity Health System are presented for the purposes of additional analysis and are 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 audit 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 auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

November 16, 2015

Daughters of Charity Health System

Consolidating Balance Sheet

As of June 30, 2015
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Hospital	St. Vincent Medical Center	CHS System Office	Eliminations	Obligated Group Subtotal
Assets									
Current assets:									
Cash and cash equivalents	\$ 13,758	\$ 11,682	\$ 255	\$ 36,463	\$ 11,485	\$ 8,908	\$ 12,891	\$ -	\$ 95,442
Subtotal	13,758	11,682	255	36,463	11,485	8,908	12,891	-	95,442
Patient accounts receivable, net of allowance for doubtful accounts of \$30,678	28,752	27,371	2,485	56,191	10,301	25,966	-	-	151,066
Due from government agencies	2,239	1,761	-	10,455	141	8,025	-	-	22,621
Due from related organizations	7,857	20,715	163	218,660	5,852	13,937	24,280	(261,149)	30,315
Other current assets	16,300	18,192	128	51,345	5,404	13,299	7,744	-	112,412
Other restricted assets	15,997	9,382	274	-	14,160	36,399	-	-	76,212
Total current assets	84,903	89,103	3,305	373,114	47,343	106,534	44,915	(261,149)	488,068
Assets limited as to use:									
Other investments	-	-	-	-	-	3,030	-	-	3,030
Under bond indenture agreements	-	-	-	-	-	-	25,871	-	25,871
Total assets limited as to use	-	-	-	-	-	3,030	25,871	-	28,901
Property and equipment – net	46,110	37,593	1,511	111,174	19,150	61,735	46	-	277,319
Other long-term assets	88	35	2	523	149	732	4,703	-	6,232
Total	\$ 131,101	\$ 126,731	\$ 4,818	\$ 484,811	\$ 66,642	\$ 172,031	\$ 75,535	\$ (261,149)	\$ 800,520

Patient accounts receivable, net of allowance for doubtful accounts of \$30,678
Due from government agencies
Due from related organizations
Other current assets
Other restricted assets
Total current assets

Assets limited as to use:
Other investments
Under bond indenture agreements
Total assets limited as to use

Property and equipment – net
Other long-term assets
Total

Daughters of Charity Health System
Consolidating Balance Sheet (continued)

As of June 30, 2015
(In Thousands)

	Obligated Group	Marillac Insurance Company Ltd	DCHS Medical Foundation	Caritas Business Services	Other Entities	Eliminations	DCHS
Assets							
Current assets:							
Cash and cash equivalents	\$ 95,442	\$ 5,372	\$ 1,290	\$ 2,341	\$ 3,985	\$ -	\$ 108,430
Subtotal	95,442	5,372	1,290	2,341	3,985	-	108,430
Patient accounts receivable, net of allowance for doubtful accounts of \$30,678	151,066	-	4,890	-	793	-	156,749
Due from government agencies	22,621	-	-	-	-	-	22,621
Due from related organizations	30,315	-	3,149	1,414	1	(34,879)	-
Other current assets	112,412	7,024	1,941	151	3,837	(4,106)	121,259
Other restricted assets	76,212	-	-	-	-	-	76,212
Total current assets	488,068	12,396	11,270	3,906	8,616	(38,985)	485,271
Assets limited as to use:							
Other investments	3,030	46,722	-	-	15,063	-	64,815
Under bond indenture agreements	25,871	-	-	-	-	-	25,871
Total assets limited as to use	28,901	46,722	-	-	15,063	-	90,686
Property and equipment – net	277,319	-	4,264	324	308	-	282,215
Other long-term assets	6,232	-	606	120	2,489	(57)	9,390
Total	\$ 800,520	\$ 59,118	\$ 16,140	\$ 4,350	\$ 26,476	\$ (39,042)	\$ 867,562

Daughters of Charity Health System

Consolidating Balance Sheet (continued)

As of June 30, 2015
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Hospital	St. Vincent Medical Center	CHS System Office	Eliminations	Obligated Group Subtotal
Liabilities and net (deficit) assets									
Current liabilities:									
Accounts payable	\$ 9,032	\$ 7,212	\$ 308	\$ 9,058	\$ 2,371	\$ 7,453	\$ 7,152	\$ -	\$ 42,586
Accrued liabilities and other current liabilities	28,023	26,987	1,373	62,948	7,936	23,675	1,993	-	152,935
Current portion of long-term debt	836	807	-	3,489	399	737	-	-	6,268
Short-term debt	25,998	15,247	446	-	23,012	59,153	-	-	123,856
Due to government agencies	337	305	597	3,475	-	673	-	-	5,387
Due to related organizations	75,198	37,463	16,698	151	40,614	95,589	-	(261,149)	4,564
Total current liabilities	139,424	88,021	19,422	79,121	74,332	187,280	9,145	(261,149)	335,596
Pension obligations	56,163	1,390	127	95,173	5,570	73,964	18,880	-	251,267
Workers comp & HPL/GL	-	-	-	-	-	-	5,594	-	5,594
Other liabilities	291	1,149	1	167	-	2,147	(1)	-	3,754
Long-term debt -- net of current portion	55,182	61,105	-	75,626	30,197	55,808	4,391	-	282,309
Total liabilities	251,060	151,665	19,550	250,087	110,099	319,199	38,009	(261,149)	878,520
Net (deficit) assets:									
Unrestricted	(119,959)	(24,934)	(14,732)	234,636	(43,457)	(150,522)	37,526	-	(81,442)
Temporarily restricted	-	-	-	88	-	620	-	-	708
Permanently restricted	-	-	-	-	-	2,734	-	-	2,734
Total net (deficit) assets	(119,959)	(24,934)	(14,732)	234,724	(43,457)	(147,168)	37,526	-	(78,000)
Total liabilities and net (deficit) assets	\$ 131,101	\$ 126,731	\$ 4,818	\$ 484,811	\$ 66,642	\$ 172,031	\$ 75,535	\$ (261,149)	\$ 800,520

Daughters of Charity Health System

Consolidating Balance Sheet (continued)

As of June 30, 2015
(In Thousands)

	Obligated Group	Marillac Insurance Company	DCHS Medical Foundation	Caritas Business Services	Capital Other Assets	Eliminations	DCHS Total
Liabilities and net (deficit) assets							
Current liabilities:							
Accounts payable	\$ 42,586	\$ -	\$ 3,344	\$ 174	\$ 92	\$ 1	\$ 46,197
Accrued liabilities and other current liabilities	152,935	2,737	7,172	1,817	212	(11)	164,862
Current portion of long-term debt	6,268	-	565	-	-	-	6,833
Short-term debt	123,856	-	-	-	-	(1)	123,855
Due to government agencies	5,387	-	-	-	-	-	5,387
Due to related organizations	4,564	-	176	235	29,905	(34,880)	-
Total current liabilities	335,596	2,737	11,257	2,226	30,209	(34,891)	347,134
Pension obligations	251,267	-	-	-	-	-	251,267
Workers comp & HPL/GL	5,594	44,148	-	-	-	(4,148)	45,594
Other liabilities	3,754	1	(1)	-	256	(2)	4,008
Long-term debt - net of current portion	282,309	-	-	-	-	(1)	282,308
Total liabilities	878,520	46,886	11,256	2,226	30,465	(39,042)	930,311
Net (deficit) assets:							
Unrestricted	(81,442)	12,232	4,884	2,124	(24,207)	-	(86,409)
Temporarily restricted	708	-	-	-	14,745	-	15,453
Permanently restricted	2,734	-	-	-	5,473	-	8,207
Total net (deficit) assets	(78,000)	12,232	4,884	2,124	(3,989)	-	(62,749)
Total liabilities and net (deficit) assets	\$ 800,520	\$ 59,118	\$ 16,140	\$ 4,350	\$ 26,476	\$ (39,042)	\$ 867,562

Daughters of Charity Health System

Consolidating Statement of Operations

For the Year Ended June 30, 2015
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Hospital	St. Vincent Medical Center	CHS System Office	Eliminations	Obligated Group Subtotal
Unrestricted revenues and other support:									
Net patient service revenue	\$ 291,015	\$ 234,141	\$ 19,252	\$ 434,247	\$ 88,173	\$ 197,503	\$ -	\$ -	\$ 1,264,331
Provision for doubtful accounts	(7,822)	(5,853)	(992)	(9,903)	(2,469)	(5,012)	-	-	(32,051)
Net patient service revenue less provision for doubtful accounts	283,193	228,288	18,260	424,344	85,704	192,491	-	-	1,232,280
Premium revenue	-	-	-	77,330	-	16,205	-	-	93,535
Other revenue	9,227	20,636	478	6,371	1,879	5,779	76,417	(73,888)	46,899
Contributions	125	357	-	5,620	135	1,835	-	-	8,072
Total unrestricted revenues and other support	292,545	249,281	18,738	513,665	87,718	216,310	76,417	(73,888)	1,380,786
Expenses:									
Salaries and benefits	186,369	153,249	16,180	197,751	56,359	99,964	15,636	-	725,508
Supplies	43,779	32,163	1,769	34,873	7,900	40,031	(3,549)	-	156,966
Purchased services and other	81,347	70,476	3,174	188,501	24,531	94,456	61,727	(73,888)	450,324
Depreciation and amortization	11,178	10,008	328	17,344	5,628	12,609	25	-	57,120
Interest, net	4,505	3,743	19	3,882	3,137	6,943	35	-	22,264
Long-lived asset impairment	-	-	-	-	-	10,000	-	-	10,000
Total expenses	327,178	269,639	21,470	442,351	97,555	264,003	73,874	(73,888)	1,422,182
Operating (loss) income	(34,633)	(20,358)	(2,732)	71,314	(9,837)	(47,693)	2,543	-	(41,396)
Investment income	(1)	(1)	-	683	(1)	(25)	7,030	-	7,685
(Deficiency) excess of revenues over expenses	(34,634)	(20,359)	(2,732)	71,997	(9,838)	(47,718)	9,573	-	(33,711)

Unrestricted revenues and other support:

Net patient service revenue

Provision for doubtful accounts

Net patient service revenue less

provision for doubtful accounts

Premium revenue

Other revenue

Contributions

Total unrestricted revenues and other support

Expenses:

Salaries and benefits

Supplies

Purchased services and other

Depreciation and amortization

Interest, net

Long-lived asset impairment

Total expenses

Operating (loss) income

Investment income

(Deficiency) excess of revenues over expenses

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Daughters of Charity Health System
Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2015
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Hospital	St. Vincent Medical Center	CHS System Office	Eliminations	Obligated Group Subtotal
Change in funded status of pension plans	\$ (2,398)	\$ 314	\$ 67	\$ (12,393)	\$ 855	\$ (7,968)	\$ (1,860)	\$ -	\$ (23,383)
Other	(15,365)	504	(30)	(2,164)	(361)	371	(1,769)	-	(18,814)
Net assets released from restrictions used for for purchase of property and equipment	1,481	354	-	648	491	1,711	-	-	4,685
(Decrease) increase in unrestricted net assets	\$ (50,916)	\$ (19,187)	\$ (2,695)	\$ 58,088	\$ (8,853)	\$ (53,604)	\$ 5,944	\$ -	\$ (71,223)

Change in funded status of pension plans
Other
Net assets released from restrictions used for
for purchase of property and equipment
(Decrease) increase in unrestricted net assets

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Daughters of Charity Health System
Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2015
(In Thousands)

	Obligated Group	Marillac Insurance Company	Caritas Business Services	DCHS Medical Foundation	All Other Entities	Eliminations	DCHS Total
Unrestricted revenues and other support:							
Net patient service revenue	\$ 1,264,331	\$ -	\$ -	\$ 46,487	\$ 4,332	\$ -	\$ 1,315,150
Provision for doubtful accounts	(32,051)	-	-	-	148	-	(31,903)
Net patient service revenue less provision for doubtful accounts	1,232,280	-	-	46,487	4,480	-	1,283,247
Premium revenue	93,535	-	-	34,414	-	367	128,316
Other revenue	46,899	12,679	17,000	4,101	47	(36,420)	44,306
Contributions	8,072	-	-	-	249	-	8,321
Total unrestricted revenues and other support	1,380,786	12,679	17,000	85,002	4,776	(36,053)	1,464,190
Expenses:							
Salaries and benefits	725,508	-	13,781	28,880	5,120	(13,781)	759,508
Supplies	156,966	-	91	8,121	1,194	(91)	166,281
Purchased services and other	450,324	13,396	2,990	73,197	1,354	(22,043)	519,218
Depreciation and amortization	57,120	-	138	3,304	33	(138)	60,457
Interest, net	22,264	-	-	286	-	-	22,550
Long-lived asset impairment	10,000	-	-	-	-	-	10,000
Total expenses	1,422,182	13,396	17,000	113,788	7,701	(36,053)	1,538,014
Operating (loss) income	(41,396)	(717)	-	(28,786)	(2,925)	-	(73,824)
Investment income	7,685	246	-	(9)	(46)	(4,000)	3,876
(Deficiency) excess of revenues over expenses	(33,711)	(471)	-	(28,795)	(2,971)	(4,000)	(69,948)

Daughters of Charity Health System
Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2015
(In Thousands)

	Obligated Group	Marillac Insurance Company	Caritas Business Services	DCHS Medical Foundation	All Other Entities	Eliminations	DCHS Total
Change in funded status of pension plans	\$ (23,383)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (23,383)
Other	(18,814)	(4,000)	—	21,426	(2,036)	4,000	576
Net assets released from restrictions used for for purchase of property and equipment	4,685	—	—	—	—	—	4,685
(Decrease) increase in unrestricted net assets	\$ (71,223)	\$ (4,471)	\$ —	\$ (7,369)	\$ (3,007)	\$ —	\$ (88,070)

Case 18-bk-2015-1-ER Doc 2305-2 Filed 05/02/19 Entered 05/02/19 16:53:3 Desc Exhibit 1 Part 2 Page 133 of 251

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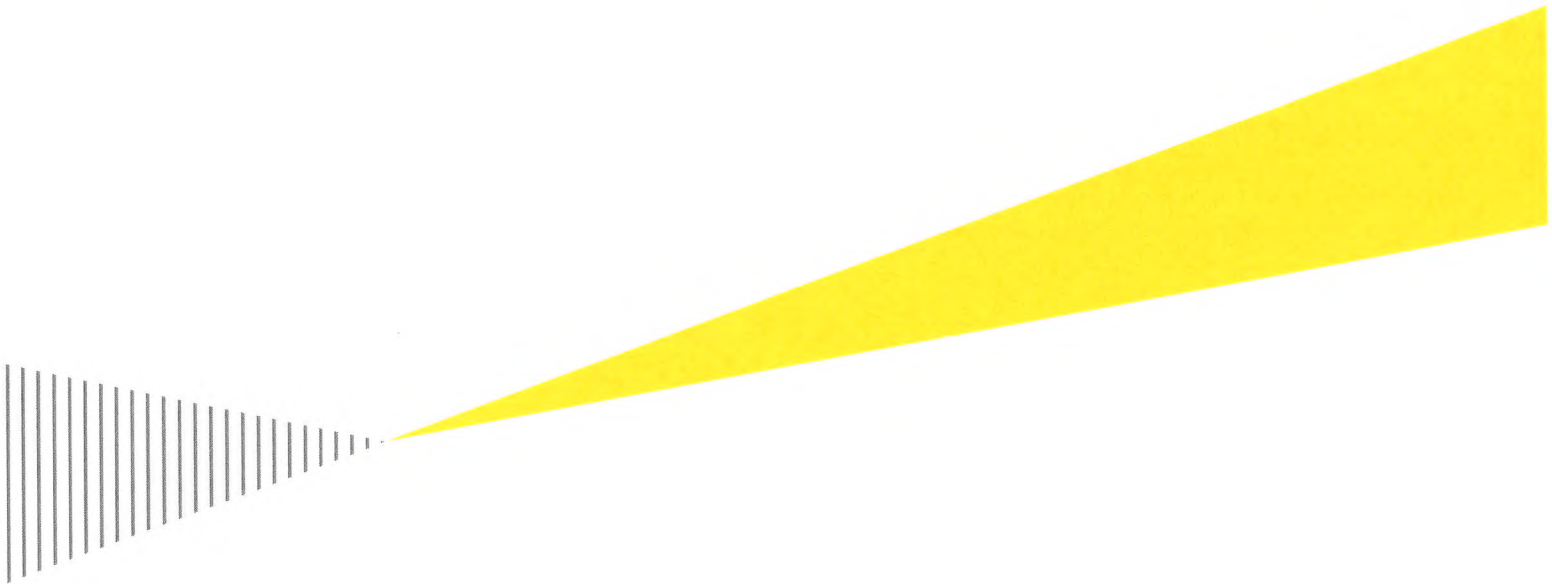
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CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)
As of and for the Years Ended June 30, 2016 and 2015
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Financial Statements and Supplementary Schedules

As of and for the Years Ended June 30, 2016 and 2015

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Report of Independent Auditors

The Board of Directors
Verity Health System of California, Inc.

We have audited the accompanying consolidated financial statements of Verity Health System of California, Inc., which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations and changes in net (deficit) 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 did not audit the financial statements of Marillac Insurance Company, Ltd. (Marillac), a wholly-owned subsidiary, which statements reflect total assets constituting 7.40% as of June 30, 2016, and 6.81% as of June 30, 2015, and total revenues constituting 1.00% in 2016 and 0.88% in 2015 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Marillac, is based solely on the report of the other auditors. 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, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Verity Health System of California, Inc. at June 30, 2016 and 2015, and the consolidated results of its operations and changes in net (deficit) assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

December 8, 2016

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Balance Sheets
(In Thousands)

	June 30	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 66,357	\$ 108,430
Patient accounts receivable, net of allowance for doubtful accounts of \$32 million and \$31 million in 2016 and 2015, respectively	160,324	156,749
Due from government agencies	20,137	22,621
Other current assets	106,273	121,259
Other restricted assets	12,074	76,212
Total current assets	<u>365,165</u>	<u>485,271</u>
Assets limited as to use:		
Other investments	112,243	64,815
Under bond indenture agreements	25,154	25,871
Total assets limited as to use	<u>137,397</u>	<u>90,686</u>
Property and equipment, net	244,912	282,215
Other long-term assets	10,361	9,390
Total assets	<u>\$ 757,835</u>	<u>\$ 867,562</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 36,362	\$ 46,197
Accrued liabilities and other current liabilities	217,403	164,862
Current portion of long-term debt	6,647	6,833
Short-term debt	—	123,855
Due to government agencies	1,155	5,387
Total current liabilities	<u>261,567</u>	<u>347,134</u>
Pension obligations	301,527	251,267
Workers' compensation and hospital professional and general liability	33,547	45,594
Other liabilities	33,366	4,008
Long-term debt – net of current portion	380,356	282,308
Total liabilities	<u>1,010,363</u>	<u>930,311</u>
Net (deficit) assets:		
Unrestricted	(333,995)	(86,409)
Temporarily restricted	73,330	15,453
Permanently restricted	8,137	8,207
Total net deficit	<u>(252,528)</u>	<u>(62,749)</u>
Total liabilities and net assets	<u>\$ 757,835</u>	<u>\$ 867,562</u>

See accompanying notes.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Statements of Operations and
Changes in Net (Deficit) Assets
(In Thousands)

	Year Ended June 30	
	2016	2015
Unrestricted revenues and other support		
Net patient service revenue	\$ 1,161,679	\$ 1,315,150
Provision for doubtful accounts	(26,734)	(31,903)
Net patient service revenue less provision for doubtful accounts	1,134,945	1,283,247
Premium revenue	122,849	128,316
Other operating revenue	22,962	44,306
Contributions	16,645	8,321
Total unrestricted revenues and other support	1,297,401	1,464,190
Expenses:		
Salaries and benefits	723,281	759,508
Supplies	165,417	166,281
Purchased services and other	537,281	519,218
Depreciation and amortization	48,308	60,457
Interest – net	20,593	22,550
Long-lived assets impairment loss	–	10,000
Total expenses	1,494,880	1,538,014
Operating loss	(197,479)	(73,824)
Investment income	2,050	3,876
Deficiency of revenues over expenses	(195,429)	(69,948)
Change in pension liability	(53,981)	(23,383)
Other	(58)	576
Net assets released from restrictions used for purchase of property and equipment	1,882	4,685
Decrease in unrestricted net assets	(247,586)	(88,070)
Temporarily restricted net assets		
Contributions	76,152	2,464
Net realized and unrealized gains on investments	12	(3)
Net assets released from restrictions:		
Operations	(16,275)	(7,872)
Property, plant, and equipment	(1,780)	(4,685)
Other	(232)	(2,515)
Increase (decrease) in temporarily restricted net assets	57,877	(12,611)

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Statements of Operations and
Changes in Net (Deficit) Assets (continued)
(In Thousands)

	Year Ended June 30	
	2016	2015
Permanently restricted net assets		
Net realized and unrealized losses on investments	\$ (73)	\$ (562)
Contributions	107	—
Other	(104)	(385)
Decrease in permanently restricted net assets	(70)	(947)
Decrease in net assets	(189,779)	(101,628)
Net (deficit) assets, beginning of year	(62,749)	38,879
Net deficit, end of year	<u>\$ (252,528)</u>	<u>\$ (62,749)</u>

See accompanying notes.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2016	2015
Operating activities		
Decrease in net assets	\$ (189,779)	(101,628)
Adjustments to reconcile decrease in net (deficit) assets to net cash used in operating activities:		
Depreciation and amortization	48,397	60,457
Provision for doubtful accounts	26,734	31,903
Changes in fair value and unrealized and realized losses (gains) on investment, net	(694)	(2,920)
Amortization of bond premium	(359)	(359)
Amortization of deferred debt issuance cost	270	394
Pension related changes	52,326	23,383
Long-lived asset impairment	—	10,000
Gain on disposal of property and equipment	(2,584)	(253)
Loss on sale of physician practice	—	27
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(30,310)	(25,083)
Due to/from government agencies	(1,748)	(7,188)
Other current assets	77,983	(71,751)
Other long-term assets	(47,935)	1,205
Accounts payable and other accrued liabilities	(25,968)	36,120
Non-current liabilities	8,292	759
Net cash used in operating activities	(85,375)	(44,934)
Investing activities		
Purchases of investments	(250,547)	(224,111)
Proceeds from disposal of property and equipment	4,388	1,638
Proceeds from sales of investments	251,518	247,682
Changes in interest in pooled investment fund – short-term	216	921
Changes in assets under bond indenture agreements	718	262
Purchases of property and equipment	(12,357)	(14,607)
Net cash (used in) provided by investing activities	(6,064)	11,785

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Statements of Cash Flows (continued)
(In Thousands)

	Year Ended June 30	
	2016	2015
Financing activities		
Retirement of debt	\$ (47,643)	\$ —
Repayment of debt	(6,779)	(6,606)
Issuance of debt	105,000	47,643
Bond issuance costs	(1,212)	—
Cash contributions received for the purchase of property and equipment	—	187
Net cash provided by financing activities	<u>49,366</u>	<u>41,224</u>
Net (decrease) increase in cash and cash equivalents	(42,073)	8,075
Cash and cash equivalents at beginning of year	108,430	100,355
Cash and cash equivalents at end of year	<u>\$ 66,357</u>	<u>\$ 108,430</u>
Supplemental disclosures of cash flow information		
Cash paid for interest – net of capitalized interest	<u>\$ 20,593</u>	<u>\$ 22,229</u>
Supplemental disclosures of noncash items		
Capitalized interest	<u>\$ 350</u>	<u>\$ 665</u>
Accrued purchases of property and equipment	<u>\$ 555</u>	<u>\$ 270</u>

See accompanying notes.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements

June 30, 2016

1. Organization

Verity Health System of California, Inc., a California nonprofit public benefit corporation (Parent) (formerly named Daughters of Charity Health System) is the sole corporate member of five California nonprofit public benefit corporations that operate five acute care hospitals and other facilities (the Hospitals, see list below) in the state of California. The Parent and the following affiliated entities (collectively, Verity Health System or VHS) operate as a nonprofit health care system in the state of California, with approximately 1,680 licensed acute care and skilled nursing beds.

Verity Health System consists of Parent* and the following:

- O'Connor Hospital*
- Saint Louise Regional Hospital*
- St. Francis Medical Center*
- St. Vincent Medical Center*
- Seton Medical Center (including its unincorporated division, Seton Medical Center Coastsides)*
- Verity Business Services
- Marillac Insurance Company, Ltd.
- O'Connor Hospital Foundation
- Saint Louise Regional Hospital Foundation
- St. Francis Medical Center Foundation
- St. Vincent Medical Center Foundation
- Seton Medical Center Foundation
- St. Vincent de Paul Ethics Corporation
- St. Vincent Dialysis Center
- De Paul Ventures, LLC
- Verity Medical Foundation
- Verity Holdings, LLC

* Member of the Obligated Group

With the exceptions of De Paul Ventures, LLC and Marillac Insurance Company, Ltd., each Verity Health System entity named above is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC).

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

On July 17, 2015, Daughters of Charity Ministry Services Corporation, the Parent managed by Blue Mountain Capital Management, LLC (Blue Mountain), and Integrity Healthcare, LLC entered into a System Restructuring and Support Agreement (the Restructuring Agreement) to change the governance of and recapitalize the Parent and certain of its subsidiaries. Under the Restructuring Agreement, the Parent and other members of the Obligated Group were converted from religious corporations to public benefit corporations. In exchange for options to acquire the assets of Verity Health System, Blue Mountain agreed to provide \$100,000,000 in funding to the Parent and a commitment to provide additional debt financing at the option of the Corporation. Of the \$100,000,000, \$27,559,000 was recorded as deferred revenue for the value of the option to purchase the real estate and operating assets of VHS and \$72,441,000 was recorded as a restricted contribution to be released pursuant to the terms of the Restructuring Agreement. After approval was obtained from the California Attorney General's office, the transactions contemplated by the Restructuring Agreement closed on December 14, 2015. Effective upon the closing of the transaction, the Parent's board of directors resigned and Daughters of Charity Ministry Services Corporation, acting as sole corporate member of the Parent, appointed an independent board of the Parent and amended the bylaws of the Parent to eliminate the corporate membership rights of Daughters of Charity Ministry Services Corporation as sole corporate member of the Parent and to convert the Parent into a nonprofit corporation without members. The name of the Parent has been amended to be Verity Health System of California, Inc. The Parent and all of its nonprofit corporate affiliates that were not previously public benefit corporations changed status from religious corporations to public benefit corporations under the California Nonprofit Corporation Law.

Verity Health System established an Obligated Group (see listing of entities included in the Obligated Group above) to access the capital markets. Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Bond Master Indenture.

2. Summary of Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of VHS after elimination of intercompany transactions.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. VHS considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances and discounts; provisions for doubtful accounts and charity care; and assumptions for measurement of pension and other postretirement liabilities. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash and highly liquid marketable securities with original maturities, at the time of purchase, of three months or less.

Patient Accounts Receivable, Allowance for Doubtful Accounts, and Net Patient Service Revenue

Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payers. Settlements with third-party payers are accrued on an estimated basis in the period in which the related services are rendered and are adjusted in future periods as final settlements are determined.

VHS manages the receivables by regularly reviewing its patient accounts and contracts and by providing appropriate allowances for uncollectible amounts. These allowances are estimated based upon an evaluation of historical payments, negotiated contracts, and governmental reimbursements. Adjustments and changes in estimates are recorded in the period in which they are determined. The allowance for doubtful accounts for self-pay patients was 49% and 46% of self-pay accounts receivable at June 30, 2016 and 2015, respectively. This percentage does not include the portion of self-pay that is reserved in contractual allowance as self-pay accounts receivable are reserved between allowance for doubtful accounts and contractual allowance.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Patient service revenues, net of contractual allowances and discounts, are as follows (in thousands):

	Year Ended June 30	
	2016	2015
Government	\$ 780,884	\$ 881,274
Contracted	332,686	380,068
Self-pay and others	48,109	53,808
Net patient service revenue	1,161,679	1,315,150
Less: Provision for doubtful accounts	(26,734)	(31,903)
Net patient service revenue less provision for doubtful accounts	<u>\$ 1,134,945</u>	<u>\$ 1,283,247</u>

Significant concentrations of net patient accounts receivable are as follows:

	June 30	
	2016	2015
HMO/PPO/Commercial	42%	36%
Medicare	29	32
Medi-Cal	28	29
Other	1	3
Total	<u>100%</u>	<u>100%</u>

Inpatient acute care services, outpatient services, and skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain inpatient non-acute services and defined capital and medical education costs related to Medicare beneficiaries are paid using a cost reimbursement methodology.

Health care services are provided free of charge or at a significant discount based on a sliding scale to individuals who meet certain financial criteria. VHS makes every effort to determine if a patient qualifies for charity care upon admission. If a patient is determined to qualify for charity

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

care, services are rendered to the patient free of cost. The costs of providing these services are included in unsponsored community benefit expense and included in net patient service revenue in the consolidated statement of operations. The amount of charity care at cost was \$13,981,000 and \$13,226,000 for the years ended June 30, 2016 and 2015, respectively.

After satisfaction of amounts due from insurance and the application of financial discounts to patients' balances, and after exhausting all reasonable efforts to collect from the patients, a significant portion of VHS's uninsured and self-pay patient accounts are referred to the third-party agencies based on VHS's established guidelines for further collection activities. As a result, VHS records a significant provision for doubtful accounts related to these uninsured patients in the period the services are rendered.

Payments from Medi-Cal and contracted-rate payers are based on a per-diem, per-discharge, modified cost, or capitated basis or a combination of these.

Adjustments for the finalization of prior year cost reports from both Medicare and Medi-Cal resulted in an increase to patient service revenues of \$5,613,000 and \$5,176,000, for the years ended June 30, 2016 and 2015, respectively. Additionally, as a result of recent finalized cost reports, management determined that certain allocated reserves related to open prior year Medicare cost reports were no longer necessary, which resulted in a gain of \$15,069,000 for the year ended June 30, 2015. St. Francis Medical Center qualified for and received Medi-Cal funding as a disproportionate-share hospital from the state of California under Senate Bill (SB) 855. Related revenues were \$27,029,000 and \$27,143,000, for the years ended June 30, 2016 and 2015, respectively, and are included in net patient service revenue. Amounts to be received in future years, if any, are subject to annual determination.

The St. Francis Medical Center also received funding for Medi-Cal disproportionate-share hospitals under SB 1255. These SB 1255 funds are paid from the Emergency Services and Supplemental Payments Fund. Related revenues were \$7,908,000 and \$8,413,000, for the years ended June 30, 2016 and 2015, respectively, and are included in net patient service revenue. This funding must be applied for and approved each year.

The St. Francis Medical Center also qualifies for Medi-Cal funding as a disproportionate-share hospital from the state of California under SB 1732. This SB 1732 program permits health care facilities servicing a disproportionate share of Medi-Cal patients to receive supplemental

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

reimbursement for a portion of their debt service for qualified capital projects. St. Francis Medical Center has an amendment to its Medi-Cal contract, which was executed on June 19, 1993, for reimbursement related to the St. Francis Medical Center Health Services Pavilion, which was completed in 1991. Related revenues were \$2,220,000 and \$2,570,000, for the years ended June 30, 2016 and 2015, respectively, and are included in net patient service revenue.

As part of VHS's mission to serve the community, VHS provides care to patients even though they may lack adequate insurance or may participate in programs that do not pay full charges. Reserves for charity care and uncollectible amounts have been established and are netted against patient accounts receivable in the consolidated balance sheets.

Industry Concentration

The receipt of future revenues by VHS is subject to, among other factors, federal and state policies affecting the health care industry. There are future revenue uncertainties that may require that costs be controlled, which will be subject to the capability of management; future economic conditions, which may include an inability to control expenses in periods of inflation; increased competition; and other conditions, which are impossible to predict.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market value, which is determined using the first-in, first-out method. Inventories are reviewed for obsolescence on a periodic basis. Amounts are included in other current assets.

Assets Limited as to Use

Assets limited as to use represent assets designated by the board of directors for future capital improvements, other specific purposes for Marillac over which the board of directors retains control, assets held by trustees under bond indenture agreements, and investments restricted by donors. The board of directors has the full ability to utilize the Marillac assets limited as to use to satisfy the needs of on-going operations, as necessary. Investment income or loss is included in deficiency of revenues over expenses, unless the income or loss is restricted by donor or law. The assets are reflected in the assets limited as to use line item in the consolidated balance sheets.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

Investments received through gifts are recorded at estimated fair value at the date of donation. Gains and losses that result from market fluctuations are recognized in the period that such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted-cost basis. Adjusted-cost is the original cost of the security adjusted for any purchases or sales during the year. Dividend and interest income are accrued when earned.

Investment income includes the following (in thousands):

	Year Ended June 30	
	2016	2015
Interest and dividends	\$ 867	\$ 3,362
Investment fees	(208)	(213)
Unrealized gain (loss) on investments – net	848	(936)
Net realized gain on sales of securities	555	1,660
	<u>2,062</u>	<u>3,873</u>
Amounts included in changes in restricted net assets	(12)	3
Investment income	<u>\$ 2,050</u>	<u>\$ 3,876</u>

Property and Equipment

Property and equipment are stated at cost if purchased, and at fair market value if donated. Depreciation of property and equipment is calculated using a half-year convention and the straight-line method for financial statement purposes. Estimated useful lives by classification are as follows:

Land improvements	5–25 years
Buildings	10–40 years
Building service equipment	5–25 years
Equipment	4–20 years

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Long-Lived Asset Impairment

VHS routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. The impairment tests are based on financial projections prepared by management that incorporate anticipated results from programs and initiatives being implemented and market value assessments of the assets. If the projections are not met, or if negative trends occur that impact the future outlook, the value of the long-lived assets may be impaired, which could be material.

In fiscal year 2015, VHS recorded \$10,000,000 of impairment for the estimated non-recoverability of the building and select equipment at St. Vincent Medical Center. The amount of impairment was determined using a distressed revenue multiple, and was allocated using comparable prices for similar assets. There is no long-lived asset impairment recorded for the year ended June 30, 2016.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and due to/from government agencies approximate fair value. The fair value of investments is disclosed in Notes 3 and 7, and the fair value of debt is disclosed in Note 8.

Medical Foundation

The VHS Medical Foundation was established in December 2011 and incorporated under the California Nonprofit Religious Corporation regulations as a not-for-profit corporation exempted from IRC Section 501(c)(3). The sole member of this corporation is VHS, acting through its board of directors.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Self Insurance

VHS is self-insured for hospital professional and general liabilities by a wholly-owned self-insured captive insurance company. The provisions for estimated hospital professional and general liability claims include estimates of the ultimate costs for both uninsured reported claims and claims incurred-but-not-reported (IBNR), in accordance with actuarial projections or paid claims lag models based on past experience. Such claim reserves are based on the best data available to VHS; however, these estimates are subject to a significant degree of inherent variability. There is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. Such estimates are continually monitored and reviewed, and as reserves are adjusted, the differences are reflected in current operations. Management is of the opinion that the associated liabilities recognized in the accompanying consolidated financial statements are adequate to cover such claims.

VHS has entered into reinsurance, stop loss, and excess policy agreements with independent insurance companies to limit its losses on hospital professional and general liability claims.

Hospital professional and general liabilities (HPL/GL) were \$16,802,000 and \$13,161,000, discounted at a rate of 4% as of June 30, 2016 and 2015, respectively. Management is not aware of any potential hospital professional and general liability claims whose settlement would have a material adverse effect on VHS's consolidated financial position.

Workers' Compensation Insurance

VHS is insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$500,000 per occurrence as of June 30, 2016 and 2015. Based on actuarially determined estimates, provisions have been made in the consolidated financial statements, with the current portion included within accrued liabilities and the non-current portion within workers' compensation and hospital professional and general liabilities, for all known claims and IBNR claims as of June 30, 2016 and 2015. Workers' compensation liabilities were \$24,751,968 and \$24,278,000, discounted using a rate of 4%, as of June 30, 2016 and 2015, respectively. Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those for which use by VHS has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by VHS in perpetuity.

California Hospital Fee Program

California legislation established a program in 2009 that imposes a Quality Assurance Fee (QA Fee) on certain general acute-care hospitals in order to make supplemental and grant payments and increased capitation payments (Supplemental Payments) to hospitals up to the aggregate upper payment limit for various periods. There have been four such programs (the Programs) since inception.

The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population. This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund. Payments are made directly by the state or Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments. Outside of the legislation, the California Hospital Association has created a private program, operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs.

The Programs require full federal approval (i.e., by the Centers for Medicare and Medicaid Services (CMS)) in order for them to be fully enacted. If final federal approval is not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively. As such, revenue and expense recognition is not allowed until full CMS approval was obtained.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In June 2012, the third program (30-Month Program), covering the period from July 2011 to December 2013, was amended to allow for the fee-for-service portion to be administered separately from the managed care portion. The fee-for-service portion of the 30-Month Program was approved in June 2012. In May and June 2013, 24 months of managed care payments were approved by CMS. In December 2014, the final six months of managed care payments were approved by CMS.

In October 2013, the fourth program (36-Month Program), covering the period from January 2014 to December 2016, was signed into law by the governor of California. The fee-for-service payments of the 36-Month Program were approved in December 2014 by CMS. The first six months of expansion managed care payments were approved by CMS in June 2016. The first six months of non-expansion managed care payments were approved by CMS in June 2015. The first six months of expansion managed care payments were approved by CMS in March 2016.

VHS recognized payments to the California Department of Health Care Services for the QA Fee in the amount of \$84,221,000 and \$134,198,000 and pledge payments to CHFT of \$1,228,000 and \$2,282,000 within purchased services and other expenses for the years ended June 30, 2016 and 2015, respectively. VHS also recognized Supplemental Payment revenue in the amount of \$134,061,000 and \$222,467,000 pertaining to the 30-Month and 36-Month Programs within the net patient service revenues for the years ended June 30, 2016 and 2015, respectively.

Meaningful Use Incentives

The American Recovery and Reinvestment Act of 2009 established payments under the Medicare and Medi-Cal programs for certain professionals and hospitals that meaningfully use certified electronic health record (EHR) technology. The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule. To qualify for Medi-Cal incentives, hospitals and physicians must annually meet EHR “meaningful use” criteria that become more stringent over three stages as determined by CMS. For the years ended June 30, 2016 and 2015, VHS has recorded meaningful use incentive payments of \$507,334 and \$7,947,000, respectively. These incentive payments have been recorded as other operating revenue in the VHS consolidated financial statements.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Premium Revenue

Certain entities of VHS have at-risk agreements with various payers to provide medical services to enrollees. Under these agreements, VHS receives monthly payments based on the number of enrollees, regardless of services actually performed by VHS. VHS accrues costs when services are rendered under these contracts, including estimates of IBNR claims and amounts receivable/payable under risk-sharing arrangements.

The IBNR accrual includes an estimate of the costs of services for which VHS is responsible, including out-of-network services.

Other Operating Revenue

Included in other operating revenue are amounts from investments in health-related activities, rental income, cafeteria, and other non-patient care revenue.

Contributions

Unconditional promises to give cash and other assets to VHS are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Net assets released from restrictions used for operations are also included in other operating revenue as contribution revenue to the Hospitals.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Interest Expense

Interest expense on debt issued for construction projects, net of income earned on the funds held pending use, is capitalized from the date of the borrowing until the projects are placed in service. Interest components include the following (in thousands):

	Year Ended June 30	
	2016	2015
Total interest expense	\$ 20,943	\$ 23,215
Less: capitalized interest expense	(350)	(665)
Net interest expense	<u>\$ 20,593</u>	<u>\$ 22,550</u>

Income Taxes

VHS has established its status as an organization exempt from income taxes under IRC Section 501(c)(3) and the laws of California. Certain activities of the operating entities of VHS may be subject to income taxes; however, such activities are not significant to the consolidated financial statements.

Performance Indicator

Management considers the deficiency of revenues over expenses to be VHS's performance indicator. Deficiency of revenues over expenses includes all changes in unrestricted net assets, except net assets released from restrictions used for purchase of property and equipment, the change in funded status of pension plans, and other.

Certain Obligated Group members have a policy whereby assets are periodically transferred as charitable distributions to subsidiaries of VHS that are not members of the Obligated Group. These transfers are accounted for as direct charges to the Obligated Group members' unrestricted net assets. It is anticipated that Obligated Group members will continue to make asset transfers to the subsidiaries. These transfers are eliminated upon consolidation.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Asset Retirement Obligations (AROs)

AROs are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value, and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, VHS records period-to-period changes in the ARO liability resulting from the passage of time. VHS's ARO liabilities recorded in the consolidated financial statements at June 30, 2016 and 2015, were \$3,627,000 and \$3,421,000, respectively.

Revenue Guarantees

VHS has agreements with physicians whereby minimum revenues are guaranteed by VHS for stipulated dollar amounts over specified periods, as defined in the contracts. VHS records a liability for the amount of the guaranteed revenue at the time the contract is entered into and adjusts the liability as it is expended. VHS has recorded liabilities of \$921,506 and \$746,000 as of June 30, 2016 and 2015, respectively.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities*, which will require not-for-profit entities to revise financial presentation to include: net asset classifications, provide quantitative and qualitative information as to available resources and management of liquidity and liquidity risk, information on investment expenses and returns, and the presentation of operating cash flows. The standard aims to help the reader of the financial statements to better understand the financial position of the organization and enhance consistency among similar organizations. ASU 2016-02 is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases, (Topic 842): Amendments to the FASB ASC*. ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The amendments in this update are effective for fiscal years (and interim reporting periods within fiscal years) beginning after December 15, 2018. Early adoption of the amendments is permitted for all entities. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and limits the disclosure requirement. ASU 2015-07 is effective for annual and interim periods beginning after December 15, 2015. VHS does not believe this standard will have an impact on the consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest (Subtopic 835-30)*, which changes the presentation of debt issuance costs in the financial statements. Under ASU 2015-03, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset, and amortization of the costs is reported as interest expense. The guidance is effective for VHS as of July 1, 2016. The adoption of ASU 2015-03 is not expected to have a material impact on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and in August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 requires the entity to recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services, effective for periods beginning after December 15, 2017. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements

VHS accounts for certain assets at fair value or on a basis that approximates 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, which is determined by the lowest-level input that is significant to the fair value measurement in its entirety. These levels are as follows:

- *Level 1* – Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in Level 1 include listed equities and money market balances.
- *Level 2* – Pricing inputs are based upon 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 asset-backed securities, corporate bonds, municipal bonds, and commingled investment funds.
- *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 inputs used in determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets. Therefore, the fair values are determined using factors that involve judgment and interpretations, including discounted cash flow models and similar techniques. There were no Level 3 investments at June 30, 2016 and 2015.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements (continued)

The following represents assets measured at fair value on a recurring basis (in thousands):

	June 30, 2016		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Other investments – assets limited as to use:			
Cash equivalents	\$ 60,264	\$ 60,264	\$ –
Debt securities issued by foreign corporations	2,063	–	2,063
Debt securities issued by the U.S. Treasury and other U.S. government corporations	13,919	–	13,919
Government mortgage-backed securities	1,096	–	1,096
Commercial mortgage-backed securities	5,111	–	5,111
Corporate U.S. debt securities	13,450	–	13,450
Index funds	10,416	–	10,416
Investment held in trust account	5,924	–	5,924
	<u>112,243</u>	<u>60,264</u>	<u>51,979</u>
Under bond indenture agreements – assets limited as to use:			
Cash equivalents	25,154	25,154	–
	<u>\$ 137,397</u>	<u>\$ 85,418</u>	<u>\$ 51,979</u>

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements (continued)

	June 30, 2015		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Other investments – assets limited as to use:			
Cash equivalents	\$ 12,737	\$ 12,737	\$ –
Debt securities issued by foreign corporations	1,961	–	1,961
Debt securities issued by the U.S. Treasury and other U.S. government corporations	14,806	–	14,806
Government mortgage-backed securities	1,575	–	1,575
Commercial mortgage-backed securities	4,094	–	4,094
Corporate U.S. debt securities	14,017	–	14,017
Index funds	10,311	–	10,311
Convertible equity	32	–	32
Investment held in trust account	5,282	–	5,282
	<u>64,815</u>	<u>12,737</u>	<u>52,078</u>
Under bond indenture agreements – assets limited as to use:			
Cash equivalents	2,000	2,000	–
Receivables under repurchase agreement	23,871	–	23,871
	<u>\$ 90,686</u>	<u>\$ 14,737</u>	<u>\$ 75,949</u>

There were no transfers to or from Levels 1, 2, or 3 during the years presented. The Level 2 financial assets listed in fair value hierarchy tables above use the following valuation techniques and inputs:

VHS participated in Ascension Health's pooled Catholic Healthcare Investment Management Company (CHIMCO) Alpha Fund, LLC, which is carried at fair value based on quoted market prices, quoted market prices for similar instruments, and observable and unobservable inputs. The pooled fund is composed of cash, equity securities (domestic and foreign), U.S. federal and corporate obligations, to be announced (TBA) mortgage-backed securities, asset-backed securities, and fixed-income securities and is designated as Level 2. Beginning January 1, 2014, VHS moved all of its investments in the Alpha Fund to short-term liquid funds, such as cash and cash equivalents. As of September 2014, VHS sold its investment in the Fund, and Ascension Investment Management no longer manages any funds on behalf of VHS.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements (continued)

For marketable securities, such as foreign corporation and U.S. government debt securities, government and commercial mortgage-backed securities, TBA mortgaged-backed securities, corporate U.S. debt securities, index funds, and beneficial interest held in trust accounts, wherein identical quoted market prices are not readily available, the fair value of such investments is determined based on market participant pricing or other available market data for comparable instruments and transactions at the measurement date. VHS, therefore, incorporates industry-standard valuation techniques as inputs to fair valuation of its investments designated as Level 2.

VHS's rationale for the assignment of levels is based on types or classes of financial assets, rather than an analysis of each individual asset. Key consideration in the assignment of levels was given to the determination of a security's fair valuation measurement if obtained from an active market, and then further consideration was given for the types of inputs used to evaluate the fair value price. This approach has been supported by management's analysis of the methodology, the evaluated pricing models, and inputs used by its pricing vendors. It is also consistent with industry practice.

Where quoted prices are available in an active market (exchange-traded), the securities are classified as Level 1. It is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. If quoted market prices are not readily available for a specific financial asset, then value is determined using quoted prices of assets with similar characteristics and is classified as Level 2. Examples of these categories are VHS's investment in high-yield debt securities, collateralized mortgage obligations, and fixed-income prices provided by a broker-dealer. In cases where there is limited activity and less transparency associated with inputs to the valuation, VHS will designate the investments as Level 3.

Investment Held in Trust Accounts

VHS is the beneficiary of a split-interest agreement from a donor. The related assets are controlled and invested by an independent third party. VHS records the assets for its share when formal written or other verifiable documentation is received. VHS's share of the assets is based on the present value of the estimated future distributions to be received by VHS over the term of the agreement. The agreements are carried at fair value based on the underlying assets. VHS used 2% discount rate to value split-interest agreements at June 30, 2016.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements (continued)

Receivables Under Repurchase Agreements

VHS participated in a repurchase agreement with a custodian, whereby VHS loaned cash from a bond reserve fund to a third party on a short-term basis. The loans were secured by collateral, consisting of various investments that equal the amount of the cash loaned. VHS was paid a fixed rate of return of 4.6% for the amounts loaned. Interest is accrued monthly and paid semi-annually. The amounts of the receivables under repurchase agreements were \$0 and \$23,871,000 at June 30, 2016 and 2015, respectively, and are included in assets limited as to use under bond indenture agreements. The loans remained in place until the termination date, which was July 1, 2015, at which time these funds were held in cash by the trustee.

4. Property and Equipment

Property and equipment consists of the following (in thousands):

	June 30	
	2016	2015
Land	\$ 28,970	\$ 29,955
Land improvements	20,252	20,263
Buildings and service equipment	705,025	710,572
Equipment	524,828	526,830
Construction in progress	8,139	5,312
Total	<u>1,287,214</u>	<u>1,292,932</u>
Less accumulated depreciation	<u>(1,042,302)</u>	<u>(1,010,717)</u>
	<u>\$ 244,912</u>	<u>\$ 282,215</u>

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

5. Other Assets

Other current assets consist of the following (in thousands):

	June 30	
	2016	2015
Inventories	\$ 21,501	\$ 21,594
Prepaid expenses	13,129	6,932
Provider fee receivable	51,761	74,176
Other receivable	5,343	6,457
Pledges receivable	2,968	3,154
Deposit	5,108	2,682
Other current assets	6,463	6,264
	<u>\$ 106,273</u>	<u>\$ 121,259</u>

Other long-term assets consist of the following (in thousands):

	June 30	
	2016	2015
Notes receivable – primarily secured	\$ 646	\$ 1,143
Ownership interest in health-related activities – net	3,368	3,710
Other	6,347	4,537
	<u>\$ 10,361</u>	<u>\$ 9,390</u>

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

6. Accrued Liabilities and Other Current Liabilities

Accrued liabilities and other current liabilities consist of the following (in thousands):

	June 30	
	2016	2015
Wages and benefits	\$ 66,803	\$ 61,406
Out-of-network cost and IBNR	30,145	35,556
Management and consulting fee	30,193	—
Purchased services	17,170	11,019
Provider fee payable	29,361	34,192
Other	43,731	22,689
Total accrued liabilities	<u>\$ 217,403</u>	<u>\$ 164,862</u>

7. Pension and Other Postretirement Benefit Plans

VHS maintains a single employer defined benefit retirement plan and participates in a multi-employer defined benefit retirement plan. The plans have been frozen for all employees, except members of the California Nurses Association (CNA). Benefits are generally based on age, years of service, and employee compensation. VHS also offers postretirement health care benefits to a limited number of its employees. The postretirement health care benefits are determined based on age and years of service.

The first retirement plan is a multiemployer defined benefit pension plan called Retirement Plan for Hospital Employees (RPHE). The entities that participate in the RPHE are Seton Medical Center, Seton Medical Center Coastsides, O'Connor Hospital, Saint Louise Regional Hospital, and Caritas Business Services (however, as noted above, only CNA members at these locations earn new benefits under the plan). Benefits are generally based on years of service and the employee's compensation. Contributions to the plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants and satisfy IRS funding requirements. VHS contributed cash of \$17,223,000 and \$14,495,000 to the RPHE during the fiscal years ended June 30, 2016 and 2015, respectively.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

The second retirement plan is a single-employer defined benefit pension plan (the Retirement Plan). VHS associates at St. Francis Medical Center, St. Vincent Medical Center, O'Connor Hospital, Saint Louise Regional Hospital, and the system office are eligible to participate in this plan (however, as noted above, only CNA members continue to earn new benefits under the plan). VHS contributed \$12,915,000 and \$18,479,000 to the Retirement Plan during the fiscal years ended June 30, 2016 and 2015, respectively.

VHS also maintains a retiree health insurance program (the Postretirement Healthcare Plan), which provides medical benefits to retirees from early retirement to age 65 only. VHS employees at O'Connor Hospital, St. Louise Regional Hospital, Seton Medical Center, and Seton Medical Center Coastsides are eligible to participate in this plan. The Postretirement Healthcare Plan is an unfunded plan. VHS contributed \$58,000 and \$98,000 to the Postretirement Healthcare Plan during the fiscal years ended June 30, 2016 and 2015, respectively.

Defined Contribution Retirement Plans

In addition to the above pension plans, VHS maintains three different defined contribution retirement plans for its employees. One of these defined contribution plans (TSA/403(b)) includes employee voluntary contributions only. A second defined contribution plan (Match Benefit) requires employer contributions and the benefits are based on a percentage of the employees' contributions to the TSA/403(b). A third plan covers all employee groups except members of the CNA and is a fully employer-paid defined contribution plan with benefits based on a percentage of compensation. During the fiscal years ended June 30, 2016 and 2015, the employer's contribution for these three defined contribution plans was \$21,749,023 and \$24,472,000, respectively.

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

The funded status of the Retirement Plan and the Postretirement Healthcare Plan benefits is as follows (in thousands):

	June 30, 2016		June 30, 2015	
	Retirement Plan	Postretirement Healthcare Plan	Retirement Plan	Postretirement Healthcare Plan
Change in benefit obligation:				
Benefit obligation – beginning of year	\$ 523,435	\$ 3,656	\$ 505,523	\$ 5,002
Service cost	2,062	181	2,162	256
Interest cost	24,614	163	23,355	215
Actuarial loss (gain)	47,408	(1,986)	11,728	(1,719)
Benefits paid	(24,280)	(58)	(19,333)	(98)
Benefit obligation – end of year	<u>\$ 573,239</u>	<u>\$ 1,956</u>	<u>\$ 523,435</u>	<u>\$ 3,656</u>
Accumulated benefit obligation	<u>\$ 563,329</u>	<u>\$ 1,956</u>	<u>\$ 515,437</u>	<u>\$ 3,656</u>

	June 30, 2016		June 30, 2015	
	Retirement Plan	Postretirement Healthcare Plan	Retirement Plan	Postretirement Healthcare Plan
Change in plan assets:				
Fair value of plan assets – beginning of year	\$ 275,824	\$ –	\$ 275,058	\$ –
Actual return on plan assets	8,133	–	3,271	–
Employer contribution	12,915	58	18,479	98
Benefits paid	(24,280)	(58)	(19,333)	(98)
Administrative expenses	(1,712)	–	(1,651)	–
Fair value of plan assets – end of year	<u>\$ 270,880</u>	<u>\$ –</u>	<u>\$ 275,824</u>	<u>\$ –</u>
Funded status	<u>\$ (302,359)</u>	<u>\$ (1,956)</u>	<u>\$ (247,611)</u>	<u>\$ (3,656)</u>

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

Amounts that have not yet been recognized as components of net period benefit cost are as follows (in thousands):

	June 30, 2016		June 30, 2015	
	Retirement Plan	Postretirement Healthcare Plan	Retirement Plan	Postretirement Healthcare Plan
Net actuarial loss (gain)	\$ 234,717	\$ (12,042)	\$ 181,392	\$ (11,043)
Prior service costs	—	280	—	352
Total amount not recognized	<u>\$ 234,717</u>	<u>\$ (11,762)</u>	<u>\$ 181,392</u>	<u>\$ (10,691)</u>

The components of net period benefit cost and amounts recognized in the consolidated statements of operations and changes in net assets apart from expenses are as follows (in thousands):

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	Retirement Plan	Postretirement Healthcare Plan	Retirement Plan	Postretirement Healthcare Plan
Components of net periodic benefit cost (income):				
Service cost	\$ 2,062	\$ 181	\$ 2,162	\$ 256
Interest cost	24,614	163	23,355	215
Expected return on plan assets	(18,611)	—	(18,503)	—
Net prior service cost amortization	—	72	—	72
Amortization of actuarial loss (gain)	4,463	(987)	4,226	(887)
Cost of special events	1,810	—	—	—
Total	<u>\$ 14,338</u>	<u>\$ (571)</u>	<u>\$ 11,240</u>	<u>\$ (344)</u>
Change in net assets apart from periodic benefit cost:				
Net actuarial loss (gain)	\$ 59,598	\$ (1,986)	\$ 28,611	\$ (1,719)
Deduct:				
Amortization of prior service cost	—	(72)	—	(72)
Amortization of actuarial (loss) gain	(6,273)	987	(4,226)	887
Total	<u>\$ 53,325</u>	<u>\$ (1,071)</u>	<u>\$ 24,385</u>	<u>\$ (904)</u>

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

The estimated actuarial loss and prior service cost for the Retirement Plan that will be amortized into net periodic benefit cost over the next fiscal year is \$6,157,000 and \$0, respectively.

The estimated actuarial gain and prior service cost for the Postretirement Healthcare Plan that will be amortized into net periodic benefit cost over the next fiscal year is \$(1,193,000) and \$72,000, respectively.

Assumptions

The weighted-average assumptions used to determine benefit obligations and net period benefit costs, are as follows:

	June 30, 2016		June 30, 2015	
	Retirement Plan	Postretirement Healthcare Plan	Retirement Plan	Postretirement Healthcare Plan
Weighted-average assumptions used to determine benefit obligations:				
Discount rate	4.05%	3.85%	4.80%	4.55%
Rate of compensation increase	2.50%	N/A	2.50%	N/A
Weighted-average assumptions used to determine net periodic benefit costs:				
Discount rate	4.80%	4.55%	4.70%	4.40%
Expected return on plan assets	7.00%	N/A	7.25%	N/A
Rate of compensation increase	2.50%	N/A	3.50%	N/A

Expected Return on Plan Assets

The Retirement Plan's estimated long-term rate of return on pension assets is driven primarily by historical asset-class returns, an assessment of expected future performance, advice from external actuarial firms, and the incorporation of specific asset-class risk factors. Asset allocations are periodically updated using pension plan asset/liabilities studies, and VHS's estimated long-term rates of return are consistent with these studies. The Retirement Plan portfolio return assumption is 6.75% and 7.00% at June 30, 2016 and 2015, respectively.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

Discount Rate

The discount rate assumptions used to determine the postretirement benefit plan obligations and expenses reflect the prevailing rate available on high-quality, fixed-income debt instruments. The rate was based on cash flow analysis that matched estimated future benefit payments to the bond discount yield curve as of June 30, 2016 and 2015.

Other Benefit Assumptions

For the measurement of accumulated postretirement benefit obligations at June 30, 2016, the Postretirement Healthcare Plan assumed health care cost trend rates start at 8.00% in 2016 and decrease by 0.25%-0.50% annually, reaching an ultimate rate of 5.50% in fiscal year 2023. A one-percentage-point change in assumed health care cost trend rates would not have a material effect on VHS's consolidated financial statements.

Plan Assets and Investment Strategy

The following information represents VHS's pension plan assets measured at fair value and indicate the fair value hierarchy and valuation techniques utilized to determine such fair value (in thousands):

	June 30, 2016		
	Total Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 3,852	\$ 3,852	\$ —
Common collective trust funds	64,711	—	64,711
Fixed-income funds	91,816	—	91,816
Domestic stocks	46,765	46,765	—
Real estate equity investments	14,002	14,002	—
Foreign stock funds	49,734	—	49,734
Total plan assets	<u>\$ 270,880</u>	<u>\$ 64,619</u>	<u>\$ 206,261</u>

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

	June 30, 2015		
	Total Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 1,637	\$ 1,637	\$ —
Common collective trust funds	81,255	—	81,255
Fixed-income funds	95,983	—	95,983
Domestic stocks	24,670	24,670	—
Real estate equity investments	19,379	19,379	—
Foreign stock funds	52,900	—	52,900
Total plan assets	<u>\$ 275,824</u>	<u>\$ 45,686</u>	<u>\$ 230,138</u>

As of June 30, 2016, \$2,806,336 of the plan's cash balance was held in a separate non-interest-bearing cash account for the purpose of claims disbursement by the plan's administrator.

VHS's investment strategy for the assets of the Retirement Plan is designed to preserve principal while earning returns relative to the overall market consistent with a prudent level of risk. The strategy balances the liquidity needs of the Retirement Plan with the long-term return goals necessary to satisfy future obligations. The target asset allocation is diversified across traditional asset classes. Diversification is also achieved through participation in U.S. and non-U.S. markets, investment manager style, philosophy, and capitalization. The complementary investment styles and approaches used by investment managers are aimed at reducing volatility while capturing the equity premium from the capital markets over the long term. Risk tolerance is established through consideration of plan liabilities, plan funded status, and VHS's consolidated financial condition. Consistent with VHS's fiduciary responsibilities, the fixed-income allocation generally provides for security of principal to meet near-term expenses and obligations. Periodic reviews of the market values and corresponding asset allocation percentages are performed to determine whether a rebalancing of the portfolio is necessary.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

The following were the target asset allocations as of June 30, 2016, by major asset classification:

Fixed-income funds	33%
Domestic stocks	30
Foreign stock funds	20
Inflation linked	17
Total plan assets	<u>100%</u>

Cash Contributions and Benefit Payments

VHS expects to contribute \$28,501,000 to the Retirement Plan and \$67,000 to the Postretirement Healthcare Plan the fiscal year ending in 2017.

The benefit payments, which reflect expected future service, as appropriate, expected to be paid in each of the next five years, and in aggregate for the next five years, are as follows (in thousands):

	Retirement Plan Benefits	Postretirement Healthcare Benefits
2017	\$ 21,563	\$ 67
2018	22,949	89
2019	24,628	112
2020	26,295	129
2021	28,718	141
Next five years	159,524	793

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

Multiemployer Plan

Certain affiliated entities in Northern California participate in multiemployer defined benefit retirement plans as described below (in thousands):

Plan	Pension Plan Employer Identification Number/Plan Number	Pension Protection Act Zone Status		Funding Improvement/ Rehabilitation Plan Status June 30, 2016
		2016	2015	
Retirement Plan for Hospital Employees	94-2995676/001	Green	Green	No

Pension Protection Act Zone Status (from worst to best):

Critical Status	Red
Seriously Endangered	Orange
Endangered	Yellow
None of the above	Green

Plan	Pension Plan Employer Identification Number/Plan Number	Contributions			Surcharge Imposed (during 2013)	Collective Bargaining Agreement Expiration Date
		2017 (Expected)	2016	2015		
Retirement Plan for Hospital Employees	94-2995676/001	\$ 19,330	\$ 17,223	\$ 14,588	No	October 31, 2018

Since March 1, 2011, participant benefits were frozen for the non-contractual employees of the two participating affiliates in the Retirement Plan for Hospital Employees. Beginning January 1, 2013, participant benefits were frozen for all Service Employees International Union (SEIU) employees. Certain affiliates will continue to make periodic contributions as needed for eligible participants.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

7. Pension and Other Postretirement Benefit Plans (continued)

The contributions for the multiemployer plan were approximately 38% and 45% of the total contributions to the plan for June 30, 2016 and 2015, respectively. There are no minimum contributions required for future periods by the collective-bargaining agreements, statutory obligations, or other contractual obligations for both plans.

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if the affiliates choose to stop participating in the multiemployer plan, the affiliates may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

8. Debt

Long-term debt consists of the following (in thousands):

	June 30	
	2016	2015
California Statewide Communities Development Authority Revenue Bonds Series 2005A, payable in varying installments through 2040, fixed interest rates ranging from 5.00% to 5.25%	\$ 249,850	\$ 253,150
California Statewide Communities Development Authority Revenue Bonds Series 2005F, G, and H (St. Francis Medical Center), payable in varying annual installments through 2026, fixed interest rates ranging from 5.00% to 5.25%	22,740	25,530
California Public Finance Authority Revenue Notes (Verity Health System), Series 2015 A and B fixed interest only bonds paying interest at 7.25%. Principal due June 10, 2019	105,000	—
Notes payable for Health Center One Mortgage, \$6.5 million face value, payable in monthly installments with a lump-sum payment in May 2018, fixed interest rate of 5.85%	5,329	5,506
Other	53	564
	382,972	284,750
Less current portion	6,647	6,833
	376,325	277,917
Plus bond premium	4,031	4,391
	\$ 380,356	\$ 282,308

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

8. Debt (continued)

Scheduled long-term principal debt payments as of June 30, 2016, are as follows (in thousands):

2017	\$ 6,647
2018	11,880
2019	112,090
2020	7,455
2021	7,840
Thereafter	237,060
	<u>\$ 382,972</u>

Obligated Group

Verity Health System of California, Inc. and its five hospitals are collectively referred to as the “Obligated Group” or as “Members,” and each individually is sometimes referred to herein as a “Member.” The Obligated Group is established pursuant to a Master Indenture of Trust, dated December 1, 2001, as supplemented to date (the Master Indenture), between the Obligated Group and U.S. Bank National Association, as successor master trustee (the Master Trustee). The Obligated Group is jointly and severally liable for obligations issued pursuant to and outstanding under the Master Indenture (Obligations).

Each of the Obligated Group Members has executed one or more deeds of trust pursuant to which the respective Obligated Group Member has granted for the benefit of the Master Trustee, a first lien on, and security interest in, the hospitals and certain other parcels of property owned by such Obligated Group Members, subject to permitted liens, as security for the performance of the Obligated Group Members’ obligations under the Master Indenture. Additionally, each of the Obligated Group Members has created a gross revenue fund with its depository bank to further secure its gross revenues for the benefit of the Master Trustee.

The Master Indenture and certain other Obligated Group’s financing agreements contain restrictive covenants, including maintenance of a debt ratio, limitations on the amount of any additional borrowings, and limitations on the disposal or transfer of assets to non-obligated group members. Additionally, the financing agreements require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding. The Obligated Group has complied with such financial covenants and restrictions at June 30, 2016.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

8. Debt (continued)

Long-Term Debt

Series 2005 Bonds.

In March 2005, the California Statewide Communities Development Authority (CSCDA), on behalf of Daughters of Charity Health System (now known as VHS), issued four series of revenue bonds in the aggregate principal amount of \$364,655,000 (the 2005 Bonds). The 2005 Bonds were comprised of \$259,125,000 of 2005 Series A bonds, \$39,715,000 of Series F bonds, \$48,245,000 of Series H bonds, and \$17,570,000 of Series H bonds. The issuance of the 2005 Bonds generated original issue premiums of \$12,929,196. A portion of the proceeds of the 2005 Bonds was used to refinance prior bonds and finance the costs of constructing, improving, renovating, and equipping certain improvements to the facilities of the Obligated Group. The 2005 Series F bonds matured and were paid pursuant to their terms on July 1, 2010.

The Series 2005 Bonds are a limited obligation of CSCDA and are payable solely from payments made by the Obligated Group. Payment of principal and interest on the Series 2005 Bonds is secured by Obligations issued pursuant to the Master Indenture.

Series 2015 Notes.

On December 14, 2015, the California Public Finance Authority issued an aggregate of \$160,000,000 of Revenue Notes (Verity Health System) Series 2015A, B, C, and D (collectively, the 2015 Notes) for the benefit of VHS. There are four series of 2015 Notes. The Series 2015A, B, and D Notes are tax exempt, and the Series 2015C Notes are taxable. While all of the 2015 Notes were authorized and issued, only the Series 2015A Notes (\$60,000,000) and the 2015B Notes (\$45,000,000) were funded as of June 30, 2016. The Series 2015C Notes (\$10,000,000) and the Series 2015D Notes (\$45,000,000) were funded on September 19 and October 31, 2016, respectively. A portion of the proceeds of the 2015 Notes was used, together with other funds, to pay the principal of and accrued and unpaid interest on the 2014 Bonds that matured on December 15, 2015.

The 2015 Notes are secured by an Obligation (as defined in the Master Indenture) on parity with other Obligations issued pursuant to the Master Indenture. In addition to their parity lien under the Master Indenture, the 2015 Notes have additional lien rights on the Obligated Group's accounts receivable and in certain properties owned by St. Francis Medical Center and Saint Louise Regional Hospital.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

8. Debt (continued)

Short-Term Debt

Series 2014 Bonds.

On July 30, 2014, the CSCDA issued an aggregate of \$110,000,000 of Revenue Bonds (Daughters of Charity Health System), Series 2014 A and B (the Series 2014 A and B Bonds) on behalf of Daughters of Charity Health System (now known as VHS). On August 28, 2014, CSCDA issued an additional \$15,000,000 of Revenue Bonds (Daughters of Charity Health System), Series 2014 C (together with the Series 2014 A and B Bonds, the "Series 2014 Bonds"). The Series 2014 Bonds were secured by Obligations issued pursuant to the Master Indenture and (1) a first priority lien on the accounts receivable of St. Francis Medical Center, St. Vincent Medical Center, O'Connor Hospital, Saint Louise Regional Hospital, Seton Medical Center, and Seton Coastsides as a division of Seton Medical Center; and (2) first priority Deeds of Trust and related subordination agreements with the Master Trustee on certain property of St. Francis Medical Center and Saint Louise Regional Hospital (collectively, the 2014 Priority Assets). The Master Trustee subordinated its interest in the 2014 Priority Assets to the Series 2014 Bond trustee. The Series 2014 Bonds were also secured by a parity lien under the Master Indenture.

Interest accrued at the rate of 6% and was paid on a monthly basis. The Series 2014 Bonds had an initial maturity date of July 10, 2015, and the Series 2014 Bonds were recorded as short-term debt on the VHS consolidated balance sheets as of June 30, 2015. That maturity date was extended to December 15, 2015. On December 15, 2015, VHS paid the full redemption price of the Series 2014 Bonds, which included principal (inclusive of undrawn proceeds of \$76,212,000 recorded as other restricted assets as of June 30, 2015), and all accrued and unpaid interest thereon.

Fair Values

The fair value of VHS's bond indebtedness is estimated based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities. The estimated fair values of the VHS's debt instruments as of June 30, 2016 and 2015, are \$336,803,500 and \$393,704,000, respectively, and are valued using Level 2 inputs. The reported fair value of VHS's bond indebtedness instruments excludes the full value of an irrevocable principal pre-payment of \$6,090,000 and \$5,795,000 made as of June 30, 2016 and June 30, 2015, respectively. The fair value amounts do not represent the amount that would be required to expend to retire the indebtedness.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

9. Functional Classification of Expense

The following is a functional classification of Verity's expenses:

	Year Ended June 30	
	2016	2015
Health services	\$ 1,193,112	\$ 1,227,560
General and administrative	301,768	310,454
	<u>\$ 1,494,880</u>	<u>\$ 1,538,014</u>

10. Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are available for the following purposes (in thousands):

	June 30	
	2016	2015
Equipment and expansion	\$ 3,522	\$ 4,823
Research and education	2,848	2,965
Restricted contribution	60,367	—
Charity and other	6,593	7,665
Total temporarily restricted net assets	<u>73,330</u>	<u>15,453</u>
Permanently restricted net assets	8,137	8,207
Total restricted net assets	<u>\$ 81,467</u>	<u>\$ 23,660</u>

Equipment and expansion relate to assets held by VHS, which are restricted by donors or grantors to be used specifically for equipment, capital projects, or other capital needs.

Research and education relate to assets held by VHS, which are restricted by donors or grantors to be used in specific research or education programs.

Restricted contribution is the remaining portion of the contribution recognized at the time of the transaction contemplated by the Restructuring Agreement (see Note 1 "Organization"). The restriction of this contribution will be lifted pursuant to the terms of the Restructuring Agreement.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets (continued)

Charity and other relate mainly to assets held by VHS, which are restricted by donors or grantors to be used in specific health care programs for charity care and other medical and patient services.

Permanently restricted net assets of \$8,137,000 and \$8,207,000 at June 30, 2016 and 2015, respectively, are restricted to investments to be held in perpetuity, with the income expendable to support VHS's mission.

Endowments

VHS and five of its consolidated charitable foundations follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminates the concept of "historic dollar value" and allows an institution to spend or accumulate as the board determines is prudent for the uses, benefits, purposes, and duration of the endowment fund unless the gift instrument states a particular spending rate or formula. California's version of UPMIFA also includes a rebuttable provision that spending greater than 7% of the average fair market value (calculated at least quarterly over a minimal period of three years) is presumed to be imprudent.

In accordance with UPMIFA, VHS considers the following factors when appropriating or accumulating an endowment fund: (i) general economic conditions, (ii) effects of inflation and deflation, (iii) the purposes of the institution and the endowment fund, (iv) expected total return from income and appreciation of investments, (v) VHS's other resources, (vi) the duration and preservation of the endowment fund, and (vii) VHS's investment policies.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires VHS to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were not material as of June 30, 2016 and 2015. These deficiencies resulted from unfavorable investment market fluctuations.

VHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the boards of trustees of the charitable foundations, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results while assuming a moderate level of investment risk.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets (continued)

To satisfy its long-term rate-of-return objectives, VHS relies on a balanced investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). VHS targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The endowment net asset composition by type of fund consists of the following (in thousands):

June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 606	\$ 789	\$ 8,137	\$ 9,532
Total funds	\$ 606	\$ 789	\$ 8,137	\$ 9,532

June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 596	\$ 778	\$ 8,207	\$ 9,581
Total funds	\$ 596	\$ 778	\$ 8,207	\$ 9,581

The changes in endowment net assets are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2014	\$ 1,259	\$ 1,013	\$ 9,154	\$ 11,426
Net losses – realized and unrealized	(663)	(235)	(562)	(1,460)
Other	–	–	(385)	(385)
Balance at June 30, 2015	596	778	8,207	9,581
Net gains (losses) – realized and unrealized	10	11	(73)	(52)
Other	–	–	3	3
Balance at June 30, 2016	\$ 606	\$ 789	\$ 8,137	\$ 9,532

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities

Standby Letter of Credit

Marillac, a subsidiary of VHS, pledged \$36,939,150 of its investments to support a standby letter of credit issued in favor of Old Republic Insurance Company, one of the Parent's insurers, at June 30, 2016.

Litigation

Certain entities of VHS are defendants in various actions arising from their health care service activities. It is the opinion of management, after consulting with legal counsel, that such actions will not have a material adverse effect on VHS's consolidated financial position or results of operations as of June 30, 2016. Therefore, based on the information provided by its legal counsel, VHS has accrued \$1,240,000 and \$1,369,000 as of June 30, 2016 and 2015, respectively, which were related to certain of these actions. VHS evaluates recoveries from insurance coverage separately from its liability, and when appropriate, an asset is recorded separately from the associated liability.

As part of its ongoing compliance program, VHS routinely reviews arrangements between physicians and its hospitals. In September and October 2013, VHS made a voluntary self-disclosure to the federal government (in accordance with federal self-disclosure guidelines) related to certain financial arrangements between physicians and one of its hospitals, Seton Medical Center (SMC), that might constitute potential violations of federal regulatory standards. Pursuant to a settlement agreement entered into by SMC with CMS, effective as of November 6, 2015, SMC paid to CMS the sum of \$815,000, and CMS agreed to release SMC from administrative liabilities and claims under section 1877(g)(1) of the Social Security Act relating to the matters addressed in the voluntary self-disclosure. VHS filed a self-disclosure with the U.S. Department of Health & Human Services Office of the Inspector General (OIG) indicating possible violations of the Stark Law and the Anti-Kickback Statute by Seton Medical Center. The date of the letter is October 13, 2016. The OIG informed VHS on November 17, 2016, that the disclosure was officially accepted into the Self-Disclosure Protocol. VHS understands that the OIG will next assign the matter to one of its staff attorneys to review. With respect to the facts, VHS continues to investigate to ascertain the amount of potential damages or penalties, and that review is ongoing.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)

VHS and certain other entities and individuals have been named as defendants in a punitive class action complaint under ERISA. The complaint alleges that VHS's Retirement plan, a defined benefit "church plan" exempt from ERISA, is not a "church plan" and seeks orders, among other relief, requiring the plan to be brought into compliance with ERISA's minimum funding, reporting, and other administrative requirements. This class action has been settled.

VHS is a named defendant in a breach of contract, unjust enrichment, and declaratory relief complaint filed by Prime Healthcare Services, Inc. and Prime Healthcare Foundation, Inc. and captioned *Prime Healthcare Services, Inc., et al., vs. Blue Mountain Management Capital, et al.*, in the Superior Court of California, County of San Bernardino, and San Bernardino Justice Center. The complaint alleges that VHS and the other defendants materially breached the Definitive Agreement entered into between Prime Healthcare Services, Inc., Prime Healthcare Foundation, Inc. and VHS in October 2014 and that the defendants also unjustly enriched themselves at the plaintiff's expense and seeks, among other relief, \$135 million in damages. VHS has filed a cross-complaint seeking \$40 million. The parties are engaged in discovery and the case is currently scheduled for trial in June 2017. At this time, management cannot accurately estimate the amounts of any payments or settlements that might result, or if additional related issues will arise. There can be no guarantee that any resulting payments or settlements will not have a material adverse impact on VHS's consolidated financial position or results of operations.

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters, such as licensure, accreditation, government health care program participation requirements, reimbursement laws and regulations, anti-referral laws, and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, and anti-referral statutes and regulations by health care providers. Certain entities of VHS are subject to such laws and regulations and to governmental investigations, whistle-blower lawsuits, and other legal proceedings concerning such laws and regulations. Violations of these laws and regulations could result in expulsion from government health care programs, as well as imposition of significant fines and penalties and significant repayments for patient services previously reimbursed.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)

VHS has 6,682 employees as of June 30, 2016, of whom just over 3,954 are full-time employees. Approximately 76% of these employees are employed by VHS entities and are represented by collective bargaining units. Majority of the employees are represented by collective bargaining agreements with Service Employees International Union (SEIU) and California Nurses Association (CNA). The agreement with SEIU, representing 41% of these employees, will expire on October 31, 2018, and the agreement with CNA, representing 22% of these employees, expired on April 30, 2016, and is currently in the process of being negotiated. Employee strikes or other adverse labor actions may have a material adverse impact on VHS's consolidated financial position or results of operations.

Lease Commitments

Future minimum lease payments under VHS's significant non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2016, are as follows (in thousands):

	Operating Leases
2017	\$ 9,521
2018	5,791
2019	3,830
2020	3,871
2021	3,235
Thereafter	2,970
	<u>\$ 29,218</u>

Rent expense was \$19,501,000 and \$22,318,000 for the years ended June 30, 2016 and 2015, respectively.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingent Liabilities (continued)

Seismic Standards

VHS assessed its earthquake retrofit requirements for health care facilities under a state of California law SB 90 that can allow a delay of up to seven years from the January 1, 2013, deadline for Structural Performance Category 1 (SPC-1) retrofits. This affects six buildings at three of VHS's hospitals. The previously reported seventh building, the St. Vincent Medical Center Central Plant, has been upgraded to SPC-2 status. Extensions have been approved by the Office of Statewide Health Planning and Development as follows:

St. Vincent Medical Center Main Hospital must meet SP-2 standards by January 1, 2019.
St. Vincent Medical Center Doheny Wing must meet SP-2 standards by July 1, 2019.

O'Connor Hospital 1953 Building must meet SPC-2 standards by July 1, 2019. O'Connor Hospital 1953 Boiler Plant/Laundry must meet SPC-2 standards by January 1, 2019.

Seton Medical Center Main Tower and Seton Medical Center Front Wing must meet SP-2 standards by July 1, 2019.

12. Subsequent Events

VHS has evaluated subsequent events and disclosed all material events through December 8, 2016, which is the date these consolidated financial statements of VHS were issued.

VHS entered into an extended supply support agreement with Premier Healthcare Solutions to redesign the supply chain infrastructure and operations over a three-year period beginning September 1, 2016, to improve resource utilization.

In October 2016, VHS engaged Conifer Health Solutions for its expertise as a single-source revenue cycle management provider. The multi-year agreement will yield optimized revenue cycle operations for the health system's six facilities, enhanced operating efficiency and reduced administrative expenses.

Supplementary Schedules



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Report of Independent Auditors on Supplementary Information

The Board of Directors
Verity Health System of California, Inc.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating financial statement schedules for Verity Health System of California, Inc. are presented for the purposes of additional analysis and are 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 audit 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 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

December 8, 2016

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet

As of June 30, 2016
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Assets									
Current assets:									
Cash and cash equivalents	\$ 2,663	\$ 4,875	\$ 256	\$ 21,598	\$ 3,934	\$ 7,153	\$ 3,467	\$ -	\$ 43,946
Patient accounts receivable	31,505	23,933	4,695	58,838	10,631	25,632	-	-	155,234
Due from government agencies	2,307	1,795	-	10,444	219	5,372	-	-	20,137
Due from related organizations	8,000	24,682	-	262,631	5,855	13,948	102,540	(477,535)	40,121
Other current assets	15,360	8,696	261	42,648	4,887	16,875	9,301	-	98,029
Other restricted assets	-	-	-	-	-	-	-	-	-
Total current assets	59,835	63,981	5,212	396,159	25,526	68,980	115,308	(477,535)	357,467
Assets limited as to use:									
Other investments	-	-	-	-	-	2,967	-	-	2,967
Under bond indenture agreements	-	-	-	-	-	-	25,154	-	25,154
Total assets limited as to use	-	-	-	-	-	2,967	25,154	-	28,121
Property and equipment, net	32,875	27,210	386	98,233	12,099	44,755	293	-	215,851
Other long-term assets	18	86	2	329	5	139	6,981	-	7,560
Total assets	\$ 92,728	\$ 91,277	\$ 5,600	\$ 494,721	\$ 37,630	\$ 116,841	\$ 147,736	\$ (477,535)	\$ 608,999

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet (continued)

As of June 30, 2016
(In Thousands)

	Obligated Group	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	Other Entities	Eliminations	VHS Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 43,946	\$ 2,707	\$ 2,881	\$ 53	\$ 13,041	\$ 3,729	\$ -	\$ 66,357
Patient accounts receivable	155,234	-	4,413	-	-	677	-	160,324
Due from government agencies	20,137	-	-	-	-	-	-	20,137
Due from related organizations	40,121	-	5,496	9,387	-	933	(55,937)	-
Other current assets	98,029	5,464	2,209	429	539	4,031	(4,428)	106,273
Other restricted assets	-	-	-	-	12,074	-	-	12,074
Total current assets	357,467	8,171	14,999	9,869	25,654	9,370	(60,365)	365,165
Assets limited as to use:								
Other investments	2,967	47,895	-	-	48,294	13,087	-	112,243
Under bond indenture agreements	25,154	-	-	-	-	-	-	25,154
Total assets limited as to use	28,121	47,895	-	-	48,294	13,087	-	137,397
Property and equipment, net	215,851	-	1,798	295	26,692	276	-	244,912
Other long-term assets	7,560	-	519	117	55	2,110	-	10,361
Total assets	\$ 608,999	\$ 56,066	\$ 17,316	\$ 10,281	\$ 100,695	\$ 24,843	\$ (60,365)	\$ 757,835

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet (continued)

As of June 30, 2016
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Coastside Center	St. Francis Medical Center	Saint Louise Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Liabilities and net assets									
Current liabilities:									
Accounts payable	\$ 8,968	\$ 5,490	\$ 102	\$ 4,337	\$ 1,877	\$ 6,782	\$ 4,582	\$ -	\$ 32,138
Accrued liabilities and other current liabilities	27,286	32,469	1,639	59,627	9,380	25,486	38,678	-	194,565
Current portion of long-term debt	699	857	-	3,642	424	783	-	-	6,405
Due to government agencies	-	-	-	-	-	1,155	-	-	1,155
Due to related organizations	148,039	82,663	19,694	92	52,875	156,061	33,928	(477,535)	15,817
Total current liabilities	184,992	121,479	21,435	67,698	64,556	190,267	77,188	(477,535)	250,080
Pension obligations	62,132	486	64	117,726	6,959	94,797	19,363	-	301,527
Workers' compensation & HPL/GL	-	-	-	-	-	-	5,199	-	5,199
Other long-term liabilities	179	2,773	-	173	-	2,215	27,559	-	32,899
Long-term debt - net of current portion	49,154	60,248	-	71,984	29,774	55,025	109,031	-	375,216
Total liabilities	296,457	184,986	21,499	257,581	101,289	342,304	238,341	(477,535)	964,921
Net (deficit) assets:									
Unrestricted	(203,729)	(93,709)	(15,899)	237,088	(63,659)	(228,756)	9,396	-	(359,267)
Temporarily restricted	-	-	-	52	-	622	-	-	674
Permanently restricted	-	-	-	-	-	-	-	-	2,671
Total net (deficit) assets	(203,729)	(93,709)	(15,899)	237,140	(63,659)	(225,463)	9,396	-	(355,922)
Total liabilities and net assets	\$ 92,728	\$ 91,277	\$ 5,600	\$ 494,721	\$ 37,630	\$ 116,841	\$ 47,736	\$ (477,535)	\$ 608,999

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet (continued)

As of June 30, 2016
(In Thousands)

	Obligated Group Subtotal	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	Other Entities	Eliminations	VHS Total
Liabilities and net assets								
Current liabilities:								
Accounts payable	\$ 32,138	\$ 178	\$ 3,767	\$ 54	\$ 225	\$ -	\$ -	\$ 36,362
Accrued liabilities and other current liabilities	194,565	15,317	6,112	1,793	499	143	(1,026)	217,403
Current portion of long-term debt	6,405	-	54	-	188	-	-	6,647
Due to government agencies	1,155	-	-	-	-	-	-	1,155
Due to related organizations	15,817	-	2,990	6,310	-	30,821	(55,938)	-
Total current liabilities	250,080	15,495	12,923	8,157	912	30,964	(56,964)	261,567
Pension obligations	301,527	-	-	-	-	-	-	301,527
Workers' compensation & HPL/GL	5,199	31,749	-	-	-	-	(3,401)	33,547
Other long-term liabilities	32,899	-	-	-	253	214	-	33,366
Long-term debt - net of current portion	375,216	-	-	-	5,140	-	-	380,356
Total liabilities	964,921	47,244	12,923	8,157	6,305	31,178	(60,365)	1,010,363
Net (deficit) assets:								
Unrestricted	(359,267)	8,822	4,393	2,124	34,022	24,089	-	(333,995)
Temporarily restricted	674	-	-	-	60,368	2,288	-	73,330
Permanently restricted	2,671	-	-	-	-	4,466	-	8,137
Total net (deficit) assets	(355,922)	8,822	4,393	2,124	94,390	28,335	-	(252,528)
Total liabilities and net assets	\$ 608,999	\$ 56,066	\$ 17,316	\$ 10,281	\$ 100,695	\$ 59,513	\$ (60,365)	\$ 757,835

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations

For the Year Ended June 30, 2016
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Coastside Center	St. Francis Medical Center	Saint Louis Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Unrestricted revenues and other support:									
Net patient service revenue	\$ 241,063	\$ 198,552	\$ 19,743	\$ 381,146	\$ 82,898	\$ 198,029	-	\$ -	\$ 1,121,431
Provision for doubtful accounts	(3,651)	(5,041)	118	(9,210)	(2,088)	(6,323)	-	-	(26,195)
Net patient service revenue less provision for doubtful accounts	237,412	193,511	19,861	371,936	80,810	191,706	-	-	1,095,236
Premium revenue	625	-	-	79,191	-	16,596	-	(246)	96,166
Other operating revenue	7,324	888	570	3,456	153	1,131	129,109	(128,865)	13,766
Contributions	91	123	15	3,901	24	95	-	-	4,249
Total unrestricted revenues and other support	245,452	194,522	20,446	458,484	80,987	209,528	129,109	(129,111)	1,209,417
Expenses:									
Salaries and benefits	168,114	143,527	15,639	194,710	54,557	102,451	18,958	-	697,956
Supplies	37,962	29,993	1,690	37,239	7,548	46,435	(2,111)	-	158,756
Purchased services and other	85,872	72,577	3,112	179,770	27,193	95,464	136,987	(129,111)	471,864
Depreciation and amortization	9,836	7,976	184	13,957	2,659	9,832	493	-	44,937
Interest - net	3,184	3,385	13	4,022	2,178	4,485	3,034	-	20,301
Total expenses	304,968	257,458	20,638	429,698	94,135	258,667	157,361	(129,111)	1,393,814
Operating (loss) income	(59,516)	(62,936)	(192)	28,786	(13,148)	(49,139)	(28,252)	-	(184,397)
Investment income	-	-	-	-	-	-	693	-	693
(Deficiency) excess of revenues over expenses	(59,516)	(62,936)	(192)	28,786	(13,148)	(49,139)	(27,559)	-	(183,704)

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2016
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Coastside	St. Francis Medical Center	Saint Louise Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Change in pension liability	\$ (7,886)	\$ 410	\$ 54	\$ (23,590)	\$ (1,817)	\$ (20,157)	\$ (995)	\$ -	\$ (53,981)
Other	(17,105)	(7,168)	(1,031)	(2,892)	(5,272)	(9,001)	423	-	(42,046)
Net assets released from restrictions used for purchase of property and equipment	736	920	-	148	36	63	-	-	1,903
(Decrease) increase in unrestricted net assets	\$ (83,771)	\$ (68,774)	\$ (1,169)	\$ 2,452	\$ (20,201)	\$ (78,234)	\$ (28,131)	\$ -	\$ (277,828)

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2016
(In Thousands)

	Obligated Group	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	All Other Entities	Eliminations	VHS Total
Unrestricted revenues and other support:								
Net patient service revenue	\$ 1,121,431	\$ -	\$ 35,369	\$ -	\$ -	\$ -	\$ -	\$ 1,161,679
Provision for doubtful accounts	(26,195)	-	(506)	-	-	(33)	-	(26,734)
Net patient service revenue less provision for doubtful accounts	1,095,236	-	34,863	-	-	4,846	-	1,134,945
Premium revenue	96,166	-	26,682	-	-	1	-	122,849
Other operating revenue	13,766	12,943	6,465	17,019	8,643	(24)	(35,850)	22,962
Contributions	4,249	-	-	-	12,074	322	-	16,645
Total unrestricted revenues and other support	1,209,417	12,943	68,010	17,019	20,717	5,145	(35,850)	1,297,401
Expenses:								
Salaries and benefits	697,956	-	21,799	12,612	145	8,381	(12,612)	723,281
Supplies	158,756	-	5,310	127	110	1,241	(127)	165,417
Purchased services and other	471,864	17,693	58,846	4,175	6,544	1,165	(23,006)	537,281
Depreciation and amortization	44,937	-	1,952	105	1,384	35	(105)	48,308
Interest - net	20,301	-	(25)	-	317	-	-	20,593
Total expenses	1,393,814	17,693	87,882	17,019	8,500	5,822	(35,850)	1,494,880
Operating (loss) income	(184,397)	(4,750)	(19,872)	-	12,217	(677)	-	(197,479)
Investment income	693	1,340	-	-	-	17	-	2,050
(Deficiency) excess of revenues over expenses	(183,704)	(3,410)	(19,872)	-	12,217	(660)	-	(195,429)

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2016
(In Thousands)

	Obligated Group Subtotal	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	All Other Entities	Eliminations	VHS Total
Change in pension liability	\$ (53,981)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (53,981)
Other	(42,046)	-	19,382	-	21,807	799	-	(58)
Net assets released from restrictions used for purchase of property and equipment	1,903	-	-	-	-	(21)	-	1,882
(Decrease) increase in unrestricted net assets	\$ (277,828)	\$ (3,410)	\$ (490)	\$ -	\$ 34,024	\$ 118	\$ -	\$ (247,586)

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**Verity Health System of
California, Inc.**
(Formerly Daughters of Charity Health
System)

Consolidated Financial Statements
As of and for the Years Ended June 30, 2017
and 2016 and Supplementary Information as
of and for the Year Ended June 30, 2017

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Financial Statements
As of and for the Years Ended June 30, 2017 and 2016 and
Supplementary Information as of and for the Year Ended June 30, 2017

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

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Independent Auditor's Report

Board of Directors
Verity Health System
Redwood City, California

We have audited the accompanying consolidated financial statements of Verity Health System of California, Inc., which comprise the consolidated balance sheet as of June 30, 2017, and the related consolidated statements of operations and changes in net (deficit) assets and cash flows for the year 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Marillac Insurance Company, Ltd. (Marillac), a wholly-owned subsidiary, which statements reflect total assets of \$52,503,262 at June 30, 2017 and total revenues of \$12,635,815 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiary, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Verity Health System of California, Inc. as of June 30, 2017, and the consolidated results of its operations, and the changes in its net (deficit) assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The consolidated financial statements of Verity Health System of California, Inc. for the year ended June 30, 2016 were audited by other auditors, whose report dated December 8, 2016 expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating financial statement schedules for Verity Health System of California, Inc. are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

November 8, 2017

Consolidated Financial Statements

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Balance Sheets
(In Thousands)

<i>June 30,</i>	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 60,647	\$ 66,357
Patient accounts receivable, net of allowance for doubtful accounts of \$47,600 and \$31,700 as of June 30, 2017 and 2016, respectively	235,767	160,324
Due from government agencies	15,938	20,137
Other current assets	95,192	106,273
Other restricted assets	-	12,074
Total current assets	407,544	365,165
Assets Limited as to Use:		
Other investments	61,181	112,243
Under bond indenture agreements	63,493	25,154
Total assets limited as to use	124,674	137,397
Property and equipment, net	247,042	244,912
Other long-term assets	25,085	5,878
Total Assets	\$ 804,345	\$ 753,352
Liabilities and Net (Deficit) Assets		
Current Liabilities:		
Accounts payable	\$ 74,577	\$ 36,362
Accrued expenses and other current liabilities	254,129	217,403
Current portion of long-term debt, net of debt issuance costs	12,480	6,647
Due to government agencies	5,299	1,155
Total current liabilities	346,485	261,567
Pension obligations	254,002	301,527
Long-term portion of workers' compensation and hospital professional and general liability	36,142	33,547
Other long-term liabilities	42,692	33,366
Long-term debt, net of current portion and debt issuance costs	459,156	375,873
Total liabilities	1,138,477	1,005,880
Net (Deficit) Assets:		
Unrestricted - Verity Health System	(358,144)	(333,995)
Unrestricted - Noncontrolling	2,366	
Temporarily restricted	13,444	73,330
Permanently restricted	8,202	8,137
Total net deficit	(334,132)	(252,528)
Total Liabilities and Net (Deficit) Assets	\$ 804,345	\$ 753,352

See accompanying notes to consolidated financial statements.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)**Consolidated Statements of Operations and**
Changes in Net (Deficit) Assets
(In Thousands)

<i>Years Ended June 30,</i>	2017	2016
Unrestricted Revenues and Other Support		
Net patient service revenue	\$ 1,301,005	\$ 1,161,679
Provision for doubtful accounts	(33,770)	(26,734)
Net patient service revenue less provision for doubtful accounts	1,267,235	1,134,945
Premium revenue	120,293	122,849
Other operating revenue	26,304	22,962
Contributions	65,717	16,645
Total unrestricted revenues and other support	1,479,549	1,297,401
Expenses:		
Salaries and benefits	730,299	723,281
Purchased services and other	476,892	471,901
Supplies	172,392	165,417
Medical claims	61,959	65,380
Depreciation and amortization	34,918	48,308
Interest - net	28,134	20,593
Goodwill and intangible asset impairment loss	10,232	-
Total expenses	1,514,826	1,494,880
Operating loss	(35,277)	(197,479)
Investment (loss) income	(2,573)	2,050
(Deficit) excess of revenues over expenses	(37,850)	(195,429)
Less (deficit) excess of revenues over expenses attributable to noncontrolling interest	(5,087)	
(Deficit) excess of revenues over expenses, net of noncontrolling interest	\$ (32,763)	\$ (195,429)

(Continued)

See accompanying notes to consolidated financial statements.

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

**Consolidated Statements of Operations and
Changes in Net (Deficit) Assets
(In Thousands)**

<i>Years Ended June 30,</i>	2017	2016
Unrestricted Net (Deficit) Assets		
Unrestricted Net (Deficit) Assets attributable to Verity Health System:		
(Deficit) excess of revenues over expenses attributable to Verity Health System	\$ (32,763)	\$ (195,429)
Change in funded status of pension and other postretirement benefit plans	7,667	(53,981)
Net assets released from restrictions used for purchase of property and equipment	610	1,882
Other	337	(58)
Decrease in unrestricted net (deficit) assets attributable to Verity Health System	(24,149)	(247,586)
Unrestricted Net Assets attributable to noncontrolling interests:		
(Deficit) excess of revenues over expenses attributable to noncontrolling interests	(5,087)	-
Noncontrolling interest related to acquisitions and other	7,453	-
Increase in unrestricted net assets attributable to noncontrolling interest	2,366	-
Temporarily Restricted Net (Deficit) Assets		
Contributions	5,309	76,152
Net realized and unrealized gains on investments	173	12
Net assets released from restrictions:		
Operations	(64,551)	(16,275)
Property, plant, and equipment	(610)	(1,780)
Other	(207)	(232)
(Decrease) Increase in temporarily restricted net (deficit) assets	(59,886)	57,877
Permanently Restricted Net Assets		
Net realized and unrealized gains (losses) on investments	65	(73)
Contributions	-	107
Other	-	(104)
Increase (decrease) in permanently restricted net assets	65	(70)
Decrease in net (deficit) assets	(81,604)	(189,779)
Net (deficit) assets, beginning of year	(252,528)	(62,749)
Net (Deficit) Assets, End of Year	\$ (334,132)	\$ (252,528)

(Concluded)

See accompanying notes to consolidated financial statements.

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidated Statements of Cash Flows
(In Thousands)

Years Ended June 30,	2017	2016
Operating Activities		
Decrease in net (deficit) assets	\$ (8,804)	\$ (169,779)
Adjustments to reconcile decrease in net (deficit) assets to net cash used in operating activities:		
Depreciation and amortization	34,918	48,397
Provision for doubtful accounts	33,770	26,734
Changes in fair value and unrealized and realized losses (gains) on investments, net	(3,896)	(1,330)
Losses (gains) on equity method investments	7,016	-
Amortization of bond premium and debt issuance costs	692	(89)
Pension related changes	(7,667)	53,981
Gain on disposal of property and equipment	(4,503)	(2,584)
Goodwill and intangible asset impairment	10,232	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(109,213)	(30,310)
Due to/from government agencies	8,344	(1,748)
Other current assets	26,093	77,983
Other long term assets	36,525	(47,299)
Accounts payable and other accrued expenses	73,091	(25,968)
Non-current liabilities	(39,979)	6,617
Net cash used in operating activities	(12,101)	185,375
Investing Activities		
Purchases of investments	(70,254)	(250,547)
Acquisitions of controlled entities	(8,200)	-
Purchases of equity method investments	(7,297)	-
Proceeds from disposal of property and equipment	4,778	4,388
Proceeds from sales of investments	86,719	251,518
Changes in other assets limited as to use	(2,932)	216
Changes in assets under bond indenture agreements	(30,339)	718
Changes in loans and receivables	(2,164)	-
Purchases of property and equipment	(34,393)	(12,357)
Net cash used in investing activities	(80,090)	16,064
Financing Activities		
Retirement of debt	-	(47,643)
Repayment of debt	(7,099)	(6,779)
Issuance of debt	95,000	105,000
Bond issuance costs	(1,340)	(1,232)
Net cash provided by financing activities	86,561	49,366
Net (decrease) increase in cash and cash equivalents	(5,710)	(12,071)
Cash and cash equivalents at beginning of year	66,357	78,428
Cash and Cash Equivalents at End of Year	\$ 60,647	\$ 66,357
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest - net of capitalized interest	\$ 26,319	\$ 20,593
Supplemental Disclosures of Noncash Items		
Capitalized interest	\$ 907	\$ 390
Assets acquired through capital leases or notes payable	\$ 1,862	\$ -
Accrued purchases of property and equipment	\$ 1,526	\$ 995

See accompanying notes to consolidated financial statements.

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

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1. Organization and Business of the Company

Verity Health System of California, Inc., a California nonprofit public benefit corporation (Parent) (formerly named Daughters of Charity Health System) is the sole corporate member of five California nonprofit public benefit corporations that operate five acute care hospitals and other facilities (the Hospitals, see list below) in the state of California. The Parent and the following affiliated entities (collectively, Verity Health System or VHS) operate as a nonprofit health care system in the state of California, with approximately 1,680 licensed acute care and skilled nursing beds.

Verity Health System consists of Parent* and the following:

- O'Connor Hospital *
- Saint Louise Regional Hospital *
- St. Francis Medical Center *
- St. Vincent Medical Center *
- Seton Medical Center (including its unincorporated division, Seton Medical Center Coastsides) *
- Verity Business Services
- Marillac Insurance Company, Ltd.
- O'Connor Hospital Foundation
- Saint Louise Regional Hospital Foundation
- St. Francis Medical Center Foundation
- St. Vincent Medical Center Foundation
- Seton Medical Center Foundation
- St. Vincent de Paul Ethics Corporation
- St. Vincent Dialysis Center
- De Paul Ventures, LLC
- Verity Medical Foundation
- Verity Holdings, LLC
- Verity BASM Holdco, LLC

* Member of the Obligated Group

With the exceptions of De Paul Ventures, LLC, Marillac Insurance Company, Ltd. (Marillac) and Verity BASM Holdco, LLC, each Verity Health System entity named above is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC).

On July 17, 2015, Daughters of Charity Ministry Services Corporation (subsequently renamed Verity Health System of California, Inc.), Blue Mountain Capital Management, LLC (Blue Mountain), and Integrity Healthcare, LLC (Integrity) entered into a System Restructuring and Support Agreement (as subsequently amended, the Restructuring Agreement) to change the governance of and recapitalize the Parent and certain of its subsidiaries. Integrity represents the management company for Verity Health System that was formed to carry out the management services under the Management Agreement, which is part of the overall Restructuring Agreement. Through June 30, 2017, Integrity was wholly owned by Blue Mountain. In July 2017, NantWorks LLC, the parent

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organization for health technology and biotech companies founded by Dr. Patrick Soon-Shiong, acquired a majority stake in Integrity from Blue Mountain. Refer to subsequent events at Note 13 for additional details.

Under the Restructuring Agreement, the Parent and other members of the Obligated Group were converted from religious corporations to public benefit corporations. In exchange for options to acquire the assets of Verity Health System at a purchase price to be determined based on a specified percentage of outstanding liabilities of Verity Health System at the time of closing, Blue Mountain agreed to provide \$100,000 in funding to the Parent and a commitment to provide additional debt financing at the option of the Parent. To fulfill this commitment, Blue Mountain arranged for an additional \$160,000 in working capital financing that was privately placed with third parties (the "2015 Notes" - see Note 9 for additional details). After approval was obtained from the California Attorney General's office, the transactions contemplated by the Restructuring Agreement closed on December 14, 2015. Effective upon the closing of the transaction, the Parent's board of directors resigned and Daughters of Charity Ministry Services Corporation, acting as sole corporate member of the Parent, appointed an independent board of the Parent and amended the bylaws of the Parent to eliminate the corporate membership rights of Daughters of Charity Ministry Services Corporation as sole corporate member of the Parent and to convert the Parent into a nonprofit corporation without members. The Parent and all of its nonprofit corporate affiliates that were not previously public benefit corporations changed status from religious corporations to public benefit corporations under the California Nonprofit Corporation Law.

In connection with the initial accounting for the \$100,000 Blue Mountain contribution received during the fiscal year ended June 30, 2016, \$27,559 was recorded as deferred revenue for the value of the option to purchase the real estate and operating assets of VHS and \$72,441 was recorded as a restricted asset for contributions to be released pursuant to the terms of the Restructuring Agreement. For the years ended June 30, 2017 and 2016, VHS recorded approximately \$60,367 and \$12,074 of contribution revenue, respectively, associated with the releases of these funds from restrictions. \$27,559 is recorded as deferred revenue in other long-term liabilities as of June 30, 2017, as such amount will be recognized upon exercise or expiration of the option.

On a monthly basis, VHS records management fee expense and makes payments to Integrity associated with the management services received under the Management Agreement. During the initial fiscal year which ended June 30, 2016, the monthly management fee was determined based on a specified percentage of trailing 12 month operating revenues for VHS. Such management fees are adjusted each succeeding fiscal year based on changes in the consumer price index. VHS defers payment for a portion of management fees based on its days' cash on hand over the most recent 90 day period. All deferred management fees accrue interest at 2.82% per annum to the extent such amounts are not paid in the fiscal year that services are received. Such deferred management fees are contingently payable based on the terms of the Management Agreement, which include annual calculations of excess cash on hand.

For the years ended June 30, 2017 and 2016, VHS recorded approximately \$59,333 and \$32,215 of management fee expense within the purchased services and other expense line item, respectively. As of June 30, 2017 and 2016, VHS had a liability of \$46,228 and \$16,108 within accrued expenses and other current liabilities, respectively, associated with deferred management fees.

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Pursuant to the Master Indenture of Trust, dated as of December 1, 2001 (as amended and supplemented, the Master Indenture) among the Members of the Obligated Group and U.S. Bank National Association (Master Trustee), an Obligated Group (see listing of entities included in the Obligated Group above) was established to access the capital markets. Obligated Group members are jointly and severally liable for the long-term debt outstanding secured by an Obligation issued under the Master Indenture.

Liquidity

VHS had working capital of \$61,059 and \$103,598 as of June 30, 2017 and 2016, respectively. VHS had a deficit of revenues over expenses of \$37,850 and cash used in operations of \$12,181 for the year ended June 30, 2017 compared to a deficit of revenues over expenses of \$195,429 and cash used in operations of \$85,375 for the year ended June 30, 2016. The current year deficit of revenues over expenses and cash used in operations represented an improvement of \$157,579 and \$73,194, respectively, from the prior year. Such improvements have been largely driven by increases in patient volumes, additional reimbursement under the California Hospital Fee Program (see Note 2 for details), and overall cost-cutting initiatives that have been implemented. Additionally, VHS has been successful in raising additional financing, which includes issuance of the 2017 Notes for \$21,000 in September 2017 and the MOB Loan for \$46,220 in October 2017 (see subsequent events at Note 13 for additional details). Management believes that cash flows from operations and financing activities will provide sufficient capital resources to sustain operations through at least the next twelve months from the date the financial statements were issued.

2. Summary of Significant Accounting Policies

Basis for Presentation

The accompanying consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles and include the accounts of VHS after elimination of intercompany transactions. Certain reclassifications and changes in presentation were made in the 2016 consolidated financial statements to conform to the 2017 presentation. See the recent accounting pronouncements section below for additional details. All amounts in the consolidated financial statements and footnotes are presented in thousands.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. VHS considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances and discounts; provisions for doubtful accounts and charity care; assumptions for measurement of pension and other postretirement liabilities; and reserves for losses and expenses related to hospital professional and general liabilities, workers' compensation claims and out-of-

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network services associated with certain at-risk capitation arrangements. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ materially from those estimates.

Medical Foundation

The VHS Medical Foundation was established in December 2011 and incorporated under the California regulations as a not-for-profit corporation exempted from income taxes under IRC Section 501(c)(3). The sole member of this corporation is VHS, acting through its board of directors.

Cash and Cash Equivalents

Cash equivalents consist primarily of highly liquid marketable securities with original maturities, at the time of purchase, of three months or less.

Patient Accounts Receivable, Allowance for Doubtful Accounts, and Net Patient Service Revenue

Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payers. Settlements with third-party payers are accrued on an estimated basis in the period in which the related services are rendered and are adjusted in future periods as final settlements are determined.

VHS manages the receivables by regularly reviewing its patient accounts and contracts and by providing appropriate contractual allowances and allowances for doubtful accounts. These allowances are estimated based upon an evaluation of historical payments, negotiated contracts, and governmental reimbursements. Adjustments and changes in estimates are recorded in the period in which they are determined. The gross self-pay accounts receivable was reserved at 92% and 90% at June 30, 2017 and 2016, respectively, in total between the allowance for doubtful accounts and contractual allowances.

Patient service revenues, net of contractual allowances and discounts, are as follows:

<i>Year Ended June 30,</i>	2017	2016
Government	\$ 913,460	\$ 780,884
Contracted	333,258	332,686
Self-pay and others	54,287	48,109
Net patient service revenue	1,301,005	1,161,679
Less: Provision for doubtful accounts	(33,770)	(26,734)
Net patient service revenue less provision for doubtful accounts	\$ 1,267,235	\$ 1,134,945

Net patient service revenue includes contractual and other allowances (excluding charity care) of \$5,260,897 and \$4,676,402 for the years ended June 30, 2017 and 2016, respectively.

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Significant concentrations of net patient accounts receivable are as follows:

<i>As of June 30,</i>	2017	2016
HMO/PPO/Commercial	40%	42%
Medicare	25	29
Medi-Cal	32	28
Other	3	1
Total	100%	100%

Inpatient acute care services, outpatient services, and skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain inpatient non-acute services and defined capital and medical education costs related to Medicare beneficiaries are paid using a cost reimbursement methodology.

Health care services are provided free of charge or at a significant discount based on a sliding scale to individuals who meet certain financial criteria. VHS makes an effort to determine if a patient qualifies for charity care upon admission. If a patient is determined to qualify for charity care, services are rendered to the patient free of cost. The costs of providing these services are included in unsponsored community benefit expense and included as a deduction to net patient service revenue in the consolidated statement of operations. VHS estimates the cost of charity care by calculating a ratio of cost to usual and customary charges and applying that ratio to the usual and customary uncompensated charges associated with providing care to patients that qualify for charity care. The amount of charity care at cost was \$10,444 and \$13,981 for the years ended June 30, 2017 and 2016, respectively.

After satisfaction of amounts due from insurance and the application of financial discounts to patients' balances, and after exhausting all reasonable efforts to collect from the patients, a significant portion of VHS's uninsured and self-pay patient accounts are referred to third-party agencies based on VHS's established guidelines for further collection activities. As a result, VHS records a significant provision for doubtful accounts related to these uninsured patients in the period the services are rendered based on historical collection experience.

As part of VHS's mission to serve the community, VHS provides care to patients even though they may lack adequate insurance or may participate in programs that do not pay full charges. Reserves for charity care and uncollectible amounts have been established and are netted against patient accounts receivable in the consolidated balance sheets.

Payments from Medi-Cal and contracted-rate payers are based on a per-diem, per-discharge, modified cost, or capitated basis or a combination of these.

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Adjustments for the finalization of prior year cost reports from both Medicare and Medi-Cal resulted in an increase to patient service revenues of \$4,402 and \$5,613, for the years ended June 30, 2017 and 2016, respectively. St. Francis Medical Center qualified for and received Medi-Cal funding as a disproportionate-share hospital from the state of California under Senate Bill (SB) 855. Related revenues were \$30,542 and \$27,029, for the years ended June 30, 2017 and 2016, respectively, and are included in net patient service revenue. Amounts to be received in future years, if any, are subject to annual determination.

The St. Francis Medical Center also received funding for Medi-Cal disproportionate-share hospitals under SB 1255. These SB 1255 funds are paid from the Emergency Services and Supplemental Payments Fund. Related revenues were \$8,040 and \$7,908, for the years ended June 30, 2017 and 2016, respectively, and are included in net patient service revenue. This funding must be applied for and approved each year.

The St. Francis Medical Center also qualifies for Medi-Cal funding as a disproportionate-share hospital from the state of California under SB 1732. This SB 1732 program permits health care facilities servicing a disproportionate share of Medi-Cal patients to receive supplemental reimbursement for a portion of their debt service for qualified capital projects. St. Francis Medical Center has an amendment to its Medi-Cal contract, which was executed on June 19, 1993, for reimbursement related to the St. Francis Medical Center Health Services Pavilion, which was completed in 1991. Related revenues were \$2,213 and \$2,220, for the years ended June 30, 2017 and 2016, respectively, and are included in net patient service revenue.

Other than St. Francis Medical Center, no other VHS entities received funding under SB 855, SB 1255 or SB 1732 for the years ended June 30, 2017 and 2016.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market value, which is determined using the first-in, first-out method. Inventories are reviewed for obsolescence on a periodic basis. Amounts are included in other current assets.

Assets Limited as to Use

Assets limited as to use represent assets designated by the board of directors for future capital improvements, assets at Marillac designated by the board of directors for payment of workers' compensation and hospital professional and general liability claims, assets held by trustees under bond indenture agreements (refer the Series 2005 Bonds, Series 2015 Notes, and 2017 Assessment C-PACE Bonds at Note 9), and investments restricted by donors. Investment income or loss is included in deficiency of revenues over expenses, unless the income or loss is restricted by donor or law. The assets are reflected in the assets limited as to use line items in the consolidated balance sheets.

Investments

Investments received through gifts are recorded at estimated fair value at the date of donation. Gains and losses that result from market fluctuations are recognized in the period that such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted-cost basis. Adjusted-cost is the original cost of the security adjusted for any purchases or sales during the year. Dividend and interest income are accrued when earned.

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VHS also maintains ownership interests in certain entities that are recorded under the equity method of accounting as VHS has the ability to exercise significant influence over the operating and financial policies of the investee. Equity method investments are recorded as other long-term assets in the consolidated balance sheet and earnings or losses associated with equity method investments are recorded as investment income (loss) in the consolidated statement of operations and changes in net assets.

Investment (loss) income includes the following:

<i>Years Ended June 30,</i>	2017	2016
Interest and dividends	\$ 953	\$ 867
Investment fees	(168)	(208)
Change in unrealized gains (losses) on investments - net	(1,489)	775
Net realized gains on sales of investments	5,305	555
Equity method investments - other-than-temporary impairment losses	(3,310)	-
Equity method investments - guarantee losses	(3,588)	-
Equity method investments - share of earnings (losses)	(118)	-
	(2,335)	1,989
Amounts included in changes in temporarily restricted net assets	(173)	(12)
Amounts included in changes in permanently restricted net assets	(65)	73
Investment (loss) income	\$ (2,573)	\$ 2,050

During the year ended June 30, 2017, VHS recorded other-than-temporary impairment losses of \$3,310 associated with the decline in the fair value of certain surgery center investments that were purchased in January 2017. The decline in fair value resulted from the degradation in future estimated cash flows due to adverse changes in business conditions that occurred subsequent to the acquisition date. See Note 3 for additional details related to the initial purchase of non-controlling ownership interests in the surgery centers and a controlling ownership interest in the management company, Verity BASM Holdco, LLC. See Note 4 for additional details on the valuation methodology utilized to determine the fair value of the surgery center investments as of June 30, 2017.

During the year ended June 30, 2017, VHS also recorded investment losses of \$3,588 associated with the guarantee of certain outstanding legal obligations on behalf of the surgery center equity method investees. See Note 3 for additional details on the terms of the guarantee. As of June 30, 2017, VHS estimated the fair value of the guarantee obligation to be \$4,760, which resulted in the recording of a guarantee liability within other long-term liabilities. As this guarantee obligation was determined to represent an additional contribution to the investees, \$1,172 was recorded as an increase in carrying value of VHS's equity method investment associated with VHS's portion of the investment and \$3,588 was recorded as an investment loss associated with the non-contributing investees' portion of the investment. See Note 4 for additional details on the valuation methodology utilized to determine the fair value of the guarantee as of June 30, 2017.

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Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and due to/from government agencies approximate fair value due to their short-term nature. The fair value of investments is disclosed in Notes 4 and 8, and the fair value of debt is disclosed in Note 9.

Property and Equipment

Property and equipment are stated at cost if purchased, and at fair market value if donated. Depreciation of property and equipment is calculated using a half-year convention and the straight-line method for financial statement purposes. Estimated useful lives by classification are as follows:

Land improvements	5-25 years
Buildings	10-40 years
Building service equipment	5-25 years
Equipment	3-20 years
Software development	3-5 years

Long-Lived Asset Impairment

VHS routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. The impairment tests are based on financial projections prepared by management that incorporate anticipated results from programs and initiatives being implemented and market value assessments of the assets. If the projections are not met, or if negative trends occur that impact the future outlook, the value of the long-lived assets may be impaired, which could be material. There was no long-lived asset impairment recorded for the years ended June 30, 2017 and 2016 associated with tangible assets.

VHS recorded an impairment loss of \$6,858 associated with long-lived management contract intangible assets for the year ended June 30, 2017, which is included in goodwill and intangible asset impairment loss in the consolidated statement of operations and changes in net assets. See Note 3 for additional details.

Self Insurance

VHS is self-insured for hospital professional and general liabilities by a wholly-owned self-insured captive insurance company (Marillac). The provisions for estimated hospital professional and general liability claims include estimates of the ultimate costs for both uninsured reported claims and claims incurred-but-not-reported (IBNR), in accordance with actuarial projections or paid claims lag models based on past experience. Such claim reserves are based on the best data available to VHS; however, these estimates are subject to a significant degree of inherent variability. There is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. Such estimates are continually monitored and reviewed, and as reserves are adjusted, the

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differences are reflected in current operations. Management is of the opinion that the associated liabilities recognized in the accompanying consolidated financial statements are adequate to cover such claims.

VHS has entered into reinsurance, stop loss, and excess policy agreements with independent insurance companies to limit its losses on hospital professional and general liability claims.

Hospital professional and general liabilities (HPL/GL) were \$18,723 and \$16,802, discounted at a rate of 4% as of June 30, 2017 and 2016, respectively. Management is not aware of any potential hospital professional and general liability claims whose settlement would have a material adverse effect on VHS's consolidated financial position.

Workers' Compensation Insurance

VHS is insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$500 per occurrence as of June 30, 2017 and 2016. Based on actuarially determined estimates, provisions have been made in the consolidated financial statements, with the current portion included within accrued liabilities and the non-current portion within workers' compensation and hospital professional and general liabilities, for all known claims and IBNR claims as of June 30, 2017 and 2016. Workers' compensation liabilities were \$26,274 and \$24,752, discounted using a rate of 4%, as of June 30, 2017 and 2016, respectively. Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable.

IBNR Claims under Premium Revenue Arrangements

Certain entities of VHS have capitation arrangements with various payers to provide medical services to enrollees. VHS accrues costs when services are rendered under these contracts, including estimates of IBNR claims and amounts receivable/payable under risk-sharing arrangements. The IBNR accrual includes an estimate of the costs for which VHS is responsible, including out-of-network services. The IBNR reserves are reported in accrued expenses and other current liabilities in the consolidated balance sheets (see Note 7 for additional information). Medical claims expense associated with premium revenue arrangements is separately reported in the consolidated statement of operations and changes in net (deficit) assets.

IBNR reserves are estimated based on actuarial studies, historical reporting, and payment trends. Subsequent actual claims experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges, and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations.

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The following table presents the roll-forward of the medical claims and IBNR liabilities as of and for each of the fiscal years ended June 30, 2017 and 2016:

<i>June 30,</i>	2017	2016
Medical claims and IBNR liabilities as of beginning of year	\$ 31,415	\$ 35,556
Claims expenses incurred during the year	61,959	65,380
Claims paid during the year	(61,477)	(69,521)
Medical claims and IBNR liabilities as of end of year	\$ 31,897	\$ 31,415

Asset Retirement Obligations (AROs)

AROs are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value, and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, VHS records period-to-period changes in the ARO liability resulting from the passage of time. VHS has recorded ARO liabilities of \$3,844 and \$3,627 in other long-term liabilities as of June 30, 2017 and 2016, respectively.

Revenue Guarantees

VHS has agreements with physicians whereby minimum revenues are guaranteed by VHS for stipulated dollar amounts over specified periods, as defined in the contracts. VHS records a liability for the amount of the guaranteed revenue at the time the contract is entered into and adjusts the liability as it is expended. VHS has recorded liabilities of \$754 and \$922 in accrued expenses and other current liabilities as of June 30, 2017 and 2016, respectively.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those for which use by VHS has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by VHS in perpetuity.

California Hospital Fee Program

California legislation established a program in 2009 that imposes a Quality Assurance Fee (QA Fee) on certain general acute-care hospitals in order to make supplemental and grant payments and increased capitation payments (Supplemental Payments) to hospitals up to the aggregate upper payment limit for various periods. There have been four such programs (the Programs) since inception.

The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population. This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund. Payments are made directly by the state or Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments. Outside of the legislation, the California Hospital Association has created a private program,

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operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs.

The Programs require full federal approval by the Centers for Medicare and Medicaid Services (CMS) in order for them to be fully enacted. If final federal approval is not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively.

In October 2013, the fourth program (36-Month Program), covering the period from January 2014 to December 2016, was signed into law by the governor of California. The fee-for-service payments of the 36-Month Program were approved in December 2014 by CMS. The first six months of non-expansion managed care payments were approved by CMS in June 2015. The first six months of expansion managed care payments were approved by CMS in March 2016. On December 30, 2016, CMS approved the managed care payments spanning July 1, 2014, to December 31, 2014 for the expansion population and July 1, 2014 to June 30, 2015, for the non-expansion population.

VHS recognized payments to the California Department of Health Care Services for the QA Fee in the amount of \$70,032 and \$84,221 and pledge payments to CHFT of \$2,428 and \$1,228 within purchased services and other expenses for the years ended June 30, 2017 and 2016, respectively. VHS also recognized Supplemental Payment revenue in the amount of \$169,686 and \$134,061 within the net patient service revenues for the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2017, these amounts include the six months of the 36-Month Program related to the fee-for-service portion (July 1, 2016 through December 31, 2016) and the managed care rates approved by CMS on December 30, 2016 noted above.

Refer to Note 6 and Note 7 for additional information on the assets and liabilities recorded at June 30, 2017 and 2016, associated with the provider fee programs.

Premium Revenue

Certain entities of VHS have capitation arrangements with various payers to provide medical services to enrollees. Under these arrangements, VHS receives monthly payments on a per member per month basis (PMPM), regardless of services actually performed by VHS. Premium revenues are recognized during the period in which VHS is obligated to provide services to enrollees.

Meaningful Use Incentives

The American Recovery and Reinvestment Act of 2009 established payments under the Medicare and Medi-Cal programs for certain professionals and hospitals that meaningfully use certified electronic health record (EHR) technology. The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule. To qualify for Medi-Cal incentives, hospitals and physicians must annually meet EHR "meaningful use" criteria that become more stringent over three stages as determined by CMS. For the years ended June 30, 2017 and 2016, VHS has recorded meaningful use incentive payments of \$1,378 and \$507, respectively. These incentive payments have been recorded as other operating revenue in the VHS consolidated statements of operations and are recorded under the gain contingency method. Such incentives are subject to audit and recapture by the relevant authorities.

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Other Operating Revenue

Included in other operating revenue are amounts from rental revenues, cafeteria revenues, meaningful use incentives, grant revenues, and other non-patient care revenue.

Contributions

Unconditional promises to give cash and other assets to VHS are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Net assets released from restrictions used for operations are also included in other operating revenue as contribution revenue to the Hospitals.

Refer to Note 1 for additional information on the unrestricted contribution revenue recorded during the years ended June 30, 2017 and 2016, associated with the release of the Blue Mountain restricted contributions.

Interest Expense

Interest expense on debt issued for construction projects, net of income earned on the funds held pending use, is capitalized from the date of the borrowing until the projects are placed in service. Interest components include the following:

<i>Years Ended June 30,</i>	2017	2016
Total interest expense	\$ 29,041	\$ 20,943
Less: capitalized interest expense	(907)	(350)
Net interest expense	\$ 28,134	\$ 20,593

Income Taxes

VHS has established its status as an organization exempt from income taxes under IRC Section 501(c)(3) and the laws of California. Certain activities of the operating entities of VHS may be subject to income taxes; however, such activities are not significant to the consolidated financial statements.

Performance Indicator

Management considers the (deficit) excess of revenues over expenses to be VHS's performance indicator. (Deficit) excess of revenues over expenses includes all changes in unrestricted net assets, except net assets released from restrictions used for purchase of property and equipment, the change in funded status of pension plans, and other

Certain Obligated Group members have a policy whereby assets are periodically transferred as charitable distributions to subsidiaries of VHS that are not members of the Obligated Group. These transfers are accounted for as direct charges to the Obligated Group members' unrestricted net assets. It is anticipated that Obligated Group members will continue to make asset transfers to the subsidiaries. These transfers are eliminated upon consolidation.

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Recent Accounting Pronouncements

In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-07, *Compensation - Retirement Benefits: Improving the Presentation of Net Periodic Pension Costs and Net Periodic Postretirement Benefit Cost*. This guidance was issued to improve the reporting of net benefit cost in the financial statements to make this information more transparent. Under the guidance, an employer must report the service cost component in the same line item or items as other compensation costs arising from services rendered by pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of operations separately from the service cost component and outside the subtotal of income from operations if one is presented. ASU 2017-07 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-02, *Not-For-Profit Entities - Consolidation: Clarifying When a Not-For-Profit Entity That is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. The amendments in this ASU retain the consolidation guidance that existed in Subtopic 810-20 by including it in Subtopic 958-810 (not-for-profit consolidation guidance). ASU 2017-02 is effective for annual periods beginning after December 15, 2016 and early adoption is permitted. VHS early adopted this guidance for the year ended June 30, 2017. Adoption of this guidance did not have a material effect on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Payments*. This guidance adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. ASU 2016-15 is effective for annual periods beginning after December 15, 2018. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities*, which will require not-for-profit entities to revise financial presentation to include: net asset classifications, provide quantitative and qualitative information as to available resources and management of liquidity and liquidity risk, information on investment expenses and returns, and the presentation of operating cash flows. The standard aims to help the reader of the financial statements to better understand the financial position of the organization and enhance consistency among similar organizations. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases, (Topic 842): Amendments to the FASB ASC*. ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The amendments in this update are effective for fiscal years (and interim reporting periods within fiscal years) beginning after December 15, 2018. Early adoption of the amendments is permitted for all entities. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

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In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. This standard requires entities to measure most inventories at the lower of cost or net realizable value. ASU 2015-11 is effective for annual periods beginning after December 15, 2016. VHS does not expect this guidance to have a material effect on the consolidated financial statements.

In April 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The standard removes the requirement to categorize, within the fair value hierarchy, investments for which fair value is measured using the net asset value per share as a practical expedient. VHS adopted ASU 2015-07 retrospectively for the fiscal year ended June 30, 2017. As a result of the retrospective adoption, VHS removed any investments from the fair value hierarchy for which fair value is measured using the NAV per share as a practical expedient. Refer to the fair value disclosures for VHS's pension plan assets in Note 8 for additional details.

In April 2015, the FASB issued ASU 2015-03, *Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. The standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as an asset. VHS adopted ASU 2015-03 retrospectively for the fiscal year ended June 30, 2017. As a result of the retrospective adoption, VHS reclassified unamortized debt issuance costs of \$4,483 from other long-term assets to a reduction in long-term debt in the consolidated balance sheet as of June 30, 2016.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and in August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 requires the entity to recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services, effective for periods beginning after December 15, 2017. VHS is currently evaluating the impact of this new standard on the consolidated financial statements.

3. Acquisitions

In January 2017, VHS expanded its ambulatory footprint by obtaining (1) a 51% controlling ownership interest in a newly formed management company, Verity BASM Holdco, LLC (a.k.a. Surgical Partners of California or BASM) which has agreements to manage multiple ambulatory surgery centers in the San Francisco Bay Area and (2) a non-controlling ownership interest in five of the surgery centers managed by BASM. The partnership is expected to advance VHS's goal of evolving into an integrated healthcare delivery network for the communities served.

VHS determined that the acquisition of BASM should be consolidated in the financial statements of VHS and the 49% non-controlling ownership interest should be separately presented. Refer below for additional details on the assets, liabilities and net assets recorded in connection with the purchase price allocation for BASM. VHS also determined that its non-controlling ownership interests in five of the surgery centers managed by BASM ranging from 20% - 25% should be accounted for under the equity method of accounting.

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The consideration for the above ownership interests included a cash payment of approximately \$15,000 and the assumption of a guarantee associated with an outstanding legal obligation owed by BASM and the five surgery centers for which VHS acquired an ownership interest (collectively, the "defendants"). The \$15,000 purchase price was allocated between BASM and the five surgery centers based on the respective business valuations for VHS's ownership interest in each entity, which were determined using a discounted cash flow approach and appropriate discounts for lack of control and marketability, as required. Discount rates utilized to determine the business valuations ranged from 13% - 17% depending on the level of risk associated with the business operations.

Based on the valuations, approximately \$7,165 was allocated to the five surgery centers and was recorded as equity-method investments and \$7,835 was allocated to BASM, representing VHS's ownership interests in the net assets of BASM. In the opening balance sheet of BASM as of January 2017, VHS recorded (1) total assets of \$21,799, including \$12,720 of intangible assets, \$5,702 of goodwill and \$3,377 of tangible assets; and (2) total liabilities of \$6,436 associated with the assumed legal obligations. The total net assets of \$15,363 were allocated as \$7,835 for VHS's controlling interest and \$7,528 for the non-controlling interest. The intangible assets are associated with the management contracts assumed and are being amortized over a useful life ranging from 5 to 15 years in accordance with the duration of the contracts.

In connection with the transaction, VHS simultaneously entered into a series of Reimbursement Agreements with the defendants requiring that they reimburse VHS for any payments made under the guarantee agreement. Such reimbursement may either be in the form of cash payments or VHS has the ability to recover such amounts by acquiring additional membership units in the respective entities. The initial amount of the guarantee was \$20,000 plus accrued interest at 6% per annum. As of June 30, 2017, the outstanding obligation at risk under the guarantee is \$15,000 plus interest.

On June 30, 2017, which represents the annual impairment testing date, VHS concluded there were impairment indicators associated with VHS's equity method investments in certain of the surgery centers and the management contract intangible assets and goodwill recorded at BASM. Such impairment indicators resulted from significant adverse trends in the most recent estimates of future cash flows for both the surgery centers and BASM. As a result of the impairment analysis, VHS recorded (1) \$3,310 of other-than-temporary impairment losses for its equity method investments in investment loss (see Note 2 for additional detail); (2) \$6,858 of impairment losses for the management contract intangible assets at BASM in operating expenses; and (3) \$3,374 of impairment losses for goodwill at BASM in operating expenses. See Note 4 for additional details on the valuation methodology utilized to determine the fair value of the respective assets and record the impairment charges as of June 30, 2017.

As a result of the impairment indicators identified at June 30, 2017, VHS also re-assessed the probability associated with a contingent loss under the guarantee agreement and recorded a guarantee obligation of \$4,760 in other long-term liabilities. As this guarantee obligation was determined to represent an additional contribution to the surgery centers investees, \$1,172 was recorded as an increase in carrying value of VHS's equity method investment associated with VHS's portion of the investment and \$3,588 was recorded as an investment loss associated with the non-contributing investees' portion of the investment. See Note 4 for additional details on the valuation methodology utilized to determine the fair value of the guarantee as of June 30, 2017.

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4. Fair Value Measurements

VHS accounts for certain assets at fair value or on a basis that approximates 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, which is determined by the lowest-level input that is significant to the fair value measurement in its entirety. These levels are as follows:

- *Level 1* - Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in Level 1 include listed equities and money market balances.
- *Level 2* - Pricing inputs are based upon 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 asset-backed securities, corporate bonds, municipal bonds, and commingled investment funds.
- *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 inputs used in determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets. Therefore, the fair values are determined using factors that involve judgment and interpretations, including discounted cash flow models and similar techniques.

The following represents assets measured at fair value on a recurring basis:

	June 30, 2017		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Other investments - assets limited as to use:			
Cash equivalents	\$ 16,949	\$ 16,949	\$ -
Debt securities issued by foreign corporations	262	-	262
Debt securities issued by the U.S. Treasury and other U.S. government corporations	21,162	-	21,162
Government mortgage-backed securities	7,376	-	7,376
Corporate U.S. debt securities	11,194	-	11,194
Investment held in trust account	4,238	-	4,238
	61,181	16,949	44,232
Under bond indenture agreements - assets limited as to use:			
Cash equivalents	63,493	63,493	-
Total assets limited as to use	\$ 124,674	\$ 80,442	\$ 44,232

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	June 30, 2016		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Other investments - assets limited as to use:			
Cash equivalents	\$ 60,264	\$ 60,264	\$
Debt securities issued by foreign corporations	2,063		2,063
Debt securities issued by the U.S. Treasury and other U.S. government corporations	13,919		13,919
Government mortgage-backed securities	1,096		1,096
Commercial mortgage-backed securities	5,111		5,111
Corporate U.S. debt securities	11,450		11,450
Index funds	10,416		10,416
Investment held in trust account	5,924		5,924
	112,243	60,264	51,979
Under bond indenture agreements - assets limited as to use:			
Cash equivalents	25,154	25,154	
Total assets limited as to use	\$ 137,397	\$ 85,418	\$ 51,979

There were no transfers to or from Levels 1, 2, or 3 during the years presented. The Level 2 financial assets listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

For marketable securities, such as foreign corporation and U.S. government debt securities, government and commercial mortgage-backed securities, corporate U.S. debt securities, index funds, and beneficial interest held in trust accounts, wherein identical quoted market prices are not readily available, the fair value of such investments is determined based on market participant pricing or other available market data for comparable instruments and transactions at the measurement date. VHS, therefore, incorporates industry-standard valuation techniques as inputs to fair valuation of its investments designated as Level 2.

VHS's rationale for the assignment of levels is based on types or classes of financial assets, rather than an analysis of each individual asset. Key consideration in the assignment of levels was given to the determination of a security's fair valuation measurement if obtained from an active market, and then further consideration was given for the types of inputs used to evaluate the fair value price. This approach has been supported by management's analysis of the methodology, the evaluated pricing models, and inputs used by its pricing vendors. It is also consistent with industry practice.

Where quoted prices are available in an active market (exchange-traded), the securities are classified as Level 1. It is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. If quoted market prices are not readily available for a specific financial asset, then value is determined using quoted prices of assets with similar characteristics and is classified as Level 2. Examples of these categories are VHS's investment in high-yield debt securities, collateralized mortgage obligations, and fixed-income prices provided by

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a broker-dealer, in cases where there is limited activity and less transparency associated with inputs to the valuation, VHS will designate the investments as Level 3. There were no Level 3 investments at June 30, 2017 and 2016.

Impairment Losses

During the year ended June 30, 2017, VHS recorded (1) \$3,310 of other-than-temporary impairment losses for its equity method investments; (2) \$6,858 of impairment losses for the management contract intangible assets at BASM; and (3) \$3,374 of impairment losses for goodwill at BASM. These represent non-recurring fair value measurement as of June 30, 2017. See Notes 2 and 3 for additional details. The fair value of the respective assets was determined using a discounted cash flow approach and appropriate discounts for lack of control and marketability, as required. Discount rates utilized to determine the business valuations ranged from 13% - 15% depending on the level of risk associated with the business operations. Such fair value measurements represent Level 3 fair value measurements as they utilize significant unobservable inputs.

Guarantee

During the year ended June 30, 2017, VHS recorded a guarantee liability of \$4,760 associated with the guarantee of certain outstanding legal obligations on behalf of the surgery center equity method investees. This represents a non-recurring fair value measurement as of June 30, 2017. See Note 3 for additional details on the terms of the guarantee. The fair value of the guarantee was estimated based on the contingent loss associated with the estimated payments to be made under the guarantee in the event of a default by the surgery centers.

Investment Held in Trust Accounts

VHS is the beneficiary of a split-interest agreement from a donor. The related assets are controlled and invested by an independent third party. VHS records the assets based on the fair value of the underlying investments.

5. Property and Equipment

Property and equipment consists of the following:

<i>June 30,</i>	2017	2016
Land	\$ 26,235	\$ 28,970
Land improvements	20,226	20,252
Buildings and service equipment	703,766	705,025
Equipment	543,947	524,828
Construction in progress	24,209	8,139
Total	1,318,383	1,287,214
Less accumulated depreciation	(1,071,341)	(1,042,302)
Property and equipment, net	\$ 247,042	\$ 244,912

VHS recorded depreciation expense of \$34,453 and \$48,308 for the years ended June 30, 2017 and 2016, respectively.

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6. Other Assets

Other current assets consist of the following:

<i>June 30,</i>	2017	2016
Inventories	\$ 24,032	\$ 21,501
Prepaid expenses	8,377	13,129
Provider fee receivables	35,960	51,761
Other receivables	14,357	5,343
Pledges receivable	4,533	2,968
Deposits	2,782	5,108
Other	5,151	6,463
Total other current assets	\$ 95,192	\$ 106,273

Other long-term assets consist of the following:

<i>June 30,</i>	2017	2016
Notes receivable	\$ 3,271	\$ 646
Intangible assets	5,398	-
Goodwill	3,225	-
Assets held for sale	2,469	-
Equity-method investments	5,041	-
Other	5,681	5,232
Total other long-term assets	\$ 25,085	\$ 5,878

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

<i>June 30,</i>	2017	2016
Wages and benefits	\$ 64,155	\$ 66,471
Medical claims and IBNR	31,897	31,415
Deferred management fees	46,228	16,108
Current portion of workers' compensation and hospital professional and general liability	8,855	9,805
Provider fee payables and advances	55,707	29,361
Other	47,287	64,243
Total accrued expenses and other current liabilities	\$ 254,129	\$ 217,403

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8. Pension and Other Postretirement Benefit Plans

VHS maintains single employer defined benefit retirement plans and participates in a multi-employer defined benefit retirement plan. The plans have been frozen for all employees, except members of the California Nurses Association (CNA). Benefits are generally based on age, years of service, and employee compensation. VHS also offers postretirement health care benefits to a limited number of its employees. The postretirement health care benefits are determined based on age and years of service.

The multiemployer defined benefit pension plan is called the Retirement Plan for Hospital Employees (RPHE). The entities that participate in the RPHE are Seton Medical Center, Seton Medical Center Coastsides, O'Connor Hospital, Saint Louise Regional Hospital, and Caritas Business Services (however, as noted above, only CNA members at these locations earn new benefits under the plan). Benefits are generally based on years of service and the employee's compensation. Contributions to the plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants and satisfy IRS funding requirements. VHS recorded benefits expense of \$21,093 and \$17,223 associated with required cash contributions to the RPHE during the fiscal years ended June 30, 2017 and 2016, respectively.

VHS also maintains single-employer defined benefit pension plans (the Retirement Plans). VHS associates at St. Francis Medical Center, St. Vincent Medical Center, O'Connor Hospital, Saint Louise Regional Hospital, and the system office are eligible to participate in this plan (however, as noted above, only CNA members continue to earn new benefits under the plan). VHS contributed \$41,678 and \$12,915 to the Retirement Plans during the fiscal years ended June 30, 2017 and 2016, respectively.

VHS also maintains a retiree health insurance program (the Postretirement Healthcare Plan), which provides medical benefits to retirees from early retirement to age 65 only. VHS employees at O'Connor Hospital, St. Louise Regional Hospital, Seton Medical Center, and Seton Medical Center Coastsides are eligible to participate in this plan. The Postretirement Healthcare Plan is an unfunded plan. VHS contributed \$50 and \$58 to the Postretirement Healthcare Plan during the fiscal years ended June 30, 2017 and 2016, respectively.

Defined Contribution Retirement Plans

In addition to the above pension plans, VHS maintains three different defined contribution retirement plans for its employees. One of these defined contribution plans (TSA/403(b)) includes employee voluntary contributions only. A second defined contribution plan (Match Benefit) requires employer contributions and the benefits are based on a percentage of the employees' contributions to the TSA/403(b). A third plan covers all employee groups except members of the CNA and is a fully employer-paid defined contribution plan with benefits based on a percentage of compensation. During the fiscal years ended June 30, 2017 and 2016, the employer's contribution expense for the defined contribution plans was \$18,481 and \$21,749, respectively.

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The funded status of the Retirement Plan and the Postretirement Healthcare Plan benefits is as follows:

	June 30, 2017		June 30, 2016	
	Retirement Plans	Postretirement Healthcare Plan	Retirement Plans	Postretirement Healthcare Plan
Change in benefit obligation:				
Benefit obligation				
beginning of year	\$ 573,239	\$ 1,956	\$ 523,435	\$ 3,656
Service cost	1,837	98	2,062	181
Interest cost	22,929	73	24,614	163
Actuarial loss (gain)	(887)	(1,205)	47,408	(1,986)
Plan change	(10,702)	-	-	-
Benefits paid	(21,528)	(50)	(24,280)	(58)
Benefit obligation - end of year	\$ 564,888	\$ 872	\$ 573,239	\$ 1,956
Accumulated benefit obligation	\$ 564,792	\$ 872	\$ 563,329	\$ 1,956

	June 30, 2017		June 30, 2016	
	Retirement Plans	Postretirement Healthcare Plan	Retirement Plans	Postretirement Healthcare Plan
Change in plan assets:				
Fair value of plan assets -				
beginning of year	\$ 270,880	\$ -	\$ 275,824	\$ -
Actual return on plan assets	26,786	-	8,133	-
Employer contribution	41,678	50	12,915	58
Benefits paid	(21,528)	(50)	(24,280)	(58)
Administrative expenses	(6,058)	-	(1,712)	-
Fair value of plan assets - end of year	\$ 311,758	\$ -	\$ 270,880	\$ -
Funded status	\$ (253,130)	\$ (872)	\$ (302,359)	\$ (1,956)

Amounts that have not yet been recognized as components of net period benefit cost are as follows:

	June 30, 2017		June 30, 2016	
	Retirement Plans	Postretirement Healthcare Plan	Retirement Plans	Postretirement Healthcare Plan
Net actuarial loss (gain)	\$ 225,849	\$ -	\$ 234,717	\$ (12,042)
Prior service costs	(10,518)	-	-	280
Total amount not recognized	\$ 215,331	\$ -	\$ 234,717	\$ (11,762)

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The components of net periodic benefit cost and amounts recognized in the consolidated statements of operations and changes in net assets apart from expenses are as follows:

	Year Ended June 30, 2017		Year Ended June 30, 2016	
	Retirement Plans	Postretirement Healthcare Plan	Retirement Plans	Postretirement Healthcare Plan
Components of net periodic benefit cost (income):				
Service cost	\$ 1,837	\$ 98	\$ 2,062	\$ (18)
Interest cost	22,929	73	24,614	163
Expected return on plan assets	(18,665)		(18,611)	
Net prior service cost amortization	(184)	72	-	72
Amortization of actuarial loss (gain)	5,918	(1,193)	4,463	(987)
Immediate recognition of previously deferred cost (income)	-	(11,846)		
Cost of special events	-	-	1,810	-
Total	\$ 13,835	\$ (12,796)	\$ 14,338	\$ (571)
Change in net assets apart from periodic benefit cost:				
Net actuarial loss (gain)	\$ (2,950)	\$ (1,205)	\$ 59,598	\$ (1,986)
Net prior service cost (credit)	(10,702)			
Deduct:				
Amortization of prior service cost	184	(72)	-	(72)
Amortization of actuarial (loss) gain	(5,918)	1,193	(6,273)	987
Other Adjustments	-	11,846	-	-
Total	\$ (19,386)	\$ 11,762	\$ 53,325	\$ (1,071)

The estimated actuarial loss (gain) and prior service cost for the Retirement Plans that will be amortized into net periodic benefit cost over the next fiscal year is \$6,213 and (\$368), respectively.

During the fiscal year ended June 30, 2017, \$11,846 remaining in net assets associated with prior service cost and net actuarial gains for the Postretirement Healthcare Plan was immediately recognized into net periodic benefit cost as a reduction of expense. During the next fiscal year any prior service cost (credits) and net actuarial losses (gains) will continue to be recognized immediately into net periodic pension cost and will not be amortized in future periods.

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Assumptions

The weighted-average assumptions used to determine benefit obligations and net period benefit costs, are as follows:

	June 30, 2017		June 30, 2016	
	Retirement Plans	Postretirement Healthcare Plan	Retirement Plans	Postretirement Healthcare Plan
Weighted-average assumptions used to determine benefit obligations:				
Discount rate	3.84% - 4.00%	3.70%	4.05%	3.85%
Rate of compensation increase (rate of 4.00% used for 2019 and later)	5.00%	N/A	2.50%	N/A
Weighted-average assumptions used to determine net periodic benefit costs:				
Discount rate	3.31% - 3.98%	3.85%	4.80%	4.55%
Expected return on plan assets	6.75%	N/A	7.00%	N/A
Rate of compensation increase	5.00%	N/A	2.50%	N/A

Expected Return on Plan Assets

The Retirement Plan's estimated long-term rate of return on pension assets is driven primarily by historical asset-class returns, an assessment of expected future performance, advice from external actuarial firms, and the incorporation of specific asset-class risk factors. Asset allocations are periodically updated using pension plan asset/liabilities studies, and VHS's estimated long-term rates of return are consistent with these studies.

Discount Rate

The discount rate assumptions used to determine the retirement and postretirement benefit plan obligations and expenses reflect the prevailing rates available on high-quality, fixed-income debt instruments. The rate was based on cash flow analysis that matched estimated future benefit payments to the bond discount yield curve as of June 30, 2017 and 2016. Approximately 98% of VHS's retirement plan liabilities were measured using a discount rate 3.84% as of June 30, 2017.

During the fiscal year ended June 30, 2017, the discount rate was updated from a single equivalent discount rate used to determine the projected benefit obligation and net periodic benefit cost to separate discount rates used for determining the projected benefit obligation, interest on the projected benefit obligation, service cost and interest on service cost. The range of discount rates used to determine the separate components have been included in the table above.

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Other Benefit Assumptions

For the measurement of accumulated postretirement benefit obligations at June 30, 2017, the Postretirement Healthcare Plan assumed health care cost trend rates start at 8.00% in 2017 and decrease by 0.25%-0.50% annually, reaching an ultimate rate of 5.50% in fiscal year 2023. A one-percentage-point change in assumed health care cost trend rates would not have a material effect on VHS's consolidated financial statements.

Plan Assets and Investment Strategy

The following information represents VHS's pension plan assets measured at fair value and indicate the fair value hierarchy and valuation techniques utilized to determine such fair value:

	June 30, 2017		
	Total Balance	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 7,079	\$ 7,079	\$ -
Fixed-income securities and funds	82,310	-	82,310
Domestic stocks and funds	39,129	16,132	22,997
Real estate equity fund investments	16,159	-	16,159
Foreign stocks	2,200	2,200	-
Subtotal plan assets	146,877	25,411	121,466

Investments measured at net asset value:

Domestic stock funds	\$ 66,789
International stock funds	60,410
Fixed income funds	37,682
Total plan assets	\$ 311,758

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Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Notes to Consolidated Financial Statements
(All amounts in Thousands)

	Total Balance	June 30, 2016	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 3,652	\$ 3,652	\$ -
Common collective trust funds	6,035	-	6,035
Fixed-income funds	70,580	-	70,580
Domestic stocks	46,765	46,765	-
Real estate equity investments	14,002	14,002	-
Subtotal plan assets	141,234	64,619	76,615

Investments measured at net asset value:

Domestic stock funds	\$ 58,676
International stock funds	49,734
Fixed income funds	21,236
Total plan assets	\$ 270,880

As of June 30, 2017, \$1,842 of the plan's cash balance was held in a separate non-interest-bearing cash account for the purpose of claims disbursement by the plan's administrator.

VHS's investment strategy for the assets of the Retirement Plan is designed to preserve principal while earning returns relative to the overall market consistent with a prudent level of risk. The strategy balances the liquidity needs of the Retirement Plan with the long-term return goals necessary to satisfy future obligations. The target asset allocation is diversified across traditional asset classes. Diversification is also achieved through participation in U.S. and non-U.S. markets, investment manager style, philosophy, and capitalization. The complementary investment styles and approaches used by investment managers are aimed at reducing volatility while capturing the equity premium from the capital markets over the long term. Risk tolerance is established through consideration of plan liabilities, plan funded status, and VHS's consolidated financial condition. Consistent with VHS's fiduciary responsibilities, the fixed-income allocation generally provides for security of principal to meet near-term expenses and obligations. Periodic reviews of the market values and corresponding asset allocation percentages are performed to determine whether a rebalancing of the portfolio is necessary.

The following were the target asset allocations as of June 30, 2017, by major asset classification:

Fixed-income	35%
Domestic stocks	29
Foreign stocks	19
Inflation linked	17
Total plan assets	100%

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Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements
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Cash Contributions and Benefit Payments

VHS expects to contribute \$46,048 to the Retirement Plans and \$58 to the Postretirement Healthcare Plan during fiscal year ending June 30, 2018. The expected contributions to the Retirement Plans include an additional expected contribution of approximately \$7,619 resulting from a shortfall in 2017 charity care requirement established by the Attorney General in connection with the Restructuring Agreement.

The benefit payments, which reflect expected future service, as appropriate, expected to be paid in each of the next five years, and in aggregate for the next five years, are as follows:

	Retirement Plan Benefits	Postretirement Healthcare Benefits
2018	\$ 23,834	\$ 58
2019	25,316	47
2020	27,251	50
2021	29,016	55
2022	30,166	60
Next five years	161,490	330

Multiemployer Plan

Certain affiliated entities in Northern California participate in multiemployer defined benefit retirement plans as described below (in thousands):

Plan	Pension Plan Employer Identification Number/Plan Number	Pension Protection Act Zone Status		Funding Improvement/ Rehabilitation Plan Status
		June 30		June 30, 2017
		2017	2016	
Retirement Plan for Hospital Employees.	94-2995676/001	Green	Green	No

Pension Protection Act Zone Status (from worst to best):

Critical Status	Red
Seriously Endangered	Orange
Endangered	Yellow
None of the above	Green

Verity Health System of California, Inc.
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Notes to Consolidated Financial Statements
(All amounts in Thousands)

Plan	Pension Plan Employer Identification Number/Plan Number	Contributions			Surcharge Imposed (during 2013)	Collective Bargaining Agreement Expiration Date
		2018 (Expected)	2017	2016		
Retirement Plan for Hospital Employees	94-2995676/001	\$15,706	\$21,093	\$ 17,223	No	October 31, 2018

Since March 1, 2011, participant benefits were frozen for the non-contractual employees of the two participating affiliates in the Retirement Plan for Hospital Employees. Beginning January 1, 2013, participant benefits were frozen for all Service Employees International Union (SEIU) employees. Certain affiliates will continue to make periodic contributions as needed for eligible participants.

The contributions for the multiemployer plan were approximately 45% and 38% of the total contributions to the plan for June 30, 2017 and 2016, respectively. There are no minimum contributions required for future periods by the collective-bargaining agreements, statutory obligations, or other contractual obligations for both plans.

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if the affiliates choose to stop participating in the multiemployer plan, the affiliates may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

9. Debt

Long-term debt consists of the following:

June 30,	2017	2016
California Statewide Communities Development Authority Revenue Bonds Series 2005A, payable in varying installments through 2040, fixed interest rates ranging from 5.00% to 5.25% per annum	\$ 246,345	\$ 249,850
California Statewide Communities Development Authority Revenue Bonds Series 2005 G and H (St. Francis Medical Center), payable in varying annual installments through 2026, fixed interest rates ranging from 5.00% to 5.25% per annum	19,840	22,740
California Public Finance Authority Revenue Notes (Verity Health System), Series 2015 A and B fixed interest only bonds at 7.25% per annum. Principal due June 10, 2019	105,000	105,000

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Notes to Consolidated Financial Statements
(All amounts in Thousands)

<i>June 30,</i>	2017	2016
California Public Finance Authority Revenue Notes (Verity Health System), Series 2015 C (taxable) and D (tax-exempt) fixed interest only bonds at 9.50% and 8.75% per annum, respectively. Principal due June 10, 2019	\$ 55,000	\$ -
Commercial Property Assessed Clean Energy (C-PACE) Financing, payable in semi-annual installments through 2048, fixed interest of 6.40% - 6.45% per annum	40,000	-
Notes payable for Health Center One Mortgage, \$6.5 million face value, payable in monthly installments with a lump-sum payment in May 2018, fixed interest rate of 5.85% per annum	5,140	5,329
Other	1,411	53
Total debt obligations	472,736	382,972
Less current portion (including debt issuance costs and bond premiums)	(12,480)	(6,647)
	460,256	376,325
Plus bond premium	3,672	4,031
Less debt issuance costs	(4,772)	(4,483)
Long-term debt - net of current portion and debt issuance costs	\$ 459,156	\$ 375,873

Obligated Group

Verity Health System of California, Inc. and its five hospitals are collectively referred to as the "Obligated Group" or as "Members," and each individually is sometimes referred to herein as a "Member." The Obligated Group is established pursuant to a Master Indenture of Trust, dated December 1, 2001, as supplemented to date (the Master Indenture), between the Obligated Group and U.S. Bank National Association, as successor master trustee (the Master Trustee). The Obligated Group is jointly and severally liable for obligations issued pursuant to and outstanding under the Master Indenture (Obligations).

Each of the Obligated Group Members has executed one or more deeds of trust pursuant to which the respective Obligated Group Member has granted for the benefit of the Master Trustee, a first lien on, and security interest in, the property of the hospitals and certain other parcels of property owned by such Obligated Group Members, subject to permitted liens, as security for the performance of the Obligated Group Members' obligations under the Master Indenture. Additionally, each of the Obligated Group Members has created a gross revenue fund with its depository bank to further secure its gross revenues for the benefit of the Master Trustee.

The Master Indenture and certain other Obligated Group's financing agreements contain restrictive covenants, including maintenance of a debt ratio, limitations on the amount of any additional borrowings, and limitations on the disposal or transfer of assets to non-obligated group members. Additionally, the financing agreements require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding. The Obligated Group has complied with such financial covenants and restrictions at June 30, 2017.

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For the year ended June 30, 2017, the Obligated Group did not have to comply with a minimum required Annual Debt Service Coverage Ratio per the Master Indenture as there was a covenant holiday. For the year ending June 30, 2018, the minimum required Annual Debt Service Coverage Ratio is 0.7. The minimum required Annual Debt Service Coverage Ratio increases to 1.1 for the year ending June 30, 2019.

Long-Term Debt

Series 2005 Bonds

In March 2005, the California Statewide Communities Development Authority (CSCDA), on behalf of Daughters of Charity Health System (now known as VHS), issued four series of revenue bonds in the aggregate principal amount of \$364,655 (the 2005 Bonds). The 2005 Bonds were comprised of \$259,125 of 2005 Series A bonds, \$39,715 of Series F bonds, \$48,245 of Series G bonds, and \$17,570 of Series H bonds. The issuance of the 2005 Bonds generated original issue premiums of \$12,929. A portion of the proceeds of the 2005 Bonds was used to refinance prior bonds and finance the costs of constructing, improving, renovating, and equipping certain improvements to the facilities of the Obligated Group. The 2005 Series F bonds matured and were paid pursuant to their terms on July 1, 2010. Total interest expense related to the Series 2005 Bonds was \$15,801 and \$17,588 for the years ended June 30, 2017 and 2016, respectively.

The Series 2005 Bonds are a limited obligation of CSCDA and are payable solely from payments made by the Obligated Group. Payment of principal and interest on the Series 2005 Bonds is secured by Obligations issued pursuant to the Master Indenture.

Series 2015 Notes

On December 14, 2015, the California Public Finance Authority issued an aggregate of \$160,000 of Revenue Notes (Verity Health System) Series 2015A, B, C, and D (collectively, the 2015 Notes) for the benefit of VHS. There are four series of 2015 Notes. The Series 2015A, B, and D Notes are tax exempt, and the Series 2015C Notes are taxable. While all of the 2015 Notes were authorized and issued, only the Series 2015A Notes (\$60,000) and the 2015B Notes (\$45,000) were funded as of June 30, 2016. The Series 2015C Notes (\$10,000) and the Series 2015D Notes (\$45,000) were funded on September 19 and October 31, 2016, respectively. A portion of the proceeds of the 2015 Notes was used, together with other funds, to pay the principal of and accrued and unpaid interest on the 2014 Bonds that matured on December 15, 2015. Total interest expense related to the Series 2015 Notes was \$11,013 and \$2,953 for the years ended June 30, 2017 and 2016, respectively.

The 2015 Notes are secured by an Obligation (as defined in the Master Indenture) on parity with other Obligations issued pursuant to the Master Indenture. In addition to their parity lien under the Master Indenture, the 2015 Notes have additional lien rights on the Obligated Group's accounts receivable and in certain properties owned by St. Francis Medical Center and Saint Louise Regional Hospital.

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Notes to Consolidated Financial Statements
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2017 Assessment Bonds (C-PACE bonds)

In May 2017, Verity closed on a Commercial Property Assessed Clean Energy ("C-PACE") funding in the amount of \$40,000 to finance seismic upgrades to the Seton Medical Center campus. CleanFund Commercial PACE Capital, Inc. provided \$20,000 of its own capital and brought in a partner, Petros PACE Finance, to provide an additional \$20,000. The proceeds will be used to make upgrades to the hospital, as required by California's mandatory Hospital Facilities Seismic Safety Act (SB 1953).

C-PACE is long-term, fixed-rate financing, similar to the traditional tax-exempt debt that hospitals often use for infrastructure investments. The C-PACE bonds are exempt from income taxes imposed by the State of California; however are not exempt from federal income tax. To repay the C-PACE financing, Seton will pay property tax assessments at a fixed amount until the C-PACE financing matures in 2047. The assessment payments are secured by a lien against the property at the Seton Medical Center campus. Total interest expense related to the C-PACE bonds was \$323 for the year ended June 30, 2017. Refer to Note 12 for additional information on VHS's seismic requirements.

Scheduled long-term principal debt payments as of June 30, 2017, are as follows:

<i>Years Ending June 30,</i>	<i>Amount</i>
2018	\$ 13,165
2019	167,553
2020	7,982
2021	8,409
2022	8,852
Thereafter	266,775
	<u>\$ 472,736</u>

Fair Values

The fair value of VHS's bond indebtedness is estimated based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities. The total estimated fair value of VHS's bond and note debt (Series 2005 bonds, Series 2015 Notes and 2017 Assessment Bonds) as of June 30, 2017 and 2016, was \$448,472 and \$336,804, respectively, and such debt was valued using Level 2 inputs. The total carrying value of VHS's bond and note debt as of June 30, 2017 and 2016, was \$466,185 and \$377,590, respectively. The reported fair value of VHS's bond indebtedness instruments excludes the full value of an irrevocable principal prepayment of \$6,405 and \$6,090 made as of June 30, 2017 and June 30, 2016, respectively. The fair values of the remaining mortgage payable and other debt are not materially different from their carrying values as the majority of such amounts are due within the next 12 months. The fair value amounts do not represent the amount that would be required to expend to retire the indebtedness.

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10. Functional Classification of Expense

The following is a functional classification of VHS's expenses:

<i>Year Ended June 30,</i>	2017	2016
Health services	\$ 1,151,268	\$ 1,193,912
General and administrative	363,558	301,768
	\$ 1,514,826	\$ 1,494,880

11. Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are available for the following purposes:

<i>June 30,</i>	2017	2016
Equipment and expansion	\$ 2,809	\$ 3,522
Research and education	2,581	2,848
Restricted contribution	-	60,367
Charity and other	8,054	6,593
Total temporarily restricted net assets	13,444	73,330
Permanently restricted net assets	8,202	8,137
Total restricted net assets	\$ 21,646	\$ 81,467

Equipment and expansion relate to assets held by VHS, which are restricted by donors or grantors to be used specifically for equipment, capital projects, or other capital needs.

Research and education relate to assets held by VHS, which are restricted by donors or grantors to be used in specific research or education programs.

During the fiscal year ended June 30, 2016, the restricted contribution represented the remaining portion of the contribution recognized at the time of the transaction contemplated by the Restructuring Agreement (see Note 1 "Organization"). The restriction of this contribution was lifted during the fiscal year ended June 30, 2017, pursuant to the terms of the Restructuring Agreement. The release of the restricted funds was recorded as unrestricted contribution revenue for the year ended June 30, 2017.

Charity and other relate mainly to assets held by VHS, which are restricted by donors or grantors to be used in specific health care programs for charity care and other medical and patient services.

Permanently restricted net assets of \$8,202 and \$8,137 at June 30, 2017 and 2016, respectively, are restricted to investments to be held in perpetuity, with the income expendable to support VHS's mission.

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Notes to Consolidated Financial Statements
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Endowments

VHS and five of its consolidated charitable foundations follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminates the concept of "historic dollar value" and allows an institution to spend or accumulate as the board determines is prudent for the uses, benefits, purposes, and duration of the endowment fund unless the gift instrument states a particular spending rate or formula. California's version of UPMIFA also includes a rebuttable provision that spending greater than 7% of the average fair market value (calculated at least quarterly over a minimal period of three years) is presumed to be imprudent.

In accordance with UPMIFA, VHS considers the following factors when appropriating or accumulating an endowment fund: (i) general economic conditions, (ii) effects of inflation and deflation, (iii) the purposes of the institution and the endowment fund, (iv) expected total return from income and appreciation of investments, (v) VHS's other resources, (vi) the duration and preservation of the endowment fund, and (vii) VHS's investment policies.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires VHS to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were not material as of June 30, 2017 and 2016. These deficiencies resulted from unfavorable investment market fluctuations.

VHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the boards of trustees of the charitable foundations, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, VHS relies on a balanced investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). VHS targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The endowment net asset composition by type of fund consists of the following:

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 615	\$ 962	\$ 8,202	\$ 9,779
Total funds	\$ 615	\$ 962	\$ 8,202	\$ 9,779

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Notes to Consolidated Financial Statements
(All amounts in Thousands)

	June 30, 2016					
	Unrestricted		Temporarily Restricted		Permanently Restricted	
						Total
Donor-restricted endowment funds	\$	606	\$	789	\$	8,137
Total funds	\$	606	\$	789	\$	8,137

The changes in endowment net assets are as follows:

	Unrestricted		Temporarily Restricted		Permanently Restricted	
						Total
Balance at June 30, 2015	\$	596	\$	778	\$	8,207
Net gains (losses) - realized and unrealized		10		11		(73)
Other		-		-		3
Balance at June 30, 2016		606		789		8,137
Net gains (losses) - realized and unrealized		9		173		65
Other		-		-		-
Balance at June 30, 2017	\$	615	\$	962	\$	8,202

12. Commitments and Contingent Liabilities

Standby Letter of Credit

Marillac, a subsidiary of VHS, pledged \$43,408 of its investments to support a standby letter of credit issued in favor of Old Republic Insurance Company, one of the Parent's insurers, at June 30, 2017.

Litigation, Regulatory and Compliance Matters

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters, such as licensure, accreditation, controlled substances, privacy, government health care program participation requirements, reimbursement laws and regulations, anti-referral laws, false claims prohibitions, and in the case of tax-exempt organizations, the requirements of tax exemption. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, and anti-referral statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, as well as imposition of significant fines and penalties and significant repayments for patient services previously reimbursed.

The Health Insurance Portability and Accountability Act (HIPAA) assures health insurance portability, reduces healthcare fraud and abuse, guarantees security and privacy of health information, and enforces standards for health information. The Health Information Technology for Economic and

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Clinical Health Act (HITECH Act) expanded upon HIPAA in a number of ways, including establishing notification requirements for certain breaches of protected health information. In addition to these federal rules, California has also developed strict standards for the privacy and security of health information as well as for reporting certain violations and breaches. The Company may be subject to significant fines and penalties if found not to be compliant with these state or federal provisions.

Management assesses the probable outcome of unresolved litigation and investigations and records contingent liabilities reflecting estimated liability exposure. It is the opinion of management, after consulting with legal counsel, that such actions will not have a material effect on VHS's consolidated financial position or results of operations as of June 30, 2017. Therefore, based on the information provided by its legal counsel, VHS has accrued \$1,100 and \$1,240 as of June 30, 2017 and 2016, respectively, which were related to certain of these actions. VHS evaluates recoveries from insurance coverage separately from its liability, and when appropriate, an asset is recorded separately from the associated liability. Following is a discussion of matters of note.

VHS is a named defendant in two related class actions, *Jarmaine Johns v. Verity Health System of California* and *Iris Lara and Tanya Llera v. Verity Health System of California*. The complaints allege the plaintiffs were the victims of a data breach where their personal information was obtained and their identities were allegedly used. The breach involved approximately 7,500 employees. The complaints allege the plaintiffs have been harmed and have had to spend time and money addressing identity theft. In the *Lara* action, plaintiffs specifically allege that they have been harmed by false tax returns that were filed using information released in the data breach. The *Lara* action is currently stayed by order of the court. VHS intends to contest these actions. At this time, management cannot accurately estimate the amounts of any payments or settlements that might result from these matters.

VHS was previously a named defendant in a breach of contract, unjust enrichment, and declaratory relief complaint filed by Prime Healthcare Services, Inc. and Prime Healthcare Foundation, Inc. and captioned *Prime Healthcare Services, Inc., et al., vs. Blue Mountain Management Capital, et al.*, in the Superior Court of California, County of San Bernardino, and San Bernardino Justice Center. Subsequent to June 30, 2017, a settlement was reached between the parties, which resulted in no loss for VHS.

U.S. Department of Justice and OIG Investigations

VHS and/or its facilities periodically receive notices from governmental agencies, such as U.S. Department of Justice (DOJ) or the Office of Inspector General (OIG), requesting information regarding billing, payment, or other reimbursement matters, or initiating investigations, or indicating the existence of whistleblower litigation. VHS does not anticipate such requests to result in a material impact to the consolidated financial statements.

Within this category, VHS received an informal documentation request from the DOJ related to BASM during the current year (see Note 3 for information on the BASM acquisition transaction). Additionally, during the prior year, VHS filed a self-disclosure with the OIG indicating possible violations of the Stark Law and the Anti-Kickback Statute by Seton Medical Center. The OIG informed VHS that the disclosure was officially accepted into the Self-Disclosure Protocol. At this time, management cannot accurately estimate the amounts of any potential damages or penalties that might result from these matters.

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Collective Bargaining

VHS has 6,787 employees as of June 30, 2017, of whom just over 4,149 are full-time employees. Approximately 78% of these employees are represented by collective bargaining units. A majority of the employees are represented by collective bargaining agreements with Service Employees International Union (SEIU) (approximately 40% of employees) and California Nurses Association (CNA) (approximately 23% of employees). Employee strikes or other adverse labor actions may have a material adverse impact on VHS's consolidated financial position or results of operations.

Attorney General Requirements

As part of approving the Restructuring Agreement (see Note 1), the California Attorney General's (AG) office placed certain operational restrictions on VHS and each of its hospitals, which include certain minimum annual targets for charity care, community benefits, and capital expenditures among other requirements. As a result of a shortfall in the fiscal year 2017 charity care requirement for certain hospitals, VHS was required to make an additional contribution to the Retirement Plans of \$7,619 by October 31, 2017 (see Note 8). VHS has complied with such requirements under the AG agreement.

Lease Commitments

Future minimum lease payments under VHS's significant non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2017, are as follows:

<i>Years Ending June 30,</i>	<i>Amount</i>
2018	\$ 11,840
2019	7,681
2020	5,553
2021	4,468
2022	2,807
Thereafter	996
	\$ 33,345

Rent expense was \$21,601 and \$19,501 for the years ended June 30, 2017 and 2016, respectively.

Seismic Standards

VHS assessed its earthquake retrofit requirements for health care facilities under a state of California law SB 90 that can allow a delay of up to seven years from the January 1, 2013, deadline for Structural Performance Category 1 (SPC-1) retrofits. This affects six buildings at three of VHS's hospitals. The previously reported seventh building, the St. Vincent Medical Center Central Plant, has been upgraded to SPC-2 status. Extensions have been approved by the Office of Statewide Health Planning and Development as follows:

St. Vincent Medical Center Main Hospital must meet SP-2 standards by January 1, 2019. St. Vincent Medical Center Doheny Wing must meet SP-2 standards by July 1, 2019. Management currently estimates that remaining remediation costs required for meeting the standards is approximately \$12,200 based on third-party estimates.

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O'Connor Hospital 1953 Building must meet SPC-2 standards by July 1, 2019. O'Connor Hospital 1953 Boiler Plant/Laundry must meet SPC-2 standards by January 1, 2019. Management currently estimates that remaining remediation costs required for meeting the standards is approximately \$13,200 based on third party estimates.

Seton Medical Center Main Tower and Seton Medical Center Front Wing must meet SP-2 standards by July 1, 2019. Management currently estimates that remaining remediation costs required for meeting the standards is approximately \$40,300 based on third party estimates. Seton seismic work will be financed with the funds received from the C-PACE bonds (see Note 9) and grant funds received by the County of San Mateo.

13. Subsequent Events

VHS has evaluated subsequent events and disclosed all material events through November 8, 2017, which is the date these consolidated financial statements of VHS were issued.

In July 2017, NantWorks LLC (NantWorks), the parent organization for health technology and biotech companies founded by Dr. Patrick Soon-Shiong, acquired a majority stake in VHS's management company, Integrity Healthcare, LLC, from Blue Mountain. There were no significant changes to the terms of the Restructuring Agreement or the California Attorney General requirements as a result of this transaction.

In August 2017, St. Vincent Medical Center Foundation received an unrestricted contribution of \$12,000 as part of a settlement.

In August 2017, VHS completed the sale of certain non-core land and real property located in Los Angeles, CA, for a total purchase price of \$17,950. The net book value of the property was classified as assets held for sale (see Note 6) at June 30, 2017, and VHS expects to recognize a gain on the sale of approximately \$15,500 in the fiscal year ending June 30, 2018.

In September 2017, the California Public Finance Authority issued \$21,000 of tax-exempt notes (the "2017 Notes") for the benefit of VHS. All of the 2017 Notes were purchased by NantWorks. The 2017 Notes are secured pursuant to a certain master trust indenture among the Obligated Group Members and U.S. Bank, National Association. The 2017 Notes bear interest at 7.25% and the principal is due at the maturity date in December 2020.

In October 2017, VHS borrowed \$46,220 (the "MOB Loan") from Verity MOB Financing, LLC. Verity MOB Financing, LLC, is wholly owned by NantWorks. The MOB Loan is secured by Deeds of Trust against four medical office buildings owned by Verity Holdings, LLC. The MOB Loan bears interest at a variable rate that adjusts monthly based on One Month Libor plus a spread and the MOB Loan is interest only for the initial term of 36 months. Principal and any unpaid interest is due at the end of the initial term unless extended. After the initial term, VHS has the option to extend the MOB Loan for two additional twelve month terms.

Supplementary Information

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Consolidating Balance Sheet

As of June 30, 2017

(In Thousands)

	Seton		Seton		Saint		Saint		Saint		Saint		Obligated	
	O'Connor Hospital	Medical Center	Medical Center	Coastside	St. Francis Medical Center	Louise Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Group Subtotal				
Assets														
Current Assets:														
Cash and cash equivalents	\$ 6,796	\$ 7,982	\$ 164	\$ 27,888	\$ 3,500	\$ 3,504	\$ 263	\$	\$	\$ 50,097				
Patient accounts receivable, net	44,085	36,629	3,912	87,216	12,937	45,862				230,641				
Due from government agencies	1,788	3,085		5,528		5,537				15,938				
Due from related organizations	8,366	24,828	46	316,476	5,556	17,611	351,576	(679,951)		44,508				
Other current assets	11,921	7,456	378	36,589	4,548	13,334	5,742			79,968				
Total current assets	72,956	79,980	4,500	473,697	26,541	85,848	357,581	(679,951)		421,152				
Assets Limited as to Use:														
Other investments						3,039				3,039				
Under bond indenture agreements		38,659					24,834			63,493				
Total assets limited as to use		38,659				3,039	24,834			66,532				
Property and equipment, net	30,884	35,311	495	94,973	12,866	45,086	1,921			221,536				
Other long-term assets	306	460	3	98	7	13	3,675			4,562				
Total Assets	\$ 104,146	\$ 154,410	\$ 4,998	\$ 568,768	\$ 39,414	\$ 133,986	\$ 388,011	\$ (679,951)	\$	713,782				

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet (continued)

As of June 30, 2017

(In Thousands)

	Obligated Group	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	All Other Entities	Eliminations	VHS Total
Assets								
Current Assets:								
Cash and cash equivalents	\$ 50,097	\$ 904	\$ 1,767	\$ 104	\$ 2,735	\$ 5,040	\$	\$ 60,647
Patient accounts receivable	230,641		4,252			874		235,767
Due from government agencies	15,938							15,938
Due from related organizations	44,508		104	13,458	5,446	1,312	(64,828)	
Other current assets	79,968	6,567	2,883	410	3,453	7,765	(5,854)	95,192
Total current assets	421,152	7,471	9,006	13,972	11,634	14,991	(70,682)	407,544
Assets Limited as to Use:								
Other investments	3,039	45,033			590	12,519		61,181
Under bond indenture agreements	63,493							63,493
Total assets limited as to use	66,532	45,033			590	12,519		124,674
Property and equipment, net	221,536		2,154	233	22,875	244		247,042
Other long-term assets	4,562		1,559	4	18,229	987	(256)	25,085
Total Assets	\$ 713,782	\$ 52,504	\$ 12,719	\$ 14,209	\$ 53,328	\$ 28,741	\$ (70,938)	\$ 804,345

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet (continued)

As of June 30, 2017

(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Liabilities and Net (Deficit) Assets									
Current Liabilities:									
Accounts payable	\$ 12,387	\$ 8,901	\$ 127	\$ 11,335	\$ 2,621	\$ 13,854	\$ 22,122	\$ -	\$ 71,347
Accrued expenses and other current liabilities	19,512	52,802	1,861	68,202	5,964	22,347	64,858		235,546
Current portion of long-term debt, net of debt issuance costs	744	912		3,800	451	833	(150)		6,590
Due to government agencies	975	254		2,529	27	1,514			5,299
Due to related organizations	220,496	116,532	19,235	1,315	86,325	216,877	59,193	(679,951)	20,022
Total current liabilities	254,114	179,401	21,223	87,181	75,386	255,425	146,023	(679,951)	338,804
Pension obligations	53,037	27	27	103,787	6,442	71,180	17,972	1,530	254,002
Long-term portion of workers' compensation and hospital professional and general liability							5,404		5,404
Other long-term liabilities	192	2,932		183		2,341	27,559		33,207
Long-term debt net of current portion and debt issuance costs	48,410	98,002		68,184	29,323	54,192	161,045		459,156
Total liabilities	355,753	280,362	21,250	259,335	111,153	383,138	358,003	(678,421)	1,090,573
Net (Deficit) Assets:									
Unrestricted - Verity Health System	(251,607)	(125,952)	(16,252)	309,381	(71,739)	(252,418)	30,008	(1,530)	(380,109)
Unrestricted - Noncontrolling				52		523			575
Temporarily restricted						2,743			2,743
Permanently restricted									
Total net (deficit) assets	(251,607)	(125,952)	(16,252)	309,433	(71,739)	(249,152)	30,008	(1,530)	(376,791)
Total Liabilities and Net (Deficit) Assets	\$ 104,146	\$ 154,410	\$ 4,998	\$ 568,768	\$ 39,414	\$ 133,986	\$ 388,011	\$ (679,951)	\$ 713,782

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Balance Sheet (continued)

As of June 30, 2017

(In Thousands)

	Obligated Group	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	All Other Entities	Eliminations	VHS Total
Liabilities and Net (Deficit) Assets								
Current Liabilities:								
Accounts payable	\$ 71,347	\$ 35	\$ 1,420	\$ 74	\$ 1,701	\$ -	\$ -	\$ 74,577
Accrued expenses and other current liabilities	235,546	14,730	7,035	1,570	574	775	(6,101)	254,129
Current portion of long-term debt, net of debt issuance costs	6,590		750		5,140			12,480
Due to government agencies	5,299							5,299
Due to related organizations	20,022		126	10,441	499	33,740	(64,828)	
Total current liabilities	338,804	14,765	9,331	12,085	7,914	34,515	(70,929)	346,485
Pension obligations	254,002							254,002
Long-term portion of workers' compensation and hospital professional and general liability	5,404	30,738						36,142
Other long-term liabilities	33,207				9,308	186	(9)	42,692
Long-term debt - net of current portion and debt issuance costs	459,156							459,156
Total liabilities	1,090,573	45,503	9,331	12,085	17,222	34,701	(70,938)	1,138,477
Net (Deficit) Assets:								
Unrestricted - Verity Health System	(380,109)	7,001	3,368	2,124	33,740	(24,288)		(358,144)
Unrestricted - Noncontrolling					2,366			2,366
Temporarily restricted	575					12,869		13,444
Permanently restricted	2,743					5,459		8,202
Total net (deficit) assets	(376,791)	7,001	3,368	2,124	36,106	(5,960)		(334,132)
Total Liabilities and Net (Deficit) Assets	\$ 713,782	\$ 52,504	\$ 12,719	\$ 14,209	\$ 53,328	\$ 28,741	\$ (70,938)	\$ 804,345

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations

For the Year Ended June 30, 2017

(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louis Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Unrestricted Revenues and Other Support:									
Net patient service revenue	\$ 270,032	\$ 230,312	\$ 21,866	\$ 443,825	\$ 88,164	\$ 215,368	\$ -	\$ -	\$ 1,269,567
provision for doubtful accounts	(6,847)	(3,212)	(314)	(12,742)	(3,099)	(7,104)	-	-	(33,316)
Net patient service revenue less provision for doubtful accounts	263,185	227,100	21,552	431,083	85,065	208,264	-	-	1,236,249
Premium revenue	326	-	-	80,039	-	18,312	-	(70)	98,607
Other operating revenue	4,074	3,458	574	1,985	106	1,963	181,675	(181,188)	12,647
Contributions	423	223	-	2,755	51	1,218	-	(382)	4,288
Total unrestricted revenues and other support	268,008	230,781	22,126	515,862	85,222	229,757	181,675	(181,640)	1,351,791
Expenses:									
Salaries and benefits	165,924	136,212	15,951	200,689	51,128	105,754	27,488	-	703,146
purchased services and other	96,640	82,303	4,132	147,515	30,506	99,643	144,911	(181,188)	424,462
Supplies	40,741	31,451	1,935	38,617	6,457	48,264	(945)	-	166,520
Medical claims	249	-	-	45,508	-	9,848	-	(70)	55,534
Depreciation and amortization	7,992	6,019	161	10,048	1,701	6,037	165	-	32,123
Interest - net	2,821	3,440	(5)	4,284	1,667	3,075	12,359	-	27,641
Goodwill and intangible asset impairment loss	-	-	-	-	-	-	-	-	-
Total expenses	314,366	259,425	22,174	446,661	91,459	272,621	183,978	(181,258)	1,409,426
Operating (loss) income	(46,358)	(28,644)	(48)	69,201	(6,237)	(42,864)	(2,303)	(382)	(57,635)
Investment (loss) income	-	-	-	-	-	-	2,303	-	2,303
(Deficit) excess of revenues over expenses	(46,358)	(28,644)	(48)	69,201	(6,237)	(42,864)	-	(382)	(55,332)
Less (deficit) excess of revenues over expenses attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-
(Deficit) excess of revenues over expenses, net of noncontrolling interest	\$ (46,358)	\$ (28,644)	\$ (48)	\$ 69,201	\$ (6,237)	\$ (42,864)	\$ -	\$ (382)	\$ (55,332)

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations
For the Year Ended June 30, 2017
(In Thousands)

	O'Connor Hospital	Seton Medical Center	Seton Medical Center Coastside	St. Francis Medical Center	Saint Louise Regional Hospital	St. Vincent Medical Center	System Office	Eliminations	Obligated Group Subtotal
Unrestricted Net (Deficit) Assets attributable to Verity Health System:									
(Deficit) excess of revenues over expenses attributable to Verity Health System	\$ (46,358)	\$ (28,644)	\$ (48)	\$ 69,201	\$ (6,237)	\$ (42,864)	\$ -	\$ (382)	\$ (55,332)
Change in funded status of pension and other postretirement benefit plans	(3,461)	(4,800)	(306)	3,833	(1,892)	15,319	504	(1,530)	7,667
Net assets released from restrictions used for purchase of property and equipment	113	63	-	-	327	107	-	-	610
Other	1,829	1,138	-	(741)	(281)	3,776	20,109	382	26,212
Decrease in unrestricted net (deficit) assets attributable to Verity Health System	(47,877)	(32,243)	(354)	72,293	(8,083)	(23,662)	20,613	(1,530)	(20,843)
Unrestricted Net Assets attributable to Noncontrolling Interests:									
(Deficit) excess of revenues over expenses attributable to noncontrolling interests	-	-	-	-	-	-	-	-	-
Noncontrolling interest related to acquisitions and other	-	-	-	-	-	-	-	-	-
Increase in unrestricted net assets attributable to noncontrolling interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)
Consolidating Statement of Operations (continued)
For the Year Ended June 30, 2017
(In Thousands)

	Obligated Group	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	All Other Entities	Eliminations	VHS Total
Unrestricted Revenues and Other Support:								
Net patient service revenue	\$ 1,269,567	\$ -	\$ 26,834	\$ -	\$ -	\$ 4,604	\$ -	\$ 1,301,005
Provision for doubtful accounts	(32,318)	-	(366)	-	-	(86)	-	(33,770)
Net patient service revenue less provision for doubtful accounts	1,236,249	-	26,468	-	-	4,518	-	1,267,235
Premium revenue	98,607	-	21,686	-	-	-	-	120,293
Other operating revenue	12,647	12,636	2,703	13,245	16,710	-	(31,637)	26,304
Contributions	4,288	-	-	-	60,368	1,061	-	65,717
Total unrestricted revenues and other support	1,351,791	12,636	50,857	13,245	77,078	5,579	(31,637)	1,479,549
Expenses:								
Salaries and benefits	703,146	-	22,282	9,590	166	3,537	(8,422)	730,299
Purchased services and other	424,462	14,468	44,565	3,424	11,667	1,501	(23,215)	476,892
Supplies	166,520	-	4,424	135	75	1,238	-	172,392
Medical claims	55,534	-	6,425	-	-	-	-	61,959
Depreciation and amortization	32,123	-	821	96	1,848	30	-	34,918
Interest - net	27,641	-	41	-	452	-	-	28,134
Goodwill and intangible asset impairment loss	-	-	-	-	102,332	-	-	10,232
Total expenses	1,409,426	14,468	78,578	13,245	24,440	6,306	(31,637)	1,514,826
Operating (loss) income	(57,635)	(1,832)	(27,721)	-	52,638	(727)	-	(35,277)
Investment (loss) income	2,303	11	-	-	(6,815)	1,928	-	(2,573)
(Deficit) excess of revenues over expenses	(55,332)	(1,821)	(27,721)	-	45,823	1,201	-	(37,850)
Less (deficit) excess of revenues over expenses attributable to noncontrolling interest	-	-	-	-	(5,087)	-	-	(5,087)
(Deficit) excess of revenues over expenses, net of noncontrolling interest	\$ (55,332)	\$ (1,821)	\$ (27,721)	\$ -	\$ 50,910	\$ 1,201	\$ -	\$ (32,763)

Verity Health System of California, Inc.
(Formerly Daughters of Charity Health System)

Consolidating Statement of Operations (continued)

For the Year Ended June 30, 2017

(In Thousands)

	Obligated Group	Marillac Insurance Company, Ltd.	Verity Medical Foundation	Verity Business Services	Verity Holdings, LLC	All Other Entities	Eliminations	VHS Total
Unrestricted Net (Deficit) Assets attributable to Verity Health System:								
(Deficit) excess of revenues over expenses attributable to Verity Health System	\$ (55,332)	\$ (1,821)	\$ (27,721)	\$ -	\$ 50,910	\$ 1,201	\$ -	\$ (32,763)
Change in funded status of pension and other postretirement benefit plans	7,667	-	-	-	-	-	-	7,667
Net assets released from restrictions used for purchase of property and equipment	610	-	-	-	-	-	-	610
Other	26,212	-	26,712	-	(51,192)	(1,395)	-	337
Decrease in unrestricted net (deficit) assets attributable to Verity Health System	\$ (20,843)	\$ (1,821)	\$ (1,009)	\$ -	\$ (282)	\$ (194)	\$ -	\$ (24,149)
Unrestricted Net Assets attributable to Noncontrolling Interests:								
(Deficit) excess of revenues over expenses attributable to noncontrolling interests	-	-	-	-	(5,087)	-	-	(5,087)
Noncontrolling interest related to acquisitions and other	-	-	-	-	7,453	-	-	7,453
Increase in unrestricted net assets attributable to noncontrolling interest	\$ -	\$ -	\$ -	\$ -	\$ 2,366	\$ -	\$ -	\$ 2,366

EXHIBIT 1

PART 3

EXHIBIT 1

PART 3

Attachment 2 - Part 3

APA



**Verity Health System of California, Inc.
Unaudited Financial Report and Utilization Statistics
For the Twelve Months Ended June 30, 2018**

Verity Health System of California, Inc.

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VERITY HEALTH SYSTEM OF CALIFORNIA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE TWELVE MONTHS ENDED
June 30, 2018

Verity Health System of California, Inc., a California nonprofit public benefit corporation (the "Parent") is the sole corporate member of five California nonprofit public benefit corporations that operate five acute care hospitals and other facilities (collectively, the "Hospitals," see list below) in the state of California. The Parent and the following affiliated entities (collectively, "Verity") operate as a nonprofit health care system in the state of California, with approximately 1,680 licensed acute care and skilled nursing beds.

Verity consists of Parent* and the following:

- O'Connor Hospital*
- Saint Louise Regional Hospital*
- St. Francis Medical Center*
- St. Vincent Medical Center*
- Seton Medical Center (including its unincorporated division Seton Medical Center Coastside)*
- Verity Business Services
- Marillac Insurance Company, Ltd.
- O'Connor Hospital Foundation
- Saint Louise Regional Hospital Foundation
- St. Francis Medical Center Foundation
- St. Vincent Medical Center Foundation
- Seton Medical Center Foundation
- St. Vincent de Paul Ethics Corporation
- St. Vincent Dialysis Center
- De Paul Ventures, LLC
- Verity Medical Foundation
- Verity Holdings, LLC
- Verity BASM Holdco, LLC**

* Member of the Obligated Group, as defined in the Master Indenture of Trust, dated as of December 1, 2001 (as previously amended and supplemented, the "Master Indenture"), among the Parent, the other Initial Members (as defined therein) and U.S. Bank National Association.

** Verity redeemed its investment in Verity BASM Holdco, LLC subsequent to June 30, 2018 (See "Other Events").

The financial information summarized herein represents consolidated financial information for Verity, not financial information solely for the Obligated Group. This summarized financial information includes the operations of all Obligated Group Members, as well as the results of operations of other entities that are not Members of the Obligated Group. For the twelve months ended June 30, 2018, the entities that are not Members of the Obligated Group had revenues and

investment income totaling \$117.9 million (after the elimination of \$59.1 million of inter-company revenues) representing 7.4% of Verity's consolidated revenues and investment income. Additional financial information pertaining to the entities that are not Members of the Obligated Group can be found in the accompanying unaudited financial statements.

The financial information for the twelve months ended June 30, 2018 is unaudited but includes adjustments which Verity management considers necessary to fairly present such information in conformity with United States generally accepted accounting principles. Operating results for the twelve months ended June 30, 2018 are not necessarily indicative of the results that may be expected in future periods.

CONSUMMATION OF THE RESTRUCTURING AGREEMENT

On July 17, 2015, Daughters of Charity Ministry Services Corporation, the Parent, certain funds managed by Blue Mountain Capital Management, LLC, and Integrity Healthcare, LLC entered into a System Restructuring and Support Agreement (the "Restructuring Agreement") to change the governance of and recapitalize the Parent and certain of its subsidiaries. The name of the Parent has been amended to be Verity Health System of California, Inc.

CALIFORNIA HOSPITAL FEE PROGRAM

California legislation established a program in 2009 that imposes a Quality Assurance Fee (the "QA Fee") on certain general acute-care hospitals to make supplemental, grant, and increased capitation payments (the "Supplemental Payments") to hospitals up to the aggregate upper payment limit for various periods. There have been five such programs (collectively, the "Programs") since inception.

The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population. This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund. Payments are made directly by the state or Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments. Outside of the legislation, the California Hospital Association has created a private program, operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs.

The Programs require full federal approval (i.e., by the Centers for Medicare and Medicaid Services ("CMS")) in order for them to be fully enacted. If final federal approval is not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively.

In October 2013, the fourth program (the "36-Month Program") covering the period from January 2014 to December 2016 was signed into law by the Governor of California. The fee-for-service payments of the 36-Month Program were approved in December 2014 by CMS. The first six months of non-expansion managed care payments were approved by CMS in June 2015. The first six months of expansion managed care payments were approved by CMS in March 2016. On

December 30, 2016, CMS approved the managed care payments spanning July 1, 2014 to December 31, 2014 for the expansion population and July 1, 2014 to June 30, 2015 for the non-expansion population. During April and May 2017, the managed care payments were received covering the expansion population for the period of January 1, 2015 to June 30, 2015. During October 2017, the managed care payments were received covering the period of July 1, 2015 to June 30, 2016. The only remaining period of the 36-Month Program are the managed care payments covering the period of July 2016 to December 2016 which has not been approved by CMS at this time.

In December 2017, the fifth program (the “30-Month Program”) covering the period of January 2017 to June 2019 was enacted after the voters approved Proposition 52 in the November 2016 election amending the California Constitution to make the QA Fee program permanent. CMS approved the fee for service (“FFS”) portion of the program in December 2017. The managed care portion of the program has not been approved by CMS at this time.

For the twelve months ended June 30, 2017, Verity recognized payments to the California Department of Health Care Services (the “DHCS”) for the QA Fee in the amount of \$70.0 million and pledge payments to the CHFT of \$2.4 million within purchased services, medical claims and other expenses. Verity recognized Supplemental Payment revenue for the twelve months ended June 30, 2017 in the amount of \$169.7 million within net patient service revenues. During the twelve months ended June 30, 2017, Verity made fee payments to DHCS of \$87.1 million and received cash receipts of \$185.4 million.

For the twelve months ended June 30, 2018, Verity recognized payments to DHCS for the QA Fee in the amount of \$127.1 million and pledge payments to CHFT of \$3.5 million within purchased services, medical claims and other expenses. Verity recognized Supplemental Payment revenue for the twelve months ended June 30, 2018 in the amount of \$298.9 million within net patient service revenues. During the twelve months ended June 30, 2018, Verity made fee payments to the DHCS of \$88.9 million and received cash receipts of \$272.2 million.

VOLUMES

Patient discharges for the twelve months ended June 30, 2018 increased by 2.9% as compared to the same period of the prior year. Adjusted discharges for the twelve months ended June 30, 2018 increased by 3.4% compared to the same period of the prior year.

Total deliveries decreased by 11.2% during the twelve months ended June 30, 2018 as compared to the same period of the prior year.

Inpatient surgeries for the twelve months ended June 30, 2018 increased 5.4% as compared to the same period of the prior year. Outpatient surgeries for the twelve months ended June 30, 2018 increased 0.2% as compared to the same period of the prior year.

Emergency department visits for the twelve months ended June 30, 2018 decreased 2.0% compared to the same period of the prior year.

REVENUES

Net Patient Service Revenue Less Provision for Bad Debts

Net patient service revenue of \$1,373.3 million for the twelve months ended June 30, 2018 represents a net increase of \$106.1 million or 8.4% as compared to the same period of the prior year. The net overall change in net patient service revenue was impacted by an increase of \$129.2 million in Hospital Fee Program revenue. Net patient service revenue per adjusted discharge (excluding premium revenue, other revenue, contributions and investment earnings) of \$18,121 for the twelve months ended June 30, 2018 increased 4.8% as compared to the same period of the prior year. This increase in net patient service revenue per adjusted discharge is primarily due to the increase in the amount of Hospital Fee Program revenue recognized into income during the twelve months ended June 30, 2018.

Premium Revenues, Other Revenues, and Contributions

Premium and other revenues of \$197.9 million for the twelve months ended June 30, 2018 represents an increase of \$51.3 million or 35.0% when compared to the same period of the prior year. This increase is mainly attributable to a gain on sale of an asset within the non-Obligated Group of \$15.5 million, gains of \$5.0 million associated with a settlement, and a \$31.6 million increase in premium revenues associated with additional capitation arrangements. Contributions of \$31.2 million during the twelve months ended June 30, 2018 decreased 52.5% as compared to the same period of the prior year. The decrease in contributions is related to the release of the restricted contribution as part of the consummation of the Restructuring Agreement which was recognized in the same period of the prior year.

Investment Earnings

For the twelve months ended June 30, 2018, investment losses totaled \$7.5 million compared to losses of \$2.6 million during the same period of the prior year. The investment losses in both the current year and the prior year primarily resulted from other-than-temporary impairments of certain surgery center equity-method investments and contingent losses associated with a guarantee within the Non-Obligated Group. Verity redeemed its investments in these surgery centers subsequent to June 30, 2018 (see "Other Events").

Verity recorded investment income of \$2.4 million and \$2.3 million for the twelve months ended June 30, 2018 and 2017, respectively, within the Obligated Group. Verity includes both realized and unrealized gains/losses as part of investment income. Verity invests in cash, equity securities, domestic and foreign, U.S. federal and corporate obligations.

EXPENSES

Total Operating Expenses

Total operating expenses of \$1,713.8 million for the twelve months ended June 30, 2018 represents an increase of \$199.0 million or 13.1% as compared to the same period of the prior year. The overall net change in operating expenses is due to an increase in salaries and benefits expense of \$73.8 million, an increase in supplies expense of \$26.1 million, an increase of \$95.6 million in purchased services, medical claims and other expense and an increase of \$8.8 million in interest expense, net, partially offset by a decrease in depreciation expense of \$2.3 million and a decrease in goodwill and intangible asset impairment of \$3.0 million. Total expense per adjusted discharge of \$22,614 for the twelve months ended June 30, 2018 represents an increase of 9.4% compared to the same period of the prior year.

Salaries, Wages, and Benefits

Salaries, wages and benefits (“SWB”) expense of \$804.1 million for the twelve months ended June 30, 2018 increased \$73.8 million or 10.1% as compared to the same period of the prior year. SWB as a percent of net patient revenue (excluding premium revenue) for the twelve months ended June 30, 2018 was 58.6%, represents an increase of 1.6% compared to the same period of the prior year. The overall increase was due to staffing for higher volumes, wage increases, and insourcing of multiple functions across the system.

Supplies

Supplies expense of \$198.5 million for the twelve months ended June 30, 2018 increased \$26.1 million or 15.2% as compared to the prior year due to the increase in overall volumes. Supplies expense as a percent of net patient revenue for the twelve months ended June 30, 2018 was 14.5% compared to 13.6% for the twelve months ended June 30, 2017.

Purchased Services, Medical Claims and Other

Purchased services, medical claims and other expense for the twelve months ended June 30, 2018 of \$634.5 million increased by \$95.6 million or 17.8% as compared to the same period of the prior year. The increase in purchased services, medical claims and other expense is primarily due to an increase of \$34.5 million in medical claims corresponding with the increase in capitation arrangements, \$57.1 million in the Hospital Fee Program expense, \$17.6 million in medical fees corresponding to an increase in volumes and expansion at Verity Medical Foundation, partially offset by a decrease of \$16.8 million in consulting and legal fees primarily resulting from insourcing efforts.

Goodwill and Intangible Asset Impairment

Goodwill and intangible asset impairment of \$7.2 million and \$10.2 million for the twelve months ended June 30, 2018 and 2017, respectively, is related to Verity’s controlling ownership interests in its Northern California ambulatory surgery management company, Verity BASM Holdco, LLC, (“BASM”). Verity redeemed its investment in BASM subsequent to June 30, 2018 (see “Other Events”).

Depreciation Expense

Depreciation expense of \$32.6 million for the twelve months ended June 30, 2018 is a decrease of \$2.3 million or 6.6% as compared to the same period of the prior year.

Interest Expense - Net

Interest expense of \$36.9 million for the twelve months ended June 30, 2018 is an increase of \$8.8 million as compared to the same period of the prior year as a result of the issuance of additional debt and tax assessment borrowing.

Management Agreement Fee Activity

The management agreement fee expense for the twelve months ended June 30, 2018 is \$60.3 million of which \$40.2 million was deferred and \$20.1 million was payable in cash.

RESULTS FROM OPERATIONS**Operating Income / Loss**

For the twelve months ended June 30, 2018, Verity recorded an operating loss of \$111.4 million, equating to a negative operating margin of 7.0%. This compares to an operating loss of \$35.3 million and a negative operating margin of 2.4% for the same period of the prior year. The operating performance for the twelve months ended June 30, 2018 included \$171.8 million of net income related to the Hospital Fee Program excluding the CHFT pledge.

Excess of Revenues Over Expenses (Net Income)

For the twelve months ended June 30, 2018, Verity recorded a net loss of \$118.9 million, equating to a negative net income margin of 7.5%. The net loss for the twelve months ended June 30, 2017 was \$37.9 million, which equated to a negative net income margin of 2.6%.

Performance Relative to Budget

For the twelve months ended June 30, 2018, Verity's actual operating performance compared to budget was unfavorable by approximately \$116.1 million. Total unrestricted revenues and other support was unfavorable to budget by \$115.0 million. Expenses were unfavorable to budget by \$1.1 million.

FINANCIAL POSITION**Liquidity**

The following table summarizes Verity's cash position:

	AS OF
Days Cash on Hand (DCOH)	JUNE 30, 2018
(\$'s in 000s)	
Operating Expenses ¹	\$ 1,631,478
Cash & Equivalents, Balance Sheet ²	<u>68,534</u>
DCOH	15.3

1) As calculated for the trailing twelve months per Amendment No. 2 to the System Restructuring and Support Agreement.

2) Per available month-end financial statements at the time of calculation, including any unrestricted capital contribution funds.

Patient Accounts Receivable

Net patient accounts receivable of \$239.7 million as of June 30, 2018 is a decrease of \$6.0 million or 2.5% when compared to March 31, 2018. Days in net patient accounts receivable decreased to 63.7 days as of June 30, 2018 versus 64.7 days as of March 31, 2018.

Capital Expenditures

Capital expenditures during the quarter ended June 30, 2018 for Members of the Obligated Group total \$20.5 million. However, two single capital expenditures exceeded \$1 million; the System Office expended approximately \$6.8 million associated with the ongoing implementation of a new

electronic health record system and Seton Medical Center expended approximately \$2.2 million for the Seismic Master Facility Plan.

Long-Term Debt

Series 2015 Notes. On December 14, 2015, the California Public Finance Authority issued an aggregate of \$160 million of 2015 Revenue Notes (Verity Health System) Series 2015A, B, C, and D (collectively, the “2015 Notes”) for the benefit of the Parent. A portion of the proceeds of the 2015 Notes was used, together with other funds, to pay the principal of and accrued and unpaid interest on prior bonds that matured on December 15, 2015. The 2015A, B, and D Notes are tax exempt, and the Series 2015C Notes are taxable.

The 2015 Notes are secured by an Obligation (as defined in the Master Indenture) on parity with other Obligations issued pursuant to the Master Indenture. In addition to their parity lien under the Master Indenture, the 2015 Notes have additional lien rights on the Obligated Group’s accounts receivable and in certain properties owned by St. Francis Medical Center and Saint Louise Regional Hospital.

In September 2017, the California Public Finance Authority issued \$21 million of tax-exempt notes (the “2017A Notes”) for the benefit of the Parent. All of the 2017A Notes were purchased by NantWorks, LLC (“Nant”), the owner of a majority stake in VHS’s management company, Integrity Healthcare LLC. The 2017A Notes are secured by an Obligation (as defined in the Master Indenture) on parity with other Obligations issued pursuant to the Master Indenture. In addition to their parity lien under the Master Indenture, the 2017A Notes have additional lien rights on the Obligated Group’s accounts receivable and in certain properties owned by St Francis Medical Center and Saint Louise Regional Hospital, all on parity with the 2015 Notes. Further, the 2017A Notes have a lien on property owned by a non-Obligated Group Member. The 2017A Notes bear interest at 7.25% and the principal is due at the maturity date in December 2020.

In October 2017, Verity MOB Financing, LLC, an affiliate of Nant, made a loan in the amount of \$46.2 million to Verity Holdings, LLC (“Holdings”), which is an affiliated entity of VHS; however, it is not a Member of the Obligated Group. The loan is secured by four medical office buildings and matures in October 2020 subject to two successive twelve month extensions. The loan bears interest at a variable rate tied to One Month Libor.

In December 2017, the California Public Finance Authority issued \$21 million of tax-exempt notes (the “2017B Notes” together with the 2017A Notes; collectively the “2017 Notes”) for the benefit of the Parent. All of the 2017B Notes were purchased by Nant. The 2017B Notes are secured by an Obligation (as defined in the Master Indenture) on parity with other Obligations issued pursuant to the Master Indenture. In addition to their parity lien under the Master Indenture, the 2017B Notes have additional lien rights on the Obligated Group’s accounts receivable and in certain properties owned by St Francis Medical Center and Saint Louise Regional Hospital, all on parity with the 2015 Notes. Further, the 2017B Notes have a lien on property owned by a non-Obligated Group Member. The 2017B Notes bear interest at 7.25% and the principal is due at the maturity date in December 2020.

In March 2018, Nant Capital, LLC an affiliate of Nant, made two loans in the aggregate amount of \$40 million to Holdings. The loans are unsecured, mature in March 2020, and bear a fixed interest rate of 7.25%.

In June 2018, Verity MOB Financing II, LLC, an affiliate of Nant, made a loan in the amount of \$20 million to Holdings, which was drawn down in two tranches. The initial loan disbursement of \$15 million was drawn in June 2018 and the second loan disbursement of \$5 million was drawn in July 2018. The loan is secured by nine parcels including two medical office buildings, a storage facility and various other parcels. The loan matures in June 2021 and bears interest at a variable rate tied to One Month Libor.

Total long-term debt, including the current portion as of June 30, 2018 was \$500.6 million for the Obligated Group. Total long-term debt, including the current portion as of March 31, 2018 was \$502.0 million for the Obligated Group.

Annual Debt Service Coverage Ratio

Verity reports the annual debt service coverage ratio for fiscal year to date June 30, 2018 using Annual Debt Service Coverage Ratio methodology and annualized Income Available for Debt Service excluding the 15% Basket Indebtedness.

<u>VHS Obligated Group Only</u>	
Annual Debt Service Coverage Ratio (DSCR)	(\$'s in 000's)
	FYTD 6/30/18
(Deficit) Excess of Revenues over Expenses	\$ (72,770)
Plus: Depreciation and Amortization	29,619
Plus: Interest	32,919
Plus: Unrealized (Gains) Losses	(2,033)
Plus: Management Agreement Fees Deferral	40,188
Income Available for Debt Service	\$ 27,923
Debt Service Requirement *	
Interest Payment	\$ 15,097
Principal Payment	6,740
	\$ 21,837
Annual Debt Service Coverage Ratio	1.28

* Represents Debt Service Requirement calculated pursuant to Schedule C of the Amended and Restated Supplemental Master Indenture Number 20

OTHER EVENTS

In July 2018, Verity announced it is exploring strategic options to alleviate financial and operational pressures on its five acute care hospitals and other facilities. At this time, a range of options is being considered, including the potential sale of some or all of its hospitals and medical buildings, among other possible transactions.

Also, in a series of transactions completed in August 2018, Verity Holdings, LLC, which is not a Member of the Obligated Group, redeemed its controlling interest in its Northern California ambulatory surgery management company, BASM, and its non-controlling ownership interest in five surgery centers managed by BASM.

Management Changes of Members of the Obligated Group for the period

Appointments:

Eileen Fisler, CFO, St. Vincent Medical Center

James Jackson, COO, Seton Medical Center

Kyle Wichelmann, CFO, Seton Medical Center

Resignations:

Glenn Marshak, CMO, Verity Health System

VERITY HEALTH SYSTEM
BALANCE SHEET - UNAUDITED
AS OF JUNE 30, 2018
(In thousands)

	OBLIGATED GROUP	NON- OBLIGATED GROUP	ELIMINATIONS	Verity Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 42,960	\$ 25,574	\$ -	\$ 68,534
Net patient accounts receivable	229,282	10,430	-	239,712
Due from government agencies	11,615	-	-	11,615
Due from related organizations	48,478	114,502	(162,980)	-
Other current assets	108,279	18,202	(5,581)	120,900
Other restricted assets	-	2,159	-	2,159
Total current assets	440,614	170,867	(168,561)	442,920
ASSETS LIMITED AS TO USE:				
Other investments	3,069	54,029	-	57,098
Under bond indenture agreements	61,280	-	-	61,280
Total assets limited as to use	64,349	54,029	-	118,378
PROPERTY AND EQUIPMENT, Net	248,584	29,644	-	278,228
OTHER LONG-TERM ASSETS	4,242	3,832	(984)	7,090
TOTAL ASSETS	757,789	258,372	(169,545)	846,616
LIABILITIES AND NET (DEFICIT) ASSETS				
CURRENT LIABILITIES:				
Accounts payable	58,760	6,156	-	64,916
Current portion of long-term debt, net of debt issuance costs	166,675	116	-	166,791
Due to government agencies	4,186	-	-	4,186
Accrued expenses and other current liabilities	291,465	38,338	(6,546)	323,257
Due to related organizations	114,502	48,478	(162,980)	-
Total current liabilities	635,588	93,088	(169,526)	559,150
OTHER LIABILITIES				
Pension and other long-term liabilities	232,110	46,703	(19)	278,794
OTHER LIABILITIES	232,110	46,703	(19)	278,794
LONG-TERM DEBT, Net of current portion and debt issuance costs	333,880	106,146	-	440,026
Total liabilities	1,201,578	245,937	(169,545)	1,277,970
NET (DEFICIT) ASSETS:				
Unrestricted - Verity Health System	(447,182)	(6,586)	-	(453,768)
Unrestricted - Noncontrolling	-	(986)	-	(986)
Temporarily restricted	621	14,531	-	15,152
Permanently restricted	2,772	5,476	-	8,248
Total net (deficit) assets	(443,789)	12,435	-	(431,354)
TOTAL LIABILITIES AND NET (DEFICIT) ASSETS	757,789	258,372	(169,545)	846,616

VERITY HEALTH SYSTEM
BALANCE SHEET - UNAUDITED
AS OF MARCH 31, 2018
(In thousands)

	OBLIGATED GROUP	NON- OBLIGATED GROUP	ELIMINATIONS	Verity Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 30,121	\$ 25,865	\$ -	\$ 55,986
Net patient accounts receivable	238,606	7,156	-	245,762
Due from government agencies	14,154	-	-	14,154
Due from related organizations	44,900	105,222	(150,122)	-
Other current assets	158,830	14,073	(1,476)	171,427
Total current assets	486,611	152,316	(151,598)	487,329
ASSETS LIMITED AS TO USE:				
Other investments	3,113	57,081	-	60,194
Under bond indenture agreements	61,210	-	-	61,210
Total assets limited as to use	64,323	57,081	-	121,404
PROPERTY AND EQUIPMENT, Net	229,815	28,703	-	258,518
OTHER LONG-TERM ASSETS	3,685	18,170	(569)	21,286
TOTAL ASSETS	784,434	256,270	(152,167)	888,537
LIABILITIES AND NET (DEFICIT) ASSETS				
CURRENT LIABILITIES:				
Accounts payable	51,987	3,114	-	55,101
Current portion of long-term debt, net of debt issuance costs	6,510	5,116	-	11,626
Due to government agencies	3,753	-	-	3,753
Accrued expenses and other current liabilities	300,818	30,832	(2,026)	329,624
Due to related organizations	105,222	44,900	(150,122)	-
Total current liabilities	468,290	83,962	(152,148)	400,104
OTHER LIABILITIES				
Pension and other long-term liabilities	258,800	38,471	(19)	297,252
OTHER LIABILITIES	258,800	38,471	(19)	297,252
LONG-TERM DEBT, Net of current portion and debt issuance costs	495,528	85,616	-	581,144
Total liabilities	1,222,618	208,049	(152,167)	1,278,500
NET (DEFICIT) ASSETS:				
Unrestricted - Verity Health System	(441,632)	29,864	-	(411,768)
Unrestricted - Noncontrolling	-	1,692	-	1,692
Temporarily restricted	631	11,188	-	11,819
Permanently restricted	2,817	5,477	-	8,294
Total net (deficit) assets	(438,184)	48,221	-	(389,963)
TOTAL LIABILITIES AND NET (DEFICIT) ASSETS	784,434	256,270	(152,167)	888,537

VERITY HEALTH SYSTEM

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - UNAUDITED

FOR THE TWELVE MONTHS ENDED JUNE 30, 2018

(In thousands)

	OBLIGATED GROUP	NON- OBLIGATED GROUP	ELIMINATIONS	Verity Total
UNRESTRICTED REVENUES AND OTHER SUPPORT:				
Net patient service revenue	\$ 1,374,876	\$ 57,832	\$ (695)	\$ 1,432,013
Provision for doubtful accounts	(57,686)	(1,016)	-	(58,702)
Net patient service revenue less provision for doubtful accounts	1,317,190	56,816	(695)	1,373,311
Premium revenue	131,000	20,915	-	151,915
Other revenue	20,647	83,710	(58,373)	45,984
Contributions	5,797	25,447	-	31,244
Total unrestricted revenues and other support	1,474,634	186,888	(59,068)	1,602,454
EXPENSES:				
Salaries and benefits	747,236	63,162	(6,314)	804,084
Supplies	179,210	19,306	-	198,516
Purchased services, medical claims and other	560,802	126,451	(52,754)	634,499
Goodwill and intangible asset impairment	-	7,218	-	7,218
Depreciation and amortization	29,619	3,005	-	32,624
Interest, net	32,919	3,968	-	36,887
Total expenses	1,549,786	223,110	(59,068)	1,713,828
OPERATING LOSS	(75,152)	(36,222)	-	(111,374)
INVESTMENT INCOME (LOSS)	2,382	(9,927)	-	(7,545)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	(72,770)	(46,149)	-	(118,919)
LESS (DEFICIT) EXCESS OF REVENUES OVER EXPENSES				
ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(3,352)	-	(3,352)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES, NET OF				
NONCONTROLLING INTEREST	(72,770)	(42,797)	-	(115,567)
Net unrealized (loss) gains on investments	-	-	-	-
Net assets released from restrictions used for purchase of property and equipment	870	-	-	870
Change in funded status of pension and other postretirement benefit plans	19,304	-	-	19,304
Other	(14,477)	14,246	-	(231)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(67,073)	(31,903)	-	(98,976)
TEMPORARILY RESTRICTED NET ASSETS				
Contributions	132	10,017	-	10,149
Net realized and unrealized gains (losses) on investments	-	(19)	-	(19)
Net assets released from restrictions:				
Operations	(86)	(6,883)	-	(6,969)
Property, plant and equipment	-	(870)	-	(870)
Other	-	(583)	-	(583)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	46	1,662	-	1,708
PERMANENTLY RESTRICTED NET ASSETS				
Net realized and unrealized gains (losses) on investments	29	17	-	46
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	29	17	-	46
INCREASE (DECREASE) IN NET ASSETS	(66,998)	(30,224)	-	(97,222)
NET (DEFICIT) ASSETS AS OF JUNE 30, 2017	(376,791)	42,659	-	(334,132)
NET (DEFICIT) ASSETS AS OF JUNE 30, 2018	(443,789)	12,435	-	(431,354)

VERITY HEALTH SYSTEM

Desc Exhibit 1 Part 3 Page 16 of 151

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - UNAUDITED

FOR THE QUARTER ENDED JUNE 30, 2018

(In thousands)

	OBLIGATED GROUP	NON- OBLIGATED GROUP	ELIMINATIONS	Verity Total
UNRESTRICTED REVENUES AND OTHER SUPPORT:				
Net patient service revenue	\$ 324,129	\$ 15,068	\$ (695)	\$ 338,502
Provision for doubtful accounts	(5,206)	(303)	-	(5,509)
Net patient service revenue less provision for doubtful accounts	318,923	14,765	(695)	332,993
Premium revenue	32,576	4,990	-	37,566
Other revenue	3,589	22,566	(20,090)	6,065
Contributions	1,105	1,387	-	2,492
Total unrestricted revenues and other support	356,193	43,708	(20,785)	379,116
EXPENSES:				
Salaries and benefits	180,910	17,316	(2,099)	196,127
Supplies	44,429	5,878	-	50,307
Purchased services, medical claims and other	139,433	41,393	(18,686)	162,140
Goodwill and intangible asset impairment	-	7,218	-	7,218
Depreciation and amortization	7,700	912	-	8,612
Interest, net	8,508	1,745	-	10,253
Total expenses	380,980	74,462	(20,785)	434,657
OPERATING INCOME (LOSS)	(24,787)	(30,754)	-	(55,541)
INVESTMENT INCOME (LOSS)	1,000	(9,439)	-	(8,439)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	(23,787)	(40,193)	-	(63,980)
LESS (DEFICIT) EXCESS OF REVENUES OVER EXPENSES				
ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(2,678)	-	(2,678)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES, NET OF				
NONCONTROLLING INTEREST	(23,787)	(37,515)	-	(61,302)
Net unrealized gains (losses) on investments	-	(3)	-	(3)
Net assets released from restrictions used for purchase of property and equipment	87	-	-	87
Change in funded status of pension and other postretirement benefit plans	19,304	-	-	19,304
Other	(1,154)	1,068	-	(86)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(5,550)	(39,128)	-	(44,678)
TEMPORARILY RESTRICTED NET ASSETS				
Contributions	-	7,694	-	7,694
Net realized and unrealized gains (losses) on investments	-	(49)	-	(49)
Net assets released from restrictions:				
Operations	(10)	(2,891)	-	(2,901)
Property, plant and equipment	-	(87)	-	(87)
Other	-	(1,324)	-	(1,324)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(10)	3,343	-	3,333
PERMANENTLY RESTRICTED NET ASSETS				
Net realized and unrealized gains (losses) on investments	(45)	(1)	-	(46)
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	(45)	(1)	-	(46)
INCREASE (DECREASE) IN NET ASSETS	(5,605)	(35,786)	-	(41,391)
NET ASSETS AS OF MARCH 31, 2018	(438,184)	48,221	-	(389,963)
NET ASSETS AS OF JUNE 30, 2018	(443,789)	12,435	-	(431,354)

VERITY HEALTH SYSTEM

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - UNAUDITED

FOR THE TWELVE MONTHS ENDED JUNE 30, 2017

(In thousands)

	OBLIGATED GROUP	NON- OBLIGATED GROUP	ELIMINATIONS	Verity Total
UNRESTRICTED REVENUES AND OTHER SUPPORT:				
Net patient service revenue	\$ 1,269,567	\$ 31,438	\$ -	\$ 1,301,005
Provision for doubtful accounts	(33,318)	(452)	-	(33,770)
Net patient service revenue less provision for doubtful accounts	1,236,249	30,986	-	1,267,235
Premium revenue	98,607	21,686	-	120,293
Other revenue	12,647	45,294	(31,637)	26,304
Contributions	4,288	61,429	-	65,717
Total unrestricted revenues and other support	1,351,791	159,395	(31,637)	1,479,549
EXPENSES:				
Salaries and benefits	703,146	35,575	(8,422)	730,299
Supplies	166,520	5,872	-	172,392
Purchased services, medical claims and other	479,996	82,070	(23,215)	538,851
Goodwill and intangible asset impairment	-	10,232	-	10,232
Depreciation and amortization	32,123	2,795	-	34,918
Interest, net	27,641	493	-	28,134
Total expenses	1,409,426	137,037	(31,637)	1,514,826
OPERATING (LOSS) INCOME	(57,635)	22,358	-	(35,277)
INVESTMENT INCOME (LOSS)	2,303	(4,876)	-	(2,573)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	(55,332)	17,482	-	(37,850)
LESS (DEFICIT) EXCESS OF REVENUES OVER EXPENSES				
ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(5,087)	-	(5,087)
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES, NET OF				
NONCONTROLLING INTEREST	(55,332)	22,569	-	(32,763)
Net unrealized gains on investments	-	5	-	5
Net assets released from restrictions used for purchase of property and equipment	610	-	-	610
Change in funded status of pension and other postretirement benefit plans	7,667	-	-	7,667
Other	26,212	(18,427)	-	7,785
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(20,843)	(940)	-	(21,783)
TEMPORARILY RESTRICTED NET ASSETS				
Contributions	39	5,270	-	5,309
Net realized and unrealized gains on investments	-	173	-	173
Net assets released from restrictions:				
Operations	(137)	(64,414)	-	(64,551)
Property, plant and equipment	-	(610)	-	(610)
Other	-	(207)	-	(207)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(98)	(59,788)	-	(59,886)
PERMANENTLY RESTRICTED NET ASSETS				
Net realized and unrealized gains (losses) on investments	72	(7)	-	65
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	72	(7)	-	65
INCREASE (DECREASE) IN NET ASSETS	(20,869)	(60,735)	-	(81,604)
NET (DEFICIT) ASSETS AS OF JUNE 30, 2016	(355,922)	103,394	-	(252,528)
NET (DEFICIT) ASSETS AS OF JUNE 30, 2017	(376,791)	42,659	-	(334,132)

VERITY HEALTH SYSTEM

STATEMENT OF CASH FLOWS - UNAUDITED

Desc Exhibit 1 Part 3 Page 18 of 151

FOR THE TWELVE MONTHS ENDED JUNE 30, 2018

(In thousands)

	OBLIGATED GROUP	NON- OBLIGATED GROUP	ELIMINATIONS	Verity Total
Operating activities				
Increase (Decrease) in net assets	\$ (66,998)	\$ (30,224)	\$ -	\$ (97,222)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	29,619	3,005	-	32,624
Provision for doubtful accounts	57,686	1,016	-	58,702
Changes in fair value and unrealized and realized gains (losses) on investments, net	-	779	-	779
Amortization of bond premium	845	-	-	845
Amortization of deferred debt issuance cost	172	-	-	172
Change in funded status of pension and other postretirement benefit plans	(19,347)	-	-	(19,347)
Goodwill and intangible asset impairment	-	7,218	-	7,218
Gain on disposal of property and equipment	(8)	(15,481)	-	(15,489)
Changes in operating assets and liabilities:				
Patient accounts receivable	(56,327)	(6,321)	-	(62,648)
Due to/from government agencies	3,209	-	-	3,209
Other current assets	(32,275)	(96,350)	97,881	(30,744)
Other long-term assets	(2,907)	15,420	728	13,241
Accounts payable	(18,575)	(166)	-	(18,741)
Accrued liabilities	150,404	17,326	(98,599)	69,131
Other short-term liabilities	166,638	115	-	166,753
Workers' compensation Change	(768)	160	-	(608)
Change in Pension obligations	(40,705)	-	-	(40,705)
Other long-term liabilities	(166,160)	6,129	(10)	(160,041)
Net cash provided by (used in) operating activities	4,503	(97,374)	-	(92,871)
Investing activities				
Purchases of investments	-	(4,948)	-	(4,948)
Purchase of asset for health-related activity	-	(2,801)	-	(2,801)
Proceeds from disposal of property and equipment	-	17,784	-	17,784
Proceeds from sales of investments	2,182	5,391	-	7,573
Changes in interest in pooled investment fund - short term	-	(493)	-	(493)
Changes in loans and receivables	-	1,074	-	1,074
Changes in assets under bond indenture agreements	2,213	-	-	2,213
Additions to property and equipment	(50,681)	(3,986)	-	(54,667)
Net cash provided by (used in) investing activities	(46,286)	12,021	-	(34,265)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debt	(6,554)	(5,952)	-	(12,506)
Issuance of debt	42,000	107,279	-	149,279
Debt issuance costs	(800)	(950)	-	(1,750)
Net cash provided by (used in) financing activities	34,646	100,377	-	135,023
Net Increase (Decrease) in Cash and Cash Equivalents	(7,137)	15,024	-	7,887
CASH AND CASH EQUIVALENTS JUNE 30, 2017	50,097	10,550	-	60,647
CASH AND CASH EQUIVALENTS AS OF JUNE 30, 2018	42,960	25,574	-	68,534

VERITY HEALTH SYSTEM
UTILIZATION STATISTICS, PAYOR MIX, AND CAPITAL EXPENDITURES - UNAUDITED
FOR THE TWELVE MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2017

	O'Connor Hospital		Saint Louise Regional Hospital		St. Francis Medical Center		St. Vincent Medical Center		Seton Medical Center		Seton Medical Center Coastside		Verity Total	
	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018	FOR THE TWELVE MONTHS ENDED JUNE 30, 2017	FOR THE TWELVE MONTHS ENDED JUNE 30, 2018
Total Licensed Beds	358	358	93	93	384	384	366	366	357	357	121	121	1,679	1,679
Total Available Beds	357	357	72	72	384	384	366	366	294	294	121	121	1,594	1,594
Total Discharges	9,852	9,387	2,703	3,023	21,049	22,687	11,088	11,289	5,685	5,283	121	76	50,308	51,745
Total Patient Days	44,282	45,046	9,280	10,948	103,599	105,438	64,539	65,289	45,242	44,359	39,889	41,503	305,831	312,583
Acute Licensed Beds	334	334	72	72	314	314	320	320	250	250	5	5	1,295	1,295
Acute Available Beds	333	333	72	72	314	314	320	320	250	250	5	5	1,294	1,294
Acute Discharges	9,615	9,357	2,703	3,023	18,653	20,019	10,102	10,378	5,668	5,151	-	-	46,741	47,928
Acute Patient Days	36,343	36,587	9,280	10,948	82,854	86,406	50,965	53,098	30,269	26,955	-	-	209,711	213,994
Acute Average Length of Stay	3.78	3.91	3.43	3.62	4.44	4.32	5.05	5.12	5.34	5.23	-	-	4.49	4.46
Adjusted Discharges	14,835	14,570	5,689	5,979	29,197	31,646	15,205	15,433	8,231	8,073	142	88	73,298	75,787
Adjusted Patient Days	68,059	69,916	19,532	21,653	143,702	147,074	88,500	89,254	65,390	67,782	743	47,813	431,927	443,492
ADC	121	123	25	30	284	289	177	179	124	122	109	114	841	856
ALOS	4.6	4.8	3.4	3.6	4.9	4.6	5.8	5.8	7.9	8.4	229.7	546.1	6.1	6.0
Surgery OP	2,544	2,350	2,088	1,532	2,310	2,774	3,186	3,322	2,721	2,900	-	-	12,849	12,878
Surgery IP	1,897	1,961	684	762	3,112	3,347	2,651	2,941	1,267	1,116	-	-	9,611	10,127
Newborn Days	3,491	3,240	704	656	10,344	9,914	-	-	-	-	-	-	14,539	13,810
OP ED Visits	46,087	45,627	26,431	27,038	64,480	61,831	23,231	22,684	23,478	22,894	635	2,631	186,342	182,705
OP & Clinic Visits excluding ED OP	80,508	74,566	26,170	23,984	76,138	76,039	51,875	50,864	93,720	99,162	13,071	5,394	331,482	330,009
Clinical Visits	80,508	41,696	26,170	23,984	-	-	-	-	93,720	99,162	13,071	5,394	203,469	170,236
CMI - Total	1.42	1.49	1.17	1.18	1.22	1.22	1.73	1.66	1.81	1.80	1.40	1.41	4.776	4.913
FTEs Paid	1,020	999	314	324	1,599	1,660	883	945	830	849	130	135	4,100	4,201
FTEs Prod	865	836	264	270	1,399	1,456	753	808	706	710	114	120	4,100	4,201

Payor Mix	32.8%
Medicare	31.7%
Medi-Cal	30.4%
HMO/PPO	4.0%
Self Pay	1.1%
Other	100.0%
Total	

Inpatient	68.5%
Outpatient	31.5%
Total	100.0%

	O'Connor Hospital		Saint Louise Regional Hospital		St. Francis Medical Center		St. Vincent Medical Center		Seton Medical Center		Seton Medical Center Coastside		Verity Total	
	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2018
Capital Expenditures														
Verity - System Office														
FOR THE THREE MONTHS ENDED JUNE 30, 2018	\$9,488,947	\$2,220,404	\$248,037	\$2,148,170	\$2,219,405	\$4,090,075	\$66,809	\$20,481,847						

VERITY HEALTH SYSTEM
CONSOLIDATING BALANCE SHEET - UNAUDITED
AS OF JUNE 30, 2018
(In thousands)

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastside	System Office	System Elimination - Obligated Group	Obligated Group Subtotal	Non- Obligated Group	System Elimination - Non Obligated Group	Verify Total
ASSETS												
CURRENT ASSETS:												
Cash and cash equivalents	\$ 7,209	\$ 4,815	\$ 17,967	\$ 2,206	\$ 9,142	\$ 887	\$ 734	\$ -	\$ 42,960	\$ 25,574	\$ -	\$ 68,534
Net patient accounts receivable	54,022	17,633	65,285	38,635	49,142	4,565	-	-	229,282	10,430	-	239,712
Due from government agencies	879	1,030	4,513	3,709	1,484	-	-	-	11,615	-	-	11,615
Due from related organizations	10,928	5,233	364,863	7,953	17,682	48	508,081	(866,310)	48,478	114,502	(162,980)	-
Other current assets	17,506	5,817	45,653	16,412	9,776	295	12,820	-	108,279	18,202	(5,591)	120,900
Other restricted assets	-	-	-	-	-	-	-	-	-	2,159	-	2,159
Total current assets	90,544	34,528	498,281	68,915	87,226	5,795	521,635	(866,310)	440,614	170,867	(168,561)	442,920
ASSETS LIMITED AS TO USE:												
Other investments	-	-	-	3,069	-	-	-	-	3,069	54,029	-	57,098
Under bond indenture agreements	-	-	-	-	36,585	-	24,695	-	51,280	-	-	61,280
Total assets limited as to use	-	-	-	3,069	36,585	-	24,695	-	54,349	54,029	-	118,378
PROPERTY AND EQUIPMENT, Net	29,176	14,170	91,184	47,125	42,506	684	23,739	-	298,584	29,644	-	278,228
OTHER LONG-TERM ASSETS	626	7	256	13	261	-	3,079	-	4,242	3,832	(984)	7,090
TOTAL ASSETS	120,346	48,705	589,721	119,122	166,578	6,479	573,148	(866,310)	597,789	258,372	(169,545)	846,616
LIABILITIES AND NET (DEFICIT) ASSETS												
CURRENT LIABILITIES:												
Accounts payable	11,168	2,972	7,886	13,432	8,704	168	14,430	-	58,760	6,156	-	64,916
Current portion of long-term debt, net of debt issuance costs	774	469	4,076	867	1,241	-	159,248	-	166,675	116	-	166,791
Due to government agencies	161	2	2,039	1,728	256	-	-	-	4,186	-	-	4,186
Accrued expenses and other current liabilities	24,035	7,529	56,521	42,289	46,248	2,427	112,416	-	231,465	38,338	(6,546)	323,257
Due to related organizations	278,884	77,857	1,324	261,718	168,778	23,513	168,738	(866,310)	231,450	48,478	(162,980)	-
Total current liabilities	315,022	88,829	71,846	320,034	225,227	26,108	454,832	(866,310)	595,588	93,088	(169,526)	559,150
OTHER LIABILITIES												
Pension and other long-term liabilities	41,157	4,512	78,127	58,923	2,494	24	46,873	-	232,110	46,703	(19)	278,794
Total other liabilities	41,157	4,512	78,127	58,923	2,494	24	46,873	-	232,110	46,703	(19)	278,794
LONG-TERM DEBT, Net of current portion and debt issuance costs	47,636	28,854	64,108	53,325	96,805	-	43,152	-	33,880	106,146	-	440,026
Total liabilities	403,815	122,195	214,081	432,282	324,526	26,132	544,857	(866,310)	170,578	245,937	(169,545)	1,277,970
NET (DEFICIT) ASSETS:												
Unrestricted - Verity Health System	(283,469)	(73,490)	375,542	(316,455)	(157,948)	(19,653)	28,291	-	(47,182)	(6,586)	-	(453,769)
Unrestricted - Noncontrolling	-	-	-	-	-	-	-	-	-	(986)	-	(986)
Temporarily restricted	-	-	98	523	-	-	-	-	621	14,531	-	15,152
Permanently restricted	-	-	-	2,772	-	-	-	-	2,772	5,476	-	8,248
Total net (deficit) assets	(283,469)	(73,490)	375,640	(313,160)	(157,948)	(19,653)	28,291	-	(63,789)	12,435	-	(431,354)
TOTAL LIABILITIES AND NET (DEFICIT) ASSETS	120,346	48,705	589,721	119,122	166,578	6,479	573,148	(866,310)	597,789	258,372	(169,545)	846,616

VERITY HEALTH SYSTEM
STATEMENT OF OPERATIONS - UNAUDITED
FOR THE TWELVE MONTHS ENDED JUNE 30, 2018
(In thousands)

UNRESTRICTED REVENUES AND OTHER SUPPORT:

Net patient service revenue
Provision for doubtful accounts
Net patient service revenue less provision for doubtful accounts
Premium revenue
Other revenue
Contributions

Total unrestricted revenues and other support

EXPENSES:

Salaries and benefits
Supplies
Purchased services, medical claims and other
Goodwill and intangible asset impairment
Depreciation and amortization
Interest, net

Total expenses

OPERATING (LOSS) INCOME

INVESTMENT INCOME (LOSS)

EXCESS (DEFICIT) OF REVENUES OVER EXPENSES
LESS (DEFICIT) EXCESS OF REVENUES OVER EXPENSES
ATTRIBUTABLE TO NONCONTROLLING INTEREST
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES, NET OF
NONCONTROLLING INTEREST

O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastside	System Office	System Elimination - Obligated Group	Obligated Subtotal	Non- Obligated Group	System Elimination - Non Obligated Group	Verity Total
\$ 307,193	\$ 102,343	\$ 496,142	\$ 216,593	\$ 238,621	\$ 22,686	\$ -	\$ (8,702)	\$ 1,374,876	\$ 57,832	\$ (695)	\$ 1,432,013
(11,051)	(3,741)	(23,483)	(12,283)	(6,512)	(616)	-	-	(57,686)	(1,016)	-	(58,702)
296,142	98,602	472,659	204,310	232,109	22,070	-	(8,702)	1,317,190	56,816	(695)	1,373,311
-	-	100,579	31,091	-	-	-	(670)	131,000	20,915	-	151,915
4,205	207	1,700	1,213	7,743	579	177,687	(172,687)	20,647	83,710	(58,373)	45,984
200	40	4,184	1,021	352	-	-	-	5,797	25,447	-	31,244
300,547	98,849	579,122	237,635	240,204	22,649	177,687	(182,059)	1,474,634	186,888	(59,068)	1,602,454
170,681	57,205	214,622	114,432	144,752	17,699	36,547	(8,702)	747,236	63,162	(6,314)	804,084
42,572	8,093	42,452	52,176	31,826	1,954	137	-	199,210	19,306	-	198,516
110,882	32,533	244,547	128,875	84,758	6,453	126,111	(173,357)	150,802	126,451	(52,754)	634,499
-	-	-	-	-	-	-	-	-	7,218	-	7,218
6,947	1,600	9,201	5,800	5,525	132	414	-	99,619	3,005	-	32,624
2,483	1,544	3,951	2,751	5,339	(9)	16,860	-	132,919	3,968	-	36,887
333,565	100,975	514,773	304,034	272,200	26,229	180,069	(182,059)	1,349,786	223,110	(59,068)	1,713,828
(33,018)	(2,126)	64,349	(66,399)	(31,996)	(3,580)	(2,382)	-	(6,152)	(36,222)	-	(111,374)
-	-	-	-	-	-	2,382	-	12,382	(9,927)	-	(7,545)
(33,018)	(2,126)	64,349	(66,399)	(31,996)	(3,580)	-	-	(72,770)	(46,149)	-	(118,919)
-	-	-	-	-	-	-	-	-	(3,352)	-	(3,352)
(33,018)	(2,126)	64,349	(66,399)	(31,996)	(3,580)	-	-	(2,770)	(42,797)	-	(115,567)

VERITY HEALTH SYSTEM
STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE TWELVE MONTHS ENDED JUNE 30, 2018
(In thousands)

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastside	System Office	System Elimination - Obligated Group	Obligated Subtotal	Non- Obligated Group	System Elimination - Non Obligated Group	Verity Total
Operating Activities												
Increase (Decrease) in net assets	\$ (31,862)	\$ (1,750)	\$ 66,209	\$ (64,008)	\$ (31,996)	\$ (3,400)	\$ (1,721)	\$ 1,530	\$ (66,998)	\$ (30,224)	\$ -	\$ (97,222)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:												
Depreciation and amortization	6,947	1,600	9,201	5,800	5,525	132	414	-	29,619	3,005	-	32,624
Provision for doubtful accounts	11,051	3,741	23,483	12,283	6,512	616	-	-	57,686	1,016	-	58,702
Changes in fair value and unrealized and realized gains on investments, net	-	-	-	-	-	-	-	-	-	779	-	779
Amortization of bond premium	-	-	-	-	-	-	845	-	845	-	-	845
Amortization of deferred debt issuance cost	-	-	-	-	-	-	172	-	172	-	-	172
Change in funded status of pension and other postretirement benefit plans	(2,906)	(225)	(8,337)	(5,209)	(12)	-	(1,128)	(1,530)	(9,347)	-	-	(19,347)
Goodwill and intangible asset impairment	-	-	-	-	-	-	-	-	-	7,218	-	7,218
Gain on disposal of property and equipment	(3)	-	-	(5)	-	-	-	-	(8)	(15,481)	-	(15,489)
Changes in operating assets and liabilities:												
Patient accounts receivable	(20,987)	(8,437)	(1,552)	(5,056)	(19,025)	(1,270)	-	-	(6,327)	(6,321)	-	(62,648)
Due to/from government agencies	94	(1,056)	524	2,043	1,604	-	-	-	2,209	-	-	3,209
Other current assets	(8,144)	(946)	(57,452)	6,585	4,827	80	(163,583)	186,358	(32,275)	(96,350)	97,881	(30,744)
Other long-term assets	(319)	-	(158)	(30)	199	3	(2,602)	-	(2,907)	15,420	728	13,241
Accounts payable	(846)	235	(3,749)	(374)	(468)	7	(13,380)	-	(1,575)	(166)	-	(18,741)
Accrued liabilities	62,911	13,097	(11,672)	64,782	45,690	4,846	157,108	(186,358)	160,404	17,326	(98,599)	89,131
Other short-term liabilities	588	469	4,076	867	1,241	-	159,397	-	16,638	115	-	166,753
Workers' compensation Change	-	-	-	-	-	-	(768)	-	(768)	160	-	(608)
Change in Pension obligations	(9,176)	(1,705)	(17,506)	(9,522)	(627)	(3)	(2,166)	-	(40,705)	-	-	(40,705)
Other long-term liabilities	(764)	(469)	(4,076)	(734)	(1,023)	-	(159,094)	-	(166,160)	6,129	(10)	(160,041)
Net cash provided by (used in) operating activities	6,584	4,554	(1,009)	7,422	12,447	1,011	(26,506)	-	4,503	(97,374)	-	(92,871)
Investing activities												
Purchases of investments	-	-	-	-	-	-	-	-	-	(4,948)	-	(4,948)
Purchase of asset for health-related activity	-	-	-	-	-	-	-	-	-	(2,801)	-	(2,801)
Proceeds from disposal of property and equipment	-	-	-	-	-	-	-	-	-	17,784	-	17,784
Proceeds from sales of investments	-	-	-	-	-	-	2,182	-	2,182	5,391	-	7,573
Changes in interest in pooled investment fund - short term	-	-	-	-	-	-	-	-	-	(493)	-	(493)
Changes in loans and receivables	-	-	-	-	-	-	-	-	-	1,074	-	1,074
Changes in assets under bond indenture agreements	-	-	-	-	2,074	-	139	-	2,213	-	-	2,213
Additions to property and equipment	(5,613)	(2,788)	(5,112)	(7,887)	(12,449)	(288)	(16,544)	-	(40,681)	(3,986)	-	(54,667)
Net cash provided by (used in) investing activities	(5,613)	(2,788)	(5,112)	(7,887)	(10,375)	(288)	(14,223)	-	(9,286)	12,021	-	(34,265)
Financing activities												
Repayment of debt	(558)	(451)	(3,800)	(833)	(912)	-	-	-	(6,554)	(5,952)	-	(12,506)
Issuance of debt	-	-	-	-	-	-	42,000	-	42,000	107,279	-	149,279
Debt issuance costs	-	-	-	-	-	-	(800)	-	(800)	(950)	-	(1,750)
Net cash provided by (used in) financing activities	(558)	(451)	(3,800)	(833)	(912)	-	41,200	-	41,646	100,377	-	135,023
Net Increase (Decrease) in Cash and Cash Equivalents	413	1,315	(9,921)	(1,298)	1,160	723	471	-	77,137	15,024	-	7,887
CASH AND CASH EQUIVALENTS JUNE 30, 2017	6,796	3,500	27,888	3,504	7,982	164	263	-	90,097	10,550	-	60,647
CASH AND CASH EQUIVALENTS AS OF JUNE 30, 2018	7,209	4,815	17,967	2,206	9,142	887	734	-	12,960	25,574	-	68,534

QUARTERLY CERTIFICATE FOR 6/30/18 RE: (Q) OF “PERMITTED LIENS”

August 14, 2018

The undersigned, an Authorized Representative (as defined in the Master Indenture referred to herein) of Verity Health System of California, Inc. (“Verity”) as Obligated Group Representative pursuant to the Master Indenture of Trust (as supplemented and amended, the “Master Indenture”) dated as of December 1, 2001 among Verity, the Members of the Obligated Group and U.S. Bank National Association as Master Trustee, hereby certifies pursuant to clause (q) of the definition of “Permitted Liens” in the Master Indenture as follows:

As of the end of the fiscal quarter ending June 30, 2018, any Liens granted under clause (q) of the definition of Permitted Liens do not exceed the maximum permitted value of such Liens under such clause (q).

The Computations Regarding Permitted Liens, Paragraph (q) is attached hereto.

[Signature Page to Follow]

In Witness Whereof, the undersigned has executed this Quarterly Certificate as of the day and year first above written.

**VERITY HEALTH SYSTEM OF CALIFORNIA,
INC.**

By: 

David Sachs
Chief Financial Officer

Computations Regarding Permitted Liens, Paragraph (q)*\$ in thousands*

A. Book Value of Property Subject to Liens ⁽¹⁾	St. Francis Medical Center	\$91,184
	St. Louise Regional Hospital	\$14,170
	Total property subject to Liens	\$105,354
B. Total Property of Obligated Group ⁽¹⁾	Obligated Group Total Property	\$757,789
C. Property Subject to Liens as a % of Total	A Divided by B	13.9%
	Threshold Percentage (Maximum)	20.0%

1. Historical financial data for the Obligated Group reflects June 30, 2018 unaudited financial statements.

[illegible]

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Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
REVENUE													
IP Acute Self Pay	\$4,373,129	\$4,000,789	\$3,131,103	\$4,035,718	\$5,184,859	\$5,487,922	\$6,870,462	\$6,619,059	\$5,844,007	\$4,840,565	\$5,142,739	\$5,058,347	\$3,268,582
IP Acute-Comm MgdCare	8,670,791	7,856,094	7,484,705	6,936,873	9,010,870	7,715,249	10,015,194	8,432,436	10,695,807	8,219,845	8,647,919	9,076,312	8,016,665
WIC Comp	1,027,127	448,644	463,787	35,306	677,378	246,884	152,425	68,224	347,157	36,933	0	47,789	35,062
Medicare	19,963,593	18,610,162	19,845,397	20,052,461	18,912,822	19,204,062	19,767,092	24,509,977	18,874,207	22,117,624	20,356,125	23,487,918	21,293,022
Medicare MgdCare	9,783,169	9,531,034	10,349,293	9,652,000	9,802,874	9,179,777	13,182,489	15,119,481	9,327,119	11,501,131	10,101,131	9,269,702	14,513,837
Medicare Risk	6,449,191	3,589,021	3,139,560	3,207,908	6,684,486	5,893,632	8,082,580	4,774,711	4,887,454	6,694,234	6,155,621	4,652,899	4,269,672
Medi-Cal	17,023,330	20,244,880	20,525,027	15,999,815	15,238,265	15,460,414	15,140,319	15,381,659	14,572,704	17,840,640	14,930,539	17,071,730	17,346,188
Medi-Cal MgdCare	30,040,474	32,389,510	33,054,190	31,881,499	32,396,173	31,978,386	31,373,277	32,261,496	30,202,551	32,527,742	27,106,377	29,206,080	26,701,734
Medi-Cal Risk	4,950,154	4,000,617	5,294,189	6,274,310	5,708,968	4,807,692	4,998,166	4,998,419	4,042,754	4,291,090	4,123,516	4,243,237	5,195,546
Other Govt	1,588,631	1,149,252	1,439,160	842,424	1,684,833	664,031	1,566,886	1,122,986	2,231,584	896,528	894,938	2,363,944	1,516,211
Other Govt MgdCare	1,556,805	3,954,311	6,304,529	6,447,281	7,125,760	6,674,264	5,653,582	6,564,131	7,344,206	6,666,703	6,030,024	6,078,857	6,448,247
County Indigent	2,802,109	2,415,891	3,416,870	3,359,567	4,126,548	4,096,333	1,753,193	2,463,497	2,495,569	1,896,592	2,178,632	2,083,750	1,488,001
Other	(302,400)	429,876	59,484	(85,972)	(75,410)	219,521	(165,657)	264,680	(544,278)	130,575	972,487	(314,716)	(979,558)
Total Acute	107,926,102	108,659,760	114,527,823	108,629,289	116,278,464	111,628,369	116,071,428	122,580,956	110,321,353	117,560,202	106,640,050	112,327,751	109,115,189
SNF:													
Self Pay	42,269	30,081	109,736	131,262	142,749	56,112	4,447	11,105	53	0	0	19,788	43,263
Comm MgdCare	47,541	39,094	11,450	52,787	53,660	19,812	52,530	17,175	83,580	153,490	34,012	117,364	37,130
WIC Comp	0	0	0	0	0	0	0	0	0	0	0	0	752
Medicare	479,840	343,196	335,270	245,306	71,616	49,379	25,615	53,039	109,567	189,836	121,077	231,909	161,717
Medicare MgdCare	192	15,140	20,440	0	15,328	0	12,182	53	35,805	58,474	15,889	17,804	30,658
Medicare Risk	8,848	4,771	8,896	0	6	2,296	8,903	0	0	38,704	10,579	0	0
Medi-Cal	92,202	183,374	252,031	231,429	363,732	112,678	197,496	294,839	87,099	89,060	31,244	35,984	187,598
Medi-Cal MgdCare	233,065	208,065	176,281	112,714	134,011	26,153	9	17,953	46,383	96,457	168,133	94,350	65,494
Medi-Cal Risk	11,498	18,989	5,273	58,133	33,268	4,930	0	4,009	8,912	3,860	0	183,828	64,403
Other Govt	0	0	0	0	0	0	0	0	12,492	1,484	0	(8,390)	0
SNF-Other	0	15,161	29,585	19,626	26,624	37,652	11,501	0	0	0	1,818	15,347	0
Total SNF	915,454	857,781	948,962	851,277	842,981	300,112	312,743	398,173	383,891	641,365	382,752	706,984	531,005
PSYCH:													
Self Pay	100,000	98,220	107,688	148,834	203,580	152,754	65,755	127,097	38,249	87,269	92,866	62,455	51,817
Comm MgdCare	37,463	19,440	40,259	29,521	22,477	12,358	12,586	44,573	16,127	97,379	45,936	33,078	32,416
Medicare	134,088	171,846	129,378	48,288	96,271	167,539	131,803	132,217	155,546	164,340	134,350	118,372	85,015
Medicare MgdCare	49,272	61,864	35,018	26,879	30,655	49,375	35,353	22,963	12,723	80,636	34,818	22,161	15,381
Medicare Risk	184	110,780	7,985	0	0	8,049	37,977	0	0	9,003	25,433	0	0
Medi-Cal	926,111	1,101,861	1,191,036	936,962	940,129	1,004,880	878,697	1,058,205	905,799	1,142,154	1,223,097	1,398,178	1,147,274
Medi-Cal MgdCare	13,054	477	26,053	14,473	27,576	18,851	54,218	799	15,703	29,935	26,695	6,588	50,859
Medi-Cal Risk	19,811	0	0	0	0	225,442	9,922	0	0	0	0	0	0
Other Govt	9,149	0	0	0	0	0	0	0	6,686	0	0	0	0
County Indigent	0	0	0	69	20,939	2,735	0	5	0	930	0	0	0
Psych-Other	0	1,841	0	0	0	0	0	13	22	0	0	5,485	26,937
Total Psych	1,289,133	1,566,330	1,537,917	1,205,026	1,341,637	1,642,003	1,226,310	1,385,872	1,151,855	1,571,666	1,583,195	1,646,337	1,409,699
Total Gross Inpatient Revenue	110,130,689	111,083,870	117,014,701	110,685,593	118,463,082	113,570,484	117,610,481	124,365,001	111,857,099	119,773,233	108,605,998	114,681,072	111,055,893
Gross Outpatient Revenue:													
Outpatient:													
Self Pay	136,675	111,899	140,014	106,610	132,857	168,970	189,627	130,947	159,114	129,197	71,686	78,124	119,460
Comm MgdCare	2,427,424	2,468,614	2,581,317	2,395,064	2,809,973	2,440,048	2,355,817	2,533,743	2,607,061	3,494,223	2,921,032	3,205,363	2,475,980
WIC Comp	172,774	164,533	146,707	96,081	176,363	210,920	140,766	151,728	203,648	156,954	164,128	141,808	127,193
Medicare	1,643,695	1,491,368	1,698,404	1,810,472	1,997,180	1,525,245	2,134,887	2,009,309	2,082,996	1,710,141	2,143,308	2,005,803	2,194,634
Medicare MgdCare	1,454,327	1,506,879	1,597,059	1,312,995	1,570,173	1,667,762	2,236,154	1,148,525	1,790,486	2,264,230	1,786,091	2,140,164	1,570,118
Medicare Risk	1,809,348	2,020,844	2,827,874	2,233,784	2,418,226	2,173,884	1,871,529	1,884,544	2,324,434	1,708,775	1,853,827	2,387,549	2,575,308
Medi-Cal	1,135,254	1,070,407	1,274,628	1,100,035	1,173,727	1,198,294	907,025	1,344,992	1,229,758	1,141,505	1,125,125	1,411,181	1,337,380
Medi-Cal MgdCare	4,604,524	5,720,546	6,001,940	5,190,765	5,284,616	4,631,575	5,044,258	6,001,207	4,989,510	5,395,654	5,051,819	5,909,282	5,438,347
Medi-Cal Risk	1,365,315	1,215,758	1,383,482	991,817	1,603,519	1,376,017	1,242,116	1,370,253	1,537,115	1,518,186	1,610,274	1,198,922	989,546
Other Govt	571,860	367,631	368,556	620,880	937,797	478,679	524,227	484,446	379,678	808,688	607,642	649,882	534,465
Other Govt MgdCare	126,200	72,833	429,037	380,535	788,446	850,934	552,459	583,455	739,044	903,749	953,552	1,071,221	952,482
County Indigent	4,051	23,206	33,325	0	58,781	0	0	0	0	28,157	0	17,742	23,240
Other	(115,359)	390,903	(271,959)	151,409	(251,787)	(150,611)	723,160	(444,955)	(292,571)	(178,738)	688,581	118,073	(368,160)
Total O/P	15,436,088	16,625,219	18,010,748	16,400,428	18,650,497	16,630,498	17,922,068	17,198,244	17,790,271	19,080,721	18,977,065	20,296,815	17,967,992
ER:													
Self Pay	5,630,631	6,603,686	6,141,068	7,045,024	8,648,930	9,110,531	9,125,496	8,788,654	6,434,150	7,714,431	6,810,703	5,876,178	5,192,046
Comm MgdCare	2,056,832	2,028,136	1,875,661	1,658,294	1,858,085	1,445,407	1,705,770	1,894,358	1,689,399	2,012,842	2,542,596	2,401,256	2,493,381
Medicare	1,540,226	1,532,491	1,842,173	1,398,190	1,534,752	1,371,345	1,812,807	1,624,087	1,532,584	1,511,572	1,502,587	1,542,392	1,7,

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Medical - Traditional	20,227,900	21,619,967	23,292,452	19,843,714	22,556,557	17,344,957	29,356,943	26,955,733	12,896,511	15,690,132	20,129,857	19,350,362	20,553,592
Medical - Managed Care	30,175,293	34,797,524	36,512,175	38,791,257	32,158,946	33,655,525	34,532,454	34,091,883	39,143,355	34,990,643	31,675,007	22,654,573	36,300,804
Medical - At-Risk	8,607,091	4,139,711	6,131,462	1,404,858	3,354,843	6,113,468	8,097,313	8,494,545	5,691,822	9,732,187	3,574,670	9,025,277	7,342,953
Other Indigent	(6,518,941)	(1,540,959)	932,325	(2,446,314)	106,132	(284,083)	(2,358,288)	(50,866)	(919,378)	(467,210)	(211,382)	1,359,632	(5,607,497)
HMO	12,870,211	12,134,534	9,487,897	8,685,811	3,700,792	4,551,940	4,365,634	5,829,519	7,110,263	9,012,959	6,695,302	7,970,466	7,726,150
HMO - At-Risk	0	0	0	0	4,156	0	0	0	0	0	0	0	0
Workers Compensation	0	84,564	128,176	306,878	114,378	90,720	247,219	783,020	623,710	371,905	64,434	(302)	247,218
Other Government	(29,223)	(1,916,538)	(838,995)	(1,437,930)	2,990,730	1,307,692	399,556	(623,233)	(348,813)	3,159,025	(484,843)	10,294,219	1,315,525
Total - Inpatient Contractual Allowances	75,234,454	87,943,284	101,375,112	90,852,657	96,107,947	88,947,192	100,860,796	101,871,845	90,237,481	96,314,551	92,496,165	90,903,843	90,183,687
Outpatient Contractual Allowances:													
Medicare Traditional	1,463,169	1,831,135	1,012,465	1,327,217	1,931,286	1,614,337	1,599,016	1,456,018	1,826,219	1,215,982	1,518,040	1,740,550	1,698,857
Medicare - Managed Care	120,811	(1,096)	9,213	144,880	1,243,136	646,295	1,014,233	1,000,084	577,735	506,340	1,176,860	1,352,803	1,266,562
Medicare - At-Risk	3,699,351	1,170,457	1,820,101	398,198	3,279,137	3,101,207	3,538,112	3,312,467	3,393,883	3,046,462	2,376,665	3,121,877	2,484,297
Medical Traditional	1,874,933	(1,151,762)	792,561	658,598	1,533,664	1,577,726	4,033,016	2,904,661	821,698	(375,229)	1,406,846	147,379	2,423,540
Medical - Managed Care	8,506,877	11,454,393	4,378,380	9,490,951	2,774,093	6,485,014	5,613,744	5,827,453	11,636,603	7,740,460	7,390,590	4,420,435	3,693,595
Medical - At-Risk	1,780,118	755,932	1,191,726	620,245	1,314,793	1,530,888	2,337,859	1,384,387	1,119,357	3,683,598	857,516	2,748,347	1,554,025
HMO	3,267,968	1,827,857	2,918,949	2,010,977	3,586,887	2,201,313	1,767,586	1,846,220	1,574,881	1,778,987	2,864,016	2,398,821	2,075,347
Workers Compensation	27,265	22,846	37,437	24,358	43,876	42,522	86,466	87,809	93,534	105,213	90,127	70,508	69,643
Other Government	716,218	2,720	10,034	(15,763)	427,755	18,588	428,555	803,223	295,748	1,050,924	624,597	1,521,975	726,842
Total - Outpatient Contractual Allowances	21,446,708	15,912,482	12,170,866	14,669,681	16,136,630	17,219,891	20,819,387	18,634,343	21,339,657	18,754,736	18,305,377	17,522,694	16,394,706
ER Contractual Allowances:													
Medicare Traditional	1,357,720	1,117,625	1,897,590	1,410,917	1,219,124	598,593	1,292,331	1,532,717	1,756,824	1,514,238	1,430,833	1,466,856	1,368,140
Medicare - Managed Care	18,419	14,475	1,291	253,633	584,401	885,263	1,153,078	693,379	634,371	1,035,321	1,390,807	1,324,337	1,216,541
Medicare - At-Risk	931,395	238,969	393,720	216,290	856,499	872,945	913,362	818,462	700,025	856,986	850,357	1,109,629	525,418
Medical Traditional	3,142,858	6,643,525	3,650,890	1,560,919	3,972,177	3,003,760	1,699,608	3,888,813	3,942,421	5,164,810	4,487,631	5,538,507	4,183,513
Medical - Managed Care	8,150,244	6,860,254	10,692,105	9,841,596	10,502,371	9,172,394	10,820,201	6,683,609	12,124,087	12,192,854	13,166,912	11,427,146	11,427,146
Medical - At-Risk	1,572,220	376,471	933,860	379,497	1,472,872	1,003,028	1,328,909	1,461,578	878,636	2,509,562	601,219	2,679,176	1,554,573
HMO	2,784,398	2,833,099	2,905,236	1,482,838	1,213,065	961,939	795,856	1,046,476	1,206,660	1,612,337	1,449,002	1,629,316	1,629,316
Workers Compensation	52,967	48,024	94,725	161,142	90,256	110,116	84,053	70,087	38,599	124,771	66,413	74,210	116,818
Other Government	19,364	3,639	(3,521)	0	3,034	2,904	2,244	14,357	0	14,384	12,240	0	3,075
Total - ER Contractual Allowances	18,030,585	18,136,481	20,565,759	15,306,831	20,713,798	16,392,542	15,917,087	20,029,867	15,880,961	24,630,300	22,673,692	26,764,639	22,024,539
Provider Fees:													
Provider Fee - Medical	0	0	0	0	0	0	(49,935,851)	(7,074,849)	(4,446,646)	(4,446,646)	(4,446,646)	(4,446,646)	(4,446,646)
Provider Fee - Medical-Managed Care	0	0	0	0	(58,112,270)	0	0	0	0	0	0	(16,756,174)	(10,305,513)
Total Provider Fees:	0	0	0	0	(58,112,270)	0	(49,935,851)	(7,074,849)	(4,446,646)	(4,446,646)	(4,446,646)	(21,202,820)	(14,752,159)
DispShare Pymt													
Total - Contractual Allowances	114,711,746	121,992,247	134,111,738	120,829,169	74,846,105	122,559,625	87,661,419	133,461,206	123,011,453	135,252,941	129,028,588	113,988,357	113,850,773
Charity:													
Charity	8,847,006	2,467,027	3,013,783	2,493,451	3,450,967	4,135,839	2,070,231	3,368,317	2,402,753	(118,645)	(680,260)	3,719,471	6,363,220
Total - Charity Allowances	8,847,006	2,467,027	3,013,783	2,493,451	3,450,967	4,135,839	2,070,231	3,368,317	2,402,753	(118,645)	(680,260)	3,719,471	6,363,220
Other:													
Other	2,001,265	1,979,194	835,458	1,832,153	609,288	343,870	1,876,487	1,065,461	1,853,310	2,723,405	2,226,854	(1,550,133)	1,858,023
Total - Other Allowances	2,001,265	1,979,194	835,458	1,832,153	609,288	343,870	1,876,487	1,065,461	1,853,310	2,723,405	2,226,854	(1,550,133)	1,858,023
DSH:													
SB 1255	(870,028)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(1,044,449)
SB 1332	(184,419)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(524,411)
SB 855	(3,960,907)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(316,726)	(1,721,973)	(1,721,973)	(1,721,973)	(1,721,973)
SB 474	0	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	286,617
Total - DSH	(4,815,354)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(1,217,309)	(2,622,556)	(2,622,556)	(2,622,556)	(3,004,217)
Total - Deductions From Revenue	120,744,664	123,615,161	135,137,673	122,331,467	76,083,053	124,216,028	88,784,831	135,071,678	126,050,207	135,235,145	127,952,626	113,535,138	119,067,800
Pat. Rev. Net of Contractuals & Other Deductions	30,582,095	29,794,052	26,247,196	30,532,301	88,327,748	31,656,417	75,000,745	36,297,674	29,753,234	32,741,165	28,035,178	49,315,977	38,440,368
Provision for Doubtful Accounts	1,574,268	3,171,720	1,806,004	2,846,629	3,069,319	4,981,088	1,188,872	2,571,175	1,675,322	3,958,782	1,141,081	(760,900)	(2,165,649)
Net Patient Revenue	29,007,827	26,622,332	24,441,192	27,685,672	85,258,429	26,675,329	73,811,873	33,726,499	28,077,912	28,782,383	26,894,097	50,076,877	40,606,017
Other Revenue:													
Other Revenue	143,864	108,803	106,115	100,197	192,966	146,453	92,225	105,364	112,756	117,550	186,890	100,637	117,028
Gain or Loss on Property Sale	9,267	401	0	0	0	0	0	0	0	0	0	0	0
Rental Revenue	21,058	24,784	20,929	20,929	(9,604)	13,465	13,465	26,836	17,922	20,822	30,525	2,681	29,500
Total Other Revenue	174,188	133,468	127,044	121,126	183,362	159,918	105,690	133,199	130,678	138,372	217,414	103,318	146,528
Capitation Premium Revenue	8,273,315	8,122,756	10,865,023	8,538,796	12,423,878	8,773,705	8,275,688	8,456,468	8,794,113	8,657,350	8,628,899	9,305,574	11,338,894
Capitation Risk Pool Reserve	(1,551,198)	(725,975)	(1,679,720)	(861,998)	(2,560,110)	(660,484)	(537,258)	(542,237)	(364,470)	(326,591)	(1,011,924)	(304,917)	(1,975,036)
Total Capitation Revenue	6,712,017	7,396,782	9,205,303	7,656,797	9,863,566	8,113,222	7,688,432	7,913,231	8,429,643	8,330,359	7,616,775	9,000,657	9,363,958
Unrestricted Contributions:													
Unrestricted Contributions	129,530	303,796	735,559	127,715	647,475	186,038	279,492	159,054	215,567	437,744	438,583	173,520	479,764
Total Unrestricted Contribution	129,530	303,796	735,559	127,715	647,475	186,038	279,492	159,054	215,567	437,744	438,583	173,520	479,764
Total Revenues	36,023,563	34,456,378	34,509,098	35,591,311	95,952,832	35,134,507	81,885,487	41,931,983	36,853,800	37,688,858	35,166,870	59,354,373	50,596,266

**Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018**

EXPENSES:**Productive Salaries:**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
70000 Mgmt & Supervision	822,169	795,106	840,794	748,572	826,680	771,670	717,884	860,107	818,888	864,947	900,313	910,392	95,353
70100 Mgmt & Supervision Premium	1,873	11,784	12,711	9,295	5,390	13,263	11,696	23,882	16,830	13,830	16,068	14,026	11,368
70110 Technician & Specialist	1,997,086	2,103,542	2,110,248	2,226,932	2,185,122	2,217,000	2,129,653	2,270,651	2,127,337	2,384,530	2,231,632	2,337,719	2,410,644
70110 Tech & Spec Prem Pay	116,311	151,046	162,940	108,631	136,971	113,145	124,311	167,369	141,436	129,194	141,613	168,790	130,135
70200 Registered Nurses	5,801,579	6,145,399	5,914,071	6,024,500	6,135,179	5,882,623	5,715,147	6,578,551	6,012,272	6,435,635	6,076,845	6,072,258	6,114,769
70210 Registered Nurses Premium	380,634	536,741	577,700	589,612	632,510	658,414	851,206	895,165	642,897	584,907	447,480	349,597	453,178
70300 Licensed Vocational Nurses	199,544	212,144	197,532	253,992	180,269	180,394	204,682	212,241	209,888	214,973	199,693	207,184	257,654
70310 Licensed Vocational Nurses Premium	8,957	14,757	18,081	13,597	8,945	11,320	18,268	12,673	13,484	11,006	4,832	5,557	3,769
70400 Aides & Orderlies	388,086	372,296	370,334	405,973	368,351	397,028	394,451	411,287	389,307	437,505	402,073	424,147	483,865
70410 Aides & Orderlies Premium	57,749	49,298	59,262	54,359	52,238	57,859	56,020	47,330	45,869	47,687	31,926	48,012	36,780
70500 Clinical & Other Admin	494,742	530,790	532,992	531,795	536,165	538,423	498,482	529,657	516,946	564,091	539,290	556,525	552,897
70510 Clinical & Other Admin Premium	38,167	40,223	40,766	38,823	45,747	50,733	56,171	51,539	37,669	42,127	43,492	36,131	33,304
70600 Environmental & Food Services	426,111	380,600	388,534	382,053	399,293	381,939	416,010	423,868	383,858	438,886	432,805	455,915	457,296
70610 Environmental & Food Services Premium	37,121	51,616	55,320	54,255	66,091	64,434	73,732	82,255	71,679	81,773	78,668	77,412	23,920
70800 Non-Phys Medical Practitioners	45,617	48,713	37,116	40,982	59,015	52,862	56,106	53,572	47,331	67,474	66,578	62,393	57,792
70810 Non-Phys Medical Practitioners Premium	10,934	15,154	16,027	22,719	13,226	17,382	11,118	17,969	12,113	11,895	16,852	15,219	15,140

Total Productive Salaries

	10,932,680	11,459,168	11,324,426	11,505,997	11,689,181	11,408,287	11,335,249	12,637,937	11,487,743	12,340,449	11,629,360	11,681,278	11,137,865
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Non-Productive Salaries:

71200 Vacation Holiday & Sick Leave	1,302,323	1,332,262	1,331,314	1,411,644	1,459,360	1,556,595	1,431,631	1,585,917	1,589,067	1,517,196	1,473,499	1,514,254	1,581,738
71275 BONUS	0	33,000	0	15,200	0	0	13,000	10,625	13,250	0	0	0	0
71277 IT Application Training	(569)	(327)	(5)	0	0	0	698	288	292	174	103	0	750
71950 Severance Pay	27,295	2,541	13,058	13,058	13,058	13,058	6,529	0	0	15,836	31,872	31,872	292,322

Total Non- Productive Salaries

	1,329,049	1,367,475	1,344,366	1,439,901	1,472,417	1,579,563	1,451,858	1,596,830	1,602,519	1,533,306	1,505,475	1,546,126	1,875,010
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Total - Salaries & Wages

	12,261,729	12,826,643	12,668,792	12,945,898	13,161,598	12,987,850	12,787,108	14,234,767	13,090,262	13,873,755	13,134,834	13,227,404	13,012,875
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Registry:

72500 Registry Nursing Personnel	609,878	604,924	536,359	603,428	565,594	518,136	548,092	619,211	736,608	902,439	845,879	580,021	662,907
72100 Medical-Therapists & Other	74,682	124,085	79,254	85,161	129,927	187,659	144,034	187,904	286,546	227,434	133,530	133,323	(94,358)

Total Registry Labor

	884,560	729,010	615,612	688,588	695,521	705,796	692,126	807,115	1,023,154	1,129,873	979,410	713,345	568,549
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Contract Labor

72600 Registry-Non Clinical	209,247	205,068	243,396	184,872	132,988	213,158	187,204	278,595	191,746	192,420	205,360	196,540	232,776
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Total - Contract Labor

	209,247	205,068	243,396	184,872	132,988	213,158	187,204	278,595	191,746	192,420	205,360	196,540	232,776
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Benefits & Taxes:

71000 FICA	926,637	977,919	929,533	916,536	876,181	795,888	891,116	1,081,042	964,841	1,028,773	989,500	1,005,402	1,037,581
71100 SUI - FUI	19,191	19,200	59,434	22,000	21,900	6,000	22,263	22,300	22,300	(27,700)	(31,821)	(4,308)	10,100
71101 SUI - RIF	0	0	(43,387)	0	0	0	0	0	0	0	0	130	0
71300 Group Health Insurance	1,062,397	1,160,115	1,194,695	1,522,944	1,188,732	1,122,261	1,131,058	701,328	750,737	699,265	717,734	712,265	(50,946)
71303 Group Health Self Insured	216,875	184,068	174,120	220,045	189,552	154,733	141,161	149,607	382,376	781,111	885,838	726,841	1,683,263
71310 Group Health Insured	59,467	52,325	49,441	70,219	55,846	42,382	42,564	114,460	120,852	100,631	130,314	69,363	182,386
71319 Employee Ben Exp FLEX Dollars	10,613	11,759	11,528	10,978	11,327	11,225	11,897	11,386	10,286	12,349	13,131	13,790	13,954
71320 Group Health Vision	26,704	(753)	2,603	4,357	5,851	4,263	(11,530)	15,944	(8,597)	(8,597)	26,807	(17,681)	(17,681)
71350 Dental Insured	91,421	46,619	93,246	(30,810)	(30,707)	(31,683)	(48,854)	(35,409)	(32,232)	(31,771)	(19,767)	(37,245)	(56,500)
71351 Dental Insured IBNR	(50,152)	(63,753)	(1,550)	111,638	106,781	107,032	105,822	104,817	53,286	101,275	139,496	110,732	110,732
71375 Life AD&D Ben-Contract	(2,943)	14,763	1,840	1,668	1,696	1,803	304	1,912	1,976	1,976	1,938	1,865	408
71400 Group Life Insurance	17,431	(3,450)	19,171	18,320	16,177	16,415	3,642	20,018	20,265	19,502	16,952	19,220	5,778
71605 Retirement	306,667	95,290	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250
71515 403B - Employer Match	77,064	148,925	146,933	144,102	141,880	248,105	140,536	130,243	146,164	158,640	152,323	155,070	158,900
71516 Retirement Plan - 401 A	496,240	531,928	509,595	517,297	505,258	501,892	578,447	575,616	568,095	599,451	537,765	540,567	570,238
71720 Fringe Benefits	6,181	6,387	6,387	6,181	6,181	6,387	6,387	6,387	6,387	6,387	6,387	6,387	6,387
71608 Workers Compensation Insurance	288,883	198,637	198,637	198,637	198,637	198,637	198,637	198,637	198,637	198,637	198,637	198,637	198,637
71601 W-C - TPA & Other	0	87,659	87,659	87,659	87,659	87,659	87,659	87,659	87,659	87,659	87,659	87,659	87,659
71810 LTD	15,875	16,001	17,722	17,744	17,638	19,470	17,238	15,182	22,697	20,423	19,754	20,353	16,021
71900 Other Employee Benefits (Non-Payroll)	(2,959)	0	0	0	0	0	0	(36)	0	(26,471)	16,296	(7,820)	(243,304)
71910 EAP	404	2,342	4,848	3,586	3,579	3,555	3,528	3,600	3,741	3,697	3,708	3,726	3,711
71930 Eo & Reimbursemt	152,645	98,895	94,265	90,900	86,753	103,862	119,480	151,127	120,904	107,655	113,764	146,044	205,928
71932 Education - Application Training	0	0	0	0	433	0	0	0	0	0	0	0	0

Total - Taxes & Benefits

	3,718,641	3,583,936	3,652,271	4,029,751	3,589,926	3,503,719	3,540,029	3,436,751	3,590,762	3,935,388	4,066,287	3,898,198	4,031,350
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Total - Labor Costs

	17,074,177	17,344,656	17,180,071	17,849,109	17,580,032	17,410,522	17,206,466	18,757,228	17,895,925	19,131,436	18,385,891	18,035,487	17,845,549
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Medical Fees:

72000 Medical-Physicians	299,537	300,156	364,838	324,702	279,711	287,471	321,916	284,835	310,244	303,824	347,288	299,007	139,831
72011 Medical-Physicians Administrat	135,045	126,816	138,664	132,793	132,664	128,912	149,637	94,284	151,846	185,164	148,664	(32,505)	124,260
72021 Medical-Phys Clinical Fees	822,533	856,758	853,746	840,121	865,258	855,683	963,371	879,783	872,142	934,033	897,474	262,187	1,118,542
Total - Medical Fees	1,258,516	1,283,230	1,357,245	1,297,616	1,277,633	1,282,066	1,434,924	1,258,903	1,334,232	1,423,021	1,393,426	528,689	1,382,632

Supplies:

73100 Prosthesis	339,527	240,287	320,385	282,656	337,371	344,483	399,077	256,650	383,196	327,357	298,573	338,735	223,167
73101 Pacemakers	45,881	25,356	37,871	22,127	31,658	18,340	85,222	30,892	36,952	8,265	33,326	45,148	26,214
73102 IOL (Lens)	9,230	6,511	6,805	9,161	7,287	3,951	10,256	6,282	1,532	855	1,824	6,100	4,104
73103 Spinecare Hardware	49,989	200,713	141,345	105,707	95,640	52,303	70,538	87,501	111,782	70,542	107,230	91,644	30,352
73104 Knees-Total	90,634	66,676	36,423	14,300	79,779	28,124	52,155	42,701	17,517	98,466	93,123	58,884	17,359
73105 Hips-Total	17,062	21,658	56,529	2,955	48,609	57,618	26,782	78,221	3,154	51,992	45,342	23,181	65,860
73106 Hips-Partial	2,697	2,997	2,397	(2,697)	5,384	2,697	6,467	0	2,697	5,655	0	3,750	11,361
73107 Hips-Compression	0	4,689	50	2,162	0	11,722	0	0	0	2,261	2,261	0	0
73108 Valves-Heart	7,720	0	2,151	4,532	188	12,420	15,440	0	7,720	0	7,720	4,532	168
73109 Bone	4,448	16,849	6,955	6,051	4,448	12,691	2,188	7,395	32,840	5,980	9,433	4,174	5,879
73110 AICD & Leads	126,707	86,856	113,920	150,507	91,074	145,483	175,987	89,228	85,624	171,212	86,812	89,195	80,410
73111 Tissue	37,347	72,608	65,892	37,046	(229)	130,724	70,002	55,307	22,428	1,865	36,794	6,780	30,614
73112 Rings-Angioplasty	1,467	734	725	1,500	750	237	0	0	1,500	1,500	31	750	1,528
73113 Neuro-Stimulators/Leads	28,632	0	0	0	64,507	0	0	0	0	0	0	0	0
73115 Vascular Grafts	47,851	(5,180)	33,738	33,284	3,713	69,407	8,802	19,151	(6,286)	(24,611)	43,013	44,042	15,239
73116 Stents	31,321	8,621	43,516	17,432	71,038	82,602	30,940	30,554	21,125	27,834	49,499	32,138	82,385
73117 Stent DES	32,520	22,855	55,343	25,314	18,231	49,781	16,887	25,274	16,937	43,300	18,468	50,694	31,061

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
73200 Sutures & Surgical Needles	50,700	35,567	42,827	24,524	80,834	29,775	16,020	12,084	28,875	20,712	22,425	18,016	24,741
73201 Endoscopy/Endoscopes	87,560	92,427	74,896	65,067	116,889	154,888	72,395	48,288	65,477	94,949	91,151	73,816	57,377
73300 Surgical Packs & Sets	56,102	49,841	57,695	49,205	62,795	57,805	50,237	48,304	46,544	57,105	48,442	54,837	50,848
73400 Surgical Supplies-General	365,647	351,657	417,522	381,615	411,356	456,314	408,217	436,265	408,452	443,080	474,241	435,490	439,041
73401 SURGICAL SUPPLIES - CV	17,663	13,064	16,588	9,172	5,796	26,383	11,485	4,676	19,552	13,719	18,100	15,469	25,505
73403 Ortho Supplies	40,811	31,190	58,792	56,958	50,473	65,349	66,610	35,434	46,178	56,591	54,988	60,200	48,288
73404 Heartport Supplies	0	0	0	0	0	0	0	0	0	25,000	50,000	0	0
73500 Anesthetic Materials	4,215	4,832	3,880	5,061	5,424	4,775	5,144	4,639	6,931	8,163	9,230	8,812	4,718
73600 Oxygen & Other Medical Gases	9,993	11,597	9,431	11,667	9,852	10,794	10,189	13,439	15,913	14,584	15,068	12,202	24,444
73700 IV Solutions	123,181	117,424	119,983	129,832	113,023	108,755	120,024	121,326	108,850	116,428	100,700	107,737	115,258
73800 Pharmaceuticals	694,134	616,997	631,247	613,347	634,384	599,784	561,011	542,253	619,719	1,284,223	642,116	521,175	822,944
73900 Radioactive Materials	18,186	25,505	7,159	24,039	10,147	30,235	20,249	19,074	19,884	15,950	30,031	12,033	31,187
74000 Radiology Films	503	405	590	530	364	544	712	395	485	250	294	380	212
74100 Other Medical Care Materials & Supplies	314,204	323,812	344,955	328,498	330,442	334,264	299,559	380,268	328,285	336,665	300,909	363,269	375,748
74101 Syringes	10,329	9,914	12,625	8,903	12,660	9,754	7,466	10,751	9,368	10,270	8,873	8,853	10,933
74102 Gloves	41,580	39,457	43,300	37,391	36,777	35,017	32,789	32,700	35,372	36,940	43,188	35,595	34,370
74103 Angio/Diagnostic Caths	105,162	90,890	155,266	101,003	111,311	109,214	110,308	101,386	76,123	69,417	86,327	112,842	106,882
74104 Guidewires	25,777	8,838	29,973	32,000	27,809	22,887	22,835	19,587	13,707	25,144	11,556	19,302	17,441
74105 Sheath Sets/Dilators	1,980	1,888	6,636	4,604	11,140	6,426	5,117	2,418	5,691	4,034	3,709	6,171	4,913
74107 Balloon Cor. Dilator	50,621	53,474	71,884	68,866	100,540	76,797	50,647	48,392	71,594	57,069	49,875	50,843	54,781
74108 Inflation Devices	2,149	1,388	1,895	325	1,298	2,518	1,080	678	833	1,089	1,403	790	2,439
74108 Atherectomy Devices	0	0	0	0	0	0	0	6,300	6,403	0	3,395	348	12,743
74110 Vascular Interventions	11,641	15,628	32,186	72,272	55,178	30,213	10,284	32,124	13,865	28,477	14,881	28,537	65,565
74111 Flow Directed Catheters	1,383	0	0	0	0	0	0	0	0	0	152	0	0
74113 Guiding Catheters	1,002	384	2,521	481	1,555	581	678	535	683	882	1,686	306	244
74114 PTCA Accessories	896	0	0	827	1,500	2,558	4,818	1,134	827	750	77	0	0
74115 Intra-Aortic Balloons	0	0	0	0	0	0	3,092	0	0	0	0	0	0
74117 Coronary Guidewires	1,216	1,615	0	585	383	1,624	1,120	296	263	1,991	129	795	734
74119 Chemistry Solutions	116,112	106,418	123,280	110,613	104,134	147,226	107,520	128,496	127,943	128,849	121,801	97,405	154,224
74120 Hematology	2,850	2,297	5,801	2,883	5,317	1,414	2,024	23,493	1,018	7,610	2,906	2,912	4,228
74121 Serology	1,440	0	1,050	1,876	0	0	0	0	0	0	0	0	1,447
74122 Urinalysis	286	0	0	0	0	280	280	280	0	127	280	0	0
74123 Microbiology	23,185	14,087	22,326	11,608	33,567	26,847	29,377	55,980	19,985	23,628	25,455	22,154	33,328
74124 Phlebotomy	3,292	3,161	4,562	3,731	4,002	2,459	2,581	5,359	3,351	3,114	2,970	3,136	2,801
74125 Histology	0	139	0	139	0	139	0	0	0	248	33	116	12
74130 EPS-Ablation Catheters	0	0	0	0	0	0	0	0	0	0	390	0	0
74150 Blood Supplies	226,026	215,265	190,641	192,177	294,156	197,548	201,578	182,742	191,219	197,165	191,002	170,078	254,283
74151 Blood Processing	458	251	421	82	517	421	469	567	253	424	648	364	433
74160 IV Sets and Supplies	211	325	15	358	190	123	316	123	99	242	65	114	78
74195 Inventory Adjustments	(762,411)	20,360	60,928	20,678	41,005	51,204	43,464	13,252	11,505	79,599	57,327	44,927	134,951
74300 Food-Other	50,187	59,353	61,664	58,888	65,066	66,238	69,268	69,724	57,937	62,966	68,843	70,698	64,203
74400 Linen & Bedding	3,751	0	0	4,825	1,775	3,092	0	(3,089)	0	0	260	0	0
74500 Cleaning Supplies	5,993	7,307	10,763	6,440	9,865	5,086	6,983	11,085	9,752	6,091	8,824	12,445	9,208
74600 Office & Administrative Supplies	91,598	10,927	52,515	60,121	39,430	26,436	25,777	59,892	46,853	39,279	13,487	(3,704)	65,912
74640 Supplies-Photocopy	48	72	(72)	0	0	0	57	0	0	0	0	157	16
74650 Forms	10,010	8,692	10,329	9,443	9,673	8,248	6,230	9,697	7,539	8,478	9,992	7,470	12,694
74660 Paper & Toner Computer	(1,546)	(1,074)	(607)	(464)	1,227	(590)	572	3,101	(329)	715	(3,979)	(1,167)	1,005
74700 Employee Wearing Apparel	14,223	8,566	13,052	14,842	14,020	11,839	9,524	11,393	11,879	11,227	12,085	5,866	6,587
74800 Instruments & Minor Medical Eq	29,670	16,547	14,053	6,981	33,110	22,467	7,992	18,409	11,637	26,817	24,595	17,151	18,342
74900 Other Minor Equip	10,804	20,752	36,763	24,900	24,654	35,535	22,686	32,024	34,387	35,473	41,947	22,435	38,089
74950 Software Computer	340	870	702	640	640	0	29	(509)	0	0	0	0	0
74960 Hardware Computer	4,596	2,850	3,873	255	269	1,376	1,897	(272)	366	1,629	1,081	648	1,881
75000 Other Non-Medical Supplies	56,747	32,076	50,795	50,548	39,778	58,376	49,127	59,614	57,983	53,817	57,953	72,720	31,842
75005 Cost Reduction - Rebate & Discount	(226,421)	(20,600)	(24,048)	(26,037)	(29,578)	(36,812)	(36,526)	(54,298)	(34,962)	(34,319)	(50,226)	(89,910)	(26,218)
75050 Books & Manuals	1,920	639	4,039	197	4,089	89	2,153	404	3,392	2,700	835	(3,648)	468
75200 Freight	21,355	6,546	17,241	24,323	8,962	8,594	4,900	37,361	7,602	7,746	20,840	(3,755)	51,062
75300 Obsolescence PSO	0	0	0	0	0	0	0	0	1,091	0	0	0	0
75800 Maintenance Supplies	478	1,278	333	(458)	1,178	1,089	93	31	555	0	435	227	11
76300 IT: To Othr CC-Supplies	(55,578)	(44,473)	(61,576)	(63,556)	(50,541)	(62,352)	(54,615)	(62,883)	(59,514)	(31,752)	(32,160)	(42,238)	(33,511)
76700 IT: Frm Othr CC-Supplies	55,578	44,473	61,576	63,556	50,541	62,352	54,615	62,883	59,514	31,752	32,160	42,238	33,511
Total - Supplies	2,595,908	3,185,685	3,726,251	3,313,535	3,743,215	3,811,238	3,375,340	3,306,784	3,239,947	4,202,830	3,526,346	3,195,921	3,825,267
P/S - Professional Fees:													
72200 Consultant & Mgmt. Fees	100,352	43,180	45,450	23,094	26,565	47,838	55,036	33,548	21,505	(66,293)	78,416	6,479	(871)
72300 Legal	55,116	24,261	29,893	151,710	80,963	81,396	89,249	57,359	81,046	85,569	97,019	67,044	112,474
72400 Audit	14,441	11,852	8,461	(36,140)	0	0	0	0	0	0	0	15,828	0
72900 Other Professional Fees	0	0	0	0	0	0	0	0	0	0	15,510	(15,510)	0
Total - Professional Fees	169,909	79,292	83,804	138,664	109,528	129,234	144,285	90,906	102,551	19,276	190,946	74,200	111,603
Out-Of-Area- Network Expense:													
76110 Purch Serv-Out-Of-Network Cost	4,399,205	4,654,312	5,964,195	4,933,569	6,269,309	6,413,459	5,516,152	6,302,182	5,809,864	6,225,2			

Verity Health Systems
St Francis Medical Center
Trended Income Statement
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Rental & Leases:													
77500 Rental/Lease Costs-Buildings	98,905	94,185	85,425	95,202	85,421	85,434	85,434	89,933	52,086	102,090	96,769	101,724	102,349
77610 Rental Cost - Parking Fees	20,033	20,033	10,867	20,033	20,033	20,033	20,033	20,033	20,033	20,033	20,783	29,200	15,450
77600 Rental/Lease Costs-Equip	388,148	225,578	232,358	189,250	265,965	33,171	180,014	273,964	245,163	227,956	264,889	331,151	398,404
77605 Copy Machine Leases	14,486	14,486	14,529	14,416	14,678	14,553	14,543	14,553	14,543	14,548	14,553	(16,270)	(43,658)
Total - Rental & Leases	532,572	354,283	343,188	319,901	386,097	153,192	310,025	398,483	371,805	364,627	397,014	445,806	472,545
Other Expenses:													
78300 Licenses & Taxes	10,574	17,389	26,322	36,256	26,480	51,878	87,283	43,311	42,744	48,703	54,910	44,949	41,584
78310 Property Taxes	10,380	10,380	4,050	4,050	4,050	14,756	48,232	11,422	11,422	7,544	12,142	12,142	12,142
78400 Other Costs	10,065	7,855	(15,587)	18,240	10,863	1,009	(266)	18,914	11,857	14,302	13,949	12,925	5,936
78500 Telephone/Telegraph	67,005	12,591	30,517	28,944	42,418	36,413	32,572	(43,499)	16,314	12,816	28,050	21,220	15,803
78502 Mobile Phones Service	0	8,087	(116)	3,195	4,038	7,931	131	11,744	15,685	3,246	7,883	13,338	13,084
78500 Dues & Subscriptions	5,402	4,888	2,015	3,044	5,456	10,404	8,355	(761)	5,493	1,568	2,105	8,332	4,897
78520 RETAIL FLOWERS	0	0	0	0	0	0	582	0	0	0	0	0	0
78700 Outside Training Sessions	0	1,779	0	1,585	0	4,852	906	0	194	675	0	0	567
78750 Meetings & Conventions	199	99	345	599	0	0	1,670	0	0	0	0	36	2,805
78800 Travel	735	181	412	2,112	618	3,645	10,865	(8,869)	2,625	(1,089)	9,527	1,783	8,330
78801 Travel Transportation	0	0	186	0	0	0	18	0	0	0	0	0	126
78802 Airfare & Rail	200	1,499	965	468	1,303	209	544	78	723	268	595	292	2,730
78803 Car Rental	0	0	0	0	111	141	0	0	0	0	0	136	102
78804 Gasoline	0	0	0	0	24	0	0	0	0	19	0	0	158
78805 Mileage	315	567	216	235	615	482	740	315	452	564	319	555	455
78806 Parking & Tolls	121	56	128	6	43	138	388	10	67	96	57	0	102
78808 Lodging & Hotels	0	1,604	1,003	483	1,908	414	3,638	483	695	101	994	568	1,912
78810 Business Meals	0	0	494	573	(8)	0	297	1,054	52	83	78	80	192
78811 Catering & Business Meals	250	0	0	0	0	0	200	0	0	0	0	1,400	1,141
78813 Individual Meals	0	0	202	62	334	0	188	0	68	347	81	86	55
78814 Entertainment - Staff	12	0	0	0	0	0	0	0	0	0	0	0	0
78900 Recruiting	19,768	2,205	1,050	525	(3,812)	4,410	3,697	84,389	4,843	(9,310)	5,900	93,854	71,600
78911 Physician Recruitment	(46,071)	16,447	13,672	10,881	14,544	(55,545)	0	0	0	0	0	0	0
79000 Other Expenses	91,216	238	(1,303)	3,020	4,410	31,098	3,409	2,162	23,436	71,952	42,247	(11)	2,491,549
79003 Gifts & Entertainment	0	0	0	0	0	0	0	154	0	0	0	0	0
79004 Children Outreach	0	0	0	400	0	0	0	0	0	0	0	0	0
79010 Postage	3,806	3,120	6,966	4,298	4,118	9,898	4,313	7,355	9,468	6,769	12,287	6,031	2,490
79011 Loss of Property Reimbursement	0	0	0	947	0	0	0	0	0	0	0	0	0
79016 Bad Debt - Non Patient	(7,716)	(1,648)	(1,925)	(2,158)	(1,842)	(1,039)	(1,259)	(152)	(2,978)	(1,072)	(1,253)	(1,167)	(1,124)
79030 Miscellaneous Bank Fees	216	0	0	0	0	0	0	0	0	0	0	0	0
79050 Community Benefit Expenses	75	0	0	4,895	273	0	16	0	0	0	254	0	292
79060 Charity	7,136	7,440	7,744	7,440	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641
79073 Contribution Fees	0	0	0	0	8,972,392	0	25,518,137	1,671,124	2,170,294	2,170,294	2,170,294	5,204,150	4,036,200
79090 Advertising	200	2,300	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	15,720
79690 Cash - AP Offset Account	(339,194)	0	0	0	0	0	0	0	0	0	0	0	(299,827)
79893 Cash - PPE Purchase Temp Acct - Accrual	339,194	0	0	0	0	0	0	0	0	0	0	0	299,827
79896 Cash - Repayment Temp Acct	303,492	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627
79899 Cash - Contra Offset Acct	(303,492)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)
Total - Other Expenses	173,887	96,887	79,265	130,994	9,098,926	129,836	25,735,293	1,808,878	2,323,039	2,337,929	2,369,150	5,420,141	6,736,490
Total - P/S & Other Expenses	11,275,436	13,002,443	12,814,762	12,022,967	24,556,413	14,578,308	38,902,207	15,998,970	15,967,551	16,612,682	16,106,431	19,855,293	20,503,046
Bad Debt Expense:													
Insurance:													
78100 Insurance-Professional Liability	369,394	233,132	278,343	279,806	282,497	288,359	277,799	260,372	52,640	188,331	269,216	256,154	256,681
78200 Insurance-Other	(82,119)	99,708	87,493	87,493	93,663	93,663	94,489	93,663	93,663	93,663	82,804	82,804	82,804
78250 Reinsurance Premium	56,868	40,960	40,960	29,430	26,496	34,011	36,270	33,064	32,839	32,839	169,224	67,475	68,626
Total - Insurance	344,143	372,900	405,896	396,728	412,656	416,034	402,558	387,099	179,142	314,834	521,244	406,433	408,111
Utilities:													
77700 Utilities-Electricity	233,504	321,721	327,501	331,110	285,281	203,374	213,531	181,050	202,108	209,801	213,765	230,815	260,706
77800 Utilities-Gas	28,533	28,762	26,899	20,287	17,834	27,554	33,683	46,268	88,104	89,805	56,940	41,524	6,530
77900 Utilities-Water	18,770	16,494	15,970	27,242	19,148	22,389	24,210	21,441	18,903	14,809	22,724	(4,301)	74,571
Total - Utilities	282,807	366,888	370,360	378,638	292,263	253,316	271,424	258,760	309,113	314,615	293,429	268,038	371,907
Depreciation													
77100 Depr&Amort-L&Improvements	14,126	13,980	13,980	13,980	14,015	14,015	14,015	14,014	14,015	14,014	14,015	14,014	14,015
77200 Depr&Amort-Buildings & Improve	458,507	449,638	448,123	448,113	447,914	447,795	447,375	428,225	428,541	426,855	426,877	424,382	437,251
77201 Depreciation Expense - FPN47	61	61	61	61	61	61	61	61	61	61	61	61	61
77400 Depr&Amort-Equip	319,599	296,300	319,137	310,485	287,148	291,562	319,829	280,401	263,379	262,613	265,517	285,018	333,430
Total - Depreciation	790,291	759,980	781,301	772,639	749,138	753,433	781,280	722,701	705,995	703,543	706,469	723,475	784,757
Amortization:													
77000 Depr&Amort-Intangible Assets	0	0	0	0	0	65,366	23,281	10,741	17,808	33,984	38,612	6,669	59,566
Total Amortization	0	0	0	0	0	65,366	23,281	10,741	17,808	33,984	38,612	6,669	59,566
Interest Expense:													
78410 Interest Expense - Long Term Debt	356,496	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454
78490 Interest Expense-Other	(1,145)	(8,155)	(11,970)	(11,904)	(12,027)	(12,644)	(7,521)	(8,200)	(7,051)	(8,261)	(12,800)	(13,600)	(8,979)
Total - Interest Expense	355,350	330,299	327,484	327,550	327,428	326,810	331,933	331,255	332,403	331,193	326,655	325,854	332,475
Total Expenses	33,976,629	36,646,081	36,963,370	36,358,784	48,938,777	38,897,094	62,729,412	41,032,440	39,982,116	43,068,138	41,298,503	43,345,860	45,513,312
Operating Income	2,046,934	(2,189,703)	(2,454,272)	(767,473)	47,014,055	(3,762,587)	19,156,075	899,543	(3,128,316)	(5,379,280)	(6,131,633)	16,008,513	5,082,955
Investment Income:													

Verity Healt Systems
St Francis Medical Center
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June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Investment Earnings	1	2	0	2	4	0	0	6	2	2	0	5	2
Total - Investment Income	1	2	0	2	4	0	0	6	2	2	0	5	2
Net Income	2,046,935	(2,189,701)	(2,454,272)	(767,472)	47,014,059	(3,762,587)	19,156,075	899,549	(3,128,314)	(5,379,278)	(6,131,633)	16,008,518	5,082,957

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
REVENUE													
IP Acute Self Pay:													
8511-3010-41101 IP Acute-Self Pay	\$567,286	\$597,138	\$163,274	\$388,024	\$347,256	\$520,884	\$864,600	\$684,866	\$684,866	\$385,840	\$512,512	\$414,778	\$174,140
8511-3070-41101 IP Acute-Self Pay	125,836	54,964	39,256	81,881	74,041	120,021	30,286	6,731	51,602	17,947	32,532	32,532	6,731
8511-3151-41101 IP Acute-Self Pay	96,052	96,052	174,640	139,712	157,176	148,444	223,116	176,440	208,710	270,120	203,310	213,370	125,580
8511-3179-41101 IP Acute-Self Pay	0	0	0	0	0	0	9,920	98,200	32,240	32,240	71,920	44,640	42,160
8511-3182-41101 IP Acute-Self Pay	30,024	47,538	58,424	67,554	115,092	75,192	135,108	130,500	144,680	169,832	130,150	86,824	32,528
8511-3184-41101 IP Acute-Self Pay	33,970	61,146	23,779	61,146	23,779	88,322	108,704	101,810	71,337	64,543	81,146	47,558	20,382
8511-3187-41101 IP Acute-Self Pay	121,768	72,286	100,424	239,172	261,004	142,628	201,388	257,672	146,028	98,484	109,382	89,676	97,370
8511-3188-41101 IP Acute-Self Pay	227,756	92,452	101,992	95,960	297,040	308,992	250,880	193,572	138,236	203,760	142,632	220,740	138,236
8511-3290-41101 IP Acute-Self Pay	6,522	18,566	6,522	9,783	9,783	3,261	6,522	32,610	22,827	9,783	6,522	0	0
8511-3340-41101 IP Acute-Self Pay	66,685	87,210	100,601	125,790	153,567	111,010	76,319	88,053	26,556	83,457	65,891	44,777	52,795
8511-3380-41101 IP Acute-Self Pay	77,388	58,684	53,896	71,162	77,388	74,018	107,614	95,116	63,294	68,026	93,698	111,782	75,870
8511-3382-41101 IP Acute-Self Pay	13,816	17,270	37,994	17,270	6,908	13,816	0	48,356	0	0	20,724	17,270	10,362
8511-3530-41101 IP Acute-Self Pay	2,394	6,384	3,990	798	3,192	1,596	11,970	3,980	798	1,596	1,596	7,162	4,788
8511-3580-41101 IP Acute-Self Pay	22,890	23,671	55,917	54,750	94,721	41,803	20,601	17,549	8,629	(1,094)	0	11,017	28,542
8511-4010-41101 IP Acute-Self Pay	229,751	271,241	213,470	303,427	414,730	353,127	481,322	472,984	337,463	349,560	388,465	306,566	210,094
8511-4087-41101 IP Acute-Self Pay	8,856	15,862	18,301	14,764	5,980	9,218	12,400	22,552	8,983	10,508	15,425	17,444	13,946
8511-4183-41101 IP Acute-Self Pay	22,185	0	22,185	44,370	17,748	13,311	4,437	26,622	8,874	35,496	48,807	26,622	22,185
8511-4400-41101 IP Acute-Self Pay	258,194	126,908	131,708	125,653	120,398	164,561	191,124	194,270	135,550	255,683	244,400	316,761	222,155
8511-4420-41101 IP Acute-Self Pay	377,365	132,385	145,223	90,668	563,433	482,575	510,412	406,913	408,417	411,177	410,637	308,149	267,552
8511-4427-41101 IP Acute-Self Pay	19,600	11,840	13,068	5,188	30,014	21,440	30,583	39,312	18,123	20,424	31,143	38,314	23,732
8511-4429-41101 IP Acute-Self Pay	0	0	0	0	0	0	0	0	0	0	0	1,924	0
8511-4450-41101 IP Acute-Self Pay	29,106	13,398	15,540	8,316	46,389	42,399	57,714	70,954	48,048	49,764	46,202	41,658	32,214
8511-4470-41101 IP Acute-Self Pay	189,649	150,645	152,734	34,681	235,694	204,065	182,771	144,595	297,686	182,701	146,187	131,351	173,499
8511-4471-41101 IP Acute-Self Pay	41,216	37,959	28,853	46,312	35,961	46,918	55,242	44,144	38,838	44,144	51,600	48,373	20,583
8511-4500-41101 IP Acute-Self Pay	453,983	504,886	389,713	590,105	667,417	642,707	770,517	731,952	642,259	547,891	609,088	592,181	370,465
8511-4509-41101 IP Acute-Self Pay	1,798	1,699	1,871	2,456	3,565	2,675	3,711	2,787	2,567	3,082	3,082	3,203	2,119
8511-4520-41101 IP Acute-Self Pay	15,497	8,062	5,912	8,836	9,439	12,111	11,945	15,213	9,886	11,368	16,348	15,646	13,267
8511-4540-41101 IP Acute-Self Pay	16,898	3,040	1,258	11,608	11,383	8,728	7,720	9,094	3,146	4,873	5,835	5,134	3,103
8511-4570-41101 IP Acute-Self Pay	104,375	210,003	171,149	77,115	3,649	265,544	405,484	371,848	514,569	190,077	275,412	571,600	174,488
8511-4573-41101 IP Acute-Self Pay	64,940	47,586	30,143	114,259	78,974	16,180	88,063	61,230	71,346	81,491	66,511	48,887	27,669
8511-4591-41101 IP Acute-Self Pay	76,966	101,213	94,147	110,035	166,688	125,618	135,556	129,340	129,836	84,711	135,606	144,490	67,907
8511-4620-41101 IP Acute-Self Pay	957	3,828	957	1,914	3,828	1,914	5,700	11,087	4,743	4,743	4,743	4,743	0
8511-4630-41101 IP Acute-Self Pay	46,656	53,405	36,831	45,689	55,247	74,131	89,466	102,011	77,922	45,422	55,573	64,782	38,329
8511-4650-41101 IP Acute-Self Pay	4,650	10,648	19,875	8,039	15,341	21,303	24,408	10,908	21,483	28,688	33,400	35,694	0
8511-4660-41101 IP Acute-Self Pay	68,252	39,630	78,975	100,098	84,947	37,048	73,266	104,921	31,115	54,205	79,744	66,713	97,318
8511-4670-41101 IP Acute-Self Pay	36,636	57,826	35,084	73,521	65,439	29,455	72,200	73,315	53,573	58,531	49,561	49,561	49,561
8511-4680-41101 IP Acute-Self Pay	227,849	187,401	188,262	229,102	207,120	351,847	349,392	427,835	249,711	254,497	261,003	212,456	286,099
8511-4680-41101 IP Acute-Self Pay	0	0	0	0	0	0	0	0	1,626	0	1,626	0	0
8511-4710-41101 IP Acute-Self Pay	365,398	392,986	732,375	353,159	375,582	475,345	643,344	546,904	448,178	333,046	344,335	297,366	197,596
8511-4720-41101 IP Acute-Self Pay	263,620	351,334	128,303	182,303	290,460	299,850	463,892	531,455	601,018	315,711	289,420	237,495	106,661
8511-4722-41101 IP Acute-Self Pay	17,666	10,951	13,257	20,139	9,951	59,714	12,484	29,105	16,358	10,916	16,986	66,173	12,471
8511-4730-41101 IP Acute-Self Pay	0	5,467	(5,467)	0	0	5,467	3,595	0	11,653	5,033	0	0	5,033
8511-4760-41101 IP Acute-Self Pay	10,815	0	0	0	3,283	20,836	3,776	28,234	10,605	8,973	0	10,880	8,652
8511-4775-41101 IP Acute-Self Pay	26,630	14,289	24,949	38,547	38,145	47,733	34,160	50,015	37,581	27,451	17,955	48,111	17,794
8511-4801-41101 IP Acute-Self Pay	2,408	1,892	1,720	1,892	2,580	2,064	2,924	1,892	2,236	2,580	2,580	2,924	2,064
Total: IP Acute Self Pay	4,373,129	4,000,788	3,131,103	4,035,718	5,184,899	5,487,922	6,870,462	6,619,059	5,844,007	4,840,565	5,142,739	5,058,347	3,768,562
IP Acute-Comm MgdCare:													
8511-3010-41122 IP Acute-Comm MgdCare	1,041,768	636,636	694,512	650,648	827,889	414,778	1,284,838	1,089,644	1,118,936	594,808	733,096	482,300	385,840
8511-3070-41122 IP Acute-Comm MgdCare	125,622	336,515	216,494	90,858	318,192	47,117	153,683	61,688	264,741	104,327	0	29,801	70,672
8511-3151-41122 IP Acute-Comm MgdCare	213,934	135,346	200,636	305,620	179,006	279,424	260,044	205,030	281,900	273,430	175,580	166,580	702,020
8511-3178-41122 IP Acute-Comm MgdCare	0	0	0	0	0	0	22,320	44,640	96,720	42,160	91,760	173,600	153,760
8511-3182-41122 IP Acute-Comm MgdCare	65,052	77,694	38,408	23,396	54,298	95,076	96,832	63,428	112,590	42,534	102,582	112,590	77,826
8511-3184-41122 IP Acute-Comm MgdCare	61,146	125,689	91,719	40,764	27,176	169,850	129,086	169,850	91,719	57,749	97,749	71,337	105,997
8511-3187-41122 IP Acute-Comm MgdCare	164,946	157,182	86,840	96,482	427,882	148,936	182,768	155,792	249,500	230,026	231,884	165,290	160,099
8511-3188-41122 IP Acute-Comm MgdCare	359,654	395,680	340,360	294,872	263,012	427,540	342,572	271,680	176,592	309,036	349,788	244,512	329,412
8511-3290-41122 IP Acute-Comm MgdCare	0	3,261	0	13,044	6,522	19,566	29,349	5,783	9,783	8,783	13,044	16,305	15,619
8511-3340-41122 IP Acute-Comm MgdCare	66,855	50,122	88,740	66,900	61,386	47,157	48,883	63,030	52,491	71,160	51,460	29,568	111,960
8511-3380-41122 IP Acute-Comm MgdCare	164,174	220,286	171,086	256,136	218,070	144,936	224,982	147,508	144,138	189,968	128,424	187,080	111,960
8511-3382-41122 IP Acute-Comm MgdCare	10,362	24,178	27,632	34,540	13,816	3,454	27,832	26,724	10,362	13,816	6,508	17,270	17,270
8511-3530-41122 IP Acute-Comm MgdCare	3,990	5,586	4,788	3,990	3,192	7,980	2,394	7,980	2,394	7,980	11,970	5,990	35,352
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Verity Health Systems
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-3010-41131 IP Acute-W/C	212,212	0	125,388	0	0	38,584	19,292	0	0	0	0	0	0
8511-3182-41131 IP Acute-W/C	0	0	0	0	0	0	0	0	5,004	10,008	0	0	0
8511-3187-41131 IP Acute-W/C	43,660	0	0	0	3,396	0	0	6,792	0	0	0	0	0
8511-3188-41131 IP Acute-W/C	98,484	47,544	37,356	20,376	74,936	43,232	6,782	0	20,376	0	0	13,584	3,396
8511-3380-41131 IP Acute-W/C	0	8,864	0	0	0	0	0	0	0	0	0	0	0
8511-3580-41131 IP Acute-W/C	0	0	0	0	0	0	0	0	0	0	0	0	981
8511-4010-41131 IP Acute-W/C	24,210	15,073	9,906	0	5,982	15,855	7,898	11,258	6,422	0	0	6,050	4,315
8511-4208-41131 IP Acute-W/C	42,208	144,256	37,104	0	237,732	0	48,250	40,019	92,846	8,934	0	11,860	14,302
8511-4427-41131 IP Acute-W/C	1,838	6,534	3,062	0	8,576	0	2,298	4,598	2,298	0	0	2,298	2,808
8511-4471-41131 IP Acute-W/C	3,612	17,220	5,124	0	24,087	0	3,614	1,768	11,232	988	0	1,872	1,248
8511-4450-41131 IP Acute-W/C	35,902	123,507	27,541	0	256,810	33,434	11,132	0	156,955	251	0	2,195	491
8511-4470-41131 IP Acute-W/C	10,205	1,789	10,007	2,504	731	1,869	2,131	514	7,308	366	0	0	148
8511-4500-41131 IP Acute-W/C	90,515	15,116	59,154	2,902	18,529	28,746	8,111	2,799	7,954	6,436	0	5,712	1,941
8511-4540-41131 IP Acute-W/C	242	0	242	484	242	0	0	0	0	552	0	0	146
8511-4570-41131 IP Acute-W/C	3,837	2,047	0	0	0	13,876	0	0	0	0	0	0	0
8511-4573-41131 IP Acute-W/C	35,627	11,782	0	0	0	28,371	0	0	0	0	0	0	0
8511-4581-41131 IP Acute-W/C	0	520	0	0	520	0	0	0	0	0	0	0	0
8511-4820-41131 IP Acute-W/C	857	0	957	0	0	0	0	0	0	0	0	0	0
8511-4830-41131 IP Acute-W/C	21,348	3,765	10,949	2,885	8,168	4,272	1,518	478	0	0	0	0	0
8511-4860-41131 IP Acute-W/C	6,063	5,931	5,129	0	10,852	0	0	0	5,743	0	0	0	0
8511-4870-41131 IP Acute-W/C	1,295	2,455	1,660	0	5,986	1,496	0	0	10,772	0	0	0	0
8511-4880-41131 IP Acute-W/C	51,700	6,474	3,946	0	0	22,891	33,579	0	163	0	0	0	4,424
8511-4710-41131 IP Acute-W/C	43,468	19,584	35,297	6,155	11,825	13,506	9,277	655	9,830	5,914	0	2,474	862
8511-4720-41131 IP Acute-W/C	283,015	9,792	107,852	0	0	0	1,709	0	0	0	0	0	0
8511-4775-41131 IP Acute-W/C	16,728	3,573	2,206	0	9,006	552	1,122	1,445	8,146	1,186	0	1,744	0
Total: W/C Comp	1,027,127	448,644	483,787	35,305	677,378	246,684	152,425	66,224	347,157	36,933	0	47,789	35,052
Medicare													
8511-3010-41141 IP Acute-Medicare	1,792,328	1,817,814	1,481,828	1,591,442	1,561,738	1,588,114	1,567,652	2,450,084	1,524,616	1,948,190	1,673,920	1,862,992	1,730,958
8511-3070-41141 IP Acute-Medicare	0	0	16,824	0	0	0	0	0	0	0	0	0	0
8511-3151-41141 IP Acute-Medicare	1,497,538	1,401,486	1,266,140	1,414,584	1,165,722	1,520,743	1,896,488	2,239,854	1,765,061	1,760,301	1,561,319	1,840,450	1,577,840
8511-3179-41141 IP Acute-Medicare	0	0	0	0	0	0	208,320	406,720	637,360	453,840	498,480	458,800	510,880
8511-3182-41141 IP Acute-Medicare	387,942	342,774	471,300	424,112	382,324	316,394	377,452	455,014	245,196	332,766	253,580	217,674	217,674
8511-3184-41141 IP Acute-Medicare	625,048	417,831	343,097	482,374	434,816	349,891	448,404	428,022	275,157	377,067	485,389	428,022	366,876
8511-3187-41141 IP Acute-Medicare	994,030	878,580	1,103,686	929,006	705,384	717,998	842,242	1,226,774	797,266	1,261,250	1,216,516	1,131,458	1,048,308
8511-3188-41141 IP Acute-Medicare	569,056	830,572	611,128	718,728	1,039,740	935,804	799,448	534,088	387,144	339,600	358,580	434,688	472,044
8511-3340-41141 IP Acute-Medicare	112,549	140,194	129,091	62,741	142,447	124,805	163,881	122,323	125,307	139,350	124,885	113,889	90,355
8511-3380-41141 IP Acute-Medicare	0	(3,014)	39,268	37,672	5,408	41,306	2,394	2,658	12,320	62,048	62,048	11,080	69,494
8511-3382-41141 IP Acute-Medicare	0	0	0	0	0	0	0	0	0	0	0	6,908	13,816
8511-3580-41141 IP Acute-Medicare	232,501	153,488	213,845	184,843	149,999	47,346	48,328	38,557	63,183	124,762	118,167	144,461	84,058
8511-4010-41141 IP Acute-Medicare	1,092,057	1,085,132	1,026,601	1,045,997	1,043,621	1,147,570	1,339,497	1,753,547	1,260,581	1,406,915	1,325,880	1,402,172	1,474,857
8511-4076-41141 IP Acute-Medicare	0	0	0	0	0	0	0	0	0	927	0	0	0
8511-4080-41141 IP Acute-Medicare	380	0	0	0	0	0	0	0	3,928	0	5,630	370	5,337
8511-4087-41141 IP Acute-Medicare	0	0	0	0	0	0	0	0	1,673	0	1,290	1,509	0
8511-4183-41141 IP Acute-Medicare	581,247	588,955	718,794	505,818	865,215	701,046	628,082	935,986	603,432	590,121	625,617	882,963	643,365
8511-4400-41141 IP Acute-Medicare	0	0	23,121	0	15,594	0	0	0	4,295	0	3,131	0	46,844
8511-4420-41141 IP Acute-Medicare	965,950	693,431	1,559,660	1,256,024	1,500,326	1,497,438	955,386	688,585	1,152,624	1,182,292	978,007	1,581,097	1,109,498
8511-4427-41141 IP Acute-Medicare	71,460	59,620	98,634	94,314	121,458	98,006	60,647	76,824	83,715	110,268	79,899	134,256	106,955
8511-4429-41141 IP Acute-Medicare	0	0	0	0	0	0	0	0	900	800	0	0	3,452
8511-4450-41141 IP Acute-Medicare	94,773	71,988	162,015	110,859	133,476	156,597	97,646	93,626	145,262	149,760	126,958	203,476	141,367
8511-4470-41141 IP Acute-Medicare	627,225	363,525	1,341,493	937,120	941,504	934,397	745,431	431,149	509,024	838,722	584,802	1,220,359	656,157
8511-4471-41141 IP Acute-Medicare	144,260	127,967	146,625	118,255	100,920	114,555	115,996	159,772	121,679	140,271	112,869	129,822	99,488
8511-4500-41141 IP Acute-Medicare	2,712,283	2,742,632	2,611,546	2,629,062	2,587,242	2,760,464	2,799,506	3,391,477	2,714,647	3,049,338	2,753,251	3,136,099	2,724,044
8511-4509-41141 IP Acute-Medicare	2,718	2,634	3,130	8,654	3,773	17,804	6,308	8,260	11,253	7,517	13,294	6,198	5,193
8511-4520-41141 IP Acute-Medicare	52,655	33,234	47,709	36,405	32,763	45,281	25,196	18,787	31,712	36,730	43,473	35,471	57,897
8511-4540-41141 IP Acute-Medicare	25,335	46,161	38,472	21,212	35,405	31,845	56,042	37,507	43,160	41,726	29,138	36,987	22,503
8511-4570-41141 IP Acute-Medicare	1,139,652	697,210	748,927	650,427	536,776	429,245	268,940	1,203,694	514,228	610,126	340,300	679,131	650,572
8511-4573-41141 IP Acute-Medicare	596,959	637,533	581,055	494,425	504,108	355,137	445,398	502,969	464,339	476,553	357,535	566,977	541,286
8511-4591-41141 IP Acute-Medicare	631,529	638,173	633,478	677,157	612,581	605,237	572,664	698,958	580,941	675,057	694,190	726,692	710,022
8511-4620-41141 IP Acute-Medicare	23,925	23,068	16,269	16,269	17,226	22,011	23,715	34,258	27,934	41,106	52,173	33,201	31,670
8511-4630-41141 IP Acute-Medicare	255,422	246,801	268,760	272,043	229,422	265,695	235,614	341,581	262,648	314,135	331,727	334,368	398,894
8511-4642-41141 IP Acute-Medicare	8,122	1,324	51,572	0	0	0	0	0	28,640	3,408	96,701	107,359	38,956
8511-4650-41141 IP Acute-Medicare	149,545	125,868	92,624	127,452	108,765	83,504	105,047	109,917	152,750	149,946	111,847	116,195	136,528
8511-4660-41141 IP Acute-Medicare	258,685	261,988	290,745	300,053	276,640	281,223	317,528	301,005	197,110	318,349	414,413	324,046	390,775
8511-4670-41141 IP Acute-Medicare	269,069	257,735	236,147	261,114	209,942	231,001	219,466	284,190	217,946	296,260	263,146	285,600	326,375
8511-4680-41141 IP Acute-Medicare	683,311	703,497	614,444	756									

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4500-41142 IP Acute-Medicare MgdCare	1,289,440	1,240,088	1,325,656	1,331,742	1,289,897	1,273,798	1,813,575	1,999,583	1,226,646	1,591,542	1,356,375	1,232,128	1,797,335
8511-4508-41142 IP Acute-Medicare MgdCare	1,244	925	1,046	2,150	2,094	2,337	2,937	5,817	2,426	2,355	2,621	1,989	4,865
8511-4520-41142 IP Acute-Medicare MgdCare	18,176	23,210	22,523	24,017	39,457	14,934	31,948	33,396	21,146	34,374	12,452	25,204	35,014
8511-4540-41142 IP Acute-Medicare MgdCare	38,923	22,869	11,911	13,918	15,654	28,222	26,355	18,229	6,098	18,714	21,730	27,197	32,415
8511-4570-41142 IP Acute-Medicare MgdCare	553,815	393,545	1,338,239	284,494	67,587	319,892	536,411	451,890	714,869	601,748	463,727	145,866	887,789
8511-4573-41142 IP Acute-Medicare MgdCare	283,467	184,436	187,001	252,418	267,278	225,048	253,733	367,219	164,871	146,529	194,082	181,338	296,888
8511-4591-41142 IP Acute-Medicare MgdCare	378,150	391,418	370,544	306,007	352,122	279,193	415,368	389,463	355,988	379,962	348,204	320,950	437,149
8511-4620-41142 IP Acute-Medicare MgdCare	11,484	6,699	12,441	5,742	12,441	16,269	19,305	14,229	11,067	11,067	6,324	12,648	18,972
8511-4630-41142 IP Acute-Medicare MgdCare	114,830	132,494	114,604	145,587	131,282	138,161	184,258	213,932	122,014	178,790	159,044	136,629	219,677
8511-4642-41142 IP Acute-Medicare MgdCare	0	0	0	0	0	0	0	0	0	24,056	28,640	39,958	9,888
8511-4650-41142 IP Acute-Medicare MgdCare	76,500	56,878	78,555	27,969	30,045	7,240	69,018	58,923	74,913	21,652	26,572	65,086	65,882
8511-4660-41142 IP Acute-Medicare MgdCare	208,248	115,523	173,930	180,486	164,235	215,526	246,786	146,874	207,871	144,634	122,460	268,625	268,625
8511-4670-41142 IP Acute-Medicare MgdCare	125,517	115,323	119,365	136,160	153,832	121,603	138,382	180,130	149,981	170,108	145,413	125,570	197,345
8511-4680-41142 IP Acute-Medicare MgdCare	416,620	332,128	481,973	374,576	427,135	269,636	608,142	666,305	606,226	543,017	621,749	537,490	608,596
8511-4690-41142 IP Acute-Medicare MgdCare	3,890	0	0	0	0	0	0	0	1,626	0	0	0	5,357
8511-4710-41142 IP Acute-Medicare MgdCare	662,025	680,374	850,753	708,395	751,185	766,164	954,663	1,095,729	556,076	748,225	634,308	738,760	1,042,112
8511-4720-41142 IP Acute-Medicare MgdCare	784,469	687,259	402,868	1,012,164	935,181	843,154	1,380,869	2,157,292	929,192	966,634	918,673	739,976	1,785,912
8511-4722-41142 IP Acute-Medicare MgdCare	1,414	0	0	707	423	0	1,837	6,211	0	0	707	423	2,828
8511-4730-41142 IP Acute-Medicare MgdCare	10,933	0	5,467	27,335	26,471	719	17,667	38,926	0	18,463	5,840	6,905	29,058
8511-4760-41142 IP Acute-Medicare MgdCare	14,492	17,889	15,580	26,123	15,767	48,674	39,583	51,961	35,104	22,290	11,941	47,475	70,755
8511-4775-41142 IP Acute-Medicare MgdCare	55,429	40,347	89,998	71,929	88,742	65,507	109,381	131,556	112,747	106,604	93,956	70,600	99,116
8511-4801-41142 IP Acute-Medicare MgdCare	0	0	0	0	172	0	172	0	0	0	0	172	0
Total: Medicare MgdCare	9,783,169	9,531,034	10,349,253	9,652,000	9,602,874	9,179,777	13,182,489	15,116,481	9,327,119	11,501,131	10,101,131	9,269,702	14,513,837
Medicare Risk:													
8511-3010-41143 IP Acute-Medicare At Risk	569,114	173,628	241,150	202,566	684,866	684,866	516,018	161,930	598,052	906,724	835,016	405,132	285,194
8511-3070-41143 IP Acute-Medicare At Risk	0	47,110	0	0	0	0	0	0	0	0	0	0	0
8511-3151-41143 IP Acute-Medicare At Risk	230,401	204,392	196,710	188,818	265,329	179,006	365,952	339,564	265,950	382,820	365,904	175,580	174,720
8511-3179-41143 IP Acute-Medicare At Risk	0	0	0	0	0	0	69,440	257,520	109,120	99,200	104,160	52,080	69,280
8511-3182-41143 IP Acute-Medicare At Risk	100,080	83,576	53,420	54,298	92,706	36,916	55,308	48,416	2,502	15,890	27,522	50,176	30,624
8511-3184-41143 IP Acute-Medicare At Risk	50,955	16,985	57,749	23,779	54,352	33,970	61,146	54,352	33,970	71,337	74,734	135,880	173,247
8511-3187-41143 IP Acute-Medicare At Risk	163,004	96,056	30,078	118,860	169,314	256,634	221,014	153,888	121,142	249,076	136,795	111,644	170,544
8511-3188-41143 IP Acute-Medicare At Risk	220,496	196,544	151,860	106,036	212,072	196,612	277,756	84,800	54,336	54,336	106,849	106,672	50,840
8511-3340-41143 IP Acute-Medicare At Risk	4,224	0	1,526	0	0	17,014	0	0	0	11,047	0	0	0
8511-3380-41143 IP Acute-Medicare At Risk	19,052	45,652	(4,168)	15,512	4,346	1,774	178	7,268	(4,432)	(12,682)	(9,042)	(3,990)	(19,944)
8511-3382-41143 IP Acute-Medicare At Risk	0	6,908	0	0	0	0	0	0	0	0	0	0	0
8511-3580-41143 IP Acute-Medicare At Risk	981	7,848	6,867	0	0	6,104	2,543	0	0	10,682	4,905	0	0
8511-4010-41143 IP Acute-Medicare At Risk	200,422	74,609	184,645	192,801	253,816	276,290	171,649	328,887	169,956	278,472	220,143	191,785	184,225
8511-4087-41143 IP Acute-Medicare At Risk	1,673	1,673	0	0	0	0	0	0	0	0	0	0	0
8511-4183-41143 IP Acute-Medicare At Risk	235,161	39,933	31,059	22,185	79,866	62,118	106,488	53,244	44,370	119,799	70,892	75,429	75,429
8511-4400-41143 IP Acute-Medicare At Risk	46,052	88,120	6,596	0	0	0	0	0	0	0	0	0	0
8511-4420-41143 IP Acute-Medicare At Risk	884,139	546,982	444,280	148,386	1,042,337	627,086	679,710	581,438	589,476	619,213	474,357	682,876	614,341
8511-4427-41143 IP Acute-Medicare At Risk	41,648	36,544	26,542	25,518	56,760	41,038	54,423	45,180	16,335	43,386	37,776	45,186	42,720
8511-4428-41143 IP Acute-Medicare At Risk	0	0	0	0	0	0	0	3,848	25,535	0	0	0	0
8511-4450-41143 IP Acute-Medicare At Risk	82,866	43,869	41,706	15,141	63,790	65,289	76,167	61,854	57,720	68,016	50,206	65,228	70,070
8511-4470-41143 IP Acute-Medicare At Risk	497,029	521,841	264,285	47,525	798,516	350,807	503,373	490,407	543,034	350,199	294,260	496,914	463,660
8511-4471-41143 IP Acute-Medicare At Risk	30,078	28,749	14,893	19,549	31,127	45,474	39,375	24,075	41,740	43,814	30,082	22,268	12,806
8511-4500-41143 IP Acute-Medicare At Risk	804,136	464,493	418,931	446,028	840,798	818,720	727,329	628,894	575,962	862,134	753,390	553,736	508,517
8511-4509-41143 IP Acute-Medicare At Risk	4,228	1,021	618	899	1,512	1,664	1,574	1,457	717	1,913	1,451	643	420
8511-4520-41143 IP Acute-Medicare At Risk	26,879	11,848	23,278	11,264	28,273	14,444	17,343	13,250	5,077	26,789	22,161	18,502	15,301
8511-4540-41143 IP Acute-Medicare At Risk	10,081	6,242	7,262	16,540	44,541	8,953	8,740	6,438	7,037	11,798	10,969	13,976	7,224
8511-4570-41143 IP Acute-Medicare At Risk	197,922	100,107	118,781	756,941	145,984	47,352	576,627	70,997	299,242	293,010	621,310	174,652	351,239
8511-4573-41143 IP Acute-Medicare At Risk	213,051	44,212	92,843	112,624	203,076	124,200	189,188	69,945	74,524	176,561	77,173	86,143	27,269
8511-4591-41143 IP Acute-Medicare At Risk	148,445	90,155	104,814	82,872	150,772	143,997	139,781	130,958	124,399	196,038	144,065	122,536	90,245
8511-4620-41143 IP Acute-Medicare At Risk	1,814	957	2,014	1,914	957	3,828	7,281	3,162	3,162	3,162	5,324	1,581	1,581
8511-4630-41143 IP Acute-Medicare At Risk	79,569	26,493	32,545	41,398	93,557	82,168	67,376	61,161	55,380	92,156	85,697	56,885	39,882
8511-4642-41143 IP Acute-Medicare At Risk	28,771	0	0	0	0	0	0	20,098	0	29,337	0	0	0
8511-4650-41143 IP Acute-Medicare At Risk	30,004	10,096	18,131	5,403	19,514	15,941	9,572	19,615	25,645	38,555	55,347	14,644	13,547
8511-4660-41143 IP Acute-Medicare At Risk	37,460	35,162	41,439	17,235	63,864	78,623	110,168	78,085	62,218	92,361	66,532	69,400	60,015
8511-4670-41143 IP Acute-Medicare At Risk	99,741	37,218	46,049	51,054	73,850	64,757	56,478	59,060	52,389	96,134	89,947	67,629	54,754
8511-4680-41143 IP Acute-Medicare At Risk													

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8511-4570-41151 IP Acute-Medi-Cal	89,246	128,874	442,403	52,785	282,027	394,084	223,667	102,123	128,541	287,325	75,105	264,676	345,579
8511-4573-41151 IP Acute-Medi-Cal	240,552	318,284	246,103	178,253	186,393	122,983	149,743	108,785	114,273	180,798	140,186	185,169	125,829
8511-4591-41151 IP Acute-Medi-Cal	175,342	227,911	303,331	282,002	183,898	210,078	177,509	211,589	208,668	305,226	255,838	325,576	309,815
8511-4620-41151 IP Acute-Medi-Cal	6,699	10,527	11,484	7,656	4,885	6,699	6,324	17,391	9,486	15,810	12,648	18,972	11,087
8511-4633-41151 IP Acute-Medi-Cal	159,754	191,885	148,286	137,142	108,717	121,715	116,688	137,874	118,450	172,078	149,070	179,211	160,683
8511-4842-41151 IP Acute-Medi-Cal	0	59,249	0	0	0	0	0	0	0	0	0	54,226	0
8511-4850-41151 IP Acute-Medi-Cal	18,526	24,604	65,367	35,982	59,978	36,330	50,290	35,631	44,351	35,434	43,856	83,896	41,380
8511-4860-41151 IP Acute-Medi-Cal	41,311	144,552	185,677	147,036	140,852	211,237	122,899	150,794	169,782	212,617	137,932	264,320	158,593
8511-4870-41151 IP Acute-Medi-Cal	177,338	180,955	184,149	185,512	111,814	135,852	133,983	148,107	155,451	194,276	151,737	165,682	178,855
8511-4880-41151 IP Acute-Medi-Cal	381,798	405,625	421,475	292,884	312,424	208,532	281,997	482,483	385,914	575,104	492,108	858,060	638,807
8511-4890-41151 IP Acute-Medi-Cal	1,608	0	1,496	0	0	0	0	4,089	941	941	0	6,702	2,261
8511-4710-41151 IP Acute-Medi-Cal	1,245,694	1,858,961	1,745,948	1,143,181	1,133,947	1,154,827	1,022,776	959,746	920,787	1,375,247	1,120,549	1,134,487	1,110,632
8511-4720-41151 IP Acute-Medi-Cal	938,450	1,361,962	1,006,655	575,679	625,988	654,877	560,447	745,186	473,587	1,005,555	712,789	607,837	677,260
8511-4722-41151 IP Acute-Medi-Cal	153,763	342,407	261,655	261,815	210,925	207,481	231,656	571,479	221,148	179,198	396,224	347,076	490,698
8511-4730-41151 IP Acute-Medi-Cal	11,652	22,240	4,438	2,876	(3,310)	0	10,934	11,307	5,467	5,467	10,934	29,058	19,996
8511-4760-41151 IP Acute-Medi-Cal	18,161	42,877	38,030	23,651	15,204	32,136	49,247	26,003	32,599	47,646	50,154	37,622	76,752
8511-4775-41151 IP Acute-Medi-Cal	85,668	73,949	109,325	119,006	82,814	103,318	92,820	84,889	99,574	101,061	87,124	92,696	74,322
8511-4801-41151 IP Acute-Medi-Cal	21,672	26,316	25,636	22,704	22,016	24,940	22,884	21,500	19,952	19,264	21,325	20,804	15,996
Total: Medi-Cal	17,023,330	20,244,880	20,525,607	15,999,815	15,238,265	15,460,414	15,140,319	15,381,659	14,572,704	17,640,640	14,920,539	17,071,730	17,246,185
Medi-Cal: MgtCare													
8511-3010-41152 IP Acute-Medi-Cal MgtCare	1,686,222	2,213,300	2,253,782	2,179,996	2,427,136	2,214,866	2,233,862	2,320,356	2,293,266	2,509,238	1,466,182	1,756,068	1,467,468
8511-3070-41152 IP Acute-Medi-Cal MgtCare	956,785	713,469	432,988	1,120,589	973,658	853,630	988,250	478,975	454,311	758,287	682,014	1,279,859	1,518,806
8511-3151-41152 IP Acute-Medi-Cal MgtCare	1,373,674	1,514,233	1,221,575	1,170,088	1,423,316	1,143,892	1,828,622	1,485,840	1,380,596	1,489,255	1,582,580	1,344,646	1,141,140
8511-3179-41152 IP Acute-Medi-Cal MgtCare	0	0	0	0	0	0	250,480	704,320	515,840	560,480	491,040	540,640	538,160
8511-3182-41152 IP Acute-Medi-Cal MgtCare	384,694	456,560	247,216	308,888	299,758	281,498	283,386	380,350	367,794	293,612	293,612	260,208	320,302
8511-3184-41152 IP Acute-Medi-Cal MgtCare	550,314	767,722	621,651	648,827	563,902	553,711	516,344	584,284	458,595	377,067	400,846	496,962	390,982
8511-3187-41152 IP Acute-Medi-Cal MgtCare	742,734	1,383,584	926,054	936,788	900,892	808,720	1,090,194	967,386	1,129,812	1,007,078	722,342	795,994	671,880
8511-3188-41152 IP Acute-Medi-Cal MgtCare	1,848,280	1,711,612	1,738,272	1,965,084	1,416,740	1,350,340	970,544	997,776	828,624	835,410	631,656	692,784	879,584
8511-3290-41152 IP Acute-Medi-Cal MgtCare	114,135	130,440	156,526	156,528	244,575	146,745	182,616	158,739	195,660	244,575	150,005	114,135	68,481
8511-3340-41152 IP Acute-Medi-Cal MgtCare	12,548	2,785	5,570	8,355	0	2,816	13,894	5,601	9,732	9,763	8,448	14,049	9,825
8511-3380-41152 IP Acute-Medi-Cal MgtCare	995,180	1,004,866	1,168,892	1,153,816	1,067,214	877,236	1,008,702	982,115	821,128	846,586	809,250	861,636	913,586
8511-3382-41152 IP Acute-Medi-Cal MgtCare	103,620	183,062	204,304	113,982	120,372	203,786	155,430	124,344	155,430	120,880	210,694	179,608	127,798
8511-3530-41152 IP Acute-Medi-Cal MgtCare	31,122	38,304	28,728	42,294	15,990	27,930	35,112	28,728	25,336	16,758	20,748	27,132	38,304
8511-3580-41152 IP Acute-Medi-Cal MgtCare	172,428	183,837	139,366	160,555	91,467	16,693	872	31,726	41,803	37,718	92,144	70,276	37,201
8511-4010-41152 IP Acute-Medi-Cal MgtCare	1,552,212	1,589,357	1,600,969	1,584,528	1,579,290	1,374,200	1,793,329	1,849,582	1,595,421	1,874,425	1,641,398	1,715,755	1,447,498
8511-4076-41152 IP Acute-Medi-Cal MgtCare	0	764	0	0	0	0	0	0	0	0	0	0	0
8511-4087-41152 IP Acute-Medi-Cal MgtCare	121,684	126,947	145,876	124,547	129,054	88,662	93,555	116,781	98,157	106,442	123,444	94,119	109,522
8511-4183-41152 IP Acute-Medi-Cal MgtCare	297,279	474,759	598,955	474,759	638,928	581,247	563,499	500,280	598,115	576,810	403,767	443,700	270,657
8511-4400-41152 IP Acute-Medi-Cal MgtCare	2,238,666	2,084,492	2,291,642	2,160,208	2,233,059	2,068,240	1,825,551	2,441,823	2,030,620	2,135,796	1,896,919	2,242,752	2,228,832
8511-4420-41152 IP Acute-Medi-Cal MgtCare	2,731,304	2,384,550	2,797,770	2,298,854	2,568,072	3,118,987	1,727,081	2,316,860	2,011,856	2,281,127	1,827,151	2,094,453	2,279,455
8511-4427-41152 IP Acute-Medi-Cal MgtCare	216,038	180,492	229,680	173,140	172,518	209,280	180,818	233,049	187,617	216,708	139,893	193,506	341,652
8511-4429-41152 IP Acute-Medi-Cal MgtCare	0	0	0	0	0	0	0	0	12,028	60,567	0	64,184	5,772
8511-4450-41152 IP Acute-Medi-Cal MgtCare	282,618	228,984	287,784	231,105	244,314	333,228	205,553	289,224	245,102	283,884	215,072	248,846	271,586
8511-4470-41152 IP Acute-Medi-Cal MgtCare	1,556,187	1,057,385	1,483,185	1,416,588	1,647,697	1,991,120	920,012	1,138,433	1,121,533	1,070,116	1,309,631	912,667	1,304,353
8511-4471-41152 IP Acute-Medi-Cal MgtCare	270,009	313,896	351,523	292,511	284,812	1,276,609	308,293	313,016	280,025	275,885	245,969	242,106	223,136
8511-4500-41152 IP Acute-Medi-Cal MgtCare	3,719,674	4,239,524	4,320,252	4,117,836	4,190,031	3,819,273	4,306,658	4,196,456	3,741,012	4,075,303	3,413,296	3,924,167	3,321,560
8511-4509-41152 IP Acute-Medi-Cal MgtCare	26,898	31,300	33,705	30,773	32,432	31,823	30,338	27,880	26,013	30,413	22,851	23,952	24,782
8511-4520-41152 IP Acute-Medi-Cal MgtCare	171,060	153,081	172,023	138,785	148,377	171,003	118,769	140,417	120,838	147,519	95,170	131,088	118,505
8511-4540-41152 IP Acute-Medi-Cal MgtCare	42,765	54,572	75,732	61,456	74,842	61,438	65,739	52,383	46,586	79,454	41,779	79,793	65,417
8511-4570-41152 IP Acute-Medi-Cal MgtCare	586,639	525,146	810,371	680,334	846,877	755,590	1,096,975	906,200	970,730	1,100,796	730,340	799,290	582,074
8511-4573-41152 IP Acute-Medi-Cal MgtCare	642,680	535,126	527,260	464,588	528,910	373,847	579,912	480,841	461,478	554,702	456,916	595,199	375,116
8511-4591-41152 IP Acute-Medi-Cal MgtCare	526,058	606,152	615,965	611,336	604,844	557,607	565,032	537,211	510,849	547,570	624,398	596,078	449,873
8511-4620-41152 IP Acute-Medi-Cal MgtCare	13,398	20,097	24,982	21,154	14,355	18,183	27,210	22,134	33,201	29,515	39,525	35,628	14,729
8511-4630-41152 IP Acute-Medi-Cal MgtCare	324,780	354,700	334,242	366,180	347,019	368,769	331,981	368,737	369,458	410,864	315,410	341,028	244,083
8511-4642-41152 IP Acute-Medi-Cal MgtCare	24,2												

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8511-4570-41153 IP Acute-Medi-Cal At Risk	107,899	49,439	363,388	23,553	289,290	89,864	30,778	34,022	4,633	143,094	76,096	135,572	48,851
8511-4573-41153 IP Acute-Medi-Cal At Risk	180,695	78,734	93,608	245,764	117,912	84,000	49,502	83,320	46,481	40,585	99,003	28,105	52,483
8511-4591-41153 IP Acute-Medi-Cal At Risk	50,538	91,731	94,050	53,716	104,274	73,109	53,208	58,320	74,262	72,790	75,805	80,041	112,767
8511-4620-41153 IP Acute-Medi-Cal At Risk	957	2,871	957	0	957	2,871	3,162	4,743	6,324	0	6,324	3,162	3,162
8511-4630-41153 IP Acute-Medi-Cal At Risk	29,114	35,259	60,231	55,364	41,847	45,098	41,332	41,066	37,652	45,359	51,237	36,084	46,997
8511-4642-41153 IP Acute-Medi-Cal At Risk	0	4,814	0	28,607	0	0	0	0	0	0	0	0	0
8511-4650-41153 IP Acute-Medi-Cal At Risk	20,608	27,873	12,121	29,644	12,046	12,514	3,774	10,908	9,808	17,954	15,468	29,645	10,604
8511-4660-41153 IP Acute-Medi-Cal At Risk	32,321	42,701	57,635	96,590	44,328	30,093	35,138	84,032	75,091	37,497	88,038	29,080	60,800
8511-4670-41153 IP Acute-Medi-Cal At Risk	40,213	29,878	57,551	52,671	42,909	37,787	39,870	40,886	74,176	26,085	60,555	33,470	46,393
8511-4680-41153 IP Acute-Medi-Cal At Risk	76,185	81,923	143,252	148,879	87,537	99,700	153,882	111,316	90,531	70,083	115,592	126,609	114,841
8511-4690-41153 IP Acute-Medi-Cal At Risk	0	0	0	1,762	0	0	0	0	0	0	1,608	1,990	1,990
8511-4710-41153 IP Acute-Medi-Cal At Risk	440,626	326,704	519,347	511,555	486,876	360,830	292,515	426,514	317,417	358,372	327,032	257,524	357,244
8511-4720-41153 IP Acute-Medi-Cal At Risk	99,260	94,481	350,609	380,667	201,439	404,417	225,052	177,559	228,210	301,694	195,634	99,685	278,561
8511-4722-41153 IP Acute-Medi-Cal At Risk	44,481	71,649	38,428	28,382	82,505	102,491	68,123	75,879	39,402	36,253	218,212	111,755	26,659
8511-4730-41153 IP Acute-Medi-Cal At Risk	0	0	1,438	373	0	5,467	(5,467)	5,467	5,467	0	0	719	1,438
8511-4760-41153 IP Acute-Medi-Cal At Risk	20,908	9,096	18,525	11,225	0	15,779	18,131	25,574	0	7,210	10,519	13,075	14,125
8511-4775-41153 IP Acute-Medi-Cal At Risk	12,916	11,643	18,858	35,690	29,244	18,718	15,908	24,735	10,921	18,767	20,775	33,141	21,011
8511-4801-41153 IP Acute-Medi-Cal At Risk	8,428	5,504	5,504	6,192	8,084	6,304	7,568	7,224	4,472	5,676	2,924	5,848	5,676
Total Medi-Cal Risk	4,950,164	4,000,617	5,294,189	6,274,310	5,708,968	4,807,692	4,689,186	4,998,419	4,042,754	4,291,090	4,123,518	4,243,237	5,195,646
Other Govt													
8511-3010-41161 IP Acute-Other Govt FFS	115,752	0	9,646	28,938	163,982	19,292	86,460	0	67,522	0	0	135,044	88,814
8511-3070-41161 IP Acute-Other Govt FFS	750,447	784,060	1,128,450	259,112	785,246	419,533	793,093	605,671	1,246,204	530,591	316,357	997,262	840,126
8511-3151-41161 IP Acute-Other Govt FFS	17,464	39,294	4,366	34,928	4,366	0	0	43,880	65,520	0	21,840	5,460	49,140
8511-3179-41161 IP Acute-Other Govt FFS	0	0	0	0	0	0	0	17,360	24,800	2,480	0	17,360	0
8511-3182-41161 IP Acute-Other Govt FFS	0	0	0	10,008	0	0	0	0	5,004	(5,004)	0	0	0
8511-3184-41161 IP Acute-Other Govt FFS	0	0	10,191	0	0	0	16,985	0	10,191	0	0	0	0
8511-3187-41161 IP Acute-Other Govt FFS	0	0	3,396	6,792	0	0	0	0	0	0	15,176	0	3,396
8511-3188-41161 IP Acute-Other Govt FFS	57,732	23,772	10,168	42,964	47,544	13,584	0	0	16,980	0	27,168	81,504	3,386
8511-3280-41161 IP Acute-Other Govt FFS	3,261	0	0	0	0	0	0	0	0	0	0	0	0
8511-3340-41161 IP Acute-Other Govt FFS	2,754	0	0	0	0	0	0	0	1,377	0	0	0	0
8511-3380-41161 IP Acute-Other Govt FFS	0	0	12,056	6,028	0	0	16,488	0	0	0	(4,432)	0	0
8511-3530-41161 IP Acute-Other Govt FFS	798	0	798	0	0	0	798	0	0	0	0	0	0
8511-3580-41161 IP Acute-Other Govt FFS	0	0	0	0	0	0	0	7,658	0	0	0	0	0
8511-4010-41161 IP Acute-Other Govt FFS	9,786	10,316	20,058	21,232	15,549	13,306	5,928	14,692	27,733	0	38,504	8,222	24,280
8511-4087-41161 IP Acute-Other Govt FFS	0	0	1,438	0	0	0	0	0	0	0	0	0	0
8511-4183-41161 IP Acute-Other Govt FFS	0	0	4,437	0	0	0	0	0	0	0	0	26,622	26,622
8511-4400-41161 IP Acute-Other Govt FFS	0	0	13,731	14,158	0	0	48,678	0	0	0	0	0	0
8511-4420-41161 IP Acute-Other Govt FFS	14,786	0	42,366	21,318	102,250	33,044	0	0	57,024	29,670	178,700	50,978	50,978
8511-4427-41161 IP Acute-Other Govt FFS	2,246	0	2,246	1,838	0	0	0	0	6,126	5,105	5,106	9,441	9,441
8511-4429-41161 IP Acute-Other Govt FFS	0	0	0	0	0	0	0	0	42,626	0	0	0	0
8511-4450-41161 IP Acute-Other Govt FFS	2,142	0	6,237	2,457	7,161	2,667	0	0	7,228	3,978	24,180	6,214	6,214
8511-4470-41161 IP Acute-Other Govt FFS	7,540	0	2,285	19,446	79,816	24,138	0	0	69,531	9,376	38,286	28,565	28,565
8511-4471-41161 IP Acute-Other Govt FFS	9,873	3,613	1,467	5,150	6,025	3,306	5,167	1,410	2,497	0	612	24,888	1,310
8511-4500-41161 IP Acute-Other Govt FFS	99,058	51,140	41,238	63,862	94,102	23,792	84,936	43,767	107,495	17,622	57,885	134,015	76,517
8511-4509-41161 IP Acute-Other Govt FFS	582	181	628	246	129	(237)	720	150	437	0	98	411	70
8511-4520-41161 IP Acute-Other Govt FFS	0	0	0	991	1,104	0	4,076	9,727	1,102	0	562	292	0
8511-4540-41161 IP Acute-Other Govt FFS	242	0	0	2,843	2,412	2,331	536	4,582	16,733	1,548	3,000	481	481
8511-4570-41161 IP Acute-Other Govt FFS	5,072	0	0	176	176	1,757	856	0	428	428	0	2,615	2,921
8511-4573-41161 IP Acute-Other Govt FFS	11,861	0	0	12,534	1,443	12,980	13,304	0	1,443	1,443	0	13,169	22,333
8511-4591-41161 IP Acute-Other Govt FFS	5,156	5,676	1,040	13,937	5,686	1,050	11,067	1,795	2,745	5,911	21,144	6,196	17,516
8511-4620-41161 IP Acute-Other Govt FFS	957	0	0	1,914	0	0	0	0	1,581	0	0	0	0
8511-4630-41161 IP Acute-Other Govt FFS	15,079	8,840	1,449	6,444	8,897	4,917	7,438	6,425	6,072	990	10,536	23,028	9,161
8511-4650-41161 IP Acute-Other Govt FFS	0	0	0	7,589	0	0	3,636	0	4,440	0	0	10,505	0
8511-4680-41161 IP Acute-Other Govt FFS	11,976	0	0	0	6,063	5,931	0	0	5,509	0	37,424	0	0
8511-4670-41161 IP Acute-Other Govt FFS	6,752	2,428	1,332	5,731	6,588	666	10,172	13,167	8,918	2,664	6,788	5,320	8,669
8511-4680-41161 IP Acute-Other Govt FFS	16,806	8,149	0	47,888	41,090	4,109	27,115	18,794	45,325	0	57,481	44,770	55,919
8511-4710-41161 IP Acute-Other Govt FFS	120,889	51,216	25,385	92,850	96,320	29,745	79,202	57,640	94,428	41,467	39,349	116,655	39,224
8511-4720-41161 IP Acute-Other Govt FFS	153,883	67,704	16,440	24,451	92,588	5,254	118,221	12,285	40,831	6,966	408	109,133	38,217
8511-4722-41161 IP Acute-Other Govt FFS	117,121	68,055	23,174	73,752	74,872	20,702	190,672	235,008	374,663	82,077	190,105	323,771	112,111
8511-4730-41161 IP Acute-Other Govt FFS	5,467	0	0	0	0	0	0	0	719	0	0	6,186	0
8511-4760-41161 IP Acute-Other Govt FFS	0	0	0	4,190	0	0	0	0	0	0	0	0	0
8511-4775-41161 IP Acute-Other Govt FFS	22,419	3,776	52,356	8,141	39,739	21,304	10,478	36,308	42,197	23,990	9,515	19,728	2,930
8511-4801-41161 IP Acute-Other Govt FFS	1,032	1,032	2,752	516	688	860	860	516	1,032	660	172	516	860
Total Other Govt	1,588,631	1,149,252	1,439,150	842,424	1,684,833	664,031	1,546,886	1,122,986	2,231,584	896,528	894,938	2,383,944	1,518,211
Other Govt MgdCare													
8511-3010-41162 IP Acute-Other Govt MgdCare	19,282	327,964	530,530	477,020	327,864	588,406	88,948	376,194	752,388				

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4630-41162 IP Acute-Other Govt MgdCare	9,096	38,944	58,685	67,236	71,610	84,039	57,566	73,500	106,289	82,046	74,207	61,985	82,061
8511-4642-41162 IP Acute-Other Govt MgdCare	0	0	4,814	0	0	0	0	0	0	0	0	0	0
8511-4650-41162 IP Acute-Other Govt MgdCare	8,485	19,951	50,350	39,569	36,325	35,944	45,918	33,672	84,470	65,742	37,670	33,017	50,640
8511-4660-41162 IP Acute-Other Govt MgdCare	10,852	79,887	117,558	155,423	179,020	96,685	95,342	274,235	140,299	151,884	141,688	144,310	139,678
8511-4670-41162 IP Acute-Other Govt MgdCare	27,147	53,774	84,933	74,857	79,871	67,092	51,900	87,437	95,351	84,418	95,437	89,009	89,231
8511-4680-41162 IP Acute-Other Govt MgdCare	25,327	104,450	201,144	140,868	179,450	227,575	135,000	228,237	254,511	235,199	163,872	197,784	192,563
8511-4690-41162 IP Acute-Other Govt MgdCare	0	0	1,496	0	0	0	0	14,716	0	0	0	0	6,486
8511-4710-41162 IP Acute-Other Govt MgdCare	122,309	339,704	619,214	512,675	813,682	676,786	941,929	165,239	645,566	490,271	487,378	483,271	539,947
8511-4720-41162 IP Acute-Other Govt MgdCare	41,456	428,360	480,885	359,890	460,183	486,216	261,852	380,696	632,879	215,933	319,374	436,402	219,440
8511-4722-41162 IP Acute-Other Govt MgdCare	4,577	4,577	8,765	5,200	15,105	28,340	9,485	25,470	5,038	81,258	10,360	8,283	80,413
8511-4730-41162 IP Acute-Other Govt MgdCare	0	0	12,996	5,467	0	6,140	5,467	0	10,934	0	2,876	9,781	0
8511-4760-41162 IP Acute-Other Govt MgdCare	0	0	21,754	13,732	9,243	22,474	31,730	15,619	68,954	19,707	11,040	21,380	53,105
8511-4775-41162 IP Acute-Other Govt MgdCare	8,728	11,032	78,065	67,782	81,595	74,129	57,826	80,644	68,579	42,890	44,089	43,350	53,375
8511-4801-41162 IP Acute-Other Govt MgdCare	516	516	1,548	1,720	1,720	1,204	2,236	2,408	1,376	3,440	2,408	2,236	3,956
Total: Other Govt MgdCare	1,556,805	3,954,311	6,304,529	6,447,281	7,125,760	6,674,264	5,653,582	6,584,131	7,344,206	6,666,703	6,030,024	6,079,857	6,448,247
County Indigent:													
8511-3010-41171 IP Acute-County Indigent	497,821	520,884	511,238	588,406	549,822	689,074	202,566	327,954	270,088	169,016	385,840	202,566	192,920
8511-3151-41171 IP Acute-County Indigent	17,464	0	0	4,366	34,928	8,732	28,380	0	27,300	32,760	5,460	0	15,380
8511-3179-41171 IP Acute-County Indigent	0	0	0	0	0	0	2,480	7,440	0	0	0	0	2,480
8511-3184-41171 IP Acute-County Indigent	67,640	0	0	27,176	0	0	0	0	0	0	0	0	0
8511-3187-41171 IP Acute-County Indigent	3,396	13,584	10,188	10,188	14,554	65,006	6,792	0	0	0	27,168	0	0
8511-3188-41171 IP Acute-County Indigent	95,088	121,340	250,388	264,888	210,552	295,452	145,028	105,275	122,256	132,444	54,336	142,632	125,652
8511-3290-41171 IP Acute-County Indigent	0	0	0	0	13,044	0	0	0	0	0	0	0	0
8511-3340-41171 IP Acute-County Indigent	0	0	0	7,009	5,632	1,408	0	1,377	0	0	0	0	0
8511-3380-41171 IP Acute-County Indigent	2,216	2,216	0	0	0	0	1,596	0	0	0	0	0	0
8511-3382-41171 IP Acute-County Indigent	0	0	0	3,454	0	0	0	0	0	0	0	0	0
8511-4010-41171 IP Acute-County Indigent	156,647	141,921	308,336	184,267	438,024	375,742	154,878	284,411	262,472	231,336	188,644	154,244	132,010
8511-4087-41171 IP Acute-County Indigent	1,673	0	0	0	0	0	0	0	0	0	0	0	0
8511-4183-41171 IP Acute-County Indigent	0	0	0	0	17,748	13,311	0	0	0	0	0	0	0
8511-4400-41171 IP Acute-County Indigent	24,349	0	0	0	0	0	3,336	0	0	0	0	8,253	0
8511-4420-41171 IP Acute-County Indigent	377,458	268,601	537,046	455,479	684,919	682,510	162,819	433,434	469,110	235,529	123,119	426,632	155,763
8511-4427-41171 IP Acute-County Indigent	6,126	11,432	14,904	6,534	9,566	28,176	13,121	11,229	9,957	15,825	3,083	14,805	9,189
8511-4450-41171 IP Acute-County Indigent	26,334	19,194	40,761	38,913	52,983	55,839	20,307	30,394	43,420	25,246	9,594	37,154	12,298
8511-4470-41171 IP Acute-County Indigent	244,958	104,943	233,689	335,178	372,346	212,433	88,484	103,705	200,715	121,264	47,642	181,820	90,961
8511-4471-41171 IP Acute-County Indigent	22,255	19,661	37,072	25,222	31,861	36,692	14,365	19,772	22,153	11,934	24,791	8,934	9,831
8511-4500-41171 IP Acute-County Indigent	243,287	212,217	271,286	302,561	466,875	366,752	126,982	195,275	169,487	117,327	171,914	170,340	127,079
8511-4509-41171 IP Acute-County Indigent	0	12	49	71	0	37	150	0	0	0	89	0	12
8511-4520-41171 IP Acute-County Indigent	4,167	1,574	2,272	6,204	3,233	7,488	146	2,840	1,281	0	552	5,158	1,250
8511-4540-41171 IP Acute-County Indigent	30,123	3,498	24,617	18,824	83,329	18,164	2,865	17,220	17,550	8,235	13,111	34,077	4,382
8511-4570-41171 IP Acute-County Indigent	7,887	704	5,725	2,897	21,821	7,943	856	428	4,178	2,617	6,426	4,077	3,743
8511-4573-41171 IP Acute-County Indigent	52,906	26,607	48,260	43,265	46,793	75,972	23,722	11,861	29,690	16,778	32,503	16,348	28,119
8511-4591-41171 IP Acute-County Indigent	6,716	11,352	23,754	14,992	17,775	21,718	3,640	12,627	16,978	21,144	20,104	520	1,560
8511-4620-41171 IP Acute-County Indigent	2,871	957	0	0	0	957	0	0	0	1,581	3,162	0	0
8511-4630-41171 IP Acute-County Indigent	51,230	47,916	73,271	58,639	103,727	110,195	58,877	58,928	67,671	60,047	50,529	54,793	43,055
8511-4650-41171 IP Acute-County Indigent	0	0	3,534	10,883	3,534	3,534	1,767	1,767	0	0	3,534	0	1,767
8511-4660-41171 IP Acute-County Indigent	23,167	23,070	17,122	17,589	11,486	17,122	19,021	12,049	54,206	0	27,359	0	0
8511-4670-41171 IP Acute-County Indigent	15,614	16,283	9,128	10,383	15,101	10,058	4,062	0	0	6,074	10,221	10,644	4,032
8511-4680-41171 IP Acute-County Indigent	373,836	366,010	463,183	369,507	361,999	515,341	422,160	584,958	448,190	599,651	555,524	448,090	357,711
8511-4710-41171 IP Acute-County Indigent	140,724	145,423	197,084	237,292	230,710	229,360	94,327	96,175	77,655	60,772	113,181	83,512	65,666
8511-4720-41171 IP Acute-County Indigent	294,884	326,737	316,801	284,806	304,259	201,634	132,309	158,676	171,893	113,074	290,381	70,613	87,153
8511-4722-41171 IP Acute-County Indigent	0	0	0	0	0	0	2,073	0	0	0	0	0	0
8511-4730-41171 IP Acute-County Indigent	0	5,467	0	0	10,934	0	0	0	0	0	5,467	0	0
8511-4760-41171 IP Acute-County Indigent	0	0	0	11,826	0	3,776	0	0	0	0	0	0	0
8511-4775-41171 IP Acute-County Indigent	10,872	1,988	17,150	18,748	22,005	26,833	13,357	5,553	9,719	12,938	5,508	8,478	12,988
8511-4801-41171 IP Acute-County Indigent	0	0	0	0	0	0	172	0	0	0	0	0	0
Total: County Indigent	2,802,109	2,415,591	3,416,870	3,359,587	4,126,546	4,096,333	1,753,193	2,463,437	2,495,969	1,996,592	2,178,632	2,083,750	1,488,001
Other:													
8511-3900-41191 IP Acute-Other	(302,400)	429,876	59,484	(95,972)	(75,410)	219,921	(165,657)	264,880	(544,278)	139,575	972,487	(314,716)	(979,558)
Total: Other	(302,400)	429,876	59,484	(95,972)	(75,410)	219,921	(165,657)	264,880	(544,278)	139,575	972,487	(314,716)	(979,558)
Total Acute	107,926,102	108,659,760	114,527,823	108,629,289	116,278,464	111,628,369	116,071,428	122,580,956	110,321,353	117,560,202	106,640,050	112,327,751	109,115,189
SNF:													
Self Pay:													
8511-4471-41201 SNF-Self Pay	1,055	744	0	450	3,925	2,349	0	798	53	0	0	9,873	0
8511-4500-41201 SNF-Self Pay	13,140	9,791	22,556	33,601	29,886	17,463	684	2,495	0	0	0	1,893	3,637
8511-4591-41201 SNF-Self Pay	1,040	0	0	0	0	0	0	0	0	0	0	0	0
8511-4620-41201 SNF-Self Pay	0	957	0	0	0	0	0	0	0	0	0	0	0
8511-4630-41201 SNF-Self Pay	0	0	0	2,585	483	966	0	0	0	0	0	548	0
8511-4670-41201 SNF-Self Pay	0	0	0	1,496	0	0	0	0	0	0	0	0	0
8511-4710-41201 SNF-Self Pay	6,589	15,562	27,331	64,282	96,094	33,902	512	3,975	0	0	0	5,116	13,894
8511-4720-41201 SNF-Self Pay	18,390	0	51,846	27,336	2,448	0	0	0	0	0	0	0	11,832
8511-4775-41201 SNF-Self Pay	2,045	3,027	8,003	1,352	9,913	1,432	3,251	3,837	0	0	0	2,358	13,793
Total: Self Pay	42,269	30,081	108,736	131,282	142,749	56,112	4,447	11,105	53	0	0	19,788	43,263
Comm: MgdCare													
8511-4471-41222 SNF-Comm MgdCare	391	987	53	583	159	300	776	344	4,764	6,553	1,059	3,121	1,197
8511-4500-41222 SNF-Comm MgdCare	17,319	14,458	2,920	17,372	8,428	1,398	18,014	6,864	19,918	23,451	4,915	26,469	8,394
8511-4508-41222 SNF-Comm MgdCare	0	0	0	0	0	0	0	0	37	0	0	0	0
8511-4540-41222 SNF-Comm MgdCare	0	0	0	0	0	0	0	0	0	0	0	0	484
8511-4570-41222 SNF-Comm MgdCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8511-4573-41222 SNF-Comm MgdCare	0	0	0</										

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Medicare													
8511-4010-41241 SNF-Medicare	0	0	0	0	0	0	0	0	0	0	0	4,773	(4,773)
8511-4163-41241 SNF-Medicare	8,874	0	0	0	0	0	0	0	0	0	0	0	0
8511-4429-41241 SNF-Medicare	0	813	2,080	0	0	0	0	0	0	0	0	0	0
8511-4471-41241 SNF-Medicare	20,164	16,252	8,524	7,127	3,703	1,047	1,387	930	595	2,210	(5,172)	2,205	3,422
8511-4509-41241 SNF-Medicare	130,288	75,877	115,094	62,770	42,069	13,285	13,471	27,159	33,972	68,161	27,156	70,820	26,676
8511-4509-41241 SNF-Medicare	0	23	0	0	0	0	0	0	11	113	78	0	0
8511-4549-41241 SNF-Medicare	242	470	484	0	0	0	0	0	0	484	0	0	0
8511-4570-41241 SNF-Medicare	0	0	0	0	0	0	0	0	0	428	0	0	428
8511-4573-41241 SNF-Medicare	0	0	0	0	0	0	0	0	0	11,861	0	0	1,443
8511-4591-41241 SNF-Medicare	2,080	1,040	520	520	0	0	0	0	520	0	0	5,166	0
8511-4591-41241 SNF-Medicare	2,328	1,957	443	966	1,908	966	1,431	0	1,690	3,029	2,688	4,220	1,386
8511-4630-41241 SNF-Medicare	0	3,280	4,980	1,496	0	0	0	0	0	0	0	11,393	0
8511-4680-41241 SNF-Medicare	0	0	1,490	0	0	0	0	0	0	0	0	0	0
8511-4710-41241 SNF-Medicare	231,107	184,481	160,556	135,959	80,940	18,437	8,084	14,002	41,863	89,604	84,401	57,333	40,875
8511-4720-41241 SNF-Medicare	74,589	51,816	21,654	16,320	(75,072)	8,976	423	0	17,136	12,240	(7,329)	31,901	2,040
8511-4775-41241 SNF-Medicare	10,166	7,187	19,405	20,148	18,062	6,668	819	10,948	13,780	11,706	19,255	44,108	30,220
Total: Medicare	479,840	343,198	335,270	245,300	71,610	49,379	25,615	53,039	109,567	199,835	121,077	231,809	101,717
Medicare MgtCare:													
8511-4429-41242 SNF-Medicare MgtCare	0	0	0	0	0	0	0	0	0	2,685	0	0	0
8511-4471-41242 SNF-Medicare MgtCare	144	1,267	0	0	201	0	0	53	3,182	5,817	190	611	589
8511-4509-41242 SNF-Medicare MgtCare	0	1,850	11,557	0	2,182	0	8,859	0	13,092	24,331	3,342	5,438	7,375
8511-4509-41242 SNF-Medicare MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	8
8511-4540-41242 SNF-Medicare MgtCare	0	0	0	0	0	0	1,452	0	0	0	0	0	0
8511-4591-41242 SNF-Medicare MgtCare	0	0	0	0	0	0	0	0	0	520	0	0	0
8511-4630-41242 SNF-Medicare MgtCare	0	0	483	0	660	0	0	0	506	506	0	0	1,214
8511-4680-41242 SNF-Medicare MgtCare	0	0	0	0	0	0	0	0	0	4,109	0	0	0
8511-4710-41242 SNF-Medicare MgtCare	48	9,709	5,544	0	3,717	0	871	0	2,317	5,434	8,122	11,755	5,567
8511-4720-41242 SNF-Medicare MgtCare	0	0	2,856	0	8,588	0	0	0	13,071	11,424	0	0	5,938
8511-4775-41242 SNF-Medicare MgtCare	0	2,314	0	0	0	0	0	0	3,637	3,638	4,235	0	5,969
Total: Medicare MgtCare	192	15,140	20,440	0	15,328	0	12,182	53	35,805	58,474	15,889	17,804	30,658
Medicare Risk:													
8511-4471-41243 SNF-Medicare At Risk	97	0	53	0	0	159	0	0	0	343	0	0	0
8511-4509-41243 SNF-Medicare At Risk	7,214	140	6,529	0	0	0	2,868	0	0	3,473	0	0	0
8511-4630-41243 SNF-Medicare At Risk	0	0	0	0	0	0	0	0	0	506	0	0	0
8511-4710-41243 SNF-Medicare At Risk	1,162	411	549	0	0	1,811	4,650	0	0	19,810	10,171	0	0
8511-4720-41243 SNF-Medicare At Risk	0	0	0	0	0	0	0	0	0	12,240	408	0	0
8511-4775-41243 SNF-Medicare At Risk	375	4,220	1,765	0	0	326	1,385	0	0	2,332	0	0	0
Total: Medicare Risk	8,848	4,771	8,896	0	0	2,286	8,903	0	0	38,704	10,579	0	0
Medi-Cal													
8511-4076-41251 SNF-Medi-Cal	0	0	0	0	0	0	0	1,272	0	0	0	0	0
8511-4183-41251 SNF-Medi-Cal	0	0	0	0	0	0	0	0	0	0	0	4,437	(4,437)
8511-4409-41251 SNF-Medi-Cal	0	0	0	0	0	0	0	0	0	0	546	0	0
8511-4420-41251 SNF-Medi-Cal	(23,072)	0	0	0	0	0	0	0	0	0	0	0	17,810
8511-4427-41251 SNF-Medi-Cal	(1,838)	0	0	0	0	0	0	0	0	0	0	0	2,298
8511-4450-41251 SNF-Medi-Cal	(2,709)	0	0	0	0	0	0	0	0	0	0	0	2,262
8511-4470-41251 SNF-Medi-Cal	(16,032)	0	0	0	0	0	0	0	0	0	0	0	4,878
8511-4471-41251 SNF-Medi-Cal	1,501	3,856	7,602	6,876	10,412	11,849	7,981	15,270	16,418	11,319	1,215	230	3,134
8511-4509-41251 SNF-Medi-Cal	47,543	59,879	80,640	82,497	113,532	47,527	85,465	80,879	24,991	33,463	8,820	10,490	39,415
8511-4509-41251 SNF-Medi-Cal	37	0	0	0	0	0	0	0	0	0	0	35	14
8511-4520-41251 SNF-Medi-Cal	0	0	0	0	0	0	0	0	0	0	0	0	1,281
8511-4540-41251 SNF-Medi-Cal	484	0	0	0	0	0	0	0	0	0	0	0	0
8511-4570-41251 SNF-Medi-Cal	0	176	0	0	0	0	0	1,328	0	0	0	0	0
8511-4573-41251 SNF-Medi-Cal	0	11,851	0	0	0	0	0	1,443	0	0	0	0	0
8511-4591-41251 SNF-Medi-Cal	5,676	0	0	0	0	0	0	0	0	0	0	0	0
8511-4630-41251 SNF-Medi-Cal	1,449	966	483	1,957	(463)	2,415	1,116	599	805	0	0	0	505
8511-4680-41251 SNF-Medi-Cal	0	0	4,109	0	0	0	0	0	0	0	0	0	0
8511-4710-41251 SNF-Medi-Cal	27,437	73,201	89,522	76,158	87,790	30,482	82,826	170,364	36,115	34,812	15,595	12,369	81,580
8511-4720-41251 SNF-Medi-Cal	43,738	24,465	42,925	49,776	122,809	423	0	8,583	1,224	1,632	0	0	11,424
8511-4760-41251 SNF-Medi-Cal	0	0	0	0	3,263	0	0	0	0	0	0	0	0
8511-4775-41251 SNF-Medi-Cal	7,987	8,939	26,750	14,165	26,389	19,982	20,107	15,311	7,746	7,834	4,068	8,423	27,432
Total: Medi-Cal	92,202	183,374	252,031	231,429	363,732	112,678	197,496	294,839	87,099	89,060	31,244	35,984	187,598
Medi-Cal MgtCare													
8511-4471-41252 SNF-Medi-Cal MgtCare	20,334	17,272	8,958	2,406	1,029	150	0	1,846	1,311	6,927	2,687	8,340	5,543
8511-4509-41252 SNF-Medi-Cal MgtCare	74,392	75,946	73,238	44,857	35,328	8,116	0	10,845	24,103	16,225	58,303	31,869	14,139
8511-4509-41252 SNF-Medi-Cal MgtCare	0	0	0	0	357	0	0	0	0	287	0	0	0
8511-4540-41252 SNF-Medi-Cal MgtCare	0	0	726	0	726	0	0	0	0	0	484	0	0
8511-4570-41252 SNF-Medi-Cal MgtCare	0	0	612	0	0	0	0	0	0	0	428	0	0
8511-4573-41252 SNF-Medi-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	1,443	12,534	0
8511-4591-41252 SNF-Medi-Cal MgtCare	0	920	520	520	0	0	0	0	0	520	0	0	520
8511-4630-41252 SNF-Medi-Cal MgtCare	0	1,912	1,143	966	0	0	0	0	0	506	0	589	0
8511-4670-41252 SNF-Medi-Cal MgtCare	0	0	1,660	0	0	0	0	0	0	0	0	0	0
8511-4680-41252 SNF-Medi-Cal MgtCare	0	0	0	7,771	0	0	0	0	0	0	0	0	0
8511-4710-41252 SNF-Medi-Cal MgtCare	122,829	99,191	74,557	48,327	67,142	17,887	9	3,594	17,051	62,651	92,146	29,442	35,505
8511-4720-41252 SNF-Medi-Cal MgtCare	4,896	423	5,304	2,040	12,240	0	0	0	0	816	0	423	0
8511-4775-41252 SNF-Medi-Cal MgtCare	10,814	12,401	9,563	5,827	17,189	0	0	1,868	3,918	8,525	12,642	10,725	8,777
Total: Medi-Cal MgtCare	233,065	208,065	176,281	112,714	134,011	26,153	9	17,953	46,383	96,457	168,133	94,550	85,484
Medi-Cal Risk													
8511-4183-41253 SNF-Medi-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	4,437	(4,437)
8511-4471-41253 SNF-Medi-Cal At Risk	97	1,403	149	1,190	53	148	0	150	0	353	0	10,190	0
8511-4509-41253 SNF-Medi-Cal At Risk	6,766	9,480	2,419	7,883	5,484	1,680	0	398	3,703	2,044	0	19,036	6,227
8511-4540-41253 SNF-Medi-Cal At Risk	484	0	0	0	0	0	0	0	0	0	0	0	0
8511-4570-41253 SNF-Medi-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	428	0
8511-4573-41253 SNF-Medi-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	1,443	0
8511-4591-41253 SNF-Medi-Cal At Risk	0	0	0	5,156	0	0	0	0	0	0	0	0	0
8511-4630-41253 SNF-Medi-Cal At Risk	0	0	0	1,051	0	0	0	0	0	0	0	0	0
8511-4670-41253 SNF-Medi-Cal At Risk	0	0	0	1,295	0	0							

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4775-41253 SNF-Med-Cal At Risk	0	0	1,214	8,125	9,685	2,416	0	624	783	824	0	6,442	2,917
Total: Med-Cal Risk	11,498	18,989	5,273	58,133	33,268	4,930	0	4,039	8,912	3,860	0	183,826	64,493
Other Govt:													
8511-4471-41261 IP SNF Oth Govt FFS	0	0	0	0	0	0	0	0	465	0	0	(279)	0
8511-4500-41261 IP SNF Oth Govt FFS	0	0	0	0	0	0	0	0	8,237	951	0	(6,155)	0
8511-4540-41261 IP SNF Oth Govt FFS	0	0	0	0	0	0	0	0	1,016	532	0	(1,548)	0
8511-4710-41261 IP SNF Oth Govt FFS	0	0	0	0	0	0	0	0	371	1	0	(154)	0
8511-4775-41261 IP SNF Oth Govt FFS	0	0	0	0	0	0	0	0	2,403	0	0	(1,264)	0
Total: Other Govt	0	0	0	0	0	0	0	0	12,492	1,484	0	(9,380)	0
SNF-Other:													
8511-4471-41292 SNF-Other MgdCare	0	0	492	0	492	1,398	0	0	0	0	106	53	0
8511-4500-41292 SNF-Other MgdCare	0	1,461	9,606	6,683	10,734	19,015	6,225	0	0	0	0	7,997	0
8511-4570-41292 SNF-Other MgdCare	0	0	0	0	0	0	0	0	0	0	0	428	0
8511-4573-41292 SNF-Other MgdCare	0	0	0	0	0	0	0	0	0	0	0	1,443	0
8511-4630-41292 SNF-Other MgdCare	0	0	0	0	483	0	0	0	0	0	0	0	0
8511-4710-41292 SNF-Other MgdCare	0	13,700	14,591	12,943	13,939	15,128	2,818	0	0	0	1,712	5,426	0
8511-4720-41292 SNF-Other MgdCare	0	0	4,895	0	0	0	0	0	0	0	0	0	0
8511-4775-41292 SNF-Other MgdCare	0	0	0	0	2,976	2,111	2,516	0	0	0	0	0	0
Total: SNF-Other	0	15,161	29,585	19,626	28,624	37,652	11,561	0	0	0	1,818	15,347	0
Total SNF	915,454	857,781	948,962	851,277	842,981	300,112	312,743	398,173	383,891	641,365	382,752	706,984	531,005
PSYCH:													
Self Pay:													
8511-4010-41301 IP Psych-Self Pay	43,254	49,664	64,664	77,291	110,397	77,200	16,222	66,886	25,457	54,056	49,849	34,798	35,637
8511-4400-41301 IP Psych-Self Pay	0	0	0	0	0	0	0	13,280	0	0	0	0	0
8511-4471-41301 IP Psych-Self Pay	0	388	194	0	313	942	502	1,093	97	194	0	0	216
8511-4500-41301 IP Psych-Self Pay	22,741	35,991	28,989	63,205	60,138	49,786	28,582	30,490	8,258	26,116	28,463	22,933	11,611
8511-4508-41301 IP Psych-Self Pay	0	0	0	0	0	12	0	78	0	0	0	0	0
8511-4591-41301 IP Psych-Self Pay	0	1,040	520	1,560	520	2,600	1,040	2,080	520	1,040	2,080	1,560	0
8511-4630-41301 IP Psych-Self Pay	483	2,428	0	0	1,411	566	678	1,184	0	506	506	506	0
8511-4670-41301 IP Psych-Self Pay	1,673	0	0	0	0	0	1,626	0	0	0	0	0	1,626
8511-4680-41301 IP Psych-Self Pay	27,365	4,109	7,437	0	19,949	12,327	7,238	4,109	4,109	0	8,218	0	0
8511-4710-41301 IP Psych-Self Pay	4,464	4,600	5,884	6,778	10,862	8,621	9,867	7,897	810	5,377	3,750	2,658	3,327
8511-4720-41301 IP Psych-Self Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
Total: Self Pay	100,000	98,220	107,688	148,834	203,590	152,754	65,755	127,087	39,249	87,289	92,866	62,455	51,817
Comm MgdCare:													
8511-4010-41322 IP Psych-Comm MgdCare	16,411	8,448	16,544	11,211	7,526	4,677	4,828	18,981	4,548	19,517	26,125	13,908	17,545
8511-4471-41322 IP Psych-Comm MgdCare	0	0	0	202	0	0	194	0	0	0	0	0	0
8511-4500-41322 IP Psych-Comm MgdCare	15,108	5,412	14,296	10,694	11,037	5,024	4,233	13,042	7,480	8,160	15,828	16,816	13,446
8511-4509-41322 IP Psych-Comm MgdCare	0	251	0	0	0	0	0	0	0	0	0	0	0
8511-4591-41322 IP Psych-Comm MgdCare	0	0	0	0	520	0	520	0	520	0	0	0	0
8511-4630-41322 IP Psych-Comm MgdCare	0	0	483	0	483	0	506	0	0	0	0	0	0
8511-4670-41322 IP Psych-Comm MgdCare	0	0	0	0	0	0	0	1,990	0	0	0	0	0
8511-4680-41322 IP Psych-Comm MgdCare	0	0	0	3,918	0	0	6,709	0	23,861	0	0	0	0
8511-4710-41322 IP Psych-Comm MgdCare	5,944	5,328	8,476	3,496	2,911	2,667	3,791	3,791	3,379	5,821	3,983	2,354	1,425
8511-4775-41322 IP Psych-Comm MgdCare	0	0	460	0	0	0	0	0	0	0	0	0	0
Total: Comm MgdCare	37,463	19,440	40,259	28,521	22,477	12,366	12,586	44,673	16,127	57,379	45,936	33,078	32,416
Medicare:													
8511-4010-41341 IP Psych-Medicare	48,648	68,736	55,209	24,865	39,984	62,842	62,689	76,200	75,139	81,570	63,513	66,459	49,477
8511-4471-41341 IP Psych-Medicare	97	596	1,202	0	596	589	0	0	0	444	0	216	0
8511-4500-41341 IP Psych-Medicare	50,666	63,854	40,159	15,310	30,299	37,221	37,710	43,835	44,104	47,515	51,881	38,674	26,507
8511-4509-41341 IP Psych-Medicare	13	14	13	0	0	31	13	0	14	0	0	13	0
8511-4540-41341 IP Psych-Medicare	484	0	0	0	0	0	0	0	0	0	0	0	0
8511-4591-41341 IP Psych-Medicare	0	1,560	1,040	0	520	4,636	4,636	2,600	920	2,080	3,120	2,080	520
8511-4630-41341 IP Psych-Medicare	0	0	0	0	0	1,914	1,581	0	1,581	0	0	0	0
8511-4630-41341 IP Psych-Medicare	966	1,143	4,452	483	966	8,617	526	0	506	2,064	678	1,710	506
8511-4680-41341 IP Psych-Medicare	6,063	0	0	0	0	11,844	0	0	0	0	0	0	0
8511-4670-41341 IP Psych-Medicare	0	1,319	0	0	0	4,369	2,105	5,094	0	0	0	0	0
8511-4680-41341 IP Psych-Medicare	0	12,638	11,546	0	6,633	16,747	4,109	(8,529)	21,888	14,605	0	0	0
8511-4710-41341 IP Psych-Medicare	15,712	15,020	13,821	7,630	16,297	15,289	16,004	12,609	12,594	13,505	15,068	9,233	8,005
8511-4720-41341 IP Psych-Medicare	11,439	6,966	1,224	0	0	1,565	0	408	0	1,632	0	0	0
8511-4775-41341 IP Psych-Medicare	0	0	712	0	976	1,875	2,430	0	0	975	0	0	0
Total: Medicare	134,088	171,846	129,378	48,288	96,271	167,539	131,803	132,217	155,546	164,340	134,359	118,372	85,015
Medicare MgdCare:													
8511-4010-41342 IP Psych-Medicare MgdCare	20,819	19,902	18,316	7,718	11,262	23,621	15,992	13,329	9,428	23,494	18,655	8,863	8,630
8511-4183-41342 IP Psych-Medicare MgdCare	0	0	0	0	0	0	0	0	0	8,874	0	0	0
8511-4471-41342 IP Psych-Medicare MgdCare	0	17	216	0	0	53	97	0	0	1,041	148	0	0
8511-4500-41342 IP Psych-Medicare MgdCare	22,932	20,628	4,965	7,357	11,938	17,933	12,860	7,530	2,216	20,455	9,300	11,439	4,852
8511-4591-41342 IP Psych-Medicare MgdCare	0	520	0	0	0	0	520	0	0	520	1,040	0	520
8511-4630-41342 IP Psych-Medicare MgdCare	0	483	0	0	1,669	0	506	0	0	2,101	506	0	0
8511-4650-41342 IP Psych-Medicare MgdCare	0	0	0	0	0	0	0	0	0	3,935	0	0	0
8511-4670-41342 IP Psych-Medicare MgdCare	0	1,496	0	0	0	0	1,980	0	0	0	0	0	0
8511-4680-41342 IP Psych-Medicare MgdCare	0	0	0	0	0	0	0	0	0	11,427	4,109	0	0
8511-4710-41342 IP Psych-Medicare MgdCare	4,899	17,925	12,420	11,808	5,785	7,768	3,388	2,104	1,079	7,813	1,659	1,879	1,339
8511-4720-41342 IP Psych-Medicare MgdCare	0	893	0	0	0	0	0	0	0	0	0	0	0
8511-4775-41342 IP Psych-Medicare MgdCare	662	0	0	0	0	0	0	0	0	976	0	0	0
Total: Medicare MgdCare	49,272	61,864	35,918	26,879	30,655	49,375	35,353	22,963	12,723	80,636	34,816	22,181	15,381
Medicare Risk:													
8511-4010-41343 IP Psych-Medicare At Risk	0	0	0	0	0	0	10,013	0	0	3,286	4,965	0	0
8511-4183-41343 IP Psych-Medicare At Risk	0	22,185	4,437	0	0	0	0	0	0	0	0	0	0
8511-4420-41343 IP Psych-Medicare At Risk	0	23,072	0	0	0	0	0	0	0	0	0	0	0
8511-4427-41343 IP Psych-Medicare At Risk	0	2,858	0	0	0	0	0	0	0	0	0	0	0
8511-4450-41343 IP Psych-Medicare At Risk	0	2,772	0	0	0	0	0	0	0	0	0	0	0
8511-4470-41343 IP Psych-Medicare At Risk	0	3,140	0	0	0	0	0	0	0	0	0	0	0
8511-4471-41343 IP Psych-Medicare At Risk	0	0	97	0	0	0	938	0	0	0	297	0	0
8511-4500-41343 IP Psych-Medicare At Risk	0	18,020	2,223	0	0	5,664	10,952	0	0	4,853	5,309	0	0

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4509-41343 IP Psych-Medicare At Risk	0	229	0	0	0	0	0	0	0	0	0	0	0
8511-4520-41343 IP Psych-Medicare At Risk	0	4,097	0	0	0	0	0	0	0	0	0	0	0
8511-4540-41343 IP Psych-Medicare At Risk	0	484	0	0	0	0	0	0	0	0	0	0	0
8511-4570-41343 IP Psych-Medicare At Risk	0	2,241	0	0	0	0	0	0	0	0	0	0	0
8511-4573-41343 IP Psych-Medicare At Risk	0	10,472	0	0	0	0	0	0	0	0	0	0	0
8511-4591-41343 IP Psych-Medicare At Risk	0	520	0	0	0	0	520	0	0	0	4,636	0	0
8511-4630-41343 IP Psych-Medicare At Risk	0	2,071	0	0	0	0	1,579	0	0	0	0	0	0
8511-4650-41343 IP Psych-Medicare At Risk	0	3,832	0	0	0	0	0	0	0	0	0	0	0
8511-4660-41343 IP Psych-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	6,063	0	0
8511-4670-41343 IP Psych-Medicare At Risk	0	0	0	0	0	0	4,032	0	0	0	2,105	0	0
8511-4680-41343 IP Psych-Medicare At Risk	0	0	0	0	0	0	4,109	0	0	0	0	0	0
8511-4710-41343 IP Psych-Medicare At Risk	184	10,536	828	0	0	2,385	2,977	0	0	854	1,081	0	0
8511-4720-41343 IP Psych-Medicare At Risk	0	1,565	0	0	0	0	2,040	0	0	0	0	0	0
8511-4775-41343 IP Psych-Medicare At Risk	0	2,686	0	0	0	0	819	0	0	0	976	0	0
Total Medicare Risk	184	110,780	7,585	0	0	8,649	37,977	0	0	9,003	25,433	0	0
Medi-Cal													
8511-4010-41351 IP Psych-Medi-Cal	452,309	515,213	524,447	424,677	441,829	483,255	372,149	580,660	459,677	580,799	634,011	676,486	578,726
8511-4087-41351 IP Psych-Medi-Cal	0	0	0	0	0	1,509	1,509	0	0	0	0	0	0
8511-4400-41351 IP Psych-Medi-Cal	0	0	0	0	0	5,893	0	0	0	0	0	0	0
8511-4420-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	0	0	0	0	31,842	28,334	0
8511-4427-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	0	0	0	0	2,553	3,573	0
8511-4450-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	0	0	0	0	5,200	4,472	0
8511-4470-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	0	0	0	0	19,701	2,222	0
8511-4471-41351 IP Psych-Medi-Cal	1,033	1,113	1,503	539	1,097	2,039	1,586	699	1,390	1,616	1,264	2,251	97
8511-4500-41351 IP Psych-Medi-Cal	351,096	400,700	497,995	358,513	358,778	357,996	349,235	334,853	319,360	417,730	385,659	419,540	390,552
8511-4509-41351 IP Psych-Medi-Cal	264	322	344	76	35	605	885	(275)	0	92	83	14	0
8511-4520-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	0	0	0	0	0	552	1,102
8511-4540-41351 IP Psych-Medi-Cal	0	0	0	0	0	242	242	0	(242)	0	0	0	0
8511-4570-41351 IP Psych-Medi-Cal	0	0	0	3,292	0	0	0	0	0	0	0	428	0
8511-4573-41351 IP Psych-Medi-Cal	0	0	0	10,561	0	0	0	0	0	0	0	1,443	0
8511-4591-41351 IP Psych-Medi-Cal	1,850	8,276	9,836	7,280	3,640	12,436	11,916	5,720	6,240	10,356	4,160	13,621	14,040
8511-4620-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	1,581	0	1,581	0	0	0	0
8511-4630-41351 IP Psych-Medi-Cal	1,628	4,869	8,067	7,603	6,031	10,114	11,336	5,679	1,998	4,881	9,073	11,981	7,783
8511-4650-41351 IP Psych-Medi-Cal	0	0	0	0	0	0	0	0	0	0	0	8,287	0
8511-4660-41351 IP Psych-Medi-Cal	0	0	0	0	0	6,063	6,063	0	0	0	0	0	0
8511-4670-41351 IP Psych-Medi-Cal	0	4,005	0	3,380	1,486	3,169	3,424	1,990	5,953	3,980	1,608	3,616	8,211
8511-4680-41351 IP Psych-Medi-Cal	8,218	27,813	20,610	15,629	12,327	9,889	12,351	16,460	4,105	11,428	12,351	62,245	18,325
8511-4710-41351 IP Psych-Medi-Cal	108,860	137,193	124,830	103,796	111,827	106,958	98,931	106,763	99,107	104,336	106,582	148,212	113,505
8511-4720-41351 IP Psych-Medi-Cal	1,146	2,357	3,404	1,716	1,962	2,722	2,523	2,856	6,936	6,936	3,672	8,568	10,685
8511-4775-41351 IP Psych-Medi-Cal	0	0	0	0	1,107	0	4,966	0	918	0	4,338	2,333	4,247
Total Medi-Cal	926,111	1,101,861	1,161,036	936,962	940,129	1,004,890	878,697	1,058,205	905,799	1,142,154	1,223,097	1,398,178	1,147,274
Medi-Cal MgdCare													
8511-4010-41352 IP Psych-Medi-Cal MgdCare	7,540	0	7,898	0	2,916	0	8,410	0	8,630	10,300	5,557	4,852	0
8511-4087-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	0	0	0	0	0	0	0	1,435
8511-4183-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	0	8,874	0	0	0	0	0	0
8511-4400-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	0	0	0	0	0	7,807	0	25,298
8511-4420-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	16,056	0	0	0	0	0	0	0	0
8511-4427-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	2,450	0	0	0	0	0	0	0	0
8511-4450-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	1,407	0	0	0	0	0	0	0	0
8511-4470-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	2,244	0	0	0	0	0	0	0	0
8511-4471-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	0	245	0	0	0	683	0	1,497
8511-4500-41352 IP Psych-Medi-Cal MgdCare	3,905	274	5,154	4,950	1,084	3,813	10,803	1,825	4,142	5,625	1,093	8,557	0
8511-4509-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	14	0	0	0	0	0	0	39
8511-4520-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	0	0	0	0	0	0	0	845
8511-4591-41352 IP Psych-Medi-Cal MgdCare	520	0	4,635	5,676	0	0	5,156	0	520	12,677	0	0	520
8511-4620-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	957	0	0	0	0	0	0	0
8511-4630-41352 IP Psych-Medi-Cal MgdCare	483	0	483	0	0	0	506	0	506	0	0	0	506
8511-4660-41352 IP Psych-Medi-Cal MgdCare	0	0	6,063	0	0	0	0	0	0	0	0	0	0
8511-4670-41352 IP Psych-Medi-Cal MgdCare	0	0	0	2,008	0	0	1,990	0	0	0	0	0	0
8511-4680-41352 IP Psych-Medi-Cal MgdCare	0	0	0	0	0	13,042	12,434	0	4,109	0	0	0	9,903
8511-4710-41352 IP Psych-Medi-Cal MgdCare	606	263	254	1,839	1,439	1,025	2,465	799	619	2,310	2,495	643	2,755
8511-4720-41352 IP Psych-Medi-Cal MgdCare	0	0	423	0	0	0	0	0	0	0	2,040	0	0
8511-4775-41352 IP Psych-Medi-Cal MgdCare	0	0	1,142	0	0	0	3,335	0	0	0	1,488	0	0
Total Medi-Cal MgdCare	13,054	477	26,053	14,473	27,576	18,851	54,218	769	15,763	29,935	28,695	6,588	50,899
Medi-Cal Risk													
8511-4010-41353 IP Psych-Medi-Cal At Risk	3,537	0	0	0	0	0	4,441	0	0	0	0	0	0
8511-4183-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	31,059	0	0	0	0	0	0	0
8511-4471-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	194	97	0	0	0	0	0	0
8511-4500-41353 IP Psych-Medi-Cal At Risk	1,514	0	0	0	0	54,544	3,557	0	0	0	0	0	0
8511-4509-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	129	0	0	0	0	0	0	0
8511-4540-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	726	0	0	0	0	0	0	0
8511-4570-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	74,347	0	0	0	0	0	0	0
8511-4591-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	6,076	0	0	0	0	0	0	0
8511-4630-41353 IP Psych-Medi-Cal At Risk	483	0	0	0	0	1,448	0	0	0	0	0	0	0
8511-4650-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	6,085	0	0	0	0	0	0	0
8511-4680-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	4,109	0	0	0	0	0	0	0
8511-4690-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	0	1,396	0	0	0	0	0	0
8511-4710-41353 IP Psych-Medi-Cal At Risk	1,855	0	0	0	0	40,122	431	0	0	0	0	0	0
8511-4720-41353 IP Psych-Medi-Cal At Risk	12,422	0	0	0	0	0	0	0	0	0	0	0	0
8511-4775-41353 IP Psych-Medi-Cal At Risk	0	0	0	0	0	6,602	0	0	0	0	0	0	0
Total Medi-Cal Risk	19,811	0	0	0	0	225,442	9,922	0	0	0	0	0	0
Other Govt													
8511-4010-41361 IP Psych-Other Govt FFS	4,685	0	0	0	0	0	0	0	5,485	0	0	0	0
8511-4600-41361 IP Psych-Other Govt FFS	2,664	0	0	0	0	0	0	0	1,093	0	0	0	0
8511-4591-41361 IP Psych-Other Govt FFS	520	0	0	0	0	0	0	0	0	0	0	0	0
8511-4630-41361 IP Psych-Other Govt FFS	660	0	0	0	0	0	0	0	0	0	0	0	0
8511-4710-41361 IP Psych-Other Govt FFS	620	0	0	0	0	0	0	108	0	0	0	0	0
Total Other Govt	9,149	0	0	0	0	0	0	0	6,686	0	0	0	0
County Indigent													
8511-4010-41371 IP Psych-County Indigent	0	0	0	0	11,484	0	0	0	0	0	0	0	0
8511-4500-41371 IP Psych-County Indigent	0	0	0	0	5,743	2,715	0	0	0	925	0	0	0

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4630-41371 IP Psych-County Indigent	0	0	0	0	483	0	0	0	0	0	0	0	0
8511-4660-41371 IP Psych-County Indigent	0	0	0	0	2,524	0	0	0	0	0	0	0	0
8511-4710-41371 IP Psych-County Indigent	0	0	0	69	695	20	0	5	0	5	0	0	0
Total: County Indigent	0	0	0	69	20,939	2,735	0	5	0	930	0	0	0
Psych-Other:													
8511-4420-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	17,610
8511-4427-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	3,063
8511-4450-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	2,262
8511-4470-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	342
8511-4500-41392 IP Psych-Other MgtCare	0	1,340	0	0	0	0	0	0	0	0	0	3,613	1,238
8511-4520-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	729
8511-4591-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	520	0
8511-4710-41392 IP Psych-Other MgtCare	0	501	0	0	0	0	0	13	22	0	0	536	1,492
8511-4720-41392 IP Psych-Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	816	0
Total: Psych-Other	0	1,841	0	0	0	0	0	13	22	0	0	5,485	26,937
Total Psych	1,289,133	1,566,330	1,537,917	1,205,026	1,341,637	1,642,003	1,226,310	1,385,872	1,151,855	1,571,666	1,583,195	1,646,337	1,409,699
Total Gross Inpatient Revenue	110,130,689	111,083,870	117,014,701	110,685,593	118,463,082	113,570,484	117,610,481	124,365,001	111,857,099	119,773,233	108,605,998	114,681,072	111,055,893
Gross Outpatient Revenue:													
Outpatient:													
Self Pay													
8511-3151-44501 O/P-Self Pay	0	0	0	0	0	18,004	5,131	0	2,821	9,751	0	0	3,241
8511-4010-44501 O/P-Self Pay	12,338	10,933	27,075	14,712	9,142	7,913	21,315	8,321	20,960	20,888	568	1,704	6,384
8511-4076-44501 O/P-Self Pay	0	1,417	1,479	547	1,513	2,115	1,077	890	2,469	602	2,220	2,980	2,122
8511-4087-44501 O/P-Self Pay	23,250	9,420	19,380	10,234	12,861	17,451	20,617	14,634	17,818	12,498	7,107	12,344	17,137
8511-4400-44501 O/P-Self Pay	69,138	66,659	64,808	43,794	73,214	59,565	83,352	94,729	60,980	67,593	51,814	49,658	77,251
8511-4420-44501 O/P-Self Pay	0	0	0	0	0	21,318	19,564	0	0	0	0	7,471	0
8511-4427-44501 O/P-Self Pay	0	0	0	0	0	2,450	3,063	0	0	0	0	0	0
8511-4450-44501 O/P-Self Pay	0	0	0	0	0	2,478	2,548	0	0	0	0	364	0
8511-4470-44501 O/P-Self Pay	0	0	0	0	0	11,013	5,375	0	0	0	0	954	0
8511-4471-44501 O/P-Self Pay	321	198	330	311	132	562	214	132	378	528	330	198	396
8511-4500-44501 O/P-Self Pay	8,761	11,828	13,729	9,983	16,078	10,163	12,482	7,970	21,075	10,171	6,807	2,923	10,724
8511-4520-44501 O/P-Self Pay	0	251	0	47	16	0	0	0	0	108	0	0	0
8511-4520-44501 O/P-Self Pay	0	0	645	256	0	552	552	0	0	0	0	0	0
8511-4540-44501 O/P-Self Pay	0	0	0	0	0	0	0	0	1,694	0	0	0	0
8511-4570-44501 O/P-Self Pay	1,408	0	0	0	0	0	0	0	0	0	0	0	0
8511-4573-44501 O/P-Self Pay	7,039	0	0	0	0	0	0	0	0	0	0	0	0
8511-4591-44501 O/P-Self Pay	520	2,600	0	520	12,352	4,636	520	520	4,636	0	0	0	520
8511-4630-44501 O/P-Self Pay	(669)	660	483	1,320	1,586	483	505	505	691	0	589	0	0
8511-4660-44501 O/P-Self Pay	0	0	0	0	0	6,053	0	0	8,719	0	0	0	0
8511-4670-44501 O/P-Self Pay	0	2,854	2,471	5,406	0	2,008	2,993	2,610	4,600	5,220	1,626	0	1,320
8511-4680-44501 O/P-Self Pay	0	4,040	8,529	17,555	1,671	0	6,261	0	192	0	0	0	0
8511-4690-44501 O/P-Self Pay	0	0	0	0	0	0	0	0	0	0	633	0	0
8511-4710-44501 O/P-Self Pay	3,479	839	885	1,925	3,476	1,773	4,057	535	2,257	1,658	192	522	365
8511-4720-44501 O/P-Self Pay	11,090	0	0	0	616	423	0	0	0	0	0	0	0
8511-4775-44501 O/P-Self Pay	0	0	0	0	0	0	0	0	824	0	0	0	0
8511-4801-44501 O/P-Self Pay	0	0	0	0	0	0	0	0	0	180	0	0	0
Total Self Pay	136,675	111,659	140,014	106,610	132,857	168,970	189,627	130,947	159,114	128,197	71,686	79,124	119,460
Conrm MgtCare:													
8511-3151-44522 O/P-Conrm MgtCare	26,138	52,805	25,613	9,408	35,866	24,104	14,958	38,395	14,210	42,686	15,813	47,740	28,973
8511-4010-44522 O/P-Conrm MgtCare	26,041	6,404	30,157	8,786	34,372	24,842	28,748	30,133	41,325	22,540	13,969	63,047	33,269
8511-4076-44522 O/P-Conrm MgtCare	11,614	21,506	49,288	39,568	61,480	47,640	37,286	54,463	44,261	96,552	67,123	85,420	63,757
8511-4080-44522 O/P-Conrm MgtCare	35,845	18,894	31,807	29,952	41,990	34,027	45,884	66,803	64,059	48,472	59,988	80,460	60,220
8511-4087-44522 O/P-Conrm MgtCare	33,579	30,023	31,810	23,151	20,554	12,620	29,610	27,409	11,758	40,103	30,895	26,753	36,529
8511-4090-44522 O/P-Conrm MgtCare	0	0	0	0	0	5,844	6,556	18,432	13,824	6,912	27,648	0	0
8511-4183-44522 O/P-Conrm MgtCare	0	0	0	0	0	8,874	0	0	0	0	0	0	0
8511-4400-44522 O/P-Conrm MgtCare	109,927	66,701	96,059	71,197	73,117	43,076	74,660	92,956	30,225	126,764	99,145	96,354	147,210
8511-4420-44522 O/P-Conrm MgtCare	809,147	709,078	888,773	610,572	988,115	726,799	585,488	853,928	720,165	826,456	684,474	922,224	806,114
8511-4427-44522 O/P-Conrm MgtCare	87,186	77,390	80,452	71,264	108,426	79,638	76,227	69,994	97,014	126,108	81,954	125,352	104,418
8511-4429-44522 O/P-Conrm MgtCare	1,600	0	1,726	0	1,180	3,326	1,600	0	900	2,695	0	0	0
8511-4450-44522 O/P-Conrm MgtCare	67,746	57,939	68,859	59,997	97,209	76,755	73,981	78,468	89,336	99,658	73,970	102,830	102,758
8511-4470-44522 O/P-Conrm MgtCare	124,520	138,664	151,026	201,448	228,866	182,177	252,143	94,017	164,810	206,887	86,975	183,165	125,869
8511-4471-44522 O/P-Conrm MgtCare	1,103	1,106	1,638	5,252	2,927	1,702	2,080	1,344	917	2,461	3,893	1,278	1,795
8511-4500-44522 O/P-Conrm MgtCare	107,287	67,704	178,466	168,105	123,665	97,610	96,825	96,875	85,570	89,691	142,696	142,544	102,455
8511-4509-44522 O/P-Conrm MgtCare	5	116	26	119	127	30	39	140	287	157	228	19	52
8511-4520-44522 O/P-Conrm MgtCare	47,185	43,994	55,140	54,648	49,441	56,380	53,690	46,914	60,005	71,521	65,453	71,888	58,624
8511-4540-44522 O/P-Conrm MgtCare	3,146	0	1,210	1,189	968	726	484	484	0	484	1,375	1,210	0
8511-4570-44522 O/P-Conrm MgtCare	84,714	294,980	109,473	54,850	16,922	280,334	219,547	22,299	36,436	556,408	295,389	286,890	(57,176)
8511-4573-44522 O/P-Conrm MgtCare	14,853	44,445	43,843	48,058	(5,654)	0	20,375	20,651	4,464	25,604	28,161	0	47,673
8511-4591-44522 O/P-Conrm MgtCare	37,810	43,976	53,795	31,448	52,544	39,275	25,097	33,365	48,749	44,791	38,310	48,560	11,620
8511-4620-44522 O/P-Conrm MgtCare	0	0	0	0	0	0	0	0	0	0	0	1,581	0
8511-4630-44522 O/P-Conrm MgtCare	146,370	110,123	112,205	113,737	131,913	89,940	58,803	53,681	91,310	76,274	95,508	74,215	95,126
8511-4642-44522 O/P-Conrm MgtCare	5,898	60,715	67,280	70,455	43,023	72,901	372,065	452,245	284,994	309,799	142,571	116,112	29,264
8511-4650-44522 O/P-Conrm MgtCare	29,343	24,137	27,218	18,380	36,087	9,484	14,						

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4076-44531 OIP-WIC	0	0	230	0	1,425	0	1,549	300	2,221	300	1,619	300	(1,007)
8511-4420-44531 OIP-WIC	0	0	0	0	33,866	34,346	0	0	0	0	0	0	0
8511-4427-44531 OIP-WIC	0	0	0	0	1,838	2,246	0	0	0	0	0	0	0
8511-4450-44531 OIP-WIC	0	0	0	0	3,339	2,163	0	0	0	0	0	0	0
8511-4470-44531 OIP-WIC	0	0	464	0	4,087	356	0	0	0	0	0	0	0
8511-4471-44531 OIP-WIC	529	216	1,039	5,423	634	1,512	105	0	784	496	432	399	2,457
8511-4500-44531 OIP-WIC	32,408	29,295	21,212	21,242	19,370	41,477	28,426	48,385	50,068	31,654	40,639	35,420	23,042
8511-4509-44531 OIP-WIC	0	0	0	0	0	0	0	0	5	0	39	52	79
8511-4591-44531 OIP-WIC	6,196	5,156	1,560	0	5,678	1,040	1,040	1,040	16,508	5,156	1,560	1,560	5,678
8511-4630-44531 OIP-WIC	11,807	14,249	12,782	4,484	13,601	21,913	17,382	9,783	11,439	11,452	8,359	9,085	18,518
8511-4650-44531 OIP-WIC	1,910	0	0	0	0	0	0	0	0	0	0	0	0
8511-4670-44531 OIP-WIC	0	2,677	0	0	1,371	0	1,591	0	0	0	0	0	0
8511-4680-44531 OIP-WIC	31,296	21,664	31,016	15,508	15,508	40,003	14,012	4,293	27,970	23,876	27,359	19,555	0
8511-4710-44531 OIP-WIC	1,911	3,557	2,696	1,147	2,020	2,198	234	401	2,391	212	1,172	725	515
8511-4720-44531 OIP-WIC	0	7,429	0	816	0	0	0	0	498	0	0	0	0
8511-4730-44531 OIP-WIC	932	0	0	1,111	0	0	0	0	0	0	0	0	0
8511-4775-44531 OIP-WIC	13,433	15,406	9,215	3,996	4,214	4,427	25,082	51,432	44,361	49,666	37,864	38,795	33,195
Total WIC Comp	172,774	164,533	146,707	96,061	176,363	210,920	140,706	151,726	203,648	156,954	164,126	141,808	127,193
Medicare													
8511-3151-44541 OIP-Medicare	12,978	8,974	7,427	17,164	16,639	5,537	6,797	23,135	40,523	40,285	15,603	56,553	20,195
8511-4010-44541 OIP-Medicare	10,155	9,715	30,630	23,741	15,205	23,966	12,042	33,745	38,703	24,833	19,972	47,455	23,505
8511-4076-44541 OIP-Medicare	4,914	14,457	13,281	13,918	33,954	29,954	20,491	41,154	19,991	45,147	30,263	38,197	25,487
8511-4080-44541 OIP-Medicare	73,167	64,602	95,652	67,626	77,610	84,985	89,170	106,711	100,898	144,994	125,242	79,436	79,436
8511-4087-44541 OIP-Medicare	1,290	0	1,780	0	3,560	0	0	1,509	1,509	3,444	0	5,160	1,509
8511-4090-44541 OIP-Medicare	0	0	1,948	5,844	11,698	29,220	0	3,896	0	6,912	46,080	0	0
8511-4183-44541 OIP-Medicare	4,437	0	8,874	4,437	0	17,748	13,311	(8,874)	4,437	0	0	4,437	4,437
8511-4400-44541 OIP-Medicare	2,895	0	0	0	4,103	3,174	3,131	0	6,262	3,131	3,131	1,855	3,131
8511-4420-44541 OIP-Medicare	174,004	231,773	250,170	250,022	351,826	146,422	223,707	194,039	370,312	147,154	270,897	180,238	359,878
8511-4427-44541 OIP-Medicare	24,094	27,766	24,092	39,202	34,100	14,498	31,855	24,252	46,719	12,510	38,799	21,957	36,507
8511-4429-44541 OIP-Medicare	17,726	3,568	420	4,800	2,780	1,726	4,295	3,326	4,495	900	5,380	2,695	7,314
8511-4450-44541 OIP-Medicare	16,191	20,580	24,801	28,413	36,267	12,726	27,656	27,877	45,526	15,210	27,248	22,074	48,776
8511-4470-44541 OIP-Medicare	44,177	79,676	104,328	52,341	124,088	23,797	83,496	67,871	122,947	35,676	165,080	18,848	135,841
8511-4471-44541 OIP-Medicare	447	1,922	2,489	1,353	1,240	1,635	1,454	1,384	296	1,875	1,286	680	0
8511-4500-44541 OIP-Medicare	75,014	85,815	79,854	113,028	73,522	100,951	87,629	91,508	100,285	96,272	89,756	59,476	75,246
8511-4509-44541 OIP-Medicare	0	302	105	68	106	169	42	48	140	19	(3)	11	14
8511-4520-44541 OIP-Medicare	10,391	20,840	11,011	10,434	34,308	4,746	6,977	14,103	18,649	10,662	16,244	13,908	19,481
8511-4540-44541 OIP-Medicare	4,998	740	1,585	1,335	2,178	1,694	484	242	988	1,452	988	726	0
8511-4570-44541 OIP-Medicare	131,195	103,729	85,695	318,920	56,991	237,718	550,801	257,728	60,806	66,253	119,688	59,081	53,768
8511-4573-44541 OIP-Medicare	83,200	48,995	26,235	34,345	46,988	3,522	106,337	56,878	2,386	57,714	96,419	65,421	47,149
8511-4591-44541 OIP-Medicare	48,778	29,937	25,612	28,150	38,715	32,354	14,021	15,099	11,665	9,899	24,284	23,477	47,709
8511-4630-44541 OIP-Medicare	64,022	51,434	79,848	69,260	70,668	58,696	63,815	56,440	58,927	64,291	84,722	77,648	87,752
8511-4642-44541 OIP-Medicare	201,089	273,471	381,114	265,333	364,367	293,416	423,242	416,387	415,935	329,727	290,492	432,246	492,829
8511-4650-44541 OIP-Medicare	83,319	43,235	37,154	17,290	51,119	16,132	30,660	10,122	14,365	19,658	14,594	41,001	57,927
8511-4660-44541 OIP-Medicare	129,614	53,730	76,752	84,056	124,724	48,779	58,362	114,368	74,754	87,088	141,848	152,240	114,854
8511-4670-44541 OIP-Medicare	44,620	44,333	76,404	57,642	61,266	69,994	52,080	88,850	66,006	81,561	109,690	153,644	113,072
8511-4680-44541 OIP-Medicare	218,128	127,628	104,850	118,159	121,891	136,382	136,224	192,894	272,785	257,530	183,261	253,728	172,549
8511-4690-44541 OIP-Medicare	67,489	26,697	40,676	64,006	105,687	44,247	41,684	57,850	58,328	52,799	53,115	64,879	67,252
8511-4710-44541 OIP-Medicare	38,841	36,788	41,542	32,077	46,434	27,173	31,924	38,686	34,759	16,398	31,796	39,955	37,257
8511-4720-44541 OIP-Medicare	1,641	41,180	10,148	893	13,392	1,709	3,122	27,636	8,254	15,929	24,822	5,396	5,458
8511-4722-44541 OIP-Medicare	0	0	5,583	0	0	0	0	0	0	0	0	0	0
8511-4730-44541 OIP-Medicare	17,674	14,365	7,647	1,336	13,117	898	4,915	27,287	13,274	11,439	24,317	4,837	1,742
8511-4760-44541 OIP-Medicare	2,503	7,864	10,303	7,607	11,284	5,211	3,520	9,752	29,348	8,481	23,531	3,723	35,220
8511-4775-44541 OIP-Medicare	28,105	16,260	30,394	37,673	47,368	43,188	26,048	31,297	32,743	54,572	43,832	28,406	38,679
Total Medicare	1,643,695	1,491,368	1,698,404	1,810,472	1,997,186	1,525,245	2,134,987	2,008,309	2,082,996	1,710,141	2,143,308	2,065,803	2,194,534
Medicare MgtCare:													
8511-3151-44542 OIP-Medicare MgtCare	45,717	160,531	70,413	38,080	35,217	39,473	9,737	71,960	49,350	37,779	45,367	91,854	18,606
8511-4010-44542 OIP-Medicare MgtCare	44,551	51,587	31,536	46,472	28,051	27,584	33,852	46,186	45,369	30,438	30,990	42,928	53,290
8511-4076-44542 OIP-Medicare MgtCare	8,147	12,361	38,129	21,553	34,667	33,504	38,994	39,096	57,280	30,064	27,824	37,380	28,219
8511-4080-44542 OIP-Medicare MgtCare	22,750	8,027	22,253	16,005	21,786	34,514	33,519	27,043	35,565	48,645	56,000	64,110	58,253
8511-4087-44542 OIP-Medicare MgtCare	0	1,673	3,111	0	2,728	0	0	0	0	0	0	0	0
8511-4090-44542 OIP-Medicare MgtCare	0	0	0	0	0	0	0	5,844	0	6,912	0	0	0
8511-4183-44542 OIP-Medicare MgtCare	4,437	0	0	13,311	4,437	8,874	0	4,437	8,874	0	17,748	0	0
8511-4400-44542 OIP-Medicare MgtCare	0	3,570	7,381	2,895	6,839	3,174	0	0	0	0	0	0	0
8511-4420-44542 OIP-Medicare MgtCare	161,341	170,695	281,702	238,962	354,036	231,420	231,471	173,366	388,543	225,738	261,387	286,350	243,435
8511-4427-44542 OIP-Medicare MgtCare	17,766	15,518	34,710	24,502	34,300	26,342	33,750	12,900	39,570	25,020	28,338	27,464	14,043
8511-4429-44542 OIP-Medicare MgtCare	5,140	0	4,226	5,700	0	0	2,780	0	3,595	0	1,726	2,695	0
8511-4450-44542 OIP-Medicare MgtCare	13,167	15,246	30,639	21,567	37,0</								

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-0087-44543 OIP-Medicare At Risk	1,280	2,963	0	0	0	0	0	0	0	0	0	0	0
8511-0090-44543 OIP-Medicare At Risk	0	0	0	0	0	0	0	6,912	9,216	16,128	20,735	0	0
8511-0183-44543 OIP-Medicare At Risk	8,874	0	0	8,874	(4,437)	4,437	13,311	8,874	4,437	8,874	4,437	13,311	4,437
8511-0400-44543 OIP-Medicare At Risk	6,281	7,168	3,810	0	0	0	0	0	0	0	0	0	0
8511-0420-44543 OIP-Medicare At Risk	397,429	354,732	502,919	416,008	420,633	303,974	237,164	250,720	465,211	329,013	405,776	435,852	681,989
8511-0427-44543 OIP-Medicare At Risk	39,814	41,654	46,554	46,350	61,236	33,488	35,839	30,891	65,123	49,269	59,742	41,868	89,862
8511-0429-44543 OIP-Medicare At Risk	1,726	7,580	4,926	4,926	4,926	4,926	6,021	5,390	12,112	8,512	7,612	7,425	0
8511-0450-44543 OIP-Medicare At Risk	31,962	33,493	45,276	42,126	67,200	41,496	42,920	29,042	58,110	44,148	51,662	50,778	91,052
8511-0470-44543 OIP-Medicare At Risk	180,817	128,447	460,502	103,375	371,980	155,535	54,638	71,134	146,115	50,851	52,354	146,370	136,039
8511-0471-44543 OIP-Medicare At Risk	3,640	6,767	3,608	3,217	3,403	3,411	7,503	4,449	3,509	4,347	1,895	4,688	4,494
8511-0500-44543 OIP-Medicare At Risk	113,324	144,427	143,052	181,033	184,667	155,974	170,634	191,713	212,355	118,110	127,834	193,616	135,292
8511-0509-44543 OIP-Medicare At Risk	0	100	902	42	14	51	411	565	314	113	113	409	52
8511-0520-44543 OIP-Medicare At Risk	32,447	30,430	47,458	78,831	36,845	31,745	34,758	33,225	28,123	35,247	48,535	32,086	72,952
8511-0540-44543 OIP-Medicare At Risk	726	4,595	678	2,585	2,904	2,178	3,388	1,210	2,468	726	968	968	0
8511-0570-44543 OIP-Medicare At Risk	205,675	76,692	185,939	161,592	79,534	485,728	195,486	81,901	201,572	101,743	86,258	371,012	408,569
8511-0573-44543 OIP-Medicare At Risk	53,235	52,712	95,510	21,903	43,603	61,387	68,292	26,857	82,292	15,521	75,641	34,799	73,899
8511-0591-44543 OIP-Medicare At Risk	40,515	60,782	47,155	67,501	81,708	60,189	48,765	96,039	61,376	71,790	48,578	105,924	82,563
8511-0620-44543 OIP-Medicare At Risk	0	0	1,914	0	957	957	0	1,581	0	3,162	1,581	1,581	0
8511-0630-44543 OIP-Medicare At Risk	47,518	26,550	37,594	39,200	40,317	32,638	36,345	23,235	29,644	14,726	17,196	20,467	28,748
8511-0642-44543 OIP-Medicare At Risk	241,532	305,200	256,484	193,442	221,402	124,136	300,516	251,337	288,832	212,637	222,919	132,839	82,673
8511-0650-44543 OIP-Medicare At Risk	0	4,044	4,043	7,774	3,832	1,687	10,458	0	15,201	10,458	10,458	16,889	16,589
8511-0660-44543 OIP-Medicare At Risk	36,730	75,234	27,416	0	50,080	30,946	29,856	26,277	11,572	33,193	17,593	36,514	41,113
8511-0670-44543 OIP-Medicare At Risk	64,125	65,038	137,636	125,258	107,142	85,941	36,764	31,191	37,798	28,052	19,889	41,760	19,463
8511-0690-44543 OIP-Medicare At Risk	41,048	32,510	47,689	68,957	69,770	36,644	40,747	102,526	54,551	67,096	37,252	51,041	129,954
8511-0690-44543 OIP-Medicare At Risk	8,262	4,016	20,605	29,999	10,665	24,007	5,604	14,350	12,551	23,268	11,189	37,434	21,445
8511-0710-44543 OIP-Medicare At Risk	45,335	57,080	64,325	70,759	46,384	57,866	63,708	59,292	73,039	49,378	65,170	54,019	74,707
8511-0720-44543 OIP-Medicare At Risk	1,224	3,687	10,215	11,980	15,381	21,040	37,920	28,928	27,771	13,071	16,397	28,407	18,664
8511-0730-44543 OIP-Medicare At Risk	0	0	1,438	5,467	10,672	0	5,769	0	5,744	0	0	5,737	2,801
8511-0760-44543 OIP-Medicare At Risk	115,714	144,851	233,637	243,922	223,938	136,026	157,477	140,841	103,651	101,250	201,682	186,033	198,013
8511-0775-44543 OIP-Medicare At Risk	13,247	11,621	16,093	9,117	15,219	16,669	14,081	18,017	16,485	15,727	12,409	26,323	17,692
Total Medicare Risk	1,809,348	2,020,844	2,627,874	2,233,784	2,418,226	2,173,884	1,871,529	1,884,544	2,324,434	1,708,775	1,853,827	2,387,549	2,575,396
Medi-Cal													
8511-3151-44551 OIP-Medi-Cal	2,298	3,451	0	0	0	9,317	0	9,751	0	0	0	4,802	0
8511-4010-44551 OIP-Medi-Cal	10,223	14,917	51,258	11,922	34,147	5,366	20,259	29,358	42,657	21,030	16,395	15,034	24,169
8511-0076-44551 OIP-Medi-Cal	0	1,768	0	1,716	3,246	3,047	5,564	1,420	1,120	3,690	3,688	1,389	0
8511-0080-44551 OIP-Medi-Cal	0	3,422	3,432	0	1,711	3,052	4,689	7,989	18,804	21,535	21,452	18,574	20,544
8511-0087-44551 OIP-Medi-Cal	189,626	147,841	162,155	129,111	174,960	160,448	102,354	129,155	130,421	132,309	122,644	97,509	125,552
8511-0093-44551 OIP-Medi-Cal	0	0	0	0	0	6,330	8,440	18,990	6,330	496	0	0	0
8511-0183-44551 OIP-Medi-Cal	0	0	0	0	0	0	4,437	8,874	0	0	0	0	0
8511-0268-44551 OIP-Medi-Cal	99,357	107,679	141,296	120,256	127,452	135,350	128,525	156,027	181,649	188,117	138,879	146,171	144,234
8511-0400-44551 OIP-Medi-Cal	494,390	425,202	413,983	343,923	409,205	501,615	381,853	461,417	442,499	414,174	445,050	331,585	444,156
8511-0420-44551 OIP-Medi-Cal	10,397	11,850	28,604	98,214	75,417	37,374	35,620	78,256	53,136	29,572	22,644	61,782	0
8511-0427-44551 OIP-Medi-Cal	2,042	2,245	2,042	10,210	8,372	3,676	4,391	9,702	7,149	5,361	2,553	9,702	0
8511-0429-44551 OIP-Medi-Cal	0	0	0	0	0	0	1,600	0	0	0	0	0	0
8511-0450-44551 OIP-Medi-Cal	1,071	1,302	2,247	12,369	9,366	4,515	3,944	10,374	9,932	5,070	1,768	7,644	0
8511-0470-44551 OIP-Medi-Cal	0	637	2,789	25,312	43,438	471	10,419	21,907	10,687	2,089	7,691	11,685	0
8511-0471-44551 OIP-Medi-Cal	1,475	1,122	1,119	1,241	1,567	1,122	1,056	1,473	2,001	1,188	1,915	1,220	1,583
8511-0500-44551 OIP-Medi-Cal	54,266	49,538	66,677	42,367	85,774	49,420	45,438	67,316	62,817	64,812	39,305	51,307	56,933
8511-0509-44551 OIP-Medi-Cal	441	(128)	2,543	113	16	31	48	35	11	259	22	0	782
8511-0520-44551 OIP-Medi-Cal	3,115	0	991	2,824	2,589	0	3,558	552	2,885	1,696	0	2,272	1,747
8511-0540-44551 OIP-Medi-Cal	0	0	0	0	0	0	484	0	0	0	0	0	0
8511-0570-44551 OIP-Medi-Cal	717	1,929	3,994	0	1,929	0	0	0	3,097	18,369	0	0	0
8511-0573-44551 OIP-Medi-Cal	7,039	8,482	26,672	0	8,657	0	0	0	8,782	0	0	0	0
8511-0591-44551 OIP-Medi-Cal	2,049	5,156	8,796	520	2,600	5,676	520	6,716	2,315	11,497	1,560	7,786	5,676
8511-0620-44551 OIP-Medi-Cal	0	0	0	0	0	0	0	0	0	0	0	3,162	0
8511-0630-44551 OIP-Medi-Cal	14,012	13,011	23,554	9,594	17,997	17,989	9,315	19,414	15,712	7,304	13,843	19,717	6,319
8511-0642-44551 OIP-Medi-Cal	175,322	233,183	271,136	230,489	66,832	206,907	95,544	250,142	193,866	135,773	234,546	561,832	418,046
8511-0650-44551 OIP-Medi-Cal	2,925	0	3,832	5,227	0	0	0	0	0	6,222	0	6,331	0
8511-0660-44551 OIP-Medi-Cal	0	0	0	0	0	0	0	0	0	6,385	5,509	0	14,680
8511-0670-44551 OIP-Medi-Cal	6,522	18,759	10,345	12,404	12,540	6,176	13,646	19,349	13,263	15,701	10,948	11,426	11,104
8511-0690-44551 OIP-Medi-Cal	27,511	4,165	20,342	10,481	46,380	12,463	15,045	11,524	24,621	23,722	34,115	35,671	0
8511-0690-44551 OIP-Medi-Cal	15,066	6,581	12,718	8,771	9,204	8,258	8,760	11,694	7,798	12,314	4,626	633	11,438
8511-0710-44551 OIP-Medi-Cal	5,299	5,259	6,470	14,737	20,123	12,364	(2,252)	9,118	10,998	6,821	6,320	9,075	0
8511-0720-44551 OIP-Medi-Cal	0	0	1,224	0	0	0	2,040	0	0	1,224	0	0	216
8511-0760-44551 OIP-Medi-Cal	3,930	0	0	7,652	8,717	4,389	0	0	3,309	0	0	3,776	0
8511-0775-44551 OIP-Medi-Cal	5,543	2,976	4,511	2,070	1,488	4,058	0	0	1,029	0	0	0	0
8511-0801-44551 OIP-Medi-Cal	180	0	180	0	0	900	532	0	720	180	180	900	720
Total Medi-Cal	1,135,254	1,070,407	1,274,628	1,100,035	1,173,727	1,198,284	907,625	1,344,992	1,229,758	1,141,505	1,125,125	1,411,781	1,337,380
Medi-Cal MgdCare:													
8511-3151-44552 OIP-Medi-Cal MgdCare	39,891	141,064	66,185	52,633	88,431	72,198	20,916	44,233	31,150	22,071	36,309	53,025	38,080
8511-4010-44552 OIP-Medi-Cal MgdCare	91,421	76,033	115,822	90,074	77,735	85,165	91,424	73,106	68,934	68,021	100,873	97,841	47,610
8511-0076-44552 OIP-Medi-Cal MgdCare	13,109	39,518	63,703	40,836	64,854	66,171	56,502	77,800	55,702	90,003	93,003	89,367	69,093
8511-0080-44552 OIP-Medi-Cal MgdCare	82,688	59,397	76,874	63,988	80,480	97,213	98,076	118,593	118,622	105,048	119,250	171,647	121,516
8511-0087-44552 OIP-Medi-Cal MgdCare	205,020	189,248	205,585	177,304	148,848	116,208	153,039	192,583	166,775	157,743	167,009	176,005	163,950
8511-0090-44552 OIP-Medi-Cal MgdCare	9,740	5,844	38,960	23,376	25,324	0	0	0	0	0	0	0	0
8511-0093-44552 OIP-Medi-Cal MgdCare	0	0	400										

**Verity Heat Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4680-44552 OIP-Medi-Cal MgdCare	40,055	83,778	112,554	78,183	91,504	102,539	182,971	103,568	86,650	95,952	153,380	163,732	134,768
8511-4690-44552 OIP-Medi-Cal MgdCare	49,920	70,428	53,224	76,415	86,497	62,655	45,840	118,847	51,301	108,778	106,654	75,797	67,223
8511-4710-44552 OIP-Medi-Cal MgdCare	127,107	151,806	144,444	174,394	173,531	139,655	137,772	1,119,869	119,171	126,992	135,886	135,886	165,607
8511-4720-44552 OIP-Medi-Cal MgdCare	15,170	10,069	25,539	38,419	16,484	30,742	36,901	16,680	11,458	21,849	15,832	18,083	11,262
8511-4722-44552 OIP-Medi-Cal MgdCare	0	0	0	0	0	0	0	0	0	0	0	758	0
8511-4730-44552 OIP-Medi-Cal MgdCare	35,133	14,667	39,180	10,840	9,044	37,767	14,889	21,100	21,595	44,703	22,124	26,772	8,126
8511-4760-44552 OIP-Medi-Cal MgdCare	153,617	201,815	385,883	227,220	248,907	139,172	171,148	177,884	227,395	152,685	164,582	239,958	239,958
8511-4775-44552 OIP-Medi-Cal MgdCare	20,733	27,876	35,749	18,312	21,798	16,711	17,613	22,292	18,566	20,674	28,753	15,252	22,338
8511-4831-44552 OIP-Medi-Cal MgdCare	0	0	0	360	180	0	180	0	0	180	180	360	0
Total: Medi-Cal MgdCare	4,604,524	5,720,546	6,001,940	5,190,765	5,284,016	4,631,575	5,044,258	6,001,207	4,989,510	5,395,654	5,051,819	5,909,282	5,436,347
Medi-Cal Risk:													
8511-3151-44553 OIP-Medi-Cal At Risk	18,305	45,703	14,119	9,618	10,248	8,988	13,699	15,246	8,764	3,241	6,705	31,689	2,295
8511-4010-44553 OIP-Medi-Cal At Risk	14,984	15,606	42,489	9,499	16,681	7,231	32,492	10,016	12,163	15,476	5,607	4,923	1,060
8511-4076-44553 OIP-Medi-Cal At Risk	8,049	14,924	24,927	14,353	19,311	22,983	19,757	28,885	12,081	29,469	14,585	31,304	21,147
8511-4080-44553 OIP-Medi-Cal At Risk	5,364	5,364	8,581	21,167	14,722	6,114	21,690	31,004	15,406	20,934	19,854	20,469	21,538
8511-4087-44553 OIP-Medi-Cal At Risk	64,373	40,386	19,949	34,814	33,795	28,378	48,851	31,661	25,735	30,067	33,274	35,523	24,759
8511-4090-44553 OIP-Medi-Cal At Risk	0	0	11,688	15,584	9,740	0	0	0	0	0	0	0	0
8511-4183-44553 OIP-Medi-Cal At Risk	8,874	4,437	0	0	0	0	13,311	4,437	0	0	4,437	0	0
8511-4195-44553 OIP-Medi-Cal At Risk	0	0	40	0	0	0	0	0	0	0	0	0	0
8511-4400-44553 OIP-Medi-Cal At Risk	190,758	111,065	51,561	114,866	159,834	127,024	152,023	90,998	91,550	147,857	145,540	121,608	101,218
8511-4420-44553 OIP-Medi-Cal At Risk	391,571	351,438	526,611	339,614	609,115	532,268	343,611	415,265	416,301	436,229	521,789	342,924	379,859
8511-4427-44553 OIP-Medi-Cal At Risk	78,384	39,610	57,376	38,592	80,228	47,988	51,159	51,318	66,120	69,696	75,318	55,905	61,530
8511-4428-44553 OIP-Medi-Cal At Risk	0	0	0	1,726	0	1,600	0	0	7,190	2,695	4,421	8,085	0
8511-4450-44553 OIP-Medi-Cal At Risk	35,154	37,758	58,149	33,243	61,781	60,627	47,975	51,714	53,690	54,262	63,674	36,660	50,492
8511-4470-44553 OIP-Medi-Cal At Risk	197,597	218,871	85,764	72,747	210,290	142,398	124,235	122,637	105,320	75,352	123,025	71,594	53,517
8511-4471-44553 OIP-Medi-Cal At Risk	908	1,321	942	463	1,140	1,571	2,393	463	946	1,449	330	945	1,692
8511-4500-44553 OIP-Medi-Cal At Risk	52,690	54,619	58,340	70,385	62,753	45,626	55,203	38,155	66,000	70,672	51,619	40,624	29,330
8511-4509-44553 OIP-Medi-Cal At Risk	50	22	0	11	11	14	40	0	11	0	42	0	0
8511-4520-44553 OIP-Medi-Cal At Risk	27,036	24,389	68,782	25,310	33,451	33,891	21,018	37,304	35,408	41,552	31,562	19,070	22,022
8511-4540-44553 OIP-Medi-Cal At Risk	1,507	726	0	968	0	242	0	0	968	484	1,210	2,178	0
8511-4570-44553 OIP-Medi-Cal At Risk	28,469	15,248	0	1,330	1,982	19,060	108,795	2,000	22,452	24,128	22,749	10,125	8,257
8511-4573-44553 OIP-Medi-Cal At Risk	18,850	36,610	0	0	7,214	27,273	27,630	7,039	13,336	15,526	8,482	40,852	22,525
8511-4591-44553 OIP-Medi-Cal At Risk	7,245	16,517	27,869	11,916	6,975	18,051	11,754	19,705	14,787	23,832	18,480	19,817	14,257
8511-4630-44553 OIP-Medi-Cal At Risk	19,241	16,476	16,921	21,411	14,471	18,606	9,806	24,617	17,014	20,891	11,640	10,767	12,037
8511-4642-44553 OIP-Medi-Cal At Risk	0	29,027	25,675	8,393	51,632	16,038	0	215,773	317,168	245,843	259,550	103,870	350
8511-4650-44553 OIP-Medi-Cal At Risk	4,849	5,248	8,012	0	0	5,323	3,636	0	0	3,526	0	6,222	6,011
8511-4660-44553 OIP-Medi-Cal At Risk	6,945	0	0	0	6,063	5,109	0	0	0	0	0	0	0
8511-4670-44553 OIP-Medi-Cal At Risk	48,744	19,437	27,649	5,980	13,777	13,352	19,194	22,869	4,682	6,677	6,023	5,546	0
8511-4680-44553 OIP-Medi-Cal At Risk	10,711	10,548	23,661	6,833	28	4,040	8,061	8,729	30,078	17,141	10,011	18,647	12,458
8511-4690-44553 OIP-Medi-Cal At Risk	2,992	14,729	26,770	6,753	1,608	14,942	0	0	15,956	17,501	28,571	29,497	31,515
8511-4710-44553 OIP-Medi-Cal At Risk	33,235	25,487	47,073	33,997	45,022	49,658	41,366	37,856	59,502	30,988	46,288	23,669	36,114
8511-4720-44553 OIP-Medi-Cal At Risk	0	7,974	1,224	0	0	408	4,973	0	5,555	2,871	3,030	6,897	0
8511-4730-44553 OIP-Medi-Cal At Risk	0	0	0	0	0	0	0	0	6,532	0	6,023	3,655	0
8511-4760-44553 OIP-Medi-Cal At Risk	85,324	49,480	137,359	82,487	127,088	111,832	56,508	101,462	107,327	100,394	81,711	91,871	74,403
8511-4775-44553 OIP-Medi-Cal At Risk	5,106	3,190	11,381	9,757	5,499	4,381	2,928	1,730	5,073	5,433	4,174	4,177	1,038
8511-4801-44553 OIP-Medi-Cal At Risk	0	0	180	0	0	0	0	0	0	0	0	0	180
Total: Medi-Cal Risk	1,365,315	1,215,758	1,383,482	991,817	1,603,519	1,376,017	1,242,118	1,370,253	1,537,115	1,518,186	1,610,274	1,198,922	989,546
Other Govt:													
8511-3151-44561 OIP-Other Govt FFS	0	0	3,031	0	0	0	0	0	0	3,766	0	1,456	0
8511-4010-44561 OIP-Other Govt FFS	0	0	0	0	0	2,803	0	0	0	0	0	0	0
8511-4076-44561 OIP-Other Govt FFS	0	380	0	0	380	0	0	0	0	0	0	0	0
8511-4087-44561 OIP-Other Govt FFS	0	0	1,290	1,509	1,509	4,018	0	1,509	0	0	0	0	2,005
8511-4093-44561 OIP-Other Govt FFS	3,200	3,600	4,000	2,400	2,800	3,200	1,488	4,960	2,480	0	1,488	4,960	0
8511-4400-44561 OIP-Other Govt FFS	0	0	3,174	2,885	0	10,013	0	0	0	0	3,131	0	3,200
8511-4420-44561 OIP-Other Govt FFS	0	28,379	0	55,287	14,786	0	14,785	17,712	8,934	14,786	0	0	0
8511-4427-44561 OIP-Other Govt FFS	0	3,880	0	5,922	1,838	0	2,553	2,553	3,673	0	0	0	0
8511-4450-44561 OIP-Other Govt FFS	0	3,255	0	7,728	2,205	0	2,626	3,172	1,040	2,678	0	0	0
8511-4470-44561 OIP-Other Govt FFS	0	1,239	354	4,610	137	0	0	610	4,781	1,984	0	0	0
8511-4500-44561 OIP-Other Govt FFS	0	0	442	2,912	483	3,540	987	1,134	925	4,193	(77)	1,805	2,655
8511-4509-44561 OIP-Other Govt FFS	0	0	0	0	0	0	15	0	0	25	0	0	20
8511-4520-44561 OIP-Other Govt FFS	2,187	729	3,318	1,427	3,863	1,290	0	4,770	4,290	6,740	0	3,707	6,093
8511-4591-44561 OIP-Other Govt FFS	0	0	0	0	0	0	0	520	0	520	0	920	0
8511-4630-44561 OIP-Other Govt FFS	0	0	1,040	2,314	568	1,693	0	0	0	678	0	2,814	0
8511-4642-44561 OIP-Other Govt FFS	451,845	271,134	251,987	476,091	803,776	372,992	451,503	346,588	281,315	676,939	518,391	424,119	425,346
8511-4660-44561 OIP-Other Govt FFS	5,743	0	0	0	0	5,743	0	0	0	5,961	0	0	0
8511-4680-44561 OIP-Other Govt FFS	140	28	84	210	112	7,035	56	28	56	140	56	56	112
8511-4690-44561 OIP-Other Govt FFS	99,491	43,224	64,485	41,668	94,298	58,946	48,376	93,517	62,589	78,667	77,633	104,000	82,111
8511-4710-44561 OIP-Other Govt FFS	0	2,055	0	5,872	1,441	4	1,330	815	991	1,859	0	0	0
8511-4720-44561 OIP-Other Govt FFS	0	0	0	816	0	0	0	0	0	0	0	0	0
8511-4760-44561 OIP-Other Govt FFS	0	0	7,710	0	0	4,344	0	0	3,520	3,723	0	0	10,552
8511-4775-44561 OIP-Other Govt FFS	9,454	8,728	7,641	9,835	8,785	5,058	507	6,559	6,459	2,436	7,020	6,549	2,976
Total: Other Govt	571,860	367,631	368,556	620,880	937,797	478,878	524,227	484,448	378,678	808,698	607,642	545,092	534,465
Other Govt MgdCare													
8511-3151-44562 OIP-Other Govt MgdCare	0	0	0	3,976	6,153	5,957	7,427	0	3,451	15,561	9,737	7,427	105
8511-4010-44562 OIP-Other Govt MgdCare	0	603	1,206	603	0	2,916	2,069	0	3,237	0	568	13,260	0
8511-4076-44562 OIP-Other Govt MgdCare	0	0	0	0	239	3,339	3,812	38,048	56,124	59,564	50,870	60,545	34,739
8511-4080-44562 OIP-Other Govt MgdCare	0	0	0	0	0	0	3,558	17,325	13,687	0	0	0	0
8511-4087-44562 OIP-Other Govt MgdCare	17,066	3,346	12,453	6,507	6,307	10,525	5,894	13,445	5,998	8,450	8,178	5,875	15,800

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4670-44562 OIP-Other Govt MgtCare	0	0	1,762	8,124	8,124	2,968	1,396	0	1,396	8,124	0	3,696	0
8511-4680-44562 OIP-Other Govt MgtCare	0	0	16,444	21,056	10,548	10,740	0	10,548	22,380	0	10,723	22,274	32,753
8511-4690-44562 OIP-Other Govt MgtCare	0	5,633	0	0	0	26,504	0	0	0	13,252	13,252	5,614	0
8511-4710-44562 OIP-Other Govt MgtCare	1,657	7,213	14,917	17,221	24,798	27,607	28,474	25,723	22,675	32,046	27,462	38,384	32,115
8511-4720-44562 OIP-Other Govt MgtCare	0	831	1,808	0	330	0	0	0	0	0	0	1,239	1,709
8511-4730-44562 OIP-Other Govt MgtCare	0	0	4,973	0	0	0	0	0	0	0	0	0	2,082
8511-4760-44562 OIP-Other Govt MgtCare	0	0	0	3,520	0	0	0	0	23,170	40,274	82,983	56,121	75,204
8511-4775-44562 OIP-Other Govt MgtCare	0	0	0	0	0	5,261	0	0	0	0	597	1,699	0
8511-4801-44562 OIP-Other Govt MgtCare	0	0	0	0	0	180	0	0	0	0	0	0	0
Total: Other Govt MgtCare	126,200	72,833	429,037	390,535	798,446	850,934	552,459	583,456	739,044	903,749	953,552	1,071,221	852,482
County Indigent:													
8511-4010-44571 OIP-County Indigent	0	16,572	16,743	0	0	23,455	0	0	0	13,988	0	8,897	0
8511-4076-44571 OIP-County Indigent	547	0	0	0	0	0	0	0	0	0	0	0	0
8511-4087-44571 OIP-County Indigent	0	0	0	0	0	2,799	0	0	0	0	0	0	1,290
8511-4400-44571 OIP-County Indigent	0	0	2,865	0	0	3,174	0	0	0	0	0	0	3,200
8511-4471-44571 OIP-County Indigent	0	0	0	0	0	854	0	0	0	216	0	2,256	0
8511-4500-44571 OIP-County Indigent	1,033	2,163	5,633	0	0	7,247	0	0	0	1,874	0	4,035	3,055
8511-4630-44571 OIP-County Indigent	0	0	483	0	0	1,136	0	0	0	1,032	0	506	506
8511-4670-44571 OIP-County Indigent	2,471	2,471	2,471	0	0	2,471	0	0	0	0	0	0	2,610
8511-4680-44571 OIP-County Indigent	0	0	4,420	0	0	15,508	0	0	0	8,724	0	0	12,458
8511-4710-44571 OIP-County Indigent	0	0	222	0	0	366	0	0	0	1,680	0	416	121
8511-4720-44571 OIP-County Indigent	0	0	0	0	0	0	0	0	0	0	0	1,632	0
8511-4775-44571 OIP-County Indigent	0	0	458	0	0	1,771	0	0	0	642	0	0	0
Total: County Indigent	4,051	23,206	33,325	0	0	58,781	0	0	0	28,157	0	17,742	23,240
Other:													
8511-3900-44591 OIP-Other	(115,359)	390,903	(271,595)	151,409	(251,787)	(150,611)	723,160	(444,905)	(252,571)	(176,738)	688,581	118,073	(368,160)
Total: Other	(115,359)	390,903	(271,595)	151,409	(251,787)	(150,611)	723,160	(444,905)	(252,571)	(176,738)	688,581	118,073	(368,160)
Total OIP	15,436,088	16,625,219	18,010,748	16,400,428	18,650,497	16,630,498	17,922,068	17,198,244	17,790,271	19,080,721	18,977,065	20,296,815	17,967,992
ER:													
Self Pay													
8511-4010-44701 ER-Self Pay	2,756,134	3,547,998	3,457,289	3,805,445	4,886,311	5,219,788	5,021,229	4,919,387	3,556,244	4,338,693	3,649,893	2,902,719	2,622,229
8511-4087-44701 ER-Self Pay	0	0	0	0	1,509	0	0	0	0	0	0	1,509	0
8511-4183-44701 ER-Self Pay	0	0	0	0	0	4,437	0	0	0	0	0	8,874	(13,311)
8511-4400-44701 ER-Self Pay	0	0	0	546	0	0	0	3,131	3,131	4,917	0	546	0
8511-4420-44701 ER-Self Pay	11,860	0	0	0	0	40,019	0	0	0	17,810	0	43,916	40,019
8511-4427-44701 ER-Self Pay	2,246	0	0	0	0	0	0	0	0	3,573	0	0	0
8511-4450-44701 ER-Self Pay	1,344	0	0	0	0	0	0	0	0	2,314	0	2,002	0
8511-4470-44701 ER-Self Pay	1,524	354	708	354	0	0	0	0	0	2,693	0	1,554	491
8511-4471-44701 ER-Self Pay	24,383	35,676	40,719	45,898	41,340	47,444	37,908	58,482	24,793	33,299	30,923	23,428	15,744
8511-4500-44701 ER-Self Pay	762,288	897,352	874,433	981,048	952,756	1,096,605	1,140,881	901,345	701,428	867,881	727,891	628,143	561,755
8511-4509-44701 ER-Self Pay	6,031	7,076	5,792	5,871	9,624	6,329	304	158	143	45	69	180	0
8511-4520-44701 ER-Self Pay	729	0	4,520	729	3,645	729	4,374	0	1,458	2,303	729	0	729
8511-4540-44701 ER-Self Pay	484	532	0	726	55	484	968	0	0	0	0	55	0
8511-4570-44701 ER-Self Pay	2,138	108,418	0	6,080	68,205	91,799	2,793	5,579	100,726	0	62,530	0	0
8511-4573-44701 ER-Self Pay	15,383	13,994	0	36,327	25,171	27,983	8,339	29,256	8,482	0	0	0	0
8511-4591-44701 ER-Self Pay	214,195	219,440	211,120	227,716	231,293	236,600	230,360	241,712	184,025	206,440	192,876	174,654	143,235
8511-4620-44701 ER-Self Pay	0	0	0	0	957	0	0	0	0	0	0	0	0
8511-4630-44701 ER-Self Pay	485,842	463,744	414,615	479,010	553,437	589,228	631,032	602,467	449,542	497,298	434,248	392,671	347,128
8511-4650-44701 ER-Self Pay	0	0	0	1,910	0	1,910	3,343	0	0	0	6,679	0	3,535
8511-4660-44701 ER-Self Pay	0	0	0	7,378	12,388	0	21,985	0	6,063	12,448	0	0	0
8511-4670-44701 ER-Self Pay	427,342	358,830	319,354	294,048	489,088	442,105	514,894	515,590	300,820	416,165	316,271	311,466	277,319
8511-4680-44701 ER-Self Pay	799,382	750,997	690,854	675,070	1,188,887	1,141,960	1,300,938	1,324,188	999,991	1,166,954	1,264,919	1,210,050	1,104,820
8511-4690-44701 ER-Self Pay	6,228	0	0	1,131	0	1,131	3,216	1,673	3,733	1,320	0	0	1,396
8511-4710-44701 ER-Self Pay	87,907	129,237	110,572	153,729	142,753	82,613	119,059	96,722	57,108	75,761	70,586	156,942	69,401
8511-4720-44701 ER-Self Pay	25,093	30,039	11,093	18,231	35,862	69,367	76,341	89,964	35,702	64,518	53,089	20,469	17,455
8511-4722-44701 ER-Self Pay	0	0	0	0	5,049	0	7,532	0	768	0	0	0	0
8511-4760-44701 ER-Self Pay	0	0	0	3,776	0	0	0	0	0	0	0	0	0
Total: Self Pay	5,630,531	6,603,686	6,141,068	7,045,024	8,848,930	9,110,531	9,125,486	8,789,654	6,434,150	7,714,431	6,810,703	5,878,178	5,192,045
Commn MgtCare													
8511-4010-44722 ER-Comm MgtCare	1,061,697	1,003,066	982,202	959,214	990,336	709,255	819,348	1,005,241	900,795	1,060,087	1,205,909	1,067,377	1,143,003
8511-4076-44722 ER-Comm MgtCare	0	574	610	0	0	0	0	0	0	0	0	0	0
8511-4087-44722 ER-Comm MgtCare	0	0	0	0	0	0	0	0	0	0	0	1,509	0
8511-4400-44722 ER-Comm MgtCare	0	0	0	0	0	(948)	0	0	0	0	0	3,089	0
8511-4420-44722 ER-Comm MgtCare	0	95,626	0	36,122	0	19,564	0	0	17,810	0	8,934	44,390	0
8511-4427-44722 ER-Comm MgtCare	0	0	0	2,654	0	2,042	0	0	2,553	0	2,298	2,808	0
8511-4450-44722 ER-Comm MgtCare	0	3,864	0	1,260	0	1,995	0	0	2,184	0	1,144	6,448	0
8511-4470-44722 ER-Comm MgtCare	354	10,868	1,062	491	0	11,555	0	0	2,831	0	0	9,245	3,897
8511-4471-44722 ER-Comm MgtCare	9,341	7,623	14,918	7,293	10,328	5,479	6,112	5,268	6,183	6,395	(5,722)	4,219	3,529
8511-4500-44722 ER-Comm MgtCare	320,217	310,570	297,432	265,239	257,980	201,536	223,710	265,771	254,064	290,986	384,175	346,996	358,511
8511-4509-44722 ER-Comm MgtCare	1,005	1,005	1,257	503	1,508	503	47	74	141	(110)	69	0	49
8511-4520-44722 ER-Comm MgtCare	0	1,604	729	729	2,187	1,281	0	875	1,102	(373)	1,458	0	0
8511-4540-44722 ER-Comm MgtCare	242	0	242	1,694	0	0	242	726	0	0	1,064	6,054	484
8511-4570-44722 ER-Comm MgtCare	0	176	0	0	0	(85,557)	2,609	1,284	(98,54				

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4010-44741 ER-Medicare	709,615	695,261	710,167	628,853	599,175	531,203	636,096	604,005	666,632	619,973	616,248	634,360	677,646
8511-4076-44741 ER-Medicare	0	511	0	0	0	0	0	0	0	0	0	0	0
8511-4183-44741 ER-Medicare	0	0	0	0	0	0	0	4,437	0	0	0	0	4,437
8511-4420-44741 ER-Medicare	0	0	0	546	0	0	0	0	0	0	0	0	0
8511-4420-44741 ER-Medicare	0	0	0	0	43,916	0	19,564	0	0	(29,961)	0	0	0
8511-4427-44741 ER-Medicare	0	0	0	0	4,894	0	2,553	0	0	(2,042)	0	0	0
8511-4450-44741 ER-Medicare	0	0	0	0	1,848	0	2,600	0	0	(3,671)	0	0	0
8511-4470-44741 ER-Medicare	0	0	0	0	5,972	0	0	0	0	(1,114)	0	0	0
8511-4471-44741 ER-Medicare	5,823	4,728	8,049	14,820	12,372	9,259	10,297	7,846	21,936	8,131	3,841	2,811	2,425
8511-4500-44741 ER-Medicare	216,641	275,576	242,648	221,914	237,685	209,433	251,064	210,078	222,390	228,733	187,172	192,140	224,387
8511-4509-44741 ER-Medicare	0	503	291	0	0	0	0	0	0	0	0	0	0
8511-4540-44741 ER-Medicare	0	484	0	242	484	0	0	0	0	484	726	0	968
8511-4570-44741 ER-Medicare	2,664	1,929	9,080	47	39,261	4,053	428	656	2,181	0	2,240	2,493	7,102
8511-4573-44741 ER-Medicare	15,261	13,994	55,111	11,185	48,958	24,291	13,977	2,886	13,994	0	27,201	13,994	32,848
8511-4591-44741 ER-Medicare	61,880	61,880	84,726	61,880	56,160	65,000	76,960	71,196	67,556	55,120	53,560	56,680	61,360
8511-4630-44741 ER-Medicare	86,013	93,970	87,874	86,516	68,357	94,765	108,872	115,380	104,434	102,424	92,379	99,973	95,923
8511-4650-44741 ER-Medicare	0	0	0	5,246	10,492	0	0	0	6,679	0	(4,896)	0	0
8511-4660-44741 ER-Medicare	0	0	0	0	18,356	0	16,374	27,453	0	0	0	0	6,385
8511-4670-44741 ER-Medicare	29,762	31,271	48,169	41,881	31,616	23,680	42,424	45,016	40,524	52,262	42,897	39,587	52,870
8511-4680-44741 ER-Medicare	362,860	261,551	335,250	233,522	281,095	343,223	463,465	397,506	292,214	425,338	361,228	456,101	484,842
8511-4710-44741 ER-Medicare	19,466	26,373	35,242	32,229	24,230	27,874	43,354	45,931	31,435	20,571	66,649	23,827	25,373
8511-4720-44741 ER-Medicare	30,243	64,369	25,546	59,309	50,081	38,564	124,779	90,877	62,609	35,324	53,352	21,446	42,676
8511-4775-44741 ER-Medicare	0	0	0	0	0	0	0	610	0	0	0	0	0
Total Medicare	1,540,228	1,532,401	1,642,173	1,398,190	1,534,752	1,371,345	1,812,807	1,624,087	1,532,584	1,511,572	1,502,597	1,542,392	1,719,322
Medicare MgtCare:													
8511-4010-44742 ER-Medicare MgtCare	649,191	593,545	533,010	566,825	507,618	574,251	569,462	573,544	603,944	714,430	652,627	707,697	627,779
8511-4076-44742 ER-Medicare MgtCare	405	0	205	0	0	(610)	0	0	0	0	0	0	0
8511-4080-44742 ER-Medicare MgtCare	0	0	964	0	0	0	0	0	0	0	0	0	0
8511-4183-44742 ER-Medicare MgtCare	0	0	0	0	0	8,874	0	0	0	0	0	0	0
8511-4420-44742 ER-Medicare MgtCare	0	0	0	0	0	0	35,644	(35,644)	0	0	0	0	0
8511-4427-44742 ER-Medicare MgtCare	0	0	0	0	0	0	3,063	(3,063)	0	0	0	0	0
8511-4450-44742 ER-Medicare MgtCare	0	0	0	0	0	0	3,796	(3,796)	0	0	0	0	0
8511-4470-44742 ER-Medicare MgtCare	0	(354)	354	0	0	0	38,360	(43,820)	0	0	0	0	0
8511-4471-44742 ER-Medicare MgtCare	7,429	6,365	10,115	6,469	5,177	6,551	5,161	7,387	3,957	21,970	3,186	6,408	1,878
8511-4500-44742 ER-Medicare MgtCare	216,026	239,603	187,573	215,973	174,504	218,445	258,359	192,892	232,539	272,646	217,672	240,928	210,858
8511-4509-44742 ER-Medicare MgtCare	503	251	251	0	0	1,338	0	0	14	0	0	0	0
8511-4540-44742 ER-Medicare MgtCare	532	484	242	774	242	1,210	484	0	726	726	836	242	726
8511-4570-44742 ER-Medicare MgtCare	0	(55,324)	6,933	4,593	104,950	83,630	32,544	(103,197)	2,493	3,661	856	143,325	18,837
8511-4573-44742 ER-Medicare MgtCare	0	58,999	11,964	27,988	0	10,472	0	15,340	13,994	38,984	2,885	0	40,592
8511-4591-44742 ER-Medicare MgtCare	63,916	60,276	64,956	58,196	51,392	65,952	69,160	59,800	61,836	62,444	53,275	62,312	57,676
8511-4630-44742 ER-Medicare MgtCare	65,799	66,078	87,576	77,097	66,706	74,370	81,615	79,280	86,133	79,944	80,787	87,877	72,678
8511-4650-44742 ER-Medicare MgtCare	1,910	0	0	0	0	5,246	0	10,315	3,636	0	6,775	0	2,200
8511-4660-44742 ER-Medicare MgtCare	0	11,904	13,050	7,147	0	0	6,063	0	(6,093)	6,063	0	6,063	8,719
8511-4670-44742 ER-Medicare MgtCare	27,412	40,991	23,391	16,292	34,975	33,628	35,341	20,832	31,388	62,046	37,376	34,312	44,407
8511-4680-44742 ER-Medicare MgtCare	296,227	266,926	288,236	318,783	211,490	368,400	478,646	410,547	348,341	475,969	512,947	490,222	483,419
8511-4710-44742 ER-Medicare MgtCare	69,097	130,585	45,117	18,148	17,236	122,504	21,767	95,294	90,452	22,863	24,501	33,546	15,413
8511-4720-44742 ER-Medicare MgtCare	85,715	15,081	33,867	5,127	49,822	75,586	42,497	69,102	48,874	50,678	35,886	38,604	29,166
8511-4722-44742 ER-Medicare MgtCare	0	0	128	0	0	0	0	0	0	0	0	0	0
Total Medicare MgtCare	1,484,162	1,435,410	1,307,942	1,323,212	1,224,112	1,649,845	1,672,962	1,344,814	1,522,264	1,812,414	1,629,610	1,851,536	1,614,346
Medicare Risk:													
8511-4010-44743 ER-Medicare At Risk	170,383	173,794	225,963	161,505	148,151	158,408	190,430	160,719	156,530	220,833	162,471	207,299	186,677
8511-4471-44743 ER-Medicare At Risk	1,109	771	813	1,656	1,208	1,273	1,484	1,534	1,708	8,681	530	342	519
8511-4500-44743 ER-Medicare At Risk	70,257	71,467	86,704	68,119	62,250	53,360	81,789	53,330	64,474	66,466	65,225	78,097	76,735
8511-4509-44743 ER-Medicare At Risk	0	0	0	0	251	0	0	0	0	0	0	0	12
8511-4520-44743 ER-Medicare At Risk	0	0	0	0	0	0	1,102	0	0	0	0	0	0
8511-4540-44743 ER-Medicare At Risk	0	1,586	0	0	0	726	0	0	0	242	0	0	0
8511-4570-44743 ER-Medicare At Risk	423	(423)	0	0	176	612	2,436	0	0	0	423	0	0
8511-4573-44743 ER-Medicare At Risk	0	0	0	0	12,534	0	10,297	0	0	0	0	0	0
8511-4591-44743 ER-Medicare At Risk	13,000	14,040	19,240	18,200	21,320	12,480	22,360	18,200	10,920	22,075	15,600	16,120	17,116
8511-4630-44743 ER-Medicare At Risk	17,487	17,165	22,018	27,270	22,237	17,237	26,035	26,090	22,865	40,170	22,599	25,286	27,314
8511-4650-44743 ER-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	2,920
8511-4660-44743 ER-Medicare At Risk	0	0	0	0	0	0	6,127	0	0	0	0	0	0
8511-4670-44743 ER-Medicare At Risk	9,711	17,803	29,548	10,793	9,359	7,914	7,751	18,232	13,539	21,548	18,114	15,843	10,004
8511-4680-44743 ER-Medicare At Risk	40,215	46,387	103,542	43,087	79,399	56,006	88,741	107,801	92,514	128,030	65,724	173,445	56,599
8511-4710-44743 ER-Medicare At Risk	2,436	17,884	6,481	19,183	9,000	9,230	6,322	3,398	6,520	3,077	3,278	3,278	9,097
8511-4720-44743 ER-Medicare At Risk	5,028	2,194	14,766	9,546	15,390	5,742	6,212	15,703	28,412	27,658	816	1,301	18,644
8511-4775-44743 ER-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	1,587
Total Medicare Risk	330,049	367,688	509,075	359,359	381,265	322,988	451,086	409,912	394,360	542,232	354,579	521,011	403,844
Medi-Cal													
8511-4010-44751 ER-Medi-Cal	2,050,495	1,873,030	1,857,480	1,585,931	1,612,933	1,336,755	1,493,394	1,745,489	1,652,554	1,697,742	1,760,383	1,687,865	2,143,231
8511-4087-44751 ER-Medi-Cal	0	0	0	0	0	0	0	0	0	1,509	0	0	0
8511-4400-44751 ER-Medi-Cal	0	0	0	0	0	0	0	0	0	(4,917)	3,131	0	0
8511-4420-44751 ER-Medi-Cal	17,810	0	18,554	0									

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	
	Total Medi-Cal	3,464,887	3,174,750	3,376,048	2,921,302	2,789,451	2,349,749	2,777,853	3,196,155	3,312,830	3,393,011	3,544,586	3,501,322	4,162,670
Medi-Cal MgdCare:														
8511-4010-44752 ER-Medi-Cal MgdCare	5,736,286	5,273,456	5,477,337	5,159,144	5,043,860	4,240,585	4,689,253	5,582,019	5,080,760	5,216,962	5,094,915	5,357,358	5,549,257	
8511-4076-44752 ER-Medi-Cal MgdCare	0	0	3,048	0	0	0	0	0	0	0	0	0	708	
8511-4083-44752 ER-Medi-Cal MgdCare	0	0	2,546	0	0	0	0	0	0	0	0	0	0	
8511-4087-44752 ER-Medi-Cal MgdCare	0	0	0	0	0	0	0	0	1,509	0	0	0	0	
8511-4183-44752 ER-Medi-Cal MgdCare	0	0	0	0	0	4,437	0	0	0	0	0	0	0	
8511-4400-44752 ER-Medi-Cal MgdCare	0	900	0	0	5,845	0	0	0	0	0	0	0	3,200	
8511-4429-44752 ER-Medi-Cal MgdCare	0	21,701	(3,508)	26,207	53,932	33,250	(10,794)	30,358	0	0	10,397	0	0	
8511-4427-44752 ER-Medi-Cal MgdCare	0	0	(405)	3,880	1,838	0	0	7,655	0	0	2,298	0	0	
8511-4429-44752 ER-Medi-Cal MgdCare	900	0	2,980	0	0	0	0	0	0	0	0	0	0	
8511-4450-44752 ER-Medi-Cal MgdCare	0	(1,638)	(545)	2,877	2,856	1,617	0	3,328	0	0	1,352	0	0	
8511-4470-44752 ER-Medi-Cal MgdCare	1,061	737	5,518	10,554	18,942	3,015	0	6,839	0	0	0	0	0	
8511-4471-44752 ER-Medi-Cal MgdCare	49,311	41,040	48,535	44,393	44,624	35,082	31,246	44,606	35,394	37,261	30,996	25,674	22,165	
8511-4500-44752 ER-Medi-Cal MgdCare	1,488,890	1,456,077	1,546,222	1,509,020	1,311,696	1,101,602	1,275,043	1,338,697	1,379,185	1,426,080	1,438,010	1,418,288	1,486,875	
8511-4509-44752 ER-Medi-Cal MgdCare	10,979	11,485	10,528	11,212	15,130	5,132	873	380	243	0	175	77	0	
8511-4520-44752 ER-Medi-Cal MgdCare	4,520	3,443	5,678	1,856	2,167	2,885	3,501	2,885	2,916	2,187	1,604	2,916	1,458	
8511-4540-44752 ER-Medi-Cal MgdCare	1,694	484	726	726	5,904	484	3,048	242	726	1,016	0	1,016	1,616	
8511-4570-44752 ER-Medi-Cal MgdCare	2,241	261	3,112	12,035	5,787	23,770	2,609	3,328	856	4,614	1,284	23,699	6,372	
8511-4573-44752 ER-Medi-Cal MgdCare	10,472	(15,596)	(11,148)	67,082	50,994	43,094	25,855	8,462	2,886	17,570	25,165	11,861	32,401	
8511-4591-44752 ER-Medi-Cal MgdCare	169,476	178,316	212,741	198,640	178,880	172,076	167,916	200,087	176,800	171,600	193,784	213,632	210,512	
8511-4630-44752 ER-Medi-Cal MgdCare	395,347	376,330	444,582	427,478	411,577	361,454	422,758	482,085	535,010	456,708	483,159	496,188	455,317	
8511-4650-44752 ER-Medi-Cal MgdCare	5,246	0	5,246	0	3,638	1,910	0	11,535	0	3,343	10,315	20,630	0	
8511-4660-44752 ER-Medi-Cal MgdCare	10,484	0	49,994	14,294	11,976	20,232	40,276	28,508	0	15,104	33,526	11,801	8,719	
8511-4670-44752 ER-Medi-Cal MgdCare	424,238	423,616	513,995	403,351	380,975	350,891	377,643	475,534	416,347	458,121	540,326	569,055	538,458	
8511-4680-44752 ER-Medi-Cal MgdCare	910,109	956,511	1,024,140	1,139,093	997,568	888,737	1,331,378	1,587,391	1,298,870	1,688,577	1,722,017	1,643,777	1,641,476	
8511-4690-44752 ER-Medi-Cal MgdCare	0	2,874	1,131	0	941	0	0	1,396	8,058	3,351	7,181	0	5,253	
8511-4710-44752 ER-Medi-Cal MgdCare	83,462	129,082	129,460	100,493	84,958	182,715	106,063	92,500	78,978	134,979	141,398	86,074	178,769	
8511-4720-44752 ER-Medi-Cal MgdCare	56,230	43,497	63,389	79,341	86,970	124,468	128,318	136,778	127,181	72,534	82,772	89,672	85,070	
8511-4722-44752 ER-Medi-Cal MgdCare	0	0	0	0	0	1,650	0	1,711	7,532	1,711	0	0	0	
8511-4760-44752 ER-Medi-Cal MgdCare	0	0	(7,040)	0	0	3,263	0	0	0	0	0	0	0	
8511-4775-44752 ER-Medi-Cal MgdCare	0	0	0	0	0	0	918	0	0	0	0	0	0	
8511-4801-44752 ER-Medi-Cal MgdCare	0	0	0	0	0	0	0	180	0	0	0	0	0	
Total: Medi-Cal MgdCare	9,360,955	8,901,607	9,530,258	9,213,476	8,720,975	7,603,248	8,596,304	10,046,525	9,152,743	9,724,227	9,820,673	9,972,718	10,227,526	
Medi-Cal Risk:														
8511-4010-44753 ER-Medi-Cal At Risk	477,431	341,664	542,434	363,916	437,567	437,689	411,670	646,699	617,134	562,952	530,762	571,953	512,441	
8511-4076-44753 ER-Medi-Cal At Risk	0	0	0	810	0	0	0	0	0	0	584	0	0	
8511-4400-44753 ER-Medi-Cal At Risk	0	0	372	0	0	0	0	3,131	0	0	0	0	0	
8511-4420-44753 ER-Medi-Cal At Risk	12,548	0	0	0	0	0	0	0	0	0	0	0	0	
8511-4450-44753 ER-Medi-Cal At Risk	777	0	0	0	0	0	0	0	0	0	0	0	0	
8511-4471-44753 ER-Medi-Cal At Risk	2,477	1,892	6,711	3,249	3,187	1,537	2,582	3,845	4,869	3,940	1,218	3,452	1,284	
8511-4500-44753 ER-Medi-Cal At Risk	117,728	102,874	158,364	92,787	104,347	137,756	107,857	163,355	163,874	154,608	143,106	133,353	150,008	
8511-4509-44753 ER-Medi-Cal At Risk	0	503	2,262	503	1,095	549	0	0	12	0	0	0	0	
8511-4520-44753 ER-Medi-Cal At Risk	2,333	875	0	0	0	0	0	0	0	729	0	729	0	
8511-4540-44753 ER-Medi-Cal At Risk	0	0	0	774	0	532	0	242	726	0	0	484	484	
8511-4570-44753 ER-Medi-Cal At Risk	0	0	612	0	1,753	2,164	8,304	4,134	428	428	0	856	0	
8511-4573-44753 ER-Medi-Cal At Risk	0	0	0	0	15,165	24,857	44,361	13,183	1,443	1,443	0	13,304	0	
8511-4591-44753 ER-Medi-Cal At Risk	14,560	14,560	16,120	11,960	14,560	14,040	12,480	17,160	16,640	17,680	21,276	16,720	16,640	
8511-4630-44753 ER-Medi-Cal At Risk	34,387	30,938	46,735	37,704	43,238	31,919	32,686	54,572	58,216	51,583	47,327	56,413	35,747	
8511-4680-44753 ER-Medi-Cal At Risk	0	0	7,147	0	5,157	0	0	19,789	8,775	0	0	0	0	
8511-4670-44753 ER-Medi-Cal At Risk	36,291	42,869	49,175	27,436	38,807	31,714	38,231	44,033	85,991	66,177	56,465	61,455	60,949	
8511-4680-44753 ER-Medi-Cal At Risk	22,388	82,339	124,644	64,766	65,859	51,391	110,369	131,794	162,621	149,037	115,183	169,937	138,393	
8511-4690-44753 ER-Medi-Cal At Risk	0	0	0	0	0	0	0	0	0	1,320	0	0	0	
8511-4710-44753 ER-Medi-Cal At Risk	26,671	7,189	24,002	5,851	8,241	8,673	14,345	6,886	9,324	6,969	7,131	13,852	85,027	
8511-4720-44753 ER-Medi-Cal At Risk	3,264	816	1,632	3,749	15,112	1,686	5,789	8,645	6,605	5,304	4,896	12,967	19,437	
8511-4722-44753 ER-Medi-Cal At Risk	0	0	0	0	0	707	0	0	0	10,870	0	0	1,414	
Total: Medi-Cal Risk	752,855	626,549	880,209	613,565	753,998	745,257	788,674	1,117,449	1,136,448	1,033,040	927,948	1,057,475	1,022,894	
Other Govt:														
8511-4010-44761 ER-Other Govt FFS	45,887	30,518	27,147	29,985	27,893	33,402	33,417	40,836	33,520	76,495	49,326	84,380	67,380	
8511-4470-44761 ER-Other Govt FFS	354	0	0	0	0	0	0	0	0	0	0	0	0	
8511-4471-44761 ER-Other Govt FFS	999	216	97	0	97	410	414	216	194	520	202	329	0	
8511-4500-44761 ER-Other Govt FFS	10,853	9,622	5,329	5,734	4,919	8,724	7,928	3,822	9,362	9,041	4,772	12,173	21,182	
8511-4591-44761 ER-Other Govt FFS	1,560	520	1,560	1,560	1,040	520	1,560	1,560	2,600	1,040	1,560	1,560	2,080	
8511-4630-44761 ER-Other Govt FFS	4,460	2,773	1,922	2,178	2,700	3,178	8,453	6,125	2,620	7,502	2,563	3,403	10,581	
8511-4670-44761 ER-Other Govt FFS	1,181	0	1,295	0	1,131	3,057	0	1,591	5,385	0	4,095	0	1,900	
8511-4680-44761 ER-Other Govt FFS	31,002	9,792	0	4,235	4,109	19,617	18,067	29,849	18,305	37,040	14,012	11,420	58,483	
8511-4710-44761 ER-Other Govt FFS	1,228	353	26	334	26	162	864	134	918	948	251	928	1,148	
8511-4720-44761 ER-Other Govt FFS	408	0	408	0	0	408								

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-4427-44771 ER-County Indigent	0	1,838	0	0	0	0	0	0	0	0	0	0	0
8511-4450-44771 ER-County Indigent	3,024	1,365	0	0	14,133	0	(6,615)	4,888	0	0	0	1,701	5,798
8511-4470-44771 ER-County Indigent	80,692	491	0	0	22,996	0	(6,554)	19,129	0	0	0	491	7,447
8511-4471-44771 ER-County Indigent	3,468	2,336	3,017	3,566	2,368	2,069	1,124	2,666	955	3,168	1,885	1,716	(14,172)
8511-4500-44771 ER-County Indigent	79,642	71,957	85,452	50,800	79,907	52,008	50,971	75,475	40,559	52,538	45,574	44,104	87,281
8511-4509-44771 ER-County Indigent	12	0	0	0	0	0	0	0	0	39	0	0	0
8511-4520-44771 ER-County Indigent	934	0	3,626	146	552	0	(552)	0	0	0	0	0	0
8511-4540-44771 ER-County Indigent	4,569	1,694	16,600	1,936	4,521	0	908	10,953	0	2,906	968	2,178	7,704
8511-4591-44771 ER-County Indigent	5,676	(3,076)	1,040	1,560	1,560	520	1,040	1,560	10,312	1,040	520	1,560	1,560
8511-4630-44771 ER-County Indigent	42,245	28,291	25,352	30,147	48,108	34,870	33,044	21,386	16,967	35,747	30,801	23,324	24,615
8511-4660-44771 ER-County Indigent	0	0	0	5,931	0	0	6,127	0	0	0	0	0	0
8511-4670-44771 ER-County Indigent	0	0	2,068	2,471	0	0	2,610	0	0	2,610	0	0	1,320
8511-4680-44771 ER-County Indigent	424,850	391,929	367,209	269,486	493,786	387,096	581,864	402,846	383,536	444,949	501,781	287,579	534,400
8511-4710-44771 ER-County Indigent	14,343	11,988	10,284	5,438	12,616	6,061	7,010	13,194	4,303	24,043	21,835	(38,399)	37,800
8511-4720-44771 ER-County Indigent	8,973	(7,541)	2,493	0	6,944	7,255	30,364	893	(863)	7,509	(16,386)	38,433	2,846
Total, County Indigent	952,105	858,908	815,975	634,349	1,073,153	807,634	851,876	845,514	638,880	837,818	811,662	583,568	1,012,717
Other Indigent:													
8511-4710-44781 ER-Other-Indigent	13	0	0	0	0	0	0	0	0	0	0	0	0
Total, Other Indigent	13	0	0	0	0	0	0	0	0	0	0	0	0
Total ER	25,759,982	25,700,124	26,359,420	25,777,748	27,297,222	25,671,462	28,253,027	29,806,107	26,156,071	29,122,356	28,404,741	27,873,229	28,484,283
Total Gross Outpatient Revenue	#####	#####	44,370,168	42,178,176	45,947,719	42,301,961	46,175,095	47,004,351	43,946,342	48,203,076	47,381,806	48,170,044	46,452,275
Total Gross Revenue	151,326,759	153,409,214	161,384,869	152,863,769	164,410,801	155,872,445	163,785,576	171,369,352	155,803,441	167,976,310	155,987,804	162,851,115	157,508,168
Deductions from Revenue													
Inpatient Contractual Allowances:													
<i>Medicare Traditional:</i>													
8511-5811-51141 CONT ACUTE MCARE FFS	6,309,862	10,074,362	13,489,929	13,341,029	12,903,546	12,020,649	14,136,037	15,491,205	13,361,168	14,946,860	12,584,059	13,066,318	12,887,304
8511-5811-51241 CONT SNF MCARE FFS	527,813	609,918	220,887	300,762	796,671	292,678	210,171	270,036	252,688	276,688	336,617	105,176	162,934
8511-5811-51341 CONT PSYCH MCARE FFS	24,131	393,697	68,472	45,113	(11,764)	22,570	181,716	120,433	294,123	43,107	594,850	25,218	278,553
8511-5811-51610 CA MCare FFS Inpt Acute	1,260,695	119,845	126,314	23,662	144,042	(12,639)	133,919	238,966	(367)	130,995	324,104	66,689	253,778
Total: Medicare Traditional	8,121,701	11,197,821	13,906,602	13,710,566	13,832,495	12,323,058	14,661,844	16,129,640	13,907,613	15,397,650	13,839,631	13,263,402	13,583,870
<i>Medicare - Managed Care:</i>													
8511-5812-51142 CONT ACUTE MCARE MGD CARE	707,941	53,224	(24,281)	1,287,596	6,989,729	5,847,537	5,551,051	6,752,117	6,890,615	8,921,887	8,807,244	8,475,613	6,662,583
8511-5812-51242 CONT SNF MCARE MGD CARE	0	20,768	0	0	35,497	0	0	0	130,730	2,695	0	55,973	5,677
8511-5812-51342 CONT PSYCH MCARE MGD CARE	7,962	9,957	312	0	91,030	92,645	8,965	0	35,093	25,370	118,225	0	11,545
Total: Medicare - Managed Care	715,903	83,949	(23,969)	1,287,596	6,716,255	5,940,183	5,510,036	6,752,117	7,060,437	8,949,951	8,925,470	8,531,587	6,679,805
<i>Medicare - At-Risk:</i>													
8511-5813-51143 CONT ACUTE MCARE RISK	740,518	7,243,580	11,767,661	10,706,221	10,193,115	7,831,447	6,046,457	3,486,246	5,038,060	(727,106)	8,273,810	(1,530,876)	2,012,944
8511-5813-51243 CONT SNF MCARE RISK	0	87,599	79,216	0	168,783	(16,739)	1,634	26,637	15,886	204,415	0	0	28,323
8511-5813-51343 CONT PSYCH MCARE RISK	24,003	11,543	0	0	169,758	58,024	0	14,603	18,015	0	14,210	25,511	0
Total: Medicare - At-Risk	764,519	7,342,701	11,847,077	10,706,221	10,531,656	7,873,732	6,048,091	3,529,486	5,071,961	(522,691)	8,288,020	(1,505,366)	2,041,267
<i>Medical Traditional:</i>													
8511-5821-51151 CONT ACUTE MCAID FFS	18,652,355	17,796,091	21,476,425	16,968,485	20,456,249	15,735,731	27,330,692	22,898,278	11,803,690	12,799,205	17,730,958	17,326,983	19,214,446
8511-5821-51251 CONT SNF MCAID FFS	185,596	1,135,879	427,685	511,326	303,365	142,205	809,714	162,952	361,759	317,971	163,545	96,693	110,596
8511-5821-51351 CONT PSYCH MCAID FFS	1,389,949	2,688,027	1,388,342	2,343,903	1,836,944	1,467,020	1,285,871	3,247,741	929,870	2,528,168	2,080,927	1,926,676	1,228,551
Total: Medical Traditional	20,227,900	21,619,987	23,292,452	19,843,714	22,596,557	17,344,957	29,365,943	26,955,733	12,895,511	15,690,132	20,129,857	19,350,352	20,553,592
<i>Medical - Managed Care:</i>													
8511-5822-51152 CONT ACUTE MCAID MGD CARE	30,115,448	34,765,846	36,263,080	38,686,524	32,210,967	33,264,243	34,448,142	33,472,819	39,068,768	34,763,942	31,573,765	22,481,479	35,442,302
8511-5822-51252 CONT SNF MCAID MGD CARE	52,452	12,649	194,585	104,733	(53,864)	379,406	52,951	345,558	72,601	151,446	101,242	163,545	858,552
8511-5822-51352 CONT PSYCH MCAID MGD CARE	7,364	19,030	53,910	0	2,843	21,876	31,361	270,506	1,885	75,255	0	9,548	0
Total: Medical - Managed Care	30,175,293	34,797,524	36,512,175	38,791,257	32,159,946	33,665,525	34,532,454	34,091,883	39,143,355	34,990,643	31,675,007	22,654,573	36,399,804
<i>Medical - At-Risk:</i>													
8511-5823-51153 CONT ACUTE MCAID RISK	9,588,696	4,079,545	6,110,866	1,404,858	3,338,727	6,046,496	7,921,817	8,338,987	5,668,316	9,672,977	3,557,738	9,000,626	7,330,263
8511-5823-51253 CONT SNF MCAID RISK	18,395	33,833	20,556	0	16,116	66,972	175,499	155,559	0	59,210	16,932	24,651	12,670
8511-5823-51353 CONT PSYCH MCAID RISK	0	26,333	0	0	0	0	0	0	23,506	0	0	0	0
Total: Medical - At-Risk	9,607,091	4,139,711	6,131,462	1,404,858	3,354,843	6,113,468	8,097,313	8,494,545	5,691,822	9,732,187	3,574,670	9,025,277	7,342,933
Other Indigent:													
8511-5841-51171 CONT ACUTE COUNTY TRAUMA	(6,518,941)	(1,540,950)	932,235	(2,446,314)	106,132	(264,083)	(2,358,296)	(50,666)	(919,378)	(467,210)	(211,382)	1,358,632	(5,607,497)
Total, Other Indigent	(6,518,941)	(1,540,950)	932,235	(2,446,314)	106,132	(264,083)	(2,358,296)	(50,666)	(919,378)	(467,210)	(211,382)	1,358,632	(5,607,497)
HMO:													
8511-5852-51122 CONT ACUTE COMM MGD CARE	12,611,338	12,042,001	9,247,737	8,576,141	3,694,428	4,497,556	4,259,598	5,801,407	6,936,758	8,996,911	6,652,516	7,853,035	7,650,279
8511-5852-51222 CONT SNF COMM MGD CARE	104,537	43,953	192,677	78,241	130	0	108,317	0	141,182	0	312	76,468	0
8511-5852-51322 CONT PSYCH COMM MGD CARE	154,336	48,580	47,483	31,430	6,234	54,344	(2,681)	8,111	32,323	16,048	42,472	40,964	75,872
Total, HMO	12,870,211	12,134,534	9,487,897	8,685,811	3,700,792	4,551,940	4,355,634	5,809,519	7,110,263	9,012,959	6,695,302	7,970,466	7,726,150
<i>HMO - At-Risk:</i>													
8511-5853-51123 CONT ACUTE COMM RISK	0	0	0	0	4,156	0	0	0	0	0	0	0	0
Total: HMO - At-Risk	0	0	0	0	4,156	0	0	0	0	0	0	0	0
Workers Compensation:													
8511-5854-51131 CONT ACUTE W/C FFS	0	84,564	126,176	306,878	114,378	90,720	247,219	783,020	623,710	371,905	64,434	(300)	247,218
Total: Workers Compensation	0	84,564	126,176	306,878	114,378	90,720	247,219	783,020	623,710	371,905	64,434	(300)	247,218
Other Government													
8511-5856-51161 CONT ACUTE OTHER GOVT FFS	(858,995)	(1,980,267)	(897,149)	(1,490,255)	2,892,522	1,232,056	67,684	(768,776)	(451,594)	3,068,549	(769,508)	10,011,315	1,032,734

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-5855-51261 CONT SNF OTHER GOVT FFS	0	(1)	(1)	0	0	0	0	0	0	0	0	0	0
8511-5855-51361 CONT PSYCH OTHER GOVT FFS	0	108	0	0	0	0	0	0	0	0	0	0	0
8511-5857-51810 CONT ACUTE OTHER GOVT FFS MGD C-	123,616	60,261	53,986	47,853	95,640	71,127	314,560	132,345	96,455	94,567	261,222	218,350	275,246
8511-5857-51820 C/A TRAUMA - OTHER DISCOUNT SNF	982	1,242	846	801	1,753	298	622	447	298	490	287	72	584
8511-5857-51830 C/A TRAUMA - Exempt Psych Unit	5,175	2,113	3,323	3,671	822	3,708	16,682	12,751	6,028	3,420	23,555	24,471	2,961
Total: Other Government	(729,223)	(1,916,538)	(836,995)	(1,437,930)	2,990,736	1,307,692	399,558	(829,233)	(348,813)	3,159,025	(484,843)	10,254,219	1,315,525
Total - Inpatient Contractual Allowances	75,234,454	87,943,284	101,375,112	90,852,657	96,107,947	88,947,192	100,860,796	101,871,845	90,237,481	96,314,551	92,496,165	90,903,843	90,183,687
Outpatient Contractual Allowances:													
Medicare Traditional:													
8511-5811-54541 CONT OP MCARE FFS	1,463,169	1,831,135	1,012,465	1,327,217	1,931,286	1,814,337	1,999,016	1,458,018	1,826,219	1,215,982	1,518,040	1,740,550	1,698,857
Total: Medicare Traditional	1,463,169	1,831,135	1,012,465	1,327,217	1,931,286	1,814,337	1,999,016	1,458,018	1,826,219	1,215,982	1,518,040	1,740,550	1,698,857
Medicare - Managed Care:													
8511-5812-54542 CONT OP MCARE MGD CARE	120,811	(1,086)	9,213	144,880	1,243,136	648,295	1,014,233	1,000,084	577,735	508,340	1,176,960	1,352,803	1,266,582
Total: Medicare - Managed Care	120,811	(1,086)	9,213	144,880	1,243,136	648,295	1,014,233	1,000,084	577,735	508,340	1,176,960	1,352,803	1,266,582
Medicare - At Risk:													
8511-5813-54543 CONT OP MCARE RISK	3,689,351	1,170,457	1,820,101	398,198	3,279,137	3,101,207	3,539,112	3,312,467	3,393,883	3,046,462	2,376,685	3,121,877	2,484,287
Total: Medicare - At Risk	3,689,351	1,170,457	1,820,101	398,198	3,279,137	3,101,207	3,539,112	3,312,467	3,393,883	3,046,462	2,376,685	3,121,877	2,484,287
Medical Traditional:													
8511-5821-54551 CONT OP MCAID FFS	1,874,933	(1,151,762)	792,561	668,598	1,533,664	1,577,726	4,033,016	2,904,661	821,698	(375,229)	1,406,846	147,379	2,423,540
Total: Medical Traditional	1,874,933	(1,151,762)	792,561	668,598	1,533,664	1,577,726	4,033,016	2,904,661	821,698	(375,229)	1,406,846	147,379	2,423,540
Medical - Managed Care:													
8511-5822-54552 CONT OP MCAID MGD CARE	8,506,877	11,454,393	4,378,380	9,490,951	2,774,093	6,485,014	5,613,744	5,827,453	11,636,603	7,740,460	7,390,590	4,420,435	3,693,595
Total: Medical - Managed Care	8,506,877	11,454,393	4,378,380	9,490,951	2,774,093	6,485,014	5,613,744	5,827,453	11,636,603	7,740,460	7,390,590	4,420,435	3,693,595
Medical - At Risk:													
8511-5823-54553 CONT OP MCAID RISK	1,780,118	755,932	1,191,726	620,245	1,314,793	1,530,888	2,337,659	1,394,387	1,119,357	3,683,598	857,516	2,748,347	1,954,025
Total: Medical - At Risk	1,780,118	755,932	1,191,726	620,245	1,314,793	1,530,888	2,337,659	1,394,387	1,119,357	3,683,598	857,516	2,748,347	1,954,025
HMO:													
8511-5852-54522 CONT OP COMM MGD CARE	3,267,966	1,827,857	2,918,949	2,010,977	3,588,887	2,201,313	1,767,586	1,846,220	1,574,881	1,778,987	2,864,016	2,398,821	2,075,347
Total: HMO	3,267,966	1,827,857	2,918,949	2,010,977	3,588,887	2,201,313	1,767,586	1,846,220	1,574,881	1,778,987	2,864,016	2,398,821	2,075,347
Workers Compensation:													
8511-5854-54531 CONT OP W/C FFS	27,265	22,846	37,437	24,368	43,876	42,522	86,466	87,829	93,534	105,213	90,127	70,508	69,643
Total: Workers Compensation	27,265	22,846	37,437	24,368	43,876	42,522	86,466	87,829	93,534	105,213	90,127	70,508	69,643
Other Government:													
8511-5859-54561 CONT OP OTHER GOVT FFS	722,022	(2,650)	3,218	(181)	0	15,775	14,432	141,440	290,464	837,882	325,320	181,358	176,494
8511-5857-54850 C/A TRAUMA - Outpatient	5,008	3,782	4,616	3,828	11,081	4,145	20,328	3,335	4,811	3,815	15,795	15,795	15,159
8511-5857-54851 C/A TRAUMA - OTHER DISCOUNT ER	(10,813)	1,588	2,199	(19,430)	416,675	(1,331)	410,637	641,455	1,950	208,231	295,463	1,324,822	537,189
Total: Other Government	716,218	2,720	10,034	(15,783)	427,756	18,588	428,555	803,223	295,748	1,050,924	624,597	1,521,975	728,842
Total - Outpatient Contractual Allowance	21,446,708	15,912,482	12,170,866	14,669,681	16,136,630	17,219,891	20,819,387	18,634,343	21,339,657	18,754,736	18,305,377	17,522,694	16,394,706
ER Contractual Allowances:													
Medicare Traditional:													
8511-5811-54741 CONT ER MCARE FFS	1,357,720	1,117,825	1,541,514	1,410,917	1,219,124	1,078,367	1,292,331	1,532,717	1,371,842	1,626,893	1,430,833	1,465,856	1,368,140
8511-5811-54876 C/A MCre Prior Settlement	0	0	350,076	0	0	(677,774)	0	0	385,182	(111,655)	0	0	0
Total: Medicare Traditional	1,357,720	1,117,825	1,891,590	1,410,917	1,219,124	508,593	1,292,331	1,532,717	1,756,824	1,514,238	1,430,833	1,465,856	1,368,140
Medicare - Managed Care:													
8511-5812-54742 CONT ER MCARE MGD CARE	19,419	14,475	1,291	253,633	984,401	866,263	1,133,076	693,379	834,371	1,035,321	1,390,807	1,342,337	1,216,541
Total: Medicare - Managed Care	19,419	14,475	1,291	253,633	984,401	866,263	1,133,076	693,379	834,371	1,035,321	1,390,807	1,342,337	1,216,541
Medicare - At Risk:													
8511-5813-54743 CONT ER MCARE RISK	931,395	238,959	393,720	216,290	856,499	672,945	913,362	818,482	700,025	858,986	859,357	1,109,639	525,418
Total: Medicare - At Risk	931,395	238,959	393,720	216,290	856,499	672,945	913,362	818,482	700,025	858,986	859,357	1,109,639	525,418
Medical Traditional:													
8511-5821-54751 CONT ER MCAID FFS	3,142,858	6,643,525	3,650,692	4,059,315	3,972,166	3,003,760	1,792,249	3,888,413	3,434,412	5,154,810	4,487,631	5,538,907	4,183,513
8511-5821-54876 C/A MCAID FFS Prior Settlement	0	0	0	(2,498,396)	9	0	(56,641)	0	508,009	0	0	0	0
Total: Medical Traditional	3,142,858	6,643,525	3,650,692	1,560,919	3,972,177	3,003,760	1,695,608	3,888,413	3,942,421	5,154,810	4,487,631	5,538,907	4,183,513
Medical - Managed Care:													
8511-5822-54752 CONT ER MCAID MGD CARE	8,150,244	6,860,254	10,692,166	9,841,596	10,902,371	9,172,994	8,671,647	10,820,291	6,683,609	12,124,087	12,189,854	13,106,912	11,427,148
Total: Medical - Managed Care	8,150,244	6,860,254	10,692,166	9,841,596	10,902,371	9,172,994	8,671,647	10,820,291	6,683,609	12,124,087	12,189,854	13,106,912	11,427,148
Medical - At Risk:													
8511-5823-54753 CONT ER MCAID RISK	1,572,220	376,471	933,860	379,497	1,472,872	1,003,028	1,328,909	1,461,578	878,636	2,995,582	601,219	2,678,176	1,554,573
Total: Medical - At Risk	1,572,220	376,471	933,860	379,497	1,472,872	1,003,028	1,328,909	1,461,578	878,636	2,995,582	601,219	2,678,176	1,554,573
HMO:													
8511-5852-54722 CONT ER COMM MGD CARE	2,784,398	2,833,099	2,905,236	1,482,838	1,213,055	961,939	795,856	730,673	1,046,476	1,208,660	1,612,337	1,448,002	1,629,316
Total: HMO	2,784,398	2,833,099	2,905,236	1,482,838	1,213,055	961,939	795,856	730,673	1,046,476	1,208,660	1,612,337	1,448,002	1,629,316
Workers Compensation:													

**Verity Healt Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-5854-54731 CONT ER W/C FFS	52,967	48,024	94,725	161,142	90,256	110,116	84,053	70,087	38,599	124,271	86,413	74,210	115,818
Total: Workers Compensation	52,967	48,024	94,725	161,142	90,256	110,116	84,053	70,087	38,599	124,271	86,413	74,210	115,818
Other Government													
8511-5856-54761 CONT ER OTHER GOVT FFS	19,364	3,839	(3,521)	0	3,034	2,904	2,244	14,357	0	14,364	12,240	0	3,075
Total: Other Government	19,364	3,839	(3,521)	0	3,034	2,904	2,244	14,357	0	14,364	12,240	0	3,075
Total - ER Contractual Allowances	18,030,585	18,136,481	20,565,759	15,306,831	20,713,798	16,392,542	15,917,087	20,029,867	15,880,961	24,630,300	22,673,692	26,764,639	22,024,539
Provider Fees:													
Provider Fee - Medical													
8511-5821-54877 Provider Fee - Med-Cal	0	0	0	0	0	0	(49,935,851)	(7,074,849)	(4,446,646)	(4,446,646)	(4,446,646)	(4,446,646)	(4,446,646)
Total: Provider Fee - Medical	0	0	0	0	0	0	(49,935,851)	(7,074,849)	(4,446,646)	(4,446,646)	(4,446,646)	(4,446,646)	(4,446,646)
Provider Fee - Medical-Managed Care													
8511-5821-54878 Provider Fee - Med-Cal MgdCare	0	0	0	0	(58,112,270)	0	0	0	0	0	0	(16,756,174)	(10,305,513)
Total: Provider Fee - Medical-Managed Care	0	0	0	0	(58,112,270)	0	0	0	0	0	0	(16,756,174)	(10,305,513)
Total Provider Fees:	0	0	0	0	(58,112,270)	0	(49,935,851)	(7,074,849)	(4,446,646)	(4,446,646)	(4,446,646)	(21,202,820)	(14,752,159)
DispShare Pymt													
Total - Contractual Allowances	114,711,746	121,992,247	134,111,738	120,829,169	74,846,105	122,559,625	87,661,419	133,461,206	123,011,453	135,252,941	129,028,588	113,988,357	113,850,773
Charity:													
Charity													
8511-5870-51181 CONT ACUTE: OTHER INDIGENT	180,335	1,044,501	(497,815)	1,256,580	(594,205)	1,564,990	79,850	145,287	(343,351)	(524,360)	(822,912)	(766,178)	(255,938)
8511-5870-51830 CHARITY OTHER - PSYCH	133,117	19,446	83,593	0	127,432	113,965	3,924	668,963	67,511	20,179	35,127	63,302	34,257
8511-5870-54850 CHARITY OTHER - OUTPATIENT	5,476,944	374,882	1,907,404	166,491	2,371,180	543,063	608,423	320,025	886,794	392,105	247,043	525,121	5,626,200
8511-5870-54851 CHARITY OTHER - ER	3,056,511	1,027,789	1,430,601	1,070,380	1,546,551	1,913,822	1,377,034	2,234,043	(6,570)	(139,518)	3,897,225	959,702	
Total: Charity	8,847,006	2,467,027	3,013,783	2,493,451	3,450,967	4,135,839	2,070,231	3,368,317	2,402,753	(118,645)	(680,260)	3,719,471	6,363,220
Total - Charity Allowances	8,847,006	2,467,027	3,013,783	2,493,451	3,450,967	4,135,839	2,070,231	3,368,317	2,402,753	(118,645)	(680,260)	3,719,471	6,363,220
Other:													
Other													
8511-5820-51810 POLICY DISCOUNTS INPT ACUTE	581,590	286,222	437,903	310,839	118,824	715,513	537,999	437,136	564,095	506,793	483,619	987,469	517,413
8511-5820-51830 POLICY DISCOUNTS SNF	28,512	7,713	48,475	0	0	47,884	0	0	0	3,950	1,611	0	11,669
8511-5820-51830 POLICY DISCOUNTS PSYCH	79,446	28,925	22,027	6,733	0	(8,336)	35,876	36,895	9,045	35,295	16,135	75,986	37,524
8511-5820-54850 POLICY DISCOUNTS OUT PATIENT	245,360	48,552	60,508	14,417	4,143	28,708	53,034	52,646	55,184	162,102	90,505	130,134	105,242
8511-5820-54851 POLICY DISCOUNTS ER	739,285	449,991	778,798	558,968	26,170	553,167	679,376	728,337	499,262	145,825	96,748	2,009,978	485,222
8511-5830-51810 ADMIN ADJ INPT ACUTE	283,324	1,121,109	(543,713)	961,565	536,663	(998,986)	569,277	(200,436)	700,388	1,856,360	1,530,427	(4,762,343)	649,841
8511-5830-51820 ADMIN ADJ INPT SNF	6,932	23,857	24	0	0	0	0	0	0	0	0	0	0
8511-5830-51830 ADMIN ADJ PSYCH	0	0	0	(4,970)	(2,265)	0	0	0	0	0	0	0	33,011
8511-5830-54850 ADMIN ADJ INPT OUT PATIENT	3,130	1,106	811	(3,293)	(5,528)	678	625	11,278	21,394	952	770	896	771
8511-5830-54851 ADMIN ADJ INPT OUT ER	32,685	11,718	30,626	(11,987)	(88,719)	5,243	300	(395)	3,942	8,119	7,039	7,747	17,330
Total: Other	2,001,285	1,979,194	835,458	1,832,153	609,288	343,870	1,876,487	1,065,461	1,853,310	2,723,405	2,226,854	(1,550,133)	1,858,023
Total - Other Allowances	2,001,265	1,979,194	835,458	1,832,153	609,288	343,870	1,876,487	1,065,461	1,853,310	2,723,405	2,226,854	(1,550,133)	1,858,023
DSH:													
SB 1255:													
8511-5831-51810 MEDI-CAL SB 1255 PYMTS - CA CNTY INC	(670,028)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(1,044,449)
Total: SB 1255	(670,028)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(641,667)	(1,044,449)
SB 1732													
8511-5832-51810 MEDI-CAL CRPP PAYMENTS - CA CNTY INC	(184,419)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(524,411)
Total: SB 1732	(184,419)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(183,333)	(524,411)
SB 855:													
8511-5833-51810 MEDI-CAL SB 855 PYMTS	(3,960,907)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(316,726)	(1,721,973)	(1,721,973)	(1,721,973)	(1,721,973)
Total: SB 855	(3,960,907)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(1,922,723)	(316,726)	(1,721,973)	(1,721,973)	(1,721,973)	(1,721,973)
SB 474:													
8511-5834-51810 MEDI-CAL SB 474 PYMTS	0	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	286,617
Total: SB 474	0	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	(75,583)	286,617
Total - DSH	(4,815,354)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(2,823,306)	(1,217,309)	(2,622,556)	(2,622,556)	(2,622,556)	(3,004,217)
Total - Deductions From Revenue	120,744,664	123,615,161	135,137,673	122,331,467	76,083,053	124,216,028	88,784,831	135,071,678	126,050,207	135,235,145	127,952,626	113,535,138	119,067,800
Pat. Rev. Net of Contractuals & Other De	30,582,095	29,794,052	26,247,196	30,532,301	88,327,748	31,656,417	75,000,745	36,297,674	29,753,234	32,741,165	28,035,178	49,315,977	38,440,368
Provision for Doubtful Accounts:													
8511-5800-51000 Bad Debt Expense - I/P	1,574,268	3,171,720	1,806,004	2,846,629	3,069,319	4,981,088	1,188,872	2,571,175	1,675,322	3,958,782	1,141,081	(760,900)	(2,165,649)
Total: Provision for Doubtful Accounts	1,574,268	3,171,720	1,806,004	2,846,629	3,069,319	4,981,088	1,188,872	2,571,175	1,675,322	3,958,782	1,141,081	(760,900)	(2,165,649)
Net Patient Revenue	29,007,827	26,622,332	24,441,192	27,685,672	85,258,429	26,675,329	73,811,873	33,726,499	28,077,912	28,782,383	26,894,097	50,076,877	40,606,017

**Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Other Revenue:													
Other Revenue:													
8511-5330-59920 Cafeteria Income	80,531	83,792	89,301	84,535	89,404	84,258	88,837	81,819	89,107	89,217	90,222	91,361	106,900
8511-5335-59920 Vending Machine Income	1,429	1,825	1,402	1,377	947	1,540	(570)	1,784	1,845	1,278	1,633	1,145	1,154
8511-5700-59910 Medical Records Abstracts	14,297	9,264	11,853	10,993	9,177	13,359	9,261	13,194	6,500	16,866	9,685	9,714	8,820
8511-5700-59920 HIS Income	0	0	0	0	0	0	0	0	0	255	0	0	0
8511-5780-59920 Other Operating Revenue	38,528	4,690	2,222	1,482	92,170	532	3,888	1,774	4,077	1,517	60,997	(3,914)	(204)
8511-5789-59920 Physician Billing	4,432	0	0	266	0	0	0	4,574	0	4,853	391	300	0
8511-7011-59920 Other Operating Revenue	2,830	3,100	0	0	0	2,275	925	2,775	9,185	975	0	0	0
8511-7400-59920 Other Operating Revenue	0	1,471	0	0	0	0	2,134	434	0	0	0	476	0
8511-8215-59920 Other Operating Revenue	807	4,214	840	545	1,269	0	0	0	2,033	2,580	0	1,547	445
8511-8510-59920 Other Operating Revenue	0	0	0	0	0	44,469	(12,412)	0	0	0	0	0	0
8511-8610-59920 Other Oper Rev	1,000	0	496	0	0	0	158	0	0	0	0	0	0
8511-8700-59920 HES Income	0	0	0	1,000	0	0	0	0	0	0	0	0	0
8511-8771-59920 HCI Contribution Revenue	0	448	0	0	0	0	0	0	0	0	0	0	0
8511-9293-59920 Other Oper Rev	0	0	0	1	0	0	5	8	8	8	8	8	13
8511-9400-59935 Other Revenue - Meaningful Use	0	0	0	0	0	0	0	0	0	0	23,953	0	0
Total Other Revenue	143,864	108,803	106,115	100,197	192,966	146,453	92,225	106,384	112,756	117,550	186,890	100,637	117,028
Gain or Loss on Property Sale:													
8511-8010-59965 Gains&Loss-Hospital Property	9,267	401	0	0	0	0	0	0	0	0	0	0	0
Total Gain or Loss on Property Sale	9,267	401	0	0	0	0	0	0	0	0	0	0	0
Rental Revenue:													
8511-9250-59820 PHYS OFFICE & OTHER RENTAL REV.	21,058	24,264	20,920	20,929	(9,604)	13,465	13,465	26,836	17,922	20,822	30,525	2,681	29,500
Total Rental Revenue	21,058	24,264	20,920	20,929	(9,604)	13,465	13,465	26,836	17,922	20,822	30,525	2,681	29,500
Total Other Revenue	174,188	133,468	127,044	121,126	183,362	159,918	105,690	133,199	130,678	138,372	217,414	103,318	146,528
Capitation Premium Revenue:													
8511-5960-51890 Premium Revenue	8,273,215	8,122,756	10,885,023	8,538,796	12,423,676	8,773,706	8,225,689	8,455,468	8,794,113	8,657,350	8,628,699	9,305,574	11,338,994
Total: Capitation Premium Revenue	8,273,215	8,122,756	10,885,023	8,538,796	12,423,676	8,773,706	8,225,689	8,455,468	8,794,113	8,657,350	8,628,699	9,305,574	11,338,994
Capitation Risk Pool Reserve:													
8511-5960-51881 Risk Pool Reserves	(1,561,198)	(725,975)	(1,878,720)	(881,898)	(2,560,110)	(660,484)	(537,258)	(542,237)	(364,470)	(326,891)	(1,011,924)	(304,817)	(1,975,036)
Total: Capitation Risk Pool Reserve	(1,561,198)	(725,975)	(1,878,720)	(881,898)	(2,560,110)	(660,484)	(537,258)	(542,237)	(364,470)	(326,891)	(1,011,924)	(304,817)	(1,975,036)
Total Capitation Revenue	6,712,017	7,396,782	9,205,303	7,656,797	9,863,566	8,113,222	7,688,432	7,913,231	8,429,643	8,330,359	7,616,775	9,000,657	9,363,958
Unrestricted Contributions:													
Unrestricted Contributions:													
8511-6070-59550 UNRESTRICTED CONTRIBU	0	0	0	0	0	0	0	0	0	0	0	17,688	0
8511-7011-59550 UNRESTRICTED CONTRIBU	0	0	20,195	0	294,859	0	96,319	0	0	124,417	0	0	131,230
8511-7075-59550 UNRESTRICTED CONTRIBU	1,845	155,207	651,778	112,523	122,336	115,735	160,361	144,735	148,752	177,003	310,302	28,230	261,529
8511-7268-59550 UNRESTRICTED CONTRIBU	0	0	10,880	7,396	7,396	7,396	0	0	13,340	0	0	0	0
8511-7690-59550 UNRESTRICTED CONTRIBU	0	0	0	0	0	0	0	0	0	0	35,965	0	0
8511-8049-59550 UNRESTRICTED CONTRIBU	0	250	0	0	0	32,049	1,090	0	1,210	15,340	48,402	0	25,016
8511-8610-59550 UNRESTRICTED CONTRIBU	0	0	0	0	0	0	0	0	0	0	0	0	1,038
8511-8638-59550 UNRESTRICTED CONTRIBU	0	0	0	0	0	0	0	0	0	0	0	1,009	0
8511-8677-59550 UNRESTRICTED CONTRIBU	0	0	0	0	39,690	0	0	0	0	0	0	10,000	0
8511-8771-59550 UNRESTRICTED CONTRIBU	121,657	17,318	29,721	0	11,434	22,431	9,155	4,096	0	26,281	20,552	11,259	16,655
8511-8780-59550 UNRESTRICTED CONTRIBU	(3)	123,436	17,439	2,249	154,248	1,132	1,866	0	46,715	89,154	17,014	36,835	18,848
8511-9040-59955 Unrestricted Contributions	6,031	7,585	5,547	5,547	17,512	7,295	10,701	10,223	5,549	5,549	6,349	68,520	25,448
Total: Unrestricted Contributions	129,530	303,796	735,559	127,715	647,475	186,038	279,492	159,054	215,567	437,744	438,583	173,520	479,764
Total Unrestricted Contribution	129,530	303,796	735,559	127,715	647,475	186,038	279,492	159,054	215,567	437,744	438,583	173,520	479,764
Total Revenues	36,023,563	34,456,378	34,509,098	35,591,311	95,952,832	35,134,507	81,885,487	41,931,983	36,853,800	37,688,858	35,166,870	59,354,373	50,596,266
EXPENSES:													
Productive Salaries:													
70000 Mgmt & Supervision													
8511-6010-70000 Mgmt & Supervision	37,949	35,687	35,236	28,408	31,116	17,878	19,583	21,884	26,500	42,509	47,824	47,060	53,180
8511-6070-70000 Mgmt & Supervision	1,337	7,942	15,264	16,040	15,907	13,734	6,368	3,786	7,486	1,214	2,310	12,241	14,742
8511-6151-70000 Mgmt & Supervision	41,660	38,770	37,956	40,965	40,965	40,970	36,699	35,748	36,738	35,595	40,955	38,504	50,998
8511-6179-70000 Mgmt & Supervision	7,435	11,106	10,211	9,881	10,211	9,881	7,508	11,460	16,380	19,238	20,345	13,038	19,552
8511-6182-70000 Mgmt & Supervision	9,090	9,560	9,690	9,821	10,149	9,821	7,824	8,134	9,297	10,149	10,725	11,366	10,485
8511-6184-70000 Mgmt & Supervision	17,727	12,171	10,195	9,587	9,922	9,587	8,665	9,872	6,335	9,352	14,473	28,425	20,807
8511-6187-70000 Mgmt & Supervision	20,141	20,552	35,515	31,763	33,598	32,844	28,609	26,414	30,833	34,970	32,537	34,522	24,538
8511-6188-70000 Mgmt & Supervision	23,816	22,164	21,267	19,564	22,250	20,323	17,254	18,589	15,411	12,548	12,411	18,274	9,225
8511-6290-70000 Mgmt & Supervision	2,901	0	0	0	1,843	4,254	5,989	11,681	3,325	7,053	9,312	(1,054)	162
8511-6340-70000 Mgmt & Supervision	48,090	44,962	51,448	45,667	33,810	31,895	32,958	32,074	32,810	36,745	44,948	44,053	31,831
8511-6380-70000 Mgmt & Supervision	56,585	41,922	50,326	48,081	50,706	37,143	36,614	41,355	34,841	38,910	34,106	43,557	50,537
8511-6530-70000 Mgmt & Supervision	9,764	4,752	1,714	773	3,481	6,938	6,551	6,072	11,838	(1,195)	2,892	6,403	1,634
8511-6580-70000 Mgmt & Supervision	13,187	11,773	14,216	12,948	1,268	18,110	10,098	12,722	12,858	12,134	12,790	6,225	2,769
8511-7010-70000 Mgmt & Supervision	19,821	20,749	20,552	21,091	27,072	26,831	24,726	41,770	39,559	46,006	46,838	44,018	47,875
8511-7011-70000 Mgmt & Supervision	10,650	10,442	12,772	12,360	12,772	12,360	12,000	12,624	11,536	12,772	12,360	12,772	12,360
8511-7075-70000 Mgmt & Supervision	5,099	6,927	5,548	6,412	7,049	5,636	5,252	5,707	6,139	6,185	5,775	8,867	6,457
8511-7076-70000 Mgmt & Supervision	9,531	10,562	11,116	10,849	11,193	11,842	9,052	9,785	9,932	11,193	3,629	6,647	3,362
8511-7093-70000 Mgmt & Supervision	3,050	5,199	(206)	3,245	8,218	4,855	5,710	4,797	5,377	6,150	4,317	3,497	489
8511-7268-70000 Mgmt & Supervision	14,604	22,527	24,767	21,939	24,086	20,661	20,064	21,227	21,506	25,397	22,280	24,682	21,730
8511-7400-70000 Mgmt & Supervision	10,426	(3,899)	0	0	0	0	0	0	0	0	0	0	14,112
8511-7420-70000 Mgmt & Supervision	27,770	22,745	25,841	19,853	25,804	29,111	20,610	19,371	10,168	11,556	12,544	4,055	15,207
8511-7470-70000 Mgmt & Supervision	3,375	2,351	4,115	3,668	3,501	3,342	3,383	2,858	3,569	4,068	3,887	3,679	3,775
8511-7500-70000 Mgmt & Supervision	27,729	29,550	29,429	27,838	30,282	25,905	32,171	35,410	25,229	32,065	30,811	37,352	50,722
8511-7570-70000 Mgmt & Supervision	6,384	2,247	3,267	3,267	2,700	2,768	11,995	12,787	12,082	13,371	12,734	13,215	12,940
8511-7581-70000 Mgmt & Supervision	13,282	12,697	12,221	9,530	12,540	12,494	8,302	13,361	14,446	5,016	0	0	0
8511-7630-70000 Mgmt & Supervision	18,732	18,275	22,267	18,275	19,659	16,872	17,145	18,573	22,029	19,796	23,347	18,020	18,020

Verity Health Systems
St Francis Medical Center
Trended Income Statement
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-7710-70000 Mgmt & Supervision	16,847	26,385	31,198	24,217	32,958	12,922	10,420	14,941	15,657	17,091	12,680	17,091	11,908
8511-7720-70000 Mgmt & Supervision	15,080	11,062	14,719	13,891	13,264	13,590	20,788	20,293	13,741	21,722	26,612	30,487	21,669
8511-7722-70000 Mgmt & Supervision	7,755	7,384	9,767	8,762	9,067	9,170	5,804	8,543	8,675	8,252	8,762	7,960	5,790
8511-7730-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	826	(362)	0
8511-7801-70000 Mgmt & Supervision	0	0	0	0	0	1,371	1,634	2,372	(211)	0	2,035	(508)	0
8511-8215-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	5,715	15,210
8511-8231-70000 Mgmt & Supervision	0	0	0	0	0	0	9,310	0	0	0	0	0	0
8511-8310-70000 Mgmt & Supervision	0	1,776	0	0	0	0	0	0	0	0	0	0	0
8511-8400-70000 Mgmt & Supervision	9,905	9,469	10,542	9,250	10,542	9,318	8,407	9,556	9,046	8,297	9,420	10,848	9,726
8511-8402-70000 Mgmt & Supervision	4,069	3,729	3,947	3,577	3,851	4,152	3,913	4,091	4,158	3,691	3,058	4,502	3,927
8511-8420-70000 Mgmt & Supervision	7,733	8,114	8,230	7,965	8,230	7,274	7,381	9,491	10,162	11,819	10,701	10,095	10,732
8511-8460-70000 Mgmt & Supervision	15,707	12,830	18,033	15,610	17,209	22,485	22,305	24,158	21,765	23,675	23,460	24,097	22,476
8511-8510-70000 Mgmt & Supervision	4,872	(1,836)	0	0	0	0	0	0	0	0	0	0	0
8511-8511-70000 Mgmt & Supervision	11,736	11,670	5,002	12,409	11,837	11,455	11,837	11,837	10,691	11,837	11,455	11,837	11,455
8511-8530-70000 Mgmt & Supervision	5,719	12,455	11,272	2,254	11,926	(3,272)	0	0	0	0	0	0	0
8511-8560-70000 Mgmt & Supervision	13,345	11,228	15,453	15,617	16,595	17,031	11,538	14,780	15,251	13,753	12,623	14,131	12,340
8511-8591-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	0	7,808
8511-8610-70000 Mgmt & Supervision	91,169	80,013	102,030	83,677	100,825	96,691	78,322	97,264	92,633	60,280	113,052	93,039	(701,214)
8511-8615-70000 Mgmt & Supervision	28,704	23,862	21,928	12,677	13,100	12,677	8,747	33,067	32,678	40,190	38,133	38,245	32,249
8511-8638-70000 Mgmt & Supervision	1,252	0	0	0	0	0	0	0	0	0	0	0	0
8511-8650-70000 Mgmt & Supervision	21,944	41,981	16,676	21,245	19,748	19,949	10,307	19,750	18,619	20,614	19,018	20,614	19,949
8511-8661-70000 Mgmt & Supervision	648	0	0	0	3,314	7,401	7,319	7,208	7,457	7,125	7,815	7,622	7,788
8511-8668-70000 Mgmt & Supervision	19,283	19,261	6,008	8,422	9,231	8,643	11,829	12,533	11,484	13,758	11,448	14,665	9,563
8511-8710-70000 Mgmt & Supervision	8,813	7,384	9,561	8,654	9,380	9,077	5,023	8,835	8,714	8,109	9,501	9,390	7,805
8511-8720-70000 Mgmt & Supervision	40,944	47,608	38,830	35,818	53,426	50,610	55,179	62,586	57,201	59,193	55,196	54,593	60,011
8511-8751-70000 Mgmt & Supervision	10,110	13,222	26,002	12,406	14,035	12,582	8,919	12,858	12,858	13,401	13,582	14,035	7,244
8511-8752-70000 Mgmt & Supervision	17,402	20,927	13,957	11,276	15,342	14,566	20,388	20,205	22,058	24,294	23,182	24,294	21,429
8511-8754-70000 Mgmt & Supervision	0	0	0	0	0	0	0	17,407	17,165	22,967	22,665	(1,484)	7,103
8511-8771-70000 Mgmt & Supervision	8,178	4,890	6,435	7,164	5,995	9,192	4,055	7,299	7,191	8,489	7,732	3,244	6,056
Total: 70000 Mgmt & Supervision	822,169	795,106	840,794	748,572	829,680	771,670	771,884	860,107	818,898	864,947	920,313	910,392	85,353
70010 Mgmt & Supervision Premium													
8511-6349-70010 Mgmt & Supervision Premium	0	0	0	0	0	0	0	0	(38)	38	0	0	0
8511-7473-70010 Mgmt & Supervision Premium	0	0	17	9	0	9	9	0	0	9	358	397	429
8511-7500-70010 Mgmt & Supervision Premium	7,454	10,538	7,417	5,169	5,322	6,185	6,887	6,795	2,281	3,515	2,221	3,548	1,022
8511-7573-70010 Mgmt & Supervision Premium	0	0	0	428	29	56	(26)	0	0	0	0	0	0
8511-8402-70010 Mgmt & Supervision Premium	8	16	8	8	0	0	67	128	794	232	579	620	629
8511-8720-70010 Mgmt & Supervision Premium	411	1,230	5,270	3,682	38	7,013	4,759	16,958	14,293	10,037	12,909	9,463	9,297
Total: 70010 Mgmt & Supervision Premium	7,873	11,784	12,711	9,295	5,390	13,263	11,696	23,882	16,830	13,830	16,068	14,028	11,366
70100 Technician & Specialist:													
8511-6070-70100 Technician & Specialist	0	0	0	0	0	0	0	0	0	361	2,249	1,408	3,414
8511-6151-70100 Technician & Specialist	8,638	10,157	10,538	15,055	9,198	12,403	14,917	13,294	17,310	15,452	12,994	15,100	21,125
8511-6187-70100 Technician & Specialist	0	0	0	0	0	755	1,133	6,280	3,231	4,726	1,951	2,988	5,276
8511-6230-70100 Technician & Specialist	0	0	0	0	0	0	0	0	0	2,644	(491)	961	481
8511-6349-70100 Technician & Specialist	28,910	34,548	32,830	29,084	23,395	29,927	22,853	27,885	21,083	31,431	32,358	31,802	30,295
8511-6380-70100 Technician & Specialist	12,509	16,815	18,727	21,141	19,544	19,707	20,397	16,089	14,082	18,105	20,321	15,472	18,255
8511-6382-70100 Technician & Specialist	0	0	0	0	0	0	922	0	0	0	0	0	0
8511-6530-70100 Technician & Specialist	0	0	0	0	0	0	0	0	0	2,404	1,510	0	3,395
8511-6580-70100 Technician & Specialist	12,442	8,792	9,774	13,031	12,936	12,771	11,924	13,466	12,112	13,446	10,045	17,082	12,626
8511-7010-70100 Technician & Specialist	102,853	107,330	101,793	120,251	98,680	101,843	103,062	100,336	85,476	94,564	93,087	85,195	130,251
8511-7011-70100 Technician & Specialist	43,619	45,681	46,677	44,480	45,031	45,954	48,418	43,087	30,703	43,672	48,450	50,911	42,400
8511-7041-70100 Technician & Specialist	10,297	12,232	8,155	12,757	12,407	12,007	7,955	12,657	11,206	11,707	12,007	13,516	9,906
8511-7075-70100 Technician & Specialist	11,825	13,132	12,902	12,241	9,840	9,868	8,211	14,048	13,361	15,110	14,054	14,829	12,498
8511-7076-70100 Technician & Specialist	4,841	7,811	6,781	6,802	7,382	7,727	6,927	6,449	6,811	8,069	6,888	7,430	7,800
8511-7087-70100 Technician & Specialist	36,695	37,459	37,696	37,009	37,777	39,057	41,548	41,450	37,258	39,842	38,722	40,632	39,367
8511-7093-70100 Technician & Specialist	0	0	0	0	0	0	0	0	0	1,174	89	481	961
8511-7287-70100 Technician & Specialist	23,078	23,504	28,218	25,526	28,414	25,963	27,338	22,765	23,920	26,802	25,871	28,443	29,335
8511-7288-70100 Technician & Specialist	37,435	50,569	67,065	57,436	61,173	58,340	41,818	57,932	53,880	65,614	52,580	50,740	50,030
8511-7400-70100 Technician & Specialist	28,782	28,149	29,636	30,716	29,926	27,519	26,873	30,987	29,804	33,960	29,119	30,526	42,862
8511-7420-70100 Technician & Specialist	10,093	16,463	19,558	17,331	21,087	16,668	15,866	16,330	16,830	18,927	17,927	19,750	21,648
8511-7450-70100 Technician & Specialist	3,878	4,773	4,746	6,262	5,111	4,160	2,913	4,006	5,863	7,204	6,372	6,205	5,386
8511-7470-70100 Technician & Specialist	3,093	1,839	3,353	3,093	3,353	3,039	2,940	2,952	2,801	3,410	(703)	0	0
8511-7471-70100 Technician & Specialist	42,285	47,775	38,156	42,058	45,652	45,738	42,282	44,593	39,078	40,827	47,070	42,492	43,588
8511-7500-70100 Technician & Specialist	191,258	180,647	209,970	218,696	227,347	216,205	240,956	256,150	243,735	267,100	248,567	258,009	255,425
8511-7520-70100 Technician & Specialist	(118)	20	1,603	1,538	2,104	2,107	2,379	1,469	1,729	1,969	1,634	2,464	3,540
8511-7570-70100 Technician & Specialist	61,955	70,672	69,639	69,667	73,406	74,643	65,684	74,195	72,033	77,666	69,196	70,627	75,785
8511-7573-70100 Technician & Specialist	24,814	26,650	24,765	25,7									

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Verity Health Systems
 St Francis Medical Center
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8710-70100 Technician & Specialist	5,677	5,707	4,943	5,780	6,062	5,563	4,375	5,756	5,637	5,991	4,798	6,096	5,062
8511-8720-70100 Technician & Specialist	15,307	16,962	16,750	16,591	17,039	13,685	14,767	15,978	15,791	16,327	16,453	17,800	16,660
8511-8751-70100 Technician & Specialist	2,875	1,032	4,374	7,256	7,565	8,630	5,487	8,719	6,442	7,596	8,787	7,925	7,925
8511-8752-70100 Technician & Specialist	41,996	36,284	39,684	41,104	38,233	55,804	29,486	33,502	33,501	38,169	37,788	46,049	42,262
8511-8754-70100 Technician & Specialist	4,619	4,132	3,965	5,477	5,458	5,532	3,614	5,495	4,057	4,421	6,400	6,048	5,532
Total 70100 Technician & Specialist	1,997,086	2,103,542	2,110,248	2,228,932	2,185,122	2,217,000	2,129,953	2,270,651	2,127,337	2,384,530	2,231,632	2,337,719	2,410,644
70110 Tech & Spec Prem Pay													
8511-6151-70110 Tech & Spec Prem Pay	1,064	(208)	176	299	66	32	544	2,292	503	183	26	129	102
8511-6187-70110 Tech & Spec Prem Pay	0	0	0	0	0	439	298	449	395	(95)	1,078	(192)	0
8511-6299-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	0	0	0	1,804	(361)	0	0
8511-6349-70110 Tech & Spec Prem Pay	(531)	3,849	666	326	1,218	252	1,477	885	717	(126)	(7)	0	317
8511-6389-70110 Tech & Spec Prem Pay	17	212	5	62	67	397	374	55	15	10	32	29	25
8511-6392-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	35	0	0	0	0	0	0
8511-6530-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	0	0	0	1,804	433	0	0
8511-6589-70110 Tech & Spec Prem Pay	513	605	287	373	315	307	465	716	350	683	466	684	670
8511-7010-70110 Tech & Spec Prem Pay	6,098	7,917	6,926	6,586	7,444	7,571	10,552	16,861	7,288	8,119	12,131	10,119	9,532
8511-7011-70110 Tech & Spec Prem Pay	20	119	19	13	18	32	(7)	0	0	49	0	12	0
8511-7075-70110 Tech & Spec Prem Pay	27	63	68	107	90	29	8	32	39	90	64	94	106
8511-7076-70110 Tech & Spec Prem Pay	240	362	227	169	104	302	200	138	68	215	166	158	129
8511-7087-70110 Tech & Spec Prem Pay	101	62	64	138	194	73	(14)	83	39	165	(35)	62	122
8511-7267-70110 Tech & Spec Prem Pay	8,694	5,762	6,857	9,553	5,539	7,121	6,269	10,515	9,700	11,004	14,381	9,744	7,508
8511-7400-70110 Tech & Spec Prem Pay	1,737	2,057	2,152	2,005	1,007	1,622	1,819	915	717	652	1,070	709	1,089
8511-7420-70110 Tech & Spec Prem Pay	4,457	7,466	4,875	2,380	2,997	2,422	1,504	366	1,041	833	1,078	1,624	767
8511-7450-70110 Tech & Spec Prem Pay	1,556	2,891	3,818	3,456	3,190	2,269	1,043	858	1,317	3,073	2,646	1,799	1,411
8511-7470-70110 Tech & Spec Prem Pay	0	23	(2)	21	72	135	19	(3)	27	(4)	0	0	0
8511-7471-70110 Tech & Spec Prem Pay	561	3,895	3,984	1,372	4,857	6,587	71	1,371	1,440	2,049	2,103	2,908	3,025
8511-7500-70110 Tech & Spec Prem Pay	35,662	62,245	50,525	29,331	27,352	37,174	32,267	36,813	32,475	28,853	30,684	22,051	32,500
8511-7520-70110 Tech & Spec Prem Pay	(24)	0	0	84	19	182	111	14	17	4	0	1,337	0
8511-7570-70110 Tech & Spec Prem Pay	10,404	2,758	9,620	5,742	4,153	5,444	6,337	8,564	9,028	8,172	11,015	10,614	7,111
8511-7573-70110 Tech & Spec Prem Pay	1,644	763	1,607	3,037	210	1,465	2,906	4,219	284	2,196	1,708	3,146	2,119
8511-7591-70110 Tech & Spec Prem Pay	(89)	716	772	1,060	443	1,256	350	582	1,377	2,670	3,422	2,956	3,710
8511-7620-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	174	132	86	1,492	558	1,488	1,447
8511-7630-70110 Tech & Spec Prem Pay	2,717	3,166	785	765	1,783	1,276	1,575	285	1,257	1,013	630	798	625
8511-7642-70110 Tech & Spec Prem Pay	8	271	319	(2)	4	107	153	(10)	38	123	328	660	5
8511-7650-70110 Tech & Spec Prem Pay	2,791	3,783	2,938	2,640	7,881	(562)	3,754	5,856	5,107	2,200	3,841	5,675	3,838
8511-7660-70110 Tech & Spec Prem Pay	746	1,058	1,741	1,004	1,267	2,233	1,712	1,121	1,199	1,062	982	973	540
8511-7670-70110 Tech & Spec Prem Pay	3,107	2,533	2,893	2,293	1,224	583	1,052	1,730	827	1,592	1,091	1,361	1,887
8511-7680-70110 Tech & Spec Prem Pay	7,852	5,286	6,279	4,740	4,843	2,131	2,704	1,420	2,852	914	1,923	3,630	10,632
8511-7690-70110 Tech & Spec Prem Pay	150	43	103	(22)	88	(14)	74	104	3	21	0	245	122
8511-7710-70110 Tech & Spec Prem Pay	1,941	1,317	16,840	1,606	21,360	1,657	5,692	4,177	2,124	1,086	4,063	1,899	293
8511-7720-70110 Tech & Spec Prem Pay	9,859	7,726	2,566	7,513	13,179	8,028	19,309	32,587	26,390	18,511	10,184	(2,559)	13,882
8511-7722-70110 Tech & Spec Prem Pay	496	5,667	722	462	8,179	5,993	6,049	4,844	6,678	5,320	6,864	5,124	5,191
8511-7730-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	0	0	29	(7)	0	0	0
8511-7760-70110 Tech & Spec Prem Pay	912	196	473	1,075	722	969	327	1,133	1,153	1,220	911	776	803
8511-7775-70110 Tech & Spec Prem Pay	1,308	631	372	1,802	332	391	281	56	57	30	45	247	18
8511-8215-70110 Tech & Spec Prem Pay	1,458	(67)	801	919	1,137	489	119	0	0	0	0	0	0
8511-8340-70110 Tech & Spec Prem Pay	3	11	70	286	244	50	1,035	216	46	44	22	25	(11)
8511-8360-70110 Tech & Spec Prem Pay	3,890	4,451	2,981	4,169	4,685	4,649	6,295	7,018	6,016	6,889	7,827	2,993	5,277
8511-8370-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	0	0	0	0	0	0	6
8511-8402-70110 Tech & Spec Prem Pay	0	778	1,079	(45)	297	(88)	395	1,186	1,444	1,092	842	1,271	(18)
8511-8425-70110 Tech & Spec Prem Pay	3,350	8,705	350	956	1,946	1,214	642	8,557	9,865	10,032	12,800	10,119	6,079
8511-8615-70110 Tech & Spec Prem Pay	1,445	1,789	7,358	4,515	3,284	3,351	3,030	3,181	3,701	(8)	0	0	505
8511-8616-70110 Tech & Spec Prem Pay	7	81	37	22	40	19	110	11	34	(10)	112	8	8
8511-8650-70110 Tech & Spec Prem Pay	(6)	90	(1)	41	0	2	159	0	30	(3)	51	167	212
8511-8661-70110 Tech & Spec Prem Pay	0	33	45	19	50	(3)	40	12	258	2	56	(8)	15
8511-8677-70110 Tech & Spec Prem Pay	460	129	523	216	19	83	104	80	77	25	19	80	56
8511-8710-70110 Tech & Spec Prem Pay	1,155	1,783	1,058	880	1,265	1,328	1,133	1,293	942	1,066	916	235	30
8511-8720-70110 Tech & Spec Prem Pay	434	9,749	8,535	6,663	3,473	3,759	1,430	6,492	4,161	3,096	3,990	3,082	8,850
8511-8751-70110 Tech & Spec Prem Pay	0	179	168	5	308	188	163	40	134	133	565	2,066	(599)
8511-8752-70110 Tech & Spec Prem Pay	0	0	0	0	0	0	0	0	140	253	1,015	401	(54)
Total 70110 Tech & Spec Prem Pay	116,311	151,046	152,940	108,637	136,971	113,145	124,311	167,369	141,435	129,194	141,613	108,790	139,135
70200 Registered Nurses													
8511-6010-70200 Registered Nurses	767,886	874,723	840,534	850,092	839,266	794,769	851,653	988,246	894,589	913,856	788,257	714,292	771,965
8511-6070-70200 Registered Nurses	478,582	482,331	480,820	463,998	424,994	443,407	397,989	443,783	465,165	357,135	391,312	535,533	514,144
8511-6151-70200 Registered Nurses	498,407	515,823	482,892	478,476	489,610	461,886	462,762	545,852	496,865	562,791	526,804	496,984	440,922
8511-6178-70200 Registered Nurses	246,794	224,962	229,385	284,036	253,233	292,558	269,214	322,479	297,882	321,344	296,309	267,925	343,627
8511-6182-70200 Registered Nurses	256,139	253,308	233,475	227,478	235,723	234,445	193,953	250,736	214,891	234,430	210,081	195,105	199,551
8511-6184-70200 Registered Nurses	206,953	208,886	161,972	187,072	191,997	184,955	173,818	212,372	194,485	218,164	223,123	183,864	183,254
8511-6187-70200 Registered Nurses	400,623	396,299	376,098	387,044	393,913	411,117	400,101	448,115	429,601	446,840	442,629	424,375	449,825
8511-6188-70200 Registered Nurses	369,280	336,269	330,636	354,839	356,727	320,117	329,938	354,578	343,196	393,182	370,440	381,435	367,383
8511-6290-70200 Registered Nurses	108,472	93,277	102,584	103,271	120,228	89,864	114,624	123,614	112,790	132,816	112,791	104,085	70,822
8511-6340-70200 Registered Nurses	202,896	226,852	240,678	245,575	286,560	229,218	261,014	262,871	231,247	272,591	260,644	245,740	224,774
8511-6380-70200 Registered Nurses	406,618	453,678	442,036	430,024	490,371	420,988	412,652	467,278	398,957	437,902	377,792	404,971	445,903
8511-6382-70200 Registered Nurses	64,022	49,550	39,428	24,516	42,079	31,971	39,670	43,676	24,293	50,998	38,896	32,517	32,926
8511-6530-70200 Registered Nurses	57,778	80,090	57,240	69,364	59,492	62,163	73,207	73,427	42,107	51,944	69,326	65,889	68,655
8511-6580-70200 Registered Nurses	66,168	66,229	71,738	85,003	63,017	72,308	56,667	64,654	54,693	54,850	56,051	58,973	54,021
8511-7010-70200 Registered Nurses	521,518	574,505	553,867	590,855	603,911	576,182	544,715	592,560	568,875	580,019	602,804	562,157	590,748
8511-7011-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	315	1,546	(518)	6,020
8511-7012-70200 Registered Nurses	44,923	50,566	45,196	49,332	45,126	41,983	39,753	51,002					

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8560-70200 Registered Nurses	0	0	0	0	0	0	0	6,198	2,134	0	0	0	0
8511-8561-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	0	0	817	0
8511-8510-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	0	0	1,470	(679)
8511-8515-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	0	0	119	(55)
8511-8651-70200 Registered Nurses	10,153	9,829	12,041	10,956	12,577	17,738	16,955	22,332	21,738	20,746	40,596	63,352	51,274
8511-8720-70200 Registered Nurses	0	1,549	1,285	(281)	368	1,423	1,023	(112)	0	0	797	2,076	193
8511-8740-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	0	1,342	(525)	0
8511-8751-70200 Registered Nurses	191,079	214,571	205,997	197,680	210,105	223,049	181,064	234,285	202,818	238,878	219,311	220,293	234,343
8511-8754-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	0	0	7,685	9,511
8511-8771-70200 Registered Nurses	7,422	4,634	6,717	8,178	8,038	8,703	6,240	6,858	7,869	8,712	8,431	8,712	5,272
8511-8801-70200 Registered Nurses	0	0	0	0	0	0	0	0	0	0	190	0	0
Total 70200 Registered Nurses	5,901,579	6,145,399	5,914,071	6,024,500	6,135,179	5,882,629	5,715,147	6,578,551	6,012,272	6,435,635	6,076,845	6,072,258	6,114,789
70210 Registered Nurses Premium:													
8511-8010-70210 Registered Nurses Premium	65,026	122,311	154,092	177,013	154,282	194,547	213,543	252,874	214,089	192,483	119,082	32,792	107,255
8511-8070-70210 Registered Nurses Premium	2,984	7,606	4,906	11,101	666	24,479	24,239	10,471	8,556	863	1,854	12,921	24,676
8511-8151-70210 Registered Nurses Premium	24,436	46,038	56,837	49,258	54,264	58,778	108,480	98,120	82,156	77,208	57,621	24,437	10,080
8511-8178-70210 Registered Nurses Premium	12,133	16,549	16,434	23,919	21,214	21,886	23,409	34,521	22,338	12,501	13,787	11,487	7,614
8511-8182-70210 Registered Nurses Premium	11,483	16,047	14,436	13,604	15,200	14,314	18,578	16,296	17,597	11,367	4,545	8,972	6,192
8511-8184-70210 Registered Nurses Premium	10,305	14,975	10,722	13,152	16,167	13,314	15,549	23,475	11,848	14,132	8,262	5,759	3,372
8511-8187-70210 Registered Nurses Premium	14,296	24,514	28,128	28,672	27,638	24,843	45,509	47,552	25,588	24,288	22,849	12,978	32,308
8511-8188-70210 Registered Nurses Premium	13,203	32,970	20,681	16,067	21,545	19,483	30,229	36,326	17,577	11,894	14,122	18,741	6,555
8511-8290-70210 Registered Nurses Premium	1,600	1,431	833	2,108	823	789	5,977	6,221	3,001	3,318	1,318	1,258	(236)
8511-8340-70210 Registered Nurses Premium	13,876	17,286	17,405	7,493	10,561	10,942	46,800	24,380	7,859	16,534	2,449	4,771	5,548
8511-8380-70210 Registered Nurses Premium	3,362	9,279	8,271	6,287	18,187	6,903	24,159	22,878	1,738	4,628	7,170	3,305	6,117
8511-8392-70210 Registered Nurses Premium	11,270	2,758	3,058	3,245	6,352	(459)	12,199	4,389	3,382	3,964	714	2,158	3,507
8511-8530-70210 Registered Nurses Premium	537	1,282	80	1,251	(49)	2,533	4,345	2,244	813	0	326	2,048	4,983
8511-8580-70210 Registered Nurses Premium	8,402	8,312	7,538	7,043	5,568	3,139	3,959	3,464	2,503	3,917	2,532	3,324	1,776
8511-7010-70210 Registered Nurses Premium	15,897	37,522	39,467	59,319	73,531	58,849	77,382	98,144	54,735	51,686	59,095	53,686	46,452
8511-7011-70210 Registered Nurses Premium	0	0	0	0	0	0	0	0	0	0	129	(50)	111
8511-7012-70210 Registered Nurses Premium	8,165	2,180	5,433	1,638	8,891	8,673	10,115	14,730	14,216	6,395	4,840	8,111	13,576
8511-7041-70210 Registered Nurses Premium	3,574	4,080	4,254	3,862	5,085	5,508	9,616	8,181	5,662	4,051	306	3,338	7,327
8511-7080-70210 Registered Nurses Premium	2,933	3,399	2,381	2,014	2,689	1,405	1,304	1,733	1,985	1,845	2,445	1,399	952
8511-7267-70210 Registered Nurses Premium	0	0	0	0	0	0	730	1,807	(172)	0	0	0	1,345
8511-7420-70210 Registered Nurses Premium	49,161	67,588	62,811	57,683	54,838	57,535	77,836	64,234	25,143	26,355	19,023	22,937	50,238
8511-7420-70210 Registered Nurses Premium	41,480	24,658	29,948	18,701	46,957	43,265	27,105	24,768	40,262	33,026	24,271	44,766	28,816
8511-7427-70210 Registered Nurses Premium	20,939	22,237	23,967	15,180	25,038	25,248	13,759	25,997	17,861	20,140	10,086	21,014	25,171
8511-7429-70210 Registered Nurses Premium	4,478	13,720	13,824	10,816	11,666	6,075	3,836	4,143	8,791	8,478	14,578	8,101	13,728
8511-7570-70210 Registered Nurses Premium	4,049	3,316	5,460	3,831	1,851	4,224	3,259	4,700	9,652	4,991	7,385	5,385	5,820
8511-7573-70210 Registered Nurses Premium	10,146	3,010	7,226	8,618	4,323	4,189	9,707	5,766	5,343	12,828	7,052	3,134	8,519
8511-7591-70210 Registered Nurses Premium	0	0	21	0	0	0	63	0	0	0	63	330	52
8511-7642-70210 Registered Nurses Premium	0	0	0	43	0	41	13	0	0	68	(23)	0	0
8511-7730-70210 Registered Nurses Premium	0	0	0	94	(31)	0	0	0	0	0	0	0	0
8511-7763-70210 Registered Nurses Premium	1,389	2,912	4,912	6,080	7,870	2,139	4,789	5,080	5,619	9,041	7,076	5,880	5,278
8511-8215-70210 Registered Nurses Premium	823	1,271	211	(8)	0	0	0	732	0	0	0	0	4,538
8511-8486-70210 Registered Nurses Premium	900	(433)	0	0	0	0	0	0	0	0	0	0	0
8511-8560-70210 Registered Nurses Premium	0	0	0	0	0	0	0	540	160	0	0	0	0
8511-8610-70210 Registered Nurses Premium	0	0	0	0	0	0	0	0	0	0	0	60	(26)
8511-8651-70210 Registered Nurses Premium	572	129	265	88	191	(26)	92	202	(22)	0	1,434	905	17
8511-8729-70210 Registered Nurses Premium	0	32	(4)	0	0	0	1,338	(89)	0	0	0	88	1,765
8511-8751-70210 Registered Nurses Premium	22,212	29,720	33,302	41,652	37,173	46,006	33,190	47,305	34,617	38,896	32,982	25,379	18,750
8511-8771-70210 Registered Nurses Premium	3	1	801	(211)	4	4	(1)	0	0	0	6	(1)	0
Total 70210 Registered Nurses Premium	380,634	536,741	577,700	589,612	632,510	658,414	851,206	895,185	642,897	594,907	447,480	349,597	453,178
70300 Licensed Vocational Nurses:													
8511-6010-70300 Licensed Vocational Nurses	0	0	0	1,321	664	2,146	150	2,318	951	1,477	(61)	0	0
8511-6151-70300 Licensed Vocational Nurses	29,054	34,203	35,335	32,153	23,490	23,465	32,225	30,772	21,960	18,103	14,104	19,726	27,283
8511-6179-70300 Licensed Vocational Nurses	10,288	13,283	6,583	15,331	11,774	10,870	15,041	11,127	12,406	11,011	11,413	6,078	13,960
8511-6182-70300 Licensed Vocational Nurses	8,468	6,230	7,325	6,056	5,371	7,852	3,691	4,832	3,767	4,047	2,483	3,102	4,462
8511-6184-70300 Licensed Vocational Nurses	11,661	10,636	6,962	15,311	12,978	9,919	12,302	11,319	12,334	10,016	8,907	10,030	12,861
8511-6187-70300 Licensed Vocational Nurses	21,571	13,338	11,716	18,451	6,596	3,870	16,105	17,378	24,288	24,201	20,680	16,173	26,808
8511-6188-70300 Licensed Vocational Nurses	18,655	19,382	15,167	23,070	20,488	13,420	18,410	20,286	20,381	14,605	16,789	17,024	27,954
8511-6340-70300 Licensed Vocational Nurses	54,178	63,857	57,903	69,946	49,586	58,165	48,378	59,801	55,989	59,927	56,927	62,399	74,087
8511-6580-70300 Licensed Vocational Nurses	21,098	27,186	30,747	41,578	37,831	21,007	22,306	23,831	23,268	26,188	27,349	29,720	37,393
8511-7010-70300 Licensed Vocational Nurses	15,688	15,578	17,246	22,230	13,387	13,248	12,553	6,886	10,130	13,279	9,048	11,112	7,745
8511-7076-70300 Licensed Vocational Nurses	0	0	0	0	0	3,582	4,088	4,229	3,870	4,980	3,815	3,827	2,952
8511-7080-70300 Licensed Vocational Nurses	2,931	2,762	2,803	2,401	2,580	3,577	6,925	7,083	6,232	6,180	6,341	8,920	7,758
8511-7267-70300 Licensed Vocational Nurses	0	0	0	0	0	0	0	545	(121)	0	0	0	0
8511-7400-70300 Licensed Vocational Nurses	428	325	44	2,212	465	3,244	(1,591)	0	0	0	0	0	0
8511-8215-70300 Licensed Vocational Nurses	0	173	(22)	0	0	0	0	0	0	0	0	0	259
8511-8660-70300 Licensed Vocational Nurses	5,496	5,191	5,722	3,932	5,040	4,999	11,851	10,133	8,354	11,159	12,513	11,937	10,607
8511-8661-70300 Licensed Vocational Nurses	0	0	0	0	0	0	1,849	1,802	5,458	11,731	6,117	11,251	3,365
8511-8740-70300 Licensed Vocational Nurses	0	0	0	0	0	0	0	0	0	0	269	(105)	0
Total 70300 Licensed Vocational Nurses	199,544	212,144	197,532	253,992	190,269	1							

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-6079-70400 Aides & Orderlies	0	0	0	0	0	0	0	0	0	0	0	0	258
8511-6151-70400 Aides & Orderlies	19,120	19,589	18,867	17,103	18,624	20,117	31,035	23,775	20,208	22,452	24,884	26,044	25,522
8511-6179-70400 Aides & Orderlies	14,593	15,532	13,993	16,369	17,279	17,965	24,152	25,621	27,528	29,561	23,445	18,111	26,536
8511-6182-70400 Aides & Orderlies	15,016	24,165	19,989	15,700	21,827	17,787	21,143	18,826	18,085	18,666	16,023	19,511	23,599
8511-6184-70400 Aides & Orderlies	27,002	19,859	17,351	25,640	16,928	19,369	14,607	26,336	20,619	22,249	21,202	22,714	32,836
8511-6187-70400 Aides & Orderlies	20,119	26,346	21,322	20,523	20,317	22,024	20,079	24,988	22,754	25,988	26,902	26,707	27,175
8511-6188-70400 Aides & Orderlies	44,317	28,158	22,234	29,186	27,162	21,119	32,446	33,727	30,175	27,015	29,029	32,165	28,320
8511-6189-70400 Aides & Orderlies	0	0	0	0	0	0	0	177	118	0	0	0	0
8511-6290-70400 Aides & Orderlies	36,983	34,757	36,795	47,196	36,119	35,635	36,443	33,767	31,842	42,181	39,046	44,911	62,519
8511-6340-70400 Aides & Orderlies	40,125	42,446	41,899	47,522	43,548	36,957	37,984	39,465	38,502	42,080	32,183	37,449	82,212
8511-6530-70400 Aides & Orderlies	250	(120)	0	0	0	0	0	0	0	0	0	0	0
8511-6580-70400 Aides & Orderlies	20,551	24,868	21,029	23,862	29,239	20,036	11,721	14,330	15,183	19,935	15,495	23,551	15,002
8511-7010-70400 Aides & Orderlies	12,186	17,313	17,575	17,192	16,335	12,828	16,249	17,350	11,294	16,055	19,675	14,928	16,983
8511-7012-70400 Aides & Orderlies	0	0	0	0	0	0	0	0	0	26	(9)	0	0
8511-7093-70400 Aides & Orderlies	0	0	0	0	0	0	103	0	0	0	0	0	0
8511-7400-70400 Aides & Orderlies	0	0	0	0	0	546	(252)	0	0	0	0	0	0
8511-7420-70400 Aides & Orderlies	86,206	53,977	62,093	66,031	67,090	75,096	71,819	71,959	73,917	83,574	82,569	83,678	74,764
8511-7500-70400 Aides & Orderlies	392	(189)	0	0	0	0	0	0	0	0	0	0	0
8511-7570-70400 Aides & Orderlies	1,968	(390)	(5)	0	0	0	0	0	0	0	0	0	0
8511-7660-70400 Aides & Orderlies	0	0	0	0	0	0	0	0	0	0	0	0	1,020
8511-7760-70400 Aides & Orderlies	(343)	0	0	0	1,625	4,579	3,924	3,676	4,110	4,382	2,445	(1,029)	6,078
8511-7775-70400 Aides & Orderlies	2,495	1,979	3,666	3,328	3,454	3,523	2,995	2,858	3,184	3,668	3,267	3,222	3,129
8511-7801-70400 Aides & Orderlies	4,211	4,093	4,910	3,638	3,601	4,026	3,143	2,645	2,344	2,235	2,259	4,233	4,263
8511-8049-70400 Aides & Orderlies	0	0	0	0	0	0	0	750	350	0	0	0	0
8511-8350-70400 Aides & Orderlies	2,910	532	2,714	3,204	2,797	3,143	3,114	3,515	2,169	3,405	3,093	2,758	2,338
8511-8370-70400 Aides & Orderlies	53,905	58,355	60,847	59,866	65,184	65,138	59,007	63,246	59,705	61,641	60,605	62,464	62,126
8511-8420-70400 Aides & Orderlies	0	0	0	0	0	724	0	0	0	0	0	0	0
8511-8440-70400 Aides & Orderlies	(16)	0	491	(129)	0	0	0	0	0	0	0	0	0
8511-8661-70400 Aides & Orderlies	3,837	1,170	2,304	2,360	2,773	3,478	1,331	2,546	2,563	(114)	0	0	2,030
8511-8720-70400 Aides & Orderlies	768	331	74	72	(32)	762	617	(490)	428	79	(26)	158	(137)
8511-8740-70400 Aides & Orderlies	0	0	0	0	0	0	0	0	0	0	0	261	(120)
Total 70400 Aides & Orderlies	388,086	372,266	370,334	405,873	398,351	397,028	394,451	411,287	389,307	437,555	402,973	424,147	483,865
70410 Aides & Orderlies Premium													
8511-6010-70410 Aides & Orderlies Premium	(102)	196	159	2,398	272	4,777	770	1,074	625	2,029	1,034	1,003	1,589
8511-6070-70410 Aides & Orderlies Premium	0	0	0	0	0	0	0	0	0	0	0	0	61
8511-6151-70410 Aides & Orderlies Premium	959	374	2,675	2,429	2,380	5,359	7,877	3,259	2,367	1,442	1,369	956	1,708
8511-6179-70410 Aides & Orderlies Premium	1,982	1,328	1,799	3,732	1,658	1,957	4,963	4,075	3,738	2,496	875	2,109	1,680
8511-6182-70410 Aides & Orderlies Premium	3,848	5,210	7,177	4,866	3,776	4,466	3,140	1,902	1,301	3,148	2,191	840	5,078
8511-6184-70410 Aides & Orderlies Premium	3,475	2,955	915	3,641	1,471	2,638	1,431	2,756	1,818	1,492	728	1,055	733
8511-6187-70410 Aides & Orderlies Premium	3,513	3,419	1,247	3,425	2,697	469	2,641	1,190	1,395	3,255	1,815	1,595	3,218
8511-6188-70410 Aides & Orderlies Premium	10,694	3,977	1,293	7,525	4,957	3,384	5,983	5,997	6,044	2,962	4,444	1,704	2,295
8511-6290-70410 Aides & Orderlies Premium	0	0	0	0	0	0	0	0	7	0	0	0	0
8511-6340-70410 Aides & Orderlies Premium	1,265	2,291	2,740	477	1,540	2,741	8,079	3,655	1,342	3,062	1,995	2,049	1,444
8511-6380-70410 Aides & Orderlies Premium	53	744	303	(64)	297	377	711	267	408	210	33	(5)	42
8511-6530-70410 Aides & Orderlies Premium	12	(6)	0	0	0	0	0	0	0	0	0	0	0
8511-6580-70410 Aides & Orderlies Premium	7,712	4,385	7,276	5,960	4,738	2,702	345	1,676	1,942	1,798	1,388	4,883	235
8511-7010-70410 Aides & Orderlies Premium	1,740	2,124	2,244	1,543	2,087	3,819	1,202	3,249	2,015	2,971	1,657	4,899	1,312
8511-7400-70410 Aides & Orderlies Premium	0	0	0	0	0	208	(95)	0	0	0	0	0	0
8511-7420-70410 Aides & Orderlies Premium	20,533	21,210	29,487	17,312	25,268	22,455	16,097	14,125	18,838	16,776	11,681	22,439	15,086
8511-7500-70410 Aides & Orderlies Premium	2	(1)	0	0	0	0	0	0	0	0	0	0	0
8511-7660-70410 Aides & Orderlies Premium	0	0	0	0	0	0	0	0	0	0	0	0	4
8511-7760-70410 Aides & Orderlies Premium	(7)	0	0	0	159	74	736	995	662	(77)	18	(13)	992
8511-7775-70410 Aides & Orderlies Premium	9	27	13	43	10	14	7	0	0	12	(4)	0	8
8511-7801-70410 Aides & Orderlies Premium	121	(31)	153	50	3	61	(22)	26	0	0	0	70	(29)
8511-8350-70410 Aides & Orderlies Premium	(3)	1	43	429	18	(1)	22	6	26	56	(4)	92	(9)
8511-8370-70410 Aides & Orderlies Premium	2,137	774	1,740	579	907	2,343	1,587	3,017	3,049	4,081	2,737	4,338	1,457
8511-8440-70410 Aides & Orderlies Premium	(326)	0	1	0	0	0	0	0	352	(47)	0	0	0
8511-8661-70410 Aides & Orderlies Premium	134	320	(2)	13	0	19	8	0	0	0	0	0	0
8511-8720-70410 Aides & Orderlies Premium	0	0	0	0	0	0	139	(139)	39	0	0	0	(123)
Total 70410 Aides & Orderlies Premium	57,749	49,298	59,282	54,359	52,238	57,859	56,020	47,330	45,869	47,657	31,926	48,012	35,780
70500 Clerical & Other Admin:													
8511-6010-70500 Clerical & Other Admin	8,786	9,104	8,949	8,597	7,014	5,614	8,423	6,479	9,116	9,276	9,382	8,787	8,793
8511-6070-70500 Clerical & Other Admin	14,295	14,185	14,373	16,732	10,593	17,927	13,113	13,270	13,663	9,791	14,177	19,306	29,459
8511-6151-70500 Clerical & Other Admin	3,164	2,250	564	4,056	3,073	4,088	(58)	2,755	(137)	213	3,263	2,476	2,390
8511-6179-70500 Clerical & Other Admin	0	0	2,463	3,277	2,670	2,820	2,393	2,856	2,657	2,367	2,399	2,842	2,648
8511-6182-70500 Clerical & Other Admin	5,901	7,978	5,149	6,508	6,619	6,788	6,632	4,676	4,770	6,876	7,655	5,280	7,657
8511-6184-70500 Clerical & Other Admin	4,765	5,742	4,528	3,998	5,330	4,532	4,388	5,613	4,969	3,861	5,127	4,670	4,477
8511-6187-70500 Clerical & Other Admin	8,250	6,674	8,559	7,959	7,465	8,124	10,254	9,637	7,171	7,991	8,622	7,646	8,078
8511-6188-70500 Clerical & Other Admin	3,101	3,721	2,036	3,597	3,573	3,143	3,385	3,402	2,731	3,272	3,269	2,855	3,268
8511-6290-70500 Clerical & Other Admin	310	0	0	0	348	(32)	6866</						

6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
346	462	281	545	2,759	(766)	1,208	1,424	1,594	1,552	1,196	609	(136)
0	0	0	0	0	0	0	0	750	0	0	0	0
2,499	2,811	2,988	2,745	2,845	2,984	2,556	2,553	2,623	2,581	2,322	2,817	2,885
2,088	2,085	2,301	2,106	0	0	0	0	0	0	1,518	1,977	1,835
47,815	55,074	52,812	50,321	46,532	45,677	43,344	44,705	48,432	58,316	54,699	49,843	51,927
10,371	10,641	11,169	10,770	11,750	12,839	8,707	9,981	10,520	12,649	10,853	9,260	8,691
111	613	1,934	3,327	(834)	0	0	0	0	0	0	0	0
0	0	86	0	0	0	0	0	0	0	0	0	137
4,260	2,422	4,468	1,895	3,542	3,481	2,790	3,236	3,149	3,166	3,530	3,572	3,092
29,857	23,586	22,889	22,718	21,753	22,570	23,347	23,622	21,304	23,368	23,488	22,376	24,893
1,382	0	0	0	0	0	0	0	0	0	0	0	0
4,983	4,787	4,843	4,969	3,815	5,345	3,119	4,476	4,336	5,552	5,222	4,923	4,725
109,272	107,018	116,518	119,267	117,095	118,442	110,521	117,408	116,233	132,296	121,208	122,611	116,617
12,912	14,386	14,690	13,283	14,205	14,881	13,986	13,553	12,672	15,213	14,501	13,410	15,669
4,307	3,624	5,262	3,745	3,976	3,688	4,158	3,372	4,294	4,687	3,478	4,687	(1,814)
10,140	9,905	11,073	5,754	6,452	11,501	9,160	5,495	4,529	3,279	7,840	11,615	10,206
0	1,329	102	(5)	0	0	0	0	0	0	0	0	0
2,432	1,791	(156)	0	0	1,200	0	424	(94)	0	0	0	0
0	0	0	645	1,422	(113)	192	942	3,997	1,336	1,861	3,107	2,364
3,425	3,341	1,813	0	4,104	3,266	2,899	3,377	2,736	3,366	3,099	3,358	2,796
7,218	7,934	7,231	10,315	11,605	10,916	8,157	8,692	8,751	10,028	11,869	10,462	11,287
7,015	3,290	3,282	4,925	9,030	8,424	6,489	9,164	7,521	5,981	4,534	6,655	6,337
18,570	16,683	19,219	20,912	21,361	20,838	15,355	16,628	16,680	15,392	14,435	17,370	17,658
10,392	14,263	13,297	12,367	11,599	17,367	14,272	15,193	17,138	13,607	12,424	15,067	12,081
1,709	2,419	2,466	2,951	7,980	6,872	4,679	4,802	6,517	7,719	6,873	7,290	6,238
0	0	0	0	2,260	1,359	1,692	1,683	1,526	1,689	1,637	1,680	1,619
570	0	0	0	0	0	0	0	0	0	0	0	0
494,742	530,760	532,892	531,795	536,155	538,423	499,462	528,657	516,946	564,091	539,280	556,525	552,897
566	224	171	419	1,221	2,905	2,891	1,490	1,110	1,700	866	812	(16)
368	564	264	775	259	485	482	460	158	307	155	606	744
(135)	402	166	155	90	3	317	45	(8)	0	21	36	(17)
0	0	1	571	(80)	15	9	7	5	1	20	(3)	0

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total: 70600 Environmental & Food Services	426,111	380,600	388,534	382,053	399,293	381,939	416,010	423,659	383,858	438,895	432,806	455,915	457,295
70610 Environmental & Food Services Premium:													
8511-6340-70610 Environmental & Food Services Premium	0	0	0	0	0	0	0	131	(29)	0	0	0	0
8511-7400-70610 Environmental & Food Services Premium	0	0	0	0	0	0	0	0	0	0	0	159	(73)
8511-7420-70610 Environmental & Food Services Premium	0	0	20	(5)	0	133	0	0	0	0	0	0	0
8511-8310-70610 Environmental & Food Services Premium	0	35	0	0	1	(1)	0	0	0	0	15	(6)	0
8511-8340-70610 Environmental & Food Services Premium	4,582	3,514	2,190	4,799	5,990	8,530	7,075	11,178	7,903	9,052	6,813	7,769	4,687
8511-8350-70610 Environmental & Food Services Premium	1,202	564	426	244	843	801	976	(6)	1,458	307	619	491	658
8511-8400-70610 Environmental & Food Services Premium	0	0	0	0	0	0	0	2,685	2,656	3,609	2,899	(610)	2,766
8511-8420-70610 Environmental & Food Services Premium	4,476	10,140	10,167	6,829	6,094	7,602	6,914	7,877	4,665	4,660	11,545	17,850	2,207
8511-8440-70610 Environmental & Food Services Premium	23,760	26,373	29,854	26,671	30,604	32,025	37,154	38,994	35,576	48,854	44,628	43,977	4,910
8511-8460-70610 Environmental & Food Services Premium	3,101	8,991	12,658	15,718	24,568	15,344	21,612	20,393	19,358	15,220	12,223	7,800	8,729
8511-8661-70610 Environmental & Food Services Premium	0	0	4	(1)	0	0	0	3	42	42	126	43	37
Total: 70610 Environmental & Food Services Premium	37,121	51,616	55,320	54,255	68,091	64,434	73,732	82,255	71,629	81,773	78,688	77,412	23,920
70800 Non-Phys Medical Practitioners:													
8511-7076-70800 Non-Phys Medical Practitioners	6,912	11,354	10,218	9,888	10,218	11,603	10,561	10,482	10,521	11,036	8,821	12,262	9,651
8511-7195-70800 Non-Phys Medical Practitioners	0	0	0	0	2,835	0	0	0	0	0	0	0	0
8511-7420-70800 Non-Phys Medical Practitioners	18,098	14,916	6,934	3,242	5,888	18,301	16,766	15,857	14,322	17,846	15,459	14,663	(3,865)
8511-8615-70800 Non-Phys Medical Practitioners	0	0	0	0	0	0	0	0	0	0	0	0	2,282
8511-8677-70800 Non-Phys Medical Practitioners	0	0	0	0	0	0	0	0	0	4,391	0	0	0
8511-8729-70800 Non-Phys Medical Practitioners	20,607	22,444	19,965	27,853	32,973	22,759	28,781	27,233	22,488	34,201	42,288	35,468	49,724
Total: 70800 Non-Phys Medical Practitioners	45,617	48,713	37,116	40,982	52,015	52,662	56,108	53,572	47,331	67,474	65,578	62,393	57,992
70810 Non-Phys Medical Practitioners Premium:													
8511-8677-70810 Non-Phys Medical Practitioners Premium	0	0	0	0	0	0	0	0	0	612	0	0	0
8511-8729-70810 Non-Phys Medical Practitioners Premium	10,934	15,154	16,027	22,719	13,226	17,382	11,118	17,969	12,113	11,283	16,052	15,219	15,140
Total: 70810 Non-Phys Medical Practitioners Premium	10,934	15,154	16,027	22,719	13,226	17,382	11,118	17,969	12,113	11,895	16,052	15,219	15,140
Total Productive Salaries	10,932,680	11,459,168	11,324,426	11,505,997	11,689,181	11,408,287	11,335,249	12,637,937	11,487,743	12,340,449	11,629,360	11,681,278	11,137,865
Non-Productive Salaries:													
71200 Vacation Holiday & Sick Leave:													
8511-6010-71200 Vacation Holiday & Sick Leave	102,173	109,833	108,915	110,957	121,114	121,533	116,101	147,731	134,824	131,760	116,388	119,311	133,890
8511-6070-71200 Vacation Holiday & Sick Leave	73,792	73,726	73,230	74,027	76,750	82,297	76,143	87,802	85,274	86,274	80,738	80,670	88,473
8511-6151-71200 Vacation Holiday & Sick Leave	75,527	78,771	74,273	78,245	83,644	86,221	73,549	87,072	87,385	80,313	90,461	90,684	91,230
8511-6179-71200 Vacation Holiday & Sick Leave	19,809	16,122	16,172	17,416	20,296	21,615	20,529	25,171	27,285	26,006	26,655	26,208	24,258
8511-6182-71200 Vacation Holiday & Sick Leave	40,225	37,388	33,437	36,635	42,313	41,384	36,036	42,766	43,178	40,609	39,570	44,671	44,671
8511-6184-71200 Vacation Holiday & Sick Leave	48,583	51,754	64,380	55,175	54,415	58,014	52,884	59,265	58,099	59,339	54,889	52,035	61,837
8511-6187-71200 Vacation Holiday & Sick Leave	61,846	61,977	62,752	63,242	66,880	72,011	68,894	73,710	72,421	69,202	69,283	70,150	78,871
8511-6188-71200 Vacation Holiday & Sick Leave	66,256	58,978	62,017	63,562	69,567	73,753	67,817	72,224	66,778	68,683	70,005	71,635	71,970
8511-6290-71200 Vacation Holiday & Sick Leave	13,517	15,524	15,957	16,536	17,916	19,401	15,002	21,470	20,084	18,211	17,960	18,429	15,614
8511-6340-71200 Vacation Holiday & Sick Leave	51,886	50,510	61,810	58,496	63,074	67,410	58,829	62,726	61,195	60,199	61,282	61,475	60,025
8511-6380-71200 Vacation Holiday & Sick Leave	87,491	85,181	86,295	93,775	97,223	95,418	90,760	95,892	97,637	92,974	87,655	96,495	95,465
8511-6382-71200 Vacation Holiday & Sick Leave	5,212	5,157	2,722	2,845	3,895	3,432	4,639	4,073	2,710	5,655	5,032	3,088	2,972
8511-6580-71200 Vacation Holiday & Sick Leave	21,763	21,071	21,942	22,507	25,801	28,000	26,698	31,535	27,476	26,044	24,321	25,801	25,672
8511-7010-71200 Vacation Holiday & Sick Leave	94,070	82,542	87,939	102,028	107,915	109,386	104,213	114,334	114,492	107,570	110,006	112,562	123,124
8511-7011-71200 Vacation Holiday & Sick Leave	8,072	12,608	8,901	9,029	8,074	9,057	10,404	9,343	4,822	7,528	9,332	8,941	11,134
8511-7012-71200 Vacation Holiday & Sick Leave	2,686	3,520	2,688	2,986	3,098	3,099	2,722	3,309	2,852	4,382	4,024	2,890	2,154
8511-7041-71200 Vacation Holiday & Sick Leave	2,010	2,926	1,367	2,667	2,715	2,799	1,569	2,848	1,008	2,813	2,641	2,689	2,126
8511-7075-71200 Vacation Holiday & Sick Leave	3,264	3,474	3,191	3,457	3,555	3,803	3,261	3,442	4,119	4,277	3,931	4,164	4,441
8511-7076-71200 Vacation Holiday & Sick Leave	4,332	4,994	4,858	4,976	5,038	6,598	5,757	5,820	6,073	5,708	4,775	5,631	5,060
8511-7080-71200 Vacation Holiday & Sick Leave	3,489	3,529	1,006	3,632	2,834	6,028	4,592	5,314	5,472	5,009	4,910	4,267	3,886
8511-7087-71200 Vacation Holiday & Sick Leave	4,448	4,680	5,386	5,140	5,618	7,019	4,981	5,244	5,409	4,916	4,943	5,168	5,242
8511-7093-71200 Vacation Holiday & Sick Leave	543	538	558	570	626	678	633	642	625	(78)	0	767	631
8511-7267-71200 Vacation Holiday & Sick Leave	3,391	4,253	2,763	3,591	3,860	3,987	2,911	2,177	2,589	2,424	2,498	1,361	1,754
8511-7268-71200 Vacation Holiday & Sick Leave	8,400	12,101	14,750	12,035	13,867	14,378	10,624	13,076	13,301	13,702	11,670	11,650	11,872
8511-7400-71200 Vacation Holiday & Sick Leave	85,094	77,336	84,087	77,827	81,903	90,126	78,371	93,923	97,644	91,545	82,676	86,195	85,388
8511-7420-71200 Vacation Holiday & Sick Leave	25,789	26,474	28,952	26,593	29,822	32,387	34,674	35,021	32,438	32,128	32,007	28,800	32,603
8511-7427-71200 Vacation Holiday & Sick Leave	6,282	5,037	6,079	4,906	7,001	4,807	7,269	6,742	7,969	7,454	7,121	7,673	7,814
8511-7429-71200 Vacation Holiday & Sick Leave	9,069	10,145	12,307	11,822	12,641	13,776	8,541	14,111	49,167	11,476	12,006	12,295	12,231
8511-7450-71200 Vacation Holiday & Sick Leave	0	0	0	0	2	1,149	901	641	818	788	774	799	260
8511-7470-71200 Vacation Holiday & Sick Leave	1,084	1,155	1,204	1,157	1,217	1,477	1,192	1,117	1,033	1,325	1,241	1,248	1,324
8511-7471-71200 Vacation Holiday & Sick Leave	7,254	7,719	8,238	8,037	8,633	11,174	9,029	8,170	8,794	8,409	7,503	8,851	8,917
8511-7500-71200 Vacation Holiday & Sick Leave	30,157	34,677	33,488	33,129	37,551	39,576	38,832	39,775	43,314	39,024	39,646	44,242	46,594
8511-7520-71200 Vacation Holiday & Sick Leave	1,029	830	1,204	1,181	1,076	997	1,145	1,383	1,222	1,273	1,250	1,224	1,302
8511-7570-71200 Vacation Holiday & Sick Leave	12,127	13,427	12,723	13,671	13,204	16,527	15,553	16,257	17,175	16,700	16,844	17,807	18,609
8511-7573-71200 Vacation Holiday & Sick Leave	7,642	6,934	8,713	7,495	8,953	8,497	9,295	9,108	7,954	7,731	9,085	7,010	7,819
8511-7591-71200 Vacation Holiday & Sick Leave	6,886	7,128	7,234	7,461	8,340	9,693	7,683	7,329	7,223	6,895	7,074	8,207	8,145
8511-7620-71200 Vacation Holiday & Sick Leave	0	0	0	0	0	474	597	606	589	567	557	576	653
8511-7630-71200 Vacation Holiday & Sick Leave	16,076	16,439	18,764	17,620	19,338	24,649	21,545	21,007	21,119	20,329	19,780	20,891	

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8510-71200 Vacation Holiday & Sick Leave	747	862	799	766	825	822	536	644	811	796	694	834	781
8511-8511-71200 Vacation Holiday & Sick Leave	602	1,737	1,789	1,803	1,579	1,408	1,435	1,735	1,252	1,729	1,494	1,587	841
8511-8560-71200 Vacation Holiday & Sick Leave	17,837	17,681	20,610	22,191	10,487	23,165	21,845	21,605	21,721	21,180	20,256	20,267	22,012
8511-8561-71200 Vacation Holiday & Sick Leave	787	764	1,008	1,381	1,321	1,344	1,229	1,078	1,454	1,574	1,614	1,549	1,812
8511-8591-71200 Vacation Holiday & Sick Leave	722	668	1,032	695	698	613	500	411	564	536	403	543	956
8511-8610-71200 Vacation Holiday & Sick Leave	275	1,877	1,660	898	954	1,518	1,223	706	603	2,139	2,897	3,529	4,437
8511-8619-71200 Vacation Holiday & Sick Leave	4,954	4,672	4,728	3,148	4,275	3,602	3,744	5,789	6,768	3,127	2,920	2,996	1,642
8511-8618-71200 Vacation Holiday & Sick Leave	387	640	599	620	864	631	660	680	738	694	684	774	733
8511-8650-71200 Vacation Holiday & Sick Leave	5,604	9,022	3,580	5,121	4,774	4,541	3,053	1,544	1,756	1,000	2,372	2,073	2,016
8511-8660-71200 Vacation Holiday & Sick Leave	662	963	815	1,056	1,110	1,782	1,109	1,150	1,118	1,077	1,058	1,092	1,129
8511-8661-71200 Vacation Holiday & Sick Leave	1,109	1,098	(26,370)	226	221	317	418	281	217	220	237	223	231
8511-8670-71200 Vacation Holiday & Sick Leave	384	372	20	0	0	0	0	0	0	0	0	0	0
8511-8677-71200 Vacation Holiday & Sick Leave	1,969	2,249	6,416	3,683	3,690	3,502	2,921	3,281	3,685	3,450	3,154	3,238	3,868
8511-8680-71200 Vacation Holiday & Sick Leave	1,387	1,616	235	1,738	1,495	1,260	1,787	1,750	1,998	2,057	1,670	2,242	1,508
8511-8710-71200 Vacation Holiday & Sick Leave	1,753	1,177	552	725	2,074	1,675	1,351	1,742	1,270	972	868	1,151	1,621
8511-8720-71200 Vacation Holiday & Sick Leave	14,231	16,321	12,951	16,053	16,026	14,771	15,680	16,340	16,107	15,075	14,724	14,679	17,667
8511-8751-71200 Vacation Holiday & Sick Leave	25,389	27,436	29,797	31,323	31,076	31,854	27,204	33,509	31,120	34,963	33,220	32,427	38,912
8511-8752-71200 Vacation Holiday & Sick Leave	6,571	9,752	6,216	6,557	6,442	8,101	6,474	6,886	7,627	7,325	8,368	8,009	8,009
8511-8754-71200 Vacation Holiday & Sick Leave	775	874	507	1,017	958	914	628	3,595	3,428	365	829	2,090	2,132
8511-8754-71200 Vacation Holiday & Sick Leave	1,245	781	1,582	1,492	1,411	1,399	1,014	1,218	1,490	1,441	1,415	1,461	944
8511-8771-71200 Vacation Holiday & Sick Leave													
Total: 71200 Vacation Holiday & Sick Leave	1,302,323	1,332,262	1,331,314	1,411,644	1,459,360	1,566,505	1,431,631	1,585,817	1,589,067	1,517,196	1,473,489	1,514,254	1,581,738
71275 BONUS													
8511-8610-71275 BONUS	0	0	0	0	0	0	3,090	0	0	0	0	0	0
8511-6340-71275 BONUS	0	0	0	2,500	0	0	0	9,375	0	0	0	0	0
8511-7400-71275 BONUS	0	0	0	0	0	0	0	1,250	0	0	0	0	0
8511-7420-71275 BONUS	0	0	0	10,000	0	0	0	0	0	0	0	0	0
8511-7429-71275 BONUS	0	0	0	0	0	0	0	0	1,250	0	0	0	0
8511-7570-71275 BONUS	0	0	0	0	0	0	10,600	0	0	0	0	0	0
8511-8615-71275 BONUS	0	0	0	2,700	0	0	0	0	0	0	0	0	0
8511-8650-71275 BONUS	0	33,000	0	0	0	0	0	0	0	0	0	0	0
8511-8754-71275 BONUS	0	0	0	0	0	0	0	0	12,000	0	0	0	0
Total: 71275 BONUS	0	33,000	0	15,200	0	0	13,000	10,625	13,250	0	0	0	0
71277 IT Application Training													
8511-6070-71277 IT Application Training	0	0	0	0	0	0	554	0	100	0	0	0	0
8511-6151-71277 IT Application Training	(133)	0	0	0	0	0	0	0	0	0	0	0	0
8511-6182-71277 IT Application Training	0	0	0	0	0	0	0	0	166	0	161	0	0
8511-6188-71277 IT Application Training	(1,206)	0	0	0	0	0	0	0	0	0	0	0	0
8511-6340-71277 IT Application Training	0	44	(5)	0	0	0	0	0	0	174	(58)	0	0
8511-7400-71277 IT Application Training	771	(371)	0	0	0	0	0	268	(64)	0	0	0	0
8511-7570-71277 IT Application Training	0	0	0	0	0	0	0	0	0	0	0	0	596
8511-8560-71277 IT Application Training	0	0	0	0	0	0	145	0	0	0	0	0	0
8511-9605-71277 IT Application Training	0	0	0	0	0	0	0	0	0	0	0	0	214
Total: 71277 IT Application Training	(569)	(327)	(5)	0	0	0	698	288	202	174	103	0	750
71850 Severance Pay:													
8511-7050-71850 Severance Pay	1,612	0	0	0	0	0	0	0	0	0	0	0	0
8511-7400-71850 Severance Pay	9,638	2,541	0	0	0	0	0	0	0	0	0	0	0
8511-7591-71850 Severance Pay	0	0	0	0	0	0	0	0	0	7,022	14,045	14,045	105,336
8511-7710-71850 Severance Pay	12,480	0	0	0	0	0	0	0	0	0	0	0	0
8511-8610-71850 Severance Pay	(2,542)	0	0	0	0	0	0	0	0	8,914	17,627	17,627	187,185
8511-8650-71850 Severance Pay	0	0	13,058	13,058	13,058	13,058	6,529	0	0	0	0	0	0
8511-8754-71850 Severance Pay	6,107	0	0	0	0	0	0	0	0	0	0	0	0
Total: 71850 Severance Pay	27,295	2,541	13,058	13,058	13,058	13,058	6,529	0	0	15,936	31,672	31,672	292,522
Total Non- Productive Salaries	1,329,049	1,367,475	1,344,366	1,439,901	1,472,417	1,579,563	1,451,858	1,596,830	1,602,519	1,533,306	1,505,475	1,546,126	1,875,010
Total - Salaries & Wages	12,261,729	12,826,643	12,668,792	12,945,898	13,161,598	12,987,850	12,787,108	14,234,767	13,090,262	13,873,755	13,134,834	13,227,404	13,012,875
Registry:													
72500 Registry Nursing Personnel													
8511-6010-72500 Registry Nursing Personnel	391,058	238,720	121,197	131,861	108,243	136,210	199,391	203,955	164,537	229,877	165,450	128,024	136,895
8511-6070-72500 Registry Nursing Personnel	640	659	0	0	0	0	0	0	0	0	0	0	0
8511-6151-72500 Registry Nursing Personnel	51,564	26,629	9,365	12,860	10,501	9,530	8,039	13,759	37,550	117,940	86,114	56,792	10,567
8511-6170-72500 Registry Nursing Personnel	57,385	62,739	27,231	18,323	20,202	6,019	1,988	(476)	25,827	43,475	40,731	15,213	3,276
8511-6182-72500 Registry Nursing Personnel	15,529	10,315	8,217	2,231	515	(132)	0	0	0	0	0	0	0
8511-6184-72500 Registry Nursing Personnel	10,673	888	0	0	0	0	0	0	0	0	0	0	0
8511-6187-72500 Registry Nursing Personnel	10,126	29,699	21,390	10,532	619	1,391	2,769	84	1,148	3,821	7,245	2,982	15,039
8511-6188-72500 Registry Nursing Personnel	24,663	14,322	1,131	(109)	0	0	1,549	3,537	13,899	14,636	2,100	3,793	2,919
8511-6382-72500 Registry Nursing Personnel	1,195	0	7,743	1,581	(1,025)	0	248	1,639	(149)	0	0	1,711	804
8511-6530-72500 Registry Nursing Personnel	88	0	0	0	0	0	0	0	0	0	0	0	0
8511-6580-72500 Registry Nursing Personnel	4,899	1,413	0	0	0	0	0	0	0	0	0	0	0
8511-7010-72500 Registry Nursing Personnel	43,484	55,121	57,588	84,520	93,723	132,389	99,779	133,091	220,098	191,957	125,108	113,784	67,960
8511-7011-72500 Registry Nursing Personnel	58,763	33,648	65,783	85,607	91,450	100,907	75,857	84,403	56,456	89,435	90,397	37,918	77,272
8511-7268-72500 Registry Nursing Personnel	0	0	0	0	0	0	0	0	0	0	0	0	2,513
8511-7400-72500 Registry Nursing Personnel	36,120	44,853	83,482	131,660	134,735	131,593	124,301	130,704	142,789	148,370	130,850	114,876	92,003
8511-7420-72500 Registry Nursing Personnel	36,346	20,976	216	(283)	1,352	230	15,484	30,797	34,435	31,820	41,363	32,607	26,848
8511-7427-72500 Registry Nursing Personnel	0	0	0	0	0	0	0	0	0	0	14,124	14,719	11,993
8511-7530-72500 Registry Nursing Personnel	0	0	53,330	77,662	49,074	0	11,385	0	0	11,420	28,548	10,239	71,370

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
72100 Medical-Therapists & Other:													
8511-7011-72100 Medical-Therapists & Other	0	21,581	0	0	0	0	0	0	24,997	7,883	10,431	21,272	(34,540)
8511-7268-72100 Medical-Therapists & Other	13,904	11,554	14,387	18,855	18,892	17,277	16,544	16,713	17,537	15,248	22,255	670	18,878
8511-7409-72100 Medical-Therapists & Other	0	0	0	0	3,818	4,929	5,752	5,207	(3,206)	0	0	0	0
8511-7429-72100 Medical-Therapists & Other	0	0	0	0	0	0	0	0	0	0	0	0	2,417
8511-7500-72100 Medical-Therapists & Other	43,332	64,455	12,437	(7,530)	29,167	57,288	33,589	53,437	49,827	49,087	5,886	30,064	(43,495)
8511-7570-72100 Medical-Therapists & Other	6	3,778	2,641	(5,533)	(887)	9,772	1,272	5,852	(5,372)	1,183	(46)	998	(1,114)
8511-7573-72100 Medical-Therapists & Other	0	0	0	0	0	0	1,173	(235)	0	0	0	0	0
8511-7620-72100 Medical-Therapists & Other	5,862	5,587	(156)	1,001	363	10,501	(822)	137	1,136	(1,136)	0	0	0
8511-7630-72100 Medical-Therapists & Other	0	0	0	1,454	801	0	0	0	0	0	0	0	0
8511-7729-72100 Medical-Therapists & Other	0	0	0	0	0	0	0	0	110,032	62,997	25,456	(16,020)	(19,874)
8511-7775-72100 Medical-Therapists & Other	11,578	14,820	38,247	31,795	46,936	50,854	52,537	59,414	43,257	52,424	53,203	52,631	46,407
8511-8340-72100 Medical-Therapists & Other	0	0	0	0	0	2,255	0	0	0	0	0	0	0
8511-8460-72100 Medical-Therapists & Other	0	0	0	0	0	0	1,303	(126)	0	0	0	(1,397)	1,397
8511-8560-72100 Medical-Therapists & Other	0	2,311	0	4,136	3,073	3,342	5,414	11,647	11,381	866	6,566	10,889	(15,282)
8511-8660-72100 Medical-Therapists & Other	0	0	11,896	(1,547)	5,211	(1,157)	0	0	0	0	0	0	0
8511-8720-72100 Medical-Therapists & Other	0	0	0	19,709	6,330	19,752	6,282	4,497	(570)	0	0	0	0
8511-8751-72100 Medical-Therapists & Other	0	0	0	10,843	4,866	(377)	(267)	2,834	16,159	17,114	3,478	17,420	(25,132)
8511-8752-72100 Medical-Therapists & Other	0	0	0	12,178	11,356	15,468	18,419	27,118	21,603	21,667	5,301	16,798	(23,820)
Total: 72100 Medical-Therapists & Other	74,882	124,085	78,254	85,161	128,927	187,658	144,034	187,804	286,546	227,434	133,530	133,323	(84,358)
Total Registry Labor	884,560	729,010	615,612	688,588	695,521	705,796	692,126	807,115	1,023,154	1,129,873	979,410	713,345	568,549
Contract Labor													
72600 Registry-Non Clinical													
8511-6340-72600 Registry-Non Clinical	23,259	31,000	38,750	(7,750)	0	0	0	0	0	0	0	0	0
8511-7010-72600 Registry-Non Clinical	61,380	54,400	66,850	58,600	62,740	33,680	28,200	32,430	28,200	31,020	28,200	31,090	28,200
8511-7400-72600 Registry-Non Clinical	32,780	43,900	73,280	80,870	33,130	110,750	79,308	98,530	84,640	80,280	75,000	87,240	80,300
8511-7570-72600 Registry-Non Clinical	30,600	24,800	0	0	0	0	0	0	0	0	0	0	0
8511-8215-72600 Registry-Non Clinical	30,600	41,310	30,600	27,120	30,600	38,250	30,600	35,190	30,600	30,180	35,190	12,240	24,200
8511-8560-72600 Registry-Non Clinical	0	0	0	0	0	0	647	0	0	0	0	0	0
8511-8650-72600 Registry-Non Clinical	0	0	0	0	0	0	0	0	0	0	0	0	42,526
8511-8752-72600 Registry-Non Clinical	0	0	0	0	0	0	22,950	74,950	56,400	50,940	66,970	65,970	57,550
8511-8754-72600 Registry-Non Clinical	30,637	9,658	34,116	25,032	6,518	30,478	25,499	37,495	(11,094)	0	0	0	0
Total: 72600 Registry-Non Clinical	209,247	205,058	243,366	184,872	132,988	213,158	187,204	278,595	191,746	192,420	205,360	196,540	232,776
Total - Contract Labor	209,247	205,068	243,396	184,872	132,988	213,158	187,204	278,595	191,746	192,420	205,360	196,540	232,776
Benefits & Taxes:													
71000 FICA													
8511-8881-71000 FICA	926,637	977,019	929,533	916,536	878,181	798,888	891,118	1,081,042	964,841	1,028,773	989,500	1,005,462	1,037,581
Total: 71000 FICA	926,637	977,019	929,533	916,536	878,181	798,888	891,118	1,081,042	964,841	1,028,773	989,500	1,005,462	1,037,581
71100 SUI - FUI													
8511-8881-71100 SUI - FUI	18,191	19,200	59,434	22,000	21,900	6,000	22,263	22,300	22,300	(27,700)	(31,821)	(4,306)	10,100
Total: 71100 SUI - FUI	18,191	19,200	59,434	22,000	21,900	6,000	22,263	22,300	22,300	(27,700)	(31,821)	(4,306)	10,100
71101 SUI - RIF													
8511-8881-71101 Unemployment - RIF	0	0	(43,387)	0	0	0	0	0	0	0	0	130	0
Total: 71101 SUI - RIF	0	0	(43,387)	0	0	0	0	0	0	0	0	130	0
71300 Group Health Insurance													
8511-8881-71300 Group Health Insurance	1,662,397	1,160,115	1,194,695	1,522,944	1,188,732	1,122,261	1,131,058	701,328	750,737	699,265	717,734	712,255	(50,846)
Total: 71300 Group Health Insurance	1,662,397	1,160,115	1,194,695	1,522,944	1,188,732	1,122,261	1,131,058	701,328	750,737	699,265	717,734	712,255	(50,846)
71305 Group Health Self Insured													
8511-8881-71305 Group Health Self Insured	216,875	184,058	174,120	220,045	189,552	154,733	141,161	149,607	362,376	791,111	885,938	726,841	1,683,263
Total: 71305 Group Health Self Insured	216,875	184,058	174,120	220,045	189,552	154,733	141,161	149,607	362,376	791,111	885,938	726,841	1,683,263
71310 Group Health Insured													
8511-8881-71310 Group Health Insured	59,467	52,325	49,441	70,219	55,846	42,382	42,564	114,460	120,852	150,631	130,314	69,353	182,386
Total: 71310 Group Health Insured	59,467	52,325	49,441	70,219	55,846	42,382	42,564	114,460	120,852	150,631	130,314	69,353	182,386
71319 Employee Ben Exp FLEX Dollars													
8511-8881-71319 Employee Ben Exp FLEX Dollars	10,613	11,759	11,528	10,978	11,327	11,225	11,897	11,386	10,288	12,349	13,131	13,790	13,954
Total: 71319 Employee Ben Exp FLEX Dollars	10,613	11,759	11,528	10,978	11,327	11,225	11,897	11,386	10,288	12,349	13,131	13,790	13,954
71320 Group Health Vision													
8511-8881-71320 Group Health Vision	26,704	(753)	2,603	4,357	5,951	4,253	(11,530)	(1,777)	15,944	(8,587)	26,807	6,763	(17,081)
Total: 71320 Group Health Vision	26,704	(753)	2,603	4,357	5,951	4,253	(11,530)	(1,777)	15,944	(8,587)	26,807	6,763	(17,081)
71350 Dental Insured													
8511-8881-71350 Dental Insured	91,421	46,619	93,246	(30,810)	(30,707)	(31,683)	(48,854)	(35,409)	(32,232)	(31,771)	(19,767)	(37,245)	(66,503)
Total: 71350 Dental Insured	91,421	46,619	93,246	(30,810)	(30,707)	(31,683)	(48,854)	(35,409)	(32,232)	(31,771)	(19,767)	(37,245)	(66,503)
71351 Dental Insured IBNR													
8511-8881-71351 IBNR - Dental	(50,152)	(63,753)	(1,550)	111,638	106,781	107,032	108,107	105,822	104,817	53,286	101,275	139,496	110,732
Total: 71351 Dental Insured IBNR	(50,152)	(63,753)	(1,550)	111,638	106,781	107,032	108,107	105,822	104,817	53,286	101,275	139,496	110,732
71375 Life AD&D Bnt-Contract													
8511-8881-71375 Life AD&D Bnt-Contract	(2,843)	14,783	1,940	1,968	1,696	1,803	304	1,912	1,976	1,978	1,938	1,965	408
Total: 71375 Life AD&D Bnt-Contract	(2,843)	14,783	1,940	1,968	1,696	1,803	304	1,912	1,976	1,978	1,938	1,965	408
71400 Group Life Insurance													
8511-8881-71400 Group Life Insurance	17,431	(3,450)	19,171	18,320	16,177	16,415	3,642	20,018	20,265	19,502	18,852	19,220	5,778

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total 71400 Group Life Insurance	17,431	(3,450)	19,171	18,320	16,177	16,415	3,642	20,018	20,265	19,502	18,852	19,220	5,776
71505 Retirement:													
8511-8883-71505 Retirement	0	0	0	0	0	0	0	0	0	0	0	0	0
8511-8881-71505 Retirement	396,667	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250
Total: 71505 Retirement	396,667	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250
71515 403B - Employer Match:													
8511-8881-71515 403B - Employer Match	77,064	148,925	146,933	144,102	141,880	248,105	140,936	130,243	146,164	158,640	152,323	155,070	158,900
Total: 71515 403B - Employer Match	77,064	148,925	146,933	144,102	141,880	248,105	140,936	130,243	146,164	158,640	152,323	155,070	158,900
71516 Retirement Plan - 401 A:													
8511-8881-71516 Venty Retirement Plan - 401 A	496,240	531,928	509,595	517,297	505,258	501,992	578,447	575,616	568,065	599,451	537,765	540,557	570,238
Total: 71516 Retirement Plan - 401 A	496,240	531,928	509,595	517,297	505,258	501,992	578,447	575,616	568,065	599,451	537,765	540,557	570,238
71720 Fringe Benefits:													
8511-8881-71720 Fringe Benefits	6,181	6,387	6,387	6,181	7,204	13,681	6,387	8,584	5,281	6,387	8,801	6,454	20,095
Total: 71720 Fringe Benefits	6,181	6,387	6,387	6,181	7,204	13,681	6,387	8,584	5,281	6,387	8,801	6,454	20,095
71600 Workers Compensation Insurance:													
8511-8881-71600 Workers Compensation Insurance	288,883	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837
Total: 71600 Workers Compensation Insurance	288,883	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837	198,837
71601 WC - TPA & Other:													
8511-8881-71601 WC - TPA & Other	0	87,659	87,659	87,659	87,658	87,658	87,658	87,658	87,658	82,691	87,887	86,003	86,003
Total: 71601 WC - TPA & Other	0	87,659	87,659	87,659	87,658	87,658	87,658	87,658	87,658	82,691	87,887	86,003	86,003
71810 LTD:													
8511-8881-71810 LTD	15,875	16,001	17,722	17,744	17,638	19,470	17,238	15,182	22,697	20,423	19,754	20,353	16,021
Total: 71810 LTD	15,875	16,001	17,722	17,744	17,638	19,470	17,238	15,182	22,697	20,423	19,754	20,353	16,021
71900 Other Employee Benefits (Non-Payroll):													
8511-8880-71900 Other Employee Benefits (Non-P)	0	0	0	0	0	0	536	(36)	0	450	(150)	0	0
8511-8881-71900 Other Employee Benefits (Non-P)	(2,959)	0	0	0	0	0	0	0	0	(26,921)	16,446	(7,820)	(243,304)
Total: 71900 Other Employee Benefits (Non-Payroll)	(2,959)	0	0	0	0	0	536	(36)	0	(26,471)	16,296	(7,820)	(243,304)
71910 EAP:													
8511-8650-71910 EAP	404	2,342	4,848	3,586	3,579	3,555	3,528	3,600	3,741	3,697	3,708	3,726	3,711
Total: 71910 EAP	404	2,342	4,848	3,586	3,579	3,555	3,528	3,600	3,741	3,697	3,708	3,726	3,711
71930 Ed & Reimbursemt:													
8511-8880-71930 Ed & Reimbursemt	(43,731)	67,665	68,353	47,075	91,944	74,455	90,391	79,254	76,764	66,700	85,065	66,350	133,179
8511-8881-71930 Ed & Reimbursemt	196,376	31,030	28,913	43,826	(5,191)	28,407	29,089	71,874	44,140	40,956	26,699	79,694	72,749
Total: 71930 Ed & Reimbursemt	152,645	98,695	97,266	90,900	86,753	102,862	119,480	151,127	120,904	107,656	111,764	146,044	205,928
71932 Education - Application Training:													
8511-7010-71932 Education - Application Training	0	0	0	0	433	0	0	0	0	0	0	0	0
Total: 71932 Education - Application Training	0	0	0	0	433	0	0	0	0	0	0	0	0
Total - Taxes & Benefits	3,718,641	3,583,936	3,652,271	4,029,751	3,589,926	3,503,719	3,540,029	3,436,751	3,590,762	3,935,388	4,066,287	3,898,198	4,031,350
Total - Labor Costs	17,074,177	17,344,656	17,180,071	17,849,109	17,580,032	17,410,522	17,206,466	18,757,228	17,895,925	19,131,436	18,385,891	18,035,487	17,845,549
Medical Fees:													
72000 Medical-Physicians:													
8511-7642-72000 MEDICAL-PHYSICIANS	0	15,446	19,541	2,400	0	0	0	13,023	10,972	23,508	42,416	39,741	(26,182)
8511-8510-72000 MEDICAL-PHYSICIANS	14,301	13,334	76,104	22,463	25,927	13,444	47,306	(24,437)	39,105	12,793	22,743	20,546	(109,604)
8511-8715-72000 MEDICAL-PHYSICIANS	285,236	271,627	269,190	269,839	253,784	284,028	274,610	296,249	260,167	267,524	262,129	238,720	275,617
8511-8715-72010 MEDICAL-PHYSICIAN SERVICES	0	(250)	0	0	0	0	0	0	0	0	0	0	0
Total: 72000 Medical-Physicians	299,537	300,156	364,836	324,702	279,711	297,471	321,916	284,835	310,244	303,824	347,288	299,007	139,831
72011 Medical-Physicians Administrat:													
8511-7014-72011 Medical-Physicians Administrat	0	0	0	0	0	0	0	0	0	0	0	0	85,806
8511-8715-72011 Medical-Physicians Administrat	136,045	126,816	138,664	132,793	132,664	128,912	149,637	94,284	151,846	185,164	148,664	(32,506)	38,453
Total: 72011 Medical-Physicians Administrat	136,045	126,816	138,664	132,793	132,664	128,912	149,637	94,284	151,846	185,164	148,664	(32,506)	124,260
72021 Medical-Phys Clinical Fees													
8511-8715-72021 Medical-Phys Clinical Fees	822,933	858,258	853,746	840,121	865,258	855,683	963,371	879,783	872,142	934,033	897,474	262,187	1,118,542
Total: 72021 Medical-Phys Clinical Fees	822,933	858,258	853,746	840,121	865,258	855,683	963,371	879,783	872,142	934,033	897,474	262,187	1,118,542
Total - Medical Fees	1,258,516	1,283,230	1,357,245	1,297,616	1,277,633	1,282,066	1,434,924	1,258,903	1,334,232	1,423,021	1,393,426	528,689	1,382,632
Supplies:													
73100 Prosthesis:													
8511-8188-73100 Prosthesis	(11)	0	0	0	0	0	0	0	0	0	0	0	0
8511-7010-73100 Prosthesis	0	0	0	(86)	0	642	0	0	0	0	0	0	0
8511-7080-73100 Prosthesis	0	0	0	450	1,350	450	0	(455)	446	445	0	900	0
8511-7450-73100 Prosthesis	0	0	2,325	0	600	4,534	0	(600)	0	3,000	(297)	938	0
8511-7470-73100 Prosthesis	328,057	222,507	300,640	279,748	317,889	323,673	360,560	245,967	348,416	314,980	295,853	326,851	217,186
8511-7471-73100 Prosthesis	10,482	17,779	17,419	2,544	17,267	13,462	8,343	8,530	8,932	3,018	10,047	5,081	5,081
8511-7570-73100 Prosthesis	0	0	0	0	266	27	0	2,113	9,400	0	0	0	0
8511-7573-73100 Prosthesis	0	0	0	0	0	1,694	174	994	102	0	0	0	0
Total: 73100 Prosthesis	339,527	240,287	320,385	282,656	337,371	344,483	389,077	256,550	363,196	327,357	298,573	338,735	223,167

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
73101 Pacemakers													
8511-7470-73101 Pacemakers	329	429	5,711	0	0	60	6	0	0	331	0	0	662
8511-7570-73101 Pacemakers	45,551	24,927	32,160	22,127	31,658	18,280	65,215	30,692	36,952	7,924	33,326	45,148	25,553
Total: 73101 Pacemakers	45,881	25,356	37,871	22,127	31,658	18,340	65,222	30,692	36,952	8,255	33,326	45,148	26,214
73102 IOL (Lens)													
8511-7470-73102 IOL (Lens)	9,210	6,511	6,805	9,161	7,387	3,951	10,256	6,282	1,532	855	1,824	6,100	4,104
8511-7573-73102 IOL (Lens)	20	0	0	0	0	0	0	0	0	0	0	0	0
Total: 73102 IOL (Lens)	9,230	6,511	6,805	9,161	7,387	3,951	10,256	6,282	1,532	855	1,824	6,100	4,104
73103 Spinecare Hardware													
8511-7450-73103 Spinecare Hardware	0	0	0	0	0	4,100	0	0	0	0	0	(4,100)	0
8511-7470-73103 Spinecare Hardware	49,989	200,713	141,346	105,707	95,040	48,203	70,538	87,501	111,782	70,542	107,230	95,714	30,352
Total: 73103 Spinecare Hardware	49,989	200,713	141,346	105,707	95,040	52,303	70,538	87,501	111,782	70,542	107,230	91,614	30,352
73104 Knees-Total													
8511-7470-73104 Knees-Total	0	0	(3,000)	0	0	0	0	0	0	0	0	0	0
8511-7450-73104 Knees-Total	0	0	0	0	4,384	0	0	(4,384)	0	0	3,522	941	0
8511-7470-73104 Knees-Total	90,834	66,676	35,423	14,300	75,395	28,124	52,155	47,085	17,517	98,466	89,601	57,843	17,359
Total: 73104 Knees-Total	90,834	66,676	35,423	14,300	79,779	28,124	52,155	42,701	17,517	98,466	93,123	58,884	17,359
73105 Hips-Total													
8511-7450-73105 Hips-Total	0	0	0	0	230	0	0	(230)	0	0	0	245	0
8511-7470-73105 Hips-Total	17,062	21,658	56,529	2,955	49,379	57,618	26,782	76,451	3,154	51,992	45,342	22,937	65,960
Total: 73105 Hips-Total	17,062	21,658	56,529	2,955	49,609	57,618	26,782	76,221	3,154	51,992	45,342	23,181	65,960
73106 Hips-Partial													
8511-7470-73106 Hips-Partial	2,697	2,997	2,397	(2,697)	5,394	2,697	6,497	0	2,697	5,656	0	3,750	11,361
Total: 73106 Hips-Partial	2,697	2,997	2,397	(2,697)	5,394	2,697	6,497	0	2,697	5,656	0	3,750	11,361
73107 Hips-Compression													
8511-7470-73107 Hips-Compression	0	4,689	50	2,162	0	11,722	0	0	0	2,261	2,261	0	0
Total: 73107 Hips-Compression	0	4,689	50	2,162	0	11,722	0	0	0	2,261	2,261	0	0
73108 Valves -Heart													
8511-7470-73108 Valves -Heart	7,720	0	2,151	4,532	168	12,420	15,440	0	0	0	7,720	4,532	168
8511-7471-73108 Valves -Heart	0	0	0	0	0	0	0	0	7,720	0	0	0	0
Total: 73108 Valves -Heart	7,720	0	2,151	4,532	168	12,420	15,440	0	7,720	0	7,720	4,532	168
73109 Bone													
8511-7470-73109 Bone	4,448	16,849	6,955	6,061	4,448	12,691	2,188	7,395	32,840	5,990	8,780	4,174	5,879
8511-7570-73109 Bone	0	0	0	0	0	0	0	0	0	0	653	0	0
Total: 73109 Bone	4,448	16,849	6,955	6,061	4,448	12,691	2,188	7,395	32,840	5,990	9,433	4,174	5,879
73110 AICD & Leads													
8511-7470-73110 AICD & Leads	0	0	0	(67)	0	1,154	23,011	500	0	0	0	0	0
8511-7471-73110 AICD & Leads	0	0	75	0	0	0	0	0	0	0	0	0	0
8511-7509-73110 AICD & Leads	0	0	0	0	0	18,150	3	0	0	0	0	0	0
8511-7570-73110 AICD & Leads	126,707	85,866	113,846	150,574	91,074	126,179	152,973	58,728	85,624	171,212	86,812	89,196	80,410
Total: 73110 AICD & Leads	126,707	85,866	113,920	150,507	91,074	145,483	175,987	60,228	85,624	171,212	86,812	89,196	80,410
73111 Tissue													
8511-7080-73111 Tissue	0	0	(122)	0	0	0	0	0	0	0	0	1,350	0
8511-7470-73111 Tissue	37,347	72,608	66,014	37,046	(220)	130,724	70,002	55,307	22,428	1,865	38,794	5,430	30,614
Total: 73111 Tissue	37,347	72,608	65,892	37,046	(220)	130,724	70,002	55,307	22,428	1,865	38,794	6,780	30,614
73112 Rings-Angioplasty													
8511-7573-73112 Rings-Angioplasty	1,467	734	725	1,500	750	237	0	0	1,500	1,500	31	750	1,528
Total: 73112 Rings-Angioplasty	1,467	734	725	1,500	750	237	0	0	1,500	1,500	31	750	1,528
73114 Neuro Stimulators/Leads													
8511-7470-73114 Neuro Stimulators/Leads	28,632	0	0	0	64,507	0	0	0	0	0	0	0	0
Total: 73114 Neuro Stimulators/Leads	28,632	0	0	0	64,507	0	0	0	0	0	0	0	0
73115 Vascular Grafts													
8511-7080-73115 Vascular Grafts	5,000	2,500	2,500	3,750	8,840	8,885	5,135	16,835	12,860	3,750	6,295	0	0
8511-7450-73115 Vascular Grafts	0	0	9,300	462	0	0	0	0	0	0	0	0	0
8511-7470-73115 Vascular Grafts	42,851	(7,680)	20,432	26,672	(5,127)	58,075	3,667	2,316	(19,146)	(28,361)	36,718	36,703	15,339
8511-7570-73115 Vascular Grafts	0	0	1,506	0	0	0	0	0	0	0	0	0	0
8511-7573-73115 Vascular Grafts	0	0	0	2,400	0	2,446	0	0	0	0	0	7,339	0
Total: 73115 Vascular Grafts	47,851	(5,180)	33,738	33,264	3,713	69,407	8,802	19,151	(6,286)	(24,611)	43,013	44,042	15,339
73116 Stents													
8511-7450-73116 Stents	0	0	497	24	0	0	0	0	0	0	0	0	0
8511-7470-73116 Stents	25,163	5,621	27,950	16,104	56,388	55,244	18,472	19,270	18,775	19,976	43,283	12,287	75,715
8511-7570-73116 Stents	1,715	3,000	600	283	0	1,158	858	0	319	282	8,310	2,507	2,507
8511-7573-73116 Stents	4,444	0	14,165	0	14,650	6,200	10,288	9,405	2,350	7,334	5,607	10,256	2,355
8511-7760-73116 Stents	0	0	307	1,022	0	1,022	1,022	0	204	307	1,285	618	618
Total: 73116 Stents	31,321	8,621	43,518	17,432	71,038	62,602	30,940	30,554	21,125	27,834	49,499	32,138	82,395
73117 Stent DES													
8511-7470-73117 Stent DES	0	0	0	0	0	0	0	0	0	0	0	0	5,825
8511-7570-73117 Stent DES	32,520	22,855	55,343	25,314	19,231	49,791	16,887	25,274	16,937	43,300	18,468	50,694	25,462
Total: 73117 Stent DES	32,520	22,855	55,343	25,314	19,231	49,791	16,887	25,274	16,937	43,300	18,468	50,694	31,087

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73200 Sutures & Surgical Needles:													
8511-6010-73200 Sutures & Surgical Needles	0	513	469	99	0	0	0	0	0	0	0	0	0
8511-6070-73200 Sutures & Surgical Needles	0	0	0	0	0	0	0	0	45	48	0	0	0
8511-7010-73200 Sutures & Surgical Needles	2,175	608	1,690	1,072	3,758	2,098	2,265	1,610	1,866	1,690	1,733	1,368	3,826
8511-7011-73200 Sutures & Surgical Needles	0	348	0	0	401	0	0	0	0	0	0	0	0
8511-7400-73200 Sutures & Surgical Needles	2,758	2,273	2,791	2,817	1,770	2,460	1,998	2,148	3,849	3,115	1,183	2,344	3,585
8511-7450-73200 Sutures & Surgical Needles	0	0	0	0	0	0	0	0	331	0	0	0	(331)
8511-7470-73200 Sutures & Surgical Needles	44,933	29,291	35,880	19,931	50,734	22,910	11,550	9,061	18,717	14,894	17,164	12,667	17,819
8511-7471-73200 Sutures & Surgical Needles	609	1,331	76	296	0	1,007	98	98	248	296	523	726	0
8511-7570-73200 Sutures & Surgical Needles	226	442	1,202	276	1,383	669	109	187	454	511	89	105	0
8511-7573-73200 Sutures & Surgical Needles	0	52	720	0	1,181	602	0	165	1,574	159	215	469	0
8511-7680-73200 Sutures & Surgical Needles	0	650	0	33	0	0	0	0	0	0	0	340	39
8511-7690-73200 Sutures & Surgical Needles	0	59	0	0	1,605	0	0	(1,185)	790	0	1,508	0	0
Total: 73200 Sutures & Surgical Needles	50,700	35,567	42,827	24,524	60,634	29,775	16,029	12,084	28,875	20,712	22,425	18,016	24,741
73201 Endomechanicals:													
8511-6010-73201 Endomechanicals	(214)	14	98	0	0	14	0	0	7	42	120	0	0
8511-6070-73201 Endomechanicals	0	0	375	0	0	0	0	0	127	0	0	0	0
8511-6382-73201 Endomechanicals	0	0	0	0	0	42	0	0	0	0	0	0	0
8511-7010-73201 Endomechanicals	(368)	255	297	198	170	156	134	113	113	85	141	49	170
8511-7011-73201 Endomechanicals	269	141	276	212	99	99	188	148	85	346	177	127	127
8511-7400-73201 Endomechanicals	5,302	4,248	5,015	6,656	5,016	5,552	4,663	7,670	3,835	4,759	3,755	5,224	5,018
8511-7420-73201 Endomechanicals	0	0	0	0	0	2,481	0	0	0	0	0	0	0
8511-7450-73201 Endomechanicals	3,018	0	0	0	0	0	0	0	0	0	0	0	0
8511-7470-73201 Endomechanicals	79,131	87,769	67,436	57,847	106,026	146,095	67,354	38,131	59,498	80,581	86,542	68,215	52,653
8511-7471-73201 Endomechanicals	0	0	0	0	0	0	0	0	127	0	0	0	0
8511-7570-73201 Endomechanicals	0	0	1,308	0	5,578	0	0	0	0	0	0	0	0
8511-7573-73201 Endomechanicals	422	0	0	154	0	447	46	2,225	1,685	9,135	415	0	0
Total: 73201 Endomechanicals	87,560	92,427	74,806	65,067	116,889	154,888	72,395	48,288	65,477	94,949	91,151	73,616	57,377
73300 Surgical Packs & Sets:													
8511-6010-73300 Surgical Packs & Sets	(80)	106	237	90	106	90	344	315	393	666	519	390	443
8511-6070-73300 Surgical Packs & Sets	0	90	84	90	90	179	90	90	0	0	179	0	179
8511-6151-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	76	148	236	236	59
8511-6179-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	0	236	473	89	384
8511-6182-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	0	296	0	0	0
8511-6184-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	189	355	148	89	59
8511-6187-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	606	739	89	118	0
8511-6186-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	227	118	59	0	0
8511-6580-73300 Surgical Packs & Sets	0	0	0	0	0	0	238	0	30	30	59	0	0
8511-7010-73300 Surgical Packs & Sets	568	757	757	682	940	712	666	682	736	532	562	701	739
8511-7400-73300 Surgical Packs & Sets	12,585	12,790	13,712	12,305	13,150	12,829	12,569	13,423	8,555	11,637	10,360	12,267	11,857
8511-7420-73300 Surgical Packs & Sets	106	108	0	0	167	214	0	(46)	153	0	0	0	0
8511-7429-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	42	0	0	0	0
8511-7470-73300 Surgical Packs & Sets	36,354	27,997	34,774	28,404	39,343	35,180	28,495	27,538	29,079	33,630	29,880	30,269	29,859
8511-7471-73300 Surgical Packs & Sets	0	0	(28)	58	0	0	0	(37)	369	0	48	0	0
8511-7520-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	90	0	0	90	0
8511-7570-73300 Surgical Packs & Sets	3,078	4,662	4,089	3,381	4,610	5,022	4,528	2,805	3,842	5,222	3,534	5,242	3,653
8511-7573-73300 Surgical Packs & Sets	3,378	3,283	3,940	3,831	4,389	3,405	3,607	2,821	2,111	3,318	2,286	4,790	3,338
8511-7891-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	0	90	0	0	0
8511-7893-73300 Surgical Packs & Sets	0	0	0	106	0	0	0	0	0	0	0	0	0
8511-7710-73300 Surgical Packs & Sets	0	0	0	0	0	0	0	0	213	0	0	0	0
8511-7760-73300 Surgical Packs & Sets	122	50	130	260	0	173	0	260	79	87	39	497	75
Total: 73300 Surgical Packs & Sets	56,102	49,841	57,695	45,205	62,795	57,805	50,237	48,304	46,544	57,105	48,442	54,837	50,848
73400 Surgical Supplies-General:													
8511-6010-73400 Surgical Supplies-General	10,513	9,302	7,780	8,170	8,827	8,779	13,440	11,824	15,238	17,232	10,836	10,373	10,032
8511-6070-73400 Surgical Supplies-General	3,705	3,235	4,821	2,958	4,880	3,823	1,874	3,740	5,265	3,171	1,375	2,425	2,127
8511-6110-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	170	0	0	0	0
8511-6151-73400 Surgical Supplies-General	2,635	2,586	1,449	3,340	2,176	2,121	2,220	2,515	2,952	4,226	1,178	1,960	2,939
8511-6170-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	(1,271)	0	0	0	0
8511-6178-73400 Surgical Supplies-General	0	0	97	0	0	0	0	0	0	0	0	0	0
8511-6179-73400 Surgical Supplies-General	1,712	2,313	1,708	1,976	1,592	1,999	2,031	2,586	2,395	2,908	1,493	2,554	2,013
8511-6182-73400 Surgical Supplies-General	856	1,456	1,146	1,283	1,007	1,596	1,768	1,384	973	1,050	637	710	786
8511-6184-73400 Surgical Supplies-General	1,763	1,969	1,311	1,742	2,157	2,005	1,697	1,855	2,375	1,778	1,491	635	1,691
8511-6187-73400 Surgical Supplies-General	3,741	3,882	3,102	2,338	2,016	2,731	2,438	1,534	3,094	3,183	3,700	2,683	2,867
8511-6188-73400 Surgical Supplies-General	2,025	3,313	2,555	2,365	2,048	3,051	2,386	2,097	2,893	2,788	2,102	2,388	2,354
8511-6290-73400 Surgical Supplies-General	202	116	147	473	270	317	441	109	162	243	43	61	136
8511-6340-73400 Surgical Supplies-General	1,037	388	1,804	977	641	940	949	253	690	508	850	732	420
8511-6380-73400 Surgical Supplies-General	3,822	3,431	4,248	3,607	3,896	2,109	2,786	2,593	2,397	2,685	1,690	1,194	1,861
8511-6382-73400 Surgical Supplies-General	273	1,444	210	732	(10)	842	312	729	317	203	511	1,160	507
8511-6530-73400 Surgical Supplies-General	184	261	407	319	254	159	171	84	82	15	10	89	208
8511-6580-73400 Surgical Supplies-General	849	1,186	1,152	734	655	531	203	775	544	414	189	403	291
8511-7010-73400 Surgical Supplies-General	14,814	14,388	13,050	14,626	14,082	13,378	10,171	15,037	10,457	13,636	11,364	14,652	10,552
8511-7011-73400 Surgical Supplies-General	2,052	2,088	1,119	1,218	1,777	1,164	1,428	1,267	1,053	1,423	1,007	845	1,353
8511-7075-73400 Surgical Supplies-General	173	0	0	0	286	0	0	0	0	0	0	0	0
8511-7076-73400 Surgical Supplies-General	317	14	36	310	7	128	1	155	389	51	7	26	50
8511-7080-73400 Surgical Supplies-General	9,095	10,432	11,165	1,402	4,466	9,102	7,624	10,792	10,909	13,705	24,232	1,169	393
8511-7087-73400 Surgical Supplies-General	285	143	0	143	0	130	0	143	0	0	0	0	0
8511-7183-73400 Surgical Supplies-General	24	2	(47)	45	37	59	(49)	0	49	2	39	110	85
8511-7195-73400 Surgical Supplies-General	(8)	0	0	0	0	0	0	0	0	0	0	0	0
8511-7400-73400 Surgical Supplies-General	34,802	31,973	30,379	48,380	46,751	40,636	40,370	42,749	32,690	47,422	56,084	42,932	60,387
8511-7420-73400 Surgical Supplies-General	11,849	10,441	10,697	12,233	16,479	12,554	19,773	9,977	13,759	12,937	11,694	8,978	13,581
8511-7427-73400 Surgical Supplies-General	24	82	268	68	21	107	88	65	10				

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8511-7660-73400 Surgical Supplies-General	888	9	127	137	59	804	139	127	79	48	1,287	128	179
8511-7670-73400 Surgical Supplies-General	292	287	131	400	632	171	381	445	137	356	54	7	473
8511-7680-73400 Surgical Supplies-General	2,457	2,344	473	2,551	2,418	507	206	1,042	1,589	155	386	2,498	349
8511-7690-73400 Surgical Supplies-General	1,347	2,430	2,025	3,315	2,815	7	2,885	3,528	2,360	1,783	248	1,673	4,826
8511-7710-73400 Surgical Supplies-General	22	40	44	98	29	11	0	11	44	11	11	67	131
8511-7720-73400 Surgical Supplies-General	4,763	3,856	6,496	5,859	6,810	3,342	3,428	8,490	5,441	8,100	11,286	9,147	6,312
8511-7722-73400 Surgical Supplies-General	957	10,052	3,779	3,019	4,962	7,275	515	(261)	1,146	985	1,893	4,433	6,491
8511-7730-73400 Surgical Supplies-General	6,720	5,778	7,414	9,260	163	13,374	59	8,450	9,477	2,735	7,705	0	1,522
8511-7735-73400 Surgical Supplies-General	4,574	11,382	13,865	22,200	2,270	16,634	8,939	12,087	15,318	10,224	23,354	13,078	
8511-7760-73400 Surgical Supplies-General	0	0	0	0	211	0	0	0	0	0	0	0	0
8511-7775-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	(266)	266	0	0	0
8511-8400-73400 Surgical Supplies-General	0	0	0	0	38	0	0	0	0	0	0	0	0
8511-8402-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	114	286	0	89	114
8511-8440-73400 Surgical Supplies-General	0	0	0	0	0	0	1	0	41	8	10	0	0
8511-8450-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	0	0	(7)	0	0
8511-8580-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	35	0	0	0	0
8511-8581-73400 Surgical Supplies-General	21	4	21	34	8	13	42	43	30	60	0	0	0
8511-8589-73400 Surgical Supplies-General	0	0	0	0	0	0	0	21	0	0	0	0	0
8511-8610-73400 Surgical Supplies-General	0	0	0	0	0	62	0	128	0	195	375	230	128
8511-8660-73400 Surgical Supplies-General	0	0	0	0	0	0	21	0	0	0	2	(23)	0
8511-8700-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	0	0	2,168	488	
8511-8751-73400 Surgical Supplies-General	0	0	0	0	3	0	0	0	0	0	0	5	0
8511-8752-73400 Surgical Supplies-General	0	0	0	0	0	0	0	0	0	14	40	7	0
8511-8771-73400 Surgical Supplies-General	37	17	0	0	0	0	0	0	0	0	0	0	0
Total: 73400 Surgical Supplies-General	365,647	351,557	417,922	381,615	411,355	456,314	409,217	436,265	408,452	443,090	474,241	435,490	439,041
73401 SURGICAL SUPPLIES - CV:													
8511-7470-73401 SURGICAL SUPPLIES - CV	17,663	5,839	11,810	9,172	5,796	12,111	11,240	4,876	19,554	8,446	11,451	2,398	24,655
8511-7570-73401 SURGICAL SUPPLIES - CV	0	0	0	0	0	0	0	0	(2)	2,638	0	0	0
8511-7573-73401 SURGICAL SUPPLIES - CV	0	7,225	4,779	0	0	16,272	245	0	0	2,630	6,849	13,070	850
Total: 73401 SURGICAL SUPPLIES - CV	17,663	13,064	16,588	9,172	5,796	28,383	11,485	4,876	19,552	13,719	18,100	15,469	25,505
73403 Ortho Supplies:													
8511-6010-73403 Ortho Supplies	0	0	0	0	0	0	0	276	0	2,729	908	1,144	610
8511-6151-73403 Ortho Supplies	0	0	0	0	0	0	0	43	0	92	79	137	214
8511-6170-73403 Ortho Supplies	0	0	0	0	0	0	0	61	0	414	178	297	90
8511-6182-73403 Ortho Supplies	0	0	0	0	0	0	0	0	0	36	0	31	76
8511-6184-73403 Ortho Supplies	0	0	0	0	0	0	0	138	0	176	0	18	0
8511-6187-73403 Ortho Supplies	0	0	0	0	0	0	0	14	0	220	0	384	141
8511-6188-73403 Ortho Supplies	0	0	0	0	31	115	71	231	53	1,552	616	679	368
8511-7010-73403 Ortho Supplies	4,191	2,227	3,228	2,770	2,080	1,086	109	852	567	3,943	2,834	2,723	3,625
8511-7011-73403 Ortho Supplies	32	16	0	0	0	0	0	8	0	0	0	0	0
8511-7050-73403 Ortho Supplies	(14)	0	0	(76)	0	0	0	0	0	0	0	0	0
8511-7076-73403 Ortho Supplies	95	8	267	474	122	119	0	635	(91)	139	195	1,012	290
8511-7080-73403 Ortho Supplies	47	0	205	117	72	32	153	39	110	32	47	63	32
8511-7400-73403 Ortho Supplies	0	8	0	0	0	0	0	0	0	0	0	0	0
8511-7420-73403 Ortho Supplies	(239)	26	268	0	0	0	1,478	(134)	375	451	0	0	0
8511-7450-73403 Ortho Supplies	153	0	(1,632)	0	820	0	(820)	0	0	441	918	0	0
8511-7470-73403 Ortho Supplies	33,564	26,330	53,448	51,307	45,504	81,884	64,493	32,213	43,558	44,014	47,893	50,589	41,438
8511-7471-73403 Ortho Supplies	2,813	2,535	2,832	1,841	1,848	1,944	1,882	1,591	2,473	1,461	1,817	1,845	
8511-7570-73403 Ortho Supplies	170	0	156	328	16	170	450	196	16	322	53	276	161
8511-7775-73403 Ortho Supplies	0	0	0	0	0	0	0	0	0	0	261	0	0
Total: 73403 Ortho Supplies	40,811	31,150	58,792	56,958	50,473	65,349	66,610	35,434	46,178	56,591	54,968	60,200	48,288
73404 Heartport Supplies:													
8511-7570-73404 Heartport Supplies	0	0	0	0	0	0	0	0	0	25,000	50,000	0	0
Total: 73404 Heartport Supplies	0	0	0	0	0	0	0	0	0	25,000	50,000	0	0
73500 Anesthetic Materials:													
8511-6010-73500 Anesthetic Materials	16	41	15	37	32	12	46	370	57	32	1,511	41	32
8511-7010-73500 Anesthetic Materials	4	0	0	7	1,540	26	36	199	44	0	2,310	203	(8)
8511-7011-73500 Anesthetic Materials	6	13	39	13	53	26	0	0	40	0	40	20	0
8511-7400-73500 Anesthetic Materials	635	0	126	0	(210)	108	36	41	486	0	1,183	74	672
8511-7420-73500 Anesthetic Materials	0	0	0	0	0	26	0	0	(13)	0	0	0	0
8511-7427-73500 Anesthetic Materials	0	0	0	0	0	0	0	0	0	2	0	0	0
8511-7450-73500 Anesthetic Materials	1,116	2,468	1,500	3,281	1,137	2,191	3,059	2,263	4,817	4,667	2,043	4,474	2,374
8511-7470-73500 Anesthetic Materials	1,827	1,906	1,788	1,349	2,551	1,929	1,606	1,461	1,074	2,976	1,398	3,545	1,338
8511-7471-73500 Anesthetic Materials	609	386	412	375	321	455	336	305	467	446	565	435	310
8511-7570-73500 Anesthetic Materials	0	0	0	0	0	0	0	0	0	0	229	0	0
8511-7720-73500 Anesthetic Materials	0	20	0	0	0	0	0	0	0	0	0	0	0
Total: 73500 Anesthetic Materials	4,216	4,832	3,880	5,061	5,424	4,775	5,144	4,639	6,931	8,163	9,230	8,812	4,716
73600 Oxygen & Other Medical Gases:													
8511-7080-73600 Oxygen & Other Medical Gases	0	0	0	0	0	0	0	0	0	0	0	64	0
8511-7420-73600 Oxygen & Other Medical Gases	0	0	0	0	0	0	0	363	0	0	0	0	0
8511-7450-73600 Oxygen & Other Medical Gases	0	0	0	0	0	0	0	0	188	19	60	0	0
8511-7470-73600 Oxygen & Other Medical Gases	133	0	69	0	0	0	0	0	0	0	0	0	0
8511-7710-73600 Oxygen & Other Medical Gases	2,035	0	0	0	0	0	0	0	0	0	0	0	0
8511-7720-73600 Oxygen & Other Medical Gases	7,826	11,507	9,382	11,667	9,852	10,794	10,189	13,076	15,725	14,565	15,007	12,137	24,444
Total: 73600 Oxygen & Other Medical Gases	9,993	11,507	9,431	11,667	9,852	10,794	10,189	13,439	15,913	14,584	15,068	12,202	24,444
73700 IV Solutions:													
8511-8010-73700 IV Solutions	10,501	11,452	10,734	11,405	11,012	11,085	11,891	10,800	10,940	10,757	10,542	9,979	9,420
8511-8070-73700 IV Solutions	1,155	1,881	917	1,304	867	1,615	1,100	779	2,216	1,040	982	1,324	2,974
8511-8110-73700 IV Solutions	0	0	0	0	0	0	0	0	33	0	0	2	0
8511-8151-73700 IV Solutions	3,820	4,383	4,714	4,412	4,350	4,882	4,865	4,412	4,738	4,658	3,085	4,023	4,682
8511-8176-73700 IV Solutions	2,909	3,247	3,018	2,649	3,394	3,585	3,837	4,412	4,480	4,246	3,555	5,082	3,637
8511-8182-73700 IV Solutions	3,038	2,991	2,605	2,142	3,293	2,457	2,129	2,475	1,901	1,858	1,636	2,293	2,244
8511-8184-73700 IV Solutions	2,203	2,656	2,482	2,650	2,289	2,323	2,877	2,260	2,572	2,306	2,917	2,947	2,253
8511-8187-73700 IV Solutions	4,301	4,039	4,034	4,430	3,607	3,630	4,063	3,941	4,232	4,137	3,430	3,916	4,369
8511-8188-73700 IV Solutions	3,868	4,114	4,048	3,814	3,925	3,601	4,211	3,685	3,518	3,466	3,262	3,651	4,464
8511-8290-73700 IV Solutions	308	131	222	360	335	228	267	160	262	457	246	209	290
8511-8380-73700 IV Solutions	748	723	645	1,986	1,244	1,360	1,905	715	785	566	254	366	793
8511-8382-73700 IV Solutions	186	289	5	257	232	632	609	166	101	53	134	394	429
8511-8530-73700 IV Solutions	58	16	30	32	0	48	20	0	26	0	0	30	9
8511-8580-73700 IV Solutions	1,056	1,224	1,181	985	1,027	370	362	832	432	454	327	317	422

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8511-7010-73700 IV Solutions	17,876	17,513	14,814	16,975	17,003	15,906	18,732	17,533	16,080	17,932	12,669	18,367	17,788
8511-7011-73700 IV Solutions	2,413	1,747	2,109	2,621	2,822	2,428	2,383	1,833	1,383	2,263	2,298	2,245	2,576
8511-7076-73700 IV Solutions	0	0	0	42	0	0	0	76	0	0	0	0	0
8511-7089-73700 IV Solutions	21	0	18	76	0	79	39	21	0	22	173	0	0
8511-7183-73700 IV Solutions	1,049	2,083	902	1,014	1,359	2,403	872	1,380	1,097	1,231	962	1,058	648
8511-7409-73700 IV Solutions	9,589	11,814	13,048	11,513	9,668	11,383	9,981	10,028	9,030	10,180	8,888	9,133	10,080
8511-7429-73700 IV Solutions	45	0	0	0	232	181	0	85	(22)	809	213	0	0
8511-7427-73700 IV Solutions	498	295	224	230	233	305	183	185	101	875	235	347	157
8511-7429-73700 IV Solutions	4,526	4,182	5,225	5,232	5,763	4,079	4,975	4,931	4,067	4,192	4,279	5,510	5,224
8511-7450-73700 IV Solutions	269	324	320	0	240	0	840	132	240	510	720	212	0
8511-7470-73700 IV Solutions	5,353	4,731	6,048	5,075	5,955	6,944	5,887	5,094	4,376	4,834	4,331	4,691	8,041
8511-7471-73700 IV Solutions	7,071	3,612	4,787	908	3,613	4,057	1,658	2,313	1,383	377	3,589	5,705	1,112
8511-7509-73700 IV Solutions	(373)	570	570	737	810	589	591	1,381	898	26	872	873	122
8511-7570-73700 IV Solutions	1,087	537	1,161	1,178	1,020	886	713	1,526	573	839	848	732	261
8511-7573-73700 IV Solutions	792	360	1,532	696	1,491	620	1,112	1,927	505	1,801	2,024	1,046	1,012
8511-7573-73700 IV Solutions	160	563	0	0	0	160	0	149	548	640	0	182	0
8511-7591-73700 IV Solutions	246	589	391	534	412	0	0	121	0	0	121	121	0
8511-7630-73700 IV Solutions	160	0	0	0	212	0	0	0	0	0	80	0	0
8511-7642-73700 IV Solutions	0	0	0	0	0	0	0	0	0	0	269	0	0
8511-7659-73700 IV Solutions	0	0	0	0	0	0	0	0	0	0	0	0	14
8511-7659-73700 IV Solutions	142	142	0	0	0	0	0	0	0	0	0	0	0
8511-7679-73700 IV Solutions	283	580	819	425	0	0	680	70	0	0	0	0	215
8511-7679-73700 IV Solutions	1,014	553	283	996	443	356	43	101	138	260	0	326	1,108
8511-7719-73700 IV Solutions	35,465	28,548	32,520	44,703	25,667	23,038	33,190	37,043	31,752	34,348	28,580	22,673	30,522
8511-7720-73700 IV Solutions	111	41	132	99	147	404	10	103	6	0	121	0	42
8511-7722-73700 IV Solutions	0	148	0	(120)	8	241	0	10	0	107	179	59	28
8511-7730-73700 IV Solutions	29	0	0	0	0	29	0	29	0	0	0	0	0
8511-7760-73700 IV Solutions	103	199	303	359	207	273	160	367	222	786	465	625	296
8511-7760-73700 IV Solutions	59	149	133	163	144	188	39	137	237	285	0	0	0
8511-8589-73700 IV Solutions													
Total: 73700 IV Solutions	123,181	117,424	119,983	129,832	113,023	109,755	120,024	121,326	108,950	116,428	100,700	107,737	115,256
73800 Pharmaceuticals:													
8511-7420-73800 Pharmaceuticals	0	106	0	0	0	0	0	140	135	0	0	0	0
8511-7470-73800 Pharmaceuticals	66	0	0	0	1,183	2,447	0	0	0	0	1,381	0	0
8511-7509-73800 Pharmaceuticals	11,463	0	11,243	0	11,517	0	11,511	11,241	0	0	0	11,687	0
8511-7719-73800 Pharmaceuticals	682,605	616,891	618,974	613,347	621,684	597,337	549,509	530,244	619,584	1,284,223	638,117	511,001	822,944
8511-7760-73800 Pharmaceuticals	0	0	1,030	0	0	0	0	628	0	0	0	1,105	0
8511-8610-73800 Pharmaceuticals	0	0	0	0	0	0	0	0	0	0	2,618	(2,618)	0
Total: 73800 Pharmaceuticals	694,134	616,997	631,247	613,347	634,384	598,784	581,011	542,253	619,719	1,284,223	642,116	521,175	822,944
73900 Radioactive Materials:													
8511-6070-73900 Radioactive Materials	64	0	0	0	0	0	0	133	0	0	64	0	63
8511-7076-73900 Radioactive Materials	40	0	0	0	0	0	0	50	0	0	24	0	24
8511-7420-73900 Radioactive Materials	228	0	0	0	0	0	0	415	0	0	216	0	221
8511-7450-73900 Radioactive Materials	48	0	0	0	0	0	0	111	0	0	35	0	35
8511-7570-73900 Radioactive Materials	268	0	0	0	0	0	0	552	0	0	275	0	301
8511-7630-73900 Radioactive Materials	504	0	0	0	0	0	0	1,135	0	0	632	0	539
8511-7650-73900 Radioactive Materials	17,750	25,505	7,159	24,039	10,147	30,235	20,249	16,109	19,684	15,950	28,486	12,033	29,659
8511-7680-73900 Radioactive Materials	74	0	0	0	0	0	0	131	0	0	59	0	88
8511-7690-73900 Radioactive Materials	16	0	0	0	0	0	0	33	0	0	16	0	16
8511-7730-73900 Radioactive Materials	138	0	0	0	0	0	0	283	0	0	150	0	161
8511-7760-73900 Radioactive Materials	48	0	0	0	0	0	0	100	0	0	59	0	55
8511-7775-73900 Radioactive Materials	8	0	0	0	0	0	0	22	0	0	16	0	25
Total: 73900 Radioactive Materials	19,186	25,505	7,159	24,039	10,147	30,235	20,249	19,074	19,684	15,950	30,031	12,033	31,187
74000 Radiology Films:													
8511-7890-74000 Radiology Films	434	388	580	530	308	475	695	395	347	226	294	380	212
8511-7890-74000 Radiology Films	89	17	0	0	86	69	17	0	137	24	0	0	0
Total: 74000 Radiology Films	503	405	580	530	394	544	712	395	485	250	294	380	212
74100 Other Medical Care Materials & Supplies:													
8511-6010-74100 Other Medical Care Materials &	23,832	24,684	21,433	26,129	23,024	24,845	24,520	31,342	29,261	32,807	32,218	28,446	27,084
8511-6070-74100 Other Medical Care Materials &	12,089	11,476	13,950	13,382	12,280	15,430	13,826	14,972	14,321	8,835	11,703	17,550	15,885
8511-6110-74100 Other Medical Care Materials &	0	0	0	0	0	0	0	0	335	0	0	38	0
8511-6151-74100 Other Medical Care Materials &	8,941	9,657	8,832	8,706	6,620	10,542	7,386	10,891	10,743	12,420	10,095	11,602	10,302
8511-6170-74100 Other Medical Care Materials &	0	0	0	0	0	0	0	0	135	0	0	0	18
8511-6179-74100 Other Medical Care Materials &	5,441	6,150	7,161	7,992	5,558	7,631	6,320	9,481	7,949	9,425	8,625	8,052	7,968
8511-6182-74100 Other Medical Care Materials &	7,377	3,986	5,727	4,275	4,216	3,809	4,231	4,969	5,166	5,499	4,043	3,916	4,284
8511-6184-74100 Other Medical Care Materials &	5,932	4,873	4,419	4,944	5,005	4,407	4,555	6,344	4,522	4,384	4,969	4,960	4,512
8511-6187-74100 Other Medical Care Materials &	11,031	9,521	10,559	8,566	9,345	8,716	8,360	11,252	10,018	9,255	9,232	10,049	9,525
8511-6188-74100 Other Medical Care Materials &	9,347	8,347	10,165	7,937	7,969	7,196	7,939	9,028	7,552	7,955	8,307	9,045	8,309
8511-6290-74100 Other Medical Care Materials &	637	283	420	726	518	699	1,267	190	1,105	1,226	810	539	625
8511-6340-74100 Other Medical Care Materials &	454	247	919	654	411	1,797	1,113	(60)	271	938	1,598	1,238	661
8511-6380-74100 Other Medical Care Materials &	12,874	10,627	12,845	11,136	14,935	11,978	15,853	13,517	7,850	15,973	7,285	11,621	12,113
8511-6382-74100 Other Medical Care Materials &	175	472	347	251	141	606	244	245	131	186	274	558	335
8511-6530-74100 Other Medical Care Materials &	1,480	1,834	4,500	2,816	1,631	1,658	931	858	2,234	305	91	879	1,674
8511-6580-74100 Other Medical Care Materials &	3,098	3,186	2,759	3,605	4,062	2,643	1,220	1,645	1,944	3,313	1,224	2,807	2,047
8511-7010-74100 Other Medical Care Materials &	36,039	43,103	46,978	41,388	45,286	41,035	48,250	57,259	47,502	41,432	44,783	44,849	52,889
8511-7011-74100 Other Medical Care Materials &	2,493	11,882	1,647	3,057	2,485	2,912	3,669	2,917	1,410	2,165	2,030	1,555	2,214
8511-7076-74100 Other Medical Care Materials &	0	509	(37)	0	618	0	0	0	1,252	58	0	0	0
8511-7076-74100 Other Medical Care Materials &	452	0	37	158	47	433	35	580	56	415	81	0	205
8511-7076-74100 Other Medical Care Materials &	677	573	704	1,096	492	1,480	1,475	1,032	493	1,100	1,525	951	1,184
8511-7080-74100 Other Medical Care Materials &	11	11	0	11	621	0	0	11	0	0	0	0	250
8511-7087-74100 Other Medical Care Materials &	464	1931											

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8511-7591-74100 Other Medical Care Materials &	315	502	25	220	405	626	259	523	177	139	188	305	914
8511-7620-74100 Other Medical Care Materials &	0	0	806	544	118	273	26	533	520	48	993	25	808
8511-7630-74100 Other Medical Care Materials &	1,940	1,617	1,115	497	1,159	1,447	1,219	1,768	147	981	194	2,141	493
8511-7642-74100 Other Medical Care Materials &	206	48	32	25	415	4	12	680	(59)	62	43	8	256
8511-7650-74100 Other Medical Care Materials &	0	0	900	97	972	336	0	42	938	326	945	48	856
8511-7660-74100 Other Medical Care Materials &	43	787	94	37	757	353	182	52	69	49	367	226	198
8511-7670-74100 Other Medical Care Materials &	4,685	4,152	7,438	5,892	6,202	4,364	2,750	5,903	4,142	4,418	3,512	3,841	5,445
8511-7680-74100 Other Medical Care Materials &	12,968	9,179	13,782	10,567	10,544	7,298	7,726	15,870	6,938	9,456	10,252	16,727	12,400
8511-7690-74100 Other Medical Care Materials &	1,485	553	370	401	1,708	296	124	(938)	433	269	512	2,934	1,945
8511-7710-74100 Other Medical Care Materials &	7,133	8,214	8,593	10,070	7,825	8,693	9,757	4,456	1,890	1,123	257	507	696
8511-7720-74100 Other Medical Care Materials &	7,647	10,900	10,887	9,653	12,644	9,085	8,488	22,549	13,851	8,992	10,107	7,286	7,905
8511-7722-74100 Other Medical Care Materials &	2,852	11,705	5,219	3,553	4,315	11,358	2,234	714	1,433	3,056	2,845	6,126	5,612
8511-7730-74100 Other Medical Care Materials &	0	0	0	559	0	176	119	610	176	288	1,958	0	97
8511-7739-74100 Other Medical Care Materials &	0	0	0	0	0	12	0	0	0	0	0	0	0
8511-7750-74100 Other Medical Care Materials &	3,692	2,140	987	7,307	2,012	4,014	719	1,941	2,614	2,754	2,595	3,858	3,921
8511-7763-74100 Other Medical Care Materials &	0	137	205	217	378	141	23	(729)	570	24	274	349	105
8511-7775-74100 Other Medical Care Materials &	3,413	0	1,265	0	1,901	728	3,364	1,292	2,307	574	1,388	1,430	1,628
8511-8340-74100 Other Medical Care Materials &	1,674	1,587	1,587	1,973	893	1,989	801	2,550	1,478	2,263	1,303	1,461	1,074
8511-8370-74100 Other Medical Care Materials &	134	119	134	89	45	138	74	93	242	69	0	0	134
8511-8400-74100 Other Medical Care Materials &	0	0	0	0	0	0	0	0	(638)	638	0	0	28,882
8511-8423-74100 Other Medical Care Materials &	0	0	0	0	0	0	0	0	0	0	9	0	0
8511-8443-74100 Other Medical Care Materials &	0	0	0	0	0	0	0	93	0	0	0	0	0
8511-8460-74100 Other Medical Care Materials &	45	45	0	0	0	127	3	(78)	0	35	0	0	0
8511-8465-74100 Other Medical Care Materials &	0	0	0	45	0	0	0	0	3,666	0	0	0	0
8511-8470-74100 Other Medical Care Materials &	0	0	5	5	0	0	7	12	0	0	0	0	0
8511-8561-74100 Other Medical Care Materials &	0	0	0	0	22	0	20	36	0	0	0	0	0
8511-8569-74100 Other Medical Care Materials &	15	12	102	78	127	32	123	52	206	119	0	0	0
8511-8580-74100 Other Medical Care Materials &	4	0	37	44	72	81	0	27	0	0	2	0	42
8511-8700-74100 Other Medical Care Materials &	5	0	0	45	6	10	14	8	18	0	1	(102)	0
8511-8752-74100 Other Medical Care Materials &	0	15	0	0	2	0	0	0	0	0	0	0	0
8511-8771-74100 Other Medical Care Materials &	917	0	40	0	150	32	0	0	0	26	1,341	174	180
Total: 74100 Other Medical Care Materials & Supplies	314,204	323,612	344,965	328,468	330,442	334,264	299,559	390,206	328,285	338,665	300,909	363,269	375,748
74101 Syringes:													
8511-6019-74101 Syringes	433	559	617	436	687	633	429	668	707	556	515	338	279
8511-6070-74101 Syringes	2,127	1,386	3,139	1,111	1,762	1,535	1,494	1,588	2,704	756	1,272	1,779	2,214
8511-6151-74101 Syringes	189	197	459	537	437	488	193	586	694	525	324	443	482
8511-6170-74101 Syringes	0	0	0	0	0	0	0	0	(143)	0	0	0	0
8511-6179-74101 Syringes	58	168	308	509	180	496	246	564	188	322	282	321	197
8511-6182-74101 Syringes	493	173	574	145	390	158	144	309	466	155	309	173	174
8511-6184-74101 Syringes	205	277	109	362	370	228	160	258	80	123	129	154	245
8511-6187-74101 Syringes	386	691	367	571	388	556	526	407	516	428	586	433	380
8511-6188-74101 Syringes	679	359	433	394	508	479	428	585	555	237	323	552	244
8511-6290-74101 Syringes	22	15	0	2	52	0	21	0	1	0	0	0	0
8511-6340-74101 Syringes	0	0	30	184	0	0	0	0	124	71	0	0	0
8511-6380-74101 Syringes	131	160	494	115	52	129	127	181	82	75	52	67	147
8511-6382-74101 Syringes	0	0	0	0	0	2	0	0	0	0	0	0	0
8511-6530-74101 Syringes	46	24	(117)	0	0	0	48	0	15	0	0	0	15
8511-6580-74101 Syringes	77	293	218	319	237	154	41	103	128	186	45	145	74
8511-7019-74101 Syringes	500	551	554	539	413	655	480	571	(237)	878	498	546	555
8511-7011-74101 Syringes	6	9	5	9	11	80	11	10	6	7	8	6	5
8511-7076-74101 Syringes	45	0	0	0	16	0	0	61	6	0	15	0	0
8511-7183-74101 Syringes	44	66	96	66	74	81	0	44	29	99	30	29	15
8511-7400-74101 Syringes	65	171	454	337	561	99	281	248	341	672	903	153	331
8511-7420-74101 Syringes	0	0	0	0	0	12	0	0	0	(30)	0	0	0
8511-7427-74101 Syringes	0	1	0	62	0	0	16	0	16	29	55	59	0
8511-7429-74101 Syringes	0	0	0	0	0	43	0	23	0	21	0	0	0
8511-7450-74101 Syringes	442	222	383	185	1,458	215	250	323	291	478	697	183	502
8511-7470-74101 Syringes	651	77	181	540	769	914	161	601	366	583	270	234	489
8511-7471-74101 Syringes	55	4	9	14	3	71	181	(20)	(43)	106	126	(56)	615
8511-7500-74101 Syringes	484	543	664	382	523	459	348	630	463	509	433	224	491
8511-7570-74101 Syringes	133	111	241	125	110	81	298	78	165	144	124	116	245
8511-7573-74101 Syringes	704	402	57	39	125	52	369	475	277	105	15	125	241
8511-7591-74101 Syringes	0	0	0	0	0	0	0	0	0	0	0	8	7
8511-7620-74101 Syringes	0	0	0	0	0	0	0	0	0	8	0	0	25
8511-7630-74101 Syringes	0	3	15	0	0	0	0	0	0	0	0	0	0
8511-7642-74101 Syringes	0	0	15	15	0	0	0	0	0	0	0	0	0
8511-7650-74101 Syringes	0	0	14	0	0	27	0	7	0	70	0	0	3
8511-7660-74101 Syringes	0	0	15	(15)	0	0	0	0	90	8	17	8	0
8511-7670-74101 Syringes	0	0	616	0	186	12	0	0	0	765	0	6	0
8511-7680-74101 Syringes	1,389	1,372	1,583	845	1,999	871	335	1,224	253	825	788	1,662	1,306
8511-7710-74101 Syringes	420	678	505	495	894	607	633	717	724	824	618	805	539
8511-7720-74101 Syringes	0	0	0	0	0	0	0	8	0	0	0	0	0
8511-7720-74101 Syringes	0	0	0	0	0	14	7	12	21	26	28	21	0
8511-7760-74101 Syringes	0	7	7	0	0	0	0	0	0	0	0	0	0
8511-8340-74101 Syringes	475	366	475	442	426	497	241	511	525	429	380	317	301
8511-8660-74101 Syringes	62	0	103	90	60	107	0	0	0	41	21	0	62
Total: 74101 Syringes	10,329	8,914	12,625	8,903	12,650	9,754	7,466	10,751	9,388	10,270	8,873	8,853	10,693
74102 Gloves:													
8511-6010-74102 Gloves	4,739	5,047	3,882	4,949	4,545	4,121	4,398	5,483	5,281	5,483	4,085	4,278	3,853
8511-6070-74102 Gloves	1,264	1,084	1,354	773	1,059	1,074	675	1,536	1,111	836	1,253	1,126	1,380
8511-6151-74102 Gloves	3,714	4,480	3,560	2,944	2,024	1,702	1,656	3,800	2,208	3,045	2,843	3,220	2,758
8511-6179-74102 Gloves	1,300												

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8511-7420-74102 Gloves	1,395	534	2,500	1,434	1,622	1,154	1,624	(1,863)	480	(592)	7,226	860	2,424
8511-7421-74102 Gloves	0	0	0	110	0	0	0	0	0	92	0	74	0
8511-7428-74102 Gloves	324	369	396	368	414	368	92	322	368	368	534	488	277
8511-7450-74102 Gloves	113	0	0	0	0	0	0	0	0	0	0	0	0
8511-7470-74102 Gloves	2,624	1,197	1,936	1,332	896	2,496	965	886	1,750	2,328	2,273	1,798	1,152
8511-7471-74102 Gloves	883	830	947	957	2,022	920	1,003	1,325	1,297	1,453	1,334	2,051	1,168
8511-7509-74102 Gloves	1,391	828	940	1,118	931	1,104	931	460	1,399	1,316	351	1,455	830
8511-7573-74102 Gloves	130	28	324	123	64	74	46	74	37	156	37	74	64
8511-7573-74102 Gloves	771	693	904	857	976	630	219	579	612	739	1,084	302	714
8511-7591-74102 Gloves	56	48	18	55	18	55	9	46	64	0	74	55	0
8511-7630-74102 Gloves	316	110	313	184	221	138	184	276	193	166	230	156	55
8511-7642-74102 Gloves	46	9	46	83	0	55	37	46	46	74	28	101	28
8511-7650-74102 Gloves	0	0	55	46	0	0	18	0	55	0	37	92	0
8511-7660-74102 Gloves	48	79	105	99	101	55	84	79	55	99	122	84	110
8511-7670-74102 Gloves	84	155	129	37	92	74	37	92	97	55	93	84	74
8511-7680-74102 Gloves	622	184	395	188	531	133	426	515	276	439	526	248	431
8511-7690-74102 Gloves	28	0	37	0	55	28	0	41	18	37	9	55	0
8511-7710-74102 Gloves	861	184	766	2,608	(1,062)	1	0	55	37	574	614	(7)	350
8511-7720-74102 Gloves	84	93	92	55	64	37	55	64	55	28	37	92	46
8511-7730-74102 Gloves	19	0	0	0	0	0	0	0	0	0	0	0	0
8511-7760-74102 Gloves	111	0	179	129	92	156	156	166	129	230	28	156	120
8511-7775-74102 Gloves	0	0	18	0	0	0	0	0	0	0	0	138	0
8511-8370-74102 Gloves	0	0	0	0	0	0	0	0	18	0	0	0	9
8511-8440-74102 Gloves	9	0	9	0	9	0	0	0	0	0	0	18	0
8511-8460-74102 Gloves	0	0	0	0	0	0	0	0	0	37	0	0	0
8511-8465-74102 Gloves	0	0	0	0	0	0	0	0	0	0	0	0	18
8511-8470-74102 Gloves	37	37	0	0	0	0	18	74	0	0	28	0	0
8511-8561-74102 Gloves	0	0	0	0	18	0	399	15	0	0	0	28	0
8511-8660-74102 Gloves	0	0	9	78	28	9	0	46	60	18	46	0	37
8511-8677-74102 Gloves	0	0	0	18	0	0	0	0	0	0	0	0	0
8511-8771-74102 Gloves	0	46	0	0	0	0	0	0	0	0	0	0	0
Total: 74102 Gloves	41,580	39,457	43,300	37,391	36,777	35,017	32,789	32,700	35,372	36,940	43,188	35,895	34,370
74103 AngioDiagnostic Caths:													
8511-6010-74103 AngioDiagnostic Caths	73	117	167	42	92	67	184	251	142	92	8	(220)	226
8511-6070-74103 AngioDiagnostic Caths	448	171	336	114	545	826	15	830	336	384	490	803	427
8511-6151-74103 AngioDiagnostic Caths	2	0	0	0	0	0	0	0	0	0	0	0	0
8511-6179-74103 AngioDiagnostic Caths	1	1	0	0	0	0	0	0	0	0	0	0	0
8511-6188-74103 AngioDiagnostic Caths	3	1	0	0	0	0	0	0	0	0	0	0	0
8511-6290-74103 AngioDiagnostic Caths	13	2	1	4	12	0	16	21	34	22	39	11	(21)
8511-6380-74103 AngioDiagnostic Caths	0	34	4	0	0	0	0	0	0	0	0	0	0
8511-6530-74103 AngioDiagnostic Caths	0	0	0	0	0	111	0	0	0	0	4	0	0
8511-6580-74103 AngioDiagnostic Caths	0	1	0	0	0	0	0	0	0	0	0	0	0
8511-7010-74103 AngioDiagnostic Caths	149	20	265	158	459	561	110	546	371	40	10	0	0
8511-7011-74103 AngioDiagnostic Caths	0	0	0	0	0	0	0	0	0	0	0	0	245
8511-7400-74103 AngioDiagnostic Caths	2,468	2,313	2,284	2,119	1,550	2,592	1,662	2,926	2,309	1,488	1,888	1,289	1,691
8511-7420-74103 AngioDiagnostic Caths	0	0	0	0	0	0	(223)	0	0	0	0	0	0
8511-7427-74103 AngioDiagnostic Caths	8	0	0	0	0	0	0	0	0	0	0	0	0
8511-7459-74103 AngioDiagnostic Caths	0	0	0	418	0	0	0	0	353	0	0	374	0
8511-7470-74103 AngioDiagnostic Caths	18,858	17,720	39,212	25,656	13,823	24,923	29,132	22,567	15,860	14,404	13,710	26,770	24,217
8511-7471-74103 AngioDiagnostic Caths	1,892	688	1,002	1,634	1,027	2,165	888	1,850	1,952	1,120	3,049	3,288	1,389
8511-7570-74103 AngioDiagnostic Caths	25,253	17,388	34,813	15,436	21,335	14,916	32,802	21,325	20,059	30,622	14,491	11,555	21,534
8511-7573-74103 AngioDiagnostic Caths	53,767	49,066	71,048	55,053	67,376	53,481	44,897	47,278	32,627	38,883	54,307	62,784	53,940
8511-7670-74103 AngioDiagnostic Caths	0	231	0	121	0	0	0	0	0	121	0	0	0
8511-7680-74103 AngioDiagnostic Caths	2,428	3,135	3,760	249	3,412	573	745	3,992	2,080	1,601	334	6,184	3,655
8511-7690-74103 AngioDiagnostic Caths	0	0	2,201	0	1,560	0	0	0	0	641	0	0	0
Total: 74103 AngioDiagnostic Caths	105,162	50,850	155,266	101,003	111,311	100,214	110,308	101,366	76,123	89,417	88,327	112,842	106,682
74104 Guidewires													
8511-7470-74104 Guidewires	9,783	5,286	17,950	21,180	20,831	14,361	13,233	12,495	8,529	16,815	5,037	11,258	13,797
8511-7570-74104 Guidewires	9,433	799	6,577	5,047	1,103	5,061	5,678	2,905	3,069	3,219	3,913	3,711	2,714
8511-7573-74104 Guidewires	6,561	2,752	4,735	5,773	5,875	3,465	3,923	4,187	2,109	5,110	2,605	4,333	930
8511-7760-74104 Guidewires	0	0	711	0	0	0	0	0	0	0	0	0	0
Total: 74104 Guidewires	25,777	8,838	29,973	32,000	27,808	22,887	22,835	18,587	13,707	25,144	11,556	19,302	17,441
74105 Sheath Sets/Dilators:													
8511-7470-74105 Sheath Sets/Dilators	1,582	1,160	5,007	3,921	7,099	2,562	1,166	565	2,862	3,089	1,006	2,832	3,940
8511-7471-74105 Sheath Sets/Dilators	0	0	0	0	0	0	0	0	44	0	0	0	0
8511-7570-74105 Sheath Sets/Dilators	286	498	612	69	988	555	151	262	185	575	103	190	816
8511-7573-74105 Sheath Sets/Dilators	112	0	1,017	614	3,053	3,309	3,160	684	2,600	370	2,600	2,149	157
8511-7760-74105 Sheath Sets/Dilators	0	0	0	0	0	0	640	907	0	0	0	0	0
Total: 74105 Sheath Sets/Dilators	1,980	1,668	6,636	4,604	11,140	6,426	5,117	2,418	5,691	4,034	3,709	5,171	4,913
74107 Balloon Cor. Dilator:													
8511-7420-74107 Balloon Cor. Dilator	0	0	0	0	0	0	0	0	0	0	0	0	8,649
8511-7470-74107 Balloon Cor. Dilator	30,669	33,711	51,471	54,745	84,387	62,847	28,479	21,562	42,961	41,436	39,288	37,148	25,346
8511-7570-74107 Balloon Cor. Dilator	17,896	18,211	19,430	12,947	14,540	13,382	21,604	23,880	26,538	15,624	9,614	13,571	16,980
8511-7573-74107 Balloon Cor. Dilator	2,057	1,551	455	1,173	1,813	568	564	3,949	2,096	0	485	94	5,615
8511-7760-74107 Balloon Cor. Dilator	0	0	578	0	0	0	0	0	0	0	479	29	0
Total: 74107 Balloon Cor. Dilator	50,621	53,474	71,884	69,866	100,540	76,797	50,647	49,392	71,594	57,060	49,875	50,843	54,781
74108 Inflation Devices:													
8511-7570-74108 Inflation Devices	1,710	680	1,496	85	769	2,077	680	769	833	680	1,230	390	1,529
8511-7573-74108 Inflation Devices	439	706	309	240	529	441	400	110	0	400	173	400	909
Total: 74108 Inflation Devices	2,149	1,386	1,805	325	1,298	2,518	1,080	879	833	1,080	1,403	790	2,438
74109 Atherectomy Devices:													
8511-7470-74109 Atherectomy Devices	0	0	0	0	0	0	0	6,300	6,403	0	3,395	348	12,743
Total: 74109 Atherectomy Devices	0	0	0	0	0	0	0	6,300	6,403	0	3,395	348	12,743
74110 Vascular Interventions:													
8511-7470-74110 Vascular Interventions	6,363	11,343	30,805	63,934	50,014	26,832	6,141	23,838	7,153	25,753	13,781	28,537	64,137
8511-7570-74110 Vascular Interventions	1,381	4,285	1,381	1,381	2,762	1,381	4,143	8,285	6,712	2,724	0	0	2,762
8511-7573-74110 Vascular Interventions	3,897	0	0	6,957	2,400	0	0	0	0	0	1,200	0	2,666

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Total 74110 Vascular Interventions	11,641	15,628	32,186	72,272	55,176	30,213	10,284	32,124	13,855	28,477	14,681	28,537	69,565
74111 Flow Directed Catheters:													
8511-7471-74111 Flow Directed Catheters	0	0	0	0	0	0	0	0	0	0	152	0	0
8511-7573-74111 Flow Directed Catheters	1,383	0	0	0	0	0	0	0	0	0	0	0	0
Total 74111 Flow Directed Catheters	1,383	0	0	0	0	0	0	0	0	0	152	0	0
74113 Guiding Catheters:													
8511-7459-74113 Guiding Catheters	0	0	0	0	144	(13)	0	(131)	0	0	0	0	0
8511-7470-74113 Guiding Catheters	791	73	1,352	12	827	45	83	333	80	83	1,029	23	0
8511-7570-74113 Guiding Catheters	211	144	1,025	428	542	529	533	250	527	799	649	138	244
8511-7573-74113 Guiding Catheters	0	166	133	42	42	0	62	83	76	0	8	145	0
Total 74113 Guiding Catheters	1,002	384	2,521	481	1,555	561	678	535	683	882	1,686	305	244
74114 PTCA Accessories:													
8511-7470-74114 PTCA Accessories	0	0	0	0	0	0	914	0	0	0	0	0	0
8511-7570-74114 PTCA Accessories	896	0	0	827	1,500	2,558	3,904	1,134	827	750	77	0	0
Total 74114 PTCA Accessories	896	0	0	827	1,500	2,558	4,818	1,134	827	750	77	0	0
74115 Intra-Aortic Balloons:													
8511-7470-74115 Intra-Aortic Balloons	0	0	0	0	0	0	3,092	0	0	0	0	0	0
Total 74115 Intra-Aortic Balloons	0	0	0	0	0	0	3,092	0	0	0	0	0	0
74117 Coronary Guidewires:													
8511-7470-74117 Coronary Guidewires	10	0	0	0	0	0	0	137	263	0	0	0	0
8511-7570-74117 Coronary Guidewires	777	0	0	0	0	870	0	0	819	0	0	0	0
8511-7573-74117 Coronary Guidewires	428	1,615	0	566	383	754	1,120	160	0	1,172	120	795	734
Total 74117 Coronary Guidewires	1,216	1,615	0	566	383	1,624	1,120	296	263	1,691	120	795	734
74119 Chemistry Solutions:													
8511-6010-74119 Chemistry Solutions	(86)	0	0	0	0	0	0	0	0	0	0	0	0
8511-6070-74119 Chemistry Solutions	453	227	567	58	353	235	176	175	88	59	176	147	294
8511-6340-74119 Chemistry Solutions	0	0	0	0	0	0	(107)	0	0	0	0	0	0
8511-6530-74119 Chemistry Solutions	0	0	170	0	0	0	0	0	0	0	0	0	0
8511-7010-74119 Chemistry Solutions	3,387	2,483	2,097	2,664	2,690	2,880	2,266	3,466	2,339	2,716	2,593	2,837	3,157
8511-7400-74119 Chemistry Solutions	345	66	86	259	173	66	173	432	0	173	86	345	259
8511-7420-74119 Chemistry Solutions	0	0	0	0	0	0	0	18	36	0	0	0	0
8511-7429-74119 Chemistry Solutions	0	0	0	0	0	71	0	0	0	178	0	0	0
8511-7470-74119 Chemistry Solutions	0	258	0	0	0	143	0	71	0	178	0	0	0
8511-7500-74119 Chemistry Solutions	100,315	99,644	115,373	100,853	99,648	138,276	100,456	115,699	120,769	126,482	116,228	90,141	145,180
8511-7520-74119 Chemistry Solutions	297	645	348	172	358	433	653	328	304	472	264	436	665
8511-7570-74119 Chemistry Solutions	0	0	0	0	0	0	86	0	0	554	0	0	0
8511-7720-74119 Chemistry Solutions	5,105	2,023	2,040	1,557	57	1,620	2,044	1,604	1,673	0	0	140	0
8511-7722-74119 Chemistry Solutions	6,295	2,053	2,600	3,049	856	3,482	1,772	6,702	2,714	(1,964)	2,453	3,359	3,669
Total 74119 Chemistry Solutions	116,112	106,418	123,280	110,613	104,134	147,226	107,520	128,488	127,943	120,848	121,801	97,405	154,224
74120 Hematology:													
8511-7500-74120 Hematology	341	1,004	4,073	1,410	3,603	1,333	230	21,147	906	6,409	1,735	510	3,027
8511-7720-74120 Hematology	1,209	82	914	873	625	0	897	901	56	600	600	1,201	600
8511-7722-74120 Hematology	1,301	1,201	914	600	1,099	80	897	1,445	56	600	600	1,201	600
Total 74120 Hematology	2,850	2,287	5,901	2,883	5,317	1,414	2,024	23,493	1,018	7,610	2,936	2,912	4,228
74121 Serology:													
8511-7500-74121 Serology	1,440	0	1,050	1,876	0	0	0	0	0	1,447	0	0	1,447
Total 74121 Serology	1,440	0	1,050	1,876	0	0	0	0	0	1,447	0	0	1,447
74122 Urinalysis:													
8511-7500-74122 Urinalysis	288	0	0	0	0	280	280	280	0	127	280	0	0
Total 74122 Urinalysis	288	0	0	0	0	280	280	280	0	127	280	0	0
74123 Microbiology:													
8511-6010-74123 Microbiology	74	75	106	45	74	38	111	42	86	43	91	91	43
8511-6070-74123 Microbiology	173	18	29	43	0	82	10	53	71	0	37	120	0
8511-6151-74123 Microbiology	77	0	37	76	37	2	4	262	119	4	45	5	3
8511-6179-74123 Microbiology	2	4	39	41	4	3	1	5	39	6	3	2	46
8511-6182-74123 Microbiology	11	41	42	2	4	2	2	42	2	2	5	3	3
8511-6184-74123 Microbiology	37	57	2	56	26	23	13	88	22	141	108	23	77
8511-6187-74123 Microbiology	10	48	40	32	52	60	45	0	3	129	21	16	29
8511-6188-74123 Microbiology	6	70	31	20	43	83	18	12	25	3	116	27	(39)
8511-6290-74123 Microbiology	2	0	1	6	0	1	5	0	0	2	5	0	11
8511-6340-74123 Microbiology	37	0	72	73	0	10	42	0	10	53	0	5	0
8511-6380-74123 Microbiology	57	0	38	10	11	18	0	38	49	6	43	54	5
8511-6382-74123 Microbiology	0	0	0	0	0	3	0	3	0	0	0	0	0
8511-6530-74123 Microbiology	(74)	5	0	10	20	0	10	0	58	0	0	21	0
8511-6580-74123 Microbiology	0	0	4	0	2	0	0	3	0	0	0	0	0
8511-7010-74123 Microbiology	383	261	300	260	346	284	395	272	296	354	309	365	322
8511-7080-74123 Microbiology	0	0	0	13	0	15	0	0	15	0	0	0	0
8511-7400-74123 Microbiology	75	112	111	80	111	80	37	111	111	89	48	0	134
8511-7420-74123 Microbiology	0	0	182	0	51	101	51	111	51	54	0	43	107
8511-7427-74123 Microbiology	0	0	0	74	0	0	0	0	0	0	0	0	0
8511-7429-74123 Microbiology	0	55	0	0	(25)	37	0	0	20	0	0	11	0
8511-7470-74123 Microbiology	26	26	52	0	28	29	59	15	29	29	31	29	15
8511-7500-74123 Microbiology	22,244	13,284	21,242	10,716	32,778	25,945	28,507	54,924	18,978	22,671	24,592	21,318	32,441
8511-7520-74123 Microbiology	66	0	0	0	0	0	66	0	0	0	0	0	87
8511-7570-74123 Microbiology	0	0	0	0	0	0	0	0	0	43	0	16	0
8511-7630-74123 Microbiology	0	0	0	0	5	0	0	0	0	0	0	0	0
8511-7760-74123 Microbiology	0	0	0	51	0	0	0	0	0	0	0	5	43
Total 74123 Microbiology	23,185	14,067	22,326	11,608	33,567	26,847	29,377	55,980	19,985	23,628	25,455	22,154	33,328
74124 Phlebotomy:													

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8511-7500-74124 Phlebology	3,292	3,161	4,562	3,731	4,002	2,458	2,581	5,359	3,351	3,114	2,870	3,836	2,801
Total: 74124 Phlebology	3,292	3,161	4,562	3,731	4,002	2,458	2,581	5,359	3,351	3,114	2,870	3,836	2,801
74125 Histology													
8511-7500-74125 Histology	0	139	0	139	0	139	0	0	0	248	33	116	12
Total: 74125 Histology	0	139	0	139	0	139	0	0	0	248	33	116	12
74130 EPS-Ablation Catheters:													
8511-7470-74130 EPS-Ablation Catheters	0	0	0	0	0	0	0	0	0	0	300	0	0
Total: 74130 EPS-Ablation Catheters	0	0	0	0	0	0	0	0	0	0	300	0	0
74150 Blood Supplies:													
8511-7500-74150 Blood Supplies	3,166	3,587	3,034	2,838	2,861	5,388	3,143	(1,031)	3,130	2,909	3,156	3,150	2,581
8511-7540-74150 Blood Supplies	222,860	211,678	187,607	189,335	291,295	192,150	196,436	183,773	188,089	194,256	187,845	166,928	251,682
Total: 74150 Blood Supplies	226,026	215,265	190,641	192,173	294,156	197,538	201,578	182,742	191,219	197,165	191,002	170,078	254,263
74151 Blood Processing:													
8511-7500-74151 Blood Processing	459	251	421	82	517	421	469	567	253	424	649	364	433
Total: 74151 Blood Processing	459	251	421	82	517	421	469	567	253	424	649	364	433
74160 IV Sets and Supplies:													
8511-6010-74160 IV SETS AND SUPPLIES	0	0	0	0	2	0	0	3	0	0	8	0	0
8511-6070-74160 IV SETS AND SUPPLIES	8	6	2	6	75	2	0	3	0	138	57	9	78
8511-7400-74160 IV SETS AND SUPPLIES	(3)	6	14	1	8	16	9	12	0	0	0	0	0
8511-7470-74160 IV SETS AND SUPPLIES	206	0	0	0	0	0	0	0	99	0	0	0	0
8511-7570-74160 IV SETS AND SUPPLIES	0	105	0	0	105	0	308	0	0	105	0	0	0
8511-7591-74160 IV SETS AND SUPPLIES	0	104	0	0	0	0	0	0	0	0	0	0	0
8511-7650-74160 IV SETS AND SUPPLIES	0	0	0	351	0	0	0	0	0	0	0	0	0
8511-7680-74160 IV SETS AND SUPPLIES	0	105	0	0	0	105	0	105	0	0	0	105	0
Total: 74160 IV Sets and Supplies	211	325	15	358	190	123	318	123	99	242	85	114	78
74195 Inventory Adjustments:													
8511-6010-74195 INVENTORY ADJUSTMENTS	(4,183)	0	0	0	0	0	0	0	0	0	0	0	(12,376)
8511-6070-74195 INVENTORY ADJUSTMENTS	(6,771)	0	0	0	0	0	0	0	0	0	0	0	5,874
8511-6151-74195 INVENTORY ADJUSTMENTS	(2,880)	0	0	0	0	0	0	0	0	0	0	0	3,161
8511-6182-74195 INVENTORY ADJUSTMENTS	(2,880)	0	0	0	0	0	0	0	0	0	0	0	3,161
8511-6184-74195 INVENTORY ADJUSTMENTS	(2,880)	0	0	0	0	0	0	0	0	0	0	0	3,161
8511-6187-74195 INVENTORY ADJUSTMENTS	(2,880)	0	0	0	0	0	0	0	0	0	0	0	3,161
8511-6188-74195 INVENTORY ADJUSTMENTS	(2,880)	0	0	0	0	0	0	0	0	0	0	0	3,161
8511-6380-74195 INVENTORY ADJUSTMENTS	(6,534)	0	0	0	0	0	0	0	0	0	0	0	881
8511-7010-74195 INVENTORY ADJUSTMENTS	14,909	0	0	0	0	0	0	0	0	0	0	0	(4,592)
8511-7182-74195 INVENTORY ADJUSTMENTS	2,441	0	0	0	0	0	0	0	0	0	0	0	(756)
8511-7400-74195 INVENTORY ADJUSTMENTS	(12,746)	0	0	0	0	0	0	0	0	0	0	0	(18,897)
8511-7450-74195 INVENTORY ADJUSTMENTS	(9,622)	0	0	0	0	0	0	0	0	0	0	0	(2,133)
8511-7470-74195 INVENTORY ADJUSTMENTS	(479,633)	0	0	0	0	0	0	0	0	0	0	0	181,607
8511-7471-74195 INVENTORY ADJUSTMENTS	(3,713)	5,683	2,700	6,413	1,777	6,299	5,664	(1,140)	3,721	6,544	6,449	5,254	17,715
8511-7500-74195 INVENTORY ADJUSTMENTS	(8,484)	0	0	0	0	0	0	0	0	0	0	0	(17,131)
8511-7570-74195 INVENTORY ADJUSTMENTS	(22,865)	(36,646)	0	0	0	0	0	0	0	0	0	0	(3,819)
8511-7573-74195 INVENTORY ADJUSTMENTS	(95,362)	0	0	0	0	0	0	0	0	0	0	0	77,491
8511-7630-74195 INVENTORY ADJUSTMENTS	9,547	0	0	0	0	0	0	0	0	0	0	0	(14,826)
8511-7650-74195 INVENTORY ADJUSTMENTS	(1,507)	0	0	0	0	0	0	0	0	0	0	0	767
8511-7710-74195 INVENTORY ADJUSTMENTS	(151,668)	0	0	0	0	0	0	0	0	0	0	0	(152,129)
8511-7720-74195 INVENTORY ADJUSTMENTS	(609)	0	0	0	0	0	0	0	0	0	0	0	(30,539)
8511-7722-74195 INVENTORY ADJUSTMENTS	(3,833)	0	0	0	0	0	0	0	0	0	0	0	26,448
8511-7760-74195 INVENTORY ADJUSTMENTS	(9,311)	0	0	0	0	0	0	0	0	0	0	0	(10,497)
8511-8340-74195 INVENTORY ADJUSTMENTS	10,205	0	0	0	0	0	0	0	0	0	0	0	(4,853)
8511-8430-74195 INVENTORY ADJUSTMENTS	31,828	51,322	58,227	14,265	39,628	44,905	37,800	14,392	8,184	73,055	50,878	39,673	78,513
Total: 74195 Inventory Adjustments	(762,411)	20,360	60,928	20,878	41,405	51,204	43,464	13,252	11,905	79,599	57,327	44,827	134,951
74300 Food-Other:													
8511-6010-74300 Food-Other	1,334	1,625	1,866	1,664	1,778	1,687	1,326	1,942	1,612	1,773	1,104	1,363	1,496
8511-6070-74300 Food-Other	170	205	289	266	195	141	160	214	325	54	10	37	139
8511-6151-74300 Food-Other	1,697	1,980	2,198	1,953	1,925	1,853	1,704	1,963	1,836	1,483	1,450	1,417	1,235
8511-6172-74300 Food-Other	15	0	0	102	0	0	0	0	0	0	0	0	0
8511-6182-74300 Food-Other	905	968	1,034	945	1,262	1,258	1,206	1,393	1,216	989	1,128	1,123	1,270
8511-6184-74300 Food-Other	868	852	1,038	1,091	1,188	1,300	1,267	1,444	1,182	1,138	1,195	1,265	1,155
8511-6187-74300 Food-Other	1,122	1,128	1,301	1,255	1,356	1,359	1,340	1,815	1,278	1,217	1,164	1,255	1,208
8511-6188-74300 Food-Other	1,286	1,352	1,417	1,420	1,476	1,413	1,284	1,517	1,357	1,202	1,181	1,177	1,118
8511-6290-74300 Food-Other	143	161	347	330	270	238	111	135	131	106	71	79	90
8511-6340-74300 Food-Other	2,822	3,177	3,137	3,242	3,120	3,358	2,804	3,354	2,473	3,292	3,588	4,253	3,772
8511-6380-74300 Food-Other	2,112	2,234	2,548	2,523	2,387	2,386	2,244	2,662	2,383	2,170	2,188	2,333	2,121
8511-6580-74300 Food-Other	793	676	772	953	909	637	618	744	709	703	683	656	580
8511-7010-74300 Food-Other	4,607	5,069	5,329	5,330	5,414	5,240	4,628	4,943	4,978	4,846	5,017	5,730	5,581
8511-7011-74300 Food-Other	13	5	5	0	0	37	74	37	0	0	0	0	0
8511-7041-74300 Food-Other	50	58	0	16	16	21	5	25	29	20	172	17	69
8511-7075-74300 Food-Other	70	29	0	0	154	0	325	0	196	0	0	65	0
8511-7076-74300 Food-Other	0	0	0	0	0	0	11	7	14	14	15	14	14
8511-7400-74300 Food-Other	2,280	2,096	2,465	2,862	2,640	2,573	2,265	2,572	2,546	2,692	2,637	2,908	3,023
8511-7420-74300 Food-Other	3,224	2,314	3,095	3,005	3,443	2,877	2,727	2,272	1,849	3,462	2,440	2,492	2,694
8511-7470-74300 Food-Other	0	0	157	0	0	0	0	0	0	0	0	0	0
8511-7642-74300 Food-Other	0	17	0	0	0	0	0	0	0	18	0	0	0
8511-7650-74300 Food-Other	24	0	23	0	0	7	0	7	0	7	0	7	0
8511-7680-74300 Food-Other	0	19	0	74	0	0	31	0	25	6	39	0	36
8511-7775-74300 Food-Other	80	0	0	0	12	12	0	0	0	0	38	0	2
8511-8031-74300 Food-Other	47	51	76	16	31	0	0	0	8	0	24	0	0
8511-8215-74300 Food-Other	194	284	288	144	127	472	172	101	101	101	156	101	53
8511-8310-74300 Food-Other	0	0	0	0	0	0	0	0	20	0	0	0	0
8511-8340-74300 Food-Other	7,411	8,349	6,934	5,537	5,564	5,621	4,527	4,888	5,791	6,555	5,989	5,949	6,157
8511-8440-74300 Food-Other	61	167	88	71	52	34	10	74	49	29	28	38	259
8511-8460-74300 Food-Other	29	0	0	0	0	65	11	0	0	0	0	0	0
8511-8480-74300 Food-Other	0	0	0	0	0	0	0	0	0	0	0	0	297
8511-8591-74300 Food-Other	0	35	0	0	0	0	0	0	0	0	0	0	0
8511-8610-74300 Food-Other	10,418	12,332	10,893	11,157	12,884	14,821	22,306	22,060	11,952	12,920	12,980	11,386	11,604
8511-8615-74300 Food-Other	1,473	1,007	965	1,142	729	1,311	321	561	561	403	335	577	284

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8511-8618-74300 Food-Other	0	0	0	0	0	130	0	0	0	0	0	0	0
8511-8638-74300 Food-Other	1,979	110	0	100	0	85	954	0	0	117	0	0	89
8511-8650-74300 Food-Other	276	320	471	350	188	200	2,559	200	288	618	885	386	401
8511-8670-74300 Food-Other	2,409	2,709	5,132	3,148	2,282	2,549	1,838	1,914	2,093	2,752	3,841	2,499	2,525
8511-8677-74300 Food-Other	0	0	0	0	0	0	0	0	0	0	6	0	0
8511-8677-74300 Food-Other	473	437	419	641	168	35	15	667	760	391	1,080	37	15
8511-8680-74300 Food-Other	520	460	446	410	437	466	484	619	476	592	566	412	384
8511-8680-74300 Food-Other	232	0	0	0	0	39	0	58	34	20	61	(212)	6
8511-8720-74300 Food-Other	1,046	11,088	8,993	6,119	14,972	13,634	11,840	11,535	11,667	13,282	16,771	19,967	16,514
8511-8720-74300 Food-Other	0	41	0	0	0	377	0	0	0	0	0	3,697	0
8511-8750-74300 Food-Other	0	0	0	0	95	3	0	0	0	0	0	0	0
8511-8757-74300 Food-Other	0	0	0	0	0	0	0	0	0	0	0	0	2
Total: 74300 Food-Other	50,187	59,353	61,664	58,868	65,066	66,238	69,266	69,724	57,937	62,966	66,843	70,698	64,203
74400 Linen & Bedding:													
8511-6010-74400 Linen & Bedding	1,410	0	0	0	0	750	0	0	0	0	894	0	537
8511-6151-74400 Linen & Bedding	589	0	0	0	0	686	0	0	0	0	596	0	471
8511-6182-74400 Linen & Bedding	85	0	0	0	0	255	0	0	0	0	80	0	96
8511-6184-74400 Linen & Bedding	69	0	0	0	0	98	0	0	0	0	133	0	80
8511-6187-74400 Linen & Bedding	239	0	0	0	0	168	0	0	0	0	144	0	141
8511-6188-74400 Linen & Bedding	271	0	0	0	0	295	0	0	0	0	431	0	181
8511-6289-74400 Linen & Bedding	0	0	0	0	0	27	0	0	0	0	37	0	27
8511-6340-74400 Linen & Bedding	319	0	0	0	0	90	0	0	0	0	261	0	5
8511-6380-74400 Linen & Bedding	146	0	0	0	0	53	0	0	0	0	64	0	32
8511-6382-74400 Linen & Bedding	0	0	0	0	0	43	0	0	0	0	0	0	0
8511-6530-74400 Linen & Bedding	0	0	0	0	0	11	0	0	0	0	0	0	0
8511-6580-74400 Linen & Bedding	0	0	0	0	0	0	0	0	0	0	0	0	32
8511-7400-74400 Linen & Bedding	604	0	0	0	0	926	0	0	0	0	622	0	527
8511-7420-74400 Linen & Bedding	0	0	0	0	0	0	0	0	0	0	16	0	0
8511-7429-74400 Linen & Bedding	27	0	0	0	0	85	0	0	0	0	58	0	0
8511-7570-74400 Linen & Bedding	0	0	0	0	0	0	0	0	0	0	5	0	0
8511-7573-74400 Linen & Bedding	0	0	0	0	0	0	0	0	0	0	0	0	5
8511-7591-74400 Linen & Bedding	0	0	0	0	0	0	0	0	0	0	0	0	16
8511-7630-74400 Linen & Bedding	11	0	0	0	0	27	0	0	0	0	11	0	11
8511-8350-74400 Linen & Bedding	0	0	0	0	4,825	(1,736)	3,092	(3,089)	0	0	(3,092)	0	0
Total: 74400 Linen & Bedding	3,751	0	0	0	4,825	1,775	3,092	(3,089)	0	0	260	0	2,160
74500 Cleaning Supplies:													
8511-6010-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	40	0	0	0	0
8511-6070-74500 Cleaning Supplies	426	247	0	0	433	455	397	503	821	395	477	536	559
8511-6179-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	0	0	1,749
8511-6182-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	14	0	0	95	0
8511-6188-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	0	0	972
8511-6289-74500 Cleaning Supplies	0	0	0	0	20	47	57	82	136	95	66	37	25
8511-6340-74500 Cleaning Supplies	34	157	1,138	238	273	0	416	320	172	15	472	281	261
8511-6380-74500 Cleaning Supplies	0	0	0	0	434	419	526	558	437	866	550	745	738
8511-6382-74500 Cleaning Supplies	0	0	0	0	1	62	15	77	20	4	0	14	0
8511-6530-74500 Cleaning Supplies	0	0	0	0	108	236	128	398	457	83	169	70	219
8511-7010-74500 Cleaning Supplies	0	0	0	0	209	324	273	350	387	240	189	343	158
8511-7011-74500 Cleaning Supplies	0	0	0	0	0	(24)	0	24	0	15	0	0	15
8511-7076-74500 Cleaning Supplies	0	0	0	0	0	124	13	0	0	0	0	0	0
8511-7400-74500 Cleaning Supplies	30	0	29	29	29	63	60	119	71	31	31	81	10
8511-7429-74500 Cleaning Supplies	0	0	0	0	2	0	0	0	0	0	0	0	22
8511-7450-74500 Cleaning Supplies	0	0	0	0	345	0	0	0	45	312	377	0	0
8511-7471-74500 Cleaning Supplies	3,073	4,098	3,607	2,768	2,711	3,077	2,117	1,984	4,126	2,254	2,778	3,769	1,193
8511-7500-74500 Cleaning Supplies	0	0	0	66	0	0	0	0	0	66	11	0	0
8511-7520-74500 Cleaning Supplies	0	0	0	54	0	0	0	54	0	0	0	0	0
8511-7573-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	22	0	0
8511-7630-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	380	91	0
8511-7710-74500 Cleaning Supplies	0	0	0	0	0	0	0	451	731	184	0	1,319	267
8511-8440-74500 Cleaning Supplies	2,427	2,804	5,988	3,285	5,100	301	2,960	6,126	2,292	1,371	3,302	5,041	2,954
8511-8485-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	0	71	0	0	0
8511-8660-74500 Cleaning Supplies	0	0	0	0	0	0	0	0	0	0	0	0	45
Total: 74500 Cleaning Supplies	5,993	7,307	10,763	6,440	9,665	5,086	6,593	11,065	9,752	6,001	8,824	12,445	9,206
74600 Office & Administrative Supplies:													
8511-6010-74600 Office & Administrative Suppl	3,537	132	2,182	696	532	481	81	2,419	688	620	2,399	661	3,601
8511-6070-74600 Office & Administrative Suppl	946	59	388	90	56	108	52	37	45	100	415	89	202
8511-6151-74600 Office & Administrative Suppl	2,103	243	795	1,980	382	1,355	920	2,727	425	525	1,751	1,012	2,161
8511-6179-74600 Office & Administrative Suppl	1,185	751	330	717	259	219	160	147	63	242	104	181	170
8511-6182-74600 Office & Administrative Suppl	3,683	63	1,134	215	506	255	142	768	153	95	663	508	897
8511-6184-74600 Office & Administrative Suppl	855	10	138	534	561	31	263	761	141	243	393	1,057	247
8511-6187-74600 Office & Administrative Suppl	2,400	(773)	2,585	1,732	(435)	433	207	1,073	113	183	1,260	853	2,141
8511-6188-74600 Office & Administrative Suppl	1,573	245	1,142	579	636	289	144	914	265	165	1,245	1,412	1,154
8511-6280-74600 Office & Administrative Suppl	608	25	10	0	0	0	9	10	0	10	589	36	0
8511-6340-74600 Office & Administrative Suppl	2,355	27	3,293	2,218	1,097	1,656	1,066	1,685	142	129	3,601	1,332	2,275
8511-6380-74600 Office & Administrative Suppl	2,309	1,037	1,164	2,882	1,587	843	3,632	509	567	1,347	905	3,691	1,958
8511-6530-74600 Office & Administrative Suppl	670	12	196	132	576	45	105	1,512	21	0	1,092	328	1,899
8511-6580-74600 Office & Administrative Suppl	963	76	658	2,093	659	65	485	740	40	106	1,159	169	845
8511-7010-74600 Office & Administrative Suppl	6,787	0	4,190	3,042	1,762	1,455	913	3,822	0	37	5,344	2,073	4,019
8511-7011-74600 Office & Administrative Suppl	332	253	699	117	179	0	146	458	0	0	885	0	156
8511-7012-74600 Office & Administrative Suppl	0	0	0	0	377	0	0	0	0	0	0	0	0
8511-7050-74600 Office & Administrative Suppl	0	0	0	109	63	124	74	280	0	0	240	124	415
8511-7076-74600 Office & Administrative Suppl	4,227	0	465	512	858	274	230	1,432	0	129	2,271	379	1,864
8511-7076-74600 Office & Administrative Suppl	429	0	967	116	(272)	350	166	638	926	91	246	322	215
8511-7080-74600 Office & Administrative Suppl	178	42	294	97	21	0	42	0	94	0	37	42	80
8511-7266-74600 Office & Administrative Suppl	1,004	0	234	384	180	198	169	499	0	0	791	(2)	644
8511-7320-74600 Office & Administrative Suppl	0	0	0	27	0	0	0	0	0	0	0	0	0
8511-7400-74600 Office & Administrative Suppl	3,428	(146)	1,025	5,665	2,706								

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8511-7591-74900 Office & Administrative Suppl	269	263	147	521	83	5	65	430	5	21	254	31	147
8511-7630-74900 Office & Administrative Suppl	1,997	547	1,246	886	1,386	685	435	2,060	64	0	2,837	972	2,235
8511-7640-74900 Office & Administrative Suppl	0	0	127	0	0	0	0	0	0	0	0	0	0
8511-7642-74900 Office & Administrative Suppl	881	0	0	58	351	0	267	245	0	0	43	89	216
8511-7660-74900 Office & Administrative Suppl	0	0	178	0	0	0	254	0	0	0	0	0	0
8511-7680-74900 Office & Administrative Suppl	36	85	331	0	0	(65)	254	0	0	0	0	0	0
8511-7690-74900 Office & Administrative Suppl	89	18	51	0	18	45	0	0	0	129	64	9	0
8511-7710-74900 Office & Administrative Suppl	4,011	3,239	3,525	3,861	3,720	3,813	4,210	3,702	3,180	2,739	3,887	3,711	4,279
8511-7720-74900 Office & Administrative Suppl	444	253	599	244	194	0	87	388	0	50	459	164	545
8511-7722-74900 Office & Administrative Suppl	143	253	26	0	0	0	0	0	0	0	0	0	0
8511-7760-74900 Office & Administrative Suppl	0	0	243	(12)	442	47	0	(120)	0	0	0	53	0
8511-7775-74900 Office & Administrative Suppl	136	253	195	27	0	0	156	301	0	0	405	125	204
8511-8215-74900 Office & Administrative Suppl	531	253	421	248	152	0	0	0	357	0	281	0	959
8511-8310-74900 Office & Administrative Suppl	177	142	185	141	78	78	8	357	93	8	68	183	1,302
8511-8340-74900 Office & Administrative Suppl	2,384	0	1,983	386	531	425	338	1,617	287	0	2,012	968	1,180
8511-8360-74900 Office & Administrative Suppl	0	0	0	566	1,012	580	393	1,643	0	0	2,364	925	1,148
8511-8389-74900 Office & Administrative Suppl	0	0	0	0	0	0	0	90	0	0	132	0	0
8511-8390-74900 Office & Administrative Suppl	0	0	0	0	0	0	0	0	0	0	51	405	0
8511-8409-74900 Office & Administrative Suppl	0	0	69	22	0	10	0	0	0	0	0	0	0
8511-8402-74900 Office & Administrative Suppl	78	0	16	708	219	73	325	278	24	2	84	323	447
8511-8429-74900 Office & Administrative Suppl	178	0	51	0	0	323	0	472	0	494	641	310	630
8511-8440-74900 Office & Administrative Suppl	0	253	26	0	0	0	0	0	0	150	15	0	0
8511-8460-74900 Office & Administrative Suppl	1,401	0	29	218	165	113	0	962	0	0	1,316	673	768
8511-8465-74900 Office & Administrative Suppl	0	0	0	0	0	0	0	0	0	18	56	9	0
8511-8470-74900 Office & Administrative Suppl	98	0	1,815	724	90	0	0	316	0	0	302	170	130
8511-8480-74900 Office & Administrative Suppl	394	0	0	0	0	0	0	0	0	0	0	0	101
8511-8486-74900 Office & Administrative Suppl	0	0	0	0	0	0	0	0	0	0	0	0	37
8511-8510-74900 Office & Administrative Suppl	0	0	0	0	0	0	0	0	0	0	0	0	181
8511-8530-74900 Office & Administrative Suppl	0	0	0	6,898	946	749	301	1,650	395	1,388	1,814	(14,350)	805
8511-8550-74900 Office & Administrative Suppl	5,857	418	3,825	262	601	1,662	975	3,013	377	340	4,865	2,760	3,188
8511-8561-74900 Office & Administrative Suppl	4,860	0	408	10,037	1,680	2,128	0	1,689	180	2,670	278	6,408	181
8511-8591-74900 Office & Administrative Suppl	0	0	179	0	0	0	0	0	0	0	0	0	0
8511-8610-74900 Office & Administrative Suppl	4,786	951	2,637	587	1,862	961	872	5,246	35,843	24,697	(57,579)	1,363	5,344
8511-8615-74900 Office & Administrative Suppl	887	0	0	0	0	0	0	0	0	0	403	0	93
8511-8616-74900 Office & Administrative Suppl	0	0	1,268	(26)	0	0	0	0	0	0	15	0	213
8511-8630-74900 Office & Administrative Suppl	36	551	4	0	0	0	0	0	0	0	0	0	0
8511-8638-74900 Office & Administrative Suppl	255	0	546	0	51	18	35	46	0	0	167	141	0
8511-8639-74900 Office & Administrative Suppl	0	0	0	0	0	0	0	134	0	0	0	0	0
8511-8650-74900 Office & Administrative Suppl	423	106	345	249	265	835	114	280	0	0	534	152	191
8511-8660-74900 Office & Administrative Suppl	0	0	(20)	290	78	0	0	187	0	0	68	0	52
8511-8670-74900 Office & Administrative Suppl	105	0	102	0	0	0	0	0	0	0	0	0	0
8511-8672-74900 Office & Administrative Suppl	93	0	8	59	92	92	83	7	0	0	11	160	7
8511-8677-74900 Office & Administrative Suppl	133	0	0	410	43	0	0	85	0	0	59	47	371
8511-8680-74900 Office & Administrative Suppl	0	0	27	0	0	0	0	0	0	0	301	0	0
8511-8700-74900 Office & Administrative Suppl	6,076	0	2,269	3,409	3,681	1,172	1,994	5,725	586	389	9,599	(28,824)	5,222
8511-8710-74900 Office & Administrative Suppl	2,696	0	1,362	695	102	526	113	523	0	0	845	116	534
8511-8720-74900 Office & Administrative Suppl	174	0	0	116	540	92	0	0	0	0	262	0	267
8511-8751-74900 Office & Administrative Suppl	2,145	0	2,032	0	0	0	82	0	0	262	0	0	0
8511-8752-74900 Office & Administrative Suppl	102	382	26	0	110	32	37	689	0	0	290	61	0
8511-8754-74900 Office & Administrative Suppl	98	0	332	0	0	0	0	71	0	0	0	55	47
8511-8757-74900 Office & Administrative Suppl	496	0	137	276	0	0	0	79	0	0	534	225	187
8511-8771-74900 Office & Administrative Suppl	0	0	61	0	124	0	0	355	0	0	0	87	0
8511-8780-74900 Office & Administrative Suppl	0	0	0	151	738	0	271	770	79	75	1,268	380	1,332
Total: 74900 Office & Administrative Supplies	91,588	10,927	52,515	60,121	39,430	26,436	25,777	59,892	46,853	39,279	13,467	(3,704)	65,912
74640 Supplies-Photocopy:													
8511-8310-74640 SUPPLIES PHOTOCOPY	0	0	0	0	0	0	0	0	0	0	0	157	16
8511-8489-74640 SUPPLIES PHOTOCOPY	48	72	(72)	0	0	0	0	0	0	0	0	0	0
8511-8551-74640 SUPPLIES PHOTOCOPY	0	0	0	0	0	0	57	0	0	0	0	0	0
Total: 74640 Supplies-Photocopy	48	72	(72)	0	0	0	57	0	0	0	0	157	16
74650 Forms:													
8511-6010-74650 Forms	357	373	909	342	285	420	660	415	390	1,338	481	515	582
8511-6070-74650 Forms	395	51	216	58	290	163	389	85	219	453	80	140	228
8511-6151-74650 Forms	471	799	754	936	180	640	280	1,229	843	670	795	880	1,136
8511-6179-74650 Forms	41	30	128	219	248	372	190	312	205	372	117	158	158
8511-6182-74650 Forms	403	267	187	96	462	70	394	363	153	355	123	177	259
8511-6184-74650 Forms	117	335	148	265	379	109	179	164	130	252	53	148	323
8511-6187-74650 Forms	511	567	684	517	527	429	349	554	312	373	699	639	1,292
8511-6188-74650 Forms	230	305	204	61	113	251	104	254	266	46	182	281	165
8511-6290-74650 Forms	16	27	0	0	37	0	10	11	78	2	0	22	899
8511-6340-74650 Forms	140	112	412	298	29	(9)	0	112	0	151	309	138	1,317
8511-6380-74650 Forms	788	166	586	642	318	666	134	715	446	187	188	439	263
8511-6381-74650 Forms	0	0	0	0	0	101	0	0	0	0	0	0	0
8511-6530-74650 Forms	7	83	0	0	0	0	0	0	0	0	0	0	11
8511-6580-74650 Forms	63	44	104	52	34	2	0	43	3	107	81	84	92
8511-7010-74650 Forms	128	211	99	234	217	310	190	410	330	274	387	265	501
8511-7011-74650 Forms	12	64	167	84	18	90	21	85	120	24	37	13	190
8511-7041-74650 Forms	0	0	0	0	0	0	0	0	0	0	0	22	72
8511-7075-74650 Forms	188	46	19	15	51	0	0	31	122	0	106	0	76
8511-7076-74650 Forms	0	31	129	132	44	40	89	269	14	40	45	0	13
8511-7080-74650 Forms	0	60	3	89	36	124	0	130	125	0	4	72	143
8511-7093-74650 Forms	0	0	0	0	0	0	0	8	0	0	0	0	0
8511-7268-74650 Forms	201	0	0	0	20	77	0	0	0	0	28	0	0
8511-7400-74650 Forms	505	205	523	431	136	502	474	420	189	439	290	123	339
8511-7420-74650 Forms	0	0	(4)	48	0	0	4	0	0	8</			

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Verity Health Systems
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-7680-74650 Forms	0	38	0	0	1	0	0	1	0	0	7	1	0
8511-7690-74650 Forms	0	35	0	0	3	0	0	2	2	1	5	0	0
8511-7710-74650 Forms	0	42	5	16	51	27	0	135	67	34	0	40	18
8511-7720-74650 Forms	2	2	3	0	2	9	0	235	0	68	2	3	0
8511-7722-74650 Forms	7	0	0	0	0	0	0	0	0	0	0	0	0
8511-7760-74650 Forms	0	0	14	41	0	4	9	0	14	0	21	18	66
8511-7770-74650 Forms	20	0	38	0	0	0	15	7	0	75	1	0	0
8511-7801-74650 Forms	443	0	0	0	203	0	0	101	0	0	0	0	0
8511-8049-74650 Forms	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-8215-74650 Forms	11	22	190	45	33	27	24	1	49	66	97	372	1
8511-8340-74650 Forms	536	485	398	226	282	224	292	534	381	562	464	445	333
8511-8350-74650 Forms	0	0	0	0	15	0	0	0	0	0	0	0	0
8511-8370-74650 Forms	0	0	0	0	0	0	0	0	0	0	0	0	6
8511-8400-74650 Forms	0	0	(7)	0	0	15	0	0	0	23	0	0	0
8511-8402-74650 Forms	0	0	23	0	0	0	0	0	0	0	13	0	0
8511-8420-74650 Forms	0	0	0	0	0	0	0	60	19	0	0	0	20
8511-8440-74650 Forms	155	162	162	157	157	154	0	0	52	160	152	0	78
8511-8460-74650 Forms	0	0	18	13	0	14	0	0	7	14	0	29	72
8511-8465-74650 Forms	0	7	0	0	0	0	0	0	0	0	0	0	7
8511-8470-74650 Forms	28	9	2	0	0	2	3	4	0	0	40	0	7
8511-8490-74650 Forms	0	0	0	0	0	0	0	0	0	0	0	0	24
8511-8530-74650 Forms	362	0	0	385	0	0	0	232	0	0	350	(867)	0
8511-8560-74650 Forms	2,261	1,960	1,149	1,063	1,660	1,452	1,035	1,440	829	1,123	1,212	1,185	1,029
8511-8561-74650 Forms	0	0	92	23	0	0	91	2	0	0	0	117	0
8511-8610-74650 Forms	373	31	14	0	200	73	1	10	75	31	0	0	175
8511-8614-74650 Forms	0	0	0	4	0	0	0	0	0	0	0	0	0
8511-8615-74650 Forms	48	43	283	7	0	0	46	51	94	90	0	21	0
8511-8616-74650 Forms	11	0	0	0	38	83	0	0	0	0	0	5	0
8511-8630-74650 Forms	44	117	28	200	131	76	86	78	20	0	127	44	4
8511-8639-74650 Forms	(722)	0	14	0	0	0	0	0	17	0	0	0	0
8511-8650-74650 Forms	0	0	15	0	0	0	0	0	0	0	0	0	0
8511-8660-74650 Forms	0	0	0	0	9	0	0	0	0	0	0	0	0
8511-8660-74650 Forms	170	563	34	174	100	158	61	100	111	280	880	487	166
8511-8660-74650 Forms	0	0	45	88	24	0	0	0	57	0	0	0	5
8511-8670-74650 Forms	97	49	9	59	11	56	0	25	54	53	24	33	30
8511-8672-74650 Forms	0	0	0	0	0	0	0	0	0	0	73	170	17
8511-8677-74650 Forms	96	0	0	0	289	0	12	11	23	0	193	397	45
8511-8700-74650 Forms	(250)	350	53	413	66	24	134	80	0	15	182	(1,317)	0
8511-8710-74650 Forms	79	16	6	210	162	28	9	1	302	99	3	148	17
8511-8715-74650 Forms	0	0	0	0	0	0	0	0	0	0	0	21	0
8511-8720-74650 Forms	0	18	160	225	0	10	0	192	0	0	180	152	329
8511-8726-74650 Forms	0	6	0	0	178	0	0	0	0	0	60	0	0
8511-8751-74650 Forms	7	15	385	14	3	15	3	15	0	0	0	0	329
8511-8752-74650 Forms	64	93	1	126	0	37	0	0	0	0	8	7	29
8511-8754-74650 Forms	0	0	0	0	0	0	0	0	14	1	0	0	0
8511-8771-74650 Forms	5	16	10	3	3	28	18	3	104	15	83	0	8
8511-8780-74650 Forms	289	0	333	428	1,265	73	0	9	0	0	231	219	517
8511-9601-74650 Forms	0	0	0	0	18	0	0	0	5	(23)	0	0	14
Total: 74650 Forms	10,010	8,692	10,329	9,443	9,673	8,248	6,230	9,697	7,539	8,478	9,992	7,470	12,684
74660 Paper & Toner Computer:													
8511-6151-74660 PAPER & TONER COMPUTERPHOTOCC	0	0	0	0	0	0	0	66	0	0	0	0	0
8511-6179-74660 PAPER & TONER COMPUTERPHOTOCC	0	0	0	0	795	0	0	0	0	398	0	398	0
8511-6184-74660 PAPER & TONER COMPUTERPHOTOCC	0	0	321	0	161	0	0	176	0	0	0	0	353
8511-6189-74660 PAPER & TONER COMPUTERPHOTOCC	14	321	0	161	161	146	15	558	398	414	0	398	0
8511-6340-74660 PAPER & TONER COMPUTERPHOTOCC	0	0	0	0	0	0	0	0	361	37	0	0	0
8511-6310-74660 PAPER & TONER COMPUTERPHOTOCC	(1,638)	(1,430)	(969)	(1,107)	110	(1,309)	(668)	2,083	(1,168)	(135)	(3,979)	(1,963)	655
8511-6340-74660 PAPER & TONER COMPUTERPHOTOCC	0	0	0	482	0	583	1,225	119	0	0	0	0	0
8511-8402-74660 PAPER & TONER COMPUTERPHOTOCC	0	35	0	0	0	0	0	100	0	0	0	0	0
8511-8480-74660 PAPER & TONER COMPUTERPHOTOCC	(168)	0	0	0	0	0	0	0	0	0	0	0	0
8511-8530-74660 PAPER & TONER COMPUTERPHOTOCC	265	0	32	0	0	0	0	0	0	0	0	0	0
8511-8639-74660 PAPER & TONER COMPUTERPHOTOCC	0	0	0	0	0	0	0	88	0	0	0	0	0
Total: 74660 Paper & Toner Computer	(1,546)	(1,074)	(607)	(464)	1,227	(580)	572	3,101	(329)	715	(3,979)	(1,167)	1,008
74700 Employee Wearing Apparel:													
8511-6010-74700 Employee Wearing Apparel	845	1,634	1,600	1,113	1,515	1,391	2,102	3,059	1,482	1,924	1,484	828	1,312
8511-6070-74700 Employee Wearing Apparel	501	360	450	205	334	487	348	556	334	351	560	392	386
8511-6110-74700 Employee Wearing Apparel	(70)	0	0	0	0	0	0	0	0	0	0	0	0
8511-6151-74700 Employee Wearing Apparel	348	292	445	464	195	362	308	389	435	864	280	84	13
8511-6179-74700 Employee Wearing Apparel	362	569	785	694	389	668	512	1,026	764	1,168	491	618	509
8511-6182-74700 Employee Wearing Apparel	97	56	153	70	209	56	209	250	306	364	252	168	68
8511-6184-74700 Employee Wearing Apparel	723	556	431	487	793	556	306	389	627	476	392	456	431
8511-6187-74700 Employee Wearing Apparel	1,071	876	626	786	728	948	523	236	897	867	463	196	640
8511-6188-74700 Employee Wearing Apparel	417	405	612	515	97	467	489	773	745	336	224	217	456
8511-6290-74700 Employee Wearing Apparel	0	28	0	0	0	14	42	14	56	56	28	0	0
8511-6380-74700 Employee Wearing Apparel	0	0	0	0	42	0	0	0	0	0	0	0	0
8511-6530-74700 Employee Wearing Apparel	83	292	278	83	111	83	139	0	83	0	0	0	182
8511-6560-74700 Employee Wearing Apparel	264	195	181	111	250	0	14	55	70	14	112	84	327
8511-7010-74700 Employee Wearing Apparel	1,110	551	868	727	679	652	541	799	489	225	573	685	443
8511-7075-74700 Employee Wearing Apparel	2,875	20	122	(1,380)	1,653	0	0	0	0	0	0	0	0
8511-7400-74700 Employee Wearing Apparel	1,663	1,448	1,639	1,476	1,443	1,278	1,376	1,333	1,461	1,277	939	999	1,458
8511-7420-74700 Employee Wearing Apparel	907	518	831	2,921	1,462	928	674	615	856	861	518	509	615
8511-7427-74700 Employee Wearing Apparel	0	0	0	25	0	0	0	0	0	0	0	0	0
8511-7429-74700 Employee Wearing Apparel	82	82	90	76	49	112	49	74	58	44	228	33	44
8511-7450-74700 Employee Wearing Apparel	0	0	0	0	0	(59)	0	0	0	0	0	0	0
8511-7470-74700 Employee Wearing Apparel	95	246	197	143	90	148	197	189	4	236	478	287	85
8511-7471-74700 Employee Wearing Apparel	383	311	318	355	424	473	220	809	592	609	470	576	283
8511-7500-74700 Employee Wearing Apparel	369	224	469	175	515	498	476	737	576	541	266	671	594
8511-7520-74700 Employee Wearing Apparel	10	10	10	7	14	7	10	12	7	231	9	7	23
8511-7570-74700 Employee Wearing Apparel	41	35	49	150	57	71	60	25	68	22	33	33	27
8511-7573-74700 Employee Wearing Apparel	25	0	25	16	25	8	25	33	0	22	0	16	5
8511-7620-74700 Employee Wearing Apparel	0	0	0	0	0	0	56	0	0	15	0	0	0
8511-7620-74700 Employee Wearing Apparel	0	14	28	0	0	0	0	14	14	0	28	28	0
8511-7710-74700 Employee Wearing Apparel	241	303	194	292	177	316	16	269	160	207	115	116	128
8511-7760-74700 Employee Wearing Apparel	0	0	8	138	138	0	138	16	0	0	0	5	5
8511-8340-74700 Employee Wearing Apparel	208	140	0	418	73	194	288	0	651	0	423	413	563
8511-8350-74700 Employee Wearing Apparel	0	0	0	0	2,159	0	0	(105)	0	0	0	(2,054)	0
8511-8420-74700 Employee Wearing Apparel	569	0	2,664	0	399	2,185	410	24	1,341	478	3,719	519	0
8511-8460-74700 Employee Wearing Apparel	1,003	0	0	0	0	0	0	0	0	0	0	0	0

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8670-74700 Employee Wearing Apparel	0	0	0	4,674	0	0	0	0	0	0	0	0	0
Total: 74700 Employee Wearing Apparel	14,223	8,588	13,052	14,842	14,020	11,839	9,524	11,393	11,879	11,227	12,095	5,886	8,587
74800 Instruments & Minor Medical Eq													
8511-6010-74800 Instruments & Minor Medical Eq	2,033	3,627	1,947	1,710	1,748	5,594	865	3,827	1,360	6,246	3,492	4,943	2,805
8511-6011-74800 Instruments & Minor Medical Eq	0	0	0	0	0	768	428	0	0	0	0	0	0
8511-6070-74800 Instruments & Minor Medical Eq	83	0	0	0	0	0	0	0	0	0	0	0	0
8511-6151-74800 Instruments & Minor Medical Eq	0	0	9	18	14	1,665	0	0	0	14,749	25	25	0
8511-6179-74800 Instruments & Minor Medical Eq	0	0	0	0	0	0	0	0	17	31	0	0	0
8511-6182-74800 Instruments & Minor Medical Eq	0	0	0	0	0	0	0	0	0	0	17	0	0
8511-6184-74800 Instruments & Minor Medical Eq	0	0	0	9	18	25	0	0	0	47	17	0	17
8511-6187-74800 Instruments & Minor Medical Eq	0	0	0	9	18	0	0	0	17	0	0	17	0
8511-6188-74800 Instruments & Minor Medical Eq	0	0	18	0	9	640	0	0	17	34	17	25	21
8511-6380-74800 Instruments & Minor Medical Eq	275	460	47	254	357	1,190	118	0	0	230	597	24	893
8511-6530-74800 Instruments & Minor Medical Eq	0	0	239	0	0	0	1,554	0	0	0	0	0	0
8511-6533-74800 Instruments & Minor Medical Eq	1,098	0	43	17	7,081	756	669	282	329	449	258	668	0
8511-7010-74800 Instruments & Minor Medical Eq	0	0	0	0	5,108	3,127	0	0	0	0	0	2,443	346
8511-7011-74800 Instruments & Minor Medical Eq	0	0	0	0	0	14	1	0	0	0	0	0	63
8511-7076-74800 Instruments & Minor Medical Eq	0	180	500	699	800	821	220	149	1,144	625	42	104	0
8511-7400-74800 Instruments & Minor Medical Eq	12,523	4,856	7,959	2,061	7,613	3,363	3,914	12,315	2,114	833	14,270	5,556	7,213
8511-7420-74800 Instruments & Minor Medical Eq	896	103	0	350	36	772	0	0	0	0	0	0	0
8511-7450-74800 Instruments & Minor Medical Eq	11,790	3,493	805	374	1,519	1,086	578	585	188	305	4,332	947	4,779
8511-7471-74800 Instruments & Minor Medical Eq	960	1,621	1,293	543	8,241	1,753	(1,234)	1,757	768	1,016	1,619	744	727
8511-7570-74800 Instruments & Minor Medical Eq	0	177	5	0	(160)	0	0	0	0	0	0	0	0
8511-7573-74800 Instruments & Minor Medical Eq	0	177	(5)	0	(145)	0	0	0	0	0	0	0	256
8511-7630-74800 Instruments & Minor Medical Eq	0	0	0	0	0	0	0	0	0	0	0	12	0
8511-7632-74800 Instruments & Minor Medical Eq	0	1,004	166	0	0	0	0	0	0	0	0	0	0
8511-7642-74800 Instruments & Minor Medical Eq	0	0	0	254	0	230	24	0	0	0	0	0	0
8511-7722-74800 Instruments & Minor Medical Eq	511	851	1,026	684	855	684	855	684	684	2,052	0	1,647	1,348
8511-7760-74800 Instruments & Minor Medical Eq	0	0	0	0	0	0	0	0	0	0	0	0	73
8511-8771-74800 Instruments & Minor Medical Eq	0	0	0	0	0	0	0	0	0	0	0	0	0
Total: 74800 Instruments & Minor Medical Eq	29,670	16,547	14,053	6,981	33,110	22,467	7,992	19,409	11,637	26,617	24,585	17,151	18,342
74900 Other Minor Equip													
8511-6010-74900 Other Minor Equip	715	348	3,569	487	0	926	49	1,224	2,975	1,417	29	2,970	718
8511-6070-74900 Other Minor Equip	0	0	0	0	0	221	0	238	1,203	84	289	733	85
8511-6151-74900 Other Minor Equip	283	248	(7)	0	546	221	168	759	426	491	64	0	2,216
8511-6178-74900 Other Minor Equip	0	0	649	1,001	202	201	142	2,638	849	2,460	5,507	564	279
8511-6182-74900 Other Minor Equip	0	195	0	0	0	724	811	0	220	0	0	0	452
8511-6184-74900 Other Minor Equip	133	195	0	0	0	221	0	0	220	0	0	0	413
8511-6187-74900 Other Minor Equip	0	195	0	1,360	761	0	0	(502)	1,486	2,420	(6)	87	6,873
8511-6188-74900 Other Minor Equip	0	195	506	0	1,144	291	146	5	1,007	552	0	0	0
8511-6290-74900 Other Minor Equip	950	83	0	0	0	0	336	34	0	0	0	169	0
8511-6349-74900 Other Minor Equip	1,263	0	0	0	0	767	0	0	0	97	0	129	497
8511-6380-74900 Other Minor Equip	5,894	8,485	5,374	6,953	6,008	6,785	4,303	6,498	2,947	6,620	3,665	5,554	5,646
8511-6530-74900 Other Minor Equip	0	0	0	0	0	0	0	250	0	0	0	0	0
8511-6580-74900 Other Minor Equip	71	0	0	0	0	0	0	0	277	1,009	56	1	0
8511-7010-74900 Other Minor Equip	390	613	1,164	2,131	(210)	6,936	1,056	1,815	0	187	450	329	1,064
8511-7011-74900 Other Minor Equip	0	2,280	285	0	0	1,882	678	49	0	771	978	113	0
8511-7041-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	0	312
8511-7075-74900 Other Minor Equip	0	0	0	0	567	0	0	390	349	0	0	0	0
8511-7076-74900 Other Minor Equip	0	0	0	0	45	0	0	163	0	36	4	0	0
8511-7183-74900 Other Minor Equip	0	0	0	0	0	503	49	0	0	188	0	0	0
8511-7268-74900 Other Minor Equip	0	0	0	0	0	545	0	0	0	0	0	0	0
8511-7400-74900 Other Minor Equip	114	320	1,803	1,006	(109)	949	374	0	0	(886)	0	0	1,347
8511-7420-74900 Other Minor Equip	0	0	4,457	343	419	0	0	2,691	3,065	1,442	3,209	0	1,688
8511-7427-74900 Other Minor Equip	0	0	0	0	0	0	105	0	0	529	0	0	0
8511-7429-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	6,113	(880)	0	0
8511-7450-74900 Other Minor Equip	149	0	0	0	0	0	0	0	0	0	0	0	0
8511-7470-74900 Other Minor Equip	141	141	0	129	488	42	264	140	17	0	129	27	158
8511-7471-74900 Other Minor Equip	1,734	313	50	11	3,605	822	95	790	1,675	4,576	7,695	3,413	541
8511-7480-74900 Other Minor Equip	0	0	0	0	0	0	0	261	1,416	0	0	0	602
8511-7500-74900 Other Minor Equip	0	267	0	0	0	0	3,998	548	475	1	48	0	487
8511-7570-74900 Other Minor Equip	42	474	160	711	0	320	855	30	0	0	0	0	0
8511-7573-74900 Other Minor Equip	0	0	0	0	0	0	0	480	0	0	0	0	0
8511-7591-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	94	0	546	0
8511-7620-74900 Other Minor Equip	0	0	0	0	0	0	0	0	11	0	0	0	0
8511-7630-74900 Other Minor Equip	0	0	584	0	0	0	150	0	0	0	0	0	0
8511-7642-74900 Other Minor Equip	13	0	149	0	0	0	149	0	132	14	0	0	0
8511-7650-74900 Other Minor Equip	0	0	0	0	0	0	520	0	0	0	0	0	0
8511-7660-74900 Other Minor Equip	0	351	1,830	49	0	527	176	1,004	49	695	1,575	1,316	881
8511-7680-74900 Other Minor Equip	0	0	0	0	0	0	0	1,273	1,045	0	0	0	0
8511-7720-74900 Other Minor Equip	0	0	0	0	0	532	0	0	1,486	0	0	0	0
8511-7722-74900 Other Minor Equip	0	0	0	0	0	444	45	313	0	0	0	0	0
8511-7730-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	869	115
8511-7760-74900 Other Minor Equip	260	0	300	1,159	0	804	911	248	500	400	0	370	387
8511-7775-74900 Other Minor Equip	271	0	(502)	0	0	0	0	0	0	0	0	0	0
8511-7801-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	126	0
8511-8048-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	9,757	0	1,000
8511-8215-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	0	484
8511-8340-74900 Other Minor Equip	4,982	2,164	9,041	1,457	6,642	1,549	1,178	562	6,264	1,503	0	3,297	8,484
8511-8360-74900 Other Minor Equip	0	2,193	2,750	1,665	0	0	0	817	0	0	0	0	0
8511-8370-74900 Other Minor Equip	0	490	0	0	823	0	0	0	0	0	0	0	0
8511-8400-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	983	0
8511-8402-74900 Other Minor Equip	0	0	428	0	0	0	282	133	1,275	74	102	16	0
8511-8410-74900 Other Minor Equip	6,330	0	0	0	0	0	0	0	0	0	0	0	0
8511-8420-74900 Other Minor Equip	0	0	0	2,790	0	0	0	4,000	0	0	0	2,929	0
8511-8440-74900 Other Minor Equip	0	0	0	0	2,454	0	0	1,267	0	0	0	0	0
8511-8460-74900 Other Minor Equip	458	40	1,540	0	0	0	1,119	(429)	488	0	0	1,797	392
8511-8465-74900 Other Minor Equip	0	0	0	0	0	0	0	1,620	360	1,793	1,980	54	120
8511-8470-74900 Other Minor Equip	907	492	445	0	0	5,119	1,882	999	3,537	206	891	1,913	876
8511-8530-74900 Other Minor Equip	0	0	0	944	144	2,996	540	0	0	1,547	0	(6,171)	0
8511-8610-74900 Other Minor Equip	(14,123)	0	556	1,761	0	0	0	0	0	540	6,405	0	0
8511-8700-74900 Other Minor Equip	(115)	668	(730)	931	(931)	0	0	0	0	0	0	62	0
8511-8720-74900 Other Minor Equip	0	0	2,339	0	0	0	0	0	0	0	0	0	0
8511-8751-74900 Other Minor Equip	0	0	0	0	1,518	1,108	2,327	1,704	634	0	0	0	0
8511-8752-74900 Other Minor Equip	0	0	0	0	540	0	0	0	0	0	0	0	0
8511-8754-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	247	0
8511-8771-74900 Other Minor Equip	0	0	0	0	0	0	0	0	0	0	0	0	1,993

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Verity Health Systems
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total: 74950 Other Minor Equip	10,804	20,752	36,763	24,900	24,654	35,535	22,696	32,024	34,387	35,473	41,847	22,435	38,089
74950 Software Computer:													
8511-6151-74950 SOFTWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-6179-74950 SOFTWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-6184-74950 SOFTWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-6187-74950 SOFTWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-6188-74950 SOFTWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-6380-74950 SOFTWARE COMPUTER	0	0	351	0	0	0	29	131	0	0	0	0	0
8511-7268-74950 SOFTWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-7430-74950 SOFTWARE COMPUTER	0	0	351	0	0	0	0	0	0	0	0	0	0
8511-7710-74950 SOFTWARE COMPUTER	0	0	0	320	640	0	0	(640)	0	0	0	0	0
8511-8440-74950 SOFTWARE COMPUTER	0	0	0	320	0	0	0	0	0	0	0	0	0
8511-8470-74950 SOFTWARE COMPUTER	320	0	0	0	0	0	0	0	0	0	0	0	0
8511-8480-74950 SOFTWARE COMPUTER	0	435	0	0	0	0	0	0	0	0	0	0	0
8511-8581-74950 SOFTWARE COMPUTER	0	435	0	0	0	0	0	0	0	0	0	0	0
8511-8610-74950 SOFTWARE COMPUTER	0	435	0	0	0	0	0	0	0	0	0	0	0
Total: 74950 Software Computer	340	870	702	640	640	0	29	(509)	0	0	0	0	0
74960 Hardware Computer:													
8511-6019-74960 HARDWARE COMPUTER	21	0	0	0	0	0	0	0	0	236	0	0	56
8511-6073-74960 HARDWARE COMPUTER	0	0	1,428	0	0	0	0	(1,428)	0	1,656	0	0	0
8511-6151-74960 HARDWARE COMPUTER	0	0	0	0	0	0	0	0	0	107	11	0	0
8511-6167-74960 HARDWARE COMPUTER	0	0	0	128	0	0	0	0	0	0	0	0	0
8511-6188-74960 HARDWARE COMPUTER	0	141	0	0	0	0	0	0	29	0	0	0	0
8511-6560-74960 HARDWARE COMPUTER	0	379	0	0	0	0	0	0	0	0	0	0	0
8511-7019-74960 HARDWARE COMPUTER	0	0	0	0	0	0	0	1,160	118	0	0	0	0
8511-7075-74960 HARDWARE COMPUTER	7	0	0	0	0	0	0	0	0	0	0	0	0
8511-7400-74960 HARDWARE COMPUTER	0	0	76	8	0	0	0	0	0	0	0	0	0
8511-7420-74960 HARDWARE COMPUTER	0	0	0	0	0	0	1,522	143	0	0	0	0	0
8511-7500-74960 HARDWARE COMPUTER	0	120	0	119	0	0	108	11	0	0	125	0	125
8511-7570-74960 HARDWARE COMPUTER	0	0	0	0	0	0	192	0	0	0	0	598	0
8511-7630-74960 HARDWARE COMPUTER	0	445	0	0	(211)	0	0	0	0	0	0	0	0
8511-7769-74960 HARDWARE COMPUTER	0	0	0	0	100	25	0	0	0	0	0	0	0
8511-7801-74960 HARDWARE COMPUTER	0	0	0	0	168	0	0	0	0	0	0	0	0
8511-8019-74960 HARDWARE COMPUTER	0	560	57	0	0	0	0	0	0	0	0	0	0
8511-8400-74960 HARDWARE COMPUTER	3	0	0	0	0	0	0	0	0	0	0	0	0
8511-8420-74960 HARDWARE COMPUTER	0	0	0	0	0	1,158	0	0	219	(659)	945	0	0
8511-8465-74960 HARDWARE COMPUTER	0	0	0	0	0	0	0	0	0	0	0	249	1,701
8511-8480-74960 HARDWARE COMPUTER	3,598	178	(178)	0	0	0	0	0	0	0	0	0	0
8511-8510-74960 HARDWARE COMPUTER	429	873	2,410	0	0	0	(5)	0	0	0	0	0	0
8511-8550-74960 HARDWARE COMPUTER	29	0	0	0	213	0	0	0	0	0	0	0	0
8511-8700-74960 HARDWARE COMPUTER	0	0	58	0	0	194	0	(152)	0	199	0	(298)	0
8511-8710-74960 HARDWARE COMPUTER	3	156	22	0	0	0	0	0	0	0	0	0	0
8511-8720-74960 HARDWARE COMPUTER	0	0	0	0	0	0	75	0	0	0	0	0	0
8511-8751-74960 HARDWARE COMPUTER	505	0	0	0	0	0	0	0	0	0	0	0	0
Total: 74960 Hardware Computer	4,596	2,850	3,873	255	289	1,376	1,897	(272)	366	1,829	1,081	548	1,881
75000 Other Non-Medical Supplies													
8511-6019-75000 Other Non-Medical Supplies	3,169	2,222	2,537	747	2,891	603	750	5,125	2,276	1,687	1,193	894	2,789
8511-6073-75000 Other Non-Medical Supplies	592	184	264	266	275	1,257	1,102	3,501	558	225	269	192	544
8511-6150-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	31	3
8511-6151-75000 Other Non-Medical Supplies	1,230	784	586	1,233	799	1,301	1,217	870	970	1,001	993	1,029	802
8511-6179-75000 Other Non-Medical Supplies	183	308	205	196	171	231	654	369	252	382	275	391	1,033
8511-6182-75000 Other Non-Medical Supplies	359	182	370	211	959	315	532	339	316	303	170	279	284
8511-6184-75000 Other Non-Medical Supplies	155	208	231	168	204	348	312	439	307	369	198	271	245
8511-6187-75000 Other Non-Medical Supplies	470	609	1,243	707	747	842	639	566	652	707	737	845	619
8511-6188-75000 Other Non-Medical Supplies	970	433	401	399	383	445	177	366	357	351	352	402	417
8511-6200-75000 Other Non-Medical Supplies	490	32	47	54	54	2,637	612	97	63	77	93	2,333	259
8511-6340-75000 Other Non-Medical Supplies	247	111	365	88	68	409	653	111	189	111	205	927	4
8511-6380-75000 Other Non-Medical Supplies	183	193	1,122	199	1,001	3,471	2,080	797	811	376	775	974	363
8511-6382-75000 Other Non-Medical Supplies	22	22	7	24	13	138	46	77	37	41	64	106	86
8511-6530-75000 Other Non-Medical Supplies	88	82	298	43	66	2,566	297	1,278	197	0	2	55	72
8511-6580-75000 Other Non-Medical Supplies	403	165	470	(165)	801	103	35	218	51	172	168	438	104
8511-7010-75000 Other Non-Medical Supplies	2,001	2,702	2,065	4,586	2,146	2,795	2,855	2,370	2,380	2,769	4,113	3,798	3,186
8511-7011-75000 Other Non-Medical Supplies	1,722	703	411	617	1,182	308	463	568	418	4,249	4,133	949	453
8511-7041-75000 Other Non-Medical Supplies	333	0	0	0	0	0	0	0	0	0	0	0	0
8511-7075-75000 Other Non-Medical Supplies	1,866	1,940	1,027	931	650	1,658	1,406	890	0	894	2,344	1,609	1,146
8511-7076-75000 Other Non-Medical Supplies	122	0	103	163	239	77	238	200	81	79	388	88	88
8511-7080-75000 Other Non-Medical Supplies	0	0	24	24	5	358	74	2	624	0	52	0	48
8511-7087-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	621	0
8511-7183-75000 Other Non-Medical Supplies	16	40	80	40	44	56	16	36	40	20	8	12	60
8511-7268-75000 Other Non-Medical Supplies	10	13	0	0	28	0	51	0	0	0	0	0	0
8511-7400-75000 Other Non-Medical Supplies	634	1,446	1,670	1,732	1,283	4,312	2,288	1,363	1,087	2,841	1,340	263	3,349
8511-7420-75000 Other Non-Medical Supplies	2,402	1,012	1,108	2,064	1,484	2,413	1,458	771	1,518	2,489	1,136	1,348	666
8511-7427-75000 Other Non-Medical Supplies	3	5	3	2	6	3	204	3	7	4	2	2	5
8511-7429-75000 Other Non-Medical Supplies	74	62	72	76	93	91	157	52	63	81	168	62	72
8511-7450-75000 Other Non-Medical Supplies	0	0	228	305	0	0	0	0	7	39	0	0	25
8511-7470-75000 Other Non-Medical Supplies	832	634	1,053	713	2,227	1,561	525	2,256	1,481	421	1,250	1,315	1,479
8511-7471-75000 Other Non-Medical Supplies	9,370	8,835	5,224	5,595	6,500	5,146	5,120	6,122	4,821	5,717	5,015	6,158	7,011
8511-7500-75000 Other Non-Medical Supplies	2,227	224	1,068	1,153	1,739	1,119	2,764	2,496	1,949	4,216	3,233	568	410
8511-7520-75000 Other Non-Medical Supplies	41	0	0	0	0	656	0	0	3	622	0	38	38
8511-7570-75000 Other Non-Medical Supplies	8	1	24	10	3	3	19	142	3	20	6	12	23
8511-7573-75000 Other Non-Medical Supplies	28	17	10	20	13	9	12	23	29	21	12	9	8
8511-7591-75000 Other Non-Medical Supplies	18	46	29	33	32	40	24	77	32	11	48	301	90
8511-7820-75000 Other Non-Medical Supplies	0	0	0	348	0	0	26	0	0	12	0	360	0
8511-7830-75000 Other Non-Medical Supplies	1,774	1,108	787	1,968	1,407	1,465	1,405	1,275	1,082	2,228	1,512	842	1,845
8511-7842-75000 Other Non-Medical Supplies	20	0	53	707	129	75	0	50	52	179	4	80	44
8511-7850-75000 Other Non-Medical Supplies	0	0	0	0	0	13	0	0	0	1	0	0	0
8511-7860-75000 Other Non-Medical Supplies	15	8	12	16	21	18	8	19	12	142	21	27	10
8511-7870-75000 Other Non-Medical Supplies	5	0	2,175	0	18	2,734	749	219	744	25	49	37	395
8511-7880-75000 Other Non-Medical Supplies	24	64	48	48	72	72	67	32	48	190	48	267	64
8511-7890-75000 Other Non-Medical Supplies	344	110	87	105	102	238	30	354	116	28	371	235	5
8511-7710-75000 Other Non-Medical Supplies	9,360	3,146	19,016	11,755	7,230	13,147	14,605	19,921	22,038	7,904	18,756	30,665	(92)
8511-7720-75000 Other Non-Medical Supplies	103	16	52	414	380	145	0	42	48	68	40	43	56
8511-7722-75000 Other Non-Medical Supplies	0	1	0	0	0	567	240	812	40	(567)	0	93	0
8511-7730-75000 Other Non-Medical Supplies	2	0	0	0	0	0	0	0	91	0	0	0	9
8511-7760-75000 Other Non-Medical Supplies	1,210	24	560	348	1,120	400	1,970	(435)	3,554	3,746	2,976	2,129	973
8511-7775-75000 Other Non-Medical Supplies	0	0	8	181	(306)	16	3	70	192	0	0	24	0

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8049-75000 Other Non-Medical Supplies	0	0	0	0	0	640	0	0	0	0	0	0	0
8511-8215-75000 Other Non-Medical Supplies	278	0	0	0	170	0	0	0	0	0	7	0	0
8511-8310-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	1,147	115
8511-8340-75000 Other Non-Medical Supplies	721	752	5	4,694	0	0	0	7	1,843	0	8	5	142
8511-8370-75000 Other Non-Medical Supplies	8	8	16	24	0	0	0	0	16	8	0	0	8
8511-8400-75000 Other Non-Medical Supplies	0	0	0	0	0	0	512	52	(114)	114	0	0	0
8511-8401-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
8511-8402-75000 Other Non-Medical Supplies	0	304	0	0	0	0	535	509	40	0	19	2	0
8511-8420-75000 Other Non-Medical Supplies	4	1	0	0	0	0	155	0	3,224	68	800	3,431	422
8511-8440-75000 Other Non-Medical Supplies	2	1,892	11	399	4	0	673	811	30	0	37	369	0
8511-8460-75000 Other Non-Medical Supplies	896	8	199	10	18	1,374	15	1,829	132	6,065	338	616	30
8511-8485-75000 Other Non-Medical Supplies	7	0	5	11	0	0	0	1,077	1,097	1,093	885	121	112
8511-8490-75000 Other Non-Medical Supplies	25	56	33	41	3	21	39	68	0	793	129	0	3
8511-8491-75000 Other Non-Medical Supplies	4	7	(7)	0	0	0	0	0	0	0	0	0	0
8511-8500-75000 Other Non-Medical Supplies	1,028	1,444	1,002	921	1,708	1,104	892	1,402	1,090	1,084	1,577	966	921
8511-8551-75000 Other Non-Medical Supplies	0	0	0	0	1	0	25	4	12	24	0	17	32
8511-8559-75000 Other Non-Medical Supplies	3	0	3	6	1	15	4	5	6	2	0	0	0
8511-8610-75000 Other Non-Medical Supplies	10,479	328	664	631	0	0	0	11	631	0	1,280	1,215	0
8511-8615-75000 Other Non-Medical Supplies	0	0	0	3,904	1,395	0	0	0	0	0	0	0	0
8511-8630-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	1	0	0	0
8511-8640-75000 Other Non-Medical Supplies	0	0	0	0	22	0	0	0	0	0	0	0	0
8511-8650-75000 Other Non-Medical Supplies	0	0	3,556	0	(28)	1,050	0	0	0	0	0	0	0
8511-8660-75000 Other Non-Medical Supplies	0	0	0	0	1	8	0	0	0	321	164	0	4
8511-8677-75000 Other Non-Medical Supplies	15	0	0	8	0	0	511	0	0	0	0	0	219
8511-8680-75000 Other Non-Medical Supplies	59	84	107	5	56	0	0	44	28	25	0	0	82
8511-8700-75000 Other Non-Medical Supplies	1	0	48	1	40	0	0	26	28	1	13	(156)	49
8511-8710-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	509	0
8511-8720-75000 Other Non-Medical Supplies	0	0	0	0	0	0	16	0	0	0	232	7	0
8511-8752-75000 Other Non-Medical Supplies	0	0	8	2,113	105	0	0	0	7	0	0	13	0
8511-8757-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	4	0
8511-8771-75000 Other Non-Medical Supplies	0	4	0	0	0	0	0	1	142	50	149	8	467
8511-8780-75000 Other Non-Medical Supplies	0	0	21	0	16	0	16	0	16	16	0	20	0
Total 75000 Other Non-Medical Supplies	56,747	32,076	50,785	50,548	39,778	58,376	49,127	59,614	57,963	63,917	57,853	72,720	31,842
75005 Cost Reduction - Rebate & Discount:													
8511-8409-75005 Cost Reduction - Rebate & Discount	(226,421)	(20,600)	(24,048)	(25,037)	(29,576)	(36,812)	(36,526)	(54,298)	(34,962)	(34,318)	(50,226)	(89,810)	(26,218)
Total 75005 Cost Reduction - Rebate & Discount	(226,421)	(20,600)	(24,048)	(25,037)	(29,576)	(36,812)	(36,526)	(54,298)	(34,962)	(34,318)	(50,226)	(89,810)	(26,218)
75050 Books & Manuals:													
8511-6070-75050 BOOKS & MANUALS	83	0	0	0	0	0	0	0	0	0	0	0	0
8511-6340-75050 BOOKS & MANUALS	0	0	0	0	0	0	420	0	55	0	0	0	0
8511-7010-75050 BOOKS & MANUALS	0	0	0	0	0	0	266	28	0	0	0	0	0
8511-7075-75050 BOOKS & MANUALS	0	0	317	0	0	0	317	0	0	0	0	0	0
8511-7500-75050 BOOKS & MANUALS	0	140	0	197	0	0	0	0	0	0	217	0	0
8511-7630-75050 BOOKS & MANUALS	0	0	0	0	0	0	0	115	0	0	0	0	0
8511-7642-75050 BOOKS & MANUALS	14	0	14	0	0	0	14	0	14	0	0	0	0
8511-7710-75050 BOOKS & MANUALS	0	0	0	0	0	0	668	0	0	0	0	0	0
8511-8215-75050 BOOKS & MANUALS	1,482	459	3,768	0	1,059	0	0	211	2,875	2,700	567	(3)	468
8511-8510-75050 BOOKS & MANUALS	0	0	0	0	0	0	0	0	448	0	0	0	0
8511-8700-75050 BOOKS & MANUALS	0	0	0	0	3,440	89	468	49	0	0	0	(3,645)	0
8511-8752-75050 BOOKS & MANUALS	341	0	0	0	0	0	0	0	0	0	0	0	0
8511-8771-75050 BOOKS & MANUALS	0	0	0	0	0	0	0	0	0	0	51	0	0
Total 75050 Books & Manuals	1,920	639	4,039	197	4,099	89	2,153	404	3,392	2,700	635	(3,648)	468
75220 Freight:													
8511-6010-75220 Freight	5	37	84	113	0	35	8	381	49	0	157	0	330
8511-6070-75220 Freight	258	26	123	348	152	60	101	315	62	63	104	0	345
8511-6151-75220 Freight	(8)	3	0	0	0	11	0	42	1	24	86	0	9
8511-6178-75220 Freight	15	0	15	8	0	10	10	15	0	45	9	0	24
8511-6182-75220 Freight	24	3	0	0	0	17	0	52	13	0	90	0	19
8511-6184-75220 Freight	17	3	0	0	0	2	0	0	0	0	0	0	7
8511-6187-75220 Freight	0	3	0	32	8	10	0	(15)	0	0	9	0	45
8511-6188-75220 Freight	0	3	8	0	15	12	0	10	9	15	95	0	57
8511-6290-75220 Freight	0	18	0	17	8	8	0	52	0	9	9	0	34
8511-6340-75220 Freight	0	14	0	0	0	0	0	0	0	0	39	0	0
8511-6350-75220 Freight	54	8	67	52	34	44	17	112	34	0	77	100	123
8511-6330-75220 Freight	0	0	23	25	0	0	0	0	0	0	9	0	0
8511-6380-75220 Freight	0	0	18	0	0	0	0	0	0	10	19	0	0
8511-7010-75220 Freight	128	56	196	143	60	145	43	761	182	43	117	61	589
8511-7011-75220 Freight	(24)	267	34	12	12	132	43	260	9	0	0	0	469
8511-7041-75220 Freight	0	0	0	0	0	0	0	0	0	0	0	0	18
8511-7075-75220 Freight	11	0	0	13	0	0	0	13	0	0	25	0	18
8511-7076-75220 Freight	88	17	0	0	0	0	21	0	0	0	9	0	9
8511-7080-75220 Freight	(9)	0	0	8	0	0	0	0	0	0	108	0	0
8511-7087-75220 Freight	17	0	0	0	0	0	0	17	0	0	9	0	141
8511-7093-75220 Freight	(11)	0	0	26	0	0	0	26	0	0	35	0	0
8511-7183-75220 Freight	0	0	0	0	0	15	0	0	0	14	0	0	0
8511-7258-75220 Freight	(11)	0	24	0	24	0	0	317	0	0	0	0	39
8511-7400-75220 Freight	149	129	168	438	127	72	53	253	108	30	83	0	491
8511-7420-75220 Freight	593	84	127	396	79	419	93	596	151	191	465	0	460
8511-7429-75220 Freight	0	0	0	0	0	0	0	114	0	9	0	0	0
8511-7450-75220 Freight	45	43	16	26	30	17	19	31	29	18	26	0	225
8511-7470-75220 Freight	5,613	1,498	3,331	5,923	1,911	1,882	1,400	8,015	2,491	1,169	3,076	1,500	7,663
8511-7471-75220 Freight	1,088	323	1,041	1,603	762	302	569	2,403	550	390	1,530	0	3,049
8511-7500-75220 Freight	2,547	781	2,831	3,447	1,807	1,027	194	5,727	1,192	2,202	4,817	(89)	7,110
8511-7520-75220 Freight	(11)	0	21	11	12	0	45	50	0	0	41	0	26
8511-7570-75220 Freight	376	43	411	617	229	187	177	1,205	233	36	600	0	693
8511-7573-75220 Freight	3,403	1,042	2,346	3,079	236	1,888	713	4,027	444	551	1,881	0	4,770
8511-7591-75220 Freight	10	8	10	0	10	0	0	28	0	0	15	0	19
8511-7620-75220 Freight	19	0	0	16	0	0	0	34	0	0	0	0	45
8511-7630-75220 Freight	78	0	80	47	59	24	84	108	0	11	0	0	80
8511-7642-75220 Freight	4	0	0	0	0	19	0	82	0	9	9	0	49
8511-7650-75220 Freight	12	0	35	0	0	0	0	44	0	0	13	0	28
8511-7660-75220 Freight	24	0	9	0	0	14	0	13	0	0	0	0	21
8511-7670-75220 Freight	134	0	81	48	50	34	17	35	83	46	32	0	66
8511-7680-75220 Freight	376	73	304	213	174	22	8	461	49	0	155	0	635
8511-7680-75220 Freight	44	8	26	25	81	49	0	34	0	24	58	0	144
8511-7710-75220 Freight	34	8	24	47	10	23	29	148	0	15	216	0	81

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Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-7720-75220 Freight	391	147	602	495	250	141	83	892	127	69	450	0	757
8511-7722-75220 Freight	150	37	344	176	141	268	25	491	92	51	75	0	561
8511-7730-75220 Freight	251	42	32	75	70	10	33	159	0	0	137	0	87
8511-7735-75220 Freight	0	0	0	0	0	0	0	0	0	0	0	0	236
8511-7750-75220 Freight	446	82	180	488	262	145	65	434	58	224	579	0	789
8511-7760-75220 Freight	11	0	0	0	0	0	6	19	0	(6)	0	0	11
8511-7775-75220 Freight	36	0	17	17	0	17	0	53	46	0	29	0	38
8511-7801-75220 Freight	53	0	0	80	0	0	23	0	0	0	13	0	28
8511-8215-75220 Freight	(18)	(31)	(57)	78	1	0	(8)	8	0	(94)	9	0	0
8511-8319-75220 Freight	0	0	0	101	0	0	0	0	0	0	0	0	0
8511-8335-75220 Freight	8	0	0	0	0	0	15	11	0	127	38	0	0
8511-8349-75220 Freight	8	30	15	0	0	0	0	16	0	0	0	0	0
8511-8369-75220 Freight	0	0	30	0	0	0	0	0	0	0	0	0	70
8511-8379-75220 Freight	2,841	727	1,727	2,589	1,073	828	547	5,913	1,068	1,865	3,594	0	14,153
8511-8400-75220 Freight	50	0	346	0	0	0	0	0	0	0	0	0	34
8511-8420-75220 Freight	(21)	0	0	0	0	0	0	30	0	23	0	35	84
8511-8440-75220 Freight	0	0	13	0	15	0	0	8	0	0	0	0	63
8511-8460-75220 Freight	107	0	193	153	8	64	16	132	0	48	0	0	659
8511-8465-75220 Freight	(164)	0	0	0	0	0	0	313	77	0	125	6	167
8511-8470-75220 Freight	306	84	24	193	49	15	0	134	16	9	49	0	190
8511-8480-75220 Freight	19	24	(24)	0	0	0	0	0	0	0	0	0	0
8511-8486-75220 Freight	0	0	0	0	0	0	0	0	0	0	9	0	0
8511-8510-75220 Freight	0	0	0	0	0	0	0	0	0	0	13	0	0
8511-8530-75220 Freight	(269)	12	0	34	0	0	0	66	0	29	65	(265)	0
8511-8550-75220 Freight	0	0	0	0	0	0	0	0	0	0	0	0	13
8511-8560-75220 Freight	0	0	0	8	0	0	0	0	0	0	0	0	0
8511-8561-75220 Freight	198	0	0	0	0	0	0	0	0	0	0	0	0
8511-8591-75220 Freight	212	23	122	220	48	48	12	73	0	0	0	0	0
8511-8610-75220 Freight	676	190	588	822	305	264	109	884	137	94	520	25	1,691
8511-8615-75220 Freight	0	0	0	0	82	32	0	0	0	0	0	0	0
8511-8625-75220 Freight	(16)	0	0	0	0	0	0	0	0	0	0	0	0
8511-8630-75220 Freight	0	0	0	12	0	0	0	0	0	0	0	0	0
8511-8638-75220 Freight	37	12	65	25	32	12	0	36	0	0	56	0	21
8511-8640-75220 Freight	0	0	0	8	0	0	0	0	0	0	0	0	0
8511-8650-75220 Freight	203	168	317	379	250	131	34	663	78	66	580	0	837
8511-8680-75220 Freight	0	0	0	0	0	0	0	9	0	0	0	0	0
8511-8700-75220 Freight	730	238	1,003	1,156	379	280	201	1,104	192	229	395	(5,178)	1,459
8511-8710-75220 Freight	79	23	195	344	34	46	96	108	15	31	173	0	840
8511-8720-75220 Freight	0	0	45	0	0	0	0	0	0	0	0	0	19
8511-8751-75220 Freight	0	0	0	0	0	0	0	0	0	0	0	0	168
8511-8752-75220 Freight	0	0	0	0	11	15	0	0	0	0	0	0	0
8511-8754-75220 Freight	68	242	12	139	34	0	0	38	0	38	0	0	65
8511-8755-75220 Freight	0	0	0	0	0	0	0	0	0	13	0	0	69
8511-8771-75220 Freight	(63)	0	0	0	0	0	0	0	0	0	0	0	9
8511-9553-75220 Freight	0	0	0	0	0	0	0	0	0	0	0	0	13
Total 75220 Freight	21,395	6,546	17,241	24,323	8,962	8,594	4,900	37,351	7,602	7,746	20,940	(3,755)	51,852
75300 Obsolescence PSO:													
8511-8430-75300 Obsolescence PSO	0	0	0	0	0	0	0	0	1,091	0	0	0	0
Total 75300 Obsolescence PSO	0	0	0	0	0	0	0	0	1,091	0	0	0	0
75990 Maintenance Supplies:													
8511-7400-75990 MAINTENANCE SUPPLIES	0	6	0	0	0	0	0	0	0	0	0	0	0
8511-8450-75990 MAINTENANCE SUPPLIES	478	1,272	333	(458)	1,178	1,089	93	31	555	0	435	227	11
Total 75990 Maintenance Supplies	478	1,278	333	(458)	1,178	1,089	93	31	555	0	435	227	11
79300 Tr To Othr CC-Supplies:													
8511-7710-79300 Tr To Othr CC-Supplies	(55,578)	(44,473)	(61,576)	(63,556)	(50,541)	(62,352)	(54,615)	(62,883)	(59,514)	(31,752)	(32,160)	(42,238)	(33,511)
Total 79300 Tr To Othr CC-Supplies	(55,578)	(44,473)	(61,576)	(63,556)	(50,541)	(62,352)	(54,615)	(62,883)	(59,514)	(31,752)	(32,160)	(42,238)	(33,511)
79700 Tr Frm Othr CC-Supplies:													
8511-6010-79700 Tr Frm Othr CC-Supplies	1,846	1,853	1,778	2,008	1,851	1,658	1,945	1,434	267	361	226	313	261
8511-6070-79700 Tr Frm Othr CC-Supplies	272	0	33	33	0	10	30	0	0	52	0	408	0
8511-6151-79700 Tr Frm Othr CC-Supplies	860	705	1,027	1,012	851	780	705	622	0	115	124	75	0
8511-6182-79700 Tr Frm Othr CC-Supplies	125	595	660	540	427	627	488	248	127	19	105	0	66
8511-6184-79700 Tr Frm Othr CC-Supplies	1,051	576	352	535	527	560	487	469	227	56	85	0	56
8511-6187-79700 Tr Frm Othr CC-Supplies	843	740	1,034	999	1,034	1,026	848	715	84	96	124	85	133
8511-6188-79700 Tr Frm Othr CC-Supplies	1,075	707	1,009	891	799	1,262	726	663	257	190	169	237	132
8511-6250-79700 Tr Frm Othr CC-Supplies	0	115	0	69	0	61	69	0	0	0	0	19	0
8511-6380-79700 Tr Frm Othr CC-Supplies	1,046	649	591	1,202	794	1,052	919	551	133	124	113	0	124
8511-6530-79700 Tr Frm Othr CC-Supplies	401	421	35	12	0	19	7	0	64	269	804	518	265
8511-6550-79700 Tr Frm Othr CC-Supplies	366	419	329	362	540	465	321	262	0	77	0	0	96
8511-7010-79700 Tr Frm Othr CC-Supplies	2,317	2,460	1,932	2,252	2,700	2,895	2,507	1,547	853	763	759	936	874
8511-7076-79700 Tr Frm Othr CC-Supplies	387	435	763	107	807	65	711	531	528	428	448	0	391
8511-7080-79700 Tr Frm Othr CC-Supplies	0	383	561	1,785	807	625	1,199	1,651	0	0	0	1,016	1,957
8511-7092-79700 Tr Frm Othr CC-Supplies	0	0	0	0	0	8,435	2,812	12,653	12,653	7,055	1,418	0	0
8511-7183-79700 Tr Frm Othr CC-Supplies	2,462	2,654	2,927	2,397	1,654	1,337	997	1,081	956	1,169	637	850	637
8511-7400-79700 Tr Frm Othr CC-Supplies	0	0	0	0	0	0	0	0	118	79	118	196	236
8511-7420-79700 Tr Frm Othr CC-Supplies	12,499	8,974	6,297	9,903	8,490	6,629	4,555	3,730	5,804	7,151	3,177	0	7,213
8511-7429-79700 Tr Frm Othr CC-Supplies	0	0	88	0	0	0	21	26	0	0	0	0	0
8511-7470-79700 Tr Frm Othr CC-Supplies	0	0	0	0	0	0	0	0	0	0	0	0	34
8511-7500-79700 Tr Frm Othr CC-Supplies	12,498	1,035	15,312	3,178	12,277	1,040	12,551	11,241	11,241	1,090	1,040	12,579	943
8511-7570-79700 Tr Frm Othr CC-Supplies	1,630	3,936	5,333	6,057	1,606	4,769	3,041	4,072	0	3,714	3,890	355	0
8511-7573-79700 Tr Frm Othr CC-Supplies	632	3,292	1,646	0	1,896	1,125	920	1,104	1,104	2,409	2,646	1,169	2,216
8511-7591-79700 Tr Frm Othr CC-Supplies	42	0	0	42	42	0	63	42	0	0	0	0	0
8511-7630-79700 Tr Frm Othr CC-Supplies	1,577	656	1,800	340	1,175	0	4,955	3,730	4,525	575	5,181	819	1,820
8511-7650-79700 Tr Frm Othr CC-Supplies	0	0	61	0	42	0	42	42	0	0	0	0	18
8511-7660-79700 Tr Frm Othr CC-Supplies	2,860	1,840	2,872	3,352	1,697	1,532	1,683	4,815	1,923	1,187	0	8,807	3,103
8511-7680-79700 Tr Frm Othr CC-Supplies	8,455	9,369	12,224	9,892	9,782	11,757	9,501	9,585	10,024	4,702	9,925	8,077	10,101
8511-7720-79700 Tr Frm Othr CC-Supplies	597	533	145	882	409	532	519	1,080	1,376	2,342	860	53	1,418
8511-7730-79700 Tr Frm Othr CC-Supplies	0	0	535	0	0	0	0	0	0	0	0	0	0
8511-7760-79700 Tr Frm Othr CC-Supplies	21	575	937	0	68	763	1,009	255	255	26	212	1,171	185
8511-8660-79700 Tr Frm Othr CC-Supplies	1,093	1,275	828	15,706	0	12,611	0	2,185	1,170	1,269	876	1,079	674
8511-8720-79700 Tr Frm Othr CC-Supplies	623	286	0	0	0	0	0	0	0	0	0	0	0
8511-8752-79700 Tr Frm Othr CC-Supplies	0	0	499	0	0	0	0	0	0	149	0	0	0
8511-8771-79700 Tr Frm Othr CC-Supplies	0	0	0	0	268	0	0	0	0	0	0	0	0

**Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total: 79700 T6 Fm Otr CC-Supplies	55,578	44,473	61,576	63,556	50,541	62,352	54,615	62,883	59,514	31,752	32,160	42,238	33,511
Total - Supplies	2,595,908	3,185,685	3,726,251	3,313,535	3,743,215	3,811,238	3,375,340	3,306,784	3,239,947	4,202,830	3,526,346	3,195,921	3,825,267
P/S - Professional Fees:													
72200 Consultant & Mgmt. Fees													
8511-7011-72200 Consultant & Mgmt. Fees	0	0	0	0	0	0	0	0	0	0	0	0	2,661
8511-7650-72200 Consultant & Mgmt. Fees	0	0	0	0	0	0	0	(855)	955	0	0	0	0
8511-8511-72200 Consultant & Mgmt. Fees	0	0	900	1,609	4,418	(5,985)	0	4,750	0	0	0	0	0
8511-8511-72200 Consultant & Mgmt. Fees	78,302	21,130	22,500	11,135	2,098	34,973	34,136	17,302	0	(59,293)	73,366	3,478	(5,932)
8511-8511-72200 Consultant & Mgmt. Fees	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	(15,000)	0	0	0
8511-8511-72200 Consultant & Mgmt. Fees	7,050	7,050	7,050	(4,650)	7,050	3,850	5,900	1,800	1,100	8,000	5,050	3,000	3,000
Total: 72200 Consultant & Mgmt. Fees	100,352	43,180	45,450	23,094	28,565	47,838	55,036	33,548	21,505	(66,293)	78,416	6,479	(871)
72300 Legal													
8511-8510-72300 Legal	55,116	24,261	29,893	151,710	80,464	81,396	89,248	57,359	77,142	85,569	97,019	67,404	112,474
8511-8550-72300 Legal	0	0	0	0	499	0	0	0	2,876	0	0	0	0
8511-8754-72300 Legal	0	0	0	0	0	0	0	0	929	0	0	0	0
Total: 72300 Legal	55,116	24,261	29,893	151,710	80,963	81,396	89,248	57,359	81,046	85,569	97,019	67,404	112,474
72400 Audit													
8511-8530-72400 Audit	14,441	11,852	8,461	(36,140)	0	0	0	0	0	0	0	15,828	0
Total: 72400 Audit	14,441	11,852	8,461	(36,140)	0	0	0	0	0	0	0	15,828	0
72900 Other Professional Fees:													
8511-7010-72900 Other Professional Fees	0	0	0	0	0	0	0	0	0	0	15,510	(15,510)	0
Total: 72900 Other Professional Fees	0	0	0	0	0	0	0	0	0	0	15,510	(15,510)	0
Total - Professional Fees	169,909	79,292	83,804	138,664	109,528	129,234	144,285	90,906	102,551	19,276	190,946	74,200	111,603
Out-Of-Area- Network Expense:													
76110 Purch Serv-Out-Of-Network Cost													
8511-7900-76110 Purch Serv-Out-Of-Network Cost	4,399,205	4,654,312	5,964,195	4,933,569	6,269,309	6,413,459	5,516,152	6,302,182	5,809,864	6,225,173	5,232,994	5,437,025	5,204,458
Total: 76110 Purch Serv-Out-Of-Network Cost	4,399,205	4,654,312	5,964,195	4,933,569	6,269,309	6,413,459	5,516,152	6,302,182	5,809,864	6,225,173	5,232,994	5,437,025	5,204,458
Total - Out-Of-Area- Network Expense	4,399,205	4,654,312	5,964,195	4,933,569	6,269,309	6,413,459	5,516,152	6,302,182	5,809,864	6,225,173	5,232,994	5,437,025	5,204,458
P/S - Intercompany Related Organization:													
76410 Corporate Management Svcs													
8511-8894-76410 Corporate Management Svcs	396,831	2,302,433	1,075,773	622,983	1,530,581	1,761,496	1,480,203	1,653,173	1,225,807	1,528,643	1,617,009	1,735,271	1,594,827
Total: 76410 Corporate Management Svcs	396,831	2,302,433	1,075,773	622,983	1,530,581	1,761,496	1,480,203	1,653,173	1,225,807	1,528,643	1,617,009	1,735,271	1,594,827
76415 Integrity Management Svcs													
8511-8894-76415 Management Fee Charges	1,537,891	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801
Total: 76415 Integrity Management Svcs	1,537,891	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801	1,558,801
76420 VBS And SO Allocation:													
8511-8894-76420 VBS And SO Allocation	258,873	267,478	260,651	298,348	185,483	233,738	209,052	511,759	310,904	289,944	354,412	273,544	565,958
Total: 76420 VBS And SO Allocation	258,873	267,478	260,651	298,348	185,483	233,738	209,052	511,759	310,904	289,944	354,412	273,544	565,958
76421 Purch - Svcs Reg Orgs:													
8511-7075-76421 Purch - Svcs Reg Orgs	695	0	0	0	695	0	0	(695)	0	0	0	875	695
Total: 76421 Purch - Svcs Reg Orgs	695	0	0	0	695	0	0	(695)	0	0	0	875	695
76422 Purch - Svcs IT Reimb Acct:													
8511-8894-76422 IT Management Fees	1,095,015	1,248,810	1,538,067	1,482,170	1,595,753	1,730,737	1,423,411	1,088,749	1,670,647	1,643,870	1,426,655	1,384,148	1,014,912
Total: 76422 Purch - Svcs IT Reimb Acct	1,095,015	1,248,810	1,538,067	1,482,170	1,595,753	1,730,737	1,423,411	1,088,749	1,670,647	1,643,870	1,426,655	1,384,148	1,014,912
76429 PFS Outsource Net Expense:													
8511-8530-76429 PFS Outsource Net Expense	601,876	626,813	0	455,225	717,120	723,765	72,339	772,762	745,751	596,145	939,993	1,290,653	706,273
Total: 76429 PFS Outsource Net Expense	601,876	626,813	0	455,225	717,120	723,765	72,339	772,762	745,751	596,145	939,993	1,290,653	706,273
76441 Purch Service Ref Org- Region:													
8511-7500-76441 PS-Related Org Reg Lab Testing	2,982	2,916	2,678	3,018	2,780	4,227	3,588	4,727	8,865	3,644	8,149	4,247	2,731
Total: 76441 Purch Service Ref Org- Region	2,982	2,916	2,678	3,018	2,780	4,227	3,588	4,727	8,865	3,644	8,149	4,247	2,731
Total - P/S - Intercompany Related Org	3,804,152	6,007,251	4,466,271	4,420,547	5,591,213	6,012,765	4,747,395	5,589,276	5,520,775	5,621,047	5,905,019	6,247,539	5,354,196
P/S - Other:													
76100 Purch Serv-Medical:													
8511-7420-76100 Purch Serv-Medical	(29,553)	20,819	16,839	23,169	20,276	16,587	(8,825)	13,265	10,769	12,813	30,568	21,861	11,691
8511-7427-76100 Purch Serv-Medical	0	0	4,850	0	0	0	0	0	0	0	0	0	0
8511-7470-76100 Purch Serv-Medical	28,191	9,882	42,056	28,251	35,404	33,646	26,222	7,850	38,940	29,885	31,800	22,527	21,725
8511-7500-76100 Purch Serv-Medical	0	0	3,336	0	0	0	0	423	(423)	0	0	0	342
8511-7520-76100 Purch Serv-Medical	(3,284)	29,339	30,118	25,788	23,798	25,200	18,014	31,093	18,143	4,131	14,699	22,720	21,294
8511-7540-76100 Purch Serv-Medical	9,170	0	4,480	14,335	9,700	4,160	7,870	0	0	1,350	11,145	0	20,000
8511-8860-76100 Purch Serv-Medical	0	0	0	0	0	0	0	0	4,230	3,478	1,504	1,316	6,648
Total: 76100 Purch Serv-Medical	4,524	60,020	98,143	90,229	89,177	79,582	43,281	52,630	71,660	51,657	89,716	68,424	83,660
76200 Purch Serv-Repairs & Maintenance:													
8511-6010-76200 Purch Serv-Repairs & Maintenance	0	0	0	0	0	0	0	0	0	0	0	417	0
8511-7010-76200 Purch Serv-Repairs & Maintenance	0	0	0	0	0	0	217	0	0	0	0	417	0
8511-7011-76200 Purch Serv-Repairs & Maintenance	0	0	0	250	0	0	0	0	0	0	0	0	0
8511-7420-76200 Purch Serv-Repairs & Maintenance	0	0	296	30	652	0	0	0	0	0	0	2,210	0
8511-7471-76200 Purch Serv-Repairs & Maintenance	0	0	0	0	0	0	0	0	0	0	0	1,650	6,400

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-7500-76200 Purch Serv-Repairs & Maintenan	0	0	0	0	0	0	0	0	0	0	0	0	810
8511-7722-76200 Purch Serv-Repairs & Maintenan	0	0	0	0	0	0	0	0	808	0	0	58	0
8511-8340-76200 Purch Serv-Repairs & Maintenan	80	80	0	0	0	20	0	0	40	0	0	0	0
8511-8420-76200 Purch Serv-Repairs & Maintenan	0	0	0	0	2,806	540	0	0	0	0	0	0	0
8511-8460-76200 Purch Serv-Repairs & Maintenan	0	0	0	0	0	75	0	0	0	0	0	41,760	0
8511-8465-76200 Purch Serv-Repairs & Maintenan	15,935	0	0	0	0	0	0	0	129	0	123	6	0
8511-8250-76200 Purch Serv-Repairs & Maintenan	0	0	0	0	0	0	0	0	0	0	0	2,080	125
Total: 76200 Purch Serv-Repairs & Maintenan	16,015	80	298	280	3,558	635	217	0	1,077	0	123	48,596	7,135
76250 Repairs & Maintenance Other Contract													
8511-6010-76250 Repairs & Maintenance Other Contract	8,692	1,867	10,003	4,613	4,705	1,245	2,705	3,331	992	375	6,444	208	43,304
8511-6070-76250 Repairs & Maintenance Other Contract	10	17	186	20	100	20	14	16	18	145	13	1,564	227
8511-6151-76250 Repairs & Maintenance Other Contract	895	495	2,113	169	585	566	4,180	9,410	7,375	2,820	2,534	2,338	3,927
8511-6178-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	0	0	0	0	0	0	668	0
8511-6179-76250 Repairs & Maintenance Other Contract	0	0	450	714	335	0	0	0	0	0	617	668	1,089
8511-6182-76250 Repairs & Maintenance Other Contract	7	103	47	35	37	3,134	50	46	568	45	2,112	209	43
8511-6184-76250 Repairs & Maintenance Other Contract	46	44	48	34	36	44	35	48	36	37	910	1,368	839
8511-6187-76250 Repairs & Maintenance Other Contract	5,859	(4,107)	98	77	69	102	1,476	1,631	177	1,952	2,225	4,745	
8511-6188-76250 Repairs & Maintenance Other Contract	967	124	48	39	789	769	2,842	307	734	331	2,072	2,387	903
8511-6290-76250 Repairs & Maintenance Other Contract	0	0	0	0	594	0	63	0	0	0	0	0	0
8511-6340-76250 Repairs & Maintenance Other Contract	2,766	9,045	672	285	939	301	3,756	1,413	2,537	390	799	191	727
8511-6380-76250 Repairs & Maintenance Other Contract	5,459	775	63	137	662	116	187	549	128	77	749	1,231	584
8511-6382-76250 Repairs & Maintenance Other Contract	0	0	0	0	594	0	63	0	0	0	0	0	0
8511-6530-76250 Repairs & Maintenance Other Contract	1	8	48	6	14	6	25	104	4	28	1	27	1
8511-6580-76250 Repairs & Maintenance Other Contract	14	785	10	9	547	3	4	1,420	7	475	2	4	4
8511-7010-76250 Repairs & Maintenance Other Contract	1,113	320	199	258	170	4,426	2,517	1,695	769	4,174	2,945	948	9,844
8511-7011-76250 Repairs & Maintenance Other Contract	46	37	49	53	49	69	81	3,728	168	22,526	3,644	256	61
8511-7041-76250 Repairs & Maintenance Other Contract	1,034	1,634	1,034	1,034	1,034	1,065	1,065	1,065	9,565	1,065	1,065	1,065	1,065
8511-7075-76250 Repairs & Maintenance Other Contract	3	78	33	41	41	31	6	48	24	20	28	35	32
8511-7076-76250 Repairs & Maintenance Other Contract	450	0	0	0	0	0	0	0	0	0	0	0	1,295
8511-7080-76250 Repairs & Maintenance Other Contract	20	17	24	16	18	26	20	27	33	25	49	673	23
8511-7087-76250 Repairs & Maintenance Other Contract	113	126	148	73	36	47	31	37	48	37	66	45	2,449
8511-7183-76250 Repairs & Maintenance Other Contract	0	4	7	13	6	5	3	21	1	12	1	6	1
8511-7195-76250 Repairs & Maintenance Other Contract	86	102	112	96	784	112	115	293	1,162	231	140	124	498
8511-7268-76250 Repairs & Maintenance Other Contract	41	61	78	57	61	60	977	51	48	118	62	616	82
8511-7420-76250 Repairs & Maintenance Other Contract	13,564	(12,370)	2,257	715	9,058	2,104	(1,62)	2,650	2,209	1,391	3,620	1,932	25,078
8511-7420-76250 Repairs & Maintenance Other Contract	6,690	5,314	6,523	12,200	6,255	12,370	21,471	24,609	10,301	15,476	8,373	11,526	15,663
8511-7427-76250 Repairs & Maintenance Other Contract	63	84	88	68	52	79	72	79	89	89	80	100	106
8511-7429-76250 Repairs & Maintenance Other Contract	36	34	44	385	97	59	40	153	46	166	67	46	965
8511-7450-76250 Repairs & Maintenance Other Contract	1,026	0	1,671	0	0	437	691	78	0	1,016	691	0	2,069
8511-7470-76250 Repairs & Maintenance Other Contract	2,184	1,363	964	0	462	1,254	0	0	616	917	2,520	875	1,599
8511-7471-76250 Repairs & Maintenance Other Contract	7	7	8	15	6	1,851	1,982	8,805	1,411	6,809	28,836	12,851	4,839
8511-7500-76250 Repairs & Maintenance Other Contract	2,890	2,897	2,577	2,490	4,167	2,519	877	7,888	2,695	905	3,645	13,889	32,143
8511-7570-76250 Repairs & Maintenance Other Contract	5	77	30	26	28	36	1,435	490	33	1,112	444	164	4,610
8511-7573-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	0	0	0	0	0	0	0	14,338
8511-7591-76250 Repairs & Maintenance Other Contract	10	61	39	32	37	44	35	397	33	2,324	9,726	362	(665)
8511-7620-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	0	0	0	0	0	804	132	0
8511-7630-76250 Repairs & Maintenance Other Contract	5,068	185	109	939	184	(4,895)	91	82	82	93	2,415	16,610	17,228
8511-7642-76250 Repairs & Maintenance Other Contract	41	281	39	99	41	41	39	33	39	40	60	44	41
8511-7650-76250 Repairs & Maintenance Other Contract	1,119	0	0	0	1,763	0	0	0	0	0	0	8,415	302
8511-7660-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	450	0	0	0	3,330	0	22,645	735
8511-7670-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	0	0	1,200	2,650	272	2,469	0	2,800
8511-7680-76250 Repairs & Maintenance Other Contract	0	0	0	0	1,056	0	0	0	0	0	0	2,090	3,737
8511-7690-76250 Repairs & Maintenance Other Contract	1	16	15	9	593	12	5	9	8	5	11	7	3
8511-7710-76250 Repairs & Maintenance Other Contract	312	684	2,764	140	156	1,562	2,587	(854)	170	1,249	229	1,068	2,281
8511-7720-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	0	0	264	0	94	5,219	92	517
8511-7722-76250 Repairs & Maintenance Other Contract	0	360	44	0	0	0	1,446	69	275	691	1,141	0	1,877
8511-7730-76250 Repairs & Maintenance Other Contract	7,627	510	0	0	0	5,004	0	0	1,995	0	204	0	0
8511-7760-76250 Repairs & Maintenance Other Contract	501	4,983	11,579	581	4,206	492	51	(1,142)	1	7,536	7,425	2,377	4,436
8511-7775-76250 Repairs & Maintenance Other Contract	2	47	22	28	22	28	23	29	2,014	23	38	26	21
8511-8215-76250 Repairs & Maintenance Other Contract	71	43	57	39	49	41	48	45	971	37	39	31	67
8511-8310-76250 Repairs & Maintenance Other Contract	3,243	1,785	2,088	1,967	1,538	1,954	3,059	2,611	2,580	2,101	3,220	3,509	3,958
8511-8340-76250 Repairs & Maintenance Other Contract	45,588	(1,190)	1,190	7,515	3,849	8,855	19,032	1,611	15,754	2,911	20,590	827	42,920
8511-8360-76250 Repairs & Maintenance Other Contract	19	22	28	25	20	24	24	23	34	24	34	24	18
8511-8420-76250 Repairs & Maintenance Other Contract	26	34	29	22	27	28	31	28	36	27	34	35	36
8511-8402-76250 Repairs & Maintenance Other Contract	24	24	(673)	1,042	24	30	25	23	23	24	36	27	1,156
8511-8410-76250 Repairs & Maintenance Other Contract	8,250	8,250	8,200	7,800	8,250	8,250	8,250	8,150	7,374	8,254	8,246	8,246	(8)
8511-8420-76250 Repairs & Maintenance Other Contract	1,311	0	1,245	435	(333)	0	(435)	2,020	1,470	11,041	1,851	10,186	13,476
8511-8430-76250 Repairs & Maintenance Other Contract	350	0	0	0	0	0	0	0	0	0	0	0	0
8511-8440-76250 Repairs & Maintenance Other Contract	6,620	0	1,375	6,018	1,217	984	450	160	6,138	19,087	8,276	12,621	197
8511-8450-76250 Repairs & Maintenance Other Contract	309,474	160,719	193,936	308,814	221,921	131,393	180,206	250,207	460,426	381,739	410,387	438,401	450,469
8511-8465-76250 Repairs & Maintenance Other Contract	2	2	3	1	4	2	1	3	6	750	1,316	215	4
8511-8470-76250 Repairs & Maintenance Other Contract	36,836	8,452	5,400	5,390	5,395	5,416	5,403	196	62	36	71	45	1,175
8511-8480-76250 Repairs & Maintenance Other Contract	7,025	81	(81)	0	0	3	0	0	(3)	0	21	(1)	23
8511-8486-76250 Repairs & Maintenance Other Contract	6	3	3	1	2	1	5	2	3	4	29	6	4
8511-8510-76250 Repairs & Maintenance Other Contract	3	0	5	7	5	6	4	8	6	4	4	5	4
8511-8530-76250 Repairs & Maintenance Other Contract	71	705	40	89	224	342	298	298	297	309	411	(2,712)	278
8511-8560-76250 Repairs & Maintenance Other Contract	584	663	606	507	508	619	532	468	543	506	770	590	559
8511-8561-76250 Repairs & Maintenance Other Contract	21	23	21	23	10	10	0	4	3	4	4	7	0
8511-8610-76250 Repairs & Maintenance Other Contract	(209)	4,444	15,221	5,006	5,963	3,904	2,539	2,939	2,970	16,835	5,037	(369)	37,228
8511-8615-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	0	0	0	450	0	154	671	0
8511-8630-76250 Repairs & Maintenance Other Contract	691	11	9	11	9	9	9	9	16	11	12	11	9
8511-8640-76250 Repairs & Maintenance Other Contract	7,335	0	0	0	0	0	0	0	0	0	0	0	0
8511-8650-76250 Repairs & Maintenance Other Contract	80	79	110	72	53	89	88	84	89	73	125	334	96
8511-8680-76250 Repairs & Maintenance Other Contract	10	8	14	8	7	11	10	13	19	10	22	19	29
8511-8670-76250 Repairs & Maintenance Other Contract	18	22	14	28	12	25	11	8	10	5	162	172	13
8511-8677-76250 Repairs & Maintenance Other Contract	0	0	0	0	0	745	0	0	0	0	0	0	0
8511-8680-76250 Repairs & Maintenance Other Contract	7	1	1	4	1	4	3	8	99	71	0	0	8
8511-8690-76250 Repairs & Maintenance Other Contract	1	1	0	0	0	0	1	1	0	2	0	0	0
8511-8700-76250 Repairs & Maintenance Other Contract	2,439	2,226	2,646	2,198	2,521	2,510	2,209	1,719	1,418	1,380	1,680	(18,491)	1,627
8511-8710-76250 Repairs & Maintenance Other Contract	41	48	58										

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total 76250 Repairs & Maintenance - Other Contract	499,327	201,986	276,718	373,666	292,597	261,881	272,617	341,748	552,481	525,240	568,779	567,390	760,488
76500 Purch Serv-Collection Agencies													
8511-8530-76500 Purch Serv-Collection Agencies	0	0	(45)	48,923	0	16,734	(32,347)	15,739	0	15,080	23,591	(87,686)	0
8511-8590-76500 Purch Serv-Collection Agencies	1,801	133	0	189	0	0	0	0	0	0	0	0	0
Total 76500 Purch Serv-Collection Agencies	1,801	133	(45)	49,112	0	16,734	(32,347)	15,739	0	15,090	23,591	(87,686)	0
76500 Purch Serv-Outside Organizations													
8511-8010-76900 Purch Serv-Outside Organization	105	32	41	899	32	32	32	36	36	41	32	1,218	107
8511-8151-76900 Purch Serv-Outside Organization	211	65	81	81	65	65	65	73	73	81	(81)	81	192
8511-8179-76900 Purch Serv-Outside Organization	0	0	2,750	0	0	0	0	0	0	0	0	0	0
8511-8182-76900 Purch Serv-Outside Organization	53	16	20	20	16	16	16	18	18	20	(20)	20	53
8511-8184-76900 Purch Serv-Outside Organization	111	32	41	41	32	32	32	36	36	41	(41)	41	301
8511-8187-76900 Purch Serv-Outside Organization	(2,782)	32	41	41	24	24	32	32	41	49	(41)	32	72
8511-8188-76900 Purch Serv-Outside Organization	211	65	81	81	65	65	65	73	73	81	(81)	81	198
8511-8299-76900 Purch Serv-Outside Organization	684	16	20	20	16	16	16	18	18	20	(20)	20	53
8511-8340-76900 Purch Serv-Outside Organization	105	32	41	41	32	32	32	39	36	32	(41)	41	176
8511-8389-76900 Purch Serv-Outside Organization	1,800	146	182	182	117	117	146	150	178	207	2,893	182	370
8511-8530-76900 Purch Serv-Outside Organization	49	16	20	20	16	16	16	18	18	20	(20)	20	53
8511-8589-76900 Purch Serv-Outside Organization	925	0	0	0	0	199	0	0	0	0	0	0	0
8511-7010-76900 Purch Serv-Outside Organization	42,774	15,164	16,130	17,563	15,232	15,024	33,815	14,427	22,740	17,703	14,210	19,190	(1,557)
8511-7011-76900 Purch Serv-Outside Organization	0	1,000	2,200	1,000	3,400	8,785	1,000	5,712	6,195	1,000	1,000	7,372	1,074
8511-7040-76900 Purch Serv-Outside Organization	2,052	697	0	314	575	0	0	0	0	935	0	0	520
8511-7041-76900 Purch Serv-Outside Organization	0	0	0	1,350	0	3,000	0	900	0	0	550	365	0
8511-7050-76900 Purch Serv-Outside Organization	20,312	3,863	3,693	1,847	(5,540)	5,540	0	0	0	0	0	0	0
8511-7075-76900 Purch Serv-Outside Organization	98,652	100,711	95,012	82,725	64,123	87,396	92,965	109,440	107,738	105,894	90,008	100,816	105,889
8511-7076-76900 Purch Serv-Outside Organization	1,899	1,582	1,598	1,608	91	65	90	12,782	348	19,503	(72)	119	205
8511-7080-76900 Purch Serv-Outside Organization	9,846	(11,101)	(2,024)	6,721	2,434	2,416	9,161	4,123	(2,082)	2,678	(7,756)	61	81
8511-7090-76900 Purch Serv-Outside Organization	(4,770)	900	0	0	239	0	0	0	0	0	0	0	11,568
8511-7129-76900 Purch Serv-Outside Organization	0	0	65	(65)	0	0	0	0	0	41	(41)	0	0
8511-7183-76900 Purch Serv-Outside Organization	207,734	177,914	226,237	242,110	241,376	246,486	204,341	224,333	200,231	222,512	174,007	225,760	168,741
8511-7192-76900 Purch Serv-Outside Organization	53	16	20	20	16	16	16	18	18	20	(20)	20	53
8511-7195-76900 Purch Serv-Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
8511-7268-76900 Purch Serv-Outside Organization	(355)	4,281	2,082	1,923	3,147	4,359	5,332	3,888	3,800	2,520	10,874	10,585	2,521
8511-7400-76900 Purch Serv-Outside Organization	3,515	227	755	264	2,661	489	227	247	263	5,204	(284)	755	1,779
8511-7420-76900 Purch Serv-Outside Organization	109	3	5,857	(4,520)	117	51	(1)	165	29	(41)	12,299	681	0
8511-7427-76900 Purch Serv-Outside Organization	53	16	(4,830)	4,670	16	16	16	18	18	20	(20)	20	53
8511-7429-76900 Purch Serv-Outside Organization	215	77	29	174	61	69	77	91	71	94	(77)	104	208
8511-7450-76900 Purch Serv-Outside Organization	5,899	0	0	0	0	0	0	0	0	0	0	0	0
8511-7470-76900 Purch Serv-Outside Organization	8,178	(1,400)	2,150	1,400	(1,400)	1,830	3,519	300	0	350	850	0	7,375
8511-7471-76900 Purch Serv-Outside Organization	53	116	20	20	16	16	16	18	18	20	(20)	20	53
8511-7500-76900 Purch Serv-Outside Organization	3,068	10,335	2,906	2,905	2,886	2,886	3,301	2,966	4,597	2,976	2,773	5,304	5,395
8511-7509-76900 Purch Serv-Outside Organization	150,191	85,354	90,384	27,989	98,838	97,243	56,550	75,608	87,457	45,914	107,368	76,115	105,357
8511-7520-76900 Purch Serv-Outside Organization	2,771	16	650	616	451	637	595	299	2,234	333	952	524	360
8511-7540-76900 Purch Serv-Outside Organization	0	0	6,300	6,430	93	0	0	0	0	0	0	0	0
8511-7570-76900 Purch Serv-Outside Organization	53	16	20	20	16	16	16	18	18	20	(20)	20	53
8511-7573-76900 Purch Serv-Outside Organization	30,892	33,467	30,892	36,067	32,422	(182,228)	23,685	15,375	21,875	2,120	(7,658)	7,112	9,284
8511-7591-76900 Purch Serv-Outside Organization	1,233	60	72	3,327	1,085	32	60	4,691	1,426	3,565	1,354	2,587	2,628
8511-7620-76900 Purch Serv-Outside Organization	0	0	0	0	0	0	0	0	0	0	0	1,050	0
8511-7630-76900 Purch Serv-Outside Organization	437	130	162	162	158	1,002	130	160	4,282	134	(162)	158	660
8511-7642-76900 Purch Serv-Outside Organization	10,068	17,054	11,299	12,700	12,281	12,262	11,404	12,961	11,855	12,808	9,165	26,697	15,144
8511-7650-76900 Purch Serv-Outside Organization	128	3,616	20	20	1,465	343	58	18	18	20	3,621	6,003	3,595
8511-7660-76900 Purch Serv-Outside Organization	854	3,750	0	0	2,790	0	0	1,141	0	0	0	5,732	1,750
8511-7670-76900 Purch Serv-Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	858
8511-7680-76900 Purch Serv-Outside Organization	2,400	0	1,750	0	0	0	0	0	1,750	0	0	0	8,679
8511-7690-76900 Purch Serv-Outside Organization	2,509	1,349	2,247	4,404	2,852	2,729	3,882	6,190	2,240	94	2,585	2,001	2,437
8511-7710-76900 Purch Serv-Outside Organization	11,143	5,275	3,121	586	2,394	2,419	49	510	585	61	2,266	5,806	4,617
8511-7720-76900 Purch Serv-Outside Organization	105	32	166	41	32	32	32	36	36	41	(41)	1,897	308
8511-7722-76900 Purch Serv-Outside Organization	53	16	820	20	925	16	16	18	18	20	(20)	1,828	53
8511-7760-76900 Purch Serv-Outside Organization	73	16	20	20	16	16	16	18	18	20	(20)	55	53
8511-7771-76900 Purch Serv-Outside Organization	0	32	32	0	0	0	0	0	0	0	0	0	0
8511-7775-76900 Purch Serv-Outside Organization	73	16	20	93	56	16	62	55	18	1,093	6,784	94	(6,597)
8511-7801-76900 Purch Serv-Outside Organization	1,298	0	575	0	649	743	920	1,787	1,074	61	485	770	880
8511-7900-76900 Purch Serv-Outside Organization	233,344	225,391	230,208	284,212	247,940	301,143	251,746	304,795	247,912	201,176	263,745	272,108	333,264
8511-8049-76900 Purch Serv-Outside Organization	13,418	65,318	20,195	3,425	28,824	77,053	200	20,585	250	90,954	57,092	69,074	90,430
8511-8215-76900 Purch Serv-Outside Organization	7,994	434	20,484	25,574	9,934	20,004	19,300	16,469	16,930	11,740	14,490	12,538	13,250
8511-8310-76900 Purch Serv-Outside Organization	166	38	41	41	32	32	32	74	1,616	32	185	36	97
8511-8340-76900 Purch Serv-Outside Organization	264,712	231,001	211,901	234,211	202,551	211,736	189,266	194,447	36,345	213,054	195,341	177,569	149,162
8511-8350-76900 Purch Serv-Outside Organization	0	0	0	0	0	0	(2,346)	0	0	0	0	0	199
8511-8389-76900 Purch Serv-Outside Organization	0	0	3,520	8,395	9,953	7,664	11,184	7,664	7,665	7,664	7,664	0	25,828
8511-8370-76900 Purch Serv-Outside Organization	2,403	0	0	0	0	0	0	0	0	0	0	0	0
8511-8400-76900 Purch Serv-Outside Organization	53	25,144	20	20	16	78	16	18	18	(42)	(20)	20	53
8511-8420-76900 Purch Serv-Outside Organization	60,983	39,075	45,864	47,056	40,386	40,386	138,818	55,968	52,329	57,670	54,513	73,857	22,322
8511-8440-76900 Purch Serv-Outside Organization	202,287	126,659	161,173	153,119	148,214	155,963	207,622	88,293	184,447	158,408	129,922	164,895	180,534
8511-8460-76900 Purch Serv-Outside Organization	24,287	1,235	5,691	4,345	25,148	(20,							

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Verity Heat Systems
 St Francis Medical Center
 Trended Income Statement
 June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8751-76900 Purch Serv-Outside Organizatio	9,652	2,879	6,754	11,051	5,893	2,015	506	417	23,071	5,721	(16)	22,576	25,431
8511-8752-76900 Purch Serv-Outside Organizatio	10,881	8,644	8,649	4,032	6,694	12,923	8,554	16,539	6,722	7,167	6,024	30,455	2,482
8511-8754-76900 Purch Serv-Outside Organizatio	0	0	0	97	0	0	0	0	0	1,160	150	350	0
8511-8756-76900 Purch Serv-Outside Organizatio	0	0	0	0	0	4,678	5,834	5,846	(16,558)	0	4,386	6,128	16,384
8511-8757-76900 Purch Serv-Outside Organizatio	53	16	20	20	16	16	16	18	18	16	20	53	53
8511-8771-76900 Purch Serv-Outside Organizatio	0	0	0	0	0	294	0	232	200	0	0	0	195
8511-8789-76900 Purch Serv-Outside Organizatio	53	16	20	20	20	16	41	42	49	534	21	70	53
8511-8829-76900 Purch Serv-Outside Organizatio	2,870	2,221	1,494	5,453	5,226	3,670	(3,870)	0	0	0	0	0	0
8511-9259-76900 Purch Serv-Outside Organizatio	0	0	0	0	0	1,233	0	6,009	860	653	8,540	1,753	4,594
8511-9550-76900 Purch Serv-Outside Organizatio	0	0	0	0	0	0	0	0	0	0	214	0	0
Total: 76900 Purch Serv-Outside Organizatio	1,878,183	1,451,457	1,446,910	1,484,713	1,436,755	1,366,686	1,495,389	1,641,206	1,122,357	1,354,592	1,309,018	1,219,027	1,472,013
76905 CHFT Pledge													
8511-8910-76905 Purch Svs - CHFT Pledge	0	0	0	0	1,197,366	0	594,989	(319,647)	21,018	21,018	21,018	355,391	225,657
Total: 76905 CHFT Pledge	0	0	0	0	1,197,366	0	594,989	(319,647)	21,018	21,018	21,018	355,391	225,657
76907 PURCHASED SERVICES LINEN													
8511-8010-76907 PURCHASED SERVICES LINEN	8,796	7,905	6,690	8,009	6,067	6,708	5,212	7,321	5,575	6,005	6,125	7,394	5,316
8511-8070-76907 PURCHASED SERVICES LINEN	1,852	1,061	1,250	1,333	1,093	1,383	1,264	1,591	1,062	1,101	1,024	1,462	814
8511-8151-76907 PURCHASED SERVICES LINEN	7,060	4,514	7,330	9,188	7,057	7,351	5,887	7,713	7,220	8,082	7,253	8,383	6,491
8511-8182-76907 PURCHASED SERVICES LINEN	4,505	5,555	2,007	853	537	548	1,162	673	1,543	857	1,766	2,151	1,766
8511-8184-76907 PURCHASED SERVICES LINEN	250	5,019	3,247	2,017	3,237	2,318	4,227	3,257	3,020	2,455	2,593	2,788	3,535
8511-8197-76907 PURCHASED SERVICES LINEN	347	4,826	4,839	3,087	4,716	2,902	5,153	4,355	4,244	4,085	4,337	4,259	5,374
8511-8198-76907 PURCHASED SERVICES LINEN	416	6,829	5,170	3,830	5,796	3,170	4,937	4,969	4,455	5,092	5,060	5,501	8,509
8511-8199-76907 PURCHASED SERVICES LINEN	65	578	692	308	779	558	815	1,022	753	695	383	317	100
8511-8290-76907 PURCHASED SERVICES LINEN	492	3,553	2,658	1,204	2,595	1,445	2,655	1,800	2,557	2,072	1,981	1,871	2,590
8511-8349-76907 PURCHASED SERVICES LINEN	340	3,560	3,797	2,397	4,089	2,104	3,174	3,513	2,957	1,977	2,787	2,978	3,644
8511-8380-76907 PURCHASED SERVICES LINEN	30	175	743	400	484	343	984	387	114	0	0	46	329
8511-8530-76907 PURCHASED SERVICES LINEN	6,240	2,619	3,807	4,797	4,035	4,055	2,743	2,221	2,164	2,613	1,942	3,053	1,891
8511-8580-76907 PURCHASED SERVICES LINEN	10,693	9,809	8,319	10,720	8,629	9,460	7,067	9,067	7,204	10,492	8,862	10,403	8,705
8511-7010-76907 PURCHASED SERVICES LINEN	0	0	19	0	0	0	0	0	0	0	0	0	0
8511-7050-76907 PURCHASED SERVICES LINEN	0	53	67	129	125	21	142	39	140	69	163	123	0
8511-7090-76907 PURCHASED SERVICES LINEN	12,847	9,865	9,162	10,509	8,599	9,651	9,341	10,471	7,791	9,777	8,487	10,065	7,364
8511-7420-76907 PURCHASED SERVICES LINEN	2,122	1,666	2,603	3,544	3,856	2,192	3,800	2,672	2,364	2,929	3,216	4,096	3,537
8511-7427-76907 PURCHASED SERVICES LINEN	315	169	493	668	617	248	697	499	465	496	511	623	457
8511-7429-76907 PURCHASED SERVICES LINEN	67	177	88	15	119	65	58	34	56	75	83	42	41
8511-7471-76907 PURCHASED SERVICES LINEN	628	1,122	1,048	808	1,032	487	861	586	732	820	868	1,227	1,328
8511-7570-76907 PURCHASED SERVICES LINEN	235	412	255	283	457	185	334	289	380	380	198	177	272
8511-7573-76907 PURCHASED SERVICES LINEN	216	137	90	75	240	354	262	30	76	382	304	308	73
8511-7591-76907 PURCHASED SERVICES LINEN	318	153	143	16	144	204	151	103	145	82	79	102	46
8511-7630-76907 PURCHASED SERVICES LINEN	3,798	1,150	2,859	2,022	2,216	2,726	3,073	2,875	2,622	1,790	1,330	1,983	1,138
8511-7642-76907 PURCHASED SERVICES LINEN	1,721	168	710	400	887	1,037	787	659	651	535	565	1,076	223
8511-7659-76907 PURCHASED SERVICES LINEN	457	129	152	112	284	194	287	90	244	164	169	217	133
8511-7669-76907 PURCHASED SERVICES LINEN	539	189	259	432	585	687	250	203	263	241	230	560	332
8511-7670-76907 PURCHASED SERVICES LINEN	1,478	62	874	715	892	1,160	974	782	673	750	688	942	471
8511-7680-76907 PURCHASED SERVICES LINEN	1,722	561	860	683	979	1,255	1,309	1,086	864	856	708	1,021	621
8511-7890-76907 PURCHASED SERVICES LINEN	763	182	269	183	522	379	456	339	374	379	303	372	94
8511-7720-76907 PURCHASED SERVICES LINEN	184	82	41	32	122	160	129	123	120	161	141	149	100
8511-7763-76907 PURCHASED SERVICES LINEN	198	365	131	47	358	91	148	72	204	256	157	221	296
8511-7775-76907 PURCHASED SERVICES LINEN	609	94	235	124	347	688	437	466	512	241	392	649	85
8511-8350-76907 PURCHASED SERVICES LINEN	5,856	12,484	(5,321)	11,116	8,183	5,324	11,415	7,981	6,342	(651)	(63,632)	(4,533)	2,326
Total: 76907 PURCHASED SERVICES LINEN	75,148	84,653	65,605	85,079	80,644	69,629	79,585	77,569	70,026	67,940	(1,834)	70,039	67,684
76910 Printing & Forms													
8511-8516-76910 Printing & Forms	0	0	0	0	0	0	0	0	0	0	0	288	0
Total: 76910 Printing & Forms	0	0	0	0	0	0	0	0	0	0	0	288	0
76911 Software Support & Maintenance													
8511-7268-76911 Software Support & Maintenance	1,250	0	2,509	1,212	1,212	0	0	0	0	0	0	0	0
8511-7500-76911 Software Support & Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	6,106
8511-8480-76911 Software Support & Maintenance	17,753	12,088	(12,088)	0	0	4,656	(4,656)	0	897	(897)	897	(897)	0
8511-8530-76911 Software Support & Maintenance	(8,100)	0	0	0	0	0	0	0	0	5,990	0	(9,990)	0
Total: 76911 Software Support & Maintenance	10,903	12,088	(9,589)	1,212	1,212	4,656	(4,656)	0	897	0,093	897	(10,887)	6,106
76921 Purch Serv - Accretion Exp Fin47													
8511-8890-76921 Purch Serv - Accretion Exp - Fin47	9,810	0	0	0	0	0	0	0	0	0	0	0	0
Total: 76921 Purch Serv - Accretion Exp Fin47	9,810	0	0	0	0	0	0	0	0	0	0	0	0
Total - P/S - Other	2,195,712	1,810,417	1,878,038	2,079,291	3,101,339	1,739,822	2,449,056	1,809,245	1,839,517	2,044,630	2,011,309	2,230,583	2,623,755
Rental & Leases													
77500 Rental/Lease Costs-Buildings													
8511-7195-77500 Rental/Lease Costs-Buildings	4,756	0	160	0	0	0	0	0	4,756	4,756	0	0	9,511
8511-7268-77500 Rental/Lease Costs-Buildings	7,809	7,809	7,809	8,746	7,965	7,809	7,809	6,809	8,590	7,965	16,727	9,365	9,365
8511-8610-77500 Rental/Lease Costs-Buildings	2,901	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129	4,878	4,878	4,878
8511-8829-77500 Rental/Lease Costs-Buildings	83,439	83,248	74,326	74,326	74,326	74,496	74,496	79,995	76,372	86,615	80,939	80,119	79,441
Total: 77500 Rental/Lease Costs-Buildings	98,905	94,186	85,425	86,202	85,421	85,434	85,434	89,933	92,066	102,090	96,789	101,724	102,348
77510 Rental Cost - Parking Fees													
8511-8829-77510 Rental Cost - PARKING FEES	20,033	20,033	10,867	20,033	20,033	20,033	20,033	20,033	20,033	20,033	20,783	29,200	15,450
Total: 77510 Rental Cost - Parking Fees	20,033	20,033	10,867	20,033	20,033	20,033	20,033	20,033	20,033	20,033	20,783	29,200	15,450
77600 Rental/Lease Costs-Equip													
8511-6010-77600 Rental/Lease Costs-Equip	(4,254)	5,256	5,007	(4,653)	202	289	585	3,046	1,526	6,682	5,438	11,353	32,450
8511-6151-77600 Rental/Lease Costs-Equip	6,560	5,648	7,407	(75)	4,517	8,414	1,372	7,841	5,153	7,966	7,310	13,253	9,365
8511-6179-77600 Rental/Lease Costs-Equip	3,134	1,715	20	5,140	2,865	6,626	5,225	5,084	5,589	6,569	8,228	6,151	6,151
8511-6182-77600 Rental/Lease Costs-Equip	12,201	8,108	6,767	8,242	7,850	4,793	6,188	6,030	5,951	4,375	4,375	9,176	6,545
8511-6184-77600 Rental/Lease Costs-Equip	1,488	2,430	41	6,312	3,003	2,508	2,876	4,855	2,274	1,618	1,618	4,551	3,358
8511-6187-77600 Rental/Lease Costs-Equip	573	2,600	30	5,766	3,830	5,775	5,500	4,626	3,719	3,477	3,477	8,452	6,043
8511-6188-77600 Rental/Lease Costs-Equip	1,308	1,524	17	5,178	2,580	4,147	2,529	1,143	2,283	1,270	1,270	5,798	4,193
8511-6590-77600 Rental/Lease Costs-Equip	6,007	3,752	4,518	771	4,244	1,378	8,199	702	1,897	1,439	1,439	4,708	(1,459)
8511-7010-77600 Rental/Lease Costs-Equip	(72)	1,046	1,633	240	132	0	0	0	0	0	0	0	14,676

Verity Health Systems
St Francis Medical Center
Trended Income Statement
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-7075-77600 Rental/Lease Costs-Equip	466	203	263	263	203	0	203	224	0	224	609	203	203
8511-7400-77600 Rental/Lease Costs-Equip	33,314	11,424	4,052	11,287	11,640	3,102	2,926	2,926	2,926	2,574	14,065	11,638	21,504
8511-7420-77600 Rental/Lease Costs-Equip	117,220	23,444	23,444	23,444	23,444	(163,885)	31,558	25,356	38,271	8,762	40,624	23,551	23,551
8511-7450-77600 Rental/Lease Costs-Equip	0	0	0	0	0	0	0	102	0	430	(6)	212	211
8511-7470-77600 Rental/Lease Costs-Equip	1,910	23,091	9,351	(3,207)	20,453	1,339	6,100	3,412	6,478	350	5,350	4,105	67
8511-7471-77600 Rental/Lease Costs-Equip	210	10	245	245	110	515	345	110	135	110	380	0	0
8511-7480-77600 Rental/Lease Costs-Equip	82,856	56,164	46,566	46,075	70,210	72,774	63,016	68,782	66,818	73,006	42,448	88,835	3,092
8511-7500-77600 Rental/Lease Costs-Equip	504	504	539	539	539	539	70	1,008	500	70	1,006	505	500
8511-7570-77600 Rental/Lease Costs-Equip	0	0	4,950	436	0	0	0	0	4,274	0	0	23,960	12,668
8511-7630-77600 Rental/Lease Costs-Equip	0	(578)	0	0	0	0	0	0	0	0	0	0	0
8511-7680-77600 Rental/Lease Costs-Equip	39,052	3,054	20,980	3,001	25,202	3,277	3,051	14,511	14,387	13,532	23,136	14,240	26,934
8511-7710-77600 Rental/Lease Costs-Equip	37,601	37,620	37,138	36,803	36,478	38,411	36,478	37,126	36,479	36,525	36,478	36,478	36,478
8511-7720-77600 Rental/Lease Costs-Equip	5,017	352	3,058	6,757	7,236	8,321	6,066	4,037	4,192	16,869	22,692	11,157	2,238
8511-7722-77600 Rental/Lease Costs-Equip	2,333	4,219	785	5,656	1,544	(346)	182	5,947	2,280	2,081	3,926	10,679	11,961
8511-8310-77600 Rental/Lease Costs-Equip	4,903	0	0	184	0	2,521	0	2,548	0	0	2,548	0	0
8511-8402-77600 Rental/Lease Costs-Equip	12,738	59	12,990	6,535	6,535	6,535	6,535	6,535	6,535	6,535	6,632	6,567	6,695
8511-8460-77600 Rental/Lease Costs-Equip	0	(578)	0	0	0	0	0	0	0	0	0	0	0
8511-8510-77600 Rental/Lease Costs-Equip	0	0	0	0	0	0	0	0	0	0	0	0	237,983
8511-8610-77600 Rental/Lease Costs-Equip	31,171	34,813	41,462	33,199	31,873	26,151	0	67,005	33,503	33,503	33,503	33,503	(67,005)
8511-8720-77600 Rental/Lease Costs-Equip	2,951	(396)	1,175	1,175	1,175	0	0	0	0	0	0	0	0
Total: 77600 Rental/Lease Costs-Equip	399,148	225,578	232,368	199,250	265,965	33,171	190,014	273,984	245,163	227,056	264,889	331,151	398,494
77605 Copy Machine Leases													
8511-8010-77605 COPY MACHINE LEASES	25	341	170	130	141	164	174	138	179	167	188	178	198
8511-8070-77605 COPY MACHINE LEASES	19	27	300	38	95	27	23	26	29	233	18	117	15
8511-8151-77605 COPY MACHINE LEASES	192	146	341	180	134	171	123	147	124	126	183	147	123
8511-8182-77605 COPY MACHINE LEASES	13	167	75	67	56	88	84	75	71	72	86	63	63
8511-8184-77605 COPY MACHINE LEASES	67	72	77	64	55	71	59	78	59	60	90	50	56
8511-8187-77605 COPY MACHINE LEASES	193	132	158	146	104	165	145	158	139	132	200	118	141
8511-8188-77605 COPY MACHINE LEASES	120	85	78	73	66	91	56	52	50	73	84	60	59
8511-8340-77605 COPY MACHINE LEASES	67	792	388	368	316	486	417	329	322	290	360	260	314
8511-8380-77605 COPY MACHINE LEASES	134	212	102	260	102	187	206	163	137	123	179	131	127
8511-8530-77605 COPY MACHINE LEASES	1	13	78	12	21	9	41	15	7	46	1	37	1
8511-8580-77605 COPY MACHINE LEASES	27	428	16	18	168	5	7	200	11	83	3	6	6
8511-7010-77605 COPY MACHINE LEASES	273	305	224	227	187	268	264	197	207	203	295	193	67
8511-7011-77605 COPY MACHINE LEASES	88	61	79	101	74	111	101	106	117	86	125	83	89
8511-7075-77605 COPY MACHINE LEASES	6	126	53	79	61	51	10	78	41	33	38	47	46
8511-7080-77605 COPY MACHINE LEASES	37	27	38	31	27	43	43	45	56	40	67	31	34
8511-7087-77605 COPY MACHINE LEASES	212	205	239	139	54	75	52	61	79	59	91	61	72
8511-7183-77605 COPY MACHINE LEASES	0	7	11	25	9	9	5	34	2	19	1	8	2
8511-7195-77605 COPY MACHINE LEASES	162	160	180	182	1,183	180	190	481	1,942	372	191	169	721
8511-7268-77605 COPY MACHINE LEASES	77	99	126	108	92	98	83	83	81	190	84	96	118
8511-7400-77605 COPY MACHINE LEASES	16	19	3	132	12	18	15	9	18	0	5	163	6
8511-7420-77605 COPY MACHINE LEASES	251	170	188	194	185	225	204	154	176	138	239	134	120
8511-7427-77605 COPY MACHINE LEASES	118	137	143	130	78	128	126	118	131	143	110	137	154
8511-7429-77605 COPY MACHINE LEASES	68	55	70	733	147	95	66	251	77	267	89	63	355
8511-7471-77605 COPY MACHINE LEASES	13	12	14	29	9	23	21	16	17	23	16	21	5
8511-7500-77605 COPY MACHINE LEASES	222	198	188	192	150	209	149	157	181	167	206	185	187
8511-7570-77605 COPY MACHINE LEASES	9	124	49	49	42	59	58	49	54	54	74	59	60
8511-7591-77605 COPY MACHINE LEASES	19	99	63	61	56	52	71	43	55	50	52	43	47
8511-7630-77605 COPY MACHINE LEASES	120	301	176	96	206	177	151	134	137	149	191	147	152
8511-7642-77605 COPY MACHINE LEASES	77	67	63	60	62	67	58	54	65	64	82	60	60
8511-7690-77605 COPY MACHINE LEASES	1	26	25	18	12	20	9	15	14	8	14	10	5
8511-7710-77605 COPY MACHINE LEASES	249	274	247	267	236	313	243	317	284	236	312	195	202
8511-7760-77605 COPY MACHINE LEASES	1	1	44	13	6	0	1	13	2	0	1	52	14
8511-7775-77605 COPY MACHINE LEASES	3	77	47	41	34	45	38	47	49	37	52	35	31
8511-8215-77605 COPY MACHINE LEASES	133	70	91	74	74	66	79	74	105	60	53	42	87
8511-8310-77605 COPY MACHINE LEASES	4,705	2,869	3,387	3,745	3,147	3,153	5,078	4,283	3,412	3,359	4,392	4,786	4,616
8511-8340-77605 COPY MACHINE LEASES	154	0	8	0	422	221	159	178	167	1,773	157	129	150
8511-8360-77605 COPY MACHINE LEASES	36	36	46	48	31	43	38	41	47	55	46	33	27
8511-8400-77605 COPY MACHINE LEASES	50	55	46	42	41	46	51	46	81	44	46	48	53
8511-8402-77605 COPY MACHINE LEASES	45	39	43	44	36	48	41	38	39	39	48	30	38
8511-8480-77605 COPY MACHINE LEASES	30	23	39	44	39	47	39	44	40	30	67	38	31
8511-8485-77605 COPY MACHINE LEASES	4	4	4	3	3	2	5	10	7	23	9	6	6
8511-8470-77605 COPY MACHINE LEASES	103	79	80	77	67	107	88	88	87	58	97	61	74
8511-8480-77605 COPY MACHINE LEASES	13	10	(10)	0	0	5	(5)	5	(5)	0	29	(29)	34
8511-8486-77605 COPY MACHINE LEASES	11	5	5	2	3	2	8	3	6	7	39	8	5
8511-8510-77605 COPY MACHINE LEASES	6	0	8	14	8	9	6	13	10	6	5	6	6
8511-8520-77605 COPY MACHINE LEASES	134	1,144	65	170	339	551	495	489	496	497	551	(4,396)	402
8511-8560-77605 COPY MACHINE LEASES	1,101	1,076	978	965	766	998	884	768	908	815	1,050	805	810
8511-8591-77605 COPY MACHINE LEASES	40	37	33	43	16	15	1	7	5	6	6	9	0
8511-8610-77605 COPY MACHINE LEASES	233	228	1,056	594	1,712	716	249	310	300	458	349	808	(57,783)
8511-8630-77605 COPY MACHINE LEASES	20	19	15	20	13	15	15	14	28	18	17	14	13
8511-8650-77605 COPY MACHINE LEASES	150	128	177	137	80	143	146	138	149	117	171	109	149
8511-8660-77605 COPY MACHINE LEASES	20	13	23	16	10	18	17	21	32	16	30	26	42
8511-8670-77605 COPY MACHINE LEASES	35	36	22	54	19	41	18	13	17	8	26	19	19
8511-8680-77605 COPY MACHINE LEASES	14	2	1	8	1	6	5	13	7	0	0	1	12
8511-8690-77605 COPY MACHINE LEASES	2	1	0	0	1	0	1	1	0	3	0	0	0
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Verity Heat Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-7500-78300 Licenses & Taxes	842	842	842	842	842	4,433	842	875	875	875	875	875	875
8511-7570-78300 Licenses & Taxes	0	0	850	0	0	0	0	0	0	0	0	0	2,100
8511-7573-78300 Licenses & Taxes	0	0	450	0	0	0	0	0	0	0	0	0	0
8511-7630-78300 Licenses & Taxes	549	549	549	549	549	549	549	549	549	549	16,813	549	549
8511-7650-78300 Licenses & Taxes	0	0	0	0	0	0	0	0	4,320	0	0	0	0
8511-7710-78300 Licenses & Taxes	0	0	0	0	0	0	1,996	0	0	0	0	0	0
8511-7720-78300 Licenses & Taxes	0	0	0	315	0	0	0	0	0	0	0	0	0
8511-7722-78300 Licenses & Taxes	0	0	0	0	0	0	1,561	0	0	0	0	0	0
8511-8400-78300 Licenses & Taxes	0	0	0	0	0	0	0	0	344	0	0	0	0
8511-8420-78300 Licenses & Taxes	0	222	0	0	0	0	0	300	0	0	0	0	602
8511-8440-78300 Licenses & Taxes	1,239	1,239	1,239	1,239	1,239	2,639	1,239	1,239	6,093	1,265	2,761	1,639	1,639
8511-8460-78300 Licenses & Taxes	96	0	5,457	18,706	8,232	20,785	6,339	6,410	6,784	6,465	6,339	6,339	6,339
8511-8460-78300 Licenses & Taxes	0	0	0	0	0	0	0	0	0	0	180	0	0
8511-8510-78300 Licenses & Taxes	24,651	14,538	14,531	14,586	14,531	22,490	74,059	26,614	26,771	34,184	27,425	26,375	28,355
8511-8610-78300 Licenses & Taxes	0	0	0	20	0	285	0	6,627	0	3	0	0	0
8511-8754-78300 Licenses & Taxes	0	0	0	0	113	0	0	0	0	0	0	0	399
8511-8771-78300 Licenses & Taxes	0	0	1,568	0	0	0	0	0	0	0	0	0	0
8511-8850-78300 Licenses & Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Total: 78300 Licenses & Taxes	10,574	17,389	26,322	36,256	26,480	51,878	87,283	43,311	42,744	46,703	54,910	44,049	41,584
78310 Property Taxes:													
8511-7268-78310 Property Taxes	0	0	0	0	0	0	0	0	0	0,809	0	0	0
8511-7710-78310 Property Taxes	0	0	0	0	0	0	3,282	0	0	0	0	0	0
8511-8402-78310 Property Taxes	0	0	0	0	0	0	854	0	0	0	0	0	0
8511-8650-78310 Property Taxes	10,380	10,380	4,050	4,050	4,050	14,756	44,057	11,422	11,422	735	12,142	12,142	12,142
Total: 78310 Property Taxes	10,380	10,380	4,050	4,050	4,050	14,756	48,232	11,422	11,422	7,544	12,142	12,142	12,142
78400 Other Costs:													
8511-8510-78400 Other Costs	8,582	7,885	(15,587)	18,240	10,863	1,009	(266)	18,814	11,857	14,302	13,949	12,925	5,936
8511-8610-78400 Other Costs	1,483	0	0	0	0	0	0	0	0	0	0	0	0
Total: 78400 Other Costs	10,065	7,885	(15,587)	18,240	10,863	1,009	(266)	18,814	11,857	14,302	13,949	12,925	5,936
78500 Telephone/Telegraph													
8511-6010-78500 Telephone/Telegraph	18	18	18	18	24	18	18	18	18	18	18	0	0
8511-6070-78500 Telephone/Telegraph	6	6	6	6	0	6	6	6	6	6	6	0	0
8511-6151-78500 Telephone/Telegraph	6	6	6	6	5	6	6	6	6	6	6	0	0
8511-6181-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	12	6	0	0
8511-6184-78500 Telephone/Telegraph	6	6	6	6	6	1,095	748	6	6	6	6	0	0
8511-6187-78500 Telephone/Telegraph	18	18	18	18	18	18	18	18	18	18	18	0	0
8511-6188-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-6290-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-6340-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-6360-78500 Telephone/Telegraph	6	12	12	6	6	6	408	6	6	6	6	0	0
8511-6362-78500 Telephone/Telegraph	6	0	0	6	6	6	0	6	6	6	6	0	0
8511-6530-78500 Telephone/Telegraph	0	0	0	0	0	6	0	6	0	0	0	0	0
8511-6580-78500 Telephone/Telegraph	6	6	6	6	6	24	6	6	6	6	6	0	0
8511-7010-78500 Telephone/Telegraph	24	24	24	24	24	125	24	24	24	24	24	0	0
8511-7011-78500 Telephone/Telegraph	125	125	125	125	125	0	125	125	125	125	125	0	0
8511-7050-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-7075-78500 Telephone/Telegraph	4,419	761	2,821	0	0	0	0	0	0	0	0	0	0
8511-7076-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-7195-78500 Telephone/Telegraph	0	6	0	0	0	0	0	0	0	0	0	0	0
8511-7268-78500 Telephone/Telegraph	6	0	6	6	6	6	6	6	6	6	6	0	0
8511-7400-78500 Telephone/Telegraph	18	18	18	143	10,830	2,350	711	698	18	18	18	0	0
8511-7420-78500 Telephone/Telegraph	125	125	125	0	125	125	125	125	125	125	125	0	0
8511-7427-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-7429-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-7450-78500 Telephone/Telegraph	30	30	30	30	30	30	30	30	30	30	30	0	0
8511-7500-78500 Telephone/Telegraph	54	54	54	54	54	54	54	54	54	54	54	0	0
8511-7570-78500 Telephone/Telegraph	137	137	137	137	137	137	137	137	137	137	137	0	0
8511-7573-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-7591-78500 Telephone/Telegraph	36	36	36	36	36	36	36	36	36	36	36	0	0
8511-7620-78500 Telephone/Telegraph	0	54	0	0	54	0	0	0	0	0	0	0	0
8511-7630-78500 Telephone/Telegraph	54	0	54	54	0	54	54	54	54	54	54	0	0
8511-7842-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-7880-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-7720-78500 Telephone/Telegraph	42	42	42	42	42	42	42	42	42	42	42	0	0
8511-7760-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-7775-78500 Telephone/Telegraph	24	24	24	24	24	24	24	24	24	24	24	0	0
8511-8310-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-8340-78500 Telephone/Telegraph	12	6	6	6	6	6	6	6	6	6	6	0	0
8511-8370-78500 Telephone/Telegraph	101	101	101	101	101	101	101	101	101	101	101	0	0
8511-8380-78500 Telephone/Telegraph	(6)	0	0	0	0	0	0	0	0	0	0	0	0
8511-8400-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-8402-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-8420-78500 Telephone/Telegraph	12	12	12	12	12	12	12	12	12	12	12	0	0
8511-8440-78500 Telephone/Telegraph	374	374	374	374	374	374	374	374	374	374	374	0	0
8511-8460-78500 Telephone/Telegraph	178	178	178	178	178	178	178	178	178	178	178	0	0
8511-8470-78500 Telephone/Telegraph	60,824	10,570	25,242	26,914	29,829	30,955	29,063	(45,857)	14,398	11,138	26,382	21,220	15,803
8511-8480-78500 Telephone/Telegraph	85	(418)	418	0	0	0	0	0	0	0	0	0	0
8511-8560-78500 Telephone/Telegraph	24	24	24	24	24	24	24	24	24	24	24	0	0
8511-8561-78500 Telephone/Telegraph	0	6	0	0	0	0	0	0	0	0	0	0	0
8511-8610-78500 Telephone/Telegraph	6	6	12	6	6	6	12	6	12	6	6	0	0
8511-8620-78500 Telephone/Telegraph	0	0	0	0	6	6	6	6	6	6	6	0	0
8511-8680-78500 Telephone/Telegraph	24	24	24	24	24	24	24	24	24	24	24	0	0
8511-8720-78500 Telephone/Telegraph	6	6	6	6	6	6	6	6	6	6	6	0	0
8511-8751-78500 Telephone/Telegraph	6	0	0	0	0	0	0	0	0	0	0	0	0
8511-8752-78500 Telephone/Telegraph	71	71	71	71	71	71	71	71	71	71	71	0	0
8511-8780-78500 Telephone/Telegraph	0	0	359	353	0	359	0	238	0	0	0	0	0
Total: 78500 Telephone/Telegraph	67,005	12,591	30,517	28,944	42,419	36,413	32,572	(43,499)	16,314	12,816	28,060	21,220	15,803
78502 Mobile Phones Service:													
8511-7075-78502 Mobile Phones Service	0	2,829	0	3,135	3,685	2,813	0	3,165	6,056	2,885	3,173	0	7,605
8511-8470-78502 Mobile Phones Service	0	4,885	0	0	177	4,218	131	7,872	9,514	0	4,329	12,978	5,125
8511-8780-78502 Mobile Phones Service	0	353	(116)	0	177	0	0	707	116	360	361	360	354
Total: 78502 Mobile Phones Service	0	8,067	(116)	3,135	4,039	7,031	131	11,744	15,685	3,246	7,863	13,338	13,084
78600 Dues & Subscriptions:													

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8070-78600 Dues & Subscriptions	833	833	833	833	833	833	833	833	833	833	833	833	833
8511-7011-78600 Dues & Subscriptions	0	0	0	0	0	4,600	0	0	0	0	0	0	0
8511-7041-78600 Dues & Subscriptions	100	0	0	0	0	0	0	0	0	100	0	0	0
8511-7076-78600 Dues & Subscriptions	0	363	0	0	540	0	0	0	0	0	0	0	0
8511-7471-78600 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	3,500	0
8511-7500-78600 Dues & Subscriptions	0	0	0	198	1,856	660	0	0	699	0	0	0	0
8511-7549-78600 Dues & Subscriptions	0	0	0	0	0	0	3,235	0	0	0	0	0	0
8511-7591-78600 Dues & Subscriptions	0	0	0	0	0	0	3,650	0	0	0	0	0	0
8511-7630-78600 Dues & Subscriptions	0	0	0	0	0	172	0	0	0	0	0	0	0
8511-7642-78600 Dues & Subscriptions	0	0	0	0	14	0	0	0	0	0	0	0	14
8511-7710-78600 Dues & Subscriptions	1,650	0	0	0	0	0	0	0	0	0	0	0	0
8511-7720-78600 Dues & Subscriptions	0	408	0	0	888	0	(1,296)	0	0	0	0	0	(492)
8511-7722-78600 Dues & Subscriptions	0	408	0	0	816	3,282	(1,632)	0	(414)	0	0	0	(414)
8511-8215-78600 Dues & Subscriptions	300	0	0	0	0	0	0	0	0	0	0	0	0
8511-8349-78600 Dues & Subscriptions	0	280	0	291	(146)	0	50	0	0	0	0	0	0
8511-8619-78600 Dues & Subscriptions	887	10	0	0	0	295	455	0	4,500	750	750	3,885	750
8511-8616-78600 Dues & Subscriptions	250	0	0	0	0	0	0	0	0	0	0	0	0
8511-8650-78600 Dues & Subscriptions	0	1,175	0	0	0	185	0	1,175	0	0	0	0	1,175
8511-8580-78600 Dues & Subscriptions	0	0	0	0	10	0	0	109	0	0	123	114	80
8511-8752-78600 Dues & Subscriptions	1,402	1,182	1,182	1,182	1,182	967	1,182	0	160	0	399	0	2,851
Total: 78600 Dues & Subscriptions	5,402	4,688	2,015	3,044	5,456	10,404	9,355	(761)	5,493	1,968	2,105	8,332	4,897
78620 RETAIL FLOWERS:													
8511-8550-78620 RETAIL FLOWERS	0	0	0	0	0	0	582	0	0	0	0	0	0
Total: 78620 RETAIL FLOWERS	0	0	0	0	0	0	582	0	0	0	0	0	0
78700 Outside Training Sessions:													
8511-6589-78700 Outside Training Sessions	0	1,074	0	0	0	0	0	0	0	0	0	0	0
8511-7041-78700 Outside Training Sessions	0	0	0	0	0	0	900	0	0	0	0	0	0
8511-7075-78700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	567	0
8511-7076-78700 Outside Training Sessions	0	705	0	0	0	0	0	0	0	0	0	0	0
8511-7258-78700 Outside Training Sessions	0	0	0	0	4,852	0	0	35	0	0	0	0	0
8511-8349-78700 Outside Training Sessions	0	0	0	0	0	0	0	0	675	0	0	0	0
8511-8619-78700 Outside Training Sessions	0	0	0	1,585	0	0	0	0	0	0	0	0	0
8511-8610-78700 Outside Training Sessions	0	0	0	0	0	0	0	159	0	0	0	0	0
Total: 78700 Outside Training Sessions	0	1,779	0	1,585	0	4,852	900	0	194	675	0	0	567
78750 Meetings & Conventions:													
8511-6340-78750 Meetings & Conventions	0	0	345	0	0	0	1,670	0	0	0	0	0	0
8511-7075-78750 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	290	0
8511-7258-78750 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	36	0
8511-7630-78750 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	1,740	0
8511-8619-78750 Meetings & Conventions	199	99	0	0	0	0	0	0	0	0	0	0	0
8511-8720-78750 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	775	0
8511-8752-78750 Meetings & Conventions	0	0	0	599	0	0	0	0	0	0	0	0	0
Total: 78750 Meetings & Conventions	199	99	345	599	0	0	1,670	0	0	0	0	36	2,805
78800 Travel:													
8511-8610-78800 Travel	0	0	0	1,500	142	3,221	10,810	(9,223)	219	(1,351)	8,264	287	4,044
8511-8615-78800 Travel	343	21	300	450	364	343	43	300	2,271	129	1,093	964	1,243
8511-8650-78800 Travel	0	0	0	0	0	0	0	0	0	0	0	0	2,883
8511-8577-78800 Travel	392	160	112	162	111	81	212	53	135	133	170	532	160
Total: 78800 Travel	735	181	412	2,112	618	3,645	10,865	(8,869)	2,625	(1,089)	9,527	1,783	8,330
78801 Travel Transportation:													
8511-7500-78801 Travel Transportation	0	0	0	0	0	0	0	0	0	0	0	0	126
8511-8231-78801 Rail & Public Transportation	0	0	0	0	0	0	18	0	0	0	0	0	0
8511-8510-78801 Travel Transportation	0	0	196	0	0	0	0	0	0	0	0	0	0
Total: 78801 Travel Transportation	0	0	196	0	0	0	18	0	0	0	0	0	126
78802 Airfare & Rail:													
8511-6188-78802 Airfare	0	0	0	0	0	0	196	0	0	0	0	0	0
8511-6589-78802 Airfare	0	667	0	0	0	0	0	0	0	0	0	0	0
8511-7500-78802 Airfare	0	0	0	0	0	0	0	0	0	0	0	672	0
8511-7630-78802 Airfare	0	0	0	0	0	0	0	0	0	133	0	0	0
8511-8231-78802 Airfare	0	0	0	0	0	0	347	0	0	0	0	0	0
8511-8560-78802 Airfare	0	0	0	0	0	0	79	0	0	0	178	0	0
8511-8610-78802 Airfare	200	832	955	0	901	209	0	198	0	0	0	0	1,571
8511-8650-78802 Airfare	0	0	0	0	288	0	0	525	0	0	0	0	0
8511-8720-78802 Airfare	0	0	0	0	134	0	0	0	0	0	0	0	487
8511-8752-78802 Airfare	0	0	0	468	0	0	0	0	0	0	0	0	0
8511-8754-78802 Airfare	0	0	0	0	0	0	0	0	268	284	292	0	0
Total: 78802 Airfare & Rail	200	1,499	955	468	1,303	209	544	79	723	268	595	292	2,730
78803 Car Rental:													
8511-7500-78803 Car Rental	0	0	0	0	0	0	0	0	0	0	0	0	102
8511-8610-78803 Car Rental	0	0	0	0	111	141	0	0	0	0	0	0	0
8511-8754-78803 Car Rental	0	0	0	0	0	0	0	0	0	0	136	0	0
Total: 78803 Car Rental	0	0	0	0	111	141	0	0	0	0	136	0	102
78804 Gasoline:													
8511-7075-78804 Gasoline	0	0	0	0	0	0	0	0	0	10	0	0	0
8511-8310-78804 Gasoline	0	0	0	0	0	0	0	0	0	0	0	0	98
8511-8420-78804 Gasoline	0	0	0	0	0	0	0	0	0	0	0	0	60
8511-8610-78804 Gasoline	0	0	0	0	24	0	0	0	0	0	0	0	0
Total: 78804 Gasoline	0	0	0	0	24	0	0	0	0	10	0	0	158
78805 Mileage:													
8511-6010-78805 Mileage	0	0	0	0	47	0	0	0	0	0	0	0	0
8511-6070-78805 Mileage	0	0	0	0	24	0	0	0	0	0	0	0	0
8511-6380-78805 Mileage	0	0	0	0	8	0	0	0	0	0	0	0	0

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8511-7041-78805 Mileage	0	159	0	0	269	34	0	34	0	0	34	0	0
8511-7075-78805 Mileage	245	209	81	81	74	268	310	85	55	153	6	37	202
8511-7268-78805 Mileage	71	184	135	153	121	181	120	197	382	382	224	359	219
8511-7430-78805 Mileage	0	0	0	0	12	0	0	0	0	0	0	0	0
8511-8510-78805 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	14
8511-8510-78805 Mileage	0	15	0	0	0	0	0	0	0	0	0	0	0
8511-8615-78805 Mileage	0	0	0	0	0	0	311	0	15	0	0	0	0
8511-8650-78805 Mileage	0	0	0	0	41	0	0	0	29	0	0	0	0
8511-8677-78805 Mileage	0	0	0	0	0	0	0	0	0	0	0	42	0
8511-8710-78805 Mileage	0	0	0	0	0	0	0	0	0	0	0	117	0
8511-8754-78805 Mileage	0	0	0	0	0	0	0	0	0	0	55	0	21
8511-8771-78805 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0
Total: 78805 Mileage	315	567	216	235	615	482	740	315	452	564	319	555	455
78806 Parking & Tolls:													
8511-6340-78806 Parking & Tolls	0	0	10	0	0	0	0	0	0	0	0	0	0
8511-7075-78806 Parking & Tolls	105	41	7	0	0	83	83	4	7	48	0	0	42
8511-7076-78806 Parking & Tolls	0	0	111	0	0	0	0	0	0	0	0	0	0
8511-7268-78806 Parking & Tolls	0	15	0	8	0	40	0	6	0	0	0	0	0
8511-7570-78806 Parking & Tolls	0	0	0	0	0	0	0	0	0	0	0	0	60
8511-8231-78806 Parking & Tolls	0	0	0	0	0	40	0	0	0	0	0	0	0
8511-8560-78806 Parking & Tolls	0	0	0	0	0	0	0	0	0	0	57	0	0
8511-8610-78806 Parking & Tolls	0	0	0	0	0	209	0	30	0	0	0	0	0
8511-8615-78806 Parking & Tolls	16	0	0	0	0	0	0	0	0	0	0	0	0
8511-8650-78806 Parking & Tolls	0	0	0	0	0	76	0	39	0	0	0	0	0
8511-8720-78806 Parking & Tolls	0	0	0	43	15	0	0	0	0	0	0	0	0
8511-8754-78806 Parking & Tolls	0	0	0	0	0	0	0	0	48	0	0	0	0
Total: 78806 Parking & Tolls	121	56	128	6	43	138	388	10	67	96	57	0	102
78808 Lodging & Hotels:													
8511-6188-78808 Hotels & Lodging	0	0	0	0	0	0	998	0	0	0	0	0	0
8511-6340-78808 Lodging & Hotels	0	0	0	0	0	0	707	0	0	0	0	0	0
8511-6550-78808 Hotels & Lodging	0	985	0	0	0	0	0	0	0	0	0	0	0
8511-7075-78808 Lodging & Hotels	0	0	655	0	0	0	0	0	0	0	0	0	0
8511-7500-78808 Lodging & Hotels	0	0	0	0	0	0	0	0	0	0	0	0	539
8511-7570-78808 Lodging & Hotels	0	0	0	0	0	0	0	0	0	0	0	0	153
8511-7591-78808 Lodging & Hotels	0	265	0	0	0	0	0	0	0	0	0	0	0
8511-7630-78808 Lodging & Hotels	0	0	0	0	0	0	0	0	0	0	153	0	0
8511-8560-78808 Lodging & Hotels	0	0	0	0	0	0	483	0	0	483	0	0	0
8511-8610-78808 Lodging & Hotels	0	0	0	882	234	1,304	0	0	0	0	0	0	0
8511-8650-78808 Lodging & Hotels	0	0	0	0	0	369	0	276	0	0	0	0	0
8511-8720-78808 Lodging & Hotels	0	334	347	150	1,027	180	260	418	0	134	307	1,220	0
8511-8752-78808 Lodging & Hotels	0	0	0	333	0	0	0	0	0	0	0	0	0
8511-8754-78808 Lodging & Hotels	0	0	0	0	0	0	0	0	101	224	261	0	0
Total: 78808 Lodging & Hotels	0	1,694	1,003	483	1,909	414	3,638	483	695	101	684	568	1,812
78810 Business Meals:													
8511-6188-78810 Business Meals - Attendees	0	0	0	0	0	0	135	0	0	0	0	0	0
8511-6340-78810 Business Meals - Attendees	0	0	0	0	0	0	120	0	0	0	0	0	0
8511-7075-78810 Business Meals - Attendees	0	0	250	164	(82)	0	0	0	0	0	0	0	0
8511-7076-78810 Business Meals - Attendees	0	0	83	0	0	0	0	1,064	0	0	0	0	0
8511-7500-78810 Business Meals - Attendees	0	0	0	0	0	0	0	0	0	0	0	0	91
8511-7570-78810 Business Meals - Attendees	0	0	0	0	0	0	0	0	0	0	0	0	101
8511-7630-78810 Business Meals - Attendees	0	0	0	0	0	0	0	0	0	44	0	0	0
8511-8231-78810 Business Meals - Attendees	0	0	0	0	0	42	0	0	0	0	0	0	0
8511-8560-78810 Business Meals - Attendees	0	0	0	0	0	0	0	0	0	22	0	0	0
8511-8610-78810 Business Meals - Attendees	0	0	161	239	74	0	0	17	83	0	80	0	0
8511-8650-78810 Business Meals - Attendees	0	0	0	0	0	0	0	35	0	0	0	0	0
8511-8752-78810 Business Meals - Attendees	0	0	0	170	0	0	0	0	0	0	0	0	0
8511-8754-78810 Business Meals - Attendees	0	0	0	0	0	0	0	0	0	13	0	0	0
Total: 78810 Business Meals	0	0	494	573	(8)	0	287	1,054	52	83	79	80	192
78811 Catering & Business Meals:													
8511-7075-78811 Catering and Business Meals	0	0	0	0	0	0	200	0	0	0	0	0	0
8511-7427-78811 Catering and Business Meals	250	0	0	0	0	0	0	0	0	0	0	0	0
8511-8610-78811 Catering and Business Meals	0	0	0	0	0	0	0	0	0	0	1,400	1,141	0
Total: 78811 Catering & Business Meals	250	0	0	0	0	0	200	0	0	0	0	1,400	1,141
78813 Individual Meals:													
8511-6188-78813 Taxi	0	0	0	0	0	0	130	0	0	0	0	0	0
8511-7570-78813 Individual Meals	0	0	0	0	0	0	0	0	0	0	0	0	55
8511-8231-78813 Taxi	0	0	0	0	0	0	59	0	0	0	0	0	0
8511-8610-78813 Individual Meals	0	0	202	0	194	0	0	22	268	0	86	0	0
8511-8550-78813 Individual Meals	0	0	0	0	56	0	0	46	0	0	0	0	0
8511-8720-78813 Individual Meals	0	0	0	0	84	0	0	0	0	0	0	0	0
8511-8752-78813 Individual Meals	0	0	0	62	0	0	0	0	0	0	0	0	0
8511-8754-78813 Individual Meals	0	0	0	0	0	0	0	0	79	81	0	0	0
Total: 78813 Individual Meals	0	0	202	62	334	0	188	0	69	347	81	86	55
78814 Entertainment - Staff:													
8511-7075-78814 Entertainment - Staff	12	0	0	0	0	0	0	0	0	0	0	0	0
Total: 78814 Entertainment - Staff	12	0	0	0	0	0	0	0	0	0	0	0	0
78900 Recruiting:													
8511-6179-78900 Recruiting	612	0	0	0	0	0	0	0	0	0	0	0	0
8511-8610-78900 Recruiting	17,025	(529)	1,050	525	1,530	0	0	0	0	(20,000)	5,000	0	0
8511-8550-78900 Recruiting	2,131	2,730	0	0	(5,342)	4,410	3,697	84,389	4,843	16,690	0	93,654	71,690
Total: 78900 Recruiting	19,768	2,205	1,050	525	(3,812)	4,410	3,697	84,389	4,843	(9,310)	5,000	93,654	71,690
78911 Physician Recruitment:													
8511-8610-78911 PHYSICIAN RECRUITMENT	(46,071)	16,447	13,572	10,981	14,544	(55,545)	0	0	0	0	0	0	0
Total: 78911 Physician Recruitment	(46,071)	16,447	13,572	10,981	14,544	(55,545)	0	0	0	0	0	0	0
79000 Other Expenses													

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8511-6182-79000 Other Expenses	114	0	0	0	0	0	0	0	0	0	0	0	0
8511-6184-79000 Other Expenses	0	0	0	0	0	0	0	0	1,915	0	0	0	0
8511-6188-79000 Other Expenses	0	0	0	0	0	0	0	0	0	0	0	290	0
8511-6340-79000 Other Expenses	0	0	0	0	158	0	0	0	0	0	0	0	0
8511-6362-79000 Other Expenses	0	0	0	0	0	0	0	0	250	0	0	0	0
8511-6560-79000 Other Expenses	0	0	0	0	0	0	125	0	0	0	0	0	0
8511-7010-79000 Other Expenses	0	0	0	0	0	0	0	792	0	18	0	0	0
8511-7010-79000 Other Expenses	0	0	0	0	715	2,400	0	1,840	0	0	0	0	0
8511-7041-79000 Other Expenses	701	0	0	0	0	0	0	0	0	0	0	0	0
8511-7041-79000 Other Expenses	62	0	7	8	16	23	18	97	11	10	14	65	23
8511-7075-79000 Other Expenses	0	0	0	0	0	367	0	0	0	0	0	0	0
8511-7076-79000 Other Expenses	0	0	167	0	0	0	0	0	0	0	0	0	0
8511-7269-79000 Other Expenses	0	0	0	0	0	0	0	0	250	0	0	0	0
8511-7400-79000 Other Expenses	390	0	0	0	0	0	0	0	0	0	0	529	0
8511-7420-79000 Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	88
8511-7500-79000 Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	6
8511-7570-79000 Other Expenses	0	0	0	120	0	0	1,780	0	0	0	0	0	0
8511-7710-79000 Other Expenses	0	0	0	15	0	0	0	0	1,125	0	0	0	200
8511-8049-79000 Other Expenses	0	0	296	82	(23)	0	152	0	0	15	45	81	135
8511-8340-79000 Other Expenses	89,125	0	(1,773)	2,556	3,544	28,308	208	0	18,445	68,717	38,446	(537)	2,484,009
8511-8510-79000 Other Expenses	76	15	0	0	0	0	0	0	0	0	0	0	0
8511-8515-79000 Other Expenses	0	0	0	0	0	0	0	0	649	0	0	0	0
8511-8550-79000 Other Expenses	0	0	0	0	0	0	0	0	0	1,484	0	0	0
8511-8570-79000 Other Expenses	0	0	0	0	0	0	0	0	1,700	0	0	0	5,712
8511-8720-79000 Other Expenses	375	0	0	0	0	0	0	0	0	0	0	0	408
8511-8771-79000 Other Expenses	0	0	0	0	0	0	1,231	0	0	25	3,725	0	0
8511-8891-79000 Miscellaneous Expenses	494	223	0	238	0	0	0	0	0	0	0	0	868
8511-8990-79000 Other Expenses													
Total: 79000 Other Expenses	91,218	238	(1,303)	3,020	4,410	31,098	3,409	2,182	23,436	71,952	42,247	(11)	2,481,548
79003 Gifts & Entertainment:													
8511-7076-79003 Gifts & Entertainment	0	0	0	0	0	0	0	154	0	0	0	0	0
Total: 79003 Gifts & Entertainment	0	0	0	0	0	0	0	154	0	0	0	0	0
79004 Children Outreach:													
8511-8049-79004 Children Outreach	0	0	0	400	0	0	0	0	0	0	0	0	0
Total: 79004 Children Outreach	0	0	0	400	0	0	0	0	0	0	0	0	0
79010 Postage:													
8511-4310-79010 Postage	3,806	3,120	6,966	4,298	4,119	9,398	4,313	7,355	9,408	6,789	12,287	6,031	2,490
8511-4610-79010 Postage	0	0	0	0	0	500	0	0	0	0	0	0	0
Total: 79010 Postage	3,806	3,120	6,966	4,298	4,119	9,898	4,313	7,355	9,408	6,789	12,287	6,031	2,490
79011 Loss of Property Reimbursement:													
8511-6010-79011 LOSS PROPERTY REIMBURSEMENT	0	0	0	0	100	0	0	0	0	0	0	0	0
8511-6151-79011 LOSS PROPERTY REIMBURSEMENT	0	0	0	0	100	0	0	0	0	0	0	0	0
8511-7010-79011 LOSS PROPERTY REIMBURSEMENT	0	0	0	0	600	0	0	0	0	0	0	0	0
8511-7420-79011 LOSS PROPERTY REIMBURSEMENT	0	0	0	0	147	0	0	0	0	0	0	0	0
Total: 79011 Loss of Property Reimbursement	0	0	0	0	947	0	0	0	0	0	0	0	0
79016 Bad Debt - Non Patient:													
8511-6201-79016 BAD DEBT - NON PATIENT	(6,637)	(1,137)	(1,026)	(1,429)	(1,414)	(1,119)	(1,099)	(152)	(2,428)	(832)	(1,053)	(727)	(934)
8511-6202-79016 BAD DEBT - NON PATIENT	(1,079)	(505)	(859)	(729)	(429)	80	(250)	0	(550)	(240)	(200)	(440)	(190)
Total: 79016 Bad Debt - Non Patient	(7,716)	(1,646)	(1,885)	(2,158)	(1,842)	(1,039)	(1,259)	(152)	(2,978)	(1,072)	(1,253)	(1,167)	(1,124)
79030 Miscellaneous Bank Fees:													
8511-8610-79030 Miscellaneous Bank Fees	216	0	0	0	0	0	0	0	0	0	0	0	0
Total: 79030 Miscellaneous Bank Fees	216	0	0	0	0	0	0	0	0	0	0	0	0
79050 Community Benefit Expenses:													
8511-7400-79050 Community Benefit Expenses	0	0	0	0	273	0	0	0	0	0	254	0	292
8511-8610-79050 Community Benefit Expenses	0	0	0	4,695	0	0	0	0	0	0	0	0	0
8511-8630-79050 Community Benefit Expenses	75	0	0	0	0	0	0	0	0	0	0	0	0
8511-8751-79050 Community Benefit Expenses	0	0	0	0	0	0	16	0	0	0	0	0	0
Total: 79050 Community Benefit Expenses	75	0	0	4,695	273	0	16	0	0	0	254	0	292
79060 Charity:													
8511-8780-79060 Charity	7,136	7,440	7,744	7,440	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641
Total: 79060 Charity	7,136	7,440	7,744	7,440	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641
79073 Contribution Fees:													
8511-5890-79073 Contribution Fees	0	0	0	0	8,972,392	0	25,518,137	1,671,124	2,170,294	2,170,294	2,170,294	5,204,150	4,036,200
Total: 79073 Contribution Fees	0	0	0	0	8,972,392	0	25,518,137	1,671,124	2,170,294	2,170,294	2,170,294	5,204,150	4,036,200
79090 Advertising:													
8511-8610-79090 Advertising	2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	(8,000)	15,720
8511-8630-79090 Advertising	200	300	0	0	0	0	0	0	0	0	0	0	0
8511-8650-79090 Advertising	(2,000)	2,000	0	0	0	0	0	0	0	0	0	0	0
Total: 79090 Advertising	200	2,300	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	(8,000)	15,720
79890 Cash - AP Offset Account:													
8511-9998-79890 Cash - AP Offset Account	(339,194)	0	0	0	0	0	0	0	0	0	0	0	(299,827)
Total: 79890 Cash - AP Offset Account	(339,194)	0	0	0	0	0	0	0	0	0	0	0	(299,827)
79893 Cash - PPE Purchase Temp Acct - Accrual:													
8511-9998-79893 Cash - PPE Purchase Temp Acct	339,194	0	0	0	0	0	0	0	0	0	0	0	289,827
Total: 79893 Cash - PPE Purchase Temp Acct - Accrual	339,194	0	0	0	0	0	0	0	0	0	0	0	289,827
79896 Cash - Repayment Temp Acct:													

**Verity Heat Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8988-78986 Cash - Repayment Temp Acct	303,492	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627
Total 78986 Cash - Repayment Temp Acct	303,492	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627	316,627
78986 Cash - Contra Offset Acct													
8511-8998-78988 Cash - Contra Offset Acct	(303,492)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)
Total 78988 Cash - Contra Offset Acct	(303,492)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)	(316,627)
Total - Other Expenses	173,887	96,887	79,265	130,994	9,098,926	129,836	25,735,293	1,808,878	2,323,039	2,337,929	2,369,150	5,420,141	6,736,490
Total - P/S & Other Expenses	11,275,436	13,002,443	12,814,762	12,022,967	24,556,413	14,578,308	38,902,207	15,998,970	15,967,551	16,612,682	16,106,431	19,855,293	20,503,046
Bad Debt Expense:													
Insurance:													
78100 Insurance-Professional Liability:													
8511-8830-78100 Insurance-Professional Liabli	369,394	233,132	278,343	279,806	292,497	288,359	277,789	260,372	52,640	188,331	269,216	256,154	256,681
Total 78100 Insurance-Professional Liability	369,394	233,132	278,343	279,806	292,497	288,359	277,789	260,372	52,640	188,331	269,216	256,154	256,681
78200 Insurance-Other:													
8511-8849-78200 Insurance-Other	(82,119)	99,708	87,493	87,493	93,663	93,663	94,489	93,663	93,663	93,663	82,804	82,804	82,804
Total 78200 Insurance-Other	(82,119)	99,708	87,493	87,493	93,663	93,663	94,489	93,663	93,663	93,663	82,804	82,804	82,804
78250 Reinsurance Premium:													
8511-7800-78250 REINSURANCE PREMIUM	56,868	40,060	40,060	29,430	26,496	34,011	30,270	33,064	32,839	32,839	169,224	67,475	68,626
Total 78250 Reinsurance Premium	56,868	40,060	40,060	29,430	26,496	34,011	30,270	33,064	32,839	32,839	169,224	67,475	68,626
Total - Insurance	344,143	372,900	405,896	396,728	412,656	416,034	402,558	387,099	179,142	314,834	521,244	406,433	408,111
Utilities:													
77700 Utilities-Electricity:													
8511-7268-77700 Utilities-Electricity	663	0	0	0	0	0	0	59	109	0	0	0	0
8511-8460-77700 Utilities-Electricity	232,861	321,721	327,501	331,110	255,281	202,832	213,430	189,579	201,399	208,901	212,611	228,179	280,030
8511-8250-77700 Utilities-Electricity	0	0	0	0	0	541	101	1,412	599	0	1,154	2,636	676
Total 77700 Utilities-Electricity	233,524	321,721	327,501	331,110	255,281	203,374	213,531	191,050	202,108	209,901	213,765	230,815	280,706
77800 Utilities-Gas:													
8511-8460-77800 Utilities-Gas	29,533	28,762	26,889	20,287	17,834	27,554	33,659	46,268	88,104	89,805	56,786	41,524	6,810
8511-9250-77800 Utilities-Gas	0	0	0	0	0	0	24	0	0	0	154	0	20
Total 77800 Utilities-Gas	29,533	28,762	26,889	20,287	17,834	27,554	33,683	46,268	88,104	89,805	56,940	41,524	6,830
77900 Utilities-Water:													
8511-7195-77900 Utilities-Water	(290)	0	0	0	0	0	208	75	53	72	80	73	72
8511-7268-77900 Utilities-Water	75	815	0	53	40	35	35	35	53	53	35	175	87
8511-8460-77900 Utilities-Water	19,885	15,989	15,970	27,189	19,108	22,354	23,968	21,332	18,815	14,784	22,610	(4,548)	74,412
Total 77900 Utilities-Water	19,770	16,404	15,970	27,242	19,148	22,389	24,210	21,441	18,903	14,909	22,724	(4,301)	74,571
Total - Utilities	282,807	366,888	370,360	378,638	292,263	253,316	271,424	258,760	309,113	314,615	293,429	268,038	371,907
Depreciation													
77100 Depr&Amort-L& Improvements													
8511-8819-77100 Depr -Land Improvements	14,125	13,980	13,980	13,980	14,015	14,015	14,015	14,014	14,015	14,014	14,015	14,014	14,015
Total 77100 Depr&Amort-L& Improvements	14,125	13,980	13,980	13,980	14,015	14,015	14,015	14,014	14,015	14,014	14,015	14,014	14,015
77200 Depr&Amort-Buildings & Improve:													
8511-8811-77200 Depr&Amort-Buildings & Improve	456,507	449,639	448,123	448,113	447,914	447,795	447,375	428,225	428,541	426,855	426,877	424,382	437,251
Total 77200 Depr&Amort-Buildings & Improve	456,507	449,639	448,123	448,113	447,914	447,795	447,375	428,225	428,541	426,855	426,877	424,382	437,251
77201 Depreciation Expense - FIN47:													
8511-8811-77201 Depreciation Expense - FIN47	61	61	61	61	61	61	61	61	61	61	61	61	61
Total 77201 Depreciation Expense - FIN47	61	61	61	61	61	61	61	61	61	61	61	61	61
77400 Depr&Amort-Equip													
8511-8810-77400 Depr&Amort-Equip	319,589	296,300	319,137	310,485	287,148	291,562	319,829	280,401	263,379	262,613	265,517	285,018	333,430
Total 77400 Depr&Amort-Equip	319,589	296,300	319,137	310,485	287,148	291,562	319,829	280,401	263,379	262,613	265,517	285,018	333,430
Total - Depreciation	790,291	759,980	781,301	772,639	749,138	753,433	781,280	722,701	705,995	703,543	706,489	723,475	784,757
Amortization:													
77000 Depr&Amort-Intangible Assets													
8511-8831-77000 Depr & Amort-Intangible Assets	0	0	0	0	0	65,366	23,281	10,741	17,808	33,984	38,612	6,669	59,566
Total 77000 Depr&Amort-Intangible Assets	0	0	0	0	0	65,366	23,281	10,741	17,808	33,984	38,612	6,669	59,566
Total Amortization	0	0	0	0	0	65,366	23,281	10,741	17,808	33,984	38,612	6,669	59,566
Interest Expense:													
78410 Interest Expense - Long Term Debt													
8511-8880-78410 Interest Expense - Long & ShortTerm Debt	356,496	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454
Total 78410 Interest Expense - Long Term Debt	356,496	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454	339,454
78480 Interest Expense-Other:													

Verity Health Systems
St Francis Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8511-8670-78490 Interest Expense-Other	(1,145)	(9,155)	(11,970)	(11,904)	(12,027)	(12,644)	(7,521)	(8,209)	(7,051)	(8,261)	(12,800)	(13,600)	(6,979)
Total: 78490 Interest Expense-Other	(1,145)	(9,155)	(11,970)	(11,904)	(12,027)	(12,644)	(7,521)	(8,209)	(7,051)	(8,261)	(12,800)	(13,600)	(6,979)
Total - Interest Expense	355,350	330,299	327,484	327,550	327,428	326,810	331,933	331,255	332,403	331,193	326,655	325,854	332,475
Total Expenses	33,976,629	36,646,081	36,963,370	36,358,784	48,938,777	38,897,094	62,729,412	41,032,440	39,982,116	43,068,138	41,298,503	43,345,860	45,513,312
Operating Income	2,046,934	(2,189,703)	(2,454,272)	(767,473)	47,014,055	(3,762,587)	19,156,075	899,543	(3,128,316)	(5,379,280)	(6,131,633)	16,008,513	5,082,955
Investment Income:													
Investment Earnings:													
8511-9063-59610 INVESTMENT INCOME - OTHER	1	2	0	2	4	0	0	6	2	2	0	5	2
Total Investment Earnings	1	2	0	2	4	0	0	6	2	2	0	5	2
Total - Investment Income	1	2	0	2	4	0	0	6	2	2	0	5	2
Net Income	2,046,935	(2,189,701)	(2,454,272)	(767,472)	47,014,059	(3,762,587)	19,156,075	899,549	(3,128,314)	(5,379,278)	(6,131,633)	16,008,518	5,082,957

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Verity Health System
St Francis Medical Center
Balance Sheet
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Assets													
Current Assets:													
Cash	\$27,888,083	\$8,517,300	\$8,711,888	\$4,434,294	\$20,773,070	\$12,794,920	\$10,644,128	\$12,094,822	\$6,987,738	\$7,827,849	\$4,685,124	\$20,540,710	\$17,986,543
Accounts Receivable	540,923,867	554,816,215	564,523,180	593,972,635	599,681,650	617,186,798	621,162,879	631,020,821	619,976,624	584,338,636	570,982,657	524,747,714	534,798,748
Contract Allowances	(440,451,100)	(460,548,699)	(459,586,328)	(484,545,087)	(489,025,527)	(508,616,692)	(513,148,566)	(522,144,838)	(512,218,588)	(479,964,699)	(470,259,041)	(431,092,564)	(433,767,110)
Allowance for Uncollectible Accounts	(13,257,012)	(15,505,060)	(16,780,686)	(19,180,885)	(22,047,114)	(23,786,660)	(24,439,007)	(25,628,608)	(26,893,069)	(29,918,107)	(30,442,108)	(28,415,798)	(25,745,036)
Net Accounts Receivable	87,215,795	88,361,456	88,556,965	90,246,663	88,589,010	84,795,447	83,575,307	83,247,475	80,854,967	74,455,825	70,281,508	65,279,361	65,284,602
Due from Governmental Agencies	5,527,926	8,403,961	9,023,239	14,161,433	17,004,739	19,828,045	11,830,284	8,863,810	9,573,119	8,015,204	1,997,195	4,085,653	4,513,103
Due from Related Corporations	316,474,161	326,928,124	324,175,482	320,073,349	311,697,468	336,324,051	340,453,188	335,932,077	339,250,605	334,593,860	340,694,912	348,758,315	364,887,952
Supplies Inventories, at cost	6,476,567	6,457,280	6,454,681	6,422,119	6,415,860	6,382,561	6,385,651	6,378,299	6,430,963	6,399,921	6,393,548	6,401,788	6,287,796
Other Current Assets	30,112,514	27,452,143	26,904,703	25,567,177	25,280,064	25,635,648	75,187,334	83,244,288	86,971,665	67,880,076	52,397,717	43,769,208	39,365,198
Total Current Assets	473,695,105	466,120,264	463,626,958	460,915,037	494,770,211	485,760,673	528,075,913	529,760,771	530,079,058	499,114,734	476,450,005	488,845,235	498,280,195
Board-designated for -													
Net Operating Property, Plant & Equipment													
Land	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699	1,819,699
Land Improvements	5,175,559	5,175,559	5,175,559	5,175,559	5,200,324	5,200,324	5,200,324	5,200,324	5,200,324	5,200,324	5,200,324	5,200,324	5,200,324
Buildings/LI	172,714,169	172,734,049	172,737,513	173,003,126	173,073,526	173,073,526	173,073,526	173,203,460	173,203,460	173,203,460	173,203,460	173,203,460	173,203,460
Buildings/Service Equipment	18,740,654	18,740,654	18,752,110	18,715,788	18,715,788	18,715,788	18,881,120	18,881,120	18,881,120	18,881,120	18,881,120	18,881,120	18,881,120
Equipment	122,793,504	122,831,641	122,920,931	122,943,917	122,985,404	123,024,848	124,180,239	124,475,319	124,647,336	124,815,292	125,741,291	126,495,114	126,495,114
Construction in Progress	1,862,073	2,040,536	2,568,520	2,562,849	2,442,516	2,551,507	1,585,541	1,767,679	1,895,607	2,150,490	2,430,421	3,124,777	2,165,325
Total Fixed Assets	323,105,597	323,342,137	323,974,331	324,280,938	324,287,258	324,445,692	324,740,448	325,273,274	325,475,549	325,992,449	326,350,585	327,970,940	328,245,558
Less - Accumulated Depreciation	(238,132,896)	(238,892,876)	(239,671,095)	(239,432,772)	(231,192,872)	(231,946,305)	(232,716,622)	(233,439,324)	(234,143,467)	(234,847,010)	(235,553,479)	(236,276,054)	(237,061,711)
Net Operating PP&E	94,972,701	94,449,261	94,303,236	93,848,165	93,104,386	92,499,387	92,023,826	91,833,950	91,332,083	91,055,439	90,797,106	91,693,886	91,183,887
Other Assets:													
Notes Receivable LT	58,467	18,510	(56,652)	70,303	70,303	126,683	58,210	148,491	232,476	189,144	195,993	223,458	233,006
Other LT Assets	39,722	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322
Total Other Assets	98,189	41,832	(33,330)	93,625	93,625	150,005	81,532	171,813	255,798	211,466	219,315	246,780	256,328
Total Assets	568,765,996	560,611,357	558,096,864	554,856,827	587,968,222	578,410,064	620,181,271	621,766,534	621,666,939	590,381,640	567,466,426	580,786,002	589,720,411
Liabilities and Fund Balances													
Current Liabilities:													
Current maturities of long-term debt	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	4,076,286
Accounts Payable	11,334,740	11,409,030	13,011,442	14,838,797	12,663,084	9,521,859	10,346,432	11,164,802	11,722,376	13,931,874	8,789,858	9,319,780	7,885,734
Due to governmental agencies	2,529,404	2,671,005	3,156,883	3,202,301	3,368,099	745,444	901,119	1,172,720	1,115,163	1,293,959	1,652,011	1,752,608	2,038,739
Due to related entities	1,315,000	1,306,000	1,321,000	1,328,500	1,345,000	1,357,000	1,357,000	1,372,000	1,372,000	1,408,700	1,428,460	1,436,400	1,324,456
Accrued Liabilities-													
Payroll	5,835,495	5,426,109	2,379,092	3,729,285	4,488,855	5,686,179	7,032,175	6,924,145	6,922,158	4,125,681	4,461,440	5,791,703	7,097,144
Vacation & Other Compensated Absences	9,207,785	8,961,247	8,942,187	9,218,081	9,609,869	9,921,059	9,562,814	9,562,814	10,025,444	10,594,524	10,518,330	10,557,943	10,557,943
Other	53,158,708	46,871,727	50,001,218	51,473,743	43,336,952	42,025,908	68,273,542	66,124,393	70,288,077	50,843,399	35,881,738	31,452,745	38,856,960
Total Current Liabilities	87,180,620	82,444,645	82,611,349	87,590,234	78,612,376	73,045,477	101,203,187	102,120,502	105,260,246	83,073,151	66,516,498	64,053,095	71,845,261
Other Liabilities:													
Pension Plan LT	103,787,000	103,882,250	103,877,500	101,649,250	97,045,098	97,140,258	92,675,008	92,770,258	92,949,748	89,452,998	89,548,248	89,643,498	77,944,000
Other Liabilities LT	183,431	183,431	183,431	183,431	183,431	183,431	183,431	183,431	183,431	183,431	183,431	183,431	183,431
Total Other Liabilities	103,970,431	104,065,681	104,160,931	101,832,681	97,228,439	97,323,689	92,858,439	92,953,689	93,033,179	89,636,429	89,731,679	89,826,929	78,127,431
Long-Term Debt:													
Bonds Payable	68,184,206	67,867,579	67,550,952	67,234,325	66,917,697	66,601,070	66,284,443	65,967,815	65,651,188	65,334,561	65,017,934	64,701,306	64,107,921
Total Long-Term Debt	68,184,206	67,867,579	67,550,952	67,234,325	66,917,697	66,601,070	66,284,443	65,967,815	65,651,188	65,334,561	65,017,934	64,701,306	64,107,921
NET ASSETS:													
Unrestricted	240,180,305	308,379,031	308,379,031	303,578,005	303,591,581	303,591,581	302,841,581	302,841,581	302,841,581	302,841,581	302,841,581	302,841,581	311,193,750
YTD Net Income	69,198,726	(2,189,701)	(4,643,974)	(5,411,445)	41,602,613	37,840,027	56,986,102	57,803,651	54,787,237	49,388,059	59,284,944	59,284,944	68,147
Temporarily Restricted	51,707	44,121	38,574	33,027	15,516	8,221	(2,460)	(12,703)	113,408	107,058	102,309	98,147	98,147
Total Net Assets	309,430,738	306,233,452	303,773,632	298,199,587	345,209,710	341,439,828	359,835,202	360,724,529	357,722,326	352,337,498	346,200,316	362,204,672	375,639,798
TOTAL LIABILITIES AND FUND BALANCE	568,765,996	560,611,357	558,096,864	554,856,827	587,968,222	578,410,064	620,181,271	621,766,534	621,666,939	590,381,640	567,466,426	580,786,002	589,720,411
Total Assets	568,765,996	560,611,357	558,096,864	554,856,827	587,968,222	578,410,064	620,181,271	621,766,534	621,666,939	590,381,640	567,466,426	580,786,002	589,720,411
Total Liabilities	259,335,256	254,377,906	254,323,232	255,657,239	242,758,512	236,970,236	269,346,068	261,042,006	263,944,613	238,044,141	221,266,110	218,581,330	214,080,613
Total Equity	309,430,738	306,233,452	303,773,632	298,199,587	345,209,710	341,439,828	359,835,202	360,724,529	357,722,326	352,337,498	346,200,316	362,204,672	375,639,798

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Verity Health System St Francis Medical Center Balance Sheet June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total Equipment	122,793,504	122,831,641	122,920,931	122,943,917	122,985,404	123,024,848	124,180,239	124,380,873	124,475,319	124,647,336	124,815,292	125,741,261	126,495,114
Construction in Progress													
8511-1251-12015 CIP - FYE 2015	250	250	0	(1,155)	(1,155)	(1,155)	(1,155)	(1,155)	8,818	0	0	0	0
8511-1251-12016 CIP - FYE 2016	221,453	222,606	230,489	231,678	232,868	234,399	235,932	237,124	237,124	237,124	240,703	241,696	(250)
8511-1251-12017 CIP - FYE 2017	1,640,369	1,817,680	2,348,031	2,332,325	2,198,262	2,248,035	1,272,660	1,324,886	1,355,499	1,434,849	1,453,552	1,636,907	1,397,810
8511-1251-12018 CIP - FYE 2018	0	0	0	0	12,543	70,228	76,104	226,723	254,165	478,517	736,166	1,245,977	767,764
Total Construction in Progress	1,862,073	2,040,536	2,568,520	2,567,849	2,442,518	2,551,507	1,585,541	1,787,679	1,895,607	2,150,490	2,436,421	3,124,777	2,165,325
Total Fixed Assets	323,105,597	323,342,137	323,974,331	324,280,938	324,297,258	324,445,692	324,740,448	325,213,274	325,475,549	325,902,449	326,350,585	327,970,940	328,245,598
Less - Accumulated Depreciation:													
8511-1260-12600 Accum Dep - Land Improvement	(4,764,299)	(4,778,270)	(4,792,250)	(4,806,230)	(4,820,245)	(4,834,259)	(4,848,274)	(4,862,288)	(4,876,303)	(4,890,317)	(4,904,332)	(4,918,346)	(4,932,361)
8511-1271-12710 Accum Dep - Hospital Building	(111,242,048)	(111,691,687)	(112,139,810)	(112,587,933)	(113,036,057)	(113,484,181)	(113,932,305)	(114,380,429)	(114,828,553)	(115,276,677)	(115,641,505)	(116,095,897)	(116,503,138)
8511-1271-12711 Accum Dep - FIN47	(24,801)	(24,861)	(24,922)	(24,983)	(25,044)	(25,105)	(25,166)	(25,227)	(25,288)	(25,349)	(25,409)	(25,469)	(25,530)
8511-1282-10200 ACCUM DEPN - SYSTEM OFFIC	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)	(3,126,861)
8511-1291-12910 Accum Dep - Major Movable	(108,974,896)	(109,271,196)	(109,687,292)	(109,866,775)	(110,164,886)	(110,476,448)	(110,785,315)	(111,065,176)	(111,327,243)	(111,589,586)	(111,855,373)	(112,140,331)	(112,461,711)
Total Less - Accumulated Depreciation	(228,132,896)	(228,892,876)	(229,617,095)	(230,437,777)	(231,187,872)	(231,946,305)	(232,716,622)	(233,439,324)	(234,143,467)	(234,847,610)	(235,551,478)	(236,276,854)	(237,061,711)
Net Operating PP&E	94,972,701	94,449,261	94,303,236	93,846,165	93,104,386	92,499,387	92,023,826	91,833,950	91,332,083	91,055,439	90,797,106	91,693,986	91,183,887
Other Assets:													
Notes Receivable LT:													
8511-1331-13310 Notes Receivable - Long Term	58,467	18,510	(56,652)	70,303	70,303	126,683	58,210	148,491	232,476	188,144	195,993	223,458	233,006
Total: Notes Receivable LT	58,467	18,510	(56,652)	70,303	70,303	126,683	58,210	148,491	232,476	188,144	195,993	223,458	233,006
Other LT Assets:													
8511-1350-13505 Deposit - Long Term	36,991	20,591	20,591	20,591	20,591	20,591	20,591	20,591	20,591	20,591	20,591	20,591	20,591
8511-1350-13555 Prepaid Expense - Long Term	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731
Total: Other LT Assets	39,722	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322	23,322
Total Other Assets	98,189	41,832	(33,330)	93,625	93,625	150,005	81,532	171,813	255,798	211,466	219,315	246,786	256,328
Total Assets	568,765,996	560,611,357	558,096,864	554,856,627	587,968,222	578,410,084	620,181,271	621,766,534	621,665,939	590,381,640	567,466,426	580,786,002	589,720,411
Liabilities and Fund Balances													
Current Liabilities:													
Current maturities of long-term debt													
8511-2014-20141 CURRENT PORTION SERIES 2C	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004	2,030,004
8511-2014-20142 CURRENT PORTION SERIES 2C	980,004	980,004	980,004	980,004	980,004	980,004	980,004	980,004	980,004	980,004	980,004	980,004	1,055,004
8511-2014-20143 Current Portion Series 2055A	789,519	789,519	789,519	789,519	789,519	789,519	789,519	789,519	789,519	789,519	789,519	789,519	821,276
Total: Current maturities of long-term debt	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	3,799,527	4,076,285
Accounts Payable:													
8511-2021-20210 ACCOUNTS PAYABLE	7,813,968	8,004,850	8,488,117	10,008,255	9,495,433	6,830,733	7,948,458	8,377,829	9,178,983	7,205,387	4,888,727	5,380,411	5,131,103
8511-2021-20214 AP Cardinal Invoices	332,708	295,327	301,427	246,701	246,701	332,786	38,106	(167,549)	(39,577)	725,962	314,524	211,592	271,631
8511-2029-20290 Other Accounts Payable	2,293,591	1,948,198	1,951,720	1,935,769	1,580,743	1,946,076	1,871,313	2,302,305	1,761,652	2,451,317	2,816,722	1,778,013	1,778,013
8511-2029-20294 PATIENT REFUNDS PAYABLE	7,471	7,471	7,471	7,471	7,471	4,161	4,086	3,686	4,036	3,470	3,470	3,470	595
8511-2029-20295 AP - ASAP Program	189,320	189,320	189,320	189,320	189,320	189,320	189,320	189,320	189,320	189,320	189,320	189,320	189,320
8511-2029-20296 AP - Unclaimed Checks	146,640	146,640	146,640	146,640	146,640	146,640	146,640	146,640	146,640	146,640	146,640	146,640	146,640
8511-2029-20299 Patient Credit Balances	653,642	817,224	916,747	2,304,572	820,325	70,130	202,509	312,564	481,281	451,778	298,641	561,624	368,432
Total: Accounts Payable	11,334,740	11,409,030	13,011,442	14,839,787	12,663,084	9,521,859	10,346,432	11,164,802	11,722,376	11,183,874	8,788,858	9,319,780	7,665,734
Due to governmental agencies:													
8511-2061-22015 MCarne Silent 2015	91,097	91,097	91,097	91,097	91,097	91,097	91,097	91,097	91,097	0	0	0	0
8511-2061-22016 MCarne Silent 2016	0	0	133,664	133,664	133,664	133,664	133,664	133,664	133,664	133,664	133,664	133,664	133,664
8511-2061-22017 MCarne Silent 2017	2,438,307	2,438,307	2,631,572	2,631,572	2,631,572	2,631,572	2,631,572	2,631,572	2,631,572	13,933	13,933	13,933	13,933
8511-2061-22018 MCarne Silent 2018	0	141,601	300,549	345,967	511,764	520,682	676,357	947,957	981,498	1,146,401	1,504,413	1,605,010	1,891,141
Total: Due to governmental agencies	2,529,404	2,671,005	3,156,663	3,202,301	3,358,099	745,444	901,119	1,172,720	1,115,163	1,293,999	1,622,011	1,752,608	2,038,739
Due to related entities:													
8511-2090-20908 IAC AP - Verity Medical Foundation	15,000	6,000	21,000	28,500	36,000	45,000	57,000	72,000	76,500	108,700	128,400	138,400	16,038
8511-2090-20908 IAC AP - Verity Holdings LLC B 05	0	0	0	0	0	0	0	0	0	0	0	0	6,418
8511-2090-20973 IAC AP - SVMC D-lysis 8539	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total: Due to related entities	1,315,000	1,306,000	1,321,000	1,328,500	1,336,000	1,345,000	1,357,000	1,372,000	1,376,500	1,408,700	1,428,400	1,438,400	1,324,456
Accrued Liabilities- Payroll:													
8511-2031-20310 Accrued Payroll	5,213,212	4,515,191	2,059,226	2,810,308	3,894,763	4,896,309	4,118,135	5,936,556	5,906,897	3,058,209	3,907,131	5,154,895	4,269,660
8511-2035-20350 Federal Income Taxes Withheld	0	0	0	0	0	0	0	0	0	0	0	0	0
8511-2036-20360 FICA Social Security Taxes Withheld	315,691	48,826	119,650	163,666	219,666	244,040	253,666	107,032	108,620	185,864	238,716	312,130	729,244
8511-2036-20361 MEDICARE FICA PAYABLE	74,398	11,700	29,412	42,011	50,149	71,994	17,743	25,452	27,823	44,005	56,616	73,962	160,498
8511-2037-20370 State Income Taxes Withheld	0	0	0	0	0	0	0	0	0	0	0	0	0
8511-2038-20380 Unemployment Taxes Payable	101,087	120,287	43,300	65,900	87,800	93,800	92,668	89,100	11				

Verity Health System St Francis Medical Center Balance Sheet June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total Other Liabilities	103,970,431	104,065,661	104,160,931	101,832,681	97,226,439	97,323,689	92,858,439	92,953,689	93,033,179	89,636,429	89,731,679	89,876,929	78,127,431
Long-Term Debt:													
Bonds Payable:													
8511-2250-22503 LONG TERM PORTION SERIES	8,824,996	8,655,829	8,486,663	8,317,496	8,148,329	7,979,163	7,809,996	7,640,829	7,471,663	7,302,498	7,133,329	6,964,163	6,624,996
8511-2250-22504 LONG TERM PORTION SERIES	8,054,596	7,923,329	7,841,663	7,759,996	7,678,329	7,596,663	7,514,996	7,433,329	7,351,663	7,269,996	7,188,329	7,106,663	6,949,996
8511-2250-22507 LTD-CSCDA Series 2005A	51,354,214	51,288,421	51,222,627	51,156,833	51,091,039	51,025,245	50,959,451	50,893,657	50,827,863	50,762,069	50,696,275	50,630,481	50,532,929
Total: Bonds Payable	68,184,206	67,867,579	67,550,952	67,234,325	66,917,697	66,601,070	66,284,443	65,967,815	65,651,188	65,334,561	65,017,934	64,701,306	64,107,921
Total Long-Term Debt	68,184,206	67,867,579	67,550,952	67,234,325	66,917,697	66,601,070	66,284,443	65,967,815	65,651,188	65,334,561	65,017,934	64,701,306	64,107,921
NET ASSETS:													
Unrestricted:													
8511-2310-33100 URF-Unrestricted Net Assets	316,905,076	365,103,602	385,103,602	380,302,776	380,302,776	380,302,776	379,552,776	379,552,776	379,552,776	379,552,776	379,552,776	379,552,776	379,518,523
8511-2310-33132 URF-DCHS Pension	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(78,769,000)	(70,432,000)
8511-2331-33310 Donated Property Plant & Equipment	2,044,230	2,044,230	2,044,230	2,044,230	2,057,805	2,057,805	2,057,805	2,057,805	2,057,805	2,057,805	2,057,805	2,057,805	2,107,226
Total: Unrestricted	240,180,305	308,379,031	308,379,031	303,578,005	303,591,581	303,591,581	302,841,581	302,841,581	302,841,581	302,841,581	302,841,581	302,841,581	311,193,750
Temporarily Restricted:													
8511-2570-35548 TRF - LA County Trauma Surge I	51,707	44,121	38,574	33,027	15,516	8,221	(2,480)	(12,703)	113,408	107,858	102,309	98,147	98,147
Total: Temporarily Restricted	51,707	44,121	38,574	33,027	15,516	8,221	(2,480)	(12,703)	113,408	107,858	102,309	98,147	98,147
Total Net Assets	309,430,738	306,233,452	303,773,632	298,199,587	345,209,710	341,439,828	359,835,202	380,724,529	357,722,328	352,337,498	346,200,316	362,204,672	375,639,798
TOTAL LIABILITIES AND FUND BALANCE	558,765,996	560,611,357	558,096,864	554,856,827	587,968,222	578,410,054	620,181,271	621,766,534	621,696,939	590,381,640	567,466,426	580,788,002	589,729,411

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Verity Health System Seton Medical Center Coastsides Balance Sheet June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Assets													
Current Assets:													
Cash	\$164,234	\$386,571	\$500,652	\$628,477	\$675,596	\$887,726	\$1,180,564	\$1,302,456	\$1,097,193	\$922,094	\$626,312	\$715,170	\$866,658
Accounts Receivable	12,768,723	13,395,142	17,737,117	20,077,869	14,442,131	12,948,412	12,742,725	12,305,085	12,679,876	13,815,373	14,441,945	29,514,855	14,937,809
Contractual Allowances	(8,629,134)	(9,118,864)	(12,154,819)	(15,044,722)	(9,716,735)	(8,736,806)	(8,506,294)	(7,900,215)	(8,126,265)	(8,812,172)	(9,447,827)	(24,537,206)	(9,821,247)
Allowance for Uncollectible Accounts	(227,192)	(237,609)	(240,936)	(308,803)	(391,885)	(289,014)	(292,019)	(440,497)	(465,513)	(571,717)	(650,989)	(661,536)	(550,261)
Net Accounts Receivable	3,912,397	4,038,668	5,341,362	4,724,244	4,333,511	3,922,592	3,944,412	3,964,372	4,068,095	4,431,484	4,343,129	4,316,113	4,566,301
Due from Related Corporations	45,757	45,757	48,257	48,456	297,585	48,456	48,456	48,456	48,456	48,456	48,456	48,456	48,456
Supplies Inventories, at cost	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	87,223
Other Current Assets	274,270	204,278	212,221	228,890	256,691	276,347	223,113	225,486	213,717	156,499	223,606	247,520	197,279
Total Current Assets	4,499,914	4,778,530	6,205,748	5,733,324	5,666,639	5,238,378	5,499,801	5,644,027	5,550,718	5,661,790	5,344,758	5,430,515	5,795,915
Board-designated for -													
Net Operating Property, Plant & Equipment													
Buildings	0	0	0	0	0	0	0	0	0	216,307	216,307	216,307	216,307
Buildings Service Equipment	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567
Equipment	3,085,825	3,014,226	3,017,828	3,020,293	3,020,548	3,021,099	3,075,595	3,081,291	3,082,815	3,108,500	3,121,135	3,132,922	3,146,616
Construction in Progress	73,137	227,158	260,118	265,743	284,857	286,177	239,733	241,909	254,495	55,387	77,654	101,049	116,791
Total Fixed Assets	3,160,529	3,242,952	3,279,513	3,287,603	3,306,972	3,308,843	3,316,895	3,324,767	3,338,878	3,381,761	3,416,664	3,451,845	3,481,281
Less - Accumulated Depreciation	(2,665,284)	(2,676,242)	(2,687,614)	(2,699,428)	(2,711,128)	(2,722,846)	(2,735,487)	(2,748,128)	(2,754,356)	(2,764,622)	(2,775,100)	(2,785,764)	(2,797,366)
Net Operating PP&E	495,235	566,709	591,900	588,175	595,844	585,998	581,408	576,639	584,522	617,139	641,564	666,081	683,915
Other Assets:													
Other LT Assets	2,636	2,636	2,636	2,636	2,636	2,636	2,636	0	0	0	0	0	0
Total Other Assets	2,636	2,636	2,636	2,636	2,636	2,636	2,636	0	0	0	0	0	0
Total Assets	4,997,785	5,347,875	6,800,283	6,324,135	6,265,119	5,827,012	6,083,845	6,220,665	6,135,239	6,278,929	5,986,322	6,096,597	6,478,830
Liabilities and Fund Balances													
Current Liabilities:													
Accounts Payable	127,399	259,925	164,677	231,110	233,301	191,365	382,293	325,811	237,732	311,860	121,782	147,075	167,557
Due to related entities	19,235,180	19,742,359	21,449,500	21,277,888	21,285,808	21,168,870	21,373,582	21,808,900	21,969,249	22,606,982	22,731,853	23,002,124	23,513,160
Accrued Liabilities- Payroll	418,959	578,234	564,000	277,849	321,117	385,313	474,390	602,965	600,415	287,703	317,082	406,601	509,929
Vacation & Other Compensated Absences	904,860	836,038	857,738	888,686	811,487	853,672	847,446	877,293	901,137	958,029	993,528	1,031,796	1,014,195
Other	536,792	649,133	605,848	649,921	580,756	519,044	542,440	469,725	488,817	446,619	515,363	614,433	903,832
Total Current Liabilities	21,223,191	22,065,690	23,641,762	23,325,455	23,232,470	23,118,264	23,620,150	24,084,694	24,197,350	24,621,193	24,679,607	25,202,030	26,108,674
Other Liabilities:													
Pension Plan LT	27,000	24,833	27,333	27,500	27,667	27,833	28,000	28,167	28,333	28,500	28,667	28,833	24,000
Total Other Liabilities	27,000	24,833	27,333	27,500	27,667	27,833	28,000	28,167	28,333	28,500	28,667	28,833	24,000
Long-Term Debt:													
NET ASSETS:													
Unrestricted	(16,204,529)	(16,252,406)	(16,252,406)	(16,252,406)	(16,077,917)	(16,077,917)	(16,077,917)	(16,074,519)	(16,074,519)	(16,074,519)	(16,074,519)	(16,074,519)	(16,074,519)
YTD Net Income	(47,877)	(490,242)	(616,406)	(776,414)	(917,100)	(1,241,169)	(1,486,388)	(1,817,676)	(2,015,925)	(2,296,244)	(2,647,432)	(3,059,748)	(3,578,325)
Total Net Assets	(16,252,406)	(16,742,648)	(16,868,812)	(17,028,820)	(16,995,017)	(17,319,086)	(17,564,305)	(17,892,195)	(18,090,444)	(18,370,764)	(18,721,952)	(19,134,267)	(19,652,844)
TOTAL LIABILITIES AND FUND BALANCE	4,997,785	5,347,875	6,800,283	6,324,135	6,265,119	5,827,012	6,083,845	6,220,665	6,135,239	6,278,929	5,986,322	6,096,597	6,478,830
Total Assets	4,997,785	5,347,875	6,800,283	6,324,135	6,265,119	5,827,012	6,083,845	6,220,665	6,135,239	6,278,929	5,986,322	6,096,597	6,478,830
Total Liabilities	21,250,191	22,090,523	23,669,096	23,352,955	23,260,136	23,145,097	23,648,150	24,112,860	24,225,684	24,649,693	24,708,274	25,230,864	26,132,674
Total Equity	(16,252,406)	(16,742,648)	(16,868,812)	(17,028,820)	(16,995,017)	(17,319,086)	(17,564,305)	(17,892,195)	(18,090,444)	(18,370,764)	(18,721,952)	(19,134,267)	(19,652,844)

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Verity Health System
Seton Medical Center Co-located
Balance Sheet
June 30, 2018

Assets

Current Assets:

Cash:

6012-1001-10020 Cash - BoA LockBox	\$65,461	\$190,497	\$294,894	\$271,710	\$300,856	\$175,497	\$540,764	\$197,476	\$71,972	\$20,608	\$81,110	\$13,078	\$60,466
6012-1001-10025 Cash - Disbursement Checks - BoA	79,904	172,853	171,383	324,039	338,812	679,152	599,748	1,068,734	986,435	869,551	511,474	607,589	791,059
6012-1003-10030 Cash - Other Checking	8,792	10,877	21,374	16,754	20,208	14,708	19,445	15,311	18,615	14,892	16,493	17,269	17,698
6012-1003-10031 Cash - FSA Checking	9,478	11,774	12,422	15,375	15,120	17,759	20,008	19,335	15,572	16,534	16,634	16,634	600
6012-1004-10040 Interest / Petty Cash Funds	600	600	600	600	600	600	600	600	600	600	600	600	600
Total Cash	164,234	386,571	600,652	628,477	675,599	887,226	1,189,584	1,302,456	1,097,193	922,094	626,312	715,170	886,658

Accounts Receivable:

6012-1020-10200 Patient Accounts Receivable	12,773,862	13,395,142	17,737,117	20,077,869	14,442,131	12,948,412	12,742,725	12,308,635	12,679,876	13,816,650	14,444,932	29,514,855	14,937,809
6012-1026-10260 AVR Home Health		0	0	0	0	0	0	(3,550)	0	0	(2,987)	0	0
Total: Accounts Receivable	12,768,723	13,395,142	17,737,117	20,077,869	14,442,131	12,948,412	12,742,725	12,305,085	12,679,876	13,813,673	14,441,945	29,514,855	14,937,809

Contractual Allowances:

6012-1042-10421 Allow CA - Medicare IP Acute	(915,036)	(1,140,735)	(1,418,830)	(1,662,154)	(1,636,955)	(485,394)	(438,761)	(421,378)	(382,828)	(567,282)	(727,628)	(821,278)	(632,913)
6012-1042-10425 Allow CA - Medicare Outpatient	(278,571)	(278,312)	(221,650)	(237,278)	(214,276)	(268,505)	(243,135)	(292,495)	(280,860)	(311,260)	(358,697)	(376,126)	(272,725)
6012-1044-10441 Allow CA - Med-Cal IP	(6,203,895)	(8,273,655)	(6,719,728)	(11,276,560)	(6,590,021)	(5,920,660)	(5,851,677)	(5,438,074)	(5,798,421)	(6,363,188)	(6,593,243)	(21,127,601)	(6,695,486)
6012-1044-10445 Allow CA - Med-Cal Outpatient	(331,798)	(323,713)	(379,405)	(339,983)	(340,984)	(456,992)	(442,085)	(506,438)	(515,087)	(519,866)	(674,488)	(708,112)	(588,121)
6012-1048-10481 Allow CA - Comm Mod/Cr Incr Acute	(321,889)	(179,809)	(1,044,224)	(1,147,815)	(1,124,753)	(1,217,658)	(1,163,872)	(839,637)	(693,357)	(638,013)	(826,514)	(1,169,848)	(1,126,798)
6012-1048-10485 Allow CA - Comm Mod/Cr Outpatient	(231,160)	(256,559)	(229,989)	(224,955)	(247,313)	(231,874)	(291,562)	(272,445)	(299,728)	(257,938)	(249,774)	(263,199)	(267,182)
6012-1048-13481 CA - Comm HMO/PPPO At Risk IP Acute	(88,651)	(91,395)	(90,231)	(100,824)	(107,453)	(97,338)	(83,710)	(81,604)	(85,723)	(80,591)	(75,358)	(78,344)	(78,302)
6012-1048-10420 Allowance for Charity	(2,459)	(1,124)	0	0	(244)	0	0	0	0	(5,968)	(16,628)	(1,649)	(4,418)
6012-1049-10491 Allow CA - WC FFS - InptAcute	(55,865)	(62,549)	(49,752)	(55,054)	(54,752)	(55,391)	(48,855)	(47,955)	(52,864)	(63,652)	(47,213)	(24,713)	(28,110)
Total Contractual Allowances	(8,629,134)	(9,118,884)	(12,154,819)	(15,044,722)	(9,716,735)	(8,738,808)	(8,506,294)	(7,800,215)	(8,129,266)	(8,812,122)	(9,447,821)	(24,537,266)	(8,821,247)

Allowance for Uncollectible Accounts:

6012-1041-10410 Allowance for Bad Debt	(227,192)	(237,609)	(240,936)	(308,503)	(381,885)	(289,014)	(292,019)	(440,497)	(465,515)	(571,717)	(650,989)	(661,536)	(550,261)
Total Allowance for Uncollectible Accounts	(227,192)	(237,609)	(240,936)	(308,503)	(381,885)	(289,014)	(292,019)	(440,497)	(465,515)	(571,717)	(650,989)	(661,536)	(550,261)
Net Accounts Receivable	3,912,397	4,038,668	5,341,362	4,724,244	4,333,511	3,922,592	3,944,412	3,964,372	4,088,695	4,431,484	4,343,129	4,316,113	4,366,301

Due from Related Corporations:

6012-1090-10908 IC AR - Verity Holding LLC 8054	45,757	45,757	48,257	48,257	48,257	48,257	48,257	48,257	48,257	48,257	48,257	48,257	48,257
6012-1090-10945 IC AR - Seton Foundation 6040	0	0	0	199	199	199	199	199	199	199	199	199	199
6012-1090-10966 IC AR - St. Louis 8011	0	0	0	0	249,129	0	0	0	0	0	0	0	0
Total Due from Related Corporations	45,757	45,757	48,257	48,456	297,585	48,456	48,456	48,456	48,456	48,456	48,456	48,456	48,456

Supplies Inventories, at cost:

6012-1082-10820 Inventory - Pharmacy	73,868	73,868	73,868	73,868	73,868	73,868	73,868	73,868	73,868	73,868	73,868	73,868	72,357
6012-1083-10831 Inventory - Central Supply - Pier Carts	29,388	29,388	29,388	29,388	29,388	29,388	29,388	29,388	29,388	29,388	29,388	29,388	24,865
Total Supplies Inventories, at cost	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	103,256	97,223

Other Current Assets:

6012-1058-10580 Other Receivables	249,952	138,962	171,407	212,678	199,381	243,639	201,853	164,877	175,877	153,863	155,173	202,939	179,185
6012-1101-11010 Prepaid Insurance	24,318	65,416	40,814	16,212	57,310	37,708	8,106	49,204	24,602	0	65,797	41,945	18,094
6012-1107-11070 Deposits	0	0	0	0	0	0	0	2,636	2,636	2,636	2,636	2,636	0
6012-1109-11090 Prepaid Expense	0	0	0	0	0	0	13,154	8,769	10,603	0	0	0	0
Total Other Current Assets	274,270	204,278	212,221	228,890	256,691	276,347	223,113	225,466	213,717	156,499	223,606	247,520	197,278

Total Current Assets:

Total Current Assets	4,499,914	4,778,530	6,205,748	5,733,324	5,666,639	5,238,378	5,499,801	5,644,027	5,550,718	5,661,790	5,344,756	5,430,515	5,795,915
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Board-designated for:

Net Operating Property, Plant & Equipment

Buildings, H&I	0	0	0	0	0	0	0	0	0	216,307	216,307	216,307	216,307
Total Buildings, H&I	0	0	0	0	0	0	0	0	0	216,307	216,307	216,307	216,307

Buildings Service Equipment:

6012-1225-12250 B&I - Fixed Equipment	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567
Total Buildings Service Equipment	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567

Equipment:

6012-1241-12410 Major Movable Equipment	3,078,594	3,006,995	3,010,597	3,013,067	3,013,317	3,013,868	3,068,364	3,074,060	3,075,584	3,101,269	3,113,904	3,125,891	3,139,385
6012-1242-12420 Minor Equipment	7,231	7,231	7,231	7,231	7,231	7,231	7,231	7,231	7,231	7,231	7,231	7,231	7,231
Total Equipment	3,085,825	3,014,226	3,017,828	3,020,293	3,020,548	3,021,099	3,075,595	3,081,291	3,082,815	3,108,500	3,121,135	3,133,122	3,146,616

Construction in Progress:

6012-1251-12016 CIP - FYE 2016	94	0	0	0	0	0	0	0	0	0	0	0	0
6012-1251-12017 CIP - FYE 2017	73,044	227,158	260,118	265,743	284,228	285,545	238,647	240,819	251,107	41,581	59,188	63,088	64,763
6012-1251-12018 CIP - FYE 2018	0	0	0	0	629	832	1,085	1,090	3,385	13,895	18,456	37,900	55,007
Total Construction in Progress	73,137	227,158	260,118	265,743	284,857	286,377	239,733	241,909	254,495	55,367	77,654	101,048	116,791

Total Fixed Assets:

Total Fixed Assets	3,160,529	3,242,952	3,279,513	3,287,803	3,306,972	3,308,843	3,316,895	3,324,767	3,338,878	3,381,781	3,416,664	3,451,845	3,481,281
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Less - Accumulated Depreciation:

6012-1271-12710 Accum Depn - Hospital Buildings	0	0	0	0	0	0	0	0	0	(901)	(1,803)	(2,704)	(3,605)
6012-1275-12750 Accum Depn - Fixed Equipment	(58)	(73)	(116)	(131)	(145)	(160)	(174)	(189)	(203)	(218)	(232)	(247)	(261)
6012-1281-12810 Accum Depn - Major Movable	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)
6012-1292-12920 Accum Depn - Minor Equipment	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)	(7,231)
Total Less - Accumulated Depreciation	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)	(2,688,939)
Net Operating PP&E	465,235	566,705	589,574	589,574	589,574	589,574	589,574	589,574	589,574	589,574	589,574	589,574	589,574

Other Assets:

Other LT Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-1350-13505 Deposits - Lono Term	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636
Total Other LT Assets	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636
Total Other Assets	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636

Total Assets:

Total Assets	4,997,785	5,347,875	6,800,283	6,324,135	6,266,119	5,827,012	6,083,845	6,270,665	6,135,239	6,278,929	5,986,322	6,096,597	6,479,830
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Liabilities and Fund Balances

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Seton Medical Center Coastside
Balance Sheet
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
6012-2039-25000 Other PRR Ded - SDI Withheld	0	3,689	3,292	0	0	21	3,671	4,388	4,358	(7)	(7)	(7)	4,072
6012-2039-25010 Other PRR Ded - Union Dues	(594)	2,954	(1,007)	0	0	34	4,001	3,968	3,849	(43)	(43)	(43)	3,602
6012-2039-25020 Other PRR Ded - Flee Standings	9,112	9,804	9,882	10,080	9,387	9,757	10,771	8,893	10,678	12,462	14,267	16,012	11,961
6012-2039-25026 Other PRR Ded - VOLB	584	884	1,007	0	0	0	408	413	413	(40)	(40)	(40)	941
6012-2039-25031 Other PRR Ded-Short Term Care Liab	(417)	1,034	(3)	19	(291)	(489)	142	(3)	(128)	(264)	(414)	(579)	93
6012-2039-25070 Other PRR Ded - Defer Comp	5,451	50,906	2,717	52,089	4,189	14,707	50,274	54,862	53,993	52,859	5,547	6,884	53,715
6012-2039-25080 Other PRR Ded - Donations	35	35	70	140	175	210	315	385	455	525	555	685	850
6012-2039-25090 Other PRR Ded - Healthcare Reimb	9,653	13,799	11,827	14,602	15,015	17,299	21,167	22,449	23,621	24,298	27,856	31,415	23,452
6012-2039-25100 Other PRR Ded - Garnishments	0	714	528	528	0	0	1,523	1,523	1,523	528	0	0	1,361
Total: Payroll	418,959	578,234	564,000	277,849	321,117	385,313	474,390	602,985	600,415	287,703	317,062	406,601	508,920
Vacation & Other Compensated Absences:													
6012-2032-20320 Accrued Vacation Holiday & Sick Pay	904,860	836,038	857,738	888,686	811,487	853,672	847,446	877,293	901,137	968,029	993,528	1,031,798	1,014,195
Total: Vacation & Other Compensated Absences	904,860	836,038	857,738	888,686	811,487	853,672	847,446	877,293	901,137	968,029	993,528	1,031,798	1,014,195
Other:													
6012-2049-20465 RPHE Pension Funding	7,214	10,821	0	4,893	9,786	14,679	19,572	24,465	10,193	14,639	19,468	5,132	9,061
6012-2049-20466 DCHS Retirement Plan - 401 A	16,962	20,761	6,661	25,734	12,177	15,211	36,942	25,302	27,803	30,809	15,204	19,070	42,827
6012-2049-20490 Other Accrued Expenses Payable	501,593	608,366	577,860	576,045	498,742	424,845	411,318	283,694	328,043	333,419	265,508	334,969	464,334
6012-2049-20492 IBNR Accrued Liability - Medical	4,861	803	2,465	6,910	17,358	25,909	28,953	92,450	75,665	137,753	172,432	222,409	337,614
6012-2049-20493 Other Accrued Liab- Sales Tax	80	36	18	85	32	21	7	36	27	19	19	23	91
6012-2049-20494 IBNR Accrued Liability - Dental	0	0	0	22,029	23,980	26,321	28,656	30,998	30,922	17,737	4,599	18,712	32,657
6012-2049-20495 IBNR Accrued Liability - Vision	0	0	0	0	0	0	0	0	0	0	0	0	701
6012-2131-21310 Deferred Income - Patient Deposits	6,263	8,348	18,845	14,225	17,680	12,257	16,994	12,860	16,164	12,242	14,042	14,818	15,448
Total: Other	536,792	649,133	605,848	649,621	680,756	519,044	542,440	468,725	488,817	446,619	515,363	614,433	903,832
Total Current Liabilities	21,223,191	22,065,690	23,641,762	23,325,455	23,232,470	23,118,264	23,620,150	24,084,694	24,197,350	24,621,193	24,679,807	25,702,030	26,108,674
Other Liabilities:													
Pension Plan LT:													
6012-2272-22715 Post Retirement Bene - SEIU Long Term	27,000	24,833	27,333	27,500	27,667	27,833	28,000	28,167	28,333	28,500	28,667	28,833	24,000
Total Pension Plan LT	27,000	24,833	27,333	27,500	27,667	27,833	28,000	28,167	28,333	28,500	28,667	28,833	24,000
Total Other Liabilities	27,000	24,833	27,333	27,500	27,667	27,833	28,000	28,167	28,333	28,500	28,667	28,833	24,000
Long-Term Debt:													
NET ASSETS:													
Unrestricted:													
6012-2310-23100 URF-Unrestricted Net Assets	(17,841,379)	(17,686,257)	(17,689,257)	(17,689,257)	(17,689,257)	(17,689,257)	(17,686,257)	(17,686,257)	(17,686,257)	(17,686,257)	(17,689,257)	(17,689,257)	(17,689,257)
6012-2331-23310 Donated Property Plant & Equipment	1,436,851	1,436,851	1,436,851	1,436,851	1,611,339	1,611,339	1,611,339	1,614,737	1,614,737	1,614,737	1,614,737	1,614,737	1,614,737
Total Unrestricted	(16,204,529)	(16,252,406)	(16,252,406)	(16,252,406)	(16,077,917)	(16,077,917)	(16,077,917)	(16,074,519)	(16,074,519)	(16,074,519)	(16,074,519)	(16,074,519)	(16,074,519)
Total Net Assets	(16,252,406)	(16,742,648)	(16,856,812)	(17,028,820)	(16,395,017)	(17,319,086)	(17,564,305)	(17,892,105)	(18,090,444)	(18,370,704)	(18,721,952)	(19,134,267)	(19,652,844)
TOTAL LIABILITIES AND FUND BALANCE	4,997,785	5,347,875	6,890,283	6,324,135	6,285,110	5,827,012	6,083,845	6,220,665	6,135,239	6,278,929	5,986,322	6,096,597	6,479,830

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Verity Health Systems
Seton Medical Center Costside
Traded Income Statement
June 30, 2016

6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/1/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	
71500 Gross Health Revenues	75,162	153,190	203,873	196,261	184,947	171,545	213,398	44,856	46,451	42,442	32,990	33,291	1,634
71510 Net Patient Care Costs - Gross	0	0	0	0	0	0	0	2,110,460	0	0	0	0	0
71520 Net Patient Care Costs - Net	7,566	1,766	6,876	16,701	61,940	61,940	3,604	61,940	0	0	0	0	0
71530 Gross Health Revenues	8,872	7,873	126,961	120,961	120,961	2,634	14,481	13,455	15,115	14,851	7,024	16,261	3,760
71540 Gross Health Revenues	9,330	8,330	130,961	124,961	124,961	4,068	14,481	13,455	15,115	14,851	7,024	16,261	3,760
71550 Gross Health Revenues	12,260	8,800	142,961	136,961	136,961	1,466	14,481	13,455	15,115	14,851	7,024	16,261	3,760
71560 Gross Health Revenues	4,596	6,012	130,961	124,961	124,961	11,738	17,741	16,664	16,614	12,537	10,166	14,728	4,616
71570 Net Patient Care Costs - Gross	330	0	0	0	0	0	0	0	0	0	0	0	0
71580 Net Patient Care Costs - Net	1,110	0	0	0	0	0	0	0	0	0	0	0	0
71590 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71600 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71610 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71620 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71630 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71640 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71650 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71660 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71670 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71680 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71690 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71700 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71710 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71720 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71730 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71740 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71750 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71760 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71770 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71780 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71790 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71800 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71810 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71820 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71830 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71840 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71850 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71860 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71870 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71880 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71890 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71900 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71910 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71920 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71930 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71940 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71950 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71960 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71970 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71980 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
71990 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72000 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72010 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72020 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72030 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72040 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72050 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72060 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72070 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72080 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72090 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72100 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72110 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72120 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72130 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72140 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72150 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72160 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72170 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72180 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72190 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72200 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72210 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72220 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72230 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72240 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72250 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72260 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72270 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72280 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72290 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72300 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72310 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72320 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609	1,609
72330 Net Patient Care Costs - Net	1,201	922	1,044	437	1,609	1,609	1,609	1,609	1,				

Verity Health Systems
Seton Medical Center Coastsides
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Interest Expense:													
76450 Interest Expense Other	(320)	(991)	(1,128)	(1,130)	(1,320)	(1,320)	(1,041)	(1,064)	(1,125)	(88)	(127)	(271)	(80)
Total - Interest Expense	(320)	(991)	(1,128)	(1,130)	(1,320)	(1,320)	(1,041)	(1,064)	(1,125)	(88)	(127)	(271)	(80)
Total Expenses	1,666,049	2,352,304	2,052,176	2,112,750	2,194,864	2,147,284	2,164,963	2,180,067	2,005,852	2,153,639	2,202,684	2,249,841	2,411,981
Operating Income	496,322	(490,242)	(126,164)	(160,008)	(140,686)	(324,088)	(245,219)	(331,288)	(198,249)	(280,319)	(351,188)	(412,315)	(518,577)
Investment Income:													
Net Income	496,322	(490,242)	(126,164)	(160,008)	(140,686)	(324,088)	(245,219)	(331,288)	(198,249)	(280,319)	(351,188)	(412,315)	(518,577)

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Verity Health Systems
Seton Medical Center Coastsides
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
REVENUE													
Other													
6012-8805-41161 HP Acute-Other	(57,832)	(57,484)	\$4,348	(54,486)	\$10,812	(57,320)	(52,116)	\$20,013	\$5,744	(516,843)	\$10,345	(84,633)	\$1,768
Total Other	(13,920)	(13,480)	4,348	(14,686)	10,812	(7,220)	(2,116)	20,013	5,744	(16,843)	10,345	(4,633)	1,798
Total Acute	(3,930)	(3,488)	4,348	(4,486)	10,812	(7,320)	(2,116)	20,013	5,744	(16,843)	10,345	(4,633)	1,798
SNF:													
Self Pay													
6012-5580-41201 SNF-Self Pay	195	0	6,255	28,650	28,685	975	0	0	0	0	0	0	0
6012-5583-41201 SNF-Self Pay	0	0	0	0	0	0	0	10,220	0	0	0	0	0
6012-7500-41201 SNF-Self Pay	0	0	937	2,442	3,647	0	0	0	0	0	5	0	0
6012-7770-41201 SNF-Self Pay	54	0	1,570	14,781	11,740	0	0	0	0	0	0	0	0
6012-7770-41201 SNF-Self Pay	0	0	653	2,888	5,532	0	0	0	0	0	0	0	0
6012-7790-41201 SNF-Self Pay	0	0	1,635	6,192	4,327	688	0	0	0	0	0	0	0
Total Self Pay	249	0	11,045	54,144	54,025	1,623	0	0	10,220	0	0	0	0
Comms:													
6012-8580-41221 SNF-Comms	28,543	107,895	73,885	49,515	16,630	22,440	28,965	1,870	47,885	81,845	86,020	96,105	142,120
6012-8583-41221 SNF-Comms	12,775	79,205	79,205	79,205	78,650	79,205	79,205	107,310	107,310	107,310	143,680	78,650	78,650
6012-7500-41221 SNF-Comms	14,501	16,633	13,684	10,917	8,054	11,328	13,153	27,297	4,656	29,404	37,580	31,850	32,525
6012-7550-41221 SNF-Comms	637	0	0	0	0	0	627	0	1,438	0	2,136	0	0
6012-7710-41221 SNF-Comms	9,480	12,721	7,272	6,684	5,919	6,556	4,080	944	7,247	12,125	7,562	7,062	7,606
6012-7710-41221 SNF-Comms	2,549	0	0	0	0	6,721	4,900	345	6,364	8,888	7,383	8,625	9,981
6012-7780-41221 SNF-Comms	0	0	0	0	0	0	0	0	1,644	0	2,124	0	0
6012-7790-41221 SNF-Comms	1,707	4,604	8	0	0	0	8,824	6	16,537	21,340	12,110	15,308	11,273
Total Comms	126,173	275,130	174,602	143,816	105,117	129,645	146,132	117,897	185,927	299,770	298,417	238,762	274,688
Comms-MgtCare													
6012-7580-41222 SNF-Comms-MgtCare	45,672	41,035	44,889	111,395	138,975	56,609	71,060	87,890	45,750	32,725	42,600	28,945	20,570
6012-8583-41222 SNF-Comms-MgtCare	0	183,565	217,172	79,205	79,205	16,930	45,990	0	0	0	12,220	33,215	0
6012-7500-41222 SNF-Comms-MgtCare	7,409	7,813	9,882	17,647	10,077	15,585	8,594	17,750	2,239	11,994	10,220	10,210	0
6012-7550-41222 SNF-Comms-MgtCare	0	0	4,824	711	0	2,313	1,302	0	0	2,475	0	0	0
6012-7710-41222 SNF-Comms-MgtCare	6,482	8,778	18,612	59,478	6,592	1,531	628	1,382	886	902	620	437	878
6012-7770-41222 SNF-Comms-MgtCare	1,291	7,130	15,747	8,814	4,697	1,720	4,407	10,180	2,146	4,491	5,094	5,094	0
6012-7790-41222 SNF-Comms-MgtCare	1,765	11,886	10,657	11,638	8,425	3,468	6,193	4,052	6,199	1,428	8,459	8,012	0
Total Comms-MgtCare	62,012	271,826	321,292	331,763	281,354	151,973	133,146	128,935	79,263	32,440	78,285	83,983	21,446
Miscare													
6012-8480-41241 SNF-Miscare	88,825	19,735	39,915	63,795	112,250	158,325	195,625	210,875	120,865	186,665	148,665	81,630	81,345
6012-8483-41241 SNF-Miscare	79,205	187,435	232,525	53,655	0	0	35,715	79,205	176,295	168,975	153,695	45,995	45,995
6012-7500-41241 SNF-Miscare	17,155	17,562	26,331	13,776	16,260	20,313	24,296	18,287	33,154	10,267	16,563	19,637	19,637
6012-7600-41241 SNF-Miscare	0	0	0	0	0	2,905	427	0	2,193	2,193	1,395	1,395	1,395
6012-7630-41241 SNF-Miscare	4,864	4,960	5,602	4,481	10,558	6,816	4,215	4,832	1,319	3,386	11,097	5,036	762
6012-7710-41241 SNF-Miscare	0	1,807	5,677	1,815	4,088	10,058	10,165	0	0	13,730	16,634	2,789	2,789
6012-7780-41241 SNF-Miscare	0	0	0	0	0	0	0	0	0	2,996	0	0	0
6012-7790-41241 SNF-Miscare	0	1,006	6,621	2,948	4,922	4,634	4,356	14,282	15,286	26,957	9,449	16,393	12,819
Total Miscare	193,125	242,183	322,859	130,670	148,813	240,346	235,223	334,282	245,941	480,127	360,381	207,848	156,559
Miscare-MgtCare													
6012-8480-41242 SNF-Miscare-MgtCare	28,052	3,742	0	0	0	16,830	28,885	29,927	3,740	0	0	0	4,675
6012-8483-41242 SNF-Miscare-MgtCare	76,555	28,105	0	48,545	7,655	0	0	0	0	0	0	0	0
6012-7500-41242 SNF-Miscare-MgtCare	14,221	3,122	0	5,710	840	1,489	719	0	0	0	0	0	0
6012-7630-41242 SNF-Miscare-MgtCare	627	0	0	0	0	0	0	0	0	0	0	0	695
6012-7710-41242 SNF-Miscare-MgtCare	17,687	1,785	0	1,269	719	0	0	0	0	0	0	0	1,541
6012-7710-41242 SNF-Miscare-MgtCare	7,655	5/6	0	0	0	0	0	0	0	0	0	0	1,217
6012-7780-41242 SNF-Miscare-MgtCare	4,324	0	0	0	0	0	0	0	0	0	0	0	0
Total Miscare-MgtCare	149,264	37,844	0	55,115	8,524	18,269	29,755	29,920	3,740	0	0	0	7,891
Misc-Cat													
6012-8680-41251 SNF-Misc-Cat	1618,800	1,221,035	1,271,635	1,614,805	1,687,215	1,570,895	1,671,310	1,679,330	1,805,725	1,778,815	1,746,435	1,819,510	1,752,150
6012-8683-41251 SNF-Misc-Cat	556,110	811,515	241,180	888,975	888,525	948,445	890,425	912,425	815,212	824,390	929,045	939,225	894,745
6012-7500-41251 SNF-Misc-Cat	137,225	116,405	131,489	133,462	145,454	149,936	154,199	163,801	153,510	163,801	173,723	175,794	175,794
6012-7630-41251 SNF-Misc-Cat	4,215	4,998	5,928	4,226	2,854	4,584	4,584	5,150	5,150	5,150	5,150	5,150	5,150
6012-7710-41251 SNF-Misc-Cat	55,685	63,873	73,265	67,906	73,265	79,794	79,794	88,123	88,123	102,296	116,626	77,335	77,335
6012-7770-41251 SNF-Misc-Cat	10,873	2,564	23,199	9,851	16,035	15,030	13,429	23,468	20,223	35,032	45,920	25,671	40,875
6012-7780-41251 SNF-Misc-Cat	0	0	0	0	0	0	0	1,644	1,005	3,495	0	0	0
6012-7790-41251 SNF-Misc-Cat	17,155	17,662	21,354	27,917	25,273	19,956	16,563	25,715	16,430	18,871	27,265	21,143	42,876
Total Misc-Cat	2,802,821	2,737,127	2,705,023	2,722,597	2,881,437	2,740,804	2,845,181	3,115,904	2,826,445	3,214,127	3,142,562	3,261,107	3,213,841
Misc-Cat-MgtCare													
6012-8680-41252 SNF-Misc-Cat-MgtCare	568,312	189,925	641,120	656,995	623,330	566,625	576,875	426,810	458,320	435,975	481,790	426,165	426,165
6012-8683-41252 SNF-Misc-Cat-MgtCare	850,085	768,080	752,750	855,365	911,190	874,350	853,640	747,865	747,865	868,365	756,770	829,460	874,745
6012-7500-41252 SNF-Misc-Cat-MgtCare	87,177	68,109	76,774	74,329	61,295	71,194	64,383	141,009	155,125	149,629	128,611	165,600	165,600
6012-7630-41252 SNF-Misc-Cat-MgtCare	2,781	1,338	3,548	2,242	4,583	2,471	7,625	2,471	6,074	4,581	2,487	2,851	2,851
6012-7710-41252 SNF-Misc-Cat-MgtCare	34,250	89,249	91,119	67,906	67,906	49,871	49,977	36,750	43,399	36,617	33,479	51,658	56,406
6012-7770-41252 SNF-Misc-Cat-MgtCare	10,854	1,729	24,166	21,065	24,225	27,591	14,492	25,426	14,492	21,644	12,726	20,065	29,321
6012-7780-41252 SNF-Misc-Cat-MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-7790-41252 SNF-Misc-Cat-MgtCare	7,079	10,610	15,167	12,329	7,817	10,834	15,195	6,010	10,419	10,449	11,678	16,334	35,793
Total Misc-Cat-MgtCare	1,665,028	1,548,027	1,971,354	1,625,787	1,685,245	1,626,212	1,624,291	1,515,513	1,433,833	1,603,314	1,474,056	1,642,430	1,699,491
Total SNF	4,995,053	5,056,490	5,105,755	5,002,302	5,159,588	4,980,832	5,112,378	5,267,523	4,884,077	5,576,778	5,325,712	5,515,968	5,279,122
Total Gross Inpatient Revenue	4,991,122	5,053,002	5,110,103	4,997,815	5,170,401	4,943,512	5,110,262	5,287,536	4,889,822	5,559,935	5,339,057	5,511,335	5,280,920
Gross Outpatient Revenue:													
Outpatient:													
Self Pay													
6012-7010-45501 OP-Self Pay	45,036	27,819	48,785	69,191	55,898	35,883	24,750	51,276	62,385	36,072	43,740	98,696	45,228
6012-7010-45501 OP-Self Pay	558	26	0	962	0	678	240	810	810	191	1,176	676	676
6012-7050-45501 OP-Self Pay	1,025	938	1,167	4,288	1,428	1,552	8,225	9,978	5,978	3,875	3,112	1,688	1,688
6012-7630-45501 OP-Self Pay	5,524	1,519	1,542	5,170	1,542	3,882	3,282	3,282	2,033	2,033	2,365	2,365	2,365
6012-7710-45501 OP-Self Pay	2,764	1,462	1,354	2,715	2,740	1,558	1,254	1,662	2,840	1,125	576	1,349	2,524
Total Self Pay	59,829	27,003	57,248	82,315	65,653	47,362	32,922	72,225	75,193	43,296	49,211	122,432	63,600
Comms:													
6012-7010-45501 OP-Comms	15,227	27,051	19,007	16,467	24,187	21,620	16,716	28,760	17,203	10,427	13,500	1,579	4,428
6012-7010-45501 OP-Comms	161	1,893	619	499	955	225	0	216	0	151	0	149	149
6012-7050-45501 OP-Comms	363	0	0	0	0	0	0	0	0	1,195	0	702	0
6012-7630-45501 OP-Comms	2,378	219	0	3,316	4,621	7,161	2,481	6,439	787	1,			

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Verity Health Systems
Seton Medical Center Coastside
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
6012-7710-44531 OPR-NC	294	621	281	2,146	902	869	62	1,561	1,686	2,293	2,638	1,512	1,461
6012-7770-44531 OPR-NC	2,130	1,376	0	0	0	0	2,323	2,476	2,006	0	0	0	0
Total W/C Comp	24,063	11,217	17,623	22,604	22,336	13,669	12,533	21,227	17,382	31,218	11,167	12,765	17,246
Medicare													
6012-7710-44541 OPR-Medicare	82,554	49,566	46,720	61,220	51,813	70,164	88,253	102,097	36,817	94,467	72,626	65,456	54,453
6012-7470-44541 OPR-Medicare	2,886	1,610	357	1,488	1,420	681	1,431	1,745	425	1,456	1,584	1,773	247
6012-7500-44541 OPR-Medicare	47,505	36,555	31,529	40,229	33,484	32,828	37,584	39,615	43,453	33,526	35,651	30,680	30,268
6012-7530-44541 OPR-Medicare	19,707	11,879	14,451	8,475	7,472	11,017	10,584	13,171	9,727	19,650	14,145	18,803	8,799
6012-7710-44541 OPR-Medicare	3,871	3,847	890	1,378	847	5,058	2,187	2,252	1,188	1,190	3,875	1,990	1,892
6012-7710-44541 OPR-Medicare	16,804	2,717	3,485	2,784	14,106	11,361	5,333	9,229	8,428	33,378	28,985	13,438	25,178
6012-7770-44541 OPR-Medicare	0	0	0	0	0	0	0	0	1,192	3,272	4,179	0	0
Total Medicare	171,726	129,119	69,663	115,714	108,835	131,346	145,262	168,169	93,191	187,356	197,561	126,764	121,465
Medicare MgtCare													
6012-7710-44542 OPR-Medicare MgtCare	20,458	6,312	6,471	12,294	8,724	11,865	3,790	12,191	18,265	5,923	15,889	2,275	12,134
6012-7470-44542 OPR-Medicare MgtCare	335	0	0	500	191	164	0	445	0	755	0	264	0
6012-7500-44542 OPR-Medicare MgtCare	1,300	467	1,540	0	0	139	1,716	0	508	1,668	275	0	0
6012-7530-44542 OPR-Medicare MgtCare	3,639	1,542	0	858	0	1,365	0	2,247	0	2,306	2,854	0	2,447
6012-7710-44542 OPR-Medicare MgtCare	254	273	16	106	38	523	0	191	778	0	472	0	107
6012-7770-44542 OPR-Medicare MgtCare	0	0	0	(172)	0	344	0	2,873	3,511	3,335	0	0	244
Total Medicare MgtCare	26,264	8,614	8,027	13,685	8,853	14,524	4,916	17,785	21,360	11,666	19,297	5,929	13,376
Medi-Cal													
6012-7710-44551 OPR-Medi-Cal	24,947	24,810	28,369	15,572	10,229	24,000	23,394	17,010	38,219	33,603	31,587	40,478	64,776
6012-7470-44551 OPR-Medi-Cal	164	1,067	459	191	176	144	181	419	387	0	168	837	719
6012-7500-44551 OPR-Medi-Cal	51	0	2,214	0	0	1,098	2,584	0	1,133	1,211	0	2,551	1,919
6012-7530-44551 OPR-Medi-Cal	5,718	2,389	2,787	0	1,686	843	771	1,706	0	2,634	509	2,228	5,301
6012-7710-44551 OPR-Medi-Cal	222	1,062	461	513	15	555	641	0	2,649	136	1,114	380	2,324
6012-7770-44551 OPR-Medi-Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Medi-Cal	31,162	29,158	34,812	16,276	12,622	26,062	27,409	18,802	42,404	37,566	33,558	45,475	76,876
Medi-Cal MgtCare													
6012-7710-44552 OPR-Medi-Cal MgtCare	305,838	195,812	188,912	179,143	110,951	222,376	278,174	297,378	217,455	241,592	182,032	231,994	239,286
6012-7470-44552 OPR-Medi-Cal MgtCare	1,908	2,514	2,609	1,703	1,208	1,101	405	1,137	1,128	1,202	3,042	2,282	2,282
6012-7500-44552 OPR-Medi-Cal MgtCare	8,848	6,114	8,783	8,872	3,378	7,557	11,004	8,273	8,311	11,597	11,597	11,597	11,597
6012-7530-44552 OPR-Medi-Cal MgtCare	6,189	11,969	4,616	9,118	13,812	6,548	20,613	15,863	8,313	15,399	15,862	15,862	15,862
6012-7710-44552 OPR-Medi-Cal MgtCare	6,186	5,880	6,303	6,020	2,746	3,848	4,165	3,338	3,136	3,136	4,860	7,124	14,864
6012-7770-44552 OPR-Medi-Cal MgtCare	8,762	4,740	8,495	2,228	775	5,001	3,794	7,960	5,164	15,090	19,895	14,082	14,864
Total Medi-Cal MgtCare	326,423	221,299	214,831	201,055	193,024	248,437	318,175	338,923	261,655	284,722	226,711	262,727	283,221
Other:													
6012-6800-44591 OPR-Other	1,307	11,841	(1,223)	(3,236)	17,669	(22,354)	51,647	(39,817)	70,725	(97,871)	(10,507)	9,901	(815)
6012-7510-44591 OPR-Other	12,289	6,756	31,941	28,215	8,046	13,609	8,891	2,727	16,477	17,220	16,921	16,921	16,921
6012-7470-44591 OPR-Other	251	0	336	933	0	607	191	26	275	0	64	351	303
6012-7500-44591 OPR-Other	0	0	416	0	0	0	0	0	251	0	351	1,138	1,138
6012-7530-44591 OPR-Other	1,442	1,457	815	730	0	4,143	864	0	784	0	539	688	1,428
6012-7710-44591 OPR-Other	270	152	1,601	2,481	(682)	709	0	1,370	796	0	760	1,600	1,600
Total Other	20,859	20,706	33,963	29,224	21,869	(3,514)	60,280	(37,051)	38,540	(69,241)	(3,304)	30,111	19,547
Total OIP	858,148	806,206	760,154	677,177	729,530	753,346	893,216	888,008	752,602	811,891	730,611	836,911	825,490
Total Gross Outpatient Revenue	858,148	806,206	760,154	677,177	729,530	753,346	893,216	888,008	752,602	811,891	730,611	836,911	825,490
Total Gross Revenue	5,849,270	5,850,208	5,870,257	5,674,992	5,899,930	5,696,858	6,003,478	6,175,543	5,642,424	6,371,826	6,066,667	6,346,246	6,105,411
Deductions from Revenue													
Inpatient Contractual Allowance													
Medicare Traditional													
6012-5610-51810 CA MgtCare FFS-Inst Acute	(71,063)	276,007	396,193	242,871	(626,189)	(480,145)	(106,633)	42,827	77,900	356,550	300,000	167,240	101,608
Total Medicare Traditional	(71,063)	276,007	396,193	242,871	(626,189)	(480,145)	(106,633)	42,827	77,900	356,550	300,000	167,240	101,608
Medicare - Managed Care:													
6012-5650-51810 CA MgtCare FFS-Inst Acute	177,234	118,522	112,320	114,921	106,751	157,010	109,661	167,457	162,118	157,276	157,460	113,440	145,708
Total Medicare - Managed Care	177,234	118,522	112,320	114,921	106,751	157,010	109,661	167,457	162,118	157,276	157,460	113,440	145,708
Medical Traditional													
6012-1610-51810 CA MgtCare FFS-Inst Acute	2,810,126	2,844,134	2,764,105	2,767,555	2,724,978	3,675,169	3,309,653	3,163,356	2,767,224	3,075,155	2,916,319	3,266,194	3,312,718
Total Medical Traditional	2,810,126	2,844,134	2,764,105	2,767,555	2,724,978	3,675,169	3,309,653	3,163,356	2,767,224	3,075,155	2,916,319	3,266,194	3,312,718
HMO													
6012-5610-51810 CA MgtCare FFS-Inst Acute	213,254	309,119	345,239	173,880	225,980	227,755	165,135	(98,874)	381,590	337,883	341,108	474,482	276,921
Total HMO	213,254	309,119	345,239	173,880	225,980	227,755	165,135	(98,874)	381,590	337,883	341,108	474,482	276,921
Total - Inpatient Contractual Allowances	3,229,561	3,997,782	3,647,857	3,299,157	3,452,161	3,574,789	3,477,516	3,329,791	3,350,832	3,927,154	3,780,967	4,036,356	3,835,255
Outpatient Contractual Allowances:													
Medical Traditional													
6012-1610-54850 CA MgtCare FFS - Outpatient	243,872	246,780	254,507	219,593	198,607	254,766	347,946	321,142	284,366	333,879	292,063	331,417	353,719
Total Medical Traditional	243,872	246,780	254,507	219,593	198,607	254,766	347,946	321,142	284,366	333,879	292,063	331,417	353,719
HMO													
6012-5610-54850 CA MgtCare FFS - Outpatient	156,874	155,657	118,594	136,225	164,242	108,149	179,890	114,992	145,605	101,590	117,819	132,232	157,681
Total HMO	156,874	155,657	118,594	136,225	164,242	108,149	179,890	114,992	145,605	101,590	117,819	132,232	157,681
Total - Outpatient Contractual Allowances	400,646	402,432	373,101	349,207	362,849	402,435	527,336	436,134	429,371	435,119	377,882	463,649	511,380
ER Contractual Allowances:													
Provider Fees:													
Discharge Fees:													
Total - Contractual Allowances	3,630,207	4,000,214	4,020,957	3,648,364	3,795,010	3,977,224	4,004,853	3,765,925	3,780,203	4,362,273	4,158,848	4,500,005	4,346,634
Charity:													
Charity													
6012-1870-51850 Charity-Discharge Pending	(3,527)	(1,335)	(1,741)	0	244	(264)	1,839	(1,836)	5,968	4,394	6,202	(14,979)	2,770
6012-1870-54850 Charity-Discharge Outpatient	12,524	(2,626)	9,177	4,875	6,288	5,667	2,988	14,972	2,952	4,384	2,701	27,496	6,232
Total Charity	9,007	(3,961)	7,436	4,875	6,532	5,403	5,000	13,136	8,920	8,778	8,903	12,517	8,202
Total - Charity Allowances	9,007	(3,961)	7,436	4,875	6,532	5,403	5,000	13,136	8,920	8,778	8,903	12,517	8,202
Other:													
Other:													
6012-1610-51810 CA MgtCare FFS-Inst Acute	8,486	2,744	(1,184)	10,593	6,620	(10,115)	(13,825)	38,475	5,189	(8,181)	(5,233)	2,886	(861)
6012-1610-54850 CA MgtCare FFS-Inst Acute	34,779	31,652	35,644	22,848	7,534	22,787	18,899	13,223	15,224	24,740	13,761	16,124	15,595
Total Other	43,265	34,396	34,460	28,421	14,154	12,672	5,074	51,698	20,413	16,558	8,528	19,010	14,584
Total - Other Allowances	44,238	34,407	23,880	34,441	14,163	12,147	5,065	37,530	20,393	18,568	8,528	19,310	14,064

DSH:

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Verity Health Systems
Seton Medical Center Coastsides
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
12122 Oth Gross Serv-Temp SvcTm													
6012-8881-71007 Oth Gross Serv-Temp SvcTm	4,636	0	0	0	0	0	0	0	0	0	0	0	0
6012-8881-71007 Oth Gross Serv-Temp SvcTm	3,048	0	0	0	0	0	0	0	0	0	0	0	0
Total: 71007 Oth Gross Serv-Temp SvcTm	7,684	0	0	0	0	0	0	0	0	0	0	0	0
Total - Contract Labor	(61,547)	0	0	0	0	0	0	0	0	0	0	0	0
Benefits & Taxes													
71009 FICA													
6012-8881-71009 FICA	70,502	77,095	67,215	63,273	72,900	58,413	64,242	74,897	65,322	70,646	73,758	71,475	73,135
Total: 71009 FICA	70,502	77,095	67,215	63,273	72,900	58,413	64,242	74,897	65,322	70,646	73,758	71,475	73,135
71303 Group Health Insurance													
6012-8881-71303 Group Health Insurance	155,552	193,700	202,665	199,285	184,447	177,546	213,248	44,656	46,861	42,442	32,950	32,291	51,834
Total: 71303 Group Health Insurance	155,552	193,700	202,665	199,285	184,447	177,546	213,248	44,656	46,861	42,442	32,950	32,291	51,834
71301 EMP Medical Cost - Credit													
6012-8881-71301 EMP Medical Cost - Credit	0	0	0	0	0	0	0	2,110,486	0	0	0	0	0
Total: 71301 EMP Medical Cost - Credit	0	0	0	0	0	0	0	2,110,486	0	0	0	0	0
71303 EMP Medical Cost - Credit													
6012-8881-71303 EMP Medical Cost - Credit	0	0	0	0	0	0	0	(2,110,486)	0	0	0	0	0
Total: 71303 EMP Medical Cost - Credit	0	0	0	0	0	0	0	(2,110,486)	0	0	0	0	0
71305 Group Health Insurance													
6012-8881-71305 Group Health Insurance	7,766	350	14,838	15,700	10,798	8,551	3,544	63,507	70,609	125,776	190,303	213,439	310,801
Total: 71305 Group Health Insurance	7,766	350	14,838	15,700	10,798	8,551	3,544	63,507	70,609	125,776	190,303	213,439	310,801
71310 Group Health Insurance													
6012-8881-71310 Group Health Insurance	8,618	7,513	(19,651)	(8,046)	(452)	2,034	(9,829)	11,467	13,465	15,366	14,931	7,024	19,367
Total: 71310 Group Health Insurance	8,618	7,513	(19,651)	(8,046)	(452)	2,034	(9,829)	11,467	13,465	15,366	14,931	7,024	19,367
71307 Group Health Vision													
6012-8881-71307 Group Health Vision	5,338	(274)	1,159	800	(329)	466	790	761	2,401	177	3,086	2,855	(2,674)
Total: 71307 Group Health Vision	5,338	(274)	1,159	800	(329)	466	790	761	2,401	177	3,086	2,855	(2,674)
71350 Dental Insurance													
6012-8881-71350 Dental Insurance	12,250	8,387	11,403	(1,489)	(1,503)	(1,445)	(2,786)	(1,489)	(1,550)	(1,541)	(1,597)	(1,556)	(2,357)
Total: 71350 Dental Insurance	12,250	8,387	11,403	(1,489)	(1,503)	(1,445)	(2,786)	(1,489)	(1,550)	(1,541)	(1,597)	(1,556)	(2,357)
71351 Dental Insurance (BRI)													
6012-8881-71351 Dental Insurance (BRI)	4,528	6,070	(1,351)	11,474	11,406	11,735	11,741	11,664	10,914	(2,937)	10,185	14,208	14,846
Total: 71351 Dental Insurance (BRI)	4,528	6,070	(1,351)	11,474	11,406	11,735	11,741	11,664	10,914	(2,937)	10,185	14,208	14,846
71360 Medical Brl Contract													
6012-8881-71360 Medical Brl Contract	(322)	(483)	(321)	(327)	(322)	(322)	(245)	(847)	(847)	(847)	(847)	(847)	(1,276)
Total: 71360 Medical Brl Contract	(322)	(483)	(321)	(327)	(322)	(322)	(245)	(847)	(847)	(847)	(847)	(847)	(1,276)
71361 Dental Brl Contract													
6012-8881-71361 Dental Brl Contract	(1,115)	0	0	0	0	0	0	0	0	0	0	0	0
Total: 71361 Dental Brl Contract	(1,115)	0	0	0	0	0	0	0	0	0	0	0	0
71375 Life ADBD Brl Contract													
6012-8881-71375 Life ADBD Brl Contract	0	0	228	52	60	51	54	70	70	70	70	70	70
Total: 71375 Life ADBD Brl Contract	0	0	228	52	60	51	54	70	70	70	70	70	70
71403 Group Life Insurance													
6012-8881-71403 Group Life Insurance	1,301	932	1,448	1,439	1,408	1,540	361	1,698	1,732	1,734	1,693	1,689	672
Total: 71403 Group Life Insurance	1,301	932	1,448	1,439	1,408	1,540	361	1,698	1,732	1,734	1,693	1,689	672
71500 Pension													
6012-8881-71500 Pension	3,607	3,607	2,764	4,893	4,853	4,853	4,893	4,893	4,893	4,446	4,829	4,828	4,829
Total: 71500 Pension	3,607	3,607	2,764	4,893	4,853	4,853	4,893	4,893	4,893	4,446	4,829	4,828	4,829
71515 Retiree Health													
6012-8881-71515 Retiree Health	(321,000)	(2,167)	2,550	167	167	167	167	167	167	167	167	167	(4,823)
Total: 71515 Retiree Health	(321,000)	(2,167)	2,550	167	167	167	167	167	167	167	167	167	(4,823)
71515 401B - Employer Match													
6012-8881-71515 401B - Employer Match	10,681	11,034	10,380	10,425	10,454	10,975	9,084	11,076	9,768	9,834	11,009	12,160	28,781
Total: 71515 401B - Employer Match	10,681	11,034	10,380	10,425	10,454	10,975	9,084	11,076	9,768	9,834	11,009	12,160	28,781
71516 Retirement Plan - 401 A													
6012-8881-71516 Retirement Plan - 401 A	30,131	42,078	39,794	38,174	45,897	38,071	43,789	47,158	47,776	44,788	43,188	41,174	87,590
Total: 71516 Retirement Plan - 401 A	30,131	42,078	39,794	38,174	45,897	38,071	43,789	47,158	47,776	44,788	43,188	41,174	87,590
71720 Fringe Benefits													
6012-8881-71720 Fringe Benefits	(5,052)	5,000	0	0	0	0	0	0	0	0	0	0	0
Total: 71720 Fringe Benefits	(5,052)	5,000	0	0	0	0	0	0	0	0	0	0	0
71603 Workers Compensation Insurance													
6012-8881-71603 Workers Compensation Insurance	18,182	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527
Total: 71603 Workers Compensation Insurance	18,182	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527	11,527
71601 WC - TPA & Other													
6012-8881-71601 WC - TPA & Other	0	15,245	0	0	15,245	0	0	10,713	0	4,244	15,066	0	0
Total: 71601 WC - TPA & Other	0	15,245	0	0	15,245	0	0	10,713	0	4,244	15,066	0	0
71819 LTD													
6012-8881-71819 LTD	(453)	2,112	1,598	1,640	1,880	1,830	1,595	1,454	1,609	1,804	1,607	1,674	1,453
Total: 71819 LTD	(453)	2,112	1,598	1,640	1,880	1,830	1,595	1,454	1,609	1,804	1,607	1,674	1,453
71820 Able Eng Benefits													
6012-8881-71820 Able Eng Benefits	3,455	3,534	5,050	3,530	4,315	3,068	3,639	5,002	4,183	3,839	4,301	3,428	3,521
Total: 71820 Able Eng Benefits	3,455	3,534	5,050	3,530	4,315	3,068	3,639	5,002	4,183	3,839	4,301	3,428	3,521
71903 Other Employee Benefits (Non-Payroll)													
6012-8881-71903 Other Employee Benefits (Non-Payroll)	1,677	821	1,173	1,227	1,333	1,362	875	1,25	609	(400)	1,679	913	(19,678)
Total: 71903 Other Employee Benefits (Non-Payroll)	1,677	821	1,173	1,227	1,333	1,362	875	1,25	609	(400)	1,679	913	(19,678)
71910 CAP													
6012-8881-71910 CAP	35	256	252	254	256	256	256	256	285	265	263	263	263
Total: 71910 CAP	35	256	252	254	256	256	256	256	285	265	263	263	263
71930 Ed & Remburse													
6012-8881-71930 Ed & Remburse	0	0	2,600	2,225	0	0	0	368	0	0	0	0	0
Total: 71930 Ed & Remburse	0	0	2,600	2,225	0	0	0	368	0	0	0	0	0
Total - Taxes & Benefits	14,174	386,377	367,933	352,262	373,887	338,769	356,484	299,490	283,647	330,698	412,807	417,684	552,141

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Seton Medical Center Coastsides
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total - Labor Costs	1,041,199	1,540,596	1,455,191	1,425,015	1,461,590	1,382,746	1,472,098	1,449,312	1,315,239	1,494,933	1,498,668	1,523,047	1,679,804
Medical Fees:													
72011 Medical-Physician Administrative													
6012-6560-7201-1 Medical-Physician Administrative	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688
6012-7010-7201-1 Medical-Physician Administrative	0	0	0	0	310,950	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500
Total 72011 Medical-Physician Administrative	1,688	1,688	1,688	1,688	311,638	79,188	79,188	79,188	79,188	79,188	79,188	79,188	79,188
72021 Medical-Physician Clinical Fees													
6012-6560-7202-1 Medical-Physician Clinical Fees	4,800	4,800	4,800	0	0	0	0	0	0	0	0	0	0
6012-7010-7202-1 Medical-Physician Clinical Fees	77,500	77,500	77,500	77,500	(232,500)	0	0	0	0	0	0	0	0
Total 72021 Medical-Physician Clinical Fees	82,300	82,300	72,300	77,500	(232,500)	0	0	0	0	0	0	0	0
72031 Medical-Physician Call Pay Cov													
6012-6560-7203-1 Medical-Physician Call Pay Cov	0	0	9,600	4,800	0	9,600	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Total 72031 Medical-Physician Call Pay Cov	0	0	9,600	4,800	0	9,600	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Total - Medical Fees	83,988	83,988	83,988	83,988	79,188	88,788	83,988	83,988	83,988	83,988	83,988	83,988	83,988
Supplies:													
73000 Supplies & Surgical Supplies													
6012-7010-73000 Supplies & Surgical Supplies	0	18	0	325	44	0	38	0	117	37	143	35	79
Total 73000 Supplies & Surgical Supplies	0	18	0	325	44	0	38	0	117	37	143	35	79
73010 Endoneuric Supplies													
6012-6560-73010 Endoneuric Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 73010 Endoneuric Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
73020 Surgical Packs & Sets													
6012-6560-73020 Surgical Packs & Sets	468	330	413	365	209	275	275	330	225	349	288	183	262
Total 73020 Surgical Packs & Sets	468	330	413	365	209	275	275	330	225	349	288	183	262
73030 Surgical Supplies General													
6012-6118-73030 Surgical Supplies General	0	274	0	0	0	0	0	0	0	0	0	0	0
6012-6560-73030 Surgical Supplies General	710	82	1,036	62	740	113	480	693	134	77	88	120	764
6012-7010-73030 Surgical Supplies General	78	78	67	135	116	464	59	96	114	97	110	93	129
Total 73030 Surgical Supplies General	788	334	1,099	197	856	657	653	783	248	184	198	213	893
73040 Other Surgical Supplies													
6012-6560-73040 Other Surgical Supplies	0	148	7	22	0	0	0	0	0	0	0	0	0
6012-7010-73040 Other Surgical Supplies	4	0	7	16	0	0	0	0	116	66	0	0	0
Total 73040 Other Surgical Supplies	4	148	15	42	0	0	0	0	116	66	0	0	0
73050 Anesthetic Materials													
6012-7010-73050 Anesthetic Materials	0	0	0	0	5	0	3	0	0	0	0	0	0
6012-7410-73050 Anesthetic Materials	0	0	0	0	0	0	11	0	0	0	0	0	0
Total 73050 Anesthetic Materials	0	0	0	0	5	0	11	0	0	0	0	0	0
73060 Oxygen & Other Medical Gases													
6012-6560-73060 Oxygen & Other Medical Gases	0	(661)	0	0	0	0	0	0	0	0	0	0	1,552
6012-7010-73060 Oxygen & Other Medical Gases	4,019	(661)	2,152	971	1,402	1,851	124	2,275	849	303	1,049	0	2,899
Total 73060 Oxygen & Other Medical Gases	4,019	(1,322)	2,152	971	1,402	1,851	124	2,275	849	303	1,049	0	4,451
73070 IV Solutions													
6012-6560-73070 IV Solutions	15	0	0	0	0	0	0	0	0	0	0	0	0
6012-6560-73070 IV Solutions	64	0	5	0	0	0	0	0	0	0	0	0	0
6012-6560-73070 IV Solutions	210	175	128	285	246	246	246	246	246	246	246	246	246
6012-7010-73070 IV Solutions	224	47	85	74	117	87	75	62	118	166	212	158	224
6012-7300-73070 IV Solutions	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-7370-73070 IV Solutions	21	0	0	32	0	0	0	0	0	0	0	0	0
Total 73070 IV Solutions	569	222	243	392	248	193	273	262	285	374	362	276	327
73080 Pharmaceuticals													
6012-7110-73080 Pharmaceuticals	57,481	65,658	48,353	56,655	50,613	53,716	44,559	54,813	52,553	48,824	42,529	40,634	41,718
Total 73080 Pharmaceuticals	57,481	65,658	48,353	56,655	50,613	53,716	44,559	54,813	52,553	48,824	42,529	40,634	41,718
74000 Radiology Films													
6012-6560-74000 Radiology Films	425	223	216	337	162	216	216	135	0	0	40	107	53
6012-7010-74000 Radiology Films	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 74000 Radiology Films	425	223	216	337	162	216	216	135	0	0	40	107	53
74100 Other Medical Care Materials & Supplies													
6012-6560-74100 Other Medical Care Materials & Supplies	0	(12)	275	0	0	0	0	0	0	0	0	0	0
6012-6560-74100 Other Medical Care Materials & Supplies	40	0	0	0	0	0	0	0	0	0	0	0	0
6012-6560-74100 Other Medical Care Materials & Supplies	10,552	9,244	19,915	9,244	13,083	10,830	9,126	10,830	9,448	7,989	7,326	7,658	10,709
6012-7010-74100 Other Medical Care Materials & Supplies	1,621	539	850	520	337	484	264	503	362	1,233	1,510	756	756
6012-7300-74100 Other Medical Care Materials & Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-7370-74100 Other Medical Care Materials & Supplies	0	0	151	0	0	0	0	0	0	0	0	0	0
6012-7380-74100 Other Medical Care Materials & Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-7390-74100 Other Medical Care Materials & Supplies	25	0	0	0	196	597	551	245	0	219	362	68	467
6012-7410-74100 Other Medical Care Materials & Supplies	0	0	0	0	550	475	475	0	0	0	0	0	0
6012-8350-74100 Other Medical Care Materials & Supplies	1,487	641	1,479	1,643	1,557	1,438	1,584	1,584	1,584	1,584	1,584	1,584	1,584
6012-8440-74100 Other Medical Care Materials & Supplies	519	844	562	1,274	428	1,718	1,544	0	1,559	680	22	1,620	702
6012-8560-74100 Other Medical Care Materials & Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-8660-74100 Other Medical Care Materials & Supplies	0	0	0	41	0	0	0	0	0	0	0	0	0
Total 74100 Other Medical Care Materials & Supplies	14,641	10,257	13,188	12,832	15,165	16,218	13,372	12,544	12,042	9,102	9,325	12,355	14,555
74110 Syringes													
6012-6560-74110 Syringes	733	602	723	850	883	849	706	980	745	789	705	641	931
6012-7010-74110 Syringes	82	4	25	0	90	105	12	25	4	54	25	263	65
Total 74110 Syringes	815	606	748	850	974	954	718	1,005	749	843	730	904	996
74120 Gloves													
6012-6560-74120 Gloves	3,940	3,433	3,381	4,191	3,312	3,551	3,151	3,954	3,042	3,490	3,803	3,404	3,605
6012-7010-74120 Gloves	226	0	48	116	38	0	43	14	32	0	0	0	0
6012-8440-74120 Gloves	0	0	18	0	0	0	0	0	0	0	0	0	0
6012-8660-74120 Gloves	0	0	0	28	0	0	0	0	0	0	0	0	0
Total 74120 Gloves	4,166	3,442	3,445	4,335	3,350	3,551	3,194	3,968	3,074	3,520	3,803	3,404	3,605
74130 Chemistry Solutions													
6012-7010-74130 Chemistry Solutions	0	0	0	0	0	0	0	0	0	0	0	13	0
6012-7300-74130 Chemistry Solutions	0	0	0	0	0	276	0	0	0	0	0	0	0
Total 74130 Chemistry Solutions	0	0	0	0	0	276	0	0	0	0	0	13	0
74140 Microbiology													
6012-6560-74140 Microbiology	0	19	0	0	0	0	0	0	0	9	0	0	0
6012-7010-74140 Microbiology	0	21	0	0	0	0	262	0	0	0	0	0	0
Total 74140 Microbiology	0	40	0	0	0	0	262	0	0	9	0	0	0
74150 Phlebotomy													
6012-7010-74150 Phlebotomy	0	0	0	0	0	0	0	0	0	0	0	0	95
Total 74150 Phlebotomy	0	0	0	0	0	0	0	0	0	0	0	0	95
74160 Inventory Adjustments													
6012-7410-74160 INVENTORY ADJUSTMENTS	2,042	0	0	0	0	0	0	0	0	0	0	0	4,523

P/S - Professional Fees:
7220 Consultant & Mgmt Fees

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Verity Health Systems
Seton Medical Center Coastside
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total 78300 Licenses & Taxes	0	0	1,480	0	(1,121)	671	0	441	0	0	2,426	0	215
78400 Other Costs													
6012-8480-78400 Other Costs	0	0	4,167	0	0	6	0	0	0	0	0	0	0
6012-8481-78400 Other Costs	291	764	432	445	482	262	400	304	310	259	234	377	249
Total 78400 Other Costs	291	764	4,599	445	482	262	400	304	310	259	234	377	249
78500 Telephone/Teletype													
6012-7710-78500 Telephone/Teletype	325	0	610	305	305	305	0	306	0	305	610	0	916
6012-8440-78500 Telephone/Teletype	0	0	0	0	0	110	0	0	0	0	0	0	0
6012-8470-78500 Telephone/Teletype	8,686	8,479	(8,930)	638	638	1,896	621	(108)	652	1,234	857	1,032	2,389
6012-8720-78500 Telephone/Teletype	0	0	58	339	0	0	0	0	0	0	0	0	0
Total 78500 Telephone/Teletype	9,291	5,479	(8,322)	1,272	881	2,312	621	208	852	1,539	1,467	1,032	2,315
78600 Dues & Subscriptions													
6012-4550-78600 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	776
6012-7680-78600 Dues & Subscriptions	0	0	0	0	0	0	5,671	0	0	0	0	0	0
6012-7670-78600 Professional Subscriptions & Dues	0	0	0	0	2,721	0	(2,221)	0	0	0	0	0	0
6012-8720-78600 Dues & Subscriptions	620	0	0	0	0	0	0	0	77	877	14,189	(7,006)	0
Total 78600 Dues & Subscriptions	620	0	0	0	2,721	0	2,950	0	77	877	14,189	(7,006)	776
78700 Out-of-Town Training Sessions													
6012-4550-78700 Out-of-Town Training Sessions	744	0	0	150	0	0	0	0	0	350	0	80	48
6012-7630-78700 Out-of-Town Training Sessions	0	0	0	0	0	0	0	0	80	0	0	0	0
Total 78700 Out-of-Town Training Sessions	744	0	0	150	0	0	0	0	80	350	0	80	48
78750 Meetings & Conventions													
6012-8720-78750 Meetings & Conventions	0	183	0	0	0	0	0	0	0	0	0	0	0
Total 78750 Meetings & Conventions	0	183	0	0	0	0	0	0	0	0	0	0	0
78800 Travel													
6012-8610-78800 Travel	0	0	0	0	0	537	150	(211)	(427)	271	94	73	181
Total 78800 Travel	0	0	0	0	0	537	150	(211)	(427)	271	94	73	181
78850 Mileage													
6012-4550-78850 Personal Car Mileage	0	14	0	0	0	0	0	0	0	0	0	0	0
Total 78850 Mileage	0	14	0	0	0	0	0	0	0	0	0	0	0
78810 Business Meals													
6012-4550-78810 Business Meals - Attendees	0	49	0	0	0	0	0	0	0	0	0	0	0
6012-8720-78810 Business Meals - Attendees	0	0	0	0	0	0	0	0	0	0	0	0	81
Total 78810 Business Meals	0	49	0	0	0	0	0	0	0	0	0	0	81
78814 Entertainment - Staff													
6012-8720-78814 Entertainment - Staff	0	0	0	0	0	0	0	0	0	0	319	0	0
Total 78814 Entertainment - Staff	0	0	0	0	0	0	0	0	0	0	319	0	0
78900 Recruiting													
6012-8610-78900 Recruiting	0	0	0	1,650	1,050	0	0	0	0	0	0	0	0
Total 78900 Recruiting	0	0	0	1,650	1,050	0	0	0	0	0	0	0	0
79000 Other Expenses													
6012-4550-79000 Other Expenses	0	495	851	350	584	461	750	(69)	180	171	340	315	344
6012-8610-79000 Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
6012-8720-79000 Other Expenses	0	292	0	0	0	0	0	0	0	0	0	0	0
Total 79000 Other Expenses	0	787	851	350	584	461	750	(69)	180	171	340	315	344
79003 Gifts & Entertainment													
6012-4550-79003 Gifts & Entertainment	3,267	397	840	1,125	0	1,560	1,749	400	1,675	1,300	770	1,245	1,430
Total 79003 Gifts & Entertainment	3,267	397	840	1,125	0	1,560	1,749	400	1,675	1,300	770	1,245	1,430
79090 Advertising													
6012-8610-79090 Advertising	680	0	0	0	0	0	0	0	0	0	0	0	0
Total 79090 Advertising	680	0	0	0	0	0	0	0	0	0	0	0	0
78890 Cash - AP Offset Account													
6012-9999-78890 Cash - AP Offset Account	5,152	0	0	0	0	0	0	0	0	0	0	0	(12,711)
Total 78890 Cash - AP Offset Account	5,152	0	0	0	0	0	0	0	0	0	0	0	(12,711)
78893 Cash - PPS Purchase Temp Asset - Actual													
6012-9999-78893 Cash - PPS Purchase Temp Asset	(3,162)	0	0	0	0	0	0	0	0	0	0	0	32,711
78810 Cash - PPS Purchase Temp Asset - Actual	(3,162)	0	0	0	0	0	0	0	0	0	0	0	32,711
Total - Other Expenses	15,073	7,530	(1,110)	4,400	4,596	6,301	6,659	1,046	1,947	5,339	19,888	(3,878)	6,700
Total - PIS & Other Expenses	321,878	498,983	306,961	380,892	437,316	469,768	480,449	437,494	417,042	373,145	437,710	436,827	423,239
Bad Debt Expense:													
Insurance:													
78100 Insurance Professional Liability													
6012-8830-78100 Insurance Professional Liability	11,612	0	0	0	0	0	0	0	0	0	0	0	0
6012-8881-78100 Insurance Professional Liability	0	(1,600)	10,373	10,373	11,778	10,373	10,373	11,299	10,482	10,373	13,082	12,325	12,325
Total 78100 Insurance Professional Liability	11,612	(1,600)	10,373	10,373	11,778	10,373	10,373	11,299	10,482	10,373	13,082	12,325	12,325
78200 Insurance Other													
6012-8830-78200 Insurance Other	0	2,702	2,702	2,702	2,702	2,702	2,702	2,702	2,702	2,702	2,702	2,702	2,702
6012-8840-78200 Insurance Other	2,206	0	0	0	0	0	0	0	0	0	0	0	0
6012-8881-78200 Insurance Other	0	(6,425)	0	0	5,847	0	0	3,960	0	0	0	0	0
Total 78200 Insurance Other	2,206	(9,127)	2,702	2,702	12,349	2,702	2,702	6,662	2,702	2,702	2,702	2,702	2,702
Total - Insurance	13,817	29,777	13,075	13,075	24,128	13,075	13,075	17,961	13,194	13,075	15,784	15,027	15,027
Utilities:													
77700 Utilities Electricity													
6012-8470-77700 Utilities Electricity	8,518	8,522	9,632	9,455	8,644	8,705	7,938	5,817	5,768	5,402	5,812	8,820	9,844
Total 77700 Utilities Electricity	8,518	8,522	9,632	9,455	8,644	8,705	7,938	5,817	5,768	5,402	5,812	8,820	9,844
77800 Utilities Gas													
6012-8460-77800 Utilities Gas	2,670	2,578	2,493	2,248	3,167	4,496	5,904	6,811	5,857	7,000	5,679	4,068	6,413
Total 77800 Utilities Gas	2,670	2,578	2,493	2,248	3,167	4,496	5,904	6,811	5,857	7,000	5,679	4,068	6,413
77900 Utilities Water													
6012-8460-77900 Utilities Water	5,751	5,069	5,126	5,912	5,522	5,781	5,194	6,179	6,351	4,416	4,956	5,241	7,652
Total 77900 Utilities Water	5,751	5,069	5,126	5,912	5,522	5,781	5,194	6,179	6,351	4,416	4,956	5,241	7,652
78000 Utilities Other													
6012-8440-78000 Utilities Other	563	553	575	575	560	575	575	575	575	580	580	0	1,057
Total 78000 Utilities Other	563	553	575	575	560	575	575	575	575	580	580	0	1,057
Total - Utilities	18,321	17,122	17,676	18,590	18,323	20,018	20,011	19,782	18,952	17,804	16,878	18,230	25,861

Verity Health Systems
Seton Medical Center Coastsides
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Depreciation													
77220 Depn/Amort Buildings & Improve													
6012-8811-77220 Depn/Amort Buildings & Improve	0	0	0	0	0	0	0	0	0	991	901	991	901
Total 77220 Depn/Amort Buildings & Improve	0	0	0	0	0	0	0	0	0	991	901	991	901
77400 Depn/Amort Equip													
6012-8811-77400 Depn/Amort Equip	15,015	15,891	11,265	11,757	11,814	11,660	12,584	12,584	6,171	5,358	9,835	8,706	19,644
6012-8811-77400 Depn/Amort Equip	43	57	68	57	57	57	57	57	57	57	57	57	57
Total 77400 Depn/Amort Equip	15,058	15,948	11,333	11,814	11,871	11,717	12,641	12,641	6,228	5,415	9,892	8,763	19,701
Total - Depreciation	15,058	15,948	11,333	11,814	11,701	11,717	12,641	12,641	6,228	10,268	10,478	10,664	11,602
Amortization:													
Interest Expense:													
78490 Interest Expense-Other													
6012-8830-78490 Interest Expense-Other	92	0	0	0	0	0	57	0	0	0	0	(24)	0
6012-8830-78490 Interest Expense-Other	(412)	(591)	(1,129)	(1,139)	(1,320)	(1,320)	(1,058)	(1,058)	(1,125)	(88)	(127)	(246)	(85)
Total 78490 Interest Expense-Other	(320)	(591)	(1,129)	(1,139)	(1,320)	(1,320)	(1,001)	(1,058)	(1,125)	(88)	(127)	(270)	(85)
Total - Interest Expense	(320)	(591)	(1,129)	(1,139)	(1,320)	(1,320)	(1,041)	(1,064)	(1,125)	(88)	(127)	(271)	(80)
Total Expenses	1,666,049	2,352,304	2,052,176	2,112,750	2,194,864	2,147,284	2,164,963	2,180,067	2,005,852	2,153,639	2,282,664	2,249,841	2,411,981
Operating Income	496,322	(490,242)	(126,164)	(160,008)	(140,686)	(324,068)	(245,219)	(331,288)	(198,249)	(280,319)	(351,188)	(412,315)	(518,577)
Investment Income:													
Net Income	496,322	(490,242)	(126,164)	(160,008)	(140,686)	(324,068)	(245,219)	(331,288)	(198,249)	(280,319)	(351,188)	(412,315)	(518,577)

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Verity Health System Salton Medical Center Balance Sheet June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Assets													
Current Assets:													
Cash	\$7,981,893	\$5,041,308	\$7,710,722	\$6,070,085	\$2,225,297	\$8,900,085	\$11,455,200	\$10,949,981	\$8,931,302	\$2,985,717	\$5,789,532	\$13,845,547	\$9,142,015
Accounts Receivable	257,873,372	265,629,203	279,548,128	281,858,012	303,274,458	302,953,977	304,035,953	340,753,920	352,259,852	364,400,585	373,165,087	384,665,585	410,792,141
Contractual Allowances	(216,042,172)	(222,691,459)	(236,159,475)	(239,318,087)	(256,366,135)	(257,674,271)	(259,605,208)	(292,450,295)	(302,125,656)	(311,835,030)	(320,170,486)	(330,713,789)	(353,016,192)
Allowance for Uncollectible Accounts	(5,201,738)	(5,489,715)	(6,051,775)	(6,450,752)	(5,805,666)	(5,770,421)	(6,143,537)	(6,219,894)	(7,463,926)	(7,596,834)	(8,067,720)	(8,250,385)	(8,633,735)
Net Accounts Receivable	36,629,461	37,432,029	37,336,606	39,089,173	41,102,656	39,609,285	38,287,207	42,053,730	42,770,310	44,966,721	44,927,880	45,692,401	49,142,214
Due from Governmental Agencies	3,084,998	1,343,945	1,274,303	1,274,303	1,274,303	1,352,230	1,372,732	1,367,709	1,372,427	1,570,867	1,620,017	1,668,599	1,483,130
Due from Related Corporations	24,828,131	23,757,583	22,384,517	21,779,520	20,537,713	19,572,134	18,885,683	19,256,058	19,021,366	18,057,087	17,697,047	17,436,211	17,681,621
Supplies Inventories, at cost	3,069,789	3,071,585	3,116,764	3,111,242	3,147,387	3,156,408	3,185,051	3,193,051	3,180,240	3,189,771	3,081,503	2,982,572	2,851,402
Other Current Assets	4,386,520	5,042,586	5,036,169	4,176,466	4,496,895	5,026,680	12,426,286	14,512,493	12,546,701	14,341,674	8,873,912	7,398,365	6,924,804
Total Current Assets	79,980,792	75,689,047	76,881,080	75,500,728	72,784,261	77,516,822	85,556,157	91,333,022	87,832,347	85,083,835	81,989,692	89,083,666	87,225,186
Assets Limited as to Use:													
Board-designated for - Capital Projects & Debt Repayment	38,659,201	38,659,201	38,659,201	37,877,590	37,877,590	37,877,590	37,877,590	37,877,590	37,877,590	38,585,451	38,585,451	38,585,451	38,585,451
Assets Limited as to Use	38,659,201	38,659,201	38,659,201	37,877,590	37,877,590	37,877,590	37,877,590	37,877,590	37,877,590	38,585,451	38,585,451	38,585,451	38,585,451
Net Operating Property, Plant & Equipment													
Land	722,422	722,422	722,422	722,422	722,422	722,422	722,422	722,422	722,422	722,422	722,422	722,422	722,422
Land Improvements	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824	1,979,824
Buildings/LLH	61,177,710	61,292,709	61,354,439	61,396,833	61,396,833	61,396,833	61,396,833	61,396,833	61,396,833	61,396,833	61,396,833	61,396,833	61,396,833
Buildings/Service Equipment	48,364,337	48,364,337	48,364,337	48,416,676	48,416,676	48,416,676	48,416,676	48,416,676	48,416,676	52,162,887	52,162,887	52,162,887	52,299,582
Equipment	110,134,940	110,338,732	110,462,661	111,405,183	111,421,301	111,440,487	112,316,374	112,577,018	112,628,933	112,784,614	113,019,146	113,359,145	113,458,333
Construction in Progress	10,238,192	10,579,621	11,416,032	10,595,638	11,811,305	11,980,020	11,466,986	12,234,709	12,771,853	11,819,798	13,467,291	14,179,683	14,583,203
Total Fixed Assets	232,617,425	233,277,645	234,289,715	234,517,577	235,746,363	235,916,252	236,297,116	237,327,484	237,916,492	240,860,347	242,747,760	243,800,805	245,169,052
Less - Accumulated Depreciation	(197,306,118)	(197,785,597)	(198,312,932)	(198,890,693)	(199,250,745)	(199,774,103)	(200,271,294)	(200,768,484)	(201,045,266)	(201,433,446)	(201,824,076)	(202,220,570)	(202,563,378)
Net Operating PP&E	35,311,307	35,492,048	35,986,784	35,716,584	36,457,618	36,142,159	36,025,823	36,559,000	36,871,227	39,426,900	40,923,684	41,580,234	42,505,674
Other Assets:													
Notes Receivable - LT	232,552	232,552	232,552	232,552	232,552	232,552	335,652	335,652	357,779	357,779	408,506	364,517	260,599
Other LT Assets	226,978	14,658	14,658	14,658	14,658	14,658	14,658	14,658	0	0	0	0	0
Total Other Assets	459,530	247,211	247,211	247,211	247,211	247,211	350,311	350,311	372,437	357,779	408,506	364,518	260,599
Total Assets	154,410,830	150,077,507	151,774,276	149,342,113	147,366,680	151,783,782	159,848,881	166,119,922	162,953,602	161,453,967	159,907,534	167,613,889	166,576,910
Liabilities and Fund Balances													
Current Liabilities:													
Current maturities of long-term debt	912,235	912,235	912,235	956,067	956,067	956,067	1,204,693	1,204,693	1,204,693	1,204,693	1,204,693	1,204,693	1,241,378
Accounts Payable	8,901,217	8,999,602	10,503,067	9,152,052	10,856,103	8,508,298	8,808,995	11,028,972	10,263,374	8,164,205	9,233,323	9,345,946	8,703,606
Due to governmental agencies	253,617	277,113	669,072	1,043,950	840,212	245,417	245,417	245,417	245,417	245,417	245,417	245,417	255,201
Due to related entities	116,532,243	118,200,112	125,168,432	130,812,317	131,198,252	142,722,557	144,432,838	149,259,386	153,788,887	157,677,329	164,100,308	166,991,756	168,778,231
Accrued Liabilities:													
Payroll	3,543,314	5,082,613	5,168,773	2,325,804	2,905,910	3,647,567	4,898,208	6,426,429	5,882,925	2,624,323	2,293,967	3,540,380	4,805,865
Vacation & Other Compensated Absences	7,982,300	7,785,757	7,782,386	7,877,646	7,720,694	8,011,307	7,682,716	8,445,517	8,584,882	9,760,033	8,639,817	8,795,071	8,368,836
Other	41,276,727	41,421,307	39,924,931	40,136,869	26,109,810	25,688,095	34,499,751	34,911,396	32,632,147	33,226,638	29,923,082	30,052,449	33,071,300
Total Current Liabilities	179,401,753	182,178,939	190,368,897	192,304,705	178,556,657	188,790,917	201,772,279	211,520,611	212,612,335	211,910,839	215,940,638	220,175,711	225,223,417
Other Liabilities:													
Pension Plan LT	27,000	(9,917)	27,333	27,500	(554,274)	(554,107)	(554,440)	(558,166)	(560,662)	(560,923)	(560,757)	(562,009)	(612,000)
Other Liabilities LT	2,932,361	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	2,821,975	3,106,235
Total Other Liabilities	2,959,361	2,812,058	2,849,309	2,849,475	2,267,702	2,267,868	2,257,535	2,263,820	2,261,313	2,261,052	2,261,219	2,258,966	2,494,235
Long-Term Debt:													
Bonds Payable	98,002,248	97,929,932	97,857,617	97,741,470	97,669,154	97,596,838	97,275,896	97,203,580	97,131,264	97,058,948	96,986,633	96,914,317	96,805,316
Total Long Term Debt	98,002,248	97,929,932	97,857,617	97,741,470	97,669,154	97,596,838	97,275,896	97,203,580	97,131,264	97,058,948	96,986,633	96,914,317	96,805,316
NET ASSETS:													
Unrestricted	(97,308,535)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,949,375)
YTD Net Income	(28,643,398)	(6,890,891)	(13,349,013)	(17,601,005)	(5,174,300)	(10,919,310)	(15,504,296)	(18,915,556)	(23,098,778)	(23,824,340)	(29,328,423)	(25,783,572)	(31,998,683)
Total Net Assets	(125,952,532)	(132,843,423)	(139,301,546)	(143,553,537)	(131,126,832)	(136,871,842)	(141,456,828)	(144,868,088)	(149,051,311)	(149,776,872)	(155,280,955)	(151,736,105)	(157,948,059)
TOTAL LIABILITIES AND FUND BALANCE	154,410,830	150,077,507	151,774,276	149,342,113	147,366,680	151,783,782	159,848,881	166,119,922	162,953,602	161,453,967	159,907,534	167,613,889	166,576,910
Total Assets	154,410,830	150,077,507	151,774,276	149,342,113	147,366,680	151,783,782	159,848,881	166,119,922	162,953,602	161,453,967	159,907,534	167,613,889	166,576,910
Total Liabilities	280,363,362	282,920,930	291,075,822	292,955,650	278,493,512	288,655,624	301,305,709	310,988,010	312,004,912	311,230,639	315,188,489	319,349,994	324,524,959
Total Equity	(125,952,532)	(132,843,423)	(139,301,546)	(143,553,537)	(131,126,832)	(136,871,842)	(141,456,828)	(144,868,088)	(149,051,311)	(149,776,872)	(155,280,955)	(151,736,105)	(157,948,059)

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Verity Health System
Seton Medical Center
Balance Sheet
June 30, 2018

Assets

Cash													
6011-1001-10008 Cash - BoA LockBox	\$1,360,827	\$888,751	\$267,512	\$3,509,062	(\$195,062)	\$189,805	\$2,194,575	\$383,993	\$725,765	\$1,817,713	\$1,118,852	\$833,776	\$953,592
6011-1001-10025 Cash - Disbursement Checkins - F	5,468,079	2,986,827	2,159,649	1,401,465	1,254,334	1,550,560	8,064,468	4,451,853	2,560,181	0	3,544,374	11,877,236	7,152,284
6011-1002-10020 Cash - Payroll Checking	1,056,577	1,059,116	5,126,763	1,030,741	1,031,053	1,035,365	1,057,528	5,997,115	5,509,847	1,052,454	1,020,194	1,028,431	920,038
6011-1003-10031 Cash - FSA Checking	92,336	102,539	122,723	124,742	130,908	140,281	145,554	152,955	131,436	111,475	102,027	102,027	102,027
6011-1004-10040 Imprest / Petty Cash Funds	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074	4,074
Total: Cash	7,981,693	5,041,308	7,710,722	6,070,085	2,225,297	6,800,085	11,455,203	10,949,981	8,931,302	2,895,717	5,789,532	13,945,547	9,142,015
Accounts Receivable:													
6011-1020-10200 Patient Accounts Receivable	258,248,804	266,714,866	279,548,128	282,584,888	303,971,103	303,742,920	305,173,393	342,487,425	354,588,672	365,847,651	375,359,575	385,045,478	411,654,724
6011-1026-10260 A/R-Home Health	(375,432)	(1,085,683)	0	(726,876)	(899,645)	(788,943)	(1,137,440)	(1,723,505)	(2,228,780)	(1,447,086)	(2,193,488)	(379,893)	(262,583)
Total: Accounts Receivable	257,873,372	265,629,203	279,548,128	281,688,012	303,071,458	302,953,977	304,035,953	340,763,920	352,359,892	364,400,585	373,166,087	384,665,585	410,792,141
Contractual Allowances													
6011-1042-10421 Allow CA - Medicare IP Acute	(68,646,811)	(67,139,618)	(76,402,540)	(75,779,049)	(86,245,056)	(87,667,787)	(92,389,517)	(108,668,219)	(104,632,938)	(105,620,679)	(107,185,321)	(105,501,553)	(118,598,075)
6011-1042-10425 Allow CA - Medicare Outpatient	(25,856,571)	(26,669,114)	(25,625,991)	(28,300,834)	(34,412,157)	(35,015,330)	(38,634,846)	(42,190,664)	(45,213,591)	(48,398,401)	(52,863,813)	(56,711,746)	(61,776,693)
6011-1042-10426 Allow CA - Medicare Hospice	(3,618,081)	(3,039,068)	(2,993,355)	(2,927,045)	(2,947,015)	(2,884,185)	(2,770,542)	(2,807,135)	(2,655,352)	(2,776,490)	(2,940,750)	(3,556,860)	(3,556,860)
6011-1044-10441 Allow CA - Med-Cal IP	(85,579,632)	(70,540,581)	(72,478,668)	(70,207,188)	(71,025,701)	(73,114,617)	(75,114,617)	(82,702,798)	(84,685,619)	(86,297,097)	(89,229,760)	(94,531,544)	(103,288,476)
6011-1044-10445 Allow CA - Med-Cal Outpatient	(14,256,944)	(15,944,126)	(17,510,621)	(17,633,994)	(19,020,057)	(20,450,758)	(19,568,506)	(22,438,298)	(21,693,183)	(23,281,831)	(22,321,561)	(23,181,135)	(24,615,788)
6011-1048-10481 Allow CA-Comm MedCare Incl Ac	(82,362,536)	(83,010,408)	(83,039,891)	(95,534,265)	(93,289,343)	(91,984,225)	(92,133,126)	(93,920,283)	(92,625,881)	(98,077,831)	(93,307,302)	(93,169,119)	(95,432,154)
6011-1048-10485 Allow CA - Comm MedCare Excl Outpat	(12,316,023)	(13,095,982)	(12,902,079)	(13,716,489)	(14,768,487)	(15,547,350)	(17,316,350)	(17,424,682)	(16,300,100)	(18,652,260)	(18,698,334)	(18,568,011)	(19,159,534)
6011-1048-13181 Allow CA - Comm HMO/PPD At F	273,657	273,657	273,657	273,657	273,657	273,657	273,657	273,657	273,657	273,657	273,657	273,657	273,657
6011-1048-10420 Allowance For Charity	(434,045)	(181,472)	(146,500)	(403,469)	(369,141)	(236,034)	(513,658)	(506,611)	(89,146)	(75,814)	(43,576)	(803,326)	(785,816)
6011-1049-10491 Allow CA - WC FFS Incl Acute	66,744,741	67,096,181	67,855,790	67,914,581	68,430,831	68,912,305	69,386,443	69,853,502	70,297,884	70,959,084	71,735,695	72,251,874	72,654,000
6011-1049-19491 Allow CA - Other Incl Acute	10,072	10,072	10,072	10,072	10,072	10,072	10,072	10,072	10,072	10,072	10,072	10,072	10,072
Total: Contractual Allowances	(216,042,172)	(222,687,459)	(236,159,747)	(236,318,087)	(256,386,135)	(257,674,271)	(259,605,208)	(292,490,295)	(302,125,656)	(311,835,030)	(320,170,486)	(330,713,789)	(353,616,182)
Allowance for Uncollectible Accounts													
6011-1041-10410 Allowance for Bad Debt	(5,201,739)	(5,499,715)	(6,051,775)	(6,450,752)	(5,805,666)	(5,770,421)	(6,143,537)	(6,219,894)	(7,453,926)	(7,596,834)	(8,067,720)	(8,259,395)	(8,633,735)
Total: Allowance for Uncollectible Accounts	(5,201,739)	(5,499,715)	(6,051,775)	(6,450,752)	(5,805,666)	(5,770,421)	(6,143,537)	(6,219,894)	(7,453,926)	(7,596,834)	(8,067,720)	(8,259,395)	(8,633,735)
Net Accounts Receivable	36,629,461	37,432,029	37,336,606	39,089,173	41,102,656	39,509,285	38,287,207	42,053,730	44,968,721	44,927,880	45,692,401	45,692,401	49,142,214
Due from Governmental Agencies:													
6011-1051-10510 Rec from Third-Party-Medicare	3,084,998	1,343,945	1,274,303	1,274,303	1,274,303	1,352,230	1,372,732	1,367,709	1,372,427	1,570,867	1,620,017	1,668,599	1,483,130
Total: Due from Governmental Agencies	3,084,998	1,343,945	1,274,303	1,274,303	1,274,303	1,352,230	1,372,732	1,367,709	1,372,427	1,570,867	1,620,017	1,668,599	1,483,130
Due from Related Corporations:													
6011-1090-10910 IIC A/R - Seton Coastside 6012	13,580,472	13,405,374	14,252,125	13,659,413	12,691,124	11,853,006	11,044,183	11,051,776	10,847,267	11,123,281	10,751,822	10,554,252	10,720,068
6011-1090-10945 IIC A/R - Seton Foundation 6040	260,935	285,056	377,623	378,036	461,877	461,877	461,877	792,751	792,751	552,069	552,069	552,069	559,094
6011-1090-10960 IIC A/R - St. Vincent 8510	2,372,470	2,376,750	0	0	595,599	599,152	605,736	609,838	609,838	609,838	609,838	609,838	609,838
6011-1090-10965 IIC A/R - O'Connor 8010	6,419,424	7,013,189	7,075,249	7,060,207	5,304,904	5,336,183	5,288,096	5,325,092	5,300,282	4,301,836	4,301,836	4,301,836	4,301,836
6011-1090-10966 IIC A/R - St. Louis 8011	2,114,628	677,174	678,519	681,864	1,484,209	1,511,315	1,458,829	1,456,833	1,458,228	1,476,059	1,476,059	1,476,059	1,476,059
Total: Due from Related Corporations	24,828,131	23,757,583	27,384,517	21,779,520	20,537,713	19,572,134	18,895,683	18,256,058	18,021,366	18,057,087	17,697,647	17,495,211	17,681,621
Supplies Inventories, at cost:													
6011-1081-10810 Inventory - General Stores	54	45	35	67	57	47	50	62	62	73	54	191	0
6011-1082-10820 Inventory - Pharmacy	734,890	734,890	734,890	734,890	734,890	734,890	734,890	734,890	734,890	734,890	734,890	734,890	761,707
6011-1083-10830 Inventory - Central Supply	399,214	401,030	446,208	446,655	476,819	485,840	485,840	522,468	519,658	489,178	410,929	316,860	256,539
6011-1083-10831 Inventory - Central Supply - Par C	150,442	150,442	150,442	150,442	150,442	150,442	150,442	150,442	150,442	150,442	150,442	150,442	119,761
6011-1088-10880 Inventory - Surgery	891,593	891,593	891,593	891,593	891,593	891,593	891,593	891,593	891,593	891,593	891,593	891,593	929,011
6011-1088-10880 Inventory - Other	299,868	299,868	299,868	299,868	299,868	299,868	299,868	299,868	299,868	299,868	299,868	299,868	245,321
6011-1089-10892 Inventory CATH LAB	593,727	593,727	593,727	593,727	593,727	593,727	593,727	593,727	593,727	593,727	593,727	593,727	539,003
Total: Supplies Inventories, at cost	3,069,769	3,071,595	3,118,764	3,111,242	3,147,397	3,156,408	3,166,010	3,193,061	3,190,240	3,159,771	3,081,503	2,892,572	2,851,402
Other Current Assets:													
6011-1066-10660 Notes Receivable Short Term	116,276	116,276	116,276	87,207	116,276	116,276	116,276	116,276	116,276	116,276	116,276	116,276	164,384
6011-1066-10661 Reserve For Notes Receivable	0	(10,591)	(21,928)	0	(43,874)	(54,854)	(65,061)	(83,490)	(100,112)	(116,752)	(137,529)	(114,519)	(42,722)
6011-1084-10874 Other Rec - Prior Fx FFS	2,784,472	2,784,472	2,784,472	2,784,472	2,784,472	2,784,472	10,481,528	11,605,696	10,501,410	9,665,009	5,734,235	5,353,205	5,353,205
6011-1069-10690 Other Receivables	661,074	578,791	630,567	229,677	254,663	204,564	273,229	663,786	150,421	3,186,330	408,272	396,584	433,615
6011-1101-11010 Prepaid Insurance	154,133	642,694	447,026	251,654	632,240	427,515	231,785	498,415	311,387	124,308	495,652	309,309	221,966
6011-1105-11050 Prepaid Taxes	0	0	0	0	0	0	0	0	0	38,141	25,428	12,714	0
6011-1107-11070 Deposits	18,776	18,776	18,776	18,776	30,026	24,401	18,776	22,676	37,334	37,334	37,334	37,334	22,822
6011-1108-11080 Prepaid Expense	651,788	912,338	1,062,919	808,620	732,091	932,308	970,206	1,266,124	1,134,808	922,458	673,156	610,317	539,011
6011-1109-11090 Other Current Assets	0	0	0	0	592,000	369,900	369,900	369,900	366,773	366,773	316,047	316,047	316,047
Total: Other: Current Assets	4,386,520	5,042,586	5,058,169	4,176,406	4,456,895	5,026,680	12,428,266	15,512,483	12,546,701	14,341,674	8,873,912	7,398,356	6,924,693
Total Current Assets	79,980,792	75,689,947	76,681,080	75,500,728	72,784,261	77,516,822	85,595,157	91,333,022	87,832,347	86,083,636	81,989,892	89,083,686	87,225,186
Assets Limited as to Use:													
Board-designated for -													
Capital Projects & Debt Repayment:													
6011-1134-11135 -CSCDA-PACE Series 1 Trustee	19,346,572	19,346,572	19,346,572	18,944,794	18,944,794	18,944,794	18,944,794	18,944,794	18,944,794	18,301,238	18,301,238	18,301,238	18,301,238
6011-1134-11136 -CSCDA-PACE Series 2 Trustee	19,312,630	19,312,630	19,312,630	18,932,795	18,932,795	18,932,795	18,932,795	18,932,795	18,932,795	18,284,213	18,284,213	18,284,213	18,284,213
Total: Capital Projects & Debt Repayment	38,659,201	38,659,201	38,659,201	37,877,590	37,877,590	37,877,590	37,877,590	37,877,590	37,877,590	36,585,451	36,585,451	36,585,451	36,585,451
Assets Limited as to Use	38,659,201	38,659,201	38,659										

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Verity Health System Sator Medical Center Balance Sheet June 30, 2018													
Total - Less - Accumulated Depreciation	(197,306,119)	(197,785,997)	(198,312,932)	(198,800,093)	(199,290,745)	(199,774,103)	(200,271,294)	(200,768,484)	(201,245,265)	(201,433,446)	(201,824,076)	(202,220,670)	(202,623,378)
Net Operating PP&E	35,311,307	35,462,046	35,566,784	35,716,594	35,857,618	36,142,159	36,025,823	36,950,000	35,871,227	36,426,900	40,923,684	41,840,234	42,505,674
Other Assets:													
Notes Receivable - LT:													
6011-1331-13130 Notes Receivable - Long Term	232,552	232,552	232,552	232,552	232,552	232,552	232,552	232,552	232,552	232,552	232,552	232,552	116,276
6011-1333-13322 Notes Rec - Dr. Aditi	0	0	0	0	0	0	103,100	103,100	125,227	125,227	175,953	131,965	144,323
Total - Notes Receivable - LT	232,552	232,552	232,552	232,552	232,552	232,552	335,652	335,652	357,779	357,779	408,506	364,517	260,599
Other LT Assets:													
6011-1350-13505 Deposit - Long Term	14,658	14,658	14,658	14,658	14,658	14,658	14,658	14,658	14,658	0	0	0	0
6011-1350-13555 Prepaid Expense - Long Term	212,319	0	0	0	0	0	0	0	0	0	0	0	0
Total - Other LT Assets	226,978	14,658	14,658	14,658	14,658	14,658	14,658	14,658	14,658	0	0	0	0
Total Other Assets	459,530	247,211	247,211	247,211	247,211	247,211	350,311	350,311	372,437	357,779	408,506	364,518	260,600
Total Assets	154,410,830	150,077,507	151,774,726	149,342,113	147,366,680	151,783,782	159,849,881	166,119,922	162,963,602	161,453,967	159,907,534	167,613,889	166,576,910
Liabilities and Fund Balances													
Current Liabilities:													
Current maturities of long-term debt													
6011-2014-20143 Current Portion Series 2005A	912,235	912,235	912,235	956,067	956,067	956,067	1,204,693	1,204,693	1,204,693	1,204,693	1,204,693	1,204,693	1,241,378
Total - Current maturities of long-term debt	912,235	912,235	912,235	956,067	956,067	956,067	1,204,693	1,204,693	1,204,693	1,204,693	1,204,693	1,204,693	1,241,378
Accounts Payable:													
6011-2021-20210 AP-Trade Payables (System)	4,793,412	4,935,568	6,562,710	5,313,529	6,644,748	4,377,413	4,480,886	7,170,774	5,836,508	3,365,104	3,135,038	4,568,936	3,420,614
6011-2021-20213 AMEX Trade Payables	0	0	0	0	0	0	0	0	0	0	(175)	(175)	(175)
6011-2021-20214 AP Cardinal Invoices	346,442	362,878	476,904	553,034	584,934	535,133	564,933	333,134	304,041	536,217	499,250	289,207	206,049
6011-2029-20290 Other Accounts Payable	1,931,932	1,377,387	1,840,544	1,648,105	1,795,001	1,892,548	1,815,686	2,078,134	1,604,136	1,444,244	2,218,133	2,024,893	1,929,942
6011-2029-20295 AP - ASAP Program	145,659	145,659	145,659	145,659	145,659	145,659	145,659	145,659	145,659	145,659	145,659	145,659	144,936
6011-2029-20296 AP - Unearned Checks	28,205	28,205	28,205	31,362	31,362	31,362	31,362	31,362	31,362	31,362	31,362	31,000	41,228
6011-2029-20299 Patient Credit Balances	1,661,657	1,650,126	1,449,768	1,419,243	1,736,020	1,526,906	1,789,182	1,936,900	2,339,392	2,353,343	3,204,778	2,287,146	2,981,012
Total - Accounts Payable	8,951,317	8,499,802	10,503,067	9,152,052	10,866,103	8,508,298	8,808,995	11,028,972	10,263,374	8,164,209	9,233,323	9,345,046	8,703,606
Due to governmental agencies:													
6011-2061-20619 MCare - Withholding Clearing	0	0	0	0	0	0	0	0	0	0	0	0	10,784
6011-2061-22016 MCare Sitem 2016	0	0	245,417	245,417	245,417	245,417	245,417	245,417	245,417	245,417	245,417	245,417	245,417
6011-2061-22017 MCare Sitem 2017	253,617	253,617	583,212	583,212	583,212	583,212	0	0	0	0	0	0	0
6011-2061-22018 MCare Sitem 2018	0	0	40,443	215,321	11,583	0	0	0	0	0	0	0	0
6011-2062-22015 MCA Sitem 2015	0	23,496	0	0	0	0	0	0	0	0	0	0	0
Total - Due to governmental agencies	253,617	277,113	629,072	1,043,950	840,212	245,417	245,417	245,417	245,417	245,417	245,417	245,417	256,201
Due to related entities:													
6011-2050-20506 I/C AP - Verity Medical Foundation	0	0	0	0	0	0	0	0	0	19,475	89,925	114,325	1,625
6011-2050-20508 I/C AP - Verity Holding LLC 8 05	908,937	1,030,918	1,152,920	1,276,746	1,398,727	1,520,709	1,642,690	1,746,606	1,866,007	1,997,106	2,110,931	2,230,882	2,438,114
6011-2050-20532 I/C AP - Verity Business Services	5,624,528	5,786,466	5,886,751	5,882,437	6,006,366	6,810,332	7,296,745	8,007,454	8,581,610	9,026,089	9,750,557	10,227,854	7,840,155
6011-2050-20560 I/C AP - St. Vincent 8510	0	0	114,089	908,489	0	0	0	0	0	0	0	0	0
6011-2050-20587 I/C AP - St. Francis 8511	31,184,986	30,684,985	30,684,985	30,683,824	30,439,824	37,939,824	37,939,824	37,939,824	37,939,824	37,939,824	37,939,824	37,939,824	37,939,824
6011-2050-20591 I/C AP - Verity Health System 80	78,813,243	80,695,732	87,269,657	92,124,821	93,053,341	96,451,702	97,553,679	101,561,003	105,411,446	108,696,835	114,209,071	116,479,071	120,558,513
Total - Due to related entities	116,532,243	118,200,123	126,188,432	130,812,317	131,198,262	142,722,567	144,432,938	149,258,386	153,798,887	157,677,329	164,100,308	166,991,756	168,778,231
Accrued Liabilities- Payroll:													
6011-2031-20310 Accrued Payroll	3,110,934	2,928,370	3,538,751	1,643,947	2,422,874	3,130,773	2,827,331	3,864,687	3,629,910	1,872,174	2,247,692	3,115,180	2,663,735
6011-2035-20350 Federal Income Taxes Withheld	(83)	655,166	610,415	(242)	(242)	(242)	(242)	(242)	(242)	19,475	89,925	114,325	1,625
6011-2035-20350 FICA Social Security Taxes Withheld	254,236	611,822	611,278	117,251	160,192	183,156	649,680	807,791	741,515	161,635	198,518	205,958	639,350
6011-2037-20370 State Income Taxes Withheld	0	229,400	212,365	(43)	(43)	(74)	229,903	269,129	233,627	1,563	1,549	1,549	247,462
6011-2038-20380 Unemployment Taxes Payable	29,479	37,679	20,500	30,800	41,100	55,800	33,700	44,900	56,100	42,900	19,300	13,500	9,300
6011-2039-20390 Other PRR Ded - SDI Withheld	(2,325)	28,376	24,642	(2,384)	(2,384)	(2,405)	34,335	43,922	39,721	(2,137)	(2,137)	(2,137)	36,983
6011-2039-20390 Other PRR Ded - Union Dues	1,094	36,113	1,094	1,415	1,380	37,952	39,453	39,016	1,488	1,488	1,488	1,126	38,888
6011-2039-20390 Other PRR Ded - Flex Spending	38,015	42,014	43,862	44,963	43,313	47,037	54,008	52,865	48,159	54,185	59,741	66,409	76,176
6011-2039-20390 Other PRR Ded - VolB	0	2,357	0	0	0	0	2,708	3,171	3,349	40	40	40	3,455
6011-2039-20390 Other PRR Ded - Long Term Care	0	1,958	0	0	0	0	1,945	1,945	1,945	0	0	0	1,786
6011-2039-20391 Other PRR Ded-Short Term Care L	11,102	14,461	13,825	13,015	12,310	11,596	16,557	16,434	14,980	13,491	12,128	10,722	16,049
6011-2039-20390 Other PRR Ded - Defer Comp	47,768	411,413	31,515	396,082	40,185	122,113	445,636	383,338	400,131	394,446	(21,734)	151,618	363,540
6011-2039-20390 Other PRR Ded - Donations	185	205	600	810	740	850	740	850	965	1,140	1,065	1,305	1,025
6011-2039-20390 Other PRR Ded - Healthcare Reim	52,885	72,756	78,343	86,159	87,809	104,683	107,579	94,555	76,174	71,481	75,798	83,540	83,540
6011-2039-25100 Other PRR Ded - Gamblements	17	10,686	2,700	2,168	17	17	7,361	7,478	6,049	1,475	103	605	6,510
Total Payroll	3,543,314	5,082,613	5,188,773	2,326,804	2,805,910	3,647,557	4,888,208	6,426,429	5,882,933	2,624,323	2,959,897	3,540,380	4,805,836
Vacation & Other Compensated Absences													
6011-2032-20320 Accrued Vacation Holday & Sick L	7,982,300	7,785,757	7,782,385	7,877,646	7,720,804	8,011,907	7,682,276	8,445,317	8,584,882	8,768,033	8,639,817	8,795,071	8,368,836
Total - Vacation & Other Compensated Absences	7,982,300	7,785,757	7,782,385	7,877,646	7,720,804	8,011,907	7,682,276	8,445,317	8,584,882	8,768,033	8,639,817	8,795,071	8,368,836
Other:													
6011-2043-20430 Property Taxes Payable	0	13,297	26,594	39,891	53,188	64,735	0	12,714	25,428	0	0	0	0
6011-2048-20485 RPH Pension Funding	1,436,102	2,154,152	0	514,562	1,029,123	1,543,685	2,058,246	2,572,808	1,070,846	1,547,412	2,095,329	555,094	1,063,920
6011-2048-20486 DCHS Retirement Plan - 401 A	17,231	67,644	28,979	130,658	58,754	12,721	17,735	186,997	209,456	220,255	144,827	164,483	208,726
6011-2048-20490 Other Accrued Expenses Payable	25,925,143	25,222,052	25,972,066	25,525,382	4,983,582	4,782,025	5,217,858	4,044,495	5,038,985	3,606,392	4,116,253	5,764,249	5,764,249
6011-2048-20492 IBNR Accrued Liability - Medical	430,911	417,213	380,143	266,900	296,550	294,244	282,139	33,337	732,238	964,704	1,305,755	1,580,319	2,286,370
6011-2048-20493 Other Accrued Liab- Sales Tax	5,530	4,472	7,159	5,800	6,098	5,237	3,015	5,848	6,839	3,711	5,940	7,716	7,716
6011-2048-20494 IBNR Accrued Liability - Dental	0	0	14,216	15,029	165,642	171,307	178,036	169,468	143,650	144,842	144,842	225,874	225,874
6011-2048-20495 IBNR Accrued Liability - Vision	0	0	0	0	0	0	0	0	0	0	0	0	0
6011-2048-20496 Unearned Rent Credit	1,913	128,281	144,264	180,245	176,229	220,553	281,768	292,529	303,283	314,048	324,396	334,751	345,107
6011-2048-20497 Other Accrued Exp Pay Prov Fee FF	12,542,351	12,520,839	12,508,179	12,495,517	12,462,165	12,438,473	21,275,621	21,625,929	22,511,100	21,756,509	19,832,952	19,524,284	19,524,284
6011-2048-20576 Other Accrued Exp Pay Prov Fee MG	47,768	185	600	810	740	850	740	850	965	1,140	1,065	1,305	

Verity Health System
Seton Medical Center
Balance Sheet
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total - Unrestricted	(97,308,535)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,952,532)	(125,945,375)
Total Net Assets	(125,952,532)	(132,643,423)	(139,301,540)	(143,553,537)	(131,126,632)	(136,871,842)	(141,456,828)	(144,868,088)	(149,051,311)	(149,776,872)	(150,280,955)	(151,736,105)	(157,948,059)
TOTAL LIABILITIES AND FUND BALANCE	154,410,630	150,077,507	151,774,276	149,342,113	147,366,680	151,783,782	159,848,881	166,119,922	162,953,602	161,453,967	158,907,534	167,613,889	166,576,910

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Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
REVENUE													
IP Acute-Set Pay	\$1,999,870	\$713,716	\$410,631	\$1,609,676	\$663,376	\$1,063,667	\$1,214,740	\$669,155	\$667,700	\$777,959	\$1,171,993	\$188,234	\$927,711
IP Acute-Comming	(687,888)	207,305	0	0	0	70,293	230,999	0	201,348	113,244	348,797	717,497	728,363
IP Acute-Comm-MgCare	16,346,186	16,757,430	16,872,430	16,780,640	17,070,322	16,676,345	20,890,301	24,220,587	17,722,082	18,374,899	18,772,784	18,645,741	14,503,638
WIC Comp	2,364,654	2,304,287	4,012,151	3,149,704	2,307,558	2,031,363	872,280	4,636,849	2,461,384	2,311,545	4,334,025	1,697,661	2,877,292
MgCare	24,957,567	22,107,579	21,306,134	22,729,341	26,887,005	27,266,195	27,834,070	31,559,950	27,207,103	28,247,626	22,075,464	22,372,140	19,752,291
MgCare-MgCare	6,377,272	6,232,192	4,462,541	6,007,804	7,052,912	6,697,567	6,970,200	14,356,317	7,470,666	8,242,515	5,309,912	8,107,851	5,746,890
MgCare-MgCare	7,477,032	6,010,916	1,352,969	1,514,706	3,127,371	3,246,842	3,806,837	2,374,476	2,799,296	2,477,874	1,874,106	1,897,135	1,967,479
MgCare-MgCare	7,866,747	5,876,166	6,284,310	6,536,807	6,787,459	6,306,717	6,473,889	9,181,641	5,784,367	7,742,856	6,837,227	7,816,336	4,842,820
MgCare-MgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
Other-Indirect	489,409	0	0	0	0	0	0	0	0	0	0	0	0
Other	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390	1,777,390
Total Acute	62,282,999	57,127,337	59,500,214	58,821,891	64,537,735	59,765,357	71,712,146	87,470,254	63,551,060	72,840,124	62,726,311	62,788,353	51,578,038
SNF:													
Care-MgCare	326,764	317,699	437,334	410,847	430,535	511,307	727,943	765,063	137,486	44,540	457,156	740,036	901,931
WIC Comp	0	0	0	0	0	0	0	0	0	0	0	0	0
MgCare	3,418,897	3,657,461	3,787,531	4,184,345	4,179,411	5,179,827	4,989,110	2,241,737	3,474,354	3,408,537	2,167,861	3,442,933	3,442,933
MgCare-MgCare	302,274	316,621	302,844	290,310	278,414	0	0	0	0	0	0	0	0
MgCare-MgCare	5,087,177	6,172,459	5,018,954	4,232,553	4,483,016	4,379,824	4,619,310	5,695,933	5,124,454	6,112,440	6,064,367	6,064,367	6,064,367
MgCare-MgCare	3,491,112	3,582,682	3,578,640	3,026,799	3,360,879	3,375,323	3,162,473	3,702,965	4,231,336	4,233,346	4,255,836	4,255,836	4,255,836
Total SNF	12,621,705	13,116,643	13,111,791	11,851,026	12,723,158	12,245,919	13,621,453	14,265,093	12,925,053	13,801,411	13,920,168	14,225,854	13,931,555
Total Gross Inpatient Revenue	74,904,704	70,243,880	72,612,005	70,672,916	77,260,893	72,011,276	85,333,599	101,735,347	76,476,113	86,641,535	76,646,479	77,014,207	65,509,591
Gross Outpatient Revenue:													
Outpatient:													
Default-OP-Set	0	2,526	1,728	0	0	0	0	0	0	2,881	0	0	0
Set Pay	565,310	709,587	867,467	1,024,191	1,278,458	1,133,584	948,574	1,332,260	788,257	1,132,917	788,257	1,333,000	1,271,936
Comming	103,632	153,654	17,439	16,353	13,158	324,087	218,856	685,459	390,160	141,972	251,650	217,735	217,735
Care-MgCare	10,616,276	12,636,433	13,077,717	13,015,500	14,324,021	11,860,031	11,159,518	14,732,714	12,965,041	15,512,045	14,264,534	15,453,916	15,453,916
WIC Comp	766,275	239,410	651,152	656,363	285,497	599,099	458,152	1,017,669	1,017,669	1,017,669	1,017,669	1,017,669	1,017,669
MgCare	11,320,163	11,744,139	12,617,356	12,912,560	14,447,920	11,556,456	12,946,120	13,344,944	11,745,878	12,902,421	10,996,162	12,643,294	12,643,294
MgCare-MgCare	4,586,190	3,146,682	3,953,884	2,823,917	4,234,495	3,481,929	3,918,961	4,340,113	3,811,076	4,432,024	3,055,441	4,056,951	4,056,951
MgCare-MgCare	788,489	610,438	892,471	302,427	537,059	680,839	328,017	665,489	542,177	1,081,781	919,188	954,100	1,102,656
MgCare-MgCare	11,722,063	7,432,513	7,432,513	7,432,513	6,864,498	6,864,498	6,864,498	6,864,498	6,864,498	6,864,498	6,864,498	6,864,498	6,864,498
Other-Indirect	1,000	0	0	0	0	0	0	0	0	0	0	0	0
Other	(160,210)	1,313,430	70,689	(227,371)	512,311	346,172	268,787	(215,911)	479,538	(507,781)	337,878	133,188	(358,001)
Total OIP	38,902,543	36,865,192	42,537,800	39,013,037	42,563,047	39,594,257	41,415,293	43,928,575	35,821,917	43,072,352	39,936,478	44,411,443	43,322,092
Total Gross Outpatient Revenue	38,902,543	36,865,192	42,537,800	39,013,037	42,563,047	39,594,257	41,415,293	43,928,575	35,821,917	43,072,352	39,936,478	44,411,443	43,322,092
Total Gross Revenue	113,807,247	107,109,073	115,149,805	109,685,953	119,823,940	111,605,533	126,948,892	145,663,923	112,298,041	129,813,887	116,582,975	121,426,050	108,831,683
Deductions from Revenue													
Inpatient Contractual Allowances:													
Medical Traditional	20,032,419	22,539,030	33,306,933	22,779,100	29,824,801	24,631,055	24,158,718	24,215,031	1,152,377	33,672,838	26,142,145	26,408,499	21,362,253
Medical Traditional	18,016,201	18,033,234	9,045,130	16,378,281	15,132,442	18,553,269	18,553,269	26,653,878	18,553,269	18,553,269	18,553,269	18,553,269	18,553,269
HMO	28,728,261	23,830,873	23,893,366	27,177,642	29,491,632	26,300,942	26,300,942	26,300,942	26,300,942	26,300,942	26,300,942	26,300,942	26,300,942
Total - Inpatient Contractual Allowances	66,776,881	64,403,137	66,245,429	66,275,023	69,011,274	64,497,933	75,911,994	89,420,174	65,748,161	77,064,784	66,719,116	67,173,104	55,237,246
Outpatient Contractual Allowances:													
Medical Traditional	10,417,460	10,451,342	10,868,681	12,744,314	14,517,746	10,516,341	10,870,804	14,180,713	11,382,454	12,242,574	11,794,642	13,014,429	10,978,806
Medical Traditional	7,934,613	7,106,466	7,482,168	7,851,213	7,302,982	7,313,233	6,026,431	8,444,436	6,177,920	8,251,826	6,251,826	6,251,826	6,251,826
HMO	12,492,811	11,107,056	12,924,699	12,924,699	12,492,811	12,492,811	12,492,811	12,492,811	12,492,811	12,492,811	12,492,811	12,492,811	12,492,811
Total - Outpatient Contractual Allowances	30,837,904	29,658,786	33,809,802	31,520,138	34,145,057	31,129,955	33,645,518	35,376,131	29,096,689	35,038,725	33,007,952	35,312,679	36,602,897
ER Contractual Allowances:													
Medical Traditional	0	(27,300)	636,046	0	0	(448,314)	0	0	78,379	(100,638)	0	0	(500,671)
Medical Traditional	0	23,496	0	0	0	0	0	0	0	0	0	0	0
Total - ER Contractual Allowances	0	(13,610)	636,046	0	0	(448,314)	0	0	186,379	(100,638)	0	0	(350,681)
Provider Fees:													
Provider Fee - Medical	0	0	0	0	0	0	(2,307,067)	(1,114,161)	(108,532)	(708,532)	(708,532)	(708,532)	(708,532)
Provider Fee - Medical Managed Care	0	0	0	0	(22,273,971)	0	0	0	0	0	0	(8,736,231)	(1,337,846)
Total Provider Fees:	0	0	0	0	(22,273,971)	0	(7,707,057)	(1,114,161)	(708,532)	(708,532)	(708,532)	(9,444,767)	(2,046,477)
Other-Indirect													
Total - Contractual Allowances	96,491,826	90,685,315	99,691,543	93,193,110	81,786,360	95,179,614	101,550,454	123,662,139	94,322,698	111,294,349	99,019,138	93,041,016	89,442,805
Charity:													
Charity	354,055	895,576	89,121	583,156	351,076	532,235	616,561	371,332	292,216	(40,301)	(22,786)	501,973	492,536
Total - Charity Allowances	354,055	895,576	89,121	583,156	351,076	532,235	616,561	371,332	292,216	(40,301)	(22,786)	501,973	492,536
Other:													
Other	1,182,141	425,940	642,805	626,475	505,044	791,700	579,159	1,047,450	589,477	504,225	638,051	1,254,592	1,043,631
Total - Other Allowances	1,182,141	425,940	642,805	626,475	505,044	791,700	579,159	1,047,450	589,477	504,225	638,051	1,254,592	1,043,631
DSH													
Total - Deductions From Revenue	98,028,022	92,107,832	100,423,475	94,384,642	82,643,094	96,503,549	103,025,708	125,097,891	95,162,391	111,758,267	99,634,421	94,798,181	90,979,002
Pat. Rev. Net of Contractuals & Other Deductions	15,779,225	15,001,241	14,726,331	15,501,311	37,180,846	15,101,984	23,933,183	20,566,032	17,135,650	18,055,620	16,948,554	26,627,469	17,852,681
Provision for Doubtful Accounts	328,851	619,529	768,995	731,033	(430,421)	187,408	667,621	382,587	1,552,883	464,234	632,848	361,391	594,047
Net Patient Revenue	15,450,274	14,381,712	13,957,336	14,770,278	37,161,								

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Verity Health Systems
Soton Medical Center
Trended Income Statement
June 30, 2018

6/30/2017 7/31/2017 8/31/2017 9/30/2017 10/31/2017 11/30/2017 12/31/2017 1/31/2018 2/28/2018 3/31/2018 4/30/2018 5/31/2018 6/30/2018

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6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
\$46,164	\$13,334	\$0	\$25,417	\$139,957	\$180,656	\$293,350	\$61,236	\$18,660	\$22,228	\$166,887	\$18,660	\$18,660
55,526	0	0	0	0	0	0	0	0	0	0	0	0
36,040	18,420	118,612	9,701	18,422	0	0	0	0	0	9,701	0	0
0	36,040	1,542,615	0	230,025	9,951	23,023	36,040	0	0	0	0	0
56,620	164,912	20,273	44,660	20,273	30,521	61,026	30,521	9,701	9,701	128,814	128,814	128,814
42,723	30,523	0	176,120	55,875	206,726	31,549	33,522	11,744	167,640	111,740	111,740	111,740
0	0	0	0	5,723	31,722	0	11,448	5,723	0	0	0	0
49,411	51,081	22,921	92,878	49,425	97,912	42,981	38,987	97,912	97,912	34,778	43,989	43,989
11,838	11,499	419,135	556,152	62,996	53,604	0	0	21,882	56,525	34,778	0	0
9,436	7,666	33,516	31,416	0	29,962	0	14,146	9,436	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
8,835	7,666	33,517	31,416	21,341	26,294	15,018	16,758	0	0	16,758	27,432	27,432
5,018	4,780	1,273	6,280	4,116	8,363	7,297	6,425	8,113	1,548	8,404	11,154	11,154
103,176	56,202	21,927	66,851	11,555	42,553	139,399	34,387	93,818	26,161	101,062	57,236	57,236
0	0	1,832	778	1,879	0	0	0	778	0	778	2,334	2,334
1,000	0	0	0	205	255	0	1,200	0	121	654	500	0
70,366	20,790	5,039	10,267	10,108	10,108	21,101	24,240	14,003	0	27,338	5,234	16,007
76,033	0	0	211,842	187,396	72,102	244,650	81,420	43,637	1,596	204,158	51,722	204,158
7,310	6,579	1,655	6,579	6,579	6,579	1,655	1,655	4,500	14,405	4,100	11,330	11,330
0	0	0	0	0	0	0	0	0	2,460	3,306	0	0
9,912	9,337	4,947	15,233	17,053	12,116	20,044	12,592	11,949	5,109	14,297	12,207	7,835
0	0	0	0	0	0	0	0	0	0	0	4,585	4,585
0	10,238	6	5,117	0	5,079	0	6,436	6,436	0	8,960	0	0
0	5,802	0	11,864	0	10,357	12,654	17,150	0	0	11,873	0	0
31,349	20,602	13,625	18,719	39,830	50,281	7,022	34,874	79,656	12,163	24,514	41,202	41,202
99,237	62,625	47,260	112,563	82,367	112,563	42,382	42,382	99,237	118,834	58,005	49,651	49,651
25,523	2,460	0	9,273	41,842	27,272	61,171	14,182	79,963	794	66,235	22,476	72,871
66,638	5,126	0	0	0	3,799	52,019	0	0	0	0	0	0
6,863	0	0	0	0	19,263	0	0	0	0	0	0	0
6,001	1,302	631	12,624	609	6,473	6,336	2,915	1,976	762	3,420	4,459	8,482
17,275	1,505	0	1,005	6,423	0	0	1,005	0	1,005	6,947	4,897	4,897
10,389	416	416	7,167	2,460	2,460	2,852	316	421	0	2,460	2,460	2,460
0	0	0	282	0	0	0	0	0	0	0	0	0
3,975	3,233	0	0	2,226	0	0	2,312	2,312	0	2,312	0	0
1,995,670	173,716	215,871	1,609,875	863,146	1,063,561	1,314,182	569,135	622,099	222,856	1,171,993	118,224	922,211
0	0	0	0	0	0	29,332	0	0	3,106	16,664	129,992	46,864
18,458	0	0	0	0	0	0	0	0	0	0	0	0
0	18,402	0	0	0	0	18,402	0	92,010	0	0	36,834	71,409
11,114	0	0	0	0	31,532	0	0	0	0	18,402	0	0
0	29,346	0	0	0	11,171	42,382	22,348	0	33,552	79,216	22,348	0
5,723	0	0	0	0	0	0	0	0	0	0	0	0
5,517	8,842	0	0	1,188	0	0	0	7,332	0	7,013	10,101	21,713
0	83,586	0	0	0	46,266	0	0	0	0	90,302	126,633	146,329
0	25,184	0	0	0	25,426	0	0	0	0	0	16,265	66,052
0	0	0	0	0	0	0	0	0	0	0	406	878
0	16,842	0	0	0	32,517	0	0	0	0	0	0	0
505	261	0	0	11	1,207	0	31	318	1,029	2,927	57,671	57,671
4,062	2,852	0	0	6,143	9,437	0	11,881	0	32,245	62,847	1,687	1,687
0	0	0	0	8,424	0	0	1,066	0	778	1,676	276	0
0	0	0	0	10,189	0	0	760	0	904	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	47,622	0	0	0	0	0	0	0
0	731	6	0	2,824	731	0	0	0	62,134	50,274	0	0
1,232	874	0	0	2,233	1,652	0	2,313	2,313	2,460	7,306	14,320	14,320
0	0	0	0	0	0	0	0	0	2,094	19,963	17,081	17,081
0	0	0	0	0	0	0	0	0	0	0	0	0
4,217	0	0	0	0	0	0	0	27,983	6,963	0	9,913	0
(16,555)	18,679	0	0	5,688	0	0	14,423	9,127	1,917	12,687	29,793	29,793
6,166	0	0	0	2,930	2,854	0	0	0	8,558	14,833	177	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0		

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**Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018**

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
601-1760-4522 QP Comm Mgr/Care	151,258	201,355	417,765	503,541	567,649	512,181	567,800	416,714	533,960	619,200	720,571	758,456	814,743
601-1760-4523 QP Comm Mgr/Care	386,427	327,896	271,363	260,582	375,389	360,465	319,655	221,547	200,041	403,316	444,202	418,566	415,930
601-1760-4524 QP Comm Mgr/Care	255,755	273,461	494,371	423,673	488,824	433,021	448,923	531,114	504,333	602,310	590,367	512,526	512,526
601-1760-4525 QP Comm Mgr/Care	187,542	183,264	218,151	260,466	486,120	486,120	217,452	217,452	217,452	217,452	217,452	217,452	217,452
601-1760-4526 QP Comm Mgr/Care	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608	1,196,608
601-1760-4527 QP Comm Mgr/Care	255,195	954,026	1,018,190	1,338,652	1,018,190	885,526	852,020	870,217	429,204	1,139,927	588,141	1,432,073	1,771,623
601-1760-4528 QP Comm Mgr/Care	27,882	33,666	46,428	36,700	25,486	27,882	55,431	42,687	27,882	27,882	27,882	27,882	27,882
601-1760-4529 QP Comm Mgr/Care	51,361	41,317	27,882	27,882	27,882	27,882	27,882	27,882	27,882	27,882	27,882	27,882	27,882
601-1760-4530 QP Comm Mgr/Care	20,568	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555
601-1760-4531 QP Comm Mgr/Care	2,718	775,938	417,856	386,841	57,873	498,861	389,012	322,412	245,272	332,279	306,401	306,412	306,412
601-1760-4532 QP Comm Mgr/Care	2,416	2,416	8,722	2,130	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555	5,555
601-1760-4533 QP Comm Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4534 QP Comm Mgr/Care	1,290	4,502	3,441	836	254	1,905	6,148	2,166	2,736	1,425	1,648	4,795	4,795
601-1760-4535 QP Comm Mgr/Care	78,187	75,078	111,551	67,517	67,517	67,517	67,517	67,517	67,517	67,517	67,517	67,517	67,517
601-1760-4536 QP Comm Mgr/Care	58,193	68,581	78,680	78,680	64,638	58,193	43,212	43,212	43,212	43,212	43,212	43,212	43,212
Total Comm Mgr/Care	15,061,275	17,835,453	15,097,417	13,115,530	14,381,021	13,660,017	10,118,118	14,132,771	12,692,351	18,521,166	13,284,094	15,096,233	16,102,023
W/C Cmp													
601-1760-4537 QP Mgr/Care	50,100	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4538 QP Mgr/Care	0	0	0	0	0	0	0	15,182	0	18,982	0	0	0
601-1760-4539 QP Mgr/Care	0	0	0	0	0	12,212	12,212	0	0	10,008	17,214	4,110	7,922
601-1760-4540 QP Mgr/Care	0	0	0	18,765	0	0	2,251	0	0	0	0	0	23,980
601-1760-4541 QP Mgr/Care	0	0	0	0	0	0	10,840	0	0	0	0	0	0
601-1760-4542 QP Mgr/Care	71,800	89,807	57,003	61,121	59,429	85,887	102,507	96,556	78,147	103,828	118,511	123,827	134,320
601-1760-4543 QP Mgr/Care	14,449	900	0	0	0	0	0	557	0	0	0	0	0
601-1760-4544 QP Mgr/Care	161,312	64,815	222,428	166,625	47,193	77,816	65,216	160,439	238,947	248,699			
601-1760-4545 QP Mgr/Care	140,002	33,328	97,516	89,666	47,984	56,218	45,994	97,438	116,936	116,936			
601-1760-4546 QP Mgr/Care	8,484	27,818	27,818	44,841	44,841	44,841	44,841	44,841	44,841	44,841	0	0	0
601-1760-4547 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4548 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4549 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4550 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4551 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4552 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4553 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4554 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4555 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4556 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4557 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4558 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4559 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4560 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4561 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4562 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4563 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4564 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4565 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4566 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4567 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4568 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4569 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4570 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4571 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4572 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4573 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4574 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4575 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4576 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4577 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4578 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4579 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4580 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4581 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4582 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4583 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4584 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4585 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4586 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4587 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4588 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4589 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4590 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4591 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4592 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4593 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4594 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4595 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4596 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4597 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4598 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4599 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4600 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4601 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4602 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4603 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4604 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4605 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4606 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4607 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4608 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4609 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4610 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4611 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4612 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4613 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4614 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4615 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4616 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4617 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4618 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4619 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4620 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4621 QP Mgr/Care	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1760-4622 Q													

Verity Health Systems Seton Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
601-1702-44551 OP-Misc-Cat	5	6	8,436	0	0	12,576	0	12,256	0	0	0	0	12,584
601-1702-44551 OP-Misc-Cat	0	0	11,766	0	0	20,106	0	5,914	0	0	0	0	8,672
601-1702-44551 OP-Misc-Cat	3,482	8,374	7,560	6,561	7,613	5,261	7,545	5,551	2,877	7,648	5,410	8,862	9,830
601-1702-44551 OP-Misc-Cat	60,515	60,030	63,657	61,819	61,742	72,247	61,474	62,111	56,476	89,190	47,250	164,450	164,450
601-1702-44551 OP-Misc-Cat	874	0	549	0	0	0	0	1,119	0	0	0	0	1,281
601-1702-44551 OP-Misc-Cat	0	0	250	0	0	0	0	0	0	0	0	0	600
601-1702-44551 OP-Misc-Cat	0	5,099	10,188	10,188	10,188	5,099	10,688	0	0	5,334	0	0	24,240
601-1702-44551 OP-Misc-Cat	0	0	93,311	0	0	0	0	9,742	0	0	0	0	0
601-1702-44551 OP-Misc-Cat	17,514	21,530	22,861	19,154	10,965	17,544	28,124	24,430	24,500	22,500	23,400	25,200	34,740
601-1702-44551 OP-Misc-Cat	0	5,615	0	0	0	5,615	0	0	0	0	0	0	12,130
601-1702-44551 OP-Misc-Cat	41,683	20,196	28,177	30,514	32,067	32,155	41,722	84,478	12,621	34,789	58,430	61,991	36,440
601-1702-44551 OP-Misc-Cat	2,753	2,753	0	0	2,244	0	0	0	0	0	9,124	0	1,540
601-1702-44551 OP-Misc-Cat	132	19,208	3,624	7,214	4,168	14,948	14,948	1,625	801	9,041	29,178	1,371	0
601-1702-44551 OP-Misc-Cat	709	0	709	589	0	1,418	709	0	0	0	1,418	3,784	0
601-1702-44551 OP-Misc-Cat	247,452	85,532	0	1,073	1,073	6,351	0	4,848	22,641	144,773	121,666	441	1,106
601-1702-44551 OP-Misc-Cat	0	0	5,597	5,607	5,608	0	11,777	0	0	29,908	0	0	0
601-1702-44551 OP-Misc-Cat	79,015	48,502	76,032	51,667	74,632	74,301	53,335	62,124	74,611	177,337	152,794	199,074	176,432
601-1702-44551 OP-Misc-Cat	10,726	7,084	43,057	10,549	8,844	11,733	10,539	10,539	10,539	19,746	15,414	17,440	17,440
601-1702-44551 OP-Misc-Cat	3,313	0	10,633	1,073	8,777	6,310	4,306	25,661	3,353	3,267	2,169	2,714	6,618
601-1702-44551 OP-Misc-Cat	0	0	10,237	5,106	6,020	0	0	0	0	0	0	0	0
601-1702-44551 OP-Misc-Cat	0	681	0	1,006	948	0	0	0	0	1,266	0	0	0
601-1702-44551 OP-Misc-Cat	0	0	0	0	0	0	0	0	0	0	1,330	0	0
601-1702-44551 OP-Misc-Cat	0	0	0	0	1,247	0	0	0	0	0	0	0	0
601-1702-44551 OP-Misc-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1702-44551 OP-Misc-Cat	0	29	0	0	0	0	0	0	0	0	0	0	0
601-1702-44551 OP-Misc-Cat	0	2,226	4,610	0	0	0	1,637	1,637	0	3,970	1,587	11,006	2,372
Total Misc-Cat	708,468	615,330	892,411	522,427	557,708	660,838	328,551	605,488	546,177	1,039,181	875,168	824,100	1,102,688
Misc-Cat, Mrg-Cat													
601-1612-44552 OP-Misc-Cat Mrg-Cat	0	0	0	0	0	0	0	0	0	7,693	0	0	0
601-1612-44552 OP-Misc-Cat Mrg-Cat	0	0	0	0	0	0	11,786	12,834	0	0	0	0	0
601-1612-44552 OP-Misc-Cat Mrg-Cat	14,342	0	0	0	0	0	0	0	0	0	0	0	0
601-1612-44552 OP-Misc-Cat Mrg-Cat	24,196	70,830	133,156	55,461	42,831	10,606	13,316	32,943	42,941	30,558	11,416	0	0
601-1612-44552 OP-Misc-Cat Mrg-Cat	23,020	105,037	22,411	26,668	26,616	7,506	12,190	23,860	30,880	15,763	48,704	33,769	63,610
601-1612-44552 OP-Misc-Cat Mrg-Cat	41,283	53,408	78,386	31,632	30,628	21,612	10,990	46,287	30,246	51,279	31,692	33,300	44,471
601-1612-44552 OP-Misc-Cat Mrg-Cat	30,441	23,352	37,647	47,706	80,895	33,793	8,748	26,460	26,460	55,451	125,531	105,383	161,451
601-1702-44552 OP-Misc-Cat Mrg-Cat	1,743,091	1,620,561	1,742,652	2,137,933	1,612,427	2,111,064	2,111,064	2,211,661	2,502,446	2,251,262	2,155,914	2,217,413	2,217,413
601-1702-44552 OP-Misc-Cat Mrg-Cat	6,287	5,592	6,532	6,430	7,105	4,147	7,701	7,309	8,922	4,554	5,338	2,168	10,681
601-1702-44552 OP-Misc-Cat Mrg-Cat	75,142	81,875	84,652	75,515	93,382	89,416	142,262	76,945	18,124	102,195	102,195	102,195	102,195
601-1702-44552 OP-Misc-Cat Mrg-Cat	251,693	261,250	143,263	221,056	619,611	139,526	275,193	165,450	165,450	165,450	165,450	165,450	165,450
601-1702-44552 OP-Misc-Cat Mrg-Cat	311,176	213,614	213,614	213,614	213,614	213,614	213,614	213,614	213,614	213,614	213,614	213,614	213,614
601-1702-44552 OP-Misc-Cat Mrg-Cat	335,585	255,091	356,643	266,173	296,726	276,973	189,771	231,499	189,771	231,499	232,849	232,849	232,849
601-1702-44552 OP-Misc-Cat Mrg-Cat	346,817	261,437	323,309	323,309	323,309	323,309	323,309	323,309	323,309	323,309	323,309	323,309	323,309
601-1702-44552 OP-Misc-Cat Mrg-Cat	31,413	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810
601-1702-44552 OP-Misc-Cat Mrg-Cat	817,634	856,002	851,821	851,821	858,811	713,130	106,105	188,318	100,634	176,479	716,920	826,303	733,648
601-1702-44552 OP-Misc-Cat Mrg-Cat	87,878	90,886	91,188	109,505	77,081	51,637	51,637	51,637	51,637	51,637	51,637	51,637	51,637
601-1702-44552 OP-Misc-Cat Mrg-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1702-44552 OP-Misc-Cat Mrg-Cat	79,485	81,722	79,485	79,485	66,287	76,879	61,368	55,202	85,510	77,880	59,609	37,338	0
601-1702-44552 OP-Misc-Cat Mrg-Cat	121,316	61,722	169,230	169,230	163,380	241,411	177,453	614,115	177,453	327,055	238,140	333,336	333,336
601-1702-44552 OP-Misc-Cat Mrg-Cat	106,962	128,193	138,539	105,451	118,142	138,142	138,142	138,142	138,142	138,142	138,142	138,142	138,142
601-1702-44552 OP-Misc-Cat Mrg-Cat	44,120	38,696	38,696	38,696	38,696	38,696	38,696	38,696	38,696	38,696	38,696	38,696	38,696
601-1702-44552 OP-Misc-Cat Mrg-Cat	0	0	7,890	0	0	0	6,612	3,306	0	6,612	0	0	0
601-1702-44552 OP-Misc-Cat Mrg-Cat	363,471	326,450	361,133	326,591	326,591	313,793	400,640	606,631	205,834	401,582	400,216	441,024	365,558
601-1702-44552 OP-Misc-Cat Mrg-Cat	37,180	39,141	24,468	36,794	36,794	35,177	40,624	5,834	6,538	29,090	31,156	31,156	31,156
601-1702-44552 OP-Misc-Cat Mrg-Cat	179,458	193,465	163,825	163,825	163,825	163,825	163,825	163,825	163,825	163,825	163,825	163,825	163,825
601-1702-44552 OP-Misc-Cat Mrg-Cat	168,250	145,396	139,598	139,598	139,598	139,598	139,598	139,598	139,598	139,598	139,598	139,598	139,598
601-1702-44552 OP-Misc-Cat Mrg-Cat	132,664	261,617	261,617	261,617	261,617	261,617	261,617	261,617	261,617	261,617	261,617	261,617	261,617
601-1702-44552 OP-Misc-Cat Mrg-Cat	58,655	50,675	50,675	50,675	50,675	50,675	50,675	50,675	50,675	50,675	50,675	50,675	50,675
601-1702-44552 OP-Misc-Cat Mrg-Cat	507,064	519,332	631,477	567,749	310,250	626,870	596,000	794,851	361,367	751,514	745,051	768,036	666,801
601-1702-44552 OP-Misc-Cat Mrg-Cat	356,653	1,179,212	502,037	605,615	645,263	705,743	420,483	353,887	481,584	514,145	451,023	370,909	370,909
601-1702-44552 OP-Misc-Cat Mrg-Cat	31,365	19,017	71,330	27,103	37,409	33,029	44,747	47,965	30,360	48,495	29,584	31,946	21,947
601-1702-44552 OP-Misc-Cat Mrg-Cat	19,178	7,980	11,881	11,881	11,886	11,886	12,736	9,780	16,435	16,435	9,780	3,260	0
601-1702-44552 OP-Misc-Cat Mrg-Cat	0	0	0	0	0	0	0	0	0	7,430	14,860	0	0
601-1702-44552 OP-Misc-Cat Mrg-Cat	245,211	224,330	613,958	310,114	321,389	200,523	311,532	311,532	217,532	149,781	247,351	192,714	234,477
601-1702-44552 OP-Misc-Cat Mrg-Cat													

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Verity Health Systems Seton Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
HMO													
6011-5852-5485 C.A.Mcad PFS Outpatient	12,485,841	11,107,556	15,440,777	12,804,809	12,265,331	13,268,424	16,114,873	12,631,009	10,646,307	14,596,315	13,056,733	14,276,638	17,293,419
Total HMO	12,485,841	11,107,556	15,440,777	12,804,809	12,265,331	13,268,424	16,114,873	12,631,009	10,646,307	14,596,315	13,056,733	14,276,638	17,293,419
Total - Outpatient Contractual Allowances	30,837,904	29,265,786	33,809,802	31,520,138	34,149,057	31,129,995	33,645,518	35,376,131	29,696,689	35,038,725	33,007,952	35,312,679	36,602,097
ER Contractual Allowances:													
Medical Traditional													
6011-5811-5485 C.A.Mcad PFS Prior Settlement	0	(37,106)	630,046	0	0	(448,314)	0	0	186,379	(100,639)	0	0	(350,611)
Total Medical Traditional	0	(37,106)	630,046	0	0	(448,314)	0	0	186,379	(100,639)	0	0	(350,611)
Medical Managed Care													
6011-5821-54876 C.A.Mcad PFS Prior Settlement	0	23,496	0	0	0	0	0	0	0	0	0	0	0
Total Medical Managed Care	0	23,496	0	0	0	0	0	0	0	0	0	0	0
Total - ER Contractual Allowances	0	(13,610)	630,046	0	0	(448,314)	0	0	186,379	(100,639)	0	0	(350,611)
Provider Fees:													
Provider Fee - Medical													
6011-5811-54877 Provider Fee - Med-Cat	0	0	0	0	0	0	(7,707,067)	11,114,167	(708,532)	(708,532)	(708,532)	(708,532)	(708,532)
Total Provider Fee - Medical	0	0	0	0	0	0	(7,707,067)	11,114,167	(708,532)	(708,532)	(708,532)	(708,532)	(708,532)
Provider Fee - Medical Managed Care													
6011-5821-54876 Provider Fee - Med-Cat MgtCare	0	0	0	0	(22,273,971)	0	0	0	0	0	0	(8,736,353)	(1,317,844)
Total Provider Fee - Medical Managed Care	0	0	0	0	(22,273,971)	0	0	0	0	0	0	(8,736,353)	(1,317,844)
Total Provider Fees:	0	0	0	0	(22,273,971)	0	(7,707,067)	(1,114,167)	(708,532)	(708,532)	(708,532)	(9,444,767)	(2,046,478)
Deductions From Revenue													
Total - Contractual Allowances	96,491,826	90,685,315	99,691,543	93,193,110	81,786,360	95,179,614	101,859,454	123,682,139	94,322,698	111,284,348	99,019,136	93,041,016	89,442,895
Charity:													
Charity													
6011-5850-51810 Charity Care PFS Adult	90,744	1,189,547	142,531	122,711	214,618	445,518	51,031	136,959	443,413	0	205	7,334	2,195
6011-5850-51810 Charity Care PFS Pediatric	138,873	(34,873)	(34,873)	256,969	(34,326)	(133,127)	277,824	(7,647)	(417,189)	(13,976)	(12,265)	235,760	402,480
6011-5850-51810 Charity Care PFS Outpatient	124,436	56,342	154,149	203,316	171,342	219,364	318,909	224,230	333,998	(46,133)	0	53,449	81,817
Total Charity	354,055	1,210,816	262,807	582,996	350,632	532,755	640,962	373,322	760,222	(40,307)	(12,060)	396,543	486,592
Total - Charity Allowances	354,055	1,210,816	262,807	582,996	350,632	532,755	640,962	373,322	760,222	(40,307)	(12,060)	396,543	486,592
Other:													
Other													
6011-5230-51810 Admin Adm PFS Adult	915,963	(132,876)	361,823	261,384	102,832	119,054	253,861	540,459	316,110	183,200	267,105	613,481	496,278
6011-5230-51810 Admin Adm PFS Pediatric	268,172	368,816	713,243	314,082	407,837	614,635	776,870	601,891	743,292	371,076	348,844	611,111	647,813
Total Other	1,184,135	235,940	1,075,066	575,466	510,669	733,689	1,330,732	1,142,350	1,059,402	554,276	615,949	1,224,592	1,144,091
Total - Other Allowances	1,184,135	235,940	1,075,066	575,466	510,669	733,689	1,330,732	1,142,350	1,059,402	554,276	615,949	1,224,592	1,144,091
DSH:													
Total - Deductions From Revenue	98,028,022	92,107,832	100,423,475	94,384,642	82,643,094	96,503,549	103,025,708	125,097,891	95,162,391	111,758,267	99,634,421	94,798,181	90,979,002
Pat. Rev. Net of Contractuals & Other Deductions	15,779,225	15,001,241	14,726,331	15,501,311	37,180,846	15,101,984	23,923,183	20,566,032	17,135,650	18,055,620	16,948,554	26,627,469	17,852,681
Provision for Doubtful Accounts:													
6011-5880-51000 ProvDBad Debt Expense - IIP	328,951	619,529	768,995	731,033	(430,421)	167,408	667,621	382,567	1,552,883	464,234	632,848	361,391	594,047
Total: Provision for Doubtful Accounts	328,951	619,529	768,995	731,033	(430,421)	167,408	667,621	382,567	1,552,883	464,234	632,848	361,391	594,047
Net Patient Revenue	15,450,274	14,381,712	13,957,336	14,770,278	37,611,267	14,934,576	23,255,562	20,183,445	15,582,767	17,591,386	16,315,706	26,266,078	17,258,624
Other Revenue:													
Other Revenue													
6011-5320-55810 California	32,636	27,228	37,257	27,921	45,482	33,368	26,161	32,930	29,559	35,110	28,167	25,783	31,281
6011-5320-55810 Pharmacy	29,162	16,525	73,343	(22,525)	(2,118)	62,286	49,777	55,132	48,637	(24,314)	24,842	44,259	23,035
6011-5320-55810 Rental And Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0
6011-5320-55810 Medical Revenue Related Sales	579	150	443	345	307	683	733	236	236	573	207	625	469
6011-5320-55810 Other Operating Revenue	7,716	1,222	1,216	183,869	26,686	8,205	1,346,481	6,290	3,453,358	0	0	1,152,376	6,263
6011-5320-55810 Physical Therapy	0	0	0	0	0	0	3,907	0	0	0	0	0	0
6011-5320-55810 Janitorial And Maintenance	46	160	1,233	0	0	0	2,817	0	5,288	0	100	0	1,210
6011-5320-55810 Pathology Other Revenue	796	0	0	0	0	0	0	0	0	0	0	0	0
6011-5320-55810 Other Operating Revenue	0	0	0	0	0	0	8,431	1,109	0	0	0	0	0
Total Other Revenue	70,535	43,343	108,332	624,696	50,145	96,163	1,330,336	100,712	82,321	3,464,864	13,910	1,621,218	81,310
Rental Revenue													
6011-5310-55820 Physicians Offices And Other Rentals	4,300	4,300	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452
Total Rental Revenue	4,300	4,300	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452	4,452
Total Other Revenue	74,835	47,643	112,784	629,148	54,597	100,615	1,334,788	105,164	86,773	3,469,316	18,362	1,625,670	85,762
Unrestricted Contributions:													
Unrestricted Contributions:													
6011-8040-58555 Unrestricted Contributions	30,838	4,160	0	413	1,880	0	0	327,476	0	0	0	0	17,025
Total Unrestricted Contributions	30,838	4,160	0	413	1,880	0	0	327,476	0	0	0	0	17,025
Total Unrestricted Contribution	30,838	4,160	0	413	1,880	0	0	327,476	0	0	0	0	17,025
Total Revenues	15,555,947	14,435,517	14,070,379	15,649,768	37,687,745	15,835,190	24,390,343	20,616,145	15,669,340	21,060,896	16,374,068	27,871,747	17,341,421
EXPENSES:													
Productive Salaries:													
Productive Salaries													
6011-4010-10000 Mgrs & Supervisors	4,567	724	3,390	3,462	806	0	3,344	3,882	3,577	3,162	3,577	2,854	2,854
6011-4010-10000 Mgrs & Supervisors	0	11,161	10,714	10,354	9,972	3,007	8,717	9,782	10,160	16,146	10,237	9,908	9,908
6011-4010-10000 Mgrs & Supervisors	0	7,182	10,010	8,748	9,636	3,026	4,824	5,511	5,773	11,678	8,240	11,504	8,240
6011-4010-10000 Mgrs & Supervisors	0	3,214	3,300	2,864	808	0	6,199	5,960	10,262	8,811	11,287	8,905	8,905
6011-4010-10000 Mgrs & Supervisors	3,848	5,054	3,320	3,462	808	0	8,105	10,937	9,455	11,083	8,603	10,100	9,785
6011-4010-10000 Mgrs & Supervisors	12,519	12,411	14,474	13,353	654	15,363	13,433	28,664	26,529	28,198	26,524	23,761	23,761
6011-4010-10000 Mgrs & Supervisors	0	0	0	0	6,633	15,662	(5,592)	0	0	17,283	16,365	17,760	17,760
6011-4010-10000 Mgrs &													

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6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	B/S as of 12/31/17
0	0	0	0	0	70,844	(28,886)	89,943	86,134	174,625	136,862	127,261	187,846
156,675	156,261	156,330	156,456	119,845	110,772	97,243	111,778	101,634	124,704	122,702	119,711	113,742
4,556	(1,691)	0	0	0	0	0	0	0	0	0	0	88,841
297,835	304,259	331,065	309,371	341,035	300,551	297,243	348,625	343,456	345,064	326,313	324,376	296,188
47,189	34,594	42,172	47,686	46,457	42,655	34,006	45,634	41,626	52,396	45,136	42,835	45,654
156,760	149,931	181,211	157,785	140,756	135,647	156,825	146,727	154,750	144,750	151,655	149,726	139,726
125,456	113,161	151,189	154,222	162,858	152,560	133,867	149,248	145,214	156,531	151,689	144,428	144,428
40,755	47,210	53,518	51,307	63,425	51,307	51,318	50,276	49,234	49,234	51,078	49,645	60,655
0	0	0	0	0	674	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
836	1,152	935	1,541	1,129	2,307	1,968	482	410	3,188	22	6	158
81,795	85,771	81,890	79,399	82,944	82,056	78,189	89,192	87,645	79,534	89,544	87,053	87,053
0	0	0	0	0	0	0	0	0	0	0	0	0
43,411	1,439	18,926	15,544	29,916	70,762	11,884	22,742	3,853	1,810	149	0	0
0	41,838	27,922	29,376	27,227	29,386	25,760	30,591	42,412	39,377	36,648	37,331	37,331
6,519	10,200	4,755	(8,771)	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	733	0	517	(152)	1,455	3,540	0	0	0	0	0	0
79,256	97,129	110,778	120,932	111,749	97,043	91,890	96,119	90,700	99,199	106,333	90,040	87,029
27,616	26,427	27,858	24,361	37,851	42,967	30,026	37,054	34,780	33,479	35,672	45,846	57,871
0	0	0	0	0	7,414	2,137	5,095	8,839	9,656	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
9,769	15,445	12,715	4,183	5,266	(420)	1,043	0	906	927	2,165	27,847	23,744
20,032	12,567	57,020	36,114	40,804	40,804	31,542	35,515	7,369	6,597	13,198	24,401	24,401
371	3,056	4,673	7,201	849	295	7,733	7,453	7,733	11,127	7,733	452	75
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	1,825	4,982	0	0	0	6,483	12	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	4,438	11,692	0
0	0	0	0	0	0	0	0	0	2,208	0	475	0
0	0	0	0	0	0	0	5,117	(5,117)	0	0	0	0
2,569,521	2,569,521											

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Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
601-17420-71200 Vacation Holiday & Sick Leav	35,707	41,511	28,079	38,833	34,728	40,507	49,486	38,032	32,254	41,461	34,111	56,507	6,774
601-17420-71200 Vacation Holiday & Sick Leav	19,990	23,144	34,945	24,583	21,464	12,218	47,214	51,167	5,013	7,483	23,240	21,338	23,996
601-17420-71200 Vacation Holiday & Sick Leav	16,610	22,443	13,696	14,625	15,451	14,815	36,462	41,387	17,536	18,251	20,847	15,720	23,837
601-17500-71200 Vacation Holiday & Sick Leav	50,033	42,519	4,051	2,976	3,863	3,485	2,450	2,773	2,546	145	1,977	2,021	1,835
601-17500-71200 Vacation Holiday & Sick Leav	3,810	4,216	7,874	4,365	5,108	4,707	5,644	4,437	6,640	5,580	1,240	1,540	4,748
601-17500-71200 Vacation Holiday & Sick Leav	21,386	20,130	17,338	17,155	20,490	16,657	21,434	37,443	16,507	16,558	16,320	16,835	22,024
601-17500-71200 Vacation Holiday & Sick Leav	1,644	1,575	1,651	1,643	1,672	1,663	1,674	1,793	2,171	1,050	2,080	1,757	4,435
601-17500-71200 Vacation Holiday & Sick Leav	600	518	518	502	518	562	678	618	576	638	1,105	638	1,179
601-17630-71200 Vacation Holiday & Sick Leav	55,485	63,746	53,524	34,996	64,553	60,159	69,024	69,976	44,627	44,627	44,143	44,143	44,143
601-17630-71200 Vacation Holiday & Sick Leav	0	0	0	0	0	0	0	0	0	0	0	0	0
601-17630-71200 Vacation Holiday & Sick Leav	1,997	1,790	0	273	0	0	0	0	0	0	0	0	0
601-17630-71200 Vacation Holiday & Sick Leav	1,856	1,783	2,348	2,132	2,333	2,040	2,134	2,002	2,159	2,002	1,999	2,174	1,854
601-17630-71200 Vacation Holiday & Sick Leav	26,177	20,913	11,370	24,609	14,371	11,384	14,356	10,031	10,990	10,990	10,715	10,715	10,715
601-17630-71200 Vacation Holiday & Sick Leav	5,029	6,466	8,416	5,060	13,678	11,634	5,433	5,912	5,516	5,516	5,333	5,333	5,333
601-17630-71200 Vacation Holiday & Sick Leav	26,583	34,916	27,229	30,722	30,093	29,307	38,064	45,538	27,669	44,330	43,939	41,138	48,087
601-17720-71200 Vacation Holiday & Sick Leav	47,280	53,228	53,228	50,686	58,989	67,177	81,181	81,638	83,161	86,979	84,783	87,172	87,172
601-17720-71200 Vacation Holiday & Sick Leav	0	0	401	481	507	501	498	499	571	489	489	429	429
601-17720-71200 Vacation Holiday & Sick Leav	13,003	12,622	10,928	10,985	14,051	13,023	24,214	33,023	23,326	12,749	846	25,816	14,811
601-17720-71200 Vacation Holiday & Sick Leav	9,637	14,364	9,470	10,036	8,574	10,875	19,499	9,627	12,447	9,705	9,705	9,705	9,705
601-17720-71200 Vacation Holiday & Sick Leav	1,893	2,656	1,454	1,862	1,840	1,870	1,870	1,786	1,786	1,807	1,807	1,807	1,807
601-17720-71200 Vacation Holiday & Sick Leav	7,237	2,155	2,755	2,387	2,455	2,368	2,313	2,788	2,688	2,688	2,757	2,629	2,492
601-17720-71200 Vacation Holiday & Sick Leav	1,569	2,552	2,280	1,662	2,143	2,143	2,031	1,606	1,606	1,744	1,744	2,027	2,276
601-17881-71200 Vacation Holiday & Sick Leav	15,238	4,807	4,334	7,407	18,949	6,620	8,716	6,953	6,953	6,454	5,148	6,234	8,976
601-17881-71200 Vacation Holiday & Sick Leav	683	634	718	672	702	655	655	655	655	1,661	2,005	2,385	3,751
601-17881-71200 Vacation Holiday & Sick Leav	33,274	33,274	31,583	31,971	37,470	26,159	37,127	37,127	21,076	21,076	21,076	35,712	35,712
601-18380-71200 Vacation Holiday & Sick Leav	1,033	(20,266)	0	0	0	0	0	0	0	0	0	0	0
601-18380-71200 Vacation Holiday & Sick Leav	6,721	6,379	6,668	6,054	6,055	6,877	6,877	6,877	6,877	6,877	6,877	6,877	6,877
601-18380-71200 Vacation Holiday & Sick Leav	11,433	10,148	10,148	10,148	10,148	10,148	10,148	10,148	10,148	10,148	10,148	10,148	10,148
601-18440-71200 Vacation Holiday & Sick Leav	5,960	9,714	7,325	8,333	7,018	8,157	9,486	8,613	8,882	7,194	8,282	8,135	7,335
601-18440-71200 Vacation Holiday & Sick Leav	30,020	34,768	34,768	31,172	41,853	33,809	34,460	35,348	35,348	35,348	35,348	35,348	35,348
601-18440-71200 Vacation Holiday & Sick Leav	21,335	28,888	28,888	28,888	28,888	28,888	28,888	28,888	28,888	28,888	28,888	28,888	28,888
601-18440-71200 Vacation Holiday & Sick Leav	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320
601-18440-71200 Vacation Holiday & Sick Leav	4,652	4,517	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634
601-18440-71200 Vacation Holiday & Sick Leav	1,614	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
601-18440-71200 Vacation Holiday & Sick Leav	3,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026
601-18440-71200 Vacation Holiday & Sick Leav	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156	29,156
601-18530-71200 Vacation Holiday & Sick Leav	12,016	33,916	5,196	5,545	6,529	6,541	7,742	6,636	6,636	6,636	6,636	6,636	6,636
601-18530-71200 Vacation Holiday & Sick Leav	1,164	1,596	1,596	1,596	1,596	1,596	1,596	1,596	1,596	1,596	1,596	1,596	1,596
601-18530-71200 Vacation Holiday & Sick Leav	0	0	0	0	0	0	0	0	0	0	0	0	0
601-18530-71200 Vacation Holiday & Sick Leav	7,715	7,705	6,734	11,491	8,047	9,034	20,151	1,315	8,810	8,810	7,309	7,309	7,309
601-18530-71200 Vacation Holiday & Sick Leav	953	263	0	0	0	0	0	0	0	0	0	0	0
601-18530-71200 Vacation Holiday & Sick Leav	16,819	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936
601-18530-71200 Vacation Holiday & Sick Leav	2,882	4,112	5,506	4,967	4,908	4,202	4,572	4,621	4,360	4,621	4,621	4,621	4,621
601-18530-71200 Vacation Holiday & Sick Leav	0	0	0	0	0	0	0	0	0	0	0	0	0
601-18530-71200 Vacation Holiday & Sick Leav	5,120	7,888	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195
601-18530-71200 Vacation Holiday & Sick Leav	14,432	8,832	1,114	1,436	742	381	1,385	1,385	1,385	1,385	1,385	1,385	1,385
601-18530-71200 Vacation Holiday & Sick Leav	26,433	28,706	24,328	24,328	26,199	28,164	28,164	28,164	28,164	28,164	28,164	28,164	28,164
601-18530-71200 Vacation Holiday & Sick Leav	2,044	8,148	6,010	6,225	8,145	10,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
601-18530-71200 Vacation Holiday & Sick Leav	1,384	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826
601-18530-71200 Vacation Holiday & Sick Leav	0	0	0	0	0	0	0	0	0	0	0	0	0
601-18530-71200 Vacation Holiday & Sick Leav	9,183	14,715	14,496	11,613	11,613	12,287	15,772	11,772	11,772	11,772	11,772	11,772	11,772
601-18530-71200 Vacation Holiday & Sick Leav	5,237	12,005	10,646	10,249	10,249	10,249	10,249	10,249	10,249	10,249	10,249	10,249	10,249
601-18530-71200 Vacation Holiday & Sick Leav	1,568	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514
601-18530-71200 Vacation Holiday & Sick Leav	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 71200 Vacation Holiday & Sick Leav	1,633,364	1,349,967	816,836	804,309	927,644	1,021,103	1,221,771	1,232,345	1,061,412	910,093	827,026	1,130,230	1,439,462
71201 Overtime	6,647	1,581	(147)	2,611	12,782	6,161	21,214	13,464	15,396	1,356	3,782	839	14,642
601-14310-71201 Overtime	2,384	3,943	3,862	3,067	1,150	5,773	(4,003)	1,009	5,890	0	0	0	0
601-14310-71201 Overtime	2,899	(622)	3,782	5,517	15,159	10,911	(1,935)	1,600	5,890	1,356	3,782	839	14,642
601-14310-71201 Overtime	8,126	9,227	2,434	545	8,396	8,396	8,396	8,396	8,396	8,396	8,396	8,396	8,396
601-14310-71201 Overtime	10,007	8,816	2,862	889	8,816	15,225	12,466	9,278	7,033	14,642	12,051	15,164	15,164
601-14310-71201 Overtime	1,801	4,014	6,131	588	6,074	588	(67)	3,166	2,808	2,180	6,668	7,703	7,703
601-14310-71201 Overtime	0	0	0	0	0	0	(1,742)	1,742	1,742	1,742	1,742	1,742	1,742
601-14310-71201 Overtime	1,469	2,117	(1,429)	2,117	12,165	2,117	2,117	2,117	2,117	2,117	2,117	2,117	2,117
601-14310-71201 Overtime	1,264	2,226	6,666	3,837	17,386	7,386	1,734	5,816	6,227	(1,111)	6,227	6,227	6,227
601-14310-71201 Overtime	0	0	0	0	0	0	0	0	0	0	0	0	0
601-14310-71201 Overtime	5,285	(2,392)	0	0	725	(305)	0	476	0	0	0	0	0
601-14310-71201 Overtime	4,066	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
601-14310-71201 Overtime	3,697	1,504	4,167	1,787	7,622	(2,181)	10,581	1,437	885	(885)	2,447	2,447	2,447
601-14310-71201 Overtime	998	586	1,465	(157)	586	0	3,817	7,426	4,906	4,906	4,906	4,906	4,906
601-14310-71201 Overtime	(179)	544	0	56	0	96	(14,950)	0	0	0	0	0	0
601-14310-71201 Overtime	(1,729)	3,128	0	704	10,447	0	(1,862)	0	0	0	0	0	0
601-14310-71201 Overtime	0	0	0	0	0	0	0	0	0	0	0	0	0
601-14310-71201 Overtime	0	208	0	0	0	0	0	0	0	0	0	0	0
601-14310-71201 Overtime	518	(246)	(182)	192	0	0	2,195	3,511	487	189	4,830	(1,746)	0
601-14310-71201 Overtime	0	0	0	0	0	0	0	0	0	0	0	0	0
601-14310-71201 Overtime	0	583	422	0	0	0	0	0	0	0	0	0	0
601-14310-71201 Overtime	0	0	0	0	0	0	0	0	0	0	0	0	0
601-14310-71201 Overtime	0	1,447	2,744	87	365	433	1,107	5,678	(4,71)	6,829	(1,768)		

Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018

[illegible]

Registry:
70266 Registry Number: 70266

[illegible]

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Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
601-1-7420-73104 Knees-Total	0	0	6,463	0	0	0	0	0	0	0	0	0	0
Total 73104 Knees-Total	125,831	63,363	87,662	83,563	35,935	56,668	80,130	73,219	81,083	66,519	41,852	123,381	78,688
731-01-Hip-Total													
601-1-7420-73106 Hip-Total	2,710	44,951	79,471	30,841	40,742	49,842	43,875	55,333	16,810	12,711	9,371	34,013	41,380
Total 73106 Hip-Total	2,710	44,951	79,471	30,841	40,742	49,842	43,875	55,333	16,810	12,711	9,371	34,013	41,380
731-05-Hip-Partial													
601-1-7420-73105 Hip-Partial	11,366	512	2,256	628	0	7,881	1,844	628	6,006	3,800	8,265	7,800	130
Total 73105 Hip-Partial	11,366	512	2,256	628	0	7,881	1,844	628	6,006	3,800	8,265	7,800	130
731-07-Hip-Compression													
601-1-7420-73107 Hip-Compression	8,787	0	0	4,509	0	0	0	0	0	0	0	0	0
Total 73107 Hip-Compression	8,787	0	0	4,509	0	0	0	0	0	0	0	0	0
731-08-Valves-Heart													
601-1-7420-73108 Valves-Heart	6,801	17,296	(655)	0	5,800	0	0	0	5,995	5,100	0	5,800	0
Total 73108 Valves-Heart	6,801	17,296	(655)	0	5,800	0	0	0	5,995	5,100	0	5,800	0
731-09-Bone													
601-1-7420-73109 Bone	38,443	45,361	74,384	39,274	40,630	30,908	55,113	45,630	10,290	29,556	71,654	17,652	52,170
Total 73109 Bone	38,443	45,361	74,384	39,274	40,630	30,908	55,113	45,630	10,290	29,556	71,654	17,652	52,170
731-10-A/C/D & Leads													
601-1-7420-73110 A/C/D & Leads	101,600	53,615	45,230	27,451	33,106	27,863	38,686	34,219	0	42,471	58,558	163,130	68,471
Total 73110 A/C/D & Leads	101,600	53,615	45,230	27,451	33,106	27,863	38,686	34,219	0	42,471	58,558	163,130	68,471
731-11-Tissue													
601-1-7390-73111 Tissue	21,153	12,033	(8,955)	4,273	25,258	7,317	7,720	23,917	4,678	9,991	2,360	5,919	21,121
601-1-7420-73111 Tissue	0	0	18,013	11,366	2,759	8,612	301	4,725	13,074	1,867	3,900	(430)	0
Total 73111 Tissue	21,153	12,033	12,158	15,629	27,915	15,747	8,621	23,915	6,653	23,850	4,190	9,950	22,222
731-12-Rings-Angioplasty													
601-1-7420-73112 Rings-Angioplasty	3	3,100	1,430	0	0	0	0	0	0	0	0	3,100	0
601-1-7330-73112 Rings-Angioplasty	18	0	6,090	15	3,728	3,992	(118)	921	0	780	334	0	338
Total 73112 Rings-Angioplasty	21	3,100	7,520	15	3,728	3,992	(118)	921	0	780	334	3,100	338
731-13-Pumps-Intracranial													
601-1-7310-73113 Pumps-Intracranial	12,105	6,416	10,685	(625)	0	5,185	7,807	3,222	7,755	5,168	9,186	8,263	8,455
Total 73113 Pumps-Intracranial	12,105	6,416	10,685	(625)	0	5,185	7,807	3,222	7,755	5,168	9,186	8,263	8,455
731-14-Neuro-Simulation-Leads													
601-1-7420-73114 Neuro-Simulation-Leads	24,500	19,005	41,820	123,120	26,633	24,665	21,763	47,137	(22,742)	165	31,610	11,804	57,669
601-1-7500-73114 Neuro-Simulation-Leads	0	0	0	218	0	0	0	0	0	0	0	0	0
Total 73114 Neuro-Simulation-Leads	24,500	19,005	41,820	123,338	26,633	24,665	21,763	47,137	(22,742)	165	31,610	11,804	57,669
731-15-Vascular-Grafts													
601-1-7420-73115 Vascular-Grafts	2,809	704	4,335	2,804	19,619	3,247	1,496	4,637	1,316	3,018	2,935	3,673	1,455
601-1-7570-73115 Vascular-Grafts	0	50,388	0	0	0	47,786	0	0	0	0	21,834	0	4,384
Total 73115 Vascular-Grafts	2,809	50,992	4,335	2,804	19,619	51,328	1,496	4,637	1,316	3,018	21,834	3,673	7,839
731-16-Skins													
601-1-7420-73116 Skins	0	779	525	308	1,208	595	72	219	513	746	159	1,157	145
601-1-7470-73116 Skins	(5,400)	12,030	21,527	11,285	(1,979)	22,943	1,656	1,730	0	7,360	0	4,334	0
601-1-7420-73116 Skins	0	4,296	3,756	5,947	2,588	7,952	3,107	7,697	0	0	1,900	3,040	0
601-1-7420-73116 Skins	161	1,385	6,145	8,627	20,756	4,605	1,181	2,159	231	235	0	9,878	1,206
Total 73116 Skins	(6,219)	17,812	21,665	25,677	22,223	25,615	9,429	27,482	8,538	1,151	8,272	8,729	8,837
731-17-Silver-DS													
601-1-1730-73117 Silver-DS	84,000	80,000	51,600	109,700	81,600	171,200	142,876	101,080	43,803	71,490	50,115	15,600	108,930
Total 73117 Silver-DS	84,000	80,000	51,600	109,700	81,600	171,200	142,876	101,080	43,803	71,490	50,115	15,600	108,930
73200-Sutures & Sutureal Needs													
601-1-6010-73200 Sutures & Sutureal Needs	8	5	13	11	23	34	25	2	14	35	20	5	4
601-1-6200-73200 Sutures & Sutureal Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6700-73200 Sutures & Sutureal Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6800-73200 Sutures & Sutureal Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6900-73200 Sutures & Sutureal Needs	0	0	0	44	0	0	0	0	0	0	0	0	0
601-1-7000-73200 Sutures & Sutureal Needs	110	170	125	113	213	137	163	327	246	181	171	87	127
601-1-7100-73200 Sutures & Sutureal Needs	(1,453)	0	0	0	0	0	0	0	0	0	0	0	0
601-1-7200-73200 Sutures & Sutureal Needs	5,361	5,971	5,929	2,495	7,615	4,351	5,542	4,729	4,655	3,944	6,912	1,274	0
601-1-7300-73200 Sutures & Sutureal Needs	338	271	628	369	418	1,592	272	341	311	377	251	438	449
601-1-7400-73200 Sutures & Sutureal Needs	42	0	0	0	57	0	0	0	0	0	0	0	0
601-1-7500-73200 Sutures & Sutureal Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-7600-73200 Sutures & Sutureal Needs	0	89	147	140	146	244	505	0	0	0	0	0	0
601-1-7700-73200 Sutures & Sutureal Needs	67	0	0	0	0	0	1,889	238	0	0	0	0	0
601-1-7800-73200 Sutures & Sutureal Needs	1,871	167	154	186	291	429	121	175	920	6,432	7,109	529	0
601-1-7900-73200 Sutures & Sutureal Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-8000-73200 Sutures & Sutureal Needs	1,498	145	215	541	47	0	980	72	0	541	328	173	1,493
601-1-8100-73200 Sutures & Sutureal Needs	95	80	100	100	106	150	150	150	150	150	150	150	150
601-1-8200-73200 Sutures & Sutureal Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 73200 Sutures & Sutureal Needs	6,214	7,120	6,665	4,951	5,945	10,258	10,255	6,650	8,030	6,383	12,828	14,919	8,530
73201-Endomechanicals													
601-1-6010-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6100-73201 Endomechanicals	5	0	16	19	0	0	0	0	0	0	0	0	0
601-1-6200-73201 Endomechanicals	4	0	4	12	6	12	4	12	4	8	8	0	22
601-1-6300-73201 Endomechanicals	0	4	0	4	4	0	0	0	12	0	4	0	16
601-1-6400-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6500-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6600-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6700-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6800-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6900-73201 Endomechanicals	4	12	8	8	10	6	8	8	4	0	0	4	0
601-1-7000-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-7100-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-7200-73201 Endomechanicals	38,486	33,174	21,134	28,731	18,058	22,263	12,760	21,638	8,767	18,814	11,897	16,384	25,054
601-1-7300-73201 Endomechanicals	0	0	2,714	705	0	7,081	379	0	0	536	2,817	0	455
601-1-7400-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-7500-73201 Endomechanicals	7,144	9,891	4,854	4,854	4,854	4,854	4,854	14,484	107	18,294	1,181	0	0
601-1-7600-73201 Endomechanicals	0	2,447	0	0	0	0	0	0	0	0	0	0	0
601-1-7700-73201 Endomechanicals	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 73201 Endomechanicals	42,654	45,135	25,599	31,881	22,852	24,366	12,489	25,562	9,076	38,798	15,102	16,388	25,916
73202-Surgical-Packs & Sets													
601-1-6010-73202 Surgical Packs & Sets	25	(152)	31	48	25	42	22	17	28	54	28	10	(2)
601-1-6100-73202 Surgical Packs & Sets	193	0	36	36	0	33	55	0	66	45	0	37	0
601-1-6200-73202 Surgical Packs & Sets	29	114	35	0	0	0	50	0	28	4	0	0	0
601-1-6300-73202 Surgical Packs & Sets	0	237	121	0	0	0	17	11	4	39	13	0	9
601-1-6400-73202 Surgical Packs & Sets	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-6500-73202 Surgical Packs & Sets	0	237	121	0	0	0	17	11	4	39	13	0	9
601-1-6600-73202 Surgical Packs & Sets	1,183	0	890	0	0	831	655	791	751	717	536	737	72

Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018

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Verity Health Systems
Seton Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
7620 Repairs & Maintenance - Other Contract													
621-17510-7620 Repairs & Maintenance - Other Contract	3	0	0	0	0	3	0	0	3	0	0	48	0
621-17520-7620 Repairs & Maintenance - Other Contract	0	0	0	0	0	0	0	0	0	0	0	206	0
621-17420-7620 Repairs & Maintenance - Other Contract	2,644	1,335	1,843	2,455	2,245	1,564	1,688	2,140	2,558	2,018	1,850	1,745	1,948
621-17430-7620 Repairs & Maintenance - Other Contract	3	0	0	0	0	373	0	383	3	0	0	0	0
621-17440-7620 Repairs & Maintenance - Other Contract	3	0	0	0	0	0	0	6,774	0	0	0	0	0
621-18450-7620 Repairs & Maintenance - Other Contract	2	0	1,517	0	0	0	0	0	2	433	0	2,964	265
Total 7620 Repairs & Maintenance - Other Contract	7,644	1,335	3,780	7,495	7,245	1,966	1,699	7,533	9,397	7,450	3,764	4,968	2,774
76300 Purch-Serv Collection Agencies													
621-14330-76300 Purch-Serv Collection Agencies	7,661	8,663	9,557	10,451	7,657	37,263	6,536	(15,827)	7,736	4,689	49,528	(126,005)	0
Total 76300 Purch-Serv Collection Agencies	7,661	8,663	9,557	10,451	7,657	37,263	6,536	(15,827)	7,736	4,689	49,528	(126,005)	0
76900 Purch-Serv Outside Organization													
621-14010-76900 Purch-Serv Outside Organization	4,324	112	39	0	110	306	269	116	276	153	190	161	147
621-14010-76900 Purch-Serv Outside Organization	16	21	23	0	12	49	(100)	83	28	14	48	4	18
621-14010-76900 Purch-Serv Outside Organization	958	567	827	750	819	1,057	1,166	867	880	85	3,291	197	146
621-14010-76900 Purch-Serv Outside Organization	4	0	7	0	6	13	7	8	9	0	9	9	9
621-14010-76900 Purch-Serv Outside Organization	167	167	119	0	57	102	152	152	102	172	125	164	164
621-14010-76900 Purch-Serv Outside Organization	120	154	119	0	168	265	169	141	136	191	17	147	197
621-14010-76900 Purch-Serv Outside Organization	3	0	0	0	0	0	0	0	0	0	4,020	0	0
621-14010-76900 Purch-Serv Outside Organization	253	339	293	0	369	565	333	264	661	369	359	355	341
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	7,031	0	0	0
621-14010-76900 Purch-Serv Outside Organization	5,690	4,541	4,825	4,190	4,836	5,097	5,570	8,479	5,695	6,479	5,956	5,756	4,689
621-14010-76900 Purch-Serv Outside Organization	6	6	7	6	6	13	7	9	9	9	9	9	9
621-14010-76900 Purch-Serv Outside Organization	(173)	2,759	4,033	2,000	3,026	2,147	2,067	2,033	2,341	2,333	2,333	2,333	3,164
621-14010-76900 Purch-Serv Outside Organization	24,450	10,119	33,107	41,426	33,887	31,370	31,370	23,622	42,855	23,294	28,347	73,190	(10,476)
621-14010-76900 Purch-Serv Outside Organization	18	16	18	0	30	16	31	21	33	20	20	20	20
621-14010-76900 Purch-Serv Outside Organization	57	49	30	0	85	138	49	610	39	70	90	90	90
621-14010-76900 Purch-Serv Outside Organization	73	940	30	263	347	216	4,010	2,058	112	77	90	100	121
621-14010-76900 Purch-Serv Outside Organization	1,371	(267)	66	0	1,371	227	99	383	530	174	199	174	7,150
621-14010-76900 Purch-Serv Outside Organization	7,356	(652)	4,866	4,986	1,148	0	0	0	0	165	0	0	0
621-14010-76900 Purch-Serv Outside Organization	1,155	10,679	1,969	2,687	2,015	10,667	11,736	9,431	8,836	11,330	11,957	18,496	(872)
621-14010-76900 Purch-Serv Outside Organization	21	13	13	0	3	38	14	14	19	19	19	19	19
621-14010-76900 Purch-Serv Outside Organization	1,702	4,302	673	1,733	(1,733)	224	683	5,539	1,635	1,667	14,214	56	7,429
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	(555)	45	22	0	2,033	97	34	1,738	(3,046)	18	51	56	27
621-14010-76900 Purch-Serv Outside Organization	361	21	31	1,500	23	47	33	2,666	5,261	592	8,717	172	117
621-14010-76900 Purch-Serv Outside Organization	5,333	4,274	220	4,215	115	323	323	2,666	5,261	592	8,717	172	117
621-14010-76900 Purch-Serv Outside Organization	34,911	32,614	32,614	32,614	28,455	26,154	26,154	43,661	26,154	26,154	33,329	34,348	34,348
621-14010-76900 Purch-Serv Outside Organization	102	127	55	0	85	251	127	161	150	123	101	101	101
621-14010-76900 Purch-Serv Outside Organization	9,640	1,866	2,657	2,860	7,241	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	42	33	47	229	1,317	23,853	13,303	(3,416)	(3,397)	4,544	2,326	2,331	35
621-14010-76900 Purch-Serv Outside Organization	3	3	4	0	3	6	3	3	3	3	3	3	3
621-14010-76900 Purch-Serv Outside Organization	8	28	34	0	34	84	34	34	34	43	43	43	43
621-14010-76900 Purch-Serv Outside Organization	133	111	106	0	104	252	134	121	107	111	162	138	134
621-14010-76900 Purch-Serv Outside Organization	6,809	185	447	5,180	(95)	2,889	267	234	(208)	300	271	272	272
621-14010-76900 Purch-Serv Outside Organization	42,264	38,063	41,957	36,450	43,507	38,507	38,507	38,507	38,507	38,507	44,727	44,727	44,727
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	26	38	46	120	8	47	39	45	34	38	38	38	38
621-14010-76900 Purch-Serv Outside Organization	501-18420-76900 Purch-Serv Outside Organization	34,651	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160
621-14010-76900 Purch-Serv Outside Organization	8,254	7,817	8,254	19,601	14,611	14,611	14,611	14,611	14,611	14,611	14,611	14,611	14,611
621-14010-76900 Purch-Serv Outside Organization	71,636	41,366	32,478	43,378	37,157	38,833	73,341	45,576	30,080	7,837	50,576	45,135	45,135
621-14010-76900 Purch-Serv Outside Organization	84,491	87,627	85,421	91,876	59,886	131,641	87,500	37,077	45,540	188,495	126,781	188,771	188,771
621-14010-76900 Purch-Serv Outside Organization	(15,741)	16,448	312,317	148,804	60,793	33,147	60,793	119,991	119,991	119,991	10,240	14,729	14,729
621-14010-76900 Purch-Serv Outside Organization	16	4,543	0	2,053	48	12	14	14	19	24	18	18	18
621-14010-76900 Purch-Serv Outside Organization	8	12	(12)	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	3,016	1,548	63	5	0	0	0	2,189	2,189	0	216	0	0
621-14010-76900 Purch-Serv Outside Organization	147	147	147	157	157	157	157	157	157	157	157	157	157
621-14010-76900 Purch-Serv Outside Organization	661	654	675	820	641	767	166	672	670	699	501	645	1,151
621-14010-76900 Purch-Serv Outside Organization	11,672	1,445	(5,426)	3,190	8,979	281	2,717	(4,101)	10,214	8,190	2,247	1,918	6,594
621-14010-76900 Purch-Serv Outside Organization	12	8	8	0	3	26	104	19	14	19	19	19	19
621-14010-76900 Purch-Serv Outside Organization	26	21	26	3	29	29	29	29	29	29	29	29	29
621-14010-76900 Purch-Serv Outside Organization	8,068	3,580	3,155	1,614	(1,651)	1,180	552	676	(2,035)	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	47	29	18	0	28	67	75	43	19	26	47	47	47
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	2,875	33	2,337	1,318	5,615	7,471	3,224	5,143	1,074	24	4	2,178	0
621-14010-76900 Purch-Serv Outside Organization	16	25	8	0	3	1,100	12	8	22	13	18	27	13
621-14010-76900 Purch-Serv Outside Organization	1,708	619	653	653	0	3	639	639	639	639	639	639	639
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	20,516	19,883	36,495	69,879	21,162	10,735	27,335	33,871	(9,244)	18,160	(157,669)	0	0
621-14010-76900 Purch-Serv Outside Organization	4,076	3,702	3,787	3,955	3,784	3,784	3,784	3,784	3,784	3,784	3,784	3,784	3,784
621-14010-76900 Purch-Serv Outside Organization	9,313	8,163	5,013	6,943	6,943	6,943	6,943	6,943	6,943	6,943	6,943	6,943	6,943
621-14010-76900 Purch-Serv Outside Organization	16	8	0	0	3	115	34	0	16	29	24	877	0
621-14010-76900 Purch-Serv Outside Organization	2,256	29	4	0	3	4	168	176	4	7,032	0	0	0
621-14010-76900 Purch-Serv Outside Organization	4,363	596	1,554	11,532	18,568	(10,737)	22,552	8,337	7,959	11,745	24,237	7,332	7,332
621-14010-76900 Purch-Serv Outside Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
621-14010-76900 Purch-Serv Outside Organization	29	51	37	26	54	38	48	52	48	48	47	53	53
621-14010-76900 Purch-Serv Outside Organization	8,737	8,737	8,737	8,737	(34,948)	0	0	0	0	0	0	0	0
Total 76900 Purch-Serv Outside Organization	128,445	437,998	678,135	631,681	485,192	442,538	457,245	613,185	457,803	411,366	520,625	265,006	523,632
76950 Purch-Serv - Medical Center													
621-1757													

Verity Health Systems
Seton Medical Center
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Verity Health Systems Seton Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total 76500 Utilities-Other	186	0	479	196	207	217	0	0	0	0	2,712	0	292
Total - Utilities	201,351	162,109	185,706	188,338	216,084	187,849	171,022	147,448	154,564	158,199	167,602	162,131	110,165
Depreciation													
77-000 Dep-Amen-Improvements	0	0	0	1,107	1,371	0	0	0	0	0	0	0	0
601-1-8450-77700 Dep-Land Improvements	324	324	324	324	324	324	324	324	156	240	169	169	169
601-1-8810-77700 Dep-Land Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 77700 Dep-Amen-Improvements	324	324	324	1,426	1,695	324	324	324	156	240	169	169	169
77200 Dep-Amen-Bldgs & Improve	0	8,478	0	0	0	0	0	0	0	0	0	0	0
601-1-8450-77200 Dep-Amen-Bldgs & Improve	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-8810-77200 Dep-Amen-Bldgs & Improve	66,604	71,563	122,032	72,541	72,641	72,641	72,641	72,641	66,166	69,125	89,104	68,492	66,713
601-1-8810-77200 Dep-Amen-Bldgs & Improve	45,583	45,579	66,256	66,079	66,493	66,019	65,995	65,935	45,905	65,159	65,144	66,170	65,436
Total 77200 Dep-Amen-Bldgs & Improve	112,187	117,142	188,288	138,620	139,134	138,660	138,636	138,576	112,071	134,284	154,248	134,662	132,149
77400 Dep-Amen-Equip	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-8450-77400 Dep-Amen-Equip	276,218	318,683	318,735	318,673	351,363	314,875	358,831	358,831	164,852	253,677	256,212	261,656	281,439
601-1-8810-77400 Dep-Amen-Equip	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 77400 Dep-Amen-Equip	276,218	318,683	318,735	318,673	351,363	314,875	358,831	358,831	164,852	253,677	256,212	261,656	281,439
Total - Depreciation	498,728	499,396	517,355	489,164	491,322	483,359	497,190	497,190	276,782	388,181	390,629	396,485	442,807
Amortization:													
77200 Dep-Amen-Intangible Assets	0	0	0	0	0	48,445	11,872	13,655	14,761	14,761	18,989	19,989	14,182
601-1-8810-77200 Dep-Amen-Intangible Assets	0	0	0	0	0	48,445	11,872	13,655	14,761	14,761	18,989	19,989	14,182
Total 77200 Dep-Amen-Intangible Assets	0	0	0	0	0	48,446	11,872	13,655	14,761	14,761	18,989	19,989	14,182
Total Amortization	0	0	0	0	0	48,446	11,872	13,655	14,761	14,761	18,989	19,989	14,182
Interest Expense:													
76400 Interest Expense - Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-8450-76400 Interest Expense - Long Term Debt	501,701	496,594	496,536	496,594	496,536	496,594	496,594	496,594	492,376	497,194	496,594	496,594	496,536
601-1-8810-76400 Interest Expense - Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76400 Interest Expense - Long Term Debt	501,701	496,594	496,536	496,594	496,536	496,594	496,594	496,594	492,376	497,194	496,594	496,594	496,536
76400 Interest Expense - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-8450-76400 Interest Expense - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
601-1-8810-76400 Interest Expense - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76400 Interest Expense - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Interest Expense	501,701	496,594	496,536	496,594	496,536	496,594	496,594	496,594	492,376	497,194	496,594	496,594	496,536
Total - Interest Expense	455,654	447,279	443,515	447,533	442,434	441,855	500,452	385,040	424,238	480,322	443,039	438,365	445,199
Total Expenses	15,455,285	21,326,408	20,528,592	19,901,760	25,261,040	20,780,200	28,975,329	24,027,404	19,852,562	21,786,258	21,878,151	24,326,897	23,556,532
Operating Income	100,682	(6,890,891)	(6,458,123)	(4,251,991)	12,426,705	(5,745,010)	(4,584,986)	(3,411,260)	(4,183,222)	(725,561)	(5,504,083)	3,544,850	(6,215,111)
Investment Income:													
Net Income	100,682	(6,890,891)	(6,458,123)	(4,251,991)	12,426,705	(5,745,010)	(4,584,986)	(3,411,260)	(4,183,222)	(725,561)	(5,504,083)	3,544,850	(6,215,111)

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Verity Health System St Vincent Medical Center Balance Sheet June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Assets													
Current Assets:													
Cash	\$3,504,267	\$1,455,208	\$4,096,766	\$3,272,771	\$2,826,294	\$6,951,593	\$16,134,157	\$5,874,337	\$5,073,445	\$53,578	\$3,853,147	\$3,030,414	\$2,706,294
Accounts Receivable	404,432,302	405,586,624	401,628,183	421,064,398	444,583,036	452,196,151	467,786,058	501,470,589	507,996,584	916,131,724	534,502,710	520,123,071	504,980,542
Contractual Allowances	(344,376,177)	(344,518,355)	(340,062,595)	(358,477,628)	(378,325,145)	(387,072,587)	(401,629,769)	(431,525,399)	(438,335,356)	(445,629,331)	(462,589,494)	(460,340,298)	(440,341,597)
Allowance for Uncollectible Accounts	(16,194,296)	(14,440,949)	(17,673,345)	(19,440,154)	(21,533,394)	(22,937,012)	(23,544,912)	(24,488,820)	(25,946,492)	(28,239,658)	(28,600,435)	(27,960,878)	(26,004,379)
Net Accounts Receivable	45,861,828	46,627,320	43,902,331	43,146,616	45,129,526	42,186,552	42,611,317	45,478,350	43,808,735	42,262,735	43,312,780	41,821,897	38,634,566
Due from Governmental Agencies	5,537,065	5,673,727	5,348,887	5,411,593	5,505,652	5,580,118	5,662,417	5,317,534	3,431,822	3,498,686	3,558,802	3,648,976	3,709,092
Due from Related Corporations	17,611,259	18,102,028	8,755,586	7,955,886	7,417,647	7,049,133	7,427,544	7,916,570	8,242,497	8,767,416	9,081,049	9,482,147	7,953,337
Supplies Inventories, at cost	6,896,857	6,724,240	6,760,247	6,753,716	6,763,880	6,727,083	6,781,451	6,784,677	6,774,781	6,811,312	6,804,385	6,813,509	7,340,499
Other Current Assets	6,637,579	6,859,955	6,080,353	5,810,509	8,389,272	6,310,530	14,853,478	17,014,718	15,078,201	14,479,340	11,531,451	10,285,901	9,071,081
Total Current Assets	85,848,795	85,519,478	72,944,570	72,351,091	76,033,272	74,810,008	93,470,355	88,394,185	82,459,481	75,873,058	76,141,613	75,082,844	68,915,459
Assets Limited as to Use:													
Board-designated for - Donor-Restricted	3,038,963	3,038,963	3,038,963	3,038,963	3,092,500	3,092,500	3,113,496	3,113,496	3,113,496	3,113,496	3,113,496	3,113,496	3,068,525
Assets Limited as to Use	3,038,963	3,038,963	3,038,963	3,038,963	3,092,500	3,092,500	3,113,496	3,113,496	3,113,496	3,113,496	3,113,496	3,113,496	3,068,525
Net Operating Property, Plant & Equipment													
Land	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040	6,387,040
Land Improvements	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712	2,238,712
Buildings/LE	74,791,005	74,801,629	74,801,636	75,041,284	75,041,284	75,041,284	75,041,284	75,041,284	75,041,284	75,041,284	75,041,284	75,041,284	75,041,284
Buildings Service Equipment	81,843,965	81,843,965	81,896,772	81,905,865	81,905,865	81,905,865	81,919,176	81,919,176	81,919,176	81,919,176	81,919,176	81,919,176	81,919,176
Equipment	139,484,042	139,630,561	139,791,685	139,917,150	140,019,586	140,294,032	140,479,915	140,705,102	141,052,591	141,077,893	141,541,754	142,948,366	144,158,375
Construction in Progress	3,912,630	4,062,563	4,322,780	4,048,172	4,594,826	4,975,810	5,961,922	7,168,522	7,212,432	7,385,509	7,888,266	7,649,389	8,231,321
Total Fixed Assets	288,657,394	288,973,845	289,438,825	289,538,222	290,187,312	290,824,741	292,028,047	293,459,635	293,851,234	294,324,558	295,283,173	296,470,908	296,496,622
Less - Accumulated Depreciation	(243,571,775)	(244,059,498)	(244,525,821)	(244,992,179)	(245,458,841)	(245,925,735)	(246,391,801)	(246,833,880)	(247,263,477)	(247,735,676)	(248,199,157)	(248,799,084)	(249,372,105)
Net Operating PP&E	45,085,618	44,914,347	44,913,004	44,546,043	44,728,471	44,910,006	45,636,246	46,625,755	46,587,757	46,588,880	47,094,016	47,669,824	47,124,517
Other Assets:													
Notes Receivable LT	0	0	0	0	0	0	0	0	0	0	0	0	0
Other LT Assets	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342
Total Other Assets	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342
Total Assets	133,986,718	133,486,130	120,909,879	119,949,439	123,867,585	122,832,856	142,233,348	138,146,878	132,104,076	125,588,785	128,362,466	125,970,605	119,121,843
Liabilities and Fund Balances													
Current Liabilities:													
Current maturities of long-term debt	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	866,662
Accounts Payable	13,855,515	13,580,900	15,494,532	17,679,367	16,881,330	14,101,676	14,224,509	15,753,929	17,605,592	13,804,039	14,575,319	16,798,508	13,432,059
Due to governmental agencies	1,513,250	1,513,250	2,980,749	2,165,630	2,275,116	1,235,139	1,569,768	1,928,022	1,783,617	1,808,721	1,794,243	1,698,019	1,728,085
Due to related entities	216,878,561	220,922,135	211,198,105	216,635,625	220,764,334	228,841,043	244,872,797	240,105,717	238,793,265	243,260,426	251,372,945	255,975,344	261,718,324
Accrued Liabilities-													
Payroll	1,573,584	2,322,726	2,854,522	1,553,301	2,200,205	1,457,749	2,465,129	3,082,161	2,945,558	1,736,663	4,468,099	1,673,631	2,070,199
Vacation & Other Compensated Absences	5,388,668	5,287,874	5,331,604	5,245,114	5,404,634	5,390,342	5,969,809	5,738,083	5,800,634	5,908,073	6,096,761	6,200,997	6,220,094
Other	15,384,616	16,523,463	16,031,576	17,478,911	23,097,803	22,713,239	34,625,557	36,875,564	36,133,734	36,585,264	36,925,908	34,633,275	38,897,856
Total Current Liabilities	256,426,351	260,978,505	253,944,244	261,589,106	271,436,578	274,572,345	304,190,766	302,336,642	303,895,557	300,986,342	315,068,451	315,872,929	320,033,230
Other Liabilities:													
Pension Plan LT	71,180,000	71,323,417	71,466,833	69,246,500	69,389,917	69,533,333	66,131,500	66,274,917	66,420,875	63,609,782	63,793,209	63,896,625	56,449,000
Other Liabilities LT	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,340,873	2,473,615
Total Other Liabilities	73,520,873	73,664,289	73,807,706	71,587,373	71,730,789	71,874,206	68,472,373	68,615,789	68,761,748	65,950,654	66,094,081	66,237,498	58,922,615
Long-Term Debt:													
Bonds Payable	54,192,044	54,122,615	54,053,185	53,983,755	53,914,325	53,844,896	53,775,466	53,706,036	53,636,606	53,567,177	53,497,747	53,428,317	53,325,382
Total Long-Term Debt	54,192,044	54,122,615	54,053,185	53,983,755	53,914,325	53,844,896	53,775,466	53,706,036	53,636,606	53,567,177	53,497,747	53,428,317	53,325,382
NET ASSETS:													
Unrestricted	(209,554,061)	(253,917,292)	(253,917,292)	(254,917,292)	(254,917,292)	(254,862,777)	(254,862,777)	(254,862,777)	(254,862,777)	(254,682,350)	(254,682,350)	(254,682,350)	(250,005,808)
YTD Net Income	(42,863,231)	(4,627,729)	(10,243,707)	(15,559,245)	(21,616,087)	(25,915,093)	(32,662,774)	(34,969,987)	(42,661,333)	(48,645,323)	(54,538,738)	(58,216,063)	(68,396,721)
Temporarily Restricted	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941
Permanently Restricted	2,742,801	2,742,801	2,742,801	2,742,801	2,742,801	2,796,338	2,817,334	2,817,334	2,817,334	2,817,334	2,817,334	2,817,334	2,772,204
Total Net Assets	(249,151,549)	(255,279,278)	(260,895,256)	(267,210,794)	(273,214,109)	(277,458,590)	(284,205,276)	(288,511,589)	(294,189,835)	(299,915,398)	(306,297,813)	(309,568,140)	(313,159,384)
TOTAL LIABILITIES AND FUND BALANCE	133,986,718	133,486,130	120,909,879	119,949,439	123,867,585	122,832,856	142,233,348	138,146,878	132,104,076	125,588,785	128,362,466	125,970,605	119,121,843
Total Assets	133,986,718	133,486,130	120,909,879	119,949,439	123,867,585	122,832,856	142,233,348	138,146,878	132,104,076	125,588,785	128,362,466	125,970,605	119,121,843
Total Liabilities	383,138,267	398,765,408	381,805,135	387,160,233	397,081,694	402,291,440	426,438,625	426,618,468	426,293,911	425,504,183	434,662,280	435,538,745	432,781,227
Total Equity	(249,151,549)	(255,279,278)	(260,895,256)	(267,210,794)	(273,214,109)	(277,458,590)	(284,205,276)	(288,511,589)	(294,189,835)	(299,915,398)	(306,297,813)	(309,568,140)	(313,159,384)

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8510-1251-12017 CIP - FYE 2017	1,201,388	1,277,471	1,389,129	1,051,629	1,164,515	1,533,616	1,514,107	1,580,523	1,580,523	1,589,858	1,710,483	1,693,375	0
8510-1251-12018 CIP - FYE 2018	0	21,063	43,947	89,955	175,826	207,214	656,216	1,701,977	1,754,637	1,755,341	2,034,469	2,075,006	5,274,844
Total: Construction in Progress	3,912,630	4,062,563	4,322,780	4,046,172	4,584,826	4,975,810	5,961,922	7,168,522	7,212,432	7,385,569	7,889,266	7,649,389	6,231,321
Total Fixed Assets	288,657,394	288,973,845	289,438,825	289,538,222	290,187,312	290,842,741	292,024,047	293,459,835	293,851,234	294,324,556	295,293,173	296,470,908	295,496,622
Less - Accumulated Depreciation:													
8510-1260-12600 ACCUM DEPR - OTH LAND IMP	(2,108,470)	(2,109,388)	(2,110,267)	(2,111,165)	(2,112,063)	(2,112,951)	(2,113,859)	(2,114,739)	(2,115,620)	(2,116,500)	(2,117,380)	(2,118,260)	(2,119,141)
8510-1271-12710 Accum Dep - Hospital Building	(51,979,082)	(52,137,526)	(52,294,801)	(52,452,770)	(52,610,738)	(52,768,645)	(52,926,465)	(53,084,277)	(53,242,065)	(53,399,815)	(53,557,591)	(53,715,324)	(53,873,043)
8510-1275-12750 Accum Dep - Fixed Equipment	(54,389,524)	(54,495,580)	(54,601,636)	(54,707,692)	(54,813,747)	(54,919,802)	(55,025,857)	(55,131,912)	(55,237,967)	(55,344,022)	(55,450,077)	(55,556,132)	(55,662,187)
8510-1280-12800 A/D-LEASEHOLD IMPROVEMENTS	(3,014,776)	(3,026,356)	(3,037,936)	(3,049,516)	(3,061,096)	(3,072,676)	(3,084,256)	(3,095,836)	(3,107,416)	(3,118,996)	(3,130,576)	(3,142,156)	(3,153,736)
8510-1291-12910 Accum Dep - Major Movable	(129,149,503)	(129,378,262)	(129,607,021)	(129,835,780)	(129,820,052)	(130,015,407)	(130,210,762)	(130,406,117)	(130,601,472)	(130,796,827)	(130,992,182)	(131,187,537)	(131,382,892)
8510-1294-12940 Accum Dep - Corp Allocated Eqp	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)	(2,920,419)
Total: Less - Accumulated Depreciation	(243,571,775)	(244,059,498)	(244,525,851)	(244,992,179)	(245,458,841)	(245,925,735)	(246,391,901)	(246,858,980)	(247,326,477)	(247,793,672)	(248,260,867)	(248,728,062)	(249,195,257)
Net Operating PP&E	45,085,618	44,914,347	44,913,004	44,546,043	44,728,471	44,917,006	45,636,146	46,676,855	46,587,757	46,588,880	47,094,016	47,762,924	47,124,511
Other Assets:													
Notes Receivable LT:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total: Notes Receivable LT	0	0	0	0	0	0	0	0	0	0	0	0	0
Other LT Assets:													
8510-1350-13505 Deposit - Long Term	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
8510-1350-13555 Prepaid Expense - Long Term	10,342	10,342	10,342	10,342	10,342	10,342	10,342	10,342	10,342	10,342	10,342	10,342	10,342
Total: Other LT Assets	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342
Total Other Assets	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342	13,342
Total Assets	133,966,718	133,465,130	129,909,879	119,949,439	123,667,585	122,832,856	142,233,348	138,146,678	132,104,076	125,588,785	128,362,466	125,970,605	119,121,843
Liabilities and Fund Balances													
Current Liabilities:													
Current maturities of long-term debt	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	866,662
Total: Current maturities of long-term debt	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	833,157	866,662
Accounts Payable													
8510-2021-20210 ACCOUNTS PAYABLE	9,351,224	8,549,713	10,323,202	11,476,401	10,971,503	6,838,622	7,104,805	8,311,687	9,770,931	5,197,995	5,033,549	6,496,352	5,865,295
8510-2021-20213 AMEX Trade Payables	0	0	0	0	0	0	525,290	(72,000)	0	0	0	(115,739)	0
8510-2021-20214 AP Cardinal Invoices	272,085	347,282	302,048	324,132	365,334	473,777	325,318	150,226	509,584	659,857	1,008,170	1,005,137	479,297
8510-2021-20215 AP PATIENT REFUND	3,489,071	3,565,171	3,529,734	4,282,982	4,109,004	4,284,033	4,122,091	5,259,160	6,167,554	6,589,400	6,549,400	6,548,387	6,548,387
8510-2021-20216 AP - PATIENT REFUND	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)	(8,948)
8510-2021-20217 AP - ASAP Program	103,596	103,596	103,596	103,596	103,596	103,596	103,596	103,596	103,596	103,596	103,596	103,596	103,596
8510-2021-20218 AP - Unclaimed Checks	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167
8510-2021-20219 Patient Credit Balances	592,318	989,919	1,160,734	1,437,026	2,165,733	2,396,428	1,986,108	1,729,313	1,926,051	1,659,536	2,006,498	2,774,311	2,377,462
Total: Accounts Payable	13,853,515	13,580,500	15,404,532	17,679,397	16,861,330	15,107,676	14,224,509	15,783,029	13,804,039	14,574,319	16,798,508	13,432,059	
Due to governmental agencies:													
8510-2061-22012 McCar Stent 2012	289,427	289,427	289,427	289,427	289,427	289,427	289,427	289,427	289,427	289,427	289,427	289,427	289,427
8510-2061-22014 McCar Stent 2014	349,404	349,404	349,404	349,404	349,404	349,404	349,404	349,404	349,404	349,404	349,404	349,404	349,404
8510-2061-22016 McCar Stent 2016	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22017 McCar Stent 2017	665,046	665,046	665,046	665,046	665,046	665,046	665,046	665,046	665,046	665,046	665,046	665,046	665,046
8510-2061-22018 McCar Stent 2018	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22019 McCar Stent 2019	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22020 McCar Stent 2020	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22021 McCar Stent 2021	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22022 McCar Stent 2022	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22023 McCar Stent 2023	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22024 McCar Stent 2024	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22025 McCar Stent 2025	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22026 McCar Stent 2026	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22027 McCar Stent 2027	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22028 McCar Stent 2028	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22029 McCar Stent 2029	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22030 McCar Stent 2030	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22031 McCar Stent 2031	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22032 McCar Stent 2032	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22033 McCar Stent 2033	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22034 McCar Stent 2034	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22035 McCar Stent 2035	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22036 McCar Stent 2036	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22037 McCar Stent 2037	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22038 McCar Stent 2038	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22039 McCar Stent 2039	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22040 McCar Stent 2040	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22041 McCar Stent 2041	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22042 McCar Stent 2042	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22043 McCar Stent 2043	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22044 McCar Stent 2044	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22045 McCar Stent 2045	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22046 McCar Stent 2046	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22047 McCar Stent 2047	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22048 McCar Stent 2048	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22049 McCar Stent 2049	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22050 McCar Stent 2050	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22051 McCar Stent 2051	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22052 McCar Stent 2052	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22053 McCar Stent 2053	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22054 McCar Stent 2054	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22055 McCar Stent 2055	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22056 McCar Stent 2056	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22057 McCar Stent 2057	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-2061-22058 McCar Stent 2058	0</												

Verity Health System St Vincent Medical Center Balance Sheet June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8510-2250-22507 LTD-CCSDA Series 2005A	54,192,044	54,122,615	54,053,185	53,983,755	53,914,325	53,844,896	53,775,466	53,706,036	53,636,606	53,567,177	53,497,747	53,428,317	53,325,382
Total Bonds Payable	54,192,044	54,122,615	54,053,185	53,983,755	53,914,325	53,844,896	53,775,466	53,706,036	53,636,606	53,567,177	53,497,747	53,428,317	53,325,382
Total Long-Term Debt	54,192,044	54,122,615	54,053,185	53,983,755	53,914,325	53,844,896	53,775,466	53,706,036	53,636,606	53,567,177	53,497,747	53,428,317	53,325,382
NET ASSETS:													
Unrestricted:													
8510-2310-33100 URF-Unrestricted Net Assets	(158,679,583)	(203,042,814)	(203,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,042,814)	(204,615,500)
8510-2310-33132 URF-DCHS Pension	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(82,373,000)	(76,949,000)
8510-2310-33134 URF-Pension OCI Prior Service C	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	9,145,772	8,831,000
8510-2331-33310 Donated Property Plant & Equipm	22,352,751	22,352,751	22,352,751	22,352,751	22,352,751	22,407,265	22,407,265	22,407,265	22,407,265	22,577,692	22,577,692	22,577,692	22,577,692
Total Unrestricted	(209,554,061)	(253,917,292)	(253,917,292)	(254,917,292)	(254,917,292)	(254,862,777)	(254,862,777)	(254,862,777)	(254,862,777)	(254,862,777)	(254,862,777)	(254,862,777)	(250,055,808)
Temporarily Restricted:													
8510-2570-35540 TRF - Federal Biotechnology/Infant R	226,779	226,779	226,779	226,779	226,779	226,779	226,779	226,779	226,779	226,779	226,779	226,779	226,779
8510-2570-35512 TRF - Restricted	296,162	296,162	296,162	296,162	296,162	296,162	296,162	296,162	296,162	296,162	296,162	296,162	296,162
Total Temporarily Restricted	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941	522,941
Permanently Restricted:													
8510-2670-35543 PRF-TRUST - BATEMAN	1,809,607	1,809,607	1,809,607	1,809,607	1,863,144	1,863,144	1,884,139	1,884,139	1,884,139	1,884,139	1,884,139	1,884,139	1,839,010
8510-2670-36722 PRF- Langenberger Fund	461,059	461,059	461,059	461,059	461,059	461,059	461,059	461,059	461,059	461,059	461,059	461,059	461,059
8510-2670-36723 PRF- Cantwell Fund	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
8510-2670-36724 PRF - Other Charity	249,051	249,051	249,051	249,051	249,051	249,051	249,051	249,051	249,051	249,051	249,051	249,051	249,051
8510-2670-36725 PRF - Kenneally Fund	213,084	213,084	213,084	213,084	213,084	213,084	213,084	213,084	213,084	213,084	213,084	213,084	213,084
Total Permanently Restricted	2,742,801	2,742,801	2,742,801	2,742,801	2,796,338	2,796,338	2,817,334	2,817,334	2,817,334	2,817,334	2,817,334	2,817,334	2,772,201
Total Net Assets	(249,151,549)	(255,279,278)	(250,895,256)	(267,210,794)	(273,214,109)	(277,458,500)	(284,205,276)	(286,511,589)	(294,189,835)	(299,915,398)	(308,297,813)	(309,568,140)	(313,159,384)
TOTAL LIABILITIES AND FUND BALANCE	133,986,718	133,486,130	120,909,879	119,949,439	123,667,565	122,832,856	142,233,348	138,146,878	132,104,076	125,588,785	128,362,466	125,970,605	118,121,843

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EXHIBIT 1 PART 4

EXHIBIT 1 PART 4

Case 2:18-bk-20151-ER Doc 2305-4 Filed 05/02/19 Entered 05/02/19 16:53:37
Desc Exhibit 1 Part 4 Page 2 of 177

Verity Health Systems St Vincent Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total - Contractual Allowances	100,692,948	95,448,744	101,948,079	96,286,047	97,953,899	104,702,900	103,310,876	125,953,037	111,640,976	127,840,428	117,219,866	110,418,392	100,655,898
Charity:													
Cancer	1,435,680	2,298,273	(3,912,250)	336,467	103,704	923,333	595,278	227,789	457,233	91,088	(17,807)	4,242,526	811,370
Total - Charity Allowances	1,435,689	2,298,273	(3,912,250)	336,467	103,704	123,330	986,279	227,789	452,235	91,088	(12,607)	4,242,528	611,720
Other:													
Other	3,112,722	742,728	3,795,838	467,723	1,738,262	66,876	1,271,901	1,312,486	1,510,364	1,171,871	3,325,894	(287,791)	850,842
Total - Other Allowances	3,112,722	742,728	3,795,838	467,723	1,338,262	64,876	1,271,901	1,312,486	1,510,364	1,171,871	3,325,894	(287,791)	850,842
DSH:													
Total - Deductions From Revenue	105,241,358	98,489,744	101,831,667	97,090,237	99,395,865	104,890,206	105,589,056	127,493,312	113,803,576	129,103,386	120,532,754	114,393,124	102,118,258
Pat. Rev. Net of Contractuals & Other Deductions	12,266,600	16,365,561	16,442,758	15,781,304	15,514,113	16,716,733	27,021,484	20,783,314	15,783,862	20,045,280	16,951,723	18,183,009	13,003,472
Provision for Doubtful Accounts	(2,843,493)	755,843	3,151,882	1,690,379	2,087,949	1,400,595	674,384	907,429	1,376,469	2,384,405	360,936	(523,751)	(1,983,132)
Net Patient Revenue	15,110,093	15,609,718	13,290,876	14,090,925	17,426,164	15,316,038	26,347,100	19,875,885	14,407,393	17,660,875	16,590,787	18,706,760	14,986,604
Other Revenue:													
Other Revenue	48,837	44,457	278,392	53,143	32,891	(29,048)	415,836	130,541	55,445	33,157	24,314	31,766	142,425
Gain or Loss on Property Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	48,837	44,457	278,392	53,143	32,891	(29,048)	415,836	130,541	55,445	33,157	24,314	31,766	142,425
Capitation Premium Revenue	2,850,810	2,813,108	3,597,134	2,973,362	3,899,354	3,639,354	3,234,142	3,297,837	3,232,418	3,233,437	3,288,251	3,287,811	3,800,455
Capitation Risk Pool Reserve	(124,330)	(71,426)	(152,166)	(80,940)	(117,520)	(441,778)	(627,250)	85,273	(763,825)	(454,913)	(225,338)	(496,155)	(2,534,268)
Total Capitation Revenue	2,481,449	2,741,682	2,769,968	2,085,620	2,756,828	2,893,875	2,797,486	3,382,314	2,448,653	2,848,514	3,064,892	2,512,252	1,174,119
Unrestricted Contributions:													
Unrestricted Contributions	17,113	75,913	45,276	31,836	47	0	7,668	697,315	77,052	181,866	192,518	54,143	(342,583)
Total Unrestricted Contribution	17,113	75,913	45,276	31,836	47	0	7,668	697,315	77,052	181,886	192,518	54,143	(342,583)
Total Revenues	17,657,492	18,471,770	16,384,512	16,261,524	20,215,930	17,890,829	29,478,080	24,086,055	16,988,553	20,724,431	19,872,912	21,309,921	15,960,546
EXPENSES:													
Productive Salaries:													
7000000's & Supervisors	650,301	590,881	633,994	639,224	655,393	654,037	654,865	652,992	685,296	516,137	515,014	596,740	(618,470)
70100 Technician & Specialist	1,333,229	1,187,564	1,274,448	1,292,122	1,348,925	1,348,846	1,341,029	1,255,634	1,300,900	1,444,088	1,482,232	1,458,661	1,458,661
70110 Tech & Spec From Pay	144,980	128,508	140,548	127,719	165,287	172,975	152,142	126,610	126,610	205,624	155,807	155,807	153,530
70200 Registered Nurses	2,233,281	2,248,766	2,527,669	2,426,521	2,589,674	2,426,434	2,751,176	2,637,137	2,637,097	2,822,684	2,822,684	2,822,684	2,822,684
70210 Registered Nurses Premium	383,386	439,326	506,734	507,100	564,163	432,263	435,863	469,335	535,566	545,410	537,219	537,219	537,219
70220 Licensed Vocational Nurses	41,145	43,033	42,172	48,441	48,947	48,479	48,479	48,479	48,479	48,479	48,479	48,479	48,479
70230 Licensed Vocational Nurses Premium	6,449	7,317	6,819	7,886	8,871	12,320	9,576	9,576	9,576	9,576	9,576	9,576	9,576
70240 Assist & Orderlies	151,365	151,337	168,562	166,577	164,992	160,973	158,285	150,047	150,270	152,341	152,341	152,341	152,341
70240 Assist & Orderlies Premium	27,247	26,503	18,131	27,489	12,046	33,474	29,717	29,717	29,717	29,717	29,717	29,717	29,717
70250 Dental & Other Assist	382,141	371,337	417,830	402,332	433,543	394,897	408,841	446,367	446,367	446,367	446,367	446,367	446,367
70260 Environmental & Food Services	30,118	26,116	18,160	27,621	19,650	17,462	10,421	10,421	10,421	10,421	10,421	10,421	10,421
70270 Environmental & Food Services Premium	29,889	25,093	23,065	29,753	20,753	20,753	34,721	42,128	42,128	42,128	42,128	42,128	42,128
70280 Environmental & Food Services Premium	6,739	6,001	4,551	2,886	7,959	4,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
70290 Non-Pay Medical Practices Premium	78,889	88,295	97,883	98,111	78,438	78,438	78,438	78,438	78,438	78,438	78,438	78,438	78,438
70290 Non-Pay Medical Practices Premium	1,560	1,571	0	375	171	0	0	0	0	0	0	0	0
Total Productive Salaries	5,515,093	5,407,039	5,640,072	5,624,945	5,742,878	5,832,289	6,368,134	6,527,733	5,904,052	6,483,231	6,231,737	6,216,608	5,158,298
Non-Productive Salaries:													
71200 Vacation Holiday & Sick Leave	682,066	692,738	697,461	710,483	682,351	896,303	718,734	855,064	511,871	636,763	708,116	785,008	782,776
71210 Sick Pay	87,510	87,510	87,510	87,510	87,510	87,510	87,510	87,510	87,510	87,510	87,510	87,510	87,510
71220 Other Pay (Loss On)	9,555	12,560	14,558	6,438	6,438	3,220	6,438	6,438	6,438	6,438	6,438	6,438	6,438
71230 JURY DUTY	203	1,375	(596)	3,563	3,563	718	1,367	1,333	2,586	4,597	4,597	4,597	4,597
71240 Insurance Education	302,633	433,225	312,849	293,545	285,176	338,658	338,658	338,658	338,658	338,658	338,658	338,658	338,658
71250 On Call - Security	122,147	129,760	122,327	142,189	122,327	122,327	122,327	122,327	122,327	122,327	122,327	122,327	122,327
71260 On Call - Security	8,750	0	0	0	0	0	0	0	0	0	0	0	0
71270 Medical Malpractice	4,856	6,173	7,633	3,267	1,497	8,464	16,533	77,059	14,811	9,900	25,000	12,100	5,000
71280 Medical Malpractice	0	0	0	0	0	0	0	0	0	0	0	0	0
71290 Medical Malpractice	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Productive Salaries	1,213,924	1,317,919	1,205,999	1,152,547	1,114,507	1,249,981	1,357,710	1,434,947	898,004	1,544,963	1,239,676	1,331,935	1,421,312
Total - Salaries & Wages	6,729,017	6,724,957	6,846,072	6,777,492	6,857,386	6,882,271	7,725,844	7,962,680	6,802,056	8,028,194	7,471,414	7,548,543	6,580,610
Registly:													
72500 Registy Running Personnel	646,356	589,280	645,152	618,963	602,243	(12,455)	426,473	361,037	512,923	159,462	681,174	202,215	371,289
72510 Registy CNA	7,607	4,416	5,038	6,101	6,101	6,101	6,101	6,101	6,101	6,101	6,101	6,101	6,101
72520 Registy CNA/Phlebotomy	56,840	24,230	37,112	42,314	37,112	37,112	37,112	37,112	37,112	37,112	37,112	37,112	37,112
72530 Registy Therapies & Other	28,133	12,003	42,373	87,413	87,413	87,413	87,413	87,413	87,413	87,413	87,413	87,413	87,413
Total Registry Labor	747,236	710,527	630,323	765,881	630,437	55,389	535,416	520,669	629,517	1,010,365	794,653	345,510	452,748
Contract Labor:													
72620 Contract Serv Temp Shift M	212,366	42,298	155	6,742	60,581	113,407	29,758	41,150	79,372	45,633	37,416	42,759	51,549
Total - Contract Labor	312,366	42,298	155	6,742	60,581	113,407	29,758	41,150	79,372	45,633	37,416	42,759	65,849
Benefits & Taxes:													
73100 FICA													

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
7920 Other Advertising	0	0	651	0	0	0	0	0	0	0	0	0	2,376
79203 Gifts & Entertainment	0	0	0	0	0	0	0	0	0	0	0	0	1,170
79209 Prerelease	2,116	1,638	154	2,616	14,900	12,110	1,900	27,358	16,900	19,669	2,218	(17,341)	12,337
79136 Cash-Order or Short	150	0	0	0	0	0	0	0	0	0	0	0	0
79205 Community Benefit Expenses	300,000	0	0	0	5,190	0	1,064	0	0	0	0	0	505,000
79201 Charity	0	0	0	0	0	0	0	0	0	0	0	0	0
79017 Awards & Bonuses	5,000	0	0	2,500	0	0	0	0	0	0	0	0	1,000
79073 Contributions-Fees	0	0	0	0	4,244,513	0	12,478,005	1,146,678	1,058,461	1,058,461	1,058,461	2,296,715	2,078,441
79136 Advertising	542	0	0	36	0	0	0	3,365	290	0	0	0	1,445
79200 Cash- and Offset Account	(371,327)	0	0	0	0	0	0	0	0	0	0	0	41,420
79183 Cash- PPE Purchase Temp Acct- Actual	577,702	0	0	0	0	0	0	0	0	0	0	0	(47,338)
79153 Cash- Payment Temp Acct	65,742	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)
79188 Cash- Contra Offset Acct	(65,742)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)
Total - Other Expenses	678,972	69,097	107,860	123,791	4,346,741	80,185	12,575,797	1,294,528	1,252,835	1,220,541	1,319,708	2,426,413	2,794,431
Total - PPS & Other Expenses	7,557,838	8,528,081	6,691,656	6,601,394	11,316,057	7,639,784	19,761,828	8,827,642	9,278,987	9,550,480	9,703,281	8,822,065	9,770,995
Bad Debt Expense:													
Insurance:													
79100 Insurance-Professional Liability	128,596	0	0	0	0	0	0	608,649	114,107	114,567	157,986	132,571	135,571
79200 Insurance-Other	38,694	102,815	191,838	181,219	153,637	213,564	209,007	(611,625)	38,598	73,004	78,535	106,227	107,481
Total - Insurance	225,291	190,915	191,808	181,219	153,657	213,594	209,007	197,844	150,666	187,571	237,221	242,299	243,053
Utilities:													
77700 Utilities-Electricity	366,220	287,937	313,624	319,096	371,747	296,143	215,793	287,142	245,916	242,713	239,601	254,636	282,276
77800 Utilities-Gas	30,096	25,314	28,463	22,002	21,474	24,081	35,335	32,621	61,167	61,800	43,909	27,691	21,182
77900 Utilities-Water	42,902	27,282	26,788	6,643	34,251	30,429	26,156	26,934	23,989	26,480	21,482	23,628	27,315
75300 Utilities-Other	940	200	755	615	701	807	804	834	805	804	804	804	834
Total - Utilities	440,117	339,742	365,525	347,845	428,208	353,870	351,074	348,201	335,517	352,797	305,815	306,064	433,740
Depreciation:													
77100 Dep-4 Month-LA Improvements	658	639	630	655	639	695	656	550	660	663	680	660	680
77200 Dep-Machine & Equip & Improve	123,092	157,677	156,497	151,102	157,101	157,043	156,533	154,945	154,725	154,638	154,638	154,637	151,533
77201 Dep-equipment Expense-PPMT	867	867	867	867	867	867	867	867	867	867	867	867	867
77202 Building Expense-Equipment Dep-Am	25,763	62,641	62,334	61,506	61,603	60,938	60,830	60,820	60,765	60,710	60,655	60,600	60,545
77100 Dep-Machine-Landscaping Improve	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580
77400 Dep-4 Month-Land	207,000	228,709	211,216	242,613	213,336	213,652	213,247	193,278	201,040	201,224	212,684	246,937	403,722
Total - Depreciation	372,200	487,733	466,323	466,358	466,662	466,894	466,165	442,079	449,497	452,199	463,481	510,827	662,120
Amortization:													
Interest Expense:													
78410 Interest Expense-Long Term Debt	264,830	260,219	262,219	260,219	260,219	260,219	260,219	260,219	260,219	260,219	260,219	260,219	260,219
78490 Interest Expense-Other	(8,918)	(61,960)	(62,834)	(27,348)	(27,348)	(27,348)	(27,348)	(27,348)	(27,348)	(27,348)	(27,348)	(27,348)	(27,348)
Total - Interest Expense	255,152	239,216	237,395	238,931	236,813	234,899	228,349	223,002	222,656	222,105	216,346	219,103	231,365
Total Expenses	23,287,858	23,099,499	22,000,489	21,577,063	26,272,782	22,170,525	36,245,772	26,392,308	24,686,799	26,624,652	26,251,096	24,580,247	24,143,203
Operating Income	(5,640,367)	(4,627,729)	(5,615,978)	(5,315,538)	(6,056,852)	(4,298,996)	(6,767,681)	(2,306,313)	(7,678,246)	(5,900,221)	(6,378,184)	(3,270,326)	(8,182,657)
Investment Income:													
Investment Earnings	2	0	0	0	0	0	0	0	0	0	0	0	0
Total - Investment Income	2	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	(5,640,365)	(4,627,729)	(5,615,978)	(5,315,538)	(6,056,852)	(4,298,996)	(6,767,681)	(2,306,313)	(7,678,246)	(5,900,221)	(6,378,184)	(3,270,326)	(8,182,657)
Total Revenue per GL	17,657,684	18,471,770	16,394,512	16,261,524	20,215,930	17,880,529	20,478,090	24,080,655	16,888,553	20,728,662	19,666,581	21,309,921	15,960,545
Total Revenue per Report	17,657,684	18,471,770	16,394,512	16,261,524	20,215,930	17,880,529	20,478,090	24,080,655	16,888,553	20,728,662	19,666,581	21,309,921	15,960,545
Check Total Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2016

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
REVENUE													
IP Acute S&P Pay													
8510-3310-41101 IP Acute S&P Pay	541,565	\$25,940	\$27,970	\$18,870	\$15,865	\$41,055	\$15,855	\$70,760	\$22,760	\$22,760	\$56,940	\$137,740	\$65,955
8510-3311-41101 IP Acute S&P Pay	13,665	0	27,970	0	0	0	27,970	27,970	13,665	27,970	0	0	0
8510-3312-41101 IP Acute S&P Pay	92,538	127,384	216,929	164,512	123,686	30,845	120,076	114,784	154,230	143,948	129,721	30,846	41,108
8510-3313-41101 IP Acute S&P Pay	45,166	58,712	27,536	55,712	27,826	70,486	31,585	28,748	24,274	80,266	31,328	45,166	10,446
8510-3314-41101 IP Acute S&P Pay	3,487	4,786	0	0	0	0	18,412	17,151	27,856	0	0	17,410	0
8510-3315-41101 IP Acute S&P Pay	0	0	0	0	0	0	8,068	12,152	0	0	0	4,634	0
8510-3316-41101 IP Acute S&P Pay	2,167	4,134	12,107	26,536	28,238	20,173	10,136	10,136	0	0	0	0	0
8510-3317-41101 IP Acute S&P Pay	33,145	21,839	40,155	75,865	38,876	60,231	30,383	62,280	80,150	128,981	28,417	51,701	6,623
8510-3318-41101 IP Acute S&P Pay	0	0	31	0	0	0	0	0	0	0	0	0	0
8510-3319-41101 IP Acute S&P Pay	17,869	0	70,215	19,326	0	22,125	17,127	0	0	0	181,463	76,520	0
8510-3320-41101 IP Acute S&P Pay	171,675	0	0	0	0	0	107,273	0	0	0	0	0	0
8510-3321-41101 IP Acute S&P Pay	0	156	0	0	0	0	0	0	0	0	0	0	0
8510-3322-41101 IP Acute S&P Pay	39,897	53,341	8,037	91,135	66,543	58,907	75,027	136,334	10,375	137,466	61,743	77,876	71,973
8510-3323-41101 IP Acute S&P Pay	916	0	3,717	302	0	302	1,091	676	0	0	0	0	0
8510-3324-41101 IP Acute S&P Pay	0	0	0	0	0	0	3,276	4,096	2,253	0	0	0	0
8510-3325-41101 IP Acute S&P Pay	5,109	4,606	3,155	4,760	2,849	0	41,002	12,887	48,932	138,959	49,424	0	0
8510-3326-41101 IP Acute S&P Pay	9,610	0	16,783	14,790	38,864	29,615	46,160	61,420	41,316	41,095	30,068	16,273	2,850
8510-3327-41101 IP Acute S&P Pay	0	0	437	0	0	1,437	1,437	0	0	0	0	0	0
8510-3328-41101 IP Acute S&P Pay	6,530	26,294	24,180	24,780	25,855	16,765	26,091	32,116	0	0	2,874	0	0
8510-3329-41101 IP Acute S&P Pay	0	0	763	568	505	51,205	632	0	0	0	0	0	0
8510-3330-41101 IP Acute S&P Pay	0	0	15,508	0	5,936	0	0	0	0	11,384	18,506	13,516	0
8510-3331-41101 IP Acute S&P Pay	8,807	13,516	5,417	5,417	6,728	6,728	23,976	18,876	0	0	0	0	0
8510-3332-41101 IP Acute S&P Pay	3,537	3,488	7,010	7,455	10,108	2,935	0	19,730	19,535	5,635	2,823	8,531	3,553
8510-3333-41101 IP Acute S&P Pay	25,561	40,731	31,688	47,869	48,184	27,005	86,461	108,145	33,112	76,832	72,738	45,676	54,266
8510-3334-41101 IP Acute S&P Pay	26,333	23,209	41,012	39,807	31,528	31,528	72,511	38,622	69,665	33,919	45,887	15,402	15,402
8510-3335-41101 IP Acute S&P Pay	26,804	29,883	4,320	80,820	52,853	7,793	43,115	129,611	16	107,656	20,542	81,760	36,411
8510-3336-41101 IP Acute S&P Pay	6,012	4,394	7,337	22,402	17,587	3,194	11,569	25,093	1,770	16,233	8,478	17,660	7,000
8510-3337-41101 IP Acute S&P Pay	0	0	21,020	5,500	0	5,500	0	0	12,886	11,066	0	0	0
8510-3338-41101 IP Acute S&P Pay	0	0	0	16,688	0	0	0	0	0	0	0	0	0
8510-3339-41101 IP Acute S&P Pay	4,163	2,161	4,612	0	0	0	0	2,315	0	0	0	1,991	0
8510-3340-41101 IP Acute S&P Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3341-41101 IP Acute S&P Pay	1,439	746	0	0	0	0	1,588	0	0	0	1,183	0	0
8510-3342-41101 IP Acute S&P Pay	0	5,150	0	0	0	0	1,921	8,121	11,829	4,972	5,610	5,654	0
Total IP Acute S&P Pay	560,777	538,251	716,616	880,453	891,312	925,221	1,265,259	1,269,287	765,261	1,527,026	862,585	963,077	107,326
IP Acute - Commis													
8510-3310-41121 IP Acute Commis	153,833	381,540	0	0	0	21,512	41,506	0	27,810	0	13,580	87,866	0
8510-3311-41121 IP Acute Commis	0	0	0	27,970	0	0	0	0	0	0	0	0	12,955
8510-3312-41121 IP Acute Commis	0	0	0	0	0	41,126	127,658	0	11,282	0	30,846	10,282	0
8510-3313-41121 IP Acute Commis	10,446	15,712	0	13,598	29,872	34,825	34,825	38,820	31,356	13,926	45,266	29,162	0
8510-3314-41121 IP Acute Commis	17,410	40,710	0	0	0	20,892	6,966	26,314	11,648	24,374	0	13,580	0
8510-3315-41121 IP Acute Commis	0	0	0	0	0	0	16,126	0	0	0	0	0	0
8510-3316-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3317-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3318-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3319-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3320-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3321-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3322-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3323-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3324-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3325-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3326-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3327-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3328-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3329-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3330-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3331-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3332-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3333-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3334-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3335-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3336-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3337-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3338-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3339-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3340-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3341-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3342-41121 IP Acute Commis	0	0	0	0	0	0	0	0	0	0	0	0	0
Total IP Acute - Commis	460,310	1,155,033	1,100	293,121	124,686	259,601	415,166	238,418	478,886	478,418	206,710	485,155	526,826
IP Acute-Comm-Misc													
8510-3310-41121 IP Acute Comm-Misc	579,315	371,555	37,855	447,570	643,210	209,275	209,775	643,210	335,640	727,200	1,146,721	455,165	97,875
8510-3311-41121 IP Acute Comm-Misc	181,805	181,805	181,805	178,820	49,920	55,640	111,880	49,920	111,880	60,655	45,610	83,610	27,430
8510-3312-41121 IP Acute Comm-Misc	1,289,897	1,115,756	801,535	1,705,956	1,705,956	360,580	360,580	762,760	762,760	859,270	579,750	564,940	515,715
8510-3313-41121 IP Acute Comm-Misc	400,162	401,162	761,504	429,264	429,264	360,416	360,416	417,608	360,416	342,574	305,120	372,574	0
8510-3314-41121 IP Acute Comm-Misc	166,172	164,400	102,972	152,708	152,708	178,634	184,548	90,236	72,102	168,474	167,483	278,320	0
8510-3315-41121 IP Acute Comm-Misc	4,634	0	4,634	0	0	0	0	0	0	0	0	0	0
8510-3316-41121 IP Acute Comm-Misc	112,662	151,264	181,530	152,442	152,442	152,442	152,442	152,442	152,442	152,442	152,442	152,442	152,442

Verity Heat Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-6-4720-11231P Acute-Care A/Risk	10,175	14,244	0	13	114,208	49,202	0	0	16	4,884	0	0	0
85-6-4720-11232P Acute-Care A/Risk	0	1,261	0	1,597	9,288	10,854	0	0	1,773	0	0	0	0
85-6-4720-11233P Acute-Care A/Risk	10,810	0	0	0	89,135	62,855	0	5,533	0	8,933	0	0	0
85-6-4760-11232P Acute-Care A/Risk	0	0	3,133	58,700	0	12,053	0	0	0	0	0	0	0
85-6-4770-11232P Acute-Care A/Risk	5,761	7,400	0	4,743	15,315	3,019	0	5,440	0	1,055	0	0	0
85-6-4780-11232P Acute-Care A/Risk	1,561	0	0	0	10,960	3,023	0	0	0	1,385	0	0	0
85-6-4790-11233P Acute-Care A/Risk	0	0	0	743	6,268	0	0	0	663	662	0	0	0
85-6-4811-11233P Acute-Care A/Risk	7,566	5,053	0	1,501	2,537	2,117	5,517	2,568	1,506	2,518	0	1,521	0
Total: 1P Acute-Care A/Risk	444,869	553,487	4,134	611,790	1,247,663	165,554	301,710	350,780	217,840	350,780	0	83,356	24,192
WIC Comp													
85-6-3151-11311P Acute-WIC	0	0	0	11,148	0	0	0	0	41,128	0	0	0	0
85-6-3151-11312P Acute-WIC	38,302	0	27,835	6,564	55,712	55,194	0	53,134	27,866	27,856	20,899	97,496	87,615
85-6-3151-11313P Acute-WIC	0	0	24,374	0	0	0	0	0	0	0	0	24,374	0
85-6-3151-11314P Acute-WIC	0	29,288	0	0	0	0	0	0	0	0	0	0	0
85-6-3151-11315P Acute-WIC	0	5,184	2,254	0	0	3,543	0	8,997	14,743	0	0	13,519	0
85-6-4220-11312P Acute-WIC	74	0	74	37	106	103	0	189	46	0	0	0	0
85-6-4220-11313P Acute-WIC	216,868	11,126	127,549	170,807	208,407	205,814	0	335,648	129,931	185,672	90,673	453,315	421,560
85-6-4440-11312P Acute-WIC	0	0	0	0	0	0	0	1,618	0	0	0	2,225	0
85-6-4440-11313P Acute-WIC	7,221	10,076	15,523	8,807	8,537	8,378	0	11,732	24,465	8,597	8,906	20,163	6,332
85-6-4520-11312P Acute-WIC	806	106	1,049	419	1,257	1,008	0	2,715	1,394	7,655	1,065	2,584	187
85-6-4540-11312P Acute-WIC	2,370	0	2,811	1,165	4,411	5	0	1,431	816	2,348	0	4,905	1,333
85-6-4540-11313P Acute-WIC	0	125	6,075	877	0	558	0	517	15,056	877	0	677	0
85-6-4550-11312P Acute-WIC	2,200	693	0	657	3,582	4,456	0	4,762	10,445	916	1,314	13,826	2,012
85-6-4550-11313P Acute-WIC	0	0	0	0	0	0	0	0	837	0	0	229	0
85-6-4620-11312P Acute-WIC	0	0	6	0	0	0	0	4,318	5,906	0	0	7,616	0
85-6-4620-11313P Acute-WIC	0	0	6,593	0	0	0	0	5,814	6,758	0	0	7,587	0
85-6-4630-11312P Acute-WIC	0	0	0	0	0	0	0	0	961	0	0	861	0
85-6-4630-11313P Acute-WIC	0	0	0	0	0	0	0	0	8,382	0	0	13,314	0
85-6-4630-11314P Acute-WIC	0	3,831	0	0	0	3,849	0	0	38,833	19,475	19,566	65,051	21,344
85-6-4630-11315P Acute-WIC	12,843	9,133	25,618	16,603	25,065	19,103	0	18,246	6,603	5,516	7,108	21,127	16,471
85-6-4630-11316P Acute-WIC	33	0	0	26	0	0	0	0	36	36	36	16	0
85-6-4630-11317P Acute-WIC	0	0	0	0	2,563	0	0	0	0	0	0	0	0
85-6-4630-11318P Acute-WIC	6,079	0	5,170	2,763	14,844	11,234	0	18,246	6,603	5,516	7,108	21,127	16,471
85-6-4630-11319P Acute-WIC	2,466	0	1,205	763	4,365	3,260	0	5,933	1,908	2,162	3,334	12,030	3,439
85-6-4630-11320P Acute-WIC	2,466	0	2,486	0	4,972	0	0	7,432	5,151	4,972	2,486	9,945	7,432
Total: WIC Comp	284,197	69,205	242,437	212,126	400,185	329,816	0	334,802	312,597	264,435	150,855	275,693	355,327
Medicare													
85-6-3310-11411P Acute-Medicare	6,634,735	2,209,630	2,201,537	2,210,363	2,761,400	2,918,801	3,246,100	3,005,700	2,415,363	3,019,525	3,648,232	3,354,370	2,433,330
85-6-3310-11412P Acute-Medicare	61,566	415,655	23,912	27,910	153,835	163,835	83,910	125,465	15,940	153,835	41,355	41,855	63,474
85-6-3310-11413P Acute-Medicare	5,687,747	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348	5,373,348
85-6-3310-11414P Acute-Medicare	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248	2,180,248
85-6-3310-11415P Acute-Medicare	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140	1,110,140
85-6-3310-11416P Acute-Medicare	21,204	28,236	24,231	24,231	68,578	229,504	193,513	653,448	467,944	512,318	354,822	355,558	205,734
85-6-3310-11417P Acute-Medicare	170,664	810,634	1,003,432	937,312	605,548	1,000,432	782,596	675,318	933,628	1,462,472	782,596	1,462,472	605,548
85-6-3310-11418P Acute-Medicare	6,664	6,664	3,462	3,462	0	0	0	0	0	0	0	0	0
85-6-3310-11419P Acute-Medicare	13,935	0	0	0	0	0	0	0	0	0	0	0	0
85-6-3310-11420P Acute-Medicare	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588	1,322,588
85-6-3310-11421P Acute-Medicare	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616
85-6-3310-11422P Acute-Medicare	883	883	883	883	883	883	883	883	883	883	883	883	883
85-6-3310-11423P Acute-Medicare	424	424	424	424	424	424	424	424	424	424	424	424	424
85-6-3310-11424P Acute-Medicare	21,422	18,725	7,2	7,2	79,968	56,365	72,722	72,722	30,245	20,245	125,505	27,179	41,724
85-6-3310-11425P Acute-Medicare	6,533	7,131	3,720	3,720	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009	8,009
85-6-3310-11426P Acute-Medicare	6,533	6,533	6,533	6,533	6,533	6,533	6,533	6,533	6,533	6,533	6,533	6,533	6,533
85-6-3310-11427P Acute-Medicare	0	477,209	428,166	428,166	428,166	428,166	428,166	428,166	428,166	428,166	428,166	428,166	428,166
85-6-3310-11428P Acute-Medicare	7,216	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616
85-6-3310-11429P Acute-Medicare	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556	2,331,556
85-6-3310-11430P Acute-Medicare	107,361	62,732	62,732	62,732	62,732	62,732	62,732	62,732	62,732	62,732	62,732	62,732	62,732
85-6-3310-11431P Acute-Medicare	239,789	239,789	239,789	239,789	239,789	239,789	239,789	239,789	239,789	239,789	239,789	239,789	239,789
85-6-3310-11432P Acute-Medicare	410,560	410,560	410,560	410,560	410,560	410,560	410,560	410,560	410,560	410,560	410,560	410,560	410,560
85-6-3310-11433P Acute-Medicare	101,187	101,187	101,187	101,187	101,187	101,187	101,187	101,187	101,187	101,187	101,187	101,187	101,187
85-6-3310-11434P Acute-Medicare	0	1,873	0	3,993	0	2,207	0	0	0	0	5,813	0	0
85-6-3310-11435P Acute-Medicare	76,181	76,181	76,181	76,181	76,181	76,181	76,181	76,181	76,181	76,181	76,181	76,181	76,181
85-6-3310-11436P Acute-Medicare	109,238	413,295	413,295	413,295	413,295	413,295	413,295	413,295	413,295	413,295	413,295	413,295	413,295
85-6-3310-11437P Acute-Medicare	652,443	652,443	652,443	652,443	652,443	652,443	652,443	652,443	652,443	652,443	652,443	652,443	652,443
85-6-3310-11438P Acute-Medicare	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6-3310-11439P Acute-Medicare	136,744	136,744	136,744	136,744	136,744	136,744	136,744	136,744	136,744	136,744	136,744	136,744	136,744
85-6-3310-11440P Acute-Medicare	200,760	212,362	212,362	212,362	212,362	212,362	212,362	212,362	212,362	212,362	212,362	212,362	212,362
85-6-3310-11441P Acute-Medicare	308,699	310,016	310,016	310,016	310,016	310,016	310,016	310,016	310,016	310,016	310,016	310,016	310,016
85-6-3310-11442P Acute-Medicare	761,012	761,012	761,012	761,012	761,012	761,012	761,012	761,012	761,012	761,012	761,012	761,012	761,012
85-6-3310-11443P Acute-Medicare	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996
85-6-3310-11444P Acute-Medicare	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737	3,700,737
85-6-3310-11445P Acute-Medicare	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420	2,140,420
85-6-3310-11446P Acute-Medicare	798,957	798,957	798,957	798,957	798,957	798,957	798,957	798,957	798,957	798,957	798,957	798,957	798,957
85-6-3310-11447P Acute-Medicare	618,625	1,361,510	1,072,020	683,606	786,723	886,122	886,122	1,361,510	886,122	886,122	886,122	886,122	886,122
85-6-3310-11448P Acute-Medicare	271,345	138,480	267,841	267,841	267,841	267,841	267,841	267,841	267,841	267,841	267,841	267,841	267,841
85-6-3310-11449P Acute-Medicare	509,811	478,154	365,111	365,111	415,157	415							

Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-0-453-114311P Acute Medical Risk	10,836	14,874	14,635	19,948	7,653	14,901	21,772	7,377	13,676	45,562	13,855	12,768	18,573
85-0-454-114311P Acute Medical Risk	22,575	16,570	14,733	19,777	29,473	21,674	44,351	24,340	27,520	27,520	27,520	27,520	27,520
85-0-455-114311P Acute Medical Risk	322,801	0	173,578	214,610	126,376	0	110,028	488,155	120,256	224,660	274,954	274,954	616,761
85-0-456-114311P Acute Medical Risk	118,025	64,684	118,930	118,877	113,540	110,652	147,307	160,030	164,446	121,069	0	117,335	0
85-0-457-114311P Acute Medical Risk	0	0	0	0	0	0	0	5,413	0	0	0	0	0
85-0-458-114311P Acute Medical Risk	5,748	2,874	10,055	4,211	4,211	4,211	4,211	4,211	4,211	14,364	8,577	0	1,437
85-0-459-114311P Acute Medical Risk	66,474	72,576	66,778	66,341	64,809	87,524	144,746	144,746	144,746	144,746	144,746	144,746	144,746
85-0-460-114311P Acute Medical Risk	124,474	1,120	203,337	36,374	166,028	106,064	274,671	337,627	213,421	194,550	22,207	12,855	0
85-0-461-114311P Acute Medical Risk	48,748	47,527	24,487	21,171	24,945	29,952	26,164	48,136	41,426	41,426	41,426	41,426	41,426
85-0-462-114311P Acute Medical Risk	27,575	6,758	66,972	39,928	39,928	39,928	39,928	39,928	39,928	39,928	39,928	39,928	39,928
85-0-463-114311P Acute Medical Risk	27,575	27,575	27,575	27,575	27,575	27,575	27,575	27,575	27,575	27,575	27,575	27,575	27,575
85-0-464-114311P Acute Medical Risk	103,172	87,154	113,559	141,501	127,723	127,723	127,723	127,723	127,723	127,723	127,723	127,723	127,723
85-0-465-114311P Acute Medical Risk	256,275	256,275	256,275	256,275	256,275	256,275	256,275	256,275	256,275	256,275	256,275	256,275	256,275
85-0-466-114311P Acute Medical Risk	307,204	455,054	153,636	201,527	227,513	310,213	354,557	1,240,739	1,240,739	1,240,739	1,240,739	1,240,739	1,240,739
85-0-467-114311P Acute Medical Risk	25,569	18,846	37,490	36,724	31,259	31,259	31,259	31,259	31,259	31,259	31,259	31,259	31,259
85-0-468-114311P Acute Medical Risk	49,325	37,500	27,637	27,637	27,637	27,637	27,637	27,637	27,637	27,637	27,637	27,637	27,637
85-0-469-114311P Acute Medical Risk	46,153	13,351	23,533	23,533	23,533	23,533	23,533	23,533	23,533	23,533	23,533	23,533	23,533
85-0-470-114311P Acute Medical Risk	40,586	34,371	67,061	43,433	54,758	64,037	76,336	87,365	87,365	87,365	87,365	87,365	87,365
85-0-471-114311P Acute Medical Risk	3,408	2,541	17,862	7,820	9,576	6,265	10,751	27,891	24,546	21,048	14,429	12,490	14,429
85-0-472-114311P Acute Medical Risk	27,575	10,750	22,326	22,326	22,326	22,326	22,326	22,326	22,326	22,326	22,326	22,326	22,326
85-0-473-114311P Acute Medical Risk	26,428	12,616	45,760	16,821	20,247	20,247	20,247	20,247	20,247	20,247	20,247	20,247	20,247
Total Medical Risk	4,555,582	3,733,874	4,888,789	5,366,818	4,285,076	4,897,385	6,867,328	6,233,396	6,876,729	9,545,866	5,986,953	5,970,262	5,947,031
Med-Cat													
85-0-220-115111P Acute Med-Cat	815,315	351,380	601,395	727,745	675,325	307,970	777,720	1,076,645	699,500	741,355	801,380	945,415	469,475
85-0-221-115111P Acute Med-Cat	115,855	13,865	13,865	13,865	13,865	13,865	13,865	13,865	13,865	13,865	13,865	13,865	13,865
85-0-222-115111P Acute Med-Cat	1,125,720	647,106	888,894	621,583	1,028,205	1,223,555	853,408	1,285,250	801,990	832,842	877,100	771,100	877,100
85-0-223-115111P Acute Med-Cat	188,612	341,236	304,890	328,874	418,628	418,628	418,628	418,628	418,628	418,628	418,628	418,628	418,628
85-0-224-115111P Acute Med-Cat	107,942	133,008	207,346	161,510	251,048	324,893	408,718	398,770	417,962	417,962	417,962	417,962	417,962
85-0-225-115111P Acute Med-Cat	0	4,534	0	8,065	6	48,214	18,516	197,667	330,864	56,476	153,792	126,915	24,234
85-0-226-115111P Acute Med-Cat	52,442	76,946	148,258	48,408	141,190	255,244	133,122	133,122	86,714	105,776	121,562	183,438	0
85-0-227-115111P Acute Med-Cat	13,028	0	0	0	0	0	0	0	0	0	0	0	0
85-0-228-115111P Acute Med-Cat	340,517	379,376	318,837	414,133	446,617	372,423	550,600	640,441	523,453	338,550	882,600	426,255	827,947
85-0-229-115111P Acute Med-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-230-115111P Acute Med-Cat	0	74	37	27	0	25	0	914	0	37,722	14,408	6,831	0
85-0-231-115111P Acute Med-Cat	189,806	507,462	234,474	204,529	165,249	247,529	427,529	427,529	191,499	410,455	626,999	367,835	0
85-0-232-115111P Acute Med-Cat	11,835	20,162	192,971	192,971	77,474	68,081	68,081	68,081	68,081	68,081	68,081	68,081	68,081
85-0-233-115111P Acute Med-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-234-115111P Acute Med-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-235-115111P Acute Med-Cat	504,862	457,168	517,358	823,738	517,716	620,533	692,765	899,658	874,673	874,176	743,539	677,626	877,626
85-0-236-115111P Acute Med-Cat	1,480	6,337	10,880	6,337	10,880	6,337	10,880	6,337	10,880	6,337	10,880	6,337	10,880
85-0-237-115111P Acute Med-Cat	31,088	30,633	29,248	26,410	42,871	20,212	41,126	38,795	12,203	43,309	21,631	12,720	0
85-0-238-115111P Acute Med-Cat	161,079	64,360	42,186	58,511	51,643	58,511	22,438	42,157	302,890	134,064	114,098	0	0
85-0-239-115111P Acute Med-Cat	157,734	120,341	144,610	120,341	130,476	199,235	141,581	162,781	279,661	151,020	180,341	132,831	0
85-0-240-115111P Acute Med-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-241-115111P Acute Med-Cat	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874
85-0-242-115111P Acute Med-Cat	96,388	113,820	71,752	93,857	58,372	58,372	114,046	170,147	170,147	170,147	170,147	170,147	170,147
85-0-243-115111P Acute Med-Cat	81,858	68,839	68,839	68,839	68,839	68,839	68,839	68,839	68,839	68,839	68,839	68,839	68,839
85-0-244-115111P Acute Med-Cat	30,185	27,428	38,519	25,437	35,612	25,437	7,616	86,035	228,367	12,760	53,330	119,871	0
85-0-245-115111P Acute Med-Cat	67,807	73,129	77,763	68,384	20,054	87,742	61,331	144,730	80,713	52,223	117,327	102,870	165,828
85-0-246-115111P Acute Med-Cat	38,764	48,267	48,267	48,267	48,267	48,267	48,267	48,267	48,267	48,267	48,267	48,267	48,267
85-0-247-115111P Acute Med-Cat	136,244	114,113	120,113	120,113	120,113	120,113	120,113	120,113	120,113	120,113	120,113	120,113	120,113
85-0-248-115111P Acute Med-Cat	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-249-115111P Acute Med-Cat	371,244	288,306	472,142	312,150	347,758	346,554	527,808	774,532	357,172	358,914	676,765	676,765	676,765
85-0-250-115111P Acute Med-Cat	410,620	242,263	242,263	242,263	242,263	242,263	242,263	242,263	242,263	242,263	242,263	242,263	242,263
85-0-251-115111P Acute Med-Cat	51,243	23,333	28,430	35,992	47,794	40,484	151,735	78,875	61,764	127,723	127,723	127,723	127,723
85-0-252-115111P Acute Med-Cat	69,845	68,216	13,060	78,805	84,002	84,002	84,002	84,002	84,002	84,002	84,002	84,002	84,002
85-0-253-115111P Acute Med-Cat	12,592	29,832	41,780	23,522	23,522	23,522	23,522	23,522	23,522	23,522	23,522	23,522	23,522
85-0-254-115111P Acute Med-Cat	44,523	27,827	36,887	47,762	36,887	47,762	47,762	47,762	47,762	47,762	47,762	47,762	47,762
85-0-255-115111P Acute Med-Cat	5,072	1,094	847	1,485	4,214	5,436	14,748	15,112	6,831	1,569	10,820	9,769	0
85-0-256-115111P Acute Med-Cat	14,063	10,571	27,360	70,641	16,634	20,675	27,576	49,476	36,881	36,881	36,881	36,881</	

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St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8310-31541181-1P Acute Other	20,564	0	20,564	0	0	10,382	10,382	10,282	0	0	20,564	20,564	0
8310-31541181-1P Acute Other	0	0	0	0	6,954	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	6,954	10,446	17,415	0	0	13,618	4,964	3,482	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	4,034	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	8,568	0	0	0	0
8310-31541181-1P Acute Other	28,238	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	3,480	0	0	0
8310-31541181-1P Acute Other	41,762	20,647	155,943	144,442	666,525	286,617	(82,317)	628,334	621,556	1,016	7,053	0	0
8310-31541181-1P Acute Other	13,585	0	12,420	0	11,137	19,415	13,296	8,041	13,296	1,016	7,053	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	37	46	3,327	3,778	1,247	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	10,182	34,276	61,870	0	50,073	105,720	64,824	195,683	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	13,849	0	1,647	0	7,033	21,637	19,587	4,454	5,651	11,160	11,160	16,611	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	2,161	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	1,185	1,373	579	0	0	0	1,373	0
8310-31541181-1P Acute Other	0	0	0	0	0	1,131	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	7,560	0	7,107	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	1,417	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	693	0	693	0	0	1,385	1,090	1,386	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	1,381	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	2,649	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	3,300	0	7,359	0	3,115	8,493	9,781	350	11,951	4,456	6,267	45,164	0
8310-31541181-1P Acute Other	0	0	380	0	0	0	1,338	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	1,370	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	5,533	5,533	0	5,533	0	0	0
8310-31541181-1P Acute Other	1,847	0	1,934	0	0	0	2,540	0	0	0	1,293	1,799	0
8310-31541181-1P Acute Other	0	0	847	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	1,044	0	2,078	0	0	0	0	0	0	0	0	245	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	827,243	204,647	1,234,341	(444,142)	910,802	424,394	(70,005)	607,350	(5,896)	(461,150)	652,179	(105,340)	(654,224)
Total Acute	77,756,581	75,892,886	77,551,862	75,182,390	79,894,752	83,204,878	91,015,104	104,381,451	92,863,737	101,600,366	83,385,143	88,881,910	76,286,166
SNF:													
SNF-Cover	0	0	0	0	0	0	0	0	0	0	0	2,015	0
Total SNF-Cover	0	0	0	0	0	0	0	0	0	0	0	2,015	0
SNF-MgrCare													
8310-31541181-1P Acute Other	99,365	114,820	72,940	41,660	132,055	91,175	107,449	31,695	153,899	23,415	0	31,260	2,645
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	2,378	0	0	0
8310-31541181-1P Acute Other	9,297	10,449	512	4,832	6,474	6,999	4,601	5,074	20,372	17,613	0	4,334	0
8310-31541181-1P Acute Other	0	1,347	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	5,391	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	335	535	0	0	7,732	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	1,436	2,702	3,871	693	2,719	493	2,661	0	2,019	668	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	6,163	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	1,813	0	1,425	0	0	2,342	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	5,852	0	5,852	8,326	0	3,637	0
8310-31541181-1P Acute Other	29,414	25,349	15,911	17,434	21,230	30,363	20,291	0	2,456	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	6,495	0
8310-31541181-1P Acute Other	26,687	26,608	12,331	8,281	53,516	25,417	14,160	7,307	41,196	9,296	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	8,908	0	4,437	0	0	0	0
8310-31541181-1P Acute Other	23,734	26,735	18,031	8,072	37,945	19,267	12,075	5,422	26,549	3,440	0	8,168	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	2,486	0	0	0	0	0	0
Total SNF-MgrCare	182,873	219,761	122,729	60,624	261,245	177,631	177,627	57,491	307,376	76,877	0	66,278	2,645
SNF-Risk													
8310-31541181-1P Acute Other	0	0	0	0	0	0	26,948	0	0	29,446	13,076	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	4,711	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	1,847	2,760	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	1,366	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	2,699	1,295	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	461	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	1,281	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	2,915	4,870	6	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	1,301	1,332	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	4,260	3,565	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SNF-Risk	0	0	0	0	0	0	49,836	0	0	41,073	30,878	0	0
Medicare													
8310-31541181-1P Acute Other	1,370,230	1,440,566	1,117,545	1,264,635	1,102,685	1,477,635	1,775,844	1,312,913	1,211,325	1,289,899	1,036,780	961,245	104,200
8310-31541181-1P Acute Other	0	0	0	1,890	2,441	0	4,000	3,040	(347)	12,864	0	1,490	0
8310-31541181-1P Acute Other	28,662	0	0	0	0	0	0	0	0	0	0	7,558	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	4,756	2,644
8310-31541181-1P Acute Other	120,712	131,885	115,293	128,589	111,432	158,156	141,855	109,455	139,014	90,966	119,973	14,298	0
8310-31541181-1P Acute Other	576	576	634	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	6,836	6,231	6,679	6,231	4,167	5,534	5,426	15,462	17,377	4,489	16,204	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	11,425	2,140	15,749	18,635	1,606	17,003	15,696	9,369	8,831	11,771	11,771	0	0
8310-31541181-1P Acute Other	0	1,872	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	1,427	1,427	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	17,403	22,449	18,139	11,132	22,944	24,502	31,227	26,820	15,620	8,459	18,566	2,287	0
8310-31541181-1P Acute Other	305	758	0	254	517	0	811	3,297	0	0	36,221	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	5,417	0	18,108	19,445	0	1,874	0	26,130	4,696	0	0	8,748	0
8310-31541181-1P Acute Other	6,462	9,823	3,285	9,787	1,678	8,165	5,751	5,751	5,751	2,382	6,150	0	0
8310-31541181-1P Acute Other	0	11,419	0	5,115	19,796	34,150	19,796	12,473	8,306	3,817	19,156	0	0
8310-31541181-1P Acute Other	327,294	308,818	324,226	389,879	373,337	371,311	333,569	683,196	692,646	297,075	308,129	24,713	0
8310-31541181-1P Acute Other	141,003	141,003	141,003	141,003	141,003	141,003	141,003	141,003	141,003	141,003	141,003	141,003	141,003
8310-31541181-1P Acute Other	1,597	3,194	2,025	6,806	0	2,992	1,370	0	0	0	0	0	0
8310-31541181-1P Acute Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8310-31541181-1P Acute Other	545,843	541,387	485,015	489,206	294,021	551,88							

Verity Health Systems St Vincent Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8515-2180-41251 SNF-Med-Car	13,975	0	0	0	0	0	38,816	74,747	0	85,755	96,385	26,410	0
8515-4550-41251 SNF-Med-Car	231	0	0	0	0	0	0	23,125	0	0	918	1,961	0
8515-4630-41251 SNF-Med-Car	0	0	0	0	0	0	0	5,940	0	0	0	0	0
8515-4630-41251 SNF-Med-Car	0	0	0	0	0	0	0	1,324	0	0	0	0	0
8515-4650-41251 SNF-Med-Car	0	0	0	0	0	0	0	15,432	0	0	0	0	0
8515-4710-41251 SNF-Med-Car	8,836	0	0	0	0	0	4,680	24,786	0	0	0	0	0
8515-4770-41251 SNF-Med-Car	3,621	0	0	0	0	0	4,294	0	0	0	11,641	11,923	0
8515-4780-41251 SNF-Med-Car	0	0	0	0	0	0	0	0	0	0	0	2,820	0
8515-4790-41251 SNF-Med-Car	2,292	0	0	0	0	0	1,209	0	0	0	14,960	10,581	0
Total Med-Car	23,985	0	0	0	0	0	45,099	141,486	0	87,755	130,631	71,627	0
Med-Car MgtCare													
8515-1180-41252 SNF-Med-Car MgtCare	78,150	80,755	82,351	78,150	80,755	76,150	127,168	165,476	2	23,441	96,385	87,310	18,235
8515-4230-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	3,632
8515-4470-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	0	0	0	0	4,711	0
8515-4500-41252 SNF-Med-Car MgtCare	1,613	2,196	227	1,733	1,306	722	7,513	11,440	0	5,135	11,328	8,708	4,775
8515-4540-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	0	0	1,495	0	1,935	0
8515-4540-41252 SNF-Med-Car MgtCare	0	0	0	879	0	0	0	629	0	0	0	0	693
8515-4630-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	6	0	0	2,877	4,374	0
8515-4680-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8515-4710-41252 SNF-Med-Car MgtCare	19,845	20,459	19,428	16,910	16,295	10,473	23,311	55,799	451	24,478	104,232	14,204	2,527
8515-4720-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	0	0	0	36,216	1,228	423
8515-4730-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	0	0	0	5,310	0	1,719
8515-4750-41252 SNF-Med-Car MgtCare	17,966	18,452	19,355	3,574	3,576	4,825	3,311	21,274	44,783	1,488	8,311	25,127	15,844
8515-4780-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	976	0	754	0	0	0
8515-4790-41252 SNF-Med-Car MgtCare	15,661	13,655	0	0	0	0	16,576	21,114	932	5,744	21,842	12,871	1,817
8515-4871-41252 SNF-Med-Car MgtCare	0	0	0	0	0	0	0	1,521	0	0	0	0	0
Total Med-Car MgtCare	136,335	134,919	117,240	101,200	103,226	92,602	242,882	203,832	2,871	72,862	304,081	114,285	27,126
Total SNF	3,862,251	3,670,948	3,423,982	3,483,215	3,437,400	3,745,340	4,089,696	3,716,224	3,533,335	3,688,422	3,378,344	2,809,732	262,514
Rehab:													
Comm MgtCare													
8515-3440-41422 IP Rehab-Center Inpt MgtCare FFS	91,014	71,670	233,294	102,258	58,176	3,462	48,766	3,482	0	73,732	66,155	118,308	118,382
8515-4470-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	0	0	0	0	0	0	0	3,313	905	781	0
8515-4500-41422 IP Rehab-Center Inpt MgtCare FFS	6,831	6,956	21,136	13,892	4,168	285	2,879	528	0	2,555	8,707	20,162	12,822
8515-4540-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	0	0	0	0	0	0	0	0	0	1,933	0
8515-4580-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	535	0	0	0	0	0	0	577	0	0	0
8515-4630-41422 IP Rehab-Center Inpt MgtCare FFS	0	3,588	1,472	5,137	0	0	0	0	0	0	8,164	697	0
8515-4631-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	0	263	0	0	0	0	0	0	0	0	0
8515-4680-41422 IP Rehab-Center Inpt MgtCare FFS	0	5,670	6,748	5,670	0	0	0	0	0	0	0	0	0
8515-4710-41422 IP Rehab-Center Inpt MgtCare FFS	0	2,582	0	0	0	0	0	0	0	0	0	0	0
8515-4720-41422 IP Rehab-Center Inpt MgtCare FFS	0	3,649	0	0	0	0	0	0	0	0	85	3,187	0
8515-4740-41422 IP Rehab-Center Inpt MgtCare FFS	13,873	18,274	14,463	13,443	3,449	347	5,563	797	0	2,543	10,536	19,817	14,824
8515-4750-41422 IP Rehab-Center Inpt MgtCare FFS	0	30	0	0	0	0	0	0	0	0	0	0	0
8515-4760-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8515-4780-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	3,153	0	0	0	0	0	0	0	0	0	0
8515-4780-41422 IP Rehab-Center Inpt MgtCare FFS	27,007	36,166	63,741	54,311	17,720	1,968	11,565	7,012	0	22,144	20,900	42,489	36,435
8515-4780-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	18,199	11,866	0	0	7,505	864	0	17,556	7,348	16,116	24,817
8515-4790-41422 IP Rehab-Center Inpt MgtCare FFS	31,660	36,816	72,240	45,296	17,832	876	16,422	13,74	0	21,136	23,547	26,672	27,322
8515-4871-41422 IP Rehab-Center Inpt MgtCare FFS	0	0	2,446	2,486	0	0	0	0	0	0	2,466	0	1,500
Total Comm MgtCare	173,235	221,586	412,547	348,903	183,255	6,908	84,063	1,287	0	186,285	187,132	329,093	233,612
Comm Risk													
8515-3440-41423 IP Rehab-Center Inpt At Risk	10,446	41,784	24,324	45,266	24,916	84,851	0	0	0	0	0	0	0
8515-4500-41423 IP Rehab-Center Inpt At Risk	1,132	8,825	5,887	9,418	2,616	6,891	0	0	0	0	0	0	0
8515-4540-41423 IP Rehab-Center Inpt At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8515-4580-41423 IP Rehab-Center Inpt At Risk	693	693	693	693	693	629	0	0	0	0	0	0	0
8515-4630-41423 IP Rehab-Center Inpt At Risk	0	0	0	0	0	13,516	0	0	0	0	0	0	0
8515-4631-41423 IP Rehab-Center Inpt At Risk	1,000	4,475	0	5,593	3,102	10,319	0	0	0	0	0	0	0
8515-4630-41423 IP Rehab-Center Inpt At Risk	0	0	0	0	0	4,475	0	0	0	0	0	0	0
8515-4710-41423 IP Rehab-Center Inpt At Risk	3,690	13,707	10,262	19,407	5,579	21,360	0	0	0	0	0	0	0
8515-4760-41423 IP Rehab-Center Inpt At Risk	2,750	8,371	0	5,534	4,357	19,749	0	0	0	0	0	0	0
8515-4780-41423 IP Rehab-Center Inpt At Risk	2,241	11,322	4,760	2,162	4,392	22,055	0	0	0	0	0	0	0
8515-4871-41423 IP Rehab-Center Inpt At Risk	0	0	1,523	0	0	0	0	0	0	0	0	0	0
Total Comm Risk	23,650	89,433	54,195	87,916	45,275	198,928	0	0	0	0	0	0	0
WIC Comp													
8515-3440-41431 IP Rehab-WIC	0	0	0	0	27,896	0	0	0	0	0	0	0	32,730
8515-4530-41431 IP Rehab-WIC	0	0	0	0	2,223	0	0	0	0	0	0	0	4,002
8515-4630-41431 IP Rehab-WIC	0	0	0	0	0	0	0	0	0	0	0	0	0
8515-4710-41431 IP Rehab-WIC	0	0	0	0	3,843	0	0	0	0	0	0	0	6,888
8515-4770-41431 IP Rehab-WIC	0	0	0	0	6,911	0	0	0	0	0	0	0	22,330
8515-4780-41431 IP Rehab-WIC	0	0	0	0	8,402	0	0	0	0	0	0	0	18,211
Total WIC Comp	0	0	0	0	55,678	0	0	0	0	0	0	0	104,870
Medicare													
8515-2440-41441 IP Rehab-Medicare	1,262,470	1,281,942	1,262,294	1,375,952	1,370,714	1,332,412	1,341,138	1,510,978	784,672	1,292,592	1,152,624	844,854	905,470
8515-4420-41441 IP Rehab-Medicare	55,105	0	0	15,640	0	0	0	0	0	4,863	82,587	0	0
8515-4470-41441 IP Rehab-Medicare	824	0	1,902	1,902	0	1,406	0	3,332	2,576	11,284	1,880	845	5,015
8515-4500-41441 IP Rehab-Medicare	161,815	123,075	105,232	152,677	158,512	117,345	103,439	85,521	139,951	152,116	121,271	122,121	0
8515-4520-41441 IP Rehab-Medicare	0	1,646	0	1,582	0	1,162	280	4,594	1,568	1,226	0	611	0
8515-4540-41441 IP Rehab-Medicare	8,882	3,881	476	2,930	8,474	1,787	3,78,						

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-5-4520-44542 DP Medicare MgtCare	25,797	26,442	27,283	28,611	32,351	16,305	31,747	32,961	30,113	27,458	30,716	21,038	23,871
85-5-4540-44547 DP Medicare MgtCare	5,667	5,667	5,667	5,668	5,668	5,763	5,763	5,763	5,763	5,763	5,763	5,763	5,763
85-5-4570-44542 DP Medicare MgtCare	71,110	11,648	1,115,641	1,284,484	505,675	(41,825)	417,254	1,261,475	205,221	1,501,436	1,768,967	1,028,741	314,715
85-5-4590-44540 DP Medicare MgtCare	49,211	102,376	183,363	102,376	102,376	102,376	102,376	102,376	102,376	102,376	102,376	102,376	102,376
85-5-4610-44540 DP Medicare MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4630-44540 DP Medicare MgtCare	1,437	0	0	0	0	0	1,437	0	0	0	0	0	-437
85-5-4630-44540 DP Medicare MgtCare	102,838	15,271	138,632	80,721	80,721	80,721	80,721	80,721	80,721	80,721	80,721	80,721	80,721
85-5-4630-44540 DP Medicare MgtCare	151,620	171,150	217,597	217,597	217,597	217,597	217,597	217,597	217,597	217,597	217,597	217,597	217,597
85-5-4630-44540 DP Medicare MgtCare	13,648	8,418	8,418	8,418	8,418	8,418	8,418	8,418	8,418	8,418	8,418	8,418	8,418
85-5-4630-44540 DP Medicare MgtCare	34,841	59,474	59,474	59,474	59,474	59,474	59,474	59,474	59,474	59,474	59,474	59,474	59,474
85-5-4630-44540 DP Medicare MgtCare	164,142	20,019	127,182	127,182	11,687	11,687	11,687	11,687	11,687	11,687	11,687	11,687	11,687
85-5-4630-44540 DP Medicare MgtCare	44,575	71,616	110,936	74,765	61,177	61,177	61,177	61,177	61,177	61,177	61,177	61,177	61,177
85-5-4630-44540 DP Medicare MgtCare	100,150	100,150	100,150	100,150	100,150	100,150	100,150	100,150	100,150	100,150	100,150	100,150	100,150
85-5-4630-44540 DP Medicare MgtCare	60,595	56,058	34,430	37,344	37,344	37,344	37,344	37,344	37,344	37,344	37,344	37,344	37,344
85-5-4630-44540 DP Medicare MgtCare	11,217	13,143	10,330	11,800	16,707	6,842	11,622	22,603	18,899	18,899	22,617	27,652	17,300
85-5-4710-44540 DP Medicare MgtCare	21,117	12,633	11,637	11,637	11,637	11,637	11,637	11,637	11,637	11,637	11,637	11,637	11,637
85-5-4730-44540 DP Medicare MgtCare	1,806	8,313	4,781	18,231	6,445	4,605	4,605	4,605	4,605	4,605	4,605	4,605	4,605
85-5-4730-44540 DP Medicare MgtCare	7,897	13,587	7,167	21,071	7,832	16,812	8,201	16,812	22,603	22,603	22,617	27,652	17,300
85-5-4730-44540 DP Medicare MgtCare	5,235	5,235	5,235	5,235	5,235	5,235	5,235	5,235	5,235	5,235	5,235	5,235	5,235
85-5-4730-44540 DP Medicare MgtCare	56,397	73,947	117,560	74,324	97,065	51,492	80,877	129,687	102,566	162,755	113,380	188,118	138,448
85-5-4730-44540 DP Medicare MgtCare	185,240	194,777	202,827	211,193	132,900	132,900	132,900	132,900	132,900	132,900	132,900	132,900	132,900
85-5-4730-44540 DP Medicare MgtCare	847	4,654	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504
85-5-4730-44540 DP Medicare MgtCare	4,200	9,853	10,863	5,418	5,418	5,418	5,418	5,418	5,418	5,418	5,418	5,418	5,418
85-5-4730-44540 DP Medicare MgtCare	514	790	375	0	-257	0	1,790	581	1,438	456	1,255	415	415
85-5-4810-44540 DP Medicare MgtCare	3,508	3,834	4,835	3,848	3,848	3,848	3,848	3,848	3,848	3,848	3,848	3,848	3,848
85-5-4810-44540 DP Medicare MgtCare	21,212	19,155	34,936	12,564	18,516	21,618	17,894	27,618	13,818	16,517	45,475	30,504	13,707
Total Medicare MgtCare	2,712,508	3,738,109	4,000,375	3,887,256	3,314,243	2,830,187	2,721,082	4,488,736	2,830,466	6,721,653	5,902,865	4,412,803	2,512,712
85-5-3710-44543 DP Medicare At Risk	0	0	0	0	3,532	5,312	0	5,642	0	0	15,626	0	0
85-5-3-3710-44543 DP Medicare At Risk	3,209	123,949	33,137	40,380	8,024	5,512	11,100	38,551	12,784	81,123	58,720	13,454	47,951
85-5-3-3710-44543 DP Medicare At Risk	44,006	10,333	27,805	30,642	19,232	6,402	44,345	48,845	61,112	41,473	19,306	13,454	47,951
85-5-3-3710-44543 DP Medicare At Risk	(15,855)	(1,437)	6	6	6	6	1,538	21,186	16,306	0	3,380	10,536	17,337
85-5-3-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-3-3710-44543 DP Medicare At Risk	0	43,298	0	0	10,600	0	0	0	0	0	0	0	0
85-5-3-3710-44543 DP Medicare At Risk	0	0	0	236	212	0	212	212	212	212	212	212	212
85-5-3-3710-44543 DP Medicare At Risk	730	535	715	0	448	0	0	330	902	737	1,118	0	0
85-5-3-3710-44543 DP Medicare At Risk	926	1,138	2,340	3,099	2,008	2,928	1,090	4,604	4,272	2,564	3,648	-1,418	-1,418
85-5-3-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-3-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-3-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-3-3710-44543 DP Medicare At Risk	31,193	7,521	74,619	15,385	32,305	51,024	50,805	163,732	82,056	233,836	203,349	21,647	7,715
85-5-4-3710-44543 DP Medicare At Risk	16,360	7,649	8,439	28,724	19,033	20,402	23,511	21,505	23,511	23,511	23,511	23,511	23,511
85-5-4-3710-44543 DP Medicare At Risk	131,229	49,577	167,160	168,137	203,983	203,983	203,983	203,983	203,983	203,983	203,983	203,983	203,983
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	148	148	844	496	844	380	837	1,037	1,461	1,731	218	871	871
85-5-4-3710-44543 DP Medicare At Risk	53,240	39,056	33,419	27,783	34,249	47,204	42,333	44,380	44,380	44,380	44,380	44,380	44,380
85-5-4-3710-44543 DP Medicare At Risk	3,865	1,865	5,128	17,518	17,518	17,518	21,825	13,366	12,712	39,700	13,754	14,806	14,806
85-5-4-3710-44543 DP Medicare At Risk	1,565	1,797	908	3,430	3,430	3,430	5,641	3,104	1,026	1,944	2,846	1,509	1,509
85-5-4-3710-44543 DP Medicare At Risk	11,610	12,140	71,681	27,428	19,345	81,566	38,763	12,671	50,849	562,184	73,445	23,445	23,445
85-5-4-3710-44543 DP Medicare At Risk	30,645	11,660	11,660	11,660	11,660	20,108	22,888	22,888	22,888	22,888	22,888	22,888	22,888
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	12,641	7,641	25,723	8,806	15,992	21,923	14,722	3,110	21,684	13,305	22,100	7,762	7,762
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	41,819	7,527	7,499	19,459	15,611	11,672	37,161	13,969	19,488	5,936	0	5,936	5,936
85-5-4-3710-44543 DP Medicare At Risk	0	6,168	14,353	6,168	6,168	27,005	6,168	6,168	6,168	6,168	6,168	6,168	6,168
85-5-4-3710-44543 DP Medicare At Risk	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197
85-5-4-3710-44543 DP Medicare At Risk	7,296	18,650	18,582	2,696	1,805	3,448	24,691	15,564	27,613	26,619	23,458	32,487	32,487
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	919	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	30,766	23,346	23,346	23,346	23,346	23,346	23,346	23,346	23,346	23,346	23,346	23,346	23,346
85-5-4-3710-44543 DP Medicare At Risk	0	1,430	627	10,465	6,087	5,200	3,161	10,109	109	6,646	861	17,822	17,822
85-5-4-3710-44543 DP Medicare At Risk	0	0	6,389	3,201	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	52,480	48,809	20,640	28,754	44,354	54,212	21,997	35,149	28,056	31,778	30,520	60,728	58,877
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	5,535	6,165	6,507	5,507	5,507	5,507	5,507	5,507	5,507	5,507	5,507	5,507	5,507
85-5-4-3710-44543 DP Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85-5-4-3710-44543 DP Medicare At Risk	0	301	676	0	301	0	0	0	0	547	962	976	0
85-5-4-3710-44543 DP Medicare At Risk	25,510	0	2,568	2,568	0	2,568	7,930	2,568	0	0	5,055	0	5,055
Total Medicare At Risk	482,517	457,396	553,321	711,805	817,478	650,425	837,735	858,015	1,022,636	1,408,455	1,453,681	870,667	1,048,722
Medi-Cal													
85-5-3-3710-44543 DP Medi-Cal	0	0	0	20,809	0	0	0	0	0	347	0	1,222	(19,805)
85-5-3-3710-44543 DP Medi-Cal	0	0	0	5,915	(2,614)	0	5,915	0	0	0	0	14,806	0
85-5-3-3710-44543 DP Medi-Cal	0	0	0	5,438	0	0	5,438	0	0	0	0	9,904	0
85-5-3-3710-44543 DP Medi-Cal	0	0	0	1,448	0	0	1,448	0	0	0	0	2,190	4,205
85-5-3-3710-44543 DP Medi-Cal	0	0	0	424	2,864	0	2,864	0	0	240	490	400	0
85-5-3-3710-44543 DP Medi-Cal	1,535	2,034	6,075	550	1,445	1,033	1,033	1,033	6,312	2,331	0	281	2,391
85-5-3-													

Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

[illegible]

Attachment 2 - Part 4

APA

Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85%-4550-6422 ER-MH-A-Rsk	3,006	4,853	2,388	8,111	3,416	1,822	8,259	2,837	4,341	1,686	8,918	4,863	1,720
85%-4545-6422 ER-MH-A-Rsk	0	478	470	479	0	0	479	0	0	0	0	0	0
85%-4540-6422 ER-MH-A-Rsk	635	536	0	0	1,076	535	2,366	577	1,154	1,154	2,308	2,308	0
85%-4430-6422 ER-MH-A-Rsk	0	693	723	693	2,109	2,105	4,003	458	1,866	651	2,712	1,366	0
85%-4431-6422 ER-MH-A-Rsk	0	0	0	0	41,586	0	0	0	0	0	0	0	0
85%-4300-6422 ER-MH-A-Rsk	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4309-6422 ER-MH-A-Rsk	0	0	0	0	0	0	0	0	0	0	1,351	0	0
85%-4880-6422 ER-MH-A-Rsk	3,649	7,216	3,649	0	0	0	4,845	7,577	0	0	9,954	0	0
85%-4710-6422 ER-MH-A-Rsk	263	130	188	58	0	0	464	545	1	427	494	0	0
85%-4710-6422 ER-MH-A-Rsk	0	0	0	0	0	0	0	0	0	0	1,418	0	0
85%-4710-6422 ER-MH-A-Rsk	0	0	0	0	0	0	0	0	0	0	0	0	0
Total CMH-Hsk	17,728	45,483	16,865	20,543	37,255	13,478	35,120	3,122	22,969	1,167	58,118	37,631	14,481
W/C Comp													
85%-4350-6433 ER-W/C	35,499	28,125	35,345	18,072	18,769	22,194	25,158	19,241	29,431	1,163	12,881	28,830	27,640
85%-4352-6433 ER-W/C	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4540-6433 ER-W/C	6,847	3,332	1,578	178	5,184	178	3,720	2,754	1,712	1,619	1,908	727	-1,332
85%-4540-6433 ER-W/C	479	479	0	0	0	0	0	0	0	0	0	0	0
85%-4380-6433 ER-W/C	1,670	535	1,310	0	0	0	0	0	0	0	577	0	0
85%-4350-6433 ER-W/C	5,350	8,524	2,966	1,531	1,999	3,689	1,999	3,333	0	0	421	1,140	2,310
85%-4380-6433 ER-W/C	7,182	17,396	24,430	4,881	0	4,993	13,764	0	0	0	11,331	25,386	0
85%-4710-6433 ER-W/C	438	1,593	875	280	423	213	1,800	757	1,737	637	105	57	97
85%-4871-6433 ER-W/C	1,521	0	0	0	0	1,521	0	0	0	0	0	0	0
Total W/C Comp	45,326	58,982	77,934	26,522	24,241	32,262	37,832	38,854	38,713	2,768	15,725	42,507	36,873
Medicare													
85%-4310-6441 ER-Med-Care	878,695	1,189,203	658,228	887,614	944,427	843,503	938,022	1,188,548	847,548	863,242	1,037,917	940,814	1,054,526
85%-4311-6441 ER-Med-Care	5	0	0	0	0	0	0	754	754	754	0	0	0
85%-4312-6441 ER-Med-Care	0	0	0	0	0	0	0	1,332	0	0	1,332	0	0
85%-4313-6441 ER-Med-Care	0	0	0	0	0	0	0	1,332	0	0	1,332	0	0
85%-4314-6441 ER-Med-Care	0	0	23,118	218	207	17,846	0	17,846	0	0	2,944	86	0
85%-4315-6441 ER-Med-Care	43	0	0	0	0	0	0	0	0	0	0	0	0
85%-4316-6441 ER-Med-Care	265,713	345,375	327,016	351,902	268,438	309,807	329,178	362,576	343,507	297,789	249,341	263,284	249,978
85%-4317-6441 ER-Med-Care	118	0	0	0	0	0	0	0	0	0	0	0	0
85%-4318-6441 ER-Med-Care	7,188	5,881	8,323	5,314	7,431	11,305	10,247	6,913	9,264	6,913	6,216	6,437	6,437
85%-4319-6441 ER-Med-Care	69,735	96,125	49,220	52,965	48,012	52,965	48,012	48,012	48,012	48,012	48,012	48,012	48,012
85%-4320-6441 ER-Med-Care	87,424	207,895	87,320	94,246	109,220	98,712	118,811	118,811	118,811	118,811	118,811	118,811	118,811
85%-4321-6441 ER-Med-Care	113,320	107,333	107,333	107,333	107,333	107,333	107,333	107,333	107,333	107,333	107,333	107,333	107,333
85%-4322-6441 ER-Med-Care	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4323-6441 ER-Med-Care	0	6,756	4,628	0	13,916	21,273	19,292	6,226	0	0	27,247	0	0
85%-4324-6441 ER-Med-Care	17,396	24,432	34,418	1,716	33,551	26,130	26,130	26,130	26,130	26,130	26,130	26,130	26,130
85%-4325-6441 ER-Med-Care	310,733	513,582	418,487	318,691	397,858	318,967	554,527	337,931	507,945	547,119	576,134	255,831	255,831
85%-4326-6441 ER-Med-Care	24,761	27,106	48,420	26,159	21,063	36,975	25,442	23,657	23,657	23,657	23,657	23,657	23,657
85%-4327-6441 ER-Med-Care	1,839	2,941	1,135	13,890	8,828	5,279	7,185	7,185	7,185	7,185	7,185	7,185	7,185
85%-4328-6441 ER-Med-Care	3,467	0	6,634	1,281	6,435	6,435	6,435	6,435	6,435	6,435	6,435	6,435	6,435
85%-4329-6441 ER-Med-Care	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4330-6441 ER-Med-Care	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4331-6441 ER-Med-Care	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4332-6441 ER-Med-Care	11,155	24,736	2,631	16,114	27,309	17,218	21,718	3,995	5,316	18,874	8,791	12,255	12,255
Total Medicare	1,897,314	2,314,325	2,063,313	1,855,110	1,874,237	1,689,233	2,146,267	2,469,095	1,843,581	2,873,148	2,281,199	2,314,056	1,837,630
Medicare-MpCare													
85%-4310-6442 ER-Med-Care-MpCare	416,965	417,452	517,385	596,617	594,099	425,789	527,825	644,921	418,582	515,870	654,789	437,310	694,330
85%-4311-6442 ER-Med-Care-MpCare	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4312-6442 ER-Med-Care-MpCare	0	0	237	65	0	0	0	0	0	0	0	0	0
85%-4313-6442 ER-Med-Care-MpCare	567,444	1,183,365	165,925	1,481,811	1,172,672	1,274,464	1,179,106	201,236	132,190	188,234	100,610	143,097	151,072
85%-4314-6442 ER-Med-Care-MpCare	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4315-6442 ER-Med-Care-MpCare	8,147	3,253	4,755	5,745	3,837	3,837	6,235	2,952	3,591	6,768	6,181	3,367	1,105
85%-4316-6442 ER-Med-Care-MpCare	26,180	28,155	26,155	34,775	26,155	34,775	26,155	34,775	26,155	34,775	26,155	34,775	26,155
85%-4317-6442 ER-Med-Care-MpCare	51,838	57,511	57,511	63,300	107,087	44,368	87,851	66,226	60,346	85,455	77,207	64,300	94,548
85%-4318-6442 ER-Med-Care-MpCare	11,206	13,986	13,986	17,986	17,986	17,986	17,986	17,986	17,986	17,986	17,986	17,986	17,986
85%-4319-6442 ER-Med-Care-MpCare	6,756	0	31,965	0	0	31,913	0	0	0	0	33,216	5,644	5,644
85%-4320-6442 ER-Med-Care-MpCare	12,424	0	3,502	9,934	6,182	9,934	5,078	9,934	4,711	5,963	2,002	9,934	11,426
85%-4321-6442 ER-Med-Care-MpCare	260,467	81,187	303,367	263,447	267,312	115,959	326,719	326,719	267,312	267,312	267,312	267,312	267,312
85%-4322-6442 ER-Med-Care-MpCare	11,900	14,790	41,332	20,797	14,848	9,532	44,236	44,236	44,236	44,236	44,236	44,236	44,236
85%-4323-6442 ER-Med-Care-MpCare	2,584	4,887	9,987	1,606	8,199	338	9,972	9,972	9,972	9,972	9,972	9,972	9,972
85%-4324-6442 ER-Med-Care-MpCare	0	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597
85%-4325-6442 ER-Med-Care-MpCare	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4326-6442 ER-Med-Care-MpCare	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4327-6442 ER-Med-Care-MpCare	10,079	13,139	23,220	12,734	10,158	9,003	2,810	16,031	8,545	17,000	8,108	7,037	16,031
Total Medicare-MpCare	943,274	1,261,157	1,223,188	1,172,819	1,184,805	858,464	1,327,888	1,349,481	975,711	1,266,687	1,246,233	1,099,053	1,317,237
Medicare-Risk													
85%-4310-6443 ER-Med-Care-Risk	67,610	75,936	86,521	88,811	76,713	131,629	138,278	145,881	125,713	83,888	171,513	120,874	172,916
85%-4311-6443 ER-Med-Care-Risk	0	0	19,788	0	0	0	0	0	0	0	0	0	0
85%-4312-6443 ER-Med-Care-Risk	21,716	22,638	31,121	24,514	22,665	30,771	38,835	27,881	31,455	39,714	69,767	38,466	38,466
85%-4313-6443 ER-Med-Care-Risk	568	568	479	0	0	0	568	568	568	568	568	568	568
85%-4314-6443 ER-Med-Care-Risk	2,140	2,140	4,815	3,745	4,815	8,845	6,824	6,824	6,824	6,824	6,824	6,824	6,824
85%-4315-6443 ER-Med-Care-Risk	7,218	6,979	13,841	7,723	9,819	12,580	12,580	12,580	12,580	12,580	12,580	12,580	12,580
85%-4316-6443 ER-Med-Care-Risk	0	0	0	0	0	1,092	0	0	1,157	0	0	0	0
85%-4317-6443 ER-Med-Care-Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
85%-4318-6443 ER-Med-Care-Risk	0	1,640	2,342	1,846	3,768	6,649	1,581	2,242	1,581	3,102	4,653	3,422	3,422
85%-4319-6443 ER-Med-Care-Risk	41,828	7,299	25,123	18,169	46,718	35,860	38,939	38,939	38,939	38,939	38,939	38,939	38,939
85%-4320-6443 ER-Med-Care-Risk	1,858	833	2,583	1,517	1,115	2,886	1,709	2,498	2,498	2,498	2,498	2,498	2,498
85%-4321-6443 ER-Med-Care-Risk	0	0	1,560	580	0	0	2,143	2,143	2,143	2,143	2,143	2,143	2,143
85%-4322-6443 ER-Med-Care-Risk	0	1,587	0	0	0	0	2,881	0	0	1,284	0	0	0
85%-4323-6443 ER-Med-Care-Risk	2,456	4,563	0	4,563	0	4,563	4,563	4,563	4,563	4,563	4,563	4,563	4,563
Total Medicare-Risk	146,246	125,566	214,220										

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-0-4710-4713 ER Other Govt FFS	25	630	1,161	6	66	211	126	263	637	762	182	0	472
Total Other Govt	7,825	21,513	43,636	9,361	9,562	15,148	6,616	12,935	28,111	21,212	25,056	1,600	22,868
Other Mgt Care													
85-0-4500-44702 HMO-MgtCare	0	0	(178)	0	0	0	0	0	0	0	0	0	0
85-0-4500-44702 ER Other MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	577
Total Other MgtCare	0	0	(178)	0	0	0	0	0	0	0	0	0	577
Other Risk													
85-0-4510-44703 ER Other At Risk	16,949	21,009	17,088	1,701	21,727	6,971	4,679	4,491	5,193	7,090	16,330	2,867	17,857
85-0-4500-44703 ER Other At Risk	3,581	5,152	4,937	17	8,831	1,501	3,110	176	1,867	4,496	178	0	4,236
85-0-4500-44703 ER Other At Risk	0	0	0	0	478	0	0	0	0	0	0	0	6
85-0-4500-44703 ER Other At Risk	535	539	1,036	0	0	0	0	0	0	0	0	0	577
85-0-4500-44703 ER Other At Risk	0	0	693	0	1,100	0	690	7,900	0	0	4,096	1,164	5,440
85-0-4500-44703 ER Other At Risk	0	0	3,649	0	4,157	0	0	0	0	0	3,877	0	14,261
85-0-4710-44703 ER Other At Risk	267	905	168	0	1,725	110	310	310	38	(19)	179	0	331
85-0-4710-44703 ER Other At Risk	0	0	0	0	0	0	700	0	0	0	0	0	730
85-0-4710-44703 ER Other At Risk	0	0	0	0	1,509	0	0	0	0	0	0	0	0
Total Other Risk	21,332	28,514	28,292	1,718	35,057	8,581	9,061	6,557	9,597	12,392	24,762	4,076	42,426
Total ER	10,223,606	11,464,259	11,156,175	10,959,256	11,020,234	9,737,003	12,345,444	12,652,929	10,477,029	11,247,630	12,184,246	10,711,491	11,151,288
Total Gross Outpatient Revenue	32,639,681	32,292,002	33,891,982	30,750,506	32,049,669	31,242,200	34,054,199	36,974,782	30,162,550	40,132,028	37,390,754	37,111,260	35,051,441
Total Gross Revenue	117,507,959	114,855,306	118,274,424	112,871,542	116,909,978	121,606,938	132,590,540	148,276,626	129,387,437	140,148,666	137,484,477	132,576,133	115,121,730
Deductions from Revenue													
Inpatient Contractual Allowances:													
Medicare Traditional													
85-0-5811-51441 CONT RE-MSM FFS	0	0	0	0	0	0	0	4,328	0	0	0	0	107,475
85-0-5811-51441 CONT RE-MSM FFS	24,412,660	22,259,617	22,064,308	22,811,235	29,764,417	32,354,876	35,200,332	39,872,632	37,224,367	38,282,082	32,468,947	35,268,442	27,814,735
85-0-5811-51441 CONT RE-MSM FFS	(239,462)	(900,163)	(1,022,659)	(377,770)	(957,863)	(941,324)	(898,473)	(916,383)	(872,324)	(897,316)	(895,354)	(897,124)	(855,506)
85-0-5811-51441 CONT RE-MSM FFS	2,726,231	2,054,328	1,708,320	873,615	5,494,326	2,680,367	2,494,556	2,616,531	2,616,531	2,616,531	2,153,643	2,153,643	2,414,380
Total Medicare Traditional	22,799,829	21,313,792	20,749,969	23,786,679	34,310,876	37,057,926	37,377,416	42,111,125	38,854,566	38,854,566	34,423,917	37,264,366	29,584,987
Medicare - Managed Care													
85-0-5812-51402 CONT RE-MSM MCO CARE	2,548,450	1,350,164	1,493,383	1,860,636	330,183	4,465,501	2,801,710	1,819,232	2,129,754	1,641,726	673,130	1,636,239	1,641,012
85-0-5812-51402 CONT RE-MSM MCO CARE	123,314	111,991	0	0	188,544	7,645	385,166	128,283	729,969	85,156	0	0	69,022
85-0-5812-51402 CONT RE-MSM MCO CARE	10,280,910	6,209,280	6,618,392	6,201,586	7,648,847	4,285,631	1,931,882	6,543,817	3,881,183	12,148,422	10,214,964	9,018,416	9,018,416
85-0-5812-51402 CONT RE-MSM MCO CARE	13,616	11,319	0	0	66,783	299,527	377,584	39,235	34,960	17,623	0	0	294,221
Total Medicare - Managed Care	12,916,329	7,823,680	9,211,871	8,062,423	8,259,728	9,346,759	9,211,193	8,392,325	6,041,283	14,621,636	10,911,363	11,345,715	15,023,852
Medicare - At Risk													
85-0-5813-51403 CONT RE-MSM MCO CARE	5,299,811	4,696,324	2,732,916	856,876	1,653,263	1,551,635	2,76,842	1,735,430	3,649,165	2,614,483	3,816,620	16,205,600	1,453,958
85-0-5813-51403 CONT RE-MSM MCO CARE	204,583	12,030	0	0	188,544	7,645	385,166	128,283	729,969	85,156	0	0	69,022
85-0-5813-51403 CONT RE-MSM MCO CARE	4,028,087	7,815,206	13,815,151	2,094,583	3,798,207	3,732,414	715,450	2,617,519	4,502,815	6,142,713	3,596,014	5,711,987	5,711,987
85-0-5813-51403 CONT RE-MSM MCO CARE	321,377	6,299	1,827,151	10,243	2,792	3,039	0	2,576	0	0	0	0	0
Total Medicare - At Risk	10,549,858	12,624,609	16,261,661	5,061,859	5,642,037	5,301,509	2,220,171	4,659,112	7,873,880	9,444,852	7,432,416	15,667,437	13,287,985
Medical Traditional													
85-0-5821-51401 CONT RE-MSM MCO CARE	0	9,625	0	0	0	0	0	0	0	0	0	0	0
85-0-5821-51401 CONT RE-MSM MCO CARE	(2,948,937)	833,423	(8,614,422)	3,612,561	1,311,192	6,387,812	3,118,668	11,324,774	5,074,302	(1,728,372)	3,829,303	1,055,818	(1,941,927)
Total Medical Traditional	(2,948,937)	833,423	(8,614,422)	3,612,561	1,311,192	6,387,812	3,118,668	11,324,774	5,074,302	(1,728,372)	3,829,303	1,055,818	(1,941,927)
Medical - Managed Care													
85-0-5822-51402 CONT RE-MSM MCO CARE	304,990	(9,460)	0	130,140	24,505	42,758	333,845	1,100	82,371	403,560	24,224	339,803	339,803
85-0-5822-51402 CONT RE-MSM MCO CARE	12,225,129	8,811,113	13,311,195	6,598,768	11,419,526	8,891,003	17,461,936	12,205,215	15,741,152	17,030,181	17,030,181	17,030,181	17,030,181
85-0-5822-51402 CONT RE-MSM MCO CARE	103,048	75,180	12,387	(172,795)	0	174,367	161	161	161	161	161	161	161
Total Medical - Managed Care	12,133,167	8,796,733	13,323,582	6,568,773	11,644,431	9,007,125	17,623,816	12,206,315	15,924,473	17,234,402	17,234,402	17,234,402	17,234,402
HMO													
85-0-5810-51402 CONT RE-MSM MCO CARE	(103,920)	(13,697)	227,236	198,649	185,171	99,723	279,554	269,744	153,321	0	114,507	109,560	61,589
85-0-5810-51402 CONT RE-MSM MCO CARE	12,137,331	3,614,133	10,477,913	5,649,663	9,432,881	6,093,444	9,151,997	10,077,773	7,806,596	7,543,341	9,736,179	12,611,407	8,713,560
85-0-5810-51402 CONT RE-MSM MCO CARE	14,140	93,226	976	0	196,020	289,077	(407,159)	71,387	86,118	289,587	289,587	547,721	547,721
Total HMO	12,048,551	3,693,862	10,706,125	5,846,833	9,631,074	6,366,344	8,815,225	10,431,991	8,092,294	7,833,028	9,966,268	12,898,709	9,809,070
Commercial													
85-0-5805-51401 CONT RE-MSM MCO CARE	273,833	100,500	427,736	890,704	413,955	140,595	77,245	747,030	(53,722)	144,674	817,100	71,644	425,843
85-0-5805-51401 CONT RE-MSM MCO CARE	9,363	0	0	0	0	0	0	0	0	0	0	0	0
Total Commercial	283,196	100,500	427,736	890,704	413,955	140,595	77,245	747,030	(53,722)	144,674	817,100	71,644	425,843
HMO													
85-0-5810-51402 CONT RE-MSM MCO CARE	186,411	(616,410)	1,865,159	6,974,300	3,657,831	7,061,855	5,151,264	5,137,078	6,922,745	8,027,677	5,575,629	(12,276,144)	3,959,292
Total HMO	186,411	(616,410)	1,865,159	6,974,300	3,657,831	7,061,855	5,151,264	5,137,078	6,922,745	8,027,677	5,575,629	(12,276,144)	3,959,292
HMO - At Risk													
85-0-5813-51403 CONT RE-MSM MCO CARE	0	0	0	0	0	0	54,101	0	309,719	0	0	0	0
85-0-5813-51403 CONT RE-MSM MCO CARE	453,166	1,119,363	1,163,496	631,496	(176,607)	78,105	779,330	510,439	666,319	1,344,450	337,798	454,874	454,874
85-0-5813-51403 CONT RE-MSM MCO CARE	0	0	0	0	0	0	0	0	0	0	0	0	0
Total HMO - At Risk	453,166	1,119,363	1,163,496	631,496	(176,607)	78,105	779,330	510,439	666,319	1,344,450	337,798	454,874	454,874
Workers Compensation													
85-0-5804-51401 CONT RE-MSM MCO CARE	3,274	(20,887)	0	0	0	0	41,284	317	(8,465)	0	0	0	0
85-0-5804-51401 CONT RE-MSM MCO CARE	449,496	594,724	35,534	89,810	65,425	7,017	127,215	329,215	19,215	215,215	329,215	117,132	631,322
85-0-5804-51401 CONT RE-MSM MCO CARE	930	0	0	0	0	0	0	0	0	0	0	0	0
Total Workers Compensation	454,700	573,837	35,534	89,810	65,425	7,017	127,215	329,215	19,215	215,215	329,215	117,132	631,322
Other													
85-0-5805-51401 CONT RE-MSM MCO CARE	106,673	0	0	0	116,458	0	0	0	0	0	0	0	10,479
Total Other	106,673	0	0	0	116,458	0	0	0	0	0	0	0	10,479
Total - Inpatient Contractual Allowances	73,853,998	68,935,035	74,377,278	70,922,535	75,014,313	77,938,109	85,256,401	96,324,230	86,133,950	95,622,460	88,847,882	81,587,785	73,011,582
Outpatient Contractual Allowances:													
Medicare Traditional													
85-0-5811-51441 CONT RE-MSM FFS	2,946,372	10,036,263	7,475,114	8,717,351	7,427,784	7,000,643	5,126,713	7,662,353	6,322,979	8,136,335	10,344,005	9,320,125	7,714,999
85-0-5811-51441 CONT RE-MSM FFS	(10,570)	(17,763)	(6,540)	(8,207)	(10,580)	(10,580)	(10,580)	(10,580)	(10,580)	(10,580)	(10,580)	(10,580)	(10,580)
Total Medicare Traditional	2,935,802	10,018,500	7,468,574	8,709,144	7,417,204	6,989,063	5,116,133	7,651,773	6,312,399	8,125,755	10,333,425	9,309,545	7,704,419
Medicare - Managed Care													
85-0-5812-51402 CONT RE-MSM MCO CARE	3,408,311	1,485,562	1,341,937	1,508,477	1,913,791	1,333,394	2,056,635	2,331,237					

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total - Deductions From Revenue	105,241,358	98,489,744	101,831,667	97,090,237	99,395,865	104,890,206	105,569,056	127,493,312	113,693,575	129,103,386	120,532,754	114,393,124	102,118,258
Pat. Rev. Net of Contractuals & Other Deductions	12,266,600	16,385,561	16,442,758	15,781,304	19,514,113	16,716,733	27,021,484	20,783,314	15,783,862	20,045,280	16,951,723	18,183,009	13,003,472
Provision for Doubtful Accounts:													
8510-5800-51000 Bad Debt Expense - IIP	(2,843,493)	755,843	3,151,882	1,690,379	2,087,949	1,400,695	674,384	907,429	1,376,469	2,384,405	360,936	(523,751)	(1,983,132)
Total: Provision for Doubtful Accounts	(2,843,493)	755,843	3,151,882	1,690,379	2,087,949	1,400,695	674,384	907,429	1,376,469	2,384,405	360,936	(523,751)	(1,983,132)
Net Patient Revenue	15,110,093	15,609,718	13,290,876	14,090,925	17,426,164	15,316,038	26,347,100	19,875,885	14,407,393	17,660,875	16,590,787	18,706,760	14,986,804
Other Revenue:													
Other Revenue													
85-0-5114-58810 OTHER NON-OP/MAINT REV.	0	0	0	1,500	0	750	0	0	0	0	0	0	0
85-0-5331-58820 OTHER NON-OPERATING REVENUE	0	0	0	0	0	0	2,285	0	0	0	0	0	18,548
85-0-5370-59030 Sale of Scrap and Waste	509	125	3,254	189	1,190	722	814	959	1,707	154	895	787	353
85-0-5700-59810 Medical Records Agency Sales	2,003	5,479	1,241	2,460	268	574	2,156	1,454	633	3,191	3,414	1,737	0
85-0-5740-59700 UNDERWRITING & EDUCATION	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-5780-59820 Other Operating Revenue	300	(300)	81,017	346	50	143	355,634	150	38,336	0	350	570	68,320
85-0-7000-10070 Other Operating Revenue	15,799	13,751	9,829	79,567	10,842	10,833	9,516	36,545	45	75	78	814	18,371
85-0-8410-59602 Other Operating Revenue	18,558	13,600	6	8,187	3,813	(6,100)	78,541	0	0	0	0	0	6,668
85-0-9280-58810 Sales/Land Center Revenue	10,740	13,615	12,585	19,985	13,142	12,690	13,336	8,572	13,400	4,790	11,795	12,210	23,519
85-0-9400-59037 Other Revenue - C.R.	0	0	164,365	0	0	0	0	0	0	0	0	0	0
85-0-9513-51633 Med Oper Rev-Grt Sup	147	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	48,837	44,457	278,392	53,143	32,891	(28,084)	415,838	130,541	55,445	33,157	24,314	31,766	142,405
Gain or Loss on Property Sale													
85-0-9310-59565 Gain/Loss on Capital Property	0	0	0	0	2,209	2,319	0	0	0	0	0	0	0
Total Gain or Loss on Property Sale	0	0	0	0	2,209	2,319	0	0	0	0	0	0	0
Total Other Revenue	48,837	44,457	278,392	53,143	32,891	(28,084)	415,838	130,541	55,445	33,157	24,314	31,766	142,405
Capitolium Premium Revenue													
85-0-5360-51883 Capitolium Revenue - M-CARE	2,659,910	2,813,106	3,027,134	2,973,562	3,869,354	3,030,345	3,634,142	3,297,037	3,332,416	3,253,427	3,298,237	3,367,811	3,609,495
Total Capitolium Premium Revenue	2,659,910	2,813,106	3,027,134	2,973,562	3,869,354	3,030,345	3,634,142	3,297,037	3,332,416	3,253,427	3,298,237	3,367,811	3,609,495
Capitolium R x Pool Revenue													
85-0-5360-51887 R x Pool Revenue	(224,520)	(71,426)	(1,137,166)	(887,942)	(1,111,526)	(441,776)	(337,255)	65,217	(793,835)	(404,913)	(232,338)	(656,555)	(2,634,368)
Total Capitolium R x Pool Revenue	(224,520)	(71,426)	(1,137,166)	(887,942)	(1,111,526)	(441,776)	(337,255)	65,217	(793,835)	(404,913)	(232,338)	(656,555)	(2,634,368)
Total Capitalization Revenue	2,435,390	2,741,680	1,890,000	2,085,620	2,757,828	2,592,575	3,297,486	3,362,254	2,448,653	2,848,514	3,066,899	2,711,252	1,174,119
Unrestricted Contributions:													
Unrestricted Contributions													
8510-9040-59955 Unrestricted Contributions	17,113	75,913	45,276	31,836	47	0	7,666	697,315	77,062	181,886	192,918	54,143	(342,563)
Total Unrestricted Contributions	17,113	75,913	45,276	31,836	47	0	7,666	697,315	77,062	181,886	192,918	54,143	(342,563)
Total Unrestricted Contribution	17,113	75,913	45,276	31,836	47	0	7,666	697,315	77,062	181,886	192,918	54,143	(342,563)
Total Revenues	17,657,492	18,471,770	16,384,512	16,261,524	20,215,930	17,800,529	29,478,090	24,086,055	16,988,553	20,724,431	19,872,912	21,309,921	15,950,546
EXPENSES:													
Productive Salaries:													
70000 Mgmt & Supervision													
85-0-4710-70000 Mgmt & Supervision	(168)	0	3,643	11,327	12,776	10,014	12,487	9,643	14,244	11,243	13,267	9,905	0
85-0-6010-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-6410-70000 Mgmt & Supervision	14,045	11,730	15,078	13,190	14,953	12,637	15,435	8,020	12,830	14,733	13,755	14,236	12,912
85-0-6710-70000 Mgmt & Supervision	13,877	12,297	12,227	13,627	14,771	12,637	14,771	8,472	14,770	14,733	14,915	14,638	13,278
85-0-6710-70000 Mgmt & Supervision	14,750	12,145	15,121	12,813	14,872	12,594	15,247	13,676	9,466	12,587	10,815	14,244	14,056
85-0-6910-70000 Mgmt & Supervision	13,346	13,812	15,035	14,418	14,893	12,741	13,676	13,121	13,813	13,350	0	0	0
85-0-7430-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7510-70000 Mgmt & Supervision	12,584	12,704	8,730	15,578	12,152	12,613	16,061	5,534	13,182	12,225	11,007	13,525	7,789
85-0-7570-70000 Mgmt & Supervision	18,588	20,511	16,192	20,384	22,852	21,078	21,419	21,467	21,467	21,467	20,445	22,143	22,143
85-0-7570-70000 Mgmt & Supervision	350	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7-81-70000 Mgmt & Supervision	2,458	3,054	4,357	4,615	2,271	4,119	4,720	3,950	4,506	4,367	4,466	4,006	3,427
85-0-7430-70000 Mgmt & Supervision	16,671	8,291	10,343	10,373	11,366	12,691	14,567	9,632	9,490	0	0	0	0
85-0-7570-70000 Mgmt & Supervision	8,109	12,493	5,176	12,714	8,725	11,562	12,937	7,422	7,422	6,963	11,367	5,196	8,735
85-0-7570-70000 Mgmt & Supervision	58,363	61,873	53,648	72,241	65,624	72,387	66,650	78,672	79,604	76,651	76,651	63,555	63,555
85-0-7570-70000 Mgmt & Supervision	12,507	8,899	14,622	14,665	12,827	11,726	13,462	8,201	12,559	12,135	12,667	12,667	12,667
85-0-7570-70000 Mgmt & Supervision	8,135	5,091	8,888	6,019	7,919	5,932	7,245	6,551	6,384	6,724	6,724	6,724	6,724
85-0-7570-70000 Mgmt & Supervision	12,507	17,556	16,836	18,471	19,948	17,343	28,122	14,761	16,798	23,616	17,648	16,264	16,264
85-0-7710-70000 Mgmt & Supervision	27,267	30,667	31,281	30,415	27,423	27,379	29,029	24,728	29,045	28,662	30,133	28,662	28,662
85-0-7710-70000 Mgmt & Supervision	7,627	6,708	4,590	7,236	6,763	9,252	6,799	5,421	6,548	5,568	5,568	5,568	5,568
85-0-7860-70000 Mgmt & Supervision	39,254	41,227	45,473	30,787	43,973	43,963	43,963	43,963	43,963	43,963	43,963	43,963	43,963
85-0-7860-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7860-70000 Mgmt & Supervision	14,189	12,309	12,033	12,827	13,529	11,909	12,396	11,581	12,337	14,613	13,011	24,203	24,203
85-0-8420-70000 Mgmt & Supervision	14,289	13,127	19,925	12,942	15,939	16,243	21,100	17,793	19,350	23,432	23,014	24,203	24,203
85-0-8420-70000 Mgmt & Supervision	26,434	25,127	28,861	23,324	23,966	22,864	22,864	22,864	22,864	22,864	22,864	22,864	22,864
85-0-8420-70000 Mgmt & Supervision	16,343	12,171	15,823	16,833	16,833	16,833	16,833	16,833	16,833	16,833	16,833	16,833	16,833
85-0-8420-70000 Mgmt & Supervision	6,466	5,793	6,155	6,542	7,141	6,519	11,657	11,657	11,657	11,657	11,657	11,657	11,657
85-0-8420-70000 Mgmt & Supervision	16,076	10,147	10,147	10,147	10,147	10,147	10,147	10,147	10,147	10,147	10,147	10,147	10,147
85-0-8420-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-8420-70000 Mgmt & Supervision	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-8420-70000 Mgmt & Supervision	25,812	20,804	20,804	20,804	20,804	20,804	20,804	20,804	20,804	20,804	20,804	20,804	20,804
85-0-8420-70000 Mgmt & Supervision	6,223	4,350	11,591	7,156	8,336	8,002	10,013	6,925	4,586	9,124	5,308	8,171	9,172
85-0-8420-70000 Mgmt & Supervision	11,612	10,020	9,934	10,841	9,934	9,934	10,841	9,934	9,934	11,311	9,934	10,421	8,435
85-0-8420-70000 Mgmt & Supervision	57,164	60,252	64,495	52,174	50,073	61,047	67,245	67,245	67,245	67,245	67,245	67,245	67,245
85-0-8420-70000 Mgmt & Supervision	12,762	12,114	14,013	14,013	14,013	14,013	14,013	14,013	14,013	14,013	14,013	14,013	14,013
85-0-8420-70000 Mgmt & Supervision	15,331	14,475	17,249	11,148	17,249	15,362	17,837	7,833	6	0	0	0	0
85-0-8420-70000 Mgmt & Supervision	8,614	13,563	13,668	9,444	12,912								

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Verity Heat Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-6451-7010 Licensed Vocational Nurses Pr	264	1105	116	1,066	348	375	1,174	2,660	657	959	6	0	89
85-6451-7010 Licensed Vocational Nurses Pr	2,237	2,468	291	4,267	1,916	2,766	7,541	5,944	569	7,738	1,418	2,064	2,064
85-6451-7010 Licensed Vocational Nurses Pr	331	1,115	411	411	207	1,004	10	-101	(270)	278	113	233	838
85-6451-7010 Licensed Vocational Nurses Pr	0	0	0	0	0	29	24	0	0	(33)	4	0	0
85-6451-7010 Licensed Vocational Nurses Pr	5	(1)	28	47	0	809	0	0	0	0	0	0	0
85-6451-7010 Licensed Vocational Nurses Pr	17,143	0	17	412	4	0	0	0	0	0	0	29	(7)
85-6451-7010 Licensed Vocational Nurses Pr	3,856	3,868	5,863	3,837	13,116	6,256	6,247	6,247	3,231	3,744	2,046	2,628	(176)
Total 7010 Licensed Vocational Nurses Pr	6,418	7,377	6,295	7,586	6,977	12,543	9,915	18,865	4,881	7,086	4,086	3,350	4,488
7010 Aides & Orderlies													
85-6451-7010 Aides & Orderlies	4,364	4,264	3,477	5,119	3,991	4,145	3,167	4,318	5,916	4,887	5,624	5,615	3,182
85-6451-7010 Aides & Orderlies	131	331	131	131	0	0	0	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies	37,212	33,493	37,833	39,571	37,664	29,367	33,164	32,094	38,966	31,728	29,127	34,135	40,073
85-6451-7010 Aides & Orderlies	34,759	37,489	38,876	38,902	34,902	37,890	33,227	32,410	33,468	37,167	38,020	41,254	41,254
85-6451-7010 Aides & Orderlies	18,931	23,036	15,462	21,794	21,794	29,805	29,818	19,889	29,889	29,149	21,149	21,307	29,845
85-6451-7010 Aides & Orderlies	648	281	629	1,438	706	3,757	8,305	6,716	10,766	6,664	6,667	6,667	2,541
85-6451-7010 Aides & Orderlies	10,697	7,596	11,804	11,804	11,804	11,804	11,804	11,804	11,804	11,804	11,804	11,804	11,804
85-6451-7010 Aides & Orderlies	9,134	8,653	12,720	8,564	13,053	12,712	14,699	4,463	6,654	4,705	10,587	8,784	11,227
85-6451-7010 Aides & Orderlies	26,819	24,652	29,981	26,761	29,242	29,242	29,242	29,242	29,242	29,242	29,242	29,242	29,242
85-6451-7010 Aides & Orderlies	0	0	235	117	0	0	0	0	0	0	0	0	222
85-6451-7010 Aides & Orderlies	12,496	12,707	15,165	11,807	13,202	12,294	12,294	12,294	12,294	12,294	12,294	12,294	12,294
85-6451-7010 Aides & Orderlies	2,160	2,675	2,234	2,193	2,245	2,245	2,245	2,245	2,245	2,245	2,245	2,245	2,245
85-6451-7010 Aides & Orderlies	3,017	1,047	(473)	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies	0	1,766	(458)	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies	405	135	34	857	(5)	157	0	169	93	761	0	0	4
Total 7010 Aides & Orderlies	181,355	181,337	185,562	188,977	184,906	185,873	178,255	190,947	193,227	182,349	182,771	189,932	177,886
7010 Aides & Orderlies Premium													
85-6451-7010 Aides & Orderlies Premium	938	155	13	656	133	843	636	2,243	(149)	329	83	67	172
85-6451-7010 Aides & Orderlies Premium	(2)	0	0	0	11	0	24	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies Premium	6,102	4,371	2,643	4,312	2,631	4,354	1,152	8,920	(1,404)	4,257	399	1,604	2,423
85-6451-7010 Aides & Orderlies Premium	8,846	5,361	5,361	5,361	5,361	5,361	5,361	5,361	5,361	5,361	5,361	5,361	5,361
85-6451-7010 Aides & Orderlies Premium	1,086	3,696	446	2,156	341	2,637	(123)	2,585	1,629	1,629	1,629	1,629	1,629
85-6451-7010 Aides & Orderlies Premium	(3)	(3)	109	14	156	191	320	226	1,762	330	1,068	(118)	1,068
85-6451-7010 Aides & Orderlies Premium	1,671	2,019	885	1,193	97	1,680	1,680	2,754	2,754	2,754	2,754	2,754	2,754
85-6451-7010 Aides & Orderlies Premium	2,245	1,795	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893
85-6451-7010 Aides & Orderlies Premium	6,425	3,124	2,131	3,091	1,413	4,913	12,360	(1,715)	1,799	2,448	3,245	3,245	3,245
85-6451-7010 Aides & Orderlies Premium	1,708	3,140	1,706	2,287	3,957	2,521	4,340	1,717	2,021	1,779	3,245	3,245	3,245
85-6451-7010 Aides & Orderlies Premium	180	(17)	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies Premium	103	(10)	(5)	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies Premium	355	366	361	122	362	85	497	137	480	267	365	68	127
85-6451-7010 Aides & Orderlies Premium	0	10	(4)	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Aides & Orderlies Premium	0	0	0	83	83	0	0	0	0	0	0	0	0
Total 7010 Aides & Orderlies Premium	27,237	26,673	18,135	22,439	12,661	33,474	22,272	38,317	1,971	38,899	18,223	15,836	13,373
7010 Clerical & Other Admin													
85-6451-7010 Clerical & Other Admin	1,532	1,039	1,315	764	1,437	883	679	791	1,516	1,244	1,228	1,481	1,351
85-6451-7010 Clerical & Other Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	2,306	2,286	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259
85-6451-7010 Clerical & Other Admin	12,560	15,165	11,371	15,165	10,539	15,165	14,317	14,317	14,317	14,317	14,317	14,317	14,317
85-6451-7010 Clerical & Other Admin	45	1,812	3,166	4,269	2,564	3,433	4,466	5,165	4,844	5,167	4,256	4,256	4,256
85-6451-7010 Clerical & Other Admin	207	(712)	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	2,034	4,612	5,012	2,681	3,772	3,319	2,262	(694)	4,735	3,227	3,225	3,488	3,488
85-6451-7010 Clerical & Other Admin	2,615	1,763	2,615	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763
85-6451-7010 Clerical & Other Admin	1,424	2,041	(159)	2,041	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424
85-6451-7010 Clerical & Other Admin	11,161	9,710	11,161	11,161	11,161	11,161	11,161	11,161	11,161	11,161	11,161	11,161	11,161
85-6451-7010 Clerical & Other Admin	46,533	55,346	55,346	55,346	55,346	55,346	55,346	55,346	55,346	55,346	55,346	55,346	55,346
85-6451-7010 Clerical & Other Admin	13,276	10,508	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830
85-6451-7010 Clerical & Other Admin	18,301	18,301	18,301	18,301	18,301	18,301	18,301	18,301	18,301	18,301	18,301	18,301	18,301
85-6451-7010 Clerical & Other Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890
85-6451-7010 Clerical & Other Admin	4,180	4,615	4,775	4,775	4,775	4,775	4,775	4,775	4,775	4,775	4,775	4,775	4,775
85-6451-7010 Clerical & Other Admin	10,294	8,381	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298
85-6451-7010 Clerical & Other Admin	6,299	3,589	2,778	3,475	5,240	4,857	6,187	5,252	6,187	5,252	6,187	5,252	6,187
85-6451-7010 Clerical & Other Admin	4,027	3,781	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187
85-6451-7010 Clerical & Other Admin	2,250	1,567	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821
85-6451-7010 Clerical & Other Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	4,163	4,257	3,963	4,257	3,963	4,257	3,963	4,257	3,963	4,257	3,963	4,257	3,963
85-6451-7010 Clerical & Other Admin	2,611	2,378	1,675	2,378	1,675	2,378	1,675	2,378	1,675	2,378	1,675	2,378	1,675
85-6451-7010 Clerical & Other Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	3,774	4,131	6,056	5,980	4,028	5,348	4,028	5,348	4,028	5,348	4,028	5,348	4,028
85-6451-7010 Clerical & Other Admin	3,627	3,457	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456
85-6451-7010 Clerical & Other Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	111	0	84	3,336	2,836	4,708	2,836	2,836	2,836	2,836	2,836	2,836	2,836
85-6451-7010 Clerical & Other Admin	52,416	48,255	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417
85-6451-7010 Clerical & Other Admin	8,068	8,013	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939	5,939
85-6451-7010 Clerical & Other Admin	4,187	3,843	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938	5,938
85-6451-7010 Clerical & Other Admin	13,233	12,817	11,997	11,997	11,997	11,997	11,997	11,997	11,997	11,997	11,997	11,997	11,997
85-6451-7010 Clerical & Other Admin	11,587	12,175	13,936	13,936	13,936	13,936	13,936	13,936	13,936	13,936	13,936	13,936	13,936
85-6451-7010 Clerical & Other Admin	17,423	17,423	17,423	17,423	17,423	17,423	17,423	17,423	17,423	17,423	17,423	17,423	17,423
85-6451-7010 Clerical & Other Admin	17,064	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	55,628	52,264	62,261	62,261	62,261	62,261	62,261	62,261	62,261	62,261	62,261	62,261	62,261
85-6451-7010 Clerical & Other Admin	12,466	9,670	12,371	10,760	11,473	11,473	11,473	11,473	11,473	11,473	11,473	11,473	11,473
85-6451-7010 Clerical & Other Admin	0	0	0	0	0	0	0	0	0	0	0	0	0
85-6451-7010 Clerical & Other Admin	7,776	6,490	7,793	5,807	6,490	5,807	6,490	5,807	6,490	5,807	6,490	5,807	6,490

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Verity Health Systems St Vincent Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total 70000 Environmental & Food Services	29,869	27,033	29,866	24,835	29,733	27,814	20,771	42,125	43,181	42,847	43,337	42,633	43,224
70000 Environmental & Food Services Premium													
8510-0420-70000 Environmental & Food Services Premium	6,759	6,001	4,551	2,666	1,989	4,078	1,678	5,057	1,377	4,454	2,969	3,745	4,276
8510-0420-70000 Environmental & Food Services Premium	0	0	0	0	0	0	0	1,924	1,924	1,924	1,896	4,656	560
Total 70000 Environmental & Food Services Premium	6,759	6,001	4,551	2,666	1,989	4,078	1,678	6,981	3,301	6,378	4,865	8,401	4,836
70000 Non-Phys Medical Practices													
8510-0310-70000 Non-Phys Medical Practices	12,307	8,922	14,132	11,197	9,655	8,126	9,938	5,512	12,411	6,443	11,936	13,837	11,996
8510-0310-70000 Non-Phys Medical Practices	20,463	20,463	20,463	20,463	20,463	20,463	20,463	20,463	20,463	20,463	20,463	20,463	20,463
8510-0310-70000 Non-Phys Medical Practices	22,190	16,610	29,241	17,866	24,481	22,425	38,411	23,305	31,687	32,892	33,882	29,891	29,891
8510-0310-70000 Non-Phys Medical Practices	13,749	8,785	1,649	0	0	0	0	0	0	0	14,549	13,324	13,840
8510-0310-70000 Non-Phys Medical Practices	0	0	0	0	0	0	0	0	0	0	13,729	13,448	12,714
8510-0310-70000 Non-Phys Medical Practices	0	0	0	0	0	0	0	0	0	0	1,354	0	0
8510-0310-70000 Non-Phys Medical Practices	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 70000 Non-Phys Medical Practices	18,599	88,295	61,831	68,161	74,236	70,009	79,887	64,918	113,246	103,864	117,386	128,471	112,250
70000 Non-Phys Medical Practices Premium													
8510-0310-70000 Non-Phys Medical Practices Premium	986	1,139	(445)	0	0	0	0	0	0	0	0	0	0
8510-0310-70000 Non-Phys Medical Practices Premium	576	267	473	215	171	0	0	0	0	0	117	161	0
Total 70000 Non-Phys Medical Practices Premium	1,562	1,406	(22)	215	171	0	0	0	0	0	117	161	0
Total Productive Salaries	5,515,093	5,407,099	5,640,072	5,624,945	5,742,878	5,632,289	6,368,134	6,527,733	5,904,052	6,483,231	6,231,317	6,216,508	5,159,298
Non-Productive Salaries:													
71000 Vacation Holiday & Sick Pay													
8510-0310-71000 Vacation Holiday & Sick Pay	61,843	68,366	82,230	81,163	57,631	66,767	19,388	90,056	43,356	19,351	62,240	81,005	61,894
8510-0310-71000 Vacation Holiday & Sick Pay	1,628	1,481	1,526	1,622	504	80,822	73,824	112,832	38,600	104,377	78,034	88,637	13,625
8510-0310-71000 Vacation Holiday & Sick Pay	73,516	72,114	73,741	73,516	73,516	73,516	73,516	73,516	73,516	73,516	73,516	73,516	73,516
8510-0310-71000 Vacation Holiday & Sick Pay	66,015	62,545	67,510	73,333	67,317	69,916	67,317	69,916	67,317	69,916	67,317	69,916	67,317
8510-0310-71000 Vacation Holiday & Sick Pay	32,420	32,420	32,420	32,420	32,420	32,420	32,420	32,420	32,420	32,420	32,420	32,420	32,420
8510-0310-71000 Vacation Holiday & Sick Pay	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771
8510-0310-71000 Vacation Holiday & Sick Pay	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150
8510-0310-71000 Vacation Holiday & Sick Pay	20,745	21,772	21,772	21,772	21,772	21,772	21,772	21,772	21,772	21,772	21,772	21,772	21,772
8510-0310-71000 Vacation Holiday & Sick Pay	20,124	19,463	20,124	20,124	20,124	20,124	20,124	20,124	20,124	20,124	20,124	20,124	20,124
8510-0310-71000 Vacation Holiday & Sick Pay	20,367	20,367	20,367	20,367	20,367	20,367	20,367	20,367	20,367	20,367	20,367	20,367	20,367
8510-0310-71000 Vacation Holiday & Sick Pay	8,022	7,910	8,517	8,517	8,517	8,517	8,517	8,517	8,517	8,517	8,517	8,517	8,517
8510-0310-71000 Vacation Holiday & Sick Pay	2,618	2,235	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037
8510-0310-71000 Vacation Holiday & Sick Pay	2,517	2,517	2,466	2,466	2,466	2,466	2,466	2,466	2,466	2,466	2,466	2,466	2,466
8510-0310-71000 Vacation Holiday & Sick Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-0310-71000 Vacation Holiday & Sick Pay	2,321	2,440	2,320	2,463	3,020	3,354	2,871	3,020	2,572	3,271	2,640	2,881	2,881
8510-0310-71000 Vacation Holiday & Sick Pay	10,155	9,745	10,155	7,512	8,741	8,867	11,734	8,741	11,734	8,741	8,741	8,741	8,741
8510-0310-71000 Vacation Holiday & Sick Pay	1,460	1,630	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510
8510-0310-71000 Vacation Holiday & Sick Pay	9,900	9,645	10,155	10,922	10,457	11,869	10,862	12,333	10,862	12,333	10,862	12,333	10,862
8510-0310-71000 Vacation Holiday & Sick Pay	6,010	0	0	0	0	0	0	0	0	0	0	0	0
8510-0310-71000 Vacation Holiday & Sick Pay	16,841	16,434	17,229	24,184	20,221	18,451	27,262	27,262	27,262	27,262	27,262	27,262	27,262
8510-0310-71000 Vacation Holiday & Sick Pay	20,314	21,214	20,314	20,314	20,314	20,314	20,314	20,314	20,314	20,314	20,314	20,314	20,314
8510-0310-71000 Vacation Holiday & Sick Pay	7,561	8,541	8,751	10,336	9,712	10,436	8,458	8,716	4,410	11,266	8,753	9,616	9,616
8510-0310-71000 Vacation Holiday & Sick Pay	4,440	6,704	5,920	5,920	4,427	5,959	4,427	5,959	4,427	5,959	4,427	5,959	4,427
8510-0310-71000 Vacation Holiday & Sick Pay	15,150	23,327	23,327	23,327	23,327	23,327	23,327	23,327	23,327	23,327	23,327	23,327	23,327
8510-0310-71000 Vacation Holiday & Sick Pay	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150	15,150
8510-0310-71000 Vacation Holiday & Sick Pay	3,727	4,144	4,138	4,138	4,138	4,138	4,138	4,138	4,138	4,138	4,138	4,138	4,138
8510-0310-71000 Vacation Holiday & Sick Pay	10,790	8,884	11,801	13,573	18,489	15,257	15,257	15,257	15,257	15,257	15,257	15,257	15,257
8510-0310-71000 Vacation Holiday & Sick Pay	8,138	7,844	7,856	8,206	7,856	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206
8510-0310-71000 Vacation Holiday & Sick Pay	4	0	0	0	0	0	0	0	0	0	0	0	0
8510-0310-71000 Vacation Holiday & Sick Pay	2,146	2,347	2,476	2,476	2,476	2,476	2,476	2,476	2,476	2,476	2,476	2,476	2,476
8510-0310-71000 Vacation Holiday & Sick Pay	2,713	2,046	2,192	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046
8510-0310-71000 Vacation Holiday & Sick Pay	2,801	2,400	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735
8510-0310-71000 Vacation Holiday & Sick Pay	3,003	2,806	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076
8510-0310-71000 Vacation Holiday & Sick Pay	1,556	1,884	1,964	2,066	1,964	2,066	2,066	2,066	2,066	2,066	2,066	2,066	2,066
8510-0310-71000 Vacation Holiday & Sick Pay	1,815	1,791	1,837	2,008	1,837	2,133	1,837	2,133	1,837	2,133	1,837	2,133	1,837
8510-0310-71000 Vacation Holiday & Sick Pay	71,030	71,781	71,781	71,781	71,781	71,781	71,781	71,781	71,781	71,781	71,781	71,781	71,781
8510-0310-71000 Vacation Holiday & Sick Pay	16,255	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441	17,441
8510-0310-71000 Vacation Holiday & Sick Pay	18,318	17,026	17,026	17,026	17,026	17,026	17,026	17,026	17,026	17,026	17,026	17,026	17,026
8510-0310-71000 Vacation Holiday & Sick Pay	6,017	5,763	6,401	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377
8510-0310-71000 Vacation Holiday & Sick Pay	20,647	19,912	22,227	22,227	22,227	22,227	22,227	22,227	22,227	22,227	22,227	22,227	22,227
8510-0310-71000 Vacation Holiday & Sick Pay	8,435	8,654	9,150	8,993	7,663	7,995	7,995	7,995	7,995	7,995	7,995	7,995	7,995
8510-0310-71000 Vacation Holiday & Sick Pay	672	661	661	661	661	661	661	661	661	661	661	661	661
8510-0310-71000 Vacation Holiday & Sick Pay	5,818	5,158	5,805	5,805	5,805	5,805	5,805	5,805	5,805	5,805	5,805	5,805	5,805
8510-0310-71000 Vacation Holiday & Sick Pay	1,719	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836
8510-0310-71000 Vacation Holiday & Sick Pay	1,631	1,668	1,668	1,668	1,								

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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-0-7430-73101 Parameters	0	0	0	0	0	20,253	48	0	0	0	0	0	0
Total 73101 Parameters	118,112	149,587	90,460	125,589	141,800	133,861	18,617	161,867	83,558	103,714	90,311	83,272	1,551
73-02 IO, 3 hrs	0	598	1,657	1,041	1,721	460	575	778	0	1,190	0	0	0
85-0-7430-73102 GU (p.cw)	0	598	1,657	1,041	1,721	460	575	778	0	1,190	0	0	0
Total 73-02 IO, 3 hrs	0	598	1,657	1,041	1,721	460	575	778	0	1,190	0	0	0
73-03 Spinecare Hardware													
85-0-7430-73103 Spinecare Hardware	31,600	49,343	52,545	30,000	78,738	90,367	69,811	15,850	30,800	56,515	17,278	87,023	(58,475)
85-0-7430-73103 Spinecare Hardware	2,668	0	13,968	0	33,337	73,385	6,385	11,270	0	0	0	0	(34,807)
85-0-7350-73103 Spinecare Hardware	11	0	1,200	1,205	4	0	0	0	0	0	0	1,204	2,419
85-0-7430-73103 Spinecare Hardware	0	0	0	0	0	0	1,919	0	0	0	0	0	0
Total 73103 Spinecare Hardware	34,279	49,343	66,713	31,196	112,075	163,752	68,115	43,625	47,670	64,515	17,278	88,227	(84,855)
73-04 Knees-Total													
85-0-7350-73104 Knees-Total	0	0	0	0	0	0	0	0	0	0	0	0	5,842
85-0-7430-73104 Knees-Total	500,500	252,750	313,331	456,473	338,580	287,212	344,795	331,161	386,763	297,650	270,762	355,790	473,112
85-0-7350-73104 Knees-Total	4,000	0	0	0	0	0	0	0	0	0	0	0	0
Total 73104 Knees-Total	504,500	252,750	313,331	456,473	338,580	287,212	344,795	331,161	386,763	297,650	270,762	355,790	478,954
73-05 Hips-Total													
85-0-7350-73105 Hips-Total	0	0	0	0	0	0	0	0	0	0	0	0	57
85-0-7430-73105 Hips-Total	301,370	233,844	110,721	326,207	248,937	133,860	89,745	302,623	140,870	260,848	166,404	203,248	166,178
85-0-7430-73105 Hips-Total	0	0	0	0	0	0	0	0	0	0	0	0	(1,108)
85-0-7350-73105 Hips-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7350-73105 Hips-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7350-73105 Hips-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7350-73105 Hips-Total	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 73-05 Hips-Total	301,370	233,844	110,721	326,207	248,937	133,860	89,745	302,623	140,870	260,848	166,404	203,248	165,070
73-06 Low Back													
85-0-7430-73106 Low Back	0	7,361	0	1,500	11,215	2,607	10,343	0	8,136	2,456	4,900	3,501	4,720
Total 73106 Low Back	0	7,361	0	1,500	11,215	2,607	10,343	0	8,136	2,456	4,900	3,501	4,720
73-07 Hips Compression													
85-0-7430-73107 Hips Compression	3,507	3,507	3,507	0	3,507	0	0	0	0	0	0	6,974	0
Total 73107 Hips Compression	3,507	3,507	3,507	0	3,507	0	0	0	0	0	0	6,974	0
73-08 Values-Heart													
85-0-7430-73108 Values-Heart	8,300	0	21,161	19,448	0	1,600	4,700	7,720	12,420	27,740	0	19,448	7,370
Total 73108 Values-Heart	8,300	0	21,161	19,448	0	1,600	4,700	7,720	12,420	27,740	0	19,448	7,370
73-09 Bone													
85-0-7430-73109 Bone	9,100	3,643	14,856	2,411	29,178	14,822	8,201	8,736	11,603	17,326	1,641	18,617	14,218
85-0-7430-73109 Bone	1,100	0	0	0	0	2,303	1,261	0	0	0	0	0	(2,162)
Total 73109 Bone	9,100	3,643	14,856	2,411	29,178	17,125	9,462	8,736	11,603	17,326	1,641	18,617	12,056
73-10 AICD & Leads													
85-0-6430-73110 AICD & Leads	182	0	0	1,500	176	0	0	1,728	0	138	0	(324)	0
85-0-7430-73110 AICD & Leads	1,820	1,500	7,431	26,561	17,108	17,400	2,800	0	0	0	12	12	(121)
85-0-7430-73110 AICD & Leads	117,134	125,637	152,938	140,803	(63,644)	56,642	37,890	61,752	42,056	88,336	125,677	65,841	18,410
Total 73110 AICD & Leads	119,037	127,137	160,369	142,609	(46,466)	74,142	41,142	63,480	42,056	89,474	125,709	65,517	18,389
73-11 Trachea													
85-0-7430-73111 Trachea	20,809	8,488	23,832	19,491	8,907	1,218	29,514	18,816	933	30,671	2,387	5,263	19,297
85-0-7430-73111 Trachea	0	337	675	900	10,335	675	219	0	832	0	230	230	0
Total 73111 Trachea	20,809	8,825	24,507	20,391	19,222	1,894	30,129	18,816	1,765	30,671	2,617	5,493	19,297
73-12 Hips-Angioplasty													
85-0-7430-73112 Hips-Angioplasty	0	0	0	0	0	0	0	0	3,100	0	0	0	0
85-0-7430-73112 Hips-Angioplasty	668	0	0	1,517	0	0	0	2,250	2,250	0	0	0	0
Total 73-12 Hips-Angioplasty	668	0	0	1,517	0	0	0	2,250	2,250	3,100	0	0	0
73-13 Pumps-Implantable													
85-0-7430-73113 Pumps-Implantable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 73113 Pumps-Implantable	0	0	0	0	0	0	0	0	0	0	0	0	0
73-14 Hips-Straighten/Leads													
85-0-7350-73114 Hips-Straighten/Leads	0	0	0	1,660	0	0	0	0	0	3,300	2,322	4,610	0
Total 73114 Hips-Straighten/Leads	0	0	0	1,660	0	0	0	0	0	3,300	2,322	4,610	0
73-15 Vascular Grafts													
85-0-7430-73115 Vascular Grafts	2,979	5,124	4,026	11,155	2,129	6,554	22,154	1,150	10,618	2,666	5,123	8,290	3,328
85-0-7350-73115 Vascular Grafts	0	0	4,419	0	4,418	22	0	27,164	0	0	0	0	34,148
85-0-7430-73115 Vascular Grafts	255	6,500	2,369	1,287	0	0	6,674	0	6,674	3,147	2,392	8,873	3,397
Total 73115 Vascular Grafts	2,979	5,124	10,814	16,852	6,561	6,576	28,828	28,114	17,792	6,073	8,315	17,163	2,325
73-16 Stents													
85-0-7430-73116 Stents	31,740	39,750	24,645	23,561	18,318	2,959	127,607	31,962	13,420	11,908	69,966	17,025	3,987
85-0-7350-73116 Stents	2,479	(2,453)	21,431	4,720	11,586	7,831	4,167	1,820	1,820	0	0	19,227	0
85-0-7430-73116 Stents	4,403	12,206	29,931	11,025	37,489	13,563	13,864	13,400	13,400	23,827	16,688	22,120	0
85-0-7350-73116 Stents	255	6,500	0	13,209	0	1,975	7,161	156	5,250	0	0	0	1,561
85-0-7350-73116 Stents	0	0	1,177	2,735	1,875	2,498	343	4,433	2,360	2,887	7,727	12,149	2,887
Total 73116 Stents	38,807	55,303	77,123	59,410	61,163	29,684	218,362	105,790	57,633	49,186	96,683	142,248	21,335
73-17 Saw-DES													
85-0-7350-73117 Saw-DES	33,728	19,365	22,532	27,465	49,542	30,817	39,366	26,475	65,075	19,241	104,207	79,803	54,871
85-0-7350-73117 Saw-DES	0	0	0	2,051	0	2,485	0	2,485	0	0	0	0	0
85-0-7350-73117 Saw-DES	0	0	0	1,785	0	0	0	0	0	0	0	0	0
Total 73117 Saw-DES	33,728	19,365	22,532	29,206	49,542	32,817	39,366	28,960	65,075	61,476	104,207	79,803	54,871
73-18 Coronary Implants													
85-0-7430-73118 Coronary Implants	0	135	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73118 Coronary Implants	397,660	243,154	482,172	268,280	224,059	337,560	251,142	520,176	401,686	401,722	811,405	355,000	121,128
Total 73118 Coronary Implants	397,660	243,154	482,172	268,280	224,059	337,560	251,142	520,176	401,686	401,722	811,405	355,000	121,128
73-19 Stents & Surgical Needs													
85-0-7430-73200 Stents & Surgical Needs	106	4	0	0	0	0	4	55	0	118	0	0	36
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	49
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7430-73200 Stents & Surgical Needs	0	0	0	0	0	0	0	0	0	0	0	0	0

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**Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018**

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Verity Health Systems St Vincent Medical Center Trended Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
85-0-7560-74000 Other Men's Equip	5	0	0	0	0	0	0	374	0	0	0	0	0
85-0-7570-74000 Other Men's Equip	5	0	0	0	0	0	0	0	0	350	0	0	0
85-0-7580-74000 Other Men's Equip	5	0	0	0	0	0	4,995	532	0	0	0	0	0
85-0-7590-74000 Other Men's Equip	2,776	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7600-74000 Other Men's Equip	5	0	0	0	0	117	0	0	0	0	0	0	0
85-0-7610-74000 Other Men's Equip	827	0	0	0	0	1,299	26	1,758	0	0	879	0	0
85-0-7620-74000 Other Men's Equip	262	0	677	42	0	0	620	0	43	0	517	340	0
85-0-7630-74000 Other Men's Equip	17	0	0	0	0	0	161	0	0	0	0	0	0
85-0-7640-74000 Other Men's Equip	3	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7650-74000 Other Men's Equip	3	0	0	0	0	0	0	0	0	0	0	4,631	0
85-0-7660-74000 Other Men's Equip	3	0	2,870	(3,672)	0	0	0	0	0	0	0	0	0
85-0-7670-74000 Other Men's Equip	0	0	0	0	0	0	0	879	803	76	0	0	0
85-0-7680-74000 Other Men's Equip	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 74000 Other Men's Equip	11,929	2,395	6,452	7,606	10,755	6,693	11,927	7,265	11,100	3,411	6,569	11,914	5,432
7400 Software Computer													
85-0-7-81-74000 Software Computer	3	0	0	0	0	0	0	0	0	0	0	0	730
85-0-7500-74000 Software Computer	3	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7400-74000 Software Computer	0	0	0	1,075	(3,075)	0	0	0	0	0	0	0	0
85-0-7410-74000 Software Computer	878	878	878	878	878	878	878	878	878	878	878	(8,782)	0
85-0-7420-74000 Software Computer	0	0	0	0	0	0	66	0	0	0	0	0	76
Total 7400 Software Computer	878	878	878	878	(2,197)	878	944	878	878	878	878	(7,902)	776
7400 Hardware Computer													
85-0-7-81-74000 Hardware Computer	3	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7500-74000 Hardware Computer	381	985	0	0	0	3	0	0	460	0	0	0	0
85-0-7510-74000 Hardware Computer	5	0	0	0	0	460	0	0	0	0	0	0	0
85-0-7520-74000 Hardware Computer	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-7530-74000 Hardware Computer	2,843	1,031	(1,378)	37	37	37	37	37	37	37	37	37	37
85-0-7540-74000 Hardware Computer	38	0	0	0	0	0	0	0	0	0	0	0	0
Total 7400 Hardware Computer	3,331	1,096	(1,378)	37	37	37	37	37	460	0	1,360	0	37
7500 Other Non-Medical Supplies													
85-0-010-75000 Other Non-Medical Supplies	723	779	1,637	1,067	705	926	1,551	737	2,875	1,924	1,095	1,511	1,731
85-0-020-75000 Other Non-Medical Supplies	18	16	12	12	24	22	22	22	28	24	9	12	8
85-0-030-75000 Other Non-Medical Supplies	3	3	3	3	3	3	3	3	3	3	3	3	3
85-0-040-75000 Other Non-Medical Supplies	3,647	3,487	3,344	2,617	1,762	3,582	3,148	2,362	2,148	2,024	2,024	2,024	2,024
85-0-050-75000 Other Non-Medical Supplies	3,292	2,182	2,114	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078
85-0-060-75000 Other Non-Medical Supplies	2,617	1,143	414	1,103	816	656	1,004	636	586	586	586	586	586
85-0-070-75000 Other Non-Medical Supplies	507	261	251	537	544	348	320	734	352	341	259	243	218
85-0-080-75000 Other Non-Medical Supplies	431	545	633	613	613	613	613	613	613	613	613	613	613
85-0-090-75000 Other Non-Medical Supplies	1,029	747	682	1,465	632	632	632	632	632	632	632	632	632
85-0-100-75000 Other Non-Medical Supplies	1,317	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363
85-0-110-75000 Other Non-Medical Supplies	337	76	33	234	84	1,117	406	1,117	237	234	9	0	0
85-0-120-75000 Other Non-Medical Supplies	3	0	452	4	0	0	0	0	0	0	0	0	0
85-0-130-75000 Other Non-Medical Supplies	97	37	81	81	53	0	0	0	0	0	0	0	0
85-0-140-75000 Other Non-Medical Supplies	1	14	0	25	7	0	0	0	0	0	0	0	0
85-0-150-75000 Other Non-Medical Supplies	25	0	48	336	31	62	51	105	45	28	44	74	0
85-0-160-75000 Other Non-Medical Supplies	1	0	0	0	0	0	0	0	0	0	0	0	0
85-0-170-75000 Other Non-Medical Supplies	3	0	0	0	0	0	0	0	0	0	0	0	0
85-0-180-75000 Other Non-Medical Supplies	1	0	0	0	0	0	0	0	0	0	0	0	0
85-0-190-75000 Other Non-Medical Supplies	3	0	0	0	0	0	0	0	0	0	0	0	0
85-0-200-75000 Other Non-Medical Supplies	52	136	750	254	4,197	151	387	33	354	45	33	0	0
85-0-210-75000 Other Non-Medical Supplies	434	340	1,378	0	0	0	0	0	0	0	0	0	0
85-0-220-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-230-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-240-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-250-75000 Other Non-Medical Supplies	7,635	9,986	12,416	6,876	9,162	11,651	11,651	8,202	10,835	7,162	6,174	6,174	6,174
85-0-260-75000 Other Non-Medical Supplies	561	247	496	434	135	81	446	169	934	563	142	726	226
85-0-270-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-280-75000 Other Non-Medical Supplies	1,070	1,003	2,634	874	48	39	0	0	0	0	0	0	0
85-0-290-75000 Other Non-Medical Supplies	1,099	668	370	300	639	218	636	645	328	328	328	328	328
85-0-300-75000 Other Non-Medical Supplies	84	67	30	134	67	157	67	425	280	386	147	497	497
85-0-310-75000 Other Non-Medical Supplies	3	0	0	0	0	0	0	0	0	0	0	0	0
85-0-320-75000 Other Non-Medical Supplies	3,051	3,017	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346
85-0-330-75000 Other Non-Medical Supplies	42	42	59	59	59	64	79	143	173	130	648	142	25
85-0-340-75000 Other Non-Medical Supplies	0	0	40	40	0	0	0	0	0	0	0	0	0
85-0-350-75000 Other Non-Medical Supplies	433	605	4,632	837	977	249	1,786	249	1,786	249	2,295	592	(2,430)
85-0-360-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-370-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-380-75000 Other Non-Medical Supplies	24	874	339	26	0	0	11	259	64	3	140	0	0
85-0-390-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-400-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-410-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-420-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-430-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-440-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-450-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-460-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-470-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-480-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-490-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-500-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-510-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-520-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-530-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-540-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-550-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-560-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-570-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-580-75000 Other Non-Medical Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-590-75000 Other Non-Medical Supplies	0	0											

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

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Verity Health Systems
St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Total 76310 Property Taxes	835	835	1,067	(0.37)	3,998	875	1,305	345	580	545	545	545	545
76400 Other Costs													
85-0-76310-76400 Other Costs	0	0	0	0	0	0	0	0	585	0	0	0	0
85-0-76310-76400 Other Costs	17,856	13,774	(15,745)	17,545	14,411	4,493	5,491	5,812	17,624	9,448	8,750	10,338	9,612
Total 76400 Other Costs	17,856	13,774	(15,745)	17,545	14,411	4,493	5,491	5,812	17,624	9,448	8,750	10,338	9,612
76500 Telephone/Facsimile													
85-0-76500-76500 Telephone/Facsimile	0	0	0	0	452	0	0	0	0	0	0	0	0
85-0-76500-76500 Telephone/Facsimile	165	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76500-76500 Telephone/Facsimile	28	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76500-76500 Telephone/Facsimile	45	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76500-76500 Telephone/Facsimile	47,872	873	15,115	51,811	(1,122)	(1,532)	11,568	12,170	11,165	13,000	9,200	2,632	13,438
85-0-76500-76500 Telephone/Facsimile	73	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76500-76500 Telephone/Facsimile	0	0	256	0	0	0	0	0	0	0	0	0	50
Total 76500 Telephone/Facsimile	48,210	873	15,371	51,811	(666)	(1,532)	11,568	12,170	11,165	13,000	9,200	2,632	13,488
76600 Mobile Phone Service													
85-0-76600-76600 Mobile Phone Service	0	2,655	0	4,631	1,638	0	2,305	4,855	7,400	2,300	2,347	2,357	2,330
Total 76600 Mobile Phone Service	0	2,655	0	4,631	1,638	0	2,305	4,855	7,400	2,300	2,347	2,357	2,330
76800 Dues & Subscriptions													
85-0-76800-76800 Dues & Subscriptions	0	6,118	0	0	0	0	(224)	225	24,773	343	0	(224)	0
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	3,235	0	0	0	0
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	155	0
85-0-76800-76800 Dues & Subscriptions	245	261	0	0	75	0	0	0	0	0	0	20,563	13,073
85-0-76800-76800 Dues & Subscriptions	438	438	438	438	438	438	438	438	438	438	438	438	438
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76800-76800 Dues & Subscriptions	1,098	831	625	625	9,635	1,223	625	625	240	0	8,543	481	5
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	3,755	0	0	0	0	0	0	0	0
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	235	0	3,463	0	0
85-0-76800-76800 Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	155	0	0
85-0-76800-76800 Dues & Subscriptions	1,492	0	0	0	0	0	0	0	0	0	12,345	2,968	2,955
85-0-76800-76800 Dues & Subscriptions	0	0	150	0	0	0	0	0	0	0	0	0	0
Total 76800 Dues & Subscriptions	3,222	7,605	1,655	1,138	10,955	1,223	625	1,145	28,837	343	42,852	22,431	6,308
76700 Outside Training Sessions													
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	2,955
85-0-76700-76700 Outside Training Sessions	0	0	0	0	200	0	0	0	0	0	4,254	(1,127)	0
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	4,785
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76700-76700 Outside Training Sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76700 Outside Training Sessions	0	0	0	0	200	0	0	0	0	0	4,254	(1,127)	4,785
76710 Meetings & Conventions													
85-0-76710-76710 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	133	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	230	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	160	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76710-76710 Meetings & Conventions	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76710 Meetings & Conventions	613	0	0	0	0	0	0	0	0	0	0	0	0
76720 Outside Training Business Meals													
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76720-76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76720 Outside Training Business Meals	0	0	0	0	0	0	0	0	0	0	0	0	0
76800 Travel													
85-0-76800-76800 Travel	900	0	1,790	1,700	900	300	0	2,130	0	900	0	430	0
85-0-76800-76800 Travel	(34)	34	0	0	969	8,587	(1,188)	8,527	(1,188)	2,387	8,781	(11,245)	1,756
85-0-76800-76800 Travel	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76800 Travel	866	34	1,790	1,700	969	8,887	(1,188)	8,627	(1,188)	2,387	8,781	(10,795)	1,756
76811 Travel Transportation													
85-0-76811-76811 Travel Transportation	0	0	0	0	0	0	0	81	0	0	0	0	0
Total 76811 Travel Transportation	0	0	0	0	0	0	0	81	0	0	0	0	0
76820 Airfare & Rail													
85-0-76820-76820 Airfare	0	175	0	0	0	0	0	0	0	0	0	0	0
85-0-76820-76820 Airfare	0	0	0	0	0	0	0	0	0	0	163	0	0
85-0-76820-76820 Airfare	0	0	0	149	0	0	0	0	0	0	0	0	0
85-0-76820-76820 Airfare	0	0	0	0	0	0	0	822	0	0	0	0	0
85-0-76820-76820 Airfare	0	0	0	0	265	0	0	0	0	0	509	0	384
85-0-76820-76820 Airfare	0	0	0	0	0	0	0	0	0	0	166	0	0
85-0-76820-76820 Airfare	0	0	0	0	0	0	0	0	0	0	213	0	0
85-0-76820-76820 Airfare	0	0	2,411	0	0	0	0	0	0	0	0	0	0
85-0-76820-76820 Airfare	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76820-76820 Airfare	0	0	0	0	343	0	0	0	0	0	0	0	0
Total 76820 Airfare & Rail	0	175	2,411	149	615	0	611	711	416	116	867	0	368
76833 Car Rental													
85-0-76833-76833 Car Rental	0	0	0	0	0	278	0	0	0	0	0	0	0
85-0-76833-76833 Car Rental	0	0	0	0	0	0	0	48	0	0	0	0	0
85-0-76833-76833 Car Rental	0	0	0	0	0	0	0	0	0	0	0	0	137
Total 76833 Car Rental	0	0	0	0	0	278	0	48	0	0	0	0	137
76834 Gasoline													
85-0-76834-76834 Gasoline	0	0	0	0	0	0	91	0	0	0	91	0	0
85-0-76834-76834 Gasoline	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76834-76834 Gasoline	0	0	0	0	0	0	0	0	0	0	0	0	11
85-0-76834-76834 Gasoline	0	0	0	0	0	253	0	0	0	167	0	0	0
Total 76834 Gasoline	0	0	0	0	0	253	91	0	0	167	0	0	11
76835 Mileage													
85-0-76835-76835 Mileage	266	254	215	311	118	259	437	235	237	577	427	125	0
85-0-76835-76835 Mileage	0	0	0	0	0	0	0	0	0	0	0	95	0
85-0-76835-76835 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	18	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	0	0	0	34	11	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	45	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0
85-0-76835-76835 Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 76835 Mileage	330	254	215	345	129	259	437	235	237	577	427	125	95
76835 Parking & Tolls													
85-0-76835-76835 Parking & Tolls	0	0	0	0	0	0	0	0	0	0	10	0	0
85-0-76835-76835 Parking &													

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Verity Health Systems
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	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
810-3185-75000 Advertising	3	0	0	0	0	0	0	0	0	0	0	0	1,400
810-3185-75000 Advertising	3	0	0	38	0	0	0	0	0	0	0	0	0
810-6810-75000 Advertising	460	0	0	0	0	0	3,366	0	0	0	0	0	0
810-6810-75000 Advertising	106	0	0	0	0	0	0	0	0	0	0	0	0
Total 75000 Advertising	569	0	0	38	0	0	3,366	0	0	0	0	0	1,400
75800 Cash - AP Offset Account													
810-5958-75800 Cash - AP Offset Account	(577,732)	0	0	0	0	0	0	0	0	0	0	0	47,339
Total 75800 Cash - AP Offset Account	(577,732)	0	0	0	0	0	0	0	0	0	0	0	47,339
75930 Cash - PPF Purchase Temp Asset													
810-5958-75930 Cash - PPF Purchase Temp Asset	577,702	0	0	0	0	0	0	0	0	0	0	0	(8,733)
Total 75930 Cash - PPF Purchase Temp Asset - Asset	577,702	0	0	0	0	0	0	0	0	0	0	0	(8,733)
75975 Cash - Reimburse Temp Asset													
810-5958-75975 Cash - Reimburse Temp Asset	65,742	(5,430)	62,430	69,430	65,430	65,430	69,430	69,430	69,430	69,430	69,430	69,430	69,430
Total 75975 Cash - Reimburse Temp Asset	65,742	(5,430)	62,430	69,430	65,430	65,430	69,430	69,430	69,430	69,430	69,430	69,430	69,430
75938 Cash - Contra Offset Asset													
810-5958-75938 Cash - Contra Offset Asset	(65,742)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)
Total 75938 Cash - Contra Offset Asset	(65,742)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)	(69,430)
Total - Other Expenses	678,972	69,097	107,860	123,791	4,346,741	80,165	12,575,797	1,294,528	1,252,835	1,220,543	1,319,708	2,426,413	2,794,431
Total - PIS & Other Expenses	7,557,838	8,528,081	6,691,656	6,601,394	11,316,057	7,639,784	19,781,828	8,927,642	9,278,987	9,550,480	9,763,281	8,822,065	9,770,995
Net Debt Expense:													
Insurance:													
76100 Insurance Professional Liability													
810-6810-76100 Insurance Professional Liability	168,286	0	0	0	0	0	0	808,849	114,567	114,567	150,686	130,571	130,571
Total 76100 Insurance Professional Liability	168,286	0	0	0	0	0	0	808,849	114,567	114,567	150,686	130,571	130,571
76200 Insurance Other													
810-5-76200-76200 Insurance Other	21,822	25,932	27,915	27,915	4,569	26,348	49,683	38,947	(15,897)	23,627	47,064	77,181	77,545
810-4810-76200 Insurance Other	11,813	164,964	163,691	163,324	148,088	154,248	133,843	(84,319)	20,286	(38,418)	2,934	2,934	0
810-6810-76200 Insurance Other	0	0	0	0	0	0	0	(8,133)	2,168	447,796	29,538	29,538	21,331
Total 76200 Insurance Other	36,634	190,915	191,605	191,239	152,657	180,596	183,526	29,007	(1,611)	112,005	79,536	109,653	100,876
Total - Insurance	225,291	190,915	191,808	191,219	153,657	213,594	269,007	197,844	150,666	187,571	237,221	242,299	243,053
Utilities:													
77100 Utilities Electricity													
810-6450-77100 Utilities Electricity	366,220	287,837	319,024	319,096	317,742	296,142	293,783	267,949	215,916	202,713	229,626	258,938	267,219
Total 77100 Utilities Electricity	366,220	287,837	319,024	319,096	317,742	296,142	293,783	267,949	215,916	202,713	229,626	258,938	267,219
77800 Utilities Gas													
810-6450-77800 Utilities Gas	30,056	25,314	24,463	22,692	21,414	24,494	30,320	31,921	35,147	34,800	43,903	22,684	21,163
Total 77800 Utilities Gas	30,056	25,314	24,463	22,692	21,414	24,494	30,320	31,921	35,147	34,800	43,903	22,684	21,163
77200 Utilities Water													
810-6450-77200 Utilities Water	47,907	26,286	27,287	6,043	34,351	30,479	26,156	26,934	73,589	26,480	21,487	21,678	21,336
Total 77200 Utilities Water	47,907	26,286	27,287	6,043	34,351	30,479	26,156	26,934	73,589	26,480	21,487	21,678	21,336
76500 Utilities Other													
810-6450-76500 Utilities Other	810	205	755	615	704	607	804	637	805	654	854	801	834
Total 76500 Utilities Other	810	205	755	615	704	607	804	637	805	654	854	801	834
Total - Utilities	440,117	339,742	365,525	347,845	428,208	353,876	351,074	346,201	335,517	352,797	305,815	306,064	433,740
Depreciation:													
77100 Depreciation Buildings & Improvements													
810-6810-77100 Depreciation Buildings & Improvements	816	896	838	856	818	898	838	450	880	843	840	880	880
Total 77100 Depreciation Buildings & Improvements	816	896	838	856	818	898	838	450	880	843	840	880	880
77200 Depreciation Buildings & Improvements													
810-6810-77200 Depreciation Buildings & Improvements	123,992	157,577	156,497	157,102	157,101	157,243	156,553	154,945	154,925	154,739	154,658	154,657	157,363
Total 77200 Depreciation Buildings & Improvements	123,992	157,577	156,497	157,102	157,101	157,243	156,553	154,945	154,925	154,739	154,658	154,657	157,363
77300 Depreciation Buildings & Improvements													
810-6810-77300 Depreciation Buildings & Improvements	667	667	667	667	667	667	667	667	667	667	667	667	667
Total 77300 Depreciation Buildings & Improvements	667	667	667	667	667	667	667	667	667	667	667	667	667
77400 Depreciation Buildings & Improvements													
810-6810-77400 Depreciation Buildings & Improvements	25,861	86,541	61,294	81,396	80,850	80,850	80,820	78,329	78,185	80,812	80,908	81,088	81,088
Total 77400 Depreciation Buildings & Improvements	25,861	86,541	61,294	81,396	80,850	80,850	80,820	78,329	78,185	80,812	80,908	81,088	81,088
77500 Depreciation Buildings & Improvements													
810-6810-77500 Depreciation Buildings & Improvements	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580
Total 77500 Depreciation Buildings & Improvements	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580	13,580
77600 Depreciation Buildings & Improvements													
810-6810-77600 Depreciation Buildings & Improvements	201,600	238,718	211,216	212,813	213,330	213,652	213,264	161,218	201,660	201,226	212,684	218,837	403,722
Total 77600 Depreciation Buildings & Improvements	201,600	238,718	211,216	212,813	213,330	213,652	213,264	161,218	201,660	201,226	212,684	218,837	403,722
Total - Depreciation	372,200	487,723	466,323	466,358	466,662	466,894	466,165	442,079	449,497	452,199	463,481	510,827	662,120
Amortization:													
Interest Expense:													
78100 Interest Expense - Long Term Debt													
810-6810-78100 Interest Expense - Long & Short-Term Debt	264,030	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279
Total 78100 Interest Expense - Long Term Debt	264,030	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279	260,279
78100 Interest Expense Other													
810-6810-78100 Interest Expense Other	(8,878)	(21,963)	(22,681)	(27,348)	(23,466)	(23,380)	(31,332)	(37,271)	(37,623)	(38,174)	(43,933)	(41,176)	(58,932)
Total 78100 Interest Expense Other	(8,878)	(21,963)	(22,681)	(27,348)	(23,466)	(23,380)	(31,332)	(37,271)	(37,623)	(38,174)	(43,933)	(41,176)	(58,932)
Total - Interest Expense	255,152	239,216	237,395	233,931	236,813	234,899	228,949	223,002	222,656	222,105	216,346	219,103	231,366
Total Expenses	23,297,859	23,099,499	22,000,489	21,577,063	26,272,782	22,179,525	36,245,772	26,392,368	24,666,739	26,624,652	26,251,096	24,580,247	24,143,203
Operating Income	(5,640,367)	(4,627,729)	(5,615,978)	(5,315,538)	(6,056,852)	(4,296,996)	(6,767,681)	(2,306,313)	(7,678,246)	(5,900,221)	(6,378,184)	(3,270,328)	(8,182,657)
Investment Income:													
Investment Earnings													
810-5958-59580 Investment Earnings	2	0	0	0	0	0	0	0	0	0	0	0	0
Total Investment Earnings	2	0	0	0	0	0	0	0	0	0	0	0	0
Total - Investment Income	2	0	0	0	0	0	0	0	0	0	0	0	0

Verity Health Systems St Vincent Medical Center Trusted Income Statement June 30, 2018													
	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
Net Income	(5,640,365)	(4,627,728)	(5,615,878)	(5,315,538)	(6,056,852)	(4,298,998)	(6,767,681)	(2,306,313)	(7,678,246)	(5,900,221)	(8,378,184)	(3,270,326)	(8,162,657)
Total Revenue per GL													
8510-3010-41101 MP Acute-Self Pay	41,855	55,940	27,970	167,820	125,865	41,955	125,865	223,760	55,940	237,745	69,825	153,835	83,810
8510-3010-41121 MP Acute-Comm Ins	153,835	301,580	0	0	0	27,970	41,955	0	27,970	0	13,885	0	0
8510-3010-41122 MP Acute-Comm MgtCare	629,325	307,655	321,655	447,520	643,310	209,775	209,775	643,310	330,640	727,220	1,146,770	406,565	97,855
8510-3010-41123 MP Acute-Comm At Risk	41,855	27,970	0	0	68,825	27,970	0	0	0	0	0	0	2,432,360
8510-3010-41141 MP Acute-Med-Care	3,024,745	2,209,630	2,520,527	2,475,345	2,787,000	2,978,805	3,076,700	3,026,775	2,475,345	3,818,455	3,048,735	3,384,370	797,195
8510-3010-41142 MP Acute-Med-Care MgtCare	591,420	1,805,829	1,146,770	1,048,875	1,076,470	1,016,470	1,062,800	741,205	1,076,485	1,216,689	1,342,560	531,430	797,195
8510-3010-41143 MP Acute-Med-Care At Risk	393,685	125,665	293,685	531,430	237,745	517,445	629,325	601,555	1,216,690	930,010	391,580	293,685	187,820
8510-3010-41151 MP Acute-Med-Care	825,115	301,580	601,355	237,745	629,325	307,655	899,250	741,205	899,250	601,355	545,415	489,475	489,475
8510-3010-41152 MP Acute-Med-Cal MgtCare	839,100	881,035	950,985	1,314,590	545,415	883,085	972,325	1,832,035	1,146,770	1,440,455	2,941,810	1,314,590	1,821,155
8510-3010-41191 MP Acute-Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3010-44501 OPH-Self Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3010-44522 OPH-Comm MgtCare	11,418	9,360	6,784	424	20,438	0	0	0	8,994	0	0	0	0
8510-3010-44541 OPH-Medicare	59,123	56,511	25,594	29,528	28,638	23,792	30,528	17,307	19,875	62,646	55,971	80,244	26,572
8510-3010-44542 OPH-Medicare MgtCare	0	5,512	29,519	7,208	18,232	0	0	7,208	20,826	19,528	29,955	16,536	0
8510-3010-44543 OPH-Medicare At Risk	0	0	0	0	3,392	5,512	0	5,542	0	0	15,629	0	0
8510-3010-44582 OPH-Med-Cal MgtCare	0	0	0	5,086	0	0	0	10,000	0	0	0	0	11,004
8510-3011-41101 MP Acute-Self Pay	13,985	0	27,970	0	0	0	27,970	27,970	13,985	27,970	0	0	13,985
8510-3011-41121 MP Acute-Comm Ins	0	0	0	27,970	0	0	0	0	0	13,985	0	0	13,985
8510-3011-41122 MP Acute-Comm MgtCare	181,805	181,805	167,820	167,820	69,525	55,540	111,880	69,525	41,965	69,525	83,910	83,910	27,970
8510-3011-41123 MP Acute-Comm At Risk	13,985	0	0	0	0	0	0	0	0	0	0	0	0
8510-3011-41141 MP Acute-Med-Care	41,955	41,955	83,910	27,970	153,835	83,910	83,910	125,865	55,940	153,835	41,955	41,955	83,910
8510-3011-41142 MP Acute-Med-Care MgtCare	13,985	27,970	97,855	111,880	68,525	55,540	27,970	13,985	13,985	83,910	27,970	13,985	27,970
8510-3011-41143 MP Acute-Med-Care At Risk	13,985	0	0	0	0	0	0	0	0	41,955	0	0	0
8510-3011-41151 MP Acute-Med-Care	13,985	13,985	13,985	69,925	13,985	0	13,985	0	41,955	13,985	27,970	27,970	27,970
8510-3011-41152 MP Acute-Med-Cal MgtCare	13,985	41,955	41,955	123,558	41,955	69,925	27,970	69,925	27,970	41,955	27,970	27,970	0
8510-3011-41191 MP Acute-Other	0	0	0	0	0	0	13,985	0	0	0	0	0	0
8510-3014-41101 MP Acute-Self Pay	92,538	123,384	215,922	164,512	133,686	30,846	185,676	174,764	154,230	143,348	123,377	30,846	41,128
8510-3014-41121 MP Acute-Comm Ins	0	0	0	0	0	41,128	102,820	102,820	41,128	10,260	30,846	10,260	10,260
8510-3014-41122 MP Acute-Comm MgtCare	1,688,892	1,116,796	801,956	1,226,938	640,028	883,688	788,398	782,240	710,152	888,228	575,782	544,486	515,775
8510-3014-41123 MP Acute-Comm At Risk	123,384	123,384	10,262	143,848	575,782	267,332	41,128	123,384	82,258	82,258	0	0	10,262
8510-3014-41131 MP Acute-Med-Care	0	0	0	41,128	0	0	0	0	0	0	0	0	0
8510-3014-41141 MP Acute-Medicare	6,687,737	6,333,546	5,575,368	5,023,203	5,923,608	5,722,607	6,416,380	7,070,496	7,773,799	6,995,912	4,002,242	4,200,930	4,483,919
8510-3014-41142 MP Acute-Medicare MgtCare	1,191,027	2,200,348	1,953,680	2,389,705	2,818,087	2,323,732	2,600,121	2,442,398	1,688,248	2,005,122	2,300,217	1,759,056	2,300,217
8510-3014-41143 MP Acute-Medicare At Risk	1,605,046	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840	1,600,840
8510-3014-41151 MP Acute-Med-Care	1,528,720	647,785	668,854	925,360	1,028,260	1,223,558	653,466	1,799,330	1,285,250	801,696	832,842	730,972	711,150
8510-3014-41152 MP Acute-Med-Cal MgtCare	2,056,400	1,802,170	1,881,606	2,169,849	2,313,450	2,385,424	3,033,190	2,992,062	2,159,220	2,899,024	1,834,883	1,709,206	1,594,708
8510-3014-41191 MP Acute-Other Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3014-41191 MP Acute-Other	20,564	0	0	0	0	10,282	10,282	0	0	0	20,564	20,564	0
8510-3014-44501 OPH-Self Pay	(5,086)	0	0	0	0	0	0	0	0	0	0	0	(3,816)
8510-3014-44522 OPH-Comm MgtCare	48,430	16,860	15,504	56,642	40,791	49,608	40,704	17,632	16,282	21,624	33,806	8,504	42,280
8510-3014-44542 OPH-Medicare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3014-44543 OPH-Medicare MgtCare	128,688	263,680	228,384	290,893	322,090	222,132	210,539	135,513	103,854	199,318	199,318	186,116	186,116
8510-3014-44543 OPH-Medicare At Risk	60,453	117,825	140,413	105,167	70,676	103,828	54,785	258,033	167,904	167,904	98,194	130,382	130,382
8510-3014-44582 OPH-Med-Cal	3,209	100,849	33,137	40,260	8,056	5,512	51,100	112,784	98,281	61,123	98,281	47,851	47,851
8510-3014-44582 OPH-Med-Cal MgtCare	0	0	0	20,690	0	0	0	0	347	0	1,272	(16,965)	0
8510-3014-41101 MP Acute-Self Pay	45,266	55,712	27,956	55,712	27,956	70,456	31,865	48,748	24,374	60,036	45,266	45,266	45,266
8510-3014-41121 MP Acute-Comm Ins	10,446	0	0	0	0	0	0	0	0	0	0	0	0
8510-3014-41122 MP Acute-Comm MgtCare	459,892	607,066	763,504	423,154	428,266	350,442	515,336	523,088	417,659	216,672	372,554	380,120	372,554
8510-3014-41123 MP Acute-Comm At Risk	13,928	48,748	3,482	41,784	13,928	38,302	20,882	5,964	0	0	0	0	0
8510-3014-41131 MP Acute-Med-Care	38,302	0	0	55,712	55,712	55,194	55,194	55,194	55,194	55,194	55,194	55,194	55,194
8510-3014-41141 MP Acute-Medicare	2,180,340	2,068,887	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438	1,829,438
8510-3014-41142 MP Acute-Medicare MgtCare	362,128	397,861	400,430	470,447	550,484	494,444	518,014	472,434	368,880	591,940	600,866	657,663	657,663
8510-3014-41143 MP Acute-Medicare At Risk	347,082	184,992	300,862	303,753	270,318	385,610	376,056	336,416	294,329	276,997	247,222	276,997	153,814
8510-3014-41151 MP Acute-Med-Care	188,812	341,236	320,716	258,608	258,608	418,808	418,808	422,110	384,978	708,488	536,738	414,356	489,662
8510-3014-41152 MP Acute-Med-Cal MgtCare	651,134	466,965	780,950	515,336	505,156	505,156	912,284	882,951	665,062	852,428	564,084	515,336	515,336
8510-3014-41191 MP Acute-Other Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3014-41191 MP Acute-Other	0	0	0	0	0	6,944	0	0	0	10,446	0	6,944	0
8510-3014-44501 OPH-Self Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-3014-44522 OPH-Comm MgtCare	78,885	100,868	63,675	22,472	12,339	42,409	27,987	61,243	17,275</				

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6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
194,645	551,487	234,414	294,149	185,260	257,559	587,365	458,655	427,773	181,459	413,400	652,599	397,783
1,389,876	1,339,231	1,811,948	1,146,234	1,437,261	1,346,250	4,189,045	1,662,843	1,522,873	1,513,741	910,696	1,530,450	884,796
0	0	0	0	16,635	0	0	0	0	31,654	0	71,481	0
0	0	0	0	10,162	54,726	61,670	0	0	62,003	84,624	155,893	0
29,052	0	0	0	0	0	0	0	0	0	0	7,538	0
50,100	0	0	15,600	0	17,465	0	0	0	4,593	40,187	0	0
0	0	0	0	0	0	0	0	0	0	0	18,647	0
0	0	0	0	0	0	0	0	0	0	0	0	16,606
31,234	68,073	17,164	30,825	11,639	141,924	30,732	57,707	26,523	35,809	33,489	27,474	17,434
964,419	730,871	730,871	724,719	618,802	906,592	604,557	756,564	985,811	899,750	1,515,245	1,259,156	71,861
0	17,970	36,876	0	25,310	115,276	35,761	30,131	0	24,324	18,190	0	0
0	0	16,807	0	0	0	0	34,578	0	19,335	0	41,136	0
1,495,918	1,986,025	1,269,081	986,456	1,239,241	1,241,912	1,136,344	1,115,013	1,229,133	1,614,584	1,812,202	1,168,274	1,148,632
753,796	539,563	479,426	645,137	317,286	388,625	338,429	333,678	718,973	628,536	961,314	808,315	294,145
134,263	46,577	167,150	166,137	203,552	363,364	181,369	274,564	267,217	194,903	217,377	306,181	41,660
19,232	48,240	11,889	10,881	47,305	40,810	30,955	51,018	26,916	30,135	82,473	22,798	1,130,137
1,240,535	1,120,819	1,305,023	1,201,897	1,283,813	1,530,148	1,583,978	1,303,617	636,366	1,665,639	1,381,961	1,542,421	0
0	0	0	0	0	0	11,109	0	0	0	0	0	0
0	0	40,830	0	0	0	0	0	0	51,567	0	0	33,771
0	0	69	0	0	0	0	0	0	0	0	0	0
0	0	128	0	0	0	0	0	0	0	0	0	0
0	0	20,796	276	207	17,886	0	(19,322)	0	2,854	86	0	0
0	0	207	69	0	0	0	0	0	0	0	0	0
0	0	15,248	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	15,800	(15,800)	0	0
0	0	0	0	0	0	0	0	0	384	2,178	0	0
121,675	0	0	0	0	0	107,323	87,682	0	0	0	0	0
0	0	184,166	0	0	0	0	0	0	19,075	0	0	210,562
552,292	1,410,217	1,804,116	753,265	624,232	536,865	818,245	692,495	392,736	797,736	757,731	918,600	216,324
0	472,309	426,166	224,687	414,388	624,483	414,253	409,124	345,572	306,136	262,154	150,604	0
0	10,815	557,863	177,160	368,654	295,833	115,448	416,503	235,146	233,662	77,225	83,172	98,226
0	0	6,529	0	0	0	0	0	0	69,604	0	0	0
111,624	30,464	58,260	174,017	122,931</								

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St Vincent Medical Center
Trended Income Statement
June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8510-4520-41141 IP Acute-Med-Care	107,383	62,772	69,351	66,940	76,793	104,171	101,187	145,862	179,673	126,348	143,051	110,199	185,480
8510-4520-41142 IP Acute-Med-Care MgtCare	23,058	26,064	19,041	21,205	29,375	31,864	42,487	32,021	46,434	38,574	37,339	47,339	43,948
8510-4520-41153 IP Acute-Med-Care At Risk	19,835	14,874	14,825	15,948	7,653	14,904	21,770	7,577	13,628	45,562	35,809	17,898	16,534
8510-4520-41151 IP Acute-Med-Cal	1,482	7,522	10,890	7,646	7,646	7,146	5,560	17,514	24,885	20,421	38,882	11,703	
8510-4520-41152 IP Acute-Med-Cal MgtCare	49,940	30,142	42,278	26,446	38,613	33,952	47,021	11,402	52,785	52,266	36,329	42,760	24,916
8510-4520-41151 IP Acute-Other	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41151 IP Acute-Other Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41222 SNF-Comm MgtCare	0	1,247	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41221 SNF-Comm MgtCare	576	576	434	0	0	0	0	0	1,311	349	0	316	0
8510-4520-41241 SNF-Med-Care	0	1,640	0	1,932	0	1,152	360	4,954	1,909	1,278	0	611	0
8510-4520-41441 IP Rehab-Med-Care	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41442 IP Rehab-Med-Care MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal Govt FFS	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal MgtCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4520-41451 IP Rehab-Med-Cal At Risk	0	0	0	0	0	0	0	0	0	0	0	0	

Verity Health Systems
St Vincent Medical Center
Trandol Income Statement
June 30, 2018

	8/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8510-4510-44792 ER-Other-MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	577
8510-4590-44792 ER-Other-Air Risk	535	535	1,601	0	0	0	0	0	0	0	0	0	577
8510-4610-41141 HP Acute-Medicare	0	1,873	0	3,893	0	2,207	0	0	0	5,473	0	0	0
8510-4610-41142 HP Acute-Medicare MpgCare	1,873	0	0	0	0	0	0	0	0	6,102	0	0	6,102
8510-4610-41143 HP Acute-Medicare At Risk	0	0	0	0	0	0	5,473	0	0	0	0	0	0
8510-4610-41151 HP Acute-Med-Cal	0	0	1,873	0	0	0	0	0	5,473	0	0	0	0
8510-4610-41152 HP Acute-Med-Cal MpgCare	0	0	0	0	0	1,381	0	6,289	5,473	0	0	0	5,473
8510-4610-41222 SNF-Comm MpgCare	0	0	1,873	0	0	0	0	0	0	0	0	0	0
8510-4610-41241 SNF-Medicare	0	1,873	0	0	0	0	0	0	0	0	0	0	0
8510-4610-45222 OP-Comm MpgCare	0	0	0	0	0	0	0	0	0	5,473	5,289	0	0
8510-4610-45451 OP-Medicare	1,873	1,873	(2,844)	3,748	1,673	2,418	15,937	17,235	0	10,946	5,473	21,892	11,762
8510-4610-45452 OP-Medicare MpgCare	0	0	0	0	0	0	0	0	5,473	0	10,946	10,946	10,946
8510-4610-45453 OP-Med-Cal MpgCare	0	0	0	0	0	3,334	0	10,846	0	11,976	12,576	6,764	12,576
8510-4620-41101 HP Acute-Self Pay	0	0	1,437	0	0	1,437	1,437	0	0	2,874	0	0	0
8510-4620-41121 HP Acute-Comm Ins	0	1,437	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41122 HP Acute-Comm MpgCare	1,437	0	2,874	4,311	2,874	4,311	1,437	1,437	2,874	0	5,748	2,874	0
8510-4620-41123 HP Acute-Comm At Risk	1,437	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41151 HP Acute-Medicare	20,181	29,740	27,303	18,681	23,118	17,244	14,370	30,174	25,866	11,490	22,992	21,555	21,555
8510-4620-41152 HP Acute-Medicare MpgCare	12,933	7,185	7,248	5,748	11,496	5,748	8,622	2,874	12,933	1,437	10,059	2,674	24,428
8510-4620-41153 HP Acute-Medicare At Risk	5,748	2,674	10,059	4,311	10,059	4,311	1,437	5,748	5,748	2,874	2,874	2,874	2,874
8510-4620-41154 HP Acute-Med-Cal	2,674	5,748	2,674	2,874	2,874	1,437	0	0	0	0	0	0	0
8510-4620-41155 HP Acute-Med-Cal MpgCare	7,185	8,622	5,748	11,496	7,185	5,748	11,483	15,807	7,185	5,748	4,311	4,311	5,748
8510-4620-41156 HP Acute-Other	1,437	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41222 SNF-Comm MpgCare	0	0	0	0	1,437	0	0	0	0	0	0	0	0
8510-4620-41241 SNF-Medicare	1,437	1,437	0	0	0	0	0	1,437	0	2,874	0	0	0
8510-4620-41441 HP Rehab-Medicare	0	1,437	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41442 HP Rehab-Medicare MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41443 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41444 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41445 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41446 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41447 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41448 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41449 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41450 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41451 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41452 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41453 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41454 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41455 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41456 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41457 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41458 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41459 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41460 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41461 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41462 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41463 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41464 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41465 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41466 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41467 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41468 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41469 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41470 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41471 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41472 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41473 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41474 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41475 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41476 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41477 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41478 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41479 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41480 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41481 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41482 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41483 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41484 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41485 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41486 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41487 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41488 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41489 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41490 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41491 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41492 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41493 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41494 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41495 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41496 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41497 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41498 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41499 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41500 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41501 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41502 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41503 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41504 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41505 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41506 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41507 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41508 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41509 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41510 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41511 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41512 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41513 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41514 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41515 HP Rehab-Medicare At Risk	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41516 HP Rehab-Medicare Cal	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41517 HP Rehab-Medicare Cal MpgCare	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-4620-41518 HP Rehab-Medicare At Risk	0	0											

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Verity Health Systems
 St Vincent Medical Center
 Trended Income Statement
 June 30, 2018

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018
8510-5830-54880 Admin Adj. EIR	(2,935,844)	(508,218)	(109,111)	(15,961)	(57,175)	(99,737)	(171,852)	(2,847,8)	(25,095)	(16,858)	(35,609)	(124,315)	(52,632)
8510-5840-51491 CONT REVENUE OTHER	0	(490)	0	(20)	0	0	0	0	0	0	0	0	0
8510-5840-51818 OTHER Adm/Inv Acct	0	0	0	128,490	21,200	35,609	42,060	38,890	30,480	37,067	45,333	26,000	23,500
8510-5845-54850 Oth/Dec Imv Rev Inpt/Acute	(389,511)	11,489	3,878	68,656	13,341	0	0	0	0	0	(153)	0	0
8510-5845-54850 Oth/Dec Imv Rev Outpatient	(134,135)	(391)	(22,979)	8,541	315	0	0	(30,836)	212	0	(836)	0	0
8510-5845-54850 Oth/Dec Imv Rev EIR	4,873	(102)	2,651	1,051	(9,054)	(11,798)	(20,674)	(5,713)	0	178	(9,353)	(27,410)	(824)
8510-5845-54850 Outpatient Integ/Oth Outpatient	0	(531)	0	0	0	0	0	0	0	0	(827,827)	(161,105)	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	2,805,970	2,813,108	3,927,134	2,973,562	3,868,354	3,035,348	3,836,142	3,247,087	2,332,418	3,252,433	3,205,231	3,367,611	3,408,465
8510-5845-54850 Outpatient Integ/Oth Outpatient	(324,520)	(71,426)	(1,137,165)	(87,547)	(1,115,526)	(441,774)	(327,255)	85,217	(783,825)	(404,913)	(233,338)	(850,559)	(2,634,366)
8510-5845-54850 Outpatient Integ/Oth Outpatient	15,780	13,351	5,929	29,507	10,840	13,835	8,526	35,545	45	17,530	75	7,514	18,721
8510-5845-54850 Outpatient Integ/Oth Outpatient	18,555	13,000	0	8,167	3,815	(50,211)	(6,108)	78,541	0	0	7,770	6,178	6,865
8510-5845-54850 Outpatient Integ/Oth Outpatient	0	0	0	0	2,209	2,312	0	0	0	0	0	0	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	17,113	75,913	45,276	31,836	47	0	7,666	687,315	77,062	181,886	192,918	54,143	(342,583)
8510-5845-54850 Outpatient Integ/Oth Outpatient	2	0	0	0	0	0	0	0	0	0	0	0	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	10,760	13,615	12,585	10,995	13,140	12,692	13,333	9,572	13,430	14,790	11,755	12,210	9,515
8510-5845-54850 Outpatient Integ/Oth Outpatient	0	0	194,366	0	0	0	0	0	0	0	0	0	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	147	0	0	0	0	0	0	0	0	0	0	0	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	0	0	0	0	0	0	0	0	4,231	(4,231)	0	0	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	0	0	0	0	0	0	0	0	0	0	0	0	0
8510-5845-54850 Outpatient Integ/Oth Outpatient	17,657,891	19,471,770	16,384,512	16,261,524	20,215,930	17,880,529	29,478,090	24,086,055	18,988,553	20,724,431	18,872,512	21,309,821	15,969,546
8510-5845-54850 Outpatient Integ/Oth Outpatient	17,657,891	19,471,770	16,384,512	16,261,524	20,215,930	17,880,529	29,478,090	24,086,055	18,988,553	20,724,431	18,872,512	21,309,821	15,969,546
8510-5845-54850 Outpatient Integ/Oth Outpatient	0	0	0	0	0	0	0	0	0	0	0	0	0

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Schedule 2.14 - Legal Proceedings

See attached folder “Schedule 2.14 - Legal Proceedings”

Schedule 2.14 - Legal Proceedings (Seton Medical Center)

Debtor	Claimant/Plaintiff	Case Number	Court Name	Court Address	Court Address	Court City	Court State	Court Zip	Status of Case	Basis of Claim	Date Claim Incurred
Seton Medical Center	Jenneth Marlese	NUHW-Grievance	Arbitration - pending selection of arbitrator							Grievance: Unjust Termination	8/24/2018
Seton Medical Center	Theodore Parada, MD	18-CIV-05532	Superior Court of California, County of San Mateo (Southern Branch)	400 County Center		Redwood City	California	94063	Pending	Personal injury/property damage/wrongful death	10/26/2016

Schedule 2.14 - Legal Proceedings (St. Vincent Medical Center)

Verity Entity	Claimant/Plaintiff	Case Number	Court Name	Court Address	Court Address	Court City	Court State	Court Zip	Status of Case	Basis of Claim	Date Claim Incurred
St. Vincent Medical Center	Yolanda Mancilla	DC702905	Superior Court of California, County of Los Angeles (Stanley Mosk Courthouse)	111 North Hill Street		Los Angeles	California	90012	Pending	Professional Liability	8/24/17; (filed 9/26/18)
St. Vincent Medical Center	Elise Margaret O'Halloran	18STCV00301	Superior Court of California, County of Los Angeles (Stanley Mosk Courthouse)	111 North Hill Street		Los Angeles	California	90012	Pending	Professional Liability	11/7/17 (filed 10/5/18)
St. Vincent Medical Center	University of Southern California on behalf of Keck Hospital	BC714080	Superior Court of California, County of Los Angeles (Stanley Mosk Courthouse)	111 North Hill Street		Los Angeles	California	90012	Pending	Breach of contract	Filed 11/18/18

Schedule 2.14 - Legal Proceedings (St. Francis Medical Center)

Seller	Claimant/Plaintiff	Case Number	Court Name	Court Address	Court Address	Court City	Court State	Court Zip	Status of Case	Basis of Claim	Date Claim Incurred
St. Francis Medical Center	Rosa Camaco	ULP-21-CA-219922	UNAC-UHCP				California			Unfair Labor Practice Under the Labor Relations Act, art 7.	
St. Francis Medical Center	Rosa Camaco	ULP-21-CA-209435	UNAC-UHCP				California			Unfair Labor Practice Under the Labor Relations Act, art 7.	
St. Francis Medical Center	Edwin Guardado	Guardado-UNAC (Grievance number not yet assigned)	UNAC-UHCP				California			Grievance: Termination	
St. Francis Medical Center	Edwin Guardado	ULP Guardado-21-CA-230499	UNAC-UHCP				California			ULP -Dismissal for Union Activities; Unfair Labor Practice Under the Labor Relations Act, art 7.	
St. Francis Medical Center	Natalie Nguyen	EEOC # 480-2019-00050	US Equal Employment Opportunity Commission, Los Angeles District	255 E. Temple Street	9th Floor	Los Angeles	California	90012	Pending	EEOC-Disability	10/08/18
St. Francis Medical Center	Tammy Sprownsen	BC724114	Superior Court of California, County of Los Angeles (Stanley Mosk Courthouse)	111 North Hill Street		Los Angeles	California	90012	Pending	Professional Liability	10/3/2018
St. Francis Medical Center	UNAC	Case Number: 21-CA-231856	National Labor Relations Board, Region 21	312 North Spring Street	Floor 10	Los Angeles	California	90012	Pending		
St. Francis Medical Center	Abbas Khanafer	BC718838	Superior Court of California, County of Los Angeles (Stanley Mosk Courthouse)	111 North Hill Street		Los Angeles	California	90012	Pending	Professional Liability	

Schedule 2.15(a) - Seller Plans

See attached folder "Schedule 2.15(a) - Seller Plans"

Pension Plans Verity:

- Verity Health System Retirement Plan (John Hancock - Plan A)
- Verity Health System Retirement Plan (John Hancock - Plan B)

Verity Defined Contribution Plans:

- Verity Health System Retirement Plan Account (RPA) – TT080435
- Verity Health System Supplemental Retirement Plan (401(a)) – TT080286
- Verity Health System Supplemental Retirement Plan (TSA) – TT069202
- Verity Health System Executive Long-Term Savings Plan 457(b) TE098157

Medical:

- Verity EPO Plan (EPO1 and EPO2)
- Verity PPO Plan Buy-up (PPO1 - Verity Network, PPO2 - PPO Network and PPO3 - Out-of-Network)

Dental:

- Cigna Dental HMO Plan
- Delta Dental PPO Plans (Delta PPO 800 and Delta PPO 1200)

Vision:

- VSP Core Plan (VSP CORE Plan and VSP PLUS Plan)

Health Benefits:

All benefit eligible employees are offered Voluntary Life/AD&D, Short-term Disability (STD), Long-term Disability (LTD), Long-term Care (LTC), Employee Assistance Program (EAP), and Flexible Spending Accounts (FSA), except employees represented by CNA are not offered the LTD Buy-up plan.

- Life/AD&D Insurance through Unum
- Voluntary STD through Cigna
- LTD through Cigna
- LTC through Unum
- Flexible Spending Account through Health Now
- Employee Assistance Program through OptumHealth
- Voluntary Benefits through AlliantCHOICE+

Verity Deferred Compensation Plan:

- 457(b) Tax-Exempt Plan through Transamerica Retirement Solutions, LLC (Account No.: TE098157)

Reduction in Force Policy:

- Verity has a Reduction in Force Policy which includes two weeks' notice pay and severance pay for employees based on the following factors: (i) employee status (non-exempt, exempt or management/directors); and (ii) years of service. Severance pay ranges from two (2) weeks of pay (non-Exempt and less than three (<3) years of service) to eighteen (18) weeks of pay (management/directors and over twenty-five (>25) years of service).

Benefits At-A-Glance

Take a moment to review the full array of benefits Verity Health offers below.

Benefit	Key Features	Required Action During Open Enrollment
Medical Plans	Medical coverage provides you and your family with benefits that help keep you healthy with preventive care screenings and access to urgent care. It also provides important financial protection if you have a serious medical condition. Each plan offers comprehensive coverage with varying networks, copays and out of pocket costs. Refer to your summary of benefits for specific plan details.	If you would like to enroll, add/delete a dependent or change plans, enrollment via SmartBen is required.
Dental	Covers preventive care and other benefits for specialized procedures based on the carrier's covered services and procedures.	If you would like to enroll, add/delete a dependent or change plans, enrollment via SmartBen is required.
Vision	Covers lenses, frames, contact lenses and more. You can visit any licensed provider, but you will save if you choose in-network providers.	If you would like to enroll, add/delete a dependent or change plans, enrollment via SmartBen is required.
Voluntary Life Insurance	Provides you and/or your beneficiaries with financial security in the event of your death. Dependent life insurance is also available for your spouse/registered domestic partner and child(ren).	Enrollment via SmartBen is voluntary. Certain enrollment amounts may require evidence of insurability (EOI) and approval.
Accidental Death & Dismemberment (AD&D)	Provides additional financial security if you are severely injured or die as a result of an accident.	Enrollment via SmartBen is voluntary. Certain enrollment amounts may require evidence of insurability (EOI) and approval.
Long Term Disability (LTD)	Provides long-term income replacement up to a certain percentage of your salary if you can't work due to a long-term illness or injury.	Enrollment via SmartBen is voluntary. Certain enrollment amounts may require evidence of insurability (EOI) and approval.
Voluntary Short-Term Disability (Vol. STD)	Provides short-term income replacement due to a non-work related illness or injury.	Enrollment via SmartBen is voluntary. Certain enrollment amounts may require evidence of insurability (EOI) and approval.
Long Term Care (LTC)	Provides reimbursement dollars for nursing home care, personal care, adult day care and care provided in an assisted living facility.	Not at this time. Look for more information mid-year during the LTC Open Enrollment period.
Health Care Spending Account	Provides the option to use pre-tax dollars to pay for qualified health expenses for you and your family. Taking advantage of this benefit reduces your taxable income.	You must enroll/re-enroll to participate in this spending account in 2019.
Dependent Care Spending Account	Provides the option to use pre-tax dollars to reimburse yourself for qualified out-of-pocket expenses. Taking advantage of this benefit reduces your taxable income. Use this for qualified expenses related to care for a child, such as day or after school care, or care for other dependents who are physically or mentally incapable of self-care.	You must enroll/re-enroll to participate in this spending account in 2019.
Employee Assistance Program	Provides free and confidential assessments, short-term counseling, referrals, and follow-up services to employees and their families up to certain annual maximum.	Employees and dependents are automatically enrolled at no cost to you.
Additional Voluntary Plans	AlliantCHOICE Plus voluntary benefits are available in addition to your core benefits package.	If you wish to enroll, please see page 19 for further details.

Benefits by Facility

	Medical		Dental				Vision	
	EPO	PPO	HMO	PPO	PPO	PPO	Base	Buy-Up
	Verity Plan	Verity Plan	Cigna	Delta 800	Delta 1200	Delta 1500	VSP	VSP
Verity Business Services								
VBS	X	X	X	X	X		X	X
Verity System Office								
North	X	X	X	X	X		X	X
South	X	X	X	X	X		X	X
St. Francis Medical Center								
Non-Represented	X	X	X	X		X	X	X
SEIU	X	X	X	X		X	X	X
UNAC	X	X		X		X	X	X
Religious	X	X						
St. Vincent Medical Center								
Non-Represented	X	X	X	X		X	X	X
SEIU	X	X	X	X		X	X	X
CNA	X	X	X	X		X	X	X
Seton Medical Center								
Non-Represented	X	X	X	X		X	X	X
NUHW	X	X		X	X		X	X
CNA	X	X			X		X	X
ESC Local 20	X	X	X	X		X	X	X
Seton Coastside Medical Center								
Non-Represented	X	X	X	X		X	X	X
NUHW	X	X		X	X		X	X

Note: All benefit eligible employees are offered Voluntary Life/AD&D, Short-term Disability (STD), Long-term Disability (LTD), Long-term Care (LTC), Employee Assistance Program (EAP), and Flexible Spending Accounts (FSA), except SMC and SMCC NUHW and CNA are not offered the LTD Buy-up plan.

Schedule 2.15(a) - Seller Plans
Strategic Global Management, Inc. Asset Purchase Agreement

Verity Health System Retirement Plan A & B	
	John Hancock (formerly NYLIM) Monthly Annuity - "Pension Plan" Employer Contribution - Benefit Restriction Applied does not affect the monthly annuity TSA Match (formerly NYLIM) 12/31/08. 403(b) Optional to Employee - Employer contribution only if Employee Contributed - Benefit Restrictions Could Apply to Lump Sum Match Benefit
Plan Sponsor	Verity Health System
Plan Recordkeeper	John Hancock
Actively Employed Participants	2,373 (Plan A 2,229 / Plan B 144)
Terminated Vested Participants	2,751 (Plan A 2,254 / Plan B 497)
Retired/Beneficiary Participants	2,680 (Plan A 2,339 / Plan B 341)
Total Participants	7,804 (Plan A 6,822 / Plan B 982)
Plan Assets as of 12/31/17	\$342,972,510 (Plan A - \$334,661,036 / Plan B - \$8,311,474)
Estimated Annual Per Participant Fee	\$74.32
System Office Executives	Frozen as of 2/28/2011
System Office Staff (No. Cal.)	Frozen as of 2/28/2011
System Office Staff (So. Cal.)	Frozen as of 2/28/2011
CBS/VBS	Never Eligible
Seton Non-Represented	Never Eligible
NUHW	Never Eligible
CNA	Never Eligible
Local 20	Never Eligible
Seton Coastside Non-Represented	Never Eligible
NUHW	Never Eligible
St. Francis Non-Represented	Frozen as of 2/28/2011
UNAC	Frozen as of 12/31/2011
SEIU	Frozen as of 12/31/2012
St. Vincent Non-Represented	Frozen as of 2/28/2011
SEIU	Frozen as of 2/28/2011 (with Non-Represented)
CNA	Active

1. As of 1/1/2017, eligible CNA members in Plan A are accruing a Cash Balance benefit that includes an annual pay credit between 4.25% and 10% of eligible pay based on the participant's years of service, and a 4% annual interest credit. As of 1/1/17, CNA members ceased to be eligible for new accruals under the Traditional Formula Benefit.

	Verity Health System Supplemental Retirement Plan (TSA) (TT069202)				Verity Health System Supplemental Retirement Plan (401(a)) (TT080286)		Verity Health System Retirement Plan Account (RPA) (TT080435)
	Optional Employee Contribution 403(b)	Lincoln Individual Annuity Contracts Only - Elective deferrals to Lincoln ceased as of 10/31/2006	VALIC Individual Annuity Contracts Only - Elective deferrals to VALIC ceased as of 10/31/2006	Match Benefit = 35% on first 5% of pay. Only applies for employees contributing to the 403(b)	Match Benefit = 50% on first 6% of pay. Only applies for employees contributing to the 403(b)		
Plan Sponsor							
Administrator/Record-keeper	Transamerica	Lincoln ₃	VALIC ₃	Transamerica			
Total Plan Assets	\$542,194,113	\$16,518,074	\$2,672,112	\$60,195,428	\$107,985,358		
Active Participants With a Balance / Avg. Account Balance	5,053 / \$79,295	N/A	N/A	4,280 / \$11,506	3,645 / \$25,912		
Terminated Participants With a Balance / Avg. Account Balance	2,756 / \$51,348	N/A	N/A	1,481 / \$7,393	1,027 / \$13,179		
Total Participants With a Balance / Avg. Account Balance	7,809 / \$69,432	343 / \$48,158	309 / \$8,132	5,761 / \$10,449	4,672 / \$23,113		
Eligible Participants Actively Deferring / Eligible Participants	4,764 / 6,870 (69.33%)	N/A	N/A	N/A	N/A		
Participants Actively Deferring in Percentage (%) / Avg. Deferral	2,373 / 9.98%	N/A	N/A	N/A	N/A		
Participants Actively Deferring in Dollar Amount (\$) / Avg. Deferral	2,391 / \$386 per pay period	N/A	N/A	N/A	N/A		

Estimated Annual Per Participant Fee (the per participant range is \$47 to \$77)	\$90.60		\$13.56	\$30.16
Estimated TOTAL Annual EBA Account (6.5 bps)	\$352,426	N/A	\$39,127	\$70,190
<i>Estimated Annual EBA Allocated to On-sites (4 bps)</i>	\$216,878	N/A	\$24,078	\$43,194
<i>Estimated Annual EBA Allocated to Qualified Plan Expenses (2.5 bps)</i>	\$135,549	N/A	\$15,049	\$26,996
Available EBA Account as of 9/30/18	\$287,049	N/A	\$13,100	\$6,394
Available Forfeitures as of 9/30/18	\$3,991	N/A	\$112,882	\$103,406
Available Advanced Employer Account as of 9/30/18	\$27,592	N/A	\$54,685	\$284,769
System Office Executives	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Frozen as of 12/31/2016 ₁
System Office Staff (No. Cal.)	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Frozen as of 12/31/2016 ₁
System Office Staff (So. Cal.)	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Frozen as of 12/31/2016 ₁
CBS/VBS	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Frozen as of 12/31/2016 ₁
Seton Non-Represented	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Frozen as of 12/31/2016 ₁
NUHW	Active	Frozen as of 10/31/2006	Active	Active as of 1/1/2013
CNA	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016	Never Eligible
Local 20	Active	Frozen as of 10/31/2006	Active	Active as of 3/1/2011
Seton Coastside Non-Represented	Active	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Frozen as of 12/31/2016 ₁

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NUHW	Active	Frozen as of 10/31/2006	Frozen as of 10/31/2006	Active	Never Eligible	Active as of 1/1/2013
St. Francis Non- Represented	Active	Never Eligible	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Active as of 1/1/2017 ₁	Frozen as of 12/31/2016 ₁
UNAC	Active	Never Eligible	Frozen as of 10/31/2006	Active	Never Eligible	Active as of 1/1/2012
SEIU	Active	Never Eligible	Frozen as of 10/31/2006	Active	Never Eligible	Active as of 1/1/2013
St. Vincent Non- Represented	Active	Never Eligible	Frozen as of 10/31/2006	Frozen as of 12/31/2016 ₁	Active as of 1/1/2017 ₁	Frozen as of 12/31/2016 ₁
SEIU	Active	Never Eligible	Frozen as of 10/31/2006	Active	Never Eligible	Active as of 1/1/2013
CNA	Active	Never Eligible	Frozen as of 10/31/2006	Frozen as of 12/31/2016	Never Eligible	Never Eligible

1. Non-represented employees hired on or after 12/15/15 were never eligible for the RPA OR 35% on the first 5% of pay Match Benefit. Non-represented new hires on or after 12/15/15 were eligible for the 50% on the first 6% of pay Match Benefit upon satisfying the RPA eligibility requirements. Non-represented employees re-hired on or after 12/15/15 had their RPA AND 35% on the first 5% of pay Match Benefit frozen as of 5/31/16 and became eligible for the 50% of the first 6% of pay Match Benefit on 6/1/16. As of 1/1/17, all eligible non-represented employees, regardless of hire or re-hire date, are eligible for the 50% on the first 6% of pay Match benefit, and no longer eligible for the RPA AND 35% on the first 5% of pay Match Benefit.

3. Data for Lincoln and Valic is as of December 31, 2017

4. Verity Health System Supplemental Retirement Plan 401(a) (TT080286) forfeitures cannot be used for qualified plan expenses. However, they can be used for future employer contributions.

	Retirement Plan For Hospital Employees - Monthly Annuity -“Pension Plan” (multiemployer plan) Note: Verity is not the plan sponsor of the plan nor is the plan under the purview of the Verity Benefits Administration Committee	Local 39 Retirement Plan - \$9.46 per hour worked per engineer - “Pension Plan” (multiemployer plan) Note: Verity is not the plan sponsor of the plan nor is the plan under the purview of the Verity Benefits Administration Committee
Actively Employed Participants	2,345 (1,060 still actively accruing benefits)	N/A
Terminated Vested Participants	1,341	
Retired/Beneficiary Participants	1,730	
Total Participants	5,416	
Plan Assets as of 12/31/16	\$301,069,509	
Estimated Annual Per Participant Fee	\$116	
Plan Sponsor	Retirement Plan For Hospital Employees Board of Trustees	
Administrator/Record- keeper	RPHE	
System Office Executives	Never Eligible	
System Office Staff (No. Cal.)	Never Eligible	
System Office Staff (So. Cal.)	Never Eligible	
CBS/VBS	Frozen as of 2/28/2011	
Seton Non-Represented	Frozen as of 2/28/2011	
NUHW	Frozen as of 12/31/2012 (as SEIU members)	
CNA	Active	
Local 20	Frozen as of 2/28/2011 (as Non-Represented)	
Seton Coastside Non- Represented	Frozen as of 2/28/2011	
NUHW	Frozen as of 12/31/2012 (as SEIU members)	
St. Francis Non-Represented	Never Eligible	
UNAC	Never Eligible	
SEIU	Never Eligible	
St. Vincent Non-Represented	Never Eligible	
SEIU	Never Eligible	
CNA	Never Eligible	

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Plan Sponsor		Verity Health System Executive Long-Term Savings Plan (457(b)) - Allows eligible executives to contribute an additional \$18,500 per year (in addition to the TSA Plan) (TE098157)
Administrator/Record-keeper		Transamerica
Total Plan Assets		\$35,935
Active Participants With a Balance / Avg. Account Balance		3 / \$8,846
Terminated Participants With a Balance / Avg. Account Balance		1 / \$9,398
Total Participants With a Balance / Avg. Account Balance		4 / \$8,984
Eligible Participants Actively Deferring / Eligible Participants		1 / 23 (4.35%)
Participants Actively Deferring in Percentage (%) / Avg. Deferral		0
Participants Actively Deferring in Dollar Amount (\$) / Avg. Deferral		1 / \$1,850 per pay period
Estimated Annual Per Participant Fee		\$11.84
Estimated TOTAL Annual EBA Account (6.5 bps)		\$23
Estimated Annual EBA Allocated to On-sites (4 bps)		\$14
Estimated Annual EBA Allocated to Qualified Plan Expenses (2.5 bps)		\$9
Available EBA Account as of 3/31/18		\$10
Available Forfeitures as of 3/31/18		\$0
Available Advanced Employer Account as of 3/31/18		\$0
Corporate Executives (Vice President and above)		Active
Hospital Executives (Vice President and above)		Active
All Other		Never Eligible

	CNA/Seton Retirement Plan - Frozen Money Purchase Pension Plan as of 12/31/1999 (31000-003 & 31000-004)	Kennedy Savings Plus Plan - Frozen Defined Contribution 403(b) Plan as of 12/31/2001 (CR29639)	Seton Medical Center Coastsde Retirement Plan - Frozen Defined Contribution 403(b) Plan as of 12/31/2001 (070034)	St. Vincent Medical Center Supplemental Retirement Plan (TSA - Transamerica) - Frozen Defined Contribution 403(b) Plan as of 12/31/2001 (FA067401)	St. Vincent Medical Center Supplemental Retirement Plan (TSA - Mutual of America) - Frozen Defined Contribution 403(b) Plan as of 12/31/2001
Plan Sponsor	Verity Health System	Verity Health System	Verity Health System	Verity Health System	Verity Health System
Administrator/Record-keeper	VALIC	Lincoln	Mass Mutual	Transamerica	Mutual of America
Total Plan Assets	\$5,111,045	\$810,857	\$70,298	\$8,958	\$553,526
Active Participants With a Balance / Avg. Account Balance	64 / \$43,282	5 / \$32,698	1 / \$4,785	29 / \$309 36 / \$15,376	
Terminated Participants With a Balance / Avg. Account Balance	106 / \$22,085	47 / \$13,774	38 / \$1,724		
Total Participants With a Balance / Avg. Account Balance	170 / \$30,065	52 / \$15,593	39 / \$1,803		
Plan Eligibility	Frozen as of 12/31/1999	Frozen as of 12/31/2001	Frozen as of 12/31/2001	Frozen as of 12/31/2001	Frozen as of 12/31/2001

SCHEDULE 2.15A**EMPLOYEE WELFARE BENEFITS**

CONTRACTED ENTITY	FACILITIES APPLICABLE	BENEFIT	BENEFIT VENDOR
Verity Health System	SFMC, SVMC, SMC, SMCC	Dental	Delta Dental
Verity Health System	SFMC, SVMC, SMC, SMCC	Dental	Cigna Dental
Verity Health System	SMC CNA	Medical	Blue Shield through 12/31/2018
Verity Health System	SFMC, SVMC, SMC, SMCC	Medical	HealthNow EPO & PPO
Verity Health System	SMC CNA	Medical	HealthNow PPO Grandfathered plan 1/1/2019
Verity Health System	SFMC, SVMC, SMC, SMCC	Vision	VSP
Verity Health System	SFMC, SVMC, SMC, SMCC	Life Insurance	Unum
Verity Health System	SFMC, SVMC, SMC, SMCC	Spouse & Child Life	Unum
Verity Health System	SFMC, SVMC, SMC, SMCC	AD&D	Unum
Verity Health System	SFMC, SVMC, SMC, SMCC	STD & LTD	Cigna
Verity Health System	SFMC, SVMC, SMC, SMCC	LTC	Unum
Verity Health System	SFMC, SVMC, SMC, SMCC	Flex Spending	HealthNow
Verity Health System	SFMC, SVMC, SMC, SMCC	EAP	Optum
Verity Health System	SFMC, SVMC, SMC, SMCC	Voluntary Benefits	AlliantChoice Plus

EMPLOYEE PENSION/RETIREMENT

CONTRACTED ENTITY	FACILITIES APPLICABLE	BENEFIT	BENEFIT VENDOR
Verity Health System	SFMC, SVMC, SMC, SMCC	Retirement - TSA	Transamerica
Verity Health System	SFMC, SVMC, SMC, SMCC	Retirement - 401a	Transamerica
Verity Health System	SFMC, SVMC, SMC, SMCC	Retirement - RPA	Transamerica
Verity Health System	SFMC, SVMC	Retirement - Pension/Annuity	John Hancock
Verity Health System	SMC, SMCC	Retirement - Pension/Annuity	RPHE

PERQUISITES - OTHER EMPLOYEE BENEFITS

DESCRIPTION	FACILITY
Performance Bonus	SFMC
Relocation	SFMC
Sign On/Retention	SFMC, SVMC, SMC, SMCC
Tuition Program	SFMC, SVMC, SMC, SMCC

Schedule 2.16 - Hospital Employees

See attached folder "Schedule 2.16 - Hospital Employees"

VHS VBS SHARED SERVICES - POSITION DETAIL

**no bargaining units

VHS VBS SHARED SERVICES - POSITION DETAIL				x indicates which hospitals an employee services % of services provided						
**no bargaining units										
Dept	Last Name	First Name	Position Title	Status	Classification (EXM or NCN)	SFMC	SVMC	SMC	Location	Notes
FACILITIES PLAN/DEVELOPMENT			SENIOR PROPERTY MANAGER	PDIEH	NCN			x	SMC	Manages all NorCal Verity Holdings properties.
FACILITIES PLAN/DEVELOPMENT			PROJECT ADMINISTRATOR	FTREG	EXM	x	x	x	SMC	Supports all NorCal Verity Holdings and All Verity Facilities Division projects.
Finance			Payroll Manager	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Finance			AP Tech	FTREG	NCN			100%	Seton	Seton Medical Center
Finance			Payroll Supervisor	FTREG	EXM	x	x	x	North	All hospitals / System Office
Finance			AP Tech	FTREG	NCN			100%	Seton	St. Vincent Medical Center
Finance			Director of Strategic Finance & Development	FTREG	EXM	x	x	x	Mariposa	Provides services to all hospitals
Finance			Senior Financial Analyst	FTREG	EXM	x	x	x	Mariposa	Provides services to all hospitals
Finance			Senior Accountant	FTREG	EXM			100%	Seton	Seton Coastside
Finance			VP of Treasury	FTREG	EXM	x	x	x	Mariposa	Provides services to all hospitals
Finance			Finance Analyst	FTREG	EXM	x	x	x	Seton	St. Francis / St. Vincent / Seton / Coastside
Finance			Finance Director	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Finance			Payroll Tech	FTREG	NCN			100%	Seton	Seton Medical Center / Coastside
Finance			AP Supervisor	FTREG	EXM	x	x	x	Seton	All hospitals / St. Francis Medical Center / Coastside
Finance			AP Manager	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Finance			Asst. Director of Finance	FTREG	EXM	x	x	x	Mariposa	Provides services to all hospitals
Finance			Payroll Tech	FTREG	NCN			100%	Seton	Seton Medical Center
Finance			Controller	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Finance			Accounting Supervisor	FTREG	EXM	x	x	x	North	All hospitals
Finance			AP Tech	FTREG	NCN		100%		Seton	St. Francis Medical Center
Finance			Payroll Tech	FTREG	NCN			100%	North	St. Vincent Medical Center
Finance			AP Tech	FTREG	NCN			100%	Seton	Seton Medical Center
Finance			Senior Accountant	FTREG	EXM		100%		Seton	St. Vincent Medical Center
Finance			Senior Director of Strategic Finance & Development	FTREG	EXM	x	x	x	Mariposa	Provides services to all hospitals
Finance			Payroll Tech	FTREG	NCN		100%		North	St. Francis Medical Center
Finance			AP Supervisor	FTREG	EXM	x	x	x	Seton	All hospitals / System Office
Finance			Sr Reimbursement Analyst	FTREG	EXM	x	x	x	North	All hospitals
Finance			Sr Reimbursement Analyst	FTREG	EXM	x	x	x	North	All hospitals
Finance			Senior Accountant	FTREG	EXM			100%	North	Seton Medical Center
Finance			Director of Government Programs	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Finance			Senior Accountant	FTREG	EXM		100%		Seton	St. Francis Medical Center
Finance			AP Tech	FTREG	NCN			100%	Seton	St. Vincent Medical Center
Finance			Director of Finance	FTREG	EXM	x	x	x	Mariposa	Provides services to all hospitals
Finance			Senior Accountant	FTREG	EXM			100%	Seton	St. Vincent Medical Center
Finance			Accounting Manager	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Finance			Senior Accountant	FTREG	EXM		100%		Seton	St. Francis Medical Center
Finance			Treasury Analyst	FTREG	EXM	x	x	x	North	Provides services to all hospitals
Foundation - SFMC			Director of Development	FTREG	EXM	x	x		SFMC	Grantwriting for SV and SFMC foundations
Foundation - SFMC			Sr. Regional Grants Manager, SoCal	FTREG	EXM	x	x		SFMC	Grantwriting for SV and SFMC foundations
Foundation VHS Foundation			VP, Communication & Philanthropy	FTREG	EXM	x	x	x	SFMC	Provides Marketing/Communications leadership to all hospitals/Serves as CEO of each of the philanthropic foundations.
Foundation VHS Foundation			Exec Director, Philanthropy, SoCal	FTREG	EXM	x	x		SVMC	Philanthropic foundations - supports SV and SFMC foundations
Foundation VHS Foundation			Finance Manager, Foundations	FTREG	EXM	x	x	x	SFMC	Manages all finances for philanthropic foundations.
HUMAN RESOURCES			RECRUITER	FTREG	EXM	x	x	x	SMC	Shared Services
HUMAN RESOURCES			RECRUITING COORDINATOR	FTREG	NCN	x	x	x	SFMC	Shared Services
HUMAN RESOURCES			RECRUITER	FTREG	EXM	x	x	x	SVMC	Shared Services
HUMAN RESOURCES			DIRECTOR, EMPLOYEE SHARED SERVICE/ INTERIM VP, HUMAN RESOURCES, SFMC	FTREG	EXM	x	x	x	ES/ SFMC	Shared Services
HUMAN RESOURCES			SR BENEFITS SPECIALIST	FTREG	EXM	x	x	x	ES	Shared Services
HUMAN RESOURCES			HCMA, SR. ANALYST/ PROGRAMMER	FTREG	EXM	x	x	x	NORTH	Shared Services
HUMAN RESOURCES			RECRUITING COORDINATOR	FTREG	NCN	x	x	x	SVMC	Shared Services
HUMAN RESOURCES			DIRECTOR, EXECUTIVE RECRUITING	FTREG	EXM	x	x	x	ES	Shared Services
HUMAN RESOURCES			BENEFITS SPECIALIST	FTREG	NCN	x	x	x	REMOTE/NORTH	Shared Services
HUMAN RESOURCES			DIRECTOR, SYSTEM RECRUITING	FTREG	EXM	x	x	x	ES	Shared Services
HUMAN RESOURCES			HCMA BUSINESS PARTNER	FTREG	EXM	x	x	x	NORTH	Shared Services
HUMAN RESOURCES			RECRUITER	FTREG	EXM	x	x	x	SFMC	Shared Services
HUMAN RESOURCES			HCMA BUSINESS PARTNER	FTREG	EXM	x	x	x	NORTH	Shared Services
HUMAN RESOURCES			RECRUITER	FTREG	EXM	x	x	x	SFMC	Shared Services
HUMAN RESOURCES			SR, COMPENSATION AND BENEFITS ANALYST	FTREG	EXM	x	x	x	REMOTE/NORTH	Shared Services
HUMAN RESOURCES			DIRECTOR, HCMA	FTREG	EXM	x	x	x	NORTH	Shared Services
HUMAN RESOURCES			RECRUITING COORDINATOR	FTREG	NCN	x	x	x	SMC	Shared Services
HUMAN RESOURCES			HCMA BUSINESS PARTNER	FTREG	EXM	x	x	x	NORTH	Shared Services
IT - Business Intelligence			SR BI/DS/ANALYTICS ANALYST	FTREG	EXM	x	x	x	Remote	Sr. Analyst. Decision Support, business Intelligence, Finance Reporting, Analytics Business Analyst. Finance Reporting, Data ETL, Database design.
IT - Business Intelligence			SYS DIR BUSINESS INTELLIGENCE	FTREG	EXM	x	x	x	Remote - FL	Business Analyst. Finance Reporting, Data ETL, Database design.
IT - Business Intelligence			IT BUS ANALYST RCM/FINANCE OPS	FTREG	EXM	x	x	x	Remote	Business Analyst. Finance Reporting, Data ETL, Database design.
IT - Business Management			BUSINESS ANALYST I	FTREG	EXM	x	x	x	SFMC	Financial analysis, vendor management and budgeting
IT - Clinical Applications			SR BUSINESS ANALYST AMBULATORY	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST AMBULATORY & CLINICS
IT - Clinical Applications			SR BUSINESS ANALYST, IIS	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST, IIS
IT - Clinical Applications			SR BUSINESS ANALYST ANCILLARY	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST ANCILLARY, ED, SURGERY
IT - Clinical Applications			SR BUSINESS ANALYST - IIS	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST - IIS
IT - Clinical Applications			SR BUSINESS ANALYST EMR	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST EMR
IT - Clinical Applications			BUSINESS ANALYST CHIR	FTREG	NCN	x	x	x	REMOTE	BUSINESS ANALYST EHR
IT - Clinical Applications			SR BUSINESS ANALYST ANCILLARY	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST ANCILLARY, MSO
IT - Clinical Applications			LEAD, BUSINESS ANALYST EMR	FTREG	EXM	x	x	x	REMOTE	LEAD, BUSINESS ANALYST EMR
IT - Clinical Applications			LEAD, BUSINESS ANALYST AMBUL	FTREG	EXM	x	x	x	SFMC	LEAD, BUSINESS ANALYST AMBULATORY & CLINICS
IT - Clinical Applications			SR BUSINESS ANALYST ANCILLARY	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST ANCILLARY, EMR
IT - Clinical Applications			SR BUSINESS ANALYST EMR	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST EMR
IT - Clinical Applications			LEAD, BUSINESS ANALYST ANCILL	FTREG	EXM	x	x	x	REMOTE	LEAD, BUSINESS ANALYST ANCILLARY [LAB, RT, ED, SURG]
IT - Clinical Applications			SR BUSINESS ANALYST AMBULATORY	FTREG	EXM	x	x	x	REMOTE	SR BUSINESS ANALYST AMBULATORY & CLINICS
IT - Clinical Applications			BUSINESS ANALYST, AMBULATORY	FTREG	EXM	x	x	x	REMOTE	BUSINESS ANALYST, AMBULATORY & CLINICS
IT - Clinical Applications			LEAD, BUSINESS ANALYST - IIS	FTREG	EXM	x	x	x	REMOTE	LEAD, BUSINESS ANALYST - IIS

IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFO NURSING	FTREG	EXM	x	x	x	SVMC	Clinical Informatics Specialist, Nursing - QPCR/Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	SPECIALIST, CLINICAL INFORMATI	FTREG	EXM	x	x	x	SMC	Clinical Informatics Specialist, Nursing - QPCR/Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, NURSING INFO 10 HR	FTREG	EXM	x	x	x	SFMC	Clinical Informatics Specialist, Nursing - QPCR/Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL SYSTEM	FTREG	EXM	x	x	x	SMC	Clinical Informatics Specialist, SIS - SIS ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFO ANCILLA	FTREG	EXM	x	x	x	SVMC	Clinical Informatics Specialist, Ancillary - QPCR/Device ConX/MU ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFORMATICS	FTREG	EXM	x	x	x	SVMC	Clinical Informatics Specialist, SIS Admin - SIS team lead ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFO PHARMAC	FTREG	EXM	x	x	x	SVMC	Clinical Informatics Specialist, Pharmacy - QPCR/Pyxis ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	SPECIALIST, CLINICAL INFORMATI	FTREG	EXM	x	x	x	SMC	Clinical Informatics Specialist, Pharmacy - QPCR/Pyxis ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFORMATICS	FTREG	EXM	x	x	x	SVMC	Clinical Informatics Specialist, Nursing - QPCR/MU ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFORMATICS	FTREG	EXM	x	x	x	SFMC	Clinical Informatics Specialist, Nursing - QPCR/MU ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL INFORMATICS	FTREG	EXM	x	x	x	SMC	Clinical Informatics Specialist, Ancillary - QPCR ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, ANCILLARY INFORMATICS	FTREG	EXM	x	x	x	SFMC	Clinical Informatics Specialist, Ancillary - Follow My Health / Ancillary support ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	ANALYST, CLINICAL SUPPORT	FTREG	EXM	x	x	x	SVMC	Clinical Informatics Specialist, Nursing - QPCR/MU ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	MANAGER, CLINICAL INFORMATICS SB	FTREG	EXM	x	x	x	SFMC	Clinical Informatics Specialist, Pharmacy - QPCR/Pyxis ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	SR BUSINESS ANALYST EHR	FTREG	EXM	x	x	x	SFMC	Clinical Informatics Specialist, Pharmacy - QPCR/Pyxis ;Workflows, Build, and support of clinical systems
IT - Clinical Informatics and Performance	SPECIALIST, CLINICAL INF SOUTH	FTREG	EXM	x	x	x	SFMC	Operations Representative monitors Data Center systems, creates user credentials, backs up Helpdesk in creating tickets as needed.
IT - Data Center Operations	SR IT OPERATIONS REPRESENTATIV	FTREG	NCN	x	x	x	SFMC	Operations Representative monitors Data Center systems, creates user credentials, backs up Helpdesk in creating tickets as needed.
IT - Data Center Operations	SR IT OPERATIONS REPRESENTATIV	FTREG	NCN	x	x	x	SFMC	Operations Representative monitors Data Center systems, creates user credentials, backs up Helpdesk in creating tickets as needed.
IT - Data Center Operations	SR IT OPERATIONS REPRESENTATIV	FTREG	NCN	x	x	x	SFMC	Lead Operations Representative communicates training documentation to Team, monitors Data Center systems, creates user credentials, backs up Helpdesk in creating tickets as needed.
IT - Desktop	VIP EXEC DESKTOP SUPPORT TECH	FTREG	NCN	x	x	x	SFMC	VIP Desktop Technician responsible to take the lead in supporting local Executives, as well as Lead role of local Desktop Team, managing local incidents and requests.
IT - Desktop	IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals.
IT - Desktop	IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SVMC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals. Also backfills Helpdesk.
IT - Desktop	IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals.
IT - Desktop	IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SVMC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals.
IT - Desktop	IMAC DESKTOP SUPPORT TECH	FTREG	NCN	x	x	x	SMCC	IMAC Desktop Technician responsible to take the lead in local and enterprise project work, traveling if needed, as well as manage local incidents and requests.
IT - Desktop	IT DESKTOP TECHNICIAN	FTREG	NCN	x	x	x	SMCC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals.
IT - Desktop	IT DESKTOP TECHNICIAN	FTREG	NCN	x	x	x	SMCC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals.

IT - Desktop		IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SMCC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals. Also backfills Helpdesk.
IT - Desktop		VIP EXEC DESKTOP SUPPORT TECH	FTREG	NCN	x	x	x	SMCC	VIP Desktop Technician responsible to take the lead in supporting local Executives, as well as Lead role of local Desktop Team, managing local incidents and requests.
IT - Desktop		IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals.
IT - Desktop		IT DESKTOP SUPPORT TECHNICIAN	FTREG	NCN	x	x	x	SVMC	Desktop Technician responsible for installing, maintaining, troubleshooting and resolving problems with IT Workstations (both software and hardware), Printers and Peripherals. Also backfills Helpdesk.
IT - Desktop		IMAC DESKTOP SUPPORT TECH	FTREG	NCN	x	x	x	SVMC	IMAC Desktop Technician responsible to take the lead in local and enterprise project work, traveling if needed, as well as manage local incidents and requests.
IT - Desktop		IMAC DESKTOP SUPPORT TECH	FTREG	NCN	x	x	x	SFMC	IMAC Desktop Technician responsible to take the lead in local and enterprise project work, traveling if needed, as well as manage local incidents and requests.
IT - Desktop		SR BUSINESS ANALYST EMR	FTREG	NCN	x	x	x	SVMC	VIP Desktop Technician responsible to take the lead in supporting local Executives, as well as Lead role of local Desktop Team, managing local incidents and requests. Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk		IT HELPDESK TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk		IT HELPDESK TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Helpdesk Analyst responsible for maintenance and build, training, and development of new processes related to Helpdesk software and notification systems.
IT - Helpdesk		IT HELPDESK ANALYST	FTREG	EXM	x	x	x	Remote	Helpdesk Manager responsible for management of day-to-day coordination, Helpdesk Team and Helpdesk Analyst.
IT - Helpdesk		MANAGER IT HELPDESK	FTREG	EXM	x	x	x	Remote	Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk		IT HELPDESK TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk		IT HELPDESK TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk		IT HELPDESK TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk		IT HELPDESK TECHNICIAN	FTREG	NCN	x	x	x	SFMC	Helpdesk Technician responsible for first level support and/or second level assignment of incidents and requests received from all Verity employees and physicians.
IT - Helpdesk/Operations		IT HELPDESK OPERATIONS MANAGER	FTREG	EXM	x	x	x	Remote	Operations Manager responsible for daily ticket reporting/buddies, downtime and change management processes, management of Data Center Operators.
IT - Information Security		INFORMATION SECURITY ENGINEER	FTREG	NCN	x	x	x	SMC	Information Security Engineer - Lead for all new projects with an IT component to coordinate the implementation of the required security controls. Manages the daily reported incidents to remediate issues. Coordinates patching tickets for remediation with FSS. Incident Response team member.
IT - Information Security		DEVELOPER	FTREG	EXM	x	x	x	Remote - Phoenix, AZ	Information Security Engineer / Developer - Manages Carbon Black Protection and Office 365 for compliance and security. Supports Active Directory, Office 365 & computer audit activities. Provides CSX server/VM support as needed. Incident Response team member.
IT - Infrastructure Management		SERVER ENGINEER I	FTREG	NCN	x	x	x	SVMC	Technical Manager for: VDI, AD, Servers, VMWare
IT - Infrastructure Management		SERVER ENGINEER I	FTREG	NCN	x	x	x	SFMC	Technology Manager for: Citrix, Backups, Server, Networks
IT - Infrastructure Management		EXECUTIVE DIR, IT & OPERATIONS	FTREG	EXM	x	x	x	SMC	Manager of Infrastructure Team. Leads technology architecture and design
IT - Infrastructure Management		NETWORK ENGINEER II	FTREG	NCN	x	x	x	SMC	Technical Manager for: VDI, AD, Servers, LAN, SAN, Firewalls, DNS
IT - Infrastructure Management		NETWORK ENGINEER II	FTREG	NCN	x	x	x	SFMC	Technical Manager for: SAN, Network, Servers, VMWare, Powershell and VB Script programmer

IT - Infrastructure Management	SERVER ENGINEER II	FTREG	NCN	x	x	x	Remote - Los Angeles	Technical Manager for: VDI, VMWare, AD, Citrix, Storage. Application administrator for SCCM. SQL DB engineer. Network engineer = WAN, LAN, DC switching fabric
IT - Infrastructure Management	SENIOR WAN ENGINEER	FTREG	NCN	x	x	x	Remote - Texas	
IT - Infrastructure Management	SERVER ENGINEER II	FTREG	NCN	x	x	x	Remote - Los Angeles	Technical Manager for: Networks, Servers, FTP. Advanced application troubleshooting
IT - Infrastructure Management	SERVER ENGINEER I	FTREG	NCN	x	x	x	SVMC	Technical Manager for: Citrix, VPN, AD, VMWare, Security hardware, Networks
IT - Innovation and development	SENIOR UX DESIGNER	FTREG	EXM	x	x	x	Remote - VA	User Experience & Designer / Analyst - responsible for creating designs & prototypes for web site and mobile applications for clinician & end users. Also, designs & creates newsletters, reports, emails & other graphic designs.
IT - Innovation and development	SR WEB DESIGNER & DEVELOPER	FTREG	EXM	x	x	x	Remote - WA	Sr. Web Developer & Designer. Lead developer & maintainer of vnet.verity.org, hpb.verity.org and transplant.verity.org. verity.org websites, and online class scheduling system for OCH and SLRH.
IT - Innovation and development	SENIOR SOFTWARE ENGINEER	FTREG	EXM	x	x	x	Remote - CA	Senior Server side software developer, linux System Administrator
IT - Integration Development	SR INTERFACE ARCHITECT	FTREG	EXM	x	x	x	REMOTE	SR INTERFACE ARCHITECT
IT - Integration Development	SR INTERFACE DEVELOPER	FTREG	EXM	x	x	x	REMOTE	SR INTERFACE DEVELOPER
IT - Integration Development	SR INTERFACE DEVELOPER	FTREG	EXM	x	x	x	REMOTE	SR INTERFACE DEVELOPER
IT - Integration Development	MANAGER, INTEGRATION SERVICES	FTREG	EXM	x	x	x	SMC	MANAGER, INTEGRATION SERVICES Manages the IT strategic plan with special focus on business alignment and communication
IT - IT Strategic business alignment	DIRECTOR, IT STRATEGIC PLAN	FTREG	EXM	x	x	x	Remote - Scottsdale	Manages the clinical informatics and performance improvement teams. Active in all clinical system configuration and optimization
IT - Office of CIO	DIR PERF IMPROV & INFORMATICS	FTREG	EXM	x	x	x	Remote - KS	
IT - Office of the CIO	SR DIRECTOR IT CUSTOMER SER.	FTREG	EXM	x	x	x	SMC	Sr. Director of Customer Support directs and manages Site Support, Helpdesk, Desktop Support, Physician Support, Data Center Operations and Training Teams. Director of application management department
IT - Office of the CIO	EXEC DIR, APPLICATION SERVICES	FTREG	EXM	x	x	x	SFMC	ADMINISTRATOR, ENT IMAG SOUTH
IT - PACS/Imaging/RIS/CATH LAB/CARDIOLOGY	ADMINISTRATOR, ENT IMAG SOUTH	FTREG	EXM	x	x	x	SVMC	RADIOLOGY/PACS ADMINISTRATOR
IT - PACS/Imaging/RIS/CATH LAB/CARDIOLOGY	RADIOLOGY/PACS ADMINISTRATOR	FTREG	EXM	x	x	x	SMC	RADIOLOGY/PACS ADMINISTRATOR
IT - PACS/Imaging/RIS/CATH LAB/CARDIOLOGY	RADIOLOGY/PACS ADMINISTRATOR	FTREG	EXM	x	x	x	SFMC	MANAGER, IMAGING SYSTEMS
IT - PACS/Imaging/RIS/CATH LAB/CARDIOLOGY	MANAGER, IMAGING SYSTEMS	FTREG	EXM	x	x	x	SMC	
IT - Physician Support	PHYSICIAN SUPPORT SR ANALYST	FTREG	EXM	x	x	x	SVMC	Sr. Analyst responsible for supporting remotely and on-site, as well as training, creation of documentation and troubleshooting in all applications utilized by Verity physicians.
IT - Physician Support	PHYSICIAN SUPPORT SR ANALYST	FTREG	EXM	x	x	x	SFMC	Sr. Analyst responsible for supporting remotely and on-site, as well as training, creation of documentation and troubleshooting in all applications utilized by Verity physicians.
IT - Physician Support	PHYSICIAN SUPPORT SR ANALYST	FTREG	EXM	x	x	x	SMCC	Sr. Analyst responsible for supporting remotely and on-site, as well as training, creation of documentation and troubleshooting in all applications utilized by Verity physicians.
IT - Physician Support	PHYSICIAN SUPPORT SR ANALYST	FTREG	EXM	x	x	x	SFMC	Sr. Analyst responsible for supporting remotely and on-site, as well as training, creation of documentation and troubleshooting in all applications utilized by Verity physicians.
IT - PMO	SR PROGRAM PROJECT MANAGER	FTREG	EXM	x	x	x	Remote - Phoenix, AZ	Sr. Program-Project Manager (Clinical, Business, Infrastructure)
IT - PMO	IT SR PROJECT MANAGER RCM/FIN	FTREG	EXM	x	x	x	Remote - Mesa, AZ	Sr. Project Manager (RCM, Business, Clinical)
IT - PMO	SR PROGRAM PROJECT MANAGER	FTREG	EXM	x	x	x	Remote - Lone Star, TX	Sr. Program-Project Manager (Clinical, Business, Infrastructure)
IT - PMO	PROJECT MANAGER AMBULATORY	FTREG	EXM	x	x	x	SFMC	Project Manager (Ambulatory), Physician Support
IT - PMO	IT SR PROJECT MANAGER ERP	FTREG	EXM	x	x	x	SFMC	Sr. Project Manager (ERP, Business)
IT - PMO	IT PROJECT MANAGER PORTALS	FTREG	EXM	x	x	x	Remote - Carefree, AZ	Project Manager (Patient Portals)
IT - PMO	IT PROJECT PORTFOLIO SYSTEM AD	FTREG	EXM	x	x	x	Remote - Selah, WA	Project Manager (RCM, Clinical), Project Portfolio System Admin
IT - PMO	SR PROGRAM PROJECT MANAGER	FTREG	EXM	x	x	x	Remote - Plano, TX	Sr. Program-Project Manager (Clinical, Business, ERP, Infrastructure)
IT - PMO	IT SR PROJECT MGR REVENUE CYCL	FTREG	EXM	x	x	x	Remote - Rapid City, SD	Sr. Project Manager (RCM, Business)
IT - PMO	IT SR PROJECT MANAGER	FTREG	EXM	x	x	x	Remote - Phoenix, AZ	Sr. Project Manager (Clinical, Business, Infrastructure), DBA
IT - RCM/Financial Applications	BUS ANALYST RCM/PATIENT ACCESS	FTREG	NCN	x	x	x	REMOTE	IT SR BUS ANALYST RCM/PATIENT ACCESS
IT - RCM/Financial Applications	SR BUSINESS ANALYST ANCILLARY	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST RCM / FINANCE
IT - RCM/Financial Applications	BUSINESS ANALYST, AMBULATORY	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST RCM/FINAN
IT - RCM/Financial Applications	DIRECTOR RCM FIN APP SERVICES	FTREG	EXM	x	x	x	REMOTE	IT DIRECTOR RCM FIN APP SERVICES, PM - RCM / FINANCE PROGRAM MANAGER
IT - RCM/Financial Applications	IT BUS ANALYST PROCESS IMPROVE	FTREG	EXM	x	x	x	REMOTE	IT BUS ANALYST PROCESS IMPROVE
IT - RCM/Financial Applications	SR BUSINESS ANALYST RCM/FINAN	FTREG	EXM	x	x	x	REMOTE	/ PROJECT LEAD RCM / FINANCE
IT - RCM/Financial Applications	DIR IT PROCESS IMPROVEMENT	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST RCM/FINAN
IT - RCM/Financial Applications	BUSINESS ANALYST FINANCE ERP	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST HR / PR
IT - RCM/Financial Applications	SR BUSINESS ANALYST ERP	FTREG	EXM	x	x	x	SFMC	IT SR BUSINESS ANALYST / PROGRAMMER RCM / Finance
IT - RCM/Financial Applications	IT BUS ANALYST PROCESS IMPROVE	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST / PROGRAMMER RCM / Finance
IT - RCM/Financial Applications	IT BUS ANALYST RCM/FINANCE OPS	FTREG	EXM	x	x	x	REMOTE	IT BUS ANALYST PROCESS IMPROVE RCM
IT - RCM/Financial Applications	BUS ANALYST RCM SCHEDULING	FTREG	EXM	x	x	x	SMC	IT BUS ANALYST RCM

IT - RCM/Financial Applications	BUSINESS ANALYST RCM MIDCYCLE	FTREG	NCN	x	x	x	REMOTE	IT BUSINESS ANALYST RCM MIDCYCLE (HIM - CDI - CM)
IT - RCM/Financial Applications	SR BUSINESS ANALYST ANCILLARY	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST / PROJECT LEAD RCM / FINANCE
IT - RCM/Financial Applications	LD BUS ANALYST MIDCYCLE RCM	FTREG	EXM	x	x	x	REMOTE	IT LEAD, BUS ANALYST MIDCYCLE (HIM - CDI - CM)
IT - RCM/Financial Applications	BUSINESS ANALYST FINANCE ANCI	FTREG	EXM	x	x	x	REMOTE	IT SR BUSINESS ANALYST RCM
IT - RCM/Financial Applications	IT BUSINESS MANAGER/ANALYST	FTREG	EXM	x	x	x	SMC	IT SR BUSINESS ANALYST RCM
IT - RCM/Financial Applications	EXM BUS ANALYST RCM MIDCYCLE	FTREG	EXM	x	x	x	REMOTE	IT BUSINESS ANALYST RCM MIDCYCLE (HIM - CDI - CM)
IT - RCM/Financial Applications	MANAGER, RCM APPLICATIONS	FTREG	EXM	x	x	x	REMOTE	IT MANAGER / Project Lead RCM / FINANCIAL APPLICATIONS
IT - RCM/Financial Applications	DIRECTOR FINANCIAL REPORTING	FTREG	EXM	x	x	x	VHS	IT SR BUSINESS ANALYST FINANCE / FINANCIAL REPORTING
IT - Site Management	IT SITE MANAGER	FTREG	EXM	x	x	x	SVMC	Site Manager responsible for all local IT activities and customer-facing support including Desktop and Physician Teams. Site Director manages Site Managers, as well as all local IT activities and customer-facing support including Desktop and Physician Teams.
IT - Site Management	DIRECTOR IT CUSTOMER SUPPORT	FTREG	EXM	x	x	x	SFMC	Site Manager responsible for all local IT activities and customer-facing support including Desktop and Physician Teams.
IT - Site Management	IT SITE MANAGER	FTREG	EXM	x	x	x	SMCC	Site Manager responsible for all local IT activities and customer-facing support including Desktop and Physician Teams.
IT - Technical/Desktop	IT DESKTOP ENGINEER LEAD	FTREG	NCN	x	x	x	SFMC	Desktop Engineer responsible for managing desktop and VDI images and patching, and providing documentation to Desktop Technicians.
IT - Technical/Desktop	IT DESKTOP ENGINEER LEAD	FTREG	NCN	x	x	x	SMCC	Desktop Engineer responsible for managing desktop and VDI images and patching, and providing documentation to Desktop Technicians.
IT - Training/Sharepoint	IT TRAINING FACILITATOR	FTREG	EXM	x	x	x	Remote	Training Facilitator responsible to make training tools available for both IT and Verity, as well as assist in supporting Sharepoint.
IT - Voice Telecommunications	ENGINEER, SR VOICE/VOIP COMMS	FTREG	NCN	x	x	x	SMC	Telecom Moves adds and changes, manages switch and voicemail
IT - Voice Telecommunications	ENGINEER, VOICE/VOIP COMMS	FTREG	NCN	x	x	x	SFMC	Telecom Moves adds and changes, manages switch and voicemail
IT - Voice Telecommunications	SUPERVISOR TELECOM SCAL	FTREG	EXM	x	x	x	SVMC	Telecom Moves adds and changes, manages switch and voicemail, supervision of the switchboard operators.
IT - Voice Telecommunications	MANAGER, IT TELECOM REGIONAL	FTREG	EXM	x	x	x	SFMC	Voice Telecommunications manager MANAGER MESSAGING/SYSTEM ADMIN SHAREPOINT/SYSTEM ADMIN OFFICE 365/EXCHANGE ADMIN/WEB DESIGN/WEB DEVELOPMENT
IT - Web Dev/SharePoint/0365/DBA	MANAGER MESSAGING /COLLAB	FTREG	EXM	x	x	x	REMOTE	SENIOR SQL AND ORACLE DATABASE ADMINISTRATOR/DATABASE DEVELOPER SR SOFTWARE DEVELOPER/DATABASE ADMINISTRATOR/ARCIS REPORTS DEVELOPER
IT - Web Dev/SharePoint/0365/DBA	SR SOFTWARE DEVELOPER/DBA	FTREG	EXM	x	x	x	REMOTE	
IT - Web Dev/SharePoint/0365/DBA	SR SOFTWARE DEVELOPER/DBA	FTREG	EXM	x	x	x	REMOTE	
Managed Care - Bundled Payments	Sr. Project Manager	FTREG	EXM	x	x	x	Mariposa	
Managed Care - Contracts & Payer Relations	Sr. Analyst, OTS Performance	FTREG	EXM	x	x	x	Remote - North	
Managed Care - Contracts & Payer Relations	Manager, Managed Care Finance	FTREG	EXM	x	x	x	Mariposa	
Managed Care - Contracts & Payer Relations	Contract Manager/Customer Relations	FTREG	EXM	x	x	x	Mariposa	
Managed Care - Contracts & Payer Relations	Contract analyst	FTREG	EXM	x	x	x	Mariposa	
Managed Care - Credentialing Office	Credentialing Program Manager	FTREG	EXM	x	x	x	SFMC	
Managed Care - Credentialing Office	Credentialing Program Manager	FTREG	EXM	x	x	x	SFMC	
Marketing & Communications	Marketing Coordinator	FTREG	EXM	100%			SFMC	Provides support to Marketing Director at St. Francis
Marketing & Communications	Marketing Assistant	FTREG	NCN		100%		SVMC	Provides marketing support at SV
Marketing & Communications	Executive Director Public Relations	FTREG	EXM	x	x	x	SVMC	Manages all internal and external communications for all hospitals/Generates income for SV through TV, movies & commercial filming at the hospital campus.
Marketing & Communications	Creative Services Manager	FTREG	EXM	x	x	x	SVMC	Provides graphic design and website and video production services to all hospitals
Marketing & Communications	Director, Marketing & Comm South	FTREG	EXM	100%			SFMC	Marketing Director for SFMC
MATERIALS MANAGEMENT	BUYER (EXEMPT)	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	SR. CAPITAL/IT BUYER	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	BUYER (EXEMPT)	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	BUYER (EXEMPT)	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	PURCHASING MANAGER	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	SUPPLY CHAIN ANALYST II	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	BUYER (EXEMPT)	FTREG	EXM	x	x	x	North Location	Shared Services
MATERIALS MANAGEMENT	SUPPLY CHAIN SYSTEMS MANAGER	FTREG	EXM	x	x	x	North Location	Shared Services
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SVMC	
MID-REVENUE CYCLE	CCI EDIT MED CLAIMS ANALYST II	FTREG	NCN	x	x		SVMC - Ocean View	Shared Services
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN		100%		SVMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CLINICAL DOC IMPROVEMENT SPC.	FTREG	NCN			100%	SMC	
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN			100%	SMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	REGIONAL MANAGER CDI	FTREG	EXM	x	x		SVMC	Shared Services
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN		100%		SVMC	
MID-REVENUE CYCLE	CODER, OP II	FTREG	NCN		100%		SFMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CLINICAL DOCUMENTATION SPEC	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CLINICAL DOCUMENTATION SPEC PD	PD/EM	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN	100%			SFMC	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN	100%			SFMC	

MID-REVENUE CYCLE	CODER, OP I	FTREG	NCN			100%	SMC		
MID-REVENUE CYCLE	REP, DOC IMAGING	FTREG	NCN			100%	SFMC		
MID-REVENUE CYCLE	DNF8 CODING COORDINATOR	FTREG	NCN		x	x	SVMC		Shared Services
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SYSTEM CODING MANAGER	FTREG	EXM		x	x	SVMC		Shared Services
MID-REVENUE CYCLE	SPEC, HIM SR	PTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, OP II	FTREG	NCN				SMC	100%	
MID-REVENUE CYCLE	CODER, III	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	PTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SUPV, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, OP II	FTREG	NCN			100%	SMC		
MID-REVENUE CYCLE	CODER, IP, SR	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CCI EDIT MED CLAIMS ANALYST II	FTREG	NCN		x	x	SVMC	Ocean View	Shared Services
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SPEC, HIM SR	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	HIM TECH	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	CLINICAL DOCUMENTATION SPEC	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN			100%	SMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, OP II	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CLINICAL DOCUMENTATION SPEC	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, IP	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	MARKET DIRECTOR HIM	FTREG	EXM		x	x	SVMC		Shared Services
MID-REVENUE CYCLE	CDI SPECIALIST	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	REP, DOC IMAGING	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CLINICAL DOC IMPROVEMENT SPC.	FTREG	NCN			100%	SMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	REP, DOC IMAGING	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CCI EDIT MED CLAIMS ANALYST II	FTREG	NCN		x	x	SVMC	Ocean View	Shared Services
MID-REVENUE CYCLE	CCI EDIT MED CLAIMS ANALYST II	FTREG	NCN		x	x	SVMC	Ocean View	Shared Services
MID-REVENUE CYCLE	CDI SPECIALIST	FTREG	NCN			100%	SFMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SMC	100%	
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM LEAD	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN			100%	SVMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SPEC, HIM	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	SPEC, CDI RN	FTREG	NCN		100%		SFMC		
MID-REVENUE CYCLE	CODER, IP SR	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	MGR, HIRC	FTREG	EXM		x	x	SOUTH		Shared Services
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN		x	x	SMC		Shared Services
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	HEALTH BENEFITS RESOURCE SPEC	FTREG	NCN		x	x	SMC		Shared Services
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, HEALTH PLAN ENROLLM	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, HEALTH PLAN ENROLLM	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN			100%	SVMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN		x	x	SMC		Shared Services
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN			100%	SVMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, MECS FIN COUNS	FTREG	EXM		100%		SFMC		
PATIENT ACCESS	SUPERVISOR HEALTH BEN RESOURCE	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, MECS FIN COUNS	FTREG	NCN			100%	SMC		
PATIENT ACCESS	REP, MECS FIN COUNS	FTREG	NCN			100%	SMC		
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	HEALTH BENEFITS RESOURCE SPEC	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	ELIGIBILITY/ENROLL SPECIALIST	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, MECS FIN COUNS	PTREG	NCN		100%		SFMC		
PATIENT ACCESS	REP, PATIENT ADVOCATE	FTREG	NCN		100%		SFMC		
PATIENT ACCESS	SUPERVISOR HEALTH BEN RESOURCE	FTREG	EXM		100%		SFMC		
PURCHASING AND STORES	ANALYST, SENIOR CONTRACT	FTREG	EXM		x	x	North Location		Shared Services
QUALITY	DIRECTOR, COLLABORATIVE	FTREG	EXM		x	x	Mariposa		Shared Services
QUALITY	DIRECTOR, CLINICAL ANALYTICS	FTREG	EXM		x	x	Mariposa		Shared Services
QUALITY	SYSTEM DIRECTOR, QUALITY	FTREG	EXM		x	x	SFMC		Shared Services
SUPPLY CHAIN MANAGEMENT	CONTRACT ANALYST II	FTREG	EXM		x	x	North Location		Shared Services

Schedule 2.16(a) - Updated Hospital Employees

[Sellers shall have the right to update to Schedule 2.16(a) to reflect changes in employment status or new hires and terminations occurring after December 21, 2018 by providing a revised schedule to Purchase no later than five (5) Business Days before the date scheduled for the Closing.]

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TECH, PHARMACY	DSF	Non-Exempt	SEIU-UHW	FTREG	Full Time Regular	1	PTDS	756.32	
TECH, SURGICAL BSR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	37.52	
BILLER	DSF	Non-Exempt	SEIU-UHW	FTREG	Full Time Regular	1	PTDS	444.05	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.013	FNOC	0.00	
CERTIFIED PULMONARY TECHNICIAN	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	51.35	
RN 12HR	DSF	Non-Exempt	SEIU-UHW	FTREG	Full Time Regular	0.9	PTDS	298.27	
CERTIFIED PULMONARY TECHNICIAN	DSF	Non-Exempt	SEIU-UHW	FTREG	Full Time Regular	0.013	FNOC	0.00	
TECH, RADIOLOGY	DSF	Non-Exempt	SEIU-UHW	FTREG	Full Time Regular	1	PTDS	194.72	
RN III 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.013	FNOC	0.00	
CERT NURSING ASST	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	118.27	LOA
RN 12HR	DSF	Non-Exempt	SEIU-UHW	FTREG	Full Time Regular	0.9	PTDS	82.31	INTERMITTENT LEAVE
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	14.54	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	54.63	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	43.84	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.013	FNOC	0.00	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	262.86	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	44.41	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	30.22	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	177.86	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	37.52	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	85.71	WORKERS COMP
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	43.56	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	184.71	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	304.23	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	156.16	LOA
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	167.31	INTERMITTENT LEAVE
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	45.03	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	206.70	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	564.21	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	63.15	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	13.18	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	32.20	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	141.02	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	32.47	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	27.45	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	179.89	INTERMITTENT LEAVE
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	86.55	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	48.37	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	72.93	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	71.47	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	16.94	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	27.44	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	63.79	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	157.63	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	56.25	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	37.76	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	113.83	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	536.18	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	32.34	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	496.00	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	549.01	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	0.00	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	0.00	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	14.84	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	23.57	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	22.19	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	48.76	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	13.00	COO COA
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	127.64	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	200.43	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	136.70	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	138.02	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	14.75	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	149.40	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	73.77	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	23.57	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	138.02	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	0.00	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	45.34	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	34.82	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.9	PTDS	342.42	
RN 12HR	DSF	Non-Exempt	UNAC	FTREG	Full Time Regular	0.8	PTDS	234.15	

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BN 1249	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	SEIU-UHW	FTREG	Full Time Regular	0.5	PTD-U	162.70
BN 1250	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	SEIU-UHW	FTREG	Full Time Regular	0.013	FNAC	0.00
BN 1251	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	15.68
BN 1252	DSF	ST. FRANCIS MEDICAL CENTER	Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	15.68
BN 1253	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	245.23
BN 1254	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	64.85
BN 1255	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	125.48
BN 1256	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	208.48
BN 1257	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	475.02
BN 1258	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	73.13
BN 1259	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	329.80
BN 1260	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	108.91
BN 1261	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	53.29
BN 1262	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	46.52
BN 1263	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	12.00
BN 1264	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.013	FNAC	0.00
BN 1265	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	298.42
BN 1266	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	69.86
BN 1267	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	10.64
BN 1268	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	61.20
BN 1269	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	10.64
BN 1270	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	84.77
BN 1271	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	32.00
BN 1272	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	33.16
BN 1273	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	32.76
BN 1274	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	26.16
BN 1275	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.013	FNAC	0.00
BN 1276	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.013	FNAC	44.11
BN 1277	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.6	PTD-U	148.14
BN 1278	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	8.13
BN 1279	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	23.26
BN 1280	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	23.26
BN 1281	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	256.37
BN 1282	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	185.25
BN 1283	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	512.21
BN 1284	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	64.82
BN 1285	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	231.88
BN 1286	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	402.76
BN 1287	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	189.23
BN 1288	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	135.76
BN 1289	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	84.19
BN 1290	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	322.55
BN 1291	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	65.34
BN 1292	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	81.21
BN 1293	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	71.30
BN 1294	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	317.19
BN 1295	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	327.40
BN 1296	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	57.84
BN 1297	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	25.05
BN 1298	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	80.00
BN 1299	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	80.00
BN 1300	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	92.00
BN 1301	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	72.25
BN 1302	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	0.00
BN 1303	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	93.48
BN 1304	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	216.32
BN 1305	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	8.89
BN 1306	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	335.17
BN 1307	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	61.63
BN 1308	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	152.65
BN 1309	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	8.00
BN 1310	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	147.58
BN 1311	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	37.00
BN 1312	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.013	FNAC	0.00
BN 1313	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	16.99
BN 1314	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	235.23
BN 1315	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	226.00
BN 1316	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	101.37
BN 1317	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	0.9	PTD-U	44.39
BN 1318	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	503.52
BN 1319	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEIU	SEIU-UHW	FTREG	Full Time Regular	1	PTD-U	64.77

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ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Per Diem	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	195.75	PTO-U	195.75
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	81.30	PTO-U	81.30
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	342.53	PTO-U	342.53
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Per Diem	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	22.98	PTO-U	22.98
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	18.71	PTO-U	18.71
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	7.71	PTO-U	7.71
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	23.15	PTO-U	23.15
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	15.38	PTO-U	15.38
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	73.10	PTO-U	73.10
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	82.44	PTO-U	82.44
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	207.83	PTO-U	207.83
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	15.38	PTO-U	15.38
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	12.45	PTO-U	12.45
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	48.81	PTO-U	48.81
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	173.10	PTO-U	173.10
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	236.52	PTO-U	236.52
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	71.83	PTO-U	71.83
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	15.38	PTO-U	15.38
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	113.91	PTO-U	113.91
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	46.14	PTO-U	46.14
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	553.10	PTO-U	553.10
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	93.93	PTO-U	93.93
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	51.09	PTO-U	51.09
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	92.02	PTO-U	92.02
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	124.38	PTO-U	124.38
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	165.73	PTO-U	165.73
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	165.38	PTO-U	165.38
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	377.34	PTO-U	377.34
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	63.61	PTO-U	63.61
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	185.74	PTO-U	185.74
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	122.06	PTO-U	122.06
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	521.83	PTO-U	521.83
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	118.73	PTO-U	118.73
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	165.38	PTO-U	165.38
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	276.74	PTO-U	276.74
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	49.46	PTO-U	49.46
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	137.25	PTO-U	137.25
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	144.58	PTO-U	144.58
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	117.01	PTO-U	117.01
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	71.10	PTO-U	71.10
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	454.68	PTO-U	454.68
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	19.92	PTO-U	19.92
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	68.84	PTO-U	68.84
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	34.25	PTO-U	34.25
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	34.44	PTO-U	34.44
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	3.56	PTO-U	3.56
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	47.63	PTO-U	47.63
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	74.09	PTO-U	74.09
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	0.00	PTO-U	0.00
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	41.29	PTO-U	41.29
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	25.64	PTO-U	25.64
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	30.17	PTO-U	30.17
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	223.86	PTO-U	223.86
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	251.45	PTO-U	251.45
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	225.52	PTO-U	225.52
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	406.30	PTO-U	406.30
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	116.77	PTO-U	116.77
ST FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	UNAC	Full Time Regular	PTO-U	247.71	PTO-U	247.71

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ASV	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEUS	SEU-UW	FTREG	Part Time Regular	0.5	PTD-S	224.08	INTERMITTENT LEAVE
RN 12 HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	18.82	LOA
HOUSEKEEPING TECH-PD	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	2.05	
RN CASE MGR 8 HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Part Time Regular	0.013	PTD-S	41.14	
SPEC COLD FOOD	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	54.77	
RN 12HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	17.78	
THERAPIST, OCCUPATION	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	42.53	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	155.97	
TECH, EMERGENCY VAD	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	44.45	
TECH, EMERGENCY VAD	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	70.09	WORKERS COMP
RN 8 HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	177.27	WC
RN 12HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	100.34	LOA
RN 4 HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.013	PTD-U	41.67	
SUPA-MAINTENANCE	DSF	ST. FRANCIS MEDICAL CENTER	Exempt	SEU	SEU	FTREG	Full Time Regular	1	PTD-S	0.00	
TECH, OR SURGICAL 12HR	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	274.30	WC
SURGICAL TECH PREPARE	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	459.52	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	57.80	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	246.71	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	424.38	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	179.74	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-U	137.21	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	119.76	LOA
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	299.01	INTERMITTENT LEAVE
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	391.58	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	75.67	WORKERS COMP
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	0.00	WC
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	21.95	CLOA
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	382.25	WC
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-U	18.64	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	12.83	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	265.09	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	244.39	WC
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	222.71	WC
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	286.73	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	153.57	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	174.98	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	122.46	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	297.68	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	33.37	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	91.48	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	281.14	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	85.46	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	141.30	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-U	270.45	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	228.24	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	371.55	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	532.11	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-S	175.30	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	3.92	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	237.28	WC
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	1	PTD-S	46.99	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.013	PTD-S	27.69	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	153.18	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	46.09	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.2	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	SEU-UW	SEU-UW	FTREG	Full Time Regular	0.5	PTD-S	135.95	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-S	92.97	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.013	PTD-S	0.00	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	78.16	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-S	31.10	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	54.26	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	70.80	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-U	15.30	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	124.97	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-S	132.36	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-S	286.40	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	1	PTD-U	5.99	
TECH, CATH LAB	DSF	ST. FRANCIS MEDICAL CENTER	Non-Exempt	UNAC	UNAC	FTREG	Full Time Regular	0.5	PTD-U	31.91	

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RN, MED/SURG 7	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.5	VPTU	7.38
RN, MED/SURG 8	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	PDS-5	0.00
RN, MED/SURG 9	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	PDS-5	263.04
RN, MED/SURG 10	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VPTU	132.12
RN, MED/SURG 11	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	135.45
RN, MED/SURG 12	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	PDS-5	92.81
RN, MED/SURG 13	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	17.62
RN, MED/SURG 14	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	68.25
RN, MED/SURG 15	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VPTU	44.11
RN, MED/SURG 16	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.5	VPTU	32.47
RN, MED/SURG 17	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.5	VPTU	106.77
RN, MED/SURG 18	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	22.14
RN, MED/SURG 19	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	PDS-5	209.37
RN, MED/SURG 20	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	0.00
RN, MED/SURG 21	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	35.46
RN, MED/SURG 22	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.5	VPTU	369.82
RN, MED/SURG 23	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.5	VPTU	22.15
RN, MED/SURG 24	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.5	VPTU	117.85
RN, MED/SURG 25	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VPTU	68.17
RN, MED/SURG 26	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VPTU	0.00
RN, MED/SURG 27	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.013	PDS-5	68.56
RN, MED/SURG 28	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	21.91
RN, MED/SURG 29	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	PDS-5	535.44
RN, MED/SURG 30	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	8.88
RN, MED/SURG 31	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	0.00
RN, MED/SURG 32	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	410.22
RN, MED/SURG 33	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	0.00
RN, MED/SURG 34	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	305.68
RN, MED/SURG 35	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	37.52
RN, MED/SURG 36	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	62.15
RN, MED/SURG 37	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	558.92
RN, MED/SURG 38	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	77.64
RN, MED/SURG 39	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	0.00
RN, MED/SURG 40	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	16.65
RN, MED/SURG 41	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	0.00
RN, MED/SURG 42	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	111.91
RN, MED/SURG 43	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PDS-5	326.02
RN, MED/SURG 44	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	PDS-5	364.01
RN, MED/SURG 45	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	24.97
RN, MED/SURG 46	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	22.76
RN, MED/SURG 47	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	5.00
RN, MED/SURG 48	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	331.76
RN, MED/SURG 49	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	533.60
RN, MED/SURG 50	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	153.32
RN, MED/SURG 51	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	7.36
RN, MED/SURG 52	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	0.00
RN, MED/SURG 53	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	12.21
RN, MED/SURG 54	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	463.13
RN, MED/SURG 55	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	456.60
RN, MED/SURG 56	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	0.00
RN, MED/SURG 57	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	102.77
RN, MED/SURG 58	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	71.65
RN, MED/SURG 59	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	0.00
RN, MED/SURG 60	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	244.22
RN, MED/SURG 61	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	38.70
RN, MED/SURG 62	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	889.92
RN, MED/SURG 63	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	159.62
RN, MED/SURG 64	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	23.41
RN, MED/SURG 65	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VPTU	47.12
RN, MED/SURG 66	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	0.00
RN, MED/SURG 67	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	32.00
RN, MED/SURG 68	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	26.67
RN, MED/SURG 69	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	13.01
RN, MED/SURG 70	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	74.48
RN, MED/SURG 71	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	142.05
RN, MED/SURG 72	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	67.25
RN, MED/SURG 73	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	144.38
RN, MED/SURG 74	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	18.07
RN, MED/SURG 75	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	0.00
RN, MED/SURG 76	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	93.88
RN, MED/SURG 77	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	126.48
RN, MED/SURG 78	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VPTU	182.44
RN, MED/SURG 79	DSV	ST VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.5	VPTU	48.34

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RN, ACUTE REHAB	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	159.64
EDUCATOR, DIABETES RN	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.6	VFTU	78.70
CLINICAL LABORATORY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	1	PTD-5	79.72
TECH, CL	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	MGR	Non-Union, Manager	FTREG	Full Time Regular	1	VU-3	37.25
TECH, CT	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PTD-5	158.92
REF. CLINICAL REGISTRAR DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.6	PTD-5	212.11
RN, EMERGENCY ROOM P DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	PTD-5	293.54
RN, EMERGENCY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	PTD-5	293.54
RN, RECOVERY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VU-5	64.58
COORD. STAFFING	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.013	VU-5	227.23
RN, ACUTE REHAB	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	0.3	VFTU	14.96
RN, EMERGENCY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	175.59
TECH, HEALTH CARE	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VU-3	41.79
SUPV. BLOOD BANK	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SUPN	Non-Union, Supervisor Non-Exempt	FTREG	Full Time Regular	1	VU-3	285.82
REF. CLINICAL REGISTRAR DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VU-5	43.00
REF. CLINICAL REGISTRAR DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SUPN	Non-Union, Supervisor Non-Exempt	FTREG	Full Time Regular	0.013	VU-3	272.95
DIA. ONTROPIC SERVICE DSV	DSV	ST. VINCENT MEDICAL CENTER	Exempt	DIR	Non-Union, Director	FTREG	Full Time Regular	1	UPTD	67.05
UNIT SECRETARY 12ADPP DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU01	SEU-UHW	FTREG	Full Time Regular	0.013	VU-5	40.00
PH. CASE MANAGEMENT	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	298.43
RN, MED/SURG 7	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	404.35
ASST. NURSING CERTIFIED DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	VFTU	72.14
RN, ACUTE DIALYSIS P-3 DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	22.14
RN, KUSHING DOWN	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.013	VU-5	54.44
RN, EMERGENCY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	317.52
RN, EMERGENCY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	114.14
RN, RECOVERY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.6	VU-3	37.75
RN, MED/SURG 6	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VFTU	81.74
UNIT SECRETARY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	88.97
TECH. BLOODS CERTIFIED DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PTD-5	45.87
RN, ICU	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU01	SEU-UHW	FTREG	Full Time Regular	0.9	VFTU	223.29
RN, ICU	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	311.39
RN, MED/SURG 6	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	76.50
RN, MED/SURG 6	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	129.84
RN, MED/SURG 6	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	141.55
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	30.05
TECH. HEALTH CARE	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	PTD-5	139.01
CLINICAL LAB CERTIFIED P DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	0.013	VU-5	0.00
ASST. NURSING CERTIFIED DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	VFTU	75.84
TRANSPORTER	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	VFTU	30.84
TECH. LUTASOUND	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PTD-5	501.62
AGENTS PURCHASING	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	1	VU-3	333.42
RN, ACUTE REHAB	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	356.06
PHYSICIAN ASSISTANT	DSV	ST. VINCENT MEDICAL CENTER	Exempt	PM	Physician Assistant	FTREG	Full Time Regular	1	VFTU	49.88
RN, ACUTE REHAB	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.6	VU-3	29.52
RN, ACUTE DIALYSIS	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VU-3	47.36
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	12.76
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	131.16
RN, ACUTE REHAB	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	VFTU	86.01
ASST. DIET	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	1	PTD-5	44.93
BUYER SR	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	1	PTD-5	208.61
RN, EMERGENCY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	159.79
RN, ACUTE REHAB	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VFTU	111.68
CLINICAL LAB CERTIFIED DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	VFTU	161.26
RN, ICU P-1	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VU-5	20.27
REF. SCHEDULER/PRE-AD DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PTD-5	110.51
COORD. OFFICE	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	1	PTD-5	108.42
ASST. DIET	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VU-5	4.08
TECH. HEALTH CARE	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PTD-5	12.92
TECH. COMM CON	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.9	PTD-5	119.67
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	66.54
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.013	VU-5	0.00
RN, ONCOLOGY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	62.78
RN, EMERGENCY ROOM DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	75.17
RN, ICU	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.013	VU-5	123.45
SUPV. NURSING STAFF	DSV	ST. VINCENT MEDICAL CENTER	Exempt	SUP	Non-Union, Supervisor Non-Exempt	FTREG	Full Time Regular	1	VU-3	474.22
RN, SURG & RECOVERY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	VFTU	413.52
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	PTD-5	435.05
DISCHARGE PLANNER	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	PTD-5	94.32
SOCIAL WORKER CSW	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	17.52
PHARMACY CLERK	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	PTD-5	187.93
COORD. INST. REVIEW C DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	1	VFTU	64.57
PHACITIONER, RESP CAR DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	1	VU-3	97.35
CHARGE NURSE, NURSE DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	NCN	Non-Union, Non-Exempt	FTREG	Full Time Regular	0.9	PTD-5	149.70
THEC DIR, QUANTITY SVCS DSV	DSV	ST. VINCENT MEDICAL CENTER	Exempt	DIR	Non-Union, Director	FTREG	Full Time Regular	0.013	VU-5	0.00
RN, EMERGENCY ROOM F DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	1	LPTD	0.00
PHACITIONER, RESP CAR DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	SEU1	SEU-UHW	FTREG	Full Time Regular	0.013	VU-5	0.00
TECH. CERTIFIED DSV	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	PTD-5	177.39
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.9	VFTU	51.84
RN, TELEMTRY	DSV	ST. VINCENT MEDICAL CENTER	Non-Exempt	CNA	California Nurses Association	FTREG	Full Time Regular	0.6	VU-3	10.47

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Schedule 2.17 - Insurance

See attached folder "Schedule 2.17 - Insurance"

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Schedule 2.17
Verity Health System of California, Inc.
Summary of Insurance
As of 11/1/18

Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Deductible/SIR	Claims Made/ Occurrence	Annual Premium (Excludes SLT)	Commission Offset	Surplus Lines Tax
All Other Coverages										
Commercial Property	American Guarantee and Liability Insurance Company (Zurich)	Verity Health System of California, Inc.	7/1/18-7/1/19	ZMD7067455-00	\$1,000,000,000 Loss Limit	\$100,000 Basic Policy Deductible Various Other Deductibles Apply	Occurrence	\$664,761 (Includes \$20,000 Engineering Fee)	N/A	N/A
Workers' Compensation and Employers Liability	Old Republic Insurance Company	Verity Health System of California, Inc.	7/1/18-7/1/19	MWC 313800-00	Workers' Compensation - Statutory Employers Liability - \$1,000,000 BI Each Accident \$1,000,000 BI Disease Each Employee \$1,000,000 BI Disease Policy Limit	\$500,000 Each Claim/Occurrence (Deductible)	Occurrence	\$2,044,515	N/A	N/A
Storage Tank Liability	ACE American Insurance Company (Chubb)	St. Vincent Medical Center; Saint Louise Regional Hospital; Seton Medical Center	10/1/18-10/1/19	UST G71182654 001	\$1,000,000 Per Storage Tank Incident \$1,000,000 Aggregate for ASTs \$1,000,000 Aggregate for USTs \$2,000,000 Aggregate Limit of Liability for All Storage Tank Incidents \$1,000,000 Aggregate Limit of Liability for Legal Defense Expenses \$3,000,000 Policy Aggregate	\$25,000 Per Storage Tank Incident (Deductible), Except \$50,000 Per Storage Tank Incident for Saint Louise UST	Claims Made	\$7,823 \$1,496 (Adding Seton)	(\$1,173) (\$224) (Adding Seton)	\$48
Commercial Automobile	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/18-10/1/19	087-15-98	\$1,000,000 Combined Single Limit	\$1,000 Comprehensive \$1,000 Collision (Deductible)	Occurrence	\$88,213	N/A	N/A
Helipad Liability & Non-Owned Aircraft Liability	ACE Property and Casualty Insurance Company (Chubb)	Verity Health System of California, Inc.	10/1/18-10/1/19	AAP N17935550 001	\$10,000,000 Each Occurrence \$10,000,000 Products-Completed Operations Aggregate \$10,000,000 Personal Injury and Advertising Injury Aggregate \$10,000,000 Hangarkeepers Any One Occurrence \$10,000,000 Hangarkeepers Any One Aircraft \$10,000,000 Non-Owned Aircraft Liability Any One Occurrence	N/A	Occurrence	\$11,250	N/A	N/A
Sexual Misconduct and Molestation Liability	Lloyds of London (Beazley Syndicates #2623/#623)	St. Francis Medical Center (Children's Counseling Center Agreement)	10/1/18-10/1/19	GLOPR180815	\$2,000,000 Any One Victim and in the Aggregate	\$50,000 Any One Victim (Retention)	Claims Made	\$30,000	N/A	\$960

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D&O Liability, Employment Practices Liability, Fiduciary Liability, Crime <i>Primary Layer</i>	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/17-10/1/18 (Extended to 10/1/19)	02-359-65-60	\$10,000,000 D&O Liability and EPL (Shared) \$10,000,000 Fiduciary Liability \$10,000,000 Crime \$20,000,000 Policy Aggregate	\$250,000 D&O Liability \$350,000 EPL \$50,000 Fiduciary Liability \$100,000 Crime (Retention)	Claims Made, Except Occurrence for Crime	\$318,320 \$682,217 (Extension to 10/1/19)	(\$47,748) (\$102,333)	N/A
D&O Liability and Employment Practices Liability <i>1st Excess Layer</i>	Endurance Risk Solutions Assurance Company	Verity Health System of California, Inc.	10/1/17-10/1/18 (Extended to 10/1/19)	BLX10008286901	\$10,000,000 Excess of \$10,000,000	Refer to Underlying	Claims Made	\$170,940 \$541,879 (Extension to 10/1/19)	(\$25,641) (\$81,282)	N/A
D&O Liability Only <i>2nd Excess Layer</i>	Argonaut Insurance Company (ARGO Group)	Verity Health System of California, Inc.	10/1/17-10/1/18 (Extended to 10/1/19)	MLX 7602088-01	\$10,000,000 Excess of \$20,000,000 (D&O Liability Only)	Refer to Underlying	Claims Made	\$87,000 \$275,782 (Extension to 10/1/19)	(\$13,050) (\$41,367)	N/A
D&O Liability - Excess Side A Only	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/18-19	02-306-61-90	\$2,000,000 Excess of \$30,000,000	Refer to Underlying	Claims Made	\$500,000	(\$75,000)	N/A
Punitive Damages Wrap <i>Primary Layer</i>	American International Reinsurance Company, Ltd.	Verity Health System of California, Inc.	10/1/17-10/1/18 (Extended to 10/1/19)	24542026	\$10,000,000 Each Occurrence \$10,000,000 Aggregate	Refer to Underlying	Claims Made	\$24,241 (Includes \$2,000 Bermuda Placement Fee) \$70,222 (Extension to 10/1/19) (Includes \$2,000 Bermuda Placement Fee)	N/A	N/A
Punitive Damages Wrap <i>1st Excess Layer</i>	Magna Carta Insurance, Ltd.	Verity Health System of California, Inc.	10/1/17-10/1/18 (Extended to 10/1/19)	MCEN204155	\$10,000,000 Excess of \$10,000,000	Refer to Underlying	Claims Made	\$17,094 (Includes \$1,000 Bermuda Placement Fee) \$55,187 (Extension to 10/1/19) (Includes \$1,000 Bermuda Placement Fee)	N/A	N/A
Storage Tank Liability	Tokio Marine Specialty Insurance Company (Philadelphia)	St. Francis Medical Center	12/05/17-12/05/18	STEP011394-00	\$1,000,000 Remediation Expense \$1,000,000 Bodily Injury and Property Damage Resulting from Contamination \$1,000,000 Defense Expense \$1,000,000 Defense Expense Aggregate \$2,000,000 Total Policy Aggregate	\$25,000 Per Confirmed Release (Deductible)	Claims Made	\$768 (Includes \$150 Policy Fee)	(\$62)	\$20
General Liability	Illinois Union Insurance Company (Chubb)	St. Francis Medical Center (Lynwood Parking Agreement)	3/31/18-3/31/19	HPL G2181684A 011	\$1,000,000 Each Occurrence \$1,000,000 Personal Injury & Advertising Injury \$1,000,000 Products/Completed Operations Aggregate \$3,000,000 General Aggregate	\$10,000 Per Occurrence (Deductible)	Occurrence	\$510	N/A	N/A
Physicians Professional Liability										
Professional Liability	NORCAL Mutual Insurance Company	The Contracted Physicians of St. Francis Medical Center	1/1/18-1/1/19	728812N	Per Scheduled Provider \$1,000,000 Each Claim; \$3,000,000 Aggregate \$2,000,000 Each Claim; \$4,000,000 Aggregate	N/A	Claims Made	\$734,377	(\$73,438)	N/A
Captive										

Professional and General Liability	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	3/31/18-3/31/19	DOC PLGL-26000-018	Professional Liability \$2,000,000 Each Claim and Aggregate Buffer Layer xs of \$3,000,000 Each Claim \$10,000,000 Aggregate General Liability \$2,000,000 Each Occurrence \$10,000,000 Aggregate	N/A	Claims Made	\$6,188,540	N/A	N/A
Excess Professional and Umbrella Liability	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	3/31/18-3/31/19	DOC XL PLGL-26000-018	Excess Professional Liability \$80,000,000 Each Occurrence \$80,000,000 Aggregate All Other Liability \$80,000,000 Each Claim \$80,000,000 Aggregate	Refer to Underlying	Refer to Underlying	\$1,206,259	N/A	N/A
Workers Compensation Deductible Liability Protection	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	7/1/18-7/1/19	DED.WC-07.01.18-19	Workers' Compensation \$500,000 Each Occurrence \$500,000 Each Occurrence	N/A	Occurrence	\$6,939,472	N/A	N/A
Reinsurance										
Lead Excess Layer	ACE American Insurance Company (Chubb)	Verity Health System of California, Inc.	3/31/18-3/31/19	RBN G21816838-011	\$15,000,000 Each Loss Event \$15,000,000 Aggregate Professional Liability \$15,000,000 Aggregate General Liability of Ceding Company Limits	Refer to Captive Policy	Refer to Captive Policy	\$795,000	N/A	N/A
2nd Excess Layer	Continental Casualty Company (CNA)	Verity Health System of California, Inc.	3/31/18-3/31/19	HMJ 2097462209	\$15,000,000 Each Claim \$15,000,000 Aggregate Professional Liability \$15,000,000 Aggregate General Liability Excess of Chubb Underlying Above	Refer to Captive Policy	Claims Made	\$157,259	(\$15,726)	N/A
3rd Excess Layer	Berkshire Hathaway Specialty Insurance Company	Verity Health System of California, Inc.	3/31/18-3/31/19	47-RHC-304968-01	\$20,000,000 Each Claim \$20,000,000 Aggregate Professional Liability \$20,000,000 Aggregate General Liability Excess of Chubb and CNA Underlying Above	Refer to Captive Policy	Claims Made	\$134,000	N/A	N/A
4th Excess Layer	Zurich American Insurance Company	Verity Health System of California, Inc.	3/31/18-3/31/19	HPC 0239123-00	\$10,000,000 Each Claim \$10,000,000 Aggregate Professional Liability \$10,000,000 Aggregate General Liability Excess of Chubb, CNA and Berkshire Underlying Above	Refer to Captive Policy	Claims Made	\$60,000	N/A	N/A

5th Excess Layer	The Medical Protective Company	Verity Health System of California, Inc.	3/31/18-3/31/19	XOL2018-023	\$20,000,000 Each Claim \$20,000,000 Aggregate Professional Liability \$20,000,000 Aggregate General Liability Excess of Chubb, CNA, Berkshire and Zurich Underlying Above	Refer to Captive Policy	Claims Made	\$60,000	N/A	N/A
Surety Bonds										
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Seton Medical Center - Coasts	12/1/01-12/1/18	83BSBBF7598	\$75,000 Bond Amount	N/A	N/A	\$175	N/A	N/A
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	St. Francis Medical Center	12/1/01-12/1/18	83BSBBF7621	\$5,000 Bond Amount	N/A	N/A	\$100	N/A	N/A
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	St. Vincent Medical Center	12/1/01-12/1/18	83BSBBF7625	\$2,000 Bond Amount	N/A	N/A	\$100	N/A	N/A
CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Seton Medical Center	12/1/01-12/1/18	83BSBBF7661	\$35,000 Bond Amount	N/A	N/A	\$175	N/A	N/A
Provider										
Provider Capitation Stop Loss (Applicable to St. Vincent Medical Center and St. Francis Medical Center)	PartnerRe America Insurance Company	Verity Health System of California, Inc.	1/1/18-1/1/19	P0312544005	\$1,000,000 Maximum Benefit Per Covered Person 90% Payable in Excess of Specific Deductible if Complete Claim is Received by 2/1/20 50% Payable in Excess of Specific Deductible if Complete Claim is Not Received by 2/1/20 Transplant Services - 50% by a Non-Approved Transplant Network Provider	Specific Deductible Per Covered Person Per Policy Period: \$225,000 Commercial Covered Persons \$400,000 Medicare Covered Persons \$275,000 Medi-Connect Covered Persons \$275,000 Medi-Cal Covered Persons \$275,000 Medi-Cal SPD Covered Persons	N/A	Monthly Resorting Based on MCO Enrollment St. Vincent Medical Center - \$39,000 Per Month; St. Francis Medical Center - \$70,000 Per Month	N/A	N/A

Schedule 2.19 - Payer Contracts

See attached folder "Schedule 2.19 - Payer Contracts"

Schedule 2.19 - Payer Contracts

Seton Medical Center

PAYOR	REGION	COUNTY	AGREEMENT TYPE	PAYMENT TYPE	HOSPITAL	PRODUCT LINE
ACCESS & ALLIED PHYSICIANS	NORTH	SAN MATEO COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SMC	
AETNA	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	HMO/PPO
AMERICA'S CHOICE PROVIDER NETWORK	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDICARE
ANTHEM BLUE CROSS	NORTH	SAN MATEO COUNTY	FACILITY SERVICES AGREEMENT	FFS	SMC	HMO/PPO
ANTHEM BLUE CROSS MEDI-CAL	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDI-CAL
BLUE SHIELD OF CALIFORNIA	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	HMO/PPO
BRAND NEW DAY	NORTH	SAN MATEO COUNTY	LETTER OF AGREEMENT (LOA)	FFS	SMC	MGD MEDICARE
BROWN & TOLAND MEDICAL GROUP	NORTH	SAN MATEO COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SMC	HMO/PPO
BROWN & TOLAND MEDICAL GROUP	NORTH	SAN MATEO COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SMC	HMO/PPO
CARE 1ST HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDICARE
CENTRAL HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	
CHINESE COMMUNITY HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	COMMERCIAL
CIGNA	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	HMO/PPO
EASY CHOICE HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDICARE
HEALTH NET	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	HMO/PPO
HEALTH PLAN OF SAN MATEO	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDI-CAL
HEALTH PLAN OF SAN MATEO	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDI-CAL
HEALTH PLAN OF SAN MATEO	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDI-CAL
HEALTH PLAN OF SAN MATEO	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDICARE
HILL PHYSICIANS	NORTH	SAN MATEO COUNTY	HOSPITAL PARTICIPATION AGREEMENT	FFS	SMC	COMMERCIAL/MEDICARE/MEDI-CAL
HUMANA	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	HMO/PPO
HUMANA	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	MGD MEDICARE
IMPERIAL HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	
INTEGRATED HEALTH PLAN	NORTH	SAN MATEO COUNTY	PARTICIPATING HOSPITAL AGREEMENT	FFS	SMC	
INTERPLAN	NORTH	SAN MATEO COUNTY	PARTICIPATING HOSPITAL AGREEMENT	FFS	SMC	
JADE HEALTHCARE MEDICAL GROUP	NORTH	SAN MATEO COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SMC	HMO/PPO
KAISER	NORTH	SAN MATEO COUNTY	PROFESSIONAL SERVICES AGREEMENT	FFS	SMC	COMMERCIAL HMO
KAISER	NORTH	SAN MATEO COUNTY	HEALTHCARE SERVICES AGREEMENT	FFS	SMC	COMMERCIAL HMO
KAISER	NORTH	SAN MATEO COUNTY	HOSPITAL TRANSFER AGREEMENT	FFS	SMC	COMMERCIAL HMO
MEDIMPACT HEALTH SYSTEMS MEDICARE PHARMACY NETWORK	NORTH	SAN MATEO COUNTY	PHARMACY NETWORK AGREEMENT	FFS	SMC	

MULTIPLAN	NORTH	SAN MATEO COUNTY	PARTICIPATING FACILITY AGREEMENT	FFS	SMC	
NX HEALTH NETWORK	NORTH	SAN MATEO COUNTY	PARTICIPATING FACILITY AGREEMENT	FFS	SMC	
ONLOK SENIOR HEALTH	NORTH	SAN MATEO COUNTY	PROVIDER SERVICES AGREEMENT	FFS	SMC	MEDICARE
PHYSICIANS INTEGRATED MEDICAL GROUP (HILL PHYSICIANS)	NORTH	SAN MATEO COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SMC	
SAN FRANCISCO HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	
SCAN HEALTH PLAN	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	
STANFORD HEALTH ADVANTAGE	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMC	FFS
STANFORD HEALTH ADVANTAGE	NORTH	SAN MATEO COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SMCC	FFS
TRICARE HEALTH NET FEDERAL	NORTH	SAN MATEO COUNTY	FACILITY SERVICES AGREEMENT	FFS	SMC	COMMERCIAL
UNITED HEALTHCARE	NORTH	SAN MATEO COUNTY	FACILITY PARTICIPATION AGREEMENT	FFS	SMC	HMO/PPO
UNITED LABOR HEALTH PLAN	NORTH	SAN MATEO COUNTY	MEMORANDUM OF UNDERSTANDING (MOU)	FFS	SMC	

Schedule 2.19 - Payer Contracts**St. Francis Medical Center**

PAYOR	REGION	COUNTY	AGREEMENT TYPE	PAYMENT TYPE	HOSPITAL	PRODUCT LINE
AETNA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	HMO/PPO
AHMC	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	MGD MEDI-CAL
ALIGNMENT HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS/CAPITATION	SFMC	
ALTAMED	SOUTH	LOS ANGELES COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SFMC	
AMERICA'S CHOICE PROVIDER NETWORK	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	MGD MEDICARE
ANTHEM BLUE CROSS	SOUTH	LOS ANGELES COUNTY	FACILITY SERVICES AGREEMENT	FFS	SFMC	HMO/PPO
ANTHEM BLUE CROSS MEDI-CAL	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	MGD MEDI-CAL
BEACON HEALTH	SOUTH	LOS ANGELES COUNTY	MEMORANDUM OF UNDERSTANDING	FFS	SFMC	MENTAL HEALTH SERVICES
BLUE SHIELD OF CALIFORNIA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	HMO/PPO
BRAND NEW DAY	SOUTH	LOS ANGELES COUNTY	LETTER OF AGREEMENT (LOA)	FFS	SFMC	MGD MEDICARE
CARE 1ST HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	MGD MEDI-CAL
CEDARS SINAI	SOUTH	LOS ANGELES COUNTY	PROVIDER SERVICES AGREEMENT		SFMC	
CENTRAL HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	MGD MEDICARE
CIGNA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	HMO/PPO
COUNTY OF LOS ANGELES	SOUTH	LOS ANGELES COUNTY	PARTICIPATION IN THE HOSPITAL PREPAREDNESS PROGRAM		SFMC	
DAVITA HEALTH PLAN OF CALIFORNIA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SFMC	
DAVITA HEALTHCARE PARTNERS	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	
EASY CHOICE	SOUTH	LOS ANGELES COUNTY	CAPITATED HOSPITAL LETTER OF AGREEMENT		SFMC	
FIRST HEALTH	SOUTH	LOS ANGELES COUNTY	HOSPITAL CONTRACT		SFMC	

HEALTH NET	SOUTH	LOS ANGELES COUNTY	PROVIDER PARTICIPATION AGREEMENT	FFS	SFMC	HMO/PPO
HERITAGE PROVIDER NETWORK	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	HMO/PPO
HUMANA	SOUTH	LOS ANGELES COUNTY	HOSPITAL PARTICIPATION AGREEMENT		SFMC	
IMPERIAL HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SFMC	
INTEGRATED HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	PARTICIPATING HOSPITAL AGREEMENT		SFMC	
INTERPLAN	SOUTH	LOS ANGELES COUNTY	PARTICIPATING HOSPITAL AGREEMENT		SFMC	
KAISER	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	COMMERCIAL
LA CARE HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS/CAPITATION	SFMC	
LONG BEACH MEMORIAL MEDICAL CENTER	SOUTH	LOS ANGELES COUNTY	PROVIDER SERVICES AGREEMENT	FFS	SFMC	
MANAGED HEALTH NETWORK	SOUTH	LOS ANGELES COUNTY	PARTICIPATING PROVIDER AGREEMENT	FFS	SFMC	
MOLINA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	
MULTIPLAN	SOUTH	LOS ANGELES COUNTY	MEMORANDUM OF UNDERSTANDING	FFS	SFMC	
NX HEALTH NETWORK	SOUTH	LOS ANGELES COUNTY	PARTICIPATING FACILITY AGREEMENT	FFS	SFMC	
SCAN HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	PROVISION OF HOSPITAL SERVICES		SFMC	
ST. VINCENT MEDICAL CENTER	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SFMC	
TRICARE HEALTH NET FEDERAL	SOUTH	LOS ANGELES COUNTY	FACILITY SERVICES AGREEMENT	FFS	SFMC	
UNITED HEALTHCARE	SOUTH	LOS ANGELES COUNTY	FACILITY PARTICIPATION AGREEMENT	FFS	SFMC	HMO/PPO

Schedule 2.19 - Payer Contracts**St. Vincent Medical Center**

PAYOR	REGION	COUNTY	AGREEMENT TYPE	PAYMENT TYPE	HOSPITAL	PRODUCT LINE
ACCESS SENIOR HEALTH CARE	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
AETNA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
AHMC	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDI-CAL
ALIGNMENT HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
ALTAMED	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	COMM/MCARE/MCAL
ALTAMED SENIOR BUENACARE (PACE)	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
AMERICA'S CHOICE PROVIDER NETWORK	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
ANGEL MEDICAL GROUP	SOUTH	LOS ANGELES COUNTY	HOSPITAL ANCILLARY SERVICES AGREEMENT	FFS	SVMC	COMMERCIAL
ANTHEM BLUE CROSS	SOUTH	LOS ANGELES COUNTY	FACILITY SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
ANTHEM BLUE CROSS MEDI-CAL	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDI-CAL
APPLECARE	SOUTH	LOS ANGELES COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
AXMINSTER MEDICAL GROUP	SOUTH	LOS ANGELES COUNTY	HOSPITAL ANCILLARY SERVICES AGREEMENT	FFS	SVMC	COMMERCIAL
BLUE SHIELD OF CALIFORNIA	SOUTH	LOS ANGELES COUNTY	PROVIDER SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
BRAND NEW DAY	SOUTH	LOS ANGELES COUNTY	LETTER OF AGREEMENT (LOA)	FFS	SVMC	MGD MEDICARE
CARE 1ST HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
CEDARS SINAI	SOUTH	LOS ANGELES COUNTY	PROVIDER SERVICES AGREEMENT	MANAGED CARE	SVMC	Managed Care
CENTRAL HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
CIGNA	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
EASY CHOICE HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	MGD MEDICARE
GOOD SAMARITAN HOSPITAL	SOUTH	LOS ANGELES COUNTY	LETTER OF AGREEMENT (LOA)		SVMC	
GOOD SAMARITAN MEDICAL PRACTICE ASSOCIATION (GSMPPA)	SOUTH	LOS ANGELES COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SVMC	
HEALTH NET	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
HEALTH NET	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	HMO/PPO

HEALTHCARE PARTNERS	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SVMC	
HERITAGE PROVIDER NETWORK	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
HUMANA/CHOICE CARE	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
IMPERIAL HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SVMC	
INTEGRATED HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	PARTICIPATING HOSPITAL AGREEMENT		SVMC	
INTERPLAN	SOUTH	LOS ANGELES COUNTY	PARTICIPATING HOSPITAL AGREEMENT		SVMC	
KAISER	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SVMC	
LA CARE HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SVMC	
MOLINA	SOUTH	LOS ANGELES COUNTY			SVMC	
MULTIPLAN	SOUTH	LOS ANGELES COUNTY	MEMORANDUM OF UNDERSTANDING (MOU)		SVMC	
NX HEALTH NETWORK	SOUTH	LOS ANGELES COUNTY	PARTICIPATING FACILITY AGREEMENT	FFS	SVMC	
QUEENS CARE	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT	FFS	SVMC	
SCAN HEALTH PLAN	SOUTH	LOS ANGELES COUNTY			SVMC	
SEASIDE HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SVMC	
ST. FRANCIS MEDICAL CENTER	SOUTH	LOS ANGELES COUNTY			SVMC	
STAYWELL	SOUTH	LOS ANGELES COUNTY	HOSPITAL SERVICES AGREEMENT		SVMC	
ST. VINCENT IPA / PHYSICIANS DATA TRUST	SOUTH	LOS ANGELES COUNTY	ANCILLARY SERVICES AGREEMENT	FFS	SVMC	HMO/PPO
TRICARE HEALTH NET FEDERAL	SOUTH	LOS ANGELES COUNTY	FACILITY SERVICES AGREEMENT	FFS	SVMC	COMMERCIAL
UNITED HEALTHCARE	SOUTH	LOS ANGELES COUNTY	FACILITY PARTICIPATION AGREEMENT	FFS	SVMC	HMO/PPO
UNITED TRICARE	SOUTH	LOS ANGELES COUNTY			SVMC	
UNITED LABOR HEALTH PLAN	SOUTH	LOS ANGELES COUNTY	MEMORANDUM OF UNDERSTANDING (MOU)	FFS	SVMC	
USA MANAGED CARE	SOUTH	LOS ANGELES COUNTY	HEALTHCARE SERVICE FACILITY AGREEMENT		SVMC	

Schedule 2.19 - Payer Contracts**St. Vincent Dialysis Center**

PAYOR	AGREEMENT TYPE	PAYMENT TYPE	HOSPITAL
CITIZENS CHOICE HEALTH PLAN	ANCILLARY PROVIDER AGREEMENT	FFS	SVMC - SVDC
CITIZENS CHOICE HEALTH PLAN	ANCILLARY PROVIDER AGREEMENT	FFS	SVMC - SVDC
HEALTH NET	PROVIDER PARTICIPATION AGREEMENT	FFS	SVMC - SVDC
HEALTH NET	PROVIDER PARTICIPATION AGREEMENT	FFS	SVMC - SVDC
KOREAN AMERICAN MEDICAL GROUP	ANCILLARY PROVIDER AGREEMENT	FFS	SVMC - SVDC
L.A. CARE HEALTH PLAN	ANCILLARY PROVIDER AGREEMENT	FFS	SVMC - SVDC
L.A. CARE HEALTH PLAN	ANCILLARY PROVIDER AGREEMENT	FFS	SVMC - SVDC
L.A. CARE HEALTH PLAN	ANCILLARY PROVIDER AGREEMENT	FFS	SVMC - SVDC
OPTUM HEALTHCARE SOLUTIONS	PROVIDER PARTICIPATION AGREEMENT	FFS	SVMC - SVDC
SEOUL MEDICAL GROUP	ANCILLARY SERVICES AGREEMENT	FFS	SVMC - SVDC

Schedule 2.19 - Payer Contracts

Capitated Arrangements - St. Francis and St. Vincent Only

PAYOR	AGREEMENT TYPE	MSO Name	HOSPITAL	PRODUCT LINE	SERVICE TYPE	CAPITATION TYPE
ALL CARE MEDICAL GROUP	RISK SHARING AGREEMENT	MedPoint Management	SFMC	CAPITATED MEDI-CAL	GENERAL SERVICES	FULL RISK
ALTAMED	RISK SHARING AGREEMENT	Conifer Health Solutions	SVMC	CAPITATED MEDICARE	GENERAL SERVICES	FULL RISK
ALTAMED	RISK SHARING AGREEMENT	Conifer Health Solutions	SFMC	CAPITATED MEDICARE	GENERAL SERVICES	FULL RISK
ANGELES IPA	RISK SHARING AGREEMENT	Conifer Health Solutions	SFMC	CAPITATED MEDI-CAL	GENERAL SERVICES	FULL RISK
APPLECARE	RISK SHARING AGREEMENT	AppleCare MSO	SFMC	CAPITATED MEDICARE	GENERAL SERVICES	FULL RISK - CAP EXPANSION
HEALTHCARE LA	RISK SHARING AGREEMENT	MedPoint Management	SFMC	CAPITATED MEDI-CAL	GENERAL SERVICES	FULL RISK
OMNICARE MEDICAL GROUP	RISK SHARING AGREEMENT	Conifer Health Solutions	SFMC	CAPITATED MEDI-CAL	GENERAL SERVICES	FULL RISK
SEOU MEDICAL GROUP, IPA	RISK SHARING AGREEMENT	Central Health MSO	SVMC	CAPITATED MEDICARE	GENERAL SERVICES	FULL RISK
ST. VINCENT IPA / PHYSICIANS DATA TRUST	RISK SHARING AGREEMENT	Conifer Health Solutions	SVMC	HMO/PPO	CAPITATED GENERAL SERVICES	FULL RISK

Schedule 2.20 - Excluded Individuals

None.

Schedule 3.4 - Purchaser: No Violation

None other than approvals contemplated pursuant to the Asset Purchase Agreement (APA) to which this Schedule is related, including without limitation those consents required under §365 of the Bankruptcy Code, consents in connection with any Licenses, any provider agreements (including any such agreements with a governmental authority) and other governmental approvals, the approval of the CA AG and any approvals required pursuant to the HSR Act, including as contemplated pursuant to Sections 5.2, 5.10, 7.4 and 8.1 of the APA).

Schedule 3.7 - Purchaser: Legal Proceedings

None other than the legal proceedings pursuant to the Seller's pending bankruptcy case and governmental restrictions associated with requirements for governmental approvals, as addressed at Schedule 3.4.

Schedule 4.25(b) - Accounts Receivable

<u>Bank Account Name</u>	<u>Seller</u>	<u>Financial Institution</u>	<u>Account Number</u>
SFMC - Lockbox	St. Francis Medical Center	Bank of America	*****2940
SVMC - Lockbox	St. Vincent Medical Center	Bank of America	*****2964
SMC - Lockbox	Seton Medical Center	Bank of America	*****2902
SMCC - Lockbox	Seton Medical Center	Bank of America	*****2907
St. Vincent Dialysis Center	St. Vincent Dialysis Center	Bank of America	*****8921

Schedule 5.3 - Purchaser: Hospital Employees

Purchaser shall have the right to update Schedule 5.3 based on further input from Seller by providing a revised schedule to Sellers no later than thirty (30) calendar days before the date scheduled for the Closing.

Schedule 6.1(b)(3) - Bid Procedures

Attached to filed Asset Purchase Agreement.

SCHEDULE 6.1(b)(3)**(Bidding Procedures)****BIDDING PROCEDURES**

Set forth below are the bidding procedures (the “Bidding Procedures”)¹ to be employed in connection with the sale of (i) the assets (the “Purchased Assets”) enumerated in the Stalking Horse APA (as defined below), including, but not limited to, St Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center (including Seton Coastside) (collectively, the “APA Facilities”); and (ii) assets not otherwise enumerated in the APA, but associated with the ownership or operation of the APA Facilities and available for purchase (the “Other Assets”), in connection with the chapter 11 cases pending in the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”), jointly administered as case number 2:18-bk-20151-ER, in the form to be approved by the Bankruptcy Court, by Order dated February 19, 2019 (the “Bidding Procedures Order”) [Docket No. 1572].

The Debtors entered into that certain Asset Purchase Agreement, dated January 8, 2019 between the Debtors, on the one hand, and Strategic Global Management, Inc., a California corporation (the “Stalking Horse Purchaser”) on the other hand, pursuant to which the Stalking Horse Purchaser shall acquire the Purchased Assets on the terms and conditions specified therein (together with the schedules and related documents thereto, the “Stalking Horse APA”). The sale transaction pursuant to the Stalking Horse APA is subject to competitive bidding as set forth herein. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the *Debtors’ Notice of Motion and Motion for the Entry of (I) an Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and for Prospective Overbidders to Use, (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections, (3) Approving Form of Notice to be Provided to Interested Parties, (4) Scheduling a Hearing to Consider Approval of the Sale to the Highest Bidder, (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) an Order Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* (the “Sale Motion”) or the Bidding Procedures Order.

I. ASSETS TO BE SOLD

The Debtors seek to complete a sale of substantially all assets of APA Facilities, including both the Purchased Assets and the Other Assets (the “Sale”). The Stalking Horse APA will serve as the “stalking-horse” bid for the Purchased Assets.

II. THE BIDDING PROCEDURES

In order to ensure that the Debtors receive the maximum value for the Purchased Assets and/or the Other Assets, they intend to hold a sale process for the Purchased Assets and/or the Other Assets pursuant to the procedures and on the timeline proposed herein.

¹ Unless otherwise defined, all capitalized terms shall have the meanings ascribed to them in the Stalking Horse APA.

A. Provisions Governing Qualifications of Bidders

Unless otherwise ordered by the Court or as set forth in these procedures, in order to participate in the bidding process, each person, other than the Stalking Horse Purchaser, who wishes to participate in the bidding process must deliver, prior to the Bid Deadline (defined herein), the following to the Debtors:

- a) a written disclosure of the identity of each entity that will be bidding for the Purchased Assets or and/or the Other Assets or otherwise participating in connection with such bid; and
- b) an executed confidentiality agreement (to be delivered prior to the distribution of any confidential information by the Debtors) in form and substance satisfactory to the Debtors and which shall inure to the benefit of any purchaser of the Purchased Assets and/or the Other Assets; without limiting the foregoing, each such confidentiality agreement shall contain standard non-solicitation provisions.

A bidder that delivers the documents and information described above and that the Debtors determine, after consultation with the Official Committee of Unsecured Creditors, the Prepetition Secured Creditors, and any other party deemed appropriate within the business judgment of the Debtors (collectively, the “Consultation Parties”) in their reasonable business judgment, is likely (based on availability of financing, experience, and other considerations) to be able to consummate the sale, will be deemed a potential bidder (“Potential Bidder”).

B. Due Diligence

The Debtors will afford any Potential Bidder such due diligence access or additional information as the Debtors, in consultation with their advisors, deem appropriate, in their reasonable discretion. The due diligence period shall extend through and including the relevant Bid Deadline; provided, however, that any bid submitted under these procedures shall be irrevocable until at least the selection of the Successful Bidder(s) (defined herein) and any Back-Up Bidder(s) (defined herein).

C. Provisions Governing Qualified Bids

A bid submitted by a Potential Bidder will be considered a Qualified Bid (each, a “Qualified Bid,” and each such Potential Bidder thereafter a “Qualified Bidder”) only if the bid complies with the following requirements:

- a) it states that the applicable Qualified Bidder offers to purchase, in cash, some or all of the Purchased Assets and/or the Other Assets;
- b) it identifies with particularity the portion of the Purchased Assets and/or the Other Assets the Qualified Bidder is offering to purchase;
- c) it allocates with specificity the portion of the purchase price offered that the Qualified Bidder attributes to St. Francis Medical Center, St. Vincent Medical

Center, and Seton Medical Center, and Seton Coastside, and each of the Other Assets, respectively;²

- d) it includes a signed writing that the Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder and the Back-Up Bidder, provided that if such bidder is selected as the Successful Bidder or the Back-Up Bidder then the offer shall remain irrevocable until the earliest of (i) the closing of the transaction with the Successful Bidder, (ii) in the case of the Successful Bidder, a termination of the Qualified Bid pursuant to the terms of the Successful Bidder Purchase Agreement and (iii) with respect to the Back-Up Bidder, the time specified in Section II (K) below;
- e) it includes confirmation that there are no conditions precedent to the Qualified Bidder's ability to enter into a definitive agreement and that all necessary internal governance and shareholder approvals have been obtained prior to the bid;
- f) it sets forth each third-party, regulatory and governmental approval required for the Qualified Bidder to consummate the transaction and the time period within which the Qualified Bidder expects to receive such approvals and establishes a substantial likelihood that the Qualified Bidder will obtain such approvals by the stated time period;
- g) it includes a duly authorized and executed copy of a purchase or acquisition agreement in the form of the Stalking Horse APA (a "Purchase Agreement"), including the purchase price for some or all of the Purchased Assets and/or the Other Assets, or both, expressed in U.S. Dollars, together with all exhibits and schedules thereto, together with copies marked to show any amendments and modifications to the Stalking Horse APA ("Marked Agreement");
- h) it is not subject to any financing contingency and includes written evidence of a firm ability to have the funding necessary to consummate the proposed transaction, that will allow the Debtors to make a reasonable determination, in consultation with the Consultation Parties, as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the Purchase Agreement;
- i) if the bid is for all of the Purchased Assets, it must have a value to the Debtors, in the Debtors' exercise of its reasonable business judgment, after consultation with its advisors and the Consultation Parties, that is greater than or equal to the sum of the value offered under the Stalking Horse APA, plus (i) the amount of the Break-Up Fee (\$21,350,000.00); (ii) the amount of the Expense Reimbursement (\$2,000,000.00); and (iii) \$7,000,000.00 (the "Initial Bidding Increment," and, together with the Break-Up Fee and the Expense Reimbursement, the "Minimum Qualified Bid");

² For the avoidance of doubt, such allocation shall not be binding on the Debtors, their estates or any Consultation Party.

- j) if the bid is a partial bid (the “Partial Bid”),³ the terms of paragraph (i) immediately above shall not apply but the terms of paragraph (o) below concerning the Good Faith Deposit shall expressly apply in order to be a bid qualified to participate in the Partial Bid Auction (as defined below) (each, a “Partial Bid Auction Qualified Bid”). In the event that the Debtors aggregate Partial Bids, the Partial Bid purchasers’ responsibility for the Break-Up Fee, the Expense Reimbursement, and the Initial Bidding Increment shall be reasonably allocated to each Partial Bid purchaser, and in no event shall the Stalking Horse Purchaser be entitled to more than one Break-Up Fee and/or Expense Reimbursement;
- k) it identifies with particularity which (i) executory contracts and unexpired leases the Qualified Bidder wishes the Debtors to assume and assign to it, and (ii) Purchased Assets and/or Other Assets, subject to purchase money liens or the like, the Qualified Bidder wishes to acquire and therefore pay the associated purchase money financing;
- l) it contains sufficient information concerning the Qualified Bidder’s ability to provide adequate assurance of future performance with respect to executory contracts and unexpired leases the Qualified Bidder wishes the Debtors to assume and assign to it;
- m) it includes an acknowledgement and representation that the Qualified Bidder: (A) has had an opportunity to conduct any and all required due diligence regarding the Purchased Assets and/or Other Assets prior to making its offer and that the offer is not subject to any further due diligence or the need to raise capital/financing to consummate the proposed transaction; (B) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Purchased Assets and/or Other Assets in making its bid; (C) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Purchased Assets and/or Other Assets or the completeness of any information provided in connection therewith or with the relevant Auction (defined below), except as expressly stated in the Purchase Agreement; and (D) is not entitled to any expense reimbursement, break-up fee, or similar type of payment in connection with its bid;
- o) unless it is a Credit Bid (as defined below), it is accompanied by a (i) good faith deposit in the form of a wire transfer (to a bank account specified by the Debtors), certified check or such other form of cash or cash equivalent acceptable to the Debtors, payable to the order of the Debtors (or such other party as the Debtors may determine) in an amount equal to: (a) 20% of purchase price for bids under \$5 million; (b) for bids greater than \$5 million and less than \$100 million, the greater of: (i) \$1 million or (ii) 10% of purchase price; (c) for bids greater than \$100 million, the greater of (i) \$10 million or (ii) 5% of purchase price (collectively, the “Good Faith Deposit”), which Good Faith Deposit shall, be forfeited if such bidder

³ A Partial Bid shall mean a bid for less than all of the Purchased Assets.

is the Successful Bidder and breaches its obligation to close; and (ii) if the Qualified Bid is a bid made by a secured creditor of the Debtors (a “Credit Bid Bidder”) who intends to make a credit bid (each, a “Credit Bid Bid”), evidence of (a) the basis for and property covered by such Credit Bid Bidder’s secured claim, (b) the amount of such Credit Bid Bidder’s claim that is secured by the property in question, (c) whether it is the senior secured claim on the property (x) prepetition and (y) as of the date of the request to be a Qualified Bidder, as well as (d) evidence of the resolution of any Challenge to such Credit Bid Bidder’s secured claim within the meaning of the Final DIP Order.

- p) it contains a detailed description of how the Qualified Bidder intends to treat current employees of the Debtors;
- r) it identifies the person(s) and their title(s) who will attend the relevant Auction, and confirms that such person(s) have authority to make binding Overbids (defined below) at such Auction
- s) it contains such other information reasonably requested by the Debtors; and
- t) it is received prior to the Bid Deadline.

The Debtors, in consultation with the Consultation Parties (who shall receive copies of the Purchase Agreements relating to any bids cast pursuant to these Bidding Procedures as soon as reasonably practicable), may qualify any bid that meets the foregoing requirements as a Qualified Bid. Notwithstanding the foregoing, the Stalking Horse Purchaser is deemed a Qualified Bidder and the Stalking Horse APA is deemed a Qualified Bid, for all purposes in connection with the Bidding Process, the Auctions, and the Sale.

The Debtors shall notify the Consultation Parties, the Stalking Horse Purchaser, all Qualified Bidders and the Notice Parties in writing as to whether or not any bids constitute Qualified Bids (and with respect to each Qualified Bidder that submitted a bid as to whether such Qualified Bidder’s bid constitutes a Qualified Bid) and provide copies of the Purchase Agreements relating any such Qualified Bid to the Consultation Parties, the Stalking Horse Purchaser and such Qualified Bidders, and the Notice Parties on the earlier of: (1) the date that any bid other than the Stalking Horse Bid has been deemed a Qualified Bid, or (2) two business days prior to the Partial Bid Auction.

D. Bid Deadline

In order to be eligible to participate in the Auction, a Qualified Bidder that desires to make a bid will deliver written copies of its bid to the following parties (collectively, the “Notice Parties”): (i) counsel to the Debtors: Dentons US LLP, 601 S. Figueroa Street, Suite 2500, Los Angeles, CA 90017 (Attn: Tania M. Moyron (tania.moyron@dentons.com)); (ii) the Debtors’ Investment Banker: Cain Brothers, a division of KeyBanc Capital Markets, 1 California Street, Suite 2400, San Francisco, CA 94111 (Attn: James Moloney (jmoloney@cainbrothers.com)); (iii) counsel to the Official Committee: Milbank, Tweed, Hadley & McCloy LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Gregory A. Bray (gbray@milbank.com)); (iv) counsel to the Master Trustee and Series 2005 Bond Trustee: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo,

P.C., One Financial Center, Boston, MA 02111 (Attn: Daniel S. Bleck and Paul Ricotta (dsbleck@mintz.com, pricotta@mintz.com)); (v) counsel to the Series 2015 and Series 2017 Notes Trustee: Maslon, LLP, 3300 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402 (Attn: Clark Whitmore (clark.whitmore@maslon.com)), so as to be received by the Notice Parties not later than March 29, 2019, at 4:00 p.m. (prevailing Pacific Time) for partial bids (the "Partial Bid Deadline") or April 3, 2019, at 4:00 p.m. (prevailing Pacific Time) for full bids (the "Bid Deadline").

E. Credit Bidding

Any party with a valid, properly perfected security interest in any of the Purchased Assets and/or Other Assets (which is not subject to a pending Challenge within the meaning of the Final DIP Order) may credit bid for such Purchased Assets and/or Other Assets in connection with the Sale in accordance with and pursuant to § 363(k), except as otherwise limited by the Debtors for cause; provided, however, that any party seeking to credit bid may not credit bid unless such bid provides that all secured creditors with security interests on such Purchased Assets and/or Other Assets that are senior to such junior security interest are to be paid in cash in connection with such junior creditor's bid. Any credit bids made by secured creditors shall not impair or otherwise affect the Stalking Horse Purchaser's entitlement to the benefits of the Bidding Procedures and related protections granted under the Bidding Procedures Order.

F. Evaluation of Competing Bids

A Qualified Bid will be valued based upon several factors including, without limitation: (i) the amount of such bid; (ii) the risks and timing associated with consummating such bid; (iii) any proposed revisions to the form of Stalking Horse APA; and (iv) any other factors deemed relevant by the Debtors in their reasonable discretion, in consultation with the Consultation Parties, including the amount of cash included in the bid.

G. No Qualified Bids

If the Debtors do not receive any Qualified Bids other than the Stalking Horse APA, the Debtors will not hold an auction and the Stalking Horse Purchaser will be named the Successful Bidder for the Purchased Assets. If the Debtors receive one or more qualified Partial Bid Auction Qualified Bids and, after the Partial Bid Auction contemplated by Section (H) of these Bidding Procedures, the Debtors will determine, in consultation with the Consultation Parties, if there are any Partial Bidders that will not be qualified to participate at the Full Bid Auction

H. Auction Process

If the Debtors receive one or more Partial Bid Auction Qualified Bids as set forth above, the Debtors will conduct separate auctions of each asset or combinations thereof (each, a "Partial Bid Auction"). Any Partial Bidder holding a Partial Bid Auction Qualified Bid shall be entitled to bid on any assets in any Partial Bid Auction(s). The procedures below for the Full Bid Auction shall apply to the Partial Bid Auction, except as where otherwise indicated. The Debtors will conduct the Partial Bid Auction(s), which shall be transcribed, on April 8, 2019 at 10:00 a.m. (prevailing Pacific Time) at the offices of Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los

Angeles, CA 90017, or such other location as shall be timely communicated to all entities entitled to attend the Auction.

The Partial Bid Auction Qualified Bids determined by the Debtors, in consultation with the Consultation Parties, at the Partial Bid Auction(s) (as set forth above) to be eligible to participate at the Full Bid Auction, including (without limitation) the highest and best bids for each asset (the "Winning Partial Bids"), shall be permitted to participate in the Full Bid Auction (as defined below) of the Purchased Assets and/or the Other Assets; except that:

- (a) If the Partial Bids, at the conclusion of the Partial Bid Auction, include all four APA Facilities and exceed, in the aggregate, the Purchase Price in the Stalking Horse APA, there will be a Full Bid Auction (as defined below) and (1) the Stalking Horse Purchaser may overbid in the aggregate for all four APA Facilities, or (2) the Stalking Horse Purchaser may bid for less than the four APA Facilities and be entitled to a pro-rata Break-Up Fee for the APA Facilities which the Stalking Horse Purchaser does not acquire, as specified in the Stalking Horse APA at Section 6.1 (b)(2);
- (b) If the Partial Bids do not include all four APA Facilities, and if there are no other Qualified Full Bids, then Seller, in its discretion, after consultation with the Consultation Parties, may choose, at the conclusion of the Partial Bid Auction, (1) to have no Full Bid Auction, and the Stalking Horse Purchaser will purchase the four APA Facilities pursuant to the Stalking Horse APA, or (2) if the Debtor and Consultation Parties deem the aggregate designated Winning Partial Bid(s) to be sufficient to warrant leaving one or more APA Facilities behind (the "Remaining Facility"), the Stalking Horse Purchaser shall have the option of (i) acquiring the Remaining Facility at the allocated price in the Stalking Horse APA, (ii) overbidding one or more of the Partial Bids, or (iii) terminating the Stalking Horse APA. In either event, the Stalking Horse Purchaser shall be entitled to the Break-Up Fee for all of the APA Facilities not acquired by the Stalking Horse Purchaser.

If the Debtors receive, in addition to the Stalking Horse APA, one or more Qualified Full Bids (and/or a combination of Winning Partial Bids from the Partial Bid Auction(s) seeking, on aggregate basis, to purchase all or substantially all of the Purchased Assets and/or the Other Assets), the Debtors will conduct a full bid auction of the Purchased Assets and/or the Other Assets (the "Full Bid Auction"), which shall be transcribed, on April 9, 2019 (the "Full Bid Auction Date"), at 10:00 a.m. (prevailing Pacific Time), at the offices of Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017, or such other location as shall be timely communicated to all entities entitled to attend the Auction.

The Full Bid Auction shall be conducted in accordance with the following procedures:

- a) only the Debtors, the Stalking Horse Purchaser, Qualified Bidders who have timely submitted a Qualified Bid, the U.S. Trustee, and the Consultation Parties, and their

respective advisors, and other parties who request and receive authority to attend the auction in advance from the Debtors may attend the Auction;

- b) only the Stalking Horse Purchaser and the Qualified Bidders who have timely submitted Qualified Bids will be entitled to make any subsequent bids at the Auction;
- c) each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale;
- d) all Qualified Bidders who have timely submitted Qualified Bids will be entitled to be present for all Subsequent Bids (defined herein) at the relevant Auction and the actual identity of each Qualified Bidder will be disclosed on the record at the relevant Auction; provided that all Qualified Bidders wishing to attend the relevant Auction must have at least one individual representative with authority to bind such Qualified Bidder attending the relevant Auction in person;
- e) the Debtors, after consultation with the Consultation Parties and the Stalking Horse Purchaser, may employ and announce at the relevant Auction additional procedural rules that are (i) reasonable under the circumstances for conducting the relevant Auction, (ii) in the best interest of the Debtors' estates; provided, however, that rules (i) are disclosed to the Stalking Horse Purchaser and each Qualified Bidder participating in the Auction, and (ii) are not inconsistent with the Bid Protections, the Stalking Horse APA, the Bankruptcy Code, or any order of the Court entered in connection herewith;
- f) bidding at the relevant Auction will begin with a bid determined by the Debtors after consulting with the Consultation Parties as being the then highest and best bid which will be announced by the Debtors prior to the commencement of the Auction (the "Baseline Bid"). The Auction will continue in bidding increments to be determined in the discretion of the Debtors, in consultation with the Consultation Parties (each a "Overbid"), and all material terms of each Overbid shall be fully disclosed to all other Qualified Bidders who submitted Qualified Bids and are in attendance at the Auction (including, without limitation, Winning Partial Bids), as well as to the Notice Parties;
- g) the initial Overbid, if any, shall provide for total consideration to Debtors with a value that exceeds the value of the consideration under the Baseline Bid by an incremental amount. Additional consideration in excess of the amount set forth in the respective Baseline Bid must include: (i) cash and/or (ii) in the case of a Qualified Bidder (including, without limitation, with respect to any Winning Partial Bids) that is a Credit Bid Bidder that has a valid and perfected lien (not subject to a Challenge within the meaning the Final DIP Order) on any of the Purchased Assets and/or the Other Assets, a Credit Bid of up to the full amount of such Credit Bidder's allowed perfected lien, subject to § 363(k) and any other restrictions set forth herein; and

- i) at the Full Bid Auction, the Stalking Horse Purchaser may, subject to the terms and conditions set forth herein, elect to bid for the Purchased Assets as described in the Bid Procedures Order. In the alternative, the Stalking Horse Purchaser, and any bidder with a Qualified Full Bid, (a) may elect to bid against any one or more of the Winning Partial Bidders for the assets subject to the relevant Partial Bid(s), in lieu of seeking to acquire such Purchased Assets and/or Other Assets by means of the Stalking Horse Bid or another Qualified Full Bid; and (b) if successful with its Overbids for such assets, replace the Winning Partial Bidder(s) as the proponent of the relevant Winning Partial Bids or Aggregate Winning Partial Bid as to such assets. In the event that the Stalking Horse Purchaser or another bidder so elects, and as long as the Stalking Horse Purchaser or another bidder so bids, the Winning Partial Bidders must continue to present qualified Winning Partial Bids (i.e., bids as to which the aggregate of all still pending Winning Partial Bids is greater than or equal to the then Prevailing Highest Bid) for the Purchased Assets and/or the Other Assets in each round to continue to bid as Winning Partial Bidders in the Full Bid Auction. In addition, the Debtors may elect, in their discretion, after consultation with the Consultation Parties, to allow Partial Bidders to bid for all or substantially all the Purchased Assets and/or the Other Assets subject to augmenting its Good Faith Deposit, as necessary, or to allow proponents of Full Bids to bid for less than all or substantially all of the Purchased Assets and/or the Other Assets in any given round of the Auction, provided that in any given round there is a Full Bid or an Aggregate Partial Bid that is superior to Prevailing Highest Bid that is then subject to acceptance by the Debtors and binding on the Stalking Horse Purchaser or another Qualified Bidder. In all events, (i) any such Overbid shall continue to comply with all of the requirements for Qualified Bids set forth in Section C of these Bidding Procedures; and (ii) the bidder submitting such a modified Qualified Bid or Qualified Partial Bid shall furnish to the Debtors and the Consultation Parties, within twenty-four (24) hours of the conclusion of the Auction, a revised Purchase Agreement and Marked Agreement showing all amendments and modifications to the Stalking Horse APA and the Sale Order.

I. Selection of Successful Bid

Prior to the conclusion of the relevant Auction, the Debtors, in consultation with the Consultation Parties, will review and evaluate each Qualified Bid in accordance with the procedures set forth herein and determine which offer or offers are the highest or otherwise best from among the Qualified Bids submitted at the relevant Auction (one or more such bids, collectively the “Successful Bid” and the bidder(s) making such bid, collectively, the “Successful Bidder”), and communicate to the Qualified Bidders the identity of the Successful Bidder and the details of the Successful Bid. The determination of the Successful Bid by the Debtors at the conclusion of the relevant Auction shall be subject to approval by the Court.

If selected, at the conclusion of the Partial Bid Auction, as the Winning Partial Bidder or the Back-Up Bidder in accordance with Section H above, then such party or parties, prior to the Full Bid Auction, shall increase its Good Faith Deposit in the amount set forth in Section II(C)(o), or as determined by the Seller in consultation with the Consultation Parties; provided, however, if a party or parties are bidding on all four APA Facilities, the deposit will be no less than \$30,000,000.

If selected as the Successful Bidder or the Back-Up Bidder at the conclusion of the Full Bid Auction, each of the Successful Bidder and the Back-Up Bidder shall, within forty-eight (48) hours, increase its Good Faith Deposit to the sum of five percent (5%) of the Successful Bid or Back-Up Bid, as applicable. If the Successful Bidder fails to increase the Good Faith Deposit within forty-eight (48) hours of the Auction conclusion date (the “Final Deposit”), then (1) the Successful Bidder forfeits its Good Faith Deposit, and (2) the Successful Bid is nullified (i.e., the Back-Up Bidder becomes the Successful Bidder in the amount of its last bid).

Unless otherwise agreed to by the Debtors and the Successful Bidder, within two (2) business days after the conclusion of the relevant Auction, the Successful Bidder shall complete and execute all agreements, contracts, instruments, and other documents evidencing and containing the terms and conditions upon which the Successful Bid was made. Within forty-eight (48) hours following the conclusion of the relevant Auction, the Debtors shall file a notice identifying the Successful Bidder(s) and Back-Up Bidders with the Court and shall serve such notice by fax, email, or if neither is available, by overnight mail to all counterparties whose contracts are to be assumed and assigned.

The Debtors will sell the Purchased Assets and (to extent included in an Overbid) the Other Assets to the Successful Bidder pursuant to the terms of the Successful Bid upon the approval of such Successful Bid by the Court at the Sale Hearing and satisfaction of any other closing conditions set forth in the Successful Bidder’s Purchase Agreement.

J. Return of Deposits

All deposits shall be returned to each bidder not selected by the Debtors as the Successful Bidder or the Back-Up Bidder (defined herein) no later than five (5) business days following the conclusion of the Auction.

K. Back-Up Bidder

If an Auction is conducted, the Qualified Bidder or Qualified Bidders with the next highest or otherwise best Qualified Bid, as determined by the Debtors in the exercise of their business judgment, in consultation with the Consultation Parties, at the relevant Auction shall be required to serve as a back-up bidder (the “Back-Up Bidder”) and keep such bid open and irrevocable for thirty (30) business days after the entry of the Sale Order (the “Thirty-Day Period”). If during the Thirty-Day Period, the Successful Bidder fails to consummate the approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Back-Up Bidder will be deemed to be the new Successful Bidder, and the Debtors will be authorized, but not required, to consummate the sale with the Back-Up Bidder without further order of the Court provided that the Back-Up Bidder shall thereafter keep such bid open and irrevocable in accordance with the terms of the Back-Up Bidder APA; provided further, however, that if the Back-Up Bidder is the Stalking Horse Purchaser, the Debtors will be authorized and required to consummate the sale to the Stalking Horse Purchaser.

If, after the Thirty-Day Period, the Successful Bidder has failed to consummate the approved sale, the Back-Up Bidder may elect, at its discretion, to remain as the Back-Up Bidder until (a) the sale closes, (b) the Successful Bidder defaults, or (c) the Back-Up Bidder elects to terminate its

participation as Back-Up Bidder. For the avoidance of doubt, after the Thirty-Day Period, if the Successful Bidder fails to consummate the approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Back-Up Bidder will not be contractually obligated to be the Back-Up Bidder, and will have the option to either (i) be entitled to terminate its Back-Up Bidder APA and the return of its deposit, or (ii) remain as the Back-up Bidder, in which event, there will be no re-opening of the auction.

L. Break-Up Fee

In recognition of this expenditure of time, energy, and resources, the Debtors have agreed that if the Stalking Horse Purchaser is not the Successful Bidder as to the Purchased Assets, the Debtors will pay the Stalking Horse Purchaser at closing of the sale of the Purchased Assets the Break-Up Fee and the Expense Reimbursement as set forth in the Stalking Horse APA.

III. Sale Hearing

The Debtors will seek entry of the Sale Order, at the Sale Hearing on April 17, 2019, at 10:00 a.m. (or at another date and time convenient to the Court), to approve and authorize the sale transaction to the Successful Bidder(s) on terms and conditions determined in accordance with the Bidding Procedures. The Debtors may submit and present such additional evidence, as they may deem necessary, at the Sale Hearing demonstrating that the Sale is fair, reasonable, and in the best interest of the Debtors' estates and all interested parties, and satisfies the standards necessary to approve a sale of the Purchased Assets."

IV. Sale Order

The Sale Order will provide Court approval of (i) the Sale to the Successful Bidder, free and clear of all liens, claims, interests, and encumbrances, pursuant to 11 U.S.C. § 363, with the proceeds of the Sale deposited in accordance with Paragraph 4 of the Final DIP Order, with all liens, claims, interests, and encumbrances to attach to the sale proceeds with the same validity and in the same order of priority as they attached to the Purchased Assets prior to the Sale, including, without limitation, the liens and security interests of the DIP Lender and each of the Prepetition Secured Creditors under the relevant agreements, applicable law and the Final DIP Order, and (ii) the assumption by the Debtors and assignment to the Successful Bidder of the Assumed Executory Contracts and Leases pursuant to 11 U.S.C. § 365.

VII. Reservation

The Debtors reserve the right, as they may determine in their discretion and in accordance with their business judgment to be in the best interest of their estates, in consultation with their professionals and the Consultation Parties to: (i) modify the Bidding Procedures to discontinue incremental bidding and then require that any and all bidders or potential purchasers submit their sealed, highest and best offer for the Purchased Assets and/or the Other Assets; (ii) determine which Qualified Bid is the highest or otherwise best bid and which is the next highest or otherwise best bid; (iii) waive terms and conditions set forth herein with respect to all Potential Bidders; (iv)

impose additional terms and conditions with respect to all Potential Bidders; (v) extend the deadlines set forth herein; (vi) continue or cancel an Auction and/or Sale Hearing in open court without further notice; and (vii) implement additional procedural rules that the Debtors determine, in their reasonable business judgment and in consultation with the Consultation Parties will better promote the goals of the bidding process; provided that such modifications are disclosed to each Qualified Bidder participating in the Auction; provided, however, and notwithstanding the foregoing, these Bid Procedures shall not be modified so as to alter, extinguish or modify any rights or interests of the Stalking Horse Purchaser expressly set forth herein or in the Stalking Horse APA.

Schedule 8.6 - Attorney General Provisions

See attached "Schedule 8.6 re AG Conditions.pdf"

Schedule 8.6 –AG Conditions**I. St. Francis Medical Center**

St. Francis Medical Center	AG Conditions¹	Purchaser Approved Conditions²
Binding Power	<ul style="list-style-type: none"> • Conditions shall be binding on entities enumerated in AG Conditions. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • Conform to the transaction described in the Asset Purchase Agreement between SGM and Seller to which this Schedule 8.6 is related (“Agreement”). • SGM entities who are involved in the purchase of assets pursuant to the Agreement would agree to be bound by the prospective AG conditions substantively conforming to all the provisions herein.
Applicable Agreements	<ul style="list-style-type: none"> • Transaction consists of the following: <ul style="list-style-type: none"> - Transitional Consulting Services Agreement dated July 17, 2015; - Health System Management Agreement with Integrity Healthcare, LLC; - Debt Facility Commitment Letter dated July 17, 2015, signed by all the funds listed in footnote 2 and BlueMeridian Capital, LLC; - Operating Asset Purchase 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • Transaction consists of the Agreement and any and all other agreements contemplated and delivered pursuant to the Agreement including as may be applicable, financing, management services and similar agreements.

¹ The referenced conditions are, as a point of reference, reflective of the conditions contained in the Attorney General’s Decision dated December 3, 2015, conditionally consenting to the proposed change in governance and control of Daughters of Charity Ministry Services Corporation and Daughters of Charity Health System (the “**Prior Conditions**”).

² When reference is made for the proposed new AG conditions to conform to the transaction described in the Agreement, it means that, subject to any other applicable express qualifications, the condition is acceptable provided that the prospective AG conditions would address, and be consistent with, the proposed transaction pursuant to the proposed Agreement between SGM and Verity entities, and would eliminate references to the Blue Mountain entities and affiliate and the contractual arrangements between Verity entities and the Blue Mountain entities and affiliates (upon which the prior conditions were predicated), including without limitation, the System Restructuring and Support Agreement and documents delivered in connection therewith.

	<p>Option Agreement;</p> <ul style="list-style-type: none"> - Operating Asset Purchase Agreement; - Real Estate Purchase Option Agreement; - Real Estate Purchase Agreement; - Information Technology Lease Agreement; and - Deposit Escrow Agreement dated July 17, 2015. 	
Notice of Sale or Transfer	<p><i>For fifteen (15) years:</i></p> <ul style="list-style-type: none"> • Provide written notice to AG sixty (60) days prior to entering into any sale or transfer agreement. 	Purchaser accepts this condition if updated to reflect current transaction and parties.
Medical; Trauma Services	<p><i>For ten (10) years:</i></p> <ul style="list-style-type: none"> • Remain licensed general acute care hospital. • 24-hour emergency and trauma medical services at no less than current licensure and designation with same types and/or levels of service, including: <ul style="list-style-type: none"> - 46 emergency stations (minimum) - Level II Trauma - 5150 receiving facility - Psychiatric evaluation team - ED Approved for Pediatrics; and - Designation as a Paramedic Base Station (with same number of assigned paramedic units) • Annual maximum number of hours on diversion is 200. • Must give one-year advance written notice to LA-EMSA and CDPH if it seeks to reduce trauma or trauma-related care services or stop operating the Level II Trauma Center after the ten (10) years 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. • Purchaser will not agree to an annual maximum number of hours on diversion.
On-Call Coverage Contracts	<p><i>For at least ten (10) years:</i></p> <ul style="list-style-type: none"> • Maintain on-call coverage (or 	Purchaser accepts this condition with the following changes:

	<p>comparable) contracts with physicians at FMV necessary to ensure trauma coverage, including:</p> <ul style="list-style-type: none"> - General surgery; - Trauma surgery; - Neuro-trauma surgery; - Obstetrical/gynecological surgery; - Orthopedic surgery; - Trauma orthopedic surgery; - Vascular surgery; - Cardiothoracic surgery; - Plastic surgery; - Ophthalmology; - Otolaryngology; - Anesthesia; and -Urology. 	<ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Purchaser will not agree to maintain on-call coverage (or comparable) contracts with physicians necessary to ensure trauma coverage except to the extent required by applicable laws or regulations in order for the Hospital to retain its qualification as a trauma center, for so long as maintenance of the trauma status is required. ● These qualifications are not intended to modify the following condition on Essential Medical Services.
Essential Medical Services	<p><i>For at least ten (10) years:</i></p> <ul style="list-style-type: none"> ● Maintain, provide and expand the following services at current levels: <ul style="list-style-type: none"> - Cardiac services, including at a minimum, three cardiac catheterization labs and the designation as a STEMI Receiving Center; - Critical care services, including a minimum of 36 intensive care unit beds or 24 intensive care unit beds and 12 System Restructuring and Support observation beds; - Advanced certification as a Primary Stroke Center; - Neonatal intensive care services, including a minimum of 29 neonatal intensive care beds, and at minimum, maintaining a Level II Neonatal Intensive Care Unit; - Women's health services, including women's imaging services; 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Purchaser will not agree to maintain, provide and expand cancer care or to not suspend or surrender beds directly supporting such services.

	<ul style="list-style-type: none"> - Cancer services, including radiation oncology; - Pediatric services, including a minimum of 14 pediatric beds; - Orthopedic and rehabilitation services; - Wound care and hyperbaric medicine services; - Reproductive health services and expand such services to include those prohibited by the "Ethical and Religious Directives for Catholic Health Care Services" as determined by the United States Conference of Catholic Bishops; - Inpatient psychiatric services, including a minimum of 40 inpatient acute psychiatric beds; and - Obstetric services, including a minimum of 50 obstetrics beds. ● SFMC shall not place all or any portion of the above in voluntary suspension or surrender its license for any of these beds or services. 	
1206(d) clinics	<p><i>For five (5) years:</i></p> <ul style="list-style-type: none"> ● (1) Operate the 1206(d) clinics (listed below) with the same number of physician and mid-level provider FTEs; or (2) sell the 1206(d) clinics (listed below) with the same number of physician and mid-level provider FTEs and require purchaser to maintain such services for five (5) years from the Closing; or (3) ensure that a third party is operating the 1206(d) clinics (listed below) with the same number of physician and mid-level provider FTEs for five (5) years and to participate in Medi-Cal and Medicare. ● For any of these options, each 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.

	<p>clinic can be moved to a different location within a three-mile radius of each clinic's current location, and St. Francis Medical Center can utilize an alternative structure (e.g., Federally Qualified Health Center, physician office practice) in providing such services.</p> <p>● <u>1206(d) clinics</u></p> <ul style="list-style-type: none"> - Lynwood Clinic — Family Practice and Pediatrics, located at 3628 E. Imperial Highway, #303 in Lynwood; - Downey Clinic — Family Practice and Pediatrics, located at 7840 Imperial Highway, Unit B, in Downey; and - Orthopedics Clinic, located at 3628 E. Imperial Highway, #300, in Lynwood. 	
Charity Care	<p><i>For eleven (11) fiscal years :</i></p> <ul style="list-style-type: none"> ● Provide an annual amount of Charity Care equal to or greater than \$16,646,323. ● For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not, decreased) by an amount equal to the Annual Percent increase. ● Deficiency payments if Minimum Charity Care Amount not met. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Provide an annual amount of Charity Care equal to or greater than Eight Million Dollars (\$8,000,000). ● Purchaser will not make any deficiency payments related to Charity Care spending into pensions.
Community Benefit Services	<p><i>For eleven (11) fiscal years:</i></p> <ul style="list-style-type: none"> ● Provide an annual amount of Community Benefit Services equal to or greater than \$1,362,680 and continue to offer the following services: <ul style="list-style-type: none"> - Health Benefits Resource Center; - Welcome Baby Program; - Healthy Community Initiatives; 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Provide an annual amount of Community Benefit Services equal to or greater than One Million, Four Hundred Thirty-Nine Thousand, Eight Hundred Fifty-

	<ul style="list-style-type: none"> - St. Francis Career College's access for onsite training; - Paramedic Training and Education; and - Patient Transportation support. ● For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change. ● Deficiency payments if Minimum Community Benefit Services Amount not met. 	Four Dollars (\$1,439,854).
Medicare and Medi-Cal and Managed Care	<p><i>For ten (10) years:</i></p> <ul style="list-style-type: none"> ● Be certified to participate in the Medi-Cal program; ● Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care), on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause: <ul style="list-style-type: none"> - Local Initiative: LA Care Health Plan or its successor; and - Commercial Plan: Health Net Community Solutions, Inc. or its successor. ● If St. Francis Medical Center questions whether it is being 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.

	<p>reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the AG's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.</p> <ul style="list-style-type: none"> ● Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care). 	
County Contracts	<p><i>For at least ten (10) years:</i></p> <ul style="list-style-type: none"> ● Maintain LA County contracts, including: <ul style="list-style-type: none"> - Radiation Therapy Services Agreement; - Impacted Hospital Program Agreement until terminated by Los Angeles County in June 2016; - Department of Mental Health Legal Entity Agreement; - Mental Health Services Agreement Contract Allowable Rate-Fee for Service Medi-Cal Acute Psychiatric Inpatient Services; - EDAP Confirmation Agreement; - Designation Agreement (72-Hours Evaluation and Intensive Treatment Facility); - Paramedic Base Hospital Services Agreement; 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Conform to current transaction

	<ul style="list-style-type: none"> - Trauma Center Services Agreement; - Trauma Center Services Augmentation Agreement until terminated by Los Angeles County in December 2015; - Nursing Affiliation Agreement; and - Hospital Preparedness Program Agreement. • Provide to LA County information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Francis Medical Center. The goal is to ensure that St. Francis Medical Center's decisions or changes in these areas will not be motivated by a desire to move away from serving the Medi-Cal population. Such information and documents will also be provided to the Local Governing Board. 	
Local Governing Board of Directors	<p><i>For ten (10) years:</i></p> <ul style="list-style-type: none"> • Have a Local Governing Board of Directors and consult with Board prior to changes. 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Capital Commitment	<ul style="list-style-type: none"> • Reserve or expend the \$180 million capital commitment. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • Capital commitment will be adjusted as follows: <ul style="list-style-type: none"> - Prorated to adjust commitment to reflect percentage of assets St. Francis Medical Center represents against the total value of all assets in the Verity Health System; - The capital commitment will be reduced by the amount Seller has already expended for capital from the Closing of the Blue Mountain transaction through Closing under

		<p>the Agreement.</p> <ul style="list-style-type: none"> - All to be paid or reserved over a five (5) year period after Closing of the Agreement. - The total capital requirements for St. Francis Medical Center, Seton Medical Center / Coastsides, and St. Vincent Medical Center will not exceed Seventy-Five Million Dollars (\$75,000,000).
Pension Obligations	<ul style="list-style-type: none"> • Comply with existing pension obligations. 	Purchaser does not accept this condition.
Staff Privileges	<ul style="list-style-type: none"> • Maintain privileges for current medical staff in good standing at Closing. • Maintain medical staff officers, committee chairs, and independence of medical staff, and such persons shall remain in good standing for the remainder of their tenure. 	<ul style="list-style-type: none"> • Purchaser accepts this condition consistent with the Agreement. • Agreed to the extent reasonably within SGM's control.
Seismic Compliance	<ul style="list-style-type: none"> • Commit necessary investments to maintain OSHPD seismic compliance requirements of hospital through 2030. 	Purchaser accepts this condition.
Update Bylaws and Conflict of Interest Policy	<ul style="list-style-type: none"> • Within sixty (60) days, update Bylaws as specified and adopt same Conflict of Interest Policy as DCHS. • Within ninety (90) days of closing, provide copies of amended and restated governing documents. 	Purchaser does not accept this condition because it is not applicable to a for-profit health system or consistent with this transaction.
Reproductive Health Services and LGBT Discrimination	<ul style="list-style-type: none"> • There shall be no restriction or limitation on providing or making reproductive health services and no discrimination against LGBT individuals. Both of these must be set forth in written policies. 	Purchaser accepts this condition.

Accounting of Charitable Assets	<ul style="list-style-type: none"> At least thirty (30) days prior to Closing, provide to the Attorney General's Office an accounting of all charitable assets. 	Purchaser does not accept this condition because it is not acquiring the Foundations.
Compliance Reports and Provision of Information	<ul style="list-style-type: none"> Provide reports/information as required by AG for eleven years. 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Consent to Conditions	<ul style="list-style-type: none"> Implicit/explicit consent to conditions and waiver of any right to seek judicial relief. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> Implicit/explicit consent to conditions and waiver of any right to seek judicial relief as long as consistent with the Agreement.

II. St. Vincent Medical Center

St. Vincent Medical Center	AG Conditions	Purchaser Approved Conditions
Binding Power	<ul style="list-style-type: none"> Conditions shall be binding on entities enumerated in AG Conditions. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> Conform to the transaction described in the Agreement. SGM entities who are involved in the purchase of assets pursuant to the Agreement would agree to be bound by prospective AG conditions substantively conforming to all the provisions herein.
Applicable Agreements	<ul style="list-style-type: none"> Transaction consists of the following: <ul style="list-style-type: none"> Transitional Consulting Services Agreement dated July 17, 2015; Health System Management Agreement with Integrity Healthcare, LLC; Debt Facility Commitment Letter dated July 17, 2015, signed by all the funds listed in footnote 2 and BlueMeridian Capital, LLC; Operating Asset Purchase Option Agreement; 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> Transaction consists of the Agreement and any and all other agreements contemplated and delivered pursuant to the Agreement including, as may be applicable, financing, management services and similar agreements.

	<ul style="list-style-type: none"> - Operating Asset Purchase Agreement; - Real Estate Purchase Option Agreement; - Real Estate Purchase Agreement; - Information Technology Lease Agreement; and - Deposit Escrow Agreement dated July 17, 2015. 	
Notice of Sale or Transfer	<p><i>For fifteen (15) years:</i></p> <ul style="list-style-type: none"> ● Provide written notice to AG sixty (60) days prior to entering into any sale or transfer agreement. 	Purchaser accepts this condition if updated to reflect current transaction and parties.
Essential Medical Services	<p><i>For five (5) years:</i></p> <ul style="list-style-type: none"> ● Remain licensed general acute care hospital. ● Provide the following: <ul style="list-style-type: none"> - 24-hour emergency medical services, including a minimum of: <ul style="list-style-type: none"> - 8 emergency beds/stations and 6 Fast Track treatment stations, and the requirements set by the County of Los Angeles Emergency Medical Services for 911 Receiving Hospitals; - Acute rehabilitation services, including a minimum of 19 licensed acute rehabilitation beds; - Intensive care/critical care services, including a minimum of 30 licensed intensive care beds; - Cardiac services, including cardiac surgery and a minimum of 4 cardiac catheterization labs; - Cancer services, including radiation therapy; - Gastroenterology services; - Imaging and laboratory services; - Nephrology services, including end stage renal disease program, acute inpatient dialysis unit, and 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Purchaser will not agree to maintain, provide and expand cancer care, including radiation therapy or to not suspend or surrender beds directly supporting such services.

	<p>hemodialysis treatments;</p> <ul style="list-style-type: none">- Neurology and neurotology services, including neurosurgery;- Orthopedics, joint replacement, and spine care services;- Transplant services, including kidney and multi-organ transplant procedures for kidney/pancreas double transplants; and- Outpatient dialysis services within 5 miles of St. Vincent Medical Center by either (1) operating St. Vincent Dialysis Center, or (2) transferring St. Vincent Dialysis Center to a separate entity and requiring that entity to operate it for 5 years from the closing date of the System Restructuring and Support Agreement and to participate in the Medi-Cal and Medicare programs as required in Condition VII, or (3) ensuring that a third party is operating an outpatient dialysis center(s) at current levels for 5 years from the closing date of the System Restructuring and Support Agreement	
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	<p>and that such center(s) participate in the Medi-Cal and Medicare programs as required in Condition VII.</p> <ul style="list-style-type: none"> • St. Vincent Medical Center shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services. 	
OB & Reproductive Services	<p><i>Within five (5) years:</i></p> <ul style="list-style-type: none"> • If St. Vincent Medical Center provides obstetrical services within five years from the closing date of the System Restructuring and Support Agreement, St. Vincent Medical Center shall also provide reproductive health services including such services prohibited by the “Ethical and Religious Directives for Catholic Health Care Services” as determined by the United States Conference of Catholic Bishops. 	<p>Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.</p> <p>.</p>
1206(d) clinics	<p><i>For five (5) years:</i></p> <ul style="list-style-type: none"> • (1) Operate the 1206(d) clinics (listed below) at same levels; OR (2) sell the 1206(d) clinics (listed below) with the same number of physician and mid-level provider FTEs and require purchaser to maintain such services for five (5) years from the Closing; OR (3) ensure that a third party is operating the 1206(d) clinics (listed below) at the same levels for five (5) years and to participate in Medi-Cal and Medicare as stated in Condition VII. • For any of these options, each clinic can be moved to a different 	<p>Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.</p> <p>.</p>

	<p>location within a two-mile radius of each clinic's current location, and SVMC can utilize an alternative structure (e.g., Federally Qualified Health Center, physician office practice) in providing such services.</p> <p>● <u>1206(d) clinics</u></p> <ul style="list-style-type: none"> - Joint Replacement Institute, located at 2200 West 3rd Street in Los Angeles; - Multi-Organ Transplant Center, located at 2200 West 3rd Street in Los Angeles; - Spine Institute, located at 2200 West 3rd Street in Los Angeles; - Cancer Treatment Center, located at 201 S. Alvarado Street in Los Angeles; and - Cardiac Care Institute, located at 201 S. Alvarado Street in Los Angeles. 	
Charity Care	<p><i>For six (6) fiscal years:</i></p> <ul style="list-style-type: none"> ● Provide an annual amount of Charity Care equal to or greater than \$407,513. ● For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not, decreased) by an amount equal to the Annual Percent increase. ● Deficiency payments if Minimum Charity Care Amount not met. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Provide an annual amount of Charity Care equal to or greater than Four Hundred Thirty Thousand Dollars and Three Hundred Eighty-Four Dollars (\$430,384). ● Purchaser will not make any deficiency payments related to Charity Care spending into pensions.
Community Benefit Services	<p><i>For six (6) fiscal years:</i></p> <ul style="list-style-type: none"> ● Provide an annual amount of Community Benefit Services at St. Vincent Medical Center equal to or greater than \$1,076,459 exclusive of any funds from grants. For six fiscal years, the following community benefit programs and services shall continue to be offered: 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Provide an annual amount of Community Benefit Services at St. Vincent Medical Center equal to or

	<ul style="list-style-type: none"> - Health Benefits Resource Center or similar services; and - Asian Pacific Liver Center. • Further planning of and changes to, the community benefit services provided at St. Vincent Medical Center shall be decided upon by the St. Vincent Medical Center's Board of Directors after consultation with the Local Governing Board of Directors as set forth in Condition XI. • For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change. • Deficiency payments if Minimum Community Benefit Services Amount not met 	greater than of One Million Seventy-Six Thousand and Four Hundred Fifty-Nine Dollars (\$1,076,459) exclusive of any funds from grants.
Medicare and Medi-Cal and Managed Care	<p><i>For five (5) years:</i></p> <ul style="list-style-type: none"> • Be certified to participate in the Medi-Cal program; • Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Vincent Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care), on the same terms and conditions as other similarly-situated hospitals offering substantially the same services, without any loss; interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause: - Local Initiative Plan: LA Care Health Plan or its successor; and 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.

	<p>- Commercial Plan: Health Net Community Solutions, Inc. or its successor.</p> <ul style="list-style-type: none"> • If St. Vincent Medical Center questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the AG's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action. • Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Vincent Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care). 	
County Contracts	<p><i>For at least five (5) years:</i></p> <ul style="list-style-type: none"> • Maintain contracts and any amendments and exhibits thereto with the County of Los Angeles for services, including the following: <ul style="list-style-type: none"> - Hospital Preparedness Program Agreement; - Radiation Therapy Services Agreement; and - Physician Post Graduate Training Agreement. • Provide to the Los Angeles County Department of Health Services and Los Angeles County of Department of Mental Health information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Vincent 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. • Conform to current transaction.

	Medical Center. The goal is to ensure that St. Vincent Medical Center's decisions or changes in these areas will not be motivated by a desire to move away from serving the Medi-Cal population. Such information and documents will also be provided to the Local Governing Board.	
Local Governing Board of Directors	<i>For five (5) years:</i> <ul style="list-style-type: none"> • Have a Local Governing Board of Directors and consult with Board prior to changes. 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Capital Commitment	<ul style="list-style-type: none"> • Reserve or expend the \$180 million capital commitment. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • Capital commitment will be adjusted as follows: <ul style="list-style-type: none"> - Prorated to adjust commitment to reflect percentage of assets St. Francis Medical Center represents against the total value of all assets in the Verity Health System; - The capital commitment will be reduced by the amount Seller has already expended for capital from the Closing of the Blue Mountain transaction through Closing under the Agreement. - All to be paid or reserved over a five (5) year period after Closing of the Agreement. <p>The total capital requirements for St. Francis Medical Center, Seton Medical Center / Coastsides, and St. Vincent Medical Center will not exceed Seventy-Five Million Dollars (\$75,000,000).</p>
Pension Obligations	<ul style="list-style-type: none"> • Comply with pension obligations. 	Purchaser does not accept this condition.
Staff Privileges	<ul style="list-style-type: none"> • Maintain privileges for current medical staff in good standing at 	<ul style="list-style-type: none"> • Purchaser accepts this condition consistent with Agreement.

	<p>Closing.</p> <ul style="list-style-type: none"> ● Maintain medical staff officers, committee chairs, and independence of medical staff, and such persons shall remain in good standing for the remainder of their tenure. 	<ul style="list-style-type: none"> ● Agreed to the extent reasonably within SGM's control.
Seismic Compliance	<ul style="list-style-type: none"> ● Commit necessary investments to maintain OSHPD seismic compliance requirements through 2030 ● Purchaser shall commit the necessary capital investment required to refurbish St. Vincent Medical Center's elevators in order to meet the City of Los Angeles' Elevator Code. 	<ul style="list-style-type: none"> ● Purchase accepts this condition subject to completion of project to refurbish 6 elevators prior to closing.
Update Bylaws and Conflict of Interest Policy	<ul style="list-style-type: none"> ● Within sixty (60) days, update Bylaws as specified and adopt same Conflict of Interest Policy as DCHS. ● Within ninety (90) days of Closing, provide copies of amended and restated governing documents. 	Purchaser does not accept this condition because it is not applicable to a for-profit health system or consistent with this transaction .
Reproductive Health Services and LGBT Discrimination	<ul style="list-style-type: none"> ● There shall be no restriction or limitation on providing or making reproductive health services and no discrimination against LGBT individuals. Both of these must be set forth in written policies. 	Purchaser accepts this condition.
Accounting of Charitable Assets	<ul style="list-style-type: none"> ● At least thirty (30) days prior to Closing, provide to the AG's Office an accounting of all charitable assets. 	Purchaser does not accept this condition because it is not relevant to the current transaction.
Compliance Reports and Provision of Information	<ul style="list-style-type: none"> ● Provide reports/information as required by AG for eleven years. 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Consent to Conditions	<ul style="list-style-type: none"> ● Implicit/explicit consent to conditions and waiver of any right to seek judicial relief. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● Implicit/explicit consent to conditions and waiver of any right

		to seek judicial relief as long as consistent with the Agreement.
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III. Seton Medical Center

Seton Medical Center	AG Conditions	Purchaser Approved Conditions
Binding Power	<ul style="list-style-type: none">● Conditions shall be binding on entities enumerated in AG Conditions.	Purchaser accepts this condition with the following changes: <ul style="list-style-type: none">● Conform to the transaction described in the Agreement.● SGM entities who are involved in the purchase of assets pursuant to the Agreement would agree to be bound by the prospective AG conditions substantively conforming to all the provisions herein.

Applicable Agreements	<ul style="list-style-type: none"> ● Transaction consists of the following: <ul style="list-style-type: none"> - Transitional Consulting Services Agreement dated July 17, 2015; - Health System Management Agreement with Integrity Healthcare, LLC; - Debt Facility Commitment Letter dated July 17, 2015, signed by all the funds listed in footnote 2 and BlueMeridian Capital, LLC; - Operating Asset Purchase Option Agreement; - Operating Asset Purchase Agreement; - Real Estate Purchase Option Agreement; - Real Estate Purchase Agreement; - Information Technology Lease Agreement; and - Deposit Escrow Agreement dated July 17, 2015. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● Transaction consists of the Agreement and any and all other agreements contemplated and delivered pursuant to the Agreement including, as may be applicable, financing, management services and similar agreements.
Notice of Sale or Transfer	<p><i>For fifteen (15) years:</i></p> <ul style="list-style-type: none"> ● Provide written notice to AG sixty (60) days prior to entering into any sale or transfer agreement. 	<p>Purchaser accepts this condition if updated to reflect current transaction and parties.</p>
Trauma Services	<p><i>For ten (10) years</i></p> <ul style="list-style-type: none"> ● Seton Medical Center shall remain licensed general acute care hospital and maintain current services at current levels: <ul style="list-style-type: none"> - 24-hour emergency medical services, including a minimum of 18 emergency treatment stations; - Cardiac services, including the 2 cardiac catheterization labs, including the designation as a STEMI 	<p>Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.</p>

	<p>Receiving Center;</p> <ul style="list-style-type: none"> - Intensive care and coronary care services, including a minimum of 20 intensive care and coronary care beds; - Advanced certification as a Primary Stroke Center; - Women's health services, Seton Breast Health Center, and women's imaging and mammography services; and - Sub-acute services, including a minimum of 44 sub-acute beds and Medi-Cal Certification and Joint Commission Accreditation as a sub-acute unit. <p>● Seton Medical Center shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.</p>	
OB & Reproductive Services	<p><i>Within ten (10) years:</i></p> <p>If Seton Medical Center provides obstetrical services within ten years from the closing date of the System Restructuring and Support Agreement, Seton Medical Center shall also provide reproductive health services including such services prohibited by the "Ethical and Religious Directives for Catholic Health Care Services" as determined by the United States Conference of Catholic Bishops.</p>	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Essential Medical Services	<p><i>For at least five (5) years:</i></p> <ul style="list-style-type: none"> ● Seton Medical Center shall maintain the following at current levels: - Gastroenterology services, including enteroscopy, endoscopy, and colonoscopy services; 	<p>Seton Medical Center:</p> <p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.

	<ul style="list-style-type: none"> - Cancer services, including inpatient oncology unit, interventional radiology, radiation therapy, and infusion services; - Orthopedics and rehabilitation services, including joint replacement and spine care services; - Diabetes services, including Northern California Diabetes Institute; - Wound care services, including Seton Center for Advanced Wound Care; and - Nephrology services, including inpatient and outpatient dialysis services. <ul style="list-style-type: none"> ● Seton Medical Center shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services. <p><i>For at least ten (10) years:</i></p> <ul style="list-style-type: none"> ● Seton Coastside shall maintain and provide the following services at current licensure, types, and/or levels of services at Seton Coastside: - 24-hour “standby” emergency services, with a minimum of 7 treatment stations; and - Skilled nursing services, including a minimum of 116 licensed skilled nursing beds. 	<ul style="list-style-type: none"> ● Purchaser will not agree to maintain, provide and expand cancer care at either campus, including inpatient oncology unit, interventional radiology, radiation therapy, and infusion services or to not suspend or surrender any beds directly supporting such services. <p>Seton Coastside: Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.</p>
Charity Care	<p><i>For six (6) fiscal years:</i></p> <ul style="list-style-type: none"> ● Seton Medical Center and Seton Coastside shall provide an annual amount of Charity Care at Seton Medical Center and Seton Coastside equal to or greater than \$1,721,301. ● For the second fiscal year and each subsequent fiscal year, the 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> ● For a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions. ● Seton Medical Center and Seton Coastside together shall provide an annual amount of Charity Care at

	<p>Minimum Charity Care Amount shall be increased (but not, decreased) by an amount equal to the Annual Percent increase.</p> <ul style="list-style-type: none"> • Deficiency payments if Minimum Charity Care Amount not met. 	<p>Seton Medical Center and Seton Coastside total that is equal to or greater than Nine Hundred Thirty-Five Thousand and Four Hundred Five Dollars (\$935,405).</p> <ul style="list-style-type: none"> • Purchaser will not make any deficiency payments related to Charity Care spending into pensions.
Community Benefit Services	<p><i>For six (6) fiscal years:</i></p> <ul style="list-style-type: none"> • Seton Medical Center and Seton Coastside shall provide an annual amount of Community Benefit Services equal to or greater than \$794,324 exclusive of any funds from grants. For six fiscal years, the following community benefit programs and services shall continue to be offered: <ul style="list-style-type: none"> - Health Benefits Resource Center; and - RotaCare Clinic. • For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change. • Deficiency payments if Minimum Community Benefit Services Amount not met. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> • For a term which coincides with the remaining term applicable to this provision, for this facility, in the Prior Conditions. • Seton Medical Center and Seton Coastside together shall provide an annual total amount of Community Benefit Services equal to or greater than Eight Hundred Forty-Eight Thousand and Four Hundred Thirty-Four Dollars (\$848,434) exclusive of any funds from grants.
Medicare and Medi-Cal and Managed Care	<p><i>For ten (10) years:</i></p> <ul style="list-style-type: none"> • Both Seton Medical Center and Seton Coastside shall: • Be certified to participate in the Medi-Cal program; • Maintain and have Medi-Cal Managed Care contracts with San Mateo Health Commission dba Health Plan of San Mateo or its successor to provide the same types and levels of emergency and non-emergency services at Seton 	<p>Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.</p>

	<p>Medical Center and Seton Coastsides to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care), on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause</p> <ul style="list-style-type: none"> • If SMC or Seton Coastsides questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the AG's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action. • Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at SMC and Seton Coastsides to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care). 	
San Mateo County Contracts / "Safety Net" Hospital Status	<p><i>For at least five (5) years:</i></p> <ul style="list-style-type: none"> • Maintain San Mateo County contracts, including: <ul style="list-style-type: none"> - Data Usage Agreements between San Mateo County and Seton Medical Center; - Patient Transfer Agreement between San Mateo County Medical Center and Seton Medical Center; 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.

	<ul style="list-style-type: none"> - Agreement dated July 2013 (effective October 1, 2013) whereby the County of San Mateo agrees to provide financial support for Seton Medical Center in exchange for Seton Medical Center's agreement to maintain its role as a safety net provider in San Mateo County, unless otherwise terminated earlier by the County of San Mateo; - San Mateo ACE Program Hospital Agreement; and - Agreements with Local Hospitals and Healthcare Facilities Participating in the National Bioterrorism Hospital Preparedness Program Grant. 	
Current Agreements (Medical Foundation)	<ul style="list-style-type: none"> • Verity Medical Foundation will continue to fulfill the terms of the following agreements and amendments thereto: <ul style="list-style-type: none"> - Medi-Cal Medical Services Agreement Between San Mateo Health Commission and Referral Provider dated May 2014; - Care Advantage Medical Services Agreement Between San Mateo Health Commission and Primary Care Physician dated July 2014; - Medi-Cal Medical Services Agreement Between San Mateo Health Commission and Primary Care Physician dated July 2014; - Healthworx Medical Services Agreement Between San Mateo Community Health Authority and Primary Care Physician dated July 2014; - Healthworx Medical Services Agreement between San Mateo Community Health Authority and Referral Provider dated June 2014; and - Care Advantage Medical Services Agreement Between San 	Purchaser does not accept this condition because it is not relevant to the current transaction.

	Mateo Health Commission and Referral Provider dated August 2014.	
Local Governing Board of Directors	<i>For ten (10) years:</i> <ul style="list-style-type: none"> Seton Medical Center and Seton Coastsides shall have a Local Governing Board of Directors and consult with Board prior to changes. 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Capital Commitment	<ul style="list-style-type: none"> Reserve or expend the \$180 million capital commitment. 	<p>Purchaser accepts this condition with the following changes:</p> <ul style="list-style-type: none"> Capital commitment will be adjusted as follows: <ul style="list-style-type: none"> -Prorated to adjust commitment to reflect percentage of assets St. Francis Medical Center represents against the total value of all assets in the Verity Health System; - The capital commitment will be reduced by the amount Seller has already expended for capital from the Closing of the Blue Mountain transaction through Closing under the Agreement. - All to be paid or reserved over a five (5) year period after Closing of the Agreement. - The total capital requirements for St. Francis Medical Center, Seton Medical Center / Coastsides, and St. Vincent Medical Center will not exceed Seventy-Five Million Dollars (\$75,000,000).
Pension Obligations	<ul style="list-style-type: none"> Comply with pension obligations. 	Purchaser does not accept this condition.
Staff Privileges	<ul style="list-style-type: none"> Seton Medical Center and Seton Coastsides shall maintain privileges for current medical staff in good standing at Closing. Maintain medical staff officers, committee chairs, and independence of medical staff, and 	<ul style="list-style-type: none"> Purchaser accepts this condition consistent with Agreement. Agreed to the extent reasonably within SGM's control.

	such persons shall remain in good standing for the remainder of their tenure.	
Seismic Compliance	<ul style="list-style-type: none"> ● Commit necessary investments to maintain OSHPD seismic compliance requirements of hospital through 2030, including: ● Construction of, completion of, and obtaining a Certificate of Occupancy by July 1, 2019 for a new Patient Tower at Seton Medical Center, with at least 104 beds for general acute care, perinatal care, and intensive care services, with at least 12 critical care beds and 8 perinatal beds; OR ● retrofitting of and obtaining a Construction Final by July 1, 2019 for Seton Medical Center's current Patient Tower. (For building new Patient Tower, buyer shall submit Construction Documents to OSHPD by deadline provided for, and shall obtain a Certificate of Occupancy from OSHPD by deadline. For retrofitting Seton Medical Center's current Patient Tower, buyer shall submit Construction Documents to OSHPD deadline, shall obtain a building permit for retrofitting Seton Medical Center's current Patient Tower from OSHPD and shall obtain a Construction Final from OSHPD by specified deadlines. 	<ul style="list-style-type: none"> ● Purchaser does not agree to current AG conditions but will agree to: <ul style="list-style-type: none"> -Promptly assess feasibility of retrofitting the Patient Tower; -Operate current Patient Tower for up to five (5) years following Closing; -Retrofit the Patient Tower or build a new hospital facility. ● The preceding commitment and other operational conditions for SMC assume and are conditioned on SMC obtaining necessary waivers or other authority from OSHPD and the State to permit continued operation of SMC through such five (5) year period, pending replacement or retrofit of the current Patient Tower, and receipt by Purchaser of all PACE financing funds at currently accrued levels (i.e. approximately \$40 million).
Update Bylaws and Conflict of Interest Policy	<ul style="list-style-type: none"> ● Within sixty (60) days, update Bylaws as specified and adopt same Conflict of Interest Policy as DCHS. ● Within ninety (90) days of closing, provide copies of amended and restated governing documents. 	Purchaser does not accept this condition because it is not applicable to a for-profit health system or consistent with this transaction.
Reproductive Health Services	<ul style="list-style-type: none"> ● There shall be no restriction or limitation on providing or making 	Purchaser accepts this condition.

	reproductive health services.	
Accounting of Charitable Assets	<ul style="list-style-type: none"> At least thirty (30) days prior to Closing, provide to the AG's Office an accounting of all charitable assets. [Have we verified whether this is still relevant?]	Purchaser does not accept this condition because it is not relevant to the current transaction.
Compliance Reports and Provision of Information	<i>For eleven (11) fiscal years:</i> <ul style="list-style-type: none"> Provide reports/information as required by AG. 	Purchaser accepts this condition for a term which coincides with the remaining term applicable to this condition, for this facility, in the Prior Conditions.
Consent to Conditions	<ul style="list-style-type: none"> Implicit/explicit consent to conditions and waiver of any right to seek judicial relief. 	Purchaser accepts this condition with the following changes: <ul style="list-style-type: none"> Implicit/explicit consent to conditions and waiver of any right to seek judicial relief as long as consistent with the Agreement.

Schedule 11.3(b) - Allocation Schedule

The Parties agree that within sixty (60) days subsequent to the Closing Date (the “**Allocation Date**”), the Purchase Price shall be allocated to the Assets using the residual method and based upon the agreed fair market value of the various Classes of the Assets set forth below, as reasonably determined by the Purchaser (subject to the next sentence) consistent with Section 1060 of the Internal Revenue Code. At such time, the Parties shall mutually agree upon the tax allocation associated with the Assets of Verity Holdings.

Class of Assets
Class I Assets (cash and general deposit accounts)
Class II Assets (Publicly traded stock; U.S. Government Securities)
Class III Assets (Accounts Receivable)
Class IV Assets (Inventory)
Class V Assets (Property, Plant and Equipment)
Class VI Assets (Intangibles other than Goodwill)
Class VII Assets (Goodwill)

Attachment 3

Order (A) Authorizing the Sale of Certain of the Debtors' Assets to Strategic Global Management, Inc. Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an Unexpired Lease Related Thereto; and (C) Granting Related Relief

Debtors' App. pp. 688 - 714

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Debtors In Possession

FILED & ENTERED

MAY 02 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

CHANGES MADE BY COURT

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Hon. Judge Ernest M. Robles

**ORDER (A) AUTHORIZING THE SALE
OF CERTAIN OF THE DEBTORS'
ASSETS TO STRATEGIC GLOBAL
MANAGEMENT, INC. FREE AND CLEAR OF
LIENS, CLAIMS, ENCUMBRANCES, AND
OTHER INTERESTS; (B) APPROVING THE
ASSUMPTION AND ASSIGNMENT OF
AN UNEXPIRED LEASE RELATED
THERE TO; AND (C) GRANTING
RELATED RELIEF**

Hearing:

Date: April 17, 2019

Time: 10:00 a.m.

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

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1 This matter came before the Court on the *Motion For The Entry Of (I) An Order (1)*
 2 *Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective*
 3 *Overbidders To Use, (2) Approving Auction Sale Format, Bidding Procedures And Stalking*
 4 *Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4)*
 5 *Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder And (5)*
 6 *Approving Procedures Related To The Assumption Of Certain Executory Contracts And*
 7 *Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of*
 8 *All Claims, Liens And Encumbrances* (the “Motion”) [Docket No. 1279], filed by Verity Health
 9 System of California, Inc. (“VHS”), and the above-referenced affiliated debtors and debtors in
 10 possession in the above-captioned chapter 11 bankruptcy cases (the “Debtors”), for the entry of
 11 an order, pursuant to §§ 105(a), 363, and 365 of title 11 of the United States Code (the
 12 “Bankruptcy Code”), Rules 2002, 6004, 6006, 9007, and 9014, and LBR 6004-1.¹

13 At the previous hearing on the Motion on February 19, 2019 (the “Bidding Procedures
 14 Hearing”), the Court considered various objections (the “Premature Objections”) filed by: (i) St
 15 Vincent IPA Medical Corporation and Angeles IPA [Docket No. 1397]; (ii) the California
 16 Attorney General [Docket No. 1352]; (iii) MGH Painting Inc. [Docket No. 1358]; and (iv) Belfor
 17 USA Group, Inc. [Docket No. 1364]. The Court ruled that the Premature Objections were
 18 premature and preserved for the Sale Hearing, as set forth in order granting the Motion (the
 19 “Bidding Procedures Order”) [Docket No. 1572]. The Bidding Procedures Order also stated that
 20 objections filed by the U.S. Department of Health and Human Services and Centers for Medicare
 21 and Medicaid Services [Doc. No. 1346] and the California Department of Health Care Services
 22 [Doc. No. 1353] (the “Continued Objections”) were continued, as resolved by stipulations
 23 [Docket Nos. 1458 and 1473, respectively], approved by this Court’s orders [Docket Nos. 1465
 24 and 1483, respectively].

25
 26
 27 ¹ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11
 28 U.S.C. §§ 101-1532, all “Rule” references are to the Federal Rules of Bankruptcy Procedure, and
 all “LBR” references are to the Local Bankruptcy Rules for the United States Bankruptcy Court
 for the Central District of California.

Any additional objections that were filed and overruled at the Bidding Procedures Hearing are not listed herein.

The Court, having reviewed the Memorandum [Docket No. 2115], the Declarations of Richard Adcock [Docket Nos. 8 and 1469] and James Moloney [Docket No. 2220] in support thereof, the *Notice To Counterparties To Executory Contracts And Unexpired Leases Of The Debtors That May Be Assumed And Assigned* [Docket No. 1704], the *Supplemental Notice To Counterparties To Executory Contracts and Unexpired Leases of The Debtors That May Be Assumed and Assigned* [Docket No. 1836], the *Second Supplemental Notice Re Notice to Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No. 2065] (together Docket Nos. 1704, 1836 and 2065 are the “Cure Notice”), the *Notice of Executory Contracts and Unexpired Leases Designated by Strategic Global Management, Inc. For Assumption and Assignment* [Docket No. 2131] (the “Designation Notice”), the *Notice That No Auction Shall Be Held Re Debtors’ Motion and Motion for the Entry of (I) An Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and for Prospective Overbidders; (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections; (3) Approving Form of Notice to Be Provided to Interested Parties; (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest Bidder; and (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) an Order (A) Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* [Docket No. 2053] (the “No-Auction Notice”), the objections filed by various counterparties to certain executory contracts and unexpired leases [Docket Nos. 1788; 1804; 1819; 1830; 1849; 1850; 1852; 1853; 1856-1858; 1863; 1866; 1869; 1870; 1873-1877 1881; 1882; 1885; 1890-1892; 1904; 1926; 1930; 1933; 1940; 1946; 1948; 1949; 1953; 1954; 1965; 2058; 2066; 2108; 2113; 2144; 2146; 2148, 2150, 2157, 2161, 2162] (the “Cure Objections”), the objection by the California Department of Health Care Services (the “DHCS”) [Docket No. 1879], the *Stipulation Continuing Hearing Regarding Creditors U.S. Department of Health and Human Services and California Department of Health Care Services* [Docket No.

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2125], the *Limited Opposition of Belfor USA Group, Inc. to Debtors' Motion for an Order Authorizing the Sale of Property Free and Clear of All Claims Liens and Encumbrances* [Docket No. 2130], the *Objection of United Healthcare Insurance Company to Debtors' Motion for Order Approving Form of Asset Purchase Agreement for Stalking Horse Bidder, Etc.* [Docket No. 2145] filed United Healthcare Insurance Company, *SEIU-UHW's Objection and Reservation of Rights to Debtors' Sale Motion* filed by the Service Employees International Union, United Healthcare Workers-West [Docket No. 2147], the *Limited Objection and Reservation of Rights of United Nurses Associations of California to Motion of Debtors for Approval of Sale [of Remaining Hospital Assets to the Highest Bidder]* [Docket No. 2155] filed by the United Nurses Association of California, the *Reservation of Rights of U.S. Bank National Association, As Series 2015 Note Trustee and as Series 2017 Note Trustee and as Series 2017 Note Trustee, with Respect to Debtors' Motion for Entry of (I) an Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and For Stalking Horse Bidder and for Prospective Overbidders (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections, (3) Approving Form of Notice to be Provided to Interested Parties, (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest Bidder and (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases and (II) an Order (A) Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* [Docket No. 2156] filed by U.S. Bank National Association, As Series 2015 Note Trustee and as Series 2017 Note Trustee, the *Official Committee of Unsecured Creditors Response to the Debtors' SGM Sale Motion* [Docket No. 2164], the *Reservation of Rights of California Statewide Communities Development Authority to Motion of Debtors for Approval of Sale [of Remaining Hospital Assets] to the Highest Bidder* [Docket No. 2168] filed by the California Statewide Communities Development Authority, the Premature Objections, the Continued Objections, and any withdrawals thereof, the statements, arguments and representations of the parties made at the Sale Hearing; and the entire record of these cases; and the Court, having determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors, and that

the legal and factual bases set forth in the Motion and presented at the Sale Hearing establish just cause for the relief granted herein and for the reasons set forth in the Court's tentative ruling [Docket No. 2221]; and all objections to the Motion, if any, having been withdrawn, continued or overruled; and for the reasons set forth in the Court's tentative ruling [Docket No. 2221], which the Court adopts as its final ruling and which is incorporated herein by reference; and after due deliberation and sufficient good cause appearing therefor:

THE COURT HEREBY FINDS AND CONCLUDES THAT:²

A. Jurisdiction and Venue. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter relates to the administration of the Debtors' bankruptcy estates and is accordingly a core proceeding pursuant to 28 U.S.C. § 157(b) (2) (A), (M), (N) and (O). Venue of these cases is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Statutory Predicates. The statutory predicates for the relief requested in the Motion are (i) §§ 105(a), 363(b), (f), (k), (l) and (m), and 365, (ii) Rules 2002(a)(2), 2002(c)(1) and (d), 6004 (a), (b), (c), (e), (f) and (h), 6006(a), (c) and (d), 9006, 9007, 9013 and 9014, and (iii) LBR 6004-1 and 9013-1.

C. Notice. As evidenced by the affidavits of service previously filed with the Court, the Debtors have provided proper, timely, adequate and sufficient notice with respect to the following: (i) the Motion and the relief sought therein, including the entry of this Sale Order and the transfer and sale of the assets (the "Purchased Assets"), as set forth in the Asset Purchase Agreement, dated January 8, 2019, a copy of which is attached as Exhibit "A" to Docket No. 1279 (the "APA"); (ii) the Sale Hearing; (iii) the No-Auction Notice; and (iv) the assumption and assignment of the executory contracts and unexpired leases and proposed cure amounts owing under such executory contracts and unexpired leases (the "Cure Amounts"); and no further notice

² The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 7052, made applicable to this proceeding pursuant to Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

1 of the Motion, the relief requested therein or the Sale Hearing is required. The Debtors have also
2 complied with all obligations to provide notice of the Auction, the Sale Hearing, the proposed
3 sale and otherwise, as required by the Bidding Procedures Order. A reasonable opportunity to
4 object and to be heard regarding the relief provided herein has been afforded to parties-in-interest.

5 D. Arm's Length Transaction. The APA and other documents and instruments (the
6 "Transaction Documents") related to and connected with this transaction (the "Transaction") and
7 the consummation thereof were negotiated and entered into by the Debtors and Strategic Global
8 Management, Inc. ("SGM"), as Purchaser under the APA without collusion, in good faith and
9 through an arm's length bargaining process. Neither SGM nor any of its affiliates or
10 representatives is an "insider" of the Debtors, as that term is defined in § 101(31). None of the
11 Debtors, SGM, or their respective representatives engaged in any conduct that would cause or
12 permit the APA, any of the other Transaction Documents or the Transaction to be avoided under
13 § 363(n), or have acted in any improper or collusive manner. The terms and conditions of the
14 APA and the other Transaction Documents, including, without limitation, the consideration
15 provided in respect thereof, are fair and reasonable, and are not avoidable and shall not be
16 avoided, and no damages may be assessed against SGM or any other party, as set forth in §
17 363(n). The consideration provided by SGM is fair, adequate and constitutes reasonably
18 equivalent value and fair consideration under the Bankruptcy Code and any other applicable laws
19 of the United States or any of its jurisdictions or subdivisions, including the State of California.

20 E. Good Faith Purchaser. SGM has proceeded in good faith and without collusion in
21 all respects in connection with the sale process, in that: (i) SGM, in proposing and proceeding
22 with the Transaction in accordance with the APA, recognized that the Debtors were free to deal
23 with other interested parties; (ii) SGM agreed to provisions in the APA that would enable the
24 Debtors to accept a higher and better offer; (iii) SGM complied with all of the provisions in the
25 Bidding Procedures Order applicable to SGM; (iv) all payments to be made by SGM and other
26 agreements entered into or to be entered into between SGM and the Debtors in connection with
27 the Transaction have been disclosed; (v) the negotiation and execution of the APA and related
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Transaction Documents were conducted in good faith and constituted an arm's length transaction; (vi) SGM did not induce or cause the chapter 11 filings by the Debtors; and (vii) the APA was not entered into, and the Transaction being consummated pursuant to and in accordance with the APA is not being consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors. SGM is therefore entitled to all of the benefits and protections provided to a good-faith purchaser under § 363(m). Accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Transaction shall not affect the validity of the Transaction, any terms or conditions of the Transaction or SGM's status as a "good faith" purchaser.

F. Justification for Relief. Good and sufficient reasons for approval of the APA and the other Transaction Documents and the Transaction have been articulated to this Court in the Motion and at the Sale Hearing, and the relief requested in the Motion and set forth in this Sale Order is in the best interests of the Debtors, their estates, and their creditors. The Debtors have demonstrated through the Motion and other evidence submitted at the Sale Hearing both (i) good, sufficient and sound business purpose and justification and (ii) compelling circumstances for the transfer and sale of the Purchased Assets as provided in the APA outside the ordinary course of business, and (iii) such transfer and sale is an appropriate exercise of the Debtors' business judgment and in the best interests of the Debtors, their estates, and their creditors.

G. Free and Clear. In accordance with §§ 363(b) and 363(f), the consummation of the Transaction pursuant to the Transaction Documents shall be a legal, valid, and effective transfer and sale of the Purchased Assets and, except with respect to the liens arising from the Special Assessments and the PACE Obligations (each as defined in §1.1(a)(iii) of the APA) assumed by SGM, shall vest in SGM, through the consummation of the Transaction, all of the Debtors' right, title, and interest in and to the Purchased Assets, free and clear of all liens, claims, interests, rights of setoff, recoupment, netting and deductions, rights of first offer, first refusal and any other similar contractual property, legal or equitable rights, and any successor or successor-in-interest liability theories (collectively, the "Encumbrances"). The Debtors have demonstrated that one or

more of the standards set forth in § 363(f)(1)-(5) have been satisfied. Those holders of Encumbrances who did not object, or who withdrew their objections, to the sale or the Motion are deemed to have consented pursuant to § 363(f)(2). Those holders of Encumbrances who did object fall within one or more of the other subsections of § 363(f). All holders of the Encumbrances in the Purchased Assets are adequately protected by having their respective Encumbrances attach to the Debtors' interests in the proceeds of the sale of the Purchased Assets under the APA (subject to any Challenge within the meaning of that certain *Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief* [Docket No. 409] (the "Final DIP Order") that has been, or may be, timely filed³), and any related documents or instruments delivered in connection therewith, whenever and wherever received (the "Sale Proceeds") to the extent and manner herein provided.

H. Prompt Consummation. The Debtors have demonstrated good and sufficient cause to waive the stay requirement under Rules 6004(h) and 6006(d). Time is of the essence in consummating the Transaction, and it is in the best interests of the Debtors and their estates to consummate the Transaction within the timeline set forth in the Motion and the APA. The Court finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth in this Order.

³ The Final DIP Order granted to the Committee standing to file the requisite pleading to challenge the validity, enforceability and amount of the Prepetition Liens (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a "Challenge") within ninety (90) days from the formation of the Committee (the "Challenge Deadline"). See Final DIP Order ¶ 5(e). The Committee's investigation as to the Prepetition Liens remains ongoing. The Committee and the Prepetition Secured Creditors have entered into a number of stipulations (the "Challenge Stipulations") by which the Committee has acknowledged and stipulated to the validity, enforceability and perfection of the Prepetition Liens in certain collateral identified in the Challenge Stipulations, and by which the Challenge Deadline has been extended a number of times with respect to the validity, enforceability and perfection of the Prepetition Liens in any other collateral. The Challenge Deadline with respect to any Prepetition Liens for which the Committee has not stipulated pursuant to the Challenge Stipulations as to the validity, enforceability and perfection thereof is now May 13, 2019.

1 I. Assumption of Executory Contracts and Unexpired Leases. The Debtors have
2 demonstrated that it is an exercise of their sound business judgment to assume and assign to SGM
3 the Currently Identified Designated Contracts (as defined and identified in paragraph 15 below)
4 and to the extent subsequently identified by SGM pursuant to paragraph 16 below, the
5 Subsequently Identified Designated Contracts (as defined in paragraph 16 below) (the Currently
6 Identified Designated Contracts and the Subsequently Identified Contracts are collectively
7 referred to herein as the “Designated Contracts”) in connection with the consummation of the
8 Transaction, and the assumption and assignment of the Designated Contracts is in the best
9 interests of the Debtors and their estates.

10 J. Cure/Adequate Assurance. In connection with the Closing, and pursuant to the
11 APA, unless otherwise ordered, any and all defaults existing on or prior to the Closing under any
12 of the Designated Contracts will have been cured, within the meaning of § 365(b)(1)(A), by
13 payment of the amounts and in the manner set forth below, unless otherwise agreed by SGM and
14 the counterparty. SGM has provided or will provide adequate assurance of future performance of
15 and under the Designated Contracts within the meaning of § 365(b)(1)(C) and § 365(f)(2)(B), and
16 shall have no further obligation to provide assurance of performance to any counterparty to a
17 Designated Contract. Pursuant to § 365(f), the Designated Contracts to be assumed by the
18 Debtors (i.e., St. Francis Medical Center, a California nonprofit public benefit corporation (“St.
19 Francis Medical Center”), St. Vincent Medical Center, a California nonprofit public benefit
20 corporation (“St. Vincent Medical Center”), St. Vincent Dialysis Center, Inc., a California
21 nonprofit public benefit corporation (“St. Vincent Dialysis Center”), and Seton Medical Center, a
22 California nonprofit public benefit corporation (“Seton Medical Center”) (collectively, the
23 “Hospitals”), VHS, and Verity Holdings LLC, a California limited liability company
24 (“Holdings”), and assigned to SGM under the APA shall be assigned and transferred to, and
25 remain in full force and effect for the benefit of, SGM, notwithstanding any provision in such
26 Designated Contracts prohibiting their assignment or transfer. The Debtors have demonstrated
27 that no other parties to any of the Designated Contracts has incurred any actual pecuniary loss
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1 resulting from a default on or prior to the Closing under any of the Designated Contracts within
2 the meaning of § 365(b)(1)(B).

3 K. Rejection of Executory Contracts and Unexpired Leases. The Debtors will have
4 demonstrated that it is a reasonable and appropriate exercise of their sound business judgment for
5 the Hospitals to reject all of their executory contracts and unexpired leases, excluding (i)
6 Designated Contracts, (ii) any prepetition multiparty contract affecting more than one Debtor in
7 addition to the Hospitals, (iii) any prepetition contract that is the subject of a Rule 9019 settlement
8 motion prior to Closing, and (vi) any collective bargaining agreement, pension plan or health and
9 welfare plan providing collectively bargained benefits to which a Hospital is a party or sponsor,
10 which matters shall be scheduled for determination as provided in paragraph 33 below. Each
11 such executory contract rejection is subject only to the conditions set forth in paragraphs 18, 31,
12 and 32. The Debtors shall file an appropriate motion to reject such contracts, covered by this
13 paragraph K, prior to Closing and shall request therein that the rejection be effective as of the
14 Closing or as otherwise appropriate.

15 L. Highest or Otherwise Best Offer. The Debtors solicited offers and noticed the
16 Auction in accordance with the provisions of the Bidding Procedures Order. The Auction was
17 duly noticed, the sale process was conducted in a non-collusive manner and the Debtors afforded
18 a full, fair and reasonable opportunity for any person or entity to make a higher or otherwise
19 better offer to purchase the Purchased Assets. Other than SGM's Stalking Horse Bid, the Debtors
20 received two Qualified Partial Bids by the Partial Bid Deadline and did not receive a Qualified
21 Full Bid (as such terms are defined by the Bidding Procedures Order). The Debtors properly
22 consulted with the Consultation Parties in selecting the SGM Stalking Horse Bid as the highest
23 and best bid and in determining that no auction should be held (as such terms are defined in the
24 Bidding Procedures Order), as set forth in their No-Auction Notice. The transfer and sale of the
25 Purchased Assets to SGM on the terms set forth in the APA constitutes the highest or otherwise
26 best offer for the Purchased Assets and will provide a greater recovery for the Debtors' estates
27 than would be provided by any other available alternative. The Debtors' determination, in
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1 consultation with the Consultation Parties (as defined in the Bidding Procedure Order), that the
2 APA constitutes the highest or best offer for the Purchased Assets and to not conduct an auction
3 constitutes a valid and sound exercise of the Debtors' business judgment.

4 M. No De Facto or Sub Rosa Plan of Reorganization. The sale of the Purchased
5 Assets does not constitute a *de facto* or *sub rosa* plan of reorganization or liquidation because it
6 does not propose to (i) impair or restructure existing debt of, or equity or membership interests in,
7 the Debtors, (ii) impair or circumvent voting rights with respect to any plan proposed by the
8 Debtors, (iii) circumvent chapter 11 safeguards, including those set forth in §§ 1125 and 1129, or
9 (iv) classify claims or equity or membership interests.

10 N. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at
11 the Sale Hearing establish just cause for the relief granted herein.

12 **NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

13 1. The relief requested in the Motion is GRANTED and APPROVED in all respects
14 to the extent provided herein.

15 2. All objections with regard to the relief sought in the Motion that have not been
16 withdrawn, waived, settled, or provided for herein or in the Bidding Procedures Order, including
17 any reservation of rights included in such objections, are overruled on the merits with prejudice.
18 To the extent of any inconsistency between this Sale Order and the Bidding Procedures Order, the
19 terms of this Sale Order shall prevail.

20 3. Pursuant to §§ 105(a), 363(b), 363(f), and 365, the Transaction, including the
21 transfer and sale of the Purchased Assets to SGM on the terms set forth in the APA, is approved
22 in all respects, and the Debtors are authorized and directed to consummate the Transaction in
23 accordance with the APA, including, without limitation, by executing all of the Transaction
24 Documents (and any ancillary documents or instruments that may be reasonably necessary or
25 desirable to implement the APA or the Transaction) and taking all actions necessary and
26 appropriate to effectuate and consummate the Transaction (including the transfer and sale of the
27 Purchased Assets) in consideration of the Purchase Price (as defined in § 1.1 of the APA) upon
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1 the terms set forth in the APA, including, without limitation, assuming and assigning to SGM the
2 Designated Contracts. The Debtors and SGM shall have the right to make any mutually
3 agreeable, non-material changes to the APA, which shall be in writing signed by both parties,
4 without further order of the Court provided, that after reasonable notice, the Official Committee
5 of Unsecured Creditors (the "Committee"), the DIP Agent (as defined in the Final DIP Order
6 defined below), and the Prepetition Secured Creditors (as defined in the Final DIP Order) do not
7 object to such changes. Any timely objection by the aforementioned parties to any agreed non-
8 material changes to the APA may be resolved by the Court on shortened notice.

9 4. As of the Closing, (i) the Transaction set forth in the APA shall effect a legal,
10 valid, enforceable and effective transfer and sale of the Purchased Assets to SGM free and clear
11 of all Encumbrances, except with respect to the liens arising from the Special Assessments and
12 the PACE Obligations assumed by SGM, as further set forth in the APA and this Sale Order; and
13 (ii) the APA, and the other Transaction Documents, and the Transaction, shall be enforceable
14 against and binding upon, and not subject to rejection or avoidance by, the Debtors, any successor
15 thereto including a trustee or estate representative appointed in the Bankruptcy Cases, the
16 Debtors' estates, all holders of any Claim(s) (as defined in the Bankruptcy Code) against the
17 Debtors, whether known or unknown, any holders of Encumbrances on all or any portion of the
18 Purchased Assets, all counterparties to the Designated Contracts and all other persons and
19 entities.

20 5. Encumbrances in and to Purchased Assets shall attach (subject to any Challenge
21 within the meaning of the Final DIP Order that has been, or may be, timely filed) to the Sale
22 Proceeds of such Purchased Assets with each such Encumbrance having the same force, extent,
23 effect, validity and priority as such Encumbrance had on the Purchased Assets giving rise to the
24 Sale Proceeds immediately prior to the Closing. For the avoidance of doubt, the foregoing force,
25 extent, effect, validity and priority shall: (i) reflect the security interests, liens (including any
26 Prepetition Replacement Liens arising for diminution of value, if any) and rights, powers and
27 authorities that have been granted to the DIP Agent, the DIP Lender and to the Prepetition
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1 Secured Creditors, as applicable, pursuant to the Final DIP Order, to the extent that (i) the rights
2 granted to the Prepetition Secured Creditors with respect to §§506(c) and 552(b) by the Final DIP
3 Order are not limited or modified as a result of the appeal from the Final DIP Order filed by the
4 Committee on November 29, 2019; and/or (ii) any replacement liens or security interest granted
5 to the Prepetition Secured Creditors by the Final DIP Order are not invalidated as a result of any
6 Challenge within the meaning of the Final DIP Order that has been, or may be, timely filed. In
7 addition, the Intercreditor Agreement (as defined in the Final DIP Order) shall apply with respect
8 to the rights of the parties thereto in and to the Sale Proceeds and the Escrow Deposit Account, to
9 the extent of and in accordance with its terms with all parties reserving all rights thereunder.

10 6. Subject to the fulfillment of the terms and conditions of the APA, this Sale Order
11 shall, as of the Closing, be considered and constitute for all purposes a full and complete general
12 assignment, conveyance, and transfer of the Purchased Assets and/or a bill of sale transferring all
13 of the Debtors' rights, title and interest in and to the Purchased Assets to SGM. Consistent with,
14 but not in limitation of the foregoing, each and every federal, state, and local governmental
15 agency or department, except as stated herein, is hereby authorized and directed to accept all
16 documents and instruments necessary and appropriate to consummate the transactions
17 contemplated by the APA and approved in this Sale Order. A certified copy of this Order may be
18 filed with the appropriate clerk and/or recorded with the appropriate recorder to cancel any
19 Encumbrances of record.

20 7. Any person or entity that is currently, or on the Closing Date may be, in
21 possession of some or all of the Purchased Assets is hereby directed to surrender possession of
22 such Purchased Assets either to (a) the Debtors before the Closing or (b) to SGM or its designee
23 upon the Closing, and to cooperate with the Debtors and SGM in the Debtors' and SGM's
24 fulfillment of their obligations hereunder and pursuant to the APA.

25 8. The transfer of the Purchased Assets pursuant to the Transaction Documents shall
26 be a legal, valid, and effective transfer and shall, in accordance with §§ 105(a) and 363(f), and
27 upon consummation of the Transaction, including, without limitation, payment of the Purchase
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1 Price to the Debtors, vest SGM with all right, title, and interest in the Purchased Assets, free and
2 clear of all Encumbrances. Upon closing of the Transaction, SGM shall take title to and
3 possession of the Purchased Assets, subject only to the Assumed Obligations, as set forth in the
4 APA. The transfer of the Purchased Assets from the Debtors to SGM constitutes a transfer for
5 reasonable equivalent value and fair consideration under the Bankruptcy Code and the laws of the
6 State of California.

7 9. Following the Closing, no holder of any Encumbrance against the Debtors or upon
8 the Purchased Assets shall interfere with SGM's respective rights in, title to or use and enjoyment
9 of the Purchased Assets. All persons and entities are hereby forever prohibited and enjoined from
10 taking any action that would adversely affect or interfere with the ability of the Debtors to sell
11 and transfer the Purchased Assets to SGM, including the assumption and assignment of the
12 Designated Contracts.

13 10. SGM shall not be deemed, as a result of any action taken in connection with, or as
14 a result of the Transaction (including the transfer and sale of the Purchased Assets), to: (i) be a
15 successor, continuation or alter ego (or other such similarly situated party) to the Debtors or their
16 estates by reason of any theory of law or equity, including, without limitation, any bulk sales law,
17 doctrine or theory of successor liability, or any theory or basis of liability, regardless of source of
18 origin; or (ii) have, *de facto* or otherwise, merged with or into the Debtors; or (iii) be a mere
19 continuation, *alter ego*, or substantial continuation of the Debtors. Other than the Assumed
20 Liabilities, SGM is not assuming any of the Debtors' debts.

21 11. This Sale Order (i) shall be effective as a determination that, on Closing, all
22 Encumbrances existing against the Purchased Assets before the Closing have been
23 unconditionally released, discharged and terminated, and that the transfers and conveyances
24 described herein have been effected, and (ii) shall be binding upon and shall govern the acts of all
25 persons and entities. If, following a reasonable written request made by the Debtors, any person
26 or entity that has filed financing statements or other documents or agreements evidencing any
27 Encumbrances against the Purchased Assets shall not have delivered to the Debtors for use at or
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1 in connection with Closing, in proper form for filing and executed by the appropriate parties,
2 termination statements, instruments of satisfaction, releases of all Encumbrances which the
3 person or entity has with respect to the Purchased Assets, then SGM and/or the Debtors are
4 hereby authorized to execute and file such statements, instruments, releases and other documents
5 on behalf of the person or entity with respect to such Purchased Assets. For the avoidance of
6 doubt, such statements, instruments, releases and other documents shall not impair Encumbrances
7 that attach (subject to any Challenge within the meaning of the Final DIP Order that has been, or
8 may be, timely filed) to the Sale Proceeds or the terms of this Order, including, but not limited to
9 paragraphs 5 and 13 hereof.

10 12. In accordance with the APA, concurrently with the Closing, SGM shall pay that
11 portion of the Purchase Price due at Closing, by wire transfer of immediately available funds, to
12 Debtors' Escrow Deposit Accounts (defined below), subject to the adjustments set forth in the
13 APA. Any direct expenses of the Sale shall be disclosed by Debtors to the DIP Agent, the
14 Prepetition Secured Creditors, and the Committee in advance of the Closing.

15 13. The terms and conditions of the Final DIP Order shall apply with respect to the
16 Sale Proceeds and Escrow Deposit Accounts (defined herein). Without limiting the foregoing, the
17 Debtors shall comply with paragraph 4 of the Final DIP Order in the following manner:

18 (a) the Debtors shall direct SGM, pursuant to the terms of the APA, to remit all Sale
19 Proceeds to the separate accounts opened in the name of each Debtor for the Sale Proceeds (each
20 such hereafter referred to as "Escrow Deposit Account");

21 (b) in giving direction to SGM pursuant to sub-paragraph (a), above, the Debtors shall
22 exercise their reasonable business judgment, in good faith, and allocate the Sale Proceeds among
23 the Escrow Deposit Accounts on the basis of the value of each Debtor's Purchased Assets as of
24 the Closing (which allocation, for the avoidance of doubt, shall be subject to the reservations of
25 rights in paragraph 4 of the Final DIP Order and paragraph 31 of the Bidding Procedures Order;
26 provided further that nothing in this paragraph shall waive or limit any rights the Committee or
27 the Prepetition Secured Creditors may have in connection with the confirmation of a proposed
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chapter 11 plan for any of the Debtors' cases (including the right to seek to reallocate estate values and the Sale Proceeds);

(c) without limitation of the rights of the DIP Agent and DIP Lender under the DIP Financing Agreements and the Final DIP Order, no funds held in any Escrow Deposit Account shall be (i) commingled with any other funds of the applicable Debtor or any of the other Debtors or (ii) used by the Debtors for any purpose, except as provided in this Order, the DIP Credit Agreements or the Final DIP Order without further order of this Court, after reasonable notice under the circumstances to the DIP Agent, the Prepetition Secured Creditors and the Committee; and

(d) each Escrow Deposit Account shall be subject to a deposit account control agreement in favor of the DIP Agent and DIP Lender, and subject to, without limitation of the rights of the DIP Agent and DIP Lender under the DIP Financing Agreements and the Final DIP Order with respect to the Sale Proceeds and Escrow Deposit Account, including, without limitation, following the occurrence of an Event of Default or the Revolving Loan Termination Date (as defined in the DIP Credit Agreement), the Debtors shall not be permitted to use the funds held in any Escrow Deposit Account for any purpose, except as provided in paragraph 14, 15, 16, and 17 of this Order, and to fund any Purchase Price adjustment in favor of the Purchaser, without first obtaining the consent of the DIP Agent, DIP Lender and the Prepetition Secured Creditors or obtaining an order of the Court pursuant to §§ 363 or 1129 after reasonable notice under the circumstances to the DIP Agent, the DIP Lender, the Prepetition Secured Creditors and the Committee and, if necessary, a hearing thereon; and

(e) for the avoidance of doubt, the rights of the Debtors, the Committee, and the Prepetition Secured Creditors as to the Sale Proceeds and any funds held in a Deposit Escrow shall be, except as set forth herein, as contemplated by Paragraph 4 of the Final DIP Order, and nothing in this Order shall be construed as altering, amending, waiving, or affecting in any way such rights. Concurrently with the Closing or as soon thereafter as is possible, and in accordance with the APA, SGM shall pay to the counter-parties to the Designated Contracts the cure amounts

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1 set forth in the Cure Notice, or as otherwise agreed to by the Debtors, SGM and the applicable
2 counter-parties thereto or ordered by this Court after a continued hearing on the Cure Objections
3 (the “Designated Cure Amounts”). SGM has the right under the APA to remove any Contracts
4 from the list of Designated Contracts up to seven (7) days prior to Closing, as also set forth in the
5 *Order Approving Stipulation Regarding Designation Deadline Re Order (1) Approving Form Of*
6 *Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2)*
7 *Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections*
8 [Docket No. 1865].

9 14. To the extent that any of the contracts and/or leases, which give rise to the
10 Designated Cure Amounts and are set forth in the Designation Notice and are not subsequently
11 and timely removed by SGM under the APA and the *Order Approving Stipulation Regarding*
12 *Designation Deadline Re Order (1) Approving Form Of Asset Purchase Agreement For Stalking*
13 *Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding*
14 *Procedures And Stalking Horse Bid Protections* [Docket No. 1865] (the “Currently Identified
15 Designated Contracts”) are executory contracts or unexpired leases (over which the Court is not
16 making any such determination at this time), then in connection with the Closing, the Debtors
17 shall be deemed to have assumed all such Currently Identified Designated Contracts (so that they
18 are deemed part of the Designated Contracts) and to have assigned them to SGM, and SGM shall
19 have assumed all obligations owing under all such Currently Identified Designated Contracts
20 arising after and following the Closing. The Court shall resolve any and all disputes which may
21 arise between the Debtors, SGM and any of the Currently Identified Designated Contract
22 Counter-Parties over whether the Currently Identified Designated Contracts are executory
23 contracts or unexpired leases and whether any of the Currently Identified Designated Contract
24 Counter-Parties are entitled to an allowed claim against the Debtors which exceeds the
25 Designated Cure Amounts (the “Assumption Dispute”).

26 15. In the event that the Court determines that any such counter-parties to the
27 Currently Identified Designated Contracts (the “Currently Identified Designated Contract
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1 Counter-Parties” and, individually, a “Currently Identified Designated Contract Counter-Party”)
2 have an allowed cure claim against the Debtors which exceeds the Designated Cure Amounts (the
3 “Excess Cure Amount”), the difference will be paid by SGM and shall not be the responsibility of
4 the Debtors as more specifically set forth below; provided, however, that unless the Court makes
5 such a determination on or before fifteen (15) days prior to Closing, and unless the Debtor, SGM
6 and the Currently Identified Designated Contract Counter-Party agree otherwise, the Currently
7 Identified Designated Contract which is the subject of such Assumption Dispute, shall be deemed
8 a rejected contract within the meaning of § 1.11(a) of the APA as of ten (10) days prior to
9 Closing, and SGM, except as provided below, shall have no obligation to assume such Currently
10 Identified Designated Contract or to pay any Cure Amount or Excess Cure Amount in connection
11 with such Currently Identified Designated Contract. To the extent an Assumption Dispute relates
12 solely to the Cure Amount, the Debtors may, with SGM’s consent, assume and assign the
13 applicable executory contract or unexpired lease at Closing and prior to the resolution of the
14 Assumption Dispute by the Bankruptcy Court, provided, that either (a) the Bankruptcy Court has
15 estimated the maximum cure payment, pursuant to 11 U.S.C. § 502(c), and SGM has remitted
16 such amount to the Debtors to be held as sales proceeds in the Sale Proceeds Account for the
17 relevant Debtor(s), or (b) SGM provides to the relevant Debtor(s) and non-Debtor counterparty a
18 separate reasonably acceptable undertaking that SGM will promptly pay the maximum disputed
19 cure amount in accordance with 11 U.S.C. § 365 (b)(1)(A) and (B) (or such smaller amount as
20 may be fixed or estimated by the Bankruptcy Court or otherwise agreed to by such non-Debtor
21 party and SGM). The Debtors shall pay and hereby are authorized to pay disputed cure amounts
22 from the relevant Sales Proceeds Account(s) upon entry of a final order by this Court to the extent
23 SGM remitted to Sellers the amount required by item (a) of this paragraph of the Order.

24 16. All of the Currently Identified Designated Contracts, to the extent they are
25 executory contracts or unexpired leases and are not subsequently and timely removed by SGM
26 under the APA and the *Order Approving Stipulation Regarding Designation Deadline Re Order*
27 *(1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For*
28

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Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections [Docket No. 1865], or deemed a rejected contract within the meaning of § 1.11(a) of the APA pursuant to paragraph 15 above, shall be part of the Designated Contracts that will be assumed by the Debtors and assigned to SGM at the Closing. In the event that SGM elects to add any other of the Debtors' executory contracts or unexpired leases to the list of Designated Contracts (the "Subsequently Identified Designated Contracts" and, individually, a "Subsequently Identified Designated Contract") under the APA and the *Order Approving Stipulation Regarding Designation Deadline Re Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections* [Docket No. 1865], SGM shall notify the Debtors of any such Subsequently Identified Designated Contracts on or before thirty days before Closing, and the Debtors shall (i) file a notice with the Court identifying all such Subsequently Identified Designated Contracts and their respective cure amounts as agreed upon between the Debtors and SGM, and (ii) serve such notice by over-night mail on all counter-parties to the Subsequently Identified Designated Contracts (the "Subsequently Identified Designated Contract Counter-Parties"). All Subsequently Identified Designated Contracts shall be assumed by the Debtors and assigned to SGM at the Closing, with SGM to be obligated to pay all cure amounts owing to such Subsequently Identified Designated Contract Counter-Parties concurrently with the Closing, as set forth in the Debtors' notice, or as otherwise agreed to by the Debtors, SGM and the applicable counter-parties thereto, or ordered by the Court in accordance with paragraphs 34 and 36 below (the "Additional Cure Amounts"), so long as such amount as ordered by the Court is no greater than the amount agreed upon by SGM; and in the event the Additional Cure Amount is greater than the amount agreed upon by SGM, and SGM is not willing to pay the Additional Cure Amount, the Debtors shall not be required to pay the Additional Cure Amount(s) and the Subsequently Identified Designated Contract(s) shall be deemed a rejected contract within the meaning of § 1.11(a) of the APA pursuant to paragraph 15 above; provided, and for the avoidance of doubt, no collective bargaining agreement, pension plan or health and welfare plan providing

1 collectively bargained benefits to which a Hospital is a party or sponsor constitutes a Currently
2 Identified Designated Contract or a Subsequently Identified Designated Contract for which SGM
3 or the Debtors may be obligated to pay any cure amount.

4 17. Upon the Closing, the Debtors are authorized and directed to assume, assign and/or
5 transfer each of the Designated Contracts to SGM, including the Currently Identified Designated
6 Contracts and any Subsequently Identified Designated Contracts (collectively, the “Contract Counter-
7 Parties”). At the Closing, SGM shall pay the (i) Sale Proceeds, (ii) the Designated Cure Amounts
8 identified in paragraph 13 above, (iii) the Excess Cure Amounts identified in paragraph 15 above, and
9 (iv) the Additional Cure Amounts, subject to paragraph 15 above. Payment by SGM of such
10 Designated Cure Amounts and Additional Cure Amounts are deemed the necessary and sufficient
11 amounts to “cure” all “defaults” with respect to all such Currently Identified Designated Contracts and
12 Subsequently Identified Designated Contracts under § 365(b). The foregoing payment shall (i) effect a
13 cure of all defaults existing under all such Currently Identified Designated Contracts, and (ii)
14 compensate all such Contract Counter-Parties for any actual pecuniary loss resulting from any such
15 default. The Debtors shall then have assumed and assigned to SGM, effective as of the Closing, all of
16 the Designated Contracts (comprised of both all Currently Identified Designated Contracts and all
17 Subsequently Identified Designated Contracts, if any), and, pursuant to § 365(f), the assignment by the
18 Debtors of all such Designated Contracts to SGM shall not be a default thereunder. After the payment
19 of the Designated Cure Amounts and the Additional Cure Amounts, neither the Debtors nor SGM shall
20 have any further liabilities to any Contract Counter-Parties, other than SGM’s obligations under the
21 Designated Contracts that accrue and become due and payable after the Closing Date. In addition,
22 adequate assurance of future performance has been demonstrated by or on behalf of SGM with respect
23 to all of the Designated Contracts within the meaning of §§ 365(b)(1)(c), 365(b)(3) (to the extent
24 applicable) and 365(f)(2)(B). For the avoidance of doubt, SGM shall not be liable for the payment of
25 any liabilities or obligations arising from or related to (a) any executory contracts that the Debtors
26 intend to reject by appropriate motion and which are not being assumed and assigned to SGM, (b) any
27 multiparty contract affecting more than one Debtor in addition to one of the hospitals subject to the
28

1 Transaction, or (c) any collective bargaining agreement (“CBA”), pension plan, or health and welfare
2 plan providing for collectively bargained for benefits to which a Hospital is a party or a sponsor, unless
3 expressly assumed and assigned with SGM’s consent.

4 18. The Debtors intend, and are hereby authorized, to (A) reject, pursuant to § 365(a), all
5 executory contracts to which one or more of the Hospitals are a party, excluding (i) Designated
6 Contracts, and (ii) any prepetition multiparty contract affecting more than one Debtor in addition
7 to one of the Hospitals, and, (B) reject and terminate, to the extent separately authorized by this
8 Court, pursuant to §§ 1113, 1114, and any other applicable provision of the Bankruptcy Code,
9 any collective bargaining agreement, pension plan or health and welfare plan providing
10 collectively bargained benefits to which one of the Hospitals is a party or sponsor and that SGM
11 does not assume.

12 19. All of the Contract Counter-Parties are forever barred, estopped, and permanently
13 enjoined from (i) raising or asserting against the Debtors or SGM, or any of their property, any
14 assignment fee, acceleration, default, breach, or claim of pecuniary loss, or condition to assignment,
15 arising under or related to the Designated Contracts, existing as of the Closing, or arising by reason of
16 the consummation of the Transaction contemplated by the APA, including, without limitation, the
17 Transaction and the assumption and assignment of the Designated Contracts, including any asserted
18 breach relating to or arising out of the change-in-control provisions in such Designated Contracts, or
19 any purported written or oral modification to the Designated Contracts and (ii) asserting against SGM
20 any claim, counterclaim, breach, or condition asserted or assertable against the Debtors existing as of
21 the Closing or arising by reason of the transfer of the Purchased Assets, except for the Assumed
22 Obligations.

23 20. Any provisions in any Designated Contracts that prohibit or condition the assignment
24 of such Designated Contract or allow the counterparty to such Designated Contract to terminate,
25 recapture, impose any penalty, condition on renewal or extension or modify any term or condition
26 upon the assignment of such Designated Contract constitute unenforceable anti-assignment provisions
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1 that are void and of no force and effect with respect to the Debtors' assumption and assignment of such
2 Designated Contract to SGM in accordance with the APA, pursuant to § 363(f).

3 21. The terms and provisions of this Sale Order, as well as the rights granted under the
4 Transaction Documents, shall continue in full force and effect and are binding upon any successor,
5 reorganized Debtors, or chapter 7 or chapter 11 trustee applicable to the Debtors, notwithstanding entry
6 of any order of conversion or dismissal ~~any such conversion, dismissal or order entry~~. Nothing
7 contained in any chapter 11 plan confirmed in the Debtors' cases or in any order confirming such a
8 plan, nor any order dismissing the cases or converting the cases to a case under chapter 7, shall conflict
9 with or derogate from the provisions of the APA, any documents or instruments executed in
10 connection therewith, or the terms of this Sale Order, provided however, that in the event of a conflict
11 between this Sale Order and an express or implied provision of the APA, this Sale Order shall govern.
12 The provisions of this Sale Order and any actions taken pursuant hereto shall survive any conversion or
13 dismissal of the cases and the entry of any other order that may be entered in the cases, including any
14 order (i) confirming any plan of reorganization; (ii) converting the cases from chapter 11 to chapter 7;
15 (iii) appointing a trustee or examiner in the cases; or (iv) dismissing the cases.

16 22. The Transaction contemplated by the APA and other Transaction Documents are
17 undertaken without collusion and in "good faith," as that term is defined in § 363(m) of the Bankruptcy
18 Code. SGM is a good faith purchaser within the meaning of § 363(m) and, as such, is entitled to the
19 full protections of § 363(m). Accordingly, the reversal or modification on appeal of the authorization
20 provided herein by this Sale Order to consummate the Transaction shall not affect the validity of the
21 sale of the Purchased Assets to SGM. The APA and the Transactions contemplated thereby cannot be
22 avoided under § 363(n).

23 23. The failure to specifically include any particular provision of the APA or the other
24 Transaction Documents in this Sale Order shall not diminish or impair the effectiveness of such
25 provisions, it being the intent of the Bankruptcy Court that the Transaction, the APA and the other
26 Transaction Documents be authorized and approved in their entirety. Likewise, all of the provisions of
27 this Sale Order are non-severable and mutually dependent.
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1 24. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. §
2 158(a). Notwithstanding Rules 6004(h), 6006(d), 7062, or 9014, if applicable, or any other LBR or
3 otherwise, this Sale Order shall not be stayed for 14-days after the entry hereof, but shall be effective
4 and enforceable immediately upon entry pursuant to Rule 6004(h) and 6006(d). Time is of the essence
5 in approving the Transaction (including the transfer and the sale of the Purchased Assets).

6 25. The automatic stay in effect pursuant to § 362 is hereby lifted with respect to the
7 Debtors to the extent necessary, without further order of this Court, to (i) allow SGM to deliver any
8 notice provided for in the APA and Transaction Documents and (ii) allow SGM to take any and all
9 actions permitted under the APA and Transaction Documents in accordance with the terms and
10 conditions thereof.

11 26. Unless otherwise provided in this Sale Order, to the extent any inconsistency exists
12 between the provisions of the APA and this Sale Order, the provisions contained in this Sale Order
13 shall govern.

14 27. This Court shall retain exclusive jurisdiction to interpret, construe, and enforce the
15 provisions of the APA and this Sale Order in all respects, and further, including, without limitation, to
16 (i) hear and determine all disputes between the Debtors and/or SGM, as the case may be, and any other
17 non-Debtor party to, among other things, the Designated Contracts concerning, among other things,
18 assignment thereof by the Debtors to SGM and any dispute between SGM and the Debtors as to their
19 respective obligations with respect to any asset, liability, or claim arising hereunder; (ii) compel
20 delivery of the Purchased Assets to SGM free and clear of Encumbrances, except with respect to the
21 liens arising from the Special Assessments and the PACE Obligations; (iii) compel the delivery of the
22 Purchase Price or performance of other obligations owed to the Debtors; (iv) interpret, implement, and
23 enforce the provisions of this Sale Order; and (v) protect SGM against (A) claims made related to any
24 of the Excluded Liabilities (as defined in the APA), (B) any claims of successor or vicarious liability
25 (or similar claims or theories) related to the Purchased Assets or the Designated Contracts, or (C) any
26 Encumbrances asserted on or against SGM or the Purchased Assets.

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1 28. Following the date of entry of this Sale Order, the Debtors and SGM are authorized to
2 make changes to the APA and/or execute supplemental agreements implementing the transactions
3 contemplated by the APA without the need for any further order of the Court provided that all such
4 changes have been approved in writing by the Debtors, SGM, the Committee, the DIP Agent, and
5 Prepetition Secured Creditors. Any other proposed changes to the APA or this Sale Order shall require
6 a further order of the Court, after reasonable notice under the circumstances and a hearing.

7 29. Notwithstanding any other provision of this Sale Order or any other Order of this
8 Court, no sale, transfer or assignment of any rights and interests of a regulated entity in any federal
9 license or authorization issued by the FCC shall take place prior to the issuance of FCC regulatory
10 approval for such sale, transfer or assignment pursuant to the Communications Act of 1934, as
11 amended, and the rules and regulations promulgated thereunder. The FCC's rights and powers to take
12 any action pursuant to its regulatory authority, including, but not limited to, imposing any regulatory
13 conditions on such sales, transfers and assignments and setting any regulatory fines or forfeitures, are
14 fully preserved, and nothing herein shall proscribe or constrain the FCC's exercise of such power or
15 authority to the extent not inconsistent with the applicable provisions of the Bankruptcy Code.

16 30. To the extent the Purchased Assets contain records of the Verity Health System
17 Retirement Plan A and Verity Health System Retirement Plan B (collectively, the "Pension
18 Plans") or employment records of participants of the Pension Plans, SGM shall store, and
19 preserve any such records until the Pension Benefit Guaranty Corporation ("PBGC") has
20 completed its investigation regarding the Pension Plans and shall make such documents available
21 to PBGC for inspection and copying. Such records include, but are not limited to, any Pension
22 Plan governing documents, actuarial documents, and employment records (collectively, the
23 "Pension Plan Documents"). The Debtors shall retain and not abandon any Pension Plan
24 Documents that are not Purchased Assets no earlier than February 28, 2020, and shall make such
25 documents available to the PBGC for inspection and copying.

26 31. No later than May 13, 2019, either (i) the Debtors will file a notice of a resolution of
27 the issues regarding the transfer and/or proposed assumption and assignment or rejection of the
28

Hospitals' Medi-Cal Provider Agreements or (ii) DHCS will file a supplemental objection to the proposed transfer of the Medi-Cal Provider Agreements. If necessary, the Debtors will file any reply to the supplemental objection no later than 4:00 p.m. (Pacific Time), on May 27, 2019, and a hearing will be held on the issues raised regarding the transfer and/or proposed assumption and assignment or rejection of the Medi-Cal Provider Agreements on June 5, 2019, at 10:00 a.m. (Pacific Time); and all parties' rights, claims, and defenses are preserved until that hearing. Nothing in this Sale Order shall apply to Medi-Cal Provider Agreements until and unless there is a Court order approving a settlement between the Debtors and the DHCS or a Court order resolving the DHCS's objections.

32. No later than May 13, 2019, either (i) the Debtors will file a notice of a resolution of the issues regarding the transfer and/or proposed assumption and assignment or rejection of the Hospitals' Medicare Provider Agreements or (b) HHS will file a supplemental objection to the proposed transfer of the Medicare Provider Agreements. If necessary, the Debtors will file any reply to the supplemental objection no later than 4:00 p.m. (Pacific Time), on May 27, 2019, and a hearing will be held on the issues raised regarding the transfer and/or proposed assumption and assignment or rejection of the Medicare Provider Agreements on June 5, 2019, at 10:00 a.m. (Pacific Time); and all parties' rights, claims, and defenses are preserved until that hearing. Nothing in this Sale Order shall apply to Medicare Provider Agreements until and unless there is a Court order approving a settlement between the Debtors and the HHS or a Court order resolving the HHS's objections.

33. In accordance with the terms of §§ 4.7 and 5.11 of the APA, the Debtors and SGM will negotiate regarding modification of applicable CBAs. To the extent the Debtors seek modification, rejection and/or termination of CBAs, they will comply with the requirements of § 1113, as applicable, and may do so before or after Closing under their discretion.

34. A continued hearing on the Cure Objections shall be held on June 5, 2019, at 10:00 a.m. (Pacific Time). As to the Currently Identified Designated Contracts, by no later than May 22, 2019, at 4:00 p.m. (Pacific Time), the Debtors shall file a notice containing a list of (a) the Cure Objections that have been resolved, and (b) the Cure Objections as to which Court intervention is required. As to the Cure Objections for which Court intervention is required, pursuant to the *Order*

1 *Approving Omnibus Stipulation Continuing Hearing on Certain Objections to Notice and*
 2 *Supplemental Notice of Contracts Designated for Assumption and Assignment [Docket No. 2183], the*
 3 *deadline for the Debtors to reply to the Cure Objections shall be May 29, 2019, at 4:00 p.m. (Pacific*
 4 *Time). the following briefing schedule shall apply: (1) the Debtors' opposition to each outstanding*
 5 *Cure Objection shall be submitted by no later than May 22, 2019; and (2) the counterparties' reply in*
 6 *support of its Cure Objections shall be submitted by no later than May 29, 2019.* Nothing in this Sale
 7 Order constitutes a finding or determination on any Cure Objection. All Cure Objections are preserved
 8 until resolved either by agreement between the Debtors and the contract counterparty or further order
 9 of the Court.

10 35. As to any executory contracts or unexpired leases that were listed on the Initial
 11 Designated Contract List, but not listed on any prior Cure Notice, any counterparty thereto may file an
 12 objection to the cure amount or assumption thereof by May 22, 2019, and all other provisions in
 13 paragraph 34 shall apply to resolution thereof.

14 36. As to Subsequently Identified Designated Contracts, (i) promptly upon SGM's
 15 identifying such contract(s), the Debtors shall file a notice with the Court identifying all Subsequently
 16 Identified Designated Contracts no later than 30 days prior to Closing and provide service thereof in
 17 accordance with paragraph 16, and (ii) to the extent that any Subsequently Identified Designated
 18 Contracts were not listed on a Cure Notice, counterparties subject to contracts who object to
 19 assumption and/or the proposed cure amounts must file an objection no later than 14 days prior to
 20 Closing, and any reply shall be filed no later than 7 days prior to Closing. To the extent that a
 21 negotiated resolution cannot be achieved, any objections filed in connection with the Subsequently
 22 Identified Designated Contracts shall be adjudicated by the Court, which shall resolve any and all
 23 disputed issues related to the objection(s).

24 37. The California Attorney General, the Debtors, the Consultation Parties (as defined in
 25 the Bid Procedures Order) and SGM, reserve all rights, arguments and defenses concerning the
 26 California Attorney General's authority, if any, to review the sale under California Corporations Code
 27 §§ 5914-5924 and California Code of Regulations on Nonprofit Hospital Transactions—Title 11,
 28


Chapter 15, § 999.5, and any conditions issued thereto. Nothing in this Sale Order shall be construed as a waiver of the Attorney General's statutory and regulatory authority or other rights.

38. The Committee and the Prepetition Secured Creditors' rights, and their ability to participate and be heard at the hearings described in paragraphs 31 to 36 of this Sale Order, are hereby reserved. To the extent that the DIP Agent, DIP Lender, Prepetition Secured Creditors or the Committee desire to file pleadings related to such hearings, their respective times for filing an objection or response to any of the requests for relief described in paragraphs 31 to 37 herein shall be the same as granted to the Debtors pursuant to the notice in each such instance.

IT IS SO ORDERED.

###

Date: May 2, 2019


Ernest M. Robles
United States Bankruptcy Judge

Attachment 4 (Part 1)
Enforcement Motion

Debtors' App. pp. 715 - 885

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7 Attorneys for the Chapter 11 Debtors and
 Debtors In Possession

8 **UNITED STATES BANKRUPTCY COURT**
 9 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

10 In re

11 VERITY HEALTH SYSTEM OF
 CALIFORNIA, INC., *et al.*,

12 Debtors and Debtors In Possession.

- 13 ☒ Affects All Debtors
 14 ☐ Affects O'Connor Hospital
 15 ☐ Affects Saint Louise Regional Hospital
 16 ☐ Affects St. Francis Medical Center
 17 ☐ Affects St. Vincent Medical Center
 18 ☐ Affects Seton Medical Center
 19 ☐ Affects O'Connor Hospital Foundation
 20 ☐ Affects Saint Louise Regional Hospital
 Foundation
 21 ☐ Affects St. Francis Medical Center of Lynwood
 Foundation
 22 ☐ Affects St. Vincent Foundation
 23 ☐ Affects St. Vincent Dialysis Center, Inc.
 24 ☐ Affects Seton Medical Center Foundation
 25 ☐ Affects Verity Business Services
 26 ☐ Affects Verity Medical Foundation
 27 ☐ Affects Verity Holdings, LLC
 28 ☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
 LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly administered with:

Case No. 2:18-bk-20162-ER;
 Case No. 2:18-bk-20163-ER;
 Case No. 2:18-bk-20164-ER;
 Case No. 2:18-bk-20165-ER;
 Case No. 2:18-bk-20167-ER;
 Case No. 2:18-bk-20168-ER;
 Case No. 2:18-bk-20169-ER;
 Case No. 2:18-bk-20171-ER;
 Case No. 2:18-bk-20172-ER;
 Case No. 2:18-bk-20173-ER;
 Case No. 2:18-bk-20175-ER;
 Case No. 2:18-bk-20176-ER;
 Case No. 2:18-bk-20178-ER;
 Case No. 2:18-bk-20179-ER;
 Case No. 2:18-bk-20180-ER;
 Case No. 2:18-bk-20181-ER;

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DEBTORS' EMERGENCY MOTION FOR THE ENTRY OF AN
 ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE
 SALE TO STRATEGIC GLOBAL MANAGEMENT, INC;
 (II) FINDING THAT THE SALE IS FREE AND CLEAR OF
 CONDITIONS MATERIALLY DIFFERENT THAN THOSE
 APPROVED BY THE COURT; (III) FINDING THAT THE
 ATTORNEY GENERAL ABUSED HIS DISCRETION IN
 IMPOSING CONDITIONS ON THAT SALE; AND (IV)
 GRANTING RELATED RELIEF; MEMORANDUM OF POINTS
 AND AUTHORITIES AND DECLARATIONS IN SUPPORT
 THEREOF**

Hearing Date and Time:

Date: TBD

Time: TBD

Place: Courtroom 1568,
 255 E. Temple Street
 Los Angeles, CA 90012

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17	<i>Friends of the Old Trees v. Dep't of Forestry & Fire Prot.,</i>	
18	61 Cal. Rptr. 2d 297 (Cal. Ct. App. 1997)	37, 39, 40
19	<i>Fukuda v. City of Angels,</i>	
20	977 P.2d 693 (Cal. 1999)	38, 43
21	<i>In re Gardens Reg'l Hosp. & Med. Ctr., Inc.,</i>	
22	567 B.R. 820 (Bankr. C.D. Cal. 2017).....	23, 24
23	<i>Goat Hill Tavern v. City of Costa Mesa,</i>	
24	8 Cal. Rptr. 2d 385 (Cal. Ct. App. 1992)	42
25	<i>In re Grumman Olson Indus., Inc.,</i>	
26	467 B.R. 694 (S.D.N.Y. 2012)	20, 30
27	<i>In re HHH Choices Health Plan, LLC,</i>	
28	554 B.R. 697 (Bankr. S.D.N.Y. 2016)	13, 37
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	<i>Hong Kong and Shanghai Banking Corp. v. Simon (In re Simon),</i>	
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1	<i>Indiana State Police Pension Trust v. Chrysler LLC (In re Chrysler LLC),</i>	
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3	<i>Interstate Brands v. Unemployment Ins. Appeals Bd.,</i>	
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5	<i>John Hancock Mut. Life Ins. Co. v. Harris Trust & Sav. Bank,</i>	
6	510 U.S. 86 (1993)	31
7	<i>Keene Corp. v. United States,</i>	
8	508 U.S. 200 (1993)	32
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10	No. 12-03837-8-JRL, 2013 WL 2451368 (Bankr. E.D.N.C. June 6, 2013)	27
11	<i>In re La Paloma Generating, Co.,</i>	
12	No. 16-12700, 2017 WL 5197116 (Bankr. D. Del. Nov. 9, 2017)	20, 26, 29, 33
13	<i>Lamb v. Webb</i>	
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15	<i>Law v. Seigel,</i>	
16	571 U.S. 415 (2014)	31
17	<i>In re Leckie Smokeless Coal Co.,</i>	
18	99 F.3d 573 (4th Cir. 1996)	<i>passim</i>
19	<i>Mann v. Dep't of Motor Vehicles,</i>	
20	90 Cal. Rptr. 2d 277 (Cal. Ct. App. 1999)	41
21	<i>Mass. Dept. of Unemployment Assistance v. OPK Biotech, LLC (In re PBBPC,</i>	
22	<i>Inc.),</i>	
23	484 B.R. 860 (B.A.P. 1st Cir. 2013)	21, 22, 24, 30
24	<i>Mass. v. Morash,</i>	
25	490 U.S. 107 (1989)	31
26	<i>In re Millenium Seacarriers, Inc.,</i>	
27	419 F.3d 83 (2d Cir. 2005)	4
28	<i>Morton v. Mancari,</i>	
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	<i>Motor Vehicle Mfrs. Assn. of the U.S. v. State Farm Mut. Auto Ins. Co.,</i>	
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1	<i>In re Old Carco, LLC,</i>	
2	538 B.R. 674 (Bankr. S.D.N.Y. 2015)	21, 22, 23
3	<i>Outfitter Properties, LLC v. Wildlife Conservation Bd.,</i>	
4	143 Cal. Rptr. 3d 312 (Cal. Ct. App. 2012)	43
5	<i>Oxford Preparatory Acad. v. Chino Valley Unified Sch. Dist.,</i>	
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8	25 Cal. 3d 803 (1979).....	46
9	<i>Pavelic & Leflore v. Marvel Entm't Grp.,</i>	
10	493 U.S. 120 (1989)	31
11	<i>Precision Indus., Inc. v. Qualitech Steel SBQ, LLC,</i>	
12	327 F.3d 537 (7th Cir. 2003).....	19, 20
13	<i>Prime Healthcare Services, Inc. v. Harris,</i>	
14	216 F. Supp. 3d 1096 (S.D. Cal. 2016)	4, 6
15	<i>In re PW, LLC,</i>	
16	391 B.R. 25 (B.A.P. 9th Cir. 2008).....	28
17	<i>Quackenbush v. Mission Ins. Co.,</i>	
18	46 Cal. App. 4th 458 (Cal. Ct. App. 1996)	46
19	<i>Ray v. Alad Corp.,</i>	
20	19 Cal. 3d 22 (1977).....	26
21	<i>Saleeby v. State Bar,</i>	
22	39 Cal. 3d 547 (1985).....	46
23	<i>Scenic Community v. County of Los Angeles,</i>	
24	11 Cal.3d 506 (1974).....	39
25	<i>Schwartz v. Poizner,</i>	
26	113 Cal. Rptr. 3d 610 (Cal. Ct. App. 2010)	40
27	<i>Sierra Club v. State Bd. of Forestry,</i>	
28	7 Cal. 4th 1215 (1994).....	40
	<i>SP Star Enters., Inc. v. City of Los Angeles,</i>	
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	<i>In re Spanish Peaks Hldgs. II, LLC,</i>	
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1	<i>The Termo Co. v. Luther,</i>	
2	86 Cal. Rptr. 3d 687 (Cal. Ct. App. 2008)	41
3	<i>Tiholiz v. Northridge Hosp. Found.,</i>	
4	199 Cal. Rptr. 338 (Cal. Ct. App. 1984)	43
5	<i>In re Tougher Indus., Inc.,</i>	
6	No. 06-12960, 2013 WL 1276501 (Bankr. N.D.N.Y. Mar. 27, 2013)	21
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8	322 F.3d 283 (3d Cir. 2003)	20, 22, 28, 30
9	<i>Travelers Indem. Co. v. Bailey,</i>	
10	557 U.S. 137 (2009)	4
11	<i>U.S. v. Novak,</i>	
12	476 F.3d 1041 (9th Cir. 2007)	31
13	<i>United Mine Workers of Am. Combined Benefit Fund v. Walter Energy, Inc.,</i>	
14	551 B.R. 631 (N.D. Ala. 2016)	20
15	<i>United Sav. Ass'n v. Timbers of Inwood Forest Assocs.,</i>	
16	484 U.S. 365 (1988)	31
17	<i>In re USA United Fleet, Inc.,</i>	
18	496 B.R. 79 (Bankr. E.D.N.Y. 2013)	21, 23
19	<i>In re Verity Health Sys. of Cal., Inc.,</i>	
20	598 B.R. 283 (Bankr. C.D. Cal. 2018) (Robles, J.)	23, 25
21	<i>Vill. Of Arlington Heights v. Metro. Hous. Dev. Corp.,</i>	
22	429 U.S. 252 (1977)	4
23	<i>In re Vista Marketing Group Ltd.,</i>	
24	557 B.R. 630 (Bankr. N.D. Ill. 2016)	20, 28
25	<i>WBQ P'ship v. Va. Dep't of Med. Assistance Servs. (In re WBQ P'ship),</i>	
26	189 B.R. 97 (Bankr. E.D. Va. 1995)	20, 28
27	<i>Wollmer v. City of Berkeley</i>	
28	(2011), 193 Cal. App. 4th 1329	38
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3	11 U.S.C. § 363(f)(4)	27, 28
4	11 U.S.C. § 525(a).....	3, 34, 35, 36
5	28 U.S.C. § 157	4
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7	28 U.S.C. § 157(b)(2).....	4
8	28 U.S.C. § 959(b)	34
9	28 U.S.C. § 1334	<i>passim</i>
10	28 U.S.C. § 1408	4
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EMERGENCY MOTION

Pursuant to Rule 9075-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California (the “LBR”), Rule 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), §§ 105, 362, 363, 525 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”),¹ and 28 U.S.C. § 1334(e), Verity Health System Of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 bankruptcy cases (the “Cases”), hereby move, on an emergency basis (the “Motion”), for the entry of an order: (i) enforcing this Court’s previous order [Docket No. 2306] authorizing the sale (“SGM Sale”) of the Debtors’ assets to Strategic Global Management, Inc. (“SGM”); and (ii) finding that the SGM Sale is free and clear of the conditions imposed by the California Attorney General (the “Attorney General”) that are materially different (the “Additional Conditions”) than the conditions in the asset purchase agreement (the “SGM APA”) [Docket No. 2305-1]; or, alternatively, (iii) finding that the Attorney General abused his discretion imposing the conditions under applicable nonbankruptcy law; and (iv) granting such other and further relief as the Court deems just and proper. The sale order approving the SGM Sale (the “Sale Order”), the conditions issued by the Attorney General (the “2019 Conditions”), the Additional Conditions, in redline format, and the SGM APA, are attached to the annexed Memorandum of Points and Authorities (the “Memorandum”) as Exhibits “A,” “B,” “C,” and “D,” respectively. Certain correspondence between the Debtors, SGM, and the Attorney General is attached to the Memorandum as Exhibit “E.”

The Debtors request that the relief sought be granted on an emergency basis because the Debtors will suffer immediate and irreparable harm without the relief requested in this Motion. Indeed, absent relief, the Debtors’ sale to SGM of its four remaining hospitals (collectively, the “Hospitals”) will collapse, which would result in the loss of access to critical healthcare in

underserved communities, the loss of thousands of jobs, and the loss of anticipated recoveries to creditors. Simply put, the Additional Conditions would unwind the heroic efforts of constituents who have diligently worked to maintain the Hospitals throughout these cases and spent countless hours and funds working with SGM to close the SGM Sale. Even a delay in the closing will significantly impact these Cases because the Debtors (i) are operating at a loss of approximately \$450,000 per day, imposing significant costs upon the estates and upon creditors, (ii) seek to confirm their plan of liquidation by the end of the year, and (iii) are required to meet the milestone under the cash collateral agreement that the Plan go effective in 2019 and have no alternative financing source.

The Additional Conditions threaten the SGM sale. The Additional Conditions trigger SGM's termination rights under the APA unless the Debtors obtain a supplemental order from this Court finding that the Additional Conditions are an "interest in property" for purposes of § 363(f), and that the Hospitals can be sold free and clear of the Additional Conditions without the imposition of any other conditions. *See* Exhibit "D," SGM APA, Section 8.6. SGM has repeatedly informed the Debtors and the Attorney General that the Additional Conditions are "deal killers." *See* Exhibit "E." To illustrate the magnitude of the economic impact of the Additional Conditions, *two* of the Additional Conditions alone would have the economic impact of increasing the effective purchase price by over 50 percent to nearly a billion dollars. The economic impact of compliance with the other Additional Conditions are in the tens of millions of dollars. In essence, the Additional Conditions would render the SGM APA and this Court's Sale Order meaningless. Such result is inconsistent with § 363, this Court's exclusive jurisdiction over property of the Debtors' estates, and fundamental purposes of the Bankruptcy Code.

The SGM APA specifically contemplates the Debtors will challenge promptly any conditions materially different from those to which SGM agreed. *See* Exhibit D, SGM APA §§

{continued from previous page}

¹ All references to "§" are to sections of the Bankruptcy Code; all references to "LBR" are to provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California.

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1 8.6, 9.3. Failure to challenge timely the imposition of Additional Conditions may result in
2 termination of the SGM Sale. *Id.* The Debtors and SGM met with representatives of the Attorney
3 General regularly to encourage imposition of conditions consistent with Schedule 8.6. *See* Adcock
4 Dec. and Levy-Biehl Dec. Further, the Debtors negotiated vigorously with additional
5 constituencies (including the Official Committee of Unsecured Creditors, the Pension Benefit
6 Guaranty Corporation, and labor unions) to secure their support of the SGM Sale, which were
7 provided to the Attorney General before the 2019 Conditions were issued. Nevertheless, the
8 Attorney General has imposed conditions on the SGM Sale inconsistent with Schedule 8.6 after
9 taking the maximum amount of time provided by statute to review the transaction and constituent
10 input. *See* Exhibit “B.” Given the Attorney General’s long delay in reviewing the SGM Sale, the
11 Debtors must challenge the Additional Conditions on an expedited basis to ensure that the SGM
12 Sale closes, the Hospitals stay open to provide essential patient care, thousands of jobs are not lost
13 and assets of the estates are preserved.

14 The Attorney General will not suffer prejudice if the Court grants this Motion for expedited
15 relief. As noted above, the Attorney General considered the 2019 Conditions for 135 days prior to
16 their issuance on September 25, 2019. During that time, the Debtors and SGM have made
17 abundantly clear that any departure from the conditions in Schedule 8.6 to the SGM APA would
18 threaten the SGM Sale. *See, e.g.,* Exhibit “E.” Further, the Attorney General is amply familiar
19 with the issues raised herein, having briefed the same in several bankruptcy cases in this District,
20 including in the Debtors’ Cases. *See* Docket No. 463; *In re Gardens Reg’l Hosp. & Med. Ctr., Inc.*,
21 No. 2:16-bk-17463-ER, Doc. No. 752 (Bankr. C.D. Cal. Apr. 24, 2017); *In re Victor Valley Cmty.*
22 *Hosp.*, No. 8:12-bk-12896-CB, Doc. No. 1804 (Bankr. C.D. Cal. Sept. 27, 2011). Accordingly, the
23 Debtors respectfully request that the Court grant the Motion for an emergency hearing because the
24 proposed expedited hearing will not prejudice the Attorney General and is in the best interests of
25 the Debtors’ estates and creditors.

I.

SUMMARY OF REQUESTED RELIEF

Concurrently herewith, the Debtors have filed a motion seeking the entry of an order: (i) enforcing this Court's previous order [Docket No. 2306] authorizing the SGM Sale; and (ii) finding that the SGM Sale is free and clear of the Additional Conditions, pursuant to §§ 105, 362, 363, and 525, and 28 U.S.C. § 1334(e); or, alternatively, (iii) finding that the Attorney General abused his discretion imposing the 2019 Conditions under applicable nonbankruptcy law; and (iv) granting such other and further relief as the Court deems just and proper.

The Motion is based upon §§ 105, 362, 363, and 525, 28 U.S.C. § 1334, Bankruptcy Rule 6004, LBR 9075-1(a), California Corporations Code §§ 5914 *et seq.*, and the California Code of Regulations, title 11, § 999.5, the attached Memorandum of Points and Authorities, the *Declaration of Richard Adcock in Support of Emergency First-Day Motions* [Docket No. 8], the Declarations of Richard G. Adcock (the "Adcock Decl."), Peter Baronoff (the "Baronoff Decl."), Peter C. Chadwick (the "Chadwick Decl."), and Hope R. Levy-Biehl (the "Levy-Biehl Decl.") filed concurrently herewith, the arguments and statements of counsel to be made at the hearing on the Motion, and any other admissible evidence properly brought before the Court. The Debtors request that the Court take judicial notice of all documents filed with the Court in these Cases that relate to the SGM Sale and the prior sale of the hospitals to Santa Clara County, as appropriate, in support of the Motion.

II.

RESPONSES

Any party opposing or responding to the Motion may present such response (the "Response") at any time before or at the hearing on the Motion. *See* LBR 9075-1(a)(8). A Response must be a complete written or oral statement of all reasons in opposition to the Motion or in support, declarations and copies of all evidence on which the responding party intends to rely, and any responding memorandum of points and authorities. Pursuant to LBR 9013-1(h), the failure to file and serve a timely objection to the Motion may be deemed by the Court to be consent to the relief requested herein.

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III.**SERVICE OF MOTION**

Counsel to the Debtors will serve this Motion, the attached Memorandum of Points and Authorities, the Adcock Decl., the Baronoff Decl., the Chadwick Decl., Levy-Biehl Decl., and any notice required by the Court on: (i) the California Attorney General; (ii) the Official Committee of Unsecured Creditors; (iii) the Debtors' prepetition secured creditors; (iv) SGM; (iv) the Office of the United States Trustee; and (v) any other parties on the Limited Service List set forth in the *Order Granting Emergency Motion of Debtors for Order Limiting Scope of Notice* [Docket No. 132]. To the extent necessary, the Debtors request that the Court waive compliance with LBR 9075-1(a)(6) and approve service (in addition to the means of services set forth in such LBR) by overnight delivery.

IV.**RESERVATION OF RIGHTS**

Nothing contained herein is intended or shall be construed as: (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors; or (iii) a waiver of any claims or causes of action which may exist against any creditor or interest holder.

V.**PRAYER**

WHEREFORE, for all the foregoing reasons and such additional reasons as may be advanced at or prior to the hearing regarding this Motion, the Debtors respectfully request that the Court hold a hearing on an emergency basis to consider the Debtors request for an order (i) finding that (a) the SGM Sale is free and clear of the Additional Conditions imposed by the Attorney General, or alternatively, (b) the Attorney General has abused his discretion in imposing the Additional Conditions, and (ii) granting such other and further relief as the Court deems just and proper.

1 Dated: September 30, 2019

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MEMORANDUM OF POINTS AND AUTHORITIES

Verity Health System of California, Inc. (“VHS”) and the affiliated debtors, the debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 bankruptcy cases (the “Cases”), hereby move (the “Motion”) for the entry of an order: (i) enforcing this Court’s previous order [Docket No. 2306] (the “Sale Order”) authorizing the sale (“SGM Sale”) of the Debtors’ assets to Strategic Global Management, Inc. (“SGM”); and (ii) finding that the SGM Sale is free and clear of the conditions (the “2019 Conditions”) imposed by the California Attorney General (the “Attorney General”) that are materially different (the “Additional Conditions”) than the conditions in the asset purchase agreement (the “SGM APA”) [Docket No. 2305-1], pursuant to §§ 105, 362, 363, and 525 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and 28 U.S.C. § 1334(e);¹ or, alternatively, (iii) finding that the Attorney General abused his discretion imposing the 2019 Conditions under applicable nonbankruptcy law; and (iv) granting such other and further relief as the Bankruptcy Court deems just and proper.

The Motion is based on the *Declaration of Richard Adcock in Support of Emergency First-Day Motions* [Docket No. 8] (the “First-Day Declaration”), the Declarations of Richard G. Adcock (the “Adcock Decl.”), Peter Baronoff (the “Baronoff Decl.”), Peter C. Chadwick (the “Chadwick Decl.”), and Hope R. Levy-Biehl (the “Levy-Biehl Decl.”) filed concurrently herewith, the arguments and statements of counsel to be made at the hearing on the Motion, the record in the Debtors’ Cases and any other judicially noticeable facts, and other admissible evidence properly brought before the Court. The Sale Order, the 2019 Conditions, the Additional Conditions, in redline format, and the SGM APA, are attached hereto as Exhibits “A,” “B,” “C,” and “D,” respectively. Certain correspondence between the Debtors, SGM, and the Attorney General is attached hereto as Exhibit “E.”

In further support of the Motion, the Debtors respectfully state as follows:

¹ All references to “§” are to sections of the Bankruptcy Code; all references to “Bankruptcy Rules” are to provisions of the Federal Rules of Bankruptcy Practice; all references to “LBR” are to provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California.

I.

INTRODUCTION

Nearly five months after this Court entered the Sale Order authorizing the Debtors to sell their four remaining general acute care hospitals (the “Hospitals”) to SGM, the Attorney General issued the 2019 Conditions that effectively increase the purchase price in the SGM APA by over \$300 million. The imposition of the Additional Conditions in the 2019 Conditions would destroy the sale of the Hospitals to the only buyer willing to buy them, SGM, and would result in the loss of access to critical healthcare in underserved communities, the loss of thousands of jobs, and the loss of anticipated recoveries to creditors. The Debtors’ estates and their constituents have already borne operating losses of approximately \$450,000, per day, waiting for the Attorney General to issue his decision. Moreover, the Debtors, SGM and third parties have expended tremendous efforts to prepare for and close the SGM Sale in reliance on the Sale Order. These tireless efforts have taken a significant amount of time and resources and simply cannot be undone.

The Debtors are mindful that the Hospitals have struggled for decades and that the 2015 conditions imposed by the Attorney General (the “2015 Conditions”) locked the Hospitals into financial and operational obligations that made success impossible (the Debtors lost hundreds of millions of dollars since the 2015 Conditions were imposed). Chapter 11 presented the last and only viable option to save the Hospitals. The Attorney General cannot strip the Debtors of the protections afforded by the Bankruptcy Code, which is, in essence, the impact of the 2019 Conditions if they are enforced.

In addition to the fact that the imposition of the Additional Conditions would be devastating to patients, the communities the Hospitals serve, thousands of employees and stakeholders in these cases, the Additional Conditions cannot be upheld because they contravene the Bankruptcy Code, the Court’s jurisdiction, and fundamental purposes of the Bankruptcy Code.

Specifically, the Court should enforce the Sale Order and find that that the Debtors are authorized to the sell the Hospitals without imposition of the Additional Conditions because:

- *Section 363(f) authorizes the Court to sell the Debtors’ assets free and clear of the Additional Conditions which are an “interest in property;”*

- *The Additional Conditions are an inappropriate attempt to impose successor liability on SGM because the Sale Order authorizes the assets to pass to SGM free and clear of successor liability;*
- *Section 363(d)(1) must be harmonized with § 363(f), which authorizes the Court to sell the assets free and clear of the Additional Conditions;*
- *The Attorney General's broad attempt to exercise control over the Debtors' assets contravenes the Court's exclusive jurisdiction over the Debtors' assets, pursuant to 28 U.S.C. § 1334(e);*
- *Imposition of the Additional Conditions constitutes impermissible discrimination against the Debtors and SGM under § 525(a) because the Additional Conditions are premised on the continuance of the Debtors' obligations; and*
- *The Attorney General is exceeding his authority by attempting to regulate a for profit entity.*

Additionally, and as significantly, under state law, the imposition of the Additional Conditions are a breach of the Attorney General's fiduciary obligations and an abuse of his discretion.

Based upon all of the foregoing, and for the reasons set forth in greater detail below, the Debtors urge the Court to enter an order enforcing the Sale Order and finding that sale was "free and clear" of the Additional Conditions.

II.

JURISDICTION, VENUE, AND STATUTORY PREDICATES

The Bankruptcy Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. §§ 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

The Motion seeks, in part, an order of the Court enforcing the terms of its final order approving the SGM Sale [Docket No. 2306]. The statutory predicates for this relief are §§ 363 and 105, and Bankruptcy Rule 6004. This Court "plainly ha[s] jurisdiction to interpret and enforce its own prior orders." *Travelers Indem. Co. v. Bailey*, 557 U.S. 137, 151 (2009); *see also In re Millenium Seacarriers, Inc.*, 419 F.3d 83, 96 (2d Cir. 2005) ("A bankruptcy court retains jurisdiction to interpret and enforce its own orders [.]") (quoting *Luan Inv. S.E., v. Franklin 145 Corp. (In re Petrie Retail, Inc.)*, 304 F.3d 223, 230 (2d Cir.2002)).

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The Debtors further request that the Court find that the Attorney General abused his discretion in imposing the 2019 Conditions without an evidentiary basis. The statutory predicates for such a finding are set forth in the California Corporations Code, §§ 5914 *et seq.*, and the California Code of Regulations, title 11, § 999.5. The Debtors have standing to challenge the 2019 Conditions because the Debtors' allegations of lost business opportunity and corresponding economic harm related to the SGM Sale constitute an injury in fact. *See Prime Healthcare Services, Inc. v. Harris*, 216 F. Supp. 3d 1096, (S.D. Cal. 2016) (citing *Wedges/Ledges of Cal., Inc. v. City of Phoenix, Ariz.*, 24 F.3d 56, 60 (9th Cir. 1994)) (finding standing where plaintiff alleged that "the financially unviable conditions [the attorney general] imposed on the [Daughters of Charity Health System] transaction forced it to abandon its \$843 million bid to acquire" the hospital); *see also Vill. Of Arlington Heights v. Metro. Hous. Dev. Corp.*, 429 U.S. 252, 261-63 (1977) (concluding that a nonprofit developer had standing to challenge the denial of its petition for rezoning and seek injunctive and declaratory relief, despite the fact that its land-purchase contract was contingent upon securing rezoning).

III.

FACTUAL BACKGROUND

A. General Background

1. On August 31, 2018 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Since the commencement of their Cases, the Debtors have been operating their businesses as debtors in possession pursuant to §§ 1107 and 1108.

2. Debtor VHS, a California nonprofit public benefit corporation, is the sole corporate member of five Debtor California nonprofit public benefit corporations that operated O'Connor Hospital ("OCH") and Saint Louise Regional Hospital ("SLRH"), and currently operates St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC"), and Seton Medical Center, including Seton Medical Center Coastside Campus (collectively, "Seton" and, together with OCH, SLRH, SFMC, and SVMC, the "Verity Hospitals").

1 3. As of the Petition Date, VHS, the Verity Hospitals, and their affiliated entities
2 (collectively, “Verity Health System”) operated as a nonprofit health care system, with
3 approximately 1,680 inpatient beds, six active emergency rooms, a trauma center, eleven medical
4 office buildings, and a host of medical specialties, including tertiary and quaternary care. *See* First-
5 Day Decl., at 4, ¶ 12. The scope of the services provided by the Verity Health System is
6 exemplified by the fact that in 2017, the Verity Hospitals provided medical services to over 50,000
7 inpatients and approximately 480,000 outpatients. *Id.*, at 4, ¶ 12.

8 4. Additional background facts on the Debtors, including an overview of the Debtors’
9 business, information on the Debtors’ capital structure and additional events leading up to these
10 chapter 11 Cases, are set forth in the First-Day Declaration.

11 5. On September 14, 2018, the Office of the United States Trustee appointed the
12 Committee [Docket No. 197].

13 **B. The Daughters of Charity and the 2015 Conditions**

14 6. The Verity Hospitals were originally owned and operated by the Daughters of
15 Charity of St. Vincent de Paul, Province of the West (the “Daughters of Charity”), to support the
16 mission of the Catholic Church through a commitment to the sick and poor. The Daughters of
17 Charity began their healthcare mission in California in 1858 with the opening of Los Angeles
18 Infirmary, now known as SVMC. The Daughters of Charity expanded its hospitals to San Jose in
19 1889 and San Francisco in 1893. The Daughters of Charity ministered to ill, poverty-stricken
20 individuals for more than 150 years.

21 7. In June 2001, the Daughters of Charity Health System (“DCHS”) was formed. In
22 2002, DCHS commenced operations and was the sole corporate member of the Verity Hospitals,
23 which at that time were California nonprofit religious corporations.

24 8. Between 1995 and 2015, the Verity Hospitals incurred substantial operating losses.
25 During that time period, Daughters of Charity and DCHS attempted to find a solution which would
26 resolve the operating losses, either through a sale of some or all of the Verity Hospitals, or a merger
27 with a more financially sound partner. In 2013, DCHS unsuccessfully solicited purchase offers for
28 OCH, SLRH, and Seton.

1 9. Throughout 2014, DCHS explored offers to sell the system and, in October of 2014,
2 entered into an agreement with Prime Healthcare Services and Prime Healthcare Foundation
3 (collectively, "Prime") to sell the health system. A condition of such sale was approval by the
4 Attorney General.

5 10. In early 2015, the Attorney General consented to the sale to Prime, but subject to
6 certain conditions, which, in Prime's view, were so onerous that it could not proceed with the
7 transaction. Accordingly, Prime terminated the transaction. The history of this failed transaction
8 and the process for Attorney General review is more fully set forth in *Prime Healthcare Services,*
9 *Inc., et al. v. Harris*, 216 F. Supp. 3d 1096, 1101-06 (S.D. Cal. 2016).

10 11. In 2015, DCHS again marketed the health system for sale, and, again, focused on
11 offers that maintained the system as a whole, including the assumption of all existing obligations.
12 In July 2015, the DCHS Board of Directors selected BlueMountain Capital Management LLC
13 ("BlueMountain"), a private investment firm, to recapitalize its operations and transition leadership
14 of the health system to the new Verity Health System (the "BlueMountain Transaction").

15 12. In connection with the BlueMountain Transaction, the DCHS and its sole member,
16 Daughters of Charity Ministry Services Corporation, certain funds managed by BlueMountain and
17 Integrity Healthcare, LLC (a management company was formed to manage VHS for BlueMountain
18 under a new management agreement) entered into a System Restructuring and Support Agreement
19 (the "Restructuring Agreement"). Under the Restructuring Agreement, VHS and the Verity
20 Hospitals were converted from religious corporations to public benefit corporations. BlueMountain
21 agreed to make a capital infusion of \$100 million, arrange loans for another \$160 million to the
22 system, and manage operations, with an option to buy the health system at a future time. DCHS'
23 name was changed to Verity Health System.

24 13. On December 3, 2015, the Attorney General approved the BlueMountain
25 Transaction, subject to the 2015 Conditions. The 2015 Conditions were imposed for periods
26 ranging from 5 to 15 years. Generally, the terms of the 2015 Conditions included (i) transfers of
27 control, (ii) maintenance of health services, (iii) required participation in Medicare and Medi-Cal
28 programs, (iv) community benefit programs, (v) charity care levels, (vi) county contracts, (vii) local

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1 governing boards, (viii) medical staff compliance, (ix) assumption of hundreds of millions of
2 dollars of pension obligations, and (x) annual attestation of compliance.

3 14. In the 2015 Conditions, VHS was expressly required to make capital expenditures of
4 at least \$180 million over 5 years, and to meet accelerated time lines for making the Verity
5 Hospitals seismic compliant. Each hospital had specific requirements as to services that had to be
6 maintained or even expanded. For example, SVMC was required to maintain an emergency room
7 with eight stations, including six fast track stations, 19 acute rehab beds, and 30 ICU beds, among
8 other things. It was also required to provide \$400,000 of charity care annually and provide
9 community benefit programs of at least \$1 million annually. SVMC was required to maintain
10 Medi-Cal contracts with LA Care Health Plan and various commercial plan contracts. All of the
11 Verity Hospitals had similar obligations imposed.

12 15. Despite BlueMountain's infusion of cash and retention of various consultants and
13 experts to assist in improving cash flow and operations, the health system continued to incur losses.
14 It soon became apparent that the problems facing the Verity Health System were too large to solve
15 without a formal court supervised restructuring.

16 **C. The Bankruptcy Cases**

17 16. The Debtors commenced these Cases to protect the original legacy of the Daughters
18 of Charity to the maximum extent possible by retiring debt incurred over the past 18 years and
19 selling the hospital facilities to enable the continued operation of the Verity Hospitals under new
20 ownership and leadership free from the historical losses and operational uncertainties. The
21 Debtors' strategy contemplated a Court-supervised sale of some or all of the Verity Hospitals, and
22 related facilities, and a comprehensive resolution of the Debtors' financial obligations through a
23 court approved plan of reorganization.

24 17. In June 2018, the Debtors engaged Cain Brothers, a division of KeyBanc Capital
25 Markets ("Cain"), to identify potential buyers of some or all of the Verity Hospitals and related
26 assets and commenced discussions with those potential buyers. Cain prepared a Confidential
27 Investment Memorandum, organized an online data site to share information with potential buyers
28 and contacted over 181 strategic and financial buyers beginning in July 2018 to solicit their interest

1 in exploring a transaction regarding the Verity Hospitals. As a result of its broad marketing
2 process, Cain received sixteen indications of interest, or other proposals, and continued to develop
3 potential sales of some or all of the Verity Hospitals.

4 18. At the commencement of the cases, the Debtors obtained court approval for a debtor
5 in possession financing facility with up to \$185 million of availability from Ally Bank subject to a
6 borrowing base (the “DIP Facility”). The DIP Facility was secured by substantially all of the
7 Debtors’ assets and also provides for super priority administrative priority status for all obligations
8 under the facility. The DIP financing enabled Debtors to operate the Verity Hospitals while they
9 continued their efforts to find a purchaser for their assets and to reach agreements with key
10 constituents. As discussed below, the Debtors have repaid their DIP financing obligations and are
11 funding operations through the consensual use of cash collateral.

12 **D. The SCC Sale**

13 19. On December 27, 2018, the Bankruptcy Court entered the *Order (A) Authorizing the*
14 *Sale of Certain of the Debtors’ Assets to Santa Clara County Free and Clear of Liens, Claims,*
15 *Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an*
16 *Unexpired Lease Related Thereto; and (C) Granting Related Relief* [Docket No. 1153], approving a
17 sale of OCH, SLRH, and related assets, to Santa Clara County (the “SCC Sale”).

18 20. The SCC Sale closed on February 28, 2019. After payment of certain cure costs,
19 closing costs and other items, the net remaining proceeds were approximately \$184.38 million,
20 which are held in four sale proceeds account. An additional \$23.35 million is held in escrow (the
21 “Post-Closing Escrow”) by First American Title Insurance Company, the escrow agent. The Post-
22 Closing Escrow was established pursuant to the terms of the SCC APA, as security for the Debtors’
23 post-closing obligations and expires in February 2020.

24 21. The Attorney General vigorously opposed the SCC Sale, insisting that either the
25 2015 Conditions applied to SCC or that the SCC Sale was subject to his review. This Court
26 rejected both arguments, and overruled his objections. *See* Docket Nos. 1146, 1153. The Attorney
27 General appealed, but voluntarily dismissed the appeal after the Debtors filed a motion to dismiss
28

as moot pursuant to § 363(m). *See* Case No. 2:19-cv-00133-DMG, Docket No. 40, 41 (C.D. Cal. Feb. 1, 2019).

E. The SGM Sale

22. On January 17, 2019, the Debtors filed the Debtors' *Notice Of Motion And Motion for the Entry of (I) an Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and For Prospective Overbidders to Use, (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections, (3) Approving Form of Notice to be Provided to Interested Parties, (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest Bidder and (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) an Order (A) Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* (the "Sale and Bidding Procedures Motion") [Docket No. 1279].

23. On February 19, 2019, the Court held a hearing on the Sale and Bidding Procedures Motion and thereafter entered an order approving the Sale and Bidding Procedures Motion (the "Bidding Procedures Order") [Docket No. 1572]. SGM served as the Stalking Horse Bidder under the terms of the Bidding Procedures Order. The Bidding Procedures Order also approved the SGM APA as modified therein.

24. There were two "Qualified Bidders" (as defined in the Bidding Procedures Order) for partial bids for different Hospitals (one for SVMC and one for SFMC) and no Qualified Full Bid. After consultation with the Consultation Parties as defined in the Bidding Procedures Order, the Debtors determined to not conduct either a Partial Bid or Full Bid auction, as set forth in the *Notice That No Auction Shall Be Held Re Debtors' Motion and Motion for the Entry of (I) An Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and for Prospective Overbidders; (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections; (3) Approving Form of Notice to Be Provided to Interested Parties; (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest Bidder; and (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) an Order (A) Authorizing the Sale of Property Free and Clear of All Claims, Liens*

1 and Encumbrances [Docket No. 2053] (the “No-Auction Notice”) filed by the Debtors on April 4,
2 2019.

3 25. Accordingly, under the terms of the SGM APA and the Bidding Procedures Order,
4 no auction was held and the Debtors declared SGM as the “winning bidder” of the Hospitals. No-
5 Auction Notice at 2.

6 26. On May 2, 2019, the Bankruptcy Court entered the *Order (A) Authorizing The Sale*
7 *Of Certain Of The Debtors' Assets To Strategic Global Management, Inc. free And Clear Of Liens,*
8 *Claims, Encumbrances, And Other Interests; (B) Approving The Assumption And Assignment Of*
9 *An Unexpired Lease Related Thereto; And (C) Granting Related Relief* [Docket No. 2306] (the
10 “Sale Order”), approving the SGM Sale. The closing of the SGM Sale is subject to review by the
11 Attorney General and satisfaction of certain other closing conditions. The Debtors expect the SGM
12 Sale to close in the fourth quarter of 2019.

13 27. SGM has agreed to continue to operate the Hospitals and abide by the vast majority
14 of the 2015 Conditions, as set forth in Schedule 8.6 to the SGM APA.

15 28. Section 8.6 of the SGM APA is titled: “Attorney General Provisions.” It provides
16 the following:

17 Purchaser recognizes that the transactions contemplated by this
18 Agreement may be subject to review and approval of the CA AG.
19 Purchaser agrees to close the transactions contemplated by this
20 Agreement so long as any conditions imposed by the CA AG are
21 substantially consistent with the conditions set forth, as Purchaser
22 Approved Conditions, in Schedule 8.6. In the event the CA AG
23 imposes conditions on the transactions contemplated by this
24 Agreement, or on Purchaser in connection therewith, which are
25 materially different than the Purchaser Approved Conditions set
26 forth on Schedule 8.6 (the “Additional Conditions”), Sellers shall
27 have the opportunity to file a motion with the Bankruptcy Court
28 seeking the entry of an order (“Supplemental Sale Order”) finding
that the Additional Conditions are an “interest in property” for
purposes of 11 U.S.C. § 363(f), and that the Assets can be sold free
and clear of the Additional Conditions without the imposition of any
other conditions, which would adversely affect the Purchaser. For
purposes of this Section 8.6, Additional Conditions which
individually or collectively impose a direct or indirect cost to
Purchaser of \$5 million, or more, shall be conclusively deemed to be
“materially different.” If Sellers determine not to seek such

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Supplemental Sale Order, or fail to obtain such Supplemental Sale Order within 60 days of the Attorney General's imposition of Additional Conditions, Purchaser shall be entitled to terminate this Agreement and receive the return of its Good Faith Deposit. If Sellers timely obtain such Supplemental Sale Order from the Bankruptcy Court or another court, Purchaser shall have a period of 21 business days from the entry of such order (the "Evaluation Period") to determine, in the exercise of the Purchaser's reasonable business judgment and in consultation with Purchaser's financing sources, whether to proceed to consummate the transactions contemplated by this Agreement; provided, however, (i) Purchaser shall not terminate or provide notice of termination of the Stalking Horse APA based on the Seller's failure to satisfy the condition set forth under this Section 8.6 until the expiration of the Evaluation Period as may be extended herein, and (ii) the Evaluation Period may be extended by the Debtors, in consultation with the Consultation Parties, by up to 90 days for any appeal properly perfected with respect to the Supplemental Sale Order (the "Extended Evaluation Periods"). For the avoidance of doubt, if the Debtors or any of the Consultation Parties dispute the reasonableness of the exercise of the Purchaser's business judgment, such dispute shall be determined by the Bankruptcy Court only in the context of an adversary proceeding. If, at the conclusion of the Extended Evaluation Periods, such Supplemental Sale Order has not become a final, non-appealable order and Purchaser determines not to proceed, Purchaser shall have the right within ten (10) business days after the conclusion of the Extended Evaluation Periods to terminate this Agreement and receive the return of its Good Faith Deposit. Sellers shall provide Purchaser with prompt written notice of the conclusion of the Extended Evaluation Periods and whether the Supplemental Sale Order has become a final, non-appealable order. For purposes of this Section 8.6, "a final, non-appealable order" shall include a Supplemental Sale Order (i) which has been affirmed or the appeal of which has been dismissed by any appellate court and for which the relevant appeal period has expired (other than any right of appeal to the U.S. Supreme Court), or (ii) which has been withdrawn by the appellant. If the Supplemental Sale Order becomes a final, non-appealable order prior to the expiration of the Evaluation Period or, if applicable, the Extended Evaluation Periods, Purchaser shall consummate the Sale provided that all other conditions to closing have been satisfied. During any Evaluation Period or Extended Evaluation Periods, Purchaser shall reasonably cooperate in any efforts to render the Supplemental Sale Order a final, non-appealable order, including timely taking reasonable steps in preparation for closing of the transactions described in this Agreement; provided, however, Purchaser shall not be obligated to expend more than \$500,000. For the avoidance of doubt, neither this provision, nor any of the rights granted to the Purchaser herein, shall constitute a waiver

1 of any party in interest's right to argue that any appeal from the Sale
2 Order should be dismissed on statutory, Constitutional or equitable
mootness grounds."

3 **F. The Debtors and SGM Have Expended Substantial Time and Resources to Close the**
4 **SGM Sale**

5 29. As discussed above, SGM and third parties have expended tremendous efforts to
6 prepare for and close the SGM Sale in reliance on the Sale Order. These tireless efforts have taken
7 a significant amount of time and resources and simply cannot be undone. By way of example: (i)
8 the Debtors sent "WARN notices" to approximately 4,900 employees, pursuant to the federal
9 Worker Adjustment and Retraining Notification Act of 1988; (ii) thousands of counterparties to
10 executory contracts and unexpired leases, including physicians, have relied on the Sale Order and
11 continued to provide services in reliance on the finality of that Sale Order; (iii) the Debtors and
12 SGM have spent months facilitating an efficient close of the sale, with approximately 20 different
13 workstreams, meeting at least weekly to ensure a smooth transition of operations; (iv) government
14 agency personnel, including the California Department of Public Health and the Board of
15 Pharmacy, have been diligently processing SGM's change of ownership applications for licenses
16 and permits in reliance on the finality of the Sale Order; (v) the Debtors, SGM, and each of the
17 Debtors' six unions spent months successfully negotiating and finalizing modified collective
18 bargaining agreements; (vi) the medical groups affiliated with the Debtors have sent termination
19 notices to their remaining physicians; (vii) the Debtors and SGM have coordinated changes in
20 insurance coverages and insurance policies to ensure seamless coverage for employees and
21 patients, and (viii) the Debtors have created plans to shut off certain services after the close of the
22 SGM Sale. *See* Adcock Decl. ¶ 7.

23 **G. The Debtors' Cash Collateral Agreement**

24 30. On September 6, 2019, the Court entered the *Final Order (A) Authorizing Continued*
25 *Use of Cash Collateral, (B) Granting Adequate Protection, (C) Modifying Automatic Stay, and (D)*
26 *Granting Related Relief* [Docket No. 3022] (the "Supplemental Cash Collateral Order") granting
27 the Debtors motion for use of cash collateral [Docket No. 2962, 2968] (the "Supplemental Cash
28 Collateral Motion"). The Supplemental Cash Collateral Order authorized the Debtors' consensual

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1 use of cash collateral pursuant to an agreement with certain of its secured lenders (the “Cash
2 Collateral Agreement”). Pursuant to the Cash Collateral Agreement, the Debtors are obligated to
3 meet certain milestones, including plan confirmation by December 15, 2019 and a plan effective
4 date on or before December 31, 2019. *See* Supp. Cash Collateral Mot. at 24. Further, termination
5 of the SGM APA would result in an event of default under the Cash Collateral Agreement. *See id.*
6 In each case, the success of the SGM Sale bears directly on the Debtors’ ability to fund operations
7 and timely meet its plan confirmation milestones.

8 **H. The Debtors’ Plan and Confirmation Timeline**

9 31. On September 3, 2019, the Debtors filed the *Debtors’ Chapter 11 Plan of*
10 *Liquidation (Dated September 3, 2019* [Docket No. 2993] (the “Plan”) and their related disclosure
11 statement [Docket No. 2994] (the “Disclosure Statement”). As more fully described in the
12 Disclosure Statement and below, the Debtors’ Plan provides for deemed consolidation of the
13 Debtors for purposes of implementation of the Plan and the distribution of the proceeds of the two
14 sale transactions in accordance with the Bankruptcy Code’s distribution and classification
15 provisions. Such treatment is supported by the facts of these cases and applicable law.

16 **I. The Attorney General Review Process**

17 32. For years, the Debtors engaged in dialogue with the Attorney General about the
18 Debtors’ financial challenges and the future of the Hospitals, including, for example, a July 2018
19 meeting in anticipation of the Debtors’ bankruptcy filings conducted by the Debtors’
20 representatives and Deputy Attorney General Wendi Horwitz. *See* Levy-Biehl Decl. ¶ 3.

21 33. On February 15, 2019, the Debtors’ representatives met with Attorney General
22 Xavier Becerra and Melanie Fontes Rainer, Special Assistant Attorney General, in Sacramento to
23 discuss the pending SCC Sale and the forthcoming auction and sale of the Hospitals. *See* Levy-
24 Biehl Decl. ¶ 5.

25 34. Beginning in early April 2019, the Debtors’ special healthcare regulatory counsel,
26 Nelson Hardiman LLP, engaged with Deputy Attorney General Scott Chan in anticipation of
27 submitting a notice and requesting approval of the SGM Sale. These discussions and exchanges
28 were regular and ongoing, and addressed, among other things, the substantive and procedural

1 requirements for the submission and review as well as the review timeline. At all times, the
2 Debtors consistently requested an expedited review of the submission in light of their significant
3 operating losses and cash flow challenges. *See* Levy-Biehl Decl. ¶ 7.

4 35. By letter dated May 7, 2019, the Debtors provided notice to, and requested written
5 consent from, the Attorney General for the proposed SGM Sale pursuant to California Corporations
6 Code § 5914 and title 11 of the California Code of Regulations, § 999.5. *See* Levy-Biehl Decl. ¶¶
7 7, 8. On May 13, 2019, the Debtors supplemented their submission to the Attorney General, by
8 including the filing made to the Federal Trade Commission pursuant to the Hart-Scott-Rodino
9 Antitrust Improvements Act of 1976, as amended. *See* Levy-Biehl Decl. ¶ 9.

10 36. As outlined in the submission to the Attorney General—and discussed a number of
11 times in writing, in person, and by email with various representatives of the Attorney General—the
12 SGM Sale is critical. *Id.* at 8. The Debtors explained to the Attorney General that the SGM Sale is
13 the only option to ensure that the Hospitals will survive their current financial challenges and be
14 preserved as providers of essential health care services to their communities. *Id.*; *see also* *Notice of*
15 *Submission of Debtors' Response to the Health Care Impact Statements and Conditions Proposed*
16 *by JD Healthcare, Inc.* [Docket No. 2946].

17 37. The Debtors also explained to the Attorney General that (i) the 2015 Conditions
18 accelerated the demise of the Verity Hospitals to the point that that only a Court supervised
19 restructuring could save them, and (ii) conditions materially different than those in Schedule 8.6
20 would ensure closure of the Hospitals. *See* Adcock Decl. ¶ 15; *see also* *Notice of Submission of*
21 *Debtors' Response to the Health Care Impact Statements and Conditions Proposed by JD*
22 *Healthcare, Inc.* [Docket No. 2946].

23 38. Throughout the process, the Debtors' representatives engaged in ongoing
24 discussions with the Attorney General's office, and requested, among other things, an in-person
25 meeting to review the submission, the transaction, and the expedited processing of the submission.
26 *See* Levy-Biehl Decl. ¶ 10. The Attorney General denied these requests. *Id.*

27 39. The Attorney General's expert, JD Healthcare, conducted interviews with the
28 Debtors' corporate and hospital personnel and other stakeholders in July 2019. *See* Levy-Biehl

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Decl. ¶ 11. On August 16, 2019, following these interviews and public hearings, JD Healthcare released its Health Care Impact Statements on the proposed sale of SFMC and SVMC. *Id.* On August 19, 2019, JD Healthcare released its Health Care Impact Statement for Seton. *Id.* The Health Care Impact Statements set forth the expert's proposed conditions on the SGM Sale.

40. On August 16, 2019, the Attorney General requested that the Debtors and SGM submit responses to the proposed conditions detailing the conditions that were "deal breakers" to the SGM Sale. On August 21, 2019, SGM submitted its response to the Health Care Impact Statements. On August 23, 2019, the Debtors submitted their response. *See* correspondence attached hereto as Exhibit "E."

41. During the week of August 26, 2019, Deputy Attorney General Scott Chan held public hearings at each of the Hospitals to solicit comments regarding the SGM Sale. *See* Adcock Decl. ¶ 12. At each public meeting, representatives of SGM and the Debtors made public statements detailing the economic impact of the conditions proposed by JD Healthcare and the economic situation confronting each Hospital; urging the Attorney General to consider economic factors when issuing his conditions; and reiterating that any conditions exceeding those in Schedule 8.6 of the SGM APA could result in the termination of the SGM Sale and the closure of the Hospitals. *Id.*; *see also* Levy-Biehl Decl. ¶ 13.

42. On September 6, 2019, the Attorney General's office met with SGM representatives to discuss the proposed SGM Sale and the proposed conditions. *See* Levy-Biehl Decl. ¶ 14. On September 19, 2019, the Attorney General's office met with representatives of SGM and the Debtors for the same purpose. *Id.* On September 23, 2019, the Attorney General conducted another telephonic meeting with SGM and the Debtors. During each meeting, SGM consistently informed the Attorney General's office that SGM would not proceed with the transaction if the Attorney General imposed conditions beyond those SGM agreed to accept in Schedule 8.6. *Id.*

J. The 2019 Attorney General Conditions

43. On September 25, 2019, the Attorney General conditionally consented to the SGM Sale. The Attorney General's conditional consent is subject to the 2019 Conditions. *See* Exhibit "B." The 2019 Conditions include numerous Additional Conditions that are materially different

1 than those SGM contractually agreed to in Schedule 8.6. *See* Exhibit “C,” which is a redline
2 reflecting the deletion of the conditions in the 2019 Conditions that are materially different than the
3 conditions in Schedule 8.6; *see also* Baronoff, Decl. ¶ 7.

4 44. The 2019 Conditions require, among other things, that SGM continue to operate the
5 Hospitals and maintain various services, clinics and contractual arrangements for a period of time
6 greater than the period of time that Debtors would have been obligated under the 2015 Conditions
7 if the Debtors had the ability to continue to operate the Hospitals. *See* Adcock, Decl. ¶ 9. The
8 2019 Conditions are also materially different than those to which SGM agreed in Schedule 8.6
9 because the Additional Conditions impose, among other things, greater requirements for charity
10 care expenditures, community benefit expenditures, capital expenditures, and do not account for the
11 substantial shift in charity care needs following the implementation of the Affordable Care Act.
12 *Id.*; *see also* Exhibit “C.”

13 45. Importantly, SGM only agreed to close the SGM Sale if the conditions imposed by
14 the Attorney General’s office were not “materially different” than the conditions SGM agreed to in
15 Section 8.6. *See* APA, Section 8.6, at 32, 33, Docket No. 2305-1; *see also* *See* Baronoff, Decl. ¶ 5.
16 Additionally, SGM has repeatedly told the Debtors that multiple lenders have informed SGM that
17 they would not agree to finance the SGM Sale if the conditions were not consistent with Schedule
18 8.6, which makes the SGM Sale nearly impossible to close. *See* Adcock, Decl. ¶ 16.

19 46. To avoid the impact of the Additional Conditions on the SGM Sale, the Debtors
20 must seek an order enforcing the Sale Order, finding that the SGM Sale is free and clear of the
21 2019 Conditions, and limiting the SGM Sale to only those conditions to which SGM contractually
22 agreed to assumed in Schedule 8.6 of the SGM APA.

23 **K. The Economic Impact of the Additional Conditions**

24 47. The Additional Conditions have a significant impact on the economic viability of
25 the Hospitals and effectively increase, by more than 50%, the purchase price in the SGM APA. By
26 way of example only, the 2019 Conditions would require SVMC to remain operated and
27 maintained as a licensed general acute care hospital (as defined in California Health and Safety
28 Code Section 1250) through December 2024, whereas Schedule 8.6 provides that SVMC will do so

1 through December 2020. The reported Financial Statements of SVMC reflect that, in fiscal year
2 2019 (ended June 30, 2019), SVMC lost approximately \$65 million which was an 18% and 103%
3 increase over the fiscal years 2018 and 2017, respectively. *See* Chadwick Decl., at ¶ 6. Assuming
4 operating losses at SVMC can be maintained at fiscal 2019 levels (a highly optimistic assumption),
5 SGM would likely incur additional estimated losses totaling \$260 million through December 2024
6 because of the Additional Conditions. *Id.* Moreover, the \$260 million loss would likely need to be
7 financed. *Id.* Using an average interest rate of 5% for four years of debt service would result in
8 estimated incremental financing charges totaling approximately \$25 million. *Id.* Accordingly, this
9 2019 Condition alone would place a potential burden on the buyer of at least \$285 million beyond
10 that contemplated in Section 8.6.

11 48. The Charity Care requirement presents another example of the significant economic
12 impact of the 2019 Conditions when compared with Schedule 8.6. The 2019 Conditions require
13 that SGM to provide an annual amount of Charity Care at St. Francis equal to or greater than
14 \$12,793,435 for a period of six fiscal years, which is at least \$4,793,435, per year more than SGM
15 has agreed to provide, pursuant to Section 8.6 for a period of seven years.² *See* Chadwick Decl. ¶
16 7; *see also* 2019 Conditions, Exhibit “B.” After adjusting for the one-year shorter required duration
17 of this 2019 Condition, the estimated incremental cost to the buyer would be nearly \$20 million in
18 total over the six years. *See* Chadwick Decl. ¶ 7. The 2019 Conditions provide for additional
19 increases in Charity Care amounts for St. Vincent and Seton, as well as increases across all four
20 Hospitals in Community Benefit Service amounts. *Id.*

21 49. In summary, the total financial impact of just the these two examples of 2019
22 Conditions would require SGM to incur additional losses of approximately \$305 million beyond
23 those contemplated by Schedule 8.6. *See* Chadwick Decl. ¶¶ 8, 9. When compared to the SGM
24 APA purchase price of \$610 million, these represent a 50% increase in the price for the sale of
25

26
27 ² The Charity Care Condition imposed by the Attorney General is also \$6.4 million dollars *more*
28 than SFMC provided in Fiscal Year 2019. Thus, the Attorney General is actually requiring an
increase in charity care being provided by SFMC.

1 these distressed assets. *Id.* The magnitude of these losses calls into question the viability of the
2 acquisition.

3 50. The imposition of the Additional Conditions would result in the termination of the
4 SGM Sale, unless the Debtors obtain the supplemental order required in Section 8.6 of the APA.
5 *See* Baronoff, Decl. ¶ 7. If the SGM Sale does not close, the most likely outcome is that at least
6 three of the Hospitals will have to close. *See* Adcock, Decl. ¶ 9. Altogether, between July 1, 2018
7 and June 30, 2019, the Hospitals had more than 34,000 inpatient admissions and 312,000 outpatient
8 visits. *Id.* If the Hospitals are closed, all of those patients would be forced to find alternative
9 providers for treatment, perhaps at greater distances than they are now required to travel for
10 treatment at the Hospitals. For example, Seton Coastsides is the only emergency room facility on
11 the Pacific Coast between Daly City and Santa Cruz. *Id.* Additionally, Seton Coastsides has 116
12 skilled nursing facility (“SNF”) beds and, if Seton Coastsides were closed, those residents would be
13 forced to be relocated significant distances to find alternative facilities. *Id.* The risk of negative
14 outcomes for emergency room patients increases as the distance, and therefore the time, required to
15 obtain treatment, increases. In addition to the difficulty in finding alternative facilities for the SNF
16 patients, the impact of transfer trauma on this population could be significant. *Id.*

17 IV.

18 ARGUMENT

19 A. THE SALE ORDER EFFECTUATED A SALE OF THE DEBTORS’ ASSETS FREE 20 AND CLEAR OF THE ADDITIONAL CONDITIONS

21 1. Section 363 Authorizes the Court to Sell the Debtors’ Assets Free and Clear of 22 Interests

23 The Court authorized the Debtors to sell assets to SGM pursuant to §§ 363(b) and (f).
24 Section 363(b)(1) provides that the Debtors “may use, sell, or lease, other than in the ordinary
25 course of business, property of the estate.” 11 U.S.C. § 363(b)(1). The Bankruptcy Code provides
26 that a sale pursuant to § 363(b)(1) must satisfy one of five alternative tests to be “free and clear of
any interest in such property of an entity other than the estate”:

- 27 (1) applicable nonbankruptcy law permits sale of such property free
and clear of such interest;
- 28 (2) such entity consents;

(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

Here, the Sale Order expressly provides that the SGM Sale was approved “free and clear of all liens, claims, interests, rights of setoff, recoupment, netting and deductions, rights of first offer, first refusal and any other similar contractual property, legal or equitable rights and any successor or successor-in-interest liability theories” pursuant to §§ 363(b) and (f). *See* Sale Order, ¶ G at 7. On this basis, and as set forth more fully below, the Sale Order effectuated the SGM Sale free and clear of the Additional Conditions.

2. The Additional Conditions Constitute an Interest in Property Subject to the “Free and Clear” Language in Section 363

a. Case Law Makes Clear That The Debtors Can Sell Their Hospitals Free And Clear Of “Interest In Property.”

The Bankruptcy Code does not define “interest in property” as that term is used in § 363(f). *See, e.g., Precision Indus., Inc. v. Qualitech Steel SBQ, LLC*, 327 F.3d 537, 545 (7th Cir. 2003) (“The Bankruptcy Code does not define ‘any interest,’ and in the course of applying section 363(f) to a wide variety of rights and obligations related to estate property, courts have been unable to formulate a precise definition.”). The majority of courts interpret the phrase “interest in property” broadly to include both *in rem* interests in property as well as “other obligations that may flow from ownership of the property.” *Folger Adam Sec., Inc. v. DeMatteis v. MacGregor JV*, 209 F.3d 252, 258 (3d Cir. 2000); *see also In re Leckie Smokeless Coal Co.*, 99 F.3d 573, 582 (4th Cir. 1996) (“Congress did not expressly indicate that . . . it intended to limit the scope of section 363(f) to *in rem* interests, strictly defined, and we decline to adopt such a restricted reading of the statute here.”).

The majority of courts have coalesced around a single approach: interests in property are obligations connected to or arising from the property being sold. *See, e.g., In re Trans World Airlines, Inc.*, 322 F.3d 283, 290 (3d Cir. 2003) (finding that “interests in property [are] within the

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meaning of section 363(f) in the sense that they *arise from the property being sold*”) (emphasis added); *Leckie Smokeless Coal Co.*, 99 F.3d at 582 (finding that certain claims constituted “interests in . . . assets within the meaning of section 363(f)” where there was “a relationship between (1) the Fund’s and Plan’s rights to demand premium payments from Appellees and (2) the *use to which Appellees put their assets*”) (emphasis added); *Folger Adam Sec., Inc.*, 209 F.3d at 259 (“[A]ny interest’ is intended to refer to *obligations that are connected to, or arise from, the property being sold.*”) (emphasis added); *Indiana State Police Pension Trust v. Chrysler LLC (In re Chrysler LLC)*, 576 F.3d 108, 124 (2d Cir. 2009), *granting cert. and vacating as moot*, 558 U.S. 1087 (2009) (“We agree with *TWA* and *Leckie* that the term any interest in property encompasses those *claims that arise from the property being sold.*”) (emphasis added) (quotations omitted); *Precision Indus., Inc.*, 327 F.3d at 545 (“the term ‘any interest’ as used in section 363(f) is sufficiently broad to include Precision’s possessory interest as a lessee”); *Myers v. U.S.*, 297 B.R. 774, 781 (S.D. Cal. 2003) (“The court finds that Plaintiff’s claim for personal injury does *arise from the property being sold*, i.e. the contracts to transport toxic materials.”) (emphasis added); *In re Grumman Olson Indus., Inc.*, 467 B.R. 694, 702 (S.D.N.Y. 2012) (“[I]t is now generally agreed—including in this Circuit—that this provision may more broadly extinguish claims that ‘arise from the property being sold.’”).³

The Fourth Circuit decision in *Leckie Smokeless Coal Co.* is instructive. In *Leckie*, the debtors—coal mine operators—were obligated to contribute to retiree benefit plans pursuant to the

³ The breadth of case law supporting this construction cannot be understated. See also *In re La Paloma Generating Co.*, No. 16-12700, 2017 WL 5197116, *4 (Bankr. D. Del. Nov. 9, 2017) (holding that emission surrender obligations under California law are an interest in property); *In re Vista Marketing Group Ltd.*, 557 B.R. 630 (Bankr. N.D. Ill. 2016) (fee surcharge assessed against purchaser but calculated entirely on debtor’s use of sewer facilities was an interest in property); *United Mine Workers of Am. Combined Benefit Fund v. Walter Energy, Inc.*, 551 B.R. 631, 641 (N.D. Ala. 2016) (Coal Act obligations imposed on buyer were interests in property); *In re Christ Hospital*, 502 B.R. 158 (Bankr. D.N.J. 2013) (tort claims asserted against purchaser of nonprofit hospital were interests in property); *WBQ P’ship v. Va. Dep’t of Med. Assistance Servs. (In re WBQ P’ship)*, 189 B.R. 97, 104–05 (Bankr. E.D. Va. 1995) (state’s right to recapture depreciation is an “interest” as used in § 363(f)); *In re Aurora Gas, LLC*, No. A16–00130, 2017 WL 4325560 (Bankr. D. Alaska Sep. 26, 2017).

Coal Industry Retiree Health Benefit Act of 1992, 26 U.S.C. §§ 9701-9722 (the “Coal Act”). *See* *Leckie Smokeless Coal Co.*, 99 F.3d at 575-76. Under the Coal Act, the successor to an operator was jointly and severally liable with the operator for payment of premiums. *See id.* at 576-77. Following the debtors’ bankruptcy filing, the benefit plans opposed a proposed asset sale free and clear of successor liability for Coal Act premium payment obligations. *See id.* at 577. The bankruptcy court approved the sale free and clear, and, on appeal, the Fourth Circuit affirmed, concluding that the right to collect future premiums constituted interests in the assets transferred by the sale. *See id.* at 582. The Fourth Circuit explained that the benefit plans’ right to collect premiums under the Coal Act

are grounded, at least in part, in the fact that those very assets have been employed for coal-mining purposes: if Appellees had never elected to put their assets to use in the coal-mining industry, and had taken up business in an altogether different area, the Plan and Fund would have no right to seek premium payments from them. Because there is therefore a relationship between (1) the Fund’s and Plan’s rights to demand premium payments from Appellees and (2) the use to which Appellees put their assets, we find that the Fund and Plan have interests in those assets within the meaning of section 363(f).

Id. The relationship drawn by the Fourth Circuit between the prepetition obligation and the purchaser’s use of assets for the same purposes as the debtor is cited repeatedly in cases finding that regulatory obligations are interests subject to § 363(f).

Similarly, a debtor’s experience rating—the historic metric by which state regulators determine tax or insurance rates—may not be imputed to a purchaser of the debtor’s assets. *See, e.g., In re Old Carco, LLC*, 538 B.R. 674 (Bankr. S.D.N.Y. 2015).⁴ In *Old Carco, LLC*, the purchaser of substantially all of the debtor’s assets sought an order finding that the sale order prohibited Indiana and Illinois from using the debtor’s experience rating to calculate the

⁴ A long line of experience rating cases reach the same conclusion as *Old Carco, LLC* along similar analytical lines. *Mass. Dept. of Unemployment Assistance v. OPK Biotech, LLC (In re PBBPC, Inc.)*, 484 B.R. 860 (B.A.P. 1st Cir. 2013); *In re Tougher Indus., Inc.*, No. 06-12960, 2013 WL 1276501 (Bankr. N.D.N.Y. Mar. 27, 2013); *In re USA United Fleet, Inc.*, 496 B.R. 79 (Bankr. E.D.N.Y. 2013); *In re ARSN Liquidating Corp. Inc.*, No. 14-11527, 2017 WL 279472 (Bankr. D.N.H. Jan. 20, 2017).

1 purchaser's unemployment insurance tax rate. *See* 538 B.R. at 677. The state statutes in issue
2 authorized regulators to compute tax rates "based, in part, on the employer's historical claims
3 paying experience, generally reaching back three years." *Id.* at 679. Thus, the purchaser's tax rate
4 was subject to increase based on the amount of benefits paid to workers discharged during the
5 debtor's operations. *See id.* at 679-80. The bankruptcy court concluded that the experience rating
6 constituted an interest in the assets sold because

7 [t]he States' rights to use Old Chrysler's Experience Rating arises
8 from New Chrysler's acquisition of its assets and the continuation of
9 its business. Had New Chrysler started the same business from
10 scratch with new assets, the States could not use Old Chrysler's
11 Experience Rating to compute its tax rate. Furthermore, New
Chrysler's increased liability is directly related to Old Chrysler's
discharge of persons it employed in its business; these discharged
employees never worked for New Chrysler.

12 *Id.* at 684-85. Significantly, this "continuation of business" test is repeated throughout cases
13 addressing interests in property. *See, e.g., Trans World Airlines, Inc.*, 322 F.3d at 290 ("Had TWA
14 not invested in airline assets, which required the employment of the EEOC claimants, those
15 successor liability claims would not have arisen."); *PBBPC, Inc.*, 484 B.R. at 869 ("the record
16 reflects that the transfer of an employer's contribution rate to a successor asset purchaser is really
17 an attempt to recover the money that the predecessor employer would have paid if it had continued
18 in business"); *Leckie Smokeless Coal Co.*, 99 F.3d at 582 (finding no liability would arise "if
19 [purchasers] had never elected to put their assets to use in the coal-mining industry, and had taken
20 up business in an altogether different area"); *accord Chrysler LLC*, 576 F.3d at 126.

21 **b. The Additional Conditions Are An Interest In Property For At Least**
22 **Three Reasons.**

23 Applying the same analysis, it is clear that the 2019 Conditions are interests in property
24 within the meaning of § 363(f) for at least three reasons. Before discussing these reasons, the
25 Debtors reiterate that their argument only focuses on the Additional Conditions since SGM
26 contractually agreed to be bound by the conditions in Schedule 8.6.

27 **First**, as this Court has recognized, the Additional Conditions the Attorney General seeks to
28 impose on SGM are premised on the Debtors' operations. Specifically,

[t]he Conditions provide that any owner of the Hospital must furnish specified levels of emergency services, intensive care services, cardiac services, and various other services. The required service levels were derived ***based upon the historical experience of the prior operator.***

In re Verity Health Sys. of Cal., Inc., 598 B.R. 283, 293 (Bankr. C.D. Cal. 2018) (Robles, J.) (emphasis added). Thus, for example, the Additional Conditions' purported imposition of "charitable care obligations are connected to and arise from the Assets being sold . . . [because] [h]ad the Assets not originally been earmarked for charitable purposes, the Attorney General could not seek to impose continuing charitable care obligation." *In re Gardens Reg'l Hosp. & Med. Ctr., Inc.*, 567 B.R. 820, 826 (Bankr. C.D. Cal. 2017) (Robles, J.), *appeal dismissed*, No. 17-03708, 2018 WL 1229989 (C.D. Cal. Jan. 19, 2018). The Additional Conditions constitute an interest in property to the extent they are premised or calculated based on the historical operations of the Debtors.

Second, the Attorney General's statutory authority to impose the Additional Conditions arises from the Debtors' operation of its assets as nonprofit acute care hospitals. The California statutory scheme grants the Attorney General authority to consent to the sale of a nonprofit health facility to a for-profit corporation. *See* CAL. CORP. CODE § 5914(a)(1)(A) (providing that a nonprofit corporation operating or controlling a health facility must obtain the consent of the Attorney General before entering into a transaction to "[s]ell, transfer, lease, exchange, option, convey, or otherwise dispose of, its assets to a for-profit corporation"); *see also id.* § 5917 (authorizing the Attorney General to condition any transaction described in CAL. CORP. CODE § 5914). The California statute ***does not*** allow the Attorney General to impose similar conditions on SGM—a for-profit entity—had it "started the same business from scratch with new assets." *Old Carco*, 538 B.R. at 684. As with the experience rating cases, it is the Debtors' "prior ownership and use" of the assets transferred by the SGM Sale that gives the Attorney General "a contingent right" to impose conditions on the Debtors under California law. *USA United Fleet, Inc.*, 496 B.R. at 87. Accordingly, the Additional Conditions constitute interests in property because they arise from the Debtors' prior ownership and use of the assets as nonprofit acute care hospitals.

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Third, the Attorney General's authority to review the transaction arises from SGM's continuation of the Debtors' business as a health facility. *See* CAL. CORP. CODE § 5914(a)(1) (applying only to a sale of the assets of a nonprofit corporation that "operates or controls a health facility"). Under California law, the Debtors' assets subject to the SGM Sale qualify as health facilities to the extent they are operating general acute care hospitals. *See* CAL. HEALTH & SAFETY CODE § 1250(a). By way of example, in *Gardens Regional Hospital and Medical Center, Inc.*, this Court found that a sale of closed general acute care hospitals did not fall within the ambit of the Attorney General's regulatory authority because "the Assets being sold do not include an operating hospital." *See* 567 B.R. at 827. Here, however, SGM intends to purchase the Debtors' assets as operating acute care hospitals and continue their operations post-closing. As this Court has observed, the Attorney General's authority to impose the Additional Conditions on SGM under California Corporations Code, §§ 5914 *et seq.*, is "grounded, at least in part, in the fact that those very assets have been employed for" acute care hospital purposes. *Leckie Smokeless Coal Co.*, 99 F.3d at 582; *see also Gardens Reg'l Hosp. & Med. Ctr., Inc.*, 567 B.R. at 826 ("The Attorney General's claim to regulatory authority is similar to the regulatory interests asserted in *PBBPC* and *Leckie Smokeless Coal*, and therefore constitutes an 'interest in . . . property' for purposes of § 363(f)."). Accordingly, the Additional Conditions constitute interests in property because the Attorney General's authority to impose the Additional Conditions is conditioned on their operation as health facilities upon the closing of the SGM Sale.

3. The SGM Sale Should Be Authorized Free and Clear of the Additional Conditions Pursuant to Section 363(f)

The Debtors are authorized to consummate the SGM Sale free and clear of the 2019 Conditions because the SGM Sale satisfies the disjunctive sub-factors of § 363(f). *See* 11 U.S.C. 363(f); *see also Pinnacle Rest. at Big Sky, LLC v. CH SP Acquisitions (In re Spanish Peaks Hldgs. II, LLC)*, 872 F.3d 892, 897 (9th Cir. 2017). For practical purposes, the analysis below references the Additional Conditions, given that SGM contractually agreed to be bound by the conditions in Schedule 8.6.

1 **a. California Law Allows the Sale of Nonprofit Health Facilities Without**
2 **the Imposition of Additional Conditions (§ 363(f)(1))**

3 The Bankruptcy Code permits the sale of property free and clear of interests if “such a sale
4 would be *legally permissible*.” *In re Spanish Peaks Hldgs. II, LLC*, 872 F.3d at 900 (emphasis
5 added); *see also* 11 U.S.C. § 363(f)(1) (permitting sales free and clear of interests if “applicable
6 nonbankruptcy law permits the sale of such property free and clear of such interest”). Thus, absent
7 a specific statutory requirement, the purchaser of an asset assumes no associated liabilities of the
8 seller, including successor liability. *See Myers v. U.S.*, 297 B.R. at 784 (“As a general rule, under
9 California law a purchaser does not assume the seller’s liability.”). Under § 363(f)(1), the Debtors
10 can sell the Hospitals free and clear of the Additional Conditions because *neither* the Attorney
11 General’s statutory basis for imposing the Additional Conditions *nor* California common law
12 impose successor liability. *See In re Verity Health Sys. Of Cal., Inc.*, 598 B.R. at 296 (Bankr. C.D.
13 Cal. 2018) (Robles, J.) (“Provisions within the Conditions are enforceable only to the extent they
14 are supported by California law.”)

15 The California Corporations Code does not authorize the Attorney General to impose
16 successor liability on the assets of a health facility. California law imposes upon the seller the
17 obligation to notify the Attorney General of a sale and to obtain his consent to such sale. *See CAL.*
18 *CORP. CODE* § 5914(a)(1) (“Any nonprofit corporation that . . . operates a health facility . . . shall be
19 required to providing written notice to, and obtain the written consent of, the Attorney General”
20 prior to entering into a sale transaction.); *see id.* § 5917 (granting the Attorney General discretion to
21 “consent to, give conditional consent to, or not consent to any agreement or transaction). But, the
22 statute *does not* grant the Attorney General authority to impose conditions on the assets subject to
23 the transaction. Indeed, the Attorney General was previously unable to identify any provision of
24 applicable “California law entitling him to enforce successorship liability under the circumstances
25 of this case.” *In re Verity Health Sys. of Cal., Inc.*, 598 B.R. at 296 (finding that “[t]he Attorney
26 General’s reliance upon provisions purporting to make the Conditions binding upon all successors,
27 regardless of the circumstances under which such successors acquiring the Hospitals, is an
28 impermissible attempt to expand his regulatory authority over the Hospitals”).

In *La Paloma Generating, Co.*, a bankruptcy court granted a sale pursuant to § 363(f)(1) after finding that the applicable California regulatory scheme governing the transfer of cap and trade liabilities in the sale of electrical generation facilities did not impose successor liability. *See* No. 16-12700, 2017 WL 5197116 (Bankr D. Del. Nov. 9, 2017). The court concluded that, as here, the regulatory scheme did not impose successor liability because it imposed liabilities on entities rather than the assets subject to the transaction. *See id.* at *7 (“[T]he Regulation does not dictate . . . substitution and assumption of liability. In no way does Section 95835(b)(8) impugn liability on the purchase of the Covered Entity’s assets.”). Here, similarly, the California Corporations Code does not impose any statutory successor liability because the obligations are limited to the seller rather than the assets transferred pursuant to a sale.

Further, the SGM Sale does not implicate any of the four grounds to impose successor liability under California law. Under California law,

the purchaser does not assume the seller’s liabilities unless (1) there is an express or implied agreement of assumption, (2) the transaction amounts to a consolidation or merger of the two corporations, (3) the purchasing corporation is a mere continuation of the seller, or (4) the transfer of assets to the purchaser is for the fraudulent purpose of escaping liability for the seller’s debts.

Ray v. Alad Corp., 19 Cal. 3d 22, 28 (1977); *see also City of San Diego v. Nat’l Steel & Shipbuilding Co.*, No. 09-2275, 2011 WL 5104624, at *4 (S.D. Cal. Oct. 27, 2011). None of the four grounds is present here. SGM has not expressly or impliedly agreed to assume the Debtors’ obligations under the 2015 Conditions (except to the extent contracted in the SGM APA). The Court specifically found that the transfer was at arm’s length and in good faith rather than for any fraudulent purpose. *See* Sale Order, ¶¶ D-E at 6-7 (“[T]he Transaction being consummated pursuant to and in accordance with the APA is not being consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors.”). Finally, the transaction is not a consolidation, merger, or mere continuation because SGM has provided non-stock consideration and SGM and the Debtors have different officers, directors, or stockholders. *See, e.g., Alad Corp.*, 19 Cal. 3d at 28-29 (citing *Econ. Refining & Serv. Co. v. Royal Nat. Bank of N.Y.*, 20 Cal. App. 3d 434 (Cal. Ct. App. 1971); *Malone v. Red Top Cab Co.* 16 Cal. App. 2d 268, 272-274 (1936);

1 *Shannon v. Samuel Langston Co.* 379 F. Supp. 797, 801 (W.D. Mich. 1974)). Accordingly, the
2 Debtors may sell the Hospitals free and clear of the Additional Conditions because nonbankruptcy
3 law does not impose successor liability notwithstanding the contrary provisions in the Additional
4 Conditions.

5 **b. The Additional Conditions Are Subject to A Bona Fide Dispute (§**
6 **363(f)(4))**

7 The Debtors may sell the Hospital free and clear of the Additional Conditions because the
8 Attorney General's authority to impose the Additional Conditions is in bona fide dispute. *See* 11
9 U.S.C. § 363(f)(4). The phrase "bona fide dispute" is not defined by the Bankruptcy Code. *See*
10 *Atlas Mach. & Iron Works, Inc. v. Bethlehem Steel Corp.*, 986 F.2d 709, 715 (4th Cir. 1993)
11 ("Although courts have not agreed on a precise definition of 'bona fide dispute,' it entails some sort
12 of meritorious, existing conflict.") (citations omitted). Courts find a "bona fide dispute" when
13 "there is an objective basis for either a factual or legal dispute as to the validity of the asserted
14 interest." *In re Taylor*, 198 B.R. 142, 147 (Bankr. D.S.C. 1996). An objective legal basis for
15 dispute may arise under bankruptcy or nonbankruptcy law. *See In re L.L. Murphrey Co.*, No. 12-
16 03837-8-JRL, 2013 WL 2451368 (Bankr. E.D.N.C. June 6, 2013) (finding bona fide dispute as to
17 validity of a creditor's lien subject to avoidance under § 544(a)(3)). Importantly, it is not necessary
18 that the court resolve the dispute or its merits. *See id.* ("This standard does not require that the
19 Court resolve the underlying dispute or determine the probable outcome of the dispute, but merely
20 whether one exists.").

21 Here, the Additional Conditions are subject to bona fide dispute under bankruptcy and
22 nonbankruptcy law. As set forth in this Motion, the Debtors dispute the Attorney General's
23 authority to issue conditions impose successor liability contrary to the provisions of California law,
24 the Bankruptcy Code, and the Sale Order. Further, as discussed more fully below, the Debtors
25 dispute whether the Attorney General abused his discretion in imposing the Additional Conditions
26 without adequate support. In each instance, the Court need not determine the relative merits of the
27 disputes, and, instead, need only find that the disputes raised by the Debtors are bona fide. In each
28

1 case, the Debtors' disputes as to the Additional Conditions support a sale free and clear of the
2 Additional Conditions under § 363(f)(4).

3 **c. The Attorney General Can Be Compelled to Accept A Money**
4 **Satisfaction in the Event of Noncompliance with the Additional**
5 **Conditions (§ 363(f)(5))**

6 Section 363(f)(5) permits a sale free and clear if (i) the nondebtor could be compelled to
7 accept a money satisfaction of the interest in property (ii) in a proceeding that could be brought.
8 *See In re PW, LLC*, 391 B.R. 25, 41 (B.A.P. 9th Cir. 2008). An interest in property is subject to
9 satisfaction for purposes of § 363(f)(5) if it imposes a calculable monetary obligation. *See In re*
10 *Vista Marketing Grp. Ltd.*, 557 B.R. at 635 ("[O]ne would be hard-pressed to present a clearer
11 example of a situation where the interest-holder could be compelled to accept a money satisfaction
12 of its interest under subsection (f)(5) than the calculable monetary obligation asserted by the
13 District in its surcharge bill and disconnection notice."); *see also In re Trans World Airlines, Inc.*,
14 322 F.3d 283, 290 (3d Cir. 2003) (interests in property such as travel vouchers and EEOC claims
15 may be reduced to a specific monetary value for purposes of § 363(f)(5)).

16 Here, many of the Additional Conditions are subject to satisfaction by the payment of
17 money. For example, certain Additional Conditions require charity care of a specific monetary
18 value. *See* Exhibit "C." The Attorney General has historically (including in the Debtors' own
19 experience) allowed health facilities to satisfy any charity care deficiency by paying funds to
20 satisfy shortfalls to other purposes or entities. *See, e.g.,* First-Day Decl., ¶ 108 at 28 ("[A]s a result
21 of a shortfall in the fiscal year 2017 charity care requirement for certain hospitals, VHS was
22 required to make an additional contribution to the Retirement Plans of \$7,619,000 in October
23 2017."); *see also In re WBQ P'ship*, 189 B.R. at 107 (finding § 363(f)(5) satisfied where state's
24 right of recapture upon sale of nursing home could constitute a claim against the debtors subject to
25 hypothetical cramdown).

26 Indeed, there is no dispute that the Attorney General allows unsatisfied charity care
27 contributions to be satisfied by the payment of money. In the 2015 Conditions, the Attorney
28 General expressly allowed the Debtors to satisfy any shortfall by paying an amount equal to the
charity care shortfall to some other purpose. For example, with regard to St. Francis, the 2015

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1 Conditions expressly allowed satisfaction of the Charity Care Condition by payment of 50% of the
2 shortfall to employee pension plans and 50% of the shortfall to capital expenditures for
3 maintenance of the facilities. *See* Docket No.256-1, Exhibit A, at 9. Allowing payment of monies
4 to other entities to satisfy a shortfall in providing charity care is not unique to these hospitals. A
5 review of the Attorney General’s website describing nonprofit hospital transactions is replete with
6 such examples. *See* <https://oag.ca.gov/sites/all/files/agweb/pdfs/charities/nonprofitosp/>. For
7 example, in a decision on January 9, 2019, regarding Parkview Hospital, the Attorney General
8 approved the proposed transaction with the condition that if there was a shortfall in the charity care
9 required, that shortfall could be satisfied by the payment of “an amount equal to the deficiency to
10 one or more tax-exempt entities that provide direct health care services to residents in the
11 Hospital’s service area.”

12 Further, the 2019 Conditions make clear that the Attorney General can enforce satisfaction
13 of these monetary obligations in a hypothetical legal proceeding. *See In re WBQ P’ship*, 189 B.R.
14 at 107 (holding that nursing home sale was free and clear of state department’s right to recover
15 depreciation overpayments and emphasizing “‘hypothetical’ satisfaction, since §
16 363(f)(5) authorizes a sale if the interest holder ‘*could be* compelled, in a legal or equitable
17 proceeding, to accept a money satisfaction of such interest’”) (emphasis in original). The Attorney
18 General specifically reserves his right to enforce the 2019 Conditions “to the fullest extent provided
19 by law” and that, “[i]n addition to any legal remedies the Attorney General may have, the Attorney
20 General shall be entitled to specific performance, injunctive relief, and such other equitable
21 remedies a court may deem appropriate for breach of any of these Conditions.” *See* Exhibit “B.”
22 As with the Debtors’ prior satisfaction of the Charity Care Condition, payment of money was
23 sufficient to “extinguish” entirely the Debtors’ obligation to comply with the Charity Care
24 Condition. *See, e.g., In re Hassen Imports P’ship*, 502 B.R. 851, 861 (C.D. Cal. 2013) (finding that
25 § 363(f)(5) “only authorizes sale free and clear when money payment is given in exchange for the
26 extinguished interest”). Accordingly, as noted by the Attorney General, monetary conditions may
27 be satisfied in a hypothetical legal proceeding.
28

1 Accordingly, the Attorney General can be compelled to accept monetary satisfaction of the
2 Additional Conditions that impose calculable monetary obligations sufficient to sell the Hospitals
3 free and clear of the Additional Conditions. For the foregoing reasons, the Sale Order effectuated a
4 sale free and clear of the 2019 Conditions except for those SGM agreed to assume by contract as
5 set forth in Schedule 8.6.

6 **d. The Additional Conditions Contravene The Purposes of § 363(f) to the**
7 **Extent They Purport to Impose Successor Liability on SGM.**

8 California law does not authorize the Attorney General to impose successor liability on the
9 purchaser of a health care facility because the statute only makes reference to the obligations of the
10 seller rather than the assets sold. *See* discussion, *supra*; *see also In re La Paloma Generating, Co.*,
11 No. 16-12700, 2017 WL 5197116 (Bankr. D. Del. Nov. 9, 2017); CAL. CORP. CODE § 5914.
12 Further, the Debtors may sell the Hospitals free and clear of any successor liability assuming,
13 *arguendo*, that the Conditions impose successor liability on SGM.

14 Courts favor a broader reading of § 363 in two instances where imposition of successor
15 liability would compromise the fundamental purposes of bankruptcy sales. *First*, “allowing sales
16 of debtor assets free and clear of liabilities of the debtor induces a higher sale price for the assets,
17 thereby maximizing the value of the estate and maximizing potential recovery to creditors.”
18 *Grumman Olson Indus. Inc.*, 467 B.R. at 703; *see also Douglas v. Stamco*, 363 Fed. Appx. 101,
19 102-03 (2d Cir. 2010) (“to the extent that the ‘free and clear’ nature of the sale . . . was a crucial
20 inducement in the sale’s successful transaction . . . the potential chilling effect of allowing a tort
21 claim subsequent to the sale would run counter to a core aim of the Bankruptcy Code”); *Indiana*
22 *State Police Pension Trust*, 576 F.3d at 126 (“The possibility of transferring assets free and clear of
23 existing tort liability was a critical inducement to the Sale.”); *In re PBBPC, Inc.*, 484 B.R. at 870
24 (rejecting imposition of experience rating where “the possibility of transferring assets free and clear
25 of successor liability was a critical inducement to the sale”) (quotations omitted); *Myers v. U.S.*,
26 297 B.R. at 781 (finding sale order sold assets free and clear of successor liability and positing
27 “who would ever purchase assets at a bankruptcy proceeding if the successor liability were not
28 limited, despite the plain wording of the bankruptcy court order?”). As discussed in detail, above,

1 imposition of the Additional Conditions have serious financial consequences for the SGM Sale that
2 undercut the free and clear nature of the SGM Sale and served as a critical inducement for the only
3 bidder on the Debtors' Hospital assets. Accordingly, the Debtors may sell the Hospitals free and
4 clear of any successor liability imposed by the Additional Conditions under § 363.

5 **Second**, allowing a claimant to pursue an asset purchaser in bankruptcy "would subvert the
6 Bankruptcy Code's priority scheme, by allowing a low-priority, unsecured claim to leapfrog over
7 other creditors in the bankruptcy." *See, e.g., In re Grumman Olson Indus. Inc.*, 467 B.R. 694, 703
8 (S.D.N.Y. 2012); *see also In re Trans World Airlines, Inc.*, 322 F.3d 283, 291 (3d Cir. 2003) ("Even
9 were we to conclude that the claims at issue are not interests in property, the priority scheme of the
10 Bankruptcy Code supports the transfer of TWA's assets free and clear of the claims."); *Myers*, 297
11 B.R. at 781 (finding a sale order that *excluded* "successor liability" from the interests stripped
12 under § 363(f) nevertheless effectuated a sale of the assets free and clear of successor liability
13 because, to hold otherwise, "would allow unsecured creditors to receive greater protection and
14 more priority than secured claims"). The Additional Conditions allow the Attorney General to
15 impose monetary obligations on SGM to continue providing services such as charity care that were
16 financially infeasible for the Debtors.

17 **B. COMPLIANCE WITH § 363(d)(1) DOES NOT LIMIT THE DEBTORS' RIGHT TO**
18 **SELL ITS ASSETS FREE AND CLEAR UNDER § 363(f).**

19 Section 363(d)(1) provides that the Debtors must sell the Hospitals in accordance with
20 nonbankruptcy law applicable to nonprofit transactions, and § 363(f) authorizes the Debtors to sell
21 the Hospitals free and clear of interests in property. These two sections are easily construed under
22 several applicable principles of statutory construction.

23 First, each statutory provision should be read by reference to the whole act. *See John*
24 *Hancock Mut. Life Ins. Co. v. Harris Trust & Sav. Bank*, 114 S. Ct. 517, 523 (1993); *Pavelic &*
25 *Leflore v. Marvel Entm't Grp.*, 493 U.S. 120, 123-24 (1989); *Mass. v. Morash*, 490 U.S. 107, 114-
26 15 (1989). Second, the Court should avoid interpreting a provision of the Bankruptcy Code in a
27 way inconsistent with the policy of another provision of the Bankruptcy Code. *See United Sav.*
28 *Ass'n v. Timbers of Inwood Forest Assocs.*, 484 U.S. 365, 371 (1988). Finally, specific provisions

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1 targeting a particular issue apply instead of provisions more generally covering the issue. *See*
2 *Morton v. Mancari*, 417 U.S. 535, 550-51 (1974) (a general statute will not be held to have
3 repealed by implication a more specific one unless there is “clear intention otherwise”); *U.S. v.*
4 *Novak*, 476 F.3d 1041, 1054 (9th Cir. 2007) (recognizing “the elementary tenet of statutory
5 construction that a general statute will not alter a more specific one”) (quotations omitted). This
6 tenet applies with equal force to interpretation of competing provisions of the Bankruptcy Code.
7 *See Law v. Seigel*, 571 U.S. 415, 421 (2014) (resolving conflict between §§ 105(a) and 522 by
8 “application of the axiom that a statute’s general permission to take actions of a certain type must
9 yield to a specific prohibition found elsewhere”).

10 Applying these principles, the requirement to act in accordance with nonbankruptcy law
11 does not abrogate the Debtors’ authority to sell free and clear of the Additional Conditions under
12 the more specific provisions of § 363(f), particularly when the Additional Conditions would render
13 the terms of the SGM APA and the Sale Order meaningless.

14 Section 363(f) provides specific grounds to conduct sales free and clear of interests in
15 property that is not limited by a nonprofit debtor’s general obligation, under § 363(d)(1), to comply
16 with nonbankruptcy law. Section 363 provides that nonprofit debtors must generally comply with
17 applicable nonbankruptcy law in conducting sales under § 363(b). Section 363(d)(1) provides that
18 a nonprofit debtor may sell assets of the estate pursuant to § 363(b) “only in accordance with
19 nonbankruptcy law applicable to the transfer of property by” such nonprofit debtor. 11 U.S.C.
20 363(d)(1). This general requirement in § 363(d)(1) makes no reference to § 363(f), which sets forth
21 the specific bases by which a debtor may obtain approval of a sale under § 363(b) free and clear of
22 any interest in such property. Without a “clear intention otherwise,” the general requirement that a
23 nonprofit debtor comply with nonbankruptcy law does not repeal by implication the specifics of
24 free and clear sales under § 363(f), including the Debtors’ rights to sell assets free and clear of
25 successor liability. *See Morton*, 417 U.S. at 550-51. Simply put, § 363(d)(1) does not grant the
26 Attorney General the unfettered right to impose conditions without regard to this Court’s exclusive
27
28

jurisdiction over the Debtors' assets and any other provisions of the Bankruptcy Code. *See, e.g.*, §§ 363(f), 525, 541; *see also* 28 U.S.C. § 1334(e).⁵

Even if the provisions were in conflict, applicable law authorizing the Attorney General to review and condition sales of health facilities is not inconsistent with the successor liability limitations set forth in § 363(f). As discussed above, applicable California law does not impose successor liability on the SGM Sale because the obligations are imposed on the seller of a health facility rather than the assets themselves. *See, e.g., In re La Paloma Generating, Co.*, 2017 WL 5197116, at *7 (“[T]he Regulation does not dictate . . . substitution and assumption of liability. In no way does Section 95835(b)(8) impugn liability on the purchase of the Covered Entity’s assets.”).

Accordingly, the general requirements of § 363(d)(1) are not in conflict with the Debtors’ authority to sell assets free and clear of successor liability under § 363(f). The Debtors complied with the requirements of nonbankruptcy law and received the Attorney General’s conditional approval of the SGM Sale. Nonbankruptcy law does not impose successor liability on SGM, and,

⁵ The Attorney General has previously argued that he may enforce conditions on the sale of a nonprofit hospital, pursuant to police and regulatory powers designed to protect the health and safety of the community. *See* Docket No. 463, at 7 (the “Prior Response”). However, unlike § 362(b)(4), § 363 has no exception for governmental entities acting pursuant to police or regulatory powers. The Congress is presumed to act intentionally and purposely when it includes language in one section but omits it in another. *Keene Corp. v. United States*, 508 U.S. 200, 208 (1993) (“where Congress includes particular language in one section of a statute but omits it in another [...] it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.”) (quoting *Russello v. United States*, 464 U.S. 16, 23 (1983)). Even if such an exception were to apply, as the Attorney General concedes in the Prior Response, preemption of state law is most likely where the state statute carves an exception out of the Bankruptcy Code, or where the state statute is concerned with economic regulation rather than protecting the public health and safety. Prior Response, at 7, lines 1-15 (citing *Baker & Drake, Inc. v. Pub. Serv. Comm’n of Nevada*, 35 F.3d 1348, 1353 (9th Cir. 1994)). Both situations exist here. First, the interpretation suggested by the Attorney General carves a huge exception out of the Bankruptcy Code, basically allowing him to ignore both the plain language of the federal laws, and the practical implications of his interpretation. Second, although the state statute discusses that a sale to a for-profit “may affect the availability of community health care services,” Prior Response, at 7, lines 23-24 (citing CAL. CORP. CODE, Ch. 9, Note §1m Stats 1996, ch. 1105), the Attorney General has no general oversight over health facilities in California or over acute care hospitals in particular. Rather, his review is predicated on the regulation of a kind of business—nonprofits—and therefore falls neatly into economic regulations.

1 to the extent the Additional Conditions impose successor liability, the Debtors may sell free and
2 clear under § 363(f) while still complying with their general obligations under § 363(d)(1).

3 **C. THE ATTORNEY GENERAL CANNOT INTERFERE WITH THE COURT'S**
4 **EXCLUSIVE JURISDICTION OVER PROPERTY OF THE ESTATES.**

5 Section 1334(e) of title 28 of the United States Code grants federal district courts—and, by
6 jurisdictional grant, pursuant to 28 U.S.C. § 157(a), bankruptcy courts within each district—
7 exclusive jurisdiction of all property of the debtor and its estate, “wherever located.” 28 U.S.C. §
8 1334(e); 11 U.S.C. § 157(a); *see also Hong Kong and Shanghai Banking Corp. v. Simon (In re*
9 *Simon)*, 153 F.3d 991 (9th Cir. 1998) (district court in which bankruptcy case is commenced has
10 exclusive *in rem* jurisdiction over all estate property); *see also Central Va. Cmty College v. Katz*,
11 546 U.S. 356, 126 S. Ct. 990 (2006) (A “critical feature of every bankruptcy proceeding [is] the
12 exercise of exclusive jurisdiction over all of the debtor’s property.”). Moreover, in the context of
13 adjudicating the rights of in a bankruptcy estate, even against the Attorney General, the power of
14 the bankruptcy court includes the “power to issue compulsory orders to facilitate the administration
15 and distribution of the res.” *Id.* The Supreme Court was clear in *Katz* that the Court’s power was
16 not limited to *in rem* beyond the “mere adjudication of rights in a res” and extended to proceedings
17 “necessary to effectuate the *in rem* jurisdiction of the bankruptcy courts.” *Id.* Therefore, under
18 *Katz*, the Court also has the power to issue orders necessary to effectuate the Sale Order, including
19 issuing orders that the SGM Sale is free and clear of the Additional Conditions.

20 Here, the Court has exclusive jurisdiction over the Hospitals because they are indisputably
21 “property of the estates” pursuant to § 541. *See* § 541. The Court’s exclusive jurisdiction limits
22 the Attorney General’s attempt to impose restrictions on the Hospitals. Moreover, the states’ right
23 to regulate an operating debtor in possession under 28 U.S.C. § 959(b) does not limit this Court’s
24 jurisdiction or give the state the right to interfere in the sale of the Debtors’ Hospitals. *See Hillis*
25 *Motors v Hawai’i Auto Dealers Assn.*, 997 F.2d 581, 592 (9th Cir 1993) (holding that state action
26 to involuntarily dissolve a corporation for non-payment of franchise fees and filings violated the
27 automatic stay as an act to control property of the estate under § 362(a)(3) and was not excepted by
28 §362 (b)(4) or (5) or 28 U.S.C. § 959(b)).

D. THE ADDITIONAL CONDITIONS VIOLATE § 525 BECAUSE THEIR EXPRESS PURPOSE IS TO REQUIRE SGM TO UNDERTAKE THE SAME OBLIGATIONS THE DEBTORS CAN NO LONGER ACCOMPLISH.

Imposition of the Additional Conditions constitutes impermissible discrimination against the Debtors and SGM, as a debtor-associate, pursuant to § 525. Section 525(a) grants the Debtors protection against discriminatory treatment by governmental unit on account of the Debtors' insolvency. *See* 11 U.S.C. § 525(a).

One of the leading case interpreting § 525 is the United States Supreme Court's decision in *Federal Communications Commission v. NextWave Communications, Inc.* 537 U.S. 293 (2003) ("NextWave"). In *NextWave*, the Federal Communications Commission (the "FCC") cancelled certain licenses owned by the debtor, but denied that the proximate cause for its cancellation of the licenses was the failure to make payments due to the FCC. Instead, the FCC contended that § 525 did not apply because it had a valid regulatory motive for the cancellation. The Supreme Court held that the FCC's motive was "irrelevant" because "[s]ection 525 means nothing more or less than that the failure to pay a dischargeable debt must alone be the proximate cause of the cancellation—the act or event that triggers the agency's decision to cancel, whatever the agency's ultimate motive in pulling the trigger may be." *NextWave*, 537 U.S. at 301-02. The FCC contended that NextWave's license obligations to the commission were not "debt[s] that [are] dischargeable" in bankruptcy. *Id.* at 302. The FCC argued that regulatory requirements, such as a full and timely payment condition, are not properly classified as "debts" under the Bankruptcy Code. The Supreme Court dismissed this argument, finding that "a debt is a debt even when the obligation to pay it is a regulatory condition." *Id.* at 303. The FCC also argued that NextWave's obligations were not "dischargeable" in bankruptcy because bankruptcy courts did not have the jurisdictional authority to alter regulatory obligations. *Id.* Noting that dischargeability is not tied to the existence of such authority, the Supreme Court found that a preconfirmation debt is dischargeable unless it falls within an express exception to discharge. *Id.*

In *In re Aurora Gas, LLC*, the bankruptcy court addressed whether the State of Alaska violated § 525(a) by effectively conditioning the sale of gas leases on the purchaser's assumption of unpurchased liabilities. *See* No. 16-00130, 2017 WL 4325560 (Bankr. D. Alaska Sept. 26, 2017).

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1 The debtor formerly operated nine oil and gas wells leased from the state. *See id.* at *1. During the
2 course of the bankruptcy case, the debtor determined that it would not be able to sell three of the
3 wells leased on state lands and could not afford to completely plug and abandon the wells. *See id.*
4 The debtor, thus, began the process of temporarily plugging the wells and obtained approval to
5 reject the leases. *See id.* The debtor secured an offer to purchase five of the remaining oil and gas
6 leases for \$100,000, subject, however, to review and approval by the state. *See id.* The bankruptcy
7 court entered an order granting authority to assume and assign the leases and sell related assets free
8 and clear of claims and interests. *See id.* at *2. Subsequently, the state imposed conditions on the
9 sale that required the purchaser either agree to (i) a bond in the amount of \$200,000 and an
10 agreement to plug and abandon the three unpurchased wells, or (ii) a bond in the amount of \$6
11 million. *See id.*

12 The bankruptcy court held that the imposition of the conditions violated § 525(a). The
13 bankruptcy court noted that “the State does not deny that the Decision was an attempt to collect
14 [the debtor’s] debt for the [nonoperating] leases. Rather, it defends its action as necessary to
15 provide for the plugging and abandonment of the wells which the debtor will not be able to
16 accomplish.” *Id.* at *4. The court concluded that the state “effectively denied the debtor’s transfer
17 of five of its . . . leases because it insists on recovering the debtor’s . . . plug and abandonment
18 liability.” *Id.* at *5. Indeed, the \$6 million bonding requirement made clear that the state’s intent
19 was to recover on the debtor’s potentially dischargeable liabilities rather than the “proper exercise
20 of the agency’s discretion in discharge of its statutory duties.” *See id.* (“There is nothing in the
21 Decision to support the [state’s] conclusion that it will cost \$1,000,000 to plug and abandon each
22 well.”).

23 The Additional Conditions are no different than those addressed by the bankruptcy court in
24 *Aurora Gas* because they impose upon SGM the very same levels of services, charity care, and
25 other obligations imposed on the Debtors by the 2015 Conditions. The Additional Conditions
26 repeatedly obligate SGM to maintain licensure and services “at no less than current” levels that
27 correspond directly to the Debtors’ postpetition services. *See* Exhibit “B” (“The term ‘current’ or
28 ‘currently’ throughout this document means as of January 1, 2019.”) (2019 Conditions, at 2, n.2).

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As discussed above, § 363(f) allows the Debtors to sell their assets free and clear of the Attorney General's interests in imposing Additional Conditions. These interests are dischargeable within the meaning of § 525(a) even if the Debtors will not receive a discharge under their Plan. *See Aurora Gas, LLC*, 2017 WL 4325560, at *6 ("The State has not identified any exception within § 523(a) for the debtor's prepetition liability for plugging and abandoning the [nonoperating] wells. Nothing within § 525(a) requires that the debtor actually obtain a discharge, only that the debt be dischargeable."); *FCC v. NextWave Pers. Commc'ns Inc.*, 537 U.S. at 303 ("A preconfirmation debt is dischargeable unless it falls within an express exception to discharge."). Further, as with *Aurora Gas*, the Additional Conditions will "effectively den[y] the [Debtors'] transfer of" their hospital assets because the Attorney General "insists on recovering" from SGM the same obligations imposed on the Debtors under the 2015 Conditions. The Additional Conditions must be denied as violative of § 525(a) because the Debtors' inability to continue the same services following the conclusion of these Cases are "the proximate cause" of the Attorney General's Additional Conditions. *See NextWave Pers. Commc'ns Inc.*, 537 U.S. at 301-02.

E. THE ATTORNEY GENERAL ABUSED HIS DISCRETION IN IMPOSING THE ADDITIONAL CONDITIONS.

1. The Court Has Authority to Review Whether the Attorney General Abused His Discretion in Imposing the Additional Conditions.

If the Court does not find the Additional Conditions are cut off by § 363, the Debtors ask that the Court review the Attorney General's decision under applicable nonbankruptcy law. Section 1221(e) of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-8, § 1221(e) (2005), makes clear that the applicable nonbankruptcy law should be interpreted by this Court and should not be referred to a state court. *In re HHH Choices Health Plan, LLC*, 554 B.R. 697, 700-01 (Bankr. S.D.N.Y. 2016) ("While a transfer [of nonprofit assets] must comply with the substantive requirements of state law. . . any determination that would be made by a state court, . . . in the absence of a bankruptcy case, is now a determination to be made by [the bankruptcy court], and not by the state court.").

The Attorney General has discretion under applicable state law to deny, consent to, or conditionally approve a transaction. However, that discretion is limited and subject to judicial

1 review. Under state law, the Court has the power to overrule the Attorney General's decision
 2 imposing conditions inconsistent with Section 8.6 of the SGM APA. *Del Riccio v. Superior Court*,
 3 115 Cal. App. 2d 29, 31 (1952) ("In the exercise of equitable jurisdiction the court undoubtedly has
 4 broad discretionary powers to take whatever action is necessary in the interests of justice in order
 5 that its decrees will not fail to accomplish their purpose."); *see also* Cal. Code Civ. Proc., § 187.
 6 That power extends even to reviewing discretionary decisions for abuse of discretion. *Lamb v.*
 7 *Webb* (1907) 151 Cal. 451, 454 (the trial court has the power to compel the Attorney General to act
 8 where the Attorney General abused its discretion); accord *City of Campbell v. Mosk*, 197 Cal. App.
 9 2d 640, 645 (1961).

10 Judicial review of most public agency decisions is obtained either by: (1) a writ of
 11 ordinary/traditional mandamus, pursuant to C.C.P. § 1085; or (2) a writ of administrative
 12 mandamus, pursuant to C.C.P. § 1094.5. *See Friends of the Old Trees v. Dep't of Forestry & Fire*
 13 *Prot.*, 61 Cal. Rptr. 2d 297, 303 (Cal. Ct. App. 1997). Ordinary mandate under C.C.P. § 1085 is a
 14 traditional remedy by which a court compels an inferior tribunal to perform a legally required duty.
 15 Administrative mandate under C.C.P. § 1094.5 is a statutory remedy which enables a petitioner to
 16 challenge an administrative decision after an adjudicatory hearing in which the agency performs a
 17 fact finding function. Parties are entitled to seek both in the same action. *See Conlan v. Bonta*, 102
 18 Cal. App. 4th 745, 751-52 (2002). Moreover, C.C.P. §§ 1085 and 1094.5, subd. (f) are identical in
 19 authorizing courts to issue a writ of mandate to compel the performance of an act "which the law
 20 specially enjoins."

21 Under C.C.P. § 1094.5, the Court "begin[s] its review with a presumption of the correctness
 22 of administrative findings, and then, after affording the respect due to these findings, exercise[s]
 23 independent judgment in making its own findings." *Fukuda v. City of Angels*, 977 P.2d 693, 701
 24 (Cal. 1999); *see Benetatos v. City of Los Angeles*, 186 Cal. Rptr. 3d 46, 56 (Cal. Ct. App. 2015)
 25 ("the independent judgment test is applied to review administrative decisions that will drive an
 26 owner out of business or significantly injure the business's ability to function").

27 Alternatively, for traditional mandamus under C.C.P. § 1085, the Court reviews the
 28 administrative action to determine whether it "was arbitrary, capricious, or entirely lacking in

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1 evidentiary support, contrary to established public policy, unlawful or procedurally unfair.” *Id.*
2 (quotations omitted). “Although mandate will not lie to control a public agency’s discretion, that is
3 to say, force the exercise of discretion in a particular manner, it will lie to correct abuses of
4 discretion.” *Id.* (quotations omitted). “Abuse of discretion is established if the ... order or decision
5 is not supported by the findings, or the findings are not supported by the evidence.” *Wollmer v.*
6 *City of Berkeley*, 193 Cal. App. 4th 1329, 1338 (2011) (citing Cal. Code Civ. Proc., § 1094.5, subd.
7 (b).) Moreover, the Court should not give deference to the Attorney General’s interpretation of
8 State law. *County of San Diego v. State of Cal.* 15 Cal. 4th 68, 109 (1997). Because public
9 agencies and officials “have a duty to comply with applicable state statutes and local ordinances,”
10 failure to do so is an abuse of discretion that is “arbitrary, capricious, or lacking in evidentiary
11 support *Bright Dev. v. City of Tracy* 20 Cal. App. 4th 783 (1993).

12 Regardless of which standard applies here, the Attorney General’s conduct does not pass
13 muster under either statute. The Attorney General’s decision to impose many, if not all, of the
14 Additional Conditions, is not supported by findings or evidence. *See Topanga Assn. for a Scenic*
15 *Community v. County of Los Angeles*, 11 Cal. 3d 506, 515 (1974) (“[I]mplicit in section 1094.5 is a
16 requirement that the agency which renders the challenged decision must set forth findings to bridge
17 the analytic gap between the raw evidence and ultimate decision or order.”). The Attorney General
18 has given no consideration whatsoever to the economic impact of the 2019 Conditions on the
19 continued existence of the Hospitals. Although Attorney General’s review of the SGM Sale was
20 undertaken pursuant to a statute that purports to seek to preserve healthcare for the community, it is
21 undisputed that the 2019 Conditions imposed by the Attorney General will have the singular result
22 of destroying the SGM Sale and closing hospitals. There could not be a clearer example of an
23 abuse of discretion. *Honchariw v. City of Stanislaus* 218 Cal. App. 4th 1019, 1027 (2013); *see*
24 *also Bob Jones Univ. v. United States* 461 U.S. 574, 586 (1983) (a well-established canon of
25 statutory construction provides that literal language should not defeat the plain purpose of the
26 statute).

1 **2. The Scope of the Court's Review on Writ of Mandamus**

2 Judicial review of most public agency decisions is obtained by a writ of: (1) ordinary or
3 traditional mandamus, per C.C.P. § 1085; or (2) administrative mandamus, per C.C.P. § 1094.5.
4 *See Friends of the Old Trees v. Dep't of Forestry & Fire Prot.*, 61 Cal. Rptr. 2d 297, 303 (Cal. Ct.
5 App. 1997).

6 The applicable type of mandate is determined by the nature of the administrative action or
7 decision, in that quasi-legislative or ministerial acts are reviewed by ordinary mandate, while quasi-
8 judicial acts are reviewed by administrative mandate. *Id.* "Generally speaking, a legislative action
9 is the formulation of a rule to be applied to all future cases, while an adjudicatory act involves the
10 actual application of such a rule to a specific set of existing facts." *Id.* (quotation omitted). More
11 specifically, traditional mandate is used to review agency action when the agency was not required
12 to hold a hearing, whereas administrative mandamus reviews final administrative orders from a
13 proceeding "in which by law a hearing is required to be given, evidence is required to be taken, and
14 discretion in the determination of facts is vested in the inferior tribunal[.]" *Id.* (quoting C.C.P.
15 § 1094.5(a)).

16 Here, when evaluating the proposed transaction, the Attorney General was required to hold
17 a hearing, take evidence, and utilize discretion in his determination of existing facts. Indeed,
18 California Corporations Code § 5916 explicitly requires that "[p]rior to issuing any written decision
19 referred to in Section 5915 . . . the Attorney General shall conduct one or more public meetings,
20 one of which shall be in the county in which the facility is located, to hear comments from
21 interested parties." *See Sierra Club v. State Bd. of Forestry*, 7 Cal. 4th 1215, 1235 (1994) (section
22 1095.4 hearing requirement satisfied where the Board of Forestry is required to hold a public
23 hearing to review timber harvesting plan and determine if it conforms to the rules and regulations
24 of the board and the Forest Practice Act).

25 In addition to being required to receive public input, the Attorney General's conditional
26 consent must also only have been determined after considering "relevant factors," such as the ten
27 enumerated ones set forth in California Corporations Code § 5917. These factors include the
28 Attorney General's receipt and review of evidence supporting whether the transaction is "fair and

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reasonable to the nonprofit corporation,” at “fair market value,” and “in the public interest.” CAL. CORP. CODE § 5917. As part of this evidentiary review, the Attorney General is authorized to contract with experts and consultants (and has done so here). *See* CAL. CORP. CODE § 5919. As a result, the Attorney General’s conditional consent is an adjudicatory administrative decision, and the standard of review in this proceeding must be administrative mandamus.⁶ *See Friends of the Old Trees*, 61 Cal. Rptr. 2d at 304–05 (Section 1094.5 review required where the statutes governing the Department of Forestry & Fire Protection’s approval of a timber harvest plan provides numerous opportunities for public and agency input, even though the “Department is not required to hold a trial-type hearing.”); *see also Ebbetts Pass Forest Watch v. Dep’t of Forestry & Fire Prot.*, 20 Cal. Rptr. 3d 808, 814 (Cal. Ct. App. 2004) (public meetings to review timber harvest plan satisfy section 1094.5 standard).

Not only does the § 1094.5 framework apply, the scope of the Court’s judicial review is necessarily the “independent judgment rule,” because the Attorney General’s conditional consent “substantially affects” Verity’s “fundamental vested right.” *See, e.g., Mann v. Dep’t of Motor Vehicles*, 90 Cal. Rptr. 2d 277, 283 (Cal. Ct. App. 1999). Due to the separation of powers doctrine, deprivation of an entity’s or individual’s fundamental rights by an agency cannot evade judicial protection. *See Bixby v. Pierno*, 481 P.2d 242 (Cal. 1971) (“By carefully scrutinizing administrative decisions which substantially affect vested, fundamental rights, the courts of California have undertaken to protect such rights, and particularly the right to practice one’s trade or profession, from untoward intrusions by the massive apparatus of government.”). Thus, “[i]f the decision of an administrative agency will substantially affect such a right, the trial court not only examines the administrative record for errors of law but also exercises its independent judgment upon the evidence disclosed” in a *de novo* review. *Id.*

⁶ This is in sharp contrast to the inapplicable §1085 standard involving only ministerial acts: “[a] ministerial act is an act that a public officer is required to perform in a prescribed manner in obedience to the mandate of legal authority and without regard to his own judgment or opinion concerning such act’s propriety or impropriety, when a given state of facts exists.” *Schwartz v. Poizner*, 113 Cal. Rptr. 3d 610, 614 (Cal. Ct. App. 2010) (quotations omitted).

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Whether an administrative decision substantially affects fundamental vested rights is determined on a case-by-case basis, in which this Court must consider “whether the affected right is deemed to be of sufficient significance to preclude its extinction or abridgement by a body lacking *judicial power*.” *Interstate Brands v. Unemployment Ins. Appeals Bd.*, 608 P.2d 707, 713 n.5 (Cal. 1980) (emphasis in original). In this case, the Attorney General’s conditional consent has the practical effect of closing at least three of the Hospitals, forever. In that sense, it is indistinguishable from administrative decisions involving the revocation of a professional license or business permit, which, for decades, courts have consistently held to affect a fundamental right. *See, e.g., Oxford Preparatory Acad. v. Chino Valley Unified Sch. Dist.*, 249 Cal. Rptr. 3d 726, 730–31 (Cal. Ct. App. 2019), *reh’g denied* (July 29, 2019), *review filed* (Aug. 20, 2019) (charter school “has a fundamental vested right to continue operating”); *Coe v. City of San Diego*, 208 Cal. Rptr. 3d 73, 81 (Cal. Ct. App. 2016) (“a decision to revoke a nude entertainment business permit involves a fundamental vested right.”); *The Termo Co. v. Luther*, 86 Cal. Rptr. 3d 687, 697 (Cal. Ct. App. 2008) (“The implementation of the Order and Decision would have the effect not only of shutting down a business that has been in existence for 20 years or more, but also of terminating the right to produce oil—an extraordinarily valuable resource, especially in the current economic era. . . . Certainly, a fundamental vested right is at issue.”); *Bauer v. City of San Diego*, 89 Cal. Rptr. 2d 795, 804 n.14 (Cal. Ct. App. 1999); *Goat Hill Tavern v. City of Costa Mesa*, 8 Cal. Rptr. 2d 385, 391 (Cal. Ct. App. 1992) (“the right to continue operating an established business in which [the owner] has made a substantial investment” is a “fundamental vested right.”). Indisputably, the Debtors’ rights to preserve its Hospitals—such that they can continue providing healthcare and lifesaving procedures to the community they serve—are fundamental, vested, and abridged substantially by the Attorney General’s 2019 Conditions.

The Attorney General may attempt to cast the Debtors’ rights in a purely economic light, incorrectly arguing that the Debtors merely assert the right to sell its businesses. *Cf. SP Star Enterprises, Inc. v. City of Los Angeles*, 93 Cal. Rptr. 3d 152, 162 (Cal. Ct. App. 2009). But, the rights threatened by the Attorney General’s decision are the survival of three Hospitals upon which the public undisputedly depends. *Benetatos v. City of Los Angeles*, 186 Cal. Rptr. 3d 46, 56 (Cal.

1 Ct. App. 2015) (“The substantial evidence test has been applied to review administrative decisions
2 that restrict a property owner’s return on his property, or which increase the cost of doing business,
3 or reduce profits, because such decisions impact mere economic interests rather than fundamental
4 vested rights. In contrast, the independent judgment test is applied to review administrative
5 decisions *that will drive an owner out of business or significantly injure the business’s ability to*
6 *function.*”) (emphasis added).

7 As a result, in this proceeding, this Court “begin[s] its review with a presumption of the
8 correctness of administrative findings, and then, after affording the respect due to these findings,
9 exercise[s] independent judgment in making its own findings.” *Fukuda v. City of Angels*, 977 P.2d
10 693, 701 (Cal. 1999).

11 In addition, “[w]here the court finds that there is relevant evidence that, in the exercise of
12 reasonable diligence, could not have been produced or that was improperly excluded at the hearing
13 before respondent . . . the court may admit the evidence at the hearing on the writ without
14 remanding the case.” C.C.P. § 1094.5(e); *see also Tiholiz v. Northridge Hosp. Found.*, 199 Cal.
15 Rptr. 338, 343 (Cal. Ct. App. 1984) (permitting admission of newly discovered evidence in the
16 form of declarations, finding that “a litigant has a fundamental interest at stake in procedural
17 fairness, including but not limited to an interest in the compilation of an accurate hearing record”).

18 Even if traditional mandamus applies, the Attorney General’s conditional consent
19 constitutes an abuse of his discretion. The Debtors are “beneficially interested” to seek a writ of
20 mandate, in that its particular right to sustain the Hospitals is direct and substantial, especially
21 given the undisputed public need for these hospitals. *Citizens for Amending Proposition L v. City*
22 *of Pomona*, 239 Cal. Rptr. 3d 750, 763–64 (Cal. Ct. App. 2018), *reh’g denied* (Nov. 28, 2018).
23 Under § 1085, the trial court reviews an administrative action to determine whether an agency’s
24 action “was arbitrary, capricious, or entirely lacking in evidentiary support, contrary to established
25 public policy, unlawful or procedurally unfair.” *Id.* (quotations omitted). “Although mandate will
26 not lie to control a public agency’s discretion, that is to say, force the exercise of discretion in a
27 particular manner, it will lie to correct abuses of discretion.” *Id.* (quotations omitted).

28

1 Because public agencies and officials “have a duty to comply with applicable state statutes
2 and local ordinances,” failure to do so is an abuse of discretion that is “arbitrary, capricious, or
3 lacking in evidentiary support.” *Id.* at 774.

4 There are also exceptions to the general rule precluding the consideration of extra-record
5 evidence in traditional mandamus actions, where such evidence provides background information
6 regarding the quasi-legislative agency decision, to establish whether the agency fulfilled its duties
7 in making the decision, or to assist the trial court in understanding the agency’s decision. *Outfitter*
8 *Properties, LLC v. Wildlife Conservation Bd.*, 143 Cal. Rptr. 3d 312, 322 (Cal. Ct. App. 2012).

9 **3. The Attorney General Failed to Assure Preservation of the Hospitals for Their**
10 **Communities**

11 As set forth above, the Attorney General’s discretion to issue conditions of approval of a
12 sale of a nonprofit hospital to a for profit entity is circumscribed by (i) California Corporations
13 Code § 5917, and (ii) the Attorney General’s general statutory and common law obligations to
14 preserve and/or redirect the charitable assets for public benefit. *See, e.g.,* CAL. GOV’T CODE §
15 12598. Although the Attorney General is not a technical fiduciary to such assets, *see Restatement*
16 *of the Law of Charitable Nonprofit Organizations Principles of the Law of Nonprofit Organizations*
17 § 5.01 TD (2017), and although the Attorney General, in the normal course, is not empowered to
18 substitute its judgment for that of the trustees of the charitable assets, the Attorney General’s role in
19 overseeing a nonprofit hospital sale becomes virtually that of a fiduciary to such assets during the
20 sale process. This virtual status results from the multiple layers of statutory and common law
21 requirements imposed on the Attorney General’s decision making, and the Attorney General’s
22 arrogation of the right to impose contractual post-sale restrictions on then for-profit assets (which
23 in fact imposes the Attorney General’s judgment over that of the successor hospital administrator).

24 Here, the Attorney General, in conditionally approving the SGM Sale, has accepted that the
25 Hospitals are no longer sustainable as part of a nonprofit enterprise. There were no nonprofit
26 bidders for the Hospitals. Once the Attorney General has determined that the Hospitals cannot be
27 maintained as nonprofit, the Attorney General’s duties are to (i) ensure that the facility is
28 monetized at a fair market value to the nonprofit seller of the facility, *see* CAL. CORP. CODE §

1 5917(c), and (ii) ensure that the monies received from the sale of the facility are preserved for
2 charitable use by redirecting them under appropriate *cy pres* guidelines, *see* CAL. GOV'T CODE §
3 12598(a).

4 The Hospitals, once sold, are no longer charitable assets, so the Attorney General's power
5 and his right of oversight of these Hospitals ceases. The 2019 Conditions represent the Attorney
6 General's attempt to subvert California Corporations Code § 5917 and extend his continuing
7 control over non-charitable health care assets. The Attorney General cannot commit such an end-
8 run around the statutory limitations to his decision making discretion. Importantly, any continuing
9 control over the Hospitals is a result solely of a contract entered into between the Attorney General
10 and SGM.

11 One of the paramount obligations of the Attorney General is to preserve charitable assets.
12 This obligation is embodied in California Government Code § 12598(a), which provides that "[t]he
13 primary responsibility for supervising charitable trusts in California, . . . *for protection of assets*
14 *held by charitable trusts* and public benefit corporations, resides in the Attorney General."
15 (emphasis added). It is also one of the factors set forth by the Legislature in California
16 Corporations Code § 5917(h). *See* CAL. CORP. CODE § 5917(h) ("The agreement or transaction
17 may create a significant effect on the availability or accessibility of health care services to the
18 affected community.").

19 The Attorney General is duty-bound to ensure that the Hospitals survive, and, thus, cannot
20 impair availability or access of the community to health care facilities. The Attorney General
21 breached his obligation to act in a manner to preserve the charitable assets by imposing the
22 Additional Conditions with full knowledge that such conditions would result in the closure of at
23 least 3 Hospitals. *See* Exhibit "E;" *see also* Baronoff Decl. ¶ 7. The Attorney General's actions
24 will have destroyed, not preserved, the charitable assets. Such action clearly controverts the
25 Attorney General's discretion. Agency decisions, such as those of the Attorney General here, are
26 subject to judicial review and can be reversed if the court finds that the agency's discretionary
27 choice is an abuse of discretion. *See Motor Vehicle Mfrs. Assn. of the U.S. v. State Farm Mut. Auto*
28 *Ins. Co.*, 463 U.S. 29 (1983); *20th Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216, 271

(1994); *Coachella Valley Unified School Dist. v. State of Cal.*, 176 Cal. App. 4th 93, 113-118 (Cal. Ct. App. 2009); *Paulsen v. Golden Gate University*, 25 Cal. 3d 803, 808 (1979); *Saleeby v. State Bar*, 39 Cal. 3d 547, 563 (1985); *Quackenbush v. Mission Ins. Co.*, 46 Cal. App. 4th 458, 465 (Cal. Ct. App. 1996).

Based upon the foregoing, the Attorney General has abused his discretion and breached his most basic duty to preserve charitable assets and to ensure access and availability of health care facilities for the community.

V.

CONCLUSION

WHEREFORE, for all the foregoing reasons and such additional reasons as may be advanced at or prior to the hearing regarding this Motion, the Debtors respectfully request that the Court enter an order (i) finding that the SGM Sale is free and clear of the Additional Conditions, or alternatively, (b) the Attorney General has abused his discretion in imposing the Additional Conditions, and (iii) granting such other and further relief as the Bankruptcy Court deems just and proper.

Dated: September 30, 2019

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON
NICHOLAS A. KOFFROTH

By /s/ Tania M. Moyron
Tania M. Moyron

Attorneys for Verity Health Systems of
California, Inc., *et al.*

DENTONS US LLP
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LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

DECLARATION OF RICHARD G. ADCOCK

I, Richard G. Adcock, declare that I have personal knowledge of the facts set forth in this declaration, and I would competently testify to them under oath if called as a witness.

1. I am, and have been since January 2018, the Chief Executive Officer of Verity Health System of California, Inc. ("VHS"). Prior thereto, I served as VHS's Chief Operating Officer since August 2017.

2. I have extensive senior-level experience in the nonprofit healthcare arena, especially in the areas of healthcare delivery, hospital acute care services, health plan management, product management, acquisitions, integrations, population health management, budgeting, disease management and medical devices. I have meaningful experience in both the technology and healthcare industries in the areas of product development, business development, mergers and acquisitions, marketing, financing, strategic and tactical planning, human resources, and engineering.

3. Prior to VHS, from 2014 until 2017, I served as Executive Vice President and Chief Innovation Officer of Sanford Health, a large integrated health system headquartered in the Dakotas dedicated to health and healing. In this role, I was responsible for leading Sanford Health's growth and innovation, in addition to direct operational oversight of the following related entities: Sanford Research, Sanford Health Plan; Sanford Foundation (a philanthropic fundraising foundation); Sanford Frontiers (a commercial and real estate company); Profile by Sanford (a scientific weight loss program); and Sanford World Clinic (which operates clinics in multiple countries).

4. From 2012 to 2017, I served as the President of Sanford Frontiers and had the responsibility of starting a new entity within Sanford Health focused on innovative ventures. From 2008 to 2012, I served as Executive Vice President of Sanford Clinic. I was responsible both for (i) working directly with the President of the Clinic to the lead team of Vice Presidents in all aspects of management, and (ii) Sanford World Clinics operations, including the design, opening and operation of several global clinics. From 2006 to 2008, I served as the Vice President of Sanford Clinic and was responsible for leading strategic, operational and financial aspects within Sanford

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1 Clinic. From 2004 to 2006, I served as Director of Clinical Operations at Sanford Children's
2 Specialty Clinic and led the Pediatric Subspecialty Physician program and the clinical practice
3 through all facets of the operation.

4 5. Prior to Sanford Health, I served as the Director of Engineering and Six Sigma
5 Master Black Belt at GE Medical Systems, and before that served as the Vice President of Research
6 and Development and the Co-Owner/Founder of Micro Medical Systems. I have a bachelor of
7 science in business administration and a masters of business administration in healthcare
8 management.

9 6. On May 2, 2019, the Court entered an order (the "Sale Order") approving the sale of
10 substantially all assets of Debtors'⁷ remaining hospitals (St. Francis Medical Center ("SFMC"), St.
11 Vincent Medical Center ("SVMC") including the St. Vincent Dialysis Center ("SVDC"), and Seton
12 Medical Center ("SMC"), including Seton Medical Center Coastsides Campus ("SMCC")
13 (collectively the "Hospitals"), to Strategic Global Management, Inc. ("SGM") for \$610 million (the
14 "SGM Sale"), subject to certain adjustments, plus the payment of cure costs and assumption of
15 certain liabilities, as more fully set forth in that certain asset purchase agreement (the "APA")
16 [Docket No. 2306].

17 7. The Debtors, SGM and third parties have expended tremendous efforts to prepare
18 for and close the SGM Sale in reliance on the Sale Order. These tireless efforts have taken a
19 significant amount of time and resources and simply cannot be undone. By way of example: (i) the
20 Debtors sent "WARN notices" to approximately 4,900 employees, pursuant to the federal Worker
21 Adjustment and Retraining Notification Act of 1988; (ii) thousands of counterparties to executory
22 contracts and unexpired leases, including physicians, have relied on the Sale Order and continued
23 to provide services in reliance on the finality of that Sale Order; (iii) the Debtors and SGM have
24 spent months facilitating an efficient close of the sale, with approximately 20 different
25 workstreams, meeting at least weekly to ensure a smooth transition of operations; (iv) government
26 agency personnel, including the California Department of Public Health and the Board of

27 _____
28 ⁷ "Debtors" collectively refers to VHS and its affiliated debtors in this proceeding.

1 Pharmacy, have been diligently processing SGM's change of ownership applications for licenses
2 and permits in reliance on the finality of the Sale Order; (v) the Debtors, SGM, and each of the
3 Debtors' six unions spent months successfully negotiating and finalizing modified collective
4 bargaining agreements; (vi) the medical groups affiliated with the Debtors have sent termination
5 notices to their remaining physicians; (vii) the Debtors and SGM have coordinated changes in
6 insurance coverages and insurance policies to ensure seamless coverage for employees and
7 patients, and (viii) the Debtors have created plans to shut off certain services after the close of the
8 SGM Sale. In addition, the Debtors have no further financing source.

9 8. Attached hereto as Exhibit "1" is a true and correct copy of a September 18, 2019
10 letter from Chokri BenSaid, Director of the Hospital Division of the United Healthcare Workers
11 West Service Employees International Union, Inc., to Deputy Attorney General Scott Chan,
12 expressing support for the SGM Sale. Attached hereto as Exhibit "2" is a true and correct copy of a
13 letter from Jennifer Lemmon, Collective Bargaining Director of the California Nurses Association,
14 to Attorney General Becerra, to the same effect. Attached hereto as Exhibit "3" is a true and
15 correct copy of a September 24, 2019 letter from Mark Shinderman, counsel for the official
16 committee of unsecured creditors, to Attorney General Becerra, also expressing support for the
17 SGM Sale.

18 9. I have reviewed the conditions (the "2019 Conditions") set forth in the September
19 25, 2019 report issued by the California Attorney General (the "Attorney General") regarding the
20 SGM Sale. The 2019 Conditions require, among other things, that SGM continue to operate the
21 Hospitals and maintain various services, clinics and contractual arrangements for a period of time
22 greater than the period of time that Debtors would have been obligated under the 2015 Conditions
23 (defined below) if the Debtors had the ability to continue to operate the Hospitals. The 2019
24 Conditions are also materially different than those to which SGM agreed in Schedule 8.6 because
25 they impose additional conditions including, among other things, greater requirements for charity
26 care expenditures, community benefit expenditures, capital expenditures, and do not account for the
27 substantial shift in charity care needs following the implementation of the Affordable Care Act.
28

1 10. The 2019 Conditions are in large part the same as the proposed conditions
2 (“Proposed Conditions”) set forth in the Initial Health Care Impact Statements prepared by JD
3 Healthcare. Annexed hereto as Exhibit “E” is a true and correct copy of a letter from SGM’s
4 counsel, Todd Swanson of Hooper, Lundy & Bookman, P.C., to Deputy Attorney General Scott
5 Chan, explaining that SGM would not accept the Proposed Conditions to the extent they materially
6 differ from Schedule 8.6 to the APA.

7 11. I previously urged the Attorney General not impose conditions that would threaten
8 to close the Hospitals or otherwise unwind stakeholders’ heroic efforts to save these Hospitals.
9 This was detailed in my *Declaration filed in support of the Notice of Submission of Debtors’*
10 *Response to the Health Care Impact Statements and Conditions Imposed By JD Healthcare, Inc.*
11 [Docket No. 2946], a true and correct copy of which is annexed hereto as Exhibit “E”. It was also
12 detailed in my August 23, 2019 letter to Deputy Attorney General Scott Chan, as true and correct
13 copy of which is annexed hereto as Exhibit “E”.

14 12. Further, during the week of August 26, 2019, Deputy Attorney General Scott Chan
15 held public hearings at each of the Hospitals to solicit comments regarding the SGM Sale. I
16 attended each of the public meetings in person. At each public meeting, representatives of SGM
17 and the Debtors made public statements detailing the economic impact of the conditions proposed
18 by the Attorney General’s expert, JD Healthcare, and the economic situation confronting each
19 Hospital; urging the Attorney General to consider economic factors when issuing his conditions;
20 and reiterating that any conditions exceeding those in Schedule 8.6 of the SGM APA could result in
21 the termination of the SGM Sale and the closure of the Hospitals.

22 13. As was the case with the Proposed Conditions, many of the 2019 Conditions are
23 materially inconsistent with those to which SGM has agreed in Schedule 8.6, and do not take into
24 consideration the negative economic impact of the 2019 Conditions and the conditions imposed on
25 the Hospitals in 2015 (the “2015 Conditions”).

26 14. Without regard to the economic and community realities, certain of the 2019
27 Conditions force the Hospitals to maintain programs that not only suffer significant losses an
28

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1 annual basis, but are unnecessary because the same services (and in some instances, more
2 comprehensive services) are already provided at other hospitals in the area.

3 15. The economic impact of the 2019 Conditions cannot be understated. As a hospital
4 operator, I know from first-hand experience operating and overseeing the Hospitals that (i) the
5 2015 Conditions were too burdensome, (ii) hampered the Hospitals ability to prosper, as discussed
6 above, and (iii) accelerated the demise of these Hospitals. Verity, its employees, tens of thousands
7 of vendors and other parties have made tireless efforts during the sale process to ensure high
8 quality continued patient care and to take the necessary steps that would allow the Hospitals to be
9 sold to a new operator that could successfully operate the Hospitals. The Bankruptcy Court has
10 now approved the sale to SGM, which paves the way for these Hospitals and the communities they
11 serve to continue the Hospitals' mission of quality patient care.

12 16. The Debtors did not receive any other qualified bid to purchase the Hospitals. Thus,
13 there is no back-up bidder to purchase the Hospitals if the SGM Sale does not close. Additionally,
14 SGM representatives have repeatedly told the Debtors that multiple lenders have informed SGM
15 that they would not agree to finance the SGM Sale if the conditions were not consistent with
16 Schedule 8.6, which makes the SGM Sale nearly impossible to close. Consequently, if the
17 Additional Conditions were imposed, they would create an environment where it is likely no lender
18 would be willing to finance the sale of the Hospitals to SGM, ensuring closure of at least three of
19 the Hospitals.

20 17. Due to the Debtors' liquidity issues, unsustainable operating losses, and the absence
21 of an interested viable purchaser, SVMC, Seton Medical Center, and Seton Coastside would need
22 to be closed if the SGM Sale does not close. The closures of SVMC, Seton Medical Center, and
23 Seton Coastside would result in the loss of approximately 2,900 jobs.

24 18. As to SFMC, the Debtors would likely attempt a private sale in the bankruptcy
25 cases. I, however, foresee significant challenges to SFMC's sustainability and sale. Specifically,
26 any new sale of SFMC would require additional time, which would result in an exorbitant amount
27 of administrative and other expenses in these cases. By way of an example, the Debtors would
28 need to find a new buyer after a marketing process, seek approval from the Court, and then await

1 yet another review by the Attorney General. To even accomplish the foregoing, it is likely that the
2 Debtors would need to obtain debtor in possession financing to help fund operations, which would
3 carry another layer of expense.

4 19. Consequently, even if the Debtors were able to sell SFMC in the event the SGM
5 Sale failed, recoveries to creditors would be significantly reduced by hundreds of millions of
6 dollars since (i) there would not be any proceeds from the sale of SVMC, Seton, and Seton
7 Coastside, and (ii) the delay associated with the second sale of SFMC.

8 20. The Hospitals provide access to essential healthcare services in their communities.
9 Faced with the possibility of losing the Hospitals in their entirety, rote application of the 2015
10 Conditions should yield to the pragmatics of economics and demonstrable patient care and
11 community need.

12 21. If the SGM transaction does not close, the Debtors, employees, pension holders,
13 other stakeholders, and community members, would be exposed to significant and unrecoverable
14 health care and economic loss.

15 22. If the SGM Sale fails, the most likely outcome is that at least three of the Hospitals
16 will have to close. Altogether, between July 1, 2018 and June 30, 2019, the Hospitals had more
17 than 34,000 inpatient admissions and 312,000 outpatient visits. If the Hospitals are closed, all of
18 those patients would be forced to find alternative providers for treatment, perhaps at greater
19 distances than they are now required to travel for treatment at the Hospitals. For example, Seton
20 Coastside is the only emergency room facility on the Pacific Coast between Daly City and Santa
21 Cruz. Additionally, Seton Coastside has 116 skilled nursing facility ("SNF") beds and, if Seton
22 Coastside were closed, those residents would be forced to be relocated significant distances to find
23 alternative facilities. In my experience, the risk of negative outcomes for emergency room patients
24 increases as the distance, and therefore the time, required to obtain treatment, increases.
25 Additionally, in addition to the difficulty in finding alternative facilities for the SNF patients, the
26 impact of transfer trauma on this population could be significant.

27 23. Further, among the other stakeholders which will be harmed by a failed SGM Sale
28 are the vendors that have supported the Hospitals by providing credit terms throughout these cases.

1 Under the SGM Sale, these creditors will receive payment for their support of the Hospitals during
2 the sale process. A failed sale to SGM would put that at risk. In addition, there are thousands of
3 vendors whose contracts will likely be assumed by SGM in the sale. Consequently, these vendors
4 will be paid for their prepetition claims, an estimated total recovery for these vendors of \$50
5 million. Even those vendors whose contracts are not assumed by SGM are still expected to receive
6 millions of dollars of recoveries. In total, the failed sale to SGM would cost these vendors tens of
7 millions of dollars in recoveries. Further, there would be a loss of future income for services
8 provided to the operating Hospitals on a go-forward basis.

9 24. The Hospitals have approximately 4,900 employees. SGM has committed to retain
10 “substantially all” employees of the Debtors, as set forth in the APA.

11 25. In the past week, the Debtors have finalized settlement agreements (the “Settlement
12 Agreements”) with each and every union that is party to collective bargaining agreements (the
13 “CBAs”) related to the Hospitals being sold to SGM. The Settlement Agreements provide, *inter*
14 *alia*, for modification and assignment of the CBAs to SGM (along with waiver of any cure
15 obligations of the Debtors), the treatment and allowance of certain claims, including severance for
16 employees who are not offered employment, paid time off, and retiree health (for the few retirees
17 who utilize the program) and the waiver of other claims. The Settlement Agreements are
18 conditioned on Bankruptcy Court approval and on other important events, including Plan
19 confirmation and closing of the sale to SGM for a purchase price that is not materially different
20 from the amount contained in the SGM APA. The Debtors are in the process of finalizing pleading
21 papers that will request Court approval of the Settlement Agreements and related relief, which it
22 expects to file for expedited consideration presently.

23 26. The SGM Sale presents the Debtors’ stakeholders with the best possible alternative,
24 and the failure of the SGM transaction will likely result in a loss of healthcare access for vulnerable
25 populations, as well as jobs of thousands of employees.

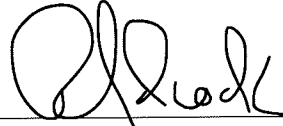
26 ///

27 ///

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1 I declare under penalty of perjury under the laws of the United States that the foregoing is
2 true and correct.

3 Executed this 30th day of September, 2019, in Los Angeles, California.

4 
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6 Richard G. Adcock
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Exhibit 1

Adcock Declaration



UNITED HEALTHCARE
WORKERS WEST
SERVICE EMPLOYEES
INTERNATIONAL
UNION, CLC

Dave Regan - President
Stan Lyles - Vice President

560 Thomas L. Berkley Way
Oakland, CA 94612
510-251-1250
FAX 510-763-2680

5480 Ferguson Drive
Los Angeles, CA 90022
323-734-8399
FAX 323-721-3538

www.SEIU-UHW.org

Via U.S. Mail

September 18, 2019

Attorney General Xavier Becerra
Office of the Attorney General
1300 "I" Street
Sacramento, CA 94814-2919

Scott Chan, Deputy Attorney General
State of California Department of Justice
Office of the Attorney General
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102

RE: Verity Health Systems, Inc. and Strategic Global Management, Inc.

Dear Mr. Becerra and Mr. Chan,

The Service Employees International Union United Healthcare Workers West (SEIU-UHW), represents approximately 1,400 workers at St. Francis Medical Center and St. Vincent Medical Center. SEIU-UHW is writing in support of the sale transaction between Verity Health Systems, Inc. and Strategic Global Management, Inc. Given that Verity Health Systems has been in bankruptcy proceedings for over a year and Strategic Global Management was the only entity to submit a qualified bid for St. Francis Medical Center and St. Vincent Medical Center we believe this transaction is the best way to preserve jobs and patient care. Therefore, we urge a prompt closing of this sale.

Sincerely,

A handwritten signature in black ink, appearing to read "Chokri BenSaid", is located below the "Sincerely," text.

Chokri BenSaid
Director, Hospital Division
SEIU - UHW

Exhibit 2

Adcock Declaration



**California
Nurses
Association**



**National
Nurses
United**

A Voice for Nurses. A Vision for Healthcare.

OAKLAND
155 Grand Avenue
Oakland CA 94612
phone: 800-287-5021
fax: 510-663-1625

Via U.S. Mail

September 17, 2019

Attorney General Xavier Becerra
Office of the Attorney General
1300 "I" Street
Sacramento, CA 94814-2919

Scott Chan, Deputy Attorney General
State of California Department of Justice
Office of the Attorney General
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102

RE: Verity Health Systems, Inc. and Strategic Global Management, Inc.

Dear Mr. Becerra and Mr. Chan:

The California Nurses Association represents approximately 468 registered nurses at St. Vincent Medical Center and approximately 396 registered nurses at Seton Medical Center. CNA is writing in support of the sale transaction between Verity Health Systems, Inc. and Strategic Global Management, Inc. Given that Verity Health Systems has been in bankruptcy proceedings for over a year and Strategic Global Management was the only entity to submit a qualified bid for St. Vincent Medical Center and Seton Medical Center, we believe this transaction is the best way to preserve jobs and patient care. Therefore, we urge a prompt closing of this sale.

Sincerely,

CALIFORNIA NURSES ASSOCIATION

A handwritten signature in black ink, appearing to read "Jennifer Lemmon", written over a horizontal line.

Jennifer Lemmon
Southern California & Nevada
Collective Bargaining Director

Exhibit 3

Adcock Declaration

Milbank

MARK SHINDERMAN

Partner

2029 Century Park East, 33rd Floor | Los Angeles, CA 90067-3019

T: 424.386.4411

MShinderman@milbank.com | milbank.com

September 24, 2019

VIA EMAIL

The Honorable Xavier Becerra
Attorney General, State of California
1300 I Street
Sacramento, CA 95814

Dear Attorney General Becerra:

The official committee of unsecured creditors (the "Committee") of debtor Verity Health System ("Verity"), a statewide healthcare provider, represents the interests of Verity's creditor constituency, including labor unions, retirees, and tort claimants, among others. The Committee is charged with the obligation to help maximize the recoveries of all unsecured creditor constituents.

Verity is rapidly depleting cash reserves such that prolonging the proceedings could result in the shuttering of healthcare facilities in underserved communities. Verity's proposed sale of assets to Strategic Global Management, Inc., an affiliate of KPC, presents an opportunity to offer continued access to health care services for those communities served by Verity, while also providing an opportunity for unsecured creditors to obtain some recovery, albeit small (absent successful litigation with the secured creditors and others). The Committee is not aware of any alternative at this point that would accomplish these goals.

Time is of the essence and any delay in closing would be very costly. Verity estimates, and the Committee believes, that the cost of delay is almost \$5 million per week. Consequently, any further delay could eliminate unsecured creditor recoveries entirely.

#4810-3748-0337v2

MILBANK LLP

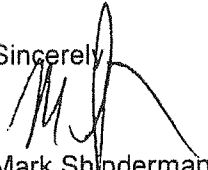
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145535\1047143

September 24, 2019

Page | 2

Thank you for your consideration of the Committee's views and we look forward to further discussing this matter with you should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'MS' followed by a stylized flourish.

Mark Shinderman

Milbank

#4810-3748-0337v2

145535\1047143

DECLARATION OF PETER BARONOFF

Peter Baronoff declares as follows:

1. I am currently the Chief Executive Officer of KPC Healthcare, Inc., which owns four hospitals in Orange County: The Orange County Global Medical Center, Southcoast Global Medical Center, Anaheim Global Medical Center, and Chapman Global Medical Center. I am also the Chief Executive Officer of Physicians for Healthy Hospitals, Inc., which owns Hemet Global Medical Center and Mennefee Global Medical Center. I am the Chief Executive Officer of Victor Valley Hospital Acquisition, Inc., which owns the Victor Valley Global Medical Center. All of the afore-said hospitals are acute care hospitals, and collectively referred to as “KPC”.

2. Following the commencement of the Chapter 11 cases for Verity Health Systems of California, Inc., et al (collectively “Verity”), I began discussions with Verity’s representatives regarding the possible acquisition by Strategic Global Management, Inc. (“SGM”), one of KPC’s affiliates, of one or more of the Verity hospitals. Over the course of the months beginning November 2018 and continuing into February 2019, I was directly involved in the negotiations on behalf of SGM in connection with SGM’s prospective acquisition of St. Vincent Medical Center, St. Vincent Dialysis Center, St. Francis Medical Center, and Seton Medical Center (including its Seton Medical Center Coastsides campus) (“the SGM Hospitals”). These negotiations eventually led to the execution of an Asset Purchase Agreement between SGM and Verity for the SGM Hospitals (“APA”).

3. During the course of SGM’s negotiations with Verity, there were innumerable issues that the parties confronted, discussed, negotiated and ultimately resolved when the parties reached a final agreement on the terms of the APA. One of the most intensely negotiated subjects had to do with the prospective conditions that might be imposed by the California Attorney General (“Attorney General”) in connection with the proposed transfer of the SGM Hospitals to SGM. Based upon my prior experience with hospital acquisitions, both in connection with my employment at KPC and also in connection with my prior employment as an

executive of Promise Healthcare (“Promise”), I was well aware of the Attorney General’s approval process in connection with the sale of not for profit hospitals and with the precedent for the Attorney General to impose conditions on such sales. Indeed, I was personally involved, on behalf of Promise, in the Gardens Regional Hospital Chapter 11 case. Promise was a DIP lender and stalking horse bidder for Gardens Regional Hospital, but was ultimately outbid by SGM at the auction. When SGM terminated its purchase agreement, as a result of the imposition by the Attorney General of condition, which were deemed burdensome by SGM, that sale transaction was terminated and Gardens Regional Hospital was eventually closed.

4. Knowing that, in our case, SGM’s acquisition of the SGM Hospitals would undergo an approval process by the Attorney General, and knowing that the Attorney General might impose conditions that would not be acceptable to SGM, SGM recognized the importance of negotiating a provision in its Asset Purchase Agreement which would protect it from the possibility that the Attorney General would impose conditions on the transfer of the hospitals to SGM which would be burdensome from a financial standpoint and otherwise. Accordingly, SGM and Verity spent an enormous amount of time negotiating the provisions of what became Section 8.6 (and Schedule 8.6 referenced therein) of the APA. Without question, the negotiation of Section 8.6 was the most intensely negotiated provision of the APA. In fact, it was not until the morning of the hearing to approve SGM as the stalking horse purchaser, which took place on February 6, 2019, that the parties, with input from the Official Creditors Committee and other stakeholders, were able to agree on the final wording of Section 8.6.

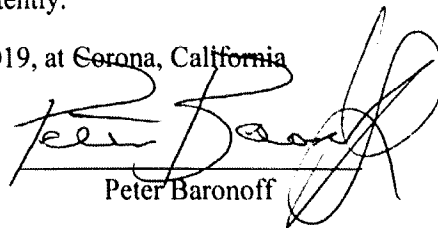
5. In essence, the parties agreed that if the Attorney General imposed “Additional Conditions” (as used in Section 8.6), SGM would not be obligated to close the sale unless Verity was able to procure from the Bankruptcy Court or another court, a supplemental sale order finding that the Additional Conditions are an “interest in property” for purposes of 11 U.S.C. § 363(f), and that the Assets can be sold free and clear of the Additional Conditions without the imposition of any other conditions. Section 8.6 also discusses certain time limits and finality requirements, as more specifically set forth therein.

6. The Additional Conditions referred to in Section 8.6 were those conditions which are materially different than the conditions approved by SGM in Schedule 8.6. Additional Conditions which individually or collectively impose a direct or indirect cost to SGM of \$5 million, or more, shall be conclusively deemed to be "materially different."

7. On September 25, 2019, the Attorney General issued his decision with respect to the proposed transfer of the SGM Hospitals to SGM ("Decision"). We have carefully reviewed the Decision. The Attorney General's Decision imposes numerous conditions on the transfer of the SGM Hospitals to SGM. Many of these conditions are "Additional Conditions" as that term is used in Section 8.6 of the APA. SGM has evaluated the Additional Conditions and has advised Verity that, based upon these Additional Conditions, SGM is invoking its rights under Section 8.6 of the APA. Accordingly, SGM has advised Verity that SGM will not close the purchase of the SGM Hospitals unless Verity is able to obtain the requisite court order within the time period provided for in Section 8.6.

8. I declare under penalty of perjury, of the laws of the United States of America, that all of the foregoing facts are true and correct and if sworn to testify concerning the contents of this Declaration I could and would do so competently.

Executed this 30th day of September, 2019, at Corona, California



Peter Baronoff

PETER C. CHADWICK

I, Peter C. Chadwick, declare, that if called as a witness, I would and could competently testify thereto, of my own personal knowledge, as follows:

1. I am a Managing Director of Berkeley Research Group, LLC ("BRG") and am duly authorized to make this declaration (the "Declaration") on behalf of BRG. I obtained a BA from Pennsylvania State University, and an MBA in Finance from Babson College, Olin School of Business. Before joining BRG, I was an Executive Director at Capstone Advisory Group, LLC. Prior to that, I was a Senior Managing Director at FTI Consulting. For more than twenty years, I have served as a chief restructuring officer, chief executive officer, chief operating officer, chief financial officer and as a financial advisor and trustee in complex restructuring matters. Among other things, I have significant experience in the healthcare arena and effectuating sale transactions.

2. On November 7, 2018, the Court entered an order employing BRG [Docket No. 785] as the financial advisors to Verity Health System of California, Inc. and the above-referenced debtors and debtors in possession (collectively, the "Debtors"), the above captioned chapter 11 cases (the "Cases"). I have diligently worked with the Debtors on every aspect of their Cases. In addition, I have been serving as Chief Financial Officer of Seton Medical Center since September 1, 2019.

3. Except as otherwise indicated herein, this Declaration is based upon my personal knowledge, my review of relevant documents or information provided to me by employees of BRG and the Debtors. In preparing this Declaration, I have relied on my experience as described above. I am also assisted by others at BRG who work at my direction in the preparation of the analysis and other information included herein. In addition, I reviewed the Debtors' schedules and legal papers. In preparing this Declaration, I worked with persons at the Debtors' facilities with factual knowledge of information upon which I have relied. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. This Declaration is in support of the *Debtors' Emergency Motion for the Entry of an Order (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved*

1 *by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing*
2 *Conditions on That Sale; and (IV) Granting Related Relief* (the “Motion”), and for all other
3 purposes permitted by law. All capitalized terms not otherwise defined herein shall have the same
4 meaning as in the Motion.

5 5. I have reviewed the conditions (the “2019 Conditions”) set forth in the September
6 25, 2019 report (the “Report”) issued by the California Attorney General (the “Attorney General”)
7 regarding the proposed sale of St. Francis Medical Center (“SFMC”), St. Vincent Medical Center
8 (“SVMC”), and Seton Medical Center, including its Daly City and Coastsides Campuses (“Seton”)
9 (collectively, the “Hospitals”), to Strategic Global Management, Inc. (“SGM”) and its affiliated
10 entities, as reflected in that certain Asset Purchase Agreement (the “APA”). I have also compared
11 the 2019 Conditions to Schedule 8.6 to the APA.

12 6. Several of the 2019 Conditions differ materially from Schedule 8.6 attached to the
13 APA (the “Additional Conditions”). The Additional Conditions would have a significant impact
14 on the economic viability of the Hospitals and increase the purchase price in the APA to nearly a
15 billion dollars. By way of example only, the 2019 Conditions would require SVMC to remain
16 operated and maintained as a licensed general acute care hospital (as defined in California Health
17 and Safety Code Section 1250) through December 2024, whereas Schedule 8.6 provides that
18 SVMC must be operated through December 2020. The reported Financial Statements of SVMC
19 reflect that, in fiscal 2019 (ended June 30, 2019), SVMC lost approximately \$65 million which
20 was an 18% and 103% increase over the fiscal years 2018 and 2017, respectively. Attached
21 hereto as Exhibit “1” is a true and correct copy of excerpts from SVMC’s Financial Statements,
22 which reflect this information. Assuming operating losses at SVMC can be maintained at fiscal
23 2019 levels (a highly optimistic assumption), the buyer of the Hospitals would likely incur
24 additional estimated losses totaling \$260 million. Moreover, the \$260 million loss would likely
25 need to be financed. Using an average interest rate of 5% for four years of debt service would
26 result in estimated incremental financing charges totaling approximately \$25 million.
27 Accordingly, this 2019 Condition alone would place a potential burden on the buyer of at least
28 \$285 million beyond that contemplated in Schedule 8.6.

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1 7. The Additional Conditions also impose certain charity care ("Charity Care")
2 requirements on SGM. The Charity Care requirement presents another example of the significant
3 economic impact of the 2019 Conditions when compared with Schedule 8.6. The 2019
4 Conditions require SGM to provide an annual amount of Charity Care at SFMC equal to or
5 greater than \$12,793,435 for a period of six fiscal years, which is at least \$4,793,435, per year
6 more than SGM has agreed to provide pursuant to Schedule 8.6 for a period of seven years. After
7 adjusting for the one-year shorter required duration of this 2019 Condition, the estimated
8 incremental cost to the buyer would be nearly \$20 million in total over the six years. The 2019
9 Conditions provide for additional increases in Charity Care amounts for SVMC and Seton, as well
10 as increases across all three Hospitals in Community Benefit Service amounts. Moreover, these
11 Charity Care conditions would actually require the Hospitals to increase the Charity Care they
12 provide above current levels.

13 8. In summary, the total financial impact of just these two examples of 2019
14 Conditions would require SGM to incur additional losses of approximately \$305 million beyond
15 those contemplated by Schedule 8.6. Attached hereto as Exhibit "2" is a chart reflecting the
16 economic analysis set forth above. When compared to the buyer's APA purchase price of \$610
17 million, these represent a 50% increase in the price for the sale of these distressed assets. The
18 magnitude of these losses calls into question the viability of the acquisition.

19 9. The two examples of 2019 Conditions addressed above were selected to illustrate
20 the impact on the viability of the system and impact on sale. In fact, many of the other 2019
21 Conditions materially diverge from Schedule 8.6, including those addressing cancer services and
22 select uneconomic payor agreements. In addition, some of the 2019 Conditions diverge from the
23 conditions under which VHS is currently required to operate (the "2015 Conditions"), including
24 those addressing continuing liver transplant services and acting as a ST-Elevation Myocardial
25 Infarction receiving center. The 2015 Conditions locked the Hospitals into financial obligations
26 and operational obligations that made financial success impossible (the Debtors have lost
27 hundreds of millions of dollars as a result of the implementation of the 2015 Conditions). The
28 Hospitals' adherence to the Additional Conditions (aside from the two specific examples

1 discussed in paragraphs 6-8 above) would add an additional burden of tens of millions of dollars
2 in losses, further undermining the viability of the Hospitals.

3 I declare under penalty of perjury and of the laws in the United States of America, the
4 foregoing is true and correct.

5 Executed this 30th day of September, 2019, in Los Angeles, California.

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8 PETER C. CHADWICK
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Exhibit 1

Chadwick Declaration

Case 2:18-bk-20151-ER
St Vincent Medical CenterDoc 3188
Main DocumentFiled 09/30/19 Entered 09/30/19 16:53:50 Desc
Page 85 of 286**Summary Income Statement
FY2017-FY2019****REVENUE****Patient Revenue**

Inpatient Services

Outpatient Services

Gross Patient Revenue**Deductions from Revenue**

Contractual Adjustments

Charity

Other

Total Deductions

Pat. Rev, Net of Contractuals Allowances and Other Ded.

Provision for Doubtful Accounts

Net patient revenue

Other Revenue

Total Net Revenue

Premium Revenue

Contributions

Total Revenues**EXPENSES****Operating and Administrative**

Salaries and Wages

Registry Nursing

Other Contract

Employee Benefits

Total Labor

Medical Fees

Supplies

Purchased Services

Insurance

Utilities

Depreciation

Interest

Total Expenses**Operating Income Excl Corp Allocation/Management Fees**

Corp Allocation

Operating Income Incl Corp Allocation

	FY2017	FY2018	FY2019
	\$1,031,722,636	\$1,120,000,426	\$979,692,248
	383,037,203	411,103,372	402,645,143
	\$ 1,414,759,839	\$ 1,531,103,798	\$ 1,382,337,391
	1,174,183,134	1,293,377,840	1,178,503,798
	7,976,081	5,548,555	3,991,237
	17,232,577	15,584,788	17,122,307
	\$ 1,199,391,792	\$ 1,314,511,183	\$ 1,199,617,341
	215,368,047	216,592,615	182,720,050
	7,104,285	12,283,488	3,003,719
	\$ 208,263,762	\$ 204,309,127	\$ 179,716,331
	1,963,454	1,213,265	1,671,292
	\$ 210,227,216	\$ 205,522,392	\$ 181,387,623
	18,312,060	31,090,903	19,728,154
	1,217,644	1,021,479	939,167
	\$ 229,756,920	\$ 237,634,774	\$ 202,054,945
	76,453,029	86,207,418	84,278,891
	5,471,579	7,041,543	5,707,894
	1,482,844	563,584	1,055,157
	22,346,934	20,619,577	23,178,513
	\$ 105,754,386	\$ 114,432,122	\$ 114,220,456
	4,936,536	5,585,232	5,346,478
	48,264,174	52,175,517	41,735,262
	58,529,533	77,992,667	59,339,626
	2,217,126	2,408,853	2,362,620
	4,239,356	4,268,399	4,892,640
	6,036,514	5,800,329	5,956,136
	3,074,678	2,750,781	2,677,934
	\$ 233,052,303	\$ 265,413,900	\$ 236,531,152
	\$ (3,295,383)	\$ (27,779,126)	\$ (34,476,207)
	28,553,827	27,063,467	30,319,534
	\$ (31,849,210)	\$ (54,842,593)	\$ (64,795,741)

Source: Internal financial statements

Exhibit 2

Chadwick Declaration

Estimated Impact of Certain AG Additional Conditions

\$ in millions

A.) St. Vincent incremental years of operation

2015 AG requirement: 5 years of operation from Dec 2015 - 1 additional year

2019 AG requirement: 5 years of operation from Dec 2019

Impact: 4 incremental years of operation

Financial impact estimate:

	FY2017	FY2018	FY2019
St. Vincent			
Revenues	\$ 230	\$ 238	\$ 202
Expenses	(233)	(265)	(237)
Corp allocation (excl management fees)	(29)	(27)	(30)
Operating loss	\$ (32)	\$ (55)	\$ (65)
% chg re FY2019	103%	18%	

Cumulative 4-yr loss at FY2019 loss levels: \$ (259)

Financing cost

Illustrative interest rate 5.0%

4-yrs of debt service \$ (26)**Potential burden of SV incremental years of operation \$ (285)****B.) St. Francis charity care**

2015 AG requirement: 11 years of charity care at \$16.6 million annual - 7 additional years

SGM 8.6 7 additional years of charity care at \$8 million annual

2019 AG requirement: 6 years of charity care at \$12.8 million

Impact: Incremental annual spend of \$4.8 million, one fewer year

Financial impact estimate:

	Ann amt	Yrs	Cost
St. Francis charity care approved by SGM	8.0	7	\$ 56.0
St. Francis charity care required - 2019	12.8	6	\$ 76.8
Potential burden of SF incremental charity care			\$ (20.8)

Total financial impact of certain AG additional conditions \$ (306)**SGM purchase price \$ 610****Effective % increase in the purchase price 50%**

DECLARATION OF HOPE R. LEVY-BIEHL

I, Hope R. Levy-Biehl, declare that I have personal knowledge of the facts set forth in this declaration, and I would competently testify to them under oath if called as a witness.

1. I am an attorney at law licensed to practice before all courts in the State of California. I am a partner in the law firm of Nelson Hardiman LLP, attorneys for Verity Health System of California, Inc. (“VHS”).

2. This Declaration is in support of the *Debtors’ Emergency Motion for the Entry of an Order (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on That Sale; and (IV) Granting Related Relief* (the “Motion”), and for all other purposes permitted by law. All capitalized terms not otherwise defined herein shall have the same meaning as in the Motion.

3. Upon information and belief, I understand VHS has had an ongoing dialogue for several years with the California Attorney General about the financial challenges facing VHS and the future of the O’Connor Hospital (“OCH”), Saint Louise Regional Hospital (“SLRH”), St. Francis Medical Center (“SFMC”), St. Vincent Medical Center (“SVMC”), and Seton Medical Center, including its Daly City and Coastside Campuses (“Seton”). For example, I understand that in anticipation of filing for bankruptcy, VHS representatives met with Deputy Attorney General Wendi Horwitz in July of 2018.

4. On December 27, 2018, the Bankruptcy Court entered the *Order (A) Authorizing the Sale of Certain of the Debtors’ Assets to Santa Clara County Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an Unexpired Lease Related Thereto; and (C) Granting Related Relief* [Docket No. 1153], approving a sale of OCH and SLRH, and related assets, to Santa Clara County (the “SCC Sale”).

5. Upon information and belief, I understand VHS representatives subsequently met with Attorney General Xavier Becerra and Senior Advisor Becerra Melanie Fontes Rainer in

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1 Sacramento in February of 2019, to discuss the pending SCC Sale and the forthcoming auction and
2 sale of SFMC, SVMC and Seton (collectively, the “Hospitals”).

3 6. On May 2, 2019, the Court entered the order (the “Sale Order”) approving the sale
4 of substantially all assets of Debtors’ Hospitals, to Strategic Global Management, Inc. (“SGM”)
5 for \$610 million (the “SGM Sale”), plus the payment of cure costs and assumption of certain
6 liabilities, as more fully set forth in that certain asset purchase agreement (the “APA”) [Docket No.
7 2306].

8 7. In anticipation of submitting a notice and request for approval of the SGM Sale to
9 the Attorney General’s office, VHS representatives from Nelson Hardiman (including myself)
10 engaged with Deputy Attorney General Scott Chan beginning in early April 2019. These
11 discussions and exchanges were regular and ongoing, and addressed, among other things, the
12 substantive and procedural requirements for the submission and review and the related timeline. At
13 all times, VHS consistently requested an expedited review of the submission in light of its
14 significant operating losses and cash flow challenges.

15 8. By letter dated May 7, 2019, VHS provided notice to, and requested written consent
16 from, the Attorney General for the SGM Sale pursuant to California Corporations Code Section
17 5914 and Title 11 of the California Code of Regulations, Section 999.5. *See* Docket No. 2379. As
18 outlined in the submission and discussed a number of times in writing, in person and by email with
19 various representatives of the Attorney General, the SGM Sale was critical and truly the only
20 option to help ensure that the Hospitals would survive the current financial challenges facing them
21 and be preserved as providers of essential health care services to the communities they serve.

22 9. The submission to the Attorney General, on May 7, 2019, was supplemented and
23 completed on May 13, 2019, with the filing made to the Federal Trade Commission pursuant to the
24 Hart-Scott-Rodino Antitrust Improvements Act 1976, as amended.

25 10. VHS representatives thereafter engaged in ongoing discussions with the Attorney
26 General’s office, requesting, among other things, an in-person meeting to review the submission
27 and transaction prior to the completion of its expert’s Health Care Impact Statements and the
28 expedited processing of the submission. The Attorney General denied both requests.

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1 11. The Attorney General retained JD Healthcare to prepare Health Care Impact
2 Statements regarding the proposed sale of the Hospitals. After conducting interviews of certain
3 corporate and hospital personnel of VHS and other stakeholders in July 2019, and in advance of the
4 public hearings held by the Attorney General, JD Healthcare released its Health Care Impact
5 Statements concerning the proposed sale of the Hospitals on August 16, 2019 and August 19, 2019.

6 12. By letter, dated August 21, 2019, SGM submitted its response to the Health Care
7 Impact Statements and the embedded recommended conditions. By letter dated August 23, 2019,
8 VHS submitted its response to these statements and conditions, which was also filed with the
9 Bankruptcy Court. True and correct copies of these letters are annexed as Exhibit "E" to the
10 Motion.

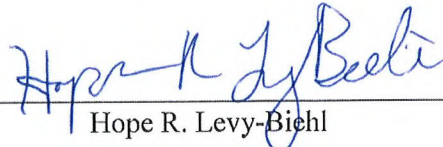
11 13. In late August 2019, Deputy Attorney General Scott Chan, on behalf of the Attorney
12 General, held public meetings relating to each affected hospital. I attended the public hearings
13 regarding the sale of SFMC and SVMC. At each of the public meetings I attended, Rich Adcock of
14 VHS, Peter Baronoff of SGM, and Sam Maizel of Dentons US LLP, each spoke directly and on the
15 record about the economic issues raised by the potential conditions for each hospital, and urged the
16 Attorney General to consider the economic implications of the conditions he would impose. Mr.
17 Adcock and Mr. Baronoff made clear that the proposed transaction would be at risk, and therefore
18 the continued operations of the Hospitals would be at risk, if the Attorney General imposed
19 conditions which exceeded the conditions agreed to in Schedule 8.6. I understand Rich Adcock,
20 Peter Baronoff and Sam Maizel made similar statements at the Seton public hearings.

21 14. Following its receipt of the "deal breaker" letters and the public hearings, the
22 Attorney General's office met first with representatives from SGM on September 6, 2019, and
23 subsequently with representatives of both SGM and VHS on September 19, 2019. Upon
24 information and belief, I understand that at the meeting on September 19, 2019, SGM informed the
25 Attorney General's office that it would not proceed with the transaction if the Attorney General
26 imposed conditions beyond those it agreed to accept in Schedule 8.6 to the APA.

27 I declare under penalty of perjury under the laws of the United States that the foregoing is
28 true and correct.

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1 Executed this 30th day of September, 2019, in Los Angeles, California.

2
3 
4 Hope R. Levy-Biehl

Exhibits to Memorandum of Points and Authorities

Exhibit A

Sale Order

Case 2:18-bk-20151-ER Doc 2306 Filed 05/02/19 Entered 05/02/19 17:33:02 Desc
Main Document Page 1 of 27 Docket #2306 Date Filed: 5/2/2019

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

FILED & ENTERED

MAY 02 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

CHANGES MADE BY COURT

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Hon. Judge Ernest M. Robles

**ORDER (A) AUTHORIZING THE SALE
OF CERTAIN OF THE DEBTORS'
ASSETS TO STRATEGIC GLOBAL
MANAGEMENT, INC. FREE AND CLEAR OF
LIENS, CLAIMS, ENCUMBRANCES, AND
OTHER INTERESTS; (B) APPROVING THE
ASSUMPTION AND ASSIGNMENT OF
AN UNEXPIRED LEASE RELATED
THERETO; AND (C) GRANTING
RELATED RELIEF**

Hearing:

Date: April 17, 2019

Time: 10:00 a.m.

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA

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- ☒ Affects All Debtors
- ☐ Affects Verity Health System of
California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital
Foundation
- ☐ Affects St. Francis Medical Center of
Lynwood Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.



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Main Document Page 2 of 27DENTONS US LLP
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1 This matter came before the Court on the *Motion For The Entry Of (I) An Order (1)*
 2 *Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective*
 3 *Overbidders To Use, (2) Approving Auction Sale Format, Bidding Procedures And Stalking*
 4 *Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4)*
 5 *Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder And (5)*
 6 *Approving Procedures Related To The Assumption Of Certain Executory Contracts And*
 7 *Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of*
 8 *All Claims, Liens And Encumbrances* (the “Motion”) [Docket No. 1279], filed by Verity Health
 9 System of California, Inc. (“VHS”), and the above-referenced affiliated debtors and debtors in
 10 possession in the above-captioned chapter 11 bankruptcy cases (the “Debtors”), for the entry of
 11 an order, pursuant to §§ 105(a), 363, and 365 of title 11 of the United States Code (the
 12 “Bankruptcy Code”), Rules 2002, 6004, 6006, 9007, and 9014, and LBR 6004-1.¹

13 At the previous hearing on the Motion on February 19, 2019 (the “Bidding Procedures
 14 Hearing”), the Court considered various objections (the “Premature Objections”) filed by: (i) St
 15 Vincent IPA Medical Corporation and Angeles IPA [Docket No. 1397]; (ii) the California
 16 Attorney General [Docket No. 1352]; (iii) MGH Painting Inc. [Docket No. 1358]; and (iv) Belfor
 17 USA Group, Inc. [Docket No. 1364]. The Court ruled that the Premature Objections were
 18 premature and preserved for the Sale Hearing, as set forth in order granting the Motion (the
 19 “Bidding Procedures Order”) [Docket No. 1572]. The Bidding Procedures Order also stated that
 20 objections filed by the U.S. Department of Health and Human Services and Centers for Medicare
 21 and Medicaid Services [Doc. No. 1346] and the California Department of Health Care Services
 22 [Doc. No. 1353] (the “Continued Objections”) were continued, as resolved by stipulations
 23 [Docket Nos. 1458 and 1473, respectively], approved by this Court’s orders [Docket Nos. 1465
 24 and 1483, respectively].

25
 26
 27 ¹ Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11
 28 U.S.C. §§ 101-1532, all “Rule” references are to the Federal Rules of Bankruptcy Procedure, and
 all “LBR” references are to the Local Bankruptcy Rules for the United States Bankruptcy Court
 for the Central District of California.

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Any additional objections that were filed and overruled at the Bidding Procedures Hearing are not listed herein.

The Court, having reviewed the Memorandum [Docket No. 2115], the Declarations of Richard Adcock [Docket Nos. 8 and 1469] and James Moloney [Docket No. 2220] in support thereof, the *Notice To Counterparties To Executory Contracts And Unexpired Leases Of The Debtors That May Be Assumed And Assigned* [Docket No. 1704], the *Supplemental Notice To Counterparties To Executory Contracts and Unexpired Leases of The Debtors That May Be Assumed and Assigned* [Docket No. 1836], the *Second Supplemental Notice Re Notice to Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No. 2065] (together Docket Nos. 1704, 1836 and 2065 are the “Cure Notice”), the *Notice of Executory Contracts and Unexpired Leases Designated by Strategic Global Management, Inc. For Assumption and Assignment* [Docket No. 2131] (the “Designation Notice”), the *Notice That No Auction Shall Be Held Re Debtors’ Motion and Motion for the Entry of (I) An Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and for Prospective Overbidders; (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections; (3) Approving Form of Notice to Be Provided to Interested Parties; (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest Bidder; and (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) an Order (A) Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* [Docket No. 2053] (the “No-Auction Notice”), the objections filed by various counterparties to certain executory contracts and unexpired leases [Docket Nos. 1788; 1804; 1819; 1830; 1849; 1850; 1852; 1853; 1856-1858; 1863; 1866; 1869; 1870; 1873-1877 1881; 1882; 1885; 1890-1892; 1904; 1926; 1930; 1933; 1940; 1946; 1948; 1949; 1953; 1954; 1965; 2058; 2066; 2108; 2113; 2144; 2146; 2148, 2150, 2157, 2161, 2162] (the “Cure Objections”), the objection by the California Department of Health Care Services (the “DHCS”) [Docket No. 1879], the *Stipulation Continuing Hearing Regarding Creditors U.S. Department of Health and Human Services and California Department of Health Care Services* [Docket No.

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1 2125], the *Limited Opposition of Belfor USA Group, Inc. to Debtors' Motion for an Order*
2 *Authorizing the Sale of Property Free and Clear of All Claims Liens and Encumbrances* [Docket
3 No. 2130], the *Objection of United Healthcare Insurance Company to Debtors' Motion for Order*
4 *Approving Form of Asset Purchase Agreement for Stalking Horse Bidder, Etc.* [Docket No. 2145]
5 filed United Healthcare Insurance Company, *SEIU-UHW's Objection and Reservation of Rights*
6 *to Debtors' Sale Motion* filed by the Service Employees International Union, United Healthcare
7 Workers-West [Docket No. 2147], the *Limited Objection and Reservation of Rights of United*
8 *Nurses Associations of California to Motion of Debtors for Approval of Sale [of Remaining*
9 *Hospital Assets to the Highest Bidder* [Docket No. 2155] filed by the United Nurses Association
10 of California, the *Reservation of Rights of U.S. Bank National Association, As Series 2015 Note*
11 *Trustee and as Series 2017 Note Trustee and as Series 2017 Note Trustee, with Respect to*
12 *Debtors' Motion for Entry of (I) an Order (1) Approving Form of Asset Purchase Agreement for*
13 *Stalking Horse Bidder and For Stalking Horse Bidder and for Prospective Overbidders (2)*
14 *Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections, (3)*
15 *Approving Form of Notice to be Provided to Interested Parties, (4) Scheduling a Court Hearing*
16 *to Consider Approval of the Sale to the Highest Bidder and (5) Approving Procedures Related to*
17 *the Assumption of Certain Executory Contracts and Unexpired Leases and (II) an Order (A)*
18 *Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* [Docket
19 No. 2156] filed by U.S. Bank National Association, As Series 2015 Note Trustee and as Series
20 2017 Note Trustee, the *Official Committee of Unsecured Creditors Response to the Debtors'*
21 *SGM Sale Motion* [Docket No. 2164], the *Reservation of Rights of California Statewide*
22 *Communities Development Authority to Motion of Debtors for Approval of Sale [of Remaining*
23 *Hospital Assets] to the Highest Bidder* [Docket No. 2168] filed by the California Statewide
24 Communities Development Authority, the Premature Objections, the Continued Objections, and
25 any withdrawals thereof, the statements, arguments and representations of the parties made at the
26 Sale Hearing; and the entire record of these cases; and the Court, having determined that the relief
27 sought in the Motion is in the best interests of the Debtors, their estates, their creditors, and that
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the legal and factual bases set forth in the Motion and presented at the Sale Hearing establish just cause for the relief granted herein and for the reasons set forth in the Court's tentative ruling [Docket No. 2221]; and all objections to the Motion, if any, having been withdrawn, continued or overruled; and for the reasons set forth in the Court's tentative ruling [Docket No. 2221], which the Court adopts as its final ruling and which is incorporated herein by reference; and after due deliberation and sufficient good cause appearing therefor:

THE COURT HEREBY FINDS AND CONCLUDES THAT:²

A. Jurisdiction and Venue. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter relates to the administration of the Debtors' bankruptcy estates and is accordingly a core proceeding pursuant to 28 U.S.C. § 157(b)(2) (A), (M), (N) and (O). Venue of these cases is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Statutory Predicates. The statutory predicates for the relief requested in the Motion are (i) §§ 105(a), 363(b), (f), (k), (l) and (m), and 365, (ii) Rules 2002(a)(2), 2002(c)(1) and (d), 6004 (a), (b), (c), (e), (f) and (h), 6006(a), (c) and (d), 9006, 9007, 9013 and 9014, and (iii) LBR 6004-1 and 9013-1.

C. Notice. As evidenced by the affidavits of service previously filed with the Court, the Debtors have provided proper, timely, adequate and sufficient notice with respect to the following: (i) the Motion and the relief sought therein, including the entry of this Sale Order and the transfer and sale of the assets (the "Purchased Assets"), as set forth in the Asset Purchase Agreement, dated January 8, 2019, a copy of which is attached as Exhibit "A" to Docket No. 1279 (the "APA"); (ii) the Sale Hearing; (iii) the No-Auction Notice; and (iv) the assumption and assignment of the executory contracts and unexpired leases and proposed cure amounts owing under such executory contracts and unexpired leases (the "Cure Amounts"); and no further notice

² The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 7052, made applicable to this proceeding pursuant to Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

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1 of the Motion, the relief requested therein or the Sale Hearing is required. The Debtors have also
 2 complied with all obligations to provide notice of the Auction, the Sale Hearing, the proposed
 3 sale and otherwise, as required by the Bidding Procedures Order. A reasonable opportunity to
 4 object and to be heard regarding the relief provided herein has been afforded to parties-in-interest.

5 D. Arm's Length Transaction. The APA and other documents and instruments (the
 6 "Transaction Documents") related to and connected with this transaction (the "Transaction") and
 7 the consummation thereof were negotiated and entered into by the Debtors and Strategic Global
 8 Management, Inc. ("SGM"), as Purchaser under the APA without collusion, in good faith and
 9 through an arm's length bargaining process. Neither SGM nor any of its affiliates or
 10 representatives is an "insider" of the Debtors, as that term is defined in § 101(31). None of the
 11 Debtors, SGM, or their respective representatives engaged in any conduct that would cause or
 12 permit the APA, any of the other Transaction Documents or the Transaction to be avoided under
 13 § 363(n), or have acted in any improper or collusive manner. The terms and conditions of the
 14 APA and the other Transaction Documents, including, without limitation, the consideration
 15 provided in respect thereof, are fair and reasonable, and are not avoidable and shall not be
 16 avoided, and no damages may be assessed against SGM or any other party, as set forth in §
 17 363(n). The consideration provided by SGM is fair, adequate and constitutes reasonably
 18 equivalent value and fair consideration under the Bankruptcy Code and any other applicable laws
 19 of the United States or any of its jurisdictions or subdivisions, including the State of California.

20 E. Good Faith Purchaser. SGM has proceeded in good faith and without collusion in
 21 all respects in connection with the sale process, in that: (i) SGM, in proposing and proceeding
 22 with the Transaction in accordance with the APA, recognized that the Debtors were free to deal
 23 with other interested parties; (ii) SGM agreed to provisions in the APA that would enable the
 24 Debtors to accept a higher and better offer; (iii) SGM complied with all of the provisions in the
 25 Bidding Procedures Order applicable to SGM; (iv) all payments to be made by SGM and other
 26 agreements entered into or to be entered into between SGM and the Debtors in connection with
 27 the Transaction have been disclosed; (v) the negotiation and execution of the APA and related
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Transaction Documents were conducted in good faith and constituted an arm's length transaction; (vi) SGM did not induce or cause the chapter 11 filings by the Debtors; and (vii) the APA was not entered into, and the Transaction being consummated pursuant to and in accordance with the APA is not being consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors. SGM is therefore entitled to all of the benefits and protections provided to a good-faith purchaser under § 363(m). Accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Transaction shall not affect the validity of the Transaction, any terms or conditions of the Transaction or SGM's status as a "good faith" purchaser.

F. Justification for Relief. Good and sufficient reasons for approval of the APA and the other Transaction Documents and the Transaction have been articulated to this Court in the Motion and at the Sale Hearing, and the relief requested in the Motion and set forth in this Sale Order is in the best interests of the Debtors, their estates, and their creditors. The Debtors have demonstrated through the Motion and other evidence submitted at the Sale Hearing both (i) good, sufficient and sound business purpose and justification and (ii) compelling circumstances for the transfer and sale of the Purchased Assets as provided in the APA outside the ordinary course of business, and (iii) such transfer and sale is an appropriate exercise of the Debtors' business judgment and in the best interests of the Debtors, their estates, and their creditors.

G. Free and Clear. In accordance with §§ 363(b) and 363(f), the consummation of the Transaction pursuant to the Transaction Documents shall be a legal, valid, and effective transfer and sale of the Purchased Assets and, except with respect to the liens arising from the Special Assessments and the PACE Obligations (each as defined in §1.1(a)(iii) of the APA) assumed by SGM, shall vest in SGM, through the consummation of the Transaction, all of the Debtors' right, title, and interest in and to the Purchased Assets, free and clear of all liens, claims, interests, rights of setoff, recoupment, netting and deductions, rights of first offer, first refusal and any other similar contractual property, legal or equitable rights, and any successor or successor-in-interest liability theories (collectively, the "Encumbrances"). The Debtors have demonstrated that one or

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more of the standards set forth in § 363(f)(1)-(5) have been satisfied. Those holders of Encumbrances who did not object, or who withdrew their objections, to the sale or the Motion are deemed to have consented pursuant to § 363(f)(2). Those holders of Encumbrances who did object fall within one or more of the other subsections of § 363(f). All holders of the Encumbrances in the Purchased Assets are adequately protected by having their respective Encumbrances attach to the Debtors' interests in the proceeds of the sale of the Purchased Assets under the APA (subject to any Challenge within the meaning of that certain *Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief* [Docket No. 409] (the "Final DIP Order") that has been, or may be, timely filed³), and any related documents or instruments delivered in connection therewith, whenever and wherever received (the "Sale Proceeds") to the extent and manner herein provided.

H. Prompt Consummation. The Debtors have demonstrated good and sufficient cause to waive the stay requirement under Rules 6004(h) and 6006(d). Time is of the essence in consummating the Transaction, and it is in the best interests of the Debtors and their estates to consummate the Transaction within the timeline set forth in the Motion and the APA. The Court finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth in this Order.

³ The Final DIP Order granted to the Committee standing to file the requisite pleading to challenge the validity, enforceability and amount of the Prepetition Liens (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a "Challenge") within ninety (90) days from the formation of the Committee (the "Challenge Deadline"). See Final DIP Order ¶ 5(e). The Committee's investigation as to the Prepetition Liens remains ongoing. The Committee and the Prepetition Secured Creditors have entered into a number of stipulations (the "Challenge Stipulations") by which the Committee has acknowledged and stipulated to the validity, enforceability and perfection of the Prepetition Liens in certain collateral identified in the Challenge Stipulations, and by which the Challenge Deadline has been extended a number of times with respect to the validity, enforceability and perfection of the Prepetition Liens in any other collateral. The Challenge Deadline with respect to any Prepetition Liens for which the Committee has not stipulated pursuant to the Challenge Stipulations as to the validity, enforceability and perfection thereof is now May 13, 2019.

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1 I. Assumption of Executory Contracts and Unexpired Leases. The Debtors have
2 demonstrated that it is an exercise of their sound business judgment to assume and assign to SGM
3 the Currently Identified Designated Contracts (as defined and identified in paragraph 15 below)
4 and to the extent subsequently identified by SGM pursuant to paragraph 16 below, the
5 Subsequently Identified Designated Contracts (as defined in paragraph 16 below) (the Currently
6 Identified Designated Contracts and the Subsequently Identified Contracts are collectively
7 referred to herein as the “Designated Contracts”) in connection with the consummation of the
8 Transaction, and the assumption and assignment of the Designated Contracts is in the best
9 interests of the Debtors and their estates.

10 J. Cure/Adequate Assurance. In connection with the Closing, and pursuant to the
11 APA, unless otherwise ordered, any and all defaults existing on or prior to the Closing under any
12 of the Designated Contracts will have been cured, within the meaning of § 365(b)(1)(A), by
13 payment of the amounts and in the manner set forth below, unless otherwise agreed by SGM and
14 the counterparty. SGM has provided or will provide adequate assurance of future performance of
15 and under the Designated Contracts within the meaning of § 365(b)(1)(C) and § 365(f)(2)(B), and
16 shall have no further obligation to provide assurance of performance to any counterparty to a
17 Designated Contract. Pursuant to § 365(f), the Designated Contracts to be assumed by the
18 Debtors (i.e., St. Francis Medical Center, a California nonprofit public benefit corporation (“St.
19 Francis Medical Center”), St. Vincent Medical Center, a California nonprofit public benefit
20 corporation (“St. Vincent Medical Center”), St. Vincent Dialysis Center, Inc., a California
21 nonprofit public benefit corporation (“St. Vincent Dialysis Center”), and Seton Medical Center, a
22 California nonprofit public benefit corporation (“Seton Medical Center”) (collectively, the
23 “Hospitals”), VHS, and Verity Holdings LLC, a California limited liability company
24 (“Holdings”)), and assigned to SGM under the APA shall be assigned and transferred to, and
25 remain in full force and effect for the benefit of, SGM, notwithstanding any provision in such
26 Designated Contracts prohibiting their assignment or transfer. The Debtors have demonstrated
27 that no other parties to any of the Designated Contracts has incurred any actual pecuniary loss
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1 resulting from a default on or prior to the Closing under any of the Designated Contracts within
2 the meaning of § 365(b)(1)(B).

3 K. Rejection of Executory Contracts and Unexpired Leases. The Debtors will have
4 demonstrated that it is a reasonable and appropriate exercise of their sound business judgment for
5 the Hospitals to reject all of their executory contracts and unexpired leases, excluding (i)
6 Designated Contracts, (ii) any prepetition multiparty contract affecting more than one Debtor in
7 addition to the Hospitals, (iii) any prepetition contract that is the subject of a Rule 9019 settlement
8 motion prior to Closing, and (vi) any collective bargaining agreement, pension plan or health and
9 welfare plan providing collectively bargained benefits to which a Hospital is a party or sponsor,
10 which matters shall be scheduled for determination as provided in paragraph 33 below. Each
11 such executory contract rejection is subject only to the conditions set forth in paragraphs 18, 31,
12 and 32. The Debtors shall file an appropriate motion to reject such contracts, covered by this
13 paragraph K, prior to Closing and shall request therein that the rejection be effective as of the
14 Closing or as otherwise appropriate.

15 L. Highest or Otherwise Best Offer. The Debtors solicited offers and noticed the
16 Auction in accordance with the provisions of the Bidding Procedures Order. The Auction was
17 duly noticed, the sale process was conducted in a non-collusive manner and the Debtors afforded
18 a full, fair and reasonable opportunity for any person or entity to make a higher or otherwise
19 better offer to purchase the Purchased Assets. Other than SGM's Stalking Horse Bid, the Debtors
20 received two Qualified Partial Bids by the Partial Bid Deadline and did not receive a Qualified
21 Full Bid (as such terms are defined by the Bidding Procedures Order). The Debtors properly
22 consulted with the Consultation Parties in selecting the SGM Stalking Horse Bid as the highest
23 and best bid and in determining that no auction should be held (as such terms are defined in the
24 Bidding Procedures Order), as set forth in their No-Auction Notice. The transfer and sale of the
25 Purchased Assets to SGM on the terms set forth in the APA constitutes the highest or otherwise
26 best offer for the Purchased Assets and will provide a greater recovery for the Debtors' estates
27 than would be provided by any other available alternative. The Debtors' determination, in
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1 consultation with the Consultation Parties (as defined in the Bidding Procedure Order), that the
2 APA constitutes the highest or best offer for the Purchased Assets and to not conduct an auction
3 constitutes a valid and sound exercise of the Debtors' business judgment.

4 M. No De Facto or Sub Rosa Plan of Reorganization. The sale of the Purchased
5 Assets does not constitute a *de facto* or *sub rosa* plan of reorganization or liquidation because it
6 does not propose to (i) impair or restructure existing debt of, or equity or membership interests in,
7 the Debtors, (ii) impair or circumvent voting rights with respect to any plan proposed by the
8 Debtors, (iii) circumvent chapter 11 safeguards, including those set forth in §§ 1125 and 1129, or
9 (iv) classify claims or equity or membership interests.

10 N. Legal and Factual Bases. The legal and factual bases set forth in the Motion and at
11 the Sale Hearing establish just cause for the relief granted herein.

12 **NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

13 1. The relief requested in the Motion is GRANTED and APPROVED in all respects
14 to the extent provided herein.

15 2. All objections with regard to the relief sought in the Motion that have not been
16 withdrawn, waived, settled, or provided for herein or in the Bidding Procedures Order, including
17 any reservation of rights included in such objections, are overruled on the merits with prejudice.
18 To the extent of any inconsistency between this Sale Order and the Bidding Procedures Order, the
19 terms of this Sale Order shall prevail.

20 3. Pursuant to §§ 105(a), 363(b), 363(f), and 365, the Transaction, including the
21 transfer and sale of the Purchased Assets to SGM on the terms set forth in the APA, is approved
22 in all respects, and the Debtors are authorized and directed to consummate the Transaction in
23 accordance with the APA, including, without limitation, by executing all of the Transaction
24 Documents (and any ancillary documents or instruments that may be reasonably necessary or
25 desirable to implement the APA or the Transaction) and taking all actions necessary and
26 appropriate to effectuate and consummate the Transaction (including the transfer and sale of the
27 Purchased Assets) in consideration of the Purchase Price (as defined in § 1.1 of the APA) upon
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1 the terms set forth in the APA, including, without limitation, assuming and assigning to SGM the
2 Designated Contracts. The Debtors and SGM shall have the right to make any mutually
3 agreeable, non-material changes to the APA, which shall be in writing signed by both parties,
4 without further order of the Court provided, that after reasonable notice, the Official Committee
5 of Unsecured Creditors (the "Committee"), the DIP Agent (as defined in the Final DIP Order
6 defined below), and the Prepetition Secured Creditors (as defined in the Final DIP Order) do not
7 object to such changes. Any timely objection by the aforementioned parties to any agreed non-
8 material changes to the APA may be resolved by the Court on shortened notice.

9 4. As of the Closing, (i) the Transaction set forth in the APA shall effect a legal,
10 valid, enforceable and effective transfer and sale of the Purchased Assets to SGM free and clear
11 of all Encumbrances, except with respect to the liens arising from the Special Assessments and
12 the PACE Obligations assumed by SGM, as further set forth in the APA and this Sale Order; and
13 (ii) the APA, and the other Transaction Documents, and the Transaction, shall be enforceable
14 against and binding upon, and not subject to rejection or avoidance by, the Debtors, any successor
15 thereto including a trustee or estate representative appointed in the Bankruptcy Cases, the
16 Debtors' estates, all holders of any Claim(s) (as defined in the Bankruptcy Code) against the
17 Debtors, whether known or unknown, any holders of Encumbrances on all or any portion of the
18 Purchased Assets, all counterparties to the Designated Contracts and all other persons and
19 entities.

20 5. Encumbrances in and to Purchased Assets shall attach (subject to any Challenge
21 within the meaning of the Final DIP Order that has been, or may be, timely filed) to the Sale
22 Proceeds of such Purchased Assets with each such Encumbrance having the same force, extent,
23 effect, validity and priority as such Encumbrance had on the Purchased Assets giving rise to the
24 Sale Proceeds immediately prior to the Closing. For the avoidance of doubt, the foregoing force,
25 extent, effect, validity and priority shall: (i) reflect the security interests, liens (including any
26 Prepetition Replacement Liens arising for diminution of value, if any) and rights, powers and
27 authorities that have been granted to the DIP Agent, the DIP Lender and to the Prepetition
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1 Secured Creditors, as applicable, pursuant to the Final DIP Order, to the extent that (i) the rights
2 granted to the Prepetition Secured Creditors with respect to §§506(c) and 552(b) by the Final DIP
3 Order are not limited or modified as a result of the appeal from the Final DIP Order filed by the
4 Committee on November 29, 2019; and/or (ii) any replacement liens or security interest granted
5 to the Prepetition Secured Creditors by the Final DIP Order are not invalidated as a result of any
6 Challenge within the meaning of the Final DIP Order that has been, or may be, timely filed. In
7 addition, the Intercreditor Agreement (as defined in the Final DIP Order) shall apply with respect
8 to the rights of the parties thereto in and to the Sale Proceeds and the Escrow Deposit Account, to
9 the extent of and in accordance with its terms with all parties reserving all rights thereunder.

10 6. Subject to the fulfillment of the terms and conditions of the APA, this Sale Order
11 shall, as of the Closing, be considered and constitute for all purposes a full and complete general
12 assignment, conveyance, and transfer of the Purchased Assets and/or a bill of sale transferring all
13 of the Debtors' rights, title and interest in and to the Purchased Assets to SGM. Consistent with,
14 but not in limitation of the foregoing, each and every federal, state, and local governmental
15 agency or department, except as stated herein, is hereby authorized and directed to accept all
16 documents and instruments necessary and appropriate to consummate the transactions
17 contemplated by the APA and approved in this Sale Order. A certified copy of this Order may be
18 filed with the appropriate clerk and/or recorded with the appropriate recorder to cancel any
19 Encumbrances of record.

20 7. Any person or entity that is currently, or on the Closing Date may be, in
21 possession of some or all of the Purchased Assets is hereby directed to surrender possession of
22 such Purchased Assets either to (a) the Debtors before the Closing or (b) to SGM or its designee
23 upon the Closing, and to cooperate with the Debtors and SGM in the Debtors' and SGM's
24 fulfillment of their obligations hereunder and pursuant to the APA.

25 8. The transfer of the Purchased Assets pursuant to the Transaction Documents shall
26 be a legal, valid, and effective transfer and shall, in accordance with §§ 105(a) and 363(f), and
27 upon consummation of the Transaction, including, without limitation, payment of the Purchase
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1 Price to the Debtors, vest SGM with all right, title, and interest in the Purchased Assets, free and
2 clear of all Encumbrances. Upon closing of the Transaction, SGM shall take title to and
3 possession of the Purchased Assets, subject only to the Assumed Obligations, as set forth in the
4 APA. The transfer of the Purchased Assets from the Debtors to SGM constitutes a transfer for
5 reasonable equivalent value and fair consideration under the Bankruptcy Code and the laws of the
6 State of California.

7 9. Following the Closing, no holder of any Encumbrance against the Debtors or upon
8 the Purchased Assets shall interfere with SGM's respective rights in, title to or use and enjoyment
9 of the Purchased Assets. All persons and entities are hereby forever prohibited and enjoined from
10 taking any action that would adversely affect or interfere with the ability of the Debtors to sell
11 and transfer the Purchased Assets to SGM, including the assumption and assignment of the
12 Designated Contracts.

13 10. SGM shall not be deemed, as a result of any action taken in connection with, or as
14 a result of the Transaction (including the transfer and sale of the Purchased Assets), to: (i) be a
15 successor, continuation or alter ego (or other such similarly situated party) to the Debtors or their
16 estates by reason of any theory of law or equity, including, without limitation, any bulk sales law,
17 doctrine or theory of successor liability, or any theory or basis of liability, regardless of source of
18 origin; or (ii) have, *de facto* or otherwise, merged with or into the Debtors; or (iii) be a mere
19 continuation, *alter ego*, or substantial continuation of the Debtors. Other than the Assumed
20 Liabilities, SGM is not assuming any of the Debtors' debts.

21 11. This Sale Order (i) shall be effective as a determination that, on Closing, all
22 Encumbrances existing against the Purchased Assets before the Closing have been
23 unconditionally released, discharged and terminated, and that the transfers and conveyances
24 described herein have been effected, and (ii) shall be binding upon and shall govern the acts of all
25 persons and entities. If, following a reasonable written request made by the Debtors, any person
26 or entity that has filed financing statements or other documents or agreements evidencing any
27 Encumbrances against the Purchased Assets shall not have delivered to the Debtors for use at or
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1 in connection with Closing, in proper form for filing and executed by the appropriate parties,
2 termination statements, instruments of satisfaction, releases of all Encumbrances which the
3 person or entity has with respect to the Purchased Assets, then SGM and/or the Debtors are
4 hereby authorized to execute and file such statements, instruments, releases and other documents
5 on behalf of the person or entity with respect to such Purchased Assets. For the avoidance of
6 doubt, such statements, instruments, releases and other documents shall not impair Encumbrances
7 that attach (subject to any Challenge within the meaning of the Final DIP Order that has been, or
8 may be, timely filed) to the Sale Proceeds or the terms of this Order, including, but not limited to
9 paragraphs 5 and 13 hereof.

10 12. In accordance with the APA, concurrently with the Closing, SGM shall pay that
11 portion of the Purchase Price due at Closing, by wire transfer of immediately available funds, to
12 Debtors' Escrow Deposit Accounts (defined below), subject to the adjustments set forth in the
13 APA. Any direct expenses of the Sale shall be disclosed by Debtors to the DIP Agent, the
14 Prepetition Secured Creditors, and the Committee in advance of the Closing.

15 13. The terms and conditions of the Final DIP Order shall apply with respect to the
16 Sale Proceeds and Escrow Deposit Accounts (defined herein). Without limiting the foregoing, the
17 Debtors shall comply with paragraph 4 of the Final DIP Order in the following manner:

18 (a) the Debtors shall direct SGM, pursuant to the terms of the APA, to remit all Sale
19 Proceeds to the separate accounts opened in the name of each Debtor for the Sale Proceeds (each
20 such hereafter referred to as "Escrow Deposit Account");

21 (b) in giving direction to SGM pursuant to sub-paragraph (a), above, the Debtors shall
22 exercise their reasonable business judgment, in good faith, and allocate the Sale Proceeds among
23 the Escrow Deposit Accounts on the basis of the value of each Debtor's Purchased Assets as of
24 the Closing (which allocation, for the avoidance of doubt, shall be subject to the reservations of
25 rights in paragraph 4 of the Final DIP Order and paragraph 31 of the Bidding Procedures Order;
26 provided further that nothing in this paragraph shall waive or limit any rights the Committee or
27 the Prepetition Secured Creditors may have in connection with the confirmation of a proposed
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1 chapter 11 plan for any of the Debtors' cases (including the right to seek to reallocate estate
2 values and the Sale Proceeds);

3 (c) without limitation of the rights of the DIP Agent and DIP Lender under the DIP
4 Financing Agreements and the Final DIP Order, no funds held in any Escrow Deposit Account
5 shall be (i) commingled with any other funds of the applicable Debtor or any of the other Debtors
6 or (ii) used by the Debtors for any purpose, except as provided in this Order, the DIP Credit
7 Agreements or the Final DIP Order without further order of this Court, after reasonable notice
8 under the circumstances to the DIP Agent, the Prepetition Secured Creditors and the Committee;
9 and

10 (d) each Escrow Deposit Account shall be subject to a deposit account control agreement
11 in favor of the DIP Agent and DIP Lender, and subject to, without limitation of the rights of the
12 DIP Agent and DIP Lender under the DIP Financing Agreements and the Final DIP Order with
13 respect to the Sale Proceeds and Escrow Deposit Account, including, without limitation,
14 following the occurrence of an Event of Default or the Revolving Loan Termination Date (as
15 defined in the DIP Credit Agreement), the Debtors shall not be permitted to use the funds held in
16 any Escrow Deposit Account for any purpose, except as provided in paragraph 14, 15, 16, and 17
17 of this Order, and to fund any Purchase Price adjustment in favor of the Purchaser, without first
18 obtaining the consent of the DIP Agent, DIP Lender and the Prepetition Secured Creditors or
19 obtaining an order of the Court pursuant to §§ 363 or 1129 after reasonable notice under the
20 circumstances to the DIP Agent, the DIP Lender, the Prepetition Secured Creditors and the
21 Committee and, if necessary, a hearing thereon; and

22 (e) for the avoidance of doubt, the rights of the Debtors, the Committee, and the
23 Prepetition Secured Creditors as to the Sale Proceeds and any funds held in a Deposit Escrow
24 shall be, except as set forth herein, as contemplated by Paragraph 4 of the Final DIP Order, and
25 nothing in this Order shall be construed as altering, amending, waiving, or affecting in any way
26 such rights. Concurrently with the Closing or as soon thereafter as is possible, and in accordance
27 with the APA, SGM shall pay to the counter-parties to the Designated Contracts the cure amounts
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1 set forth in the Cure Notice, or as otherwise agreed to by the Debtors, SGM and the applicable
2 counter-parties thereto or ordered by this Court after a continued hearing on the Cure Objections
3 (the “Designated Cure Amounts”). SGM has the right under the APA to remove any Contracts
4 from the list of Designated Contracts up to seven (7) days prior to Closing, as also set forth in the
5 *Order Approving Stipulation Regarding Designation Deadline Re Order (1) Approving Form Of*
6 *Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2)*
7 *Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections*
8 [Docket No. 1865].

9 14. To the extent that any of the contracts and/or leases, which give rise to the
10 Designated Cure Amounts and are set forth in the Designation Notice and are not subsequently
11 and timely removed by SGM under the APA and the *Order Approving Stipulation Regarding*
12 *Designation Deadline Re Order (1) Approving Form Of Asset Purchase Agreement For Stalking*
13 *Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding*
14 *Procedures And Stalking Horse Bid Protections* [Docket No. 1865] (the “Currently Identified
15 Designated Contracts”) are executory contracts or unexpired leases (over which the Court is not
16 making any such determination at this time), then in connection with the Closing, the Debtors
17 shall be deemed to have assumed all such Currently Identified Designated Contracts (so that they
18 are deemed part of the Designated Contracts) and to have assigned them to SGM, and SGM shall
19 have assumed all obligations owing under all such Currently Identified Designated Contracts
20 arising after and following the Closing. The Court shall resolve any and all disputes which may
21 arise between the Debtors, SGM and any of the Currently Identified Designated Contract
22 Counter-Parties over whether the Currently Identified Designated Contracts are executory
23 contracts or unexpired leases and whether any of the Currently Identified Designated Contract
24 Counter-Parties are entitled to an allowed claim against the Debtors which exceeds the
25 Designated Cure Amounts (the “Assumption Dispute”).

26 15. In the event that the Court determines that any such counter-parties to the
27 Currently Identified Designated Contracts (the “Currently Identified Designated Contract”
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Counter-Parties” and, individually, a “Currently Identified Designated Contract Counter-Party”) have an allowed cure claim against the Debtors which exceeds the Designated Cure Amounts (the “Excess Cure Amount”), the difference will be paid by SGM and shall not be the responsibility of the Debtors as more specifically set forth below; provided, however, that unless the Court makes such a determination on or before fifteen (15) days prior to Closing, and unless the Debtor, SGM and the Currently Identified Designated Contract Counter-Party agree otherwise, the Currently Identified Designated Contract which is the subject of such Assumption Dispute, shall be deemed a rejected contract within the meaning of § 1.11(a) of the APA as of ten (10) days prior to Closing, and SGM, except as provided below, shall have no obligation to assume such Currently Identified Designated Contract or to pay any Cure Amount or Excess Cure Amount in connection with such Currently Identified Designated Contract. To the extent an Assumption Dispute relates solely to the Cure Amount, the Debtors may, with SGM’s consent, assume and assign the applicable executory contract or unexpired lease at Closing and prior to the resolution of the Assumption Dispute by the Bankruptcy Court, provided, that either (a) the Bankruptcy Court has estimated the maximum cure payment, pursuant to 11 U.S.C. § 502(c), and SGM has remitted such amount to the Debtors to be held as sales proceeds in the Sale Proceeds Account for the relevant Debtor(s), or (b) SGM provides to the relevant Debtor(s) and non-Debtor counterparty a separate reasonably acceptable undertaking that SGM will promptly pay the maximum disputed cure amount in accordance with 11 U.S.C. § 365 (b)(1)(A) and (B) (or such smaller amount as may be fixed or estimated by the Bankruptcy Court or otherwise agreed to by such non-Debtor party and SGM). The Debtors shall pay and hereby are authorized to pay disputed cure amounts from the relevant Sales Proceeds Account(s) upon entry of a final order by this Court to the extent SGM remitted to Sellers the amount required by item (a) of this paragraph of the Order.

16. All of the Currently Identified Designated Contracts, to the extent they are executory contracts or unexpired leases and are not subsequently and timely removed by SGM under the APA and the *Order Approving Stipulation Regarding Designation Deadline Re Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For*

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1 *Prospective Overbidders, (2) Approving Auction Sale Format, Bidding Procedures And Stalking*
2 *Horse Bid Protections* [Docket No. 1865], or deemed a rejected contract within the meaning of §
3 1.11(a) of the APA pursuant to paragraph 15 above, shall be part of the Designated Contracts that
4 will be assumed by the Debtors and assigned to SGM at the Closing. In the event that SGM elects
5 to add any other of the Debtors' executory contracts or unexpired leases to the list of Designated
6 Contracts (the "Subsequently Identified Designated Contracts" and, individually, a "Subsequently
7 Identified Designated Contract") under the APA and the *Order Approving Stipulation Regarding*
8 *Designation Deadline Re Order (1) Approving Form Of Asset Purchase Agreement For Stalking*
9 *Horse Bidder And For Prospective Overbidders, (2) Approving Auction Sale Format, Bidding*
10 *Procedures And Stalking Horse Bid Protections* [Docket No. 1865], SGM shall notify the Debtors
11 of any such Subsequently Identified Designated Contracts on or before thirty days before Closing,
12 and the Debtors shall (i) file a notice with the Court identifying all such Subsequently Identified
13 Designated Contracts and their respective cure amounts as agreed upon between the Debtors and
14 SGM, and (ii) serve such notice by over-night mail on all counter-parties to the Subsequently
15 Identified Designated Contracts (the "Subsequently Identified Designated Contract Counter-
16 Parties"). All Subsequently Identified Designated Contracts shall be assumed by the Debtors and
17 assigned to SGM at the Closing, with SGM to be obligated to pay all cure amounts owing to such
18 Subsequently Identified Designated Contract Counter-Parties concurrently with the Closing, as
19 set forth in the Debtors' notice, or as otherwise agreed to by the Debtors, SGM and the applicable
20 counter-parties thereto, or ordered by the Court in accordance with paragraphs 34 and 36 below
21 (the "Additional Cure Amounts"), so long as such amount as ordered by the Court is no greater
22 than the amount agreed upon by SGM; and in the event the Additional Cure Amount is greater
23 than the amount agreed upon by SGM, and SGM is not willing to pay the Additional Cure
24 Amount, the Debtors shall not be required to pay the Additional Cure Amount(s) and the
25 Subsequently Identified Designated Contract(s) shall be deemed a rejected contract within the
26 meaning of § 1.11(a) of the APA pursuant to paragraph 15 above; provided, and for the avoidance
27 of doubt, no collective bargaining agreement, pension plan or health and welfare plan providing
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collectively bargained benefits to which a Hospital is a party or sponsor constitutes a Currently Identified Designated Contract or a Subsequently Identified Designated Contract for which SGM or the Debtors may be obligated to pay any cure amount.

17. Upon the Closing, the Debtors are authorized and directed to assume, assign and/or transfer each of the Designated Contracts to SGM, including the Currently Identified Designated Contracts and any Subsequently Identified Designated Contracts (collectively, the "Contract Counter-Parties"). At the Closing, SGM shall pay the (i) Sale Proceeds, (ii) the Designated Cure Amounts identified in paragraph 13 above, (iii) the Excess Cure Amounts identified in paragraph 15 above, and (iv) the Additional Cure Amounts, subject to paragraph 15 above. Payment by SGM of such Designated Cure Amounts and Additional Cure Amounts are deemed the necessary and sufficient amounts to "cure" all "defaults" with respect to all such Currently Identified Designated Contracts and Subsequently Identified Designated Contracts under § 365(b). The foregoing payment shall (i) effect a cure of all defaults existing under all such Currently Identified Designated Contracts, and (ii) compensate all such Contract Counter-Parties for any actual pecuniary loss resulting from any such default. The Debtors shall then have assumed and assigned to SGM, effective as of the Closing, all of the Designated Contracts (comprised of both all Currently Identified Designated Contracts and all Subsequently Identified Designated Contracts, if any), and, pursuant to § 365(f), the assignment by the Debtors of all such Designated Contracts to SGM shall not be a default thereunder. After the payment of the Designated Cure Amounts and the Additional Cure Amounts, neither the Debtors nor SGM shall have any further liabilities to any Contract Counter-Parties, other than SGM's obligations under the Designated Contracts that accrue and become due and payable after the Closing Date. In addition, adequate assurance of future performance has been demonstrated by or on behalf of SGM with respect to all of the Designated Contracts within the meaning of §§ 365(b)(1)(c), 365(b)(3) (to the extent applicable) and 365(f)(2)(B). For the avoidance of doubt, SGM shall not be liable for the payment of any liabilities or obligations arising from or related to (a) any executory contracts that the Debtors intend to reject by appropriate motion and which are not being assumed and assigned to SGM, (b) any multiparty contract affecting more than one Debtor in addition to one of the hospitals subject to the

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Transaction, or (c) any collective bargaining agreement ("CBA"), pension plan, or health and welfare plan providing for collectively bargained for benefits to which a Hospital is a party or a sponsor, unless expressly assumed and assigned with SGM's consent.

18. The Debtors intend, and are hereby authorized, to (A) reject, pursuant to § 365(a), all executory contracts to which one or more of the Hospitals are a party, excluding (i) Designated Contracts, and (ii) any prepetition multiparty contract affecting more than one Debtor in addition to one of the Hospitals, and, (B) reject and terminate, to the extent separately authorized by this Court, pursuant to §§ 1113, 1114, and any other applicable provision of the Bankruptcy Code, any collective bargaining agreement, pension plan or health and welfare plan providing collectively bargained benefits to which one of the Hospitals is a party or sponsor and that SGM does not assume.

19. All of the Contract Counter-Parties are forever barred, estopped, and permanently enjoined from (i) raising or asserting against the Debtors or SGM, or any of their property, any assignment fee, acceleration, default, breach, or claim of pecuniary loss, or condition to assignment, arising under or related to the Designated Contracts, existing as of the Closing, or arising by reason of the consummation of the Transaction contemplated by the APA, including, without limitation, the Transaction and the assumption and assignment of the Designated Contracts, including any asserted breach relating to or arising out of the change-in-control provisions in such Designated Contracts, or any purported written or oral modification to the Designated Contracts and (ii) asserting against SGM any claim, counterclaim, breach, or condition asserted or assertable against the Debtors existing as of the Closing or arising by reason of the transfer of the Purchased Assets, except for the Assumed Obligations.

20. Any provisions in any Designated Contracts that prohibit or condition the assignment of such Designated Contract or allow the counterparty to such Designated Contract to terminate, recapture, impose any penalty, condition on renewal or extension or modify any term or condition upon the assignment of such Designated Contract constitute unenforceable anti-assignment provisions

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1 that are void and of no force and effect with respect to the Debtors' assumption and assignment of such
2 Designated Contract to SGM in accordance with the APA, pursuant to § 363(f).

3 21. The terms and provisions of this Sale Order, as well as the rights granted under the
4 Transaction Documents, shall continue in full force and effect and are binding upon any successor,
5 reorganized Debtors, or chapter 7 or chapter 11 trustee applicable to the Debtors, notwithstanding entry
6 of any order of conversion or dismissal ~~any such conversion, dismissal or order entry~~. Nothing
7 contained in any chapter 11 plan confirmed in the Debtors' cases or in any order confirming such a
8 plan, nor any order dismissing the cases or converting the cases to a case under chapter 7, shall conflict
9 with or derogate from the provisions of the APA, any documents or instruments executed in
10 connection therewith, or the terms of this Sale Order, provided however, that in the event of a conflict
11 between this Sale Order and an express or implied provision of the APA, this Sale Order shall govern.
12 The provisions of this Sale Order and any actions taken pursuant hereto shall survive any conversion or
13 dismissal of the cases and the entry of any other order that may be entered in the cases, including any
14 order (i) confirming any plan of reorganization; (ii) converting the cases from chapter 11 to chapter 7;
15 (iii) appointing a trustee or examiner in the cases; or (iv) dismissing the cases.

16 22. The Transaction contemplated by the APA and other Transaction Documents are
17 undertaken without collusion and in "good faith," as that term is defined in § 363(m) of the Bankruptcy
18 Code. SGM is a good faith purchaser within the meaning of § 363(m) and, as such, is entitled to the
19 full protections of § 363(m). Accordingly, the reversal or modification on appeal of the authorization
20 provided herein by this Sale Order to consummate the Transaction shall not affect the validity of the
21 sale of the Purchased Assets to SGM. The APA and the Transactions contemplated thereby cannot be
22 avoided under § 363(n).

23 23. The failure to specifically include any particular provision of the APA or the other
24 Transaction Documents in this Sale Order shall not diminish or impair the effectiveness of such
25 provisions, it being the intent of the Bankruptcy Court that the Transaction, the APA and the other
26 Transaction Documents be authorized and approved in their entirety. Likewise, all of the provisions of
27 this Sale Order are non-severable and mutually dependent.

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24. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Rules 6004(h), 6006(d), 7062, or 9014, if applicable, or any other LBR or otherwise, this Sale Order shall not be stayed for 14-days after the entry hereof, but shall be effective and enforceable immediately upon entry pursuant to Rule 6004(h) and 6006(d). Time is of the essence in approving the Transaction (including the transfer and the sale of the Purchased Assets).

25. The automatic stay in effect pursuant to § 362 is hereby lifted with respect to the Debtors to the extent necessary, without further order of this Court, to (i) allow SGM to deliver any notice provided for in the APA and Transaction Documents and (ii) allow SGM to take any and all actions permitted under the APA and Transaction Documents in accordance with the terms and conditions thereof.

26. Unless otherwise provided in this Sale Order, to the extent any inconsistency exists between the provisions of the APA and this Sale Order, the provisions contained in this Sale Order shall govern.

27. This Court shall retain exclusive jurisdiction to interpret, construe, and enforce the provisions of the APA and this Sale Order in all respects, and further, including, without limitation, to (i) hear and determine all disputes between the Debtors and/or SGM, as the case may be, and any other non-Debtor party to, among other things, the Designated Contracts concerning, among other things, assignment thereof by the Debtors to SGM and any dispute between SGM and the Debtors as to their respective obligations with respect to any asset, liability, or claim arising hereunder; (ii) compel delivery of the Purchased Assets to SGM free and clear of Encumbrances, except with respect to the liens arising from the Special Assessments and the PACE Obligations; (iii) compel the delivery of the Purchase Price or performance of other obligations owed to the Debtors; (iv) interpret, implement, and enforce the provisions of this Sale Order; and (v) protect SGM against (A) claims made related to any of the Excluded Liabilities (as defined in the APA), (B) any claims of successor or vicarious liability (or similar claims or theories) related to the Purchased Assets or the Designated Contracts, or (C) any Encumbrances asserted on or against SGM or the Purchased Assets.

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28. Following the date of entry of this Sale Order, the Debtors and SGM are authorized to make changes to the APA and/or execute supplemental agreements implementing the transactions contemplated by the APA without the need for any further order of the Court provided that all such changes have been approved in writing by the Debtors, SGM, the Committee, the DIP Agent, and Prepetition Secured Creditors. Any other proposed changes to the APA or this Sale Order shall require a further order of the Court, after reasonable notice under the circumstances and a hearing.

29. Notwithstanding any other provision of this Sale Order or any other Order of this Court, no sale, transfer or assignment of any rights and interests of a regulated entity in any federal license or authorization issued by the FCC shall take place prior to the issuance of FCC regulatory approval for such sale, transfer or assignment pursuant to the Communications Act of 1934, as amended, and the rules and regulations promulgated thereunder. The FCC's rights and powers to take any action pursuant to its regulatory authority, including, but not limited to, imposing any regulatory conditions on such sales, transfers and assignments and setting any regulatory fines or forfeitures, are fully preserved, and nothing herein shall proscribe or constrain the FCC's exercise of such power or authority to the extent not inconsistent with the applicable provisions of the Bankruptcy Code.

30. To the extent the Purchased Assets contain records of the Verity Health System Retirement Plan A and Verity Health System Retirement Plan B (collectively, the "Pension Plans") or employment records of participants of the Pension Plans, SGM shall store, and preserve any such records until the Pension Benefit Guaranty Corporation ("PBGC") has completed its investigation regarding the Pension Plans and shall make such documents available to PBGC for inspection and copying. Such records include, but are not limited to, any Pension Plan governing documents, actuarial documents, and employment records (collectively, the "Pension Plan Documents"). The Debtors shall retain and not abandon any Pension Plan Documents that are not Purchased Assets no earlier than February 28, 2020, and shall make such documents available to the PBGC for inspection and copying.

31. No later than May 13, 2019, either (i) the Debtors will file a notice of a resolution of the issues regarding the transfer and/or proposed assumption and assignment or rejection of the

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Hospitals' Medi-Cal Provider Agreements or (ii) DHCS will file a supplemental objection to the proposed transfer of the Medi-Cal Provider Agreements. If necessary, the Debtors will file any reply to the supplemental objection no later than 4:00 p.m. (Pacific Time), on May 27, 2019, and a hearing will be held on the issues raised regarding the transfer and/or proposed assumption and assignment or rejection of the Medi-Cal Provider Agreements on June 5, 2019, at 10:00 a.m. (Pacific Time); and all parties' rights, claims, and defenses are preserved until that hearing. Nothing in this Sale Order shall apply to Medi-Cal Provider Agreements until and unless there is a Court order approving a settlement between the Debtors and the DHCS or a Court order resolving the DHCS's objections.

32. No later than May 13, 2019, either (i) the Debtors will file a notice of a resolution of the issues regarding the transfer and/or proposed assumption and assignment or rejection of the Hospitals' Medicare Provider Agreements or (b) HHS will file a supplemental objection to the proposed transfer of the Medicare Provider Agreements. If necessary, the Debtors will file any reply to the supplemental objection no later than 4:00 p.m. (Pacific Time), on May 27, 2019, and a hearing will be held on the issues raised regarding the transfer and/or proposed assumption and assignment or rejection of the Medicare Provider Agreements on June 5, 2019, at 10:00 a.m. (Pacific Time); and all parties' rights, claims, and defenses are preserved until that hearing. Nothing in this Sale Order shall apply to Medicare Provider Agreements until and unless there is a Court order approving a settlement between the Debtors and the HHS or a Court order resolving the HHS's objections.

33. In accordance with the terms of §§ 4.7 and 5.11 of the APA, the Debtors and SGM will negotiate regarding modification of applicable CBAs. To the extent the Debtors seek modification, rejection and/or termination of CBAs, they will comply with the requirements of § 1113, as applicable, and may do so before or after Closing under their discretion.

34. A continued hearing on the Cure Objections shall be held on June 5, 2019, at 10:00 a.m. (Pacific Time). As to the Currently Identified Designated Contracts, by no later than May 22, 2019, at 4:00 p.m. (Pacific Time), the Debtors shall file a notice containing a list of (a) the Cure Objections that have been resolved, and (b) the Cure Objections as to which Court intervention is required. As to the Cure Objections for which Court intervention is required, pursuant to the *Order*

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Approving Omnibus Stipulation Continuing Hearing on Certain Objections to Notice and Supplemental Notice of Contracts Designated for Assumption and Assignment [Docket No. 2183], the deadline for the Debtors to reply to the Cure Objections shall be May 29, 2019, at 4:00 p.m. (Pacific Time). the following briefing schedule shall apply: (1) the Debtors' opposition to each outstanding Cure Objection shall be submitted by no later than May 22, 2019; and (2) the counterparties' reply in support of its Cure Objections shall be submitted by no later than May 29, 2019. Nothing in this Sale Order constitutes a finding or determination on any Cure Objection. All Cure Objections are preserved until resolved either by agreement between the Debtors and the contract counterparty or further order of the Court.

35. As to any executory contracts or unexpired leases that were listed on the Initial Designated Contract List, but not listed on any prior Cure Notice, any counterparty thereto may file an objection to the cure amount or assumption thereof by May 22, 2019, and all other provisions in paragraph 34 shall apply to resolution thereof.

36. As to Subsequently Identified Designated Contracts, (i) promptly upon SGM's identifying such contract(s), the Debtors shall file a notice with the Court identifying all Subsequently Identified Designated Contracts no later than 30 days prior to Closing and provide service thereof in accordance with paragraph 16, and (ii) to the extent that any Subsequently Identified Designated Contracts were not listed on a Cure Notice, counterparties subject to contracts who object to assumption and/or the proposed cure amounts must file an objection no later than 14 days prior to Closing, and any reply shall be filed no later than 7 days prior to Closing. To the extent that a negotiated resolution cannot be achieved, any objections filed in connection with the Subsequently Identified Designated Contracts shall be adjudicated by the Court, which shall resolve any and all disputed issues related to the objection(s).

37. The California Attorney General, the Debtors, the Consultation Parties (as defined in the Bid Procedures Order) and SGM, reserve all rights, arguments and defenses concerning the California Attorney General's authority, if any, to review the sale under California Corporations Code §§ 5914-5924 and California Code of Regulations on Nonprofit Hospital Transactions—Title 11,

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Chapter 15, § 999.5, and any conditions issued thereto. Nothing in this Sale Order shall be construed as a waiver of the Attorney General's statutory and regulatory authority or other rights.

38. The Committee and the Prepetition Secured Creditors' rights, and their ability to participate and be heard at the hearings described in paragraphs 31 to 36 of this Sale Order, are hereby reserved. To the extent that the DIP Agent, DIP Lender, Prepetition Secured Creditors or the Committee desire to file pleadings related to such hearings, their respective times for filing an objection or response to any of the requests for relief described in paragraphs 31 to 37 herein shall be the same as granted to the Debtors pursuant to the notice in each such instance.

IT IS SO ORDERED.

###

Date: May 2, 2019


Ernest M. Robles
United States Bankruptcy Judge

- 27 -

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

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Exhibit B

2019 Conditions



XAVIER BECERRA
Attorney General

State of California
DEPARTMENT OF JUSTICE

455 GOLDEN GATE AVENUE, SUITE 11000
SAN FRANCISCO, CA 94102-7004

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September 25, 2019

VIA EMAIL AND US MAIL

Hope R. Levy-Biehl
1100 Glendon Avenue, 14th Floor
Los Angeles, California 90024

hlevybiehl@nelsonhardiman.com

RE: Verity Health System of California, Inc. Notice of Proposed Transfer
St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical
Center

Dear Ms. Levy-Biehl:

Under Corporations Code section 5914 et seq., and California Code of Regulations, title 11, section 999.5, the Attorney General has considered the proposed transaction submitted by Verity Health System of California, Inc. In coming to the decisions, described below, we have carefully considered the factors set forth in Corporations Code section 5917 and the applicable regulations, including whether the transaction is in the public interest and whether the transaction effects the availability or accessibility of health care services to the affected community. Our decision is based on the material contained in the notice, the information and documents subsequently submitted by the applicants, comments made by members of the public, discussions with the applicants, and the results of our investigation.

The Attorney General hereby conditionally consents to Verity Health System of California, Inc.'s proposed sale of the assets of St. Francis Medical Center, St. Vincent Medical Center, including its St. Vincent Dialysis Center, and Seton Medical Center to Strategic Global Management, Inc. and/or one or more of its affiliates. The Attorney General's conditional approval of the sale is subject to the attached conditions that are incorporated by reference herein.

Verity Health System of California, Inc. also requested, under Title 11 of the California Code of Regulations, Sec. 999.5(h), a modification of the Attorney General Conditions issued on December 3, 2015. Verity Health System of California, Inc. requested that the Attorney General modify and update the Attorney General's Conditions issued on December 3, 2015 as follows: (1) modify and update the volume of charity care and community benefits provided by the St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center; (2) modify and update capital expenditures to credit Strategic Global Management for the expenditures Verity

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Health System of California, Inc. has invested in the health system; (3) modify and eliminate the requirement that Strategic Global Management maintain cancer care at St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center; and (4) modify and update the Conditions to conform to the present transaction and specific parties involved.

The Attorney General hereby denies, in part, and conditionally consents to Verity Health System of California, Inc.'s request for modification as reflected in the attached conditions that are incorporated by reference herein. The attached conditions serve as conditions for both the request for modification and the sale of the assets of St. Francis Medical Center, St. Vincent Medical Center, including its St. Vincent Dialysis Center, and Seton Medical Center as described in the second paragraph of this letter.

Sincerely,

[original signed]

SCOTT CHAN
Deputy Attorney General

For XAVIER BECERRA
Attorney General

cc: Kathryn F. Edgerton (Russo)
kedgerton@nelsonhardiman.com

Conditions to the Sale of St. Francis Medical Center¹ and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., Seton Medical Center, and Strategic Global Management, Inc.

I.

These Conditions shall be legally binding on Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, St. Francis Medical Center Foundation, a nonprofit public benefit corporation, St. Vincent Foundation, a California nonprofit corporation, Seton Medical Center Foundation, a California nonprofit corporation, Verity Business Services, a California nonprofit public benefit corporation, Verity Medical Foundation, a California nonprofit public benefit corporation, St. Vincent de Paul Ethics Corporation, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Marillac Insurance Company, Ltd., a Cayman Islands corporation, DePaul Ventures, LLC, a California limited liability company, DePaul Ventures – San Jose ASC, LLC, a California limited liability company, DePaul Ventures – San Jose Dialysis, LLC, a California limited liability company, and Strategic Global Management, Inc., a California corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities including, but not limited to, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of St. Francis Medical Center, or the real property on which St. Francis Medical Center is located, any and all current and future owners, lessees, licensees, or operators of St. Francis Medical Center, and any and all current and future lessees and owners of the real property on which St. Francis Medical Center is located.

II.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement dated January 8, 2019, by and among, Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a

¹ Throughout this document, the term “St. Francis Medical Center” shall mean the general acute care hospital located at 3630 East Imperial Highway, Lynwood, CA 90262, and any other clinics, laboratories, units, services, or beds included on the license issued to St. Francis Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

California nonprofit public benefit corporation, and Strategic Global Management, Inc., a California corporation, and any agreements or documents referenced in or attached to as an exhibit or schedule and any other documents referenced in the Asset Purchase Agreement, including, but not limited to, the Sale Leaseback Agreement and Interim Management Agreement.

All the entities listed in Condition I, and any other parties referenced in the above agreements shall fulfill the terms of these agreements or documents and shall notify and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of these agreements or documents. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and obtain the Attorney General's approval.

III.

For ten years from the closing date of the Asset Purchase Agreement, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and all future owners, managers, lessees, licensees, or operators of St. Francis Medical Center shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

(a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of St. Francis Medical Center;

(b) Transfer control, responsibility, management, or governance of St. Francis Medical Center. The substitution, merger or addition of a new member or members of the governing body of Strategic Global Management, Inc. that transfers the control of, responsibility for or governance of St. Francis Medical Center, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Strategic Global Management, Inc., or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Strategic Global Management, Inc. shall also be deemed a transfer for purposes of this Condition.

IV.

For ten years from the closing date of the Asset Purchase Agreement, St. Francis Medical Center shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250) and shall maintain and provide 24-hour emergency and trauma medical services at no less than current² licensure and designation with the same types and/or levels of services, including the following:

- a. 46 emergency treatment stations at a minimum;
- b. Designation as a Level II Trauma Center;

² The term "current" or "currently" throughout this document means as of January 1, 2019.

- c. Designation as a 5150 Receiving Facility, as defined by the Welfare and Institutions Code, section 5150, for behavioral health patients under involuntary evaluation;
- d. Psychiatric evaluation team;
- e. Designation as an Emergency Department Approved for Pediatrics (EDAP);
- f. Designation as a Paramedic Base Station; and
- g. Certification as a Primary Stroke Center.

Strategic Global Management, Inc. must give one-year advance written notice to the Los Angeles County Emergency Medical Services Agency and the California Department of Public Health if St. Francis Medical Center seeks to reduce trauma or trauma-related care services or stop operating the Level II Trauma Center after ten years from the closing date of the Asset Purchase Agreement.

V.

For at least ten years from the closing date of the Asset Purchase Agreement, St. Francis Medical shall maintain Center on-call coverage contracts and/or comparable coverage arrangements with physicians at fair market value that are necessary to retain its qualification as a Level II trauma center. Trauma II designation requires 24-hour immediate coverage by general surgeons, as well as coverage by the specialties of orthopedic surgery, neurosurgery, anesthesiology, emergency medicine, radiology and critical care. Requirements for on-call and promptly available specialties include the following:

- a. Neurology;
- b. Obstetrics/gynecology;
- c. Ophthalmology;
- d. Oral or maxillofacial or head and neck;
- e. Plastic surgery;
- f. Reimplantation/microsurgery capability (this surgical service may be provided through a written transfer agreement); and
- g. Urology.

VI.

For at least ten years from the closing date of the Asset Purchase Agreement, St. Francis Medical Center shall maintain the following services at current licensure, types, and/or levels of services:

- a. Cardiac services, including three cardiac catheterization labs and the designation as a STEMI Receiving Center;
- b. Critical care services, including a minimum of 36 intensive care unit beds or 24 intensive care beds and 12 definitive observation beds;
- c. Neonatal intensive care services, including a minimum of 29 neonatal intensive care beds, and at minimum, maintaining a Level II NICU;
- d. Women's health services, including women's imaging services;
- e. Cancer services, including radiation oncology;

- f. Pediatric services, including a designated area with at least five general acute care beds for pediatric services;
- g. Orthopedic and rehabilitation services;
- h. Wound care services;
- i. Behavioral health services, including a minimum of 40 distinct part inpatient acute psychiatric beds; and
- j. Perinatal services, including a minimum of 50 perinatal beds.

Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VII.

For at least ten years from the closing date of the Asset Purchase Agreement, St. Francis Medical Center shall maintain the same types and/or levels of women's healthcare services currently provided at the location below or a location within three miles of St. Francis Medical Center:

- a. Family Life Center at St. Francis Medical Center, located at 3630 E Imperial Highway, Lynwood, California.

VIII.

For at least five years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be moved to a different location within a three-mile radius of each clinic's current location, and St. Francis Medical Center can utilize an alternative structure in providing such services. The following clinics are subject to this condition:

- a. Pediatric services at Children's Counseling Center, 4390 Tweedy Ave, South Gate, California;
- b. The multi-specialty services, including wound care at Wound Care Center, 3628 E. Imperial Highway, Suite 103, Lynwood, California; and
- c. Orthopedic services at 3628 E. Imperial Highway, Suite 300, Lynwood, California.

IX.

For ten years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall:

- a) Be certified to participate in the Medi-Cal program at St. Francis Medical Center;
- b) Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause or not extended or renewed by the Medi-Cal Managed Care Plan:
 - i) Local Initiative: L.A. Care Health Plan or its successor; and
 - ii) Commercial Plan: Health Net Community Solutions, Inc. or its successor.

If Strategic Global Management, Inc. questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the Attorney General's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.

- c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care), on the same terms and conditions as other similarly situated hospitals, as required in these Conditions.

X.

For six fiscal years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall provide an annual amount of Charity Care (as defined below) at St. Francis Medical Center equal to or greater than \$12,793,435 (the Minimum Charity Care Amount). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Strategic Global Management, Inc. in connection with the operation and provision of services at St. Francis Medical Center. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by Office of Statewide Health Planning Development (OSHDP) for annual hospital reporting purposes.³

³ OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, "the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

Strategic Global Management, Inc. shall use and maintain a charity care policy that is no less favorable than Verity Health System of California, Inc.'s current charity care policy (Verity's Financial Assistance Policy No. 06.03.04 effective December 5, 2017 and revised and reviewed June 20, 2018) and in compliance with California and Federal law at St. Francis Medical Center. Within 90 days from the closing of the Asset Purchase Agreement, Strategic Global Management, Inc. will amend the Financial Assistance Policy to include as follows:

- a. A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy must be posted at St. Francis Medical Center in a prominent location in the emergency room, admissions area, and any other location in the hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and hospital outpatient service settings.
- b. A copy of the Financial Assistance Policy, the Application for Financial Assistance, and the plain language summary of the Financial Assistance Policy must be posted in a prominent place on St. Francis Medical Center's website.
- c. If requested by a patient, a copy of the Financial Assistance Policy, Application for Financial Assistance, and the plain language summary must be sent by mail at no cost to the patient.
- d. As necessary, and at least on an annual basis, Strategic Global Management, Inc. will place an advertisement regarding the availability of financial assistance at St. Francis Medical Center in a newspaper of general circulation in the communities served by the hospital, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by the hospital.
- e. Strategic Global Management, Inc. will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at St. Francis Medical Center.
- f. By December 1, 2019, all staff that interacts with patients and their families concerning payment of services shall be given training to make patients and their families aware of and informed of Strategic Global Management, Inc.'s Financial Assistance Policy at St. Francis Medical Center.

Any planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at St. Francis Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the closing date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of charity care provided at St. Francis Medical Center for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in the St. Francis Medical Center's service area (31 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XI.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management, Inc. shall provide an annual amount of Community Benefit Services at St. Francis Medical Center equal to or greater than \$1,139,301 (the "Minimum Community Benefit Services Amount") exclusive of any funds from grants. For six fiscal years, the following community benefit programs and services shall continue to be offered at its current or equivalent location:

- a. Southern California Crossroads Program;
- b. Health Benefit Resource Center;
- c. Welcome Baby Program;
- d. Healthy Community Initiatives;
- e. American Career College access for onsite training;
- f. Paramedic Training and Education; and
- g. Patient Transportation support.

The planning of, and any subsequent changes to, the community benefit services provided at St. Francis Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the effective date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of community benefit services provided at St. Francis Medical Center for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in St. Francis Medical Center's service area (31 ZIP codes), as defined on as described on page 54 in the Healthcare Impact

Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XII.

For at least ten years from the closing date of the Asset Purchase Agreement unless otherwise indicated, Strategic Global Management, Inc. shall maintain its contracts and any amendments and exhibits thereto with the City and/or County of Los Angeles for services, including the following:

- a. Participation in the Hospital Preparedness Program between the Hospital and Los Angeles County;
- b. Department of Mental Health Legal Entity Contract between the Hospital and Los Angeles County;
- c. Paramedic Base Hospital Services between the Hospital and Los Angeles County;
- d. Radiation Therapy Services between the Hospital and Los Angeles County;
- e. Designation Agreement between the County of Los Angeles Department of Mental Health (LAC-DMH) and the Hospital and approved as a 72-hour Evaluation and Intensive Treatment facility;
- f. Affiliation Agreement for physicians in post graduate training;
- g. Trauma Center Service Agreement between the Hospital and Los Angeles County; and
- h. Paramedic Training Institute Students between the Hospital and Los Angeles County.

For at least ten years from the closing date of the Asset Purchase Agreement, Strategic Global Management shall provide to the Los Angeles County Department of Health Services and Los Angeles County of Department of Mental Health information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Francis Medical Center. The goal is to ensure that Strategic Global Management, Inc.'s decisions or changes in these areas will not be motivated by a desire to move away from serving the Medi-Cal population. Such information and documents will also be provided to the Local Governing Board.

XIII.

For ten years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall have at St. Francis Medical Center a Local Governing Board of Directors. Strategic Global Management, Inc. shall consult with the Local Governing Board of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, including making changes to the charity care and collection policies, and making changes to charity care services provided at St. Francis Medical Center. The members of the Local Governing Board shall include physicians from St. Francis Medical Center's medical staff, St. Francis Medical Center's Chief of Staff, one member designated by the Los Angeles County Board of Supervisors, and community representatives from St. Francis Medical Center's primary service area (31 ZIP codes), as described on page 54 in the Healthcare Impact Report

authored by JD Healthcare dated August 16, 2019 attached hereto as Exhibit 1, including at least one member from a local healthcare advocacy group. Such consultation shall occur at least sixty days prior to the effective date of such changes or actions unless done so on an emergency basis. The Local Governing Board's approval is required of all reports submitted to the Attorney General regarding compliance with these Conditions.

XIV.

Strategic Global Management, Inc. shall commit to reserve or expend capital for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals over the five-year period from the closing of the Asset Purchase Agreement of the amount that remains unexpended from the \$180 million commitment required of BlueMountain Capital Management, LLC as part of the Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among the three hospitals.

XV.

Strategic Global Management, Inc. shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at the Hospital through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Safety. Code, § 129675-130070).

XVI.

Strategic Global Management, Inc. shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at St. Francis Medical Center.

XVII.

There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at St. Francis Medical Center, and no restriction or limitation on providing or making reproductive health services available at St. Francis Medical Center, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Strategic Global Management, Inc.'s written policies, adhered to, and strictly enforced.

XVIII.

Within 15 days of the closing of date of the Asset Purchase Agreement, St. Francis Medical Center Foundation shall transfer all charitable assets including, but not limited to, all temporary and permanently restricted funds to the California Community Foundation.

- a) The funds from St. Francis Medical Center Foundation, if not previously restricted to support a specific charitable organization, will be deposited

into the California Community Foundation's St. Francis Medical Center Fund, and used to support nonprofit tax-exempt charitable organizations, clinics and facilities in providing healthcare services to residents of St. Francis Medical Center's service area (31 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.

- b) If there are funds from St. Francis Medical Center Foundation previously restricted to support a specific charitable organization, such funds shall be deposited into a fund or funds at California Community Foundation restricted to continuing support for such charitable organization or organizations. Such funds are protected against obsolescence. If the purposes of any restricted fund become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by California Community Foundation, the California Community Foundation's Board of Directors shall have the ability to modify any restriction or condition on the use such fund.

XIX.

For eleven fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Strategic Global Management, Inc. shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.

XX.

At the request of the Attorney General, all parties listed in Condition I, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and any other parties referenced in the agreements listed in Condition II shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XXI.

Once the Asset Purchase Agreement is closed, all parties listed in Condition I, and any other parties referenced in the agreements listed in Condition II are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

Analysis of the Hospital's Service Area

Service Area Definition

Based upon the Hospital's CY 2017 inpatient discharges, the Hospital's service area is comprised of 31 ZIP Codes from which 75% of the Hospital's inpatient discharges came from. Approximately 51% of the Hospital's discharges originated from the top eight ZIP Codes, located in Lynwood, South Gate, Los Angeles, Bell, Compton, Bell Gardens, and Huntington Park. In CY 2017, the Hospital's market share in the service area was approximately 11% based on total area discharges.

PATIENT ORIGIN, CY 2017						
ZIP Code	Community	Discharges	Percentage of Discharges	Cumulative Percentage	Market Share	Total Discharges
90262	Lynwood	2,490	11.1%	11.1%	38.1%	6,538
90280	South Gate	2,187	9.8%	20.9%	29.0%	7,554
90221	Compton	1,400	6.3%	27.2%	24.1%	5,812
90201	Bell	1,359	6.1%	33.3%	16.3%	8,363
90002	Los Angeles	1,066	4.8%	38.0%	18.4%	5,797
90255	Huntington Park	956	4.3%	42.3%	15.5%	6,172
90059	Los Angeles	948	4.2%	46.6%	17.2%	5,527
90001	Los Angeles	922	4.1%	50.7%	15.6%	5,901
90220	Compton	708	3.2%	53.9%	12.7%	5,554
90222	Compton	700	3.1%	57.0%	18.1%	3,868
90003	Los Angeles	625	2.8%	59.8%	7.6%	8,209
90044	Los Angeles	542	2.4%	62.2%	4.5%	11,994
90723	Paramount	525	2.3%	64.6%	11.7%	4,483
90051	Los Angeles	358	1.6%	66.2%	9.5%	3,764
90650	Norwalk	344	1.5%	67.7%	3.3%	10,373
90270	Maywood	282	1.3%	69.0%	12.2%	2,309
90805	Long Beach	267	1.2%	70.2%	2.7%	9,940
90706	Bellflower	263	1.2%	71.3%	3.6%	7,223
90242	Downey	252	1.1%	72.5%	6.2%	4,038
90241	Downey	224	1.0%	73.5%	6.0%	3,726
90660	Pico Rivera	91	0.4%	73.9%	1.4%	6,608
90240	Downey	69	0.3%	74.2%	3.3%	2,073
90670	Santa Fe Springs	46	0.2%	74.4%	2.7%	1,703
90605	Whittier	44	0.2%	74.6%	1.1%	4,082
90606	Whittier	44	0.2%	74.8%	1.4%	3,244
90703	Cerritos	37	0.2%	74.9%	0.9%	4,026
90604	Whittier	32	0.1%	75.1%	0.9%	3,698
90701	Artesia	31	0.1%	75.2%	1.7%	1,813
90538	La Mirada	30	0.1%	75.4%	0.7%	4,274
90603	Whittier	3	0.0%	75.4%	0.1%	2,152
90639	La Mirada	0	0.0%	75.4%	0.0%	10
Sub-Total		16,845	75.4%	75.4%	10.5%	160,828
All Other		5,504	24.6%	100%		
Grand Total		22,349	100%			

Source: OSHPD Discharge Database, CY 2017

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Conditions to the Sale of St. Vincent Medical Center¹ and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., Seton Medical Center, and Strategic Global Management, Inc.

I.

These Conditions shall be legally binding on Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, St. Francis Medical Center Foundation, a nonprofit public benefit corporation, St. Vincent Foundation, a California nonprofit corporation, Seton Medical Center Foundation, a California nonprofit corporation, Verity Business Services, a California nonprofit public benefit corporation, Verity Medical Foundation, a California nonprofit public benefit corporation, St. Vincent de Paul Ethics Corporation, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Marillac Insurance Company, Ltd., a Cayman Islands corporation, DePaul Ventures, LLC, a California limited liability company, DePaul Ventures – San Jose ASC, LLC, a California limited liability company, DePaul Ventures – San Jose Dialysis, LLC, a California limited liability company, and Strategic Global Management, Inc., a California corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities including, but not limited to, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of St. Vincent Medical Center, or the real property on which St. Vincent Medical Center is located, any and all current and future owners, lessees, licensees, or operators of St. Vincent Medical Center, and any and all current and future lessees and owners of the real property on which St. Vincent Medical Center is located.

II.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement dated January 8, 2019, by and among, Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a

¹ Throughout this document, the term “St. Vincent Medical Center” shall mean the general acute care hospital located at 2131 West Third Street, Los Angeles, CA 90057, and any other clinics, laboratories, units, services, or beds included on the license issued to St. Vincent Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

California nonprofit public benefit corporation, and Strategic Global Management, Inc., a California corporation, and any agreements or documents referenced in or attached to as an exhibit or schedule and any other documents referenced in the Asset Purchase Agreement, including, but not limited to, the Sale Leaseback Agreement and Interim Management Agreement.

All the entities listed in Condition I, and any other parties referenced in the above agreements shall fulfill the terms of these agreements or documents and shall notify and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of these agreements or documents. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and obtain the Attorney General's approval.

III.

For five years from the closing date of the Asset Purchase Agreement, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and all future owners, managers, lessees, licensees, or operators of St. Vincent Medical Center shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

(a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of St. Vincent Medical Center;

(b) Transfer control, responsibility, management, or governance of St. Vincent Medical Center. The substitution, merger or addition of a new member or members of the governing body of Strategic Global Management, Inc. that transfers the control of, responsibility for or governance of St. Vincent Medical Center, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Strategic Global Management, Inc., or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Strategic Global Management, Inc. shall also be deemed a transfer for purposes of this Condition.

IV.

For five years from the closing date of the Asset Purchase Agreement unless otherwise stated, St. Vincent Medical Center shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250). If, on Strategic Global Management, Inc.'s further evaluation, the cost to seismically retrofit the St. Vincent Medical Center becomes less feasible than building a new replacement hospital, services may need to be temporarily closed or relocated due to construction. A detailed program and services plan, architectural drawings, and financing plan shall be presented to the California Attorney General for approval before ceasing to operate any services.

V.

For five years from the closing date of the Asset Purchase Agreement, St. Vincent Medical Center shall maintain and provide 24-hour emergency services at no less than its current licensure² of 8 treatment stations, and designation and the following health care services at current licensure types, and/or levels of services:

- a. Designation as a STEMI Receiving center; and
- b. Maintaining the requirements set by the County of Los Angeles Emergency Medical Services for 911 Receiving Hospitals.

VI.

For at least five years from the closing date of the Asset Purchase Agreement, St. Vincent Medical Center shall maintain and provide the following services at current licensure, types, and/or levels of services:

- a. Acute rehabilitation services, including a minimum of 19 licensed rehabilitation beds;
- b. Intensive care services, including a minimum of 30 intensive care beds;
- c. Cardiac services, including cardiac surgery and a minimum of two cardiac catheterization labs;
- d. Cancer services, including radiation oncology. Radiation oncology services may be relocated and patients transitioned to another site that has capacity within a three-mile radius after the first year after the closing of the Asset Purchase Agreement;
- e. Gastroenterology services;
- f. Imaging and laboratory services;
- g. Nephrology services, including end stage renal disease program, acute inpatient dialysis, and hemodialysis treatments;
- h. Neurology and neurotology services, including neurosurgery;
- i. Orthopedics, joint replacement, and spine care services;
- j. Transplant services, including kidney and multi-organ transplant procedures for kidney/pancreas double transplants. Transplant services do not include the liver transplant program. These services may be relocated to another hospital in the primary service area based upon a submission of a detailed plan to be approved by the California Attorney General; and
- k. Outpatient dialysis services. The outpatient dialysis services shall be within 5 miles of St. Vincent Medical Center by either (1) operating St. Vincent Dialysis Center, or (2) transferring St. Vincent Dialysis Center to a separate entity and requiring that entity to operate it for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the Conditions herein, or (3) ensuring that a third party is operating an outpatient dialysis center(s) at current levels for 5 years from the closing date of the Asset Purchase Agreement and that such center(s) participate in the Medi-Cal and Medicare programs as required in Conditions herein.

² The term “current” or “currently” throughout this document means as of January 1, 2019.

Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VII.

For at least five years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be moved to a different location within a three-mile radius of each clinic's current location, and St. Vincent Medical Center can utilize an alternative structure in providing such services. The following clinics are subject to this condition:

- a. Cardiac Care Institute, located at 201 S. Alvarado Street, Suite 321, Los Angeles, California;
- b. Transplant Medical Office, located at 8501 Camino Media, Suite 100, Bakersfield, California;
- c. Cancer Treatment Center, located at 201 S. Alvarado Street, Suite A, Los Angeles, California;
- d. Multi-Organ Transplant services, located at 2200 W. Third Street, 5th Floor, Los Angeles, California;
- e. Radiology services, located at 201 S. Alvarado Street, Suite 311, Los Angeles, California;
- f. Orthopedic Services, located at 2200 W. Third Street, 4th Floor, Los Angeles, California; and
- g. Multispecialty Clinic located at 2200 W. Third Street, Suite 120, Los Angeles, California.

VIII.

For at least five years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall:

- a) Be certified to participate in the Medi-Cal program at St Vincent Medical Center;
- b) Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Vincent Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as

other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause or not extended or renewed by the Medi-Cal Managed Care Plan:

- i) Local Initiative: L.A. Care Health Plan or its successor; and
- ii) Commercial Plan: Health Net Community Solutions, Inc. or its successor.

If Strategic Global Management, Inc. questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the Attorney General's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.

c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Vincent Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care), on the same terms and conditions as other similarly situated hospitals, as required in these Conditions.

IX.

For six fiscal years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall provide an annual amount of Charity Care (as defined below) at St. Vincent Medical Center equal to or greater than \$696,643 (the Minimum Charity Care Amount). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Strategic Global Management, Inc. in connection with the operation and provision of services at St. Vincent Medical Center. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by Office of Statewide Health Planning Development (OSHDP) for annual hospital reporting purposes.³

Strategic Global Management, Inc. shall use and maintain a charity care policy that is no less favorable than Verity Health System of California, Inc.'s current charity care policy (Verity's Financial Assistance Policy No. 06.03.04 effective December 5, 2017 and revised and reviewed June 20, 2018) and in compliance with California and Federal law at St. Vincent Medical Center. Within 90 days from the closing of the Asset Purchase Agreement, Strategic Global Management, Inc. will amend the Financial Assistance Policy to include as follows:

- a. A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy must be posted at St. Vincent Medical Center in a prominent

³ OSHDP defines charity care by contrasting charity care and bad debt. According to OSHDP, "the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

- location in the emergency room, admissions area, and any other location in the hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and hospital outpatient service settings.
- b. A copy of the Financial Assistance Policy, the Application for Financial Assistance, and the plain language summary of the Financial Assistance Policy must be posted in a prominent place on St. Vincent Medical Center's website.
 - c. If requested by a patient, a copy of the Financial Assistance Policy, Application for Financial Assistance, and the plain language summary must be sent by mail at no cost to the patient.
 - d. As necessary, and at least on an annual basis, Strategic Global Management, Inc. will place an advertisement regarding the availability of financial assistance at St. Vincent Medical Center in a newspaper of general circulation in the communities served by the hospital, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by the hospital.
 - e. Strategic Global Management, Inc. will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at St. Vincent Medical Center.
 - f. By December 1, 2019, all staff that interacts with patients and their families concerning payment of services shall be given training to make patients and their families aware of and informed of Strategic Global Management, Inc.'s Financial Assistance Policy at St. Vincent Medical Center.

Any planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at St. Vincent Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the closing date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of charity care provided at St. Vincent Medical Center for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in the St. Vincent Medical Center's service area (48 ZIP codes), as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated

August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

X.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management, Inc. shall provide an annual amount of Community Benefit Services at St. Vincent Medical Center equal to or greater than \$1,065,604 (the “Minimum Community Benefit Services Amount”) exclusive of any funds from grants. For six fiscal years, the following community benefit programs and services shall continue to be offered at its current or equivalent location:

- a. Health Benefits Resource Center; and
- b. Asian Pacific Liver Center.

The planning of, and any subsequent changes to, the community benefit services provided at St. Vincent Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.’s obligation under this Condition shall be prorated on a daily basis if the effective date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.’s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of community benefit services provided at St. Vincent Medical Center for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in St. Vincent Medical Center’s service area (48 ZIP codes), as defined on as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XI.

For at least five years from the closing date of the Asset Purchase Agreement unless otherwise indicated, Strategic Global Management, Inc. shall maintain its contracts and any amendments and exhibits thereto with the City and/or County of Los Angeles for services, including the following:

- a. Participation in the Hospital Preparedness Program between the Hospital and Los Angeles County; and

b. Radiation Therapy Services between the Hospital and Los Angeles County.

For at least five years from the closing date of the Asset Purchase Agreement, Strategic Global Management shall provide to the Los Angeles County Department of Health Services and Los Angeles County of Department of Mental Health information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Vincent Medical Center. The goal is to ensure that Strategic Global Management, Inc.'s decisions or changes in these areas will not be motivated by a desire to move away from serving the Medi-Cal population. Such information and documents will also be provided to the Local Governing Board.

XII.

For five years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall have at St. Vincent Medical Center a Local Governing Board of Directors. Strategic Global Management, Inc. shall consult with the Local Governing Board of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, including making changes to the charity care and collection policies, and making changes to charity care services provided at St. Vincent Medical Center. The members of the Local Governing Board shall include physicians from St. Vincent Medical Center's medical staff, St. Vincent Medical Center's Chief of Staff, one member designated by the Los Angeles County Board of Supervisors, and community representatives from St. Vincent Medical Center's primary service area (48 ZIP codes), as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019 attached hereto as Exhibit 1, including at least one member from a local healthcare advocacy group. Such consultation shall occur at least sixty days prior to the effective date of such changes or actions unless done so on an emergency basis. The Local Governing Board's approval is required of all reports submitted to the Attorney General regarding compliance with these Conditions.

XIII.

Strategic Global Management, Inc. shall commit to reserve or expend capital for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals over the five-year period from the closing of the Asset Purchase Agreement of the amount that remains unexpended from the \$180 million commitment required of BlueMountain Capital Management, LLC as part of the Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among the three hospitals.

XIV.

Strategic Global Management, Inc. shall commit the necessary investments required to meet and maintain OSHPD seismic compliance requirements at St. Vincent Medical Center through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070).

Verity Health System of California, Inc. shall commit the necessary capital investment required to refurbish St. Vincent Medical Center's elevators in order to meet the City of Los Angeles' Elevator Code.

XV.

Strategic Global Management, Inc. shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at St. Vincent Medical Center.

XVI.

There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at St. Vincent Medical Center, and no restriction or limitation on providing or making reproductive health services available at St. Vincent Medical Center, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Strategic Global Management Inc.'s written policies, adhered to, and strictly enforced.

XVII.

Within 15 days of the closing of date of the Asset Purchase Agreement, St. Vincent Medical Center Foundation shall transfer all charitable assets including, but not limited to, all temporary and permanently restricted funds to the California Community Foundation.

- a) The funds from St. Vincent Medical Center Foundation, if not previously restricted to support a specific charitable organization, will be deposited into the California Community Foundation's St. Vincent Medical Center Fund, and used to support nonprofit tax-exempt charitable organizations, clinics and facilities in providing healthcare services to residents of St. Vincent Medical Center's service area (48 ZIP codes), as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.
- b) If there are funds from St. Vincent Medical Center Foundation previously restricted to support a specific charitable organization, such funds shall be deposited into a fund or funds at California Community Foundation restricted to continuing support for such charitable organization or organizations. Such funds are protected against obsolescence. If the purposes of any restricted fund become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by California Community Foundation, the California Community Foundation's Board of Directors shall have the ability to modify any restriction or condition on the use such fund.

XVIII.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Strategic Global Management, Inc. shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.

XIX.

At the request of the Attorney General, all parties listed in Condition I, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and any other parties referenced in the agreements listed in Condition II shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XX.

Once the Asset Purchase Agreement is closed, all parties listed in Condition I, and any other parties referenced in the agreements listed in Condition II are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

Analysis of the Hospital's Service Area

Service Area Definition

Based upon the Hospital's CY 2017 inpatient discharges, the Hospital's service area is comprised of 48 ZIP Codes from which 71% of the Hospital's inpatient discharges came from. Approximately 38% of the Hospital's discharges originated from the top eight ZIP Codes, located in Los Angeles. In CY 2017, the Hospital's market share in the primary and secondary service area was approximately 4% based on total area discharges.

PATIENT ORIGIN, CY 2017						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
90057	Los Angeles	1,106	10.0%	10.0%	5,955	18.6%
90006	Los Angeles	726	6.5%	16.5%	5,472	13.3%
90026	Los Angeles	579	5.2%	21.7%	5,034	11.5%
90004	Los Angeles	491	4.4%	26.1%	4,691	10.5%
90005	Los Angeles	486	4.4%	30.5%	2,843	17.1%
90020	Los Angeles	297	2.7%	33.2%	2,600	11.4%
90019	Los Angeles	286	2.6%	35.8%	5,893	4.9%
90018	Los Angeles	263	2.4%	38.1%	5,975	4.4%
90029	Los Angeles	238	2.1%	40.3%	4,114	5.8%
90017	Los Angeles	235	2.1%	42.4%	2,308	10.2%
90037	Los Angeles	226	2.0%	44.4%	7,439	3.0%
90011	Los Angeles	212	1.9%	46.3%	10,436	2.0%
90012	Los Angeles	198	1.8%	48.1%	4,017	4.9%
90007	Los Angeles	195	1.8%	49.9%	3,129	6.2%
90013	Los Angeles	115	1.0%	50.9%	2,655	4.3%
90015	Los Angeles	112	1.0%	51.9%	1,918	5.8%
90014	Los Angeles	99	0.9%	52.8%	1,297	7.7%
90010	Los Angeles	50	0.5%	53.3%	311	16.1%
90009	Los Angeles	12	0.1%	53.4%	113	10.6%
PSA Sub-Total		5,926	53.4%	53.4%	76,190	7.8%
90044	Los Angeles	152	1.4%	54.7%	11,994	1.3%
90027	Los Angeles	150	1.4%	56.1%	4,273	3.5%
90016	Los Angeles	130	1.2%	57.3%	5,656	2.3%
90008	Los Angeles	127	1.1%	58.4%	4,258	3.0%
90003	Los Angeles	106	1.0%	59.4%	8,209	1.3%
90062	Los Angeles	96	0.9%	60.2%	4,018	2.4%
90028	Los Angeles	95	0.9%	61.1%	2,820	3.4%
90047	Los Angeles	87	0.8%	61.9%	7,164	1.2%
90043	Los Angeles	86	0.8%	62.6%	6,137	1.4%
90038	Los Angeles	82	0.7%	63.4%	2,349	3.5%
90033	Los Angeles	77	0.7%	64.1%	5,255	1.5%
90042	Los Angeles	68	0.6%	64.7%	5,173	1.3%
90039	Los Angeles	67	0.6%	65.3%	2,365	2.8%
90031	Los Angeles	62	0.6%	65.8%	3,161	2.0%
90065	Los Angeles	62	0.6%	66.4%	4,202	1.5%
90046	Los Angeles	61	0.5%	66.9%	4,210	1.4%
90036	Los Angeles	56	0.5%	67.5%	3,313	1.7%
90063	Los Angeles	55	0.5%	67.9%	5,008	1.1%
90001	Los Angeles	51	0.5%	68.4%	5,801	0.9%
90002	Los Angeles	46	0.4%	68.8%	5,797	0.8%
90032	Los Angeles	41	0.4%	69.2%	4,442	0.9%
90255	Huntington Park	40	0.4%	69.6%	6,172	0.6%
90023	Los Angeles	36	0.3%	69.9%	4,965	0.7%
91205	Glendale	28	0.3%	70.1%	4,781	0.6%
90041	Los Angeles	22	0.2%	70.3%	2,587	0.9%
90048	Los Angeles	20	0.2%	70.5%	2,470	0.8%
91204	Glendale	14	0.1%	70.6%	2,260	0.6%
90270	Maywood	13	0.1%	70.7%	2,309	0.6%
90069	West Hollywood	10	0.1%	70.8%	1,850	0.5%
PSA + SSA Sub-Total		7,866	70.8%	70.8%	209,289	3.8%
Other ZIPs		3,238	29.2%	100%		
Total		11,104	100%			

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

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Conditions to the Sale of Seton Medical Center¹ and Seton Coastsides² and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., Seton Medical Center, and Strategic Global Management, Inc.

I.

These Conditions shall be legally binding Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, St. Francis Medical Center Foundation, a nonprofit public benefit corporation, St. Vincent Foundation, a California nonprofit corporation, Seton Medical Center Foundation, a California nonprofit corporation, Verity Business Services, a California nonprofit public benefit corporation, Verity Medical Foundation, a California nonprofit public benefit corporation, St. Vincent de Paul Ethics Corporation, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Marillac Insurance Company, Ltd., a Cayman Islands corporation, DePaul Ventures, LLC, a California limited liability company, DePaul Ventures – San Jose ASC, LLC, a California limited liability company, DePaul Ventures – San Jose Dialysis, LLC, a California limited liability company, and Strategic Global Management, Inc., a California corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities including, but not limited to, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of Seton Medical Center and Seton Coastsides, or the real property on which Seton and Seton Coastsides are located, any and all current and future owners, lessees, licensees, or operators of Seton Medical Center and Seton Coastsides, and any and all current and future lessees and owners of the real property on which Seton Medical Center and Seton Coastsides are located.

II.

¹ Throughout this document, the term “Seton Medical Center” shall mean the general acute care hospital located at 1900 Sullivan Ave., Daly City, CA 94015, and any other clinics, laboratories, units, services, or beds included on the license issued to Seton Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

² Throughout this document, the term “Seton Coastsides” shall mean the skilled nursing facility with 5 general acute care beds located at 600 Marine Boulevard, Moss Beach, CA 94038-9641, and any other clinics, laboratories, units, services, or beds included on the license issued to Seton Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement dated January 8, 2019, by and among, Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, and Strategic Global Management, Inc., a California corporation, and any agreements or documents referenced in or attached to as an exhibit or schedule and any other documents referenced in the Asset Purchase Agreement, including, but not limited to, the Sale Leaseback Agreement and Interim Management Agreement.

All the entities listed in Condition I, and any other parties referenced in the above agreements shall fulfill the terms of these agreements or documents and shall notify and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of these agreements or documents. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and obtain the Attorney General's approval.

III.

For approximately 6 years (until December 13, 2025) from the closing date of the Asset Purchase Agreement, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and all future owners, managers, lessees, licensees, or operators of Seton Medical Center and Seton Coastsides shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

(a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of Seton Medical Center or Seton Coastsides;

(b) Transfer control, responsibility, management, or governance of Seton Medical Center or Seton Coastsides. The substitution, merger or addition of a new member or members of the governing body of Strategic Global Management, Inc. that transfers the control of, responsibility for or governance of Seton Medical Center or Seton Coastsides, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Strategic Global Management, Inc., or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Strategic Global Management, Inc. shall also be deemed a transfer for purposes of this Condition.

IV.

For the remainder of the term³ (until December 13, 2025), Seton Medical Center (including Seton Coastside because both facilities are on the same license) shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250).

V.

For the remainder of the term (until December 13, 2025), the Seton Medical Center shall maintain 24-hour emergency medical services at a minimum of 18 treatment stations with the same types and/or levels of services, including:

- a. Designation as a STEMI Receiving Center; and
- b. Advanced certification as a Primary Stroke Center;

VI.

For the remainder of the term (until December 13, 2025), Seton Medical Center shall maintain the following services at current⁴ licensure, types, and/or levels of services, including:

- a. Cardiac services, including the 2 cardiac catheterization labs;
- b. Critical care services, including a minimum of 20 intensive care/coronary care beds;
- c. Psychiatric services, including a minimum of 22 distinct part beds with at least 20 beds available for the geriatric psychiatric unit;
- d. Women's health services, including the Seton Breast Health Center and women's imaging and mammography services; and
- e. Sub-acute services, including a minimum of 44 sub-acute beds and Medi-Cal Certification as a sub-acute unit.

Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VII.

³ The term "For the remainder of the term" refers to the Conditions to Change in Control and Governance of Seton Medical Center and Seton Coastside and Approval of the System Restructuring and Support Agreement by and among Daughters of Charity Ministry Services Corporation, Daughters of Charity Health System, Certain Funds Managed by BlueMountain Capital Management, LLC, and Integrity Healthcare, LLC., dated December 3, 2015. The System Restructuring and Support Agreement closed on December 14, 2015.

⁴ The term "current" or "currently" throughout this document means as of January 1, 2019.

For at least five years from the closing date of the Asset Purchase Agreement, Seton Medical Center shall maintain the following services at current licensure, types, and/or levels of services:

- a. Gastroenterology services, including enteroscopy, endoscopy, and colonoscopy services;
- b. Cancer services, including inpatient oncology services, interventional radiology, radiation therapy, and for those patients that may be in need of infusion therapy treatment, a referral process to other nearby hospitals or clinics, including Stanford Cancer Center, UCSF Helen Diller Comprehensive Care Cancer Clinic, St. Mary's Cancer Center, or other health facility that provides infusion therapy services. The referral process shall be memorialized in the policies and procedures at Seton Medical Center and should include procedures on how to assist patients with accessing infusion therapy at the nearby hospitals or clinics, and the transferring of patient medical records;
- c. 's written policies or procedures that refers patients that require medical infusion to be referred to another nearby hospital or entity that provides medial infusion services;
- d. Orthopedics and rehabilitation services, including spine care services;
- e. Diabetes services, including Northern California Diabetes Institute;
- f. Wound care services, including Seton Center for Advanced Wound Care; and
- g. Nephrology services.

Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VIII.

For the remainder of the term (until December 13, 2025), Seton Medical Center shall maintain the following services at current licensure, types, and/or levels of services at Seton Coastside including:

- a. 24-hour "standby" Emergency Department, with a minimum of 7 treatment stations; and
- b. Skilled nursing services, including a minimum of 116 licensed skilled nursing beds.

IX.

For at least five years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be

moved to a different location within a three-mile radius of each clinic's current location, and Seton Medical and Seton Coastsides can utilize an alternative structure in providing such services.

The following clinics are subject to this condition shall maintain the same types and/or levels of services provided, including women's healthcare services, and mammography services:

- a. Women's Health Services, located at 1850 Sullivan Avenue, Suite 190, Daly City California.
- b. Imaging Services located at 1850 Sullivan Avenue, Suite 100, Daly City California; and
- c. Wound Care Services, located at 1850 Sullivan Avenue, Suite 115, Daly City California.

X.

For six fiscal years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall provide an annual amount of Charity Care (as defined below) at Seton Medical Center and Seton Coastsides equal to or greater than \$1,055,863 (the Minimum Charity Care Amount). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Strategic Global Management, Inc. in connection with the operation and provision of services at Seton Medical Center and Seton Coastsides. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by Office of Statewide Health Planning Development (OSHPD) for annual hospital reporting purposes.⁵

Strategic Global Management, Inc. shall use and maintain a charity care policy that is no less favorable than Verity Health System of California, Inc.'s current charity care policy (Verity's Financial Assistance Policy No. 06.03.04 effective December 5, 2017 and revised and reviewed June 20, 2018) and in compliance with California and Federal law at Seton Medical Center and Seton Coastsides. Within 90 days from the closing of the Asset Purchase Agreement, Strategic Global Management, Inc. will amend the Financial Assistance Policy to include as follows:

- a. A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy must be posted at Seton Medical Center and Seton Coastsides in a prominent location in the emergency room, admissions area, and any other location in the hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and hospital outpatient service settings.
- b. A copy of the Financial Assistance Policy, the Application for Financial Assistance, and the plain language summary of the Financial Assistance Policy must be posted in a prominent place on each Seton Medical Center's and Seton Coastsides's website(s).

⁵ OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, "the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

- c. If requested by a patient, a copy of the Financial Assistance Policy, Application for Financial Assistance, and the plain language summary must be sent by mail at no cost to the patient.
- d. As necessary, and at least on an annual basis, Strategic Global Management, Inc. will place an advertisement regarding the availability of financial assistance at Seton Medical Center and Seton Coastsides in a newspaper of general circulation in the communities served by the hospitals, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by the hospitals.
- e. Strategic Global Management, Inc. will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at Seton Medical Center and Seton Coastsides.
- f. By December 1, 2019, all staff that interacts with patients and their families concerning payment of services shall be given training to make patients and their families aware of and informed of Strategic Global Management, Inc.'s Financial Assistance Policy at Seton Medical Center and Seton Coastsides.

Any planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at Seton Medical Center and Seton Coastsides shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the closing date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose, California Average Base Period: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics). If the actual amount of charity care provided at Seton Medical Center and Seton Coastsides for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in the Seton Medical Center service area (14 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XI.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management, Inc. shall provide an annual amount of Community Benefit Services at Seton Medical Center and Seton Coastsides equal to or greater than \$685,870 (the "Minimum Community Benefit Services Amount") exclusive of any funds from grants. For six fiscal years,

the following community benefit programs and services shall continue to be offered at its current or equivalent location:

- a. Health Benefits Resource Center; and
- b. RotaCare Clinic.

The planning of, and any subsequent changes to, the community benefit services provided at Seton Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the effective date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose, California Average Base Period: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics). If the actual amount of community benefit services provided at Seton Medical Center and Seton Coastside for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in Seton Medical Center's service area (14 ZIP codes), as defined on as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XII.

For the remainder of the term (until December 13, 2025), Strategic Global Management, Inc. shall:

- a) Be certified to participate in the Medi-Cal program at Seton Medical Center and Seton Coastside;
- b) Maintain and have a Medi-Cal Managed Care contract with San Mateo Health Commission dba Health Plan of San Mateo or its successor to provide the same types and levels of emergency and non-emergency services at Seton Medical Center and Seton Coastside to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause or not extended or renewed by the Medi-Cal Managed Care Plan.

If Strategic Global Management, Inc. questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the Attorney General's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.

c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at Seton Medical Center and Seton Coastside to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care) as required in these Conditions.

XIII.

For at least five years from the closing date of the Asset Purchase Agreement unless otherwise indicated, Strategic Global Management, Inc. shall maintain its contracts and any amendments and exhibits thereto with the County of San Mateo, unless otherwise terminated by the County of San Mateo, for services, including the following:

- a. Participation in the Hospital Preparedness Program between the Hospital (jointly with Seton Coastside) and San Mateo County;
- b. STEMI Receiving Center Designation between the Hospital and San Mateo County;
- c. Financial Support for Seismic Upgrades between the Hospital and San Mateo County;
- d. Information Sharing and Data Use Agreement between the Hospital and the County of San Mateo Health System;
- e. Fee for Service Hospital Services Agreement between the Hospital (jointly with Seton Coastside) and San Francisco Health Plan;
- f. Memorandum of Understanding between the Hospital and San Mateo County Behavioral Health and Recovery Services Division;
- g. Affiliation Agreement for the Radiology Technology Program between the Hospital and San Mateo College District;
- h. Affiliation Agreement for the Registered Nursing Program between the Hospital (jointly with Seton Coastside) and San Mateo College District;
- i. Patient Transfer Agreement between the Hospital and San Mateo County Medical Center;
- j. Rail Shuttle Bus Service Administration for Seton Shuttle Agreement between the Hospital and San Mateo County Transit District;
- k. Medical Services Agreement between the Hospital and San Mateo Health Community Health Authority- Access and Care for Everyone (ACE) Program;
- l. Hospital Medi-Cal Hospital Agreement between the Hospital and San Mateo Health Commission dba Health Plan of San Mateo;
- m. Memorandum of Understanding for Long Term Care Partnership Program between the Hospital and San Mateo Health Commission dba Health Plan of San Mateo; and
- n. Care Advantage Hospital Service Agreement between the Hospital and San Mateo Health Commission dba Health Plan of San Mateo.

XIV.

For the remainder of the term (until December 13, 2025), Strategic Global Management, Inc. shall have at Seton Medical Center and Seton Coastside Local Governing Board(s) of Directors. Strategic Global Management, Inc. shall consult with the Local Governing Board(s) of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, making changes to the charity care and collection policies, and making changes to charity care services provided at Seton Medical Center and Seton Coastside. The members of the Local Governing Board(s) shall include physicians from Seton Medical Center's and Seton Coastside's medical staff, Seton Medical Center's and Seton Coastside's Chief(s) of Staff, one member designated by the San Mateo County Board of Supervisors, and community representatives from Seton Medical Center's and Seton Coastside's service area (14 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019, attached hereto as Exhibit 1, including at least one member from a local healthcare advocacy group. Such consultation shall occur at least sixty days prior to the effective date of such changes or actions unless done so on an emergency basis. The Local Governing Board(s)'s approval is required of all reports submitted to the Attorney General regarding compliance with these Conditions.

XV.

Strategic Global Management, Inc. shall commit to reserve or expend capital for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals over the five-year period from the closing of the Asset Purchase Agreement of the amount that remains unexpended from the \$180 million commitment required of BlueMountain Capital Management, LLC as part of the Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among the three hospitals.

XVI.

Strategic Global Management, Inc. shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at Seton Medical Center and Seton Coastside.

XVII.

Strategic Global Management, Inc. shall commit the necessary investments required to meet and maintain OSHPD seismic compliance requirements at Seton Medical Center and Seton Coastside through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070). Strategic Global Management, Inc. shall meet construction benchmarks which include the starting of construction on the 1963 Tower, and as detailed on the attached Exhibit 2.

XVIII.

There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at Seton Medical Center and Seton Coastside, and no restriction or limitation on providing or making reproductive health services available at Seton Medical Center and Seton Coastside, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Strategic Global Management Inc.'s written policies, adhered to, and strictly enforced.

XIX.

Within 15 days of the Attorney General's approval, Seton Medical Center Foundation shall transfer all charitable assets including, but not limited to, all temporary and permanently restricted funds to the California Community Foundation.

- a) The funds from Seton Medical Center Foundation, if not previously restricted to support a specific charitable organization, will be deposited into the California Community Foundation's Seton Medical Foundation, and used to support nonprofit tax-exempt charitable organizations, clinics and facilities in providing healthcare services to residents of Seton Medical Foundation's service area (14 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019. (Exhibit 1.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.
- b) If there are funds from Seton Medical Foundation previously restricted to support a specific charitable organization, such funds shall be deposited into a fund or funds at California Community Foundation restricted to continuing support for such charitable organization or organizations. Such funds are protected against obsolescence. If the purposes of any restricted fund become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by California Community Foundation, the California Community Foundation's Board of Directors shall have the ability to modify any restriction or condition on the use such fund.

XX.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Strategic Global Management, Inc. shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.

XXI.

At the request of the Attorney General, all parties listed in Condition I, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and any other parties

referenced in the agreements listed in Condition II shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XXII.

Once the Asset Purchase Agreement is closed, all parties listed in Condition I, and any other parties referenced in the agreements listed in Condition II are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

Analysis of the Hospital's Service Area

Service Area Definition

The Hospital's service area is comprised of 14 ZIP Codes, from which approximately 82% of its discharges originated in CY 2017. Approximately 55% of the Hospital's discharges came from the top three ZIP Codes, located in Daly City, and South San Francisco. In CY 2017, the Hospital's market share in the service area was 12.6% based on inpatient discharges.

PATIENT ORIGIN, CY 2017						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
94015	Daly City	1,347	25.5%	25.5%	4,640	29.0%
94014	Daly City	798	15.1%	40.6%	3,337	23.9%
94080	South San Francisco	732	13.8%	54.4%	5,074	14.4%
94044	Pacifica	533	10.1%	64.5%	2,972	17.9%
94112	San Francisco	263	5.0%	69.5%	6,620	4.0%
94066	San Bruno	216	4.1%	73.5%	3,515	6.1%
94134	San Francisco	130	2.5%	76.0%	3,795	3.4%
94132	San Francisco	114	2.2%	78.2%	1,908	6.0%
94019	Half Moon Bay	74	1.4%	79.6%	1,194	6.2%
94038	Moss Beach	46	0.9%	80.4%	249	18.5%
94005	Brisbane	21	0.4%	80.8%	369	5.7%
94037	Montara	14	0.3%	81.1%	183	7.7%
94018	El Granada	12	0.2%	81.3%	257	4.7%
94017	Daly City	11	0.2%	81.5%	33	33.3%
Subtotal		4,311	81.5%	81.5%	34,146	12.6%
Other ZIPs		977	18.5%	100%		
Total		5,288	100%			

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

4

Report Year and Quarter
All

AB 2190 Quarterly Reports for 10801 Seton Medical Center

OS-IPD Building Nbr	Bldg Name	Report Year and Quarter	Construction Project Nbr	Milestone Date	Milestone Description	Milestone Comments	Milestone Quarterly Update
BLD-00546	1993 Tower	2019 - Q2	I160019-41-00; I160019-41-01; I160019-41-02; I160019-41-03	4/1/2020	Start Construction		On schedule
				7/1/2022	Complete Construction		On schedule
BLD-00547	Front Wing	2019 - Q2	I160020-41-00; I160020-41-01	4/1/2020	Start Construction		On schedule
				7/1/2022	Complete Construction		On schedule

Exhibit C

The Additional Conditions

Conditions to the Sale of St. Francis Medical Center¹ and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., Seton Medical Center, and Strategic Global Management, Inc.

I.

These Conditions shall be legally binding on Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, ~~St. Francis Medical Center Foundation, a nonprofit public benefit corporation, St. Vincent Foundation, a California nonprofit corporation, Seton Medical Center Foundation, a California nonprofit corporation, Verity Business Services, a California nonprofit public benefit corporation, Verity Medical Foundation, a California nonprofit public benefit corporation, St. Vincent de Paul Ethics Corporation, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Marillae Insurance Company, Ltd., a Cayman Islands corporation, DePaul Ventures, LLC, a California limited liability company, DePaul Ventures—San Jose ASC, LLC, a California limited liability company, DePaul Ventures—San Jose Dialysis, LLC, a California limited liability company,~~ and Strategic Global Management, Inc., a California corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities including, but not limited to, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of St. Francis Medical Center, or the real property on which St. Francis Medical Center is located, any and all current and future owners, lessees, licensees, or operators of St. Francis Medical Center, and any and all current and future lessees and owners of the real property on which St. Francis Medical Center is located.

II.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement dated January 8, 2019, by and among, Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a

¹ Throughout this document, the term “St. Francis Medical Center” shall mean the general acute care hospital located at 3630 East Imperial Highway, Lynwood, CA 90262, and any other clinics, laboratories, units, services, or beds included on the license issued to St. Francis Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

California nonprofit public benefit corporation, and Strategic Global Management, Inc., a California corporation, and any agreements or documents referenced in or attached to as an exhibit or schedule and any other documents referenced in the Asset Purchase Agreement, including, but not limited to, the Sale Leaseback Agreement and Interim Management Agreement.

All the entities listed in Condition I, and any other parties referenced in the above agreements shall fulfill the terms of these agreements or documents and shall notify and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of these agreements or documents. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and obtain the Attorney General's approval.

III.

For ten years from the closing date of the Asset Purchase Agreement, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and all future owners, managers, lessees, licensees, or operators of St. Francis Medical Center shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

- (a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of St. Francis Medical Center;
- (b) Transfer control, responsibility, management, or governance of St. Francis Medical Center. The substitution, ~~merger~~ or addition of a new member or members of the governing body of Strategic Global Management, Inc. that transfers the control of, responsibility for or governance of St. Francis Medical Center, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Strategic Global Management, Inc., or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Strategic Global Management, Inc. shall also be deemed a transfer for purposes of this Condition.

IV.

For ~~ten years from the closing date~~ remainder of the ~~Asset Purchase Agreement~~, term² (until December 13, 2025), St. Francis Medical Center shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250) and shall maintain and provide 24-hour emergency and trauma medical services at no less than

² The term "For the remainder of the term" refers to the Conditions to Change in Control and Governance of St. Francis Medical Center and Approval of the System Restructuring and Support Agreement by and among Daughters of Charity Ministry Services Corporation, Daughters of Charity Health System, Certain Funds Managed by BlueMountain Capital Management, LLC, and Integrity Healthcare, LLC., dated December 3, 2015. The System Restructuring and Support Agreement closed on December 14, 2015 ("2015 Conditions")

current³ licensure and designation with the same types and/or levels of services, including the following:

- a. 46 emergency treatment stations at a minimum;
- b. Designation as a Level II Trauma Center;
- c. Designation as a 5150 Receiving Facility, as defined by the Welfare and Institutions Code, section 5150, for behavioral health patients under involuntary evaluation;
- d. Psychiatric evaluation team;
- e. Designation as an Emergency Department Approved for Pediatrics (EDAP);
- f. Designation as a Paramedic Base Station; and
- g. Certification as a Primary Stroke Center.

Strategic Global Management, Inc. must give one-year advance written notice to the Los Angeles County Emergency Medical Services Agency and the California Department of Public Health if St. Francis Medical Center seeks to reduce trauma or trauma-related care services or stop operating the Level II Trauma Center after ten years from the closing date of the Asset Purchase Agreement.

V.

For ~~at least ten years from the closing date~~remainder of the ~~Asset Purchase Agreement, term (until December 13, 2025)~~, St. Francis Medical Center shall maintain ~~Center~~ on-call coverage contracts and/or comparable coverage arrangements with physicians at fair market value that are necessary to retain its qualification as a Level II trauma center. ~~Trauma II designation requires 24-hour immediate coverage by general surgeons, as well as coverage by the specialties of orthopedic surgery, neurosurgery, anesthesiology, emergency medicine, radiology and critical care. Requirements for on-call and promptly available specialties include the following:~~The following on-call coverage contracts and/or comparable coverage arrangements are required to retain St. Francis Medical Center's status as a Level II trauma center:

- a. Neurology;
- b. Obstetrics/gynecology;
- c. Ophthalmology;
- d. Oral or maxillofacial or head and neck;
- e. Orthopaedic;
- ~~e.f.~~ f. Plastic surgery;
- ~~f.g.~~ g. Reimplantation/microsurgery capability (this surgical service may be provided through a written transfer agreement); and
- ~~g.h.~~ h. Urology.⁴

VI.

³ The term "current" or "currently" throughout this document means as of January 1, 2019.

⁴ 22 CCR 100259(a)(8)(B).

For ~~at least ten years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2025), St. Francis Medical Center shall maintain the following services at current licensure, types, and/or levels of services:

- a. Cardiac services, including three cardiac catheterization labs and the designation as a STEMI Receiving Center;
- b. Critical care services, including a minimum of 36 intensive care unit beds or 24 intensive care beds and 12 definitive observation beds;
- c. Neonatal intensive care services, including a minimum of 29 neonatal intensive care beds, and at minimum, maintaining a Level II NICU;
- d. Women's health services, including women's imaging services;
- ~~e. Cancer services, including radiation oncology;~~
- ~~f.e.~~ Pediatric services, including a designated area with at least five general acute care beds for pediatric services;
- ~~g.f.~~ Orthopedic and rehabilitation services;
- ~~h.g.~~ Wound care services;
- ~~i.h.~~ Behavioral health services, including a minimum of 40 distinct part inpatient acute psychiatric beds; and
- ~~j.i.~~ Perinatal services, including a minimum of 50 perinatal beds.

For the remainder of the term (until December 13, 2025), Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VII.

For ~~at least ten years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2025), St. Francis Medical Center shall maintain the same types and/or levels of women's healthcare services currently provided ~~at the location below or a location within three miles of St. Francis Medical Center.~~

- ~~a. Family Life Center at St. Francis Medical Center, located at 3630 E Imperial Highway, Lynwood, California.~~

VIII.

For ~~at least five years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2020), Strategic Global Management, Inc. shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for ~~5 years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2020), and to participate in the Medi-Cal and Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for ~~5 years from the closing~~

~~date~~remainder of the ~~Asset Purchase Agreement~~term (December 13, 2020), and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be moved to a different location within a three-mile radius of each clinic's current location, and St. Francis Medical Center can utilize an alternative structure in providing such services. The following clinics are subject to this condition:

- ~~a. Pediatric services at Children's Counseling Center, 4390 Tweedy Ave, South Gate, California;~~
- ~~b. The multi-specialty services, including wound care at Wound Care Center, 3628 E. Imperial Highway, Suite 103, Lynwood, California; and~~
- ~~c. a. Orthopedic services at 3628 E. Imperial Highway, Suite 300, Lynwood, California.~~

IX.

For ~~ten years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2025), Strategic Global Management, Inc. shall:

- a) Be certified to participate in the Medi-Cal program at St. Francis Medical Center;
- b) Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause or not extended or renewed by the Medi-Cal Managed Care Plan:
 - i) Local Initiative: L.A. Care Health Plan or its successor; and
 - ii) Commercial Plan: Health Net Community Solutions, Inc. or its successor.

If Strategic Global Management, Inc. questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the Attorney General's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.

- c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Francis Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care), on the same terms and conditions as other similarly situated hospitals, as required in these Conditions.

X.

For ~~six fiscal years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2026), Strategic Global Management, Inc. shall provide an annual amount of Charity Care (as defined below) at St. Francis Medical Center equal to or greater than ~~\$12,793,435~~\$8,000,000 (the Minimum Charity Care Amount). For purposes hereof, the term “charity care” shall mean the amount of charity care costs (not charges) incurred by Strategic Global Management, Inc. in connection with the operation and provision of services at St. Francis Medical Center. The definition and methodology for calculating “charity care” and the methodology for calculating “costs” shall be the same as that used by Office of Statewide Health Planning Development (OSHDP) for annual hospital reporting purposes.⁵

~~Strategic Global Management, Inc. shall use and maintain a charity care policy that is no less favorable than Verity Health System of California, Inc.’s current charity care policy (Verity’s Financial Assistance Policy No. 06.03.04 effective December 5, 2017 and revised and reviewed June 20, 2018) and in compliance with California and Federal law at St. Francis Medical Center. Within 90 days from the closing of the Asset Purchase Agreement, Strategic Global Management, Inc. will amend the Financial Assistance Policy to include as follows:~~

- ~~a. A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy must be posted at St. Francis Medical Center in a prominent location in the emergency room, admissions area, and any other location in the hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and hospital outpatient service settings.~~
- ~~b. A copy of the Financial Assistance Policy, the Application for Financial Assistance, and the plain language summary of the Financial Assistance Policy must be posted in a prominent place on St. Francis Medical Center’s website.~~
- ~~c. If requested by a patient, a copy of the Financial Assistance Policy, Application for Financial Assistance, and the plain language summary must be sent by mail at no cost to the patient.~~
- ~~d. As necessary, and at least on an annual basis, Strategic Global Management, Inc. will place an advertisement regarding the availability of financial assistance at St. Francis Medical Center in a newspaper of general circulation in the communities served by the hospital, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by the hospital.~~
- ~~e. Strategic Global Management, Inc. will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at St. Francis Medical Center.~~
- ~~f. By December 1, 2019, all staff that interacts with patients and their families concerning payment of services shall be given training to make patients and their families aware of~~

⁵ OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, “the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient’s accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account.”

~~and informed of Strategic Global Management, Inc.'s Financial Assistance Policy at St. Francis Medical Center.~~

~~Any planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at St. Francis Medical Center shall be decided after consultation with the Local Governing Board of Directors.~~

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the closing date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of charity care provided at St. Francis Medical Center for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in the St. Francis Medical Center's service area (31 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XI.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management, Inc. shall provide an annual amount of Community Benefit Services at St. Francis Medical Center equal to or greater than \$1,139,301 (the "Minimum Community Benefit Services Amount") exclusive of any funds from grants. For six fiscal years, the following community benefit programs and services shall continue to be offered at its current or equivalent location:

~~Southern California Crossroads Program;~~

- a. Health Benefit Resource Center;
- b. Welcome Baby Program;
- c. Healthy Community Initiatives;
- d. American Career College access for onsite training;
- e. Paramedic Training and Education; and
- f. Patient Transportation support.

The planning of, and any subsequent changes to, the community benefit services provided at St. Francis Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the effective date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of community benefit services provided at St. Francis Medical Center for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in St. Francis Medical Center's service area (31 ZIP codes), as defined on as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1). Such payment(s) shall be made within six months following the end of such fiscal year.

XII.

For ~~at least ten years from the remainder of the closing date of the Asset Purchase Agreement unless otherwise indicated,~~term (until December 13, 2025), Strategic Global Management, Inc. shall maintain its contracts and any amendments and exhibits thereto with the City and/or County of Los Angeles for services, including the following:

- a. Participation in the Hospital Preparedness Program between the Hospital and Los Angeles County;
- b. Department of Mental Health Legal Entity Contract between the Hospital and Los Angeles County;
- c. Paramedic Base Hospital Services between the Hospital and Los Angeles County;
- d. Radiation Therapy Services between the Hospital and Los Angeles County;
- e. Designation Agreement between the County of Los Angeles Department of Mental Health (LAC-DMH) and the Hospital and approved as a 72-hour Evaluation and Intensive Treatment facility;
- ~~f. Affiliation Agreement for physicians in post graduate training;~~
- ~~g.f.~~ Trauma Center Service Agreement between the Hospital and Los Angeles County;
- and
- ~~h.g.~~ Paramedic Training Institute Students between the Hospital and Los Angeles County.

For ~~at least ten years from the closing date,~~remainder of the Asset Purchase Agreement,term (until December 13, 2025), Strategic Global Management shall provide to the Los Angeles County Department of Health Services and Los Angeles County of Department of Mental Health information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Francis Medical Center. The goal is to ensure that

Strategic Global Management, Inc.'s decisions or changes in these areas will not be motivated by a desire to move away from serving the Medi-Cal population. Such information and documents will also be provided to the Local Governing Board.

XIII.

For ~~ten years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2025), Strategic Global Management, Inc. shall have at St. Francis Medical Center a Local Governing Board of Directors. Strategic Global Management, Inc. shall consult with the Local Governing Board of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, including making changes to the charity care and collection policies, and making changes to charity care services provided at St. Francis Medical Center. The members of the Local Governing Board shall include physicians from St. Francis Medical Center's medical staff, St. Francis Medical Center's Chief of Staff, one member designated by the Los Angeles County Board of Supervisors, and community representatives from St. Francis Medical Center's primary service area (31 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019 attached hereto as Exhibit 1, including at least one member from a local healthcare advocacy group. Such consultation shall occur at least sixty days prior to the effective date of such changes or actions unless done so on an emergency basis. The Local Governing Board's approval is required of all reports submitted to the Attorney General regarding compliance with these Conditions.

XIV.

Strategic Global Management, Inc. shall commit to reserve or expend ~~capital~~ for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals over the five-year period from the closing of the Asset Purchase Agreement ~~of~~ the amount of capital ("Capital Amount") that remains unexpended from the \$180 million commitment required of BlueMountain Capital Management, LLC as part of the ~~Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among the three hospitals~~2015 Conditions. The Capital Amount is calculated based on Strategic Global Management, Inc.'s proportionate share (i.e. 72%) of the \$180 million capital commitment from the 2015 Conditions that remains unexpended as of the closing of the Asset Purchase Agreement, to be allocated across the acquired Verity facilities as it deems appropriate, over a five year period from the closing of the Asset Purchase Agreement. The total commitment to reserve or expend capital, for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals will not exceed Seventy-Five Million Dollars (\$75,000,000).

XV.

Strategic Global Management, Inc. shall commit the necessary investments required to maintain OSHPD seismic compliance requirements at the Hospital through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Safety. Code, § 129675-130070).

XVI.

Attachment 4 (Part 2)
Enforcement Motion

Debtors' App. pp. 886 - 1000

~~Strategic Global Management, Inc. shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at St. Francis Medical Center.~~

[REMOVED]

XVII.

There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at St. Francis Medical Center, and no restriction or limitation on providing or making reproductive health services available at St. Francis Medical Center, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Strategic Global Management, Inc.'s written policies, adhered to, and strictly enforced.

XVIII.

~~Within 15 days of the closing of date of the Asset Purchase Agreement, St. Francis Medical Center Foundation shall transfer all charitable assets including, but not limited to, all temporary and permanently restricted funds to the California Community Foundation.~~

- ~~a) The funds from St. Francis Medical Center Foundation, if not previously restricted to support a specific charitable organization, will be deposited into the California Community Foundation's St. Francis Medical Center Fund, and used to support nonprofit tax-exempt charitable organizations, clinics and facilities in providing healthcare services to residents of St. Francis Medical Center's service area (31 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.~~
- ~~b) If there are funds from St. Francis Medical Center Foundation previously restricted to support a specific charitable organization, such funds shall be deposited into a fund or funds at California Community Foundation restricted to continuing support for such charitable organization or organizations. Such funds are protected against obsolescence. If the purposes of any restricted fund become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by California Community Foundation, the California Community Foundation's Board of Directors shall have the ability to modify any restriction or condition on the use such fund.~~

[REMOVED]

XIX.

For ~~eleven~~seven fiscal years from the closing date of the Asset Purchase Agreement, Strategic Global Management shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Strategic Global Management, Inc. shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.

XX.

At the request of the Attorney General, all parties listed in Condition I, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and any other parties referenced in the agreements listed in Condition II shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XXI.

Once the Asset Purchase Agreement is closed, all parties listed in Condition I, and any other parties referenced in the agreements listed in Condition II are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

~~The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.~~

Analysis of the Hospital's Service Area

Service Area Definition

Based upon the Hospital's CY 2017 inpatient discharges, the Hospital's service area is comprised of 31 ZIP Codes from which 75% of the Hospital's inpatient discharges came from. Approximately 51% of the Hospital's discharges originated from the top eight ZIP Codes, located in Lynwood, South Gate, Los Angeles, Bell, Compton, Bell Gardens, and Huntington Park. In CY 2017, the Hospital's market share in the service area was approximately 11% based on total area discharges.

PATIENT ORIGIN, CY 2017						
ZIP Code	Community	Discharges	Percentage of Discharges	Cumulative Percentage	Market Share	Total Discharges
90262	Lynwood	2,490	11.1%	11.1%	38.1%	6,538
90280	South Gate	2,187	9.8%	20.9%	29.0%	7,554
90221	Compton	1,400	6.3%	27.2%	24.1%	5,812
90201	Bell	1,359	6.1%	33.3%	16.3%	8,363
90002	Los Angeles	1,066	4.8%	38.0%	18.4%	5,797
90255	Huntington Park	956	4.3%	42.3%	15.5%	6,172
90059	Los Angeles	948	4.2%	46.6%	17.2%	5,527
90001	Los Angeles	922	4.1%	50.7%	15.6%	5,901
90220	Compton	708	3.2%	53.9%	12.7%	5,554
90222	Compton	700	3.1%	57.0%	18.1%	3,868
90003	Los Angeles	625	2.8%	59.8%	7.6%	8,209
90044	Los Angeles	542	2.4%	62.2%	4.5%	11,994
90723	Paramount	525	2.3%	64.6%	11.7%	4,483
90061	Los Angeles	358	1.6%	66.2%	9.5%	3,764
90650	Norwalk	344	1.5%	67.7%	3.3%	10,373
90270	Maywood	282	1.3%	69.0%	12.2%	2,309
90805	Long Beach	267	1.2%	70.2%	2.7%	9,940
90706	Bellflower	263	1.2%	71.3%	3.6%	7,223
90242	Downey	252	1.1%	72.5%	6.2%	4,038
90241	Downey	224	1.0%	73.5%	6.0%	3,726
90660	Pico Rivera	91	0.4%	73.9%	1.4%	6,608
90240	Downey	69	0.3%	74.2%	3.3%	2,073
90670	Santa Fe Springs	46	0.2%	74.4%	2.7%	1,703
90605	Whittier	44	0.2%	74.6%	1.1%	4,082
90606	Whittier	44	0.2%	74.8%	1.4%	3,244
90703	Cerritos	37	0.2%	74.9%	0.9%	4,026
90604	Whittier	32	0.1%	75.1%	0.9%	3,698
90701	Artesia	31	0.1%	75.2%	1.7%	1,813
90638	La Mirada	30	0.1%	75.4%	0.7%	4,274
90603	Whittier	3	0.0%	75.4%	0.1%	2,152
90639	La Mirada	0	0.0%	75.4%	0.0%	10
Sub-Total		16,845	75.4%	75.4%	10.5%	160,828
All Other		5,504	24.6%	100%		
Grand Total		22,349	100%			

Source: OSHPD Discharge Database, CY 2017

Conditions to the Sale of St. Vincent Medical Center¹ and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., Seton Medical Center, and Strategic Global Management, Inc.

I.

These Conditions shall be legally binding on Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, ~~St. Francis Medical Center Foundation, a nonprofit public benefit corporation, St. Vincent Foundation, a California nonprofit corporation, Seton Medical Center Foundation, a California nonprofit corporation, Verity Business Services, a California nonprofit public benefit corporation, Verity Medical Foundation, a California nonprofit public benefit corporation, St. Vincent de Paul Ethics Corporation, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Marillac Insurance Company, Ltd., a Cayman Islands corporation, DePaul Ventures, LLC, a California limited liability company, DePaul Ventures — San Jose ASC, LLC, a California limited liability company, DePaul Ventures — San Jose Dialysis, LLC, a California limited liability company,~~ and Strategic Global Management, Inc., a California corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities including, but not limited to, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of St. Vincent Medical Center, or the real property on which St. Vincent Medical Center is located, any and all current and future owners, lessees, licensees, or operators of St. Vincent Medical Center, and any and all current and future lessees and owners of the real property on which St. Vincent Medical Center is located.

II.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement dated January 8, 2019, by and among, Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical

¹ Throughout this document, the term “St. Vincent Medical Center” shall mean the general acute care hospital located at 2131 West Third Street, Los Angeles, CA 90057, and any other clinics, laboratories, units, services, or beds included on the license issued to St. Vincent Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

Center, a California nonprofit public benefit corporation, and Strategic Global Management, Inc., a

California corporation, and any agreements or documents referenced in or attached to as an exhibit or schedule and any other documents referenced in the Asset Purchase Agreement, including, but not limited to, the Sale Leaseback Agreement and Interim Management Agreement.

All the entities listed in Condition I, and any other parties referenced in the above agreements shall fulfill the terms of these agreements or documents and shall notify and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of these agreements or documents. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and obtain the Attorney General's approval.

III.

For five years from the closing date of the Asset Purchase Agreement, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and all future owners, managers, lessees, licensees, or operators of St. Vincent Medical Center shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

(a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of St. Vincent Medical Center;

(b) Transfer control, responsibility, management, or governance of St. Vincent Medical Center. The substitution, ~~merger~~ or addition of a new member or members of the governing body of Strategic Global Management, Inc. that transfers the control of, responsibility for or governance of St. Vincent Medical Center, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Strategic Global Management, Inc., or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Strategic Global Management, Inc. shall also be deemed a transfer for purposes of this Condition.

IV.

For ~~five years from the closing date~~ remainder of the ~~Asset Purchase Agreement unless otherwise stated~~, term² (until December 13, 2020), St. Vincent Medical Center shall be operated

² The term "For the remainder of the term" refers to the Conditions to Change in Control and Governance of St. Vincent Medical Center and Approval of the System Restructuring and Support Agreement by and among Daughters of Charity Ministry Services Corporation, Daughters of Charity Health System, Certain Funds Managed by BlueMountain Capital

and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250). If, on Strategic Global Management, Inc.'s further evaluation, the cost to seismically retrofit the St. Vincent Medical Center becomes less feasible than building a new replacement hospital, services may need to be temporarily closed or relocated due to construction. A detailed program and services plan, architectural drawings, and financing plan shall be presented to the California Attorney General for approval before ceasing to operate any services.

V.

For ~~five years from the closing date~~remainder of the ~~Asset Purchase Agreement, term (until December 13, 2020)~~, St. Vincent Medical Center shall maintain and provide 24-hour emergency services at no less than its current licensure³ of 8 treatment stations, and designation and the following health care services at current licensure types, and/or levels of services:

~~Designation as a STEMI Receiving center; and~~

- a. Maintaining the requirements set by the County of Los Angeles Emergency Medical Services for 911 Receiving Hospitals.

VI.

For ~~at least five years from the closing date~~remainder of the ~~Asset Purchase Agreement, term (until December 13, 2020)~~, St. Vincent Medical Center shall maintain and provide the following services at current licensure, types, and/or levels of services:

- a. Acute rehabilitation services, including a minimum of 19 licensed rehabilitation beds;
- b. Intensive care services, including a minimum of 30 intensive care beds;
- c. Cardiac services, including cardiac surgery and a minimum of two cardiac catheterization labs,
- ~~d. Cancer services, including radiation oncology. Radiation oncology services may be relocated and patients transitioned to another site that has capacity within a three-mile radius after the first year after the closing of the Asset Purchase Agreement;~~
- ~~e.~~d. Gastroenterology services;
- ~~f.~~e. Imaging and laboratory services;
- ~~g.~~f. Nephrology services, including end stage renal disease program, acute inpatient dialysis, and hemodialysis treatments;
- ~~h.~~g. Neurology and neurology services, including neurosurgery;
- ~~i.~~h. Orthopedics, joint replacement, and spine care services;
- ~~j.~~i. Transplant services, including kidney and multi-organ transplant procedures for kidney/pancreas double transplants. Transplant services do not include the liver transplant program. These services may be relocated to another hospital in the primary

Management, LLC, and Integrity Healthcare, LLC., dated December 3, 2015. The System Restructuring and Support Agreement closed on December 14, 2015 ("2015 Conditions").

³ The term "current" or "currently" throughout this document means as of January 1, 2019.

service area based upon a submission of a detailed plan to be approved by the California Attorney General; and

- ~~k.i.~~ Outpatient dialysis services. The outpatient dialysis services shall be within 5 miles of St. Vincent Medical Center by either (1) operating St. Vincent Dialysis Center, or (2) transferring St. Vincent Dialysis Center to a separate entity and requiring that entity to operate it for ~~5 years from the closing date~~remainder of the Asset Purchase Agreement term (until December 13, 2020), and to participate in the Medi-Cal and Medicare programs as required in the Conditions herein, or (3) ensuring that a third party is operating an outpatient dialysis center(s) at current levels for ~~5 years from the closing date~~remainder of the Asset Purchase Agreement term (until December 13, 2020), and that such center(s) participate in the Medi-Cal and Medicare programs as required in Conditions herein.

For the remainder of the term (until December 13, 2020), Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VII.

For ~~at least five years from the closing date~~remainder of the Asset Purchase Agreement term (until December 13, 2020), Strategic Global Management, Inc. shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for ~~5 years from the closing date~~remainder of the Asset Purchase Agreement term (until December 13, 2020), and to participate in the Medi-Cal and Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for ~~5 years from the closing date~~remainder of the Asset Purchase Agreement term (until December 13, 2020), and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be moved to a different location within a three-mile radius of each clinic's current location, and St. Vincent Medical Center can utilize an alternative structure in providing such services. The following clinics are subject to this condition:

- a. Cardiac Care Institute, located at 201 S. Alvarado Street, Suite 321, Los Angeles, California;
- ~~b. Transplant Medical Office, located at 8501 Camino Media, Suite 100, Bakersfield, California;~~
- ~~e.b.~~ Cancer Treatment Center, located at 201 S. Alvarado Street, Suite A, Los Angeles, California;
- ~~d.c.~~ Multi-Organ Transplant services, located at 2200 W. Third Street, 5th Floor, Los Angeles, California;
- ~~e. Radiology services, located at 201 S. Alvarado Street, Suite 311, Los Angeles, California;~~

~~f.d.~~ Orthopedic Services, located at 2200 W. Third Street, 4th Floor, Los Angeles, California; and

~~g. Multispecialty Clinic located at 2200 W. Third Street, Suite 120, Los Angeles, California.~~

VIII.

For ~~at least five years from the closing date~~remainder of the ~~Asset Purchase Agreement, term (until December 13, 2020)~~, Strategic Global Management, Inc. shall:

- a) Be certified to participate in the Medi-Cal program at St Vincent Medical Center;
- b) Maintain and have Medi-Cal Managed Care contracts with the below listed Medi-Cal Managed Care Plans to provide the same types and levels of emergency and non-emergency services at St. Vincent Medical Center to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause or not extended or renewed by the Medi-Cal Managed Care Plan:

- i) Local Initiative: L.A. Care Health Plan or its successor; and
- ii) Commercial Plan: Health Net Community Solutions, Inc. or its successor.

If Strategic Global Management, Inc. questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the Attorney General's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.

- c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at St. Vincent Medical Center to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care), on the same terms and conditions as other similarly situated hospitals, as required in these Conditions.

IX.

For ~~six fiscal years from the closing date~~remainder of the ~~Asset Purchase Agreement, term (until December 13, 2021)~~, Strategic Global Management, Inc. shall provide an annual amount of Charity Care (as defined below) at St. Vincent Medical Center equal to or greater than ~~\$696,643~~430,384 (the Minimum Charity Care Amount). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Strategic Global Management, Inc. in connection with the operation and provision of services at St. Vincent Medical Center. The definition and methodology for calculating "charity care" and the

methodology for calculating “costs” shall be the same as that used by Office of Statewide Health Planning Development (OSHPD) for annual hospital reporting purposes.⁴

~~Strategic Global Management, Inc. shall use and maintain a charity care policy that is no less favorable than Verity Health System of California, Inc.’s current charity care policy (Verity’s Financial Assistance Policy No. 06.03.04 effective December 5, 2017 and revised and reviewed June 20, 2018) and in compliance with California and Federal law at St. Vincent Medical Center. Within 90 days from the closing of the Asset Purchase Agreement, Strategic Global Management, Inc. will amend the Financial Assistance Policy to include as follows:~~

- ~~a. A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy must be posted at St. Vincent Medical Center in a prominent location in the emergency room, admissions area, and any other location in the hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and hospital outpatient service settings.~~
- ~~b. A copy of the Financial Assistance Policy, the Application for Financial Assistance, and the plain language summary of the Financial Assistance Policy must be posted in a prominent place on St. Vincent Medical Center’s website.~~
- ~~c. If requested by a patient, a copy of the Financial Assistance Policy, Application for Financial Assistance, and the plain language summary must be sent by mail at no cost to the patient.~~
- ~~d. As necessary, and at least on an annual basis, Strategic Global Management, Inc. will place an advertisement regarding the availability of financial assistance at St. Vincent Medical Center in a newspaper of general circulation in the communities served by the hospital, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by the hospital.~~
- ~~e. Strategic Global Management, Inc. will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at St. Vincent Medical Center.~~
- ~~f. By December 1, 2019, all staff that interacts with patients and their families concerning payment of services shall be given training to make patients and their families aware of and informed of Strategic Global Management, Inc.’s Financial Assistance Policy at St. Vincent Medical Center.~~

~~Any planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at St. Vincent Medical Center shall be decided after consultation with the Local Governing Board of Directors.~~

⁴ OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, “the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient’s accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account.”

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the closing date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of charity care provided at St. Vincent Medical Center for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in the St. Vincent Medical Center's service area (48 ZIP codes), as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

X.

For ~~six fiscal years from the closing date~~ remainder of the ~~Asset Purchase Agreement~~ term (until December 13, 2021), Strategic Global Management, Inc. shall provide an annual amount of Community Benefit Services at St. Vincent Medical Center equal to or greater than \$1,065,604,076.459 (the "Minimum Community Benefit Services Amount") exclusive of any funds from grants. ~~For six fiscal years,~~ For the remainder of the term (until December 13, 2021), the following community benefit programs and services shall continue to be offered at its current or equivalent location:

- a. Health Benefits Resource Center; and
- b. Asian Pacific Liver Center.

The planning of, and any subsequent changes to, the community benefit services provided at St. Vincent Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the effective date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach Anaheim Average Base Period: 1982-84=100 (CPI-LA, as published by the U.S. Bureau of Labor Statistics).

If the actual amount of community benefit services provided at St. Vincent Medical Center for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in St. Vincent Medical Center's service area (48 ZIP codes), as defined on as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XI.

For ~~at least five years from the closing date~~remainder of the ~~Asset Purchase Agreement unless otherwise indicated~~term (until December 13, 2020), Strategic Global Management, Inc. shall maintain its contracts and any amendments and exhibits thereto with the City and/or County of Los Angeles for services, including the following:

- a. Participation in the Hospital Preparedness Program between the Hospital and Los Angeles County; and
- b. Radiation Therapy Services between the Hospital and Los Angeles County.

For ~~at least five years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2020), Strategic Global Management shall provide to the Los Angeles County Department of Health Services and Los Angeles County of Department of Mental Health information and documents related to staffing assessments, clinical guidelines, services provided, and technology needs for St. Vincent Medical Center. The goal is to ensure that Strategic Global Management, Inc.'s decisions or changes in these areas will not be motivated by a desire to move away from serving the Medi-Cal population. Such information and documents will also be provided to the Local Governing Board.

XII.

For ~~five years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2020), Strategic Global Management, Inc. shall have at St. Vincent Medical Center a Local Governing Board of Directors. Strategic Global Management, Inc. shall consult with the Local Governing Board of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, including making changes to the charity care and collection policies, and making changes to charity care services provided at St. Vincent Medical Center. The members of the Local Governing Board shall include physicians from St. Vincent Medical Center's medical staff, St. Vincent Medical Center's Chief of Staff, one member designated by the Los Angeles County Board of Supervisors, and community representatives from St. Vincent Medical Center's primary service area (48 ZIP codes), as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019 attached hereto as Exhibit 1, including at least one member from a local healthcare advocacy group. Such consultation shall occur at least sixty days prior to the effective date of such changes or actions unless done so on an

emergency basis. The Local Governing Board's approval is required of all reports submitted to the Attorney General regarding compliance with these Conditions.

XIII.

Strategic Global Management, Inc. shall commit to reserve or expend ~~capital~~, for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals over the five-year period from the closing of the Asset Purchase Agreement ~~of~~, the amount of capital ("Capital Amount") that remains unexpended from the \$180 million commitment required of BlueMountain Capital Management, LLC as part of ~~the Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among the three hospitals.~~ 2015 Conditions. The Capital Amount is calculated based on Strategic Global Management, Inc.'s proportionate share (i.e. 72%) of the \$180 million capital commitment from the 2015 Conditions that remains unexpended as of the closing of the Asset Purchase Agreement, to be allocated across the acquired Verity facilities as it deems appropriate, over a five year period from the closing of the Asset Purchase Agreement. The total commitment to reserve or expend capital, for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals will not exceed Seventy-Five Million Dollars (\$75,000,000).

XIV.

Strategic Global Management, Inc. shall commit the necessary investments required to meet and maintain OSHPD seismic compliance requirements at St. Vincent Medical Center through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070). Verity Health System of California, Inc. shall commit the necessary capital investment required to refurbish St. Vincent Medical Center's elevators in order to meet the City of Los Angeles' Elevator Code.

XV.

~~Strategic Global Management, Inc. shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at St. Vincent Medical Center.~~

[REMOVE]

XVI.

There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at St. Vincent Medical Center, and no restriction or limitation on providing or making reproductive health services available at St. Vincent Medical Center, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Strategic Global Management Inc.'s written policies, adhered to, and strictly enforced.

XVII.

~~Within 15 days of the closing of date of the Asset Purchase Agreement, St. Vincent Medical Center Foundation shall transfer all charitable assets including, but not limited to, all temporary and permanently restricted funds to the California Community Foundation.~~

- ~~a) The funds from St. Vincent Medical Center Foundation, if not previously restricted to support a specific charitable organization, will be deposited into the California Community Foundation's St. Vincent Medical Center Fund, and used to support nonprofit tax-exempt charitable organizations, clinics and facilities in providing healthcare services to residents of St. Vincent Medical Center's service area (48 ZIP codes), as described on page 52 in the Healthcare Impact Report authored by JD Healthcare dated August 16, 2019. (Exhibit 1.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.~~
- ~~b) If there are funds from St. Vincent Medical Center Foundation previously restricted to support a specific charitable organization, such funds shall be deposited into a fund or funds at California Community Foundation restricted to continuing support for such charitable organization or organizations. Such funds are protected against obsolescence. If the purposes of any restricted fund become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by California Community Foundation, the California Community Foundation's Board of Directors shall have the ability to modify any restriction or condition on the use such fund.~~

[REMOVE]

XVIII.

For ~~six~~two fiscal years from the closing date of the Asset Purchase Agreement, Strategic Global Management shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Strategic Global Management, Inc. shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.

XIX.

At the request of the Attorney General, all parties listed in Condition I, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and any other parties referenced in the agreements listed in Condition II shall provide such information as is

reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XX.

Once the Asset Purchase Agreement is closed, all parties listed in Condition I, and any other parties referenced in the agreements listed in Condition II are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

~~The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.~~

Analysis of the Hospital's Service Area

Service Area Definition

Based upon the Hospital's CY 2017 inpatient discharges, the Hospital's service area is comprised of 48 ZIP Codes from which 71% of the Hospital's inpatient discharges came from. Approximately 38% of the Hospital's discharges originated from the top eight ZIP Codes, located in Los Angeles. In CY 2017, the Hospital's market share in the primary and secondary service area was approximately 4% based on total area discharges.

PATIENT ORIGIN, CY 2017						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
90057	Los Angeles	1,106	10.0%	10.0%	5,955	18.6%
90006	Los Angeles	726	6.5%	16.5%	5,472	13.3%
90026	Los Angeles	579	5.2%	21.7%	5,034	11.5%
90004	Los Angeles	491	4.4%	26.1%	4,691	10.5%
90005	Los Angeles	486	4.4%	30.5%	2,843	17.1%
90020	Los Angeles	297	2.7%	33.2%	2,600	11.4%
90019	Los Angeles	286	2.6%	35.8%	5,893	4.9%
90018	Los Angeles	263	2.4%	38.1%	5,975	4.4%
90029	Los Angeles	238	2.1%	40.3%	4,114	5.8%
90017	Los Angeles	235	2.1%	42.4%	2,308	10.2%
90037	Los Angeles	226	2.0%	44.4%	7,439	3.0%
90011	Los Angeles	212	1.9%	46.3%	10,436	2.0%
90012	Los Angeles	198	1.8%	48.1%	4,017	4.9%
90007	Los Angeles	195	1.8%	49.9%	3,129	6.2%
90013	Los Angeles	115	1.0%	50.9%	2,655	4.3%
90015	Los Angeles	112	1.0%	51.9%	1,918	5.8%
90014	Los Angeles	99	0.9%	52.8%	1,287	7.7%
90010	Los Angeles	50	0.5%	53.3%	311	16.1%
90009	Los Angeles	12	0.1%	53.4%	113	10.6%
PSA Sub-Total		5,926	53.4%	53.4%	76,190	7.8%
90044	Los Angeles	152	1.4%	54.7%	11,994	1.3%
90027	Los Angeles	150	1.4%	56.1%	4,273	3.5%
90016	Los Angeles	130	1.2%	57.3%	5,656	2.3%
90008	Los Angeles	127	1.1%	58.4%	4,258	3.0%
90003	Los Angeles	106	1.0%	59.4%	5,209	1.3%
90062	Los Angeles	96	0.9%	60.2%	4,018	2.4%
90028	Los Angeles	95	0.9%	61.1%	2,820	3.4%
90047	Los Angeles	87	0.8%	61.9%	7,164	1.2%
90043	Los Angeles	86	0.8%	62.6%	6,137	1.4%
90038	Los Angeles	82	0.7%	63.4%	2,349	3.5%
90033	Los Angeles	77	0.7%	64.1%	5,255	1.5%
90042	Los Angeles	68	0.6%	64.7%	5,173	1.3%
90039	Los Angeles	67	0.6%	65.3%	2,365	2.8%
90031	Los Angeles	62	0.6%	65.8%	3,161	2.0%
90065	Los Angeles	62	0.6%	66.4%	4,202	1.5%
90046	Los Angeles	61	0.5%	66.9%	4,210	1.4%
90036	Los Angeles	56	0.5%	67.5%	3,313	1.7%
90063	Los Angeles	55	0.5%	67.9%	5,008	1.1%
90001	Los Angeles	51	0.5%	68.4%	5,901	0.9%
90002	Los Angeles	46	0.4%	68.8%	5,797	0.8%
90032	Los Angeles	41	0.4%	69.2%	4,442	0.9%
90255	Huntington Park	40	0.4%	69.6%	6,172	0.6%
90023	Los Angeles	36	0.3%	69.9%	4,965	0.7%
91205	Glendale	28	0.3%	70.1%	4,781	0.6%
90041	Los Angeles	22	0.2%	70.3%	2,587	0.9%
90048	Los Angeles	20	0.2%	70.5%	2,470	0.8%
91204	Glendale	14	0.1%	70.6%	2,260	0.6%
90270	Maywood	13	0.1%	70.7%	2,309	0.6%
90069	West Hollywood	10	0.1%	70.8%	1,850	0.5%
PSA + SSA Sub-Total		7,866	70.8%	70.8%	209,289	3.8%
Other ZIPs		3,238	29.2%	100%		
Total		11,104	100%			

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

Conditions to the Sale of Seton Medical Center¹ and Seton Coastside² and Approval of the Asset Purchase Agreement by and among Verity Health System of California, Inc., Verity Holdings, LLC, St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., Seton Medical Center, and Strategic Global Management, Inc.

I.

These Conditions shall be legally binding Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, ~~St. Francis Medical Center Foundation, a nonprofit public benefit corporation, St. Vincent Foundation, a California nonprofit corporation, Seton Medical Center Foundation, a California nonprofit corporation, Verity Business Services, a California nonprofit public benefit corporation, Verity Medical Foundation, a California nonprofit public benefit corporation, St. Vincent de Paul Ethies Corporation, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Marillac Insurance Company, Ltd., a Cayman Islands corporation, DePaul Ventures, LLC, a California limited liability company, DePaul Ventures — San Jose ASC, LLC, a California limited liability company, DePaul Ventures — San Jose Dialysis, LLC, a California limited liability company,~~ and Strategic Global Management, Inc., a California corporation, any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of any of the above-listed entities including, but not limited to, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of Seton Medical Center and Seton Coastside, or the real property on which Seton and Seton Coastside are located, any and all current and future owners, lessees, licensees, or operators of Seton Medical Center and Seton Coastside, and any and all current and future lessees and owners of the real property on which Seton Medical Center and Seton Coastside are located.

II.

¹ Throughout this document, the term “Seton Medical Center” shall mean the general acute care hospital located at 1900 Sullivan Ave., Daly City, CA 94015, and any other clinics, laboratories, units, services, or beds included on the license issued to Seton Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

² Throughout this document, the term “Seton Coastside” shall mean the skilled nursing facility with 5 general acute care beds located at 600 Marine Boulevard, Moss Beach, CA 94038-9641, and any other clinics, laboratories, units, services, or beds included on the license issued to Seton Medical Center by the California Department of Public Health, effective January 1, 2019, unless otherwise indicated.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement dated January 8, 2019, by and among, Verity Health System of California, Inc., a California nonprofit public benefit corporation, Verity Holdings, LLC, a California limited liability company, St. Francis Medical Center, a California nonprofit public benefit corporation, St. Vincent Medical Center, a California nonprofit public benefit corporation, St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation, Seton Medical Center, a California nonprofit public benefit corporation, and Strategic Global Management, Inc., a California corporation, and any agreements or documents referenced in or attached to as an exhibit or schedule and any other documents referenced in the Asset Purchase Agreement, including, but not limited to, the Sale Leaseback Agreement and Interim Management Agreement.

All the entities listed in Condition I, and any other parties referenced in the above agreements shall fulfill the terms of these agreements or documents and shall notify and obtain the Attorney General's approval in writing of any proposed modification or rescission of any of the terms of these agreements or documents. Such notifications shall be provided at least sixty days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and obtain the Attorney General's approval.

III.

For approximately 6 years (until December 13, 2025) from the closing date of the Asset Purchase Agreement, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and all future owners, managers, lessees, licensees, or operators of Seton Medical Center and Seton Coastsides shall be required to provide written notice to the Attorney General sixty days prior to entering into any agreement or transaction to do any of the following:

(a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of Seton Medical Center or Seton Coastsides;

(b) Transfer control, responsibility, management, or governance of Seton Medical Center or Seton Coastsides. The substitution, ~~merger~~ or addition of a new member or members of the governing body of Strategic Global Management, Inc. that transfers the control of, responsibility for or governance of Seton Medical Center or Seton Coastsides, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body of Strategic Global Management, Inc., or any arrangement, written or oral, that would transfer voting control of the members of the governing body of Strategic Global Management, Inc. shall also be deemed a transfer for purposes of this Condition.

IV.

For the remainder of the term³ (until December 13, 2025), Seton Medical Center (including Seton Coastside because both facilities are on the same license) shall be operated and maintained as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250).

V.

For the remainder of the term (until December 13, 2025), the Seton Medical Center shall maintain 24-hour emergency medical services at a minimum of 18 treatment stations with the same types and/or levels of services, including:

- a. Designation as a STEMI Receiving Center; and
- b. Advanced certification as a Primary Stroke Center;

VI.

For the remainder of the term (until December 13, 2025), Seton Medical Center shall maintain the following services at current⁴ licensure, types, and/or levels of services, including:

- a. Cardiac services, including the 2 cardiac catheterization labs;
- b. Critical care services, including a minimum of 20 intensive care/coronary care beds;
- ~~c. Psychiatric services, including a minimum of 22 distinct part beds with at least 20 beds available for the geriatric psychiatric unit;~~
- ~~d.c.~~ Women's health services, including the Seton Breast Health Center and women's imaging and mammography services; and
- ~~e.d.~~ Sub-acute services, including a minimum of 44 sub-acute beds and Medi-Cal Certification as a sub-acute unit.

For the remainder of the term (until December 13, 2025), Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VII.

³ The term "For the remainder of the term" refers to the Conditions to Change in Control and Governance of Seton Medical Center and Seton Coastside and Approval of the System Restructuring and Support Agreement by and among Daughters of Charity Ministry Services Corporation, Daughters of Charity Health System, Certain Funds Managed by BlueMountain Capital Management, LLC, and Integrity Healthcare, LLC., dated December 3, 2015. The System Restructuring and Support Agreement closed on December 14, 2015, ("2015 Conditions").

⁴ The term "current" or "currently" throughout this document means as of January 1, 2019.

For ~~at least five years from the closing date~~remainder of the ~~Asset Purchase Agreement~~term (until December 13, 2020), Seton Medical Center shall maintain the following services at current licensure, types, and/or levels of services:

- a. Gastroenterology services, including enteroscopy, endoscopy, and colonoscopy services;
- ~~b. Cancer services, including inpatient oncology services, interventional radiology, radiation therapy, and for those patients that may be in need of infusion therapy treatment, a referral process to other nearby hospitals or clinics, including Stanford Cancer Center, UCSF Helen Diller Comprehensive Care Cancer Clinic, St. Mary's Cancer Center, or other health facility that provides infusion therapy services. The referral process shall be memorialized in the policies and procedures at Seton Medical Center and should include procedures on how to assist patients with accessing infusion therapy at the nearby hospitals or clinics, and the transferring of patient medical records;~~
- ~~c. [redacted] written policies or procedures that refers patients that require medical infusion to be referred to another nearby hospital or entity that provides medical infusion services;~~
- ~~d.~~b. Orthopedics and rehabilitation services, including spine care services;
- ~~e.~~c. Diabetes services, including Northern California Diabetes Institute;
- ~~f.~~d. Wound care services, including Seton Center for Advanced Wound Care; and
- ~~g.~~e. Nephrology services.

For the remainder of the term (until December 13, 2020), Strategic Global Management, Inc. shall not place all or any portion of its above-listed licensed-bed capacity or services in voluntary suspension or surrender its license for any of these beds or services.

VIII.

For the remainder of the term (until December 13, 2025), Seton Medical Center shall maintain the following services at current licensure, types, and/or levels of services at Seton Coastside including:

- a. 24-hour "standby" Emergency Department, with a minimum of 7 treatment stations; and
- b. Skilled nursing services, including a minimum of 116 licensed skilled nursing beds.

IX.

~~For at least five years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc. shall either: (1) operate clinics (listed below) with the same number of physicians and mid-level provider full-time equivalents in the same or similar alignment structures, or (2) sell the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the purchaser(s) to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and~~

~~Medicare programs as required in the conditions herein, or (3) ensure that a third party is operating the clinics (listed below) with the same number of physician and mid-level provider full-time equivalents and require the third party to maintain such services for 5 years from the closing date of the Asset Purchase Agreement and to participate in the Medi-Cal and Medicare programs as required in the conditions herein. For any of these options, each clinic can be moved to a different location within a three-mile radius of each clinic's current location, and Seton Medical and Seton Coastsides can utilize an alternative structure in providing such services.~~

~~The following clinics are subject to this condition shall maintain the same types and/or levels of services provided, including women's healthcare services, and mammography services:~~

- ~~a. Women's Health Services, located at 1850 Sullivan Avenue, Suite 190, Daly City California;~~
- ~~b. Imaging Services located at 1850 Sullivan Avenue, Suite 100, Daly City California; and~~
- ~~c. Wound Care Services, located at 1850 Sullivan Avenue, Suite 115, Daly City California.~~

[REMOVE]

X.

~~For six fiscal years from the closing date of the Asset Purchase Agreement, Strategic Global Management, Inc.~~ For the remainder of the term (until December 13, 2021), Strategic Global Management, Inc. shall provide an annual amount of Charity Care (as defined below) at Seton Medical Center and Seton Coastsides equal to or greater than ~~\$1,055,863,935,405~~ (the Minimum Charity Care Amount). For purposes hereof, the term "charity care" shall mean the amount of charity care costs (not charges) incurred by Strategic Global Management, Inc. in connection with the operation and provision of services at Seton Medical Center and Seton Coastsides. The definition and methodology for calculating "charity care" and the methodology for calculating "costs" shall be the same as that used by Office of Statewide Health Planning Development (OSHPD) for annual hospital reporting purposes.⁵

~~Strategic Global Management, Inc. shall use and maintain a charity care policy that is no less favorable than Verity Health System of California, Inc.'s current charity care policy (Verity's Financial Assistance Policy No. 06.03.04 effective December 5, 2017 and revised and reviewed June 20, 2018) and in compliance with California and Federal law at Seton Medical Center and Seton Coastsides. Within 90 days from the closing of the Asset Purchase Agreement, Strategic Global Management, Inc. will amend the Financial Assistance Policy to include as follows:~~

- ~~a. A copy of the Financial Assistance Policy and the plain language summary of the Financial Assistance Policy must be posted at Seton Medical Center and Seton Coastsides~~

⁵ OSHPD defines charity care by contrasting charity care and bad debt. According to OSHPD, "the determination of what is classified as . . . charity care can be made by establishing whether or not the patient has the ability to pay. The patient's accounts receivable must be written off as bad debt if the patient has the ability but is unwilling to pay off the account."

~~in a prominent location in the emergency room, admissions area, and any other location in the hospital where there is a high volume of patient traffic, including waiting rooms, billing offices, and hospital outpatient service settings.~~

~~e. A copy of the Financial Assistance Policy, the Application for Financial Assistance, and the plain language summary of the Financial Assistance Policy must be posted in a prominent place on each Seton Medical Center's and Seton Coastside's website(s). If requested by a patient, a copy of the Financial Assistance Policy, Application for Financial Assistance, and the plain language summary must be sent by mail at no cost to the patient.~~

~~d. As necessary, and at least on an annual basis, Strategic Global Management, Inc. will place an advertisement regarding the availability of financial assistance at Seton Medical Center and Seton Coastside in a newspaper of general circulation in the communities served by the hospitals, or issue a Press Release to widely publicize the availability of the Financial Assistance Policy to the communities served by the hospitals.~~

~~e. Strategic Global Management, Inc. will work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship, and other community-based organizations to notify members of the community (especially those who are most likely to require financial assistance) about the availability of financial assistance at Seton Medical Center and Seton Coastside.~~

~~f. By December 1, 2019, all staff that interacts with patients and their families concerning payment of services shall be given training to make patients and their families aware of and informed of Strategic Global Management, Inc.'s Financial Assistance Policy at Seton Medical Center and Seton Coastside.~~

~~Any planning of, and any subsequent changes to, the charity care and collection policies, and charity care services provided at Seton Medical Center and Seton Coastside shall be decided after consultation with the Local Governing Board of Directors.~~

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the closing date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose, California Average Base Period: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics). If the actual amount of charity care provided at Seton Medical Center and Seton Coastside for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide direct healthcare services to residents in the Seton Medical Center service area (14 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019. (Exhibit 1.) Such payment(s) shall be made within six months following the end of such fiscal year.

XI.

For ~~six fiscal years from the closing date~~ remainder of the ~~Asset Purchase Agreement~~ term (until December 13, 2021), Strategic Global Management, Inc. shall provide an annual amount of Community Benefit Services at Seton Medical Center and Seton Coastsides equal to or greater than ~~\$685,870~~848,434 (the "Minimum Community Benefit Services Amount") exclusive of any funds from grants. ~~For six fiscal years,~~ For the remainder of the term (until December 13, 2021), the following community benefit programs and services shall continue to be offered at its current or equivalent location:

- a. Health Benefits Resource Center; and
- b. RotaCare Clinic.

The planning of, and any subsequent changes to, the community benefit services provided at Seton Medical Center shall be decided after consultation with the Local Governing Board of Directors.

Strategic Global Management, Inc.'s obligation under this Condition shall be prorated on a daily basis if the effective date of the Asset Purchase Agreement is a date other than the first day of Verity Health System of California, Inc.'s fiscal year.

For the second fiscal year and each subsequent fiscal year, the Minimum Community Benefit Services Amount shall be increased (but not decreased) by an amount equal to the Annual Percent increase, if any, in the 12 Months Percent Change: All Items Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose, California Average Base Period: 1982-84=100 (as published by the U.S. Bureau of Labor Statistics).

If the actual amount of community benefit services provided at Seton Medical Center and Seton Coastsides for any fiscal year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) required for such fiscal year, Strategic Global Management, Inc. shall pay an amount equal to the deficiency to one or more tax-exempt entities that provide community benefit services for residents in Seton Medical Center's service area (14 ZIP codes), as defined on as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019. (Exhibit 1-~~3~~). Such payment(s) shall be made within six months following the end of such fiscal year.

XII.

For the remainder of the term (until December 13, 2025), Strategic Global Management, Inc. shall:

- a) Be certified to participate in the Medi-Cal program at Seton Medical Center and Seton Coastsides;

b) Maintain and have a Medi-Cal Managed Care contract with San Mateo Health Commission dba Health Plan of San Mateo or its successor to provide the same types and levels of emergency and non-emergency services at Seton Medical Center and Seton Coastsides to Medi-Cal beneficiaries (both Traditional Medi-Cal and Medi-Cal Managed Care) as required in these Conditions, on the same terms and conditions as other similarly situated hospitals offering substantially the same services, without any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage, unless the contract is terminated for cause or not extended or renewed by the Medi-Cal Managed Care Plan.

If Strategic Global Management, Inc. questions whether it is being reimbursed on the same terms and conditions as other similarly situated hospitals offering substantially the same services, it shall notify the Attorney General's Office with at least 120 days' notice prior to taking any action that would effectuate any loss, interruption of service or diminution in quality, or gap in contracted hospital coverage or prior to giving any required notice of taking such action.

c) Be certified to participate in the Medicare program by maintaining a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services at Seton Medical Center and Seton Coastsides to Medicare beneficiaries (both Traditional Medicare and Medicare Managed Care) as required in these Conditions.

XIII.

For ~~at least five years from the closing date~~ remainder of the ~~Asset Purchase Agreement unless otherwise indicated; term (until December 13, 2020).~~ Strategic Global Management, Inc. shall maintain its contracts and any amendments and exhibits thereto with the County of San Mateo, unless otherwise terminated by the County of San Mateo, for services, including the following:

- a. Participation in the Hospital Preparedness Program between the Hospital (jointly with Seton Coastsides) and San Mateo County;
- ~~b. STEMI Receiving Center Designation between the Hospital and San Mateo County;~~
- ~~c. Financial Support for Seismic Upgrades between the Hospital and San Mateo County;~~
- ~~d.~~ b. Information Sharing and Data Use Agreement between the Hospital and the County of San Mateo Health System;
- ~~e. Fee for Service Hospital Services Agreement between the Hospital (jointly with Seton Coastsides) and San Francisco Health Plan;~~
- ~~f. Memorandum of Understanding between the Hospital and San Mateo County Behavioral Health and Recovery Services Division;~~
- ~~g. Affiliation Agreement for the Radiology Technology Program between the Hospital and San Mateo College District;~~
- ~~h. Affiliation Agreement for the Registered Nursing Program between the Hospital (jointly with Seton Coastsides) and San Mateo College District;~~
- ~~i.~~ c. Patient Transfer Agreement between the Hospital and San Mateo County Medical Center;
- ~~j. Rail Shuttle Bus Service Administration for Seton Shuttle Agreement between the Hospital and San Mateo County Transit District;~~

- ~~k. d. Medical Services Agreement between the Hospital and San Mateo Health Community Health Authority- Access and Care for Everyone (ACE) Program;~~
- ~~l. Hospital Medi-Cal Hospital Agreement between the Hospital and San Mateo Health Commission dba Health Plan of San Mateo;~~
- ~~m. Memorandum of Understanding for Long Term Care Partnership Program between the Hospital and San Mateo Health Commission dba Health Plan of San Mateo; and~~
- ~~n. Care Advantage Hospital Service Agreement between the Hospital and San Mateo Health Commission dba Health Plan of San Mateo.~~

XIV.

For the remainder of the term (until December 13, 2025), Strategic Global Management, Inc. shall have at Seton Medical Center and Seton Coastside Local Governing Board(s) of Directors. Strategic Global Management, Inc. shall consult with the Local Governing Board(s) of Directors prior to making changes to medical services, community benefit programs, making capital expenditures, making changes to the charity care and collection policies, and making changes to charity care services provided at Seton Medical Center and Seton Coastside. The members of the Local Governing Board(s) shall include physicians from Seton Medical Center's and Seton Coastside's medical staff, Seton Medical Center's and Seton Coastside's Chief(s) of Staff, one member designated by the San Mateo County Board of Supervisors, and community representatives from Seton Medical Center's and Seton Coastside's service area (14 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019, attached hereto as Exhibit 1, including at least one member from a local healthcare advocacy group. Such consultation shall occur at least sixty days prior to the effective date of such changes or actions unless done so on an emergency basis. The Local Governing Board(s)'s approval is required of all reports submitted to the Attorney General regarding compliance with these Conditions.

XV.

Strategic Global Management, Inc. shall commit to reserve or expend ~~capital~~, for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals over the five-year period from the closing of the Asset Purchase Agreement ~~of~~, the amount of capital ("Capital Amount") that remains unexpended from the \$180 million commitment required of BlueMountain Capital Management, LLC as part of the ~~Attorney General Conditions approved on December 3, 2015 but this amount can be no less than \$5.8 million among the three hospitals.~~ 2015 Conditions. The Capital Amount is calculated based on Strategic Global Management, Inc.'s proportionate share (i.e. 72%) of the \$180 million capital commitment from the 2015 Conditions that remains unexpended as of the closing of the Asset Purchase Agreement, to be allocated across the acquired Verity facilities as it deems appropriate, over a five year period from the closing of the Asset Purchase Agreement. The total commitment to reserve or expend capital, for St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center for capital improvements to the hospitals will not exceed Seventy-Five Million Dollars (\$75,000,000).

XVI.

~~Strategic Global Management, Inc. shall maintain privileges for current medical staff who are in good standing as of the closing date of the Asset Purchase Agreement. Further, the closing of the Asset Purchase Agreement shall not change the medical staff officers, committee chairs, or independence of the medical staff, and such persons shall remain in good standing for the remainder of their tenure at Seton Medical Center and Seton Coastside.~~

[REMOVE]

XVII.

Strategic Global Management, Inc. shall commit the necessary investments required to meet and maintain OSHPD seismic compliance requirements at Seton Medical Center and Seton Coastside through 2030 under the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act, (Health & Saf. Code, § 129675-130070). ~~Strategic Global Management, Inc. shall meet construction benchmarks which include the starting of construction on the 1963 Tower, and as detailed on the attached Exhibit 2,~~ to the extent Strategic Global Management, Inc. obtains necessary waivers or other authority from OSHPD and the State of California to permit the continued operation of Seton Medical Center through the five (5) years following closing date of the Asset Purchase Agreement, pending replacement or retrofit of the current patient tower at Seton Medical Center, and Strategic Global Management, Inc. receives PACE funding at currently accrued levels (i.e. approximately Forty Million Dollars (\$40,000,000)).

XVIII.

There shall be no discrimination against lesbian, gay, bisexual, or transgender individuals at Seton Medical Center and Seton Coastside, and no restriction or limitation on providing or making reproductive health services available at Seton Medical Center and Seton Coastside, its medical office buildings, or at any of its facilities. Both of these prohibitions shall be set forth in Strategic Global Management Inc.'s written policies, adhered to, and strictly enforced.

XIX.

~~Within 15 days of the Attorney General's approval, Seton Medical Center Foundation shall transfer all charitable assets including, but not limited to, all temporary and permanently restricted funds to the California Community Foundation.~~

- a) ~~The funds from Seton Medical Center Foundation, if not previously restricted to support a specific charitable organization, will be deposited into the California Community Foundation's Seton Medical Foundation, and used to support nonprofit tax-exempt charitable organizations, clinics and facilities in providing healthcare services to residents of Seton Medical Foundation's service area (14 ZIP codes), as described on page 54 in the Healthcare Impact Report authored by JD Healthcare dated August 19, 2019. (Exhibit 1.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.~~

~~If there are funds from Seton Medical Foundation previously restricted to support a specific charitable organization, such funds shall be deposited into a fund or funds at California Community Foundation restricted to continuing support for such charitable organization or organizations. Such funds are protected against obsolescence. If the purposes of any restricted fund become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by California Community Foundation, the California Community Foundation's Board of Directors shall have the ability to modify any restriction or condition on the use such fund.~~[REMOVE]

XX.

For six fiscal years from the closing date of the Asset Purchase Agreement Strategic Global Management shall submit to the Attorney General, no later than four months after the conclusion of each fiscal year, a report describing in detail compliance with each Condition set forth herein. The Chairman of the Board of Directors of Strategic Global Management, Inc. shall certify that the report is true, accurate, and complete and provide documentation of the review and approval of the report by the Local Governing Board.

XXI.

At the request of the Attorney General, all parties listed in Condition I, Verity Health System of California, Inc., Verity Holdings, LLC, Strategic Global Management, Inc., and any other parties referenced in the agreements listed in Condition II shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XXII.

Once the Asset Purchase Agreement is closed, all parties listed in Condition I, and any other parties referenced in the agreements listed in Condition II are deemed to have explicitly and implicitly consented to the applicability and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

~~The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. Pursuant to Government Code section 12598, the Attorney General's office shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.~~

Analysis of the Hospital's Service Area

Service Area Definition

The Hospital's service area is comprised of 14 ZIP Codes, from which approximately 82% of its discharges originated in CY 2017. Approximately 55% of the Hospital's discharges came from the top three ZIP Codes, located in Daly City, and South San Francisco. In CY 2017, the Hospital's market share in the service area was 12.6% based on inpatient discharges.

		PATIENT ORIGIN, CY 2017			Total Area Discharges	Market Share
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges		
94015	Daly City	1,347	25.5%	25.5%	4,640	29.0%
94014	Daly City	798	15.1%	40.6%	3,337	23.9%
94080	South San Francisco	732	13.8%	54.4%	5,074	14.4%
94044	Pacifica	533	10.1%	64.5%	2,972	17.9%
94112	San Francisco	263	5.0%	69.5%	6,620	4.0%
94066	San Bruno	216	4.1%	73.5%	3,515	6.1%
94134	San Francisco	130	2.5%	76.0%	3,795	3.4%
94132	San Francisco	114	2.2%	78.2%	1,908	6.0%
94019	Half Moon Bay	74	1.4%	79.6%	1,194	6.2%
94038	Moss Beach	46	0.9%	80.4%	249	18.5%
94005	Brisbane	21	0.4%	80.8%	369	5.7%
94037	Montara	14	0.3%	81.1%	183	7.7%
94018	El Granada	12	0.2%	81.3%	257	4.7%
94017	Daly City	11	0.2%	81.5%	33	33.3%
Subtotal		4,311	81.5%	81.5%	34,146	12.6%
Other ZIPs		977	18.5%	100%		
Total		5,288	100%			

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

4

Report Year and Quarter
All

AB 2190 Quarterly Reports for 10801 Seton Medical Center

OSHPD Building Nbr	Bldg Name	Report Year and Quarter	Construction Project Nbr	Milestone Date	Milestone Description	Milestone Comments	Milestone Quarterly Update
BLD-00846	1993 Tower	2019 - Q2	I160019-41-00; I160019-41-01; I160019-41-02; I160019-41-03	4/1/2020	Start Construction		On schedule
				7/1/2022	Complete Construction		On schedule
BLD-00847	Front Wing	2019 - Q2	I160020-41-00; I160020-41-01	4/1/2020	Start Construction		On schedule
				7/1/2022	Complete Construction		On schedule

Exhibit 2

Exhibit D

SGM APA

ASSET PURCHASE AGREEMENT

By and Among

Verity Health System of California, Inc., Verity Holdings, LLC,

**St. Francis Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc.,
Seton Medical Center**

and

Strategic Global Management, Inc.

Dated January 8, 2019

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made and entered into as of the 8th day of January, 2019 (the “**Signing Date**”) by and among Verity Health System of California, Inc., a California nonprofit public benefit corporation (“**Verity**”), Verity Holdings, LLC, a California limited liability company (“**Verity Holdings**”), St. Francis Medical Center, a California nonprofit public benefit corporation (“**St. Francis**”), St. Vincent Medical Center, a California nonprofit public benefit corporation (“**St. Vincent**”), St. Vincent Dialysis Center, Inc., a California nonprofit public benefit corporation (“**St. Vincent Dialysis**”), and Seton Medical Center, a California nonprofit public benefit corporation (“**Seton**” and together with St. Francis Medical Center, St. Vincent Medical Center and St. Vincent Dialysis, collectively, the “**Hospital Sellers**”) (Verity, Verity Holdings, St. Francis, St. Vincent, St. Vincent Dialysis and Seton are each referred to herein individually as a “**Seller**” and collectively as the “**Sellers**”), and Strategic Global Management, Inc., a California corporation (“**Purchaser**”).

RECITALS:

A. St. Francis engages in the business of the operation of the hospital known as St. Francis Medical Center, located at 3630 E. Imperial Highway, Lynwood, CA 90262, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by St. Francis (collectively, the “**St. Francis Hospital**”).

B. St. Vincent engages in the business of the operation of the hospital known as St. Vincent Medical Center, located at 2131 W 3rd Street, Los Angeles, CA 90057, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by St. Vincent (collectively, the “**St. Vincent Hospital**”).

C. Seton engages in the business of the operation of two general acute care hospitals under a single license, consisting of: (i) the hospital known as Seton Medical Center, located at 1900 Sullivan Avenue, Daly City, CA 94015, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by Seton (collectively, the “**Seton Hospital**”) and (ii) the hospital known as Seton Medical Center Coastsides, located at 600 Marine Blvd, Moss Beach, CA 94038, including the hospital pharmacy, laboratory and emergency department as well as through the medical office buildings and clinics owned or operated by Seton (collectively, the “**Seton Coastsides Hospital**”) and together with the St. Francis Medical Center Hospital, the St. Vincent Medical Center Hospital and the Seton Hospital, the “**Hospitals**”; the business of the operation of the Hospitals is referred to herein as the “**Businesses**”).

D. Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, the assets described in Section 1.7 below (the “**Assets**”) owned by Sellers and used with respect to the Businesses, for the consideration and upon the terms and conditions contained in this Agreement.

E. Sellers filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the “**Bankruptcy Court**”), lead Case No. 2:18-bk-201510ER, jointly administered or to be jointly administered with their affiliates (the “**Bankruptcy Cases**”).

F. The parties intend to effectuate the transactions contemplated by this Agreement through a sale of the Assets approved by the Bankruptcy Court pursuant to Section 363 of Title 11 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants contained in this Agreement, and for their mutual reliance and incorporating into this Agreement the above recitals, the parties hereto agree as follows:

ARTICLE 1

SALE AND TRANSFER OF ASSETS; CONSIDERATION; CLOSING

1.1 Purchase Price.

(a) Subject to the terms and conditions of this Agreement, the purchase price (“**Purchase Price**”) shall consist of the following:

(i) Cash payment to Sellers (the “**Cash Consideration**”) of Six Hundred Ten Million Dollars (\$610,000,000.00), which shall be allocated Four Hundred Twenty Million Dollars (\$420,000,000) to St. Francis Medical Center, One Hundred Twenty Million Dollars (\$120,000,000) to St. Vincent Medical Center, and Seventy Million Dollars (\$70,000,000) to Seton for Seton Hospital and Seton Coastside Hospital, provided, that if the CA AG’s approval does not include a requirement that Seton Hospital remain open as an acute care hospital or that Seton Coastside Hospital remain open as a skilled nursing facility, then an amount to be determined by Purchaser, in its sole discretion, of such Cash Consideration shall be re-allocated from St. Francis to Seton;

(ii) Assumption of Sellers’ accrued vacation and other paid time off as of the Closing, to be provided only with respect to Hired Employees (as defined in Section 5.3(a)) in the form of credited vacation and PTO, subject to compliance with applicable law and regulation, including consent of such employees if required;

(iii) Assumption of all liabilities of Seton as Obligated Party and Property Owner under the (i) Agreement to Pay Assessment and Finance Improvements dated May 17, 2017 with California Statewide Communities Development Authority (“**CSCDA**”) and (ii) Agreement to Pay Assessment and Finance Improvements dated May 18, 2017 with CSCDA (collectively

the “**Special Assessments**”) each associated with of the Property Assessed Clean Energy (“**PACE**”) (seismic and clean energy) loans (collectively the “**PACE Obligations**”); and

(iv) Payment of Cure Costs (defined below) associated with any Assumed Leases and/ or Assumed Contracts and assumption of the other Assumed Obligations (as defined below).

(b) Purchaser (i) is acquiring the Assets and (ii) is only assuming (x) the PACE Obligations and (y) the Assumed Obligations (as defined below).

(c) At the Closing, Purchaser shall pay to Sellers, by wire transfer of immediately available funds to the accounts specified by Sellers to Purchaser in writing, an aggregate amount equal to the Cash Consideration, minus the Net QAF Reduction Amount (defined below), if any, plus the Net QAF Increase Amount (defined below), if any, plus any amounts (x) held by the PACE Trustee as an interest or fee reserve on account the PACE Obligations on the Closing Date and (y) remitted to CSCDA by Seton pursuant to the Special Assessments from and after the date of execution of this Agreement by Buyer up to and including the Closing Date, minus the Deposit (defined below).

(d) For purposes of this Agreement, the “**QAF Program**” means the California Department of Health Care Services Hospital Quality Assurance Fee Programs IV (“**QAF IV**”) and V (“**QAF V**”). During the period prior to Closing, Sellers shall pay any fees owing under QAF IV and QAF V, and Sellers shall be entitled to retain all payments received under QAF IV and QAF V. At Closing, Sellers shall credit to the Cash Consideration the amount by which payments received under QAF IV and QAF V between the Signing Date and Closing exceed the sum of (i) fees paid under QAF IV and QAF V during such period plus (ii) the amount of fees which are unpaid and owing as of the Closing in respect of invoices received by Sellers prior to Closing under QAF IV and QAF V (the “**Net QAF Reduction Amount**”), as provided above in Section 1.1(c). At Closing, Purchaser shall pay Sellers (as an increase to the Cash Consideration) the amount by which the sum of (i) fees paid under QAF IV and QAF V between the Signing Date and Closing plus (ii) the amount of fees which are unpaid and owing as of Closing in respect of invoices received by Sellers prior to Closing under QAF IV and QAF V exceeds payments received under QAF IV and QAF V during such period (the “**Net QAF Increase Amount**”), as provided above in Section 1.1(c).

(e) Purchaser shall, prior to Closing, be permitted to communicate with holders of secured debt of the Sellers regarding the possible assumption by Purchaser of all or a portion of such debt at the Closing. If Purchaser agrees to assume any such debt at the Closing, Purchaser and Sellers shall negotiate an appropriate credit to the Purchase Price for such assumption of debt.

1.2 Deposit. Purchaser, by wire transfer to an account designated by Sellers has made a good faith deposit in the amount of Thirty Million Dollars (\$30,000,000) on the date hereof (the “**Deposit**”). The Deposit shall be non-refundable in all events, except as provided in Section 6.1(b) or Section 6.2, or in the event Purchaser has terminated this Agreement pursuant to Section 9.1 (other than Section 9.1(b)) or as set forth in Section 9.2, in which case Seller shall immediately return the Deposit to Purchaser with all interest earned thereon. Upon Closing, the Deposit will

be credited against the Purchase Price. Pending the Closing, or until this Agreement is terminated, the Deposit shall be deposited in an interest bearing account, with interest credited to Purchaser, at a federally-insured financial institution mutually acceptable to Purchaser and Sellers. In addition, on the Signing Date, Purchaser shall deliver to Sellers executed letters from its financing sources, in form and substance satisfactory to Sellers in their discretion.

1.3 Closing Date. The consummation of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at 10:00 a.m. local time at the offices of Dentons US LLP, 601 South Figueroa St., Suite 2500, Los Angeles, CA 90017-5704 (the day on which Closing actually occurs, the “**Closing Date**”) promptly but no later than ten (10) business days following the satisfaction or waiver of the conditions set forth in ARTICLE 7 and ARTICLE 8, other than those conditions that by their nature are to be satisfied at Closing but subject to fulfillment or waiver of those conditions. The Closing shall be deemed to occur and to be effective as of 11:59 p.m. Pacific time on the Closing Date (the “**Effective Time**”).

1.4 Items to be Delivered by Sellers at Closing. At or before the Closing, Sellers shall deliver, or cause to be delivered, to Purchaser the following:

1.4.1 a Bill of Sale substantially in the form of Exhibit 1.4.1 attached hereto (the “**Bill of Sale**”), duly executed by each Seller, with respect to the Assets;

1.4.2 Real Estate Assignment and Assumption Agreements (the “**Real Estate Assignments**”) in the form of Exhibit 1.4.2 attached hereto with respect to (i) the Leased Real Property, and (ii) the Tenant Leases, each duly executed by each Seller;

1.4.3 a Quitclaim Deed (the “**Deed**”) in the form of Exhibit 1.4.2 attached hereto with respect to the real property listed in Schedule 1.4.3, together with all plant, buildings, structures, installments, improvements, fixtures, betterments, additions and constructions in progress situated thereon (collectively, the “**Owned Real Property**”) duly executed by each Seller;

1.4.4 an Assumption Agreement (the “**Assumption Agreement**”) in the form of Exhibit 1.4.2 attached hereto with respect to the Assumed Obligations duly executed by each Seller;

1.4.5 favorable original certificates of good standing, of each Seller, issued by the State of California, dated no earlier than a date which is fifteen (15) calendar days prior to the Closing Date;

1.4.6 a duly executed certificate of an officer of each Seller certifying to Purchaser (i) the incumbency of the officers of such Seller on the Signing Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (ii) the due adoption and text of the resolutions or consents of the Board of Directors of such Seller authorizing (I) the transfer of the Assets and transfer of the Assumed Obligations by such Seller to Purchaser and (II) the due execution, delivery and performance of this Agreement and all additional documents contemplated

by this Agreement, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.4.7 a certified copy of the Sale Order (as defined below);

1.4.8 a Transition Services Agreement (the “**Transition Services Agreement**”) in form and substance satisfactory to Sellers and Purchaser, in their reasonable discretion, granting to Sellers use of certain assets, systems and personnel identified in such agreement solely in connection with Sellers’ wind-down of the Businesses, the completion of the Bankruptcy Cases and the dissolution of Sellers (and following completion of such wind-down, Bankruptcy Cases and dissolution of Sellers, such Transition Services Agreement shall automatically terminate);

1.4.9 acknowledgements by CSCDA and the PACE Trustee that Purchaser is the Successor Property Owner and Obligated Party under the PACE Obligations and releases of the Sellers from any and all claims arising or accruing prior to the Closing Date, and

1.4.10 any such other instruments, certificates, consents or other documents which Purchaser and Sellers mutually deem reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

1.5 Items to be Delivered by Purchaser at Closing. At or before the Closing, Purchaser shall deliver or cause to be delivered to Sellers the following:

1.5.1 payment of the Cash Consideration subject to credits or plus payment to Sellers of all amounts as provided under Section 1.6;

1.5.2 evidence of payment of all Cure Costs required hereunder to be paid by Purchaser;

1.5.3 a duly executed certificate of the Secretary of Purchaser certifying to Sellers (a) the incumbency of the officers of Purchaser on the Signing Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (b) the due adoption and text of the resolutions of the Board of Directors of Purchaser authorizing the execution, delivery and performance of this Agreement and all additional documents contemplated by this Agreement, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.5.4 favorable original certificate of good standing, of Purchaser, issued by the California Secretary of State dated no earlier than a date which is fifteen (15) calendar days prior to the Closing Date;

1.5.5 the Bill of Sale, duly executed by Purchaser;

1.5.6 the Real Estate Assignment(s), duly executed by Purchaser;

1.5.7 the Assumption Agreement, duly executed by Purchaser;

1.5.8 the License Agreement referenced in Section 1.7(q);

1.5.9 the Transition Services Agreement; and

1.5.10 any such other instruments, certificates, consents or other documents which Purchaser and Sellers mutually deem reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

1.6 Prorations and Utilities. All items of income and expense listed below with respect to the Assets shall be prorated in accordance with the principles and the rules for the specific items set forth hereafter:

1.6.1 All transfer, conveyance, sales, use, stamp, similar state and local taxes arising from the sale of the Assets hereunder shall be the responsibility of, and allocated to, Purchaser.

1.6.2 Other than the Utility Deposits (defined below), which are governed by Section 1.8(j), and other than with respect to Cure Costs payable by Purchaser, the following costs and expenses shall be prorated based upon the payment period (*i.e.*, calendar or other tax fiscal year) to which the same are attributable: all real estate and personal property lease payments, real estate and personal property taxes, real estate assessments, other than the PACE Special Assessments and other similar charges against real estate, and power and utility charges (collectively, the “**Prorated Charges**”) on the Assets. Each Seller shall pay its respective portion at or prior to the Closing (or Purchaser shall receive credit for) of any unpaid Prorated Charges attributable to periods or portions thereof occurring prior to the Effective Time, and Purchaser shall assume as an Assumed Liability or, to the extent previously paid by any Seller, pay to such Seller at the Closing all Prorated Charges attributable to periods or portions thereof occurring from and after the Effective Time. In the event that as of the Closing Date the actual tax bills for the tax year or years in question are not available and the amount of taxes to be prorated as aforesaid cannot be ascertained, then rates, millages and assessed valuation of the previous year, with known changes, shall be used. The parties agree that if the real estate and personal property tax prorations are made based upon the taxes for the preceding tax period, the prorations shall be re-prorated after the Closing. As to power and utility charges, “final readings” as of the Closing Date shall be ordered from the utilities; the cost of obtaining such “final readings,” if any, shall be paid by Purchaser.

1.6.3 Sellers shall be entitled to all rents and other payments under Tenant Leases accruing for the period prior to the Effective Time (“**Pre Effective Time Lease Amounts**”), and Purchaser shall be entitled to all rents and other payments under tenant leases accruing for the period after the Effective Time (“**Post Effective Time Lease Amounts**” and together with the Pre Effective Time Lease Amounts, the “**Lease Amounts**”). All Lease Amounts that are collected prior to the Closing shall be prorated as of the Closing in accordance with the immediately preceding sentence. All Lease Amounts that are accrued but uncollected as of the Closing (including, without limitation, rents and other payments accrued prior to the Closing but payable in arrears after the Closing) (collectively, the “**Unpaid Amounts**”) shall belong to Sellers, and Purchaser shall, upon receipt of said rents and other payments, receive the same in trust for Sellers and shall promptly remit any of such amounts to the applicable Seller within ten (10) days after

Purchaser's receipt of same. For the avoidance of doubt, all rental payments received after Closing shall be first applied to any amounts owed to the Sellers under this Section 1.6.3.

1.6.4 All prorations and payments to be made under the foregoing provisions shall be agreed upon by Purchaser and Sellers prior to the Closing and shall be binding upon the parties; provided, however, with respect to the Unpaid Amounts, in the event any proration, apportionment or computation shall prove to be incorrect for any reason, then either the applicable Seller or Purchaser shall be entitled to an adjustment to correct the same, provided that said party makes written demand on the party from whom it is entitled to such adjustment within thirty (30) calendar days after the erroneous payment or computation was made, or such later time as may be required, in the exercise of due diligence, to obtain the necessary information for proration. This Section 1.6 shall survive Closing.

1.7 Transfer of Assets of Sellers. On the Closing Date and subject to the terms and conditions of this Agreement, each Seller shall sell, assign, transfer, convey and deliver to Purchaser, free and clear of all liens, claims, interests and encumbrances other than the Permitted Exceptions (defined below), and Purchaser shall acquire, all of each Seller's right, title and interest in and to only the following assets and properties, as such assets shall exist on the Closing Date, in each case (notwithstanding anything else in this Agreement) solely to the extent used primarily in the conduct of the Businesses and to the extent not included among the Excluded Assets, such transfer being deemed to be effective at the Effective Time:

(a) all of the tangible personal property owned by such Hospital Seller, or to the extent assignable or transferable by each Hospital Seller, leased, subleased or licensed by such Hospital Seller, and used by such Seller in the operation of the Hospital of such Hospital Seller, including equipment, furniture, fixtures, machinery, vehicles, office furnishings and leasehold improvements (the "**Personal Property**");

(b) all of such Hospital Seller's rights, to the extent assignable or transferable, to all Medicare and Medi-Cal provider agreements, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued to such Seller for use in the operation of the Hospital of such Hospital Seller (the "**Licenses**"), including, without limitation, the Licenses and Medicare/Medi-Cal Provider Agreements set forth on Schedule 1.7(b), except to the extent Purchaser elects, in its discretion, not to take assignment of any such Licenses;

(c) all of such Hospital Seller's interest in and to the Owned Real Property and all of such Hospital Seller's interest, to the extent assignable or transferable, in and to all of the following (the "**Assumed Leases**"): (i) personal property leases with respect to the operation of the Hospital of such Hospital Seller (including leases for assets described in Section 1.7(i), (ii) the real property leases for all real property leased by such Hospital Seller and set forth on Schedule 1.7(c)(ii) (the "**Leased Real Property**"), and (iii) the real property leased or subleased by such Seller to a third party and set forth on Schedule 1.7(c)(iii) (the "**Tenant Leases**");

(d) all of such Hospital Seller's interest, to the extent assignable or transferable, in and to all contracts and agreements (including, but not limited to, purchase orders) with respect

to the operation of the Hospital of such Hospital Seller that have been designated by Purchaser as a contract to be assumed pursuant to Section 1.11 (the “**Assumed Contracts**”);

(e) other than the Excluded Settlements and Actions (defined below), all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by such Seller to any third party health plans with respect to periods prior to the Effective Time (e.g. such overpaid amounts may be determined by billing audits undertaken by such Seller or such Seller’s consultants), except with respect to any causes of action or proceeds thereof arising under Chapter 5 of the Bankruptcy Code other than with respect to Assumed Contracts and Assumed Leases and other items described in Section 1.8(h);

(f) to the extent assignable or transferable, all inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables (i) located at the Hospital of such Seller or (ii) used in the operation of the Hospital of such Seller (the “**Inventory**”) except as set forth in Section 1.8(e);

(g) other than Utility Deposits, all prepaid rentals, deposits, prepayments (excluding prepaid insurance and prepaid taxes) and similar amounts relating to the Assumed Contracts and/or the Assumed Leases, which were made with respect to the operation of the Hospital of such Hospital Seller (the “**Prepays**”);

(h) to the extent assignable or transferrable, all of the following that are not proprietary to such Seller and/or owned by or proprietary to such Hospital Seller’s affiliates: operating manuals, files and computer software with respect to the operation of the Hospital of such Hospital Seller, including, without limitation, all patient records, medical records, employee records, financial records, equipment records, construction plans and specifications, and medical and administrative libraries; *provided, however*, that any patient records and medical records which are not required by law to be maintained by such Hospital Seller as of the Effective Time shall be an Excluded Asset;

(i) to the extent assignable or transferrable (and if leased, to the extent the associated lease is transferrable), including any assignment which is made effective pursuant to the Sale Order where the consent of a third party is required pursuant to the terms of an applicable agreement but not obtained, all systems, servers, computers, hardware, firmware, middleware, telecom equipment, networks, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation owned, leased or licensed by Sellers and used by Sellers with respect to the operations of the Hospitals;

(j) all Measure B trauma funding received after the Signing Date to be paid related to service periods ending on or after the Signing Date (pro rated between Purchaser and Sellers for any such payments covering service periods which include days both before and after the Signing Date based upon the number of days in the relevant payment period before the Signing Date (for the account of Sellers) and after the Signing Date (for the account of Purchaser));

(k) Except for as stated in Section 1.7(j), all accounts and interest thereupon, notes and interest thereupon and other receivables of such Seller, including, without limitation,

accounts, notes or other amounts receivable, disproportionate share payments and all claims, rights, interests and proceeds related thereto, including all accounts and other receivables, and Seller Cost Report settlements related thereto, in each case arising from the rendering of services or provision of goods, products or supplies to inpatients and outpatients at the Hospital of such Seller, billed and unbilled, recorded and unrecorded, for services, goods, products and supplies provided by such Seller prior to the Effective Time whether payable by Medicare, Medicaid, or any other payor (including an insurance company), or any health care provider or network (such as a health maintenance organization, preferred provider organization or any other managed care program) or any fiscal intermediary of the foregoing, private pay patients, private insurance or by any other source (collectively, “**Accounts Receivable**”);

(l) all rights, claims and causes of action of such Seller to the extent related to and/or to the extent arising out of the Accounts Receivable acquired by Purchaser at the Closing;

(m) other than the Excluded Settlements and Actions, all regulatory settlements, rebates, adjustments, refunds or group appeals, including without limitation pursuant to all cost reports filed by Sellers for payment or reimbursement from government payment programs and other payors with respect to periods after the Signing Date;

(n) other than the Excluded Settlements and Actions, all casualty insurance proceeds arising in respect of casualty losses occurring after the Signing Date in connection with the ownership or operation of the Assets;

(o) other than the Excluded Settlements and Actions, all surpluses arising out of any risk pools, shared savings program or accountable care organization arrangement to which any Seller is party on the Closing Date, in each case to the extent Purchaser assumes the underlying contract relating to such risk pools, shared savings program or accountable care organization arrangement;

(p) all transferable unclaimed property of any Person in Sellers’ possession as of the Closing Date, including, without limitation, property which is subject to applicable escheat laws;

(q) to the extent assignable or transferable by Sellers without out-of-pocket expense to Sellers, all warranties (including warranties of any manufacturer or vendor) on or in connection with the Assets (including the Personal Property) in favor of the Hospitals or Sellers;

(r) the right to use the names “St. Francis Medical Center”, “St. Vincent Medical Center”, “Seton Medical Center” and “Seton Medical Center Coastsides”, including any trademarks, service marks, trademark and service mark registrations and registration applications, trade names, trade name registrations, logos, domain names, trade dress, copyrights, copyright registrations, website content, know-how, trade secrets and the corporate or company names of Sellers and the names of the Hospitals, together with all rights to sue and recover damages for infringement, dilution, misappropriation or other violation or conflict associated with any of the foregoing; at the Closing, Purchaser will execute and deliver to Sellers the Transition Services Agreement granting to Sellers an unlimited, royalty free, irrevocable license to use any and all of the foregoing solely in connection with the wind-down of the Businesses, the completion of the

Bankruptcy Cases and the dissolution of Sellers (and following completion of such wind-down, Bankruptcy Cases and dissolution of Sellers, such license shall automatically terminate);

(s) all goodwill of the Hospital of such Hospital Seller evidenced by or associated with any of the Assets;

(t) to the extent transferable or assignable, such Hospital Seller's right or interest in the telephone and facsimile numbers and uniform resource locaters used with respect to the operation of the Hospital of such Hospital Seller;

(u) each such Hospital Seller's Medicare and Medi-Cal provider agreements and lockbox account(s) identified on **Schedule 1.7(u)**;

(v) all documents, records, correspondence, work papers and other documents, other than patient records, primarily relating to the Accounts Receivable;

(w) with respect to Verity Holdings, the assets represented by the assessor's parcel numbers (APN's) listed in **Schedule 1.7(w)** hereof (the "**Purchased Verity Holdings Assets**");

(x) except for the Excluded Assets, to the extent assignable or transferable, and subject to the Permitted Exceptions, any other assets owned by such Hospital Seller (which are not otherwise specifically described above in this Section 1.7) that are used in the operation of the Hospital of such Hospital Seller;

(y) all of Seton's interest in and to the PACE Obligations; and

(z) all QAF V and subsequent QAF program payments received after the Closing (e.g., QAF VI and QAF VII).

As used herein, the term "**Permitted Exceptions**" means (i) the Assumed Obligations; (ii) the PACE Obligations; (iii) liens for taxes not yet due and payable (iv) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property; (v) other imperfections of title or encumbrances, if any, which are not monetary in nature and that are not, individually or in the aggregate, material to the business of the Hospital; (vi) any agreements made with any governmental authority in order to obtain any consent or approval, including, without limitation, in connection with the Medicare and Medi-Cal provider agreements; and (vii) other imperfections of title or encumbrances that are expressly identified on **Schedule 1.7** hereof.

1.8 Excluded Assets. Notwithstanding anything to the contrary in Section 1.7, each Seller shall retain all interests, rights and other assets owned directly or indirectly by it (or any of such Seller's affiliates) which are not among the Assets, including, without limitation, the following interests, rights and other assets of such Seller (collectively, the "**Excluded Assets**"):

(a) cash, cash equivalents and short-term investments;

(b) all Seller Plans (defined below) and the assets of all Seller Plans and any asset that would revert to the employer upon the termination of any Seller Plan, including, without limitation, any assets representing a surplus or overfunding of any Seller Plan;

(c) all contracts that are not Assumed Contracts;

(d) all leases that are not Assumed Leases;

(e) the portions of Inventory, Prepaids, and other assets disposed of, expended or canceled, as the case may be, by such Seller after the Signing Date and prior to the Effective Time in the ordinary course of business;

(f) assets owned and provided by vendors of services or goods to the Hospital of such Hospital Seller;

(g) all of such Seller's organizational or corporate record books, minute books, tax returns, tax records and reports, data, files and documents, including electronic data related thereto;

(h) all claims, counterclaims and causes of action of such Seller or such Seller's bankruptcy estate (including parties acting for or on behalf of such Seller's bankruptcy estate, including, but not limited to, the official committee of unsecured creditors appointed in the Bankruptcy Cases), including, without limitation, rights of recovery or set-off of every kind and character against third parties, causes of action arising out of any claims and causes of action under chapter 5 of the Bankruptcy Code and any related claims, counterclaims and causes of action under applicable non-bankruptcy law, and any rights to challenge liens asserted against property of such Seller's bankruptcy estate, including, but not limited to, liens attaching to the Purchase Price paid to such Seller, and the proceeds from any of the foregoing;

(i) other than casualty insurance proceeds described in Section 1.7(m), all insurance policies and contracts and coverages obtained by such Seller or listing such Seller as insured party, a beneficiary or loss payee, including prepaid insurance premiums, and all rights to insurance proceeds under any of the foregoing, and all subrogation proceeds related to any insurance benefits arising from or relating to Assets prior to the Closing Date;

(j) all deposits made with any entity that provides utilities to the Hospital (the **"Utility Deposits"**);

(k) all rents, deposits, prepayments, and similar amounts relating to any contract or lease that is not an Assumed Contract or Assumed Lease;

(l) all non-transferrable unclaimed property of any third party as of the Effective Time, including, without limitation, property which is subject to applicable escheat laws;

(m) all other bank accounts of such Sellers not listed on **Schedule 1.7(u)**;

(n) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection;

(o) the rights of such Seller to receive mail and other communications with respect to Excluded Assets or Excluded Liabilities;

(p) all director and officer insurance;

(q) all tax refunds of such Seller;

(r) all documents, records, operating manuals and film pertaining to the Hospital that the parties agree that such Seller is required by law to retain;

(s) all patient records and medical records which are not required by law to be maintained by such Seller as of the Effective Time;

(t) all documents, records, correspondence, work papers and other patient records that may not be transferred under applicable law, and any other documents, records, or correspondence (including with respect to any employees) that may not be transferred under applicable law;

(u) any rights or documents relating to any Excluded Liability or other Excluded Asset;

(v) any rights or remedies provided to such Seller under this Agreement and each other document executed in connection with the Closing;

(w) any (i) personnel files for employees of such Seller who are not hired by Purchaser; (ii) other books and records that such Seller is required by Law to retain; provided, however, that except as prohibited by Law and subject to Article 5, Purchaser shall have the right to make copies of any portions of such retained books and records that relate to the business of the Hospital as conducted before the Closing or that relate to any of the Assets; (iii) documents which such Seller is not permitted to transfer pursuant to any contractual obligation owed to any third party; (iv) documents primarily related to any Excluded Assets; and (v) documents necessary to prepare tax returns (Purchaser shall be entitled to a copy of such documents). With respect to documents necessary to prepare cost reports, Purchaser shall receive the original document and such Seller shall be entitled to retain a copy of such documents for any period ending on or prior to the Closing Date;

(x) all deposits or other prepaid charges and expenses paid in connection with or relating to any other Excluded Assets;

(y) all rights, claims and causes of action of such Seller to the extent related to and/or to the extent arising out of the receivables identified in **Schedule 1.8(y)** and rights to settlements and retroactive adjustments, if any, whether arising under a Seller Cost Report or otherwise, for any reporting periods ending on or prior to the Effective Time, whether open or closed, arising from or against the United States government under the terms of the Medicare

program or TRICARE (formerly the Civilian Health and Medical Program of the Uniformed Services);

(z) all pre-Closing settlements or settlements pursuant to adversary proceedings in the Bankruptcy Cases, including, without limitation, any proceedings identified in Section 1.8(h) or 1.8(y) (together with the items identified in Section 1.8(h) and 1.8(y), the “**Excluded Settlements and Actions**”);

(aa) for the avoidance of doubt, all QAF IV and QAF V payments actually received prior to the Signing Date;

(bb) all assets of Verity Holdings other than the Purchased Verity Holdings Assets and all assets of any of the tenants located in the leased premises of the purchased Verity Holdings properties; and

(cc) any assets identified in **Schedule 1.8(cc)**.

1.9 **Assumed Obligations.** On the Closing Date, each Seller shall assign, and Purchaser shall assume and agrees to discharge, perform and satisfy fully, on and after the Effective Time, the following liabilities and obligations of such Seller and only the following liabilities and obligations (collectively, the “**Assumed Obligations**”):

(a) the Assumed Contracts and all liabilities of such Seller under the Assumed Contracts, including related Cure Costs;

(b) the Assumed Leases and all liabilities of such Seller under the Assumed Leases, including related Cure Costs;

(c) all liabilities and obligations arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation by Purchaser of the Hospital or any of the Assets on or after the Effective Time;

(d) all accrued vacation and other paid time off, to the extent assumed under Section 1.1(a)(ii);

(e) all liabilities and obligations of such Seller related to the Hired Employees arising on or following the Effective Time;

(f) all unpaid real and personal property taxes, if any, that are attributable to the Assets after the Effective Time, subject to the prorations provided in Section 1.6;

(g) all liabilities and obligations relating to utilities being furnished to the Assets, subject to the prorations provided in Section 1.6;

(h) any documentary, sales and transfer tax liabilities of such Seller incurred as a result of the consummation of the transaction contemplated by this Agreement;

(i) all liabilities or obligations provided for in Section 5.3;

(j) any obligations or liabilities Purchaser may desire or need to assume in order to have the Certifications/Licenses/Permits identified on Schedule 1.7(b) reissued to Purchaser, as well as any liabilities or obligations associated with Sellers' Medicare and Medi-Cal provider agreements, but only to the extent assumed by Purchaser, and any Medi-Cal liabilities or obligations needed to support ongoing Hospital Quality Assurance Fee Program payments; and

(k) any other obligations and liabilities identified in Schedule 1.9(k).

1.10 Excluded Liabilities. Purchaser shall not assume or become responsible for any duties, obligations or liabilities of any Seller that are not assumed by Purchaser pursuant to the terms of this Agreement, the Bill of Sale, the Assumption Agreement or the Real Estate Assignment(s) (the "**Excluded Liabilities**"), and each Seller shall remain fully and solely responsible for all of such Seller's debts, liabilities, contract obligations, expenses, obligations and claims of any nature whatsoever related to the Assets or the Hospital unless assumed by Purchaser under this Agreement, in the Bill of Sale, the Assumption Agreement or in the Real Estate Assignment(s).

1.11 Designation of Assumed Contracts and Assumed Leases.

(a) Except as provided in Section 1.11(b), all contracts and leases will be subject to evaluation by Purchaser for assumption or rejection (collectively "**Evaluated Contracts**"). Not later than seven (7) days prior to the date of the auction for the Assets (i) Purchaser shall notify each Seller in writing of which Evaluated Contracts are to be assumed by such Seller and assigned to Purchaser and (ii) Purchaser shall notify each Seller in writing signed and dated by Purchaser of which Evaluated Contracts are to be rejected by such Seller (collectively, the "**Rejected Contracts**"); provided, that Purchaser shall have the right to designate additional Evaluated Contracts for assumption up to thirty (30) days prior to Closing. Each Seller shall file such motions in the Bankruptcy Court and take such other actions as are reasonably necessary to ensure that final and non-appealable orders are entered (x) assuming and assigning the respective Assumed Contracts or Assumed Leases applicable to such Seller to Purchaser and (y) rejecting the Rejected Contracts. With respect to each Assumed Lease, the applicable Seller shall execute and deliver to Purchaser an Assignment and Assumption of Lease. Notwithstanding anything to the contrary set forth in this Agreement, the Rejected Contracts shall constitute part of the Excluded Assets pursuant to, and as defined in, this Agreement.

(b) At Closing and pursuant to an order of the Bankruptcy Court, each Seller will assume and immediately assign to Purchaser the leases of such Seller for Leased Real Property and the Tenant Leases.

(c) Notwithstanding the foregoing, Purchaser's obligation to consummate the transactions contemplated by this Agreement are not contingent upon the assumption, assignment or rejection of any contract or lease, or on the amount of any payment or other performance needed to cure any default thereunder.

1.12 Disclaimer of Warranties; Release.

(a) THE ASSETS TRANSFERRED TO PURCHASER WILL BE SOLD BY SELLERS AND PURCHASED BY PURCHASER IN THEIR PHYSICAL CONDITION AT THE EFFECTIVE TIME, "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, SUITABILITY, USAGE, WORKMANSHIP, QUALITY, PHYSICAL CONDITION, OR VALUE, AND ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED, AND WITH RESPECT TO THE LEASED REAL PROPERTY WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, INCLUDING, WITHOUT LIMITATION, THE LAND, THE BUILDINGS AND THE IMPROVEMENTS. ALL OF THE PROPERTIES, ASSETS, RIGHTS, LICENSES, PERMITS, PRIVILEGES, LIABILITIES, AND OBLIGATIONS OF SELLERS INCLUDED IN THE ASSETS AND THE ASSUMED OBLIGATIONS ARE BEING ACQUIRED OR ASSUMED "AS IS, WHERE IS" ON THE CLOSING DATE AND IN THEIR PRESENT CONDITION, WITH ALL FAULTS. ALL OF THE TANGIBLE ASSETS SHALL BE FURTHER SUBJECT TO NORMAL WEAR AND TEAR AND NORMAL AND CUSTOMARY USE OF THE INVENTORY AND SUPPLIES IN THE ORDINARY COURSE OF BUSINESS UP TO THE EFFECTIVE TIME.

(b) Purchaser acknowledges that Purchaser will be examining, reviewing and inspecting all matters which in Purchaser's judgment bear upon the Assets, the Sellers, the Hospitals, the business of the Hospitals and their value and suitability for Purchaser's purposes and is relying solely on Purchaser's own examination, review and inspection of the Assets and Assumed Obligations. Purchaser releases each Seller and its affiliates from all responsibility and liability regarding the condition, valuation, salability or utility of the business of the Hospitals or the Assets, or their suitability for any purpose whatsoever. Purchaser further acknowledges that the representations and warranties of Sellers contained in ARTICLE 2 of this Agreement are the sole and exclusive representations and warranties made by Sellers to Purchaser (including with respect to the Hospitals, the Assets and the Assumed Obligations) and shall expire, and be of no further force or effect after January 8, 2019 (the period from the Signing Date until January 8, 2019, the "**Final Diligence Period**"), except that the Sale Order Date Representations shall expire, and be of no further force or effect upon the Sale Order Date, and in each case Sellers shall not have any liability in respect of any breach thereof following such expiration.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller hereby represents, warrants and covenants to Purchaser, severally (and not jointly) with respect to such Seller that the following matters are true and correct as of the Signing Date and as of the last day of the Final Diligence Period, except as would not have a material adverse effect upon the Hospitals, taken as a whole (a “**Material Adverse Effect**”) and except as disclosed in the disclosure schedule, as may be amended pursuant to the terms of this Agreement (the “**Disclosure Schedule**”), provided that the representations and warranties set forth in Sections 2.1 (Authorization), 2.2 (Binding Agreement), 2.3 (Organization and Good Standing; No Violation), 2.8 (Compliance with Legal Requirements), 2.9 (Required Consents), 2.11 (Title) and 2.14 (Legal Proceedings) (the “**Sale Order Date Representations**”) shall also be made as of immediately prior to the entry of the Sale Order (the “**Sale Order Date**”):

2.1 Authorization. Such Seller has all necessary corporate power and authority to enter into this Agreement and, subject to Bankruptcy Court approval, to carry out the transactions contemplated hereby.

2.2 Binding Agreement. This Agreement has been duly and validly executed and delivered by such Seller and, assuming due and valid execution by Purchaser, this Agreement constitutes a valid and binding obligation of such Seller enforceable in accordance with its terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors’ rights generally from time to time in effect and (b) limitations on the enforcement of equitable remedies. Except for such corporate actions which have been taken on or before the date hereof, no other corporate action on the part of Sellers is necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby and thereby.

2.3 Organization and Good Standing; No Violation.

(a) Such Seller is an entity duly organized, validly existing and in good standing under the laws of the State of California. Such Seller has all necessary power and authority to own, operate and lease its properties and to carry on its businesses as now conducted.

(b) Neither the execution and delivery by such Seller of this Agreement nor the consummation of the transactions contemplated hereby by such Seller nor compliance with any of the material provisions hereof by such Seller, will violate, conflict with or result in a breach of any material provision of such Seller’s articles of incorporation or bylaws or any other organizational documents of such Seller.

2.4 Contracts. Except as set forth in Schedule 2.4, upon entry of the Sale Order and Purchaser’s payment of the Cure Costs, to Seller’s knowledge, Seller is not in material breach or default of the Assumed Contracts or Assumed Leases. No provision of this Section 2.4 shall apply to any failure to obtain consents to the assignment of the Assumed Contracts and Assumed Leases from third parties to the Assumed Contracts and Assumed Leases for which consent is required to

assign the Assumed Contracts and Assumed Leases to Purchaser (the “**Contract and Lease Consents**”).

2.5 Brokers and Finders. Except as set forth on Schedule 2.5, neither such Seller nor any affiliate thereof, nor any officer or director thereof, have engaged or incurred any liability to any finder, broker or agent in connection with the transactions contemplated hereunder.

2.6 Seller Knowledge. References in this Agreement to “Sellers’ knowledge or “the knowledge of Sellers” means the actual knowledge of the Chief Executive Officer or Chief Financial Officer of the applicable Seller, without independent research. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

2.7 Non-Contravention. Neither the execution and delivery by Sellers of this Agreement and each Ancillary Agreement nor performance of any of the material provisions hereof by Sellers, will violate, conflict with or result in a breach of any material provisions of the articles of incorporation or bylaws of Sellers.

2.8 Compliance with Legal Requirements. Except as set forth in Schedule 2.8, to the knowledge of Sellers: each Seller, with respect to the operation of the Hospitals, is in material compliance with all applicable laws, statutes, ordinances, orders, rules, regulations, policies, guidelines, licenses, certificates, judgments or decrees of all judicial or governmental authorities (federal, state, local, foreign or otherwise) (collectively, “**Legal Requirements**”). Except as set forth in Schedule 2.8, to the knowledge of Sellers, none of the Sellers, with respect to the operation of the Hospitals, has been charged in writing with or been given written notice of or is under investigation with respect to, any material violation of, or any obligation to take material remedial action under, any applicable Legal Requirements.

2.9 Required Consents. Except as set forth in Schedule 2.9, and other than in connection with any Licenses, any provider agreements (including any such agreements with a governmental authority) and the CA AG (defined below), Sellers are not a party to or bound by, nor are any of the Assets subject to, any mortgage, or any material lien, deed of trust, material lease, or material contract or any material order, judgment or decree which, after giving effect to the Sale Order (a) will require the consent of any third party to the execution of this Agreement or (b) will require the consent of any third party to consummate the transactions contemplated by this Agreement.

2.10 Environmental Matters.

(a) Sellers have provided Purchasers with the Phase I Environmental Site Assessments set forth in said Schedule 2.10(a).

(b) Except as disclosed in Schedule 2.10(b), to the knowledge of Sellers, the operations of the Hospitals are not in material violation of any applicable limitations, restrictions, conditions, standards, prohibitions, requirements and obligations of Environmental Laws and related orders of any court or any other governmental authority.

(c) For the purposes of this Section, the term “**Environmental Laws**” shall mean all state, federal or local laws, ordinances, codes or regulations relating to Hazardous Substances or to the protection of the environment, including, without limitation, laws and regulations relating to the storage, treatment and disposal of medical and biological waste. For purposes of this Agreement, the term “**Hazardous Substances**” shall mean (i) any hazardous or toxic waste, substance, or material defined as such in (or for the purposes of) any Environmental Laws, (ii) asbestos-containing material, (iii) medical and biological waste, (iv) polychlorinated biphenyls, (v) petroleum products, including gasoline, fuel oil, crude oil and other various constituents of such products, and (vi) any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any Environmental Laws.

2.11 Title. Prior to December 21, 2018, Sellers have delivered at their own expense (i) for all the Real Property preliminary title reports issued by First American Title Insurance Company (the “**Title Commitments**”), (ii) for all of the Real Property all underlying title documents listed on the Title Commitments (the “**Underlying Title Documents**”), and (iii) for all of the Hospitals an as-built ALTA Surveys (the “**Surveys**”, and collectively with the Title Commitment and the Underlying Title Documents, the “**Title Documents**”).

2.12 Certain Other Representations with Respect to the Hospitals.

(a) Except as set forth in Schedule 2.12, all Licenses which are material and necessary to the operation of the Hospitals or the Hospitals by Sellers are valid and in good standing and Sellers are in compliance with the terms and conditions of all such Licenses in all material respects, in each case except where the failure to be valid and in good standing or in compliance would not have a material adverse effect on the Assets or the Hospitals. Except as set forth in Schedule 2.12, as of the Closing Date Sellers will have any and all material Licenses required under Legal Requirements to conduct the Hospitals as presently conducted by Sellers, except where the failure to have any such License would not have a material adverse effect on the Assets or the Hospitals. To the knowledge of Sellers, no loss or expiration of any License is pending or threatened.

(b) Sellers are certified for participation in the Medicare, Medi-Cal and TRICARE programs and any other federal or state health care reimbursement programs in which they participate, and have current and valid provider agreements with each such program, except where the failure to be so certified or have such provider agreements would not have a material adverse effect.

(c) Sellers have not been excluded from Medicare, Medi-Cal or any federal or state health care reimbursement program, and, to the knowledge of Sellers, there is no pending or threatened exclusion action by a governmental authority against Sellers.

2.13 Financial Statements.

(a) Schedule 2.13(a) hereto contains the following financial statements (the “Historical Financial Statements”): (i) the unaudited balance sheets of the Sellers as of June 30,

2018; (ii) unaudited income statements of the Sellers for the twelve-month periods ended June 30, 2018; (iii) the audited consolidated income statements of Sellers for the years ended 2016 and 2017; and (iv) the unaudited consolidated balance sheet of Sellers as of June 30, 2018.

(b) the income statements contained in the Historical Financial Statements present, fairly in all material respects the results of the operations of the Sellers as of and for the periods covered therein and, except as set forth on Schedule 2.13(b), the balance sheets contained in the Historical Financial Statements (i) are true, complete and correct in all material respects; (ii) present, fairly in all material respects the financial condition of the Sellers as of the dates indicated thereon; and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered, except as disclosed therein.

2.14 Legal Proceedings. Except as set forth on Schedule 2.14, and except for any and all cases and/or pleadings filed or to be filed in the Bankruptcy Court, which shall be available through Sellers' claims and noticing agent's website at <http://www.kcclec.com/VERITYHEALTH/>, to the knowledge of Sellers, there are no material claims, proceedings or investigations pending or threatened with respect to the ownership of the Assets or the operation of the Hospitals or the Hospitals by Sellers before any governmental authority. Except as set forth on Schedule 2.14, and other than any action or proceeding brought in the Bankruptcy Court, to the knowledge of Sellers, Sellers are not subject to any government order with respect to the ownership or operation by Sellers of the Hospitals or the other Assets or the Hospitals and are in substantial compliance with respect to each such government order.

2.15 Employee Benefits. Schedule 2.15(a) contains a list of (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of Seller with respect to the operation of the Hospital, whether oral or written, which constitutes an "employee pension benefit plan" as defined in Section 3(2) of ERISA, (ii) each medical, health, disability, insurance or other plan or arrangement of Seller with respect to the operation of the Hospital, whether oral or written, which constitutes an "employee welfare benefit plan" as defined in Section 3(1) of ERISA, and (iii) each other employee benefit or perquisite provided by Seller with respect to the operation of the Hospital, in which any employee of Seller participates in his capacity as such (collectively, the "**Seller Plans**").

2.16 Personnel. Schedule 2.16 sets forth a complete list (as of the date set forth therein) of names, positions and current annual salaries or wage rates and scheduled bonus, and the accrued paid time off pay of all employees of Sellers (including employees of the Hospitals and employees of Verity and Verity Holdings) immediately prior to December 21, 2018, whether such employees are full time employees, part-time employees, on short-term or long-term disability or on leave of absence pursuant to Sellers's policies, the Family and Medical Leave Act of 1993 or other similar Legal Requirements (the "**Hospital Employees**") and indicating whether the Hospital Employee is full- time or part-time. Sellers shall have the right to update to Schedule 2.16(a) to reflect changes in employment status or new hires and terminations occurring after December 21, 2018 by providing a revised schedule to Purchase no later than five (5) Business Days before the date scheduled for the Closing. Insurance. Schedule 2.17 contains a list of all material insurance maintained by Sellers with respect to the Assets and the Businesses, as of the Signing Date.

2.18 Accounts Receivable. To the knowledge of Sellers, all Accounts Receivable included in the Assets at Closing result from the bona fide provision of products or services in the ordinary course of business. All Sellers Accounts Receivable are currently deposited, either electronically or manually, into the bank accounts listed on Schedule 4.25(b).

2.19 Payer Contracts. To the knowledge of Sellers, and subject to Section 365 of the Bankruptcy Code, Schedule 2.19 sets forth a complete list of all written contracts with private third party payers including insurance companies and HMOs ("**Payer Contracts**"). Sellers have provided Purchasers with a true and correct copy of all material Payer Contracts, whether or not entered into in the ordinary course of business, or otherwise required to be disclosed on Schedule 2.20, in each case together with all amendments thereto.

2.20 Excluded Individuals. Except as set forth on Schedule 2.20, to the knowledge of Sellers: neither Sellers, Hospitals nor any director, officer or employee of Sellers or Hospitals (a) was, is or is proposed to be, suspended, excluded from participation in, or sanctioned under, any federal or state health care program (including, without limitation, Medicare and Medicaid) (an "**Excluded Individual**"); (b) has been convicted of any criminal offense related to the delivery of any medical or health care services or supplies, or related to the neglect or abuse of patients; (c) has failed to maintain its current License to provide the services required to be provided by it to or on behalf of Sellers and Hospitals; or (d) is unable to obtain or maintain liability insurance consistent with commercially reasonable industry practices.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Sellers to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Purchaser hereby represents, warrants and covenants to Sellers as to the following matters as of the Signing Date and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

3.1 Authorization. Purchaser has full power and authority to enter into this Agreement and has full power and authority to perform its obligations hereunder and to carry out the transactions contemplated hereby. No additional internal consents are required in order for Purchaser to perform its obligations and agreements hereunder.

3.2 Binding Agreement. This Agreement has been duly and validly executed and delivered by Purchaser and, assuming due and valid execution by Sellers, this Agreement constitutes a valid and binding obligation of Purchaser enforceable in accordance with its terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect and (b) limitations on the enforcement of equitable remedies.

3.3 Organization and Good Standing. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of California, is or will be duly

authorized to transact business in the State of California, and has full power and authority to own, operate and lease its properties and to carry on its business as now conducted.

3.4 No Violation. Except as set forth in Schedule 3.4, neither the execution and delivery by Purchaser of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the material provisions hereof by Purchaser will (a) violate, conflict with or result in a breach of any material provision of the Articles of Incorporation, Bylaws or other organizational documents of Purchaser or any contract, lease or other instrument by which Purchaser is bound; (b) require any approval or consent of, or filing with, any governmental agency or authority, (c) violate any law, rule, regulation, or ordinance to which Purchaser is or may be subject, (d) violate any judgment, order or decree of any court or other governmental agency or authority to which Purchaser is subject.

3.5 Brokers and Finders. Neither Purchaser nor any affiliate thereof nor any officer or director thereof has engaged any finder or broker in connection with the transactions contemplated hereunder.

3.6 Representations of Sellers. Purchaser acknowledges that it is purchasing the Assets on an "AS IS, WHERE IS" basis (as more particularly described in Section 1.12), and that Purchaser is not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of any Seller other than as expressly set forth in this Agreement. Purchaser further acknowledges that no Seller is making any representations or warranties herein relating to the Assets or the operation of the Hospital on and after the Effective Time.

3.7 Legal Proceedings. Except as described on Schedule 3.7, there are no claims, proceedings or investigations pending or, to the best knowledge of Purchaser, threatened relating to or affecting Purchaser or any affiliate of Purchaser before any court or governmental body (whether judicial, executive or administrative) in which an adverse determination would materially adversely affect the properties, business condition (financial or otherwise) of Purchaser or any affiliate of Purchaser or which would adversely affect Purchaser's ability to consummate the transactions contemplated hereby. Neither Purchaser nor any affiliate of Purchaser is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to Purchaser or any affiliate of Purchaser which materially adversely affects the condition (financial or otherwise), operations or business of Purchaser or any affiliate of Purchaser or which would adversely affect Purchaser's ability to consummate the transactions contemplated hereby.

3.8 No Knowledge of a Seller's Breach. Neither Purchaser nor any of its affiliates has knowledge of any breach of any representation or warranty by any Seller or of any other condition or circumstance that would give Purchaser a right to terminate this Agreement pursuant to Section 9.1(c). If information comes to Purchaser's attention on or before the Closing Date (whether through a Seller or otherwise and whether before or after the Signing Date) which indicates that Sellers have breached any of its representations and warranties under this Agreement, then the effect shall be as if the representations and warranties had been modified in this Agreement in accordance with the actual state of facts existing prior to the Effective Time such that there will be no breach under Sellers' representations and warranties in relation to such information; *provided, however*, that Purchaser must immediately notify Sellers if any such breach comes to its attention

on or before the Closing Date, and Purchaser's failure to so notify Sellers shall constitute a waiver by Purchaser of Sellers' breach, if any, of any representation or warranty. If any such information comes to Purchaser's attention on or before the Closing Date (whether through a Seller or otherwise, including through updated schedules, and whether before or after the Signing Date) that would give Purchaser a right to terminate this Agreement pursuant to Section 9.1(c), Purchaser must immediately notify Sellers if any such information comes to its attention on or before the Closing Date, and Purchaser's failure to so notify Sellers shall constitute a waiver of such right in relation to the relevant breach.

3.9 Ability to Perform. Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Price by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

3.10 Purchaser Knowledge. References in this Agreement to "Purchaser's knowledge" or "the knowledge of Purchaser" means the actual knowledge of the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer of Purchaser, without independent research. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

3.11 Investigation. Purchaser has been afforded reasonable access to, and has been provided adequate time to review, the books, records, information, operations, facilities and personnel of each Seller and the Hospital for purposes of conducting a due diligence investigation of each Seller and the Hospital. Purchaser has conducted a reasonable due diligence investigation of each Seller and the Hospital and has received satisfactory answers to all inquiries it has made respecting each Seller and the Hospital and has received all information it considers necessary to make an informed business evaluation of each Seller and the Hospital. In connection with its due diligence investigation of each Seller and the Hospital, Purchaser has not relied upon any books, records, information, operations, facilities and personnel provided by any Seller, including in making its determination to enter into this Agreement and/or consummate the transactions contemplated hereby.

ARTICLE 4

COVENANTS OF SELLERS

4.1 Access and Information; Inspections.

4.1.1 From the Signing Date through the Effective Time, (a) each Seller shall afford to the officers and agents of Purchaser (which shall include accountants, attorneys, bankers and other consultants and authorized agents of Purchaser) reasonable access during normal business hours at Seller's corporate headquarters in El Segundo, California to, and the right to inspect, the books, accounts, records and all other relevant documents and information with respect to the assets, liabilities and business of the Hospital of such Seller and the plant and property of the Hospital of such Seller at the Hospital of such Seller and (b) each Seller shall furnish Purchaser with such additional financial and operating data and other information in such Seller's possession

as to businesses and properties of the Hospital of such Seller as Purchaser or its representatives may from time to time reasonably request; *provided, however*, that such Seller is not obligated to disclose information which is proprietary to such Seller and would not be essential to the ongoing operation of the Hospital of such Seller by Purchaser; *provided, further*, that all disclosures of information shall be consistent with the confidentiality agreements and any other non-disclosure agreements entered into (or to be entered into) among Purchaser, its representatives and such Seller. Purchaser's right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of any Seller or the Hospital.

4.1.2 Notwithstanding anything contained herein, no Seller shall be required to provide Purchaser or its representatives or agents access to or disclose information where such access or disclosure would violate the rights of its patients, jeopardize the attorney-client or similar privilege with respect to such information or contravene any law, judgment, fiduciary duty or contract entered into prior to or on the date of this Agreement with respect to such information.

4.2 Cooperation.

4.2.1 Each Seller shall reasonably cooperate with Purchaser and its authorized representatives and attorneys: (a) in Purchaser's efforts to obtain all consents, approvals, authorizations, clearances and licenses required to carry out the transactions contemplated by this Agreement (including, without limitation, those of governmental and regulatory authorities) or which Purchaser reasonably deems necessary or appropriate, (b) in the preparation of any document or other material which may be required by any governmental agency as a predicate to or result of the transactions contemplated in this Agreement, and (c) in Purchaser's efforts to effectuate the assignment of Assumed Contracts to Purchaser as of the Closing Date. Except as may be otherwise requested by a Seller in order to comply with applicable law or regulatory guidance, notwithstanding anything contained herein, other than Bankruptcy Court orders and authorizations, it shall be Purchaser's sole responsibility (including payment of any fees, expenses, filings costs or other amounts) to obtain the Contract and Lease Consents, as well as all governmental consents, approvals, assignments, authorizations, clearances and licenses required to (x) carry out the transactions contemplated by this Agreement, including but not limited to medical licenses and/or (y) transfer any of the Assets, including any Licenses. To the extent Purchaser needs certain information and data which is in the possession of a Seller in order for Purchaser to complete Purchaser's license and permit approval applications, Purchaser shall receive, upon request, reasonable assistance from such Seller in connection with the provision of such information.

4.2.2 Notwithstanding any provision to the contrary contained in this Agreement (including Section 8.7), no Seller shall be obligated to obtain the approval or consent to the assignment, to Purchaser, of any Assumed Contracts or Assumed Leases, from any party to any of the Assumed Contracts or Assumed Leases even if any such contract or lease states that it is not assignable without such party's consent.

4.3 Other Bidders. Purchaser expressly acknowledges and agrees that each Seller has an obligation to seek out and determine the best and highest offer reasonably available for such

Seller's assets in accordance with the Bankruptcy Code, and nothing herein shall amend, modify, alter, diminish or affect such obligation.

4.4 Sellers' Efforts to Close. Each Seller shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in ARTICLE 7 and ARTICLE 8 to its or Purchaser's obligations under this Agreement to the extent that such Seller's action or inaction can control or materially influence the satisfaction of such conditions; provided, however, that such Seller shall not be required to pay or commit to pay any amount to (or incur any obligation in favor of) any person (other than filing or application fees).

4.5 Termination Cost Reports. Each Seller shall file all Medicare, Medi-Cal and any other termination cost reports required to be filed as a result of the consummation of (a) the transfer of the Assets of such Seller to Purchaser and (b) the transactions contemplated by this Agreement with respect to such Seller, provided that Purchaser shall fund reasonable costs and expenses of preparation, filing and audit of such reports. Purchaser shall permit each Seller access to all Hospital books and records to prepare such reports and shall assist such Seller in the process of preparing, filing, and reviewing the termination cost reports. All such termination cost reports shall be filed by the applicable Seller in a manner that is consistent with current laws, rules and regulations. Each Seller shall be responsible for filing governmental cost reports for the period of January 1, 2019 through the Closing Date. Purchaser shall be responsible for its own cost report filings relating to the Hospitals beginning on the day immediately following the Effective Time.

4.6 Conduct of the Business. From the Signing Date until the Closing, or the earlier termination of this Agreement, without the prior written consent of Purchaser, Sellers shall, with respect to the ownership of the Assets and the operation of the Hospitals, use commercially reasonable efforts to, in each case except as would not have a Material Adverse Effect (except as otherwise noted):

(a) without regard to Material Adverse Effect, carry on Sellers' ownership of the Assets and the operation of the Hospitals consistent with past practice, but subject to the Bankruptcy Cases and Sellers' obligations and actions in connection therewith;

(b) maintain in effect the insurance and equipment replacement coverage with respect to the Assets;

(c) if and as permitted by the Bankruptcy Court, pay any bonuses payable under the Key Employee Retention Plan and Key Employee Incentive Plan of Sellers;

(d) maintain the Assets in materially the same condition as at present, ordinary wear and tear excepted;

(e) perform its obligations under all contracts with respect to the Assets in compliance with the Bankruptcy Code;

(f) following entry of the Sale Order, permit and allow reasonable access by Purchaser and its representatives (which shall include the right to send written materials, all of which shall be subject to Sellers' reasonable approval prior to delivery) to make offers of post-

Closing employment to any of Sellers' personnel (including access by Purchasers and their representatives for the purpose of conducting open enrollment sessions for Purchasers' employee benefit plans and programs) and to establish relationships with physicians, medical staff and others having business relations with Sellers;

(g) with respect to material deficiencies, if any, cited by any governmental authority (other than the Attorney General of the State of California and other than with respect to Seismic requirements) or accreditation body in the most recent surveys conducted by each, cure or develop and timely implement a plan of correction that is acceptable to such governmental authority or such accreditation body;

(h) timely file or cause to be filed all material reports, notices and tax returns required to be filed and pay all required taxes as they come due;

(i) without regard to Material Adverse Effect, beginning on February 21, 2019 and in accordance with the Sellers' budget under their debtor in possession financing, timely pay any fees that are or become due and payable under QAF IV and QAF V;

(j) comply in all material respects with all Legal Requirements (including Environmental Laws) applicable to the conduct and operation of the Hospitals; and

(k) without regard to Material Adverse Effect, maintain all material approvals, permits and environmental permits relating to the Hospitals and the Assets.

4.7 Contract With Unions. Representatives of Sellers who are parties to collective bargaining agreements and Purchaser shall meet and confer from time to time as reasonably requested by either party to discuss strategic business options and alternative approaches in negotiating each collective bargaining agreement. The applicable Sellers and Purchaser shall each participate in all union negotiations related to any specific collective bargaining agreement. Promptly following the Signing Date, applicable Sellers shall use commercially reasonable efforts to initiate discussions with Purchaser and conduct discussions to renegotiate each collective bargaining agreement currently in effect with each applicable union. The applicable Sellers will not unreasonably withhold, condition or delay approval or implementation of any successfully renegotiated collective bargaining agreement. The parties recognize that an applicable Seller's failure to secure a modification to any collective bargaining agreement, or to conclude a successor collective bargaining agreement shall not be a breach of Sellers' obligation under this Agreement, provided that if the unions refuse to negotiate, or otherwise are not timely, reasonable or realistic in renegotiating, the collective bargaining agreements during the period between the Signing Date and the Closing Date, Sellers and Purchaser will jointly consider, and negotiate mutually in good faith, alternative approaches that may be available and/or necessary to reduce Sellers' labor cost structure, including, but not limited to, seeking to reject the collective bargaining agreement(s).

ARTICLE 5

COVENANTS OF PURCHASER

5.1 Purchaser's Efforts to Close. Purchaser shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in ARTICLE 7 and ARTICLE 8 to its or Sellers' obligations under this Agreement to the extent that Purchaser's action or inaction can control or materially influence the satisfaction of such conditions. Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement, Purchaser shall be permitted to communicate and meet with (a) counter-parties to the agreements and contracts of the Hospitals, included those included in Assumed Obligations, regarding the terms and conditions under which they may be assumed and assigned to Purchaser, and (b) applicable governmental and regulatory authorities regarding prospective compliance with regulatory requirements and related issues; so long as, in the case of each of (a) and (b) (i) such communications and meetings do not interfere with the operation of the Businesses or the conduct of the Bankruptcy Cases and (ii) any communications or meetings with any governmental authority are approved in advance by Sellers as to timing and content (and Sellers are copied on such communications and afforded the opportunity to participate in such meetings).

5.2 Required Governmental Approvals.

(a) Purchaser, at its sole cost and expense (a) shall use its best efforts to secure, as promptly as practicable before the Closing Date, all consents, approvals (or exemptions therefrom), authorizations, clearances and licenses required to be obtained from governmental and regulatory authorities in order to carry out the transactions contemplated by this Agreement and to cause all of its covenants and agreements to be performed, satisfied and fulfilled (and provide Sellers copies of all materials relating to such consents, approvals, authorizations, clearances and licenses upon submission and all materials received from third parties in connection with such consents, approvals, authorizations, clearances and licenses upon receipt), and (b) will provide such other information and communications to governmental and regulatory authorities as any Seller or such authorities may reasonably request. Purchaser will provide Sellers periodic and timely updates regarding all such consents, approvals, authorizations, clearances and licenses. Purchaser is responsible for all filings with and requests to governmental authorities necessary to enable Purchaser to operate the Hospital at and after the Effective Time. Purchaser shall, promptly, but no later than thirty (30) business days after the entry of the Sale Order or sooner if required by applicable governmental or regulatory authorities, file all applications, licensing packages and other similar documents with all applicable governmental and regulatory authorities which are a prerequisite to obtaining the material licenses, permits, authorizations and provider numbers described in Section 8.1. Purchaser shall be entitled, but not obligated, to obtain the Contract and Lease Consents. Purchaser shall be entitled, but not obligated, to solicit and obtain estoppel certificates from any third party to any Leased Real Property. Purchaser's failure to obtaining any or all of the Contract and Lease Consents or estoppel certificates as of the Closing Date shall not be a condition precedent to either party's obligation to close the transactions contemplated by this Agreement.

(b) Purchaser and Sellers agree that because the change of ownership and regulatory approval process in connection with the transactions contemplated by this Agreement may take an extended period of time, Purchaser and Sellers agree to an initial closing effective upon the approval of the court and upon the approval of the transaction by the CA AG (as defined below) in accordance with Sections 7.5 and 8.6, at which time the Assets (less the portion of the Assets constituting drugs or other pharmacy assets) will be sold to Purchaser and immediately leased back

to Sellers, with a concurrent management agreement entered into at that time upon terms mutually agreeable to the parties in their reasonable business judgment. The Sale Leaseback Agreement and Interim Management Agreement will terminate at the Closing when the Purchaser is issued the Licenses necessary to operate the Hospitals directly (namely, the Hospital Licenses and pharmacy permits).

5.3 Certain Employee Matters.

(a) Purchaser agrees to make offers of employment, effective as of the Effective Time, to substantially all persons (whether such persons are full time employees, part-time employees, on short-term or long-term disability or on leave of absence, military leave or workers compensation leave) (the “**Hospital Employees**”) who, immediately prior to the Effective Time are: (i) employees of any Seller; (ii) employees of any affiliate of any Seller which employs individuals at the Hospital and are listed on Schedule 5.3; or (iii) employed by an affiliate of any Seller and are listed on Schedule 5.3. For the avoidance of doubt, the Hospital Employees shall not include any employees of Verity or any other affiliate of Seller unless such individual is listed on Schedule 5.3. Any of the Hospital Employees who accept an offer of employment with Purchaser as of or after the Effective Time shall be referred to in this Agreement as the “**Hired Employees.**” All employees who are Hired Employees shall cease to be employees of the applicable Seller or its affiliates as of the Effective Time.

(b) Purchaser shall give all Hired Employees full credit for paid time off pay to such employees as of the Closing Date by crediting such employees the time off reflected in the employment records of the applicable Seller and/or any of its affiliates immediately prior to the Effective Time, subject to compliance with applicable law and regulation, including consent of such employees if required.

(c) After the Closing Date, Purchaser’s human resources department will give reasonable assistance to each Seller and its affiliates with respect to such Seller’s and such Seller’s affiliates’ post-Closing administration of such Seller’s and such Seller’s affiliates’ pre-Closing employee benefit plans for the Hospital Employees. Within five (5) days after the Closing Date, Purchaser shall provide to each Seller a list of all the Hospital Employees who were offered employment by Purchaser but refused such employment along with a list of all Hired Employees (which such list Purchaser shall periodically update).

(d) With respect to any collective bargaining agreements or labor contract with respect to any employees, Purchaser shall comply with the applicable laws and bankruptcy court orders relating to collective bargaining agreements or labor contracts.

(e) The provisions of this Section 5.3 are solely for the benefit of the parties to this Agreement, and no employee or former employee or any other individual associated therewith or any employee benefit plan or trustee thereof shall be regarded for any purpose as a third party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any employee benefit plan for any purpose.

5.4 Excluded Assets. As soon as practicable after the Closing Date, Purchaser shall deliver to each Seller or such Seller’s designee any Excluded Assets of such Seller found at the

Hospital on and after the Effective Time, without imposing any charge on any Seller for Purchaser's storage or holding of same on and after the Effective Time.

5.5 Waiver of Bulk Sales Law Compliance. Purchaser hereby waives compliance by Sellers with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Assets are located and all other laws applicable to bulk sales and transfers.

5.6 Attorney General. Promptly after entry of the Sale Order, but in any event within ten (10) calendar days, Purchaser shall, at its sole cost and expense, make any notices or other filings with the Attorney General of the State of California (the "CA AG"). Each Seller shall reasonably cooperate with Purchaser in such notices or other filings.

5.7 Conduct Pending Closing. Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement pursuant to its terms, unless Sellers shall otherwise consent in writing, Purchaser shall not take any action or fail or omit to take any action which would cause any of Purchaser's representations and warranties set forth in ARTICLE 4 to be inaccurate or untrue as of the Closing.

5.8 Cure Costs. Purchaser, upon assumption, shall pay the Cure Costs for each Assumed Contract and Assumed Lease so that each such Assumed Contract and Assumed Lease may be assumed by the applicable Seller and assigned to Purchaser in accordance with the provisions of section 365 of the Bankruptcy Code. For purposes of this Agreement, "**Cure Costs**", means all amounts that must be paid and all obligations that otherwise must be satisfied, including pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code in connection with the assumption and/or assignment of the Assumed Contracts and Assumed Leases to Purchaser as provided herein.

5.9 Operating Covenant. Purchaser shall act in good faith and use Purchaser's commercially reasonable efforts to serve the medical needs of each Hospital's service area.

5.10 HSR Filing. Purchaser and each Seller will as promptly as practicable, and in any event no later than five business days after the date of the Sale Order, file with the Federal Trade Commission and the Department of Justice the notification and report forms required for the transactions contemplated hereby and any supplemental information that may be reasonably requested in connection therewith pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"), which notification and report forms and supplemental information will comply in all material respects with the requirements of the HSR Act. Purchaser shall pay all filing fees required with respect to the notification, report and other requirements of the HSR Act. Each of Purchaser and Sellers shall furnish to the other such information and assistance as the other shall reasonably requires in connection with the preparation and submission to, or agency proceedings by, any governmental authority under the HSR Act, and each of Purchaser and Sellers shall keep the other promptly apprised of any communications with, and inquires or requests for information from, such governmental authorities. Purchaser shall take such action (including divestitures or hold separate arrangements) as may be required by any governmental authority in order to resolve with the minimum practicable delay any objections such governmental authorities may have to the transactions contemplated by this Agreement under the HSR Act.

5.11 Contract with Unions. Representatives of Sellers who are parties to collective bargaining agreements and Purchaser shall meet and confer from time to time as reasonably requested by either party to discuss strategic business options and alternative approaches in negotiating each collective bargaining agreement. The applicable Sellers and Purchaser shall each participate in all union negotiations related to any specific collective bargaining agreement. Promptly following the Signing Date, applicable Sellers shall use commercially reasonable efforts to initiate discussions with Purchaser and conduct discussions to renegotiate each collective bargaining agreement currently in effect with each applicable union. The applicable Sellers will not unreasonably withhold, condition or delay approval or implementation of any successfully renegotiated collective bargaining agreement to be assumed by Purchaser. The parties recognize that an applicable Seller's failure to secure a modification to any collective bargaining agreement, or to conclude a successor collective bargaining agreement shall not be a breach of Sellers' obligation under this Agreement. In addition, Sellers may, in their discretion, seek to reject any or all of the collective bargaining agreement(s).

ARTICLE 6

SELLERS' BANKRUPTCY AND BANKRUPTCY COURT APPROVAL

6.1 Bankruptcy Court Approval; Overbid Protection and Break-Up Fee.

(a) Sellers and Purchaser acknowledge that this Agreement and the sale of the Assets and the assumption and assignment of the Assumed Contracts and Assumed Leases are subject to Bankruptcy Court approval, and that this Agreement is subject to termination in its entirety in the event any Seller receives a better and higher offer for the Assets in accordance with the Bankruptcy Code and subject to the terms stated herein.

(b) Promptly following the execution of this Agreement by all parties, the Seller shall file a motion with the Bankruptcy Court (the "**Sales Procedures Motion**"), the content of which shall be subject to the reasonable approval by Purchaser, for entry of an order approving bid procedures and overbid protections containing substantially the following terms and conditions:

(1) the Seller shall not accept any offer to sell the Assets subject to this Agreement ("**Overbid**") to another purchaser ("**Overbidder**") unless that offer exceeds the Purchase Price by an amount sufficient to pay the Break-Up Fee and such offer includes the purchase of substantially all Assets subject of this Agreement;

(2) in the event that an overbidder (and not the Purchaser) is the successful bidder for the purchase of the Assets (the "**Alternate Transaction**") and the Alternative Transaction is approved by the Bankruptcy Court, (a) the Deposit, and any interest earned thereon, shall be returned to Purchaser immediately upon the entry of such sale order, and (b) Purchaser shall be paid a break-up fee of three and one-half percent (3.25%) of the Cash Consideration (\$19,825,000.00) plus reimbursement of reasonably documented reasonable costs and expenses incurred by Purchaser related to its due diligence, and pursuing, negotiating, and documenting the transactions contemplated by this Agreement in an amount not to exceed \$2,000,000.00 (the "**Break-Up Fee**"); provided, however, that in the event that

the Purchaser is successful as to some but not all of the Assets, the Break-Up Fee shall be reduced pro rata to the percentage of Assets not actually purchased by the Purchaser, based on the allocation of the Purchase Price as described in Section 1.1(a)(i), as compared to the Assets which were the subject of this Agreement; in the event that Purchaser terminates this Agreement in accordance with Section 8.6 hereof, expenses of Purchaser incurred in satisfaction of Section 8.6 shall be reimbursed up to \$500,000; and

(3) The Break-Up Fee shall be deemed to be an allowed expense of the kind specified in Section 503(b) of the Bankruptcy Code to be paid solely from the proceeds of the Alternate Transaction, pursuant to the Sale Order. The Break-Up Fee shall not be paid if the Alternate Transaction was pursued due to a material breach by the Purchaser or the Purchaser's failure or refusal to consummate the transaction after the satisfaction or waiver of all closing conditions.

The Sales Procedures Motion will contain bid procedures as set forth in the bid procedures attached hereto as **Schedule 6.1(b)(3)**.

If Sellers fails to obtain Bankruptcy Court approval for the Sales Procedures Motion by no later than four weeks after the end of the Final Diligence Period, Purchaser shall have the right to terminate this Agreement, without recourse or liability, and Seller shall immediately thereafter return to Purchaser the Deposit and any interest earned thereon.

(c) Each Seller shall at the Sale Hearing exercise reasonable efforts to obtain a "Sale Order" approving this Agreement, subject to its obligations in respect of any better and higher offer for such Seller's assets in accordance with the Bankruptcy Code. For purposes of this Agreement, the term "**Sale Order**" shall mean an order of the Bankruptcy Court authorizing the sale of the Assets (including the assumption and assignment of the Assumed Contracts and Assumed Leases) to Purchaser consistent with this Agreement and in a form reasonably satisfactory to Purchaser.

(d) Each Seller agrees to proceed in good faith to obtain Bankruptcy Court approval of the sale contemplated herein with a determination that Purchaser is a good faith purchaser pursuant to Bankruptcy Code section 363(m) and to file such declarations and other evidence as may be required to support a finding of good faith.

(e) Each Seller shall seek an order from the Bankruptcy Court retaining jurisdiction over all matters relating to claims against such Seller as debtor solely in the Bankruptcy Court.

6.2 Appeal of Sale Order. In the event an appeal is taken or a stay pending appeal is requested from the Sale Order, Sellers shall immediately notify Purchaser of such appeal or stay request and shall provide to Purchaser promptly a copy of the related notice of appeal or order of stay. Sellers shall also provide Purchaser with written notice of any motion or application filed in connection with any appeal from either of such orders. In the event of an appeal of the Sale Order, Sellers shall be primarily responsible for drafting pleadings and attending hearings as necessary to defend against the appeal; provided, however, Purchaser, at its option, shall have the right to

participate as a party in interest in such appeal. In the event a stay is issued by any appellate court, including the United States District Court, which prevents the sale from closing, as scheduled, Purchaser shall have the right to terminate this Agreement if such stay is not vacated on or before 45 days from the date of the stay is issued, and Purchaser shall be entitled to the prompt return of the Deposit and any interest earned thereon.

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS

Sellers' obligation to sell the Assets and to close the transactions as contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Sellers in whole or in part at or prior to the Closing:

7.1 Signing and Delivery of Instruments. Purchaser shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

7.2 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the transactions contemplated in this Agreement shall have been issued by any court of competent jurisdiction or any other governmental body and shall remain in effect on the Closing Date, and further, no governmental entity shall have commenced any action or suit before any court of competent jurisdiction or other governmental authority that seeks to restrain or prohibit the consummation of the transactions contemplated hereby.

7.3 Performance of Covenants. Purchaser shall have in all respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

7.4 Governmental Authorizations. Purchaser shall have obtained all material licenses, permits and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, including reasonable assurances that any material licenses, permits and authorizations not actually issued as of the Closing will be issued following Closing (which may include oral assurances from appropriate governmental agencies or bodies).

7.5 Attorney General Provisions. The conditions to Purchaser's obligations to close set forth in Section 8.6 shall have been satisfied.

7.6 Bankruptcy Court Approval. The Bankruptcy Court shall have entered the Sale Order.

7.7 HSR Act. The applicable waiting period under the HSR Act shall have expired or been earlier terminated.

7.8 CSCDA Acknowledgement. The CSCDA and PACE Trustee shall have executed acknowledgements in form and substance acceptable to Sellers that Purchaser is the Successor Property Owner and Obligated Party under the PACE Obligations, and releases of the Sellers from any and all claims arising or accruing prior to the Closing Date.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

Purchaser's obligation to purchase the Assets and to close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Purchaser in whole or in part at or prior to the Closing.

8.1 Governmental Authorizations. Except as otherwise set forth in this Agreement, Purchaser and Sellers shall have obtained licenses, permits and authorizations from governmental agencies or governmental bodies that are required for the purchase, sale and operation of the Hospitals, including without limitation approval of the CA AG (subject to Section 8.6), except in such case where failure to obtain such license, permit or authorizations from a governmental agency or governmental body does not have a Material Adverse Effect.

8.2 Bankruptcy Court Approval. The Bankruptcy Court shall have entered the Sale Order and made a finding that Purchaser is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code.

8.3 Signing and Delivery of Instruments. Sellers shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to all of the provisions of this Agreement.

8.4 Performance of Covenants. Sellers shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Sellers on or prior to the Closing Date; *provided, however*, this condition will be deemed to be satisfied unless (a) Sellers were given written notice of such failure to perform or comply and did not or could not cure such failure to perform or comply within fifteen (15) business days after receipt of such notice and (b) the respects in which such obligations, covenants, agreements and conditions have not been performed have had or would have a Material Adverse Effect.

8.5 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the transactions contemplated in this Agreement shall have been issued by any court of competent jurisdiction and shall remain in effect on the Closing Date, and further, no governmental entity shall have commenced any action or suit before any court of competent jurisdiction or other governmental authority that seeks to restrain or prohibit the consummation of the transactions contemplated hereby.

8.6 Attorney General Provisions. Purchaser recognizes that the transactions contemplated by this Agreement may be subject to review and approval of the CA AG. Purchaser

agrees to close the transactions contemplated by this Agreement so long as any conditions imposed by the CA AG are substantially consistent with the conditions set forth, as Purchaser Approved Conditions, in Schedule 8.6. In the event the CA AG imposes conditions on the transactions contemplated by this Agreement, or on Purchaser in connection therewith, which are materially different than the Purchaser Approved Conditions set forth on Schedule 8.6 (the "Additional Conditions"), Sellers shall have the opportunity to file a motion with the Bankruptcy Court seeking the entry of an order ("Supplemental Sale Order") finding that the Additional Conditions are an "interest in property" for purposes of 11 U.S.C. § 363(f), and that the Assets can be sold free and clear of the Additional Conditions without the imposition of any other conditions, which would adversely affect the Purchaser. For purposes of this Section 8.6, Additional Conditions which individually or collectively impose a direct or indirect cost to Purchaser of \$5 million, or more, shall be conclusively deemed to be "materially different." If Sellers determine not to seek such Supplemental Sale Order, or fail to obtain such Supplemental Sale Order within 60 days of the Attorney General's imposition of Additional Conditions, Purchaser shall be entitled to terminate this Agreement and receive the return of its Good Faith Deposit. If Sellers timely obtain such Supplemental Sale Order from the Bankruptcy Court or another court, Purchaser shall have a period of 21 business days from the entry of such order (the "Evaluation Period") to determine, in the exercise of the Purchaser's reasonable business judgment and in consultation with Purchaser's financing sources, whether to proceed to consummate the transactions contemplated by this Agreement; provided, however, (i) Purchaser shall not terminate or provide notice of termination of the Stalking Horse APA based on the Seller's failure to satisfy the condition set forth under this Section 8.6 until the expiration of the Evaluation Period as may be extended herein, and (ii) the Evaluation Period may be extended by the Debtors, in consultation with the Consultation Parties, by up to 90 days for any appeal properly perfected with respect to the Supplemental Sale Order (the "Extended Evaluation Periods"). For the avoidance of doubt, if the Debtors or any of the Consultation Parties dispute the reasonableness of the exercise of the Purchaser's business judgment, such dispute shall be determined by the Bankruptcy Court only in the context of an adversary proceeding. If, at the conclusion of the Extended Evaluation Periods, such Supplemental Sale Order has not become a final, non-appealable order and Purchaser determines not to proceed, Purchaser shall have the right within ten (10) business days after the conclusion of the Extended Evaluation Periods to terminate this Agreement and receive the return of its Good Faith Deposit. Sellers shall provide Purchaser with prompt written notice of the conclusion of the Extended Evaluation Periods and whether the Supplemental Sale Order has become a final, non-appealable order. For purposes of this Section 8.6, "a final, non-appealable order" shall include a Supplemental Sale Order (i) which has been affirmed or the appeal of which has been dismissed by any appellate court and for which the relevant appeal period has expired (other than any right of appeal to the U.S. Supreme Court), or (ii) which has been withdrawn by the appellant. If the Supplemental Sale Order becomes a final, non-appealable order prior to the expiration of the Evaluation Period or, if applicable, the Extended Evaluation Periods, Purchaser shall consummate the Sale provided that all other conditions to closing have been satisfied. During any Evaluation Period or Extended Evaluation Periods, Purchaser shall reasonably cooperate in any efforts to render the Supplemental Sale Order a final, non-appealable order, including timely taking reasonable steps in preparation for closing of the transactions described in this Agreement; provided, however, Purchaser shall not be obligated to expend more than \$500,000. For the avoidance of doubt, neither this provision, nor any of the rights granted to the Purchaser herein,

shall constitute a waiver of any party in interest's right to argue that any appeal from the Sale Order should be dismissed on statutory, Constitutional or equitable mootness grounds.

8.7 Medicare and Medi-Cal Provider Agreements. Sellers shall transfer their Medicare provider agreements pursuant to a settlement agreement with the Centers for Medicare and Medicaid Services ("CMS") and shall transfer their Medi-Cal provider agreements pursuant to a settlement agreement with the California Department of Health Care Services ("DHCS"), which such settlement agreements shall result in: (i) resolution of all outstanding financial defaults under any of Sellers' Medicare and Medi-Cal provider agreements and (ii) full satisfaction, discharge, and release of any claims under the Medicare or Medi-Cal provider agreements, whether known or unknown, that CMS or DHCS, as applicable, has against the Seller or Purchaser for monetary liability arising under the Medicare or Medi-Cal provider agreements before the Effective Time; provided, however, that Purchaser acknowledges that it will succeed to the quality history associated with the relevant Medicare or Medi-Cal provider agreements assigned and shall be treated, for purposes of survey and certification issues as if it is the relevant Seller and no change of ownership occurred.

8.8 HSR Act. The applicable waiting period under the HSR Act shall have expired or been earlier terminated.

ARTICLE 9

TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to Closing:

- (a) by the mutual written consent of the parties;
- (b) by Sellers if a material breach of this Agreement has been committed by Purchaser and such breach has not been (i) waived in writing by Sellers or (ii) cured by Purchaser to the reasonable satisfaction of Sellers within fifteen (15) business days after service by Sellers upon Purchaser of a written notice which describes the nature of such breach;
- (c) by Purchaser if, in its sole and absolute discretion, it is not satisfied with either (i) the results of its due diligence examination of the Hospitals, or (ii) the contents of any schedule or exhibit that was not completed and attached to this Agreement, but which has been provided to Purchaser after the Signing Date, and Purchaser has notified Seller of its election to terminate the Agreement under this Section 9.1(c) on or prior to January 8, 2019, which notice may be given by facsimile or email correspondence; provided, that for the avoidance of doubt, following expiration of the Final Diligence Period, notwithstanding anything else in this Agreement, Purchaser shall not be entitled to terminate this Agreement (or not Close) as a result of the breach of any representation or warranty made by Sellers (or any of them) other than the breach of a Sale Order Date Representation, but in each case solely to the extent such breach of a

Sale Order Date Representation would result in a Material Adverse Effect; provided, further, that any dispute between Purchaser and Sellers as to whether a Material Adverse Effect has occurred for any purpose under this Agreement shall be exclusively settled by a determination made by the Bankruptcy Court;

(d) by Purchaser if a material breach of this Agreement has been committed by Sellers and such breach has not been (i) waived in writing by Purchaser or (ii) cured by Sellers to the reasonable satisfaction of Purchaser within fifteen (15) business days after service by Purchaser upon Sellers of a written notice which describes the nature of such breach;

(e) by Purchaser if satisfaction of any of the conditions in ARTICLE 8 has not occurred by December 31, 2019 or becomes impossible, and Purchaser has not waived such condition in writing (provided that the failure to satisfy any of the applicable condition or conditions in Sections 8.1 through 8.5 inclusive has occurred by reason other than (i) through the failure of Purchaser to comply with its obligations under this Agreement or (ii) Sellers' failure to provide their closing deliveries on the Closing Date as a result of Purchaser not being ready, willing and able to close the transaction on the Closing Date); provided that upon the imposition of Additional Conditions by the CA AG, Section 8.6 must be satisfied or waived by Purchaser by no later than sixty (60) days thereafter.

(f) by Sellers if satisfaction of any of the conditions in ARTICLE 7 has not occurred by December 31, 2019 or becomes impossible, and Sellers have not waived such condition in writing (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of Sellers to comply with their obligations under this Agreement or (ii) Purchaser's failure to provide its closing deliveries on the Closing Date as a result of Sellers not being ready, willing and able to close the transaction on the Closing Date);

(g) by either Purchaser or Sellers if the Bankruptcy Court enters an order dismissing the Bankruptcy Cases or fails to approve the Sales Procedures Motion by the date specified in Section 6.1(b);

(h) by Sellers if, in connection with the Bankruptcy Cases, any Seller accepts an Alternate Transaction and pays the Break-Up Fee;

(i) by either Purchaser or Sellers if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before December 31, 2019; or

(j) by Purchaser if a force majeure event (such as acts of God, storms, floods, landslides, earthquakes, lightning, riots, fires, pandemics, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities, other national or international calamity, one or more acts of terrorism, or failure of energy sources) shall have occurred between the Signing Date and Closing Date, which event is reasonably likely to have a Material Adverse Effect.

9.2 Termination Consequences. If this Agreement is terminated pursuant to

Sections 6.1(b), 6.2 or 9.1: (a) all further obligations of the parties under this Agreement shall terminate (other than Purchaser's right to receive the Break-Up Fee if applicable), provided that the provisions of ARTICLE 12, shall survive; and (b) each party shall pay only its own costs and expenses incurred by it in connection with this Agreement; provided, in the case of any termination based on Sections 9.1(b) or (d) the consequences of such termination shall be determined in accordance with ARTICLE 11 hereof. In addition, if this Agreement is terminated pursuant to Sections 6.1(b), 6.2 or 9.1 (other than Section 9.1(b)), Seller shall immediately return the Deposit to Purchaser with all interest earned thereon. Each Party acknowledges that the agreements contained in this Section 9.2 are an integral part of the transactions contemplated by this Agreement, that without these agreements such Party would not have entered into this Agreement.

ARTICLE 10

POST-CLOSING MATTERS

10.1 Excluded Assets.

Subject to Section 10.2 hereof, any Excluded Asset (or proceeds thereof) (a) pursuant to the terms of this Agreement, (b) as otherwise determined by the parties' mutual written agreement or (c) absent such agreement, as determined by adjudication by the Bankruptcy Court, which comes into the possession, custody or control of Purchaser (or its respective successors-in-interest, assigns or affiliates) shall, within five (5) business days following receipt, be transferred, assigned or conveyed by Purchaser (and its respective successors-in-interest, assigns and affiliates) to the applicable Seller. Purchaser (and its respective successors-in-interest, assigns and affiliates) shall have neither the right to offset amounts payable to any Seller under this Section 10.1 against, nor the right to contest its obligation to transfer, assign and convey to any Seller because of, outstanding claims, liabilities or obligations asserted by Purchaser against any Seller. If Purchaser does not remit any monies included in the Excluded Assets (or proceeds thereof) to the applicable Seller in accordance with the first sentence of this Section 10.1, such withheld funds shall bear interest at the Prime Rate in effect on the calendar day upon which such payment was required to be made to Seller (the "**Excluded Asset Due Date**") plus five percent (5%) (or the maximum rate allowed by law, whichever is less), such interest accruing on each calendar day after the Excluded Asset Due Date until payment of the Excluded Assets and all interest thereon is made to the applicable Seller.

10.2 Preservation and Access to Records After the Closing.

(a) From the Closing Date until seven (7) years after the Closing Date or such longer period as required by law (the "**Document Retention Period**"), Purchaser shall keep and preserve all medical records (including, without limitation, electronic medical records), patient records, medical staff records and other books and records which are among the Assets as of the Effective Time, but excluding any records which are among the Excluded Assets. Purchaser will afford to the representatives of Sellers, any of their affiliates, the Official Committee of the Unsecured Creditors of the Sellers, Sellers' estate representative or any liquidating trustee of the Sellers' bankruptcy estate ("**Seller Parties**"), including their counsel and accountants, full and complete access to, and copies (including, without limitation, color laser copies) of, such records with respect to time periods prior to the Effective Time (including, without limitation, access to

records of patients treated at the Hospital prior to the Effective Time) during normal business hours after the Effective Time, to the extent reasonably needed by any Seller Party for any lawful purpose. Purchaser acknowledges that, as a result of entering into this Agreement and operating the Hospital, it will gain access to patient records and other information which are subject to rules and regulations concerning confidentiality. Purchaser shall abide by any such rules and regulations relating to the confidential information it acquires. Purchaser shall maintain the patient and medical staff records at the Hospital in accordance with applicable law and the requirements of relevant insurance carriers. After the expiration of the Document Retention Period, if Purchaser intends to destroy or otherwise dispose of any of the documents described in this Section 10.2(a), Purchaser shall provide written notice to Sellers of Purchaser's intention no later than forty-five (45) calendar days prior to the date of such intended destruction or disposal. Any of the Seller Parties shall have the right, at its sole cost, to take possession of such documents during such forty-five (45) calendar day period. If any of the Seller Parties does not take possession of such documents during such forty-five (45) calendar day period, Purchaser shall be free to destroy or otherwise dispose of such documentation upon the expiration of such forty-five (45) calendar day period.

(b) Provided that Purchaser shall not incur any out of pocket costs, Purchaser shall give full cooperation to the Seller Parties and their insurance carriers in connection with the administration of Sellers' estate, including, without limitation, in connection with all claims, actions, causes of action or audits relating to the Excluded Assets, Excluded Liabilities or pre-Closing operation of the Sellers or the Hospital that any Seller Party may elect to pursue, dispute or defend, in respect of events occurring prior to the Effective Time with respect to the operation of the Hospital. Such cooperation shall include, without limitation, making the Hired Employees available for interviews, depositions, hearings and trials and other assistance in connection with the administration of Sellers' estate and such cooperation shall also include making all of its employees available to assist in the securing and giving of evidence and in obtaining the presence and cooperation of witnesses (all of which shall be done without payment of any fees or expenses to Purchaser or to such employees); provided that Purchaser shall not be required to incur any out of pocket costs in association therewith. In addition, Sellers and their affiliates shall be entitled to remove from the Hospital originals of any such records, but only for purposes of pending litigation involving the persons to whom such records refer, as certified in writing prior to removal by counsel retained by Sellers or any of their affiliates in connection with such litigation. Any records so removed from the Hospital shall be promptly returned to Purchaser following Sellers' or their applicable affiliate's use of such records.

(c) In connection with (i) the transition of the Hospital pursuant to the transaction contemplated by this Agreement, (ii) Sellers' rights to the Excluded Assets, (iii) any claim, audit, or proceeding, including, without limitation, any tax claim, audit, or proceeding and (iv) the Sellers' obligations under the Excluded Liabilities, Purchaser shall after the Effective Time give Sellers access during normal business hours to Purchaser's books, personnel, accounts and records and all other relevant documents and information with respect to the assets, liabilities and business of the Hospital as representatives of Sellers and their affiliates may from time to time reasonably request, all in such manner as not to unreasonably interfere with the operations of the Hospital.

(d) Purchaser and its representatives shall be given access by Sellers during normal business hours to the extent reasonably needed by Purchaser for business purposes to all documents, records, correspondence, work papers and other documents retained by Sellers pertaining to any of the Assets prior to the Effective Time (excluding confidential employee information, privileged materials and patient records), all in such manner as to not interfere unreasonably with Sellers. Such documents and other materials shall be, at Sellers' option, either (i) copied by Sellers for Purchaser at Purchaser's expense, or (ii) removed by Purchaser from the premises, copied by Purchaser and promptly returned to Sellers.

(e) Purchaser shall comply with, and be solely responsible for, all obligations under the Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160 and 164) promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 with respect to the operation of the Hospital on and after the Effective Time.

(f) Purchaser shall cooperate with Sellers, on a timely basis and as reasonably requested by Sellers, in connection with the provision of all data of the Hospital and other information required by Sellers for reporting to HFAP for the remainder of the quarterly period in which the Closing has occurred.

(g) To the maximum extent permitted by law, if any Person requests or demands, by subpoena or otherwise, any documents relating to the Excluded Liabilities or Excluded Assets, including without limitation, documents relating to the operations of any of the Hospital or any of the Hospital's committees prior to the Effective Time, prior to any disclosure of such documents, Purchaser shall notify Sellers and shall provide Sellers with the opportunity to object to, and otherwise coordinate with respect to, such request or demand.

(h) Provision of Benefits of Certain Contracts. Notwithstanding anything contained herein to the contrary, this Agreement shall not constitute an agreement to assign any Assumed Contract or Assumed Lease, if, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without the consent of the third party thereto, would constitute a breach thereof or in any way negatively affect the rights of Sellers or Purchaser, as the assignee of such Assumed Contract or Assumed Lease, as the case may be, thereunder. If, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, such consent or approval is required but not obtained, Sellers will cooperate with Purchaser in any reasonable arrangement designed to both (a) provide Purchaser with the benefits of or under any such Assumed Contract or Assumed Lease, and (b) cause Purchaser to bear all costs and obligations of or under any such Assumed Contract or Assumed Lease. Further, notwithstanding anything contained in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Account Receivable the assignment of which is either prohibited by law or by the terms of any contract with a payor without the consent of such payor. Any payments received by Sellers after the Closing Date from patients, payors, clients, customers, or others who are the obligors on Accounts Receivables transferred to Purchaser as a part of the Assets on the Closing Date shall be paid over to Purchaser within ten (10) business days after receipt by Seller.

10.3 Closing of Financials. Provided that Purchaser shall not incur any out of pocket costs, Purchaser shall cause the individual acting as the chief financial officer of the Hospital after the Effective Time (the "**Post-Effective Time CFO**") to cooperate with Sellers' representatives in

order to complete the standardized closing of Sellers' financial records through the Closing Date including, without limitation, the closing of general ledger account reconciliations (collectively, the "**Closing of Financials**"). Purchaser shall cause the Post-Effective Time CFO to use his or her good faith efforts to cooperate with Sellers' representatives in order to complete the Closing of Financials by no later than the date which is thirty (30) calendar days after the Closing Date. The Post-Effective Time CFO and other appropriate personnel shall be reasonably available to Sellers for a period of no less than one hundred eighty (180) calendar days after the Closing Date to assist Sellers in the completion of Sellers' post-Closing audit, such assistance not to interfere unreasonably with such Post-Effective Time CFO's other duties.

10.4 Medical Staff. To ensure continuity of care in the community, Purchaser agrees that the Hospital's medical staff members in good standing as of the Effective Time shall maintain medical staff privileges at the Hospital as of the Effective Time. On and after the Effective Time, the medical staff will be subject to the Hospital's Medical Staff Bylaws then currently in effect, provided that such Bylaws are in compliance with all applicable laws and regulations and contain customary obligations.

10.5 Shared Intangible Assets. In the event and to the extent that certain intangible Assets transferred by Sellers have been used to operate businesses of Verity or Verity Holdings or their affiliates which are not being sold to Purchaser ("**Shared Intangible Assets**") and such Shared Intangible Assets continue to be used by Verity or Verity Holdings or their affiliates to operate such businesses after Closing, Verity and Verity Holdings retain the rights to continue to use such Assets notwithstanding their sale to Purchaser. Purchaser shall reasonably cooperate with Verity and Verity Holdings and their affiliates to give effect to such rights and shall provide Verity and Verity Holdings and their affiliates such documentation, records and information and reasonable access to such systems as necessary for Verity and Verity Holdings and their affiliates to continue to operate such businesses; all in such manner as not to reasonably interfere with the operations of the Hospitals; provided, however, Purchaser shall not be required to incur any out-of-pocket costs in association therewith unless reimbursed by Verity and Verity Holdings and their affiliates.

ARTICLE 11

DEFAULT, TAXES AND COST REPORTS

11.1 Purchaser Default. If Purchaser commits any material default under this Agreement, Sellers shall have the right to sue for damages; provided, however that the amount of such damages shall never exceed \$60,000,000.00. For the avoidance of doubt, Sellers shall have no right to sue for specific performance under this Agreement.

11.2 Seller Default. If Sellers commit any material default under this Agreement, Purchaser shall have the right to demand and receive a refund of the Deposit, and Purchaser may, in addition thereto, pursue any rights or remedies that Purchaser may have under applicable law, including the right to sue for damages or specific performance.

11.3 Tax Matters; Allocation of Purchase Price.

(a) After the Closing Date, the parties shall cooperate fully with each other and shall make available to each other, as reasonably requested, all information, records or documents relating to tax liabilities or potential tax liabilities attributable to Sellers with respect to the operation of the Hospital for all periods prior to the Effective Time and shall preserve all such information, records and documents at least until the expiration of any applicable statute of limitations or extensions thereof. The parties shall also make available to each other to the extent reasonably required, and at the reasonable cost of the requesting party (for out-of-pocket costs and expenses only), personnel responsible for preparing or maintaining information, records and documents in connection with tax matters and as Sellers reasonably may request in connection with the completion of any post-Closing audits of the Hospital.

(b) The Purchase Price (including any liabilities that are considered to be an increase to the Purchase Price for United States federal income Tax purposes) shall be allocated among the Assets in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder as set forth in **Schedule 11.3(b)** (such schedule the “**Allocation Schedule**”). The Allocation Schedule shall be for Sellers’ and Purchaser’s tax purposes only, and shall not limit the Sellers’ creditors in any way.

11.4 Cost Report Matters.

(a) Consistent with Section 4.5, Sellers shall, at Purchaser’s expense, prepare and timely file all cost reports relating to the periods ending prior to the Effective Time or required as a result of the consummation of the transactions described in this Agreement, including, without limitation, those relating to Medicare, Medicaid, and other third party payors which settle on a cost report basis (the “**Seller Cost Reports**”).

(b) Upon reasonable notice and during normal business office hours, Purchaser will cooperate reasonably with Sellers in regard to Sellers’ preparation and filing of the Seller Cost Reports. Such cooperation shall include, at no cost to Sellers, obtaining access to files at the Hospital and Purchaser’s provision to Sellers of data and statistics, and the coordination with Sellers pursuant to reasonable notice of Medicare and Medicaid exit conferences or meetings. Sellers shall have no obligations after the Effective Time with respect to Seller Cost Reports except for preparation and filing thereof.

ARTICLE 12

MISCELLANEOUS PROVISIONS

12.1 Further Assurances and Cooperation. Sellers shall execute, acknowledge and deliver to Purchaser any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by Purchaser at any time and shall take any and all other actions reasonably requested by Purchaser at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to Purchaser, the Assets. After consummation of the transaction contemplated in this Agreement, the parties agree to cooperate with each other and take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement and the transactions contemplated hereby.

12.2 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; *provided, however*, that no party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other parties which consent shall not be unreasonably withheld or delayed, except that Purchaser may, without the prior written consent of Sellers, assign all or any portion of its rights under this Agreement to one or more of its affiliates prior to the Closing Date.

12.3 Governing Law; Venue. This Agreement shall be construed, performed, and enforced in accordance with, and governed by, the laws of the State of California (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code or other applicable federal law. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. The parties hereby consent to the jurisdiction of such court and waive their right to challenge any proceeding involving or relating to this Agreement on the basis of lack of jurisdiction over the Person or forum non conveniens.

12.4 Amendments. This Agreement may not be amended other than by written instrument signed by the parties hereto.

12.5 Exhibits, Schedules and Disclosure Schedule. The Disclosure Schedule and all exhibits and schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein. From the Signing Date until the Closing, the parties agree that Sellers may update the Disclosure Schedule as necessary upon written notice to Purchaser, and the applicable representation and warranty shall thereafter be deemed amended for all purposes by such updated Disclosure Schedule. Notwithstanding the foregoing, but subject to Section 9.2(c), should any exhibit or schedule not be completed and attached hereto as of the Signing Date, Sellers and Purchaser shall promptly negotiate in good faith any such exhibit or schedule, which exhibit or schedule must be acceptable to each of Sellers and Purchaser in their reasonable discretion prior to being attached hereto. Any matter disclosed in this Agreement or in the Disclosure Schedule with reference to any Section of this Agreement shall be deemed a disclosure in respect of all sections to which such disclosure may apply. The headings, if any, of the individual sections of the Disclosure Schedule are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. The Disclosure Schedule is arranged in sections and paragraphs corresponding to the numbered and lettered sections and paragraphs of Article III merely for convenience, and the disclosure of an item in one section of the Disclosure Schedule as an exception to a particular representation or warranty shall be deemed adequately disclosed as an exception with respect to all other representations or warranties to the extent that the relevance of such item to such representations or warranties is reasonably apparent on the face of such disclosure, notwithstanding the presence or absence of an appropriate section of the Disclosure Schedule with respect to such other representations or warranties or an appropriate cross reference thereto.

12.6 Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including facsimile) or overnight courier, or five (5)

calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Sellers: Verity Health System of California, Inc.
2040 East Mariposa St.
El Segundo, CA 90245
Attention: Rich Adcock, CEO
Telephone: 424-367-0630

With copies to: Dentons US LLP
(which copies shall 601 South Figueroa St., Suite 2500
not constitute notice) Los Angeles, CA 90017-5704
Attention: Samuel R. Maizel, Esq.
Telephone: 213-892-2910
Facsimile: 213-623-9924

If to Purchaser: Strategic Global Management, Inc.
9 KPC Parkway, Suite 301
Corona, CA 92879
Attention: William E. Thomas
Facsimile: 951-782-8850

With copies to: Levene, Neale, Bender, Yoo & Brill L.L.P.
(which copies shall 10250 Constellation Blvd., Suite 1700
not constitute notice) Los Angeles, CA 90067
Attention: Gary E. Klausner, Esq.
Facsimile: 310-229-1244

and
Loeb & Loeb LLP
10100 Santa Monica Blvd., Suite 2200
Los Angeles, California 90067
Attention: Allen Z. Sussman, Esq.
Facsimile: 310-919-3934

or at such other address as one party may designate by notice hereunder to the other parties.

12.7 Headings. The section and other headings contained in this Agreement and in the Disclosure Schedule, exhibits and schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the Disclosure Schedule, exhibits and schedules hereto.

12.8 Publicity. Prior to the Closing Date, Sellers and Purchaser shall consult with each other as to the form and substance of any press release or other public disclosure materially related

to this Agreement or any other transaction contemplated hereby and each shall have the right to review and comment on the other's press releases prior to issuance; *provided, however*, that nothing in this Section 12.8 shall be deemed to prohibit either Sellers or Purchaser from making any disclosure that its counsel deems necessary or advisable in order to satisfy either party's disclosure obligations imposed by law subject to reasonable prior notice to the other party thereof.

12.9 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto.

12.10 Gender and Number; Construction; Affiliates. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word "including" followed by a listing does not limit the preceding words or terms and shall mean "including, without limitation." Any reference in this Agreement to an "affiliate" shall mean any Person directly or indirectly controlling, controlled by or under common control with a second Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. A "Person" shall mean any natural person, partnership, corporation, limited liability company, association, trust or other legal entity.

12.11 Third Party Beneficiary. None of the provisions contained in this Agreement are intended by the parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement, except for the parties' successors and permitted assigns, and except for any liquidating trustee or plan administrator for Sellers' estate.

12.12 Expenses and Attorneys' Fees. Except as otherwise provided in this Agreement, each party shall bear and pay its own costs and expenses relating to the preparation of this Agreement and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, this Agreement, including without limitation, the disbursements and fees of their 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. The parties expressly agree that all sales, transfer, documentary transfer and similar taxes, fees, surcharges and the like in connection with the sale of the Assets shall be borne by Purchaser. If any action is brought by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs and reasonable attorneys' fees.

12.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the parties hereto. The parties agree that facsimile copies of signatures shall be deemed originals for all purposes hereof and that a party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

12.14 Entire Agreement. This Agreement, the Disclosure Schedule, the exhibits and schedules, and the documents referred to in this Agreement contain the entire understanding

between the parties with respect to the transactions contemplated hereby and supersede all prior or contemporaneous agreements, understandings, representations and statements, oral or written, between the parties on the subject matter hereof (the “**Superseded Agreements**”), which Superseded Agreements shall be of no further force or effect; provided, that notwithstanding the foregoing, the letter Confidentiality Agreement dated July 12, 2018 between Purchaser and Cain Brothers, a division of KeyBanc Capital Markets Inc., on behalf of Sellers and their related entities shall not be a Superseded Agreement and shall continue in full force in effect in accordance with its terms.

12.15 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof but only by a written notice signed by the party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a party shall not be deemed to be a waiver of any preceding breach by any other party of any term, covenant or condition of this Agreement, other than the failure of such other party to perform the particular duties so accepted, regardless of the accepting party’s knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.

12.16 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12.17 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

PURCHASER:

**STRATEGIC GLOBAL
MANAGEMENT, INC.,**
a California corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

SELLERS:

ST. FRANCIS MEDICAL CENTER,
a California nonprofit public benefit
corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

ST. VINCENT MEDICAL CENTER,
a California nonprofit public benefit
corporation

Signature By: _____
Print Name: _____
Title: _____
Date: _____

**ST. VINCENT DIALYSIS CENTER,
INC.**

a California nonprofit public benefit
corporation

Signature By:_____

Print Name:_____

Title:_____

Date:_____

SETON MEDICAL CENTER,

a California nonprofit public benefit
corporation

Signature By:_____

Print Name:_____

Title:_____

Date:_____

VERITY HOLDINGS, LLC,

a California limited liability company

Signature By:_____

Print Name:_____

Title:_____

Date:_____

**VERITY HEALTH SYSTEM OF
CALIFORNIA, INC.,**

a California nonprofit public benefit
corporation

Signature By:_____

Print Name:_____

Title:_____

Date:_____

Exhibit E

Deal Breakers Correspondence



XAVIER BECERRA
Attorney General

State of California
DEPARTMENT OF JUSTICE

455 GOLDEN GATE AVENUE, SUITE 11000
SAN FRANCISCO, CA 94102-7004

Public: (415) 510-4400
Telephone: (415) 510-3430
Facsimile: (415) 703-5480
E-Mail: Scott.Chan@doj.ca.gov

August 16, 2019

VIA EMAIL AND US MAIL

Hope R. Levy-Biehl
1100 Glendon Avenue, 14th Floor
Los Angeles, California 90024

RE: Verity Health System of California, Inc. Notice of Proposed Transfer
St. Francis Medical Center, St. Vincent Medical Center, and Seton Medical
Center

Dear Ms. Levy-Biehl:

The Health Care Impact Statements for the proposed sale of the Verity hospitals for St. Vincent and St. Francis were posted today on the Attorney General's web site at <http://oag.ca.gov/charities/nonprofithosp>. Please have your clients review the proposed conditions in the Health Care Impact Statements, and let me know in writing whether any of the conditions are a "deal breaker." If there is such a condition, please provide an explanation why your client considers it a "deal breaker" and provide any supporting documents and information. Please provide your client's response on or before August 23, 2019. If I receive no response, I will assume your client has no such concerns. In addition, California Code of Regulations, Title 11, section 999.5(e)(3)(D) states in pertinent part:

The applicant shall prominently post a copy of the independent health care impact statement on its website available to the public and any applicant's website available to its employees within 24 hours of receipt. If the report is posted on the Attorney General's website, the applicant may provide a prominent link to the report in lieu of posting on its website.

Please have your client post on any and all hospitals' websites available to the public and websites available to its employees or post a link to the Attorney General's website.

Sincerely,

SCOTT CHAN
Deputy Attorney General

For XAVIER BECERRA
Attorney General

Case 2:18-bk-20151-ER Doc 3188 Filed 09/30/19 Entered 09/30/19 16:53:50 Desc
Main Document Page 253 of 286

HOOPER, LUNDY & BOOKMAN, P.C.

WRITER'S DIRECT DIAL NUMBER
(310) 551-8195

WRITER'S E-MAIL ADDRESS
TSWANSON@HEALTH-LAW.COM

FILE NO. 81318.909

HEALTH CARE LAWYERS & ADVISORS
1875 CENTURY PARK EAST, SUITE 1600
LOS ANGELES, CALIFORNIA 90067-2517
TELEPHONE (310) 551-8111
FACSIMILE (310) 551-8181
WEB SITE: WWW.HEALTH-LAW.COM

OFFICES ALSO LOCATED IN
SAN DIEGO
SAN FRANCISCO
WASHINGTON, D.C.
BOSTON

August 20, 2019

VIA EMAIL AND OVERNIGHT DELIVERY

Scott Chan
Deputy Attorney General
California Department of Justice
Office of the Attorney General
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102-7004

Re: Verity Health System of California, Inc. Notice of Proposed Transfer of St.
Francis Medical Center, St. Vincent Medical Center, and Seton Medical Center.

Dear Mr. Chan:

As you know, our firm is healthcare counsel to Strategic Global Management, Inc. ("SGM"), the purchaser of four of the Verity Hospitals pursuant to the Asset Purchase Agreement between the Verity Chapter 11 Debtors ("Verity") and SGM, as approved by the Bankruptcy Court ("APA").

We have reviewed your letters of August 16, 2019 and August 19, 2019, to Hope R. Levy-Biehl, outside counsel for the Verity, as well as the Initial Health Care Impact Statements ("Impact Statements"), related to St. Vincent Medical Center, St. Francis Medical Center and Seton Medical Center ("Hospitals"), which are referenced in the letters.

In your letters to Ms. Levy-Biehl, you have requested from her the identification of any conditions set forth in the Impact Statements which are considered "deal breakers," and you further requested an explanation as to why Verity would consider any of the conditions deal breakers. Although the letters were not sent to SGM, we do want to communicate to you SGM's position on the proposed conditions set forth in the Impact Statements.

Our client very much appreciates the ongoing efforts of the Attorney General to review our client's proposed acquisition of the Hospitals and related assets, and we look forward to the opportunity of continuing a dialogue with the Attorney General regarding the acquisition of these Hospitals and any conditions that may be attached to the Attorney General's approval of their transfer to SGM.

HOOPER, LUNDY & BOOKMAN, P.C.
HEALTH CARE LAWYERS & ADVISORS

Scott Chan
August 20, 2019
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However, the conditions recommended in the Impact Statements are materially inconsistent with the conditions which our client had thoughtfully developed and agreed to accept, as set forth in Schedule 8.6 to the APA. SGM continues to investigate and analyze the Hospitals' assets and operations, but SGM still believes that the conditions agreed to in Schedule 8.6 reflect the appropriate and needed approach in support of efforts to address the significant, long standing operational, economic and physical plant challenges facing these Hospitals, many of which were noted in the Impact Statements.

Accordingly, at this juncture, SGM would not accept the conditions proposed in the Impact Statements to the extent they materially differ from the conditions accepted by SGM in Schedule 8.6 to the APA. SGM reserves all of its rights in connection with the APA and, specifically, all of SGM's rights set forth in Section 8.6 thereof.

Nonetheless, as noted above, SGM is continuing its investigation and remains open to discussions with the Attorney General regarding these matters, including face-to-face meetings as appropriate.

Very truly yours,



Todd E. Swanson

TES/sdh

cc: William Thomas, Esq.
Hope Levy-Biehl, Esq.



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August 23, 2019

VIA EMAIL AND FEDEX

Scott Chan, Deputy Attorney General
California State Department of Justice
Office of the Attorney General
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102-7004

Re: Response to August 16 and August 19, 2019 Correspondence
Summary of "Deal Breakers"

Dear Mr. Chan,

Please consider this letter the response of Verity Health System of California, Inc. and its affiliates ("Verity" or "Debtors") to your letters regarding the conditions proposed (the "Recommended Conditions") by JD Healthcare, Inc. ("JD Healthcare" or "Expert") in its Health Care Impact Statements ("Impact Statements"), analyzing the proposed sale of St. Francis Medical Center ("St. Francis"), St. Vincent Medical Center (St. Vincent), and Seton Medical Center, including its Daly City and Coastside Campuses ("Seton") (collectively, the "Hospitals") to Strategic Global Management, Inc. and/or one of its affiliated entities ("SGM" or "Buyer") (the "Transaction") pursuant to the Asset Purchase Agreement (the "APA"), entered into by and between the parties and approved by the Bankruptcy Court [Docket No. 2305]. We appreciate the opportunity to provide this response.

For the reasons outlined below, if the Attorney General ("AG") adopts the Recommended Conditions, SGM will not proceed with acquiring the Hospitals. SGM confirmed this in its letter to you dated August 21, 2019, when it stated that "the conditions recommended in the Impact Statements are materially inconsistent with the conditions . . . agreed to in Schedule 8.6." Importantly, any condition that the AG adopts that is not consistent with Schedule 8.6 is, in our view, a "deal breaker." Further, if the AG adopts the Proposed Conditions and if the Debtors are unsuccessful in their efforts to cut off the conditions under Section 363 of the Bankruptcy Code¹

¹ Verity reserves the right to challenge the AG's ability to impose conditions such as the Recommended Conditions in the context of a sale in bankruptcy pursuant to section 363 of the Bankruptcy Code. In this case and *In re Gardens Regional Hospital and Medical Center, Inc.*, 567 B.R. 820 (Bankr. C.D. Cal. 2017), the Bankruptcy Court expressly held, for example, that conditions imposed on a buyer by the Attorney General, as part of the Attorney General's review of the sale of a non-for-profit hospital, is an "interest in property" that can be stripped off the assets through a sale under section 363 of the Bankruptcy Code. See also *In re Verity Health Sys. of Cal., Inc.*, 598 B.R. 283, 293 (Bankr. C.D. 2018) (holding that the "Conditions are an "interest in property" within the meaning of §363(f). These ruling are consistent with rulings by the Second, Third, Fourth and Seventh Circuits, and many lower courts, which have interpreted "any interest" expansively to include not only in rem interests in property, but also



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and the sale to SGM does not proceed, the likely outcome is the closure of St. Vincent, Seton, and perhaps St. Francis. This would be an unnecessary and avoidable tragedy and would have a dire impact on countless patients, employees, vendors, and stakeholders. This is especially true here when SGM has agreed to continue to operate the Hospitals and to abide by the vast majority of the conditions imposed by the AG in its approval of the BlueMountain Transaction (the “2015 Conditions”)² for the remaining term that the conditions apply to Verity, as set forth in Schedule 8.6 to the APA.

Consequently, we strongly request that your office not accept the Expert’s Recommended Conditions, which are essentially a roll-forward of the 2015 Conditions based on the historic operations and not current patient care needs or market conditions. Instead, we encourage the AG to tailor the conditions to match those outlined in Schedule 8.6 providing SGM with the flexibility necessary to turn the Hospitals around financially, so they can continue to provide critical healthcare access to the communities they serve and thousands of jobs for the foreseeable future.

We further urge the Attorney General to exercise his discretion in a manner that considers the economic impact of the Recommended Conditions on the Hospitals. While the Impact Statements provide a significant amount of information related to the Hospitals background and the Transaction, the reports lack (i) any analysis of the economic impact that the 2015 Conditions have had on the Hospitals, and (ii) any cost-benefit analysis of the Recommended Conditions. Alarming, without regard to the economic and community realities, certain Recommended Conditions, if adopted, would force the Hospitals to maintain programs that not only lose significant amounts of money on an annual basis, but are unnecessary since the same services (and in some instances, more comprehensive or robust services) are already being provided at other hospitals in the area. To aid the Attorney General, we have provided evidence that considers the economic impact of the Recommended Conditions on the Hospitals both in this letter and in the enclosed, supporting declarations. We are happy to provide additional evidence and to discuss this further.

The Attorney General’s consideration of the economic impact of the prospective conditions is critical. We, as operators of the Hospitals, know the 2015 Conditions were overly burdensome and hampered the Hospitals’ ability to break even, let alone prosper. Indeed, the

other obligations that are “connected to or arise from the property being sold” or that could “potentially travel with the property being sold.” See, e.g., *In re La Paloma Generating, Co.*, 2017 WL 5197116, *4 (Bankr. D. Del. Nov. 9, 2017); *PBBPC, Inc. v. OPK Biotech, LLC* (In re PBBPC, Inc.), 484 B.R. 860 (1st Cir. B.A.P. 2013); *In re Vista Marketing Group Ltd.*, 557 B.R. 630 (Bankr. N.D. Ill. 2016); *United Mine Workers of Am. Combined Benefit Fund v. Walter Energy, Inc.*, 551 B.R. 631, 641 (N.D. Ala. 2016); *In re Tougher Indus.*, 2013 WL 1276501 (Bankr. N.D.N.Y. Mar. 27, 2013).

² These 2015 Conditions are contained in the AG’s “Conditions to Change in Control and Governance of St. Francis Medical Center and Approval of the System Restructuring and Support Agreement by and among Daughters of Charity Health System, Certain Funds Managed by BlueMountain Capital Management, L.L.C., and Integrity Health, L.L.C.” dated December 3, 2015.



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Hospitals filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code on August 31, 2018 to stop hemorrhaging precious cash resources. Verity, its employees, its 10,000 vendors, and other parties have made tireless efforts during the tenure of the Chapter 11 cases to ensure continued patient care and to take the necessary steps to allow the Hospitals to be sold to a new operator that could successfully operate the Hospitals.

The Bankruptcy Court has now approved the Transaction, which paves the way for a better chapter for these Hospitals and the communities they serve. The Attorney General should carefully consider the foregoing and not impose any conditions, based largely on historic operations, that would unravel operational improvements resulting from the heroic efforts of Verity's employees and management to save these Hospitals and inexorably lead to their closure.

We also request the opportunity to meet with you and other key decisions makers before any conditions are finalized in this Transaction, given their importance and the fact that the Recommended Conditions would destroy the Transaction and have a negative impact on tens of thousands of patients, employees, vendors, and stakeholders.

I. The 2015 Conditions and the Chapter 11 Cases

Before discussing the Recommended Conditions, I would like you to have the benefit of my experience overseeing the operations and financial performance of the Hospitals. *See* Enclosed Declaration of Richard G. Adcock, Verity Health System of California, Inc. Chief Executive Officer. Upon my appointment of CEO as the Hospitals, two competing issues were immediately apparent: the Hospitals are (i) critically important to the communities they serve, but (ii) are damaged financially as a result of cumulative decisions made in the last two decades.

While my extensive experience in healthcare has assisted me in understanding and navigating the complex problems threatening the Hospitals, one thing has crystalized for me: *the Hospitals require operational flexibility to adjust to market needs and demands and to effectuate a financial turn-around.* The 2015 Conditions do not allow for that type of flexibility and therefore hamper the Hospitals' ability to succeed. Thus, it is imperative that the Attorney General consider the pragmatic realities of the Hospitals' operations when imposing conditions on the Hospitals. We strongly request that the AG tailor the conditions imposed on this Transaction to align with the Purchaser Approved Conditions in Schedule 8.6, providing SGM with the flexibility to close on the Transaction and turn the Hospitals around so they can continue to provide meaningful health care services, community benefits, and jobs to the communities they serve.

II. SGM Was the Only Qualified Bidder for St. Francis, St. Vincent, and Seton.

Verity conducted a robust process to market and solicit potential buyers. In June 2018, it engaged Cain Brothers, a division of KeyBanc Capital Markets ("Cain"), to identify potential



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buyers of some or all of the Verity hospitals and related assets and commenced discussions with those potential buyers. Cain prepared a Confidential Investment Memorandum and organized an online data site to share information with potential buyers, contacting over 181 prospective strategic and financial buyers beginning in July 2018 to solicit their interest in exploring a transaction regarding the Verity hospitals. As a result of its far-reaching marketing process, Cain received sixteen indications of interest or other proposals and continued to develop potential sales.

Verity, in consultation with Cain and its other advisors, selected SGM's offer to serve as the stalking-horse bid to acquire the assets of St. Francis, St. Vincent, St. Vincent Dialysis Center, Seton, and related assets (the "Assets") through a sale under section 363 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Following extensive negotiations, SGM and St. Francis, St. Vincent, St. Vincent Dialysis Center, and Seton entered into the APA, which provides for the purchase of the Assets for \$610 million, plus payments of cure costs, as set forth therein.

Thereafter, in accordance with the bidding procedures, Cain continued to actively market the Assets. Cain notified 90 parties of the sale process, directly sent the parties the bidding procedures approved by the bankruptcy court, and represented Cain's availability to assist in the bidding process. Thereafter, sixteen of those parties signaled ongoing interest by their requests for continued access to the data room containing information about the Assets.

Notwithstanding the time, energy, and resources dedicated to this process, SGM submitted the only qualified bid for St. Francis, St. Vincent, and Seton. *Again, and importantly, SGM has agreed to accept, in full or in large part, the majority of the 2015 Conditions imposed by the AG in its approval of the BlueMountain Transaction for the remainder of the term applicable to Verity.* SGM has not agreed to accept those 2015 Conditions in their entirety due to its need for flexibility to turn the Hospitals around financially and to modify or eliminate services that are not financially feasible to retain and/or not necessary to serve the community. The Bankruptcy Court entered orders (i) approving the APA, schedules and exhibits thereto, and (ii) authorizing the sale to SGM under section 363 of the Bankruptcy Code.

III. If the Attorney General's Office Adopts the Conditions Proposed by JD Healthcare, SGM Will Not Acquire the Hospitals.

Verity and SGM engaged in extensive discussions and negotiations about the 2015 Conditions, with Schedule 8.6 developed as a result of compromises and concessions made by the parties regarding what conditions SGM committed to accept, while ensuring it had the flexibility and opportunity to turn the failing healthcare system around. Pursuant to Section 8.6 of the APA, SGM negotiated the requirement to close on the Transaction only if the conditions imposed by the AG are "substantially consistent" with the conditions set forth in Schedule 8.6. As outlined in greater detail below, the Recommended Conditions are not substantially



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consistent with the conditions enumerated in Schedule 8.6 in a number of significant ways and, if adopted by the AG, will result in this Transaction failing. For the avoidance of any doubt, if the AG adopts and imposes any condition on this Transaction that is not consistent with Schedule 8.6, any such condition should be considered by the AG's office as a "deal breaker."

We highlight below some of the material ways in which the conditions proposed by the Expert diverge from Schedule 8.6.

A. The "term" of the Condition

In Schedule 8.6, there are a number of conditions that SGM accepted "for a term which coincides with the remaining term applicable to [the] condition" for the specific Hospital, as set forth in the 2015 Conditions. While SGM agreed to essentially stand in Verity's shoes and to honor the remaining term of the Prior Conditions, it was unwilling to commit to these 2015 Conditions for a more extended period, as these conditions were a key factor contributing to the financial demise of the Hospitals and any requirement to honor these commitments for longer would inhibit SGM's ability to make operational changes necessary to turn the Hospitals around. SGM makes its point in its letter to you when it stated "the conditions agreed to in Schedule 8.6 reflect the appropriate and needed approach in support of efforts to address the significant, long standing operational, economic and physical plant challenges facing these Hospitals, many of which were noted in the Impact Statements."

It is worth noting that in at least some cases (and specifically for Seton), JD Healthcare has recommended that certain conditions be applied to SGM "for the remainder of the term" or in some cases for a period of time that is even shorter than the term remaining on the 2015 Conditions. The AG should apply this same standard to all of the conditions required of SGM (*i.e.*, not longer than the remaining term).

As outlined in greater detail below, if the AG does not allow SGM to honor its conditions for a term that runs concurrent with the term that currently applies to Verity, there is a significant risk that the Hospitals will close. This will result in the loss of critical community-based health care services, jobs, recoveries for creditors, and the loss of over \$9 million annually in charity care and over \$3,300,000 annually in community benefits currently provided by these Hospitals.

The closure of the Hospitals would be a tremendous and completely avoidable loss. By imposing conditions for a period of time that runs concurrent with the 2015 Conditions, the AG would help to ensure that the Transaction closes and the Hospitals remain open, potentially for much longer, once under new ownership, shed from burdensome historic liabilities and challenges and on more solid financial grounds. This will give SGM the time it needs to further evaluate the opportunities and challenges for these Hospitals and to determine what changes are appropriate to ensure their long-term viability and the best and most productive services for the Hospitals going forward. SGM can, at its election, and if financially prudent, continue to honor



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the 2015 Conditions and maintain the beds, services, and offerings beyond this term, but requiring it to do so will terminate this Transaction and result in the loss of all services before the 2015 Conditions have even lapsed.

B. Cancer Care

In its Recommended Conditions, JD Healthcare suggests that the AG require SGM to maintain cancer care at the Hospitals, including radiation therapy at St. Francis and St. Vincent, and inpatient oncology, interventional radiology, radiation therapy, and infusion service at Seton. This condition is a clear deal breaker for SGM.

As a threshold matter, it is important to note that none of the Hospitals offer a comprehensive oncology service today. *See* Enclosed Declaration of Tirso del Junco, Jr. M.D., Verity Health System of California, Inc. Chief Medical Officer. St. Francis, St. Vincent and Seton do not currently provide surgical oncology services. While Seton historically had a more robust oncology service line, two of the medical oncologists previously practicing at the Hospital retired and have not been replaced, which has resulted in a further decline in oncology services, including a significant decline in infusion services.

Importantly, demand for oncology services has been steadily on the decline at each Hospital. The reasons for this decline are a function of changing market conditions and are not a mystery. By its own account, the Expert found that St. Francis' cancer care volume decreased from fiscal year 2017 through fiscal year 2019. There are at least three other community hospitals offering cancer care to the same community of patients served by St. Francis. There has also been a decrease in oncology volume at St. Vincent over the last three years, with at least four other community hospitals and/or academic medical centers providing cancer care services to the same community of patients served by St. Vincent. JD Healthcare notes that cancer is the leading cause of death in Los Angeles. While this is very unfortunate and may well be true, the Expert has not suggested that this is the result of a lack of sufficient providers of oncology services or that the provision of cancer care services at St. Vincent and St. Francis is important in fighting this epidemic.

We cannot look at the provision of oncology services in a vacuum. Oncology is a very expensive service line. *See* Enclosed Declaration of Anita Chou, Verity Health System of California, Inc. Chief Financial Officer In FY 2018, St. Vincent provided 9,435 cancer treatments for a loss of \$995,000. We would anticipate SGM losing an additional \$547,000 as a result of its inability to access drug pricing under the federal 340B Drug Discount Program ("340B pricing"),³ which would result in a projected net loss of approximately \$1.5 million annual in the oncology service line. In FY 2018, Seton provided 8,429 in oncology treatments

³ The 340B Drug Discount Program is a US federal government program created in 1992 that requires drug manufacturers to provide outpatient drugs to non-profit health care organizations at significantly reduced prices. As a for-profit enterprise, SGM is not eligible for 340B pricing.



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for a net loss of \$3.8 million. SGM would have lost an additional \$3 million as a result of its inability to access 340B pricing, with approximately \$2.6 million attributable to higher oncology drug costs. It is not financially feasible to expect Seton, once owned by SGM, to operate an oncology program with diminishing volume and need at a loss of nearly \$7 million per year, especially when the Hospital is already operating at an annual loss of \$60 million. In FY 2018, St. Francis provided 15,556 oncology treatments for a total operating cost of \$11.6 million. This service line generated a net income of \$1.8 million. St. Francis will incur a loss of \$262,000 under SGM ownership in light of its inability to access 340B drugs. Some portion of this would translate into additional costs for the St. Francis oncology program.

St. Vincent and Seton already sustain overwhelming losses each year. While St. Francis is operating at a modest profit, it has significant cash flow challenges and may not be financially successful if it had to stand on its own without the support of the system. Given these challenges, every dollar committed and lost impacts the ongoing operations and viability of the Hospitals. SGM recognized from the inception that maintaining oncology services without access to 340B pricing would negatively impact its ability to operate the Hospitals. While access to cancer care is critical, the Expert found sufficient alternative providers. Despite there being available cancer care providers in each of the Hospitals' communities, the Expert recommended requiring the Hospitals' admittedly partial cancer programs continue. The AG should not adopt these Recommended Conditions, which would require SGM to maintain an expensive, diminishing service line when there are alternative service providers in the Hospital communities.

C. Charity Care

SGM has committed to provide annual charity care funds equal to or greater than \$430,384 for patients at St. Vincent, \$8,000,000 for patients at St. Francis, and \$935,405 for patients at Seton, for a term that coincides with the remaining term of the 2015 Conditions. This translates to a commitment of approximately \$9,400,000 annually to support necessary medical services for patients in need of care. Any additional charity care requirements above these amounts are a deal breaker for SGM, as it would hinder the long term sustainability of the Hospitals' services.

We appreciate JD Healthcare's recognition that health reform and the Affordable Care Act ("ACA") have changed the need for charity care. We agree with JD Healthcare's suggestion that the AG should adjust the required commitment to charity care based on available data from time periods after the implementation of the ACA. However, a three-year lookback period is too long in light of the significant year-over-year changes in the need for charity care. Instead, the AG should look at the actual charity care provided in the past year by St. Francis, St. Vincent and Seton as a more appropriate barometer for the level of charity care that should be offered by the Hospitals prospectively. SGM has committed to a significant minimum amount of charity care in Schedule 8.6 and the AG should accept this commitment.



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SGM has agreed to administer the charity care funds under its existing financial assistance policy applicable across SGM's hospital system. In order to operate an efficient system, SGM will need to have one set of policies, procedures, and patient financial assistance applications. The Expert has recommended that SGM be required to operate under Verity's policy. SGM should be permitted to organize its administration of the charity care funds, consistent with its other hospitals, and in compliance with applicable state and federal law, without being required to continue Verity's specific policy.

D. Community Benefit

SGM has committed to provide annual community benefit services equal to or greater than \$1,076,459 for the communities served by St. Vincent, \$1,439,854 for the communities served by St. Francis, and \$848,434 for the communities served by Seton, for a term that coincides with the remaining term of the Prior Conditions. Any additional community benefit program requirements above these amounts are a deal breaker for SGM, as it would hinder the long-term sustainability of the Hospitals' services. Further, SGM must be afforded the flexibility to determine how best to serve the community and which programs to provide on behalf of each Hospital.⁴

E. Capital Commitment

As of June 30, 2019, Verity expended approximately \$172 million of the \$180 million in capital commitments required as part of the 2015 Conditions applicable to Verity's six hospitals, leaving approximately \$8 million unexpended by Verity. SGM has agreed to pay the previously required, but unexpended Verity capital commitment applicable to the three Hospitals it is acquiring. In order to determine SGM's share of the unexpended \$8 million, we considered the Santa Clara County and SGM asset purchase agreements to arrive at the proxy value of the Verity hospitals of \$845,000,000, comprised of \$235,000,000 for O'Connor Hospital and Saint Louise Regional Hospital, and \$610,000,000 for St. Francis, St. Vincent, and Seton. Based on these figures, SGM is acquiring approximately 72% of the Verity hospital assets. As such, SGM's portion of the outstanding capital commitment as of June 30, 2019, is approximately \$5.8 million.

Provided that Verity does not expend any additional capital expenditures through the closing of the pending APA, then SGM would honor and commit to expend \$5.8 million in capital commitments among St. Francis, St. Vincent, and Seton. If the remaining amount of the original capital commitment pursuant to the 2015 Conditions left unexpended through the closing of the APA is less than the above number, SGM would honor and commit to spend seventy-two percent (72%) of such lesser amount in capital commitments. We understand SGM

⁴ Please note that although St. Francis Career College was referenced in the Expert's recommendations, American Career College bought St. Francis Career College in 2013 and has since closed the Lynwood Campus in 2019.



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would want to maintain the flexibility to determine how best to apportion these required expenditures among the Hospitals based on their individual needs and their operational priorities and to have the opportunity to expend such amounts over five (5) years following the closing pursuant to the APA.

F. Economic Impact of the Expert Proposed Conditions Generally

While the Impact Statements provide a significant amount of information about the Transaction, the Hospital operations and challenges, and the communities they serve, it lacks (i) any of the economic impact the 2015 Conditions have had on the Hospitals or that the Recommended Conditions would have on SGM, and (ii) any cost-benefit analysis of the conditions recommended by the Expert. Verity and SGM agree that many of the services provided by the Hospitals are essential to the communities they serve and that is why SGM has agreed to adopt many of the 2015 Conditions. The Impact Statements fail to consider and discuss the extent to which the economic impact of the proposed conditions guarantees a failed SGM transaction. In its letter to you, SGM states: “the conditions recommended in the Impact Statements are materially inconsistent with the conditions [...] set forth in Schedule 8.6 to the APA.” It goes on to say that “SGM would not accept the conditions proposed in the Impact Statements.”

If the AG adopts the Recommended Conditions, based on the historical conditions, operations and needs and not the present reality, this will result in requirements for the Hospitals to maintain programs that not only lose a significant amount of money on an annual basis but that are also unnecessarily duplicative of other services (sometimes more comprehensive) already offered at other hospitals in the area. This will also result in SGM walking away from this Transaction.

As further discussed below, a failed SGM Transaction would mean closure for all the Hospitals resulting in the loss of access to medical care for hundreds of thousands of community members and patients, put thousands of employees out of work, and deny any financial recovery for former employees with pension rights, as well as other stakeholders.

By way of example, the Recommended Conditions require that SGM maintain transplant services at St. Vincent, including its newly developed liver transplant program, for at least five years from the Closing Date. St. Vincent established its liver transplant program earlier in 2019, performing a total of 10 liver transplants to date. At present, this program is not receiving any reimbursement as it is still going through the initial certification process. The liver transplant program places a significant financial burden on the Hospital. A third-party liver program expert consulting company has produced feasibility and performance projections for the St. Vincent program and anticipates that it will lose \$21 million over 5 years, or somewhere in excess of 15% of the total value of St. Vincent. Liver transplant services were not a required service under the 2015 Conditions and SGM should not be required to maintain liver transplant services at St. Vincent as part of this Transaction.



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Additionally, the Recommended Conditions require SGM to contract with LA Care for St. Francis, and St. Vincent. Verity is currently involved in litigation with LA Care to recover approximately \$15.2 million in underpaid and/or unpaid claims.⁵ See St. Vincent Medical Center v. Local Initiative Health Authority for Los Angeles County dba L.A. Care Health Plan, Case No. 19-01002 at kccllc.net/verity. Requiring SGM to contract with LA Care is unreasonable in light of LA Care's inability to adequately ensure timely and full payment at market rates for services. When both parties can freely negotiate a new contract with needed assurances of payment at market rates, the community benefits. This is not possible if SGM is mandated to contract with LA Care regardless of the contract terms offered by LA Care or LA Care's performance or non-performance under the contract.

These are just a few examples of how the Recommended Conditions fail to take in to account the economic consequences of the suggestions and the impact these would have on hospital viability and prudent operations.

IV. If the AG Imposes the Conditions Recommended by its Expert, and the Debtors are Unsuccessful in their Efforts to Cut Off the Conditions under Section 363 of the Bankruptcy Code, the SGM Sale Will Terminate and St. Vincent and Seton Will Close.

A. The Debtors and Their Stakeholders Will Suffer Immediate Irreparable Harm if the SGM Sale Does Not Close.

The aftermath of a failed SGM sale is the prompt closure of St. Vincent and Seton in light of their unsustainable operational losses, the absence of an interested viable purchaser that would continue operations as acute care hospitals, and the almost certain lack of financing to continue their operations. While St. Francis would attempt a private sale in the bankruptcy case, the Debtors foresee significant challenges notwithstanding the fact that its financial performance may be stronger during parts of the year than the other Hospitals. Indeed, excluding QAF, since it is often difficult to rely on from a working capital perspective due to its sporadic payment pattern, St. Francis would need to borrow greater than \$35 million from the Verity Hospital System throughout the year to manage large working capital fluctuations. The administrative expenses and risks associated with continuing the bankruptcy cases to attempt to identify a new buyer other than SGM, further threaten the Debtors' ability to finance and sell the Hospitals as going concerns and related recoveries to constituents. These threats are borne directly by the communities served by the Hospitals, their patients, employees, and other critical stakeholders, and are material considerations with which to assess the proposed SGM sale.

⁵ To add specific examples, one large category of claims at issue involves services that were authorized by LA Care through delegated vendors but that LA Care denied payment because it had no way to track the delegated vendors' authorization numbers. As a result, LA Care required timely filed electronic claims to be resubmitted in paper. Another example is that LA Care has improperly administered payments under "stop loss" provisions – denying payment to St. Francis, in particular, for services to some of the most needy patients.



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1. St. Vincent and Seton Will Likely Close.

St. Vincent and Seton are likely to close promptly after the SGM transaction fails for two significant reasons tied to their ongoing financial underperformance: (i) the Debtors cannot sustain the operational losses incurred by St. Vincent and Seton without the prospect of a potential purchaser, and (ii) the Debtors must conserve resources to underwrite a sale of St. Francis. St. Vincent and Seton (including both the Daly City and Coastsides campuses) have combined operating losses greater than \$105 million in the 10 months since filing bankruptcy.

The Expert acknowledges that “no other offers were received by the Bankruptcy Court to purchase and operate” St. Vincent and Seton. *See* St. Vincent Report at 86; Seton Report at 87. This finding is consistent with the results of the Debtors’ extensive marketing efforts. As outlined in greater detail above, beginning in July 2018, the Debtors engaged Cain to identify potential buyers of some or all of the Debtors’ Hospitals. Cain contacted over 181 strategic and financial buyers and received 11 indications of interest. None of these indications proposed purchasing and operating St. Vincent or Seton individually. The Debtors cannot sustain incurring ongoing operational losses to maintain the going-concern value of St. Vincent and Seton without the realistic prospect of a purchaser.

These closures would begin almost immediately. Because the failure of the SGM sale puts the recovery of secured creditors at risk, it is almost certain that the secured creditors would object to continued use of their cash collateral to subsidize the losses at St. Vincent and Seton. While the Debtors may be able to obtain an order authorizing the use of cash collateral over their objection, that use would be limited to the amount necessary to avoid harm to patients. Based on the experience of Debtors’ counsel, St. Vincent and Seton would first seek court approval to close their emergency departments and close the Hospitals to new patients. Given the average length of stay for hospital inpatients, we would expect all acute care patients to be discharged within a week. We would expect St. Vincent to be closed in less than one month.

Closure of Seton would be much slower than St. Vincent, given the more involved process of the skilled nursing and sub-acute resident populations at both the Daly City and Coastsides campuses, and would cost tens of millions of dollars to effectuate. We would immediately seek the assistance of the California Department of Public Health, the Center for Medicare and Medicaid Services, the Department of Health Care Services, Santa Clara and San Mateo Counties and other key governmental and non-governmental stakeholders to find appropriate placements for the approximately 180 long term and subacute residents at Seton. However, the post-acute care delivery system in Northern California does not have the excess capacity to accept these residents. *See* Enclosed Declaration of Maya Altman, CEO for the Health Plan of San Mateo. We would anticipate many of these residents being displaced across the state and outside of the state in order to find appropriate and available beds and resources. The transfer trauma risk attendant to the closure of Seton’s nursing facility would be significant with patients needing to be transferred, in many cases, hundreds of miles away from their communities, families and support networks.



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Thereafter, the Debtors would most likely attempt a private sale of St. Vincent and Seton after they are closed. After their extensive but ultimately unsuccessful marketing efforts, the Debtors believe that the most likely outcome is a sale to a real estate or similar purchaser without an interest in continuing or reopening the facilities as acute care hospitals, and without the need for Attorney General review. *See In re Gardens Reg'l Hosp. & Med. Ctr., Inc.*, 567 B.R. 820, 826-829 (Bankr. C.D. Cal. 2017) (Robles, J.) (holding that sale of a closed not for profit hospital is not subject to Attorney General review).

2. St. Francis Will Attempt a Private Sale at a Depressed Value with Significant Financial Obstacles and Creditor Scrutiny.

In the event the SGM transaction fails due to the imposition of conditions making continued operations economically unfeasible, the Debtors will turn their efforts to fund a renewed sale process for St. Francis, their only potentially profitable going-concern asset. A St. Francis sale process would face stiff headwinds and present significant liquidity demands, which would be further exacerbated if the Debtors are continuing to incur operating losses associated with St. Vincent and Seton. The Expert cites interviewees who “expressed that if this [SGM] transaction was not finalized, the Hospital would likely be acquired by another organization due to its history of financial success.” *See* St. Francis Report at 85. However, this supposition does not account for the expenses and uncertainties associated with a single-facility sale.

St. Francis realizes substantial economic benefits from its integration in the Verity Health System that would be stripped in a single-facility sale. First, St. Francis cannot sustain itself solely on cash flow from operations. The primary receivables attributable to St. Francis operations—reimbursements and related supplemental payments on account of the Hospital Quality Assurance Fee program—are paid periodically during the year and substantially after the service period to which they relate. As stated previously, excluding QAF, St. Francis must borrow greater than \$35 million from the Verity Hospital System throughout the year in order to manage its large working capital fluctuations. Historically, St. Francis has leveraged financing arrangements entered into by the Verity Health System. The obligated parties under those financing arrangements historically included VHS, O'Connor Hospital, Saint Louise Regional Hospital, Seton, St. Vincent, and St. Francis. St. Francis cannot achieve stable financial operations without access to credit historically supplied on a joint and several basis to the Verity Health System.

St. Francis benefits from the consolidated administrative functions and unified technology of the Verity Health System, which St. Francis would need to arrange for and purchase individually in anticipation of a single-facility sale. The total burden of the cost of the underlying IT systems and licensing agreements for the system, at a cost of more than \$40 million per year, would likely be the burden of St. Francis alone. In addition, St. Francis would bear a significant portion of the current annual overhead costs of over \$100 million that no longer could be spread across the other Hospitals. These two factors will put significant strain



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on the cash flow of the remaining Debtors and would ultimately make completing an extremely quick private sale of St. Francis critical to maintaining any value for the estate.

A private sale is more expedient, but, in the absence of a renewed, robust sale process, the Debtors expect the sale would yield a purchase price hundreds of millions of dollars lower than the SGM Transaction and would receive objections from constituents who would request a new marketing process. Based on the Debtors' experience through the extensive pre-bankruptcy and post-filing marketing efforts, the Debtors are very aware of (i) the difficulty in identifying a purchaser that is both interested in, and capable of, closing on such a transaction, and (ii) the large amount of time and money it takes to sustain ongoing operating losses while working with a prospective buyer through the complex sale process. In these circumstances, the Expert's comment, without support, that there would be "other buyers" if the SGM Transaction failed is at best unsupported and a gross oversimplification of what would be an involved, complicated process. Even if a new deal process were successful and yielded a willing buyer capable of closing, it is highly uncertain whether the Debtors could fund the ongoing operating capital necessary to continue to operate St. Francis while the sale worked its way through the rigorous bankruptcy, AG, and regulatory approval process.

The Debtors' creditors are also likely to object to a fire sale of St. Francis given the already small recoveries available if the SGM sale is successful. A private sale is likely to leave only a partial recovery for secured creditors and, as discussed below, no recovery for other critical stakeholders. These secured creditors and stakeholders are likely to carefully scrutinize such a transaction and demand a longer auction process in lieu of a private sale. Each of these likely demands from secured creditors, other stakeholders, and the Attorney General would expose St. Francis to further financial deterioration arising from the increased administrative and professional costs associated with a lengthy sale process as well as further losses from operations.

It should be noted that even if there are good sales prospects, Verity will likely have no choice but to close St. Francis pending a sale, putting the hospital license in suspense and closing all beds and service lines. This would require a prompt shut-down of St. Francis, including the closure of its emergency room and trauma center as well as its psychiatric unit. While a buyer could apply to have the St. Francis hospital license resurrected and taken out of suspense, this is not without consequence. As a Hospital that relies heavily on government reimbursement and QAF to survive, in taking the license out of suspense, a St. Francis buyer would need to apply for new Medicare and Medi-Cal provider agreements, enduring a period during which the hospital is open but not yet certified. In addition, St. Francis would not be eligible for QAF during the period of time when it is closed, which would also impact its QAF fees and payments upon reopening. All of this would likely have a negative impact on the value of St. Francis as a freestanding hospital as well as its timeline for reopening its emergency department and certain non-essential services.



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B. A Renewed Sale Process Will Materially Delay the Bankruptcy Cases.

The Debtors have administered and financed their bankruptcy cases and plan of liquidation assuming that the cases would conclude shortly after the SGM sale. If SGM does not consummate the sale, then the Debtors will incur additional, unexpected administrative expenses associated with continued operations as they pursue new sales and closures. These expenses—unanticipated by the Debtors and their lenders—will increasingly burden the Debtors' ability to fund their operations.

While difficult to predict, the Debtors anticipate that a single-facility private sale of St. Francis will take approximately five to six months to close. The bankruptcy court process, assuming that (a) a buyer could be located, and (b) the Debtors would seek a private sale, would last approximately six to eight weeks and involve soliciting potential purchasers, drafting and negotiating an asset purchase agreement and sale motion, and holding a sale hearing on three weeks' notice to interested parties. The balance of time is allocated to the 90 to 135-day Attorney General review process. This assumes that the private sale of St. Francis would not require a more belabored auction process in bankruptcy court; however, as noted above, creditors disappointed with partial or no recovery on their claims may convince the court that an auction process will result in a higher sale price.

The Debtors anticipate that the private sales of St. Vincent and Seton would take substantially less time to close if the facilities are not operating as acute care hospitals. The Debtors estimate that sales of St. Vincent and Seton could close in no less than two months on the most favorable timeline and for substantially less consideration. This assumes an expedited disposition of the facilities' patient populations, which we anticipate will be especially challenging for Seton's long-term patient populations at both the Daly City and Coastsides campuses.

There is significant risk in the Debtors' ability to fund an additional six-month sale process. These alternative sale timelines, through abbreviated, nevertheless require the Debtors to incur significant administrative expenses. As discussed, the Debtors incur cash flow losses of \$450,000 every day. The Debtors have obtained \$185 million of debtor in possession financing to cover these operational and administrative expenses during their bankruptcy cases because their stakeholders were satisfied that there was a high likelihood of consummating significant asset sales; this matures September 7, 2019. In fact, the financing terms are subject to strict case milestones and short-term budgets based upon consummating sales of the Hospitals by specific dates. *See* Docket No. 309-2 (DIP Credit Agreement, § 7.1 at 63) (the Debtors' financial covenants include limits on budget variances during the bankruptcy cases); *see id.* (DIP Credit Agreement, § 9.1(q) at 72-76) (providing for defaults if Debtors fail to meet case deadlines including sale deadlines). Without the prospect of an imminent asset sale that would, at a minimum, cover the costs of financing, the Debtors' ability to obtain financing is a significant risk. The Debtors' access to cash collateral and proceeds of the O'Connor Hospital and Saint Louise Regional Hospital sale are likewise subject to the liens and limitations of the Debtors'



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secured creditors. The Debtors' ability to fund their operations becomes increasingly dubious as the bankruptcy cases continue without resolution.

C. Patients, Employees, Vendors, Community Members, and Other Essential Stakeholders Bear Directly the Ramifications of a Failed SGM Transaction.

The Attorney General should not ignore the significant economic ramifications of a failed SGM sale because of the negative healthcare impacts on patients and community members. If the SGM sale does not close, patients and community members will lose access to healthcare facilities. Extending the timeline to a sale by six months will also jeopardize the ability to finance the remaining hospital. Furthermore, the degradation in value realized from the asset sales will directly affect key stakeholder recoveries.

1. The Impact on Community Members and Patients

Failure to consummate the SGM sale likely results in the closure of St. Vincent and Seton and risks closure of St. Francis. The Expert recognizes the unique role the Hospitals play in their communities. Although the Debtors challenge the specifics of the proposed conditions, it is indisputable that these facilities provide access to essential healthcare services in their communities. Faced with the possibility of losing these facilities in their entirety, rote application of historical conditions must yield to the pragmatics of economics and demonstrable community need.

St. Francis is a critical safety-net provider of health care services, serving a large number of uninsured and underinsured patients. It is located in a medically underserved area and operates the only trauma center in the service area. It also provides critical acute inpatient psychiatric services as well as a mobile crisis evaluation team.

St. Vincent is the oldest hospital in Los Angeles, providing critical emergency room and other specialized services to the community it serves. In addition to serving almost 180 skilled nursing and subacute residents, Seton also operates a geriatric-psych service line and the only emergency department on the Peninsula in the 55-mile stretch between Santa Cruz and Daly City.

In addition to the possibility of losing these Hospitals, the communities would also lose the charity care and community benefits they offer. This would be a tragic and unnecessary loss.

2. The Impact on Vendors

It is the vendors that have supported the Hospitals during the pendency of the bankruptcy cases, allowing the Hospitals to stay open and to continue providing services in the ordinary course. Under the SGM purchase agreement, these vendors will receive payment in full for their



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support of Verity during its bankruptcy and a failed sale to SGM could put those payments at risk.

In addition, there are thousands of vendors whose contracts will be assumed by SGM pursuant to the sale. As a consequence, these vendors will be paid for their pre-petition claims an estimated total recovery of more than \$50 million. For those vendors whose contracts are not being assumed by SGM, the sale will still provide millions of dollars of recoveries. In total, the failed sale to SGM would cause these vendors to lose tens of millions of dollars in recoveries. Further, there would be a loss of future services by these vendors that would provide the go-forward services to the operating hospitals.

3. The Impact on Employees

St. Francis, St. Vincent, and Seton have approximately 4,950 employees. SGM has committed to retain “substantially all” employees of the Debtors, as set forth in the APA. *See* Docket No. 2305-1 (SGM APA, § 5.3(a) at 27). Similarly, SGM has committed to participate in good faith negotiations of new collective bargaining agreements with the unions. *See id.* (SGM APA, § 4.7 at 25). The SGM sale presents the Debtors’ stakeholders with the best possible alternative, and the failure of the SGM transaction will likely result in losing healthcare access for vulnerable populations as well as the loss of employment for thousands of employees.

V. Conclusion.

For all of the reasons outlined above, the AG should not adopt the Recommended Conditions. This would result in the certain failure of the SGM Transaction and the likely closure of St. Vincent, Seton, and perhaps St. Francis. This would be a devastating loss to the communities the Hospitals serve, to their patients, employees, vendors, creditors, and more. This would entail the unnecessary loss of historic, meaningful, community hospitals with robust histories, dedicated to providing charity care and community benefits, especially when as here, there is a ready buyer in SGM who has agreed to continue to operate the Hospitals and to abide by the vast majority of the 2015 Conditions for the period of time they apply to Verity. We urge you to tailor the conditions imposed on this Transaction to align with the Purchaser Approved Conditions in Schedule 8.6, providing SGM with the flexibility to close on the Transaction and turn the Hospitals around so they can continue to provide meaningful health care services, community benefits, and jobs to the communities they serve.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Adcock'.

Richard G. Adcock, CEO

DECLARATION OF RICHARD G. ADCOCK

I, Richard G. Adcock, declare that I have personal knowledge of the facts set forth in this declaration, and I would competently testify to them under oath if called as a witness.

1. I am, and have been since January 2018, the Chief Executive Officer of Verity Health System of California, Inc. ("VHS"). Prior thereto, I served as VHS's Chief Operating Officer since August 2017.

2. I have extensive senior-level experience in the nonprofit healthcare arena, especially in the areas of healthcare delivery, hospital acute care services, health plan management, product management, acquisitions, integrations, population health management, budgeting, disease management and medical devices. I have meaningful experience in both the technology and healthcare industries in the areas of product development, business development, mergers and acquisitions, marketing, financing, strategic and tactical planning, human resources, and engineering.

3. Prior to VHS, from 2014 until 2017, I served as Executive Vice President and Chief Innovation Officer of Sanford Health, a large integrated health system headquartered in the Dakotas dedicated to health and healing. In this role, I was responsible for leading Sanford Health's growth and innovation, in addition to direct operational oversight of the following related entities: Sanford Research, Sanford Health Plan; Sanford Foundation (a philanthropic fundraising foundation); Sanford Frontiers (a commercial and real estate company); Profile by Sanford (a scientific weight loss program); and Sanford World Clinic (which operates clinics in multiple countries).

4. From 2012 to 2017, I served as the President of Sanford Frontiers and had the responsibility of starting a new entity within Sanford Health focused on innovative ventures. From 2008 to 2012, I served as Executive Vice President of Sanford Clinic. I was responsible both for (i) working directly with the President of the Clinic to the lead team of Vice Presidents in all aspects of management, and (ii) Sanford World Clinics operations, including the design, opening and operation of several global clinics. From

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1 2006 to 2008, I served as the Vice President of Sanford Clinic and was responsible for
2 leading strategic, operational and financial aspects within Sanford Clinic. From 2004 to
3 2006, I served as Director of Clinical Operations at Sanford Children's Specialty Clinic
4 and led the Pediatric Subspecialty Physician program and the clinical practice through all
5 facets of the operation.

6 5. Prior to Sanford Health, I served as the Director of Engineering and Six
7 Sigma Master Black Belt at GE Medical Systems, and before that served as the Vice
8 President of Research and Development and the Co-Owner/Founder of Micro Medical
9 Systems. I have a bachelor of science in business administration and a masters of
10 business administration in healthcare management.

11 6. I have reviewed the conditions proposed (the "Recommended Conditions")
12 by JD Healthcare, Inc. ("JD Healthcare" or "Expert") to the California Attorney General
13 (the "Attorney General") in the Health Care Impact Statements (the "Reports"), analyzing
14 the proposed sale of St. Francis Medical Center ("St. Francis"), St. Vincent Medical
15 Center (St. Vincent"), and Seton Medical Center, including its Daly City and Coastsides
16 Campuses ("Seton") (collectively, the "Hospitals"), to Strategic Global Management, Inc.
17 and its affiliated entities ("SGM"), as reflected in that certain Asset Purchase Agreement
18 (the "APA").

19 7. Upon review of the Recommended Conditions, I urge the Attorney General
20 not to issue the Recommended Conditions, and, instead, to impose the conditions to which
21 SGM has agreed to in Schedule 8.6 to the APA.

22 8. As explained below in detail, the Attorney General should not impose the
23 Recommended Conditions because they do not take into consideration the negative
24 economic impact of the Recommended Conditions nor the negative economic impact of
25 the previously imposed conditions on the Hospitals (the "2015 Conditions").

26 9. The Attorney General should exercise his oversight responsibilities and
27 discretion to impose conditions that consider the economic impact to the Hospitals.

28 10. My extensive experience in healthcare has helped me understand and

1 navigate the complex problems threatening the Hospitals.

2 11. Two competing issues were immediately apparent upon my appointment as
3 CEO: the Hospitals are (i) critically important to the communities they serve, but (ii) are
4 damaged financially as a result of cumulative decisions made in the last two decades.

5 12. After overseeing the operations and financial performance of the Hospitals, I
6 concluded that the only feasible path to maintain Hospital operations was to initiate a
7 bankruptcy process that would allow the transfer of the Hospitals to more financially
8 stable operators, reduce existing liabilities, and commence a process in cooperation with
9 the Attorney General to ensure the continued viability of these important community
10 assets.

11 13. While SGM has the ability to keep these Hospitals open and help them to
12 prosper, the Attorney General's role in that process cannot be understated.

13 14. Specifically, to fix the problems that presently threaten the Hospitals
14 continued viability, the Attorney General must consider the pragmatic realities of the
15 Hospitals' operations.

16 15. The Hospitals require operational flexibility to address the fast-paced
17 changes in the healthcare market. I will use a specific example to illustrate my point.
18 One of the 2015 Conditions requires that St. Francis maintains a fixed number of beds for
19 pediatric patients. However, and by way of example, children in the St. Francis service
20 area often go to the nearby children's hospital for treatment (e.g., Miller Children's,
21 Children's Hospital of Los Angeles, and Women's Hospital). Consequently, St. Francis
22 does not utilize many of the beds it is required to maintain pursuant to the condition.
23 This results in unnecessary operating costs without attendant increases in revenue and,
24 more importantly, prevents St. Francis from instead applying its resources to address the
25 demonstrated needs of the community. In addition, these pediatric beds are needed as
26 general adult inpatient beds. Put simply, 2015 Conditions do not reflect the needs of the
27 market place. This is one of many examples that is repeated across service lines affected
28 by the 2015 Conditions.

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1 16. The payor contracts present another example of the negative impact of the
2 2015 conditions on the Hospitals. In my experience, I have never seen a set of conditions
3 that obligate the Hospitals, as providers, to accept a particular payor's contract no matter
4 how disadvantageous the terms and conditions. The Attorney General's mandated
5 requirement to remain in an economically damaging relationship obliterates the Hospitals'
6 ability to negotiate appropriate terms, including reimbursement consistent with market
7 conditions. The Hospital payor contracts are below-market as a result of many years of
8 poor payor contract negotiations coupled with the 2015 Conditions. Stated differently,
9 through the imposition of the conditions, the Attorney General transfers negotiating
10 leverage to the payors and leaves the Hospitals severally disadvantaged. While the
11 Attorney General certainly may not have intended that result at the time the 2015
12 Conditions were imposed, the 2015 Conditions had that impact and accelerated and
13 contributed to the threats facing the Hospitals today.

14 17. While the impact reports provide a significant amount of information
15 related to the Hospital's background and the SGM transaction, the reports are lacking (i)
16 any analysis of the economic impact the 2015 Conditions have had on the Hospitals, and
17 (ii) any cost benefit analysis of the Recommended Conditions.

18 18. Without regard to the economic and community realities, certain
19 Recommended Conditions force the Hospitals to maintain programs that not only suffer
20 significant losses an annual basis, but are unnecessary because the same services (and in
21 some instances, more comprehensive services) are already provided at other Hospitals in
22 the area.

23 19. The Attorney General's consideration of the economic impact of the
24 Recommended Conditions is critical. As a Hospital operator, I know the 2015 Conditions
25 were too burdensome and hampered the Hospitals ability to prosper, as discussed above.
26 Verity, its employees, tens of thousands of vendors and other parties have made tireless
27 efforts during the sale process to ensure high quality continued patient care and to take the
28 necessary steps that would allow the Hospitals to be sold to a new operator that could

1 successfully operate the Hospitals. The Bankruptcy Court has now approved the sale to
2 SGM, which paves the way for these Hospitals and the communities they serve to
3 continue the Hospitals' mission of quality patient care.

4 20. The alternative to an SGM sale is, most likely, the closure of SVMC and
5 Seton in light of their unsustainable operating losses, the absence of an interested viable
6 purchaser that would continue operations as acute care hospitals, and the almost certain
7 lack of financing to sustain their operations.

8 21. While SFMC would most likely attempt a private sale in the bankruptcy
9 cases, I foresee significant challenges. SFMC's financial performance may be stronger
10 during parts of the year than the other Hospitals; however, SFMC relies significantly on
11 the Verity Hospital System to borrow an excess of \$35 million throughout the year to
12 achieve its financial success and has not demonstrated an ability to independently manage
13 large working capital fluctuations. The administrative expenses and risks associated with
14 continuing the cases to attempt to identify a new buyer other than SGM, further threaten
15 the Debtors' ability to finance and sell the Hospitals as going concerns and related
16 recoveries to constituents. These threats are borne directly by the communities served by
17 the Hospitals, their patients, employees, and other critical stakeholders, and are material
18 considerations with which to assess the proposed SGM sale.

19 22. The Reports recognize the unique role the Hospitals play in their
20 communities. Although I disagree with the specifics of the Recommended Conditions, I
21 believe it is indisputable that the Hospitals provide access to essential healthcare services
22 in their communities. Faced with the possibility of losing the Hospitals in their entirety,
23 rote application of the 2015 Conditions should yield to the pragmatics of economics and
24 demonstrable patient care and community need.

25 23. If the SGM transaction does not close, the Debtors, employees, pension
26 holders, other stakeholders, and community members, would be exposed to significant
27 and unrecoverable health care and economic loss.

28 24. Among the stakeholders which will be harmed by a failed SGM sale are the

1 vendors that have supported the Hospitals by providing credit terms throughout these
2 cases. Under the SGM sale, these creditors will receive payment for their support of the
3 Hospitals during the sale process. A failed sale to SGM would put that at risk. In
4 addition, there are thousands of vendors whose contracts will likely be assumed by SGM
5 in the sale. Consequently, these vendors will be paid for their pre-petition claims, an
6 estimated total recovery for these vendors of \$50 million. Even those vendors whose
7 contracts are not assumed by SGM are still expected to receive millions of dollars of
8 recoveries. In total, the failed sale to SGM would cost these vendors tens of millions of
9 dollars in recoveries. Further, there would be a loss of future income for services
10 provided to the operating Hospitals on a go-forward basis.

11 25. The Hospitals have approximately 4,900 employees. SGM has committed
12 to retain "substantially all" employees of the Debtors, as set forth in the APA.

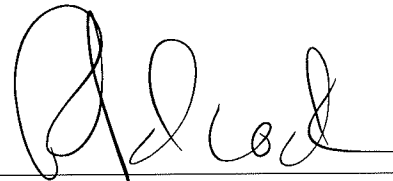
13 26. The SGM sale presents the Debtors' stakeholders with the best possible
14 alternative, and the failure of the SGM transaction will likely result in a loss of healthcare
15 access for vulnerable populations, as well as jobs of thousands of employees.

16 27. Based on the foregoing, I request the Attorney General carefully consider
17 the foregoing and not impose conditions that would threaten to close the Hospitals or
18 otherwise unwind stakeholders' heroic efforts to save these Hospitals.

19 I declare under penalty of perjury under the laws of the United States that the
20 foregoing is true and correct.

21 Executed this 23rd day of August, 2019, in Santa Monica, California.

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Richard G. Adcock

DECLARATION OF ANITA CHOU

I, Anita Chou, declare, that if called as a witness, I would and could testify as follows based on my own personal knowledge.

1. I am the Chief Financial Officer ("CFO") of Verity Health System of California, Inc. ("VHS"). I became the Debtors' acting CFO on August 20, 2018, and on August 29, 2018, the board of directors appointed me as the CFO. Prior to my appointment as acting CFO, I served as the VHS SVP Hospital Finance, with oversight responsibilities over all of Verity Health System hospitals' CFOs from February 1, 2018 until August 19, 2018, and as the St. Vincent Medical Center CFO from March 2016 to February 2018. Prior to VHS, I spent three years at Prospect Medical Holdings from March 2013 to March 2016 in various senior level corporate finance positions including Hospital System CFO, ten years as the controller for three different hospital and hospital systems (e.g., Saint John's Health Center & Affiliates, Valley Presbyterian Hospital, and USC Kenneth Norris Jr. Cancer Hospital), and three years as a Financial Market Analyst for El Camino Hospital. I received my Masters in Health Administration from the University of Southern California in 2005, and my Bachelor of Science from University of California, San Diego in 1998.

2. Debtor VHS, a California non-profit public benefit corporation, is the sole corporate member of the five debtor California non-profit public benefit corporations that operated six acute care hospitals (the "Hospitals"), including St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC") and Seton Medical Center, which includes its Daly City and Coastsides Campuses ("Seton"). Seton operates under one consolidated general acute care hospital license. VHS, the Hospitals and their affiliated entities operated as a non-profit healthcare system in the State of California.

3. The statements herein are based upon my personal knowledge of the facts and information gathered by me in my capacity as CFO for VHS.

4. I have reviewed the Health Care Impact Statements (the "Reports"), analyzing the proposed sale of SFMC, SVMC and Seton to Strategic Global Management, Inc., and its affiliated entities ("SGM"), as reflected in that certain Asset Purchase Agreement (the "APA").

1 5. The report on SFMC, at pages 92-96, the report on SVMC, at pages 87-90, and the
2 report on Seton, at pages 88-92, set forth JD's recommended conditions (the "Recommended
3 Conditions") for the transactions to the California Attorney General (the "Attorney General"). I
4 urge the Attorney General not to issue the proposed conditions and, instead, to impose the
5 conditions to which SGM has agreed in Schedule 8.6 to the APA.

6 6. The Recommended Conditions for SFMC, SVMC and Seton that deviate from
7 Schedule 8.6 attached to the APA are "deal breakers" and should not be imposed by the Attorney
8 General.

9 **A. St. Francis**

10 7. The Recommended Conditions for SFMC include a requirement that, for at least 10
11 years from the closing date, SFMC maintain cancer services. The current cost to maintain cancer
12 treatment at SFMC exceeds \$11 million annually, which includes the financial advantages that
13 permit SFMC, as a non-profit hospital, to use the 340B program. The 340B Drug Discount Program
14 is a U.S. federal government program that requires drug manufacturers to provide outpatient drugs
15 to eligible health care organizations and covered entities at significantly reduced prices. SGM will
16 operate SFMC as a for-profit enterprise, and, therefore, the 340B program will no longer be
17 available, increasing the cost of pharmaceuticals, and, therefore, the cancer program, by \$262,000
18 per year.

19 8. The Recommended Conditions include a requirement that, for at least 10 years from
20 the closing date, SFMC maintain Wound Care Services. The Wound Care Clinic operated at a
21 \$385,000 net loss in 2018 and is expected to continue to operate at a loss.

22 9. The Recommended Conditions include a requirement that, for at least 10 years from
23 the closing date, SFMC maintain its participation in the Medi-Cal Managed Care Program,
24 continuing its contracts with LA Care Health Plan and Health Net Community Solutions. With
25 Managed Medi-Cal rates that are significantly below market, such a restriction will continue to
26 impose a financial burden upon SFMC as well as hinder its ability to negotiate appropriate payor
27 rates. These contracts have not been renegotiated in the last 5 years in part due to the imposition of
28 the conditions.

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B. St. Vincent

10. The Recommended Conditions for SVMC include a requirement that, for at least 5 years from the closing date, SVMC maintain cancer services. The cancer treatment program at SVMC operated at a net loss in 2018 of \$995,000. And, because SGM will operate SVMC as a for profit enterprise, SGM cannot utilize the benefit of the 340B program which will impose additional cost for pharmaceuticals by \$547,000 per year, exacerbating existing operating losses at the facility of over \$65 million annually. With the loss of the 340B program, cancer care at SVMC will operate at a projected increased net loss of approximately \$1.5 million per year.

11. The Recommended Conditions include a requirement that, for 5 years after the closing date, SVMC will continue to provide liver transplant service. The liver transplant program at SVMC started in calendar year 2019. In fact, performance projections prepared by a third-party expert consultant in transplant programs show a 5-year net loss of \$21 million for SVMC. Worse, currently SVMC is not receiving reimbursement for liver transplants because SVMC is still in process of being certified to perform these transplants. Finally, SGM will have to negotiate reimbursement rates with third party payors going forward which may not cover the cost of the surgeries.

12. The Recommended Conditions include a requirement that for 5 years from the closing date, SVMC shall maintain its participation in the Medi-Cal Managed Care program, including continuing contracts with LA Care Health Plan and Health Net Community Solutions, Inc. Just as in the case with SFMC, with Managed Medi-Cal rates that are significantly below market, such a restriction will continue to impose a financial burden upon SVMC as well as hinder its ability to negotiate appropriate payor rates. These contracts have not been renegotiated in more than 5 years in part due to the imposition of the conditions.

C. Seton and Seton Coastside

13. The Recommended Conditions include a requirement that for 6 years Seton continue to offer cancer services at its Daly City Campus. The cancer services at Seton operated at a net loss of \$3.8 million in 2018. The loss of the 340B program will increase costs by \$3 million, of which \$2.6 million is attributable to the loss of infusion therapy services. It is not financially

1 feasible to operate a cancer program at a continuing loss of nearly \$7 million per year for a facility
2 that is currently operating at a loss of \$60 million annually.

3 I declare under penalty of perjury that, to the best of my knowledge and after reasonable
4 inquiry, the foregoing is true and correct.

5 Executed this 23rd day of August, 2019, in El Segundo, California.

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8 Anita Chou
9 Chief Financial Officer
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DECLARATION OF TIRSO DEL JUNCO, JR., M.D.

I, Tirso del Junco, Jr., M.D., declare that if called as a witness, I would and could competently testify thereto, of my own personal knowledge as follows.

1. I am currently the Chief Medical Officer for Verity Health System of California, Inc. ("VHS"). I am licensed and authorized to practice medicine in the State of California. I have been with VHS since its beginning in December 2015. I have also served as VHS's Associate Chief Medical Officer and as St. Vincent Medical Center's Chief Medical Officer. Prior to joining VHS, I held several positions at Mission Community Hospital in Panorama City, including associate chief medical officer.

2. Debtor VHS, a California non-profit public benefit corporation, is the sole corporate member of the five debtor California non-profit public benefit corporations that operated six acute care hospitals (the "Hospitals"), including St. Francis Medical Center ("SFMC"), St. Vincent Medical Center ("SVMC") and Seton Medical Center, which includes its Daly City and Coastsides Campuses ("Seton"). Seton operates under one consolidated general acute care hospital license. VHS, the Hospitals and their affiliated entities operated as a non-profit health care system in the State of California.

3. The statements herein are based upon my personal knowledge of the facts and information gathered by me in my capacity the Chief Medical Officer for VHS.

4. I have read the Health Care Impact Statements (the "Reports") prepared by JD Healthcare ("JD") analyzing the proposed sale of SFMC, SVMC and Seton to Strategic Global Management, Inc., and its affiliated entities ("SGM").

5. The report on SFMC, at pages 92-96, the report on SVMC, at pages 87-90, and the report on Seton and Seton Coastsides, at pages 88-92, set forth JD's recommended conditions (the "Recommended Conditions") for the transactions to the California Attorney General (the "Attorney General").

6. The Recommended Conditions for SFMC, SVMC and Seton that deviate from Schedule 8.6 attached to the certain Asset Purchase Agreement are "deal breakers" and should not be adopted by the Attorney General.

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A. St. Francis Medical Center

7. The Recommended Conditions for SFMC include a requirement that, for at least 10 years from the closing date, SFMC maintain cancer services, including radiation oncology. First, SFMC currently does not have a full complement of cancer services to offer its patients. In fact, SFMC offers *only* radiation oncology, and does not provide infusion chemotherapy and does not have a formal surgical oncology program; SFMC patients who need these services go to other hospitals. All three of those cancer services are currently being provided to patients within the area by Long Beach Memorial, Downy PIH, Torrance Memorial Medical Center and Lakewood Community Hospital. In other words, other hospitals within the area offer a full array of cancer services that SFMC does not offer, and those hospitals can thoroughly meet the needs for such services in the area. SFMC, as a non-profit hospital, receives the benefit of the 340B program. The 340B Drug Discount Program is a U.S. federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. SGM will operate SFMC as a for-profit hospital, and, therefore, the 340B program will no longer be available, thereby increasing the cost of supplies.

8. The Recommended Conditions include a requirement that, for at least 10 years from the closing date, SFMC maintain wound care services. The report fails to note that the wound care clinic was re-licensed as a multi-specialty clinic in 2019 (for gastrointestinal services and general surgery, among other specialties); requiring SFMC to continue to provide wound care in the multi-specialty clinic would prevent SFMC from providing in the same clinic at the same time—multi-specialty services to meet community needs. In addition, the report fails to note that the hyperbaric chamber that was utilized in connection with such wound care services was removed by the vendor in 2018. Other hospitals in the area provide wound care services for patients, including Long Beach Memorial, Torrance Memorial and Downey PIH.

B. St. Vincent Medical Center

9. The Recommended Conditions include a requirement that, for at least 5 years from the closing date, SVMC maintain cancer services, including radiation oncology. As is the case with SFMC, SVMC does *not* have a full complement of cancer services to offer its patients; SVMC does

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not provide infusion or infusion chemotherapy, and does not have a formal surgical oncology program. SVMC patients who require those services are required to go to other hospitals. All four of those services are currently being provided at California Hospital, Good Samaritan, White Memorial, Hollywood Presbyterian and the Norris Cancer Center at USC Keck. In other words, other hospitals within the area offer a full array of services that SVMC does not offer, thoroughly meeting the need for such services in the area. As is the case with SFMC, the 340B program, which permits SVMC as a non-profit hospital, to obtain cancer supplies, principally pharmaceuticals, from vendors at discounted pricing, cannot continue at SVMC because SGM will operate SVMC as a for-profit hospital. The inability to utilize the financial advantages of the 340B program will have a material impact, increasing costs to provide cancer care.

10. As to both SFMC and SVMC, there are three facilities designated as National Cancer Institutes within the Los Angeles area, including the Norris Cancer Center at Keck USC Medical Center, City of Hope and UCLA Medical Center. Those facilities provide superior cancer treatment to their patients. All three are within 25 miles of SFMC and SVMC.

11. The Recommended Conditions for SVMC include a requirement that, for 5 years after the closing date, SVMC continue to provide liver transplants. The liver transplant program at SVMC only started in 2019. The reality is that the community has 5 neighboring liver transplant centers, which provide the same transplant services as SVMC. The cost to maintain the services is high, best demonstrated by the fact that in regards to the 10 liver transplants surgeries performed so far in 2019, patients have stayed an average of 35 days, which is 15 days over the geometric mean length of stay ("GMLOS"), which is a benchmark to enable comparison of length of stay versus severity of illness, set forth by Medicare. Worse, at the present time, SVMC is not receiving reimbursements because it is awaiting Medicare review of the program for certification.


C. Seton Medical Center and Seton Coastside

12. The Recommended Conditions requiring Seton to provide cancer services at its Daly City Campus should not be required as a condition for approval of the sale by the Attorney General.

13. More specifically, the Recommended Conditions include a requirement that for 6 years from the closing date, Seton shall maintain cancer services at its Daly City Campus, including

1 oncology services, radiation therapy and infusion services. Seton provides radiation oncology and
2 infusion therapy, but does not have a formal surgical oncology program. Accordingly, just as is
3 the case with SFMC and SVMC, Seton does not have the full complement of cancer services to
4 offer its patients. Seton patients who need the full array of services, that includes surgical oncology,
5 go to other hospitals. A full array of cancer services are currently being provided to patients within
6 the area, at UCSF and Stanford, and at Mills Peninsula which is located within ten miles of Seton.
7 Just as is the case with SFMC and SVMC, other hospitals within the area offer a full array of cancer
8 services, thoroughly meeting the community's needs for such services. Finally, just as is the case
9 with SFMC and SVMC, the 340B program cannot continue in a for-profit hospital as proposed by
10 SGM for Seton. Accordingly, the cost for Seton to provide cancer care without the 340B program
11 will dramatically increase.

12 I declare under penalty of perjury under the laws of the United State that the foregoing is
13 true and correct. Executed this 23rd day of August, 2019, in Los Angeles, California.

14 
15 Tirso del Junco, Jr., M.D.

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DECLARATION OF MAYA ALTMAN

I, Maya Altman, declare that I have personal knowledge of the facts set forth in this declaration and I would competently testify to them under oath if called as a witness.

1. I am the CEO for the Health Plan of San Mateo. My office is located at 801 Gateway Blvd., South San Francisco, California.

2. The Health Plan of San Mateo (HPSM) is a County Organized Health System (COHS) that contracts with the State of California to operate the Medi-Cal program in San Mateo County. HPSM is the single Medi-Cal plan in this county. HPSM contracts with providers in San Mateo County as well as nearby counties to provide health services, including long term care and skilled nursing care, for its members. Seton Medical Center and Seton Coastsides both currently contract with HPSM. HPSM has approximately 140,000 members; nearly all of them are enrolled in Medi-Cal or dually eligible for both Medicare and Medi-Cal.

3. I have been the CEO of HPSM since 2005. Prior to this position, I was the Director of Finance and Administration for the San Mateo County Health Department. I started with San Mateo County Health in 1994 and worked in various capacities before assuming responsibility for finance and administration.

4. I received a Master's Degree in Public Policy from the University of California at Berkeley, and a Bachelor of Arts degree from Bryn Mawr College.

5. Seton Medical Center and Seton Coastsides offer services to HPSM members that are unavailable or minimally available from other providers. For example, Seton Medical Center operates the only subacute unit in San Mateo County, a 44 bed unit fully occupied with nearly all Medi-Cal beneficiaries. Were Seton Medical Center to close, these ventilator dependent patients would have to be moved to facilities at a great distance from their families.

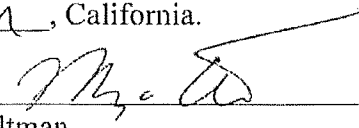
6. Seton Medical Center and Seton Coastsides operate a combined total of 155 skilled nursing facility beds. HPSM is gravely concerned about the erosion of SNF resources in San Mateo County and the Bay Area for people who are publicly insured

1 through Medi-Cal and Medicare. This is a national trend but is especially problematic in
2 San Mateo County where the population is aging faster than the rest of California. The
3 county's population of residents over the age of 65 is projected to increase by 57% from
4 91,447 in 2015 to 160,366 in 2030. San Mateo County's In Home Support Services
5 (IHSS) Medi-Cal population is already 26% over the age of 85 compared to 15% in the
6 rest of California. San Mateo County has already lost 264 licensed SNF beds since 2009,
7 making it extremely difficult to place Medi-Cal enrollees who need this level of care in
8 nursing facilities.

9 7. Were Seton Medical Center and Seton Coastside to close, Medi-Cal
10 beneficiaries needing skilled nursing facilities would have to be placed in facilities far
11 away, most likely outside of the Bay Area and at a great distance from their families.

12
13 I declare under penalty of perjury under the laws of the United States that the
14 foregoing is true and correct.

15 Executed this 21st day of August, 2019, in South San Francisco, California.

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18 Maya Altman
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Attachment 5
Statement of Support

Debtors' App. pp. 1001 - 1009

Case 2:18-bk-20151-ER Doc 3356 Filed 10/10/19 Entered 10/10/19 15:57:08 Desc
Main Document Page 1 of 9

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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors in Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital Foundation
☐ Affects St. Francis Medical Center of Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures – San Jose ASC, LLC

Debtors and Debtors in Possession.

LEAD CASE NO.: 2:18-bk-20151-ER

CHAPTER: 11
JOINTLY ADMINISTERED WITH:
CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20181-ER

STATEMENT OF STRATEGIC GLOBAL MANAGEMENT, INC. IN SUPPORT OF "DEBTORS' EMERGENCY MOTION FOR THE ENTRY OF AN ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE SALE TO STRATEGIC GLOBAL MANAGEMENT, INC; (II) FINDING THAT THE SALE IS FREE AND CLEAR OF CONDITIONS MATERIALLY DIFFERENT THAN THOSE APPROVED BY THE COURT"

Hearing:

Date: October 15, 2019

Time: 10:00 a.m.

Place: Courtroom 1568
255 East Temple Street
Los Angeles, CA 90012

1 Strategic Global Management, Inc. ("SGM") submits its statement in support of the
2 "*Debtor's Emergency Motion For Entry Of An Order: (I) Enforcing The Order Authorizing The*
3 *Sale To Strategic Global Management, Inc; (II) Finding That The Sale Is Free And Clear Of*
4 *Conditions Materially Different Than Those Approved By The Court; (III) Finding That The*
5 *Attorney General Abused His Discretion In Imposing Conditions On That Sale; And (IV)*
6 *Granting Related Relief*" [Doc. No. 3188] (the "Motion") filed by Verity Health Systems of
7 California, Inc., *et al.* (the "Debtors" or "Verity," and together with SGM, the "APA Parties"),
8 and respectfully represents as follows:

9 I.

10 **STATEMENT IN SUPPORT OF MOTION**

11 1. After careful review of the additional conditions (the "Additional Conditions")
12 imposed by the California Attorney General (the "Attorney General") on the sale (the "Sale") of
13 St. Vincent Medical Center, St. Vincent Dialysis Center, St. Francis Medical Center, and Seton
14 Medical Center (including its Seton Medical Center Coastside campus) (collectively, the "SGM
15 Hospitals"), SGM has determined that:

16 • (1) the Additional Conditions are materially different from, and inconsistent with
17 the "bargained for" negotiated conditions (the "Negotiated Conditions") agreed upon by the APA
18 Parties, as set forth in Schedule 8.6 of the asset purchase agreement (the "APA");
19 • (2) the Additional Conditions are unacceptable to SGM; and
20 • (3) SGM will not close the Sale unless the Debtors timely obtain an order from the
21 Court finding that the Additional Conditions are "interests in property" that can be sold free and
22 clear pursuant to Section 363(f) of the Bankruptcy Code, as described more fully in Section 8.6 of
23 the APA (the "Free and Clear Order").

24 2. The AG's decision to impose the Additional Conditions (the "Decision") – despite
25 the AG being previously informed that SGM would not close the Sale if any additional material,
26 or more onerous conditions are imposed to the Negotiated Conditions – now entitles SGM to
27 "terminate the [APA] and receive the return of its Good Faith Deposit" if the Debtors determine
28 not to seek, or cannot timely (*i.e.*, within 60 days of the Decision) an order from this Court

1 finding “that the Additional Conditions are an ‘interest in property’ for purposes of 11 U.S.C. §
2 363(f), and that the assets can be sold free and clear of the Additional Conditions without the
3 imposition of any other conditions, which would adversely affect the Purchaser.” *See* (APA §
4 8.6) (“Attorney General Provisions”).

5 3. As described in the “*Declaration of Peter Baronoff*” filed on September 30, 2019,
6 the contents of which are incorporated herein by this reference, the issue regarding the
7 prospective conditions that might be imposed by the Attorney General (the “AG Conditions
8 Issue”) was one of the most negotiated issues, and important subjects to SGM.

9 4. Specifically, over the course of several months from November 2018 to February
10 2019, SGM discussed with the Debtors’ representatives the possible acquisition of the SGM
11 Hospitals. During these discussions, there were innumerable issues that the APA Parties
12 confronted, discussed, negotiated, and ultimately resolved when a final agreement on the form
13 and terms of the APA was reached.

14 5. One of the most important, and intensely negotiated, subjects during these
15 discussions involved the AG Conditions Issue. SGM was aware from its previous attempt to
16 acquire another hospital in the Gardens Regional Hospital Chapter 11 case before this court, and
17 from other bankruptcy cases in which it was involved that its acquisition of the SGM Hospitals
18 would undergo an approval process by the Attorney General and recognized the importance of
19 negotiating a provision in the APA that would protect it from the possibility that the Attorney
20 General would impose onerous conditions on the Sale, which would be unacceptably burdensome
21 to it from a financial standpoint or otherwise. As a result, the APA Parties spent an enormous
22 amount of time negotiating the provisions of what became Section 8.6 (and Schedule 8.6
23 referenced therein) of the APA.

24 6. Section 8.6 of the APA was designed to create a process by which the APA Parties
25 could address potential problems created by the imposition of Additional Conditions, which were
26 not acceptable to SGM. In essence, the APA Parties agreed that if the Attorney General imposed
27 unacceptable Additional Conditions, SGM would not be obligated to close the Sale unless the
28 Debtors timely obtained a Free and Clear Order from the Court. The “Additional Conditions”

1 referred to in Section 8.6 of the APA were those conditions which, individually or in the
2 aggregate, imposed on SGM \$5 million or more of costs beyond the cost of the conditions which
3 SGM had agreed to accept, as set forth in Schedule 8.6 to the APA.

4 7. Here, the Additional Conditions are materially different from, and inconsistent
5 with the Negotiated Conditions set forth in Schedule 8.6 to the APA. SGM has advised the
6 Debtors that it will not close the Sale unless the Debtors timely obtain a Free and Clear Order
7 from the Court, and otherwise comply with section 8.6 and all other conditions to closing.

8 8. SGM reserves any and all arguments and rights that it may have pertaining to the
9 Sale, APA, and ability to terminate the APA (including, but not limited to, termination of the
10 APA if the Free and Clear Order does not timely become "a final, non-appealable order," as
11 defined in the APA).

12 **II.**

13 **CONCLUSION**

14 For the foregoing reasons, SGM respectfully requests that the Court grant the Motion, and
15 grant such other and further relief as is just and appropriate.

16 Dated: October 10, 2019

LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

17
18
19 By: /s/ Gary E. Klausner

Gary E. Klausner

20 Jeffrey S. Kwong

21 Counsel for Strategic Global Management, Inc.
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled **STATEMENT OF STRATEGIC GLOBAL MANAGEMENT, INC. IN SUPPORT OF "DEBTORS' EMERGENCY MOTION FOR THE ENTRY OF AN ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE SALE TO STRATEGIC GLOBAL MANAGEMENT, INC; (II) FINDING THAT THE SALE IS FREE AND CLEAR OF CONDITIONS MATERIALLY DIFFERENT THAN THOSE APPROVED BY THE COURT . . ."** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **October 10, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

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2. SERVED BY UNITED STATES MAIL: On **October 10, 2019**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **October 10, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served via Attorney Service

The Honorable Ernest M. Robles
United States Bankruptcy Court
Edward R. Roybal Federal Building
255 E. Temple Street, Suite 1560
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

October 10, 2019

Lisa Masse

/s/ Lisa Masse

Date

Type Name

Signature

Attachment 6
Memorandum of Decision

Debtors' App. pp. 1010 - 1033

FILED & ENTERED**OCT 23 2019**CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERKUNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISIONIn re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital Foundation
☐ Affects St. Francis Medical Center of Lynwood Medical Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.,

Lead Case No.: 2:18-bk-20151-ER
Chapter: 11

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
Case No. 2:18-bk-20168-ER;
Case No. 2:18-bk-20169-ER;
Case No. 2:18-bk-20171-ER;
Case No. 2:18-bk-20172-ER;
Case No. 2:18-bk-20173-ER;
Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

**MEMORANDUM OF DECISION GRANTING
DEBTORS' EMERGENCY MOTION TO ENFORCE
THE SALE ORDER [DOC. NO. 3188]**

Date: October 15, 2019

Time: 10:00 a.m.

Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

Before the Court is the Debtors' motion to sell four not-for-profit hospitals free and clear of regulatory conditions which the California Attorney General claims authority to impose under Cal. Corp. Code § 5914. For the reasons set forth below, the Court finds that § 363 of the Bankruptcy Code authorizes a sale free and clear of the conditions which the Attorney General contends he is authorized to impose.

I. Facts

On August 31, 2018 (the "Petition Date"), Verity Health Systems of California ("VHS") and certain of its subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors' cases are being jointly administered.

As of the Petition Date, the Debtors operated six acute care hospitals in the state of California. On December 27, 2018, the Court authorized the Debtors to sell two of their hospitals—O'Connor Hospital and Saint Louise Regional Hospital—to Santa Clara County (the "Santa Clara Sale").¹ The Santa Clara Sale closed on February 28, 2019.

On February 19, 2019, the Court entered an order establishing bidding procedures (the "Bidding Procedures Order") for the auction of the Debtors' four remaining hospitals—St. Francis Medical Center ("St. Francis"), St. Vincent Medical Center (including St. Vincent Dialysis Center) ("St. Vincent"), Seton Medical Center ("Seton"), and Seton Medical Center Coastsides ("Seton Coastsides") (collectively, the "Hospitals"). Under the Bidding Procedures Order, Strategic Global Management ("SGM") was designated as the stalking horse bidder. SGM's bid for all four of the Hospitals was \$610 million.

The Hospitals were extensively marketed by the Debtors' investment banker, Cain Brothers, a division of KeyBank Capital Markets, Inc. ("Cain Brothers"). Cain Brothers notified ninety parties of the auction process. Sixteen of these parties requested continued access to a data room containing information about the Hospitals.

Notwithstanding Cain Brothers' thorough marketing efforts, the Debtors did not receive any qualified bids for all of the Hospitals. The Debtors received one bid to purchase only St. Vincent and one bid to purchase only St. Francis. After consulting with the Official Committee of Unsecured Creditors (the "Committee") and the largest secured creditors, the Debtors determined not to conduct an auction. On May 2, 2019, the Court entered an order finding that SGM was the winning bidder and approving the sale to SGM (the "SGM Sale").

In 2015, prior to the commencement of these cases, the Debtors' predecessor sought authorization from the California Attorney General (the "Attorney General"), pursuant to Cal. Corp. Code § 5914, to implement a *System Restructuring and Support Agreement* (the "Restructuring Agreement"). The Attorney General approved the Restructuring Agreement, subject to various conditions (the "2015 Conditions"). Among other things, the 2015 Conditions required capital expenditures to make the Hospitals seismically compliant, and required the Hospitals to maintain specified levels of emergency services, intensive care services, cardiac services, and various other services.

Cal. Corp. Code § 5914 requires a non-profit entity operating a health facility to obtain approval from the Attorney General when selling a material amount of its assets to a for-profit entity. Pursuant to Cal. Corp. Code § 5914, the Debtors submitted the SGM Sale to the Attorney General for review.

¹ For a description of the Santa Clara Sale, see *In re Verity Health Sys. of California, Inc.*, 598 B.R. 283 (Bankr. C.D. Cal. 2018) ("*Verity I*").

The Asset Purchase Agreement under which SGM agreed to purchase the Hospitals (the “APA”) provided that SGM would close the sale so long as any conditions imposed by the Attorney General under the review process set forth in Cal. Corp. Code § 5914 were substantially consistent with conditions that SGM had agreed to accept (the “Approved Conditions”).² In the event that the Attorney General sought to impose conditions materially different from the Approved Conditions (the “Additional Conditions”), the APA provided that the Debtors would have an opportunity to seek a determination from the Court that the Hospitals could be sold free and clear of the Additional Conditions under § 363(f) of the Bankruptcy Code. Under the APA, Additional Conditions imposing upon SGM costs of \$5 million or more are conclusively deemed to be materially different from the Approved Conditions. Further, if the Debtors fail to obtain a final, non-appealable order authorizing the sale free and clear of the Additional Conditions, SGM is not obligated to close on the sale and is entitled to a refund of its good faith deposit.

On September 25, 2019, the Attorney General consented to the SGM Sale, subject to various conditions (the “2019 Conditions”). The 2019 Conditions are materially different from the Approved Conditions that SGM had agreed to accept. In particular, two of the 2019 Conditions impose an additional financial burden upon SGM of approximately \$305 million. First, the 2019 Conditions require that SGM continue to operate St. Vincent as a licensed general acute care hospital through December 2024. SGM had agreed to maintain St. Vincent’s general acute care license only through December 2020. SGM estimates that continuing to operate St. Vincent as a general acute care hospital for an additional four years would cost approximately \$285 million. Second, the 2019 Conditions require St. Francis to provide annual charity care in an amount of \$12,793,435 for six fiscal years. The required charity care amount is approximately \$6.4 million more than the charity care that St. Francis provided in fiscal year 2019. The charity care requirement imposes an additional incremental cost of approximately \$20 million.

SGM will not close the sale absent an order finding that the Hospitals can be sold free and clear of the Additional Conditions pursuant to § 363(f). If the SGM Sale does not close, the most likely outcome will be the closure of St. Vincent, Seton, and Seton Coastside. The Debtors would be required to close these three Hospitals to conserve resources to continue to operate St. Francis, the most solvent of the Hospitals, during the time it would take to obtain approval of a sale of St. Francis. The Debtors cannot continue to sustain operational losses of approximately \$450,000 per day without the prospect of a prompt sale. There is no back-up bidder to purchase the Hospitals if the SGM Sale does not close.

The Debtors are facing very significant liquidity constraints. Recently, the California Department of Health Care Services (the “DHCS”) began withholding certain Medi-Cal fee-for-service payments owed to the Debtors, for the purposing of recovering alleged Medi-Cal overpayments. As of the beginning of October 2019, DHCS had withheld approximately \$4.5 million. The Debtors do not have the ability to borrow under any debtor-in-possession financing facility. At this time, the Debtors’ cases are being financed by a consensual cash collateral stipulation executed between the Debtors and the principal secured creditors (the “Cash Collateral Stipulation”). Termination of the APA constitutes an event of default under the Cash Collateral Stipulation. It is unclear whether the Debtors would be able to obtain alternative financing. Further, the Debtors must begin the expensive process of closing the Hospitals while

² The Approved Conditions are set forth in Schedule 8.6 of the APA.

they still possess a significant cash buffer.³ In short, the Debtors' prediction that failure of the SGM Sale would necessitate the closure of St. Vincent, Seton, and Seton Coastside is not a bluff.

The Attorney General asserts that imposition of the 2019 Conditions will not result in the closure of St. Vincent, Seton, or Seton Coastside. The Attorney General points to a declaration from Kenneth Sim, M.D. (the "Sim Decl."), the Chairman of Allied Physicians of California, A Professional Medical Corporation ("Allied"). According to the Attorney General, the Sim Decl. shows that Allied is prepared to acquire Seton and Seton Coastside and operate both Hospitals in accordance with the 2019 Conditions.

Contrary to the Attorney General's characterization, the Sim Decl. provides no certainty that a sale of Seton and Seton Coastside will occur. The Sim Decl. states only that "Allied remains interested in purchasing Seton" Sim Decl. at ¶ 5. The Court further notes that Allied did not timely submit a qualified bid for Seton. At this late stage in the proceedings, Allied's vague statement that it is "interested" in purchasing Seton and Seton Coastside does nothing to dissuade the Court from its conclusion that absent consummation of the SGM Sale, Seton and Seton Coastside will most likely close.

The Attorney General also points to a bid for the Hospitals submitted by Prime Healthcare ("Prime"). The Attorney General overlooks the Prime did not submit a qualified bid. Among other things, Prime failed to submit the mandatory good faith deposit. In fact, Prime itself recognized that its "bid will not be formally considered at auction" and was submitted only "for reference."⁴ Further, Prime stated that it did not want to serve as a back-up bidder.⁵ In short, Prime's offer to purchase the Hospitals is just as illusory as Allied's.

Finally, the Attorney General points to an offer by AHMC Healthcare, Inc. ("AHMC Healthcare") to purchase St. Francis. The Attorney General is correct that AHMC submitted a qualified bid to purchase St. Francis. However, even assuming that AHMC would follow through on its prior bid to purchase St. Francis, that still would not prevent the closure of St. Vincent, Seton, and Seton Coastside. As discussed above, the Debtors lack sufficient cash to continue operating all four Hospitals during the time it would take for a sale of St. Francis to close. The Debtors would be required to close St. Vincent, Seton, and Seton Coastside to conserve the cash necessary to operate St. Francis during the sale process.

It is against this backdrop that the Debtors move for authorization to sell the Hospitals free and clear of the Additional Conditions, pursuant to § 363(f). The Debtors argue that the Additional Conditions constitute an "interest in property" within the meaning of § 363(f), and that a sale free and clear of the 2019 Conditions may be authorized under § 363(f)(1), (4), or (5), for the following reasons:

- Pursuant to § 363(f)(1), the Hospitals may be sold under applicable nonbankruptcy law, because under California law, the purchaser of assets does not assume successor liability.
- Pursuant to § 363(f)(4), the validity of the Additional Conditions is subject to a *bona fide* dispute, because the Attorney General abused his discretion in imposing the Additional Conditions.

³ For a description of the difficulties associated with closing a much smaller hospital, see *In re Gardens Reg'l Hosp. & Med. Ctr., Inc.*, 567 B.R. 820, 829 (Bankr. C.D. Cal. 2017), *appeal dismissed*, No. 2:16-BK-17463-ER, 2018 WL 1229989 (C.D. Cal. Jan. 19, 2018).

⁴ April 3, 2019 E-mail from Prime to the Debtors [Doc. No. 3333, Ex. 6].

⁵ *Id.*

- Pursuant to § 363(f)(5), the Attorney General could be compelled to accept a money satisfaction of certain of the Additional Conditions, such as the condition that SGM provide specified levels of charitable care.

The Debtors assert that imposition of the Additional Conditions violates § 525, which prohibits government entities from discriminating against debtors who have failed to pay dischargeable debts when issuing licenses. According to the Debtors, the Additional Conditions constitute an attempt by the Attorney General to collect a dischargeable debt. The Debtors' theory is that Attorney General's refusal to approve the SGM Sale absent imposition of the Additional Conditions amounts to the discriminatory denial of licensure in contravention of § 525.

Finally, the Debtors request that the Court issue a writ of mandate compelling the Attorney General to approve the SGM Sale without imposition of the Additional Conditions, pursuant to Cal. Civ. Proc. Code § 1085 or § 1094.5. The Debtors assert that a writ of mandate is justified because the Attorney General abused his discretion by imposing the Additional Conditions.

The Committee supports the Motion. The Committee argues that prompt closing of the SGM Sale is the best means of insuring a distribution to unsecured creditors.

The Attorney General opposes the Motion. He disputes the Debtors' contention that the Hospitals may be sold under applicable nonbankruptcy law, or that a bona fide dispute exists as to the Attorney General's authority to impose the Additional Conditions. The Attorney General denies that he abused his discretion in imposing the Additional Conditions. He notes that he considered an extensive record in arriving at the Additional Conditions, and states that the Debtors' dislike of the Additional Conditions does not mean that imposing the conditions was an abuse of discretion.

Service Employees International Union, United Healthcare Workers-West ("SEIU-UHW"), which represents approximately 1,303 employees at St. Vincent and St. Francis, opposes the Motion. SEIU-UHW contends that the Additional Conditions are economically feasible for SGM.

The United Nurses Association of California/Union of Health Care Professional ("UNAC"), which represents approximately 900 registered nurses at St. Francis, urges SGM, the Attorney General, and the Debtors to explore prospects for a consensual resolution with respect to the Additional Conditions.

II. Discussion

Section 363(d)(1) authorizes non-profit entities, such as the Debtors, to sell estate assets only if the sale is "in accordance with nonbankruptcy law applicable to the transfer of property by" a non-profit entity. Section 541(f) similarly provides that property held by debtors that are § 501(c)(3) corporations under the Internal Revenue Code may be transferred, but "only under the same conditions as would apply if the debtor had not filed a case under this title." Section 363(b) authorizes the Debtors to sell estate property out of the ordinary course of business, subject to court approval. The Debtors must articulate a business justification for the sale. *In re Walter*, 83 B.R. 14, 19–20 (9th Cir. BAP 1988). Whether the articulated business justification is sufficient "depends on the case," in view of "all salient factors pertaining to the proceeding." *Id.* at 19–20. Section 363(f) provides that a sale of estate property may be "free and clear of any interest in such property of an entity other than the estate," provided that certain conditions are satisfied.

A. The Additional Conditions are an “Interest in Property” Within the Meaning of § 363(f)

As this Court has previously explained:

The Bankruptcy Code does not define the phrase “interest in ... property” for purposes of § 363(f). The Third Circuit has held that the phrase “interest in ... property” is “intended to refer to obligations that are connected to, or arise from, the property being sold.” *Folger Adam Sec., Inc. v. DeMatteis/MacGregor JV*, 209 F.3d 252, 259 (3d Cir. 2000). That conclusion is echoed by *Collier on Bankruptcy*, which observes a trend in caselaw “in favor of a broader definition [of the phrase] that encompasses other obligations that may flow from ownership of the property.” 3 Alan N. Resnick & Henry J. Sommer, *Collier on Bankruptcy* ¶ 363.06[1] (16th ed. 2017).

Courts have held that interests in property include monetary obligations arising from the ownership of property, even when those obligations are imposed by statute. For example, in *Mass. Dep’t of Unemployment Assistance v. OPK Biotech, LLC (In re PBBPC, Inc.)*, 484 B.R. 860 (1st Cir. BAP 2013), the court held that taxes assessed by Massachusetts under its unemployment insurance statutes constituted an “interest in ... property.” The taxes were computed based on the Debtor’s “experience rating,” which was determined by the number of employees it had terminated in the past. *Id.* at 862. Because the Debtor had terminated most of its employees prior to selling its assets, its experiencing rating, and corresponding unemployment insurance tax liabilities, were very high. *Id.* The PBBPC court held that the experience rating was an interest in property that could be cut off under § 363(f). *Id.* at 869–70. Similarly, in *United Mine Workers of Am. Combined Benefit Fund v. Leckie Smokeless Coal Co. (In re Leckie Smokeless Coal Co.)*, 99 F.3d 573, 581, the court held that monetary obligations imposed by the Coal Industry Retiree Health Benefit Act of 1992 constituted an “interest in ... property” within the meaning of § 363(f).

In re Gardens Reg’l Hosp. & Med. Ctr., Inc., 567 B.R. 820, 825–26 (Bankr. C.D. Cal. 2017), *appeal dismissed*, No. 2:16-BK-17463-ER, 2018 WL 1229989 (C.D. Cal. Jan. 19, 2018) (“*Gardens I*”).

The Additional Conditions are an “interest in property” within the meaning of § 363(f). First, the Additional Conditions are monetary obligations arising from the ownership of property. Similar to the “experience rating” at issue in *PBBPC, Inc.*, the Additional Conditions were calculated based upon the Hospitals’ prior operating history. Among other things, the Additional Conditions require that SGM cause the Hospitals to provide specified levels of healthcare services. The required service levels have been set based upon the Hospitals’ historical operations. For example, the Additional Conditions require that St. Francis “maintain and provide 24-hour emergency and trauma medical services at no less than current licensure and designation with the same types and/or levels of services”⁶ St. Francis is required to maintain cardiac services, critical care services, neonatal intensive services, women’s health services, cancer services, pediatric services, orthopedic and rehabilitation services, wound care services, behavioral health services, and perinatal services, all at “current licensures, types, and/or levels

⁶ St. Francis Conditions at § IV [Doc. No. 3188, Ex. B].

of services.”⁷ St. Vincent, Seton, and Seton Coastside are also required to maintain various healthcare services at current levels.⁸

Second, the Attorney General’s statutory authority to impose the Additional Conditions arises from the Debtors’ operation of the Hospitals as non-profit entities. Had the Debtors not operated the Hospitals in this manner, there could be no contention that the SGM Sale is subject to the Attorney General’s review pursuant to Cal. Corp. Code § 5914. In this sense as well, the Additional Conditions “arise from the property being sold,” *In re Trans World Airlines, Inc.*, 322 F.3d 283, 290 (3d Cir. 2003), and therefore qualify as an “interest in ... property” within the meaning of § 363(f).

Third, the Attorney General is barred by the law of the case doctrine from asserting that the Additional Conditions are not an “interest in ... property.” “Under the ‘law of the case’ doctrine, a court is ordinarily precluded from reexamining an issue previously decided by the same court, or a higher court, in the same case.” *Richardson v. United States*, 841 F.2d 993, 996 (9th Cir.), *amended*, 860 F.2d 357 (9th Cir. 1988). “For the doctrine to apply, the issue in question must have been ‘decided explicitly or by necessary implication in [the] previous disposition.’” *United States v. Lummi Indian Tribe*, 235 F.3d 443, 452 (9th Cir. 2000).

In connection with the Santa Clara Sale, the Court addressed the exact issue presented here—whether conditions that the Attorney General sought to impose upon the sale constituted an “interest in ... property” for purposes of § 363(f).⁹ The Attorney General litigated the issue, and the Court overruled the Attorney General’s arguments.¹⁰ The Attorney General voluntarily dismissed his appeal of the order finding that the conditions he sought to impose were an “interest in ... property.” The law of the case doctrine bars relitigation of the issue.

The doctrine of issue preclusion is a further bar to any attempt by the Attorney General to contest the Additional Conditions’ status as an “interest in ... property.” As explained by the Supreme Court, issue preclusion forecloses “‘successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment,’ even if the issue recurs in the context of a different claim.” *Taylor v. Sturgell*, 553 U.S. 880, 892, 128 S. Ct. 2161, 2171, 171 L. Ed. 2d 155 (2008) (internal citations omitted). The doctrine protects “against ‘the expense and vexation attending multiple lawsuits, conserve[s] judicial resources, and foster[s] reliance on judicial action by minimizing the possibility of inconsistent decisions.’” *Id.* Issue preclusion applies if “(1) the issue at stake was identical in both proceedings; (2) the issue was actually litigated and decided in the prior proceedings; (3) there was a full and fair opportunity to litigate the issue; and (4) the issue was necessary to decide the merits.” *Howard v. City of Coos Bay*, 871 F.3d 1032, 1041 (9th Cir. 2017).

⁷ *Id.* at § VI.

⁸ *See* St. Vincent Conditions at § VI (setting forth a list of healthcare services that St. Vincent must maintain at current levels); *see also* Seton and Seton Coastside Conditions at § VI (same).

⁹ *See Verity I*, 598 B.R. at 293 (“The Conditions [imposed by the Attorney General] are an ‘interest in property’ within the meaning of § 363(f). The Conditions provide that any owner of the Hospitals must furnish specified levels of emergency services, intensive care services, cardiac services, and various other services. The required service levels were derived based upon the historical experience of the prior operator. As such, the Conditions are monetary obligations arising from the ownership of property.”).

¹⁰ *See generally Verity I*.

The Attorney General has litigated the issue presented here, both in connection with the Santa Clara Sale and in connection with a sale in *Gardens I* (the “Gardens Sale”). Just as he did in the Santa Clara Sale, the Attorney General claimed in the Gardens Sale the regulatory authority to impose conditions. The Court found that the Attorney General’s claim to regulatory authority was an “interest in ... property” for purposes of § 363(f). *Gardens I*, 567 B.R. at 826. The Attorney General is precluded from relitigating the issue of whether his claimed authority to impose conditions on the SGM Sale is an “interest in ... property.”

B. The Debtors May Sell the Hospitals Free and Clear of the Additional Conditions Pursuant to § 363(f)(1)

Sale of the Hospitals may be free and clear of the Additional Conditions only upon satisfaction of one or more of the five disjunctive sub-factors set forth in § 363(f). Under § 363(f)(1), a sale free and clear may be approved if permitted by applicable nonbankruptcy law.

Applicable nonbankruptcy law permits a sale free and clear for two reasons. First, the Attorney General’s attempt to impose the Additional Conditions upon SGM is equivalent to an attempt to impose successor liability upon SGM. California law does not authorize the imposition of successor liability upon SGM. Second, even if the Attorney General were authorized to impose successor liability under California law, the Attorney General abused his discretion in imposing the Additional Conditions, meaning that the Additional Conditions must be set aside.

1. California Law Does Not Authorize the Attorney General to Impose Successor Liability Upon SGM

i. The Additional Conditions Qualify as Successor Liability

The Attorney General’s attempt to impose the Additional Conditions upon SGM qualifies as an attempt to impose successor liability upon SGM. The reason is that the Additional Conditions impose upon SGM many of the same obligations imposed upon the Debtors by the 2015 Conditions. By attempting to enforce the Additional Conditions, the Attorney General is attempting to enforce the obligations imposed by the 2015 Conditions against SGM.

It is true that the 2015 Conditions are not identical to the Additional Conditions. Some medical services required under the 2015 Conditions are no longer required under the Additional Conditions. And unlike the 2015 Conditions, the Additional Conditions do not impose obligations to fund pension plans. But for the most part the Additional Conditions reinstate obligations imposed by the 2015 Conditions. For example, both the 2015 Conditions and the Additional Conditions require that St. Francis maintain cardiac services, including designation as a STEMI Receiving Center; critical care services, including a minimum of 36 intensive care unit beds; neonatal intensive care services, including a minimum of 29 neonatal intensive care beds; women’s health services, including women’s imaging services; cancer services, including radiation oncology; orthopedic and rehabilitation services; and wound care services. The Additional Conditions do not reinstate St. Francis’ obligation to maintain advanced certification as a Primary Stroke Center, and the Additional Conditions reduce St. Francis’ pediatric services obligation from 14 beds to 5 beds.

The 2015 Conditions required St. Francis to maintain the specified healthcare services for ten years from the date of the closing of the Restructuring Agreement. The Additional Conditions

require that the specified services be maintained for ten years from the date of the closing of the APA. That is, the Additional Conditions extend the term of the 2015 Conditions by approximately six years.

Considered within the overall scope of the obligations imposed, the differences between the 2015 Conditions and the Additional Conditions are comparatively inconsequential. The Attorney General relies upon these minor differences in support of his argument that the Additional Conditions do not impose successor liability. Such reliance is misplaced. The Additional Conditions still qualify as successor liability even though they are not exactly identical to the 2015 Conditions. Nor does the extension in the term of the reinstituted obligations remove the Additional Conditions from the category of successor liability.

The Attorney General argues that the Additional Conditions do not impose successor liability because they are SGM's own obligations, going forward from the date of the sale. According to the Attorney General, the Additional Conditions are based upon healthcare impact reports prepared for each Hospital. The Attorney General asserts that it is not surprising that the Additional Conditions resemble the 2015 Conditions, which are only four years old and relate to the same Hospitals and communities. Citing *In re General Motors Corp.*, 407 B.R. 463, 508 (Bankr. S.D.N.Y. 2009), the Attorney General analogizes the Additional Conditions to the environmental remediation liabilities that would remain the obligation of a purchaser of contaminated real estate.

These arguments are not persuasive. In *General Motors*, the environmental remediation obligations were not successor liability because any entity purchasing contaminated property would have an obligation to comply with environmental law:

Under section 363(f), there could be no successor liability imposed on the purchaser for the [seller's] ... monetary obligations related to cleanup costs, or any other obligations that were obligations of the seller. But the purchaser would have to comply with its environmental responsibilities starting with the day it got the property, and if the property required remediation as of that time, any such remediation would be the buyer's responsibility Those same principles will be applied here. Any Old GM properties to be transferred will be transferred free and clear of successor liability, but New GM will be liable from the day it gets any such properties for its environmental responsibilities going forward.

In re Gen. Motors Corp., 407 B.R. 463, 508 (Bankr. S.D.N.Y. 2009).

There is a key difference between the contaminated property at issue in *General Motors* and the Hospitals at issue here. Any entity that purchased the contaminated property at issue in *General Motors* would have been required to comply with environmental regulations going forward. A purchaser's duty to comply with environmental regulations would not vary based upon the identity of the purchaser or the identity of the seller. Here, by contrast, whether a purchaser is obligated to comply with Attorney General conditions can vary, depending upon either the identity of the purchaser or the identity of the seller. There is no general obligation imposed upon an entity that purchases a hospital in the State of California to operate that hospital in accordance with conditions asserted by the Attorney General. The Attorney General's regulatory authority applies only to non-profit hospitals, and only to certain types of sale transactions. Had the Hospitals been sold to a public entity, such as the County of Los Angeles, the Attorney General could not have reviewed the sale. See *Verity I*, 598 B.R. at 294 (holding

that Cal. Corp. Code § 5914 did not apply where non-profit hospitals were sold to a public entity). Had the Hospitals been operated by a for-profit entity, the Attorney General could not have reviewed the sale. *See* Cal. Corp. Code § 5914(a) (requiring only nonprofit corporations to submit the sale of assets to Attorney General review).

Because the obligation to comply with the Additional Conditions is contingent upon the identity of the purchaser and the identity of the seller, the conditions cannot fairly be characterized as the purchaser's obligation to comply with applicable law on a going-forward basis. The Attorney General can claim authority to impose the Additional Conditions upon purchaser SGM only because the Debtors operated the Hospitals as non-profit entities. Since the Attorney General's alleged authority to impose the Additional Conditions derives from the manner in which the sellers operated the Hospitals, the Additional Conditions are appropriately characterized as successor liability.

ii. Successor Liability Cannot Be Imposed Under California Law

Under California law, the general rule is “that where a corporation purchases, or otherwise acquires by transfer, the assets of another corporation, the acquiring corporation does not assume the selling corporation's debts and liabilities.” *Fisher v. Allis-Chalmers Corp. Prod. Liab. Tr.*, 95 Cal. App. 4th 1182, 1188, 116 Cal. Rptr. 2d 310, 315 (2002). The general rule does not apply if “(1) there is an express or implied agreement of assumption, (2) the transaction amounts to a consolidation or merger of the two corporations, (3) the purchasing corporation is a mere continuation of the seller, or (4) the transfer of assets to the purchaser is for the fraudulent purpose of escaping liability for the seller's debts.” *Id.*

None of the exceptions to the general rule are present here. First, SGM has not agreed to assume the Additional Conditions, either expressly or by implication. Second, the SGM Sale is not a consolidation or merger of the Debtors and SGM. A sale transaction is a consolidation or merger of two corporations “where one corporation takes all of another's assets without providing any consideration that could be made available to meet claims of the other's creditors or where the consideration consists wholly of shares of the purchaser's stock which are promptly distributed to the seller's shareholders in conjunction with the seller's liquidation.” *Ray v. Alad Corp.*, 19 Cal. 3d 22, 28, 560 P.2d 3 (1977) (internal citations omitted). Neither factor applies. SGM is paying for the Hospitals in cash (not stock),¹¹ and that cash will be distributed to the Debtors' creditors through a plan of liquidation. Third, SGM is not a mere continuation of the Debtors. A purchaser is a mere continuation of a seller if there is inadequate consideration for the purchaser or if one or more persons are officers, directors, or stockholders of both corporations. *Id.* Consideration for the SGM Sale is adequate and no officers or directors of the Debtors are officers or directors of SGM.¹² Fourth, the Debtors are not selling the Hospitals for the purpose of escaping liabilities for their debts. In fact, the opposite is true—the objective of the SGM Sale is to generate proceeds to pay the Debtors' debts, to the extent possible. In sum, successor liability cannot be imposed on SGM under California common law.

Successor liability cannot be imposed under Cal. Corp. Code §§ 5914–5919. Cal. Corp. Code § 5914 authorizes the Attorney General to review transactions in which a non-profit healthcare

¹¹ *See* APA at § 1.1(a)(i) [Doc. No. 2305, Part 1].

¹² As nonprofit public benefit corporations, the Debtors do not have stockholders.

facility seeks to transfer a material amount of its assets to a for-profit entity, and provides in relevant part:

Any nonprofit corporation that is defined in Section 5046 and operates or controls a health facility, as defined in Section 1250 of the Health and Safety Code, or operates or controls a facility that provides similar health care, regardless of whether it is currently operating or providing health care services or has a suspended license, shall be required to provide written notice to, and to obtain the written consent of, the Attorney General prior to entering into any agreement or transaction to do either of the following:

(A) Sell, transfer, lease, exchange, option, convey, or otherwise dispose of, its assets to a for-profit corporation or entity or to a mutual benefit corporation or entity when a material amount of the assets of the nonprofit corporation are involved in the agreement or transaction.

Cal. Corp. Code § 5914(a)(1) (West).

The “Attorney General shall have discretion to consent to, give conditional consent to, or not consent to” the transaction. Cal. Corp. Code § 5917.

Nothing within the statute authorizes the Attorney General to impose successor liability upon SGM, the for-profit entity that purchased the healthcare assets from the non-profit Debtors. Under the statute, the Attorney General is authorized to review transactions entered into by a “nonprofit corporation that ... operates or controls a health facility,” Cal. Corp. Code § 5914(a)(1), and to “consent to, give conditional consent to, or not consent to” any such transactions, Cal. Corp. Code § 5917. These provisions do not grant the Attorney General authority to impose going-forward obligations on the assets that are the subject of the transaction. That is, the statute does not provide that the healthcare assets themselves are subject to regulation by the Attorney General. Rather, it is the non-profit status of the entity operating the healthcare assets that triggers the Attorney General’s regulatory authority. Upon transfer of the healthcare assets from the non-profit entity to the for-profit entity, the Attorney General’s regulatory authority over the assets terminates.

The issue of the Attorney General’s authority to impose successor liability arose in the case of *La Paloma Generating Co.*, No. 16-12700, 2017 WL 5197116 (Bankr. D. Del. Nov. 9, 2017). In *La Paloma*, the debtor operated a power plant subject to a cap-and-trade emissions regulation. The regulation required “Covered Entities”—defined as entities engaging in operations that generated emissions—to surrender “Compliance Instruments” equal to the amount of emissions generated at specified times. At issue was whether a power plant could be sold “free and clear of, and without the purchaser assuming, any obligation to surrender compliance instruments under the California Cap-and-Trade Program for emissions generated by the Debtors and/or their facility during the period before the transfer of the assets.” *Id.* at *2. The court found that “[u]nder the Regulation, only entities—and not assets—are Covered Entities” subject to the obligation to surrender Compliance Instruments. *Id.* at *5. As a result, the court found, the debtors could sell the power plant free and clear of the surrender obligations, pursuant to § 363(f)(1). *Id.* at *8. The court reasoned that the regulation did not impose successor liability on the purchaser, because it imposed liability only on “Covered Entities,” and the purchaser would not become a Covered Entity until after it acquired the power plant. *Id.* at *7–*8. The regulation, the court held, was limited to Covered Entities, and could not be used to “impugn liability on the purchaser of ... the Covered Entity’s assets.” *Id.* at *8.

With respect to the imposition of successor liability, the statute at issue here operates in the same manner as the regulation examined in *La Paloma*. Similar to the regulation in *La Paloma*, Cal. Corp. Code § 5914–5919 permits the imposition of liability upon the Hospitals only because they are operated by a non-profit corporation. That is, independent of the fact that they are operated by a non-profit entity, nothing within Cal. Corp. Code § 5914–5919 authorizes the Attorney General to impose liabilities upon the Hospitals. Further, the Attorney General’s regulatory authority under the statute does not extend to for-profit entities. As was the case in *La Paloma*, Cal. Corp. Code § 5914–5919 does not authorized the Attorney General to impose liability upon the for-profit purchaser of the Hospitals.

The Attorney General argues that the statute’s implementing regulations authorize the imposition of successor liability. Specifically, the Attorney General points to Cal. Code Regs. Tit. 11, § 999.5, which provides in relevant part:

It is the policy of the Attorney General, in consenting to an agreement or transaction involving a general acute care hospital, to require for a period of at least five years the continuation at the hospital of existing levels of essential healthcare services, including but not limited to emergency room services. The Attorney General shall retain complete discretion to determine whether this policy shall be applied in any specific transaction under review.

Cal. Code Regs. tit. 11, § 999.5.

Significantly, the statute’s implementing regulations do not differentiate between Cal. Corp. Code §§ 5914–5919, which codifies the Attorney General’s authority to review transfers between a non-profit and a for-profit entity, and Cal. Corp. Code §§ 5920–5925, which codifies the Attorney General’s authority to review transfers between a non-profit entity and a different non-profit entity. Where assets are transferred between two different non-profit entities, the structure of the statute clearly provides the Attorney General the authority to impose successor liability.

The Court construes Cal. Code Regs. Tit. 11, § 999.5 as implementing Cal. Corp. Code §§ 5920–5925, not as implementing Cal. Corp. Code §§ 5914–5919. Cal. Corp. Code §§ 5920–5925 does authorize the imposition of successor liability, whereas Cal. Corp. Code §§ 5914–5919 does not. This construction is appropriate because it harmonizes the language of the regulation with the language of the statute, while still giving full effect to every part of the regulation. *See Butts v. Bd. of Trustees of California State Univ.*, 225 Cal. App. 4th 825, 835, 170 Cal. Rptr. 3d 604, 612 (2014) (“The rules of statutory construction also govern our interpretation of regulations promulgated by administrative agencies. We give the regulatory language its plain, commonsense meaning. If possible, we must accord meaning to every word and phrase in the regulation, and we must read regulations as a whole so that all of the parts are given effect.”).

Because the Attorney General’s authority to review the sale arises under Cal. Corp. Code §§ 5914–5919, the Attorney General cannot rely upon Cal. Code Regs. tit. 11, § 999.5, which implements Cal. Corp. Code §§ 5920–5925, as the basis for imposing successor liability upon SGM.

2. Even if California Law Allowed the Attorney General to Impose Successor Liability Upon SGM, the Attorney General Abused his Discretion in Imposing the Additional Conditions

As set forth below, the Court finds that the Attorney General's decision to impose the Additional Conditions is subject to judicial review by administrative mandate under California law. This Court is empowered to conduct such judicial review pursuant to § 1221(e) of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ("BAPCPA"), which provides:

Nothing in this section shall be construed to require the court in which a case under chapter 11 of title 11, United States Code, is pending to remand or refer any proceeding, issue, or controversy to any other court or to require the approval of any other court for the transfer of property.

Pub. L. No. 109-8, § 1221(e) (2005).¹³ See also *In re HHH Choices Health Plan, LLC*, 554 B.R. 697, 700 (Bankr. S.D.N.Y. 2016) (construing New York state law to determine the appropriate disposition of a non-profit debtor's assets).

Upon review of the Attorney General's decision, the Court finds that the imposition of the Additional Conditions constituted an abuse of discretion, for the reasons explained below. Therefore, the Additional Conditions must be set aside, which means that the Debtors are authorized to sell the Hospitals free and clear of the Additional Conditions under applicable nonbankruptcy law.

i. The Attorney General's Imposition of the Additional Conditions is Subject to Judicial Review by Administrative Mandate

Cal. Civ. Proc. Code § 1094.5 provides for judicial review by administrative mandate of decisions made by agencies or officers of the State of California. A writ of mandate may be issued if the agency or officer making the decision engaged in a "prejudicial abuse of discretion." Cal. Civ. Proc. Code § 1094.5(b). An "abuse of discretion is established if ... the order or decision is not supported by the findings, or the findings are not supported by the evidence." *Id.*

The Attorney General contends that administrative mandamus review is not available because the Additional Conditions were not issued subsequent to "a proceeding in which by law a hearing is required to be given, evidence is required to be taken, and discretion in the determination of facts is vested in the inferior tribunal." Cal. Civ. Proc. Code § 1094.5(a). The Attorney General acknowledges that he conducted "public meetings ... to hear comments from interested parties" as required by Cal. Corp. Code § 5922. However, the Attorney General asserts that such public meetings were not "hearings" within the meaning of Cal. Civ. Proc. Code § 1094.5(a), because public comments were not presented under oath and no effort was made to determine the accuracy of the information offered by members of the public. The Attorney General's position is that the Debtors are entitled only to traditional mandamus review under Cal. Civ. Proc. Code § 1085.

"Quasi-legislative acts are ordinarily reviewed by traditional mandate, and quasi-judicial acts are reviewed by administrative mandate. 'Generally speaking, a legislative action is the formulation of a rule to be applied to all future cases, while an adjudicatory act involves the actual application of such a rule to a specific set of existing facts.'" *Friends of the Old Trees v. Dep't of Forestry & Fire Prot.*, 52 Cal. App. 4th 1383, 1389, 61 Cal. Rptr. 2d 297, 303 (1997) (internal citation omitted).

¹³ This provision of BAPCPA does not appear in the Bankruptcy Code itself.

The Court is not persuaded by the Attorney General's contention that administrative mandamus review is unavailable to the Debtors. In reviewing the SGM Sale, the Attorney General hired JD Healthcare, Inc. to prepare expert reports containing information on how the SGM Sale would affect the availability of healthcare services in the regions served by the Hospitals. The JD Healthcare expert reports contained recommendations regarding the conditions that the Attorney General should impose on the SGM Sale. Upon receiving the expert reports, the Attorney General asked the Debtors to respond to the conditions recommended by JD Healthcare. The Attorney General conducted public meetings, all of which were transcribed, at which members of the public commented on the SGM Sale. "[P]urely documentary proceedings can satisfy the hearing requirement of Code of Civil Procedure § 1094.5, so long as the agency is required by law to accept and consider evidence from interested parties before making its decision." *Friends of the Old Trees*, 52 Cal. App. 4th at 1391–92. A "trial-type hearing" is not necessary. *Id.* at 1392.

The Attorney General's review involved "the actual application of ... a rule to a specific set of existing facts." *Friends*, 52 Cal. App. 4th at 1389. The Attorney General received evidence from JD Healthcare, heard comments from members of the public, and elected to impose the Additional Conditions after considering all the evidence collected during the review process. The Attorney General's review of the SGM Sale was a quasi-judicial act subject to review by administrative mandate.

The Attorney General next asserts that administrative mandamus review is unavailable because the Debtors have failed to produce the complete administrative record supporting the Attorney General's decision. This contention is without merit. For purposes of administrative mandamus review, a partial record is sufficient if it "accurately represent[s] the administrative proceedings, provide[s] the reviewing court with an understanding of what occurred below, and enable[s] that court to undertake an independent judicial review of the administrative decision." *Elizabeth D. v. Zolin*, 21 Cal. App. 4th 347, 349, 25 Cal. Rptr. 2d 852 (1993). The record before the Court consists of the expert reports prepared by JD Healthcare, partial transcripts of public meetings conducted by the Attorney General, and various letters submitted by stakeholders. The record on file provides the Court with an understanding of reasons for the Attorney General's decision.

There are two tests for judicial review by administrative mandate. "The 'independent judgment' rule applies when the decision of an administrative agency will substantially affect a fundamental vested right." *Mann v. Dep't of Motor Vehicles*, 76 Cal. App. 4th 312, 320, 90 Cal. Rptr. 2d 277, 283 (1999). Under the "independent judgment" rule, the Court must "begin its review with a presumption of the correctness of administrative findings, and then, after affording the respect due to these findings, exercise independent judgment in making its own findings." *Fukuda v. City of Angels*, 20 Cal. 4th 805, 819, 977 P.2d 693, 701 (1999). "[T]he presumption provides the trial court with a starting point for review but it is only a presumption, and may be overcome. Because the trial court ultimately must exercise its own independent judgment, that court is free to substitute its own findings after first giving due respect to the agency's findings." *Id.*

"The 'substantial evidence' rule applies when the administrative decision neither involves nor substantially affects a vested right. The trial court must then review the entire administrative record to determine whether the findings are supported by substantial evidence and whether the agency committed any errors of law" *Mann*, 76 Cal. App. 4th 312, 320, 90 Cal. Rptr. 2d 277, 283 (1999).

To determine whether an administrative decision affects a fundamental vested right, the Court examines “whether the affected right is deemed to be of sufficient significance to preclude its extinction or abridgement by a body lacking *judicial* power.” *Interstate Brands v. Unemployment Ins. Appeals Bd.*, 26 Cal. 3d 770, 779, 608 P.2d 707, 713 (1980) (emphasis in original). An administrative decision that would have the effect of shutting down a business affects a fundamental vested right. *See, e.g., The Termo Co. v. Luther*, 169 Cal. App. 4th 394, 407–08, 86 Cal. Rptr. 3d 687, 697 (2008) (“The implementation of the Order and Decision would have the effect not only of shutting down a business that has been in existence for 20 years or more, but also of terminating the right to produce oil—an extraordinarily valuable resource, especially in the current economic era.... Certainly, a fundamental vested right is at issue.”); *Goat Hill Tavern v. City of Costa Mesa*, 6 Cal. App. 4th 1519, 1529, 8 Cal. Rptr. 2d 385, 391 (1992) (holding that “the right to continue operating an established business in which [the owner] has made a substantial investment” is a fundamental vested right).

Imposition of the Additional Conditions will precipitate the collapse of the SGM Sale and require the Debtors to close three of the four Hospitals. The Debtors’ rights to preserve the Hospitals’ operations, by means of a sale to SGM, is a fundamental vested right that is abrogated by the Attorney General’s attempt to impose the Additional Conditions. Consequently, the Court reviews the Attorney General’s decision under the independent judgment test.

ii. In Imposing the Additional Conditions, the Attorney General Abused His Discretion

Under certain circumstances, the sale of a not-for-profit healthcare facility is subject to review by the Attorney General. Cal. Corp. Code § 5914. The Legislature enacted Cal. Corp. Code § 5914 to ensure that the public was not deprived of the benefits of charitable health facilities as a result of the transfer of those facilities’ assets to for-profit entities. In enacting § 5914, the Legislature found:

Charitable, nonprofit health facilities have a substantial and beneficial effect on the provision of health care to the people of California, providing as part of their charitable mission uncompensated care to uninsured low-income families and under-compensated care to the poor, elderly, and disabled.

Transfers of the assets of nonprofit, charitable health facilities to the for-profit sector, such as by sale, joint venture, or other sharing of assets, directly affect the charitable use of those assets and may affect the availability of community health care services....

It is in the best interests of the public to ensure that the public interest is fully protected whenever the assets of a charitable nonprofit health facility are transferred out of the charitable trust and to a for-profit or mutual benefit entity.

1996 Cal. Legis. Serv. Ch. 1105 (A.B. 3101) (West).

The Attorney General has “discretion to consent to, give conditional consent to, or not consent to” the sale of a healthcare facility. Cal. Corp. Code § 5917. In exercising that discretion, the Attorney General “shall consider any factors that the Attorney General deems relevant,” including but not limited to whether any of the following apply:

- a) The terms and conditions of the agreement or transaction are fair and reasonable to the nonprofit corporation.
- b) The agreement or transaction will result in inurement to any private person or entity.

- c) Any agreement or transaction that is subject to this article is at fair market value. In this regard, “fair market value” means the most likely price that the assets being sold would bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and in their own best interest, and a reasonable time being allowed for exposure in the open market.
- d) The market value has been manipulated by the actions of the parties in a manner that causes the value of the assets to decrease.
- e) The proposed use of the proceeds from the agreement or transaction is consistent with the charitable trust on which the assets are held by the health facility or by the affiliated nonprofit health system.
- f) The agreement or transaction involves or constitutes any breach of trust.
- g) The Attorney General has been provided, pursuant to Section 5250, with sufficient information and data by the nonprofit corporation to evaluate adequately the agreement or transaction or the effects thereof on the public.
- h) The agreement or transaction may create a significant effect on the availability or accessibility of health care services to the affected community.
- i) The proposed agreement or transaction is in the public interest.
- j) The agreement or transaction may create a significant effect on the availability and accessibility of cultural interests provided by the facility in the affected community.

Cal. Corp. Code § 5917 (West).

Nothing in the record indicates that SGM’s bid was other than for fair market value (factor (c)). The Hospitals were thoroughly marketed by Cain Brothers. SGM was the only bidder interested in purchasing the Hospitals. The Court must presume that a bid submitted after extensive marketing reflects the Hospital’s fair market value. *See Bank of Am. Nat. Tr. & Sav. Ass’n v. 203 N. LaSalle St. P’ship*, 526 U.S. 434, 457, 119 S. Ct. 1411, 1423, 143 L. Ed. 2d 607 (1999) (stating that “the best way to determine value is exposure to a market”).

There is no indication that SGM, or any other party, took any actions to decrease the value of the Hospitals (factor (d)). In view of the extensive marketing, the terms of the sale are fair and reasonable to the Debtors (factor (a)). There is no evidence that any of the parties involved in the SGM sale have engaged in any conduct that would amount to a breach of trust (factor (f)), or that the SGM Sale will inure to the benefit of any private person or entity (factor (b)). Nor has there been any suggestion that the Debtors failed to provide the Attorney General with sufficient information to evaluate the SGM Sale (factor (g)). Factor (e) does not apply, because the proceeds of the SGM Sale are fully encumbered by the claims of creditors, leaving no remaining equity that could be devoted to charitable purposes.

The remaining factors are (1) the effect of the SGM Sale on the accessibility of healthcare services (factor (h)) and cultural interests (factor (j)) in the affected communities and (2) whether the SGM Sale is in the public interest (factor (i)). Applying the independent judgment standard of review, the Court finds that in electing to impose the Additional Conditions, the Attorney General abused his discretion with respect to these factors.

By letter dated August 23, 2019 (the “August Letter”), the Debtors advised the Attorney General that if the Additional Conditions were imposed, SGM would not complete the sale and the most likely outcome would be the closure of St. Vincent, Seton, and Seton Coastside. The August Letter advised the Attorney General that SGM had submitted the only offer for the Hospitals, and that the “Debtors cannot sustain incurring ongoing operational losses to maintain

the going-concern value of St. Vincent and Seton without the realistic prospect of a purchaser.”¹⁴ The Debtors stated that upon the failure of the SGM Sale, they would be required to begin the process of closing St. Vincent, Seton, and Seton Coastsides “almost immediately.”¹⁵

Having overseen the Debtors’ bankruptcy cases since their inception, the Court has become intimately familiar with the Debtors’ operational and cash flow situation. As discussed above, the Debtors’ statements regarding the necessity of closing certain of the Hospitals upon the failure of the SGM Sale are not an idle threat.

Imposition of the Additional Conditions will dramatically reduce the availability of healthcare services by causing the closure of three of the four Hospitals. In addition to the loss of healthcare services, closure of the Hospitals will destroy approximately 2900 jobs. Closure of the Hospitals will require the relocation of many patients suffering from critical conditions. None of this is in the public interest.¹⁶

The Court understands that the Additional Conditions were imposed with the laudable objective of increasing the amount of healthcare services provided by the Hospitals. The Court can only assume that the Attorney General does not believe the representation that imposition of the Additional Conditions will result in a collapse of the SGM Sale. Unfortunately, the dire economic circumstances in which the Debtors now find themselves leaves the Court with no doubt that if the SGM Sale is not completed, three of the Hospitals will almost certainly close.

Because the Additional Conditions will reduce health care services by resulting in the closure of three of the Hospitals, imposition of the Additional Conditions was an abuse of the Attorney General’s discretion.

Outside of bankruptcy, the finding that the Attorney General abused his discretion would result in the entry of a judgment commanding the issuance of a peremptory writ of mandate, followed by the issuance of the writ. The writ would command the Attorney General to set aside the 2019 Conditions, and would further command the Attorney General to exercise his discretion with respect to the review of the SGM Sale in a lawful manner. *See, e.g., California Hosp. Assn. v. Maxwell-Jolly*, 188 Cal. App. 4th 559, 570, 115 Cal. Rptr. 3d 572, 581 (2010), *as modified on denial of reh’g* (Sept. 16, 2010).

BAPCPA § 1221(e) compels a different result inside bankruptcy. Section 1221(e) provides that the Court is not required “to remand or refer any proceeding, issue, or controversy to any other court or to require the approval of any other court for the transfer of property.” In *In re HHH Choices Health Plan*, the Bankruptcy Court relied upon BAPCPA § 1221(e) to conclude that it had the authority to interpret a New York law governing the transfer of the assets of a non-profit entity. The court observed that “[i]n the case of an insolvent not-for-profit corporation, section 511 of the New York Not-For-Profit Corporation Law ordinarily, would require the approval of the New York State Supreme Court for a transfer of assets.” *HHH Choices Health Plan*, 554 B.R. at 700. The court rejected arguments advanced by certain of the parties “that the

¹⁴ August Letter at 14.

¹⁵ *Id.*

¹⁶ SEIU-UHW contends that it is economically feasible for SGM to operate the Hospitals while complying with the Additional Conditions. The record does not support SEIU-UHW’s contention. SGM was the only bidder willing to purchase the Hospitals and has stated unequivocally that it will not complete its purchase if the Additional Conditions are imposed. These facts show that the Additional Conditions render operation of the Hospitals economically infeasible.

ordinary state court procedures must still be followed” with respect to the transfer of the assets. *Id.* Instead, the court held that substantive state law requirements remained applicable, but that it was the Bankruptcy Court that had authority to apply those requirements. *Id.*

Pursuant to BAPCPA § 1221(e), and consistent with the ruling in *HHH Choices Health Plan*, the Court is not required to issue a judgment and writ commanding the Attorney General to set aside the 2019 Conditions, and is not required to remand these proceedings to allow the Attorney General to conduct a further review of the SGM Sale in light of the Court’s finding that the Attorney General abused his discretion. Instead, the Court is empowered to apply Cal. Corp. Code § 5914, and to determine the conditions under which the Debtors may sell the Hospitals to SGM.

Under the circumstances presented here, the only way that closure of three of the four Hospitals can be avoided is if a sale not subject to the Additional Conditions is approved. A decision by the Attorney General to not consent to the sale, or a decision to consent to the sale subject to conditions other than the Approved Conditions, would constitute an abuse of discretion. That is because SGM, the only entity willing to purchase and continue to operate the Hospitals, will do so only if it is permitted to operate the Hospitals in a manner consistent with the Approved Conditions.

In reaching this conclusion, the Court is not limiting or controlling the discretion vested in the Attorney General, in contravention of Cal. Code Civ. Proc. § 1094.5(f). The Hospitals have been financially distressed for years. A \$100 million capital infusion made in connection with the 2015 Restructuring Agreement failed to stabilize the Hospitals’ operations. A further capital infusion of \$148 million in 2017 failed to restore the Hospitals to financial health. This demonstrates that it was not possible to successfully operate the Hospitals subject to the 2015 Conditions. It should come as no surprise that no buyer exists that is willing to purchase and operate the Hospitals if operations are constrained by Additional Conditions that are substantially similar to the 2015 Conditions. The Attorney General’s continued attempts to impose conditions rendering sustainable operation of the Hospitals impossible amounts to an abuse of discretion.

The Attorney General contends that SGM, by refusing to purchase and operate the Hospitals subject to conditions other than the Approved Conditions, is attempting to divest the Attorney General of his regulatory authority by forcing him to accede to a transaction on SGM’s terms. This argument ignores the financial and operational realities facing the Hospitals. SGM’s refusal to accept the Additional Conditions is not an attempt to blackmail the Attorney General into approving the sale. Such refusal is instead dictated by economic reality.

iii. Even if the Attorney General’s Decision is Subject to Traditional Mandamus Review Under Cal. Civ. Proc. Code § 1085, Imposition of the Additional Conditions Was an Abuse of Discretion

Even if the Attorney General’s review of the sale transaction is a quasi-legislative decision, subject to traditional mandamus review under Cal. Civ. Proc. Code § 1085, the decision to impose the Additional Conditions was an abuse of discretion.

Under Cal. Civ. Proc. Code § 1085, a traditional mandate “may issue to correct the exercise of discretionary legislative power, *but only* if the action taken is so palpably unreasonable and arbitrary as to show an abuse of discretion as a matter of law.” *Carrancho v. California Air Res. Bd.*, 111 Cal. App. 4th 1255, 1265, 4 Cal. Rptr. 3d 536, 545 (2003) (emphasis in original). In reviewing quasi-legislative decisions, the “authority of the court is limited to determining

whether the decision of the agency was arbitrary, capricious, entirely lacking in evidentiary support, or unlawfully or procedurally unfair.” *Fullerton Joint Union High Sch. Dist. v. State Bd. of Educ.*, 32 Cal. 3d 779, 786, 654 P.2d 168, 172 (1982). The Court must ensure that the agency or officer making the decision “has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute.” *W. States Petroleum Assn. v. Superior Court*, 9 Cal. 4th 559, 577, 888 P.2d 1268, 1277 (1995). Traditional mandamus review of a quasi-legislative decision is therefore more deferential than administrative mandamus review of a quasi-judicial decision under the independent judgment standard.

Even applying this more deferential standard of review, the Court finds that the decision to impose the Additional Conditions was an abuse of discretion, and that a proper exercise of discretion required the Attorney General to consent to the sale subject only to the Approved Conditions. Preservation of access to healthcare is one of the factors the Attorney General must consider in reviewing the transaction. *See* Cal. Corp. Code § 5917(h) (requiring the Attorney General to consider whether the “agreement or transaction may create a significant effect on the availability or accessibility of health care services to the affected community”). At the hearing, the Attorney General stated that he imposed the Additional Conditions in furtherance of § 5917(h)’s objective of preserving healthcare access.¹⁷ The effect of the Additional Conditions will be the closure of three of the four Hospitals, which will significantly reduce access to healthcare. There is no “rational connection” between the purpose of the Additional Conditions (preserving healthcare access) and the actual results of the conditions (a severe reduction in healthcare access). *See W. States Petroleum Ass’n*, 888 P.2d at 1277. With respect to three of the four Hospitals, the Attorney General’s decision will destroy the very charitable assets that he is charged with protecting.

In sum, regardless of whether the Debtors are entitled to review of the Attorney General’s decision under traditional mandamus or administrative mandamus, the Attorney General’s decision to impose the Additional Conditions was an abuse of discretion. In the unique circumstances of this case, the Attorney General was required to consent to the SGM Sale without imposing the Additional Conditions. As a result, sale of the Hospitals to SGM free and clear of the Additional Conditions is authorized under applicable nonbankruptcy law. The Court approves the SGM Sale, free and clear of the Additional Conditions, pursuant to § 363(f)(1).

C. The Debtors May Sell the Hospitals Free and Clear of the Additional Conditions Pursuant to § 363(f)(4)

Under § 363(f)(4), the Hospitals may be sold free and clear of the Additional Conditions provided the Additional Conditions are “in bona fide dispute ...” A bona fide dispute exists if “there is an objective basis for either a factual or legal dispute as to the validity” of the interest at

¹⁷ Specifically, counsel for the Attorney General explained that in imposing the conditions, the Attorney General “is weighing the impact on the affected community, and making a determination as to what would be the best outcome for this community in order to ensure that it is not being adversely impacted, and not inappropriately losing access to these nonprofit hospitals ...” Hearing Transcript [Doc. No. 3416] at 24. Counsel further stated that the Attorney General’s “obligation is ... to do what’s needed to preserve access to healthcare, in particular for disadvantaged populations, which is clearly what we’re dealing with here.” *Id.* at 12.

issue. *In re Octagon Roofing*, 123 B.R. 583, 590 (Bankr. N.D. Ill. 1991). The court “court need not determine the probable outcome of the dispute, but merely whether one exists.” *Id.*

The Debtors dispute the Attorney General’s authority to impose the Additional Conditions, on the grounds that the (1) Additional Conditions attempt to impose successor liability in a manner not authorized under California law and that (2) the Attorney General abused his discretion in issuing the Additional Conditions. As discussed above, the Debtors have shown that the Attorney General cannot impose the Additional Conditions for both of these reasons. The Debtors have easily satisfied §363(f)(4), which does not require the Debtors to show that they will prevail upon the dispute—only that a dispute exists.

A bona fide dispute exists for yet another reason. The Debtors have shown that by imposing the Additional Conditions, the Attorney General violated § 525.

Section 525 provides in relevant part:

[A] governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, deny employment to, terminate the employment of, or discriminate with respect to employment against, a person that is or has been a debtor under this title ... or another person with whom such ... debtor has been associated, solely because such ... debtor is or has been a debtor under this title ... or has not paid a debt that is dischargeable in the case under this title

In *In re Aurora Gas, LLC*, the court held that the State of Alaska violated § 525 by refusing to approve the debtor’s sale of oil and gas leases unless the purchaser posted a bond of \$6 million to pay for the cost of plugging abandoned wells that the purchaser was not acquiring. *In re Aurora Gas, LLC*, No. A16-00130-GS, 2017 WL 4325560 (Bankr. D. Alaska Sept. 26, 2017). The court held that by conditioning approval of the sale upon the posting of a bond, the State was attempting to collect upon the debtor’s obligation to pay for the costs of plugging the abandoned wells. Imposition of such a condition, the court found, constituted impermissible discrimination against the debtor and its affiliate, the purchaser of the gas leases, in violation of § 525.

The facts of this case are strikingly similar. Here, the Attorney General has conditioned approval of the SGM Sale upon SGM assuming the obligation to operate the Hospitals in accordance with conditions similar to the 2015 Conditions that are an obligation of the Debtors. As discussed, the Additional Conditions require that SGM maintain and operate the Hospitals at current licensure and service levels. The Additional Conditions amount to an attempt by the Attorney General to enforce the obligations imposed by the 2015 Conditions. The 2015 Conditions are liabilities that are dischargeable in bankruptcy. By conditioning the transfer of the Hospitals upon the assumption of the Additional Conditions, which impose obligations equal to or in excess of the 2015 Conditions, the Attorney General is impermissibly discriminating against the Debtors in violation of § 525.

The fact that the Additional Conditions can be characterized as a regulatory obligation does not change the analysis. Regulatory obligations such as the Additional Conditions qualify as a “debt” under the Bankruptcy Code’s broad definition of the term:

Under the Bankruptcy Code, “debt” means “liability on a claim,” 11 U.S.C. § 101(12), and “claim,” in turn, includes any “right to payment,” § 101(5)(A). We have said that “[c]laim” has “the broadest available definition,” *Johnson v. Home State Bank*, 501 U.S.

78, 83, 111 S.Ct. 2150, 115 L.Ed.2d 66 (1991), and have held that the “plain meaning of a ‘right to payment’ is nothing more nor less than an enforceable obligation, regardless of the objectives the State seeks to serve in imposing the obligation,” *Pennsylvania Dept. of Public Welfare v. Davenport*, 495 U.S. 552, 559, 110 S.Ct. 2126 (1990). See also *Ohio v. Kovacs*, 469 U.S. 274, 105 S.Ct. 705, 83 L.Ed.2d 649 (1985). In short, a debt is a debt, even when the obligation to pay it is also a regulatory condition.

F.C.C. v. NextWave Pers. Commc'ns Inc., 537 U.S. 293, 302–03, 123 S. Ct. 832, 839, 154 L. Ed. 2d 863 (2003).

D. The Debtors May Sell the Hospitals Free and Clear of Certain of the Additional Conditions Pursuant to § 363(f)(5)

Under § 363(f)(5), property may be sold free and clear of an interest, if the entity holding the interest “could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.”

An interest “that can be reduced to a specific monetary value” falls within the scope of § 363(f)(5). *In re Trans World Airlines, Inc.*, 322 F.3d 283, 291 (3d Cir. 2003); *see also In re Vista Marketing Grp. Ltd.*, 557 B.R. 630, 635 (Bankr. N.D. Ill. 2016) (“[O]ne would be hard-pressed to present a clearer example of a situation where the interest-holder could be compelled to accept a money satisfaction of its interest under subsection (f)(5) than the calculable monetary obligation asserted by the District in its surcharge bill and disconnection notice.”).

Among the Additional Conditions are requirements that each of the Hospitals provide specified levels of charity care and community benefit services. The Additional Conditions allow any shortfalls in charity care or community benefit services to be satisfied through deficiency payments to tax-exempt entities within the Hospitals’ service area. The charity care and community benefit obligations can easily be reduced to a specific monetary value. The Debtors may sell the Hospitals free and clear of these obligations pursuant to § 363(f)(5).

E. Section 363(d)(1) Does Not Bar the Sale

As noted, § 363(d)(1) provides that non-profit entities, such as the Debtors, may sell estate assets only if the sale is “in accordance with nonbankruptcy law applicable to the transfer of property by” a non-profit entity.

For the reasons discussed in Section II.B., above, the Debtors are authorized to sell the Hospitals, free and clear of the Additional Conditions, under applicable nonbankruptcy law.

Even if the Debtors were not authorized to sell the Hospitals free and clear under applicable nonbankruptcy law, § 363(d)(1) does not limit the Debtors’ ability to sell the Hospitals free and clear of the Additional Conditions under § 363(f)(4) or (5).¹⁸ Basic principles of statutory construction dictate this result. “Statutory construction ... is a holistic endeavor.” *United Sav. Ass’n of Texas v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 371, 108 S. Ct. 626, 630, 98 L. Ed. 2d 740 (1988). The Court must look “to the provisions of the whole law, and to its object and policy.” *John Hancock Mut. Life Ins. Co. v. Harris Tr. & Sav. Bank*, 510 U.S. 86, 94–

¹⁸ Under § 363(f)(4), the Debtors are authorized to sell the Hospitals free and clear of all of the Additional Conditions. *See* Section II.C., above. Under § 363(f)(5), the Debtors are authorized to sell the Hospitals free and clear of the charity care and community benefit obligations. *See* Section II.D., above.

95, 114 S. Ct. 517, 523, 126 L. Ed. 2d 524 (1993). Absent a “clear intention otherwise,” specific provisions addressing an issue apply instead of more generalized provisions covering the same issue. *Morton v. Mancari*, 417 U.S. 535, 550–51, 94 S. Ct. 2474, 2483, 41 L. Ed. 2d 290 (1974). This rule applies “regardless of the priority of enactment” of the provisions. *Id.*

Section 363(f) sets forth specific circumstances under which assets may be sold free and clear. Section 363(f) is not limited by a non-profit debtor’s general obligation under § 363(d)(1) to comply with nonbankruptcy law. The general requirement set forth in § 363(d)(1) makes no reference to § 363(f), which more specifically delineates the circumstances in which assets may be sold free and clear. Without a “clear intention otherwise,” *Morton*, 417 U.S. at 550–51, the general requirement of § 363(d)(1) does not repeal the specifics of free and clear sales under § 363(f), even though § 363(d)(1) was enacted subsequent to § 363(f).

F. Section 541(f) Does Not Bar the Sale

Section 541(f) provides:

Notwithstanding any other provision of this title, property that is held by a debtor that is a corporation described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code may be transferred to an entity that is not such a corporation, but only under the same conditions as would apply if the debtor had not filed a case under this title.

The Attorney General asserts that § 541(f)’s initial clause, “[n]otwithstanding any other provision of this title,” is broad enough to trump § 363(f). According to the Attorney General, § 541(f) requires that the SGM Sale comply with applicable California law. As a result, the Attorney General argues, the SGM Sale can occur only if SGM agrees to accept all of the 2019 Conditions, including the Additional Conditions.

The language of § 541(f) is similar, but not identical to, the language of § 363(d)(1). Section 363(d)(1) requires that non-profit entities transfer property “in accordance with nonbankruptcy law applicable to the transfer of property by” the non-profit entity; § 541(f) requires that such transfers occur “only under the same conditions as would apply if the debtor had not filed a case under this title.”

“[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *Russello v. United States*, 464 U.S. 16, 23, 104 S. Ct. 296, 300, 78 L. Ed. 2d 17 (1983). Therefore, the Court cannot assume that § 541(f) has the same meaning as § 363(f). That is, § 541(f) cannot mean that the Debtors are required to transfer property “in accordance with nonbankruptcy law applicable to the transfer of [such] property,” since that is the language used in § 363(d)(1).

There is no legislative history to guide the Court in construing the phrase “under the same conditions” in § 541(f). Nor has the Court been able to locate any cases interpreting this section. In the absence of legislative history, phrases are construed in accordance with their “ordinary or natural meaning.” *F.D.I.C. v. Meyer*, 510 U.S. 471, 476, 114 S. Ct. 996, 1001, 127 L. Ed. 2d 308 (1994). According to *Roget’s 21st Century Thesaurus* (3d ed. 2013), a synonymous phrase for “under the same conditions” is “in these circumstances.”

Here, the Debtors have complied with § 541(f)’s mandate. That is, “[n]otwithstanding any other provisions” of the Bankruptcy Code, they have sought to transfer the Hospitals in the same

manner as the transfer would have occurred under applicable nonbankruptcy law. The Debtors submitted the transfer to the review of the Attorney General, paid for the expert healthcare impact statements required under the statute, and waited for 135 days for the Attorney General to review the transaction. The transfer has been subject to the same conditions that would have applied had the Debtors not sought bankruptcy protection.

Even if the Attorney General were correct that § 541(f) had the same meaning as § 363(d)(1), the Debtors would still be able to sell the Hospitals free and clear of the Additional Conditions, pursuant to § 363(f)(1), (4), and (5). Contrary to the Attorney General's contention, the "notwithstanding" clause does not mean that § 541(f) trumps § 363(f). The Ninth Circuit has held:

In examining specific statutes, we have not, however, always accorded universal effect to the "notwithstanding" language, standing alone. *See Or. Natural Res. Council v. Thomas*, 92 F.3d 792, 796 (9th Cir.1996) ("We have repeatedly held that the phrase 'notwithstanding any other law' is not always construed literally." (citing *E.P. Paup Co. v. Dir., Office of Workers Comp. Programs*, 999 F.2d 1341, 1348 (9th Cir.1993); *Kee Leasing Co. v. McGahan (In re The Glacier Bay)*, 944 F.2d 577, 582 (9th Cir.1991); *Golden Nugget, Inc. v. Am. Stock Exch., Inc.*, 828 F.2d 586, 588–89 (9th Cir.1987) (per curium))). Instead, we have determined the reach of each such "notwithstanding" clause by taking into account the whole of the statutory context in which it appears.

United States v. Novak, 476 F.3d 1041, 1046 (9th Cir. 2007).

Relying upon the "common-sense principle of statutory construction that sections of a statute generally should be read to give effect, if possible, to every clause," the Ninth Circuit has held that a "notwithstanding" provision should not be given its broadest possible interpretation if doing so would render other statutory provisions ineffectual. *Oregon Nat. Res. Council v. Thomas*, 92 F.3d 792, 797 (9th Cir. 1996).

According to the "notwithstanding" clause the broad construction advocated by the Attorney General would render § 363(f) of the Bankruptcy Code ineffectual with respect to non-profit debtors. Section 541(f) was added to the Bankruptcy Code by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-8, § 1221(e) ("BAPCPA"). BAPCPA made no changes to § 363(f). The Court cannot find that Congress intended § 541(f) to trump § 363(f) with respect to non-profit debtors.

G. The Court Certifies a Direct Appeal of its Decision to the Ninth Circuit Court of Appeals

Title 28 U.S.C. § 158(d)(2) provides that the Bankruptcy Court, acting on its motion, may certify a direct appeal of an order to the Court of Appeals if the order "involves a matter of public importance" or if an immediate appeal of the order will "materially advance the progress of the case or proceeding."

Certification is warranted here. The interplay between the sale provisions of the Bankruptcy Code and the authority of the Attorney General to regulate the sale of assets subject to a charitable trust is a matter of public importance. The issue has previously arisen in *Gardens I* and *Verity I*, and will continue to arise in future cases.

A direct appeal will materially advance the progress of the case. Closing of the SGM Sale is the lynchpin of the Debtors' plan of reorganization. However, under the APA, SGM is not

obligated to close the sale unless the Debtors obtain a final, non-appealable order authorizing a sale free and clear. The Debtors are facing severe liquidity constraints and cannot afford to continue to operate the Hospitals for much longer. A direct appeal will facilitate resolution of this case by providing certainty regarding the permissibility of a sale free and clear far sooner than would otherwise be possible. If the Court's order is upheld, SGM can proceed to close the sale. If not, the Debtors can commence shutting down St. Vincent, Seton, and Seton Coastside.

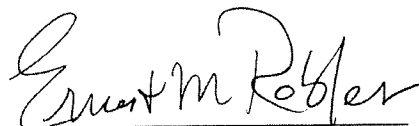
III. Conclusion

Based upon the foregoing, the Court finds that the Debtors may sell the Hospitals to SGM, free and clear of the Additional Conditions. The sale may proceed under applicable nonbankruptcy law pursuant to § 363(f)(1) because (1) the Additional Conditions qualify as successor liability that may not be imposed against SGM under California law and because (2) the Attorney General abused his discretion in attempting to impose the Additional Conditions, which therefore must be set aside. A bona dispute as to the Attorney General's authority to impose the Additional Conditions exists under § 363(f)(4), because the Debtors (1) have shown that the Additional Conditions are not authorized under California law and that (2) the attempted imposition of the Additional Conditions violates § 525. Pursuant to §363(f)(5), the sale is free and clear of the charity care and community benefit obligations, which can be reduced to a monetary valuation.

The Court will prepare and enter an order certifying this matter for a direct appeal to the Ninth Circuit. The Debtors shall submit an order granting the Motion within seven days of the issuance of this Memorandum of Decision.

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Date: October 23, 2019



Ernest M. Robles
United States Bankruptcy Judge

Attachment 7
Stipulation

Debtors' App. pp. 1034 - 1041

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Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of California,
Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose ASC,
LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER

CASE NO.: 2:18-bk-20163-ER

CASE NO.: 2:18-bk-20164-ER

CASE NO.: 2:18-bk-20165-ER

CASE NO.: 2:18-bk-20167-ER

CASE NO.: 2:18-bk-20168-ER

CASE NO.: 2:18-bk-20169-ER

CASE NO.: 2:18-bk-20171-ER

CASE NO.: 2:18-bk-20172-ER

CASE NO.: 2:18-bk-20173-ER

CASE NO.: 2:18-bk-20175-ER

CASE NO.: 2:18-bk-20176-ER

CASE NO.: 2:18-bk-20178-ER

CASE NO.: 2:18-bk-20179-ER

CASE NO.: 2:18-bk-20180-ER

CASE NO.: 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**STIPULATION RESOLVING "DEBTORS"
EMERGENCY MOTION FOR THE ENTRY OF AN
ORDER: (I) ENFORCING THE ORDER
AUTHORIZING THE SALE TO STRATEGIC GLOBAL
MANAGEMENT, INC.; (II) FINDING THAT THE SALE
IS FREE AND CLEAR OF CONDITIONS
MATERIALLY DIFFERENT THAN THOSE
APPROVED BY THE COURT; (III) FINDING THAT
THE ATTORNEY GENERAL ABUSED HIS
DISCRETION IN IMPOSING CONDITIONS ON THAT
SALE; AND (IV) GRANTING RELATED RELIEF"
[DOCKET NO. 3188]**

Hearing Date and Time:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Place: 255 E. Temple St., Courtroom 1568
Los Angeles, CA 90012

Case 2:18-bk-20151-ER Doc 3572 Filed 11/08/19 Entered 11/08/19 19:31:25 Desc
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This stipulation is entered into by and between Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”) and the California Attorney General (the “Attorney General” and, together with the Debtors, the “Parties”), with respect to the following:

A. On September 30, 2019, the Debtors filed the *Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing the Conditions on That Sale; and (IV) Granting Related Relief* [Docket No. 3188] (the “Motion”).¹

B. On October 9, 2019, the Attorney General filed the *Opposition of California Attorney General to “Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on That Sale; and (IV) Granting Related Relief”* [Doc. 3188] [Docket No. 3333] (the “Attorney General Opposition”).

C. On October 10, 2019, Strategic Global Management, Inc. (“SGM”) filed the *Statement of Strategic Global Management, Inc. in Support of “Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court”* [Docket No. 3356] (the “SGM Statement”).

D. On October 14, 2019, the Debtors filed the *Debtors’ Reply to California Attorney General’s Opposition to Debtors’ Motion for the Entry of an Order Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.* [Docket No. 3382] (the “Reply”).

E. On October 15, 2019, at 10:00 a.m. (Pacific Time), the Court held a hearing on the Motion (the “Hearing”). Appearances were as set forth on the record of the Hearing.

F. On October 23, 2019, the Court filed its *Memorandum of Decision Granting*

¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

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1 *Debtors' Emergency Motion to Enforce Sale Order [Doc. No. 3188] [Docket No. 3446] (the*
2 *"Memorandum Decision").*

3 **STIPULATION**

4 NOW, THEREFORE, all of the Parties to this Stipulation hereby conditionally stipulate and
5 agree as follows:

6 1. The Motion shall be granted by entry of the proposed order, attached hereto as
7 Exhibit "A", entitled *Order Granting "Debtors' Emergency Motion For The Entry Of An Order:*
8 *(I) Enforcing The Order Authorizing The Sale To Strategic Global Management, Inc.; (II) Finding*
9 *That The Sale Is Free And Clear Of Conditions Materially Different Than Those Approved By The*
10 *Court; (III) Finding That The Attorney General Abused His Discretion In Imposing Conditions On*
11 *That Sale; And (IV) Granting Related Relief" [Docket No. 3188] (the "Order").*

12 2. The Attorney General does not agree or concede that the Additional Conditions (as
13 defined in the Order) are an "interest in property" for purposes of 11 U.S.C. § 363(f), but
14 acknowledges that the Court so held in the Memorandum Decision (which is to be vacated and
15 withdrawn pursuant to the Order) and that, solely and exclusively for purposes of the APA (as
16 defined in the Order) and the Motion, the Order so states.

17 3. This Stipulation shall be binding and effective upon, but only upon, entry of the
18 Order in the proposed form attached hereto.

19
20 Dated: November 8, 2019

DENTONS US LLP

21 By: /s/ Tania M. Moyron

Tania M. Moyron

22 Counsel to the Debtors and Debtors in Possession

23
24 Dated: November 8, 2019

CALIFORNIA DEPARTMENT OF JUSTICE

25
26 By: _____

David K. Eldan

27 Counsel to Xavier Becerra, Attorney General of the
28 State of California

Case 2:18-bk-20151-ER Doc 3572 Filed 11/08/19 Entered 11/08/19 19:31:25 Desc
Main Document Page 4 of 8

1 *Debtors' Emergency Motion to Enforce Sale Order [Doc. No. 3188] [Docket No. 3446] (the*
2 *"Memorandum Decision").*

3 **STIPULATION**

4 NOW, THEREFORE, all of the Parties to this Stipulation hereby conditionally stipulate and
5 agree as follows:

6 1. The Motion shall be granted by entry of the proposed order, attached hereto as
7 Exhibit "A", entitled *Order Granting "Debtors' Emergency Motion For The Entry Of An Order:*
8 *(I) Enforcing The Order Authorizing The Sale To Strategic Global Management, Inc.; (II) Finding*
9 *That The Sale Is Free And Clear Of Conditions Materially Different Than Those Approved By The*
10 *Court; (III) Finding That The Attorney General Abused His Discretion In Imposing Conditions On*
11 *That Sale; And (IV) Granting Related Relief" [Docket No. 3188] (the "Order").*

12 2. The Attorney General does not agree or concede that the Additional Conditions (as
13 defined in the Order) are an "interest in property" for purposes of 11 U.S.C. § 363(f), but
14 acknowledges that the Court so held in the Memorandum Decision (which is to be vacated and
15 withdrawn pursuant to the Order) and that, solely and exclusively for purposes of the APA (as
16 defined in the Order) and the Motion, the Order so states.

17 3. This Stipulation shall be binding and effective upon, but only upon, entry of the
18 Order in the proposed form attached hereto.

19
20 Dated: November 8, 2019

DENTONS US LLP

21 By: _____

22 Tania M. Moyron

23 Counsel to the Debtors and Debtors in Possession

24 Dated: November 8, 2019

CALIFORNIA DEPARTMENT OF JUSTICE

25 By:  _____

26 David K. Eldan

27 Counsel to Xavier Becerra, Attorney General of the
28 State of California

Case 2:18-bk-20151-ER Doc 3572 Filed 11/08/19 Entered 11/08/19 19:31:25 Desc
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Exhibit A

Proposed Order

Case 2:18-bk-20151-ER Doc 3572 Filed 11/08/19 Entered 11/08/19 19:31:25 Desc
Main Document Page 6 of 8

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of Lynwood
Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
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Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS FREE
AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Location: Courtroom 1568

255 E. Temple Street
Los Angeles, CA

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Case 2:18-bk-20151-ER Doc 3572 Filed 11/08/19 Entered 11/08/19 19:31:25 Desc
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The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No. ____] by and among the Debtors and the Attorney General, and good cause appearing,

HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED.
2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and withdrawn.
3. Solely and exclusively for purposes of the APA (as defined below) and the Motion, the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f), and the Assets (as defined in the APA) can be sold free and clear of the Additional Conditions without the imposition of any other conditions which would adversely affect the Purchaser (as defined in the APA).
4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or controversies regarding the interpretation or enforcement of this Order. Notwithstanding the preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the Attorney General to enforce, in the California state courts and pursuant to section 5926 of the California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the APA.

///

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¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

Case 2:18-bk-20151-ER Doc 3572 Filed 11/08/19 Entered 11/08/19 19:31:25 Desc
Main Document Page 8 of 8

1 5. The Attorney General waives any right to appeal this Order.

2
3 **IT IS SO ORDERED.**

4 ###
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Attachment 8

**Notice Regarding Proposed Order Resolving Debtors' Emergency Motion for
the Entry of an Order Enforcing the Sale Order and Requesting Related
Relief**

Debtors' App. pp. 1042 - 1048

Case 2:18-bk-20151-ER Doc 3573 Filed 11/08/19 Entered 11/08/19 20:16:00 Desc
Main Document Page 1 of 7

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6

7 Attorneys for the Chapter 11 Debtors and
Debtors In Possession

8 **UNITED STATES BANKRUPTCY COURT**
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

9 In re

10 VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

11 Debtors and Debtors In Possession.

12 ☒ Affects All Debtors

13 ☐ Affects Verity Health System of
California, Inc.

14 ☐ Affects O'Connor Hospital

15 ☐ Affects Saint Louise Regional Hospital

16 ☐ Affects St. Francis Medical Center

17 ☐ Affects St. Vincent Medical Center

18 ☐ Affects Seton Medical Center

19 ☐ Affects O'Connor Hospital Foundation

20 ☐ Affects Saint Louise Regional Hospital
Foundation

21 ☐ Affects St. Francis Medical Center of
Lynwood Foundation

22 ☐ Affects St. Vincent Foundation

23 ☐ Affects St. Vincent Dialysis Center, Inc.

24 ☐ Affects Seton Medical Center Foundation

25 ☐ Affects Verity Business Services

26 ☐ Affects Verity Medical Foundation

27 ☐ Affects Verity Holdings, LLC

28 ☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly administered with:

Case No. 2:18-bk-20162-ER;

Case No. 2:18-bk-20163-ER;

Case No. 2:18-bk-20164-ER;

Case No. 2:18-bk-20165-ER;

Case No. 2:18-bk-20167-ER;

Case No. 2:18-bk-20168-ER;

Case No. 2:18-bk-20169-ER;

Case No. 2:18-bk-20171-ER;

Case No. 2:18-bk-20172-ER;

Case No. 2:18-bk-20173-ER;

Case No. 2:18-bk-20175-ER;

Case No. 2:18-bk-20176-ER;

Case No. 2:18-bk-20178-ER;

Case No. 2:18-bk-20179-ER;

Case No. 2:18-bk-20180-ER;

Case No. 2:18-bk-20181-ER;

Chapter 11 Cases

Hon. Ernest M. Robles

**NOTICE REGARDING PROPOSED ORDER
RESOLVING DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER
ENFORCING THE SALE ORDER AND
REQUESTING RELATED RELIEF**

[RELATED DOCKET NOS. 3188, 3446, 3572]

Hearing:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Place: 255 East Temple Street, Courtroom 1568
Los Angeles, California 90012

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Verity Health System of California, Inc. and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), hereby file this notice regarding the proposed order (the “Proposed Order”), attached as Exhibit “A,” granting the *Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on the Sale; and (IV) Granting Related Relief* [Docket No. 3188] (the “Motion”) and the related stipulation [Docket No. 3572] (the “Stipulation”) and order thereon, lodged by the Debtors concurrently herewith.

GENERAL BACKGROUND

On September 30, 2019, the Debtors filed the *Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on the Sale; and (IV) Granting Related Relief* [Docket No. 3188] (the “Motion”). On October 23, 2019, the Court entered the *Memorandum of Decision Granting Debtors’ Emergency Motion to Enforce the Sale Order* [Doc. No. 3188] (the “Memorandum Decision”). The Memorandum Decision sets forth the Court’s findings and conclusions concerning the Motion, grants the relief requested in the Motion, and requires that the Debtors submit an order granting the Motion. *See* Mem. Dec. at 24.

PROPOSED ORDER GRANTING MOTION

The Debtors and the California Attorney General (the “Attorney General”) have reached a consensual resolution, on the terms set forth in the Stipulation and the Proposed Order. Entry of the Proposed Order, and of the order approving the Stipulation, will result in, among other things: granting of the Motion; vacation and withdrawal of the Memorandum Decision; the Attorney General’s agreement not to appeal from the Proposed Order; and, in the Debtors’ view,

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1 satisfaction of section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] between
2 the Debtors and Strategic Global Management, Inc. (respectively the “SGM APA” and “SGM”).

3 The reasons for entering into the Stipulation with the Attorney General, and seeking entry
4 of the Proposed Order, are compelling: closing of the sale to SGM will be expedited (a critical
5 consideration, given the Debtors’ liquidity issues, including ongoing operational losses of
6 approximately \$450,000 per day); and the time, expense, and uncertainty, associated with an
7 appeal by the Attorney General of any order granting the Motion, will be avoided.

8 The Debtors and the Attorney General have worked diligently over the past 10 days to
9 satisfy SGM’s concerns and thus obtain its joinder in the Stipulation, but have been unable to do
10 so. Therefore, after careful consideration by the Debtors and their constituents, the Debtors
11 respectfully request that the Court enter both (a) the Proposed Order and (b) the order approving
12 the Stipulation, as agreed to by the Debtors and the Attorney General.

13 **EXPEDITED ENTRY OF PROPOSED ORDER**

14 The entry of the Proposed Order, and the order granting the Stipulation, on an expedited
15 basis is necessary and appropriate given (i) the Debtors’ liquidity issues [*see, e.g.*, Docket No.
16 3238 (Adcock Decl. ¶ 6)], (ii) the December 31, 2019 deadlines and milestones in the SGM APA
17 and cash collateral agreement [*see*, SGM APA § 9.1(3); Docket No. 2968 (Cash Collateral Mot. at
18 24)], and (iii) that it will further the closing of the SGM sale (*see* SGM APA § 8.6). Accordingly,
19 the Debtors respectfully request entry of the Proposed Order, and the order granting the
20 Stipulation, on an expedited basis.

21 Dated: November 8, 2019

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON
NICHOLAS A. KOFFROTH

24 By /s/ Tania M. Moyron
Tania M. Moyron

26 Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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Exhibit A

Proposed Order

Case 2:18-bk-20151-ER Doc 3573 Filed 11/08/19 Entered 11/08/19 20:16:00 Desc
Main Document Page 5 of 7

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
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☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
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Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS FREE
AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No. 3572] by and among the Debtors and the Attorney General, and good cause appearing,

HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED.
2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and withdrawn.
3. Solely and exclusively for purposes of the APA (as defined below) and the Motion, the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f), and the Assets (as defined in the APA) can be sold free and clear of the Additional Conditions without the imposition of any other conditions which would adversely affect the Purchaser (as defined in the APA).
4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or controversies regarding the interpretation or enforcement of this Order. Notwithstanding the preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the Attorney General to enforce, in the California state courts and pursuant to section 5926 of the California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the APA.

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¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

Case 2:18-bk-20151-ER Doc 3573 Filed 11/08/19 Entered 11/08/19 20:16:00 Desc
Main Document Page 7 of 7

1 5. The Attorney General waives any right to appeal this Order.

2
3 **IT IS SO ORDERED.**

4 ###

DENTONS US LLP
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LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Attachment 9

Notice of Lodgment of Proposed Order

Debtors' App. pp. 1049 - 1052

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Samuel R. Maizel (SBN 189301) samuel.maizel@dentons.com Tania M. Moyron (SBN 235736) tania.moyron@dentons.com DENTONS US LLP 601 South Figueroa Street, Suite 2500 Los Angeles, California 90017 Telephone: (213) 623-9300 Facsimile: (213) 623-9924 <input type="checkbox"/> Individual appearing without an attorney <input checked="" type="checkbox"/> Attorney for: Debtors and Debtors In Possession	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al., Debtors and Debtors In Possession. <input checked="" type="checkbox"/> Affects All Debtors <input type="checkbox"/> Affects Verity Health System of California, Inc. <input type="checkbox"/> Affects O'Connor Hospital <input type="checkbox"/> Affects Saint Louise Regional Hospital <input type="checkbox"/> Affects St. Francis Medical Center <input type="checkbox"/> Affects St. Vincent Medical Center <input type="checkbox"/> Affects Seton Medical Center <input type="checkbox"/> Affects O'Connor Hospital Foundation <input type="checkbox"/> Affects Saint Louise Regional Hospital Foundation <input type="checkbox"/> Affects St. Francis Medical Center of Lynwood Foundation <input type="checkbox"/> Affects St. Vincent Foundation <input type="checkbox"/> Affects St. Vincent Dialysis Center, Inc. <input type="checkbox"/> Affects Seton Medical Center Foundation <input type="checkbox"/> Affects Verity Business Services <input type="checkbox"/> Affects Verity Medical Foundation <input type="checkbox"/> Affects Verity Holdings, LLC <input type="checkbox"/> Affects De Paul Ventures, LLC <input type="checkbox"/> Affects De Paul Ventures - San Jose Dialysis, LLC Liquidation Corporation, a California corporation, <div style="text-align: right;">Debtor(s)</div>	CASE NO.: 2:18-bk-20151-ER; Jointly administered with: Case No. 2:18-bk-20162-ER Case No. 2:18-bk-20163-ER Case No. 2:18-bk-20164-ER Case No. 2:18-bk-20165-ER Case No. 2:18-bk-20167-ER Case No. 2:18-bk-20168-ER Case No. 2:18-bk-20169-ER Case No. 2:18-bk-20171-ER Case No. 2:18-bk-20172-ER Case No. 2:18-bk-20173-ER Case No. 2:18-bk-20175-ER Case No. 2:18-bk-20176-ER Case No. 2:18-bk-20178-ER Case No. 2:18-bk-20179-ER Case No. 2:18-bk-20180-ER Case No. 2:18-bk-20181-ER CHAPTER: 11 NOTICE OF LODGMENT OF ORDER IN BANKRUPTCY CASE RE: (title of motion¹): <u>Enforcement Motion [Docket No. 3188]</u>

PLEASE TAKE NOTE that the order titled Order Granting "Debtors' Emergency Motion For The Entry Of An Order: (I) Enforcing The Order Authorizing The Sale To Strategic Global Management, Inc.; (II) Finding That The Sale Is Free And Clear Of Conditions Materially Different Than Those Approved By The Court; (III) Finding That The Attorney General Abused His Discretion In Imposing Conditions On That Sale; And (IV) Granting Related Relief" [Doc. 3188] was lodged on (date) 11/08/19 and is attached. This order relates to the motion which is docket number 3188.

¹ Please abbreviate if title cannot fit into text field.

Case 2:18-bk-20151-ER Doc 3574 Filed 11/08/19 Entered 11/08/19 20:33:10 Desc
Main Document Page 2 of 4

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

- ☒ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
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Debtors and Debtors In
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Lead Case No. 2:18-bk-20151-ER

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Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS FREE
AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No. 3572] by and among the Debtors and the Attorney General, and good cause appearing,

HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED.
2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and withdrawn.
3. Solely and exclusively for purposes of the APA (as defined below) and the Motion, the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f), and the Assets (as defined in the APA) can be sold free and clear of the Additional Conditions without the imposition of any other conditions which would adversely affect the Purchaser (as defined in the APA).
4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or controversies regarding the interpretation or enforcement of this Order. Notwithstanding the preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the Attorney General to enforce, in the California state courts and pursuant to section 5926 of the California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the APA.

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¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

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1 5. The Attorney General waives any right to appeal this Order.

2
3 **IT IS SO ORDERED.**

4 ###

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Attachment 10

Objection to Order Granting “Debtors Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different That Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on That Sale; and (IV) Granting Related Relief”

Debtors’ App. pp. 1053 - 1072

Case 2:18-bk-20151-ER Doc 3582 Filed 11/11/19 Entered 11/11/19 10:57:50 Desc
Main Document Page 1 of 20

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Attorneys for Strategic Global Management, Inc.

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors in Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital Foundation
☐ Affects St. Francis Medical Center of Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures – San Jose ASC, LLC

Debtors and Debtors in Possession.

LEAD CASE NO.: 2:18-bk-20151-ER

CHAPTER: 11
JOINTLY ADMINISTERED WITH:

CASE NO.: 2:18-bk-20162-ER

CASE NO.: 2:18-bk-20163-ER

CASE NO.: 2:18-bk-20164-ER

CASE NO.: 2:18-bk-20165-ER

CASE NO.: 2:18-bk-20167-ER

CASE NO.: 2:18-bk-20168-ER

CASE NO.: 2:18-bk-20169-ER

CASE NO.: 2:18-bk-20171-ER

CASE NO.: 2:18-bk-20172-ER

CASE NO.: 2:18-bk-20173-ER

CASE NO.: 2:18-bk-20175-ER

CASE NO.: 2:18-bk-20176-ER

CASE NO.: 2:18-bk-20178-ER

CASE NO.: 2:18-bk-20179-ER

CASE NO.: 2:18-bk-20180-ER

CASE NO.: 2:18-bk-20181-ER

**OBJECTION TO ORDER GRANTING
“DEBTOR’S EMERGENCY MOTION
FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER
AUTHORIZING THE SALE TO
STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS
FREE AND CLEAR OF CONDITIONS
MATERIALLY DIFFERENT THAN
THOSE APPROVED BY THE COURT;
(III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION
IN IMPOSING CONDITIONS ON THAT
SALE; AND (IV) GRANTING RELATED
RELIEF” (DOC. 3188)**

1 Strategic Global Management, Inc. (“SGM”) submits the following Objection to the
2 “Order Granting Debtor’s Emergency Motion For The Entry Of An Order: (I) Enforcing The
3 Order Authorizing The Sale To Strategic Global Management, Inc.; (II) Finding That The Sale Is
4 Free And Clear Of Conditions Materially Different Than Those Approved By The Court; (III)
5 Finding That The Attorney General Abused His Discretion In Imposing Conditions On That Sale;
6 And (IV) Granting Related Relief” [Doc. 3574] submitted by Verity Health System of California,
7 Inc. and related and affiliated Debtors.

8 **I.**

9 **INTRODUCTION**

10 An enormous amount of time and expense has been incurred in the efforts of the
11 Debtors, SGM, and other parties in interest, to reach an agreement for SGM’s purchase of 4
12 hospitals for a price of over \$600 Million, which will pave the way for confirmation of the
13 Debtors’ Plan of Reorganization, and the continued operation of the hospitals, employment of
14 thousands of people, and support of the communities they serve. Fundamental to that process has
15 been the need to resolve the issue of whether and to what extent SGM would be obligated to
16 perform or abide by conditions which the California Attorney General (“AG”) might attempt to
17 impose as part of his approval process. In recognition of the history in other cases of the AG’s
18 imposition of conditions that have had the effect of causing transaction to fail and hospitals to
19 close, SGM bargained for protection such that it would not have to close this transaction if the
20 conditions imposed by the AG were materially different (“Additional Conditions”) from that
21 which SGM had agreed to accept. The provisions of the APA addressing this subject matter are
22 contained in section 8.6.

23 The AG issued his Decision on September 25, 2019, in which the AG imposed Additional
24 Conditions for his approval of the sale to SGM. The Debtors, with SGM’s support, filed its
25 “Emergency Motion For The Entry Of An Order: (I) Enforcing The Order Authorizing The Sale
26 To Strategic Global Management, Inc.; (II) Finding That The Sale Is Free And Clear Of
27 Conditions Materially Different Than Those Approved By The Court; (III) Finding That The
28 Attorney General Abused His Discretion In Imposing Conditions On That Sale; And (IV)

1 Granting Related Relief” [Doc. 3188] requesting a determination, among other things, that the
2 sale to SGM was free and clear of such Additional Conditions. Following the conclusion of the
3 hearing on the Emergency Motion, this court filed its Memorandum Decision on October 23,
4 2019 [Doc. 3446] in which it granted the Emergency Motion and, recognizing the importance (if
5 not ground breaking nature) of its ruling, the Court certified its ruling for a direct appeal to the
6 U.S. Court of Appeals for the Ninth Circuit.

7 The AG has agreed to waive its right to appeal in exchange for the Court’s vacation of its
8 Memorandum Decision and entry of a form of order to which it consents. That proposed order
9 [Doc. 3574] attached as Exhibit A hereto (herein, the “AG Order”), is not acceptable to
10 SGM. While SGM remains fully committed to the transaction, fundamental to SGM’s rights as a
11 purchaser is the protection to which it is entitled under APA section 8.6 in the form of a clearly
12 and unambiguously written order which forecloses, to the extent possible, any disputes or
13 controversies as to SGM’s protection from such Additional Conditions, its right not to comply
14 with, perform or adhere to any of the Additional Conditions, and SGM’s ability to come to this
15 court if there are future disputes or controversies over the interpretation or enforcement of such
16 order. Rather than accomplish that end, the AG Order is muddled, obtuse, grammatically
17 ambiguous, and, if entered, will not provide SGM the clear and unequivocal protection to which it
18 is entitled and which SGM believes the court intended it to have. Fortunately, these deficiencies
19 can be corrected, with no prejudice to the AG or to the Debtors.

20 Under the unique circumstances of this case including: (1) the removal from the record of
21 the Court’s Memorandum Decision, which thoroughly and comprehensively set forth the bases
22 for the Court’s ruling in granting the Motion, and (2) the profoundly important consequence of
23 the Court’s order on SGM’s future relationship with the AG for many years, in a transaction in
24 which SGM will be paying over \$600 Million, SGM is entitled to have a clearly-written,
25 unequivocal and unambiguous order that addresses the following subject matters which were not
26 fully and clearly provided for in the AG Order: (1) a definition of “Additional Conditions,” (2) a
27 clear statement as to what the “free and clear” terminology means as to the “Additional
28 Conditions,” and (3) a clear and unambiguous statement regarding this Court’s jurisdiction to

1 resolve disputes or controversies over the Order.

2 All of SGM's concerns over the AG Order can be fixed very simply and effectively by the
3 alternative order forth on Exhibit B hereto (the "SGM Order"). The use of the SGM Order, in
4 lieu of the AG Order, while providing necessary protection to SGM, will have no prejudicial
5 impact whatsoever on the AG or the Debtors. While SGM recognizes that one of the AG's goals,
6 in waiving its appeal and having the Court vacate its Memorandum Decision, is to limit, as much
7 as possible, a public record regarding this Court's significant decision concerning the
8 unenforceability of the Additional Conditions, the AG's goal of limiting the "collateral damage"
9 from this Court's ruling must give way to SGM's entitlement to a clearly stated, unambiguous
10 order which will avoid, or limit to the maximum extent, confusion and controversy over exactly
11 what this Court has decided.

12 Unfortunately, the AG's effort to avoid the precedential effect of this Court's ruling has
13 created an unnecessarily ambiguous order which may actually result in litigation between the AG
14 and SGM. The AG's verbatim extraction of specific language from § 8.6, while superficially
15 appealing, is grammatically unartful. Whether by design to obscure the outcome of the Court's
16 ruling or simply poor draftsmanship, the end result is an order that does not do justice to, or fairly
17 reflects, this Court's ruling and leaves SGM open to litigation.

18 II.

19 THE CHANGES NECESSARY TO PROTECT THE INTEREST OF SGM, 20 CAN BE MADE WITHOUT ANY PREJUDICE TO THE AG

21 SGM's proposed alternative order, at Paragraph 2, which is the paragraph that addresses
22 the "free and clear" provision of the order, states as follows:

23 The Debtors' transfer to SGM of the Debtors' assets (the
24 "SGM Sale") pursuant to that certain Asset Purchase
25 Agreement [Docket No. 2305-1] (the "SGM APA") is free
26 and clear of, and shall not be subject to or conditioned upon
27 SGM's performance of, compliance with, or adherence to,
28 any and all Additional Conditions (as defined in the SGM
APA and in the Motion), pursuant to Bankruptcy Code §
363(b), (f1), and (f5) and otherwise is provided in the Sale
Order."

1 The foregoing language is entirely consistent with the Debtor's Motion, this Court's
2 Memorandum Decision and, most importantly, expressly states what "free and clear" means, i.e.
3 that SGM is not required to perform, comply with or adhere to the Additional Conditions.
4 Because the concept of a "free and clear" sale as applied to regulatory conditions is, to say the
5 least, unusual, SGM believes that it is critical that the Order contain language, which clarifies that
6 a sale free and clear of conditions means that SGM will not have to comply with them.
7 Otherwise, there could be some doubt, and later a dispute, about exactly what the term "free and
8 clear" means as applied to regulatory conditions. The whole purpose of the SGM's negotiation of
9 its rights under § 8.6, and of the Debtor's Emergency Motion to satisfy its obligation under § 8.6,
10 was to establish that SGM would not have to comply with the AG Conditions. There is no
11 legitimate reason why the AG should refuse to have such language included in the Order – unless
12 the AG desires to leave the Order ambiguous enough either to be able to "spin it" or to create a
13 basis for controversy.

14 The problem with the AG's language, especially in comparison to that proposed by SGM,
15 are several fold. First, the prefatory words "Solely and exclusively for the purposes of the APA"
16 are unnecessary, not requested by the Debtor or SGM in the Motion, and are ambiguous. The
17 transfer of the Debtor's assets free and clear of the Additional Conditions needs to be clearly and
18 unambiguously stated. What does "Solely and exclusively for purpose of the APA" mean? If the
19 AG wants language to the effect that this Order does not apply to some other transaction over
20 which the AG has approval authority, then the Order can provide such language.

21 The AG Order contains the additional verbiage addressing the critical issue of the sale
22 being free and clear of the Additional Conditions in an awkward and imprecise manner:

23 Solely and exclusively for purposes of the APA . . . the
24 Additional Conditions . . . are an "interest in property" for
25 purposes of 11 U.S.C. § 363(f) and the assets (as defined in
the APA) *can be* sold free and clear of the Additional
Conditions . . . (Emphasis added.)

26
27 The use of the words "can be sold" does not expressively state that they "are being
28 transferred" free and clear. While the AG has adopted verbiage from § 8.6 of the APA, word for

1 word, those words do not translate clearly into a court order. There is no particular reason why
2 the Order should use the phrase “can be sold” as opposed to “are being transferred” which is
3 consistent with the Sale Order and is exactly what this Court decided when it granted the
4 Emergency Motion.

5 Finally, this Court made no ruling as to the AG’s enforcement rights (and no such ruling
6 was requested) and this Court should retain exclusive jurisdiction to resolve any disputes or
7 controversies concerning its Order. The AG Order, after acknowledging the Bankruptcy Court’s
8 exclusive jurisdiction, goes on to say:

9 “Notwithstanding the preceding sentence, nothing contained in this Order shall
10 prohibit or limit the authority of the Attorney General to enforce, in the state courts and
11 pursuant to section 5926 of the California Corporations Code, the Purchaser Approved
12 Conditions set forth in Schedule 8.6 to the SGM APA.”

13 First, there is no basis, either in the Emergency Motion, the AG’s Opposition or the
14 Memorandum Decision, for this Court to be ruling on the AG’s enforcement right, one way or the
15 other, except with respect to the Additional Conditions. Second, the words “Notwithstanding the
16 preceding sentence” obviously are meant to supersede the prior sentence and, since the prior
17 sentence provided for the Bankruptcy Court’s “exclusive jurisdiction” over disputes pertaining to
18 the Order, the AG Order would effectively trump that provision which or, at least create a “forum
19 war” over future disputes. In light of the fact that a dispute could involve whether the AG is
20 improperly attempting to enforce an “Additional Condition”, there should be no question that any
21 such dispute should be heard in this Court, since it is this Court that has created the barrier against
22 such enforcement.

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1 Based on the foregoing, SGM respectfully requests that the Court enter the SGM Order.¹

2

3 Dated: November 11, 2019 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

4

5 By: /s/ Gary E. Klausner
6 Gary E. Klausner
7 Counsel for Strategic Global Management, Inc.

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¹ SGM reserves all of its rights under the APA including, without limitation, as provided for in section 8.6

EXHIBIT “A”

Case 2:18-bk-20151-ER Doc 3582 Filed 11/08/19 Entered 11/08/19 20:53:50 Desc
Main Document Page 9 of 20

<p>Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address</p> <p>Samuel R. Maizel (SBN 189301) samuel.maizel@dentons.com Tania M. Moyron (SBN 235736) tania.moyron@dentons.com DENTONS US LLP 601 South Figueroa Street, Suite 2500 Los Angeles, California 90017 Telephone: (213) 623-9300 Facsimile: (213) 623-9924</p> <p><input type="checkbox"/> Individual appearing without an attorney <input checked="" type="checkbox"/> Attorney for: Debtors and Debtors In Possession</p>	<p>FOR COURT USE ONLY</p>
<p align="center">UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION</p>	
<p>In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al., Debtors and Debtors In Possession.</p> <hr/> <p><input checked="" type="checkbox"/> Affects All Debtors</p> <p><input type="checkbox"/> Affects Verity Health System of California, Inc. <input type="checkbox"/> Affects O'Connor Hospital <input type="checkbox"/> Affects Saint Louise Regional Hospital <input type="checkbox"/> Affects St. Francis Medical Center <input type="checkbox"/> Affects St. Vincent Medical Center <input type="checkbox"/> Affects Seton Medical Center <input type="checkbox"/> Affects O'Connor Hospital Foundation <input type="checkbox"/> Affects Saint Louise Regional Hospital Foundation <input type="checkbox"/> Affects St. Francis Medical Center of Lynwood Foundation <input type="checkbox"/> Affects St. Vincent Foundation <input type="checkbox"/> Affects St. Vincent Dialysis Center, Inc. <input type="checkbox"/> Affects Seton Medical Center Foundation <input type="checkbox"/> Affects Verity Business Services <input type="checkbox"/> Affects Verity Medical Foundation <input type="checkbox"/> Affects Verity Holdings, LLC <input type="checkbox"/> Affects De Paul Ventures, LLC <input type="checkbox"/> Affects De Paul Ventures - San Jose Dialysis, LLC Liquidation Corporation, a California corporation,</p> <p align="right">Debtor(s)</p>	<p>CASE NO.: 2:18-bk-20151-ER; Jointly administered with: Case No. 2:18-bk-20162-ER Case No. 2:18-bk-20163-ER Case No. 2:18-bk-20164-ER Case No. 2:18-bk-20165-ER Case No. 2:18-bk-20167-ER Case No. 2:18-bk-20168-ER Case No. 2:18-bk-20169-ER Case No. 2:18-bk-20171-ER Case No. 2:18-bk-20172-ER Case No. 2:18-bk-20173-ER Case No. 2:18-bk-20175-ER Case No. 2:18-bk-20176-ER Case No. 2:18-bk-20178-ER Case No. 2:18-bk-20179-ER Case No. 2:18-bk-20180-ER Case No. 2:18-bk-20181-ER</p> <p>CHAPTER: 11</p> <p>NOTICE OF LODGMENT OF ORDER IN BANKRUPTCY CASE RE: (title of motion¹): <u>Enforcement Motion [Docket No. 3188]</u></p>

PLEASE TAKE NOTE that the order titled Order Granting "Debtors' Emergency Motion For The Entry Of An Order: (I) Enforcing The Order Authorizing The Sale To Strategic Global Management, Inc.; (II) Finding That The Sale Is Free And Clear Of Conditions Materially Different Than Those Approved By The Court; (III) Finding That The Attorney General Abused His Discretion In Imposing Conditions On That Sale; And (IV) Granting Related Relief" [Doc. 3188] was lodged on (date) 11/08/19 and is attached. This order relates to the motion which is docket number 3188.

¹ Please abbreviate if title cannot fit into text field.

Case 2:18-bk-20151-ER Doc 3582 Filed 11/08/19 Entered 11/08/19 20:53:50 Desc
Main Document Page 10 of 20

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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of Lynwood
Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
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Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
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AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Case 2:18-bk-20151-ER Doc 3582 Filed 11/08/19 Entered 11/08/19 20:33:50 Desc
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The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No. 3572] by and among the Debtors and the Attorney General, and good cause appearing,

HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED.
2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and withdrawn.
3. Solely and exclusively for purposes of the APA (as defined below) and the Motion, the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f), and the Assets (as defined in the APA) can be sold free and clear of the Additional Conditions without the imposition of any other conditions which would adversely affect the Purchaser (as defined in the APA).
4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or controversies regarding the interpretation or enforcement of this Order. Notwithstanding the preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the Attorney General to enforce, in the California state courts and pursuant to section 5926 of the California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the APA.

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¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

Case 2:18-bk-20151-ER Doc 3582 Filed 11/08/19 Entered 11/08/19 20:53:50 Desc
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5. The Attorney General waives any right to appeal this Order.

IT IS SO ORDERED.

###

DENTONS US LLP
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Case 2:18-bk-20151-ER Doc 3582 Filed 11/11/19 Entered 11/11/19 10:57:50 Desc
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EXHIBIT “B”

Case 2:18-bk-20151-ER Doc 3582 Filed 11/11/19 Entered 11/11/19 10:57:50 Desc
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Attorneys for Strategic Global Management, Inc.

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
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☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL
MANAGEMENT, INC.; (II) FINDING THAT THE
SALE IS FREE AND CLEAR OF CONDITIONS
MATERIALLY DIFFERENT THAN THOSE
APPROVED BY THE COURT; (III) FINDING
THAT THE ATTORNEY GENERAL ABUSED
HIS DISCRETION IN IMPOSING CONDITIONS
ON THAT SALE; AND (IV) GRANTING
RELATED RELIEF" (DOC.3188)**

Hearing:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

1 The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by
2 Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors
3 in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”),
4 the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the
5 statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its
6 affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No.
7 3572] by and among the Debtors and the Attorney General, and good cause appearing,

8 **HEREBY ORDERS AS FOLLOWS:**

- 9 1. The Motion is GRANTED.
- 10 2. The Debtors’ transfer to SGM of the Debtors’ assets (the “SGM Sale”) pursuant to
11 that certain asset purchase agreement [Docket No. 2305-1] (the “SGM APA”) is free and clear of,
12 and shall not be subject to or conditioned upon SGM’s performance of, compliance with, or
13 adherence to, any and all Additional Conditions (as defined in the SGM APA and in the Motion),
14 pursuant to Bankruptcy Code §§ 363(b), (f)(1), (f)(4), and (f)(5) and otherwise as provided in the
15 Sale Order.
- 16 3. This Court shall retain exclusive jurisdiction to adjudicate any disputes or
17 controversies regarding the interpretation or enforcement of this Order.
- 18 4. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and
19 withdrawn.
- 20 5. The Attorney General waives any right to appeal this Order.

21
22 **IT IS SO ORDERED.**

23 ###
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27

28 ¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled **OBJECTION TO ORDER GRANTING "DEBTOR'S EMERGENCY MOTION FOR THE ENTRY OF AN ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE SALE TO STRATEGIC GLOBAL MANAGEMENT, INC.; (II) FINDING THAT THE SALE IS FREE AND CLEAR OF CONDITION MATERIALLY DIFFERENT THAN THOSE APPROVED BY THE COURT; (III) FINDING THAT THE ATTORNEY GENERAL ABUSED HIS DISCRETION IN IMPOSING CONDITIONS ON THAT SALE; AND (IV) GRANTING RELATED RELIEF" (DOC. 3188)** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **November 11, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

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2. SERVED BY UNITED STATES MAIL: On **November 11, 2019**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **November 11, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served via Attorney Service

The Honorable Ernest M. Robles
United States Bankruptcy Court
Edward R. Roybal Federal Building
255 E. Temple Street, Suite 1560
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

November 11, 2019

Stephanie Reichert

/s/ Stephanie Reichert

Date

Type Name

Signature

Attachment 11
November 13, 2019 Hearing Transcript

Debtors' App. pp. 1073 - 1138

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES

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In Re:)	Case No. 2:18-bk-20151-ER
)	
VERITY HEALTH SYSTEM)	Chapter 11
OF CALIFORNIA, INC.,)	
)	Los Angeles, California
Debtor,)	November 13, 2019
)	Wednesday, 10:00 A.M.

-----)

HEARING RE: [3582]
STIPULATION BY VERITY
HEALTH SYSTEM OF
CALIFORNIA, INC. AND THE
CALIFORNIA ATTORNEY
GENERAL RESOLVING
"DEBTORS' EMERGENCY MOTION
FOR THE ENTRY OF AN ORDER:
(1) ENFORCING THE ORDER
AUTHORIZING THE SALE TO
STRATEGIC GLOBAL
MANAGEMENT, INC.; (II)
FINDING THAT THE SALE IS
FREE AND CLEAR OF
CONDITIONS MATERIALLY
DIFFERENT THAN THOSE
APPROVED BY THE COURT;
(III) FINDING THAT THE
ATTORNEY GENERAL ABUSED
HIS DISCRETION IN IMPOSING
CONDITIONS ON THAT SALE;
AND (IV) GRANTING RELATED
RELIEF

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE ERNEST ROBLES
UNITED STATES BANKRUPTCY JUDGE

Proceedings produced by electronic sound recording;
transcript produced by transcription service.

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1 LOS ANGELES, CALIFORNIA, WEDNESDAY, NOVEMBER 13, 2019

2 10:31 A.M.

3 --oOo--

4 THE COURT: All right. At this point let's call
5 item #25.00. That's the Verity Health Systems matter,
6 please.

7 MR. MAIZEL: Good morning, Your Honor. Sam
8 Maizel, Dentons US, LLP, on behalf of the debtors. With me
9 today in court is my partner Tania Moyron and other
10 attorneys, Sonia Martin and Nick Koffroth from Dentons.

11 THE COURT: Good morning.

12 MR. ELDAN: Good morning, Your Honor. David
13 Eldan, E-L-D-A-N, from the Attorney Generals Office. With
14 me is my colleague James Toma, T-O-M-A.

15 THE COURT: Thank you.

16 MR. SHINDERMAN: Good morning, Your Honor. Mark
17 Shinderman of Milbank on behalf of the Committee. Is it
18 okay if I sit in the well?

19 THE COURT: Very good, sir.

20 MR. SHINDERMAN: Thank you, Your Honor.

21 MR. KLAUSNER: Good morning, Your Honor. Gary
22 Klausner, Levene Neale Bender Yoo & Brill. Along with me
23 today is my partner, Phil Gasteier. We represent Strategic
24 Global Management, purchaser. Along with me in court,
25 you've met before, Mr. William Thomas, who is the vice

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1 president and chief executive officer of KPC Global. Next
2 to him is Attorney Phillip Mort, who is general counsel to
3 KPC Real Estate Development.

4 THE COURT: Very well. Thank you very much. Do
5 we have any appearances by telephone this morning?

6 THE CLERK: (Inaudible)

7 THE COURT: All right. May I have your
8 appearances, please?

9 MS. RICH: Good morning, Your Honor. This Emily
10 Rich --

11 THE COURT: I'm sorry, may we have that again.
12 We briefly disconnected.

13 MS. RICH: Yes, Your Honor. Emily Rich of
14 Weinberg Roger & Rosenfeld on behalf of SEIU UHW.

15 THE COURT: Thank you very much.

16 Any other appearances by telephone this morning?

17 (No response.)

18 All right. Well, I do appreciate the efforts to
19 try and resolve --

20 MR. PRESTEGARD: Your Honor, excuse me. I'm
21 sorry. Kirk Prestegard from Bush Gottlieb on behalf of
22 United Nurses Association of California.

23 THE COURT: Very well. Thank you. As I've
24 indicated, I appreciate the efforts of counsel to try and
25 wrap this aspect of the case up.

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1 As indicated by the Court's tentative we had some
2 questions and perhaps this is the time to get some
3 clarification. So Mr. Klausner, looking to you first
4 because I thought that you were the party that --
5 representative party that had some difficulty with the
6 language that was proposed and agreed to by the debtor and
7 the Attorney General's office, and the Court had indicated
8 some questions with respect to those comments. So I
9 imagine you're prepared to address those at this point.

10 MR. KLAUSNER: Yeah -- yes, Your Honor. I
11 appreciate that and by way of introduction starting with
12 our negotiation of this transaction back in December,
13 almost a year ago, the -- we'll call the AG issue was
14 looming large. My client had been through the Gardens sale
15 which, as you know, unfortunately didn't close as a result
16 of the AG's imposition of these burdensome conditions. My
17 client was actually involved in the Victor Valley Community
18 Hospital sale in which the Attorney General refused to
19 prove a sale to the -- the original stalking horse buyer,
20 Prime Health Care, and our client came in to kind of rescue
21 that transaction.

22 So our client -- we were all -- Mr. Maizel and I
23 have been sort of to this rodeo before and we all knew that
24 the potential imposition by the AG of conditions which
25 would not be acceptable to our client could be a deal

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1 breaker. This is also a 600 million-dollar transaction, so
2 the stakes are very high. And we negotiated long and hard
3 to try to figure out a way to accommodate the interests of
4 both parties. My client could be protected so that if we
5 went forward and closed the deal that we would not be
6 subject to conditions that had -- that were unacceptable to
7 us. And the debtor, of course, that wanted to go forward
8 with the transaction that it had some confidence could be
9 closed if the Attorney General issues could be resolved.
10 And of course, we have other financial stakeholders in the
11 case who are equally interested in seeing a deal close.

12 So all of our negotiations really culminated in
13 Section 8.6 of the APA with which I know the Court is
14 familiar. And I want to remind the Court that there was a
15 version of 8.6 that actually found its way into the file
16 when the Court was considering approving our client as a
17 stalking horse purchaser. And there was a tentative
18 decision which the Court made in connection with that
19 hearing. There was also an issue about the breakup fee.
20 And in the tentative the Court expressed some concern about
21 what might be the ability of our client not to go forward
22 if the conditions that were imposed by the AG were
23 unacceptable.

24 So in the cafeteria that morning we had extensive
25 meetings and continued negotiations with Verity, with its

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1 attorneys, Committee and its attorneys, secured lenders,
2 not only their attorneys but Andrew Turnbull from Houlihan
3 who was acting as a kind of a go-between. And we did
4 eventually reach a compromise on the terms of 8.6. It's
5 actually reflected in what was filed with the Court because
6 there's a redline of 8.6 reflecting these changes. And
7 that satisfied the Court's concerns. At that hearing you
8 approved us as a stalking horse buyer.

9 And then we went on sort of the mission of trying
10 to see what would happen with the Attorney General. And I
11 don't have to tell you, but I think it is important just
12 again setting the stage, that we went through quite a
13 lengthy process. My client expended enormous sums of money
14 to comply with the obligations that were necessary to
15 present an appropriate application to the Attorney General
16 to obtain its approval. Thousands of pages of materials.
17 Working in concert with Verity towards the goal of getting
18 the Attorney General to approve us -- prove my client and
19 not to impose conditions which we were concerned would be
20 imposed because we were familiar with the 2015 conditions
21 which our client, quite clearly, couldn't live with.

22 We actually went to the hearing -- went to
23 several of the hearings that the Attorney General conducted
24 at each of the hospitals. We didn't go to all of them. We
25 went to two or three. We then had meetings with the

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1 Attorney General. Obviously I'm not here to disclose any
2 of the contents of the negotiations. The point is we made
3 a concerted effort to try to get the Attorney General to
4 approve this transaction on terms and conditions that we
5 can live with. And then in September I want to say 25 the
6 Attorney General issued its decision in which the Attorney
7 General in fact imposed conditions which we and the debtor
8 acknowledge were the additional conditions that then
9 triggered 8.6.

10 So the debtor promptly actually in lightning
11 speed got a motion filed with this court in which you agree
12 to hear on an expedited basis in which the debtor made a
13 very compelling case as to why these additional conditions
14 shouldn't apply, which means that why our client should not
15 be obligated to perform them and why these conditions
16 cannot be enforced against our client or against the assets
17 that are being transferred.

18 The debtor raised a number of arguments and
19 issues including the discriminatory nature of the AG's
20 decision under Section 523, the imposition of successor
21 liability which is not allowed, the fact that the Attorney
22 General had abused its discretion in applying its own rules
23 and standards for the consideration of the approval of this
24 transaction, and not the least of which was the theory
25 that -- or the argument, I should say that these additional

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1 conditions could be treated as interest for purposes of the
2 Bankruptcy Code and the sale could therefore be free and
3 clear of the -- those interests.

4 So -- and after lengthy argument, briefing, this
5 Court rendered an extremely comprehensive thorough analysis
6 of all of these issues and concluded that for all of these
7 reasons I think the Court accepted every argument that the
8 debtor had made, that this sale should be free and clear of
9 these additional conditions. The Court found that to
10 impose these conditions would be success -- would
11 constitute successor liability, that it would be unfair
12 discrimination.

13 THE COURT: I know. I wrote it, so --

14 MR. KLAUSNER: So what emerged after that was our
15 expectation that there would be an appeal to the Ninth
16 Circuit and this Court obviously viewed this decision as
17 significant enough to have certified it for a Ninth Circuit
18 appeal. And indeed as late as October 28th, barely two
19 weeks ago, I was exchanging orders with Verity on the terms
20 of an order that would implement your ruling and it -- and
21 it was I think the next day, the 29th and, I might be off
22 by maybe it was late in the afternoon, the 20th. It really
23 doesn't matter but we were told by Verity that the Attorney
24 General had proposed to waive its right to appeal if --
25 there are really two conditions that I understood. One was

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1 that the Court would have to withdraw this entire
2 memorandum of decision and then secondly, that the AG
3 wanted something that referred to a simple order granting
4 the motion.

5 Well, from that point on I would say over the
6 next ten days we were in the process of trying to craft an
7 order that satisfied what I assume was the AG's goal of
8 limiting the collateral damage from your ruling to this
9 case and then, secondly, satisfying the debtor's needs that
10 we could resolve the 8-6 issue. But at the same time my
11 client's entitlement to an effective clearly written
12 unambiguous statement that neither our client nor its
13 assets would be subject to the enforcement of any of these
14 additional conditions, that the sale would be free and
15 clear of the conditions, that our client would not have to
16 comply with them, that our client would not have to adhere
17 to them, that they would not be enforceable against our
18 client or the assets. Indeed, that it's foreseeable or at
19 least conceivable that our client could enter into a
20 transaction and sell these assets to another buyer. We did
21 not want a situation where this order could be read as
22 somehow limiting its protection only to this transaction
23 but with the AG somehow reserving its ability to impose
24 these conditions on these assets in the hands of another
25 party.

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1 So we tried very hard to accommodate what I would
2 say were the three goals of each of the parties. Debtor
3 wants to get a sale closed. AG wants some limitation of
4 the effect of this order or this order might have on other
5 transactions. Our client having committed to spend 600
6 million dollars, not all of its money, our client has
7 investors. Our client has a lender. All of these
8 constituencies on our side need to be satisfied that this
9 order is going to protect our client and we're going to get
10 the benefits of everything that Verity worked for and you
11 worked for in coming out with a decision which was a
12 comprehensive resolution of that issue.

13 So what happened was obviously there was a point
14 that we got to at the end of last week where the debtor
15 made a value judgment that going forward with a deal with
16 the AG and eliminating the prospect of the AG's appeal and
17 the delay that that might cause, the risk of an adverse
18 ruling was worth it to the debtor to make certain
19 stipulations and agreements with the AG. Those weren't
20 acceptable to us.

21 The stipulation itself that the debtor was
22 entering into which expressly provides that "The Attorney
23 General does not agree or concede that the additional
24 conditions are an interest in property for purposes of 11
25 U.S.C. Section 363(f), but acknowledges that the Court so

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1 held in its memorandum decision (which is to be vacated and
2 withdrawn pursuant to the order)." And goes to say, "And
3 solely and exclusively for purposes of the APA."

4 So the stipulation in and of itself is what I
5 call sort of the trifecta of badness. One is a stipulation
6 which the AG is going on record saying, we don't agree with
7 what the Court did and we're going to -- we're going to go
8 along with this but we want to clear -- we don't agree, we
9 don't concede; the memorandum of decision is going to
10 evaporate and our agreement is only for purposes of this
11 APA, whatever that means. And I know that was one of our
12 objections, one of your questions.

13 The order itself in our view as we expressed in
14 our statement has serious defects, deficiencies,
15 ambiguities none of which couldn't be solved with clearer
16 language which would have -- absolutely do no injustice to
17 the Attorney General or to Verity, that the changes that we
18 propose only make clear that this order isn't going to be
19 enforced against our client or its assets and that our
20 client is not -- does not have to comply or adhere to these
21 conditions, which is exactly what we bargained for in
22 Section 8.6.

23 And again, this order is not something that only
24 I need to be satisfied with. Our client, his advisors,
25 investors and the lender, all of whom need to feel

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1 comfortable before they put 100 million dollars across the
2 table, they're protected. And by the -- and I understand
3 that there are people in this courtroom who would like to
4 say that this order is fine and we should be okay with it.
5 It says that the motion is granted. None of those people,
6 Your Honor, has the responsibility of protecting my client.
7 The only source of protection that my client will have is
8 this order and we compromised on the terms of what we
9 proposed to the Court. This wasn't our first choice what
10 we submitted. It wasn't even our second choice, but there
11 is a point where our client is going to have to go to
12 its -- it's going to have to get advice from all of its
13 advisors and lawyers, professionals and lender, and sit
14 down and look at this order in the absence of your -- in
15 the absence of findings and you've raised that issue, which
16 I think is an important one. In the absence of your
17 memorandum of decision and in the face of the stipulation
18 which the AG has entered into with the debtor, they're
19 going to have to decide is this the protection that they
20 need to close the 600 million-dollar sale. You could call
21 this a 600 million-dollar order.

22 THE COURT: All right.

23 MR. KLAUSNER: So in answering your quest --
24 do -- if you want, I'm happy to now go specifically into
25 some of your questions, but I really thought that that

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1 background was important to put on this record and to --
2 not that this Court doesn't spend time reading everything
3 carefully, but I wanted to put this in the perspective of
4 where we are today given nearly ten months of dealing with
5 the AG issue and being confronted now with the end point
6 which is entirely unacceptable to us.

7 THE COURT: That's what I want to explore because
8 at the conclusion hopefully of this hearing we will be in a
9 position to determine at least one aspect of this case.
10 And the problem I have with the exposition that you've
11 given the Court -- and I appreciate wanting to make the
12 record clear -- is believe me, when the Court issues a
13 tentative ruling we know exactly where the holes lie with
14 respect to each one of those tentative rulings. And when
15 we make the tentative ruling and order that's the
16 Court's -- that's the view of the given facts and law. But
17 that's not without some possibility that a reviewing court
18 may take another view of the state of the facts and the
19 law, that another court may issue an appropriate stay, even
20 though this Court did not. In other words, although the
21 Court issued its findings and conclusions, that is hardly
22 the resolution of the issues and I think all the parties
23 understand that. So even though it would behoove your
24 client to want to carve that order into stone, I would be
25 the last person to advocate that.

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1 The exposition that you've given the Court also I
2 think lends some strength to the language that was
3 submitted by the debtor and the Attorney General's Office
4 because one of the issues was that the additional
5 conditions were unacceptable to your client. And the sale
6 here is being made free and clear of those additional
7 conditions. I don't know where that ambiguity is.

8 There is some issue with respect to the Attorney
9 General saying, we don't agree with the Court's
10 conclusions. In every stipulation that I see somebody is
11 saying, we don't agree with the court but we're going to go
12 ahead and stipulation. We're going to hold our nose and
13 agree. That's a garden variety language. As far as the
14 Court is concerned, I see no ambiguity in that whatsoever.

15 So I really am struggling to see where your
16 client is coming from as far as where the language is --
17 acts to its detriment. I just don't see that.

18 MR. KLAUSNER: Okay. Well, what you just said
19 interestingly -- I mean, you used the phrase "the sale is
20 made free and clear of Attorney General conditions."
21 That's not what the order says. That's not what the
22 AG/Verity order says.

23 THE COURT: It says without the imposition of any
24 other conditions.

25 MR. KLAUSNER: No, no, the -- I didn't mean to

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1 cut you off. I'm sorry. What it says is that -- first of
2 all, solely and exclusively for purposes of the APA and
3 I'll address that.

4 THE COURT: All right.

5 MR. KLAUSNER: And it says that the sale can be
6 free and clear. You used the phrase because we all would
7 normally say the sale is free and clear, the transfer is
8 free and clear. The assets are being required free and
9 clear. It's not what this order says. The solely and
10 exclusively is troublesome.

11 First of all, I don't understand what it means,
12 so I'm generally not comfortable with words in an agreement
13 or an order that I don't understand. And I've been
14 practicing long enough to know that if I don't understand
15 something there's a reason for it. It's because other
16 people are smarter than me. It's because the language
17 isn't clear.

18 But the way I interpret this, free and -- solely
19 and exclusively for the APA, does that mean that if our
20 client were to transfer the assets to a buyer that the
21 Attorney General gets to sort of wake up and say, well,
22 okay. We -- we said it was okay for SGM to acquire these
23 assets free and clear and we said it was solely for your
24 APA. We didn't say that these assets are free and clear of
25 our additional conditions. We didn't say that these assets

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1 in the hands of another party couldn't be subjected to
2 these conditions, so why is that there? I mean, what does
3 that mean? We need to be clear that neither my client,
4 SGM, or these assets that are being acquired for 600
5 million dollars are protected from enforcement or
6 compliance with these additional conditions.

7 Now, let's just assume for the sake of argument
8 that that language was in the order. Why would that be
9 prejudicial to anyone? Why is it -- because you really
10 have to ask yourself the question, why is it that the AG is
11 insisting and I understand from counsel's stipulation and
12 the supporting declaration that the AG has said, "Take it
13 or leave it. You know, we appeal. You don't enter our
14 language, we're done." I'm not sure why they have the
15 right to hold this deal hostage. But you have to ask
16 yourself the question, why are they demanding that
17 language.

18 What would be unacceptable to simply say as we do
19 in every order, the assets are transferred free and clear?
20 These claims or interests or encumbrances, whatever it's
21 dealing with can't be enforced against the buyer. They
22 can't be enforced against the assets.

23 So I don't think the preamble of solely and
24 exclusively for purposes of this APA is without meaning.
25 If it is without meaning, let's get rid of it. But the

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1 meaning that it could have is that these assets are not
2 protected outside the purview of this APA, whatever that
3 means. That makes no sense to me. And the phrase "can be
4 sold free and clear," well, "can be" means could be, might
5 be. It's possible. It can be allowed. You know, the law
6 allows assets to be sold free and clear. Yeah, these
7 assets can be sold free and clear, but why doesn't -- the
8 assets are being sold free and clear. They are being
9 transferred.

10 You know, the AG has a lot of very smart lawyers
11 including Mr. Eldan, who I've known for a long time. They
12 obviously spend a lot of time crafting this language. I
13 don't know what's in their head. All I know is, I'm taking
14 a piece of paper which has two paragraphs that are supposed
15 to protect my client for a 600 million-dollar deal and it
16 doesn't work and it doesn't work to my satisfaction. As a
17 bankruptcy lawyer who has been doing this for decades it's
18 not going to work for lenders or they're -- nobody --
19 nobody is going to be comfortable with this language.

20 THE COURT: Well, is that the standard -- is the
21 standard that the Court is to interpret these provisions
22 heed to what is best for your client, because I take my
23 role -- the Court's role a little more broadly than that.
24 We have a number of different constituencies present in
25 this courtroom and at some point here in the courtroom and

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1 those are a number of different competing interests that
2 the Court has to take into account when approving any of
3 the orders.

4 MR. KLAUSNER: Well, first of all, none of these
5 constituencies are going to protect my client three years
6 from now when the AG says, oh, we think we should be able
7 to enforce something. So I mean, I appreciate the goal of
8 getting assets into hands of creditors or getting assets in
9 the hands of buyers so monies can go to creditors. They're
10 not going to be here when we need them.

11 But more importantly, Your Honor, no, the
12 standard isn't some arbitrary and capricious judgment call
13 that I might make as counsel. We actually have a standard
14 in 8.6.

15 So the way this process works, this was again
16 very carefully crafted and intensely negotiated. Once that
17 order is entered, whichever order you enter or your own
18 order, some combination, once your order is entered under
19 the terms of Section 8.6, there is a evaluation period of
20 21 days during which our client with its advisors and with
21 its financial sources, our client gets to evaluate that
22 order. So that period of time obviously hasn't started yet
23 because we don't have an order entered by this court.

24 But the standard that governs our client's
25 evaluation is its reason -- the exercise of reasonable

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1 business judgment. So there's -- it's not an arbitrary
2 standard. It's not an absolute discretion, reasonable
3 exercise of its business judgment. That's what has to
4 happen. And at the end of that 21-day period we will
5 advise Verity if the form of order that's been entered
6 meets the standard -- is acceptable to us given that
7 standard, meaning that we can't just say no. It has to be
8 the reasonable exercise of our business judgment.

9 Section 8.6 goes on to set forth a process to be
10 followed in the event that the response we give to the
11 debtor is no, we're not satisfied. Doesn't meet in our
12 exercise of our reasonable business judgment, it's not
13 enough.

14 At that point the parties have agreed that the
15 issue of whether we've exercise our business judgment
16 reasonably will be an issue for the Court to decide in the
17 context of an advisory proceeding. That's the process set
18 forth in 8.6. That's what was negotiated among these
19 parties and that's what the Court approved.

20 So today isn't the day to address the question of
21 whether Section 8.6 has been satisfied and, indeed, I found
22 it particularly offensive in the debtor's statement that
23 accompanied this stipulation -- I have it here. This was
24 filed on -- this was filed --

25 UNIDENTIFIED VOICE: (Indiscernible)

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1 MR. KLAUSNER: So this was filed Friday being
2 this was the debtor's notice regarding proposed order.
3 This is document number 3573 and it -- the debtor has said
4 that in (iii) -- well, hang on, Your Honor. I have to find
5 the exact verbiage. I don't want to make you wait. But
6 what the debtor said in this -- in its statement, it may
7 have been when the file -- with the file that was filed
8 yesterday or Monday. The statement was, "We will ask the
9 Court for a determination that 8.6 has been satisfied."
10 That's completely improper and the debtor knows it.

11 The purpose of this hearing is to get an order
12 regarding the debtor's motion -- the debtor's enforcement
13 motion to determine that the additional conditions -- that
14 the sale can be -- that the assets can be transferred free
15 and clear of the additional conditions and that the
16 additional conditions aren't enforceable. That was the
17 purpose of the motion.

18 Whether this Court's order ultimately satisfies
19 Section 8.6 is not for today. That's a comp -- and that
20 wasn't a relief requested in the motion. That wasn't
21 litigated. It wasn't raised nor would it have been
22 appropriate since the only discussion of that issue can
23 take place. The only discussion that will take place will
24 take place after your ruling.

25 So the discussion whether 8.6 is satisfied or not

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1 isn't for today. It's for another day. Today is to
2 determine whether this order should be entered in the form
3 that the AG and the debtor have agreed among themselves or
4 whether something else should be entered.

5 Let me just make one other point, if I can. And
6 I'm happy to answer all your points, but you raised an
7 issue of jurisdiction that I want to address because you
8 raised -- you asked a question whether you will have
9 jurisdiction. You cited the *Ray* case, which is a Ninth
10 Circuit case decided in 2010. Since the *Ray* case there
11 have been other Ninth Circuit decisions dealing with the
12 continuing jurisdiction of the Bankruptcy Court over sales
13 and over plans. One of those cases was my case. It was
14 actually the *Valley Health* case, *Valley Health System* case
15 in which Judge Carroll had entered a ruling dismissing a
16 lawsuit that had been filed against Valley Health System,
17 the debtor post-confirmation.

18 The Bankruptcy Appellate Panel overturned Judge
19 Carroll's ruling and said he didn't have jurisdiction over
20 that. It's post-confirmation. Jurisdiction is more
21 limited. This doesn't really fit the criteria. We took
22 that case up to the Ninth Circuit.

23 At the same time we were going to the Ninth
24 Circuit there was another case called *Wilshire Courtyard*
25 that was also going to the Ninth Circuit on a similar

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1 issue. That case involved a contract dispute that arose
2 post-closing of a transaction between buyer and seller.
3 The court was asked to get involved because the court had
4 to enforce an interpretative sale agreement.

5 So in both *Valley Health System* -- and I have a
6 cite for both cases for that. I think it's important since
7 you raised *Ray* and *Ray* is just not a standard today. It's
8 not the Ninth Circuit standard.

9 So the *Wilshire Courtyard* case is at 729 F.3d
10 1297, which is obviously subsequent to *Ray*. They dealt
11 with *Ray* in that case and the Ninth Circuit made a much
12 more broad statement about its jurisdiction. As long as
13 there is -- I think they use the term "close nexus" between
14 the Court's order and the issue that's being raised in the
15 dispute, the Bankruptcy Court has jurisdiction.

16 IN this case what we're -- and the same thing
17 happened in *Valley Health*, we were successful in having the
18 BAP reversed and the Ninth Circuit similar to its decision
19 *Wilshire Courtyard* articulated a much more -- a broad --
20 much broader statement of jurisdiction than had been in
21 *Ray*.

22 So I don't have any doubt based on the work that
23 I did in those cases that the Ninth Circuit standard is
24 sufficiently broad enough for you to have jurisdiction over
25 this matter should a dispute arise between the AG and our

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1 client. But what's also troubling about the AG's language
2 is that after the sentence in their own order that says
3 that the Bankruptcy Court will have exclusive jurisdiction,
4 their verbiage goes on to say, well, notwithstanding the
5 foregoing, we can go into state court to resolve these
6 issues under the California Corporations Code.

7 Well, Your Honor, the language notwithstanding
8 the foregoing effectively eviscerates the prior language
9 that the jurisdiction is exclusive.

10 THE COURT: Oh, but if you go further down it
11 talks about the dispute in that context being with --
12 dealing with the approved conditions.

13 MR. KLAUSNER: Well, that is simply a mirror --
14 that simply is sort of the analog to what are the
15 additional conditions. In other words -- well --

16 THE COURT: Well, as I've indicated in my
17 tentative I think that there's a difference between saying,
18 the additional conditions are within the context of this
19 court for a decision, but with respect to the approved
20 conditions they are not because I don't see that nexus.
21 Okay. And I don't see the connection that the --

22 MR. KLAUSNER: Well, what if there's a dispute
23 about whether the AG is actually attempting to enforce a
24 conditional condition? What if that -- what if they go
25 into state court and they say, you guys did not comply with

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1 the cancer care requirement of the approved condition. And
2 we say, hold it a second; that cancer care requirement was
3 actually one of the additional conditions that we took free
4 and clear. Who resolves that issue?

5 Now, the idea that the -- only the state court
6 should review that we're not comfortable with. What we
7 believe that the efforts that were made in this Court to
8 protect our client should allow our client to come to this
9 Court if there's going to be an argument over whether the
10 AG is attempting to enforce something that you said it
11 can't. So I -- (a) you have the jurisdiction. I mean,
12 that's clear from *Valley Health* and *Wilshire Courtyard*; (b)
13 we think it's very important that to the extent that the
14 Attorney General wants to go into state court, and we're
15 not saying they can't, that that permission not start with
16 the words "notwithstanding the foregoing," which
17 eviscerates the protection that we would want. That's our
18 basis for it.

19 THE COURT: All right. I want to hear from the
20 other side at this point.

21 Mr. Maizel.

22 MR. KLAUSNER: Thank you.

23 MR. MAIZEL: Your Honor, I'm just going to make a
24 couple of remarks in response to Mr. Klausner and then
25 Ms. Moyron is going to deal with the question specifically

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1 posed to us by the Court.

2 The language solely and exclusively -- so think
3 of how this issue will actually come up. The issue raised
4 by Mr. Klausner is protecting his -- you know what, Your
5 Honor, let me start earlier than that. First of all, no
6 one is less happy about this dispute being in front of you
7 today than the debtor. We are caught between the
8 proverbial rock and the hard place. We would like to have
9 our buyer happy. We would love not to have an appeal and
10 get this issue finally resolved and we struggled mightily
11 for almost two weeks to reach that situation. And when we
12 could not, we -- and granted, we can't substitute our
13 judgment for SGM's counsel or SGM, but we would not have
14 agreed to an order that we did not believe satisfied both
15 our contractual obligations under the asset purchase
16 agreement and actually protected Mr. Klausner's client from
17 the parade of horrors that was described earlier.

18 So just to deal with a couple of those issues,
19 the issue with regard to the "solely and exclusively,"
20 the -- this issue can only come up in the following context
21 really and that is the context that Mr. Klausner posited,
22 which is they want to sell one of the hospitals
23 subsequently and the Attorney General comes in and says,
24 oh, the additional conditions which have been cut off
25 clearly by the language of the order somehow spring back

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1 into life and are now enforceable against the buyer, the
2 subsequent buyer.

3 Now, recall that this can only come up in the
4 context of no Attorney General review, right, because the
5 Attorney General has no authority and I don't believe they
6 dispute this, to review the sales of hospitals by for-
7 profit companies.

8 So the only context in which this could come up
9 would be the Attorney General's efforts to impose this on a
10 subsequent buyer through the context of successor liability
11 because otherwise they don't have any ability. There is no
12 statutory requirement that they -- that the SGM submit for
13 approval, nothing.

14 So in the context of it only can be asserted
15 through successor liability, the language in paragraph 3 of
16 the order we submitted is pretty clear. It says the
17 additional conditions, which is clearly defined as anything
18 above the purchaser-approved conditions in the asset
19 purchase agreement are an interesting property sold free
20 and clear of the additional conditions. So the language
21 clearly says it is sold free and clear of those additional
22 conditions without the imposition of any other conditions
23 which would adversely affects the purchaser.

24 So the issue that it is somehow not being sold
25 free and clear of these is simply a red herring, Your

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1 Honor. The Attorney Gen --

2 THE COURT: Although there is some ambiguity. It
3 can be sold free and clear. Just take care of that and
4 just wipe that out.

5 MR. MAIZEL: Your Honor, we spoke to the Attorney
6 General. He -- counsel -- I mean, we didn't speak to the
7 Attorney General. We spoke to counsel for the Attorney
8 General and I believe he's going to say that we can change
9 that language to "is being sold."

10 THE COURT: All right.

11 MR. ELDAN: Good morning, Your Honor. I'll just
12 clarify very briefly. With respect to points two and three
13 in your -- the questions listed in your tentative "solely
14 and exclusively and can be sold" versus "are being
15 transferred" the Attorney General would be willing. And
16 I'm looking here at paragraph 3 of the Attorney General's
17 orders starting "solely and exclusively" and ending with
18 the parenthetical as defined in the APA. And I'll wait for
19 the Court to get there if you would like.

20 THE COURT: I'm there now.

21 MR. MAIZEL: Okay. The Attorney General would be
22 willing to modify as follows. The sentence -- or pardon
23 me, the sentence would start with "solely and exclusively"
24 and would continue through the reference to 363(f) at which
25 point instead of a comma there would be a period. There

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1 would then be a new sentence that begins instead of with
2 "and the assets" it would simply say "the assets." And
3 after the parenthetical as defined in the APA rather than
4 the phrase "can be sold," yes, it could say, "are being
5 sold." And I think that resolves or should resolve
6 certainly the issue -- or any issue with topics two and
7 three raised in your tentative.

8 THE COURT: All right. Thank you.

9 MR. KLAUSNER: I'm sorry. What were you saying
10 about solely and exclusively? Was that --

11 MR. ELDAN: The solely and -- no, solely and --
12 the paragraph 3 of the AG order would be revised as
13 follows. It would start as it does now with "solely and
14 exclusively." It would continue through the reference to
15 Section 363(f). That would be followed by a period rather
16 than a colon -- ex -- excuse me. By a period rather than a
17 comma. And the remainder of the existing paragraph rather
18 than starting with "and the assets" would start simply with
19 "the assets." And then after the following parenthetical
20 rather than the words "can be sold" the words -- a new
21 phrase would be substituted in "are being sold."

22 So I don't know if that satisfies Mr. Klausner's
23 concerns in their entirety, but I think that it does
24 resolve to satisfaction of the Attorney General and the
25 debtor and the concerns raised by the Court. And I would

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1 hope it raise -- satisfies the Court's concerns about those
2 two points. Thank you.

3 THE COURT: Appreciate that. Thank you. All
4 right.

5 MR. MAIZEL: Your Honor, the other -- the other
6 issue is this issue of exclusive jurisdiction. So the
7 issue -- I don't think there is any dispute that the first
8 sentence clearly is the classic "the court retains
9 exclusive jurisdiction to adjudicate controversies
10 regarding the order," and that is consistent with precedent
11 going back to the founding of the federal court system
12 which says that courts have power to interpret their own
13 orders. This is totally consistent with that.

14 The idea that the second sentence that the
15 language notwithstanding the preceding sentence that that
16 somehow negates that first sentence it's just not
17 consistent with a reasonable reason of the second sentence,
18 which deals with, one, it is the flip side of the coin.
19 Right, Your Honor? It's what the Court suggested earlier.

20 So the first sentence deals with interpreting the
21 order. The second sentence clearly deals with a much
22 different situation. It solely deals with the situation
23 where the Attorney General is seeking to enforce the
24 purchaser-approved conditions which I didn't believe there
25 was any dispute that that's how this would work, that at

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1 the end of the day the purchaser agreed to certain
2 conditions that the AG could and has now effectively
3 imposed.

4 And those as traditionally would be enforced not
5 in this Court, but through the Attorney General's classic
6 powers. The "horrible" that Mr. Klausner posited is
7 supposed the Attorney General goes to state court but that
8 could happen no matter -- Your Honor, that could literally
9 happen no matter what is written in the order. Unless the
10 order had a sentence which purported to enjoin the Attorney
11 General from seeking any relief related to these assets in
12 perpetuity in state court, which by the way I'm not sure
13 that -- that such a sentence would be enforceable, but if
14 it did, that is literally the only sentence that would
15 satisfy Mr. Klausner because the idea that parties subject
16 to a Bankruptcy Court order might incorrectly seek relief
17 in state court, that happens regularly and bankruptcy
18 practitioners have no problem coming back to the Bankruptcy
19 Court and getting an order asserting the Bankruptcy Court's
20 jurisdiction which state courts traditionally respect.

21 So I just don't see how the clearly defined
22 limits of those two sentences really give rise to pause.
23 And I'll let Ms. Moyron address specifically the question
24 raised by the Court.

25 THE COURT: Well, before you leave and really

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1 it's not a question directed to you but it's just an
2 observation that this court always has jurisdiction to
3 determine its own jurisdiction. And if Mr. Klausner's
4 hypothetical there is some issue that his client contends
5 is -- falls within these additional conditions, there's
6 nothing that I could do to forestall his client from coming
7 into this court and saying -- making that argument. I can
8 neither accept it or reject it, but I can't prevent it from
9 coming through the door.

10 MR. MAIZEL: Correct, Your Honor. I don't know
11 what sentence we could craft that could stop the Attorney
12 General from seeking relief in state court inappropriately.
13 And the remedy is to do what bankruptcy lawyers
14 traditionally do, which is come to this court and get
15 relief. That's what happens when orders are misinterpreted
16 or ignored.

17 THE COURT: All right. Thank you.

18 MR. ELDAN: Your Honor, I just wanted to add very
19 briefly on that specific point. The Attorney General also
20 would point out its agreement with the Court's observation
21 in the tentative that the likelihood of the Attorney
22 General ever trying to go into state court and force an
23 additional condition would seem to be extraordinarily low
24 given the fact that the purchaser approved conditions, as
25 Your Honor pointed out, are so exhaustively defined. It's

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1 not a fuzzy area. Thank you.

2 MS. MOYRON: Good morning, Your Honor. I did
3 want to address question number one posed by the Court in
4 its order. And before I did that I did want to point out
5 two things to clarify and for purposes of the record.
6 Mr. Klausner discussed at length the background and in that
7 discussion he discussed the bidding procedures, motion and
8 an order and that there was negotiations in a cafeteria. I
9 don't really consider any of that relevant.

10 But what I want to put on the record is the
11 original APA that was filed with this Court in January at
12 docket number 1279 provided that if the additions were
13 substantially different than the conditions that were
14 issued, the debtors would come to the court and ask for a
15 supplemental cell order. And that APA basically said what
16 the findings needed to be. And as this court is aware, the
17 findings basically required that the order would say that
18 the additional conditions are an interest of property
19 pursuant to 363(f) and that they could be sold clear and
20 free of -- there could be a sale free and clear under
21 363(f).

22 And that language was in the original APA. It's
23 in the APA that was subsequently filed. And so none of the
24 negotiations outside of the courtroom with respect to the
25 biddings proceedings issue really changed that language in

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1 the APA and the finding that really needed to be made for
2 the debtors to be able to say that 8.6 of the APA was
3 satisfied. So I just wanted to clarify that issue.

4 The other thing that Mr. Klausner mentioned is an
5 evaluation period and that's a 21-day evaluation period
6 under 8.6. We dispute the contingents made by Mr. Klausner
7 with respect to that being triggered once the order is
8 entered. I don't think that's something that needs to be
9 decided at this moment, but I wanted the record to note
10 that we disagree with that contingent.

11 I'll shift to question number one. So question
12 number one, Your Honor, you basically asked the debtors
13 under what circumstances have courts entered orders without
14 findings and conclusions of law. And you pointed to
15 Federal Rule of Bankruptcy Procedure 9014 that basically
16 says Federal Rule of Bankruptcy Procedure 7052 applies
17 unless the Court directs otherwise. And I think that rule,
18 and as the Court correctly noted, really speaks to the
19 Court's discretion when it comes to figuring out whether or
20 not it wants to issue findings of fact and conclusions of
21 law.

22 What's interesting is that not only do you have
23 the discretion in 9014, even when it directs you to the
24 Bankruptcy Procedure Rule 7052. 7052 directs you to the
25 Federal Rule, right? And then the Federal Rules says under

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1 (a)(3), oh, by the way, on a motion a court does not need
2 findings of fact and conclusions of law. And so now I
3 think it's entirely consistent with 9014 that you have the
4 discretion under 9014 and also if you actually look at the
5 civil rule that's being incorporated, you have that
6 discussion.

7 I think what's also interesting is more of an
8 academic point, but for anyone interested, in the Federal
9 Rules of Bankruptcy Procedure it is consistent with how the
10 rules have evolved. And historically prior to 2009 Federal
11 Rule of Bankruptcy Procedure 9021 required a separate
12 order. It required separate documents, right, and it
13 required separate documents in an adversary in a contested
14 matter.

15 THE COURT: Right.

16 MS. MOYRON: And that was changed in 2009. And
17 so the requirement for the second documents in a contested
18 matter was thrown away and that requirement was deleted in
19 its entirety. What I think that means is that under the
20 rules you have the discretion not to issue the findings of
21 fact and conclusions of law and that's also consistent with
22 9014 not incorporating Federal Rule of Bankruptcy Procedure
23 7058, which is the judgment in the adversary. So I think
24 the Rules give it to you.

25 In terms of the cases and --

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1 THE COURT: Well, I -- I don't disagree with that
2 position.

3 MS. MOYRON: Okay.

4 THE COURT: But if we're talking about looking at
5 our crystal balls in the future there is some ambiguity,
6 there is some argument that's being made with respect to
7 the applicability of the order. Usually you look at the
8 findings and inclusions to try and figure out what -- to
9 give meaning to the order. So even though the Court can
10 exercise its discretion and not issue findings and
11 conclusions, whether we should issue some findings and
12 conclusions which would help or aid in the interpretation
13 of the order.

14 THE COURT: I think that with the Ninth Circuit
15 has said on that issue is that if the record itself is
16 complete, then you can do a sufficient review without the
17 findings of fact and conclusions of law. And so if you
18 look at the appellate cases because that's usually how this
19 surfaces, you really see two themes. One is, okay, if you
20 don't have a factual dispute and you're just making, you
21 know, a finding pursuant to some sort of, you know, legal
22 issue you don't need the findings. And I think the Ninth
23 Circuit said that in *In Re: Brown*, 606 B.R. 40 -- I'm
24 sorry. That's actually the Ninth Circuit Bankruptcy
25 Appellate Panel.

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1 The Ninth Circuit also said something similar in
2 *Commercial Papers Holders*, which is at 752 F.2d 1334. And
3 it said in those instances there wasn't a factual dispute.
4 We didn't need the separate findings and conclusions of
5 law. If you look at what we're doing here, the only real
6 factual dispute may have been with the Attorney General,
7 but that's off the table. Now we have the stipulation. So
8 I think we actually fall under those cases.

9 The second theme that I mentioned is -- and I
10 kind of already alluded to it before where maybe the court
11 decides a factual issue but the record below is
12 sufficiently developed. And so we didn't have the findings
13 but we can look at the record. And if there's ever been an
14 exhaustive record in a bankruptcy case I think it's this
15 case. And in connection with this motion and exhibits and
16 declarations, the record is complete. I don't think anyone
17 disputes that.

18 And in terms of the Bankruptcy Appellate Panel
19 saying when you have that full record I'm not going to say
20 that this order is in error because it doesn't have the
21 findings. In *In Re: Granados*, the Ninth Circuit said that,
22 503 B.R. 726.

23 And the other case I think is interesting, it's
24 an older case but it's out of the Eastern District of
25 California in Sacramento. And there the district court

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1 judge goes on about how, okay, I had this cash collateral
2 order. I don't have any findings but the record was
3 sufficient. And that's at 95 B.R. 166.

4 THE COURT: Very well.

5 MS. MOYRON: Thank you.

6 THE COURT: Thank you.

7 Yes, Mr. Shinderman.

8 MR. SHINDERMAN: Your Honor, on behalf of the
9 Committee I want to spend a couple of minutes on context
10 and then I want to address your question number one, which
11 I think is the most important of the questions and then
12 talk about where this leaves us.

13 Very briefly, Section 8.6 recognized that the
14 Attorney General might impose additional conditions and
15 said if they did how would the parties proceed. The
16 Attorney General came to recognize that pursuing these
17 additional conditions on appeal could interfere with the
18 running of the case, the closing of this sale. And so long
19 as it's limited to this case and your findings in this
20 case, it was prepared to go forward and not pursue an
21 appeal. That's incredibly important because under 8.6 if
22 nobody has the right to appeal then the SGM must close. As
23 Ms. Moyron said, the 21-day period is not relevant. If we
24 obtain an order and it's a final order, the parties must
25 close -- but proceed to close. So the Attorney General's

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1 concession by not pursuing the appeal was incredibly
2 important.

3 I have another piece of information, and Ms. Rich
4 is on the phone to confirm, is that the SEIU is also
5 waiving its objection. So there is no party withstanding
6 to appeal because nobody has a pending objection to the
7 motion or the case of the Attorney General stipulated away
8 its right to appeal. And Ms. Rich can confirm.

9 But again, I want to thank the union. This is a
10 very tough decision for the union because on one hand they
11 want to preserve as many jobs as possible, but at the same
12 time they recognize that this is our path out of
13 bankruptcy. So if Ms. Rich could confirm that
14 understanding.

15 THE COURT: Yes, Ms. Rich, are you on the line?

16 MS. RICH: Yes, I am, Your Honor, and I confirm
17 the union's position that they will withdraw their
18 objections.

19 THE COURT: Thank you very much.

20 MR. SHINDERMAN: So again, and the union debated
21 that right up until the start of this hearing, Your Honor,
22 because on the one hand the conditions do permit one of the
23 hospitals to close in time and that's anathema. That's not
24 okay with the unions, but the unions recognize that there
25 was optionality on the sale. That presented a bigger

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1 problem. That was a major concession by the union as it
2 was by the Attorney General.

3 Now, I don't know if this is, but my fear is that
4 the protections that SGM wants in its form of order over
5 the AG's are not because it provides any modicum of
6 protection. My concern is those findings, the Attorney
7 General has indicated were not okay and would force an
8 appeal. An appeal gives SGM the optionality. An
9 optionality gives them the right to walk away or
10 renegotiate a purchase price. That's not acceptable.

11 So while I would love to help broker a deal and
12 we were talking to the debtor about brokering a deal, at
13 the end of the day we strongly support whatever requires
14 for the Attorney General to be satisfied within the
15 confines of the law so that we have no appeal rights by the
16 union or the Attorney General so we can proceed and SGM
17 must close.

18 Now, missing from Mr. Klausner's analysis is a
19 couple of things. One, SGM already has the finding it
20 needs. Your Honor previously entered a 363 order. Second,
21 SGM did not oppose the motion and the first sentence of
22 the -- I'll call it the debtor AG order is the motion is
23 granted. SGM does not have standing to appeal this order,
24 the order that the debtor and we and the AG would like you
25 to enter. SGM has two choices, as Mr. Klausner said. It

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1 could either close or it cannot close in which case it
2 would have to say the conditions that the debtor had to
3 satisfy were not satisfied. But those conditions are: (1)
4 get the 363 order which you already entered; and (2) may
5 SGM could close free and clear from the additional
6 conditions.

7 Now, the language in paragraph 3 after the solely
8 and exclusively enter -- entry comes exactly verbatim from
9 Section 8.6 including the canned language which the
10 Attorney General is now clarifying. That is exactly 100
11 percent identical to the language that was required by the
12 APA. The debtor didn't make that up. The Attorney General
13 didn't change it. That's what was required of the motion.

14 The motion also goes on -- the APA also goes on
15 in 8.6 to say, you know, additional considerations that
16 would not be okay, that would give optionality to SGM are
17 anything that imposes more than five million dollars of
18 additional costs -- costs onto SGM. There's nothing in the
19 Attorney General debtor form of order that imposes
20 additional cost. Just the opposite. By parroting the
21 exact language of 8.6 there are no additional conditions
22 imposing any cost on SGM such as that again SGM must close.

23 So that -- Your Honor, I want to turn to
24 specifically your question about what does this all mean.
25 As Ms. Moyron pointed out, courts are not required --

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1 courts have optionality to -- to make findings. We found a
2 case out of Pennsylvania. I'm not pretending that it's
3 binding, but it's indicative of a whole bunch of case law.
4 It's called *Campfire Shop*, 71 B.R. 521 at pages 524-525,
5 Eastern District of Pennsylvania, 1987:

6 "We believe that the correct interpretation of
7 these rules taken together is that it is totally
8 within the discretion of bankruptcy judges as to
9 whether they want to make any specific findings of
10 fact and conclusions of law or as to any other
11 directive except for dismissal of cases."

12 And it goes on and cites a whole bunch of other cases.

13 When you look at other cases from within this
14 circuit including *Demkin* (phonetic), 100 -- excuse me -- 11
15 B.R. 536, a Bankruptcy Appellate Panel decision; or
16 *Slimick*, a Ninth Circuit opinion from 1990 and 928 F.2d
17 304, the question is really whether or not there is enough
18 for the Appellate Court to conduct an appeal. But here
19 there's -- nobody was standing to appeal. The Attorney
20 General is waiving his right to appeal and the SEIU, the
21 only other objecting party, is withdrawing its right to
22 appeal by not objecting.

23 So there's no findings are necessary because
24 there's no appeal that is possible. So that then gets us
25 back to what the Attorney General wants, no findings. And

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1 that's your first question and that's why I wanted to speak
2 to that. I think, Your Honor, I was concerned by your
3 question but with a waiver by the union and the stipulation
4 by the Attorney General I don't think you need to make any
5 findings of fact and conclusions. And as Ms. Moyron
6 pointed out, there's more than enough for the record if
7 there was an appeal but nobody has standing to appeal. So
8 what does this all mean?

9 SGM should not be heard to complain. They're
10 obligated to close if there are no additional conditions
11 being imposed upon them and there are no additional
12 conditions being imposed upon them. They already have the
13 363 order required by the APA.

14 They should not be heard to object to the form of
15 order. They supported the motion. The motion is being
16 granted. If they believe the order does not address all
17 their points and, thus, they don't want to close that is an
18 issue for another day. As we've said, they -- we believe
19 the two conditions precedent are satisfied and they must
20 proceed to close. So they'll either close or not close and
21 we'll be back here. But Your Honor certainly has
22 everything in its jurisdiction, certainly within the
23 confines of the record and with the withdrawal of the two
24 objecting parties certainly could enter the order as
25 proposed by the Attorney General and the debtor.

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1 THE COURT: Thank you.

2 MR. SHINDERMAN: Thank you, Your Honor.

3 THE COURT: Mr. Eldan.

4 MR. ELDAN: Thank you, Your Honor. I'll be
5 brief. First of all, I certainly agree with the points
6 Mr. Shinderman made about SGM's standing or, more to the
7 point, lack of standing to be here today objecting to the
8 form of order. It seems to me that as Mr. Shinderman
9 pointed out the time and the place for SGM to assert that
10 the order as entered is inadequate if, in fact, SGM
11 believes it is when they are called upon to close and if
12 they believe that the supplemental sale order that has been
13 presented to them does not satisfy 8.6 then that is a
14 dispute that could be handled between SGM and this court.
15 But as Mr. Shinderman pointed out, today is not the time or
16 place. This -- this hearing is not the right procedural
17 context for these arguments to be made. Mr. Shinderman has
18 made the point, so I'll move on.

19 Second, turning to the specific question you
20 asked in your tentative ruling and the first point which
21 was I think largely addressed by Ms. Moyron was not so much
22 about the fact that the Court has the authorization or the
23 power not to apply 7052 and hence Rule 52, but specifically
24 what are the circumstances in which other courts have
25 actually elected to do so.

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1 I did find one case. As you can imagine it's not
2 the sort of issue that comes up and gets reported a lot.
3 It's *In Re: Evans Products* out of the Bankruptcy Court for
4 the Southern District of Florida from 1986. The citation
5 is 65 B.R. 31. The specific page is, I believe, page 34
6 and in a nutshell that was a confirmation hearing in a
7 Chapter 11 case. A contested matter and yet obviously a
8 matter that raise complexities and one would think possibly
9 factual disputes. And what the judge there, Judge Britton,
10 said was in essence citing Rule 9014 that the rule allowed
11 him the discretion to disregard the Rule 52 findings and
12 conclusions requiring and that he would do so to the extent
13 he had not already covered every last factual or legal
14 issue. As he put it, "In doing so, I disappoint counsel
15 who do not share the court's responsibility to decide
16 without delay the other matters before it. For me, it is
17 an issue of survival," which I suppose it very well may
18 have been in Florida Bankruptcy Courts in the mid-'80s.

19 Point being, you know, at least one other
20 bankruptcy court has said in a con -- in a context that I
21 think would be at least as complex as this one I'm
22 dispensing with the Rule 7052 requirements.

23 The other aspect of this point that the Court
24 raised that I would point out is one already addressed by
25 Ms. Moyron, but I would just add what seems to happen or

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1 the way this seems to be treated at the appellate level is
2 as follows. There is no reversible error and no remand in
3 cases where there -- where the bank -- where the appellate
4 court can simply look at the record and figure out what
5 happened. And that's what normally happens. Let me look
6 for the case. There are a number of Ninth Circuit or at
7 least Ninth Circuit BAP cases that go to the point. I
8 believe the most recently one I found was 604 B.R. 839
9 Ninth Circuit BAP. That's the *Colusa Regional Medical*
10 *Center* case and I'm looking here -- sorry, let me find the
11 pinpoint page, which is not always easy with Lexus. Well,
12 it's at the paragraph where they cite the *Grenados*
13 decision. And as the court -- the BAP put it there, "We
14 need not reverse, even if the Bankruptcy Court rules
15 without articulating its findings if the record provides us
16 with a full complete and clear view of the issues on
17 appeal." Fairly straightforward. That decision is dated
18 September 10, 2019, my first day at the AG's office.

19 And the flip side of that decision is that I
20 think where you do see remand and reversal is where the
21 appellate court is looking at a record without findings or
22 conclusions and there was a lot of factual messiness at the
23 trial level and the appellate court is saying, we can't
24 figure out what on earth the trial court did here. Maybe
25 there were conflicting credibility determinations. That's

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1 not the world we're living in with this order. I re-read
2 the Court's memorandum decision last night. There was
3 recitation of factual matters and disputes mostly having to
4 do with alternative bids. Those were dealt with in the
5 first few pages of the Court's memorandum decision. But
6 that stuff was not complicated and it was not the heart by
7 any stretch of the imagination of the Court's decision.

8 My point being that wholly apart from the Court's
9 authority under 9014 to set aside 7052 even if this were a
10 case where 7052 were not formally set aside, that would not
11 be an exercise of discretion in my view that would raise
12 any problem for a reviewing court. The record here, as
13 Ms. Moyron pointed out, is pretty straightforward. You've
14 got the motion. you've got the responsive briefing. There
15 was no live testimony. Simply some straightforward
16 declarations.

17 That's what I have to say about the Court's point
18 one. I've already addressed points two, three and four.
19 The Court asked specifically with respect to point five in
20 its tentative ruling -- let me turn to it. I apologize for
21 the delay.

22 THE COURT: Basically, what's the problem with
23 these -- the language that Mr. Klausner --

24 MR. ELDAN: Oh.

25 THE COURT: -- indicated he wants.

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1 MR. ELDAN: The problem is simply this. The
2 Court will not be surprised and I hope not offended when I
3 say that the Attorney General's office disagrees with the
4 memorandum decision entered on multiple grounds. It's been
5 entered and I'm sure the Court will understand when I say
6 the Attorney General -- that we cannot erase that decision
7 from existence in the universe. Would like to come as
8 close as possible by vacatur and withdrawal of the
9 decision. Obviously in this age of Westlaw and Lexus the
10 decision will be out there in some sense but we want to get
11 rid of it to the extent possible, to put it bluntly.

12 The problem with the language that Mr. Klausner
13 has presented, addressed in point five of the tentative is
14 this. Vacating and withdrawing the decision loses some of
15 its effectiveness if some of the decision or some of the
16 ultimate conclusions that follow necessarily from the
17 decision creep back by implication into the Court's order.
18 And I'm referring here, for example -- by the way, this is
19 in the Court's tentative and I'm looking at the .pdfs from
20 today's tentative rulings which go on I think for 62 pages.

21 THE COURT: But I have it in front of me.

22 MR. ELDAN: Yeah. This is at page 58 out of 62
23 in this morning's -- or pardon me, yesterday afternoon's
24 tentative. In that paragraph from Mr. Klausner's proposed
25 order which starts the debtor's transfer to SGM and ends as

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1 provided in the sale order, well, as counsel has already
2 pointed out the Attorney General is already agreeing to
3 language in the order that says the sale is free and clear.
4 In our view the additional phrase in the middle there
5 starting with "and shall not be subject to" and ending with
6 "or adherence to" is just bells and whistles that muddle up
7 a straightforward minimum but nevertheless wholly
8 satisfactory under 8.6 order. The sale is free and clear.
9 That gets the job done in our view.

10 Secondly, towards the end of that paragraph I
11 believe t hat the form of order to which the Attorney
12 General is willing to agree -- and let me turn to it
13 here -- ends with as we've stated we'll agree to modify it
14 today here at the hearing, "are being sold free and clear
15 of the additional conditions without the imposition of any
16 other conditions which would adversely affect the purchaser
17 as defined in the APA." That's what the AG has -- and the
18 debtor have agreed to and that is exactly the language
19 required by 8.6.

20 By contrast -- and I apologize for the delay but
21 I just want to get this exactly right because I'm trying to
22 compare two different paragraphs here. In Mr. Klausner's
23 proposed paragraph the language -- the phrase beginning
24 "pursuant to Bankruptcy Code Sections 363(b)" and ending
25 with "as provided in the sale order" is extremely

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1 problematic for the Attorney General because, as I said, it
2 implies at a minimum that findings and conclusions from the
3 memorandum decision which is being vacated are now creeping
4 back through the back door of the order. That's
5 unacceptable to the Attorney General. We're simply not
6 going to agree to it. I think that the Attorney General
7 has been reasonable on various other points here. We've
8 made some concessions today on paragraphs 2 and 3. We are
9 agreeing to give up our appeal right which as the debtors
10 and the Committee have pointed out is of extreme importance
11 to them in return for having this memorandum decision
12 vacated and withdrawn, even though the reality is it will
13 exist in the world. But our agreement as set forth in the
14 stipulation is that the order has to be entered as agreed
15 by the Attorney General and the debtor. And we won't agree
16 to the language here suggested by Mr. Klausner. This is,
17 as the saying goes, a bridge too far or maybe a couple of
18 phrases too far.

19 But if this language goes in, then the Attorney
20 General is not waiving his appeal right and I would
21 respectfully suggest that what Mr. Klausner is asking for
22 here in his proposed additional paragraph is language that
23 I understand he very much wants for his client. But it is
24 language that my client won't agree to and it is language
25 that under 8.6 is not required and, most of all, it's

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1 language that the parties to the motion have agreed on in
2 order to resolve the motion. If he thinks that its absence
3 is unsatisfactory, that's a fight that SGM and the debtor
4 can have later when it's time to close and SGM decides if
5 it really doesn't want to but --

6 THE COURT: All right. Well, just briefly there
7 was a situation that Mr. Klausner alluded to. The language
8 solely and exclusively for purposes of the APA and the
9 issue that Mr. Klausner, as I understand it, raised is what
10 happens if his client wants to sell that to another private
11 entity and whether the provision here really just would
12 create a situation where the Attorney General would seek to
13 reimpose the additional conditions.

14 MR. ELDAN: Well, I guess, one, to answer your
15 question I have, first of all, one question. We're talking
16 here about two different paragraphs. The paragraph we've
17 been discussing is Mr. Klausner's proposed paragraph under
18 question five of your tentative. The paragraph that Your
19 Honor is referring to is paragraph 3 of the AG debtor
20 order.

21 THE COURT: That's right.

22 MR. ELDAN: Under --

23 THE COURT: Yes.

24 MR. ELDAN: Okay. So putting aside the
25 discussion of Mr. Klausner's proposed paragraph I would

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1 join in what I believe Mr. Maizel -- it may have been
2 Mr. Shinderman said keeping in mind that the Attorney
3 General has already said that we will agree to modify, as
4 I've discussed here earlier at the hearing this paragraph 3
5 to break it up into two sentences. So it's going to say
6 "Solely and exclusive for purposes of the APA as defined
7 below and the motion, the additional conditions as
8 defined," I won't read the whole parenthetical, "are an
9 interest in property for purposes of 11 363(f)." The full
10 assets are being sold -- the assets are being sold free and
11 clear of the additional conditions.

12 THE COURT: Right.

13 MR. ELDAN: So once they have been sold free and
14 clear they're sold free and clear. I -- you know, I'm not
15 sure of -- about Mr. Klausner's concern. I think that
16 Mister --

17 THE COURT: The issue is they're sold free and
18 clear for purposes of this case but they're not sold free
19 and clear if -- at some point the -- the buyer here wants
20 to sell it to somebody else.

21 MR. ELDAN: Well, I can't opine on that but I'm
22 looking back to what Mr. Maizel pointed out, that once
23 they've been sold free and clear to a for-profit entity
24 Mr. Maizel pointed out his view on the limits of the
25 Attorney General's authority to review any transaction in

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1 that situation or lack of authority.

2 THE COURT: Well, that's Mr. Maizel's view, but
3 I'm more interested in your view.

4 MR. ELDAN: Well, give me a moment to consult
5 with my colleague.

6 THE COURT: All right.

7 (Pause)

8 MR. ELDAN: Well, Your Honor, I would say that --
9 simply this. What 8.6 requires by its very terms is the
10 assets are sold free and clear and that's what this order
11 provides. And I would think it would give some comfort to
12 Mr. Klausner because that we've broken this into two
13 sentences because my recollection is that his -- his
14 problem with paragraph 3 as originally proposed was that
15 solely the prefatory phrase "solely and exclusive for
16 purposes of the APA and the motion," he wasn't sure how
17 that interacted or whether it fit well with "can be sold
18 free and clear of the additional conditions."

19 Well, now you've broken it up into two separate
20 distinct sentences. Simply the assets are being sold free
21 and clear of the additional conditions.

22 THE COURT: Fine.

23 MR. ELDAN: All right. I think it -- I don't
24 know how much more clearly it can be stated. As I said, it
25 tracks exactly what 8.6 requires. Thank you.

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1 THE COURT: All right. Before we hear from
2 Mr. Klausner is there any other party that I have not heard
3 from that wishes to be heard on the Court's tentative? All
4 right.

5 Oh, I'm sorry. Yes.

6 MR. PRESTEGARD: Good morning, Your Honor. Kirk
7 Prestegard again on behalf of United Nurses Association of
8 California. Mr. Shinderman regularly excluded UNAC from
9 the parties that did object to this, but for the avoidance
10 of doubt as we did file the paper stating our position with
11 respect to the motion, I just want to make it clear that
12 UNAC also does not object to the AG order.

13 THE COURT: Thank you for that clarification.

14 MR. PRESTEGARD: Thank you.

15 MS. MOYRON: Your Honor, we wanted to also thank
16 UNAC for making that statement and I became so excited
17 about the Federal Rules earlier I completely skipped over
18 your question to us in terms of future litigation. But now
19 that UNAC has said it won't appeal and we know the AG won't
20 appeal, I think the likelihood in terms of litigation is at
21 least -- is minimal as the debtors can hope and I wanted to
22 thank, on the record as well, the SEIU for withdrawing its
23 objection and not appealing any order entered by the court.

24 THE COURT: Very well. Thank you.

25 All right. Mr. Klausner and then we'll move on

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1 to our other matters.

2 MR. KLAUSNER: And, Your Honor, there -- sort of
3 getting down to maybe three principal issues, the issue of
4 findings, the issue of solely and exclusively the terms
5 "free and clear" and what it's -- whether it should be --
6 it should include the language that we have included in our
7 proposed order. With regard to -- let me get my order in
8 front of me -- the language that you focused on in your
9 question that we added to our order was:

10 "The sale is free and clear of and shall not be
11 subject to or conditioned upon SGM's performance of
12 compliance with or adherence to any of the additional
13 conditions as set forth in the SGM APA and in the
14 motion pursuant to Bankruptcy Code Sections 363(b),
15 (f)(1) at 405 and otherwise as provided in the sale
16 order."

17 Now, Mr. Eldan's responses were entirely lacking
18 in being able to explain to you the AG's aversion to that
19 language and insistence that it not be -- that those --
20 that that verbiage not be included to the point of
21 essentially putting a gun to all of our head and saying, I
22 get my language or I appeal. That's not a response to your
23 question.

24 THE COURT: I don't believe that was the
25 response. I think the response was --

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1 MR. KLAUSNER: Well --

2 THE COURT: -- we just don't want to refer back
3 to the findings and conclusions and we don't want them
4 imported either (phonetic) true of that sentence.

5 MR. KLAUSNER: There's nothing in the sentence
6 that refers back to findings and conclusions.

7 THE COURT: But I wouldn't make any sense unless
8 it did refer back.

9 MR. KLAUSNER: I don't know where the reference
10 is. The words -- SGM's performance of compliance with or
11 adherence to any of the additional --

12 THE COURT: That's okay, but it's pursuant to
13 Bankruptcy Code Sections 363(b), (f)(1), (f)(4) and (f)(5).
14 That would make it -- certainly the reference to (f)(4) and
15 (f)(5) wouldn't make any sense unless you look back at the
16 findings and conclusions.

17 MR. KLAUSNER: Well, that isn't -- what is that
18 language wasn't here? I mean, that -- they're not
19 suggesting that they would approve of the language -- let
20 me just find. I'm sorry, I just want to find -- well,
21 actually, I mean, in -- in their order -- their own order
22 there is a reference to 363(f).

23 THE COURT: Yes.

24 MR. KLAUSNER: So I don't know exactly what we've
25 done that makes this so difficult. It would seem to me

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1 363(b) is not controversial. So in addition to their
2 lan -- their use of 363(f) the reference to sub-references
3 1, 4 and 5 are what is at issue here? I just don't --

4 THE COURT: 1, 4 and 5 I think that the issue
5 becomes whether -- and also the -- I take it that's your
6 version of the order would not require the Court from
7 withdrawing its findings and conclusions.

8 MR. KLAUSNER: We haven't said that. I didn't
9 address that, but I will.

10 THE COURT: All right.

11 MR. KLAUSNER: I didn't address that, but let me
12 go on. There's no good reason -- the -- Mr. Eldan, with
13 respect, seemed to think that we should be comfortable with
14 his language, but I'm just not going to use him for the
15 test case nor, as I said, is anybody else in this courtroom
16 going to protect my client when the time comes. But the
17 language shall not be subject to or conditioned upon SGM's
18 performance of compliance with or adherence to. He gave
19 you no good reason why that language should not be here.
20 That's customary.

21 Now, he also is objecting to a reference of the
22 sale order. Although you may recall that Mr. Shinderman
23 thought that we should be comfortable because we have a
24 sale order. So what is the -- I don't understand. What is
25 the basis for the AG's refusal to the point of putting a

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1 gun to our head for making reference to the sale order
2 which does contain a fairly broad and expansive language
3 about what is meant by "free and clear" which will be of
4 comfort to us. Why is that improper? Why is that
5 unacceptable? You didn't get an answer.

6 What you've been hearing is that we should be
7 satisfied with this, that if we took the exact verbiage out
8 of 8.6 which wasn't meant to be the verbiage of a court
9 order -- I guess in hindsight I'll know from my next deal
10 that we should actually draft the court order that we will
11 condition our acceptance on. Didn't seem necessary at the
12 time. Nobody intended that you could take the words "can
13 be sold" out of the agreement and then turn it into a court
14 order and we should be satisfied.

15 But getting back to Mr. Eldan's comments he
16 really couldn't answer your question as to why it would be
17 unacceptable to the AG to the point of blowing off this
18 compromise to simply say "free and clear of -- not subject
19 to SGM's performance of compliance with or adherence to the
20 additional conditions," which does give us comfort to which
21 I think we are entitled.

22 The solely and exclusive issue, Your Honor, you
23 didn't really -- I didn't think you got a meaningful answer
24 from him. I like Mr. Maizel a lot, but I'm not going to
25 take his view as to what possible basis there might be to

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1 have litigation with a successor party to my client and
2 tell him to rely on that. Nobody -- and nobody is giving
3 my client a legal opinion. Nobody is giving my client an
4 indemnity. The only protection we're getting is from this
5 order. I don't think there's anything that we have
6 requested in this order which is inconsistent with the
7 relief sought in the motion.

8 So in terms of the issue of the memorandum of
9 decision and findings, the fact is that whether or not
10 there is an appeal there could certainly be the need for
11 what you described earlier which is the court having some
12 findings to explain its rationale for its ruling. It
13 doesn't have to be 24 pages long. It could be three or
14 four sentences, but there's no question that would be
15 meaningful to our client to have some exposition from the
16 Court as to the basis upon which its making the ruling.

17 Now, it is true that there is a record consisting
18 of a motion and declarations, probably hundreds if not a
19 thousand pages. There's a lengthy report from the Attorney
20 General. There's opposition and opposition declarations.
21 I gather if there's some controversy at some point over
22 this transaction and over the AG's authority we could
23 gather together a bunch of binders and hand it up to some
24 court and ask them to try to figure out what you meant.

25 On the other hand, we could have one page of

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1 findings, which I would be happy to start putting together
2 and circulate that would explain what the Court did and why
3 it did it. So we're really being corralled here --
4 corralled by the Attorney General whose goal is to both
5 minimize the use of your decision as precedent, but also in
6 our view to create enough ambiguity in this order that it
7 will be subject to some dispute at a later date that we're
8 going to have to litigate, which we want to avoid.

9 I don't think you got an answer to your question
10 about the solely and exclusively issue. The fact that that
11 verbiage is broken into two sentences in my view makes it
12 more complicated and more difficult to understand than it
13 was before. I still don't know what it is the Attorney
14 General has in mind, but I am concerned in a subsequent
15 transaction that there will be some assertion of successor
16 liability or some claim against a purchaser or a lender.

17 So none of this is satisfactory to us in the fact
18 that all these lawyers think it should be is really
19 meaningless. It's going to come down to what's
20 satisfactory to our client.

21 Finally, there have been a lot of points made
22 during this argument about state law, state procedure,
23 appellate procedure, standing to appeal, aggrieved parties,
24 what should happen at closing. The fact that I haven't
25 addressed every single argument that everyone has made

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1 should by no means constitute any sort of a waiver or
2 concession or consent or estoppel that we don't dispute
3 some point someone has made. I don't think it's necessary
4 to go into detail.

5 The one subject that I do want to re-emphasize
6 because I really don't know where Mr. Shinderman is coming
7 from, the process in Section 8.6 is very clear. Once you
8 enter an order there is a period during which my client
9 gets to evaluate that order and determine in its reasonable
10 business judgment whether our client is satisfied with it.
11 At the end of that valuation period we notify the debtor
12 and if we have a controversy we'll come back to you in an
13 adversary proceeding. We're certainly not waiving any of
14 our rights under what is in 8.6.

15 THE COURT: All right.

16 MR. KLAUSNER: Thank you, Your Honor.

17 THE COURT: Very well. The matter is -- having
18 been argued, I'll rule at this point for the convenience of
19 the parties so that they have something to take back with
20 them.

21 The -- I'm going to adopt the language submitted
22 by the debtor and the Attorney General as amended on the
23 record here and I do so for a couple of reasons. First,
24 overall I don't find that it is the purpose of the order or
25 any order issued by the Court to give a bulletproof comfort

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1 to a purchaser because the Court can't do that. There are
2 many creative attorneys, counsel that could come up with
3 some argument that would poke a hole into just about any
4 order that the court would enter and I can't be thinking
5 that creatively to try and plug up all of those holes. It
6 seems to me that the language as submitted by the Attorney
7 General and the debtor at paragraph 3 captures the essence
8 of what the parties objecting to the agreement here wanted,
9 which was the additional conditions are not being imposed.
10 And it also allows the sale free and clear of those
11 additional conditions. That's paragraph 3. That's how I
12 read paragraph 3.

13 Paragraph 4, again this court retains
14 jurisdiction with respect to the conditions that are
15 contained in the agreement, but doesn't necessarily -- and
16 I'll explain that in just a second -- necessarily take --
17 exercise jurisdiction at this point over objections that
18 may be raised with respect to any of the other additional
19 conditions -- any additional conditions. Not other.

20 So somebody can raise those issues in state
21 court. Somebody could move to transfer those actions to
22 federal court, to the Bankruptcy Court. They can do all
23 sorts of things, but as I've indicated this court has
24 jurisdiction -- all -- every court does to determine its
25 own jurisdiction. And so if there was some dispute that

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1 one part says is covered by this order and another party
2 says it is not and then come to this Court, the Court is in
3 an obligation to exercise some jurisdiction in order to
4 render a determination as to that argument.

5 With respect to the withdrawal of the findings
6 and conclusions that were previously entered, first of all
7 I have to note that this is a trial court. It's a
8 Bankruptcy Court. Those findings and conclusions have no
9 precedential effect whatsoever. It's simply as -- with
10 respect to the parties here. And so I'm going to withdraw
11 those findings and conclusions. Have to find a mechanism
12 to do that. I probably will just issue a further order
13 that says that that memorandum of decision at docket 3446
14 is vacated and withdrawn. So that's of record. And I'll
15 do so at the conclusion of this hearing.

16 So that's not going to be available as precedent
17 to the extent that any court wanted to, of course, as far
18 as its reason is concerned. They -- other courts might
19 adopt it, might not. I'm sure courts will undertake their
20 own consideration of the issues as they come up. But I
21 think it's appropriate within the context of this order
22 here. So that's what I intend to do.

23 Now, I'm going to close this hearing, but I
24 really do hope that we do not arrive at a situation where
25 the Court has to make a determination that the purchaser is

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1 not required to close. I think that this agreement and the
2 Attorney General concessions, which I think are great under
3 the circumstances mediate in favor of getting this matter
4 closed. I know that Mr. Klausner's client wants to have a
5 bulletproofed order, but I've never seen one that has been
6 bulletproof. So we do the best we can and I think under
7 the circumstances this is quite along in that process. So
8 I hope that to the extent that we have people here who want
9 to accept the recommendation of the Court, it is to move on
10 from this matter.

11 All right. So that is the conclusion of this
12 matter and if nothing further, then we'll move on to our 11
13 o'clock calendar. Thank you very much.

14 ATTORNEYS: Thank you, Your Honor.

15 MR. SHINDERMAN: (Inaudible -- away from
16 microphone) for of order (indiscernible)?

17 THE COURT: Yes, why don't we have the debtor do
18 that and we'll go forward with that.

19 ATTORNEYS: Thank you, Your Honor.

20 THE COURT: Thank you.

21 (End at 12:10 p.m.)

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1 I certify that the foregoing is a correct
2 transcript from the electronic sound recording of the
3 proceedings in the above-entitled matter.

4 
5

Date: 11/15/2019

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7 RUTH ANN HAGER, C.E.T.**D-641
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Attachment 12
Enforcement Order

Debtors' App. pp. 1139 - 1141

Case 2:18-bk-20151-ER Doc 3611 Filed 11/14/19 Entered 11/14/19 14:28:04 Desc
Main Document Page 1 of 3

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FILED & ENTERED

NOV 14 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of Lynwood
Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS FREE
AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019
Time: 10:00 a.m. (Pacific Time)
Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity
2 Health System of California, Inc. and the above-referenced affiliated debtors and debtors in
3 possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the
4 response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the
5 statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its
6 affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No.
7 3572] by and among the Debtors and the Attorney General, and good cause appearing,

8 **HEREBY ORDERS AS FOLLOWS:**

- 9 1. The Motion is GRANTED.
- 10 2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and
11 withdrawn.
- 12 3. Solely and exclusively for purposes of the APA (as defined below) and the Motion,
13 the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement
14 [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f).
15 The Assets (as defined in the APA) are being sold free and clear of the Additional Conditions
16 without the imposition of any other conditions which would adversely affect the Purchaser (as
17 defined in the APA).
- 18 4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or
19 controversies regarding the interpretation or enforcement of this Order. Notwithstanding the
20 preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the
21 Attorney General to enforce, in the California state courts and pursuant to section 5926 of the
22 California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the
23 APA.

24 ///

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28 ¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

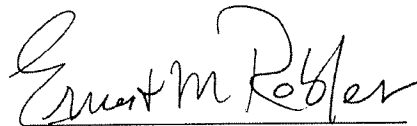
1 5. The Attorney General waives any right to appeal this Order.

2
3 **IT IS SO ORDERED.**

4 ###

DENTONS US LLP
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24 Date: November 14, 2019


Ernest M. Robles
United States Bankruptcy Judge

Attachment 13

Notice of Appeal re: Enforcement Order

Debtors' App. pp. 1142 - 1152

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address GARY E. KLAUSNER (SBN 69055) LEVENE, NEALE, BENDER, YOO & BRILL L.L.P. 10250 Constellation Boulevard, Suite 1700 Los Angeles, CA 90067 Telephone: (310) 229-1234 Facsimile: (310) 229-1244 Email: L.gek@lnbyb.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Strategic Global Management, Inc.	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: Verity Health System of California, Inc., et al., <div style="text-align: right;">Debtor(s).</div>	CASE NO.: 2:18-bk-20151-ER ADVERSARY NO.: (if applicable) CHAPTER: 11
<div style="text-align: center;"> Plaintiff(s) (if applicable). vs. Defendant(s) (if applicable). </div>	<div style="text-align: center;"> NOTICE OF APPEAL AND STATEMENT OF ELECTION </div>

Part 1: Identify the appellant(s)1. Name(s) of appellant(s): Strategic Global Management, Inc.

2. Position of appellant(s) in the adversary proceeding or bankruptcy case that is the subject of this appeal:

For appeals in an adversary proceeding.

- ☐ Plaintiff
☐ Defendant
☒ Other (describe):

For appeals in a bankruptcy case and not in an adversary proceeding.

- ☐ Debtor
☐ Creditor
☐ Trustee
☒ Other (describe): Party in Interest and proposed buyer in Section 363 sale

Part 2: Identify the subject of this appeal

1. Describe the judgment, order, or decree appealed from:
Order Granting "Debtors' Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding that the Sale Is Free and Clear of Conditions Materially Different than Those Approved by the Court; (III) Finding that..." [Dkt. No. 3611]
2. The date the judgment, order, or decree was entered: 11/14/2019
See Exhibit A attached hereto.

Part 3: Identify the other parties to the appeal

List the names of all parties to the judgment, order, or decree appealed from and the names, addresses, and telephone numbers of their attorneys (*attach additional pages if necessary*):

1. Party: Verity Health System of California, Inc.
Attorney:
Samuel R. Maizel; Tania M. Moyron; and Nicholas A Koffroth
Dentons US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, CA 90017
Tel: 213-623-9300
2. Party: California Department of Health Care Services
Attorney:
Xavier Becerra; Jennifer M. Kim; Kenneth K. Wang
Attorney General of California
300 South Spring Street, Suite 1702
Los Angeles, CA 90013
Tel: 213-897-2805

Part 4: Optional election to have appeal heard by District Court (applicable only in certain districts)

If a Bankruptcy Appellate Panel is available in this judicial district, the Bankruptcy Appellate Panel will hear this appeal unless, pursuant to 28 U.S.C. § 158(c)(1), a party elects to have the appeal heard by the United States District Court. If an appellant filing this notice wishes to have the appeal heard by the United States District Court, check below. Do not check the box if the appellant wishes the Bankruptcy Appellate Panel to hear the appeal.

- ☐ Appellant(s) elect to have the appeal heard by the United States District Court rather than by the Bankruptcy Appellate Panel.

Part 5: Sign below

/s/ Gary E. Klausner Date: 11/29/2019

Signature of attorney for appellant(s) (or appellant(s)
if not represented by an attorney)

Fee waiver notice: If appellant is a child support creditor or its representative and appellant has filed the form specified in § 304(g) of the Bankruptcy Reform Act of 1994, no fee is required.

[Note to inmate filers: If you are an inmate filer in an institution and you seek the timing benefit of Fed. R. Bankr. P. 8002(c)(1), complete Director's Form 4170 (Declaration of Inmate Filing) and file that declaration along with the Notice of Appeal.]

EXHIBIT A

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Debtors In Possession

FILED & ENTERED**NOV 14 2019**CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

- ☒ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital
Foundation
- ☐ Affects St. Francis Medical Center of Lynwood
Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING "DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL MANAGEMENT,
INC.; (II) FINDING THAT THE SALE IS FREE
AND CLEAR OF CONDITIONS MATERIALLY
DIFFERENT THAN THOSE APPROVED BY THE
COURT; (III) FINDING THAT THE ATTORNEY
GENERAL ABUSED HIS DISCRETION IN
IMPOSING CONDITIONS ON THAT SALE; AND
(IV) GRANTING RELATED RELIEF" [DOC. 3188]**

Hearing Date and Time:

Date: October 15, 2019
Time: 10:00 a.m. (Pacific Time)
Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300



182015119111400000000009

The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No. 3572] by and among the Debtors and the Attorney General, and good cause appearing,

HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED.
2. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and withdrawn.
3. Solely and exclusively for purposes of the APA (as defined below) and the Motion, the Additional Conditions (as defined in section 8.6 of that certain asset purchase agreement [Docket No. 2305-1] (the “APA”)) are an “interest in property” for purposes of 11 U.S.C. § 363(f). The Assets (as defined in the APA) are being sold free and clear of the Additional Conditions without the imposition of any other conditions which would adversely affect the Purchaser (as defined in the APA).
4. This Court shall retain exclusive jurisdiction to adjudicate any disputes or controversies regarding the interpretation or enforcement of this Order. Notwithstanding the preceding sentence, nothing contained in this Order shall prohibit or limit the authority of the Attorney General to enforce, in the California state courts and pursuant to section 5926 of the California Corporations Code, the Purchaser Approved Conditions set forth on Schedule 8.6 to the APA.

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¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

1 5. The Attorney General waives any right to appeal this Order.
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3 **IT IS SO ORDERED.**
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Date: November 14, 2019



Ernest M. Robles
United States Bankruptcy Judge

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled: **NOTICE OF APPEAL AND STATEMENT OF ELECTION** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **November 29, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

June 2012

F 9013-3.1.PROOF.SERVICE

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sgroff@leonardcarder.com; msimons@leonardcarder.com; lbadar@leonardcarder.com
- Rose Zimmerman rzimmerman@dalcycity.org

2. SERVED BY UNITED STATES MAIL: On December 2, 2019 served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows.

The Honorable Ernest M. Robles
United States Bankruptcy Court
255 E. Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **November 29, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

November 29, 2019

Jeffrey Kwong

/s/ Jeffrey Kwong

Date

Type Name

Signature

Attachment 14

Memorandum of Decision (1) Finding That SGM Is Obligated to Promptly Close the SGM Sale under § 8.6 of the APA, Provided That All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors' Motion for a Continuance of the Hearing to Approve the Disclosure Statement

Debtors' App. pp. 1153 - 1157

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

FILED & ENTERED

NOV 18 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Illewis DEPUTY CLERK

In re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.

Lead Case No.: 2:18-bk-20151-ER
Chapter: 11

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Medical Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.,

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
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Case No. 2:18-bk-20169-ER;
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Case No. 2:18-bk-20173-ER;
Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

MEMORANDUM OF DECISION (1) FINDING THAT SGM IS OBLIGATED TO PROMPTLY CLOSE THE SGM SALE UNDER § 8.6 OF THE APA, PROVIDED THAT ALL OTHER CONDITIONS TO CLOSING HAVE BEEN SATISFIED AND (2) GRANTING DEBTORS' MOTION FOR A CONTINUANCE OF THE HEARING TO APPROVE THE DISCLOSURE STATEMENT

CONTINUED HEARING TO APPROVE DISCLOSURE STATEMENT:

Date: November 26, 2019
Time: 10:00 a.m.
Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

I. Introduction

The Debtors have filed a motion seeking (a) to continue the November 20, 2019 hearing on the Disclosure Statement and (b) to use the November 20 hearing as a Status Conference (the “Continuance Motion”).¹ The Debtors filed the Continuance Motion after being advised, on November 15, 2019, that Strategic Global Management, Inc. (“SGM”) would be sending the Debtors formal correspondence material to SGM’s agreement to purchase the Debtors’ four remaining hospitals (the “Hospitals,” and the sale transaction, the “SGM Sale”). As of the filing of the Continuance Motion, the Debtors had not received the SGM correspondence. The Continuance Motion did not specify the anticipated contents of the correspondence.

The Court will grant the Continuance Motion for the reasons set forth below. To facilitate an expeditious and successful resolution of these cases, the Court makes the findings and conclusions contained herein. The Court’s primary finding is that the Debtors have complied with their obligation under the APA² to obtain a final, non-appealable Supplemental Sale Order, and that accordingly SGM is now obligated to promptly close the SGM Sale, provided that all other conditions to closing have been satisfied.

II. Findings and Conclusions

A. SGM is Obligated to Promptly Close the Sale Under § 8.6 of the APA, Provided that All Other Conditions to Closing Have Been Satisfied

Prompt closing of the SGM Sale is indispensable to the successful resolution of these bankruptcy cases. The Debtors are sustaining operational losses of approximately \$450,000 per day. Operation of the Hospitals is being financed by a consensual cash stipulation executed between the Debtors and the principal secured creditors (the “Cash Collateral Stipulation”), which expires on December 31, 2019. The Debtors do not have the ability to borrow under any debtor-in-possession financing facility, and it is unclear whether the Debtors will be able to obtain alternative financing once the Cash Collateral Stipulation expires. In addition, the Debtors are facing very significant liquidity constraints. In late September 2019, the California Department of Health Care Services (the “DHCS”) began withholding certain Medi-Cal fee-for-service payments owed to the Debtors, for the purposing of recovering alleged Medi-Cal overpayments. The DHCS withholdings have deprived the Debtors of a major source of funding that had previously been used to sustain operations.

On February 6, 2019, the Court conducted a hearing to determine whether to approve the Asset Purchase Agreement (the “APA”) entered into between the Debtors and SGM, under which SGM had agreed to serve as the stalking-horse bidder for the auction of the Hospitals. The Court found that the termination rights granted to SGM in the APA were unduly broad. In response to the Court’s concerns, the Debtors renegotiated the APA to limit SGM’s termination rights. On February 19, 2019, the Court approved the renegotiated APA.³

The renegotiated provisions pertain to SGM’s ability to terminate the transaction in the event that the California Attorney General (the “Attorney General”) sought to impose conditions on the sale that were not substantially consistent with those conditions that SGM had agreed to accept (the “Purchaser Approved Conditions”). In the event that the Attorney General sought to impose conditions materially different from the Purchaser Approved Conditions (the “Additional

¹ Doc. No. 3621.

² Capitalized terms not defined in this section are defined below.

³ Doc. No. 1572.

Conditions”), the APA provides the Debtors an opportunity to obtain a determination from the Court that the Hospitals can be sold free and clear of the Additional Conditions under § 363(f) of the Bankruptcy Code (an order granting such relief, the “Supplemental Sale Order”).

The Court entered the Supplemental Sale Order on November 14, 2019.⁴ The Attorney General has waived his right to appeal the Supplemental Sale Order.⁵ All other parties with standing to appeal the Supplemental Sale Order have waived their right to appeal.

The APA provides that once the Supplemental Sale Order becomes final and non-appealable, SGM “shall consummate the Sale provided that all other conditions to closing have been satisfied.” APA at ¶ 8.6. Because all parties with standing to appeal have waived their rights to do so, the Supplemental Sale Order is now final and non-appealable. Provided that all other conditions to closing have been satisfied, SGM is obligated to promptly close the sale.

The Court conducted a hearing to resolve SGM’s objections to the form of the Supplemental Sale Order on November 13, 2019.⁶ At the hearing, SGM argued that entry of the Supplemental Sale Order did not obligate it to close the sale. SGM asserted that under § 8.6 of the APA, it had 21 business days to evaluate, in the exercise of its reasonable business judgment, whether the Supplemental Sale Order was acceptable (the “Evaluation Period”).

SGM’s argument that it is entitled to the Evaluation Period is not well taken. Under the plain language of the APA, SGM is entitled to the Evaluation Period only if the Supplemental Sale Order is the subject of a pending appeal:

If Sellers timely obtain such Supplemental Sale Order from the Bankruptcy Court or another court, Purchaser shall have a period of 21 business days from the entry of such order (the “Evaluation Period”) to determine, in the exercise of the Purchaser’s reasonable business judgment and in consultation with Purchaser’s financing sources, whether to proceed to consummate the transactions contemplated by this Agreement; provided, however, (i) Purchaser shall not terminate or provide notice of termination of the Stalking Horse APA based on the Seller’s failure to satisfy the condition set forth under this Section 8.6 until the expiration of the Evaluation Period as may be extended herein, and (ii) the Evaluation Period may be extended by the Debtors, in consultation with the Consultation Parties, by up to 90 days for any appeal properly perfected with respect to the Supplemental Sale Order (the “Extended Evaluation Periods”). For the avoidance of doubt, if the Debtors or any of the Consultation Parties dispute the reasonableness of the exercise of the Purchaser’s business judgment, such dispute shall be determined by the Bankruptcy Court only in the context of an adversary proceeding. If, at the conclusion of the Extended Evaluation Periods, such Supplemental Sale Order has not become a final, non-appealable order and Purchaser determines not to proceed, Purchaser shall have the right within ten (10) business days after the conclusion of the Extended Evaluation Periods to terminate this Agreement and receive the return of its Good Faith Deposit. Sellers shall provide Purchaser with prompt written notice of the conclusion of the Extended Evaluation Periods and whether the Supplemental Sale Order has become a final, non-appealable order. For purposes of this Section 8.6, “a final, non-appealable order” shall include a Supplemental Sale Order (i) which has been affirmed or

⁴ Doc. No. 3611.

⁵ Doc. No. 3572.

⁶ For a transcript of the hearing, see Doc. No. 3620.

the appeal of which has been dismissed by any appellate court and for which the relevant appeal period has expired (other than any right of appeal to the U.S. Supreme Court), or (ii) which has been withdrawn by the appellant. *If the Supplemental Sale Order becomes a final, non-appealable order prior to the expiration of the Evaluation Period or, if applicable, the Extended Evaluation Periods, Purchaser shall consummate the Sale provided that all other conditions to closing have been satisfied.*

APA at ¶ 8.6 (emphasis added).

At the February 6, 2019 hearing on approval of the APA, SGM made clear that the purpose of the Evaluation Period was to prevent it from being required to close the sale if there was a risk that the Supplemental Sale Order could be overturned on appeal. SGM further stated that it would be required to close the sale if the Supplemental Sale Order became final and non-appealable:

So, what we have done now is negotiate something less in our discretion. And the way this will work is the following. In the event that the AG comes out with what we call, “Additional Conditions,” meaning those that are not set forth on the schedule, and assuming that they are material, and we’ve defined what we mean by “material.”

The Debtor has an opportunity to come to court and attempt to get the Court to determine that those conditions don’t have to be satisfied because they’re “interests” and the sale can be free and clear.

If the Court—if the Debtor decides not to seek that relief, or if the [Debtor] seeks it and doesn’t get it, we have a right to terminate. We don’t have to, but we at least would have a right at that point to terminate based upon the imposition of these Additional Conditions.

If the Debtor is successful in obtaining that order, then we have to deal with the appeal risk, which is, again, very difficult to quantify. So what we’ve agreed on is that the Debtor is going to have a period of time to get us ... a final non-appealable order.

If the Debtor can get us a final, non-appealable order, meaning that if there’s an appeal, it gets resolved in the Debtor’s favor or maybe gets dismissed, at that point we will be obligated to close the transaction, as long as all the other conditions to closing have been satisfied.

Transcript of February 6, 2019 Hearing at 20:7–21:6 (emphasis added).⁷

SGM is judicially estopped from contending that it is entitled to the Evaluation Period and is not obligated to promptly close the sale.⁸ As the Supreme Court has held:

“[W]here a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position, he may not thereafter, simply because his interests have changed, assume a contrary position, especially if it be to the prejudice of the party who has acquiesced in the position formerly taken by him.” This rule, known as judicial estoppel, “generally prevents a party from prevailing in one phase of a case on an argument and then relying on a contradictory argument to prevail in another phase.”

⁷ Doc. No. 1570.

⁸ The Court’s discussion assumes that all other conditions to closing have been satisfied.

New Hampshire v. Maine, 532 U.S. 742, 749, 121 S. Ct. 1808, 1814, 149 L. Ed. 2d 968 (2001) (internal citations omitted).

The Court declined to approve the original form of the APA because it found that SGM's termination rights were too expansive. The Court approved the APA only after the inclusion of the provision requiring SGM to close the sale if the Debtors obtained a final, non-appealable Supplemental Sale Order. SGM received a number of benefits under the APA, including a breakup fee and consultation rights in the event an auction was conducted. Having received benefits under the APA, SGM is judicially estopped from contradicting its prior representations regarding its obligation to close the sale.

B. The Continuance Motion is Granted

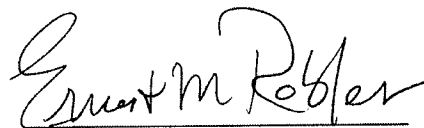
To the extent that the Continuance Motion was motivated by the dispute regarding SGM's obligations under § 8.6 of the APA, that dispute has been rendered moot by the findings set forth above. However, several objections to the Disclosure Statement Motion have been filed, and the Debtors have not yet had an opportunity to file a Reply to these objections. For that reason—and that reason alone—the Continuance Motion is granted.

The hearing on the Disclosure Statement Motion is **CONTINUED** from November 20, 2019, at 10:00 a.m. to **November 26, 2019, at 10:00 a.m.** The Debtors' Reply in support of the Disclosure Statement Motion shall be filed by no later than **November 21, 2019**.

The Court will enter an order consistent with this Memorandum of Decision.

###

Date: November 18, 2019



Ernest M. Robles
United States Bankruptcy Judge

Attachment 15

Order (1) Finding That SGM Is Obligated to Promptly Close the SGM Sale under § 8.6 of the APA, Provided That All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors' Motion for a Continuance of the Hearing to Approve the Disclosure Statement

Debtors' App. pp. 1158 - 1159

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

FILED & ENTERED

NOV 18 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Illewis DEPUTY CLERKIn re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.Lead Case No.: 2:18-bk-20151-ER
Chapter: 11☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
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- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.,

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
Case No. 2:18-bk-20168-ER;
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Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

ORDER (1) FINDING THAT SGM IS OBLIGATED TO PROMPTLY CLOSE THE SGM SALE UNDER § 8.6 OF THE APA, PROVIDED THAT ALL OTHER CONDITIONS TO CLOSING HAVE BEEN SATISFIED AND (2) GRANTING DEBTORS' MOTION FOR A CONTINUANCE OF THE HEARING TO APPROVE THE DISCLOSURE STATEMENT

CONTINUED HEARING TO APPROVE DISCLOSURE STATEMENT:

Date: November 26, 2019

Time: 10:00 a.m.

Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

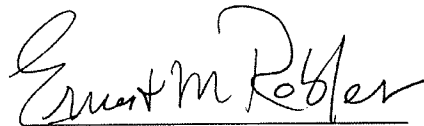
For the reasons set forth in the concurrently-issued *Memorandum of Decision (1) Finding that SGM is Obligated to Promptly Close the SGM Sale Under § 8.6 of the APA, Provided that All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors' Motion for a Continuance of the Hearing to Approve the Disclosure Statement* (the "Memorandum of Decision"), the Court **HEREBY FINDS AND ORDERS AS FOLLOWS:**

- 1) The Debtors have complied with their obligation under the APA¹ to obtain a final, non-appealable Supplemental Sale Order. Consequently, SGM is now obligated to promptly close the SGM Sale, provided that all other conditions to closing have been satisfied.
- 2) The hearing on the Disclosure Statement Motion is **CONTINUED** from November 20, 2019, at 10:00 a.m. to **November 26, 2019, at 10:00 a.m.** The Debtors' Reply in support of the Disclosure Statement Motion shall be filed by no later than **November 21, 2019**.

IT IS SO ORDERED.

###

Date: November 18, 2019



Ernest M. Robles
United States Bankruptcy Judge

¹ Capitalized terms not defined herein have the meaning set forth in the Memorandum of Decision.

Attachment 16
Notice of Appeal and Statement of Election

Debtors' App. pp. 1160 - 1169

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address GARY E. KLAUSNER (SBN 69055) LEVENE, NEALE, BENDER, YOO & BRILL L.L.P. 10250 Constellation Boulevard, Suite 1700 Los Angeles, CA 90067 Telephone: (310) 229-1234 Facsimile: (310) 229-1244 Email: gek@lnbyb.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Strategic Global Management, Inc.	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: Verity Health System of California, Inc., et al., <div style="text-align: right;">Debtor(s).</div>	CASE NO.: 2:18-bk-20151-ER ADVERSARY NO.: <i>(if applicable)</i> CHAPTER: 11
<div style="text-align: center;"> Plaintiff(s) <i>(if applicable)</i>. vs. Defendant(s) <i>(if applicable)</i>. </div>	NOTICE OF APPEAL AND STATEMENT OF ELECTION

Part 1: Identify the appellant(s)1. Name(s) of appellant(s): Strategic Global Management, Inc.

2. Position of appellant(s) in the adversary proceeding or bankruptcy case that is the subject of this appeal:

For appeals in an adversary proceeding.

- ☐ Plaintiff
☐ Defendant
☒ Other *(describe)*:

For appeals in a bankruptcy case and not in an adversary proceeding.

- ☐ Debtor
☐ Creditor
☐ Trustee
☒ Other *(describe)*: Party in Interest and proposed buyer in Section 363 sale

Part 2: Identify the subject of this appeal

1. Describe the judgment, order, or decree appealed from:
Order (1) Finding that SGM Is Obligated to Promptly Close the SGM Sale Under Sec. 8.6 of the APA,
Provided that All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors' Motion for a
Continuance of the Hearing to Approve the Disclosure Statement [Dkt. 3633]
2. The date the judgment, order, or decree was entered: 11/18/2019

See Exhibit A attached hereto.

Part 3: Identify the other parties to the appeal

List the names of all parties to the judgment, order, or decree appealed from and the names, addresses, and telephone numbers of their attorneys (*attach additional pages if necessary*):

1. Party: Verity Health System of California, Inc.
Attorney:
Samuel R. Maizel; Tania M. Moyron; and Nicholas A. Koffroth
Dentons US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, CA 90017
Tel: 213-623-9300

2. Party: California Department of Health Care Services
Attorney:
Xavier Becerra; Jennifer M. Kim; Kenneth K. Wang
Attorney General of California
300 South Spring Street, Suite 1702
Los Angeles, CA 90013
Tel: 213-897-2805

Part 4: Optional election to have appeal heard by District Court (applicable only in certain districts)

If a Bankruptcy Appellate Panel is available in this judicial district, the Bankruptcy Appellate Panel will hear this appeal unless, pursuant to 28 U.S.C. § 158(c)(1), a party elects to have the appeal heard by the United States District Court. If an appellant filing this notice wishes to have the appeal heard by the United States District Court, check below. Do not check the box if the appellant wishes the Bankruptcy Appellate Panel to hear the appeal.

- ☐ Appellant(s) elect to have the appeal heard by the United States District Court rather than by the Bankruptcy Appellate Panel.

Part 5: Sign below

/s/ Gary E. Klausner Date: 11/29/2019
Signature of attorney for appellant(s) (or appellant(s)
if not represented by an attorney)

Fee waiver notice: If appellant is a child support creditor or its representative and appellant has filed the form specified in § 304(g) of the Bankruptcy Reform Act of 1994, no fee is required.

[Note to inmate filers: If you are an inmate filer in an institution and you seek the timing benefit of Fed. R. Bankr. P. 8002(c)(1), complete Director's Form 4170 (Declaration of Inmate Filing) and file that declaration along with the Notice of Appeal.]

EXHIBIT A

FILED & ENTERED

NOV 18 2019

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISIONCLERK U.S. BANKRUPTCY COURT
Central District of California
BY Illewis DEPUTY CLERKIn re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.Lead Case No.: 2:18-bk-20151-ER
Chapter: 11☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
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- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.,

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
Case No. 2:18-bk-20168-ER;
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Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

ORDER (1) FINDING THAT SGM IS OBLIGATED TO PROMPTLY CLOSE THE SGM SALE UNDER § 8.6 OF THE APA, PROVIDED THAT ALL OTHER CONDITIONS TO CLOSING HAVE BEEN SATISFIED AND (2) GRANTING DEBTORS' MOTION FOR A CONTINUANCE OF THE HEARING TO APPROVE THE DISCLOSURE STATEMENT

CONTINUED HEARING TO APPROVE DISCLOSURE STATEMENT:

Date: November 26, 2019

Time: 10:00 a.m.

Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012



182015119111800000000014

1163


For the reasons set forth in the concurrently-issued *Memorandum of Decision (1) Finding that SGM is Obligated to Promptly Close the SGM Sale Under § 8.6 of the APA, Provided that All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors' Motion for a Continuance of the Hearing to Approve the Disclosure Statement* (the "Memorandum of Decision"), the Court **HEREBY FINDS AND ORDERS AS FOLLOWS:**

- 1) The Debtors have complied with their obligation under the APA¹ to obtain a final, non-appealable Supplemental Sale Order. Consequently, SGM is now obligated to promptly close the SGM Sale, provided that all other conditions to closing have been satisfied.
- 2) The hearing on the Disclosure Statement Motion is **CONTINUED** from November 20, 2019, at 10:00 a.m. to **November 26, 2019, at 10:00 a.m.** The Debtors' Reply in support of the Disclosure Statement Motion shall be filed by no later than **November 21, 2019**.

IT IS SO ORDERED.

###

Date: November 18, 2019


Ernest M. Robles
United States Bankruptcy Judge

¹ Capitalized terms not defined herein have the meaning set forth in the Memorandum of Decision.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled: **NOTICE OF APPEAL AND STATEMENT OF ELECTION** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **November 29, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Alexandra Achamallah aachamallah@milbank.com, rliubicic@milbank.com
- Melinda Alonzo ml7829@att.com
- Robert N Amkraut ramkraut@foxrothschild.com
- Kyra E Andrassy kandrassy@swelawfirm.com, lgarrett@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com
- Simon Aron saron@wrslawyers.com
- Lauren T Attard lattard@bakerlaw.com, agrosso@bakerlaw.com
- Allison R Axenrod allison@claimsrecoveryllc.com
- Keith Patrick Banner kbanner@greenbergglusker.com, sharper@greenbergglusker.com;calendar@greenbergglusker.com
- Cristina E Bautista cristina.bautista@kattenlaw.com, ecf.lax.docket@kattenlaw.com
- James Cornell Behrens jbehrens@milbank.com, gbray@milbank.com;mshinderman@milbank.com;dodonnell@milbank.com;jbrewster@milbank.com;JWeber@milbank.com
- Ron Bender rb@lnbyb.com
- Bruce Bennett bbennett@jonesday.com
- Peter J Benvenuti pbenvenuti@kellerbenvenuti.com, pbenven74@yahoo.com
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2. SERVED BY UNITED STATES MAIL: On December 2, 2019 served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows.

The Honorable Ernest M. Robles
United States Bankruptcy Court
255 E. Temple Street, Suite 1560
Los Angeles, CA 90012

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **November 29, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

November 29, 2019	Jeffrey Kwong	/s/ Jeffrey Kwong
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>

Attachment 17

**Memorandum of Decision Finding That SGM Is Obligated to Close the SGM
Sale by No Later Than December 5, 2019**

Debtors' App. pp. 1170 - 1177

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

FILED & ENTERED

NOV 27 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Illewis DEPUTY CLERKIn re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.Lead Case No.: 2:18-bk-20151-ER
Chapter: 11☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital Foundation
☐ Affects St. Francis Medical Center of Lynwood Medical Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
Case No. 2:18-bk-20168-ER;
Case No. 2:18-bk-20169-ER;
Case No. 2:18-bk-20171-ER;
Case No. 2:18-bk-20172-ER;
Case No. 2:18-bk-20173-ER;
Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

**MEMORANDUM OF DECISION FINDING THAT
SGM IS OBLIGATED TO CLOSE THE SGM SALE
BY NO LATER THAN DECEMBER 5, 2019**

Debtors and Debtors in Possession.,

Date: November 26, 2019

Time: 10:00 a.m.

Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

I. Introduction

At the above-captioned date and time, the Court conducted a Status Conference regarding the Asset Purchase Agreement (the "APA") under which Strategic Global Management ("SGM") agreed to purchase the Debtors' four remaining hospitals (the "Hospitals," and the sale transaction, the "SGM Sale"). For the reasons set forth below, the Court finds that as of November 19, 2019, all conditions precedent to SGM's obligation to close had been satisfied.

Accordingly, pursuant to § 1.3 of the APA, SGM is obligated to close the SGM Sale by no later than December 5, 2019.

II. Findings and Conclusions

A. Adjudication of SGM's Obligations Under the APA Does Not Require an Adversary Proceeding

At the outset, the Court rejects SGM's contention that the Court is required adjudicate issues pertaining to SGM's obligations under the APA within the context of an adversary proceeding. SGM asserts that not all conditions precedent to closing have been satisfied. Specifically, SGM maintains that the Debtors have failed to comply with certain of the conditions and obligations imposed upon them by the APA, and that these alleged failures to perform have resulted in a Material Adverse Effect under the APA, relieving SGM of its obligation to close.

SGM is not obligated to close unless all the conditions precedent set forth in Article 8 have been satisfied. Among the conditions precedent is Article 8.4, which provides:

Sellers [the Debtors] shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Sellers on or prior to the Closing Date; provided, however, this condition will be deemed to be satisfied unless (a) Sellers were given written notice of such failure to perform or comply and did not or could not cure such failure to perform or comply within fifteen (15) business days after receipt of such notice and (b) the respects in which such obligations, covenants, agreements and conditions have not been performed have had or would have a Material Adverse Effect.

The APA provides that "any dispute between Purchaser [SGM] and Sellers [the Debtors] as to whether a Material Adverse Effect has occurred for any purpose under this Agreement shall be exclusively settled by a determination made by the Bankruptcy Court." APA at Art. 9.1(c). Nothing within Article 9.1(c) requires that the determination contemplated therein occur through an adversary proceeding. In contrast, Article 8.6 provides that any dispute pertaining to certain aspects of that article "shall be determined by the Bankruptcy Court only in the context of an adversary proceeding." The absence of comparable language in Article 9.1(c) undercuts SGM's contention that disputes under that article must be determined through an adversary proceeding.

Bankruptcy Rule 7001¹ provides that the following matters are adversary proceedings:

- 1) a proceeding to recover money or property, other than a proceeding to compel the debtor to deliver property to the trustee, or a proceeding under §554(b) or §725 of the Code, Rule 2017, or Rule 6002;
- 2) a proceeding to determine the validity, priority, or extent of a lien or other interest in property, but not a proceeding under Rule 3012 or Rule 4003(d);

¹ Unless otherwise indicated, all "Civil Rule" references are to the Federal Rules of Civil Procedure, Rules 1–86; all "Bankruptcy Rule" references are to the Federal Rules of Bankruptcy Procedure, Rules 1001–9037; all "Evidence Rule" references are to the Federal Rules of Evidence, Rules 101–1103; all "LBR" references are to the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California, Rules 1001–1–9075-1; and all statutory references are to the Bankruptcy Code, 11 U.S.C. §§ 101–1532.

- 3) a proceeding to obtain approval under §363(h) for the sale of both the interest of the estate and of a co-owner in property;
- 4) a proceeding to object to or revoke a discharge, other than an objection to discharge under §§727(a)(8), 1 (a)(9), or 1328(f);
- 5) a proceeding to revoke an order of confirmation of a chapter 11, chapter 12, or chapter 13 plan;
- 6) a proceeding to determine the dischargeability of a debt;
- 7) a proceeding to obtain an injunction or other equitable relief, except when a chapter 9, chapter 11, chapter 12, or chapter 13 plan provides for the relief;
- 8) a proceeding to subordinate any allowed claim or interest, except when a chapter 9, chapter 11, chapter 12, or chapter 13 plan provides for subordination;
- 9) a proceeding to obtain a declaratory judgment relating to any of the foregoing; or
- 10) a proceeding to determine a claim or cause of action removed under 28 U.S.C. §1452.

SGM contends that a determination of whether a Material Adverse Effect has occurred is “a proceeding to recovery money or property,” “a proceeding to obtain an injunction or other equitable relief,” and/or “a proceeding to obtain a declaratory judgment relating” to any of the types of proceedings set forth in Bankruptcy Rule 7001(1)–(8). SGM is mistaken.

First, adjudication of whether a “Material Adverse Effect” has occurred is not “a proceeding to recover money or property.” Instead, such adjudication involves interpretation of a contract (the APA). It is true that a determination that there has been no Material Adverse Effect and that SGM is obligated to close the sale would require SGM to perform under its agreement to purchase the Hospitals. The fact that performance would require SGM to transfer money to the Debtors (the purchase price for the Hospitals) does not transform the “Material Adverse Effect” issue into a “proceeding to recovery money or property” within the meaning of Bankruptcy Rule 7001(1). SGM voluntarily chose to execute the APA and serve as the stalking horse bidder for the Hospitals for a purchase price of \$610 million, subject to various adjustments. A determination requiring SGM to follow through on its commitments is very different from the typical actions brought under Bankruptcy Rule 7001(1)—such as proceedings to avoid preferences under § 547, proceedings to avoid fraudulent transfers under § 548, or proceedings to set aside post-petition transfers under § 549.

Second, adjudication of the “Material Adverse Effect” issue is not “a proceeding to obtain an injunction or other equitable relief.” A determination setting forth SGM’s obligations under a contract which it executed (the APA) is not an injunction or a form of equitable relief.

Third, adjudication of the “Material Adverse Effect” issue is not “a proceeding to obtain a declaratory judgment” relating to any of the types of proceedings set forth in Bankruptcy Rule 7001(1)–(8). Interpretation of the APA does not fall within the scope of any of the types of proceedings set forth in Bankruptcy Rule 7001(1)–(8). Therefore, a declaration of SGM’s obligations under the APA does not fall within the ambit of Bankruptcy Rule 7001(9).

B. Adjudication of SGM’s Obligations Under the APA Is Not Premature

SGM asserts that the issue of whether it has performed its obligations under the APA is not yet properly before the Court, and that the Debtors’ request for a determination as to this issue is premature. SGM states that it has not yet decided whether it will close the SGM Sale. According to SGM, a case or controversy will arise only after SGM makes a final determination that it will not close the SGM Sale.

SGM is incorrect. SGM has made representations to the Debtors that provide reasonable grounds for the Debtors to doubt that SGM will fulfill its obligations under the APA. (The contents of those representations are not discussed herein because they have been presented to the Court under seal.) In response to the Debtors' demand for written assurance that SGM would fulfill its obligations, SGM sent the Debtors two letters casting further doubt upon whether it would perform under the APA (the "Nov. 22 Letters").² SGM's actions have given rise to a case or controversy.

The Court further notes that although SGM presented its ripeness argument in a document captioned as a reservation of rights,³ SGM's submission was in reality an opposition to the Debtor's assertion that all conditions precedent to SGM's obligation to close have been satisfied. The Nov. 22 Letters also qualify as an opposition to the Debtors' assertions regarding SGM's obligation to close. The Nov. 22 Letters contain 19 single-spaced pages of legal argument and 38 pages of supporting exhibits. SGM's arguments regarding its obligations under the APA have been fully presented to the Court.

Finally, and as further discussed in Section II.D., below, the Court finds that SGM's contention that it is not obligated to close is a cynical attempt to extract a better purchase price. A key component of SGM's negotiation strategy is its attempt to delay as long as possible the adjudication of its obligations under the APA. The Court will not facilitate SGM's dubious tactics.

C. SGM Is Not Entitled to Appeal the Bankruptcy Court's Determination Regarding a Material Adverse Effect

SGM received substantial benefits under the APA, including the right to receive a breakup fee in the event that it was outbid and consultation rights in the event that an auction of the Hospitals occurred. In exchange for receiving those benefits, SGM waived certain rights, including its right to appeal any determination made by the Bankruptcy Court with respect to the occurrence of a Material Adverse Effect.

As noted, the APA provides that "any dispute between Purchaser [SGM] and Sellers [the Debtors] as to whether a Material Adverse Effect has occurred for any purpose under this Agreement *shall be exclusively settled* by a determination made by the Bankruptcy Court." APA at Art. 9.1(c). This provision means that only the Bankruptcy Court, and no other court (including any appellate court), is entitled to determine Material Adverse Effect issues.

D. No Material Adverse Effect Has Occurred

As set forth above, SGM alleges that the Debtors have failed to comply with certain of the conditions and obligations imposed upon them by the APA, and that these alleged failures to perform have resulted in a Material Adverse Effect, relieving SGM of its obligation to close. This Memorandum of Decision does not discuss SGM's allegations in detail, as doing so would damage the estates by adversely affecting (1) the Debtors' efforts to close the SGM Sale and (2) the Debtors' ability to maximize the value of the Hospitals in the event the SGM Sale does not close.

² The Nov. 22 Letters have also been filed under seal.

³ Doc. No. 3701.

Under Section 8.4 of the APA, SGM is excused from its obligation to close only if (1) the Debtors have failed to perform their obligations under the APA and if (2) such failure to perform has resulted in a Material Adverse Effect.

The APA's definition of "Material Adverse Effect" is very brief. Under the APA, a "Material Adverse Effect" is "a material adverse effect upon the Hospitals, taken as a whole" APA at Art. 2, Preamble.

"Material Adverse Effect" is a term of art routinely used in asset purchase agreements of the type at issue here. The parties' use of a term of art, combined with their decision to define the term with only minimal detail, shows that the parties intended to rely upon the definition of the term contained in applicable caselaw.

The APA is governed by California law, except to the extent that California law is superseded by the Bankruptcy Code or other applicable federal law. APA at Art. 12.3. California law on the meaning of a material adverse effect clause—sometimes known as a material adverse change clause—is not well developed. The few cases which do address material adverse effect clauses view their enforcement with disfavor. For example, in *1601 McCarthy Blvd., LLC v. GMAC Comm'l Mortg. Corp.*, 2005 WL 4859147 (Cal. Super. Ct. June 1, 2005), the court held that a loan servicer's invocation of a material adverse effect clause to avoid its obligation to disburse funds to a borrower was an "unfair business practice or act," because the servicer "used the material adverse change clause as a lever against [the borrower] to retain control over the borrower's ... funds." *McCarthy Blvd.*, 2005 WL 4859147 at *¶ 59. The court found:

[L]enders rarely employ—and even less frequently invoke and enforce—this type of broad-based material adverse change clause in commercial real estate transactions.... And even when they are invoked, ... lenders only use the clause as a tool to "bring the borrower to the table, use it as lever against the borrower, or ... a club against the borrower to modify the loan or change the loan." There is no evidence in the record that the material adverse change clause in the Deed of Trust benefits any side but the lender, or serves any other purpose than to threaten the borrower with dire consequences....

The record supports Mr. Greenwald's opinion that broad-based material adverse change clauses are rarely used, and in those rare instances when they are, they are placed in deeds of trust purely for their in terrorem effect and not with any genuine intention to invoke them.

Id. at ¶¶ 59 and 68.

Although the APA is governed by California law, Delaware cases interpreting material adverse effect clauses are helpful persuasive authority. A significant amount of the litigation over the enforcement of asset purchase agreements occurs before Delaware courts, and the Delaware caselaw interpreting material adverse effect clauses is well developed.

In *In re IBP, Inc. Shareholders Litigation*, the court rejected purchaser Tyson Foods' claim that it was not required to consummate a merger because of a material adverse effect. The court held:

[A] buyer ought to have to make a strong showing to invoke a Material Adverse Effect exception to its obligation to close. Merger contracts are heavily negotiated and cover a large number of specific risks explicitly. As a result, even where a Material Adverse Effect condition is as broadly written as the one in the Merger Agreement, that provision

is best read as a backstop protecting the acquiror from the occurrence of unknown events that substantially threaten the overall earnings potential of the target in a durationally-significant manner. A short-term hiccup in earnings should not suffice; rather the Material Adverse Effect should be material when viewed from the longer-term perspective of a reasonable acquiror.

In re IBP, Inc. Shareholders Litig. (IBP, Inc. v. Tyson Foods, Inc.), 789 A.2d 14, 68 (Del. Ch. 2001).

In *Hexion Specialty Chemicals, Inc. v. Huntsman Corp.*, 965 A.2d 715, 738 (Del. Ch. 2008), the court reiterated that a “buyer faces a heavy burden when it attempts to invoke a material adverse effect clause in order to avoid its obligation to close.”

Assessment of the occurrence of a Material Adverse Effect must take into account the \$610 million purchase price for the Hospitals. To prevail upon its assertion of a Material Adverse Effect, SGM would be required to show the occurrence of unexpected events which have substantially reduced the value of the Hospitals. Here, representative examples of a “Material Adverse Effect” under Article 8.4 of the APA would include the Debtors’ failure to maintain the Hospitals’ licensure, or the Debtors’ operation of the Hospitals in a manner that caused regulatory authorities to close key departments within the Hospitals, such as the emergency department or pharmacy.

None of SGM’s allegations come even close to showing a Material Adverse Effect. Even if all the allegations are true (a finding the Court does not make), SGM would not be excused from closing the sale under Article 8.4 of the APA.⁴

SGM’s invocation of the APA’s Material Adverse Effect provision is not well taken. The Court has previously made clear that the closing of the SGM Sale is the lynchpin of the Debtors’ plan of liquidation; that if the SGM Sale does not promptly close, the most likely outcome will be the closure of three of the four Hospitals; and that the prompt closing of the sale is critical to the estates’ liquidity position.⁵ SGM is well aware that it was the only bidder for the Hospitals. By presenting non-meritorious arguments as to why it is not obligated to close, SGM is holding the estates, creditors, and patients of the Hospitals hostage in an attempt to extort a better purchase price. SGM’s cynical tactics are especially offensive given the significant harm that closure of the Hospitals would impose upon patients. For example, two of the Hospitals that

⁴ Had SGM presented its allegations by way of an adversary complaint, the Court would dismiss such a complaint under Civil Rule 12(b)(6) for failure to state a claim upon which relief could be granted.

⁵ See Memorandum of Decision Granting Debtors’ Emergency Motion to Enforce the Sale Order (the “Sale Enforcement Memorandum”) [Doc. No. 3446] at 3–4 and Memorandum of Decision (1) Finding that SGM is Obligated to Promptly Close the SGM Sale Under § 8.6 of the APA, Provided that All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors’ Motion for a Continuance of the Hearing to Approve the Disclosure Statement [Doc. No. 3632]. The Sale Enforcement Memorandum was subsequently vacated pursuant to a stipulation between the Debtors and the California Attorney General (the “Attorney General”), under which the Attorney General agreed not to pursue an appeal in exchange for vacatur of the Sale Enforcement Memorandum. Doc. No. 3599. Notwithstanding such vacatur, the Sale Enforcement Memorandum’s findings regarding the importance of consummation of the SGM Sale remain valid.

would likely close upon failure of the SGM Sale contain large populations of long-term patients suffering from severe illnesses, all of whom would have to be relocated to other facilities.

E. All Conditions Precedent to Closing Have Been Satisfied

The Court has previously found that the condition precedent to closing set forth in Article 8.6 of the APA has been satisfied.⁶ All other conditions precedent to closing were satisfied as of November 19, 2019. On that date, the Debtors obtained a settlement with the Centers for Medicare and Medicaid Services providing for the transfer of their Medicare Provider Agreements to SGM, thereby satisfying their remaining obligations under Article 8.7 of the APA.⁷

Article 1.3 obligates SGM to close the sale “promptly but no later than ten (10) business days following the satisfaction” of all conditions precedent. As all conditions precedent were satisfied on November 19, 2019, SGM is obligated to close the sale by no later than December 5, 2019.

III. Conclusion

Based upon the foregoing, the Court finds that all conditions precedent to SGM’s obligation to close the SGM Sale have been satisfied. Pursuant to Article 1.3 of the APA, SGM is obligated to close by no later than December 5, 2019. The Court will enter an order consistent with this Memorandum of Decision.


⁶ Memorandum of Decision (1) Finding that SGM is Obligated to Promptly Close the SGM Sale Under § 8.6 of the APA, Provided that All Other Conditions to Closing Have Been Satisfied and (2) Granting Debtors’ Motion for a Continuance of the Hearing to Approve the Disclosure Statement [Doc. No. 3632].

⁷ Article 8.7 also obligates the Debtors to transfer their Medi-Cal Provider Agreements to SGM pursuant to a settlement agreement with the California Department of Health Care Services (the “DHCS”). The Debtors materially complied with Article 8.7 by obtaining an order authorizing the transfer of the Medi-Cal Provider Agreements free and clear of any interest asserted by the DHCS. *See* Order Authorizing Debtors to Sell Medi-Cal Provider Agreements, Free and Clear of Interest Asserted by the California Department of Health Care Services, Pursuant to §§ 363(b) and (f)(5) [Doc. No. 3372].

Case 2:18-bk-20151-ER Doc 3723 Filed 11/27/19 Entered 11/27/19 15:16:42 Desc
Main Document Page 8 of 8

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Date: November 27, 2019


Ernest M. Robles
United States Bankruptcy Judge

Attachment 18

Order (1) Finding That SGM Is Obligated to Close the Sale by No Later Than December 5, 2019 and (2) Setting Continued Hearing on Debtors' Motion for Approval of Disclosure Statement

Debtors' App. pp. 1178 - 1179

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

FILED & ENTERED

NOV 27 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Illewis DEPUTY CLERKIn re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.Lead Case No.: 2:18-bk-20151-ER
Chapter: 11☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Medical Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.,

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
Case No. 2:18-bk-20168-ER;
Case No. 2:18-bk-20169-ER;
Case No. 2:18-bk-20171-ER;
Case No. 2:18-bk-20172-ER;
Case No. 2:18-bk-20173-ER;
Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

ORDER (1) FINDING THAT SGM IS OBLIGATED TO CLOSE THE SGM SALE BY NO LATER THAN DECEMBER 5, 2019 AND (2) SETTING CONTINUED HEARING ON DEBTORS' MOTION FOR APPROVAL OF DISCLOSURE STATEMENT

Date: November 26, 2019

Time: 10:00 a.m.

Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

For the reasons set forth in the concurrently-issued *Memorandum of Decision Finding that SGM is Obligated to Close the SGM Sale By No Later than December 5, 2019* (the "Memorandum of Decision"), the Court **HEREBY FINDS AND ORDERS AS FOLLOWS:**

- 1) Pursuant to § 1.3 of the APA,¹ SGM is obligated to close the SGM Sale by no later than December 5, 2019.
- 2) A continued hearing on the Debtors' motion to approve the adequacy of the Debtors' proposed Disclosure Statement (the "Disclosure Statement Motion") shall take place on **December 12, 2019, at 10:00 a.m.** The Debtors shall file a reply in support of the Disclosure Statement Motion by no later than **December 9, 2019.**

IT IS SO ORDERED.

###

Date: November 27, 2019



Ernest M. Robles
United States Bankruptcy Judge

¹ Capitalized terms not defined herein have the meaning set forth in the Memorandum of Decision.

Attachment 19
Notice of Appeal and Statement of Election

Debtors' App. pp. 1180 - 1190

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address GARY E. KLAUSNER (SBN 69077) LEVENE, NEALE, BENDER, YOO & BRILL L.L.P. 10250 Constellation Boulevard, Suite 1700 Los Angeles, CA 90067 Telephone: (310) 229-1234 Facsimile: (310) 229-1244 Email: L.gek@lnbyb.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Strategic Global Management, Inc.	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: Verity Health System of California, Inc., et al., <div style="text-align: right;">Debtor(s).</div>	CASE NO.: 2:18-bk-20151-ER ADVERSARY NO.: <i>(if applicable)</i> CHAPTER: 11
<div style="text-align: center;"> Plaintiff(s) <i>(if applicable)</i>. vs. Defendant(s) <i>(if applicable)</i>. </div>	<div style="text-align: center;"> NOTICE OF APPEAL AND STATEMENT OF ELECTION </div>

Part 1: Identify the appellant(s)1. Name(s) of appellant(s): Strategic Global Management, Inc

2. Position of appellant(s) in the adversary proceeding or bankruptcy case that is the subject of this appeal:

For appeals in an adversary proceeding.

- ☐ Plaintiff
☐ Defendant
☒ Other *(describe)*:

For appeals in a bankruptcy case and not in an adversary proceeding.

- ☐ Debtor
☐ Creditor
☐ Trustee
☒ Other *(describe)*: Party in Interest and proposed buyer in Section 363 sale

Part 2: Identify the subject of this appeal

1. Describe the judgment, order, or decree appealed from:
Order (1) Finding that SGM Is Obligated to Close the SGM Sale by No Later Than December 5, 2019
and (2) Setting Continued Hearing on Debtors' Motion for Approval of Disclosure Statement [Dkt. 3724]
2. The date the judgment, order, or decree was entered: 11/27/2019
See Exhibit A attached hereto.

Part 3: Identify the other parties to the appeal

List the names of all parties to the judgment, order, or decree appealed from and the names, addresses, and telephone numbers of their attorneys (*attach additional pages if necessary*):

1. Party: Verity Health System of California, Inc.
Attorney:
Samuel R. Maizel; Tania M. Moyron; and Nicholas A. Kiffroth
Dentons US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, CA 90017
Tel: 213-623-9300
2. Party:
Attorney:

Part 4: Optional election to have appeal heard by District Court (applicable only in certain districts)

If a Bankruptcy Appellate Panel is available in this judicial district, the Bankruptcy Appellate Panel will hear this appeal unless, pursuant to 28 U.S.C. § 158(c)(1), a party elects to have the appeal heard by the United States District Court. If an appellant filing this notice wishes to have the appeal heard by the United States District Court, check below. Do not check the box if the appellant wishes the Bankruptcy Appellate Panel to hear the appeal.

- ☐ Appellant(s) elect to have the appeal heard by the United States District Court rather than by the Bankruptcy Appellate Panel.

Part 5: Sign below

/s/ Gary E. Klausner Date: 12/03/2019
Signature of attorney for appellant(s) (or appellant(s)
if not represented by an attorney)

Fee waiver notice: If appellant is a child support creditor or its representative and appellant has filed the form specified in § 304(g) of the Bankruptcy Reform Act of 1994, no fee is required.

[Note to inmate filers: If you are an inmate filer in an institution and you seek the timing benefit of Fed. R. Bankr. P. 8002(c)(1), complete Director's Form 4170 (Declaration of Inmate Filing) and file that declaration along with the Notice of Appeal.]

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

FILED & ENTERED

NOV 27 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Illewis DEPUTY CLERKIn re: Verity Health System of California, Inc., *et al.*,
Debtors and Debtors in Possession.☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
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☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.,

Lead Case No.: 2:18-bk-20151-ER
Chapter: 11

Jointly Administered With:

Case No. 2:18-bk-20162-ER;
Case No. 2:18-bk-20163-ER;
Case No. 2:18-bk-20164-ER;
Case No. 2:18-bk-20165-ER;
Case No. 2:18-bk-20167-ER;
Case No. 2:18-bk-20168-ER;
Case No. 2:18-bk-20169-ER;
Case No. 2:18-bk-20171-ER;
Case No. 2:18-bk-20172-ER;
Case No. 2:18-bk-20173-ER;
Case No. 2:18-bk-20175-ER;
Case No. 2:18-bk-20176-ER;
Case No. 2:18-bk-20178-ER;
Case No. 2:18-bk-20179-ER;
Case No. 2:18-bk-20180-ER;
Case No. 2:18-bk-20181-ER;

Chapter 11 Cases.

ORDER (1) FINDING THAT SGM IS OBLIGATED TO CLOSE THE SGM SALE BY NO LATER THAN DECEMBER 5, 2019 AND (2) SETTING CONTINUED HEARING ON DEBTORS' MOTION FOR APPROVAL OF DISCLOSURE STATEMENT

Date: November 26, 2019

Time: 10:00 a.m.

Location: Ctrm. 1568
Roybal Federal Building
255 East Temple Street
Los Angeles, CA 90012

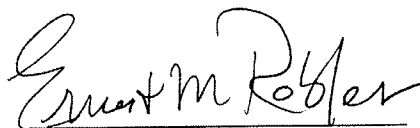
For the reasons set forth in the concurrently-issued *Memorandum of Decision Finding that SGM is Obligated to Close the SGM Sale By No Later than December 5, 2019* (the "Memorandum of Decision"), the Court **HEREBY FINDS AND ORDERS AS FOLLOWS:**

- 1) Pursuant to § 1.3 of the APA,¹ SGM is obligated to close the SGM Sale by no later than December 5, 2019.
- 2) A continued hearing on the Debtors' motion to approve the adequacy of the Debtors' proposed Disclosure Statement (the "Disclosure Statement Motion") shall take place on **December 12, 2019, at 10:00 a.m.** The Debtors shall file a reply in support of the Disclosure Statement Motion by no later than **December 9, 2019.**

IT IS SO ORDERED.

###

Date: November 27, 2019



Ernest M. Robles
United States Bankruptcy Judge

¹ Capitalized terms not defined herein have the meaning set forth in the Memorandum of Decision.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled **NOTICE OF APPEAL AND STATEMENT OF ELECTIONS** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **December 3, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On **December 3, 2019**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **December 3, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served via Attorney Service

The Honorable Ernest M. Robles
United States Bankruptcy Court
Edward R. Roybal Federal Building
255 E. Temple Street, Suite 1560
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

December 3, 2019

Jason Klassi

/s/ Jason Klassi

Date

Type Name

Signature

- 1 • Alexandra Achamallah aachamallah@milbank.com, rliubicic@milbank.com
- 2 • Melinda Alonzo ml7829@att.com
- 3 • Robert N Amkraut ramkraut@foxrothschild.com
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- 4 • Amir Gamliel amir-gamliel-9554@ecf.pacerpro.com,
cmallahi@perkinscoie.com;DocketLA@perkinscoie.com
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Attachment 20

Gary Klausner email of December 2, 2019

Debtors' App. pp. 1191 - 1192

Redacted

From: Gary E. Klausner <GEK@lnbyb.com>
Sent: Monday, December 02, 2019 6:26 PM
To: Martin, Sonia R. <sonia.martin@dentons.com>
Cc: Moyron, Tania M. <tania.moyron@dentons.com>; Maizel, Samuel R. <samuel.maizel@dentons.com>; Montgomery, Claude D. <claudemontgomery@dentons.com>; Alberts, Sam J. <sam.alberts@dentons.com>; Gary E. Klausner <GEK@lnbyb.com>
Subject: Verity

[External Sender]

Sonia; as you are aware, SGM has filed a notice of appeal from the Bankruptcy Court's order of November 14, 2019 regarding Verity's emergency motion. We understand your position regarding the "finality" of that order and we respectfully disagree as our client had standing to appeal to order entered by the court, notwithstanding the fact that SGM did not oppose the underlying emergency motion. Ultimately the appellate court will decide this issue.

In the meantime, so that there is no confusion or misunderstanding about SGM's position on this issue, the 21 business days evaluation period under section 8.6 began on November 14; that means, if my review of the calendar is correct, the 21 business days to respond under section 8.6 will not expire until December 16, 2019.

GARY E. KLAUSNER, Esq.

LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

10250 Constellation Blvd. | Suite 1700 | Los Angeles, CA 90067

Phone 310 229 1234 | Direct 310 229 3360 | Fax 310 229 1244

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The preceding E-mail message is subject to Levene, Neale, Bender, Yoo & Brill L.L.P.'s email policies which can be found at <http://www.lnbyb.com/disclaimers.htm>.



Please consider the environment before printing this email

Attachment 21
February 6, 2019 Hearing Transcript

Debtors' App. pp. 1193 - 1260

1 UNITED STATES BANKRUPTCY COURT
2 CENTRAL DISTRICT OF CALIFORNIA

3 --oOo--

4 In Re:) Case No. 2:18-bk-20151-ER
5 VERITY HEALTH SYSTEM OF)
CALIFORNIA, INC.,) Chapter 11
6)
Debtor.) Los Angeles, California
7) Wednesday, February 6, 2019
8) 10:00 a.m.

9 HEARING RE: [1279] MOTION AND
10 NOTICE OF MOTION FOR THE ENTRY
11 OF
12 (I) AN ORDER
13 (1) APPROVING FORM OF ASSET
14 PURCHASE AGREEMENT FOR
15 STALKING HORSE BIDDER AND FOR
16 PROSPECTIVE OVERBIDDERS;
17 (2) APPROVING AUCTION SALE
18 FORMAT, BIDDING PROCEDURES AND
19 STALKING HORSE BID
20 PROTECTIONS;
21 (3) APPROVING FORM OF NOTICE
22 TO BE PROVIDED TO INTERESTED
23 PARTIES;
24 (4) SCHEDULING A COURT HEARING
25 TO CONSIDER APPROVAL OF THE
SALE TO THE HIGHEST BIDDER;
AND
(5) APPROVING PROCEDURES
RELATED TO THE ASSUMPTION OF
CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES; AND
(II) AN ORDER
(A) AUTHORIZING
THE SALE OF PROPERTY FREE AND
CLEAR OF ALL CLAIMS, LIENS AND
ENCUMBRANCES; MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF

24 Proceedings recorded by electronic sound recording;
25 transcript produced by transcription service.

1 HEARING RE [1153] REJECTION
2 AND/OR MODIFICATION OF
3 COLLECTIVE BARGAINING
4 AGREEMENTS.

5 HEARING RE [1153] CURE
6 OBJECTIONS

7 HEARING RE [1153] ISSUES
8 PERTAINING TO THE TRANSFER
9 AND/OR ASSUMPTION OF MEDI-CAL
10 PROVIDER AGREEMENTS

11 HEARING RE [1153] ISSUES
12 PERTAINING TO THE TRANSFER
13 AND/OR ASSUMPTION OF MEDICARE
14 PROVIDER AGREEMENTS

15 TRANSCRIPT OF PROCEEDINGS
16 BEFORE THE HONORABLE ERNEST ROBLES
17 UNITED STATES BANKRUPTCY JUDGE

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1 LOS ANGELES, CALIFORNIA WEDNESDAY, FEBRUARY 6, 2019 10:00 AM

2 --oOo--

3 (Call to order of the Court.)

4 THE CLERK: Please rise and come to order. This
5 Court is now in session. The Honorable Ernest Robles,
6 presiding.

7 THE COURT: Good morning. Be seated, please.

8 (Pause while the Court heard other matters.)

9 THE COURT: All right. Let's hear the Verity
10 related matters, item 10 and following. We'll take
11 appearances, first in the courtroom.

12 MR. MAIZEL: Good morning, your Honor. Samuel
13 Maizel, Dentons US LLP, on behalf of the Debtor.

14 Your Honor, we'd ask the Court's indulgence.
15 There are ongoing discussions between the secured lenders
16 and the buyer based on the tentative. And we'd ask if the
17 Court would continue this for 30 minutes, and give us an
18 opportunity to see if we can't resolve some of the issues
19 before we go forward.

20 THE COURT: All right. I appreciate that. Just
21 let us know when you're ready to proceed.

22 MR. MAIZEL: Thank you, your Honor.

23 THE COURT: Thank you.

24 (Proceedings briefly recessed.)

25 THE CLERK: Please remain seated and come to

1 order. This Court is again in session.

2 THE COURT: We have a matter on the 11:00 o'clock
3 calender, item 100, but before we get to that, I'm given to
4 understand that the Verity matter has requested up to around
5 1:00 o'clock.

6 So if you're here on the Verity matter, I don't
7 think there's any reason for you to have to stay. We
8 probably won't actually reconvene until about 1:30 or so.

9 MR. WISLER: Good morning, your Honor. Jeffrey
10 Wisler on behalf of Cigna Health and Life Insurance Company,
11 and other Cigna entities.

12 Your Honor, you ruled in -- you sustained our
13 objection in the tentative. I confirmed with Mr. Maizel
14 this morning that he was not challenging that, but they may
15 have changed. And if I don't catch my 2:00 o'clock flight,
16 then I'm here for an extra day, which I'd prefer not to do.

17 So, I'd like to have an opportunity to ask Mr.
18 Maizel that. And if your Honor wants to address everything
19 together, because it's all moot if the lenders don't agree,
20 then I understand, your Honor. I will stay.

21 THE COURT: Well, let's do this. I don't know if
22 they're in the building somewhere. If you know --

23 MR. WISLER: Understood, your Honor.

24 THE COURT: If you just catch them and you can
25 come back here and make your representation about whether we

1 have to go forward or not. I'll be here, so you can just
2 come in --

3 MR. WISLER: One way or another.

4 THE COURT: That's right.

5 MR. WISLER: Understood, your Honor. Thank you
6 very much.

7 THE COURT: Thank you.

8 All right. Just a moment.

9 (Pause while the Court heard other matters.)
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AFTERNOON SESSION

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(Call to order of the Court.)

THE CLERK: Please rise and come to order. This Court is now in session. The Honorable Ernest M. Robles, presiding.

THE COURT: Good afternoon. Be seated, please. We'll continue our Verity matters, item 10 from our 10:00 o'clock calendar. May I have appearances, please?

MR. MAIZEL: Good afternoon, your Honor. Sam Maizel, Dentons US LLP, on behalf of the Debtors. With me at counsel table is my new partner, newly created partner, Tania Moyron.

And with us in the courtroom today are the CEO, CFO and general counsel from Verity, and our financial advisors from Berkeley Research Group, and our investment bankers from Cain Brothers.

THE COURT: Thank you.

MR. BRAY: Good afternoon, your Honor. Gregory Bray, Milbank, Tweed, Hadley and McCloy, counsel for the Official Creditors Committee. And my partner, Mark Shinderman, is with me today.

THE COURT: Good afternoon.

MR. KLAUSNER: Good afternoon, your Honor. Gary Klausner, Levene, Neale, Bender, Yoo and Brill. We

1 represent Strategic Global Management, Inc., the prospective
2 stalking horse purchaser.

3 THE COURT: Thank you.

4 MR. WISLER: Good afternoon, your Honor. Jeffrey
5 Wisler on behalf of Cigna Health and Life Insurance Company,
6 Cigna Healthcare of California, Inc., and Life Insurance
7 Company of North America.

8 THE COURT: Thank you.

9 MS. MONTGOMERY: Good afternoon, your Honor.
10 Susan Montgomery appearing on behalf of United Healthcare.

11 MR. COCO: Good afternoon, your Honor. Nathan
12 Coco from McDermott, Will, Emery, on behalf of US Bank, as
13 notes Trustee, 2015 series.

14 THE COURT: Thank you.

15 MR. WHITMORE: Good afternoon, your Honor. Clark
16 Whitmore from Maslon, LLP, on behalf of US Bank National
17 Association, as the 2017 notes trustee.

18 MS. ROSE: Good afternoon, your Honor. Mary Rose
19 of Buchalter, appearing on behalf of AHMC Healthcare, Inc.,
20 a prospective bidder.

21 THE COURT: Thank you.

22 MS. RILEY: Good afternoon, your Honor. Debra
23 Riley of Allen Matkins, appearing on California Statewide
24 Communities Development Authority.

25 MS. BERRY: Good morning, your Honor. Alicia

1 Berry for the California Attorney General on behalf of the
2 People of the State of California.

3 THE COURT: Thank you.

4 MS. SKOGSTAD: Good afternoon, your Honor.
5 Kyrsten Skogstad on behalf of the California Nurses
6 Association.

7 MR. KOHANSKI: Good afternoon, your Honor. Joe
8 Kohanski, Bush Gottlieb, for United Nurses Associations of
9 California, UNAC.

10 MR. MARGULIES: Good afternoon, your Honor. Craig
11 Margulies with Margulies Faith, LLP, on behalf of Hooper
12 Healthcare Consulting.

13 MR. RICOTTA: Good afternoon, your Honor. Paul
14 Ricotta of Mintz Levin, on behalf of UMB Bank, as master
15 trustee, and Wells Fargo Bank, as the bond trustee for the
16 2005 bonds.

17 THE COURT: Thank you.

18 Now, in the courtroom are there any further
19 appearances? If not, I'll turn to the telephonic
20 appearances.

21 All right. I'll turn to the telephonic
22 appearances, and I'll ask that you make your appearance when
23 I call your name.

24 Claude Montgomery.

25 MR. MONTGOMERY: Your Honor, I'm on the phone.

1 Thank you very much. Appearing for the Debtors.

2 THE COURT: Thank you.

3 Kyra Andrassy.

4 Peter Benvenutti.

5 MR. BENVENUTTI: Yes, your Honor. Peter
6 Benvenutti, Keller and Benvenutti, on behalf of the County
7 of San Mateo and Health Plan of San Mateo. Thank you very
8 much --

9 THE COURT: Thank you.

10 MR. BENVENUTTI: -- for letting us to attend.
11 Thank you.

12 THE COURT: Steven Berman.

13 Melissa Jones.

14 MR. LEMKE: Your Honor, this is David Lemke,
15 substituting for Melissa Jones. I'm with Waller Lansden,
16 and appearing on behalf of Ally Bank, the DIP lender and DIP
17 agent.

18 THE COURT: Thank you.

19 Christopher Minier.

20 Lisa Peters.

21 David Powlen.

22 Alexandra Rhim.

23 MS. RHIM: Good afternoon, your Honor. This is
24 Alexandra Rhim appearing on behalf of University of Southern
25 California.

1 THE COURT: Thank you.

2 Emily Rich.

3 MS. RICH: Yes. Emily Rich and Caitlin Gray,
4 Weinberg, Roger and Rosenfeld, appearing on behalf of SEIU-
5 UHW.

6 THE COURT: Thank you.

7 Jay Ryan Yant.

8 MR. YANT: Good afternoon, your Honor. Ryan Yant
9 on behalf of both St. Vincent IPA, IPA for St. Vincent
10 Medical Center, and Angeles IPA, which serves that same role
11 at St. Francis.

12 THE COURT: Thank you.

13 Michael Reynolds.

14 MR. REYNOLDS: Here. Thank you, your Honor.

15 THE COURT: Very well. Any other appearances by
16 telephone?

17 MR. BUTLER: Yes, your Honor. You have Demarr
18 Butler on behalf of the Pension Benefit Guaranty
19 Corporation.

20 THE COURT: Thank you, Mr. Butler.

21 Anyone else? All right.

22 Let's go forward then. Item 10.

23 Mr. Maizel.

24 MR. MAIZEL: Your Honor, first of all, on behalf
25 of all the parties I'd like to thank the Court for its

1 patience. I think a lot of work was done over the last few
2 hours in the cafeteria. We basically took over half of it.
3 And I think we've reached agreement, amongst at least some
4 of the parties, on the issues raised in the tentative.

5 And I also want to thank all the other parties who
6 were waiting a while, because the discussions, honestly,
7 were almost all related to the objections by the committee
8 and the secured lenders, and the Court's tentative rulings
9 on those issues. And I know there were a lot of people just
10 waiting for that, and I appreciate their patience. I know
11 this can be a tedious task sometimes.

12 THE COURT: Yes.

13 MR. MAIZEL: So I'd like to turn to the two
14 primary issues raised in the Court's tentative from the
15 Debtor's perspective. And if we could go through those
16 first, and then I know there are parties who will want to
17 raise issues raised in the tentative as well, but I think
18 since those are the two key issues, in terms of going
19 forward at all.

20 Because, honestly, without resolution on the
21 Court's tentative ruling with regard to paragraph 8.6 and
22 the breakup fee, there would be no bid procedures motion to
23 go forward for the rest of those matters.

24 So, with regard to 8.6, which -- first let me
25 explain why this appears at all. The Court is very familiar

1 with the Attorney General's ability to interpose into the
2 sales of not-for-profit hospitals even in bankruptcy cases.
3 The Attorney General's activities in both the Gardens case
4 and in this case to date, has not surprisingly created
5 concerns among the prospective buyer pool. And SGM,
6 Strategic Global Management, is not unique or alone in that
7 regard.

8 Paragraph 8.6 came into the asset purchase
9 agreement fairly late in the process because of those
10 concerns, and as certainly exemplified by the Attorney
11 General's continuing efforts through its appeal of the
12 Court's order with regard to the Santa Clara sale.

13 So, we have read the tentative carefully. There
14 was lengthy discussion between the buyer, the secured
15 lenders and the creditor's committee. And we have a
16 proposal for language which we think satisfies, we hope,
17 will satisfy the Court's concern about the broad discretion
18 provided to the buyer. And this is language that the
19 secured creditors and the Debtor have agreed to. I'll leave
20 the creditors committee to explain their position.

21 And if I could approach, I can hand you a copy.

22 THE COURT: Very well. Thank you.

23 (Pause.)

24 MR. MAIZEL: Your Honor, if the -- if nothing
25 else, old 8.6 and new 8.6, you'll notice that there's -- and

1 new 8.6 is considerably longer. That is the result of
2 discussions that actually began right after the tentative
3 was issued, and continued this afternoon and -- this morning
4 and this afternoon.

5 There's two things that I would say that I think
6 address the Court's concern. In the old section 8.6, it had
7 the language that in the purchaser's sole and absolute
8 discretion, within 21 days, business days after the entry of
9 an order, doing basically, clearing off the AG conditions,
10 the purchaser still had sole and absolute discretion to --
11 to decide whether to proceed.

12 And the Court's tentative made clear that the
13 Court, at least seemed to make clear to us, that the Court
14 was concerned about such a broad grant of discretion to the
15 purchaser.

16 In the new 8.6, that discretion is now materially
17 changed so that, first of all, it now has to be an exercise
18 of the purchaser's reasonable business judgment, which we
19 think is significantly different language. Reasonable
20 business judgment obviously allows the parties, if they
21 disagree, to come to court and to see if it is reasonable or
22 not.

23 And then, in addition, there's a period of at
24 least 90 days for each appeal, where based on the Debtors,
25 can decide to extend this evaluation period to allow us to

1 deal with appeals, so the buyer does not have the discretion
2 in those circumstances to walk.

3 There's a lot of additional language, we believe
4 reining in the buyer's discretion, but in terms of dealing
5 with the tentative's ruling, I think those two salient
6 points significantly now restrict the buyer's discretion to,
7 whether to proceed or not in the context of a sale.

8 And so I, at this time, I think I'll let Mr.
9 Klausner address 8.6. And I think it might be best to go
10 through 8.6 alone with that the -- it would be my thought,
11 your Honor --

12 THE COURT: Right.

13 MR. MAIZEL: -- that the best way to approach it
14 is, let's deal with 8.6 first, because depending on where
15 that goes depends on where the rest of this hearing goes.

16 THE COURT: All right. Very well.

17 Mr. Klausner.

18 MR. KLAUSNER: Thank you. Your Honor, do we need
19 to give you a few more minutes to take a look at 8.6, or
20 should --

21 THE COURT: Well, I think it would help if you go
22 ahead and begin your argument. And if we need additional
23 time to consider it --

24 MR. KLAUSNER: Okay.

25 THE COURT: -- we can do that.

1 MR. KLAUSNER: So, if I can, because I do want to
2 put this in context. And first of all, let me tell you a
3 little bit about Strategic Global, which is an affiliate of
4 a larger organization called The KPC Group.

5 Starting in 2007 I was representing an entity
6 called Valley Health System, which was a healthcare
7 district, in a Chapter 9 case that was in Riverside County
8 in front of Judge Peter Carroll. During the course of that
9 case, the board of trustees decided that the best course of
10 action to take was for the district to sell the three
11 hospitals it was then operating.

12 So, we went through a sale process, and an entity
13 that's affiliated with KPC called PHH, was Physicians for
14 Healthy Hospitals, was the successful bidder. We had a
15 contested confirmation hearing where there was a competing
16 bidder who was arguing against our plan and against the
17 sale. Ultimately, Judge Carroll approved our Chapter 9 plan
18 of adjustment and he approved the sale.

19 PHH, the affiliate of the KPC Group, then went
20 ahead and closed the sale, and has continued to operate
21 those facilities and has turned them around successfully.

22 I also had occasion to work with the KPC people in
23 connection with the Victor Valley Chapter 11 case, in which
24 Mr. Maizel was debtor's counsel. I represented the KPC
25 Group that was a purchaser. And in that case, there was

1 another purchaser there. The sale went up for approval to
2 the Attorney General. The Attorney General turned them
3 down. We were then the backup bidder. We stepped forward.
4 My client went ahead and closed that transaction.

5 By the way, the Valley Health transaction was in
6 excess of \$100,000,000. I don't remember the exact number
7 of Victor Valley. But in that case, your Honor, our client
8 did close that transaction. Our client was approved by the
9 Attorney General. Our client successfully met all of the
10 conditions that the Attorney General had set forth.

11 Our client also was involved in the purchase of
12 two troubled Orange County hospitals, which it not only
13 turned around, but in 2015, again, the affiliate of KPC
14 Group, sold those hospitals to four employee stock ownership
15 plans, ESOP's. And I believe it was the first acute care
16 hospital system in the United States to be wholly owned by
17 the employees. And KPC continues to operate those
18 facilities.

19 The point of all this being, that our client is
20 very familiar with not only the ownership and management of
21 hospitals in Southern California, but has a very good track
22 record with the Attorney General's office.

23 So I want to turn to 8.6 and maybe put it in
24 context. Our client has agreed as part of the asset
25 purchase agreement to a schedule of conditions. These are

1 conditions, some of which were originated in the 2015
2 transaction, which the Attorney General approved, and then
3 set forth a slate of conditions that had to be satisfied
4 over a period of time.

5 Our client went through that slate of conditions
6 and it actually agreed and consented to the imposition of a
7 fairly substantial amount of those conditions, all of which
8 are contained on what is now called, "schedule 8.6."

9 So, the issue came up, which is, well, how do we
10 deal with the fact that the Attorney General several months
11 down line, as you know from the Gardens case, the process of
12 getting approval from the Attorney General takes months.

13 And by the way, I should add that in the Gardens
14 case, Strategic Global was the successful bidder following
15 the auction. Strategic Global did step up and took care --
16 and assumed the DIP loan. And it was only by virtue of the
17 AG's imposition of some very draconian conditions, that
18 Strategic Global did not conclude that sale.

19 So we're all familiar with the possibility that
20 the Attorney General can impose conditions on approval of a
21 sale of a non-profit. So we had to confront the question
22 of, how would we handle the possibility that the AG would
23 impose conditions, and some of these conditions, your Honor,
24 can be quite extraordinary, involving 10's of millions of
25 dollars or even more. So, the imposition of these

1 conditions can entirely the economics of a purchase
2 transaction.

3 And the Debtor, having been through -- or at least
4 Debtor's representatives having been through this process
5 and having seen sales fail, wanted to try to avoid that
6 happening here.

7 So we spent a great deal of time trying to
8 negotiate for the possibility, because we don't know what
9 will happen, that the AG might impose conditions that are
10 unacceptable to our client.

11 And we came up a concept, which is, that the
12 Debtor would go to this Court and seek an order determining
13 that what we call the "additional conditions," were
14 considered interest for purposes of 363(f), and that the
15 sale of assets could take place free and clear of those
16 interests, at which point our client would then be expected
17 to close.

18 The concern that we expressed at that time and the
19 concern that continues through now, the concern isn't so
20 much whether the Court would enter the order, because either
21 the Court would enter the order, or if it didn't, the show's
22 over.

23 The problem is that was there was nothing that
24 addressed the possibility that this Court's order could be
25 subject to an appellate review, and then an appellate court

1 could decide that, to some extent, this Court may have
2 exceeded its authority, and that perhaps it would be more
3 appropriate to impose conditions. There was nothing in the
4 agreement that protected our client from the possibility
5 that that would happen.

6 So, if we were obligated to close after the entry
7 of an order of this Court, we would be entirely at risk of
8 an appellate ruling. We would have closed the sale. We
9 would have paid 610,000,000, or some adjusted amount. Our
10 lender would have advanced money.

11 And we would be arguing about mootness and other
12 issues, but the fact remains that there was nothing in the
13 agreement that was a backstop. There was no legal opinion
14 suggesting that an appellate court could not modify this
15 Court's order. There's no indemnity. There was no bond.
16 There's no set aside. There was no recourse whatsoever.

17 So --

18 THE COURT: I understand that risk, and I saw
19 that. And is that any different than somebody who buys a
20 house in bankruptcy and they don't have an opportunity to
21 inspect the roof? You know, they don't know what's going to
22 happen. Isn't that in the price, that risk?

23 MR. KLAUSNER: This price did not reflect that at
24 all. And, you know, people who buy houses can at least get
25 inspections, so they know going in what they are facing.

1 They also get title policies.

2 THE COURT: Not in bankruptcy. It's as-is, where-
3 is. You don't get a chance to get your money back.

4 MR. KLAUSNER: Well, but you can get an
5 inspection. I mean, you can pay. A buyer can certainly go
6 out and hire an inspector to go and take a look at property.
7 It may be that the court order doesn't provide warranties or
8 guarantees or representations, but a buyer certainly has the
9 opportunity to spend some money and allocate risk
10 differently, or at least --

11 THE COURT: Well, I suspect your client probably
12 has done the same. And has independently determined what
13 the risks are and the dollar value of these additional
14 conditions.

15 You've outlined for me a number of transactions
16 that your client has been involved in with the State
17 Attorney General's Office, and I'm sure it has that
18 knowledge.

19 MR. KLAUSNER: It's impossible to know. The
20 process is that an application is filed with the Attorney
21 General. The Attorney General conducts its own review. It
22 may even have public meetings or public hearings, and the
23 Attorney General renders a decision.

24 There is no way to predict or negotiate in advance
25 how the Attorney General will react to the application, or

1 what type of conditions it might impose. And the delta of
2 the possible conditions and the costs is unquantifiable.
3 The -- it could involve anything from earthquake retrofit to
4 having to provide a certain amount of charity care, to
5 having to build an obstetrical wing, to having to rebuild
6 the facility. There is no way to anticipate or quantify the
7 potential costs that could be involved in having to comply
8 with AG conditions.

9 So, there's one of two things you can do. You can
10 negotiate in the beginning and say, okay, let's set aside
11 \$100,000,000, and let's see what the AG does. And if it
12 costs us a certain amount of money, we'll have a fund
13 available, and that will reduce our purchase price, but
14 we'll apply that money to pay, you know, these costs.

15 Or what we -- we didn't -- we knew we couldn't
16 achieve that, and, frankly, we didn't want to lower our
17 price. We thought our price was a fair price, but we have
18 to have a backstop.

19 So, what we agreed to was, initially, that once
20 the Court -- assuming the AG came out with conditions that
21 were unacceptable. Assuming that the Debtor decided to make
22 a motion, which it didn't have an obligation to do, assuming
23 that the Court granted the motion, which, you know, is,
24 certainly you don't want to prejudge what would happen, we
25 would then take a look at the circumstances.

1 We'd see what we were left with, we would see what
2 the Court's ruling was, talk to the AG. We would determine
3 whether it made sense for us to go ahead. That's why we
4 reserved discretion. We understood that the Court was not
5 comfortable with the fact that we could get that far down
6 the road and have kind of an absolute walkaway right.

7 So, what we have done now is negotiate something
8 less in our discretion. And the way this will work is the
9 following. In the event that the AG comes out with what we
10 call, "additional conditions," meaning those that are not
11 set forth on the schedule, and assuming that they are
12 material, and we've defined what we mean by "material."

13 The Debtor has an opportunity to come to court and
14 attempt to get the Court to determine that those conditions
15 don't have to be satisfied because their interest in the
16 sale can be free and clear.

17 If the Court -- if the Debtor decides not to seek
18 that relief, or if the Court seeks it and doesn't get it, we
19 have a right to terminate. We don't have to, but we at
20 lease would have a right at that point to terminate based
21 upon the imposition of these additional conditions.

22 If the Debtor is successful in obtaining that
23 order, then we have to deal with the appeal risk, which is,
24 again, very difficult to quantify. So what we've agreed on
25 is that the Debtor is going to have a period of time to get

1 us a non-appeal -- a final no-appealable order.

2 If the Debtor can get us a final, non-appealable
3 order, meaning that if there's appeal, it gets resolved in
4 the Debtor's favor or maybe gets dismissed, at that point we
5 will be obligated to close the transaction, as long as all
6 the other conditions to closing have been satisfied.

7 So, basically, we have taken out of our hands this
8 bat, which was complete discretion with regard to whether we
9 go forward or not. And at this point our ability to go
10 forward is really based on reasonable business judgment,
11 which we think is a fair standard.

12 We've agreed that this Court can resolve any issue
13 concerning the reasonableness of our business judgment. And
14 in this way we think we have fairly and -- to all sides,
15 sort of compromised the issue of, a, what will happen with
16 the Attorney General, which nobody can predict.

17 And with all respect, your Honor, we really have
18 no idea what the Attorney General will do in a situation
19 like this, but we have seen them come down with draconian
20 conditions which have killed deals. And then, secondly,
21 we've addressed the issue of an appellate risk.

22 So, we think this is a fair compromise. The
23 Debtor is onboard with it. We understand that the lenders,
24 who are at least first in line to be getting the sale
25 proceeds and have the most to gain by this transaction going

1 to forward, and, frankly, the most to lose if this
2 transaction doesn't go forward, they're onboard with it,
3 also.

4 THE COURT: And is even that backstop illusory
5 though, at least as far as the Debtor's concerned? Because
6 the time to get a final, non-appealable order is not
7 something within the Debtor's ability to guarantee. It
8 could go up to the Ninth Circuit and it could lie there for
9 years.

10 MR. KLAUSNER: We've agreed on a time line, and
11 the expectation is that the Debtor is first and foremost
12 going to make an argument about mootness. But we did not
13 want to be in a position, none of us did, to be in a
14 position where our client was, had to be ready, willing and
15 able with its financing to close a transaction two-and-a-
16 half years from now. We couldn't do that. And nobody would
17 know what the condition of these facilities will be in two
18 years or whether they'll even be open.

19 So we, as part of the compromise, gave the Debtor
20 an opportunity to expeditiously resolve these appeals, if
21 there were more than one. There are mechanisms under the
22 rules of the federal district court and the appellate court
23 where you can ask for expedited reviews.

24 And in our view, the issues to be considered on
25 appeal, primarily issues of law. And, therefore, we think,

1 we don't know but we think that the time line is one, if the
2 courts are cooperative, it could be achieved.

3 THE COURT: All right. This is a question,
4 perhaps, for Mr. Maizel. But what happens if you have a
5 bidder, competing bid that says, you know what, we will --
6 we've been involved in other transactions with the State
7 AG's Office, and we think we have a good handle on what they
8 typically ask for, and we have a handle on what those cost.
9 So, we will go ahead and give you a bid, and you can
10 jettison 8.6. How do you quantify that?

11 MR. MAIZEL: Your Honor, that's an important
12 consideration. That the Debtor will think about if -- when
13 we're evaluating what's the best bid. I mean, if we have a
14 party that comes in and says, we will accept -- we will
15 offer \$600,000,000, \$610,000,000, \$650,000,000, but we will
16 take on all the AG conditions as currently exist, with no
17 8.6.

18 Well, that is going to be a very -- that factor
19 will be heavily weighted by the Debtor in evaluating the
20 bids, just as we have to evaluate a lot of non-monetary
21 aspects, like the ability to operate an acute-care hospital,
22 but consistency of their business plan with our charitable
23 mission. So that if other bidders were to show up and
24 offered that as a factor, that would be a significant
25 consideration in their favor when the Debtors evaluate the

1 bids.

2 So that -- but to be fair, your Honor, there were
3 no bidders at prices remotely close to satisfying the
4 secured debt that would accept the AG conditions. That
5 they'd had different provisions about how to deal with those
6 conditions, but there were no bidders that came in at any
7 numbers remotely possible for us to do a transaction, that
8 said, and we'll do this transaction and accept the 2015
9 conditions.

10 Very smart people, both at Blue Mountain and
11 NantWorks, who replaced Blue Mountain, labored for four
12 years to try to make these assets work under the financial
13 and operational constraints imposed by the 2015 conditions,
14 and failed.

15 And buyers -- one of the differences between now
16 and 2015's transaction, is that in 2015 people knew what
17 kinds of conditions the AG could impose, what they might
18 look like, what traditionally they imposed. But now people
19 have had three years of actual trials to see what happens,
20 and the marketplace reflects that, your Honor.

21 So there were no buyers that were willing to just
22 come in at numbers remotely close to our secured debt that
23 said, and we'll just do this with the conditions. And if
24 there had been, that would have been a significant factor in
25 us selecting a stalking horse bidder. Because we're not

1 unmindful of the difficulties in moving this case forward
2 with the AG's ability to -- oversight over the sale and the
3 impact on the marketplace.

4 Your Honor, you know, I just want to follow-up on
5 a comment Mr. Klausner made about the Gardens case. Part of
6 what concerns buyers in the market about these conditions is
7 exemplified by what happened in Gardens. And the Court's
8 aware of it.

9 But just to remind the Court, I mean, in Gardens
10 the sale price was \$19,000,000 approximately. When the
11 Attorney General's conditions came out, they included
12 things, they included conditions such as the debtor or the
13 buyer had to pay the outstanding Medi-Cal claims to the
14 State. They effectively doubled the purchase price.

15 The -- Mr. Klausner said that the conditions that
16 are already binding here could increase the cost of the
17 purchase by tens of millions of dollars. He's wrong. It's
18 actually hundreds of millions of dollars, because the
19 pension obligations that could be imposed as a condition are
20 in the hundreds of millions of dollars, your Honor.

21 They literally could double, again, as they did in
22 Gardens, the effective purchase price to a buyer. Under
23 those circumstances, I don't think anyone is surprised that
24 buyers are concerned about that.

25 With regard to the time lines the Court mentioned,

1 you know, one of the advantages to having a time line is
2 that we will be able to use it to try to get appellate
3 courts move more quickly. We would be able to use those
4 deadlines to say to the court, you need to take this on an
5 expedited basis because we have these deadlines.

6 And I think that, at least based on our limited
7 experience in the Gardens case, I think the district court,
8 certainly, and I would expect the Ninth Circuit would be
9 mindful of those risks to us, and would take an appeal on an
10 expedited basis.

11 THE COURT: All right.

12 MR. MAIZEL: And I'm sure there are other people,
13 your Honor.

14 THE COURT: Yes. Mr. Bray.

15 MR. BRAY: Your Honor, I -- may I go last?

16 THE COURT: Certainly.

17 MR. BRAY: Thank you.

18 THE COURT: All right. Anyone else wish to be
19 heard on the matter of imposition of the conditions of 8.6?
20 All right. You're last.

21 MR. BRAY: I guess I'm last. That was quick.

22 Your Honor, this is a tough one for the committee.
23 We filed the objection and everyone has zeroed in on a
24 provision that is certainly the most relevant, section 8.6.
25 It's a very unique provision. I don't claim to be a

1 healthcare expert, but I've never seen anything like this in
2 the context of a sale. As you pointed out, this is what
3 363(m) is for and what 363(f) is supposed to solve for.

4 Having said all that, I acknowledge that this is
5 an unusual case because we have, you know, a party that has
6 tremendous influence over the process, the Attorney General,
7 and it's difficult to predict what they will do. We
8 certainly hope that they do what we hope -- we think is the
9 right thing and allow this to move forward on the conditions
10 set forth in the schedule, but we don't know for sure. And
11 I can't say that that's not a risk.

12 And the committee has been trying to balance the
13 363(m), the mootness issues, against the issues that the
14 Attorney General can raise. And with all candor, it really
15 is, we are really very much at the tipping point here.

16 We worked with the lenders and the Debtor to work
17 within the confines of section 8.6 to modify it, to try to
18 build in some court oversights over the decision-making
19 process by the purchaser.

20 We've tried to put some collars into this to make
21 it, potentially, a better structure. It's not perfect, but
22 having said that, again, this is not -- we're not living in
23 a perfect environment here and we understand that. And it's
24 a question of allocation of risk.

25 Our concern at the end of the day is that where

1 this will take us is to a purchase price adjustment. And
2 that right now the purchase price is structured where the
3 current purchase price, when you work through a very rough
4 analysis of value allocation, unsecured creditors stand to
5 recover an allocation, or some value or distribution in the
6 case based upon this purchase price.

7 And, of course, we have a very real concern that
8 when the purchase price adjustment discussions occur, that
9 unsecured creditors will be asked to bear the brunt of the
10 reduction. First dollars out means there's less for us.

11 I recognize the lenders have a collateral interest
12 and so on, but right now, we're in the money, or at least we
13 think we're in the money. I'm not going to promise it, but
14 that's what we tend to think. I think the Debtor thinks
15 there's a chance of that, too. And we want to try to
16 protect that. That's been our primary goal here, is to make
17 sure that unsecured creditors are treated fairly and receive
18 a fair distribution.

19 As I've said since the first hearing in this case,
20 we believe it's appropriate at the proper place and time for
21 there to be a reckoning or allocation of relative benefits
22 and risk. The Court had its view with respect to surcharge,
23 and I respect that. And that is what it is. But if the day
24 does come when the Debtor comes before the Court on a motion
25 to modify, probably reduce the purchase price, if SGM is the

1 successful bidder, we will be before you asking you to
2 consider who's bearing the brunt of the allocation of the
3 purchase price, and if there shouldn't, in fact, be some
4 equitable allocation of the relative pain being borne there
5 as part of the Court's decision to allow or not allow the
6 deal to go forward on a revised purchase price. That's our
7 primary focus right now.

8 As the Debtor has said, we've done what we can --
9 and I know I'm repeating myself a little bit, too, to belt-
10 and-suspenders the other provisions. At this point in time
11 I don't think there's anything more that we can do. The
12 administrative burden on the estate every day we operate the
13 case is, it's a lot. It makes sense to sell these hospitals
14 as quickly as we can.

15 You raised the excellent point, what happens if
16 there's an auction and we have another bidder who doesn't
17 have a section 8.6 like provision? We hope that's the case,
18 and we hope that's the case, and we hope it's a good
19 purchase price.

20 And the committee's one of the consultation
21 parties, and I suspect we would lobby hard for that offer to
22 be accepted. You'll have to weigh different factors, but we
23 would consider that to be a very significant factor. Maybe
24 there will be a fight about that, maybe there won't. I
25 believe the Debtor when they say that they believe that

1 that's a significant issue, too, and it will be factored
2 into the decision-making process. That may be a pleasant
3 problem to have. I hope that we're there.

4 At this time it's -- I think we would like to see
5 the auction proceed and let's see what happens. But, again,
6 we have very significant concerns about whose ox will be
7 gored when the actual closing time comes.

8 And we just hope that the Court is mindful of how
9 the process is playing out, and where that risk is being
10 shifted as part of this process. That's for another day.
11 We're not asking you to rule on that today. We've had our
12 discussion with the lenders about that. They know exactly
13 how we feel about this, and there may well be a fight about
14 it down the road. We'll see. But that's where the
15 committee is.

16 I think that the deal is not going to be improved
17 with SGM at this point. In terms of section 8.6, this is
18 the best we're going to do. And unless you have any
19 questions, your Honor, I think that's what we want to say
20 about it.

21 THE COURT: All right.

22 Anything further on that?

23 MR. MAIZEL: Sorry, your Honor, to belabor the
24 point. First of all, we're mindful of our fiduciary duties
25 to the creditors. We -- everyone on my side of the table is

1 mindful of our obligation to -- the unsecured creditors, to
2 try to maximize recovery. We're also mindful of our
3 obligation to the patients. We're balancing a lot of balls
4 in the air in these transactions.

5 And just to -- if there's any question we'll put
6 it on the record here now. If there's a material
7 modification in the purchase price, not consistent with some
8 adjustment mechanism already built-in to the asset purchase
9 agreement, we would not consider doing that without coming
10 to court.

11 THE COURT: All right.

12 MR. BRAY: Your Honor, I do want to make one
13 further comment. I apologize.

14 THE COURT: All right.

15 MR. BRAY: There was also a reference by the
16 Debtor and to SGM, to the pensions and the collective
17 bargaining agreements and the impact they have on the
18 process.

19 Our lack of objection to going forward today
20 should not be considered to be an agreement or acquiesce to
21 what happens to the pensions or the CBA's. Our position on
22 that is, the Debtor has a statutory burden. With respect to
23 those obligations under the code, the Debtor has to meet
24 that burden. And to us, that's a separate issue from going
25 forward today.

1 THE COURT: All right. I think that's correct.

2 All right. If the matter is submitted, then what
3 I'm going to do is lay out some thoughts of the Court.

4 It does appear that the earlier version of 8.6 did
5 allow the stalking horse bidder simply to walk away from
6 this deal unfettered. And that was principally the Court's
7 concern.

8 And I think this, the negotiation yielded a
9 significant amendment to that paragraph, such that it I
10 think ameliorates the Court's concerns with respect to it.
11 And so it may be approved as part of the stalking -- the bid
12 procedures and the APA.

13 I understand that from the Court's fairly recent
14 experience with state agencies and the imposition of
15 conditions, and I won't get into whether they're draconian
16 or not, or whether they're part of a statute or not, whether
17 they're supported by statute. No need to get into that now.
18 But it is very clear that there is a review process that may
19 yield conditions that make the deal untenable, simply from
20 an economic point of view.

21 And that there needs to be some sort of backstop,
22 as Mr. Klausner alluded to, in order to make clear that the
23 bidder here is not operating in free fall during a period of
24 time that the matter is up for appeal.

25 I still have my concerns with respect to the

1 length of time that's been negotiated here. I don't know if
2 it's realistic, but I know that certainly there will be the
3 many constituencies that will arguing to the appropriate
4 tribunal that it should be taken on an emergency basis.

5 Of course, many tribunals, I've been accused of
6 that as well. We'll say, that's your problem, that's not my
7 problem. But I think that it is a very different animal
8 when we're talking about people's lives and livelihoods at
9 stake. And so I think that would certainly be something
10 that a court would take into consideration.

11 All right. So that's the Court's ruling with
12 respect to that objection.

13 MR. MAIZEL: Thank you, your Honor. That brings
14 us to the next, which I viewed as second key issue with
15 regard to the tentative, and that's with regard to the
16 breakup fee.

17 So the original breakup fee in the asset purchase
18 agreement was 3.5-percent. And we have read the Court's
19 tentative. We -- there was a lot of discussion of that.
20 The secured lenders, the buyer and the Debtor would ask the
21 Court to agree to a breakup fee of \$20,000,000, which is
22 splitting the baby in half, your Honor.

23 The asset purchase agreement was 3.5-percent. The
24 Court's directed three-percent. Of the \$20,000,000 flat fee
25 is effectively 3.25-percent. And I'm not sure where the

1 committee is on that, but I do believe the secured lenders,
2 the Debtor and the buyer would ask the Court to reconsider
3 its tentative on that regard, and allow a \$20,000,000 flat
4 fee breakup fee.

5 THE COURT: All right.

6 Mr. Bray.

7 MR. BRAY: Your Honor, this is one where we
8 weren't aware that they'd split the baby. I'm not, you know
9 -- we prefer the Court's tentative on this one. We thought
10 three-percent was a generous breakup fee under the
11 circumstances.

12 This ties into my previous concern that, where the
13 ultimate pain is being borne in terms of reduction or value,
14 this is, you know, respectively, comes from potential
15 unsecured recoveries. And we think three-percent is
16 appropriate. It's supported by the case law. It's
17 supported by the arguments of the bidder themselves. And
18 that under these circumstances, that we would ask that the
19 Court stick with its tentative on this one.

20 THE COURT: All right. Anyone else wish to be
21 heard?

22 Mr. Klausner.

23 MR. KLAUSNER: Thank you. So, your Honor, I don't
24 think it would be committing error in limiting the breakup
25 fee or approving the compromise, but we did make a

1 compromise in good faith after having seen your tentative.

2 The goal of all of our negotiations has been
3 reached -- has been to reach consensus, and not to reach
4 consensus and then have our consensus changed, unless we had
5 agreed to something that was unreasonable.

6 The standard really for breakup fees is whether
7 something is within the reasonable business judgment of the
8 Debtor. That's the Integrated Resources case. And I don't
9 think there's a fair argument that the 3.5-percent wasn't in
10 the reasonable business judgment of the Debtor. And,
11 clearly, the compromise of about 3.25-percent is not
12 unreasonable.

13 In your tentative you did make a couple of points
14 that I want to address. Now, one is, the concern that
15 always exists that the breakup fee is simply part of a
16 package that needs to be overbid. So that there is the
17 issue of, well, is there going to be a chilling of
18 overbidding or spirited competitive bidding?

19 I think we're dealing with, from a fractional
20 standpoint, a very small amount of money that really ought
21 not to have any impact on a competitive bid. By the time
22 they get finished with our opening bid, the copying fee, the
23 breakup fee, whether it's two-point -- \$2,000,000 or
24 eighteen-and-a-half-million dollars, I don't think it's
25 going to have any impact on bidding. And, indeed, I haven't

1 seen any evidence presented to this Court that a \$20,000,000
2 breakup fee is going to have any effect on bidding, as
3 opposed to an eighteen-and-a-half-million-dollar bid or a
4 \$23.5 million breakup fee. So, there's really no evidence
5 that this is going to chill bidding.

6 Also, the Court mentioned the fact that our client
7 was involved in a 2014 prospective transaction. Our client
8 never did go forward. There was never a signed agreement.
9 But the Court is correct. And as the parties have pointed
10 out, our client was around in 2014.

11 And I'm assuming that what the Court was
12 indicating was that, to the extent that a purchaser is
13 really being compensated for a lot of due diligence and a
14 lot of evaluation and hiring experts and third parties and
15 financial advisors, that obligation would have been less
16 four and half, five years later than it was in 2014, because
17 we had already done some work.

18 There's really no evidence of that. And all the
19 evidence is that there's been an enormous change in these
20 facilities in terms of their financial condition and their
21 deterioration. And it really did warrant a complete
22 revamping of due diligence. It was nothing that could be
23 relied on from 2014.

24 But even more importantly, the purpose of a
25 breakup fee, and the purpose of having a stalking horse, the

1 idea is to create an incentive for somebody to step forward
2 and make a commitment to the estate. To actually sign a
3 contract and to put up real money, and to agree to purchase
4 assets. That's the reason why you reward the stalking horse
5 purchaser. Otherwise, you could go to an auction and just
6 have chaos.

7 But having somebody step forward who signs an
8 agreement in our case, putting forth \$30,000,000, making a
9 contractual commitment of \$610 -- if I said 30,000, I'm
10 sorry. Thirty-million-dollar deposit, \$610,000,000 purchase
11 price, that is a significant commitment. That means that
12 our client has to forego other opportunities.

13 Indeed, we've been raked over the coals because
14 our client apparently took the position in another case
15 where it was going to be a competitive bidder. That three-
16 percent should be the maximum.

17 Well, indeed, what happened in that other case is,
18 the Promise Healthcare case, where our client was going to
19 be a competitive bidder, our client concluded that it really
20 couldn't manage the purchase in that case at that time and
21 this purchase, and they decided not to go forward.

22 And the point being that in order to go forward
23 with this transaction, our client has an ongoing commitment,
24 not just to the Debtor, but the need to engage
25 professionals, the need to do ongoing due diligence, the

1 need to be meeting with the unions, suppliers, lessors, the
2 insurance companies, working through the whole AG process.
3 This is an enormous undertaking. And having a credible
4 buyer in front of you who's made a contractual commitment is
5 really a very important event in this case.

6 So, part of what's doing -- what you're doing with
7 a breakup fee, is you're rewarding somebody to come forward
8 and do that. As Mr. Maizel said, nobody else has come close
9 to what we're doing.

10 And I think the final point I would make is, that
11 the breakup fee was a negotiated term. It wasn't something
12 that we imposed. It wasn't done unilaterally. It was
13 negotiated. It was part of a whole series of compromises.
14 And this agreement reflects a lot of give ups and a lot of
15 concessions and capitulations on the part of our client.

16 The reps and warranties in this case are very
17 thin. There's no condition of having financing. If our
18 financing doesn't come through we're in breach of contract.
19 There's no adjustment if the business deteriorates. We have
20 put at risk \$30,000,000.

21 We've agreed to a slate of conditions that have
22 been attached to our agreement. There are many issues that
23 we fought over and lost in the negotiation. So, to take
24 one, to sort of cherry pick one or two and to change them,
25 it's just fundamentally changes the balance.

1 Having said that, I think what we've done now is
2 make a compromise with the Debtor. We've reduced our
3 request for breakup fee. I think it's a fair request. I
4 think the difference between what we asked for before and
5 what we're getting now, it's a significant amount of money
6 that we've given up. It's not far from where the Court was.
7 So I would ask that you approve it as a reasonable exercise
8 of the Debtor's business judgement.

9 THE COURT: All right. Thank you.

10 Mr. Bray.

11 MR. BRAY: Your Honor, Mr. Klausner's an excellent
12 advocate. Much of what he said there's no factual support
13 in the record for.

14 I -- it was interesting, but a lot of it I would
15 move to strike. It was factual in nature. And there's no
16 declarations that backup much of that argument.

17 I, you know, I didn't want to interrupt in the
18 middle of it. Some of it's argument, but it's interlaced
19 with so many facts that aren't before the Court. And it
20 almost akin to an oral 9019 motion, that I don't think it's
21 appropriate to be considered today.

22 If the Debtor wants to file a 9019 motion and seek
23 to compromise on the breakup fee, I guess they can do that
24 and we'll address it, too.

25 In connection with the Santa Clara sale, we filed

1 the declaration of Cynthia Nelson (phonetic), who was very
2 clear that these breakup fees can chill bidding, and the
3 Court can certainly take judicial notice of that. You
4 recognized it in your tentative ruling.

5 And the three-percent was, frankly, high, based on
6 the comps, given the size of the transaction. That's what
7 the Court's tentative focused on, was the size of the
8 transaction and the breakup fees that are appropriate with
9 respect to the size of the deal, and three-percent was on
10 the high side.

11 So, while I understand people make deals and
12 compromise, and I understand that. If you want to file a
13 9019 motion, do that and we'll oppose it. But, otherwise,
14 there's nothing before the Court in terms of the record that
15 would warrant an adjustment of the tentative with respect to
16 what the law says is the appropriate breakup fee in a
17 transaction of this size under these circumstances, again,
18 in light of SGM's own statements.

19 THE COURT: Well, isn't it no so much that the law
20 determines what the appropriate breakup fee is, but that
21 there is some legal justification for the business judgment,
22 that in those cases three-percent, but it doesn't mean that
23 three-percent is written in stone as far as the law is
24 concerned.

25 MR. BRAY: The code provides that the Court must

1 approve the breakup fee. Whenever the Debtor wants -- the
2 Debtor has the right to exercise its business judgment. The
3 Court acts as a check on the Debtor's business judgment,
4 especially on economic issues.

5 And this is one of those issues where every court
6 has recognized it has the right to not only look at but to
7 overrule and amend, modify the client to approve whatever
8 words you want to use, the Debtor's decision there. This is
9 not where the Debtor -- this is not an ordinary corporate
10 decision. It's much more akin to an out-of-ordinary-course
11 transaction.

12 And this is the type of a situation that every
13 court that has addressed the issue has said, I have the
14 right to look at this issue and independently review it. Of
15 course the Debtor's decision-making process is relevant, I
16 grant you that. But if that was the standard, then I don't
17 think you would ever see a breakup fee reviewed and
18 disapproved by a court, and we know it happens all the time.
19 We cited to you in our brief a number of precedents where
20 the court has determined what the appropriate breakup fee
21 is.

22 So, yes, some deference should be paid, but is it
23 to -- does it override what you believe's appropriate under
24 the circumstances? No, it doesn't.

25 THE COURT: All right. Thank you.

1 Anything else?

2 MR. MAIZEL: Your Honor, a couple things. I don't
3 think we need expert witness testimony to suggest that a
4 million-dollar difference in a \$600,000,000 transaction is
5 not material and would not chill bidding.

6 I cannot believe that the Court cannot, using its
7 experience as a bankruptcy judge, and in the experience as a
8 human being, evaluate that a million-dollar difference will
9 not make a difference in people who are bidding \$600,000,000
10 for assets.

11 I -- it is also my recollection that there was
12 testimony in the Cain Brothers' declaration about the
13 breakup fee, but I confess, it may have been in connection
14 with the Santa Clara deal, and not here.

15 MS. MOYRON: It's actually in connection with this
16 deal that's right here. It's Carsten Beith's (phonetic)
17 declaration.

18 MR. MAIZEL: Thank you.

19 MS. MOYRON: (Indiscernible.)

20 MR. MAIZEL: So, this is paragraph 11 of Carsten
21 Beith's declaration, your Honor, where he says specifically:

22 "I believe that Strategic Global
23 Management would terminate the stocking
24 horse bid if it did not have an adequate
25 breakup fee. And they actively and

1 vigorously negotiated for a breakup
2 fee."

3 So, there is some testimony in support of the
4 breakup fee.

5 And the other -- the last thing I'd say, your
6 Honor, is with regard to the business judgment. It is not
7 an independent decision. With all due respect to the Court,
8 the case law is clear that the Court's review of business
9 judgment -- this is a business judgement of the Debtor. And
10 in that context, the Court is supposed to give some
11 deference to the Debtors.

12 So, it is simply not correct to say that the state
13 of the law is that the Court looks at this without regard to
14 the business judgment of the Debtor, or that the Court makes
15 a de novo review. It's not what the law is. The law is
16 that the Court is supposed to give some deference to the
17 business of the Debtor.

18 And this was, as Mr. Klausner said, the result --
19 as you can imagine, in the context of a \$600,000,000 deal
20 for very complicated facilities and complicated business
21 structure, that this was heavily negotiated in conjunction
22 with a lot of other points. Thank you.

23 THE COURT: All right. Thank you.

24 Having heard argument, I think the 3.25 offer that
25 was articulated by Mr. Maizel and Mr. Klausner, is

1 appropriate under the circumstances in the reasonable
2 exercise of the Debtor's business judgment. Given that it
3 negotiated the 3.25 rate and negotiated that down further.
4 So I think it's appropriate at this point and reasonable.

5 MR. MAIZEL: Thank you.

6 THE COURT: All right. What else do we have? A
7 number of matters that were originally on calendar I think
8 have fallen off.

9 MR. MAIZEL: Your Honor, so there's some
10 housekeeping things. So, with regard to an issue raised on
11 behalf of one of the prospective bidders, the clarification
12 that apparently in the bid procedures order there was no
13 date specified for parties, including the stalking horse
14 bidder, to designate executory contracts that would be
15 assumed. And we've agreed, the parties have agreed to a
16 March 22nd, 2019 date for that.

17 MR. KLAUSNER: I actually believe that there was a
18 date, but that it was a certain number of days in advance of
19 the auction. But we have agreed to the March 22 date, which
20 is in advance of an earlier date, then that had been agreed
21 to.

22 MR. MAIZEL: Thank you, your Honor. The other, I
23 believe one of the other issues the Court ruled on was with
24 regard to Cigna and United Health's objection, and the Court
25 approved the language.

1 Debtor's fine with the language laid out in the
2 tentative, but would just make clear for the record that
3 where it refers to the "provider agreements," it is
4 referring to -- there are other kinds of contracts between
5 the parties and the Debtor. And that we're talking about
6 here are contracts, payor contracts for the provision of
7 health services. And those are unique because of the notice
8 requirements to the patients who are receiving treatment.

9 THE COURT: All right.

10 MR. MAIZEL: And that was counsel for United
11 Health, your Honor, just to make clear. I mean, the Court
12 did rule against it, but the Debtor is willing to include
13 United Health in the language, the same language -- the same
14 rights it gives to Cigna it will give to United Health.

15 THE COURT: All right.

16 MR. COCO: Good afternoon, your Honor. Nathan
17 Coco again on behalf of US Bank as notes trustee.

18 I just wanted to note for the record that the 2015
19 notes trustee and the 2017 notes trustee has discussed
20 language with the Debtor's counsel for the proposed form of
21 order that conforms it to language that is in the Santa
22 Clara order approving the bid procedures. And it's in
23 paragraph 26, and it just incorporates by reference the
24 provisions in the DIP financing and cash collateral order,
25 which addresses how sale proceeds are to be handled and

1 segregated, what have you, and makes it clear that pre-
2 petition liens and security interests attach to the proceeds
3 with the same priority and to the same extent and validity.

4 And so that language was missing in the proposed
5 order initially. My understanding is that the Debtors
6 intend to include it in the proposed order here, and we just
7 wanted to make the Court aware.

8 THE COURT: All right. Very well.

9 MR. COCO: Thank you.

10 MR. RICOTTA: Your Honor, on the score of the
11 bidding procedures order -- Paul Ricotta on behalf of the
12 master trustee and the bond trustee. We've also had a
13 discussion with the Debtor's counsel earlier about changing
14 the bidding procedures order because it was inconsistent
15 with the bidding procedures itself, namely, there was a
16 provision that stated that, "qualified bidders would be
17 designated in consultation with the committee."

18 The bidding procedures that have been agreed upon
19 with the committee and all the other secured parties state
20 that the qualified bidders will be designated by the Debtor
21 in consultation with the consultation parties, which means
22 the pre-petition secured creditors and the committee.

23 In addition, there was a provision in the bidder
24 procedures order that specified that the designation of the
25 winning bidder will be made by the Debtor in consultation

1 just with the committee. Once again, all the parties have
2 agreed that the designation of the winning bidder will be
3 made by the Debtor in consultation with the, once again,
4 consultation parties.

5 So, in addition to what Mr. Coco said about the
6 changes with respect to the deposit and handling of the
7 sales proceeds, I also just wanted to make clear to the
8 Court that we've had these discussions with the Debtor, and
9 I don't believe that they are controversial, since they are
10 now consistent with the actually bidding procedures
11 themselves.

12 THE COURT: All right. Thank you.

13 MR. MAIZEL: Your Honor, I was going to sort of do
14 it at the end, but, yes, we lodged -- we filed an order,
15 draft order, for the parties to see earlier this week. We
16 have been in negotiations over terms of that order. They're
17 all consensual at this point.

18 We will, obviously, after the hearing and
19 consistent with the Court's rulings, I know there are still
20 matters to be addressed by some of the parties here, we will
21 lodge an order. We will file a clean copy of that order and
22 a version showing the track changes for parties to see the
23 changes that have been made in the order. And that will be
24 filed, as opposed to lodged, and that will be filed to show
25 the track changes, so the parties will be able to see what

1 changes were made in the order, compared to the order that
2 we filed earlier this week.

3 THE COURT: All right.

4 MR. MAIZEL: And Ms. Moyron reminded me that the
5 March 22nd date for the designation of contracts, only
6 applies to the stalking horse bidder. There is a separate
7 date for partial bid submission, and they would be expected
8 to submit it, their designation in conjunction with their
9 bids.

10 THE COURT: All right.

11 MR. MAIZEL: So the March 22nd date only applies
12 to -- we'll -- when we submit a time line, your Honor, with
13 the order, the bid procedures will have a time line, and
14 I'll include that.

15 THE COURT: Yes. Thank you.

16 MR. MAIZEL: And, your Honor, I know there are --

17 THE COURT: I'm sorry.

18 MR. MAIZEL: I believe there are other parties
19 here.

20 THE COURT: Yes.

21 MR. KOHANSKI: Good afternoon, your Honor. Joe
22 Kohanski for UNAC. I want to pick up on some points raised
23 by the creditors committee with respect to issues coming
24 down the pike. The -- first of all, UNAC certainly
25 comprehends the difference between a 363 sale and the 1113

1 process for rejection or modification of the CVA, but they
2 do overlap with respect to the flow of information and
3 interchange.

4 UNAC has not argued, for example, that rejection
5 under CVA must occur prior to an APA or some of the other
6 arguments that have been made by some of the unions. But we
7 feel very strongly that there should be some way to sort of
8 harmonize the flow of information amongst the stalking
9 horse, the Debtors and any alternative bidders.

10 I don't want to characterize, you know, some of
11 the conversations or materials we received from the Debtor
12 so far, but I will -- they concern me greatly with respect
13 to being inconsistent with the very basic polarity of the
14 1113 process, in the sense of the company comes to the union
15 with a proposal. And other than that, we'd actually had a
16 bit of discussion with the Debtors about, perhaps, elevating
17 UNAC to a consultation party.

18 To be clear, we have no wild idea that this is
19 going to shape what happens with the basic economics of the
20 case, but we see it as an avenue to making sure that we do
21 have direct contact with the various people who may become
22 our counter-parties and our bargaining parties and our
23 people's employers, depending on who purchases the asset.

24 THE COURT: All right. Let me explore that just a
25 little bit. In terms of information, what types of

1 information and when do you want that information?

2 MR. KOHANSKI: Well, it's really, you know, that's
3 the process logic for the Debtor to manage in terms of the
4 Debtor's obligation to come to the unions first with a
5 proposal. And I understand that could be difficult because
6 they have a stalking horse and alternative bidders at the
7 same time.

8 But, again, we're looking to find a way to make
9 sure that we're not looking at a situation where information
10 is clustered solely at the Debtor level. We are not dealing
11 directly with the potential counter-parties. Information
12 is, you know, getting confused accordingly.

13 And on top of that, it just becomes potentially a
14 race to the bottom to the extent that you could have the
15 Debtor filtering information coming from potential counter-
16 parties, and we just get this cumulative effect of everybody
17 piling on with respect to economic changes, which may not
18 even be justified in the first place.

19 THE COURT: All right.

20 Mr. Maizel.

21 MR. KOHANSKI: Maybe a few minutes in the hallway
22 might be a useful vehicle, perhaps, to get this sorted out.
23 Or maybe Mr. Maizel wants to speak to the issue, I honestly
24 don't know, your Honor, but --

25 MR. KOHANSKI: -- this is a continuing issue.

1 THE COURT: All right.

2 MR. KOHANSKI: And it will come back in the 1113
3 process, most certainly.

4 THE COURT: Well, I expect that's correct. On the
5 other hand, I wonder if it makes any sense to have
6 information, or the flow of information, go to
7 constituencies that don't have a direct impact on the bids
8 and the analysis and weighing of those bids.

9 And so I wonder if we have that type of
10 information go out, whether that could enure to the
11 detriment of the bidding process, and eventually just hurt
12 the bidding price, ultimately.

13 MR. KOHANSKI: Which is an issue we're sensitive
14 to as well. We certainly don't want to walk into -- create
15 a problem that way. And, of course, we would be doing
16 confidentiality agreements. But --

17 THE COURT: All right. Well, the best I can do at
18 this point is to encourage some talks with respect to that.
19 But if it comes down to a motion, then I'll have to hear the
20 motion. But at this point I think we'll just leave it as it
21 is.

22 MR. KOHANSKI: Thank you, your Honor.

23 THE COURT: Thank you.

24 Anything further? Yes.

25 MR. MARGULIES: Good afternoon, your Honor. Craig

1 Margulies with Margulies Faith, on behalf of Hooper
2 Healthcare Consulting.

3 My client, just provided some context -- and I
4 think during the break we may have resolved some of our
5 issues, but this may be an issue that comes down the road.
6 So I just wanted to address the Court briefly on this.

7 They provide consulting services to the hospital
8 to help the hospitals obtain Medicare and Medi-Cal benefits,
9 and increase those benefits. For example, on the qualified
10 assurance funding that is one of the major assets of the
11 sale, they increased the benefit by about 16,000,000. So my
12 client's fees associated with that additional benefit.

13 The question that we raised in addition as to this
14 bidding procedures motion, and the sale motion in general,
15 is that it's vague as to where that fee is being paid. And
16 we thought it was to the benefit of the bidders to be aware
17 that there may an issue as to who is obligated for that
18 payment, whether it's the Debtor or a successful bidder.

19 And the objection was that we don't know who the
20 successful bidder is yet, so this not a bidding procedure
21 issue, it's a sale motion issue. And our position is that
22 it's not necessarily just a sale motion issue, because it's
23 more an issue of timing, because the payments that come from
24 the Medicare and Medi-Cal payments will straddle a closing
25 date. So some of the payments may come in before the

1 closing, so who's going to pay the fee? And some may come
2 in after the closing, so who will pay the fee?

3 I think we may have resolved this issue, but my
4 client's fee is about half-a-million dollars associated with
5 the qualified assurance funding, that is part of the asset
6 sale. And then there's an issue with services that my
7 client is providing ongoing to make sure that those funds
8 come in.

9 So, there may be an issue that it's an
10 administrative claim, and that may come up before the -- or
11 in connection with the sale motion, to try and address who's
12 paying those fees.

13 But with all that said, I think we may have a deal
14 that was reached in concept over the lunch hour. So, we may
15 not have to have your Honor rule on anything down the road,
16 but I just wanted to raise it.

17 THE COURT: Good.

18 MR. MARGULIES: Thank you.

19 THE COURT: I appreciate that.

20 MR. MARGULIES: Thank you.

21 THE COURT: All right. Anything else? Anything
22 by telephone? All right. Very well. Then I think we're
23 done for today.

24 MR. MAIZEL: Great, your Honor. There were items
25 11, 12 and 12.2. They're either vacated or continued? Our

1 next hearing I think is next Wednesday?

2 THE COURT: Right.

3 MR. MAIZEL: Otherwise that's all the Debtor has
4 for today, your Honor.

5 THE COURT: Very well. If you can lodge the
6 orders then.

7 MR. MAIZEL: Thank you, your Honor.

8 THE COURT: Thank you very much.

9 MR. MAIZEL: And you again for the Court's
10 patience.

11 ALL PARTIES: Thank you, your Honor.

12 MR. YANT: Your Honor, this is Ryan Yant on behalf
13 of St. Vincent IPA.

14 THE COURT: I'm sorry. I heard somebody on the
15 telephone. Yes. Go ahead.

16 MR. YANT: Your Honor, this is Ryan Yant on behalf
17 of St. Vincent IPA and Angeles IPA. We did have a minor
18 objection to the sale motion that, unless we're continuing
19 it, I'd like to discuss it.

20 THE COURT: All right.

21 MR. YANT: So, your Honor, there are two
22 significant points that I'd like make up front. First is,
23 our objection has nothing to do with the cash management
24 system. As you recall, we entered a limited objection, just
25 simply stating that we wanted the language added to the sale

1 motion order.

2 So, one, our objection has nothing to do with cash
3 management system. This is a red herring, and our request
4 for relief would have no impact on this in any fashion. We
5 do not propose or seek any additional segregation of funds
6 beyond what is already required, and my point is --

7 THE COURT: Before you go any further can -- I'm
8 not sure we got your appearance very clearly because people
9 were packing up. So, why don't you state your appearance
10 again, please.

11 MR. YANT: I'm sorry, your Honor. Yes, sir.

12 THE COURT: Go ahead.

13 MR. YANT: J. Ryan Yant on behalf of both St.
14 Vincent IPA, the IPA for St. Vincent Medical Center, and
15 Angeles IPA, that serves that role at St. Frances.

16 THE COURT: All right. Thank you, Mr. Yant. Go
17 ahead.

18 MR. YANT: So, your Honor, I guess I'll briefly
19 recap what I said. So we have two main points up front that
20 the Court needs to be aware of before I proceed a little bit
21 further.

22 So, one, in your tentative ruling, and also in the
23 Debtor's response to our objection, there's a mention of the
24 cash management system and how it's infeasible to change
25 anything. Up front, we are not attempting to alter or

1 change how the cash management system works in any way. And
2 what we are requesting doesn't touch on those. So, I think
3 there may have been a misconception of what we're asking
4 for.

5 Two, not only is this a very important issue for
6 my two clients, both from a monetary and from a practical
7 standpoint, but this issue potentially affects all creditors
8 subject to the cure issues upcoming.

9 So, what is the issue? Broadly, we simply want to
10 ensure that the funds are available to fully satisfy a
11 contested cure claim amount once these claims are finally
12 adjudicated.

13 Reviewing the sale motion doesn't actually do
14 that. So in paragraph 59 of the sale motion it states in
15 pertinent part that:

16 "The Debtor shall segregate from
17 the sale proceeds any disputed cure
18 amounts pending the resolution of any
19 such cure amount disputes."

20 Cure amounts is a cap-like term, and that term
21 itself is defined in paragraph 56, which states that, "the
22 cure amount is the amount, if any, that the Debtor believes
23 are owed to each counter-party."

24 So, by taking a literal reading of the sale
25 motion, this states that Verity is going to segregate the

1 cure motions as they deem appropriate, but they're not -- or
2 the sale proceeds that they deem appropriate for the cure,
3 but not what a counter-party may assert.

4 And almost certainly a counter-party is going to
5 assert a higher cure amount than Verity does. So, there's
6 going to be a gap there that, under the express terms of the
7 sale motion, isn't accounted for.

8 So, for instance, if Verity asserts that Angeles
9 IPA is owed \$1,000,000 for a cure, but our records reflect
10 \$2.5 million, under the express terms of the sale motion,
11 Verity's only going to make sure that \$1,000,000 stays in
12 the account pending resolution of our cure issue.

13 So there's potentially \$1.5 million that we, if
14 successful, would be entitled, that may or may not be in the
15 bankruptcy estate and in that account when it comes time to
16 pay us. When everything's finally adjudicated.

17 So, we've reached out to Verity and we tried to
18 get some clarity on this, because I don't know if this is
19 potentially the way it's written or not. We have not gotten
20 any feedback, except for that they will only confirm that
21 the cure amounts will be on hold, to the extent that they
22 believe that they're owed.

23 But, Judge, what if Verity's wrong? What if,
24 ultimately, after reviewing everything, you determine, yes,
25 creditors such as us are owed more than what Verity asserts?

1 So, we just want assurance that those funds will continue to
2 be retained.

3 You know, allowing Verity themselves to dictate
4 and arbitrate -- or to dictate what is held on behalf of
5 these potential cure issues, is almost a de facto
6 determination of what these issues and amounts are, assuming
7 that ultimately you're going to need to decide.

8 So, with our particular clients, the difference
9 between what Verity believes is necessary to cure and what
10 we believe the cure amount is, will likely be significant.
11 It's most likely going to be someone where in the seven
12 figures for both clients.

13 And we know that because, traditionally, prior to
14 bankruptcy, that's always been the case. So, every year
15 with our two clients there's a final adjudication on what
16 that particular calendar is for what's owed, and it almost
17 always is around \$1,000,000 or a little bit more than that.

18 So, compound the issue, it normally takes well
19 over a year after the close of that particular year before
20 there's actually a final adjudication and there's a final
21 agreement on what is owed. So, for instance, the 2015
22 amount that's due to St. Vincent IPA still is not finally
23 decided, and we're several years down the road.

24 So, assuming that the buyer wishes to assume our
25 contract, you will likely have a substantial discrepancy

1 between what Verity believes the cure amount is and what we
2 believe the cure amount is. Those discrepancies by their
3 very nature take months, if not years, to decide.

4 And Verity, from the literal reading of the sale
5 motion, has not committed to ensure that the full potential
6 cure amount is available once there's a final adjudication
7 down the road by your Honor.

8 So all we ask is that Verity retain the full,
9 potential cure amounts that are alleged by the counter-
10 parties for all creditors, not just the IPA's that we
11 represent. So that if Verity is wrong, and if creditors,
12 such as ourselves, are truly owed more than Verity asserts,
13 those funds have not been spent or paid out, and those
14 creditors are not left holding the bag at the end of the
15 day.

16 THE COURT: All right. Thank you.

17 MR. YANT: Thank you, your Honor.

18 THE COURT: Mr. Maizel.

19 MR. MAIZEL: Well, your Honor, first of all, if
20 you look at the objection filed by St. Vincent IPA, it asks
21 for two forms of relief. One, that we pay, the Debtors pay
22 in full the undisputed portion of the cure amount at the
23 time of closing of the sale, which I think we've agreed, we
24 will do already. So, unnecessary relief.

25 And the second part is, segregate the disputed

1 portion of the cure amount based on the cure amount set
2 forth in the assumption objection of the counter-party.
3 Well, they -- it's interesting because that's in paragraph
4 five.

5 In paragraph four of the objection filed by St.
6 Vincent IPA, they quote the Debtors as saying -- the sale
7 motion as saying:

8 "The Debtor shall segregate from
9 the sale proceeds any disputed cure
10 amounts pending the resolution of any
11 such cure amount disputes by the Court."

12 So, they quote the language of the Debtor's motion
13 saying, "the Debtors shall segregate from the sale proceeds
14 any disputed cure amounts," which we think is pretty clear
15 on its face.

16 In any event, the DIP order requires us to
17 segregate the entire sale proceeds pending further
18 determination of the resolution of the distribution of those
19 funds.

20 There are going to be plenty of money on hand,
21 your Honor. The Debtor's already provided to segregate
22 disputed cure amounts. We'd ask the Court to stick with its
23 tentative and deny the objection.

24 THE COURT: All right.

25 Anything else, Mr. Yant?

1 MR. YANT: Your Honor, if I may respond to that.

2 THE COURT: Yeah.

3 MR. YANT: Yes, your Honor. So, I understand that
4 we did quote from the sale order, but I am -- I acknowledge
5 that. But the sale order itself is unclear, and that's the
6 whole point. It has cure amounts in the expression that was
7 just quoted by opposing counsel that says, cure amounts --
8 capital:

9 "Cure amounts is defined in
10 paragraph 56 as amounts, if any, that
11 the Debtor believes are owed to each
12 counter-party."

13 So, therefore, based upon its own statement in its
14 own motion, it's whatever the Debtor believes is what the
15 cure amounts is. That is the issue.

16 The other issue is, there is a very long lag time,
17 particularly for my client, where there's a final
18 adjudication on what we're owed. That will likely be the
19 case here.

20 I don't think anyone here believes that these
21 cases will be viable, running companies that are operating
22 as debtors-in-possession a year and a half from now, when
23 these issues may finally be determined for my client.

24 So, are they going to hold money until that time?
25 Are they not?

1 THE COURT: Well, I think the answer is this.
2 When we get to a sale, if we get to a sale, the Debtor will
3 have x amount of dollars, in which case you could renew your
4 objection and -- as far as the disputed amount of the cure
5 is concerned, and then we can hear it at that point.

6 But at this point, how we're going to treat a
7 disputed cure amount when we don't have any funds with which
8 to pay cure amounts at this point, I think is premature.

9 So I understand your concern. I understand that
10 you want to try to get the mechanism right, and I think --
11 and I share that as well. But I think we should do that
12 within the context of a bank account that has money that
13 could potentially fund the cure amount that is agreed upon,
14 and any disputed amount. And we can, I think, fashion a
15 mechanism that would address that concern.

16 All right. Thank you very much.

17 MR. MAIZEL: Thank you, your Honor.

18 ALL PARTIES: Thank you, your Honor.

19 (Proceedings concluded.)
20

21 I certify that the foregoing is a correct
22 transcript from the electronic sound recording of the
23 proceedings in the above-entitled matter.

24 /s /Holly Martens _____ 2-19-19 _____
25 Transcriber Date

Attachment 22

Notice of Lodgment of Order re: Debtors Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc.; (II) Finding That the Sale Is Free and Clear of Conditions Materially Different That Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on That Sale; and (IV) Granting Related Relief (Doc. 3188)

Debtors' App. pp. 1261 - 1268

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<p>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION</p>	
<p>In re:</p> <p>VERITY HEALTH SYSTEM OF CALIFORNIA, INC., <i>et al.</i>,</p> <p style="text-align: center;">Debtor and Debtor In Possession.</p> <hr/> <p><input checked="" type="checkbox"/> Affects All Debtors</p> <p><input type="checkbox"/> Affects Verity Health System of California, Inc. <input type="checkbox"/> Affects O'Connor Hospital <input type="checkbox"/> Affects Saint Louise Regional Hospital <input type="checkbox"/> Affects St. Francis Medical Center <input type="checkbox"/> Affects St. Vincent Medical Center <input type="checkbox"/> Affects Seton Medical Center <input type="checkbox"/> Affects O'Connor Hospital Foundation <input type="checkbox"/> Affects Saint Louise Regional Hospital Foundation <input type="checkbox"/> Affects St. Francis Medical Center of Lynwood Foundation <input type="checkbox"/> Affects St. Vincent Foundation <input type="checkbox"/> Affects St. Vincent Dialysis Center, Inc. <input type="checkbox"/> Affects Seton Medical Center Foundation <input type="checkbox"/> Affects Verity Business Services <input type="checkbox"/> Affects Verity Medical Foundation <input type="checkbox"/> Affects Verity Holdings, LLC <input type="checkbox"/> Affects De Paul Ventures, LLC <input type="checkbox"/> Affects De Paul Ventures - San Jose Dialysis, LLC</p> <p style="text-align: center;">Debtors and Debtors In Possession.</p>	<p>Lead Case No. 2:18-bk-20151-ER</p> <p>Jointly Administered With: Case No. 2:18-bk-20162-ER Case No. 2:18-bk-20163-ER Case No. 2:18-bk-20164-ER Case No. 2:18-bk-20165-ER Case No. 2:18-bk-20167-ER Case No. 2:18-bk-20168-ER Case No. 2:18-bk-20169-ER Case No. 2:18-bk-20171-ER Case No. 2:18-bk-20172-ER Case No. 2:18-bk-20173-ER Case No. 2:18-bk-20175-ER Case No. 2:18-bk-20176-ER Case No. 2:18-bk-20178-ER Case No. 2:18-bk-20179-ER Case No. 2:18-bk-20180-ER Case No. 2:18-bk-20181-ER</p> <p>Chapter 11 Cases</p> <p>NOTICE OF LODGMENT OF ORDER RE: DEBTORS' EMERGENCY MOTION FOR THE ENTRY OF AN ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE SALE TO STRATEGIC GLOBAL MANAGEMENT, INC.; (II) FINDING THAT THE SALE IS FREE AND CLEAR OF CONDITIONS MATERIALLY DIFFERENT THAN THOSE APPROVED BY THE COURT; (III) FINDING THAT THE ATTORNEY GENERAL ABUSED HIS DISCRETION IN IMPOSING CONDITIONS ON THAT SALE; AND (IV) GRANTING RELATED RELIEF (DOC.3188)</p>

PLEASE TAKE NOTE that the order titled **ORDER GRANTING DEBTORS' EMERGENCY MOTION FOR THE ENTRY OF AN ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE SALE TO STRATEGIC GLOBAL MANAGEMENT, INC.; (II) FINDING THAT THE SALE IS FREE AND CLEAR OF CONDITIONS MATERIALLY DIFFERENT THAN THOSE APPROVED BY THE COURT; (III) FINDING THAT THE ATTORNEY GENERAL ABUSED HIS DISCRETION IN IMPOSING CONDITIONS ON THAT SALE; AND (IV) GRANTING RELATED RELIEF (DOC.3188)** was lodged on November 11, 2019 and is attached. This order relates to the motion which is docket number 3188.

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

Case 2:18-bk-20151-ER Doc 3583 Filed 11/11/19 Entered 11/11/19 11:01:24 Desc
Main Document Page 2 of 8

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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtor and Debtor In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of Lynwood
Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis,
LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER GRANTING DEBTORS' EMERGENCY
MOTION FOR THE ENTRY OF AN ORDER: (I)
ENFORCING THE ORDER AUTHORIZING THE
SALE TO STRATEGIC GLOBAL
MANAGEMENT, INC.; (II) FINDING THAT THE
SALE IS FREE AND CLEAR OF CONDITIONS
MATERIALLY DIFFERENT THAN THOSE
APPROVED BY THE COURT; (III) FINDING
THAT THE ATTORNEY GENERAL ABUSED
HIS DISCRETION IN IMPOSING CONDITIONS
ON THAT SALE; AND (IV) GRANTING
RELATED RELIEF" (DOC.3188)**

Hearing:

Date: October 15, 2019

Time: 10:00 a.m. (Pacific Time)

Location: Courtroom 1568
255 E. Temple Street
Los Angeles, CA

1 The Court, having considered the motion [Docket No. 3188] (the “Motion”)¹ filed by
2 Verity Health System of California, Inc. and the above-referenced affiliated debtors and debtors
3 in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”),
4 the response [Docket No. 3333] of the California Attorney General (the “Attorney General”), the
5 statement [Docket No. 3356] filed by Strategic Global Management, Inc. (collectively with its
6 affiliates, “SGM”), the reply [Docket No. 3382] filed by the Debtors, the stipulation [Docket No.
7 3572] by and among the Debtors and the Attorney General, and good cause appearing,

8 **HEREBY ORDERS AS FOLLOWS:**

- 9 1. The Motion is GRANTED.
- 10 2. The Debtors’ transfer to SGM of the Debtors’ assets (the “SGM Sale”) pursuant to
11 that certain asset purchase agreement [Docket No. 2305-1] (the “SGM APA”) is free and clear of,
12 and shall not be subject to or conditioned upon SGM’s performance of, compliance with, or
13 adherence to, any and all Additional Conditions (as defined in the SGM APA and in the Motion),
14 pursuant to Bankruptcy Code §§ 363(b), (f)(1), (f)(4), and (f)(5) and otherwise as provided in the
15 Sale Order.
- 16 3. This Court shall retain exclusive jurisdiction to adjudicate any disputes or
17 controversies regarding the interpretation or enforcement of this Order.
- 18 4. The Court’s memorandum decision [Docket No. 3446] is hereby vacated and
19 withdrawn.
- 20 5. The Attorney General waives any right to appeal this Order.

21
22 **IT IS SO ORDERED.**

23 ###
24
25
26
27

28 ¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Motion.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled **NOTICE OF LODGMENT OF ORDER GRANTING "DEBTOR'S EMERGENCY MOTION FOR THE ENTRY OF AN ORDER: (I) ENFORCING THE ORDER AUTHORIZING THE SALE TO STRATEGIC GLOBAL MANAGEMENT, INC.; (II) FINDING THAT THE SALE IS FREE AND CLEAR OF CONDITION MATERIALLY DIFFERENT THAN THOSE APPROVED BY THE COURT; (III) FINDING THAT THE ATTORNEY GENERAL ABUSED HIS DISCRETION IN IMPOSING CONDITIONS ON THAT SALE; AND (IV) GRANTING RELATED RELIEF" (DOC. 3188)** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **November 11, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

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2. SERVED BY UNITED STATES MAIL: On November 11, 2019, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on November 11, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served via Attorney Service

The Honorable Ernest M. Robles
United States Bankruptcy Court
Edward R. Roybal Federal Building
255 E. Temple Street, Suite 1560
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

November 11, 2019

Stephanie Reichert

/s/ Stephanie Reichert

Date

Type Name

Signature

Attachment 23

November 26, 2019 Hearing Transcript

Debtors' App. pp. 1269 - 1289

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES

--oOo--

In Re:) Case No. 2:18-bk-20151-ER
)
VERITY HEALTH SYSTEM) Chapter 11
OF CALIFORNIA, INC.,)
) Los Angeles, California
Debtor,) November 26, 2019
) Wednesday, 10:00 A.M.
-----)

STATUS CONFERENCE RE:
[2995] MOTION FOR APPROVAL
OF CHAPTER 11 DISCLOSURE
STATEMENT NOTICE OF
HEARING AND MOTION OF THE
DEBTORS FOR AN ORDER
APPROVING: (I) PROPOSED
DISCLOSURE STATEMENT; (II)
SOLICITATION AND VOTING
PROCEDURES; (III) NOTICE
AND OBJECTION PROCEDURES
FOR CONFIRMATION OF
DEBTORS' PLAN; AND (IV)
GRANTING RELATED RELIEF

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE ERNEST ROBLES
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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1 LOS ANGELES, CALIFORNIA, TUESDAY, NOVEMBER 26, 2019

2 10:06 A.M.

3 --oOo--

4 THE CLERK: Please rise and come to order. This
5 court is now in session, the Honorable Ernest M. Robles
6 presiding.

7 THE COURT: Good morning. Be seated, please.

8 ATTORNEYS: Good morning, Your Honor.

9 THE COURT: All right. We'll take item #10.00 on
10 this morning's calendar. I will begin with appearances in
11 the courtroom, please.

12 MR. MAIZEL: Good morning, Your Honor. Samuel
13 Maizel, Dentons US, LLP, on behalf of the debtors. With me
14 in the courtroom today are my partners, Sonia Martin, Nick
15 Koffroth and Tania Moyron.

16 THE COURT: Thank you.

17 MR. SHINDERMAN: Good morning, Your Honor. Mark
18 Shinderman of Milbank on behalf of the Committee. My
19 apologies to the clerk. I forgot to hand up a card. I'll
20 do that afterwards.

21 THE COURT: All right.

22 MR. KLAUSNER: Good morning, Your Honor. Gary
23 Klausner, Levene Neale Bender Yoo & Brill, representing
24 Strategic Level Management, Inc.

25 THE COURT: Thank you.

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1 MR. BENNETT: Bruce Bennet, Jones Day, on behalf
2 of the MOB lenders and holders of other debtors -- the
3 debtor.

4 MR. RICOTTA: Good morning, Your Honor. Paul
5 Ricotta from Mintz Levin representing UMB Bank as the
6 master trustee and co-counsel to Wells Fargo Bank as the
7 2005 bond trustee.

8 MS. PREUSKER: Good morning. Megan Preusker,
9 McDermott Will & Emery, on behalf of U.S. Bank as the
10 Series 2015 Notes trustee and my colleague Nathan Coco is
11 appearing telephonically.

12 THE COURT: Thank you.

13 MR. WHITMORE: Good morning, Your Honor. Clark
14 Whitmore from the Maslon law firm on behalf of U.S. Bank
15 National Association as the 2017 Notes trustee.

16 MR. WANG: Good morning. I'm the Deputy Attorney
17 General on behalf of California Department of Health Care
18 Services, Kenneth Wang.

19 THE COURT: Thank you. All right. Let me begin
20 with appearances in -- on the telephone. When I call your
21 name, please make your appearance.

22 Sam Alberts?

23 MR. ALBERTS: Present.

24 THE COURT: Nathan Coco.

25 MR. COCO: Yes, good morning, Your Honor. Nathan

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1 Coco on behalf of U.S. Bank as Series 2015 notes trustee.

2 THE COURT: Thank you.

3 David Guess?

4 MR. GUESS: Good morning. David Guess with
5 Greenberg Traurig on behalf of Medtronic, USA.

6 THE COURT: Thank you. Melissa Harris?

7 MS. HARRIS: (Inaudible), Benefit Guaranty
8 Corporation.

9 THE COURT: Thank you. Just a moment.

10 If any of you have telephones I'll ask you to
11 turn those off. I think it's creating some interference
12 with our sound system.

13 Elan Levy?

14 MS. LEVEY: Good morning, Your Honor. Elan
15 Levey, Assistant U.S. Attorney on behalf of the U.S.
16 Department of Health and Human Services and Centers for
17 Medicare and Medicaid Services.

18 THE COURT: Thank you. Drew McGehrin?

19 MR. MCGEHRIN: Good morning. Drew McGehrin of
20 Duane Morris on behalf of the Chub Companies.

21 THE COURT: Thank you.

22 Luis Sorazano (phonetic)?

23 MR. CERANTES: Good morning, Your Honor. This is
24 (Indiscernible) Cerantes (phonetic) for Luis Sorazano.

25 THE COURT: Thank you.

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1 MR. CERANTES: (Indiscernible) Medical Group.

2 THE COURT: Thank you, Mr. Cerantes.

3 Debra Riley.

4 MS. RILEY: Yes, Your Honor. Debra Riley of
5 Allen Mackins on behalf of California Statewide Community
6 Development Authority.

7 THE COURT: Thank you.

8 Camia Saladare (phonetic).

9 (No response.)

10 We'll pass that. Michael St. James?

11 MR. ST. JAMES: Thank you, Your Honor. Michael
12 St. James appearing for the medical staff at Seaton.

13 THE COURT: Thank you, Mr. St. James.

14 Jeffrey Wisler.

15 MR. WISLER: Good morning, Your Honor. Jeffrey
16 Wisler on behalf of Cigna.

17 THE COURT: Leonard Shulman is listen only and I
18 believe the balance of the telephonics are listen only. If
19 you intended to make an appearance by telephone and wish to
20 speak, please give me your name at this point.

21 (No response.)

22 All right. Thank you. I think we're ready to go
23 forward.

24 You'll have to forgive me. I don't have a clear
25 sense of who's on first on this. I know that the Court at

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1 first made the request for a status conference I think in
2 connection with the prior order, but this seems to have
3 morphed into something else. So why don't we hear from
4 you, counsel?

5 MR. MAIZEL: Your Honor, we'll take that burden.
6 This is a status conference that parties have asked -- the
7 debtors asked for and the Court's agreed that there should
8 be a status conference on the status of the SGM sale and
9 that's because of issues that have arisen between us and
10 SGM, over whether the sales should close and, if so, when
11 and if so on what terms.

12 We asked the Court to be cognizant as we have
13 tried to be in the pleadings that there are issues between
14 the parties which would have -- we think it aired
15 publicly -- would have the possibility of a negative impact
16 on the value of the assets, ability of the debtors to keep
17 facilities open and the morale of the staff that work so
18 hard to keep these facilities open for the now more than a
19 year in bankruptcy. So we'd ask -- and that is why we
20 filed a large portion of the status report under seal.

21 We'd ask the Court to be cognizant of that. We'd
22 ask the parties to be cognizant of that and if necessary
23 we'd ask the Court to take us in chambers if we have to go
24 into any detail --

25 THE COURT: My chambers aren't big enough.

Page

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1 (Laughter)

2 MR. MAIZEL: All right, Your Honor. Then I know
3 how difficult it is to close courtrooms. So then I suggest
4 we -- I don't know what Plan C is.

5 THE COURT: Just to highlight some things, I
6 don't think there's any need to go into any of those
7 matters whatsoever this morning. So --

8 MR. MAIZEL: All right, Your Honor. So since
9 it's a status conference I'll do some good news first, what
10 I traditionally like to do in status conferences. First,
11 in the last 24 hours we received the Attorney General's
12 approval for the disposition as we had proposed of the
13 philanthropic foundation debtors of those assets. So I
14 think we now have a clear runway to dispose of those assets
15 under -- in agreement with the Attorney General State of
16 California.

17 We, as the Court is aware, have gotten a Medicare
18 settlement agreement approved by the Court. While we
19 believe we have satisfied the asset purchase agreement's
20 obligations with regard to Medi-Cal, we also have continued
21 to negotiate for a settlement and believe we have a
22 settlement in principle, which we are now negotiating the
23 terms of a written settlement agreement. Hope to have the
24 Court -- have it to the Court shortly.

25 And, of course, the -- we believe the conditions

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1 and the discussions with the Attorney General over the
2 conditions and the Attorney General approval of the sale
3 have all been settled, so those are all good things that I
4 want to make sure the Court is reminded of and bring to
5 everyone's attention.

6 THE COURT: Has the Attorney General withdrawn
7 his appeal?

8 MS. MOYRON: Your Honor, he didn't file an
9 appeal.

10 THE COURT: All right.

11 MR. MAIZEL: So, Your Honor, so what we're
12 down -- what we're left with now is the issues that have
13 been raised with regard to -- as were stated in the
14 reservation of rights I believe last night by Mr. Klausner
15 on behalf of SGM that whether there are material adverse
16 effects which excuse closing of the transaction by SGM.
17 And as we stated in the status conference, we've asked for
18 the Court to set a briefing schedule on that. It is in
19 everyone's best interests to resolve that issue before
20 December 31st because there is --

21 THE COURT: What issue is there to resolve?

22 MR. MAIZEL: Well, Your Honor, whether there are
23 material adverse effects.

24 THE COURT: Well, doesn't that need to be brought
25 before the Court at a much earlier stage?

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1 MR. MAIZEL: Well, Your Honor, we believe that
2 the vast majority -- in fact, we believe all of the
3 conditions are either satisfied or the allegations that
4 have been raised were waived because of the due diligence
5 period that expired on January 8th of this year.

6 THE COURT: Well --

7 MR. MAIZEL: So we agree with Your Honor, but the
8 problem is we have a buyer who believes there are material
9 adverse effects and the asset pur --

10 THE COURT: That's what confused me and that's
11 why I wasn't sure who was on first on this because why is
12 it your responsibility to give an avenue for the airing of
13 some sort of dispute which I think is the obligation of the
14 purchaser to have raised?

15 MR. MAIZEL: Well, Your Honor, we have an
16 obligation as fiduciary, as do our creditors, to see if
17 this sale can close because this is still Plan A sale. If
18 we can -- we are optimistic that if we show this buyer that
19 there are no -- that the Court would find there are no
20 material adverse effects, that this buyer who says in their
21 papers --

22 THE COURT: I have a surprise for you. As far as
23 the Court is concerned, the purchaser is a proud owner of a
24 passel of funds. Have fun.

25 All right. Look, there is no definition, as far

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1 as I'm aware, in Article II of what a material adverse
2 effect is, so let me supply what I think that definition is
3 and that definition is con -- a condition under which a
4 transaction -- a transaction would no longer be viable.
5 And because it appears in Article II there is another
6 requirement that that adverse effect is either a result of
7 fraud or misrepresentation. And if the -- and also because
8 there is a specific time requirement to get that material
9 adverse effect, it is the product of misrepresentation or
10 fraud before the Court has long since passed.

11 So what we have here, in my view, is just buyer's
12 remorse and I don't share in the boo-hoo of that. I had an
13 opportunity to review some of the correspondence going back
14 and forth. The picayune, the smallness of those alleged
15 transactions do not, in my view, reach the level of
16 material adverse effect. Sorry. That's what I think

17 The argument that somehow this Court is required
18 to have an adversary proceeding is absurd. That only
19 appears as far -- again, as far as I'm aware in the longest
20 paragraph known to man and that is I believe 8.6. Yes,
21 8.6. We're long past 8.6. The Attorney General has done
22 the right thing and we don't have those conditions.

23 So now we're left with a curious statement at
24 page 35 of my copy of the APA, which says that whether a
25 material adverse effect has occurred for any purpose under

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1 this agreement shall be exclusive settled by determination
2 made by the Bankruptcy Court. Doesn't say anything about
3 an adversary proceeding. "Exclusively," in my view, means
4 not appealable. So once we make the determination, which I
5 don't think we can do on a timely basis anymore, that's
6 gone.

7 After reviewing the statement of strategic, I
8 don't want to cast any negative aspersions at all. But I
9 want to make clear that I believe that it is operating very
10 closely within the satellite of bad faith. I think it has
11 an obligation to close. I think it wants to negotiate a
12 better deal. I think it believes that it will be
13 unpalatable for the Court and for others here to see
14 patients, young, old, infirmed, being wheeled or carted out
15 of the hospitals. That's a cynical view and I don't adhere
16 to it.

17 I believe that this contract is interpreted under
18 the laws of the State of California and so it has with it
19 the implied covenant of good faith and fair dealing and I
20 don't think that we have that here. I suspect that this
21 will close and if not, then they will pay damages pursuant
22 to this agreement.

23 All right. And that's all. And I don't see a
24 need for any further hearing.

25 Mr. Klausner.

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1 MR. KLAUSNER: First of all, Your Honor, I do
2 have to say that our client is reserving all of its rights.
3 There are certain comments that were made by counsel with
4 which we disagree, so I don't want my silence to be deemed
5 any sort of concession or admission.

6 I do appreciate and take seriously all of the
7 Court's comments. It's apparent to me from the Court's
8 demeanor that the Court has very strong feelings and has
9 formed very strong impressions. My concern is that the
10 issues that exist between the parties need to be resolved
11 in the appropriate context.

12 Well, what has happened today is simply the
13 following. The debtor presented the buyer pursuant to the
14 agreement with a demand to come to a closing on December 5.
15 Our client responded as required by the terms of the
16 agreement by providing Verity with a notice that this is --
17 its obligation under Section 8.4 of the asset purchase
18 agreement that if our client believes that there are any
19 conditions, covenants, agreements that haven't been
20 satisfied we give Verity notice. That's all we've done.

21 We haven't said that we're not going to a
22 closing. We haven't refused to close. We haven't
23 exercised any right to terminate the agreement. We simply
24 gave Verity a notice that we're obligated to give Verity in
25 which we listed various conditions and covenants that we

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1 believe Verity has not complied with.

2 That notice triggers a 15 business-day period for
3 Verity to respond either to cure the defects that we've
4 identified or to indicate to us why we're incorrect. We
5 received a letter, as you received. We received a letter
6 from Verity's counsel last evening in which in the course
7 of about 12 pages Verity's counsel addressed the issues
8 that we raised in our letter.

9 It is unfortunate that the Court saw fit to
10 receive those letters, notwithstanding that they were under
11 seal. It was our view that in the event litigation should
12 arise between the parties the issues that -- that exist
13 between the parties, the disputes and the controversies, if
14 any, should be presented to the Court in the appropriate
15 manner in the appropriate context. And I'm disappointed
16 that the Court reviewed that correspondence and has now
17 effectively concluded that if our client does not come to a
18 closing on December 5 our client is in breach of contract.

19 There's been no complaint. There's been no
20 response. There's been no motion for summary judgment.
21 There's been no presentation of evidence. This Court has
22 simply concluded based upon an exchange of letters, some of
23 which contain enormous hyperbole, that our client will be
24 in breach if we don't close. I think that's unfortunate.

25 I think our client has the right to go to a

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1 closing or not go to a closing and if our client fails to
2 go to a closing, our client has a right to test its
3 position in a courtroom in accordance with rules of
4 procedure and rules of evidence. And for this Court to
5 conclude at this stage of the proceeding that our client is
6 obligated to close and if fails to close you're going to
7 impose damages, I think that's very unfortunate.

8 So I'm not going to debate today the merits or
9 substantive issues that have been -- that may be presented
10 to this court at a later date. I'm not going to take the
11 bait. I will simply on behalf of our client reserve our
12 rights. We'll take whatever steps we need to take to
13 protect the interests of our client. Do you have any
14 questions?

15 THE COURT: No.

16 MR. KLAUSNER: Thank you.

17 THE COURT: Anyone else?

18 MR. SHINDERMAN: Your Honor, may I have 30
19 seconds to talk to the debtor and then I'd like to make a
20 quick statement?

21 THE COURT: Certainly.

22 (Pause)

23 MR. SHINDERMAN: Thank you, Your Honor. Mark
24 Shinderman, Milbank, on behalf of the Committee.

25 Your Honor, first the context. This is a status

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1 conference on the disclosure statement, just to clear the
2 calendar, because the disclosure statement can't go forward
3 unless we know that we're going to have a close sale, so
4 that's the context in which this -- it's not just about the
5 sale. It's about the disclosure statement. So at the end
6 of this hearing I'd ask that you continue further the
7 debtor's obligation to file a reply to the objections of
8 the disclosure statement. It's not relevant until we know
9 we have a closing, number one.

10 Number two is, I completely agree with the
11 statements of the Court. The buyer either closes or
12 doesn't close. We talked about that last time in the
13 context of the AG motion and we said the same thing. The
14 debtor doesn't have a right -- the buyer doesn't have a
15 right to come in here and say, "I like this; I don't like
16 that." To us it appears that either the buyer doesn't have
17 the financial wherewithal to close or he's trying to
18 renegotiate. I don't -- I can't prove that. I don't know
19 that. I read the same letters you did and that's what it
20 looks like.

21 Because as Mr. Maizel points out, the APA was
22 very clear. We are very concerned about the APA and
23 optionality and we're concerned about it with respect to
24 the Attorney General. What it said is, you have a certain
25 period of time to due diligence, otherwise, the only out

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1 you have, buyer, is if there's a material adverse change.
2 And we constantly check with the debtor that neither the
3 secured creditors, nor the Committee, nor the DIP lender
4 before us got in the way of the debtor doing what the
5 debtor needed to do to operate in the ordinary course with
6 outside consultants, et cetera.

7 So we agree; the buyer has to close or not close.
8 If they don't close then there'll be an action to enforce
9 damages at the appropriate time, at the appropriate place.
10 But there's no in between. They either close or they don't
11 close.

12 Some of the statements that are made are very
13 serious and, of course, the Committee doing its duty
14 immediately called the debtor and we're satisfied that the
15 debtor is doing everything it's supposed to do in the
16 ordinary course to maintain the safety of patient care and
17 that's very critical, and we take that job very seriously.
18 Some of our union members on the Committee are the ones
19 providing those services as well and we are satisfied.

20 We'll stop there and say we agree with Your
21 Honor; buyer closes or doesn't close. The consequences are
22 what they are.

23 THE COURT: All right. Thank you very much.

24 Anyone else wish to be heard?

25 (No response.)

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1 All right. I'll do the following. First, I
2 won't take the bait either. What I stated was not really
3 founded on any letters, actually. It was founded just on
4 the representations that were made in the statement. I
5 think it was a reservation of rights as far as the
6 purchaser was concerned, which I found wholly inapposite to
7 my understanding of the APA. It appears to the Court that
8 perhaps the purchaser felt that the asset purchase
9 agreement wasn't actually an asset purchase agreement. It
10 was a contract to contemplate the purchase of an asset
11 after the Attorney General removed his conditions. And so
12 once the Attorney General did that, then it become --
13 became the proverbial dog that caught the car. They didn't
14 know what to do.

15 So I think that's the situation we have. With
16 all due respect to counsel, I respect them, but I think the
17 position of his client doesn't hold water. And again,
18 that's not based upon any letters. That's just my review
19 of the asset purchase agreement and the clear terms of that
20 or where the terms have not been clear they have been made
21 clear by the Court. As I've indicated, I've given a
22 definition of "material adverse effect."

23 Just to go on further, we would have a material
24 adverse effect if, for example, a hospital lost a
25 certificate of occupancy. And if somehow the -- that was

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1 the result of misrepresentation of fraud. So it's a very
2 high level. I don't think we've reached it here. So I
3 suspect that this matter will close.

4 All right. Thank you very much.

5 ATTORNEY: Thank you, Your Honor.

6 MR. SHINDERMAN: I'm sorry, Your Honor. Your
7 Honor, I apologize. We need a continued hearing on the
8 disclosure statement --

9 THE COURT: I'll do that later.

10 MR. SHINDERMAN: Okay. Thank you, Your Honor.

11 (End at 10:33 a.m.)

12 * * * * *

13 I certify that the foregoing is a correct
14 transcript from the electronic sound recording of the
15 proceedings in the above-entitled matter.

16 
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18 _____ Date: 11/27/2019

19 RUTH ANN HAGER, C.E.T.**D-641
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Attachment 24

December 17, 2019 Letter to Gary Klausner and Robert Lundy

Debtors' App. p. 1290

December 17, 2019

VIA EMAIL

Gary E. Klausner
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Re: *In re Verity Health System of California, et al.*, Case No. 2:18-bk-20151-ER
Notice of Termination Effective Date

Dear Mr. Klausner and Mr. Lundy:

As you are aware, on November 25, 2019, November 27, 2019, and December 5, 2019, the Debtors sent Strategic Global Management, Inc. (“SGM”) notices of SGM’s material breaches under that certain asset purchase agreement [Docket No. 2305-1], dated January 8, 2019 (the “APA”), as approved by that certain *Order (A) Authorizing the Sale of Certain of the Debtors’ Assets to Strategic Global Management, Inc. Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an Unexpired Lease Related Thereto; and; (C) Granting Related Relief* entered May 2, 2019 [Docket No. 2306].

As a result of each of the above material breach notices, the APA will terminate effective December 27, 2019.

Very truly yours,



Sonia R. Martin

cc: Samuel R. Maizel (samuel.maizel@dentons.com)
Tania M. Moyron (tania.moyron@dentons.com)
Claude D. Montgomery (claudemontgomery@dentons.com)