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DEPARTMENT OF JUSTICE

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October 26, 2007

Sent Via Internet and U.S. Mail
James R. Schwartz
Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, CA 90064

RE: Proposed Sale of San Gabriel Valley Medical Center

Dear Mr. Schwartz:

The Attorney General hereby conditionally consents, pursuant to Corporations Code section 5914, to the sale of San Gabriel Valley Medical Center to AHMC Healthcare Inc. as set forth in the Notice filed on July 13, 2007. Corporations Code section 5914 and section 999.5, subdivision (f), of title 11 of the California Code of Regulations set forth factors that the Attorney General must consider in determining whether to consent to a proposed transaction between a nonprofit corporation and a for-profit corporation or entity. The Attorney General has considered such factors and consents to the proposed transaction subject to the attached conditions, which are incorporated by reference herein.

Thank you for your cooperation and that of your client and the purchaser throughout the review process.

Sincerely,

Original signed by

WENDI A. HORWITZ
Deputy Attorney General

For EDMUND G. BROWN JR.
Attorney General

Attachment
cc: AHMC Healthcare Inc.

Conditions for Approval of the Sale of San Gabriel Valley Medical Center

I.

For the purposes of these conditions, and unless the context indicates otherwise, the term "Buyer" shall mean AHMC Healthcare Inc., a California for-profit corporation, AHMC Healthcare LP, AHMC Inc., GEMW Healthcare LP, GEMW Healthcare Investment LP, AHMC San Gabriel Valley Medical Center LP, SGVMC Calmed Investment LP, SGVMC Healthcare LP, San Gabriel Healthcare Inc., San Gabriel Healthcare LP, SGVMC Healthcare Investment LP, American Hospital Investment Inc., and Universal Capital Investment LP, the proposed acquirers of San Gabriel Valley Medical Center[1], any other subsidiary, parent, general partner, limited partner, or affiliate of AHMC Healthcare Inc., a California for-profit corporation, AHMC Healthcare LP, AHMC Inc., GEMW Healthcare LP, GEMW Healthcare Investment LP, AHMC San Gabriel Valley Medical Center LP, SGVMC Calmed Investment LP, SGVMC Healthcare LP, San Gabriel Healthcare Inc., San Gabriel Healthcare LP, SGVMC Healthcare Investment LP, American Hospital Investment Inc., and Universal Capital Investment LP, any entity owned by the Buyer that subsequently becomes the owner or licensed operator of San Gabriel Valley Medical Center, any entity that owns the Buyer that subsequently becomes the owner or licensed operator of San Gabriel Valley Medical Center, any future entity that purchases San Gabriel Valley Medical Center from the Buyer, and any entity owned by a future purchaser that subsequently becomes the owner or licensed operator of San Gabriel Valley Medical Center. These conditions shall be legally binding on any and all future owners or operators of San Gabriel Valley Medical Center. The term "Seller" shall mean Catholic Healthcare West, a California nonprofit public benefit corporation.

II.

The transaction approved by the Attorney General between Buyer and Seller consists of the Asset Purchase Agreement, dated June 8, 2007, Information Technology Transition Services Agreement, Assignment and Assumption of Asset Purchase Agreement, dated October 4, 2007. Buyer and Seller shall fulfill the terms and conditions of the transaction. Buyer and Seller shall notify the Attorney General in writing of any proposed modification of the transaction, including a proposed modification or rescission of any of the agreements. Such notification shall be provided at least 30 days prior to such modification taking effect to allow the Attorney General to consider whether the proposed modification affects the factors set forth in Corporations Code section 5917.

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[1]Throughout this document, the term San Gabriel Valley Medical Center shall mean the general acute care hospital currently called San Gabriel Valley Medical Center and any other clinics, laboratories, units, services, or beds on its license with the Department of Health Services effective January 1, 2007, unless otherwise indicated.

III.

The Buyer and all future owners or operators of San Gabriel Valley 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 either of the following:

(A) Sell, transfer, lease, exchange, option, convey, close, or otherwise dispose of San Gabriel Valley Medical Center.

(B) Transfer control, operation, responsibility, or governance of San Gabriel Valley Medical Center. The substitution of a new corporate member of the Buyer, or its members, that transfers the control of, operation, responsibility for, or governance of the Buyer shall be deemed a transfer for purposes of this condition. The substitution of one or more members of the governing body of the Buyer, or any arrangement, written or oral, that would transfer voting control of the members of the governing body of the Buyer, shall also be deemed a transfer for purposes of this condition.

IV.

For five years from the transaction closing date, the Buyer shall operate and maintain San Gabriel Valley Medical Center as a licensed general acute care hospital (as defined in California Health and Safety Code Section 1250) and shall maintain the following services: 1) Obstetrics as currently[2] licensed (29 beds) and at current types and levels of service; 2) Adult intensive care as currently licensed (19 beds) and at current types and levels of service; 3) Sub-acute unit as currently licensed (18 beds) and at current types and levels of service; 4) Twenty-four hour emergency medical services as currently licensed (12 emergency stations/beds) and at current types and levels of service, including EDAP designation; and 5) SART (Sexual Abuse Response Team) program at current types and levels of service. Buyer shall not place any of its above-listed licensed bed capacity in voluntary suspension or surrender its license for any of these beds.

V.

For as long as the Buyer operates San Gabriel Valley Medical Center, the Buyer shall participate in the Medicare and Medi-Cal programs and provide the same types and levels of services as required in these conditions to Medicare and Medi-Cal patients at San Gabriel Valley Medical Center.

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[2]Throughout this document, the term "current" or "currently" means as of January 1, 2007.

VI.

Buyer shall maintain a Hospital Community Board, as set forth in Schedule 4.22(5) of the Asset Purchase Agreement, composed of medical, business, and other community leaders. (Exhibit 1.) In addition, Buyer shall consult with this Hospital Community Board prior to initiating any changes to Hospital services, community benefit programs, or charity care services, which are not prohibited by these conditions.

VII.

For five years from the transaction closing date, the Buyer shall provide community benefit services at San Gabriel Valley Medical Center at an annual cost of $618,000 ("Minimum Community Benefit Services Amount"). These community benefits shall include, but are not limited to, community education and prevention, senior health initiatives, Sweet Success Program, health professionals training, and the Pregnant Minor/Teen Mother program with San Gabriel Unified School District. Community benefit commitments shall be decided upon in conjunction with input from the Hospital Community Board.

The Minimum Community Benefit Services Amount shall be annually increased (but not decreased) by an amount equal to the percentage increase, if any, from the beginning through the end of the year in the Consumer Price Index, All Items - All Urban Consumers, Los Angeles-Riverside-Orange County Consolidated Metropolitan Statistical Area (1982-84=100), as published by the U.S. Department of Labor, Bureau of Labor Statistics.

If the actual amount of community benefit services provided by Buyer at San Gabriel Valley Medical Center for any year is less than the Minimum Community Benefit Services Amount (as adjusted pursuant to the above-referenced Consumer Price Index) for such year, Buyer shall pay an amount equal to the deficiency to the California Community Foundation for deposit in its "San Gabriel Community Foundation Health Fund." Buyer shall pay the deficiency described in the preceding sentence not more than six (6) months following the end of such year.

VIII.

With respect to each of Buyer's six fiscal years from the transaction closing date, Buyer shall provide an annual amount of Charity Care (as defined below) at San Gabriel Valley Medical Center equal to or greater than $761,778 (the "Minimum Charity Care Amount"). For purposes hereof, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by Buyer in connection with the operations and provision of services at San Gabriel Valley Medical Center. The definition and methodology for calculating "charity care" and the methodology for calculating "cost" shall be the same as that used by the California Office of

Statewide Health Planning and Development for annual hospital reporting purposes.[3] The Buyer shall use the charity care policy that became effective on May 31, 2007 at San Gabriel Valley Medical Center. (Exhibit 2). Buyer's obligation under this condition for the period from the transaction closing date through the end of Buyer's first fiscal year following the transaction closing date shall be prorated on a daily basis if the transaction closing date is a date other than the first day of Buyer's fiscal year.

As of the end of Buyer's second fiscal year following the transaction closing date and the end of each of Buyer's fiscal years thereafter, the Minimum Charity Care Amount shall be increased (but not decreased) by an amount equal to the percentage increase, if any, from the beginning through the end of such fiscal year in the Consumer Price Index, All Items - All Urban Consumers, Los Angeles-Riverside-Orange County Consolidated Metropolitan Statistical Area (1982-84=100), as published by the U.S. Department of Labor, Bureau of Labor Statistics.

If the actual amount of Charity Care provided by Buyer at San Gabriel Valley Medical Center for any fiscal year is less than the Minimum Charity Care Amount (as adjusted pursuant to the above-referenced Consumer Price Index) for such fiscal year, Buyer shall pay an amount equal to the deficiency to the California Community Foundation for deposit in its "San Gabriel Community Foundation Health Fund." Buyer shall pay the deficiency described in the preceding sentence not more than six (6) months following the end of such fiscal year.

IX.

Buyer shall timely comply with all the requirements of a general acute care hospital under the Alquist Act (SB 1953) and as set forth in Section 11.19 of the Asset Purchase Agreement. (Exhibit 3.)

X.

For the years 2008 through and including 2012, Buyer shall hold an annual community health forum to discuss the capital needs of the Hospital, the healthcare needs of the residents of the San Gabriel Valley, especially those who are economically disadvantaged and underserved, and how the Hospital can better meet those needs, taking into consideration the cultural, demographic, and socio-economic factors of the San Gabriel Valley. Buyer shall invite to the annual community health forum and consult with representatives from any Federal Health Qualified Clinics and other nonprofit healthcare clinics treating residents of the San Gabriel Valley, the Los Angeles County's Emergency Medical Services Agency and other health officials, members of the medical staff and employees, community leaders, local elected officials, San Gabriel Unified

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[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."

School District Members, community-based healthcare organizations, and the public.

XI.

Catholic Healthcare West has agreed and will voluntarily waive its rights to the assets of the San Gabriel Valley Medical Center Foundation("Foundation") upon the dissolution of the Foundation (as provided in the Articles of Incorporation of the Foundation) and shall execute a written waiver to that effect, subject to the Foundation's compliance with Corporations Code section 6716. Catholic Healthcare West has agreed to donate and shall transfer, on or before December 31, 2007, the sum of $200,000, to the California Community Foundation for deposit in its "San Gabriel Community Foundation Health Fund" under the auspices of the San Gabriel Community Foundation, which is a component fund of the California Community Foundation, to support nonprofit tax-exempt charitable healthcare facilities and clinics, including, but not limited to, general acute care hospitals, in providing healthcare services to residents of the San Gabriel Valley Medical Center's service area (24 zip codes), as described on page 24 in the Healthcare Impact Report authored by Medical Development Specialists, dated September 7, 2007. (Exhibit 4.) The donated funds shall be maintained and used for the purposes specified herein for a period of at least five years.

XII.

For five years from the transaction closing date, Buyer shall make the CHEC (Community Health Education Center) building available at least 180 days of each calendar year for community education and health promotion classes, physician-related meetings, in-house education, nonprofit service clubs and organizations and other outside groups, including, but not limited to, the City of San Gabriel, for meetings and community education.

XIII.

For the years 2008 through and including 2012, Buyer shall submit to the Attorney General, no later than December 31st of each year, a report describing in detail its compliance with each condition set forth herein. The chief executive officer at San Gabriel Valley Medical Center shall certify that the report is true and correct.

XIV.

At the request of the Attorney General, Buyer and Seller shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with the terms and conditions 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 public interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XV.

The Attorney General reserves the right to enforce each and every condition set forth herein to the fullest extent provided by law.

EXHIBIT 1

SCHEDULE 4.22

UniHealth Operating Covenants

Buyer shall at all times:

1. Maintain the Hospital's "interfaith" mission.

2. Maintain the Hospital's existing name, subject to the use of Buyer's brand or logo in association with the name.

3. Continue to select chaplains and provide pastoral care services based on the Hospital's policies and procedures in effect prior to the closing of the transaction.

4. Retain the Hospital's Medical Staff Bylaws, Rules and Regulations together with the Medical Staff Officers that are in effect at the Closing Date (subject to modifications required due to change of ownership).

5. Maintain a Hospital Community Board comprised of community-based representatives that will:

   a. Be advisory and non-fiduciary

   b. Advise, consult and provide recommendations on matters related to the Hospital, including community concerns and considerations, quality of care, strategic planning and advocacy.

EXHIBIT 2

CATHOLIC HEALTHCARE WEST
ADMINISTRATIVE POLICY AND PROCEDURE

FROM:	CHW Revenue Services
SUBJECT:	Eligibility & Application Policy and Procedures for Payment Assistance
REVISED:	New
EFFECTIVE:	May 31, 2007
REPLACES:	N/A
APPLIES TO:	Corporate and Support Office: _____ Acute Care Entities: ___X___ Non-acute Care Entities: _____

I. Policy:

In order to manage its resources responsibly, to meet the requirements of California Assembly Bill 774, to comply with the terms of the class action settlement agreement, and to allow CHW facilities to provide the maximum level of assistance to the greatest number of persons in need, CHW system administration establishes the following eligibility and application guidelines for the provision of patient financial assistance as outlined in CHW's Patient Payment Assistance Policy § 4.50.

Each CHW facility shall implement this Policy in accordance with procedures established by applicable CHW system departments.

II. Purpose:

The purpose of this policy is to establish financial criteria and the procedure to be used by hospitals to determine patient eligibility for financial assistance through CHW's Patient Payment Assistance Program.

III. Definitions:

Eligible Hospital Services: Hospital Services eligible for the Payment Assistance discount include the following goods and services provided in the CHW facilities:

(a) emergency medical services provided in an emergency room setting;
(b) services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual;
(c) non-elective services provided in response to life-threatening circumstances in a non-emergency room setting;
(d) medically necessary services provided to Medicaid beneficiaries that are not covered by their respective Medicaid programs; and
(e) any other medically necessary services not contemplated in (a) – (d) above, evaluated on a case-by-case basis at the CHW Facility's discretion.

Those goods and services that are not Hospital Services and therefore not eligible for the Payment Assistance discount include the following:

(a) goods or services provided principally for cosmetic purposes;
(b) elective goods or services not necessary to treat an illness or injury;
(c) experimental goods or services (including, but not limited to, those provided to a patient as part of a clinical trial or research program);
(d) physician services, treatments or procedures; and
(e) goods or services covered by any Third-Party Payor

Federal Poverty Level (FPL): The poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code.

Financially Qualified Patient: A patient who is self-pay, or has high medical costs as defined in California State Assembly Bill774 (see Article 3, 127400(g)).

Income: The Payment Assistance application requires the requestor to submit information pertaining to gross income (i.e., annualized before-tax amounts).

(a) Sources of gross income include but are not limited to: wages, salaries, payments from Social Security, public assistance, unemployment and worker's compensation, veterans benefits, child support, alimony, pensions, regular insurance and annuity payments, income from estates and trusts, assets drawn down as withdrawals from a bank, sale of property or liquid assets and one-time insurance or compensation payments.
(b) The ability to borrow against assets, e.g., a life insurance policy, should also be considered as another source of income. The ability to borrow against a primary home shall not be considered.
(c) Food or rent in lieu of wages will also be considered as a source of gross income if appropriate documentation is provided.
(d) A portion of the Qualified Monetary Assets (as defined below) are to be included in determining gross income with the exception of those patients applying for Payment Assistance who meet criteria of a

Person with High Medical Costs as defined below. The amount to be included is based on the following:

1. The first ten thousand dollars ($10,000) of a patient's monetary assets shall not be counted in determining eligibility
2. Only 50 percent of a patient's monetary assets over the first ten thousand dollars ($10,000) will be counted in determining income and eligibility.

Payment Assistance Rank Ordering (PARO) Score: PARO is a patient account scoring mechanism which uses patient demographic data to estimate the financial status of patients by accessing numerous publicly available databases. PARO provides an estimate of the patient's household income and size thus allowing CHW to estimate the patient's FPL. As this amount is only an estimate, it is not to be used as the sole data source in determination of Charity Care and would require other information or circumstances to support determination. Additionally, PARO may be used to validate financial and demographic information provided by the patient during the Payment Assistance eligibility process.

Patient with high medical costs: An under-insured person whose household income does not exceed 350% of the federal poverty level, who does not receive a discounted rate from the hospital as a result of his or her third-party coverage ***and*** meets one of the 3 criteria listed below:

(a) Annual out-of-pocket costs incurred by the individual at the hospital exceed 10% of the patient's household income in the prior 12 months.
(b) Annual out-of-pocket medical expenses exceed 10% of the patient's household income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's household in the prior 12 months
(c) Meets a lower level determined by the hospital in accordance with the hospital's charity care policy

People in Household/Patient's Household: The Payment Assistance application form requests specific information about people in the guarantor's household including name, date of birth, income, employer and employer phone number. Consistent with Medicaid and California state guidelines, the applicant may only include people who meet the following criteria as part of their household:

For persons 18 years of age and older:

- Spouse or registered domestic partner
- Dependent children under 21 years of age, whether living at home or not
- The separate children of either unmarried parent or of the parent or stepparent

- If there are no children, household member means a single person or a married couple

For persons under 18 years of age:

- The parents married or unmarried of the sibling children
- The stepparents of the sibling children
- A caretaker relative or child under 21 years of age of the parent or caretaker relative

Qualified Monetary Assets: The Payment Assistance application form requests specific information regarding Qualified Monetary Assets. For purposes of the application, qualified monetary assets would include the following:

(a) Savings - For purposes of the application, qualified savings would include any cash or cash equivalents held by a member of the household excluding any amounts held in a tax exempt accounts, retirement, deferred-compensation plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans such as a 401K savings account, 403B savings account or IRA savings account.

(b) Other Monetary Asset(s) – This amount would be the estimated fair market value of any other "real" assets that are readily convertible to cash held by a member of the household

IV. Principally Affected Departments:

- CHW Facilities including all acute care entities that provide Services Eligible under this policy.

IV. Guidelines/Procedures:

A. Eligibility Criteria:

CHW is committed to providing financial assistance for eligible hospital services to those deemed eligible. CHW will assess patients prior to services being rendered, if possible, and after services are rendered, if not already done so, to determine eligibility for financial assistance. The process for screening shall reflect CHW's values of human dignity and stewardship. It is an expectation that the patient/guarantor will cooperate and supply all necessary information required to make a determination for financial assistance eligibility. Applicants are required to fully cooperate and apply for any public or private assistance program for which they may be eligible prior to their evaluation for charity care/financial assistance.

1. Eligibility for financial assistance will be considered for those individuals who are uninsured or underinsured, ineligible for any

government program, have high medical costs as defined above in Section III, and are unable to pay for their care.

2. For all persons presenting to the hospital for emergency services, financial assistance will be considered after the rendering of service if there is a documented need. Future consideration will also be given if, after billing, patients are unable to pay.

3. The hospital will make all reasonable efforts to explain the benefits of Medicaid and other public and private programs to all uninsured patients at the time of registration. Potentially eligible patients will be asked to apply for such programs and the hospital will provide these applications.

4. If a patient is unable to provide all required documentation for obvious reasons (e.g., homeless), the facility may categorize write-offs associated with the patient's account(s) as charity consistent with internal facility procedures (i.e., local Authorization Policy) and must document the rationale for the decision.

5. In cases where the patient is non-responsive and/or other sources of information are readily available to perform an individual assessment of financial need, i.e., existing eligibility for Medicaid or PARO score, these sources of information can be used to support and/or validate the decision for qualifying a patient for a full or partial Payment Assistance Discount.

B. Discount Calculation Process

1. The sliding scale for Payment Assistance, as outlined in the CHW Payment Assistance Policy § 4.50, is used in analyzing a patient's charity care allowance. All discounts referenced below and patient responsibilities are based upon total charges and are calculated independently of the Uninsured Patient Discount.

   a. Patients whose household income is at or below 200% of the FPL are eligible to receive free care (100% discount).

   b. Patients whose household income is above 200% but no more than 350% of the FPL are eligible to receive services at the highest average rate the hospital would receive for providing services from Medicare, Medicaid, or any other government-sponsored health program of health benefits in which the hospital participates, whichever is greater.

   c. Patients whose household income is above 350% but no more than 500% of the FPL are eligible to receive services at 135% of the highest average

rate the hospital would receive for providing services from Medicare, Medicaid, or any other government-sponsored health program of health benefits in which the hospital participates.

d. Patients whose income exceeds 500% of the FPL may be eligible to receive discounted rates on a case-by-case basis based on their specific circumstances, such as catastrophic illness or medical indigence, at the discretion of the CHW Facility.

2007 Federal Poverty Guidelines

Family Size	100%	200%	350%	500%
1	$10,210	$20,420	$35,735	$51,050
2	$13,690	$27,380	$47,915	$68,450
3	$17,170	$34,340	$60,095	$85,850
4	$20,650	$41,300	$72,275	$103,250
5	$24,130	$48,260	$84,455	$120,650
6	$27,610	$55,220	$96,635	$138,050
7	$31,090	$62,180	$108,815	$155,450
8	$34,570	$69,140	$120,995	$172,850

Note: For households with more than 8 members, add $3,480 per member.

2. Additional discounts may be available for patients meeting Hardship Criteria and patients with high medical costs:

   - **Hardship Criteria:** In addition to the Charity Care Discounts based upon the sliding scale described above, those patients whose liability after the initial discount is in excess of 15% of their annual income, including excess of qualified monetary assets, shall be given an additional discount for all amounts over the 15% threshold.
   - **Patient with high medical costs:** If a patient meets all of the criteria as defined in Section III above for a *patient with high medical costs*, the maximum allowable payment for the service, including the amount paid insurance, is limited to the estimated amount that the highest government payer would have paid for the services.
     - If insurance has paid more than the estimated payment rate of the highest government payer, than the entire amount of the patient responsibility would be classified as a charity adjustment and no additional collections would occur.
     - If the insurance has paid less than the amount from the highest government payer, the amount of the patient responsibility that is over the estimated highest government rate would be classified as a charity

care adjustment and the facility would be allowed to collect on the remaining balance.

3. Patients will be allowed to settle their accounts through a schedule of regular payments up to 30 months if they have applied for and are granted Payment Assistance. Such payment plan schedules shall be interest free. Extended interest free payment plans may be offered to patients not qualified for Payment Assistance on a case-by-case basis at the CHW Facility's discretion.

4. The CHW Facility maintains the discretion to increase the amount of the Charity Care discount above and beyond the calculated amounts outlined in section 1 through 3 above. For these cases, the CHW Facility must document the circumstances and/or rationale used to justify additional discounts.

5. Documentation to support Charity Care adjustments and applicable calculations must be maintained by the CHW Facility.

C. Payment Assistance Program Application Process

1. Government Program Eligibility Screening Process

   - Each hospital shall first make all reasonable efforts to obtain from the patient or his or her representative information about whether private or public health insurance or sponsorship may fully or partially cover the charges for care rendered by the hospital to a patient, including, but not limited to, any of the following:
     - Private health insurance.
     - Medicare
     - The Medi-Cal program, the Healthy Families Program, the California Childrens' Services Program, or other state-funded programs designed to provide health coverage.

   - If the uninsured patient does not indicate coverage by a third-party, or requests a discounted price or charity care then the hospital shall provide an application for the Medicaid program, the Healthy Families Program or other governmental program to the patient and explain the benefits of the program(s). This application shall be provided prior to discharge if the patient has been admitted and within a reasonable amount of time to patients receiving emergency or outpatient care.

2. Payment Assistance Application Process

   - At the time of registration, if appropriate or when possible, an authorized facility or vendor representative shall explain the Payment Assistance

program eligibility requirements to uninsured patients and ask potentially eligible patients/guarantors to apply.

- CHW shall provide a Payment Assistance Application to any interested patient and any patient that may meet the criteria either at the point of service or during the collection process.

- If an Uninsured Patient does not complete the application within 30 days of sending the application, CHW shall issue a standard form letter with the application attached and make one phone call over a one month period following delivery of the application notifying the patient that the application has not been received and that the failure to provide the executed application will result in no payment assistance to the patient and that collection action may result.

- CHW will require applicants to provide documentation to substantiate the information included in the application. In the event that the patient can not provide all these documents, the authorized hospital designee may waive some or all of the documentation requirements in situations where the patient/guarantor is not capable of meeting these requirements. Rationale for this waiver must be documented.

- The patient/guarantor will be asked to return the completed form within thirty (30) days of receipt for financial assistance consideration

  - Information supplied on the completed application will be used by authorized representatives of Patient Financial Services in the evaluation of the patient's financial situation.

  - A decision shall be made regarding the patient's ability to pay for services provided which may result in full or partial waiver of payment.

  - The patient/guarantor will be notified in writing of approval/denial of the financial assistance request within 30 days of receipt of completed application. If a patient/guarantor feels that a denial for financial assistance was made in error, he/she will be instructed to provide additional information that may assist CHW in reconsidering the request. Sample letters are included in Attachment C & E.

- At minimum, the need for financial assistance shall be re-evaluated if the last financial evaluation was completed more than 12 months prior. However, the facility retains the discretion to require patient to complete a new application at any time additional information relevant

to the eligibility of the patient for Payment Assistance becomes known.

- Obtained documentation may not be used for collection activities.

- A facility may require waivers or releases from the patient or the patient's family authorizing the hospital to obtain account information from financial or commercial institutions, or other entities that hold or maintain the monetary assets to verify their value.

- CHW personnel will also offer potentially eligible patients a summary document explaining both the CHW's Uninsured Patient Discount Policy and the Patient Payment Assistance Policy. They will also provide the patient with a Payment Assistance application and instructions for completing it. These documents will be provided in the primary language of the patient.

- Delivery of the summary and application should occur at the earliest point that patients are identified as Uninsured. Timing will depend upon whether or not identification is made at the time of service, during the billing process, or during the collection process.

  - It is preferred, but not required, that a request for financial assistance and a determination of financial need occur prior to rendering of services. In accordance with EMTALA regulations, patients will be screened for potential financial assistance referral following rendering of services in emergency situations.

- A household member, close friend or associate of the patient may request consideration for Payment Assistance. A referral may also be initiated by any member of the medical or facility staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains, religious sponsors, vendors, or others who may be aware of the potential need for financial assistance consideration.

- To apply for financial assistance, a Payment Assistance Application (Attachment B) should be given to a patient by a member of the Patient Financial Services Department (Admitting/Registration, Financial Counseling, Insurance Verification, etc.) or associated vendors once a patient is identified as uninsured or eligible for Payment Assistance.

D. Implications for other Discounts

- **Prompt Pay** - Uninsured patients who choose to receive the prompt pay discounts shall not be eligible for additional discounts available under this

Policy, as long as such prompt pay discounts are equal to or greater than the amount contained within this policy.

- **Uninsured Patient Discount** – Uninsured patients who elect to apply for discounts under the Payment Assistance Policy may do so at any time. The Uninsured Patient Discount does not limit a patient's ability to obtain further discounts based upon their financial need and desire to provide the additional information required for such discounts. In cases where a patient applies for and is granted a discount under both the Payment Assistance Policy and Uninsured Discount Policy, the discount given under the Payment Assistance Policy shall supersede the Uninsured Discount policy and at times may require additional accounting entries to reflect this.

E. Signage and Written Communication

All CHW hospitals will comply with the following signage and written communication requirements (see Attachment A: Facility Signage Instruction):

a) Post in patient admitting areas a summary of its Payment Assistance Policy, including a simple statement that Uninsured Patients with annual household income of less than $250,000 will be expected to pay a reduced rate and that they may qualify for free or further reduced cost medical care by filling out an application for Payment Assistance.
b) Provide brochures explaining the Payment Assistance policy available in registration, admitting, emergency and urgent care areas and in patient financial services offices located on CHW hospital campuses
c) Ensure that signs posted in the admitting areas and brochures are printed in appropriate languages as may be required under applicable law
d) Insert terms in its agreements with every collection agency to which CHW refers accounts to require the agency to provide a telephone number Uninsured Patients can call to request Payment Assistance, and offer customer service telephone numbers with a voicemail option for callbacks and bilingual customer service representatives available to communicate in languages other than English as may be required under applicable law

F. Training

CHW Facilities shall provide training to relevant hospital personnel regarding Payment Assistance availability and how to sufficiently communicate that availability to patients. The following are the guidelines for the required training for both new and existing staff:

- CHW Facilities will designate appropriate staff and provide them with sufficient training to conduct the following:
  - Refer accounts to external agencies and/or third party vendors, which provide financial assistance for medical care, through various

government programs.

- Distribute information and assist patients with their obligations for fully completing required applications.
- Provide information on how to apply for Payment Assistance and government assistance programs, including local, state, and federal health care programs such as Medicaid
- Assist patients as they complete eligibility documentation for assistance, including providing all required residency, household income, and qualified assets verification; providing all necessary documentation relating to Medicaid enrollment or the denial of Medicaid enrollment; and informing the hospital of changes in household income and/or insurance status
- Assist eligible patients with settling their accounts through a schedule of regular payments if determined eligible to do so by CHW's Patient Payment Assistance Policy.

➢ All new hire training for admitting and registration staff shall contain information on the availability, eligibility and application process for Payment Assistance

G. Appeal/Dispute Process

All patients that are denied Payment Assistance must be communicated this denial in writing (See Attachment E for example). The communication must contain the reason for the denial and a contact name and number at the CHW Facility

Attachment A
Facility Signage Instruction

Notices regarding the Payment Assistance Program, written in the primary languages spoken by the residents of the community served by the facility, will be posted in the Emergency, main Patient Registration / Admitting Departments, Billing Office, Other outpatient settings where Registration occurs and may also be posted in other strategic locations in Catholic Healthcare West facilities.

We're here to help.

UNINSURED DISCOUNT AND PAYMENT ASSISTANCE PROGRAM

At California Hospital Medical Center we believe that no one should delay seeking needed medical care because they lack insurance or have high medical costs. That's why we assist patients with applying for public health coverage programs, and offer discounts, payment plans or free care to eligible uninsured or underinsured patients for selected hospital services.

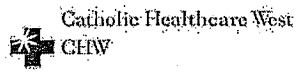
Eligible uninsured patients with annual household income of less than $250,000 will pay a reduced rate and may qualify for further reduced cost or free medical care by applying for our Payment Assistance program.

To get help with enrolling in a government-sponsored health coverage program, to learn about our Uninsured Patient Discount policy, to learn more about setting up interest-free payment plans, or to apply for our Payment Assistance Program please stop by or call our Admitting & Patient Registration department to discuss your individual needs with an admitting representative or financial counselor.

INFORMATION LINE: 213.742.5530

California Hospital Medical Center
A member of CHW

Attachment B - Payment Assistance Application (front)



Payment Assistance Application

Patient Account Number

Patient Last Name | Patient First Name | Patient Social Security # | Patient Date of Birth

Guarantor Last Name (If Different) | First Name | Guarantor Social Security # | Date of Birth

Guarantor Home Address | ( ) Home Telephone Number

City | State | Zip Code

Guarantor's Employer Name | $ Guarantor's Annual Income | Guarantor Job Function/Department

Guarantor's Employer Address | ( ) Guarantor's Employer Telephone

City | State | Zip Code

Spouse's Employer Name | $ Spouses Annual Income | Spouse's Job Function/Department

Spouse's Employer Address | ( ) Spouse's Employer Telephone

City | State | Zip Code

People In Household

Name	Date of Birth	Employer	Employer Telephone
1)			
2)			
3)			
4)			
5)			
6)			
7)			
8)			

Attachment B - Payment Assistance Application (back)

CHW Payment Assistance Application (Continued)

Please complete the table below as completely as possible:

Income Analysis

In order to determine your eligibility for the CHW Payment Assistance Program please provide us with information about your annual before-tax household income.

Job Income	$
Spouse Job Income	$
Business Income	$
Rental Income	$
Interest/Dividend Income	$
Social Security Income	$
Alimony or Support Payments	$
Other Income	$
Total Income	$

Qualified Monetary Asset Analysis

Please do not include any funds held in tax exempt/deferred accounts such as 401K savings accounts, 403B savings accounts, and IRA savings accounts.

Checking Account(s)	$
Savings Account(s)	$
Stocks, Bonds & CDs	$
Other Monetary Assets	$
Total Qualified Savings	$

In order to determine who truly needs financial assistance, we must require the submission of information to demonstrate financial hardship. Please complete the attached application and return it with all of the following items. If you are unable to supply one of the documents, please submit a statement explaining why you cannot provide the information.

1) **Proof of Identity** - One of the following:
   - Copy of Social Security Card
   - Copy of state issued driver's license
   - Other photo ID
2) **Proof of Monetary Assets** - All of the following (if applicable):
   - Last two months checking account statements
   - Last two months of savings account statements
   - Documentation about stocks, bonds, and/or CDs
3) **Verification of Current Address** - One of the following:
   - Rent receipt
   - Utility Bill
4) **A copy of a state Medicaid/Medi-Cal/AHCCCS decision/denial notice**
5) **Proof of Income:**
   - If employed, include copy of prior year tax return, including W-2 *or* check copies or check stubs from each of the prior three months.
   - If receiving public assistance, include copies of public assistance checks from each of the prior three months or award letter (i.e. disability, unemployment pay stubs, or social security benefits.)
   - If employment income is received in cash, include a written statement from your employer stating your monthly income for the last three months.
   - If self-employed, include Schedule C of prior year tax return *and* a quarterly accountant report with a written statement declaring gross income received during the last three months.
   - If not receiving a consistent income, write a brief paragraph on a separate paper stating your financial situation over the last three months. Explain how or from what source you are receiving monies to pay for your basic living expenses such as food and housing.
   - If dependent upon another individual's financial support, include a "letter of financial support."

By signing below you indicate your desire to be considered for Payment Assistance. Additionally, you certify that all the statements made on this application are true and complete to the best of your knowledge. Catholic Healthcare West is hereby authorized to check references and credit history in order to evaluate this application for financial assistance consideration.

Signature of Person Responsible For Bill (Guarantor) _____ Date _____

Attachment C
Sample Payment Assistance Approval Letter

Date:

Account Number:

Date(s) of Service:

Patient Name:

Balance Due:

Dear _____:

Upon careful review of your Payment Assistance Application we have approved the request to provide financial assistance to cover facility charges. Please note that this decision in no way obligates Catholic Healthcare West to provide financial assistance in the future.

You will be responsible for the amount indicated below:

Total Account Balance	$_____
Less Payment Assistance	$_____
Amount Owed by Patient/Guarantor	$_____

Important Note: Only facility services are included in this account and the total account balance does not reflect any physician charges.

If you have any questions regarding your account, please direct them to _____ at _____.

Sincerely,

Facility Designee, Title

Attachment D
Sample Payment Assistance Denial Letter

Date:

Account Number:

Patient Name:

Date(s) of Service:

Balance Due:

Dear _____:

Your Payment Assistance Application and the information you have provided have been carefully evaluated. Regretfully, we have determined that you are not eligible for financial assistance based on the Facility's Payment Assistance Policy and criteria.

Should you feel that this decision was made in error, and you have additional information that may assist us in reconsidering your request, or if you have any questions regarding your account, please contact _____ at _____.

If your financial information changes in the future you may reapply for financial assistance.

The current balance on your account is $_____.

Sincerely,

Facility Designee, Title

EXHIBIT 3

service or program modifications in accordance and compliance with the applicable provisions of the California Health and Safety Code and Title 22 of the California Administrative Code; provided Buyer continues to operate the Hospital as a licensed general acute care hospital.

11.18 **Maintenance of Emergency Department**. For a period of at least five (5) years following the Closing Date, Buyer shall continue to operate and maintain a basic emergency medical service (as defined in Title 22, Section 70411 of the California Code of Regulations) as a supplemental licensed service under the Hospital's general acute care hospital license at a comparable level as operated by Seller as of the Closing Date, and shall not close or reduce such supplemental emergency licensed service during such time period.

11.19 **Seismic Compliance**. Buyer shall cause the Hospital to be in compliance with all requirements of a general acute care hospital under the Alquist Act by the applicable effective dates for such compliance. Nothing in this Section 11.19 or elsewhere in this Agreement requires Buyer to follow Seller's Seismic Safety Plan so long as Buyer's plan is otherwise compliant under the Alquist Act. The provisions of this Section 11.19 are not intended to, nor shall they, in any manner, restrict Buyer's discretion in determining whether to continue to operate, change the licensure of or take any other action with respect to the Hospital following the Closing.

11.20 **Maintenance of, and Access to, Records**. Following the Closing, Buyer shall assume all legal responsibility for, and shall preserve, all of the records of any kind related to the Hospital, including, without limitation, the business records and patient records related to the Hospital (unless included among the Excluded Assets), Hospital Businesses and the Acquired Assets as of the Effective Time for at least ten (10) years from the date of such record or such longer periods as may be required by applicable Legal Requirements. Thereafter, Buyer may dispose of such business records or patient records only after Buyer has given Seller ninety (90) days' prior written notice of such impending disposition and the opportunity (at the Seller's expense) to remove and retain such business records or patient records as permitted by Legal Requirements. Furthermore, subject to applicable Legal Requirements, Buyer shall grant Seller reasonable access, at Seller's cost, to such business records and patient records (with an opportunity to make copies) during normal business hours and upon reasonable notice for appropriate legal and business purposes, including without limitation, in connection with any audit or investigation by any Governmental Authority, preparing Tax returns or conducting Tax audits, preparing cost reports or conducting audits related thereto, compliance with Legal Requirements, or any matter relating to insurance coverage or the defense or prosecution of third party claims. Buyer shall cooperate fully with, and make available for inspection and copying by, Seller, its employees, agents, counsel and accountants and/or Governmental Authorities upon written request and at no expense to Seller (other than reasonable copying expenses and out of pocket third party expenses) all business records and patient records (in a manner that is

EXHIBIT 4

SAN GABRIEL VALLEY MEDICAL CENTER SERVICE AREA ANALYSIS

San Gabriel Valley Medical Center's Service Area Definition

SGVMC's service area is composed of 24 ZIP Codes, from which approximately 81% of the Hospital's discharges emanated in 2006. Approximately half of SGVMC's discharges were from the top seven ZIP Codes.

SAN GABRIEL VALLEY MEDICAL CENTER PATIENT ORIGIN AND MARKET SHARE

ZIPs	City	SGVMC Discharges	% of Discharges	Cum % of Discharges	Total Market Discharges	SGVMC Market Share
91776	San Gabriel	1,181	13%	13%	3,484	34%
91770	Rosemead	969	11%	25%	5,812	17%
91801	Alhambra	918	10%	35%	4,775	19%
91780	Temple City	420	5%	40%	3,259	13%
91803	Alhambra	393	4%	44%	2,900	14%
91775	San Gabriel	364	4%	49%	2,138	17%
91732	El Monte	343	4%	52%	6,588	5%
90032	Los Angeles	307	4%	56%	4,925	6%
91754	Monterey Park	266	3%	59%	3,662	7%
91731	El Monte	244	3%	62%	3,108	8%
91733	South El Monte	218	2%	64%	4,412	5%
91706	Baldwin Park	177	2%	66%	7,577	2%
91755	Monterey Park	152	2%	68%	2,041	7%
91007	Arcadia	139	2%	70%	2,870	5%
91104	Pasadena	125	1%	71%	4,027	3%
90031	Los Angeles	125	1%	72%	3,856	3%
91103	Pasadena	122	1%	74%	4,239	3%
91006	Arcadia	115	1%	75%	2,745	4%
91108	San Marino	98	1%	76%	1,082	9%
91107	Pasadena	92	1%	77%	3,497	3%
91016	Monrovia	86	1%	78%	4,275	2%
90042	Los Angeles	77	1%	79%	6,207	1%
91001	Altadena	75	1%	80%	4,084	2%
90640	Montebello	70	1%	81%	6,871	1%
Other		1,674	19%	100%		
Total		**8,750**				

Source: OSHPD Discharge Abstracts, 2006