

Effect of AHMC Healthcare Inc.'s Acquisition of Anaheim  
Memorial Medical Center on the Accessibility and Availability of  
Healthcare Services

**Prepared for the Office of the  
California Attorney General**

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## INTRODUCTION AND PURPOSE

Memorial Health Services (“MHS”), a California nonprofit healthcare system serving Los Angeles and Orange Counties, operates six hospitals, including Anaheim Memorial Medical Center (“AMMC” or “the Hospital”), a 223-licensed bed acute care hospital located in Anaheim, California. MHS, the sole member of AMMC, a California nonprofit public benefit corporation, has requested the California Attorney General’s consent for the sale of substantially all of its assets, including the hospital and related assets, a surgery center site of approximately 6,628 square feet, a 1,443 square foot medical bungalow, and a medical office building of approximately 105,337 square feet, to AHMC Healthcare Inc., a California corporation (“Purchaser” or “AHMC”).

This report, prepared for the Office of the Attorney General, describes the possible effects that the proposed transaction may have on the delivery, accessibility and availability of healthcare services in the service area.

Medical Development Specialists, Inc. (“MDS”), a healthcare planning and policy consulting firm, was retained to analyze the “healthcare impacts” of this proposed transaction. MDS has prepared this report based upon the following:

- A review of the documents filed with the Attorney General by AMMC, dated February 26, 2009, in its request for consent to the transaction;
- Review of various press releases and news articles related to AMMC and other hospital sales transactions;
- Interviews with community members and representatives, AMMC medical staff, AMMC management, AMMC Board members, AHMC executives, MHS Board members and executives, and others;
- An analysis of financial, utilization and service information provided by AMMC management and the California Office of Statewide Health Planning and Development (“OSHPD”);
- An analysis of area healthcare services, using OSHPD data and other various sources.

## **BACKGROUND AND DESCRIPTION OF THE TRANSACTION**

Anaheim Memorial Medical Center, opened in 1958, is currently licensed for 223 beds and offers services including emergency, obstetrics, neonatal intensive care, oncology and cardiac surgery, as well as other inpatient and outpatient services.

MHS, which is headquartered at 17360 Brookhurst Street, Fountain Valley, California, operates healthcare facilities including Long Beach Memorial Medical Center, Miller Children's Hospital in Long Beach, Orange Coast Memorial Medical Center in Fountain Valley and Saddleback Memorial Medical Centers in Laguna Hills and San Clemente. AMMC became an affiliate of MHS in 1995 when it was facing severe financial challenges. In 1999, MHS acquired Martin Luther Hospital, which is about one mile away, and closed it, consolidating services at AMMC.

AMMC is the sole member of the Anaheim Memorial Foundation which exists as a separate nonprofit corporation to raise funds for the Hospital's capital projects and programs. The Foundation's Board consists of community members including physicians and local business and community leaders. The Foundation had total revenue of \$165,000 for fiscal year 2008. As of December 2008, the Foundation had approximately \$2.7 million in assets and \$1.5 million in liabilities. As part of the proposed merger with AMMC, submitted to the Attorney General, the Foundation will receive forgiveness of approximately \$1.2 million that was due to AMMC for services provided. The unrestricted funds of the Foundation are being spent on new equipment, including about \$200,000 for digital mammography for AMMC's Breast Center. According to AMMC's Chief Financial Officer, all of the Foundation's cash and investments are expected to be spent for improvements at AMMC by June 29<sup>th</sup>, 2009.

### **Reasons for the Sale**

In 2005 and 2006, MHS conducted strategic and operational assessments of AMMC to determine the effect of different alternatives for capital investment, partnership or sale. As a result, MHS reached certain conclusions about AMMC, including the following:

- AMMC's service area has an increasing number of patients with insufficient or no insurance;
- AMMC's market share has been stagnant and is unlikely to grow in the face of powerful Orange County competitors that were already well underway with seismic retrofit and facility expansion plans;
- AMMC's poor financial performance is likely to further deteriorate without major capital investment. At the time of the assessments, MHS estimated the costs to be at least \$200 million over 10 years, including seismic, facility, equipment and other capital improvements;
- MHS's other hospital facilities also require major capital investment and the requirements of AMMC were believed to jeopardize the system's ability to complete other needed improvements.

Although recent estimates of the cost for the seismic retrofit of AMMC are significantly lower, MHS has not changed its commitment to sell AMMC.

### **Transaction Process/Timing**

In July 2006, MHS announced that it was engaging in a process to sell or find a partner for AMMC. In February 2007, as a result of that process, MHS announced that it had agreed to sell the Hospital to Prime Healthcare Services, Inc. (“Prime”), a Delaware for-profit corporation. The major provisions of Prime’s acquisition agreement included a \$55 million purchase price and a commitment of at least \$25 million for capital improvements during the five years of operation following the closing date. MHS submitted written notice to the California Attorney General, pursuant to section 5914 of the California Corporations Code, on March 22, 2007.

After careful consideration of the factors set forth in Corporations Code section 5917, the Attorney General was unable to conclude the sale was fair to AMMC or that, “it reflects fair market value, contains a market value that has not been influenced by the parties and is consistent with the public interest.” The Attorney General denied consent to the sale to Prime on July 11, 2007.

On September 7, 2007, MHS issued a press release announcing its continued intention to sell AMMC and engaged in a sales process that concluded with an announcement of MHS’ approval of a transaction to sell AMMC to Integrated Healthcare Holdings, Inc. (“IHHI”), a for-profit healthcare system with four hospitals located in Orange County.

Efforts to execute an Asset Purchase Agreement (“APA”) continued, unsuccessfully, through January 30, 2008, at which point the MHS board extended the bidding process to include four other bidders who had previously submitted bids. On March 4, 2008, three of the bidders submitted final proposals for AMMC. On March 19, 2008, the AMMC and MHS boards approved a transaction with Pacific Health Corporation (“Pacific”), a for-profit Georgia corporation. On March 21, 2008, Pacific signed an APA, and MHS announced the selection of Pacific on March 25, 2008. Subsequently, an amended and restated APA was signed and dated as of April 23, 2008 by and among AMMC, a California nonprofit public benefit corporation, Orange County Regional Medical, Inc., a California corporation, Pacific Health Corporation, a Georgia corporation, and Asklepios Kliniken Verwaltungsgesellschaft mbH (“AKV”), a German entity.

The major provisions of Pacific’s APA included a \$57.1 million purchase price and a commitment for at least \$18 million in capital improvements, equipment, and/or working capital during the first three years of operation.

A public meeting was held on June 26, 2008 regarding the proposed sale of AMMC to Pacific. After considering the results of the public meeting, consultants’ reports and information from a variety of other sources, on August 14, 2008 the Attorney General denied consent to the sale of AMMC to Pacific. The Attorney General’s decision stated “We have concluded that this proposed sale is not in the public interest and will likely create a significant effect on the availability or accessibility of healthcare services to the affected community.”

Subsequent to the denial by the Attorney General and after consideration of multiple options, including curtailment of services, closure, or sale of AMMC, MHS initiated a new sales process. Interested parties were invited to submit a non-binding letter of intent by November 26, 2008. Following a due diligence process, a binding proposal was due by January 19, 2009. At a meeting held on January 28, 2009, MHS and AMMC's Board of Directors approved the sale of AMMC's assets to AHMC. An APA was executed on February 13, 2009. An application for approval of the sale as required by section 5914 of the California Corporations Code, was submitted to the Office of the Attorney General on February 27, 2009.

## **Summary of the Asset Purchase Agreement (“APA”)**

The major provisions of the APA, dated February 13, 2009, include the following:

- AHMC will purchase substantially all of the assets of AMMC, including the Hospital with approximately 15 acres of land, a medical bungalow (1,443 square feet), ambulatory surgery center site (6,628 square foot), neighboring medical office building (105,337 square feet), tangible personal property used in conjunction with the operation of the business, equipment, inventory, and supplies, etc., for \$60 million, to be paid in cash;
- AHMC will operate the Hospital as a general acute care hospital and offer an emergency room for not less than five years following the closing, subject to various conditions which include market demand and financial viability;
- AHMC will invest at least \$45 million for capital improvements, equipment and/or working capital during the five years of operation following the closing date, including at least \$7 million during the first year;
- AHMC will offer employment to all employees of AMMC as of the closing date at their current salaries, wages and terms, and with benefits consistent with those at other AHMC facilities;
- AHMC agrees to provide charity and indigent care at no less than the average aggregate amount provided by AMMC during each of the three fiscal years immediately preceding the closing date, increased by the rate of inflation as measured by the Consumer Price Index for Orange County;
- AHMC agrees to appoint a Hospital Community Board composed of the Hospital's chief executive officer, physicians on the medical staff and community representatives, in accordance with AHMC's standard policy;
- AHMC agrees to retain all current members of the hospital medical staff, subject to compliance with applicable legal requirements and the bylaws, rules, regulations, policies and procedures of the Hospital and medical staff;
- Excluded assets include:
  - Cash, investments and accounts receivable,
  - The ownership of the name, variants thereof and related logos, and
  - All rights associated with the Anaheim Memorial Medical Foundation.

## **Use of Net Sales Proceeds**

MHS states that after paying for the obligations of AMMC, which include the redemption of bonds, transaction fees and funding of the AMMC defined benefit pension plan, and other items, there will be no net proceeds.

The Attorney General evaluates the determination and proposed use of any proceeds.

# ANAHEIM MEMORIAL MEDICAL CENTER'S PROFILE

## ***General Information***

AMMC is a general acute-care facility located on approximately 15 acres of land at 1111 W. La Palma Avenue, Anaheim, CA 92801, and has 1,020 parking spaces. The original hospital opened in 1958 but was demolished when the main hospital was built in 1968. The physical plant of the main campus area being sold consists of 223 licensed beds and support facilities totaling approximately 229,000 square feet. Additional information includes:

- AMMC has a total of 223 licensed beds (frequently listed as 224, however current license shows 223);

Perinatal Services	27
Intensive Care	22
Intensive Care Newborn Nursery	11
Coronary Care	10
Unspecified General Acute Care <sup>1</sup>	<u>153</u>
<b>Total</b>	<b>223</b>

- In addition to the hospital and related assets, AMMC owns the following:
  - 1) Medical office building located on the Hospital site at 1211 West La Palma Avenue, Anaheim (105,337 square feet);
  - 2) Ambulatory surgery site located at 1006 West La Palma Avenue Anaheim (6,628 square feet on .65 acres); and
  - 3) Medical bungalow located at 1751-F Romneya Drive, Anaheim (1,443 square feet).
- In 2008, Anaheim Memorial Medical Center had an average census of approximately 153 patients, down from 163 in 2007;
- The Hospital has 211 active medical staff members and employs 873 full-time equivalent employees; and
- AMMC had 1,808 obstetrical deliveries in 2008, which was down slightly from 2007 (1,879).

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<sup>1</sup> Used for medical/surgical patients.

Some key statistics about AMMC are as follows:

<b>ANAHEIM MEMORIAL MEDICAL CENTER KEY STATISTICS</b>		
	<b>2007</b>	<b>2008</b>
Total Licensed Beds	<b>223</b>	<b>223</b>
Inpatient Discharges	<b>14,982</b>	<b>13,529</b>
Patient Days	<b>59,625</b>	<b>55,819</b>
Average Daily Census	<b>163.4</b>	<b>152.9</b>
Emergency Services Visits	<b>41,644</b>	<b>33,005</b>
Cardiac Catheterization Procedures	<b>3,547</b>	<b>2,579</b>
Total Live Births	<b>1,879</b>	<b>1,808</b>
Active Physicians on Medical Staff	<b>212</b>	<b>211</b>
Number of Employees (FTE)	<b>873</b>	<b>905</b>

Sources: AAlerts Annual Utilization Report

## ***Programs and Services***

AMMC is a community hospital, offering primary and secondary medical and surgical healthcare services that are common to most general acute-care hospitals. It also offers specialized programs and services that include cardiovascular surgery, neonatal intensive care and a sexual assault response center. The list of services includes:

- Emergency services: 24-hour basic emergency services and sexual response assault center;
- Cardiovascular services: cardiovascular surgery, designated cardiovascular receiving center, catheterization lab and cardiac rehabilitation;
- General services: blood conservation, pharmacy, laboratory, pathology;
- Imaging services: CT scanner, PET, MRI and ultrasound;
- Perinatal services: private labor and delivery rooms for childbirth and a neonatal intensive care unit (“NICU”);
- Intensive care unit (“ICU”) and coronary care unit (“CCU”);
- Oncology services: cancer center, chemotherapy and radiation therapy;
- Surgical services: outpatient and inpatient, including gynecological, vascular, cardiovascular, orthopedic, thoracic, urologic and gastrointestinal;
- Outpatient rehabilitation: physical therapy, occupational therapy and speech therapy;
- Breast center;
- Wellness programs: fitness programs, weight loss and health education; and
- Women’s health: low-cost personal cardiac screenings and heart health risk assessments.

## ***Accreditations and Recognitions***

AMMC is fully accredited by the Joint Commission and licensed by the California Department of Public Health. AMMC has received recognition from various organizations for achieving standards of quality, including Solucient, Leap Frog, Health Net and CalOptima.

## ***Seismic Issues***

In 2001, Taylor and Associates evaluated the requirements for AMMC to meet California’s seismic requirements under SB1953. At that time, it was estimated that it would cost \$41.8 million to retrofit AMMC (excluding financing costs). Subsequent estimates, according to MHS, involve retrofit and new construction that range between \$80-\$140 million. New evaluations of the main tower are currently being conducted by Nabih Youssef Associates, structural engineers. AMMC reports that its retrofit cost estimates are expected to be much lower (estimated at \$10 million).

## Patient Volume

The following table shows patient volume trends at AMMC for calendar years 2003 through 2008. Reported patient volumes at AMMC in 2008 were down significantly from 2007 levels.

<b>ANAHEIM MEMORIAL MEDICAL CENTER SERVICE VOLUMES</b>						
	<b>CY 2003</b>	<b>CY 2004</b>	<b>CY 2005</b>	<b>CY 2006</b>	<b>CY 2007</b>	<b>CY 2008</b>
<b>PATIENT DAYS</b>						
ICU	5,226	5,798	5,982	5,781	5,104	4,334
NICU	2,780	2,799	2,910	2,681	2,467	2,797
Med/Surg	40,026	40,946	42,663	43,717	44,346	41,396
Obstetrical	6,549	5,620	4,930	5,240	4,854	4,633
Coronary Care	2,576	2,886	2,761	3,000	2,854	2,659
<b>Total</b>	<b>57,157</b>	<b>58,049</b>	<b>59,246</b>	<b>60,419</b>	<b>59,625</b>	<b>55,819</b>
<b>DISCHARGES</b>						
ICU	519	493	468	452	424	335
NICU	247	245	228	209	209	237
Med/Surg	10,143	10,010	10,954	11,524	11,933	10,622
Obstetrical	2,620	2,134	2,037	2,206	2,178	2,083
Coronary Care	334	291	365	276	238	252
<b>Total</b>	<b>13,863</b>	<b>13,173</b>	<b>14,052</b>	<b>14,667</b>	<b>14,982</b>	<b>13,529</b>
<b>AVERAGE LENGTH OF STAY</b>						
ICU	10.1	11.8	12.8	12.8	12.0	12.9
NICU	11.3	11.4	12.8	12.8	11.8	11.8
Med/Surg	3.9	4.1	3.9	3.8	3.7	3.9
Obstetrical	2.5	2.6	2.4	2.4	2.2	2.2
Coronary Care	7.7	9.9	7.6	10.9	12.0	10.6
<b>Total</b>	<b>4.1</b>	<b>4.4</b>	<b>4.2</b>	<b>4.1</b>	<b>4.0</b>	<b>4.1</b>
<b>AVERAGE DAILY CENSUS</b>						
ICU	14.3	15.9	16.4	15.8	13.98	11.87
NICU	7.6	7.7	8.0	7.3	6.76	7.66
Med/Surg	109.7	112.2	116.9	119.8	121.50	113.41
Obstetrical	17.9	15.4	13.5	14.4	13.30	12.69
Coronary Care	7.1	7.9	7.6	8.2	7.82	7.28
<b>Total</b>	<b>156.6</b>	<b>159.0</b>	<b>162.3</b>	<b>165.5</b>	<b>163.6</b>	<b>152.9</b>
<b>OTHER SERVICES</b>						
I/P Surgeries	2,740	2,804	2,821	3,250	3,028	2,905
O/P Surgeries	3,495	3,572	3,489	3,128	3,670	3,728
Emergency Visits	45,484	39,916	44,665	43,084	41,644	33,005
Cardiac Cath Procedures	2,112	2,333	2,328	4,509	3,547	2,579
Obstetric Deliveries	2,406	1,846	1,750	1,982	1,879	1,808
Source: Annual Utilization Reports						

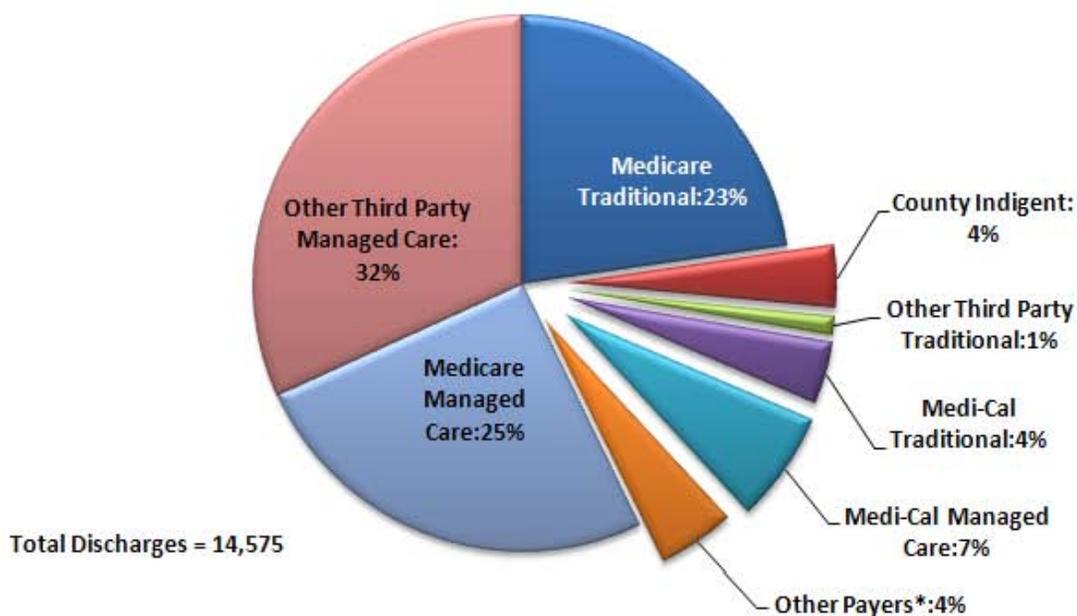
A review of historical utilization trends between 2003 through 2008, supports the following conclusions:

- The overall average daily census grew slightly from 157 to 164 over the five years between 2003 and 2007, however, the average daily census decreased in 2008 to 153 patients (69% occupancy);
- Total discharges between 2003 and 2007 went up 7.5%, however, discharges went down 10.7% from 2007 to 2008;
- Inpatient surgeries grew by 6% and outpatient surgeries increased by 7% between 2003 and 2008;
- Obstetrics has experienced a significant decline in discharges (21%), patient days (29%) and average daily census (27%) between 2003 and 2008, mostly because of contemplated cancellation of the Hospital's Medi-Cal contract;
- The number of cardiac catheterizations increased by almost 68% between 2003 and 2007, however decreased significantly in 2008 (27%);
- Emergency visits have decreased by 8.4% from 2003 to 2007, with a further 26% decrease from 2007 to 2008; and
- NICU discharges and average daily census (eight patients) has remained fairly constant.

## Payer Mix

Medicare is the largest payer at AMMC, representing approximately 48% of annual discharges (2008). Over half of the Medicare discharges were from seniors who are members of managed care plans. Third party commercial managed care patients also accounted for a large proportion of discharges with 32% of all patients. Medi-Cal accounted for 11% of all discharges with the majority of these being from Medi-Cal managed care. Additionally, the Hospital had 4% of discharges in the indigent categories (uninsured/poor), which is a relatively high percentage compared to other hospitals in California.

### Anaheim Memorial Medical Center Payer Mix FY 2008 (Inpatient Discharges)



\* Other includes self-pay, workers' compensation, other government and other payers.

Source: OSHPD Financial Disclosure Report, FY 2008

## Medical Staff

AMMC has 211 physicians, designated by the hospital as “active”, on the medical staff, with most physician specialties represented. AMMC’s active medical staff consists of 86.7% board certified physicians, which is similar to other community hospital averages (usually around 85% or higher). Despite the uncertainty of AMMC’s future, there were very few changes in the composition of the medical staff.

ANAHEIM MEMORIAL MEDICAL CENTER MEDICAL STAFF PROFILE 2007 2008					
Specialty	Board Certified		Board Eligible		Other
	2007	2008	2007	2008	
Allergy and Immunology					
Anesthesiology	6	9	1	1	
Cardiovascular Disease	22	22	2	1	
Child Psychology					
Colon and Rectal Surgery					
Dental					
Dermatology	1	1			
Diagnostic Radiology					
Forensic Pathology					
Gastroenterology	8	7			
General/Family Practice	14	14	5	5	
General/Preventative Medicine					
General Surgery	11	11	1	1	
Internal Medical	23	26	8	8	
Neurological Surgery			1	1	
Neurology	3	3			
Nuclear Medicine					
Obstetrics and Gynecology	14	13	1	1	
Occupational Medicine					
Oncology	3	4			
Ophthalmology	1	2			
Oral Surgery	1	1			
Orthopaedic Surgery	5	4		1	
Otolaryngology	3	3			
Pathology	2	2			
Pediatric- Allergy					
Pediatric- Cardiology					
Pediatric- Surgery					
Pediatrics	14	16	2	2	
Physical Medicine/Rehabilitation					
Plastic Surgery	2	2			
Podiatry	3	2	2	2	
Psychiatry					
Public Health					
Pulmonary Disease	9	9			
Radiology	6	6			
Therapeutic Radiology		2			
Thoracic Surgery	6	5			
Urology	3	2			
Vascular Surgery	2	2	1	1	
Other	22	15	4	4	
<b>Total</b>	<b>184</b>	<b>183</b>	<b>28</b>	<b>28</b>	

Source: OSHPD Disclosure Reports 2007-2008

## Financial Profile

AMMC's net operating revenue has increased 32.5% in six years, from \$140 million in 2003 to \$186 million in 2008. However, AMMC reported significant net income losses in fiscal years 2004 and 2005 of over \$11.7 million combined. Operational expenses steadily increased by 31.4% from 2003 to 2008 with only a 6.3% increase in patient discharges. The Hospital's operating margin in 2008 was 0.9% (an improvement from the period between 2003 and 2006, but down from 2.8% reported in 2007). This is still higher than the 2008 average operating margin of all California hospitals (0.4%).

AMMC's total asset/debt ratio of 0.73 (current assets divided by current debts) is much weaker than the statewide average of 1.47. AMMC's 2008 bad debt rate (3.3%) is greater than the statewide average (1.8%).

ANAHEIM MEMORIAL MEDICAL CENTER FINANCIAL AND RATIO ANALYSIS: FY 2003-2008						
	2003	2004	2005	2006	2007	2008*
Patient Days	55,965	57,899	59,326	59,881	59,419	59,486
Discharges	13,581	13,495	13,567	14,676	14,672	14,575
ALOS	4.1	4.3	4.4	4.1	4.0	4.1
Net Operating Revenue	\$140,347,304	\$153,137,081	\$149,640,965	\$177,026,778	\$188,428,763	\$185,907,259
Operating Expense	\$140,247,076	\$156,259,288	\$160,135,662	\$178,222,153	\$183,162,131	\$184,306,539
Net from Operations	\$100,228	(\$3,122,207)	(\$10,494,697)	(\$1,195,754)	\$5,266,632	\$1,600,720
Net Non-Operating Rev.	\$578,156	\$508,033	\$1,398,152	\$1,262,273	\$1,573,154	\$1,815,822
Net Income	\$678,384	(\$2,614,174)	(\$9,096,545)	\$66,519	\$6,839,786	\$3,416,542
<b>California Average</b>						
Current Ratio	1.47	0.47	0.41	0.84	1.34	0.73
Days in A/R	61.3	73.9	64.1	59.7	57.1	N/A
Bad Debt Rate	1.8%	3.1%	3.0%	1.9%	4.1%	2.6%
Operating Margin	0.4%	0.1%	-2.0%	-7.0%	-0.7%	2.8%
Source: OSHPD Disclosure Reports						
* OSHPD Disclosure Reports 2008 - unaudited						

**Cost of Services**

The operating cost of services by payer category, which includes both inpatient and outpatient care, was calculated for the past six years. In 2008, 47.7% of AMMC’s total costs were associated with Medicare patients, 34.4% with third party patients, and 10.1% with Medi-Cal patients.

The cost of services provided for County indigent and other indigent patients has steadily risen, from \$3.1 million in 2003 to over \$6 million in 2008.

<b>ANAHEIM MEMORIAL MEDICAL CENTER COST OF SERVICES BY PAYER CATEGORY 2003 - 2008</b>						
	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008*</b>
<b>Operating Expenses</b>	\$140,247,076	\$156,259,288	\$160,135,662	\$178,222,532	\$183,162,131	\$184,306,539
<b>Cost of Services By Payer:</b>						
Medicare	\$66,260,194	\$73,392,934	\$77,459,477	\$84,377,089	\$84,363,202	\$87,857,619
Medi-Cal	\$19,315,453	\$19,691,511	\$18,119,786	\$17,741,736	\$20,544,635	\$18,588,656
County Indigent	\$3,136,044	\$3,314,255	\$4,543,247	\$4,280,042	\$4,996,224	\$5,463,870
Third Party	\$42,957,061	\$55,818,830	\$53,220,765	\$62,409,816	\$65,336,270	\$63,446,300
Other Indigent	\$0	\$266,412	\$718,571	\$1,593,722	\$1,265,602	\$561,567
Other	\$8,578,323	\$3,775,346	\$6,073,816	\$7,820,128	\$6,654,026	\$8,388,526
Source: OSHPD Disclosure Reports						
* OSHPD Disclosure Reports 2008 - unaudited						

**Charity Care**

Reported charity care charges often vary depending on the source. MDS relied on the final OSHPD disclosure reports rather than community benefit reports submitted to the Attorney General.

<b>ANAHEIM MEMORIAL MEDICAL CENTER CHARITY CARE</b>			
<b>TOTAL CHARGES 2003-2008</b>			
<b>Year</b>	<b>OSHPD Disclosure Reports (FY)</b>	<b>OSHPD Hospital Annual Financial Database (CY)</b>	<b>AMMC AG Application</b>
2008	\$5,099,658	Not Reported	\$5,504,728
2007	\$8,775,483	Not Reported	\$8,775,483
2006	\$8,376,312	\$8,507,095	\$8,376,312
2005	\$13,641,982	\$13,545,108	\$13,641,892
2004	\$1,083,196	\$1,737,921	\$1,083,196
2003	\$1,341,729	\$1,344,000	\$1,341,729
<b>Average 2006 - 2008</b>	<b>\$7,417,151</b>	<b>N/A</b>	<b>\$7,552,174</b>

The reported charity care total charges have risen from roughly \$1.3 million in 2003 to \$5.1 million in 2008 but dropped off by over \$3.5 million in 2008.

MHS states that, beginning in 2005, it corrected the manner of classifying charity care according to OSHPD policies, resulting in a significant increase in the reported amount of charity. In the APA, AHMC has agreed to continue to provide charity care based on the most recent three year historical average.

The tables below compare charity care and bad debt for AMMC with all hospitals in the State of California. AMMC's six-year average (2003-2008) of total charity care and bad debt as a percentage of gross patient revenue was 3.9%. This is higher than the statewide average of 3.2%. 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."

CHARITY CARE COMPARISON ANAHEIM MEMORIAL MEDICAL CENTER FY 2003 to 2005						
	2003		2004		2005	
	AMMC	State of Calif.	AMMC	State of Calif.	AMMC	State of Calif.
Gross Pt Revenue	\$580,779,363	\$150,495,549,739	\$635,328,664	\$163,424,851,895	\$695,272,717	\$179,239,418,762
Charity	\$1,341,729	\$1,919,126,612	\$1,083,196	\$2,136,025,312	\$13,641,982	\$2,258,882,884
Bad Debt	\$17,980,515	\$2,575,027,378	\$19,198,005	\$3,094,367,040	\$13,012,987	\$3,277,108,723
<b>Total</b>	<b>\$19,322,244</b>	<b>\$4,494,153,990</b>	<b>\$20,281,201</b>	<b>\$5,230,392,352</b>	<b>\$26,654,969</b>	<b>\$5,535,991,607</b>
Charity as a % of Gross Rev.	0.2%	1.3%	0.2%	1.3%	2.0%	1.3%
Bad Debt as a % of Gross Rev.	3.1%	1.7%	3.0%	1.9%	1.9%	1.8%
Total as a % of Gross Rev.	3.3%	3.0%	3.2%	3.2%	3.9%	3.1%
<b>Uncompensated Care</b>						
Cost to Charge Ratio	24.00%	28.14%	24.40%	27.87%	22.87%	27.04%
Charity	\$322,015	\$539,998,790	\$264,300	\$507,655,680	\$3,119,921	\$610,801,932
Bad Debt	\$4,315,324	\$724,554,420	\$4,684,313	\$879,714,084	\$2,976,070	\$886,130,199
<b>Total</b>	<b>\$4,637,339</b>	<b>\$1,264,553,210</b>	<b>\$4,948,613</b>	<b>\$1,387,369,764</b>	<b>\$6,095,991</b>	<b>\$1,496,932,131</b>

Source: OSHPD Disclosure Reports

CHARITY CARE COMPARISON ANAHEIM MEMORIAL MEDICAL CENTER FY 2006 to 2008						
	2006		2007		2008	
	AMMC	State of Calif.	AMMC	State of Calif.	AMMC	State of Calif.
Gross Pt Revenue	\$783,521,579	\$195,559,064,927	\$843,479,782	\$207,991,184,413	\$851,974,779	n/a
Charity	\$8,376,312	\$3,050,093,386	\$8,775,483	\$3,162,169,538	\$5,504,728	n/a
Bad Debt	\$32,225,595	\$3,465,833,423	\$22,930,041	\$3,943,584,895	\$28,827,991	n/a
<b>Total</b>	<b>\$40,601,907</b>	<b>\$6,515,926,809</b>	<b>\$31,705,524</b>	<b>\$7,105,754,433</b>	<b>\$34,332,719</b>	<b>n/a</b>
Charity as a % of Gross Rev.	1.1%	1.6%	1.0%	1.5%	0.6%	n/a
Bad Debt as a % of Gross Rev.	4.1%	1.8%	2.7%	1.9%	3.4%	n/a
Total as a % of Gross Rev.	5.2%	3.4%	3.7%	3.4%	4.0%	n/a
<b>Uncompensated Care</b>						
Cost to Charge Ratio	22.50%	26.76%	21.64%	26.34%	21.58%	n/a
Charity	\$1,884,670	\$816,090,065	\$1,898,691	\$833,026,540	\$1,188,010	n/a
Bad Debt	\$7,250,759	\$927,326,434	\$4,961,215	\$1,038,878,795	\$6,221,552	n/a
<b>Total</b>	<b>\$9,135,429</b>	<b>\$1,743,416,498</b>	<b>\$6,859,906</b>	<b>\$1,871,905,335</b>	<b>\$7,409,562</b>	<b>n/a</b>

Source: OSHPD Disclosure Reports

The table below shows charity care charges adjusted to a cost basis, applying the Hospital's cost to charge ratio for each year. The cost of charity care increased from \$0.3 million in FY 2003 to \$1.2 million in FY 2008. The 2008 charity care amount was much lower than the amount in 2005, 2006, and 2007, while the amount of bad debt was much higher (except in 2006). The average cost of charity care for the six-year period was just below \$1.5 million. The average cost of charity care for the last three-year period was \$1.6 million.

The cost of charity care compared to total costs was 0.23% in 2003 and increased to 0.65% in 2008.

<b>ANAHEIM MEMORIAL MEDICAL CENTER COST OF CHARITY CARE</b>				
<b>Year</b>	<b>AMMC Charity Care Charges (1)</b>	<b>Cost to Charge Ratio</b>	<b>Cost of Charity Care to AMMC</b>	<b>Percent of Total Costs Represented by Charity Care</b>
<b>FY 2008</b>	\$5,504,728	21.58%	\$1,188,010	0.65%
<b>FY 2007</b>	\$8,775,483	21.64%	\$1,898,691	1.04%
<b>FY 2006</b>	\$8,376,312	22.50%	\$1,884,670	1.06%
<b>FY 2005</b>	\$13,641,982	22.87%	\$3,119,921	1.95%
<b>FY 2004</b>	\$1,083,196	24.40%	\$264,300	0.17%
<b>FY 2003</b>	\$1,341,729	24.00%	\$322,015	0.23%

(1) Charity Care charges are based on final OSHPD figures.

AMMC provided its internal record of charity care charges by service. In 2008, 48.0% of the charges were for inpatients, 16.3% were for emergency room patients and 35.7% were for outpatients.

<b>ANAHEIM MEMORIAL MEDICAL CENTER CHARITY CARE BY SERVICE FY 2002 -2008</b>				
	<b>Inpatient</b>	<b>Outpatient</b>	<b>Emergency Room</b>	<b>Total Charges</b>
<b>2008:</b>				
Charges	\$2,643,785	\$1,963,157	\$897,787	\$5,504,728
Cases/Visits	964	4,999	3,600	9,563
<b>2007:</b>				
Charges	\$4,201,042	\$1,394,219	\$3,095,535	\$8,690,796
Cases/Visits	1,500	4,224	8,694	14,418
<b>2006:</b>				
Charges	\$4,415,233	\$1,146,719	\$2,814,360	\$8,376,312
Cases/Visits	1,475	3,614	6,979	12,068
<b>2005:</b>				
Charges	\$9,813,372	\$2,505,938	\$1,322,671	\$13,641,981
Cases/Visits	3,006	7,758	5,795	16,559
<b>2004:</b>				
Charges	\$855,382	\$151,958	\$75,856	\$1,083,196
Cases/Visits	265	458	413	1,136
<b>2003:</b>				
Charges	\$1,040,415	\$221,755	\$79,559	\$1,341,729
Cases/Visits	492	931	637	2,060
<b>2002:</b>				
Charges	\$99,644	\$39,099	\$12,243	\$150,986
Cases/Visits	100	240	145	485
Source: AMMC				

## ***Community Benefit Services***

As required by California Senate Bill 697, AMMC has completed its annual Community Benefit Plan. The Hospital has supported initiatives involving healthcare professionals training, screening programs, disaster preparedness, senior healthcare and childbirth education. The amount spent on community benefit services in 2008 was about half of the amount spent in 2006 and 2007. Key programs are described below:

### **Pharmacy Clerkship Training Program:**

AMMC has provided free training for Pharm.D. candidates for nearly 20 years. The goal is to assist with easing community shortages of pharmacists, assure well-trained and competent pharmacist practitioners in California, and to maintain AMMC's commitment to support community health.

### **Pharmacy Technician Training Program:**

AMMC provides non-compensated training for pharmacy technician students under affiliation agreements with Santa Ana College and North Orange County ROP. Licensed AMMC staff pharmacists and certified pharmacy technicians serve as teachers and supervisors.

### **Nursing Education for Students:**

AMMC has partnered with local nursing institutions to support the clinical training of registered nurses, licensed vocational nurses, nursing assistants, unit secretaries and emergency medical technicians.

### **Community Special Events and Screenings:**

AMMC provides screenings and educational opportunities related to health at local community centers and events throughout the community. Screenings may include blood pressure, flexibility, body fat, glucose and carotid artery.

### **OB Education Program:**

AMMC offers free or low-cost bilingual educational classes related to maternal health (pre/post natal) to the community.

### **Advanced Endovascular Institute Education and Screening Program:**

This program provides bilingual community outreach and education related to endovascular disease risk factors, lifestyle modification, prevention, identification and treatment.

**“Heart Matters” Education and Screening Program:**

This program provides bilingual education, screenings and educational materials for women regarding the latest prevention techniques and treatments for heart disease.

**Health Education Class Program:**

This program includes bilingual health education classes related to diabetes, weight management, and stress management to the community.

**Senior Health Education, Outreach and Transportation Program:**

This program provides seniors within community health and wellness education programs, free monthly screenings, including blood pressure, body fat, carotid artery screening, etc., a walking club, and transportation for medical and health-related visits and events.

**Worksite Screening and Education Program:**

This program offers local employers the opportunity to host health screenings and bilingual education sessions for their employees, including physician lectures and nutrition education,.

**Pandemic and Disaster Preparedness Program:**

This program offers assistance with planning, drills, education, training, supply stockpiling, etc. in preparation for a major disaster.

ANAHEIM MEMORIAL MEDICAL CENTER COST OF COMMUNITY BENEFIT SERVICES <sup>(1)</sup>					
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<b>Services over \$10,000 in cost</b>					
Pharmacy Clerkship Training	\$4,535	\$7,692	\$113,097	\$125,517	\$0
Pharmacy Technician Training	\$78,470	\$87,698	\$10,731	\$77,184	\$12,349
Nursing Education	\$66,000	\$130,849	\$212,656	\$343,047	\$323,218
Community Special Events	\$85,294	\$55,617	\$47,886	\$49,173	13, 657
Disaster and Pandemic Preparation	\$0	\$0	\$80,490	\$40,041	\$20,894
Worksite Screenings and Education	\$20,617	\$33,421	\$40,775	\$33,153	\$681
Women and Heart Disease	\$8,352	\$47,434	\$110,193	\$76,391	\$0
OB Education	\$20,938	\$11,687	\$23,906	\$18,329	\$11,327
Senior Health Education	\$14,249	\$18,962	\$19,086	\$16,764	\$15,062
Heart Matters Education and Screening	\$0	\$0	\$92,240	\$92,896	\$9,826
Endo Vascular Education and Screening	\$0	\$0	\$51,320	\$14,098	\$0
<b>All other programs and services combined</b>	<b>\$353,616</b>	<b>\$351,051</b>	<b>\$254,248</b>	<b>\$259,499</b>	<b>\$180,508</b>
<b>Total Community Benefit Services</b>	<b>\$652,071</b>	<b>\$744,411</b>	<b>\$1,056,628</b>	<b>\$1,146,092</b>	<b>\$573,865</b>
				<b>2004-2008 Average</b>	<b>\$834,613</b>
				<b>2004-2007 Average</b>	<b>\$899,801</b>

Source: AMMC  
 (1) Represents commitments of program costs for staff and materials and cash contributions

## ***AHMC Healthcare Inc. Profile***

AHMC Healthcare Inc. is a privately held for-profit management company that was formed in 2004 when four acute care hospitals purchased from Tenet (Garfield Medical Center, Greater El Monte Community Hospital, Monterey Park Hospital, and Whittier Hospital Medical Center) were combined with AHMC's one existing affiliated hospital (Alhambra Hospital Medical Center). San Gabriel Medical Center was subsequently acquired from Catholic Healthcare West in 2007. All six hospitals are located in the greater San Gabriel Valley, within Los Angeles County. Each hospital has its own limited partnership in place. Alhambra Hospital Medical Center has overlapping ownership with the other AHMC hospitals. All of the hospitals are located more than 20 miles from AMMC except Whittier Hospital Medical Center, which is located 12 miles from AMMC. The hospitals are licensed by the California Department of Public Health and accredited by the Joint Commission.

AHMC has about one thousand licensed beds, four thousand employees and annual net revenues of approximately \$500 million.

Profiles of the six hospitals, including the affiliated Alhambra Hospital, are provided in the tables on the next pages.

HOSPITALS OWNED BY AHMC						
	Garfield Medical Center General Acute		Greater El Monte Comm. Hospital General Acute		Monterey Park Hospital General Acute	
	2007	2008*	2007	2008*	2007	2008*
City	Monterey Park		South El Monte		Monterey Park	
Licensed Beds	210	210	117	117	101	101
Patient Days	64,214	63,488	19,317	20,131	20,810	20,265
Discharges	12,306	12,379	3,787	3,847	5,332	5,140
ALOS	5.2	5.1	5.1	5.2	3.9	3.9
Average Daily Census	176	174	53	55	57	56
ED Visits**	19,796	13,856	16,475	13,783	11,148	9,355
Inpatient Surgeries**	2,349	2,069	705	694	1,744	1,900
Outpatient Surgeries**	2,969	2,712	534	527	1,595	1,414
Births	3,691	3,497	987	765	1,886	1,886
** indicates Annual Utilization CY 2008 results						
<b>Payer Mix (Based on Discharges):</b>						
Traditional Medicare	33.5%	30.7%	25.9%	22.2%	28.9%	22.9%
Managed Medicare	7.0%	6.0%	4.4%	4.0%	5.8%	8.0%
Traditional Medi-Cal	32.0%	26.1%	35.5%	39.5%	36.1%	38.2%
Managed Medi-Cal	9.6%	10.9%	21.7%	22.3%	16.0%	15.7%
County Indigent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Traditional Third Party	0.7%	0.8%	0.4%	1.9%	0.4%	0.7%
Managed Third Party	13.7%	18.2%	6.2%	6.8%	11.0%	12.0%
Other Indigent	1.1%	1.0%	2.9%	0.0%	0.7%	0.8%
Other	2.5%	6.2%	3.0%	3.4%	1.1%	1.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Income Statement:</b>						
Net Pt. Revenue	\$160,990,729	\$175,246,547	\$34,883,433	\$39,502,635	51,374,321	\$53,387,307
Other Operating Rev.	\$704,965	\$549,858	\$75,031	\$0	256,952	\$168,462
Total Operating Rev.	\$161,695,694	\$175,814,405	\$34,958,464	\$39,502,635	51,631,273	\$53,555,769
Total Operating Exp.	\$154,769,164	\$162,430,013	\$38,654,954	\$41,400,664	51,337,096	\$52,099,264
Net From Operations	\$6,926,530	\$13,384,392	(\$3,696,490)	(\$1,898,029)	294,177	\$1,456,505
Nonoperating Rev.	\$282,222	\$477,752	\$100,755	\$228,618	96,637	\$247,586
Nonoperating Exp.	\$0	\$0	\$0	\$0	\$0	\$0
Provision for Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$7,208,752	\$13,862,144	(\$3,595,735)	(\$1,669,411)	\$390,814	\$1,704,091
<b>Other Financial:</b>						
Charity Care Charges	\$6,906,942	n/a	\$3,855,403	n/a	\$1,135,346	n/a
Bad Debt Charges	\$8,252,542	n/a	\$9,335,802	n/a	\$2,917,649	n/a
<b>Total Uncompensated Care</b>	<b>\$15,159,484</b>	<b>n/a</b>	<b>\$13,191,205</b>	<b>n/a</b>	<b>\$4,052,995</b>	<b>n/a</b>
Cost to Charge Ratio	16.50%	n/a	20.56%	n/a	15.79%	n/a
Cost of Charity	\$1,139,641	n/a	\$792,792	n/a	\$179,278	n/a
Uncompensated Care as % of Chgs.	1.60%	n/a	7.00%	n/a	1.30%	n/a
State of Calif. Uncompensated Care	3.40%	n/a	3.40%	n/a	3.40%	n/a
Fiscal Year Ending	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008
Source: OSHPD Disclosure Reports FY 2007-2008, Annual Utilization Report CY 2008						
* 2008 Unaudited						

<b>HOSPITALS OWNED BY AHMC</b>						
	<b>San Gariel Valley Med. Ctr. General Acute</b>		<b>Whittier Hospital Med. Ctr. General Acute</b>		<b>Alhambra Hospital<sup>1</sup> General Acute</b>	
	<b>2007</b>	<b>2008*</b>	<b>2007</b>	<b>2008*</b>	<b>2007</b>	<b>2008*</b>
City	San Gabriel		Whittier		Alhambra	
Licensed Beds	231	231	178	178	144	144
Patient Days	51,490	29,104	37,554	38,634	34,712	34,885
Discharges	8,812	4,907	8,831	9,489	4,204	4,331
ALOS	5.8	5.9	4.3	4.1	8.3	8.1
Average Daily Census	141	80	103	106	95	96
ED Visits**	19,312	19,150	23,416	18,426	9,964	10,466
Inpatient Surgeries**	1,301	2,900	2,040	1,311	632	615
Outpatient Surgeries**	2,534	3,687	2,257	1,970	1,660	1,648
Births	2,301	5,794	2,294	2,242	0	0
** indicates Annual Utilization Reports CY 2008 results						
<b>Payer Mix (Based on Discharges):</b>						
Traditional Medicare	34.0%	30.8%	19.8%	16.1%	56.6%	55.4%
Managed Medicare	10.6%	12.9%	30.2%	28.1%	8.9%	10.7%
Traditional Medi-Cal	15.1%	14.8%	18.4%	19.8%	18.6%	17.6%
Managed Medi-Cal	10.1%	9.9%	8.9%	12.6%	3.9%	4.2%
County Indigent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Traditional Third Party	1.1%	1.3%	0.5%	2.6%	0.3%	0.7%
Managed Third Party	26.2%	27.9%	19.0%	16.5%	8.0%	8.7%
Other Indigent	0.0%	0.0%	2.1%	0.0%	0.0%	1.1%
Other	2.9%	2.4%	1.1%	4.4%	3.4%	1.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Income Statement:</b>						
Net Pt. Revenue	\$109,834,932	\$59,807,214	\$80,540,195	\$82,980,521	\$53,845,003	\$59,108,116
Other Operating Rev.	\$1,009,769	\$173,261	\$246,310	\$216,325	\$489,593	\$1,586,210
Total Operating Rev.	\$110,844,701	\$59,980,475	\$80,786,505	\$83,196,846	\$54,334,596	\$60,694,326
Total Operating Exp.	\$111,970,275	\$61,456,961	\$78,953,495	\$80,299,510	\$54,798,182	\$58,770,816
Net From Operations	(\$1,125,574)	(\$1,476,486)	\$1,833,010	\$2,897,336	(\$463,586)	\$1,923,510
Nonoperating Rev.	\$113,034	\$2,965,973	\$43,739	\$229,261	\$903,787	\$127,975
Nonoperating Exp.	\$17,057	\$0	\$0	\$0	\$558,831	\$0
Provision for Taxes	\$0	\$0	\$0	\$800	\$0	\$0
Net Income	(\$1,029,597)	\$1,489,187	\$1,876,749	\$3,125,797	(\$118,630)	\$2,051,485
<b>Other Financial:</b>						
Charity Care Charges	\$10,552,512	n/a	\$6,880,748	n/a	\$1,566,230	n/a
Bad Debt Charges	\$8,216,967	n/a	\$9,850,336	n/a	\$2,762,920	n/a
<b>Total Uncompensated Care</b>	<b>\$18,769,479</b>	<b>n/a</b>	<b>\$16,731,084</b>	<b>n/a</b>	<b>\$4,329,150</b>	<b>n/a</b>
Cost to Charge Ratio	22.41%	n/a	15.89%	n/a	31.53%	n/a
Cost of Charity	\$2,364,441	n/a	\$1,093,097	n/a	\$493,803	n/a
Uncompensated Care as % of Chgs.	3.80%	n/a	3.40%	n/a	2.50%	n/a
State of Calif. Uncompensated Care	3.40%	n/a	3.40%	n/a	3.40%	n/a
Fiscal Year Ending	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008
Source: OSHPD Disclosure Reports FY 2007-2008, Annual Utilization Report CY 2008						
* 2008 Unaudited						

Some important observations about the tables, which are summarized from the OSHPD Financial Disclosure reports, include:

- Five of the six hospitals were profitable in 2008. The combined net income for the hospitals was approximately \$20,500,000;
- The proportion of uncompensated care charges (bad debt and charity care) provided by Greater El Monte Community Hospital and San Gabriel Valley Medical Center exceeded statewide averages;
- The proportion of uncompensated care at the other hospitals was below the statewide average, except for Whittier, which was equal to statewide averages.
- All six hospitals treat a large number of Medi-Cal patients (ranging from 22% to 62% of all patient discharges); and
- All six hospitals also treat a large percentage of Medicare patients (ranging from 26% to 66%).

A description of AHMC's Hospital facilities is as follows:

#### **Garfield Medical Center**

- Garfield Medical center, located in Monterey Park, is a 210 bed acute-care hospital with an average daily census of 174 patients;
- Services and programs include emergency, obstetrics, vascular surgery, pediatrics, and neurosurgery;
- Garfield has approximately 3,500 births per year; and
- Garfield has an open heart program and performed 119 CABGs and 619 cardiac catheterizations in 2008

#### **Greater El Monte Community Hospital**

- Greater El Monte Community Hospital, located in South El Monte, is a 117 bed acute-care hospital with an average daily census of 55 patients;
- Services and programs include emergency, cardiology, obstetrics, pediatrics and skilled nursing.

#### **Monterey Park Hospital**

- Monterey Park Hospital, located in Monterey Park, is a 101 bed acute-care hospital with a daily average census of 56 patients;
- Services and programs include emergency, obstetrics, gastroenterology, rehabilitation and pediatrics.

**San Gabriel Valley Medical Center**

- San Gabriel Valley Medical Center is 231 bed general acute-care hospital with an average daily census of 80 patients in 2008;
- Services and programs include emergency, a cancer center, cardiology, obstetrics, neonatal intensive care and skilled nursing.

**Whittier Hospital Medical Center**

- Whittier Hospital Medical Center is a 178 bed general acute-care hospital with an average daily census of 106 patients;
- Services and programs include emergency, cardiology, gastroenterology, skilled nursing and cancer.

**Alhambra Hospital**

- Alhambra Hospital is a 144 bed general acute-care hospital with average daily census of 96 patients;
- Services and programs include emergency, cardiology, cancer, gastroenterology, and sub-acute care.

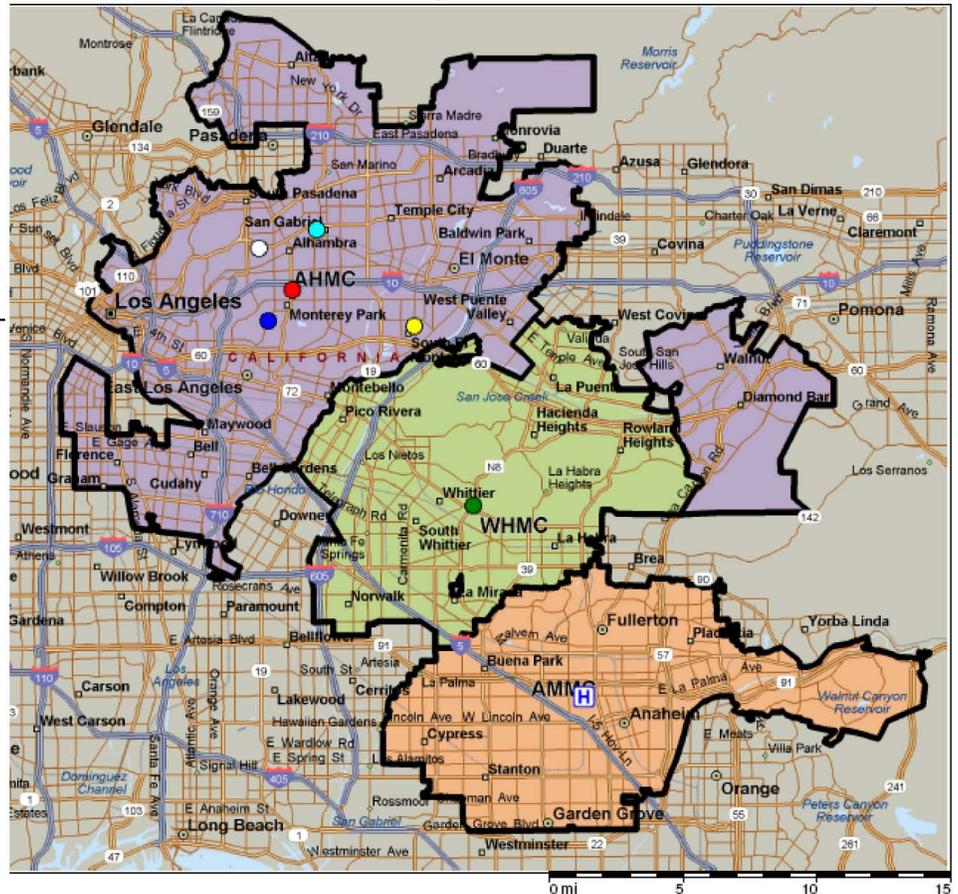
## AHMC Hospitals' Service Area Map

The map below depicts the six AHMC hospitals, AMMC, and their service areas. AHMC service areas have been combined for this map, with the exception of Whittier Hospital's.

-  Anaheim Memorial Medical Center
-  San Gabriel Valley Medical Center
-  Alhambra Hospital
-  Whittier Hospital Medical Center
-  Monterey Park Hospital
-  Greater El Monte Comm. Hospital
-  Garfield Medical Center

### Custom Territories

-  AHMC
-  AMMC
-  WHMC



While AHMC's service area adjoins that of AMMC, there is no overlap of AMMC's service area with AHMC's.

Whittier Hospital Medical Center, which is the only proximal AHMC hospital, draws only 0.2% of its discharges from the AMMC service area.

## AHMC Hospitals' Service Area Definitions

Approximately 80% of Garfield's discharges come from a combination of 27 area ZIP Codes and approximately 50% of their discharges emanate from the top eight ZIP Codes in the service area.

Garfield Medical Center Patient Origin and Market Share 2007					
ZIPs	# of Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
91770	1,338	10.5%	10.5%	6,132	21.8%
91754	1,120	8.8%	19.3%	3,786	29.6%
91755	832	6.5%	25.8%	2,108	39.5%
91801	762	6.0%	31.7%	4,758	16.0%
91776	620	4.9%	36.6%	3,722	16.7%
91732	593	4.6%	41.2%	6,816	8.7%
91803	579	4.5%	45.8%	2,876	20.1%
91733	488	3.8%	49.6%	4,469	10.9%
90022	366	2.9%	52.5%	7,218	5.1%
91748	357	2.8%	55.3%	3,678	9.7%
90032	324	2.5%	57.8%	5,070	6.4%
91731	299	2.3%	60.1%	3,149	9.5%
90640	262	2.1%	62.2%	6,950	3.8%
91745	243	1.9%	64.1%	4,994	4.9%
91706	231	1.8%	65.9%	7,676	3.0%
91780	220	1.7%	67.6%	3,385	6.5%
90201	216	1.7%	69.3%	9,423	2.3%
91007	179	1.4%	70.7%	2,890	6.2%
90031	178	1.4%	72.1%	3,997	4.5%
90063	171	1.3%	73.5%	5,873	2.9%
91775	163	1.3%	74.7%	2,145	7.6%
90012	159	1.2%	76.0%	3,056	5.2%
91006	135	1.1%	77.0%	3,016	4.5%
90023	133	1.0%	78.1%	5,443	2.4%
91789	107	0.8%	78.9%	2,764	3.9%
91765	97	0.8%	79.7%	3,226	3.0%
90033	94	0.7%	80.4%	6,645	1.4%
<b>Sub Total</b>	<b>10,266</b>	<b>80.4%</b>		<b>125,265</b>	<b>8.20%</b>
Other ZIPs	2,501	19.6%	100.0%		
<b>Total</b>	<b>12,767</b>	<b>100%</b>			

Source: OSHPD Patient Discharge Database: 2007

Approximately 80% of Greater El Monte's discharges come from a combination of 8 area ZIP Codes and approximately 50% of their discharges emanate from the top two ZIP Codes in the service area.

Greater El Monte Community Hospital					Patient
Origin and Market Share 2007					
ZIPs	# of Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
91732	1,012	26.8%	26.8%	6,816	14.8%
91733	984	26.0%	52.8%	4,469	22.0%
91731	368	9.7%	62.5%	3,149	11.7%
91770	210	5.6%	68.1%	6,132	3.4%
91744	162	4.3%	72.4%	8,663	1.9%
91706	138	3.6%	76.0%	7,676	1.8%
91746	88	2.3%	78.3%	2,878	3.1%
91780	47	1.2%	79.6%	3,385	1.4%
<b>Sub Total</b>	<b>3,009</b>	<b>79.6%</b>		<b>43,168</b>	<b>7.0%</b>
Other ZIPs	772	20.4%	100.0%		
<b>Total</b>	<b>3,781</b>	<b>100%</b>			

Source: OSHPD Patient Discharge Database: 2007

Approximately 76.4% of Monterey Park's discharges come from a combination of 20 area ZIP Codes and 51% of their discharges emanate from the top seven ZIP Codes in the service area.

Monterey Park Hospital Patient Origin and Market Share 2007					
ZIPs	# of Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
90022	805	14.9%	14.9%	7,218	11.2%
90063	497	9.2%	24.1%	5,873	8.5%
90023	362	6.7%	30.7%	5,443	6.7%
90640	313	5.8%	36.5%	6,950	4.5%
91754	298	5.5%	42.0%	3,786	7.9%
90201	277	5.1%	47.1%	9,423	2.9%
90255	212	3.9%	51.1%	6,929	3.1%
91732	155	2.9%	53.9%	6,816	2.3%
90033	151	2.8%	56.7%	6,645	2.3%
90011	135	2.5%	59.2%	10,934	1.2%
91733	127	2.3%	61.6%	4,469	2.8%
90280	124	2.3%	63.8%	7,969	1.6%
90660	122	2.3%	66.1%	6,805	1.8%
90001	121	2.2%	68.3%	6,259	1.9%
91770	80	1.5%	69.8%	6,132	1.3%
91706	75	1.4%	71.2%	7,676	1.0%
90032	75	1.4%	72.6%	5,070	1.5%
90040	70	1.3%	73.9%	1,322	5.3%
91731	70	1.3%	75.2%	3,149	2.2%
90270	65	1.2%	76.4%	2,551	2.5%
<b>Sub Total</b>	<b>4,134</b>	<b>76.4%</b>		<b>121,419</b>	<b>3.4%</b>
Other ZIPs	1,279	23.6%	100.0%		
<b>Total</b>	<b>5,413</b>	<b>100.0%</b>			

Source: OSHPD Discharge Database: 2007

Approximately 82.7% of San Gabriel Valley's discharges come from a combination of 25 area ZIP Codes and 51% of their discharges emanate from the top six ZIP Codes in the service area.

<b>San Gabriel Valley Medical Center Patient Origin and Market Share 2007</b>					
<b>ZIPs</b>	<b># of Discharges</b>	<b>%OF DISCHARGES</b>	<b>CUMM %OF DISCHARGES</b>	<b>TOTAL DISCHARGES</b>	<b>MARKET SHARE</b>
91776	1,335	14.4%	14.4%	3,722	35.9%
91770	1,237	13.3%	27.7%	6,132	20.2%
91801	903	9.7%	37.5%	4,758	19.0%
91780	478	5.2%	42.6%	3,385	14.1%
91732	418	4.5%	47.1%	6,816	6.1%
91775	356	3.8%	51.0%	2,145	16.6%
91803	333	3.6%	54.6%	2,876	11.6%
91731	320	3.5%	58.0%	3,149	10.2%
90032	297	3.2%	61.2%	5,070	5.9%
91754	235	2.5%	63.7%	3,786	6.2%
91733	230	2.5%	66.2%	4,469	5.1%
91007	174	1.9%	68.1%	2,890	6.0%
91706	171	1.8%	69.9%	7,676	2.2%
91755	165	1.8%	71.7%	2,108	7.8%
91006	138	1.5%	73.2%	3,016	4.6%
91107	114	1.2%	74.4%	3,453	3.3%
90031	105	1.1%	75.6%	3,997	2.6%
91103	97	1.0%	76.6%	4,369	2.2%
91104	95	1.0%	77.6%	4,104	2.3%
91001	86	0.9%	78.6%	4,149	2.1%
91748	86	0.9%	79.5%	3,678	2.3%
90640	80	0.9%	80.4%	6,950	1.2%
90042	75	0.8%	81.2%	6,346	1.2%
91016	72	0.8%	81.9%	4,160	1.7%
91108	70	0.8%	82.7%	1,106	6.3%
<b>Sub Total</b>	<b>7,670</b>	<b>82.7%</b>		<b>104,310</b>	<b>7.4%</b>
Other ZIPs	1,605	17.3%	100.0%		
<b>Total</b>	<b>9275</b>	<b>100.0%</b>			
Source: OSHPD Discharge Data Base: 2007					

Approximately 78% of Whittier’s discharges come from a combination of 14 area ZIP Codes and 52% of their discharges emanate from the top six ZIP Codes in the service area.

Whittier Hospital Medical Center					Patient
Origin and Market Share 2007					
ZIPs	# of Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
90638	989	10.1%	10.1%	4,932	20.1%
90631	961	9.9%	20.0%	6,308	15.2%
90604	898	9.2%	29.2%	4,040	22.2%
91745	861	8.8%	38.0%	4,994	17.2%
90605	754	7.7%	45.8%	4,287	17.6%
91748	606	6.2%	52.0%	3,678	16.5%
91744	449	4.6%	56.6%	8,663	5.2%
90602	416	4.3%	60.8%	2,936	14.2%
90606	399	4.1%	64.9%	3,488	11.4%
90603	356	3.7%	68.6%	2,195	16.2%
90660	339	3.5%	72.1%	6,805	5.0%
90650	234	2.4%	74.5%	12,560	1.9%
90601	230	2.4%	76.8%	3,285	7.0%
90670	131	1.3%	78.2%	1,814	7.2%
<b>Total</b>	<b>7,623</b>	<b>78.2%</b>		<b>69,985</b>	<b>10.9%</b>
Other ZIPs	1,949	21.8%	100.0%		
<b>Total</b>	<b>9,572</b>	<b>100.0%</b>			

Source: OSHPD Patient Database 2007

Approximately 79% of Alhambra’s discharges come from a combination of 15 area ZIP Codes and approximately 50% of their discharges emanate from the top five ZIP Codes in the service area.

Alhambra Hospital Patient Origin and Market Share 2007					
ZIPs	# of Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
91801	634	15.3%	15.3%	4,758	13.3%
90032	557	13.4%	28.7%	5,070	11.0%
91803	389	9.4%	38.1%	2,876	13.5%
91770	263	6.3%	44.4%	6,132	4.3%
91754	208	5.0%	49.4%	3,786	5.5%
91776	180	4.3%	53.7%	3,722	4.8%
91732	162	3.9%	57.6%	6,816	2.4%
91733	143	3.4%	61.1%	4,469	3.2%
91780	126	3.0%	64.1%	3,385	3.7%
90031	121	2.9%	67.0%	3,997	3.0%
90042	120	2.9%	69.9%	6,346	1.9%
91731	112	2.7%	72.6%	3,149	3.6%
91775	96	2.3%	74.9%	2,145	4.5%
91755	91	2.2%	77.1%	2,108	4.3%
91030	82	2.0%	79.1%	2,219	3.7%
<b>Sub Total</b>	<b>3,284</b>	<b>79.1%</b>		<b>60,978</b>	<b>5.4%</b>
Other ZIPs	867	20.9%	100.0%		
<b>Total</b>	<b>4,151</b>	<b>100.0%</b>			

Source: OSHPD Patient Database 2007

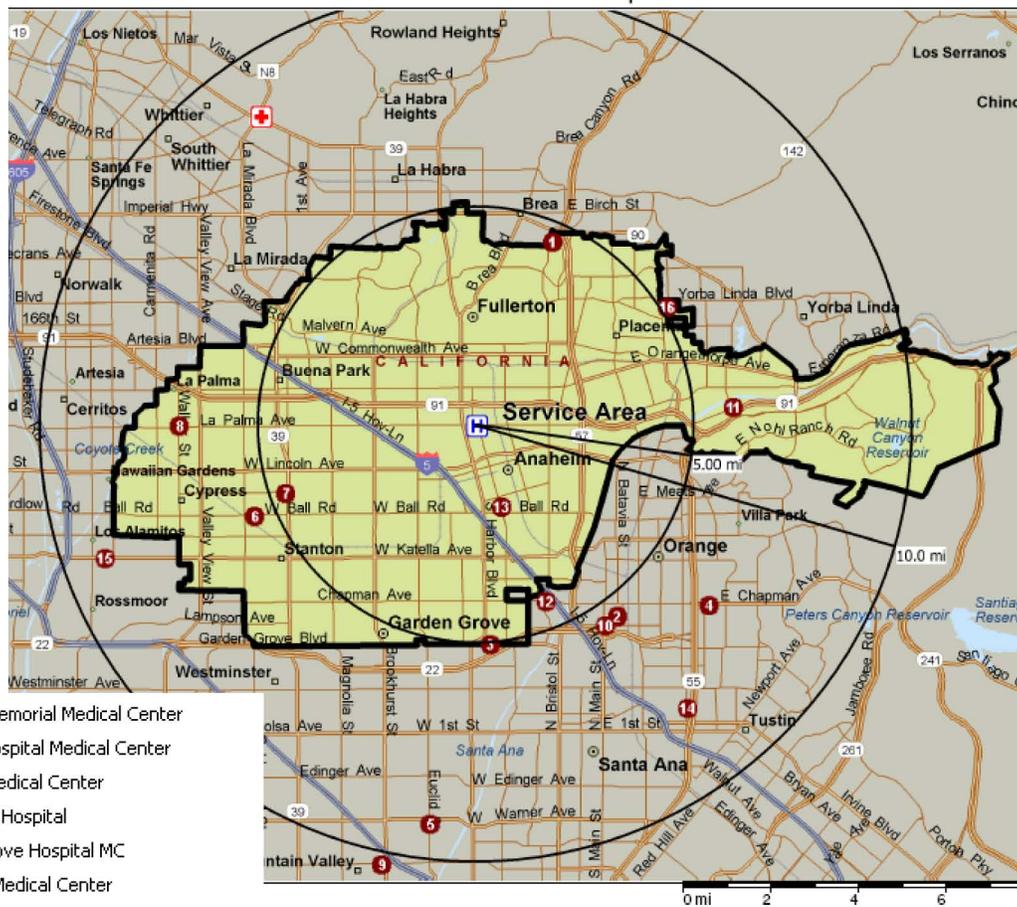
## **Anaheim Memorial Medical Center Service Area Definition**

Approximately 72% of AMMC's discharges come from a combination of 19 area ZIP Codes and 44% of AMMC's discharges emanate from the top five ZIP Codes in the service area.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP Code - 2007						
ZIPs	Community	AMMC Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
92801	Anaheim	2,206	14.5%	14.5%	6,778	32.5%
92804	Anaheim	1,479	9.7%	24.2%	9,833	15.0%
92805	Anaheim	1,398	9.2%	33.4%	6,343	22.0%
90620	Buena Park	813	5.3%	38.7%	5,165	15.7%
92833	Fulerton	794	5.2%	43.9%	4,169	19.0%
92806	Anaheim	673	4.4%	48.3%	3,427	19.6%
92802	Anaheim	647	4.2%	52.6%	3,831	16.9%
90621	Buena Park	420	2.8%	55.3%	2,886	14.6%
92832	Fulerton	403	2.6%	58.0%	2,327	17.3%
92870	Placentia	320	2.1%	60.1%	4,632	6.9%
92840	Garden Grove	317	2.1%	62.1%	5,081	6.2%
90680	Stanton	268	1.8%	63.9%	3,214	8.3%
92807	Anaheim	267	1.8%	65.6%	3,178	8.4%
92831	Fulerton	237	1.6%	67.2%	2,710	8.7%
90630	Cypress	234	1.5%	68.7%	4,301	5.4%
92841	Garden Grove	193	1.3%	70.0%	3,033	6.4%
92835	Fulerton	117	0.8%	70.8%	2,504	4.7%
90623	La Palma	105	0.7%	71.5%	1,380	7.6%
92808	Anaheim	103	0.7%	72.1%	1,358	7.6%
<b>Sub Total</b>		<b>10,994</b>	<b>72.1%</b>		<b>76,150</b>	<b>14.4%</b>
Other ZIPs		4,247	27.9%	100.0%		
<b>Total</b>		<b>15,241</b>	<b>100.0%</b>			
Source: OSHPD Patient Database 2007						

## Anaheim Memorial Medical Center Service Area Map

AMMC's service area is shown in the map below. There are at least 15 other acute hospitals within a 10 mile radius of AMMC. Four of those hospitals are within a 5-mile radius. AHMC owns Whittier Hospital Medical Center, which is about 12 miles from AMMC. AMMC and the Whittier Hospital Medical Center service areas adjoin but do not overlap. Less than 1% of the patients in AMMC's service area use Whittier Hospital.



-  Anaheim Memorial Medical Center
  -  Whittier Hospital Medical Center
  -  St. Jude Medical Center
  -  St. Joseph Hospital
  -  Garden Grove Hospital MC
  -  Chapman Medical Center
  -  Fountain Valley Regional Hospital MC
  -  Anaheim General Hospital
  -  West Anaheim Medical Center
  -  La Palma Intercommunity Hospital
  -  Orange Coast Memorial MC
  -  Children's Hospital of Orange County
  -  Kaiser Fnd Hospital - Anaheim
  -  Univ Calif - Irvine MC
  -  Western Medical Ctr Hospital - Anaheim
  -  Western Medical Ctr Hospital - Santa Ana
  -  Los Alamitos Medical Center
  -  Placentia Linda Hospital
- 
-  **Service Area**
  -  Service Area

**Demographic Profile**

AMMC’s service area has a total population of 800,008 (2008 estimate). The population is projected to grow by 3.1% over the next five years, which is lower than the expected growth rate in the state of California generally (5.1%).

<b>ANAHEIM MEMORIAL MEDICAL CENTER SERVICE AREA POPULATION STATISTICS 2008 &amp; 2013</b>			
	<b>2008</b>	<b>2013</b>	<b>% Change</b>
Total Population	800,008	824,533	3.1%
Households	239,355	243,588	1.8%
% Female	50.0%		
Source: DemographicsNow			

The median age of the population in the service area is 34.6 years of age, which is comparable to the State of California average of 34.9 years. The percentage of adults age 65 and older is expected to grow at a faster rate than any other age group. Meanwhile, the percentage of youth between the ages 0-14 and younger adults between the ages 15-44 in the service area will decrease by more than 6.7% and 4.6%, respectively. The percentage of seniors is higher than the current statewide average of 11.1% and is expected to increase to 12.7% over the next five years.

<b>ANAHEIM MEMORIAL MEDICAL CENTER SERVICE AREA POPULATION AGE DISTRIBUTION 2008 &amp; 2013</b>			
	<b>2008</b>	<b>2013</b>	<b>% Change</b>
Age 0-14	22.3%	20.8%	-6.7%
Age 15 - 44	43.1%	41.1%	-4.6%
Age 45 - 64	23.6%	25.6%	8.5%
Age 65+	11.0%	12.4%	12.7%
Female 15 - 44	21.5%	20.4%	-4.9%
Median Age	34.6	36.0	4.0%
Source: DemographicsNow			

The Hispanic population is the largest ethnic group in the service area, making up 40.8% of the population, and is projected to grow to 42.3% by 2013. The percentage of the population that is Asian is expected to grow at the fastest rate in the service area over the next five years, with a growth projection of 9.3%. The percentages of populations that are Black and White are not expected to change significantly.

<b>ANAHEIM MEMORIAL MEDICAL CENTER SERVICE AREA POPULATION RACE &amp; ETHNICITY 2008 &amp; 2013</b>			
<b>Race</b>	<b>2008</b>	<b>2013</b>	<b>% Change</b>
White	56.9%	57.0%	0.2%
Black	2.5%	2.5%	0.0%
Asian	20.5%	22.4%	9.3%
Other	20.1%	18.1%	-10.0%
<b>Ethnicity</b>	<b>2008</b>	<b>2013</b>	<b>% Change</b>
Hispanic	40.8%	42.3%	3.7%
Non-Hispanic	59.2%	57.8%	-2.4%
Source: DemographicsNow			

The service area's average household income (aggregate household income divided by total households) is approximately \$78,500, and is projected to grow by 14.0%, to about \$89,563 in the next five years. This is considerably higher than the statewide average household income of \$63,000. Approximately 7.3% of households in the service area are below the federal poverty level (\$15,260 for a family of three in 2006).

<b>ANAHEIM MEMORIAL MEDICAL CENTER SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION 2008 &amp; 2013</b>			
	<b>2008</b>	<b>2013</b>	<b>% Change</b>
\$0 - \$14,999	7.4%	6.7%	-9.5%
\$15,000 - 24,999	7.8%	6.3%	-18.5%
\$25,000 - 34,999	9.1%	8.0%	-12.3%
\$35,000 - 49,999	14.7%	13.0%	-11.0%
\$50,000 - 74,999	19.8%	19.3%	-2.6%
\$75,000 - 99,999	14.4%	14.3%	-0.1%
\$100,000 - 149,999	16.1%	17.8%	10.5%
\$150,000 +	10.8%	14.5%	34.9%
Average HH Income	\$78,573	\$89,563	14.0%
Source: DemographicsNow			

## Area Payer/Insurance Mix

About 15% of the service area population is Medi-Cal-eligible. This is lower than the state average of 18%. Percentages of Medi-Cal eligibles for ZIP Codes within the service area range between 3.0% to 23.8%.

The ZIP Codes closest to the Hospital have high percentages of Medi-Cal eligibles (21.9%-23.7%).

<b>MEDI-CAL ELIGIBLES BY ZIP</b>				
<b>ZIP</b>	<b>City</b>	<b>Eligibles</b>	<b>Population</b>	<b>%</b>
92804	Anaheim	17,488	85,392	20.5%
92805	Anaheim	16,369	70,843	23.1%
92801	Anaheim	14,064	59,227	23.7%
92840	Garden Grove	10,686	53,816	19.9%
92802	Anaheim	9,361	42,713	21.9%
92841	Garden Grove	7,064	32,105	22.0%
90680	Stanton	6,820	28,613	23.8%
90621	Buena Park	6,119	35,583	17.2%
92833	Fullerton	5,954	49,922	11.9%
92806	Anaheim	5,423	33,627	16.1%
92870	Placentia	5,326	54,513	9.8%
90620	Buena Park	4,955	46,496	10.7%
92832	Fullerton	4,286	24,788	17.3%
92831	Fullerton	3,264	34,141	9.6%
90630	Cypress	3,089	47,978	6.4%
92807	Anaheim	1,872	37,029	5.1%
92835	Fullerton	1,100	23,064	4.8%
90623	La Palma	900	16,513	5.5%
92808	Anaheim	714	23,642	3.0%
<b>TOTAL</b>		<b>124,854</b>	<b>800,008</b>	<b>15.6%</b>

Sources: DHS Website (2007), DemographicsNow 2008

## Selected Health Indicators

Orange County has approximately 579,000 uninsured children and adults. This number represents 9% of the 6.5 million uninsured Californians statewide. Of the 579,000 uninsured, 475,000 are non-elderly adults. Approximately 21.3% of the non-elderly adult population in Orange County is uninsured compared to 20.2% statewide. Roughly 11.8% of the non-elderly adult population in Orange County is covered by Medi-Cal.<sup>2</sup>

A review of health status indicators<sup>3</sup> for Orange County (deaths, diseases and births) supports the following conclusions:

- The area faces some challenges related to obstetrics and prenatal care (Refer to Table A);
  - While the infant mortality rate (4.6 per 1,000 births) is only slightly above the national goal (4.5), the percentage of low birth weight infants (6.4%) is higher than the national goal (5.0%).
- The overall mortality rate is much lower than the California mortality rate (Refer to Table B). Chronic diseases are the main cause of death, with heart disease and cancer accounting for almost half the mortality rate; and
- Chlamydia is the most frequently reported disease in the county, but at a lower rate than the statewide incidence rate. The rates of incidence of AIDS and TB are both lower than the statewide rate (Refer to Table C).

The following tables are based on California Department of Public Health reports regarding Orange County:

Table A: Natality Statistics			
Health Status Indicator	Orange County	California	National Goal
Low Birth Weight Infants	6.4%	6.9%	5.0%
Late or No Prenatal Care	9.6%	14.9%	10.0%
Birth Rate to Adolescents (per 1,000 births)	29.0	41.9	n/a
Infant Mortality Rate (per 1,000 births)	4.6	5.3	4.5

<sup>2</sup> Source: 2005 California Health Interview Survey, UCLA Center for Health Policy Research

<sup>3</sup> Source: California Department of Public Health County Health Status Profiles 2009

<b>Table B: Mortality Statistics</b> Age Adjusted Death Rate			
<b>Selected Cause</b>	<b>Orange County</b>	<b>California</b>	<b>National Goal</b>
Cancer	151.7	159.3	158.6
Heart Disease	137.1	145.2	162.0
Cerebrovascular Disease	41.7	43.5	50.0
Unintentional Injuries	22.4	30.4	17.1
Diabetes	16.9	21.9	N/A
Suicide	8.5	9.0	4.8
Drug-Related Deaths	8.7	10.5	1.2
All Causes	620.3	683.5	N/A

<b>Table C: Morbidity Statistics</b> Incidence Rate per 100,000 Population			
<b>Health Status Indicator</b>	<b>Orange County</b>	<b>California</b>	<b>National Goal</b>
Gonorrhea	35.1	88.3	19.0
AIDS	7.7	12.1	1.0
Tuberculosis	7.4	7.5	1.0
Chlamydia	257.4	364.1	N/A

## Hospital Supply, Demand, and Market Share

There are 15 general acute-care hospitals (including Kaiser) within 12 miles of AMMC. Additional hospitals beyond this geographic region also have a significant market share of area patients because of their specialized programs, referral patterns, and reputation.

An analysis of the services offered by AMMC in comparison to services offered by other providers is shown below. The hospitals shown below were the primary facilities analyzed to determine area hospital capacity by service. In general, the service area currently has sufficient capacity overall with substantial excess capacity at many hospitals.

AREA HOSPITALS 2008 DATA							
Hospitals	Ownership/Affiliation	City	Licensed Beds	Patient Days	Occupied Beds	Percent Occupied	Miles from AMMC
<b>Anaheim Memorial Medical Center</b>	<b>Memorial Health Services</b>	<b>Anaheim</b>	<b>223</b>	<b>55,819</b>	<b>152.9</b>	<b>68.6%</b>	<b>-</b>
Western Medical Center Hospital - Anaheim	Integrated Healthcare Holdings	Anaheim	188	48,312	132.4	70.4%	3.6
St. Jude Medical Center	St. Joseph Health System	Fullerton	349	80,849	221.5	63.5%	3.9
West Anaheim Medical Center	Prime Healthcare Services	Anaheim	219	32,056			5.3
University of California Irvine Medical Center	Regents of the University of CA	Orange	444	102,799	281.6	63.4%	6.2
Garden Grove Hospital and Medical Center	Prime Healthcare Services	Garden Grove	167	28,057	76.9	46.0%	6.4
Anaheim General Hospital*	Pacific Health Corporation	Anaheim	101	13,253	36.3	36.0%	6.5
La Palma Intercommunity Hospital	Prime Healthcare Services	La Palma	141	12,754	34.9	24.8%	7.4
Placentia Linda Hospital*	Tenet Healthcare Corporation	Placentia	114	14,229	39.0	34.2%	8.0
St. Joseph Hospital	St. Joseph Health System	Orange	525	82,896	227.1	43.3%	8.0
Western Medical Center Hospital - Santa Ana	Integrated Healthcare Holdings	Santa Ana	282	53,783	147.4	52.3%	10.7
Chapman Medical Center	Integrated Healthcare Holdings	Orange	114	24,522	67.2	58.9%	10.7
Los Alamitos Medical Center	Tenet Healthcare Corporation	Los Alamitos	167	43,327	118.7	71.1%	11.6
Fountain Valley Rgnl Hospital and Med Ctr. - Euclid	Tenet Healthcare Corporation	Fountain Valley	293	82,019	224.7	76.7%	11.6
Orange Coast Memorial Medical Center	Memorial Health Services	Fountain Valley	224	44,976	123.2	55.0%	11.9
<b>SUB-TOTAL</b>			<b>3,551</b>	<b>719,651</b>	<b>1,971.6</b>	<b>55.5%</b>	
<b>OTHER HOSPITALS:</b>							
Kaiser Fnd Hosp - Anaheim	Kaiser Foundation	Anaheim	200	52,342	143.4	71.7%	7.6
Kaiser Fnd Hosp - Irvine	Kaiser Foundation	Irvine	150	22,522	61.7	41.1%	17.6
Children's Hospital of Orange County	CHOC/NFP	Orange	232	61,650	168.9	72.8%	7.9
Earl and Lorraine Miller Children's Hospital	Memorial Health Services	Long Beach	308	83,559	228.9	74.3%	20.4
<b>SUB-TOTAL</b>			<b>890</b>	<b>220,073</b>	<b>602.9</b>	<b>67.7%</b>	
<b>TOTAL</b>			<b>4,441</b>	<b>939,724</b>	<b>2,574.6</b>	<b>58.0%</b>	

Source: OSHPD Annual Utilization Reports  
\*Based on 2007 ALIRTS Data

- Kaiser recently opened a new 150-bed hospital in Irvine that is expandable to 250 beds. Kaiser-Anaheim plans to open an upgraded hospital with 262 beds in 2011. This is intended to replace the Kaiser-Anaheim Lakeview Hospital;
- St. Jude Medical Center built a new five-story patient tower with an expanded emergency department, two floors of private maternity suites, a new critical care unit and a new cardiac cath lab;
- St. Joseph Medical Center added about 113 beds in 2007, including 103 med/surg beds, 9 CCU beds and 1 ICU bed; and
- University of California Irvine is constructing a new hospital in Orange to replace the existing structures. Once it is completed in 2009, it will have an additional 15 neonatal beds.

As indicated in the table below, the following are key hospital statistics for the service area:

- There were 76,150 total discharges in 2007 (excluding normal newborns);
- AMMC had the largest market share<sup>4</sup> in each of the four years, as determined by the percentage of inpatient discharges (approximately 14.4%);
- AMMC is in a very competitive market with 14 other hospitals that together account for about 82% of the market share; and
- The total number of inpatient discharges has increased recently after a period of decline.

SERVICE AREA HOSPITAL MARKET SHARE 2003 2007										
Hospitals	Year 2003		Year 2004		Year 2005		Year 2006		Year 2007	
	Discharges	Mkt Share								
Anaheim Memorial Medical Center	10,621	14.3%	9,810	13.5%	10,270	14.0%	10,551	14.5%	10,994	14.4%
St. Jude Medical Center	6,949	9.3%	6,675	9.2%	6,838	9.3%	6,733	9.3%	7,484	9.8%
University of California Irvine Medical Center	5,839	7.8%	5,888	8.1%	5,795	7.9%	5,598	7.7%	5,252	6.9%
West Anaheim Medical Center	5,473	7.3%	5,536	7.6%	5,370	7.3%	4,928	6.8%	5,521	7.3%
Western Medical Center Hospital - Anaheim	5,278	7.1%	5,081	7.0%	4,381	6.0%	4,870	6.7%	5,159	6.8%
St. Joseph Hospital - Orange	4,520	6.1%	4,657	6.4%	4,829	6.6%	4,813	6.6%	4,796	6.3%
Kaiser Fnd Hosp - Anaheim	4,534	6.1%	4,696	6.5%	4,775	6.5%	5,020	6.9%	5,400	7.1%
Garden Grove Hospital And Medical Center	3,018	4.1%	3,035	4.2%	3,217	4.4%	3,249	4.5%	3,199	4.2%
Fountain Valley Rgnl Hosp and Med Ctr - Euclid	2,861	3.8%	2,642	3.6%	2,596	3.5%	2,300	3.2%	2,657	3.5%
Children's Hospital Of Orange County	2,710	3.6%	2,512	3.5%	2,596	3.5%	2,563	3.5%	2,526	3.3%
La Palma Intercommunity Hospital	2,357	3.2%	2,397	3.3%	2,316	3.2%	2,412	3.3%	2,004	2.6%
Anaheim General Hospital	2,340	3.1%	2,173	3.0%	2,164	3.0%	1,882	2.6%	2,369	3.1%
Western Medical Center - Santa Ana	2,072	2.8%	2,038	2.8%	2,091	2.9%	1,990	2.7%	1,701	2.2%
Placentia Linda Hospital	2,124	2.9%	1,890	2.6%	2,143	2.9%	1,757	2.4%	1,778	2.3%
Los Alamitos Medical Center	1,646	2.2%	1,585	2.2%	1,743	2.4%	1,557	2.1%	1,963	2.6%
All Others	12,161	16.3%	12,122	16.7%	12,132	16.6%	12,527	17.2%	13,347	17.5%
<b>Total</b>	<b>74,503</b>	<b>100%</b>	<b>72,737</b>	<b>100%</b>	<b>73,256</b>	<b>100%</b>	<b>72,750</b>	<b>100%</b>	<b>76,150</b>	<b>100%</b>

Source: OSHPD Patient Discharge Database

<sup>4</sup>Market share for acute-care hospitals is calculated by using the percentage of acute discharges from a hospital within the service area.

SERVICE AREA MARKET SHARE BY PAYER - 2007											
Hospitals	Total Discharges	Commercial Managed Care	Traditional Medicare	Traditional MediCal	Managed Medicare	Managed MediCal	PPO-EPO POS	Private Insurance	County Indigent	Workers Comp.	Other
ANAHEIM MEMORIAL MEDICAL CENTER	10,994	19.2%	16.2%	8.5%	15.5%	7.7%	11.5%	10.5%	22.9%	3.8%	14.3%
ST. JUDE MEDICAL CENTER	7,484	8.0%	15.2%	1.6%	16.5%	3.4%	20.4%	0.6%	8.2%	7.6%	4.1%
WEST ANAHEIM MEDICAL CENTER	5,521	3.2%	13.5%	2.7%	12.1%	8.6%	1.3%	9.0%	14.8%	2.5%	3.2%
KAISER FND HOSP - ANAHEIM	5,400	20.3%	0.5%	0.0%	15.6%	3.0%	0.1%	0.6%	0.0%	0.5%	1.6%
UNIVERSITY OF CALIFORNIA IRVINE MEDICAL CENTER	5,252	2.1%	5.7%	7.9%	2.6%	18.5%	6.6%	5.9%	22.2%	6.7%	12.5%
WESTERN MEDICAL CENTER HOSPITAL - ANAHEIM	5,159	0.8%	3.8%	27.9%	1.2%	6.0%	2.1%	0.5%	0.1%	1.3%	21.7%
ST. JOSEPH HOSPITAL - ORANGE	4,796	8.1%	5.8%	5.6%	0.4%	4.1%	2.8%	46.3%	2.3%	11.1%	2.3%
GARDEN GROVE HOSPITAL AND MEDICAL CENTER	3,199	1.8%	3.0%	13.0%	2.1%	7.3%	1.7%	0.3%	4.2%	0.9%	4.2%
FOUNTAIN VALLEY RGNL HOSP AND MED CTR - EUCLID	2,657	3.6%	2.9%	2.1%	1.6%	8.5%	5.7%	0.1%	5.2%	0.5%	1.5%
CHILDREN'S HOSPITAL OF ORANGE COUNTY	2,526	2.8%	0.0%	7.4%	0.0%	11.4%	4.6%	1.6%	0.0%	0.0%	2.6%
ANAHEIM GENERAL HOSPITAL	2,369	0.6%	4.9%	4.3%	1.0%	8.1%	0.3%	1.1%	3.0%	0.0%	4.4%
LA PALMA INTERCOMMUNITY HOSPITAL	2,004	1.7%	3.6%	3.3%	3.2%	2.1%	0.8%	5.1%	3.9%	1.1%	1.7%
LOS ALAMITOS MEDICAL CENTER	1,963	2.5%	2.4%	1.4%	5.1%	1.1%	6.0%	1.1%	1.5%	2.0%	0.8%
PLACENTIA LINDA HOSPITAL	1,778	1.9%	3.1%	0.8%	6.5%	0.4%	1.5%	0.6%	3.4%	10.9%	1.2%
WESTERN MEDICAL CENTER - SANTA ANA	1,701	1.3%	1.7%	3.6%	0.9%	3.3%	2.1%	0.6%	0.0%	3.1%	8.2%
<All others>	13,347	22.1%	17.7%	10.0%	15.7%	6.6%	32.8%	16.1%	8.3%	47.8%	15.9%
<b>Total</b>	<b>76,150</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Discharges		18,466	17,405	9,822	7,990	7,509	6,092	2,238	1,774	550	4,304
% of Discharges		24.2%	22.9%	12.9%	10.5%	9.9%	8.0%	2.9%	2.3%	0.7%	5.7%

Source: OSHPD Discharge Database (excludes normal newborns)

- AMMC leads the service area in market share for traditional Medicare (16.2%) and county indigent patients (22.9%);
- Traditional Medicare and Managed Medicare together represent the most discharges in the service area with over 25,000 discharges or 33% of the total;
- The next largest category of inpatient discharges by payer is Commercial Managed Care with almost 18,500 discharges (24.2%). After Kaiser, AMMC is the market share leader in this category with 19.2% market share.

MARKET SHARE BY SERVICE LINE 2007																					
Specialty	Total Discharges	Total %	Hospital																		
			ANAHEIM MEMORIAL MED. CTR.	ST. JUDE MED. CTR.	WEST ANAHEIM MED. CTR.	KAISER FND HOSP.	UNI. OF CAL. IRVINE MED. CTR.	WESTERN MED. CTR. ANAHEIM	ST. JOSEPH HOSP.	GARDEN GROVE HOSP. & MED. CTR.	FOUNTAIN VALLEY REGNL. HOSP. AND MED CTR	CHILDREN'S HOSPITAL OF ORANGE	ANAHEIM GENERAL HOSP.	LOS ALAMITOS HOSP.	PLACENTIA COMMUNITY HOSP.	WESTERN MED. CTR.	ORANGE MED. CTR SANTA ANA	HOGAN COAST MEMORIAL MED. CTR.	LONG BEACH MEMORIAL HOSP.	ALL OTHERS	
MEDICAL CARDIOVASCULAR	9,991	100%	23.8%	13.3%	12.0%	5.2%	5.1%	2.6%	3.4%	2.5%	2.4%	0.4%	2.5%	4.5%	3.0%	3.6%	2.1%	2.1%	0.9%	1.5%	9.0%
NORMAL DELIVERIES	7,885	100%	11.6%	6.5%	0.0%	10.5%	3.9%	20.4%	8.4%	9.8%	6.2%	0.0%	4.4%	1.5%	3.2%	0.0%	2.6%	2.1%	1.7%	0.0%	7.1%
MEDICAL GI	7,512	100%	21.0%	10.3%	11.8%	6.8%	4.9%	2.2%	4.6%	3.4%	2.7%	1.4%	4.6%	4.1%	3.3%	4.4%	1.2%	2.1%	1.1%	0.8%	9.3%
ORTHOPEDIC ORTHOPEDIC	5,498	100%	9.9%	17.5%	4.9%	5.9%	5.7%	1.2%	9.9%	2.1%	3.0%	2.0%	1.1%	1.7%	2.6%	3.8%	2.5%	4.6%	2.9%	3.3%	15.2%
MEDICAL OTHER	5,101	100%	14.7%	9.7%	16.8%	7.3%	7.6%	2.5%	3.1%	2.9%	2.4%	2.2%	5.1%	2.8%	2.3%	2.7%	1.7%	1.3%	0.8%	0.8%	13.5%
MEDICAL RESPIRATORY	4,930	100%	18.5%	10.6%	13.3%	5.0%	4.3%	2.2%	3.8%	4.8%	2.5%	1.7%	6.0%	3.1%	3.0%	4.6%	1.0%	1.7%	0.9%	0.7%	12.1%
COMPLICATED DELIVERIES	4,768	100%	9.4%	6.6%	0.0%	10.4%	5.0%	17.2%	11.2%	10.5%	5.3%	0.0%	3.3%	1.0%	2.7%	0.0%	4.0%	2.4%	2.5%	0.0%	8.6%
PSYCHIATRY	4,039	100%	0.8%	0.4%	7.4%	0.3%	10.0%	27.6%	7.0%	0.1%	0.0%	0.3%	2.9%	5.4%	0.5%	0.1%	2.0%	0.0%	0.1%	0.1%	35.1%
SURGICAL GI	3,664	100%	14.0%	11.1%	6.1%	10.1%	6.7%	2.9%	6.7%	4.3%	3.5%	7.4%	2.5%	1.9%	2.3%	3.8%	1.6%	2.2%	1.8%	1.4%	9.7%
HIGH-RISK NEWBORNS	3,174	100%	9.9%	6.6%	0.0%	11.1%	12.6%	10.6%	9.4%	8.5%	6.0%	5.6%	0.5%	1.0%	1.7%	0.0%	3.8%	1.3%	2.9%	0.0%	8.3%
ONCOLOGY	2,136	100%	15.5%	10.3%	6.7%	9.9%	8.5%	1.3%	6.9%	2.5%	4.0%	4.6%	2.4%	1.9%	2.5%	2.5%	1.8%	2.7%	1.5%	1.6%	12.9%
MEDICAL NEUROLOGY	2,133	100%	16.5%	12.0%	9.7%	5.3%	13.5%	1.9%	3.0%	2.3%	3.0%	2.1%	3.5%	3.6%	3.0%	4.5%	1.5%	1.1%	1.0%	10.3%	
SURGICAL GYNECOLOGY	1,887	100%	14.1%	13.0%	0.9%	8.2%	5.1%	3.0%	9.8%	3.1%	3.5%	0.5%	2.2%	0.8%	5.0%	2.2%	2.2%	3.2%	3.9%	0.3%	19.0%
PEDIATRICS	1,863	100%	0.4%	3.1%	0.7%	8.1%	10.1%	0.2%	0.1%	0.2%	6.1%	55.0%	0.1%	0.5%	0.2%	0.1%	1.9%	0.2%	0.3%	0.6%	12.3%
MEDICAL GENITOURINARY	1,779	100%	20.2%	10.2%	10.2%	7.0%	4.9%	1.9%	3.3%	3.8%	3.0%	3.7%	6.2%	3.7%	3.3%	3.5%	1.2%	2.4%	1.1%	0.7%	9.6%
SURGICAL CARDIOVASCULAR	1,747	100%	25.3%	14.4%	3.3%	4.3%	6.0%	2.4%	7.9%	1.4%	4.4%	3.8%	0.2%	0.5%	1.3%	0.4%	3.1%	0.5%	2.3%	2.7%	15.9%
SURGICAL GENITOURINARY	1,635	100%	15.5%	11.4%	7.6%	7.7%	10.4%	1.2%	7.9%	3.6%	3.7%	1.1%	3.2%	2.2%	2.3%	2.7%	1.5%	2.4%	0.9%	1.6%	13.3%
SURGICAL OTHER	1,380	100%	9.1%	8.0%	8.3%	6.9%	7.8%	1.2%	7.5%	2.8%	7.3%	2.9%	1.7%	0.9%	1.7%	2.0%	2.5%	5.4%	1.9%	2.6%	19.3%
OTHER OB	1,064	100%	10.2%	7.2%	3.7%	8.6%	14.5%	10.0%	10.8%	5.2%	3.7%	0.0%	3.1%	2.8%	1.7%	0.7%	2.4%	1.5%	2.8%	0.2%	11.0%
SUBSTANCE ABUSE	653	100%	8.9%	2.1%	10.1%	2.5%	4.9%	6.9%	14.2%	1.5%	0.5%	0.2%	0.9%	3.5%	1.8%	2.0%	0.5%	1.7%	3.5%	0.3%	34.0%
SURGICAL NEURO	637	100%	6.9%	8.9%	1.3%	8.5%	16.2%	0.6%	9.4%	0.9%	3.0%	8.2%	0.6%	0.0%	3.0%	0.3%	6.0%	0.6%	6.1%	3.8%	15.7%
REHABILITATION	499	100%	0.0%	31.3%	0.0%	0.0%	9.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	48.1%
SURGICAL ENT	460	100%	9.3%	5.0%	10.4%	8.3%	11.3%	1.1%	4.6%	3.0%	1.7%	11.7%	1.1%	0.9%	0.9%	1.3%	4.6%	0.9%	2.2%	4.8%	17.0%
MEDICAL ENT	366	100%	25.7%	9.3%	11.5%	3.0%	5.7%	3.3%	4.1%	2.2%	3.3%	0.8%	3.6%	7.9%	2.5%	3.8%	1.9%	2.7%	0.5%	0.8%	7.4%
CHEMOTHERAPY	345	100%	3.5%	3.2%	0.0%	11.6%	12.8%	0.0%	6.4%	0.0%	4.3%	21.2%	0.0%	0.0%	3.5%	1.4%	1.4%	2.0%	0.3%	0.3%	28.1%
ALL OTHER	346	100%	13.6%	7.8%	5.5%	2.9%	12.7%	4.0%	3.5%	5.2%	6.1%	6.4%	0.6%	0.9%	2.3%	2.6%	1.7%	1.7%	1.2%	0.6%	20.8%
PLASTIC SURGERY	287	100%	8.7%	5.9%	6.6%	8.4%	13.9%	2.8%	7.3%	5.2%	2.8%	3.5%	10.5%	1.0%	2.1%	1.0%	2.4%	2.8%	0.7%	2.1%	12.2%
MEDICAL GYNECOLOGY	159	100%	15.1%	10.1%	11.3%	13.8%	7.5%	3.1%	3.8%	1.3%	0.0%	2.5%	5.0%	6.9%	1.3%	2.5%	0.6%	4.4%	1.3%	1.9%	7.5%
BURN	115	100%	0.0%	0.0%	0.9%	0.0%	76.5%	0.9%	0.0%	0.0%	0.9%	0.9%	0.0%	0.9%	0.0%	0.9%	11.3%	0.0%	0.0%	0.0%	7.0%
MEDICAL OPHTHALMOLOGY	64	100%	17.2%	10.9%	9.4%	10.9%	4.7%	1.6%	4.7%	0.0%	6.3%	4.7%	1.6%	4.7%	6.3%	1.6%	6.3%	1.6%	0.0%	3.1%	0.0%
SURGICAL OPHTHALMOLOGY	33	100%	3.0%	3.0%	0.0%	24.2%	30.3%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%	0.0%	3.0%	6.1%	0.0%	3.0%	0.0%	21.2%	
<b>Total</b>	<b>76,150</b>		<b>10,994</b>	<b>7,484</b>	<b>5,521</b>	<b>5,400</b>	<b>5,249</b>	<b>5,159</b>	<b>4,796</b>	<b>3,199</b>	<b>2,657</b>	<b>2,526</b>	<b>2,369</b>	<b>2,004</b>	<b>1,963</b>	<b>1,778</b>	<b>1,701</b>	<b>1,571</b>	<b>1,182</b>	<b>832</b>	<b>9,765</b>
<b>Total Market Share</b>			<b>14.4%</b>	<b>9.8%</b>	<b>7.3%</b>	<b>7.1%</b>	<b>6.9%</b>	<b>6.8%</b>	<b>6.3%</b>	<b>4.2%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.1%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>1.6%</b>	<b>1.1%</b>	<b>12.8%</b>

Source: OSHPD Discharge Database

- AMMC is the market share leader, with an overall market share of 14.4% for this area;
- AMMC is the market share leader for 15 of the 31 service lines profiled, including cardiovascular, oncology, gastroenterology, genitourinary and gynecology; and
- The highest number of service line discharges in the area was in medical-cardiovascular medicine, with 9,991 discharges
- AMMC performed 25.3% of the area's cardiovascular surgery procedures. AMMC was the market share leader (23.8%) for this service line;
- AMMC has an array of services that are typical for a community hospital. Except for open heart surgery, neonatal intensive care, breast cancer screening and chemotherapy, the majority of services offered at AMMC are also provided by other hospitals in or near the service area.

The following grid shows a comparison of local hospitals and the services they provide as compared to the services at AMMC:

SERVICE COMPARISON																	
Program/Service	Anaheim Memorial Medical Center	Western Medical Center Hospital - Anaheim	St. Jude Medical Center	West Anaheim Medical Center	University of California Irvine Medical Center	Garden Grove Hospital and Medical Center	Anaheim General Hospital	La Palma Intercommunity Hospital	Placentia Linda Hospital	St. Joseph Hospital	Western Medical Center Hospital - Santa Ana	Chapman Medical Center	Los Alamitos Medical Center	Fountain Valley Rgnl Hospital and Med Ctr	Orange Coast Memorial Medical Center	Kaiser Foundation Hospital - Anaheim	Children's Hospital of Orange County
Airborne Infection Isolation Room	✓	✓	✓		✓		✓			✓					✓		
Auxiliary Organization	✓	✓	✓		✓					✓					✓		
Birthing Room-LDR Room-LDRP Room	✓	✓	✓		✓	✓	✓			✓					✓	✓	
Breast Cancer Screening-Mammography	✓		✓		✓					✓					✓	✓	
Cardiac Intensive Care Services	✓				✓					✓						✓	
Cardiac Catheterization Laboratory	✓	✓	✓	✓	✓			✓		✓			✓	✓	✓	✓	
Adult Cardiac Surgery	✓	✓	✓	✓	✓			✓	✓	✓	✓			✓			
Cardiac Rehabilitation	✓	✓	✓				✓			✓							
Case Management	✓	✓	✓		✓	✓	✓			✓					✓	✓	✓
Chaplaincy/Pastoral Care	✓	✓	✓		✓	✓				✓					✓	✓	✓
Chemotherapy	✓		✓		✓					✓					✓	✓	✓
Community Health Reporting, Assessment and Planning	✓	✓	✓		✓	✓	✓			✓					✓	✓	✓
Crisis Prevention	✓														✓		
Emergency Department	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Health Fair, Education and Screenings	✓	✓	✓		✓	✓	✓			✓					✓	✓	✓
Hospital-Based Outpatient Care Center Services	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓		✓	✓	✓
Linguistic/Translation Services	✓	✓	✓		✓		✓			✓					✓	✓	✓
Medical Surgical Intensive Care Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Neonatal Intensive Care Services	✓	✓	✓		✓						✓			✓	✓	✓	✓
Neurological Services	✓		✓		✓					✓					✓	✓	✓
Nutrition Programs	✓		✓		✓	✓				✓					✓	✓	✓
Obstetrics Services	✓	✓	✓		✓	✓	✓	✓	✓	✓					✓	✓	
Occupational Health Services	✓		✓		✓			✓		✓	✓			✓	✓	✓	✓
Oncology Services	✓		✓		✓					✓					✓	✓	✓
Orthopedic Services	✓	✓	✓		✓					✓					✓	✓	✓
Other Special Care	✓				✓					✓					✓	✓	
Outpatient Surgery	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Patient Controlled Analgesia (PCA)	✓	✓	✓		✓	✓	✓			✓					✓	✓	✓
Patient Education Center and Representative Services	✓		✓		✓					✓					✓	✓	✓
Physical Rehabilitation Outpatient Services	✓		✓	✓	✓			✓	✓		✓	✓	✓	✓	✓		✓
CT Scanner	✓	✓	✓		✓	✓	✓			✓					✓	✓	✓
Diagnostic Radioisotope Facility	✓	✓	✓		✓	✓				✓					✓	✓	
Magnetic Resonance Imaging (MRI)	✓		✓		✓	✓		✓		✓					✓	✓	✓
Single Photon Emiss. Computerized Tomog. (SPECT)	✓		✓		✓					✓							
Ultrasound	✓	✓	✓		✓	✓	✓			✓					✓	✓	
Social Work Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Sports Medicine	✓		✓							✓					✓		
Support Groups	✓		✓		✓	✓				✓					✓		✓
Tobacco Treatment/Cessation Program	✓		✓		✓					✓					✓		
Transportation to Health Services	✓		✓				✓								✓	✓	✓
Virtual Colonoscopy	✓		✓		✓												
Volunteer Services Department	✓	✓	✓		✓	✓				✓					✓	✓	✓
Women's Health Center/Services	✓	✓	✓		✓					✓					✓		

Source: American Hospital Association Guide(2006), OSHPD License

## Medical/Surgical Beds

Including AMMC and the 14 area hospitals within 12 miles of AMMC, there is a total of 2,248 licensed medical/surgical beds available. Of the 2,248 licensed beds<sup>5</sup>, an average of 54.3% beds are occupied. Including Anaheim's unoccupied beds, the service area has 1,024 unoccupied licensed beds.

MEDICAL/SURGICAL BEDS 2008						
Hospitals	Miles from AMMC	Licensed Beds	Discharges	Pt. Days	Average Daily Census	Occupancy
Anaheim Memorial Medical Center	-	153	10,622	41,396	113.4	74.1%
Western Medical Center Hospital - Anaheim	3.6	56	1,867	13,853	38.0	67.8%
St. Jude Medical Center - Fullerton	3.9	200	12,019	48,637	133.3	66.6%
West Anaheim Medical Center	5.3	147	5,898	20,834	57.1	38.8%
University of California Irvine Medical Center	6.2	210	11,069	52,278	143.2	68.2%
Garden Grove Hospital and Medical Center	6.4	108	5,308	16,625	45.5	42.2%
Anaheim General Hospital*	6.5	70	2,255	9,407	25.8	36.8%
La Palma Intercommunity Hospital	7.4	105	2,704	7,413	20.3	19.3%
Kaiser Fnd Hosp - Anaheim	7.6	117	8,342	30,584	83.8	71.6%
Placentia Linda Hospital*	8.0	106	3,852	12,634	34.6	32.7%
St. Joseph Hospital - Orange	8.0	379	14,354	53,527	146.6	38.7%
Western Medical Center - Santa Ana	10.7	111	6,240	25,593	70.1	63.2%
Los Alamitos Medical Center	11.1	113	6,880	27,105	74.3	65.7%
Fountain Valley Rgnl Hosp and Med Ctr - Euclid	11.6	203	10,712	50,960	139.6	68.8%
Orange Coast Memorial Medical Center	11.9	170	10,501	34,615	94.8	55.8%
<b>TOTAL</b>		<b>2,248</b>	<b>112,623</b>	<b>445,461</b>	<b>1,220.4</b>	<b>54.3%</b>

Source: OSHPD Annual Utilization Reports, MapPoint  
 \* Indicates 2007 Data

<sup>5</sup> MDS uses licensed beds rather than available beds that are frequently the same as reported to OSHPD. The difference between the two indicates the number of all licensed beds that may not be able to be staffed or may be unavailable in the short-term due to other reasons.

## Intensive Care Beds

There are 14 hospitals, in addition to AMMC, that provide intensive care services (ICU), representing a total of 318 beds that are 66.8% occupied. Including AMMC's unoccupied beds, there is an average of 106 available ICU beds within 12 miles of AMMC. AMMC has 22 licensed ICU beds that are 54% occupied, with an average daily census of 12 patients.

ICU BEDS 2008						
Hospitals	Miles from AMMC	Licensed Beds	Discharges	Pt. Days	Average Daily Census	Occupancy
Anaheim Memorial Medical Center	-	22	335	4,334	11.9	54.0%
Western Medical Center Hospital - Anaheim	3.6	22	534	2,997	8.2	37.3%
St. Jude Medical Center - Fullerton	3.9	32	663	8,221	22.5	70.4%
West Anaheim Medical Center	5.3	10	282	3,922	10.7	107.5%
University of California Irvine Medical Center	6.2	48	1,038	14,226	39.0	81.2%
Garden Grove Hospital and Medical Center	6.4	12	484	3,914	10.7	89.4%
Anaheim General Hospital*	6.5	12	248	2,445	6.7	55.8%
La Palma Intercommunity Hospital	7.4	4	145	1,257	3.4	86.1%
Kaiser Fnd Hosp - Anaheim	7.6	12	200	3,880	10.6	88.6%
Placentia Linda Hospital*	8.0	4	98	798	2.2	54.7%
St. Joseph Hospital - Orange	8.0	32	358	4,964	13.6	42.5%
Western Medical Center - Santa Ana	10.7	42	2,097	7,783	21.3	50.8%
Los Alamitos Medical Center	11.1	9	277	2,879	7.9	87.6%
Fountain Valley Rgnl Hosp and Med Ctr - Euclid	11.6	36	558	10,409	28.5	79.2%
Orange Coast Memorial Medical Center	11.9	21	488	5,460	15.0	71.2%
<b>TOTAL</b>		<b>318</b>	<b>7,805</b>	<b>77,489</b>	<b>212.3</b>	<b>66.8%</b>

Source: OSHPD Annual Utilization Reports, MapPoint  
 \* Indicates 2007 Data

## Service Area Definition for Obstetrical Services

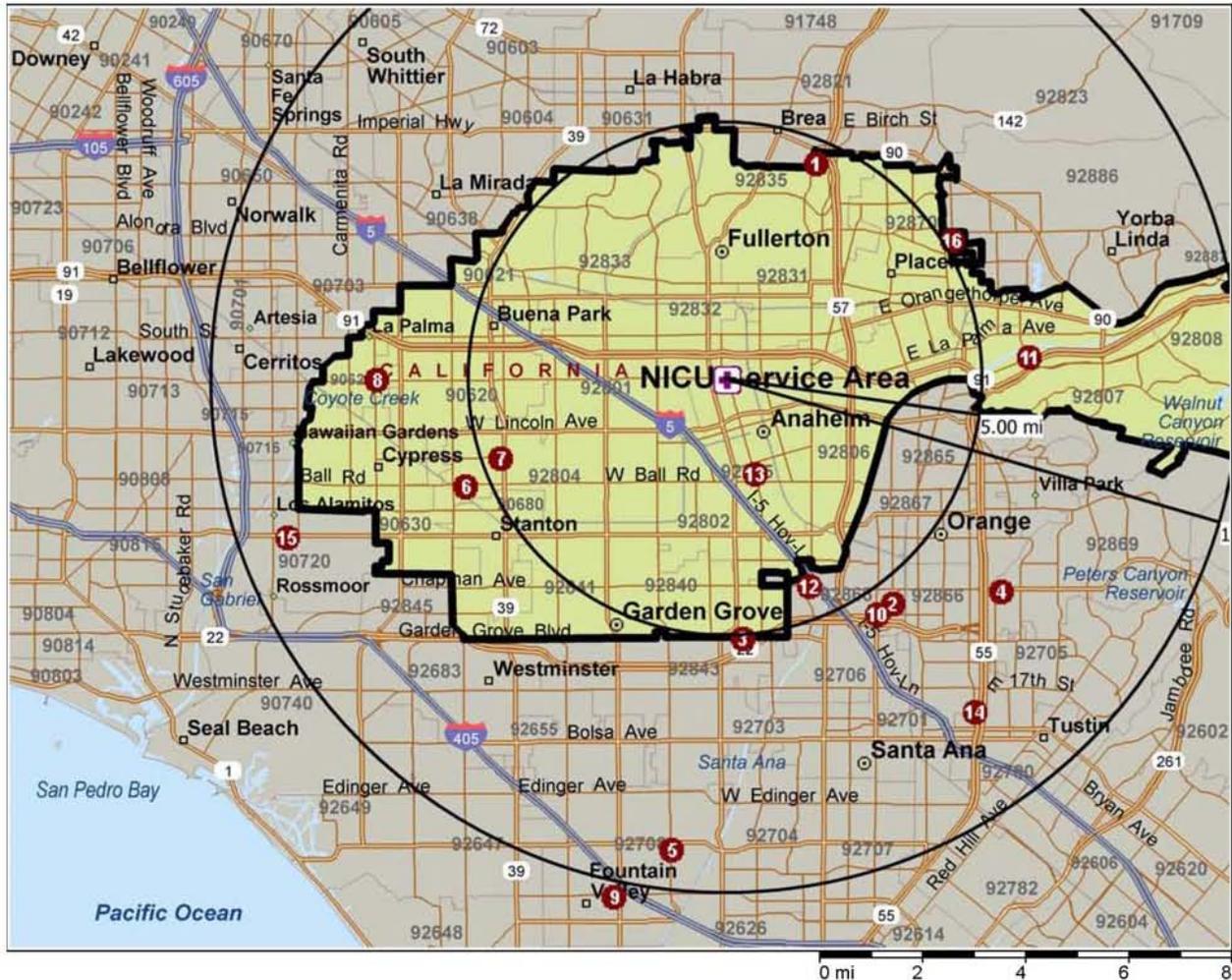
Approximately 72% of AMMC's obstetrical discharges come from the same 19 ZIP Codes in AMMC's overall service area. About 45% of AMMC's discharges emanate from the top five ZIP Codes in the service area.

Obstetrics Service Area Market Share by ZIP Code: 2007						
ZIPs		AMMC Discharges	% OF DISCHARGES	CUMM % OF DISCHARGES	TOTAL DISCHARGES	MARKET SHARE
92801	Anaheim	278	13.4%	13.4%	1,322	21.0%
92805	Anaheim	218	10.5%	24.0%	1,701	12.8%
92804	Anaheim	182	8.8%	32.8%	1,632	11.2%
92833	Fullerton	135	6.5%	39.3%	779	17.3%
90621	Buena Park	110	5.3%	44.7%	687	16.0%
92806	Anaheim	86	4.2%	48.8%	711	12.1%
90620	Buena Park	82	4.0%	52.8%	619	13.2%
92802	Anaheim	59	2.9%	55.6%	878	6.7%
92832	Fullerton	58	2.8%	58.4%	471	12.3%
92870	Placentia	57	2.8%	61.2%	762	7.5%
92831	Fullerton	42	2.0%	63.2%	481	8.7%
90680	Stanton	34	1.6%	64.9%	612	5.6%
92840	Garden Grove	30	1.5%	66.3%	1,075	2.8%
92807	Anaheim	29	1.4%	67.7%	415	7.0%
90630	Cypress	29	1.4%	69.1%	531	5.5%
92835	Fullerton	19	0.9%	70.1%	256	7.4%
92808	Anaheim	18	0.9%	70.9%	259	6.9%
90623	La Palma	16	0.8%	71.7%	183	8.7%
92841	Garden Grove	12	0.6%	72.3%	526	2.3%
<b>Sub Total</b>		<b>1,494</b>	<b>72.3%</b>		<b>13,900</b>	<b>10.7%</b>
Other ZIPs		573	28%			
<b>Total</b>		<b>2,067</b>	<b>100%</b>			

Source: Patient Discharge Database

## Service Area Map for Obstetrical and Neonatal Intensive Care Unit Services

AMMC's obstetrical service area is shown in the map below. The service area is the same for NICU patients.



### Pushpins

- Anaheim Memorial Medical Center
- St. Jude Medical Center
- St. Joseph Hospital
- Garden Grove Hospital MC
- Chapman Medical Center
- Fountain Valley Regional Hospital MC
- Anaheim General Hospital
- West Anaheim Medical Center
- La Palma Intercommunity Hospital
- Orange Coast Memorial MC
- Children's Hospital of Orange County
- Kaiser Fnd Hospital - Anaheim
- Univ Calif - Irvine MC
- Western Medical Ctr Hospital - Anaheim
- Western Medical Ctr Hospital - Santa Ana
- Los Alamitos Medical Center
- Placentia Linda Hospital
- Earl & Lorraine Children's Hospital

### Service Area

- NICU Service Area

There are 355 obstetrical beds in the local area, with a 56% occupancy rate. On average, there are 155 unoccupied licensed beds daily. AMMC has 27 obstetrical beds, with a 47% occupancy rate in 2008.

LICENSED OBSTETRICS BEDS 2008						
Hospitals	Miles from AMMC	Licensed Beds	Discharges	Pt. Days	Average Daily Census	Occupancy
Anaheim Memorial Medical Center	-	27	2,083	4,633	12.7	47.0%
Western Medical Center - Anaheim	3.6	14	2,847	3,246	8.9	63.5%
St. Jude Medical Center - Fullerton	3.9	32	1,781	4,966	13.6	42.5%
University of California Irvine Medical Center	6.2	26	1,663	6,408	17.6	67.5%
Garden Grove Hospital and Medical Center	6.4	35	3,002	5,713	15.7	44.7%
Anaheim General Hospital*	6.5	14	581	1,401	3.8	27.4%
La Palma Intercommunity Hospital	7.4	11	242	498	1.4	12.4%
Kaiser Fnd Hosp - Anaheim	7.6	36	3,483	8,137	22.3	61.9%
St. Joseph Hospital - Orange	8.0	57	5,091	11,738	32.2	56.4%
Western Medical Center - Santa Ana	10.7	52	3,244	7,801	21.4	41.1%
Los Alamitos Medical Center	11.1	12	1,929	4,568	12.5	104.3%
Fountain Valley Rgnl Hosp and Med Ctr - Euclid	11.6	18	3,643	10,226	28.0	155.6%
Orange Coast Memorial Medical Center	11.9	21	1,413	3,572	9.8	46.6%
<b>TOTAL</b>		<b>355</b>	<b>31,002</b>	<b>72,907</b>	<b>199.7</b>	<b>56.3%</b>

Source: ALIRTS CY 2008 Reports , MapPoint  
 \* Indicates 2007 Data

## Service Area Market Share and Payer Mix for Obstetrical Services

The majority of all area obstetrics hospital inpatients are insured by Traditional Medi-Cal (37.8%) and Commercial Managed Care (32.3%). Western Medical Center Hospital of Anaheim is the market share leader in providing obstetrical services within the area, with 18.4% overall market share. AMMC is second with 10.7% market share.

Obstetrics Service Area Market Share by Payer: 2007												
Hospitals	Total Discharges	Overall	Commercial		Managed MediCal	PPO EPO POS	Private Insurance	Traditional Medicare	Managed Medicare	Workers Comp.	County Indigent	Other
		Market Share	Traditional MediCal	Managed Care								
WESTERN MEDICAL CENTER HOSPITAL - ANAHEIM	2,561	18.4%	39.0%	1.1%	14.9%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	27.6%
ANAHEIM MEMORIAL MEDICAL CENTER	1,494	10.7%	6.6%	14.6%	13.0%	12.7%	4.5%	33.3%	0.0%	0.0%	0.0%	10.6%
KAISER FND HOSP - ANAHEIM	1,429	10.3%	0.0%	29.7%	4.2%	0.0%	0.5%	0.0%	60.0%	0.0%	0.0%	1.9%
GARDEN GROVE HOSPITAL AND MEDICAL CENTER	1,343	9.7%	17.7%	2.6%	10.8%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	10.3%
ST. JOSEPH HOSPITAL - ORANGE	1,321	9.5%	6.0%	11.1%	10.2%	0.0%	78.9%	11.1%	0.0%	0.0%	0.0%	4.0%
ST. JUDE MEDICAL CENTER	908	6.5%	1.5%	10.1%	2.1%	24.2%	0.0%	0.0%	100.0%	0.0%	0.0%	3.1%
FOUNTAIN VALLEY RGNL HOSP AND MED CTR - EUCLID	785	5.6%	3.0%	6.9%	8.8%	10.7%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%
UNIVERSITY OF CALIFORNIA IRVINE MEDICAL CENTER	726	5.2%	6.6%	1.0%	12.3%	4.3%	3.5%	22.2%	0.0%	0.0%	100.0%	5.2%
ANAHEIM GENERAL HOSPITAL	541	3.9%	5.7%	0.2%	10.9%	0.3%	0.0%	11.1%	0.0%	0.0%	0.0%	4.0%
<All others>	2,792	20.1%	13.9%	22.8%	12.7%	43.7%	12.6%	22.2%	40.0%	0.0%	0.0%	30.9%
<b>Total</b>	<b>13,900</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Discharges			5,258	4,488	1,891	1,300	374	9	5	1	1	573
% of Discharges			37.8%	32.3%	13.6%	9.4%	2.7%	0.1%	0.0%	0.0%	0.0%	4.1%

Source: OSHPD Discharge Database 2007

## Payer Mix by Year for Anaheim Memorial Medical Center's Obstetrical Services

In recent years, AMMC's obstetrical services payer mix has been primarily dominated by Commercial Managed Care (43.8% in 2007) and Traditional and Managed Medi-Cal (39.8% in 2007). Significant shifts have occurred in Traditional Medi-Cal, decreasing over the past five years, from 36.5% in 2003 to 23.3% in 2007, and Commercial Managed Care that has been increasing from 33.1% in 2003 to 43.8% in 2007.

ANAHEIM MEMORIAL MEDICAL CENTER PAYER MIX TREND OBSTETRICAL SERVICES					
Payer	2003	2004	2005	2006	2007
Commercial Managed Care	33.1%	43.3%	39.8%	43.1%	43.8%
Traditional MediCal	36.5%	15.0%	17.5%	16.3%	23.3%
Managed MediCal	15.4%	20.0%	21.5%	22.7%	16.5%
PPO-EPO-POS	12.1%	17.1%	15.9%	12.0%	11.0%
Private Insurance	0.3%	0.4%	0.9%	0.9%	1.1%
Traditional Medicare	0.1%	0.1%	0.1%	0.2%	0.2%
Managed Medicare	0.0%	0.1%	0.0%	0.0%	0.0%
County Indigent	0.0%	0.1%	0.0%	0.0%	0.0%
Other	2.4%	4.1%	4.2%	4.7%	4.1%

Source: OSHPD Discharge Database

## Service Area Definition for Neonatal Intensive Care Services

Approximately 67% of AMMC's Neonatal Intensive Care Unit ("NICU") discharges come from the 19 service area ZIP Codes. AMMC had a total of 314 discharges in within 2007, which accounts for 9.9% of the market's 3,174 total discharges. Over 45% of AMMC's discharges emanate from the top five ZIP Codes in the service area.

ANAHEIM MEMORIAL MEDICAL CENTER PATIENT ORIGIN AND MARKET SHARE FOR NICU - 2007						
ZIP Codes	Community	AMMC Total Discharges	% of Discharges	Cum % of Discharges	Total Area Discharges	AMMC Market Share
92805	Anaheim	53	11.3%	11.3%	359	14.8%
92801	Anaheim	53	11.3%	22.5%	295	18.0%
92804	Anaheim	49	10.4%	32.9%	379	12.9%
92833	Fullerton	34	7.2%	40.1%	174	19.5%
90621	Buena Park	25	5.3%	45.4%	142	17.6%
92806	Anaheim	17	3.6%	49.0%	160	10.6%
92832	Fullerton	16	3.4%	52.4%	114	14.0%
90620	Buena Park	13	2.8%	55.2%	153	8.5%
92870	Placentia	13	2.8%	58.0%	176	7.4%
92802	Anaheim	7	1.5%	59.4%	196	3.6%
92831	Fullerton	7	1.5%	60.9%	107	6.5%
90630	Cypress	6	1.3%	62.2%	105	5.7%
90680	Stanton	6	1.3%	63.5%	120	5.0%
92840	Garden Grove	6	1.3%	64.8%	279	2.2%
90623	La Palma	2	0.4%	65.2%	35	5.7%
92807	Anaheim	2	0.4%	65.6%	116	1.7%
92835	Fullerton	2	0.4%	66.0%	63	3.2%
92841	Garden Grove	2	0.4%	66.5%	116	1.7%
92808	Anaheim	1	0.2%	66.7%	85	1.2%
<b>Subtotal</b>		<b>314</b>	<b>66.7%</b>		<b>3,174</b>	<b>9.9%</b>
Other ZIPs		157	33.3%	100.0%		
<b>Total</b>		<b>471</b>	<b>100.0%</b>			
*Excludes Normal Newborns (DRG 391)						
Source: OSHPD Patient Discharge Database						

## Neonatal Intensive Care Services

There are currently 11 NICUs serving the area. AMMC's NICU had an average census of 6.8 patients per day in 2008 and a total of 11 licensed beds that were 61.4% occupied.

The combined 11 area NICU programs have approximately 67% occupancy. Including AMMC's 11 beds, there is an average of 83 available NICU beds in the area. Children's Hospital of Orange County ("CHOC"), Miller Children's Hospital and St. Jude Medical Center's NICUs run with higher occupancy rates. However, CHOC indicates that it can absorb AMMC's NICU volume if needed. In 2012, CHOC will also add 36 more NICU beds with its completion of a new patient tower. Other area units such as Garden Grove Hospital, Orange Coast Memorial and University of California Irvine Medical Center have significant available capacity. UCI Medical Center plans to add 15 NICU beds in 2009.

SERVICE AREA NEONATAL ICU SERVICES 2008						
Facility	Miles from AMMC	Licensed Beds	Discharges	Pt. Days	Average Daily Census	Occupancy
Anaheim Memorial Medical Center	-	11	237	2,797	6.8	69.7%
Western Medical Center - Anaheim	3.6	5	190	1,139	3.1	62.4%
St. Jude Medical Center - Fullerton	3.9	6	133	1,637	4.5	74.7%
University of California Irvine Medical Center	6.2	30	50	3,650	10.0	33.3%
Garden Grove Hospital and Medical Center	6.4	12	183	1,805	4.9	41.2%
Kaiser Fnd Hosp - Anaheim	7.6	14	253	3,777	10.3	73.9%
Children's Hospital of Orange County	7.9	54	586	13,911	38.1	70.6%
Western Medical Center - Santa Ana	10.7	16	310	3,746	10.3	64.1%
Fountain Valley Rgnl Hosp and Med Ctr - Euclid	11.6	23	409	5,956	16.3	70.9%
Orange Coast Memorial Medical Center	11.9	12	180	1,329	3.6	30.3%
Earl and Lorraine Miller Childrens Hospital	20.4	69	1104	21,858	59.9	86.8%
<b>TOTAL</b>		<b>252</b>	<b>3,635</b>	<b>61,605</b>	<b>168.8</b>	<b>67.0%</b>

Source: OSHPD Annual Utilization Report, MapPoint

## Service Area Market Share and Payer Mix for Neonatal Intensive Care Services

The majority of all area NICU hospital inpatients are insured by Traditional and Managed Medi-Cal (48.4%) and Commercial Managed Care (33.2%). University of California Irvine Medical Center is the market share leader with 12.6% overall market share. AMMC is fourth in the market with 9.9% market share.

SERVICE AREA MARKET SHARE BY PAYER HIGH RISK NEWBORNS 2007									
Hospitals	Total Discharges	Total %	Payer Mix						
			Commercial Managed Care	Traditional MediCal	Managed MediCal	Private Insurance	PPO-EPO-POS	Other	
UNIVERSITY OF CALIFORNIA IRVINE MED. CTR.	399	12.6%	1.6%	14.5%	35.1%	9.8%	10.6%	5.0%	
KAISER FND HOSP - ANAHEIM	352	11.1%	32.4%	0.0%	0.6%	0.0%	0.0%	4.3%	
WESTERN MED. CTR. HOSP. - ANAHEIM	338	10.6%	1.0%	24.2%	9.2%	0.0%	1.5%	17.4%	
ANAHEIM MEMORIAL MEDICAL CENTER	314	9.9%	11.9%	5.9%	10.0%	3.7%	7.1%	31.1%	
ST. JOSEPH HOSPITAL - ORANGE	299	9.4%	10.5%	7.9%	9.0%	68.3%	0.0%	3.1%	
GARDEN GROVE HOSPITAL AND MED. CTR.	271	8.5%	1.8%	19.8%	7.5%	0.0%	2.1%	3.1%	
ST. JUDE MEDICAL CENTER	210	6.6%	9.7%	2.1%	1.2%	0.0%	22.6%	2.5%	
FOUNTAIN VALLEY RGNL HOSP AND MED CTR	190	6.0%	6.5%	3.4%	8.8%	0.0%	9.7%	4.3%	
CHILDREN'S HOSPITAL OF ORANGE COUNTY	179	5.6%	4.0%	6.5%	8.6%	2.4%	6.2%	1.9%	
WESTERN MEDICAL CENTER - SANTA ANA	122	3.8%	0.9%	7.2%	3.3%	0.0%	0.6%	12.4%	
HOAG MEMORIAL HOSPITAL PRESBYTERIAN	92	2.9%	2.3%	0.2%	0.2%	11.0%	16.5%	0.0%	
LOS ALAMITOS MEDICAL CENTER	55	1.7%	2.2%	1.0%	1.7%	0.0%	3.8%	0.0%	
ORANGE COAST MEMORIAL MED. CTR.	41	1.3%	2.4%	0.1%	1.9%	0.0%	1.2%	0.6%	
EARL AND LORRAINE MILLER CHILDRENS HOSP.	37	1.2%	1.4%	0.2%	0.2%	2.4%	3.5%	3.1%	
<All others>	275	8.7%	11.3%	7.1%	2.7%	2.4%	14.7%	11.2%	
<b>Total</b>	<b>3,174</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
Discharges			1,054	1,016	521	82	340	161	
% of Total Discharges			33.2%	32.0%	16.4%	2.6%	10.7%	5.1%	

Source: OSHPD Patient Discharge Database

## Payer Mix by Year for Anaheim Memorial Medical Center's Neonatal Intensive Care Services

In 2007, AMMC's NICU payer mix was primarily dominated by Commercial Managed Care (39.9%) and Traditional and Managed Medi-Cal (30.3%). Managed Medi-Cal has increased over the past 5 years from 9.6% in 2003 to 14.6% in 2007. PPO-EPO-POS has decreased slightly over the past four years, from 13.0% in 2004 to 11% in 2007. Commercial Managed Care had the largest shift, increasing from 34.5% to 39.9%.

ANAHEIM MEMORIAL MEDICAL CENTER PAYER MIX - NICU 2003 - 2007							
Payer	Total Discharges	Total	2003	2004	2005	2006	2007
Commercial Managed Care	736	34.5%	32.2%	37.2%	28.8%	33.6%	39.9%
Other	442	20.7%	14.6%	20.7%	22.4%	28.2%	18.0%
Traditional MediCal	374	17.5%	30.1%	12.0%	16.0%	13.2%	15.7%
PPO-EPO-POS	288	13.5%	13.0%	18.5%	16.0%	9.7%	11.0%
Managed MediCal	277	13.0%	9.6%	11.5%	15.5%	13.7%	14.6%
Private Insurance	18	0.8%	0.5%	0.2%	1.3%	1.6%	0.6%
<b>Total</b>	<b>2,135</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>
Discharges			438	401	393	432	471
% of Total Discharges			20.5%	18.8%	18.4%	20.2%	22.1%

Source: OSHPD Patient Discharge Database

## Service Area Definition for Medical Cardiovascular Services

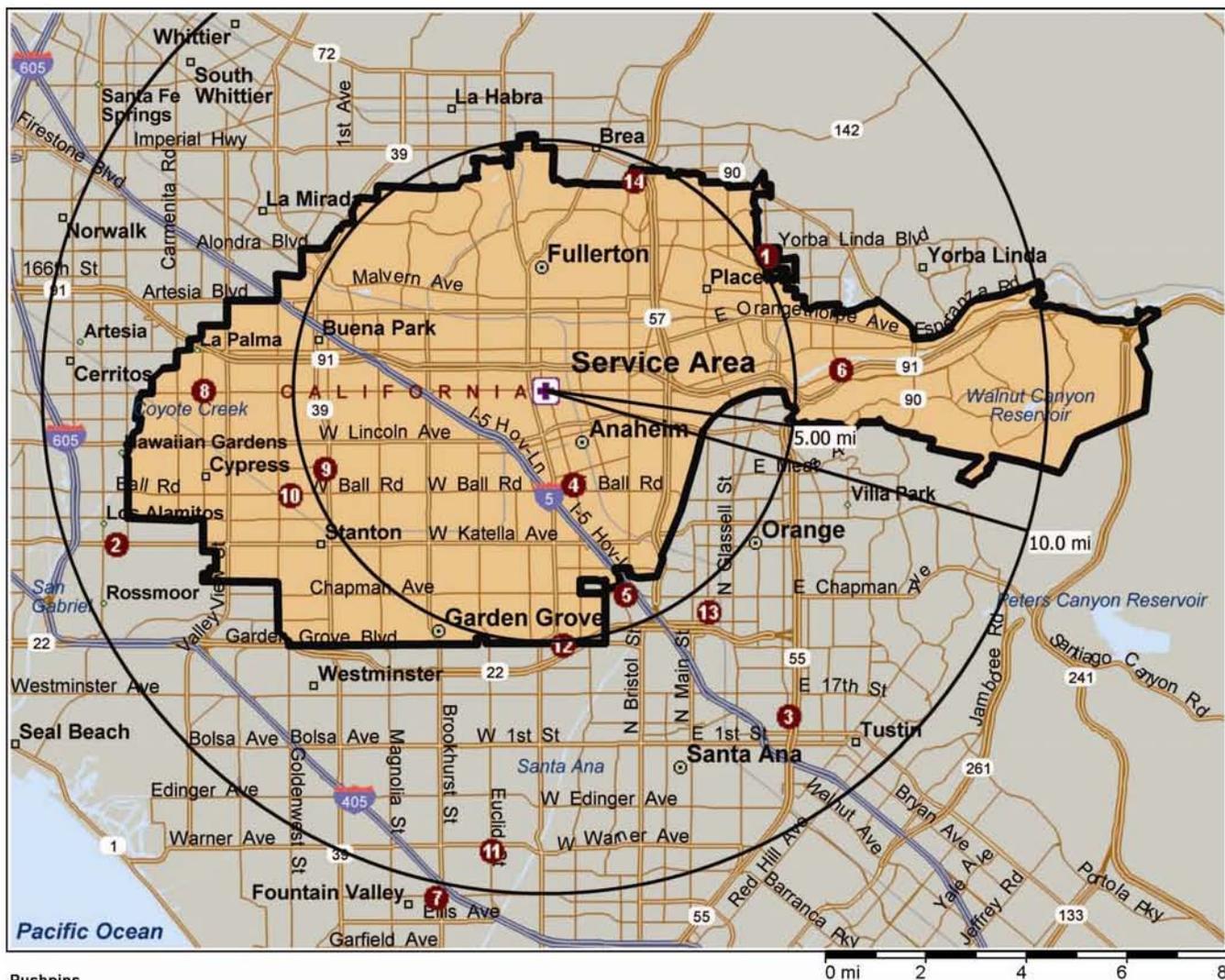
Approximately 69% of AMMC's medical cardiovascular discharges come from the 19 service area ZIP Codes. AMMC had 2,381 discharges in the service area in 2007, which accounted for 24% of the market's 9,991 total discharges. Over 40% of AMMC's medical cardiovascular discharges emanate from the top five ZIP Codes in the service area.

ANAHEIM MEMORIAL MEDICAL CENTER PATIENT ORIGIN AND MARKET SHARE FOR MEDICAL CARDIOVASCULAR 2007						
ZIP Codes	Community	Total Discharges	% of Discharges	Cum % of Discharges	Total Area Discharges	Market Share
92801	Anaheim	462	13.3%	13.3%	864	53.5%
92804	Anaheim	321	9.3%	22.6%	1,308	24.5%
92805	Anaheim	288	8.3%	30.9%	594	48.5%
90620	Buena Park	175	5.0%	35.9%	798	21.9%
92833	Fullerton	166	4.8%	40.7%	561	29.6%
92802	Anaheim	144	4.2%	44.9%	419	34.4%
92806	Anaheim	144	4.2%	49.0%	407	35.4%
92832	Fullerton	98	2.8%	51.9%	313	31.3%
92807	Anaheim	79	2.3%	54.1%	426	18.5%
92870	Placentia	71	2.0%	56.2%	638	11.1%
92840	Garden Grove	69	2.0%	58.2%	594	11.6%
90621	Buena Park	67	1.9%	60.1%	381	17.6%
90680	Stanton	66	1.9%	62.0%	469	14.1%
90630	Cypress	63	1.8%	63.8%	645	9.8%
92841	Garden Grove	55	1.6%	65.4%	422	13.0%
92831	Fullerton	52	1.5%	66.9%	320	16.3%
90623	La Palma	22	0.6%	67.6%	256	8.6%
92835	Fullerton	20	0.6%	68.1%	417	4.8%
92808	Anaheim	19	0.5%	68.7%	159	11.9%
<b>Subtotal</b>		<b>2,381</b>	<b>68.7%</b>		<b>9,991</b>	<b>23.8%</b>
Other ZIPs		1,086	31.3%	100.0%		
<b>Total Hospital Discharges</b>		<b>3,467</b>	<b>100.0%</b>			

Source: OSHPD Patient Discharge Database

## Service Area Map for Medical and Surgical Cardiovascular Services

AMMC's medical and surgical cardiovascular service area is shown on the map below. 14 area hospitals within a 12-mile radius offer cardiovascular services (not open-heart surgery)



### Pushpins

- 14 St. Jude Medical Center
- 1 Placentia Linda Hospital
- 2 Los Alamitos Medical Center
- 3 Western Medical Ctr Hospital - Santa Ana
- 4 Western Medical Ctr Hospital - Anaheim
- 5 Univ Calif - Irvine MC
- 6 Kaiser Fnd Hospital - Anaheim
- 7 Orange Coast Memorial MC
- 8 La Palma Intercommunity Hospital
- 9 West Anaheim Medical Center
- 10 Anaheim General Hospital
- 11 Fountain Valley Regional Hospital MC
- 12 Garden Grove Hospital MC
- 13 St. Joseph Hospital

### Service Area

- Service Area

## Service Area Market Share and Payer Mix for Medical Cardiovascular Services

The majority of all area medical cardiovascular hospital inpatients are insured by Traditional and Managed Medicare (54%). AMMC is clearly the market share leader with 24% overall market share for these services. AMMC leads the market in five of the major payer groups.

SERVICE AREA MARKET SHARE BY PAYER - MEDICAL CARDIOVASCULAR 2007													
Hospitals	Total Discharges	Total %	Commercial					Private Insurance	PPO-EPO-POS	County Indigent	Workers Comp.	Other	
			Traditional Medicare	Managed Medicare	Managed Care	Traditional MediCal	Managed MediCal						
ANAHEIM MEMORIAL MEDICAL CENTER	2,381	23.8%	22.8%	16.8%	37.7%	25.6%	9.4%	18.5%	18.9%	28.3%	4.0%	22.9%	
ST. JUDE MEDICAL CENTER	1,328	13.3%	17.8%	16.0%	6.8%	1.3%	7.5%	0.4%	26.8%	9.7%	12.0%	6.2%	
WEST ANAHEIM MEDICAL CENTER	1,200	12.0%	15.1%	13.0%	6.7%	10.1%	18.5%	17.7%	4.3%	18.3%	16.0%	3.3%	
KAISER FND HOSP - ANAHEIM	518	5.2%	0.8%	13.4%	10.2%	0.0%	1.9%	0.4%	0.0%	0.0%	0.0%	2.1%	
UNIVERSITY OF CALIFORNIA IRVINE MED. CTR.	505	5.1%	4.6%	2.2%	1.3%	7.7%	16.9%	6.4%	4.8%	16.2%	0.0%	11.0%	
LA PALMA INTERCOMMUNITY HOSPITAL	450	4.5%	4.4%	4.8%	4.4%	6.7%	4.2%	13.2%	1.9%	6.2%	0.0%	0.8%	
PLACENTIA LINDA HOSPITAL	356	3.6%	3.1%	6.6%	3.1%	5.1%	0.9%	1.1%	1.6%	3.5%	48.0%	0.6%	
ST. JOSEPH HOSPITAL - ORANGE	340	3.4%	3.8%	0.2%	3.9%	7.1%	0.9%	23.8%	5.0%	1.3%	0.0%	0.6%	
LOS ALAMITOS MEDICAL CENTER	300	3.0%	2.8%	5.8%	2.0%	2.4%	0.7%	1.1%	5.2%	1.1%	0.0%	0.6%	
WESTERN MED. CTR. HOSPITAL - ANAHEIM	262	2.6%	3.2%	0.7%	0.5%	2.4%	4.2%	0.8%	2.2%	0.0%	4.0%	17.1%	
GARDEN GROVE HOSPITAL AND MED. CTR.	253	2.5%	3.0%	2.1%	1.5%	5.4%	4.7%	0.4%	1.4%	4.0%	4.0%	2.3%	
ANAHEIM GENERAL HOSPITAL	251	2.5%	3.0%	0.9%	0.7%	4.7%	9.8%	3.8%	0.3%	3.8%	0.0%	4.1%	
FOUNTAIN VALLEY RGNL HOSP. AND MED. CTR.	244	2.4%	3.1%	1.3%	1.7%	1.0%	6.8%	0.0%	3.5%	3.0%	0.0%	1.4%	
ORANGE COAST MEMORIAL MEDICAL CENTER	213	2.1%	1.1%	3.1%	4.7%	0.0%	1.2%	0.4%	1.4%	0.5%	0.0%	0.8%	
<All others>	1,390	13.9%	11.6%	13.0%	14.7%	20.5%	12.5%	12.1%	22.7%	4.0%	12.0%	26.0%	
<b>Total</b>	<b>9,991</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
Discharges			3,428	1,920	2,049	297	574	265	578	371	25	484	
% of Total Discharges			34.3%	19.2%	20.5%	3.0%	5.7%	2.7%	5.8%	3.7%	0.3%	4.8%	

Source: OSHPD Patient Database

## Payer Mix by Year for Anaheim Memorial Medical Center's Medical Cardiovascular Services

In 2007, AMMC's medical cardiovascular services payer mix was primarily dominated by Traditional and Managed Medicare (40.6%) and Commercial Managed Care (36.9%). Commercial Managed Care has increased significantly over the past four years, from 15.5% in 2003 to 36.9% in 2007, while Managed Medicare decreased from 32.7% to 12.0%.

ANAHEIM MEMORIAL MEDICAL CENTER PAYER MIX TREND - MEDICAL CARDIOVASCULAR					
Payer	2003	2004	2005	2006	2007
Commercial Managed Care	15.5%	19.9%	35.6%	37.9%	36.9%
Traditional Medicare	32.7%	30.1%	29.5%	27.3%	28.6%
Managed Medicare	32.7%	30.5%	17.3%	14.1%	12.0%
PPO-EPO-POS	6.4%	5.0%	4.8%	5.8%	5.4%
Managed MediCal	4.0%	4.5%	4.2%	3.3%	2.0%
Other	2.4%	3.3%	3.0%	3.2%	4.3%
County Indigent	3.1%	4.0%	2.0%	1.8%	3.4%
Private Insurance	0.3%	0.6%	1.5%	4.4%	4.2%
Traditional MediCal	2.5%	2.0%	1.8%	1.9%	3.0%
Workers Compensation	0.2%	0.1%	0.4%	0.2%	0.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Discharges	2,587	2,282	2,794	3,479	3,467
% of Total Discharges	17.7%	15.6%	19.1%	23.8%	23.7%

Source: OSHPD Discharge Database

## Service Area Definition for Surgical Cardiovascular Services

Approximately 51% of AMMC's surgical cardiovascular discharges come from the 19 service area ZIP Codes. AMMC had a total of 875 discharges in the service area in 2007 and holds 25.3% of the market's 1,747 total discharges. Over 28% of AMMC's discharges emanate from the top five ZIP Codes in the service area.

ANAHEIM MEMORIAL MEDICAL CENTER						
PATIENT ORIGIN AND MARKET SHARE FOR SURGICAL CARDIOVASCULAR						2007
ZIP Codes	Community	AMMC Total Discharges	% of Discharges	Cum % of Discharges	Total Area Discharges	AMMC Market Share
92801	Anaheim	70	8.0%	8.0%	152	46.1%
92804	Anaheim	59	6.7%	14.7%	193	30.6%
92805	Anaheim	56	6.4%	21.1%	131	42.7%
90620	Buena Park	39	4.5%	25.6%	106	36.8%
92802	Anaheim	24	2.7%	28.3%	69	34.8%
92806	Anaheim	23	2.6%	31.0%	70	32.9%
92807	Anaheim	22	2.5%	33.5%	107	20.6%
92833	Fullerton	21	2.4%	35.9%	101	20.8%
90680	Stanton	20	2.3%	38.2%	68	29.4%
92840	Garden Grove	15	1.7%	39.9%	114	13.2%
92870	Placentia	15	1.7%	41.6%	126	11.9%
90621	Buena Park	13	1.5%	43.1%	63	20.6%
90630	Cypress	13	1.5%	44.6%	113	11.5%
92832	Fullerton	13	1.5%	46.1%	52	25.0%
92831	Fullerton	9	1.0%	47.1%	66	13.6%
92841	Garden Grove	9	1.0%	48.1%	54	16.7%
92835	Fullerton	8	0.9%	49.0%	80	10.0%
90623	La Palma	7	0.8%	49.8%	34	20.6%
92808	Anaheim	6	0.7%	50.5%	48	12.5%
<b>Subtotal</b>		<b>442</b>	<b>50.5%</b>		<b>1,747</b>	<b>25.3%</b>
Other ZIPs		433	49.5%	100.0%		
<b>Total</b>		<b>875</b>	<b>100.0%</b>			

Source: OSHPD Patient Discharge Database

## Service Area Market Share and Payer Mix for Surgical Cardiovascular Services

The majority of all area surgical cardiovascular hospital inpatients are insured by Traditional and Managed Medicare (50%). AMMC is the market share leader with 25.3% market share. AMMC leads the market in six of the ten payer groups.

SERVICE AREA MARKET SHARE BY PAYER - SURGICAL CARDIOVASCULAR 2007												
Hospitals	Total Discharges	Total	Traditional Medicare	Managed Medicare	Commercial Managed Care	Traditional MediCal	Managed MediCal	Private Insurance	PPO-EPO-POS	County Indigent	Workers Comp.	Other
ANAHEIM MEMORIAL MEDICAL CENTER	442	25.3%	26.5%	26.2%	29.4%	17.8%	5.6%	28.8%	24.4%	21.6%	25.0%	25.0%
ST. JUDE MEDICAL CENTER	251	14.4%	19.0%	17.1%	10.5%	1.4%	6.7%	0.0%	20.8%	16.2%	50.0%	2.8%
ST. JOSEPH HOSPITAL - ORANGE	138	7.9%	8.5%	1.5%	8.9%	8.2%	3.3%	47.0%	3.6%	8.1%	25.0%	1.4%
UNIVERSITY OF CALIFORNIA IRVINE MED. CTR.	105	6.0%	6.3%	2.5%	1.1%	2.7%	15.6%	3.0%	6.0%	37.8%	0.0%	19.4%
FOUNTAIN VALLEY RGNL HOSP. AND MED. CTR.	77	4.4%	7.5%	2.5%	0.6%	0.0%	16.7%	0.0%	3.6%	5.4%	0.0%	0.0%
KAISER FND HOSP - ANAHEIM	75	4.3%	0.2%	11.6%	11.4%	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
CHILDREN'S HOSPITAL OF ORANGE COUNTY	67	3.8%	0.0%	0.0%	5.5%	43.8%	10.0%	1.5%	2.4%	0.0%	0.0%	1.4%
KAISER FND HOSP - SUNSET	66	3.8%	0.0%	12.7%	8.0%	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	1.4%
WEST ANAHEIM MEDICAL CENTER	57	3.3%	5.0%	3.3%	0.6%	5.5%	10.0%	1.5%	0.0%	2.7%	0.0%	1.4%
WESTERN MEDICAL CENTER - SANTA ANA	54	3.1%	2.8%	1.1%	2.8%	1.4%	8.9%	0.0%	3.0%	0.0%	0.0%	13.9%
LONG BEACH MEMORIAL MEDICAL CENTER	47	2.7%	2.8%	2.5%	3.0%	1.4%	0.0%	6.1%	3.6%	0.0%	0.0%	1.4%
WESTERN MED. CTR. HOSPITAL - ANAHEIM	42	2.4%	2.0%	0.4%	1.4%	1.4%	3.3%	0.0%	1.2%	0.0%	0.0%	25.0%
HOAG MEMORIAL HOSPITAL PRESBYTERIAN	40	2.3%	3.3%	0.7%	1.1%	1.4%	0.0%	0.0%	6.5%	2.7%	0.0%	1.4%
GARDEN GROVE HOSPITAL AND MED. CTR.	24	1.4%	2.2%	0.7%	0.0%	4.1%	4.4%	0.0%	0.0%	5.4%	0.0%	0.0%
<All others>	262	15.0%	14.0%	17.1%	15.8%	11.0%	13.3%	12.1%	25.0%	0.0%	0.0%	5.6%
<b>Total</b>	<b>1,747</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Discharges			601	275	361	73	90	66	168	37	4	72
% of Total Discharges			34.4%	15.7%	20.7%	4.2%	5.2%	3.8%	0.10	0.02	0.00	0.04

Source: OSHPD Patient Discharge Database

## Payer Mix by Year for Anaheim Memorial Medical Center's Surgical Cardiovascular Services

In 2007, AMMC's surgical cardiovascular services payer mix was primarily dominated by Traditional and Managed Medicare (44.7%) and Commercial Managed Care (21%). Managed Medicare patients have decreased over the past four years, from 27.8% in 2003 to 11.9% in 2007, while private insurance payers have increased from 0.9% to 16.7% in the same period.

ANAHEIM MEMORIAL MEDICAL CENTER PAYER MIX TREND SURGICAL CARDIOVASCULAR 2003 - 2007						
Payer	Total Discharges	2003	2004	2005	2006	2007
Traditional Medicare	1,812	32.0%	32.4%	31.1%	36.1%	32.8%
Commercial Managed Care	1,054	16.3%	18.4%	21.3%	18.1%	21.0%
Managed Medicare	997	27.8%	23.3%	11.5%	12.5%	11.9%
PPO-EPO-POS	757	14.6%	13.8%	15.3%	13.0%	10.5%
Private Insurance	496	0.9%	3.7%	12.9%	13.8%	16.7%
Other	129	1.9%	2.2%	2.9%	1.6%	3.0%
Managed MediCal	105	2.4%	2.0%	2.0%	1.9%	0.8%
Traditional MediCal	87	1.9%	1.9%	0.9%	1.6%	1.7%
County Indigent	84	1.5%	1.5%	1.9%	1.2%	1.3%
Workers Compensation	24	0.7%	0.7%	0.2%	0.2%	0.3%
<b>Total</b>	<b>5,545</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>
Discharges		1,158	1,335	1,291	886	875
% of Total Discharges		20.9%	24.1%	23.3%	16.0%	15.8%

Source: OSHPD Patient Discharge Database

## Orange County Coronary Arterial Bypass Graft Surgeries by Hospital

The table below shows those hospitals that provide coronary arterial bypass graft surgery (“CABG”), as reported to OSHPD. AMMC has the second highest CABG volume in the County, after Hoag Hospital, with 169 procedures in 2008. AMMC carried out the most percutaneous transluminal coronary angioplasties (“PTCAs”), performing 643 procedures in 2008.

<b>ORANGE COUNTY HOSPITALS PERFORMING CABGs (2008)</b>				
	<b>CABG</b>	<b>% Total</b>	<b>PTCA</b>	<b>% Total</b>
Anaheim Memorial Medical Center	169	13.2%	643	13.7%
St. Joseph Hospital	130	10.1%	477	10.1%
Hoag Memorial Hospital Presbyterian	232	18.1%	604	12.8%
Mission Hospital Rgnl Medical Center	130	10.1%	568	12.1%
St. Jude Medical Center	84	6.5%	602	12.8%
Fountain Valley Rgnl Hosp and Med Ctr	160	12.5%	422	9.0%
Saddleback Memorial Med Ctr - Laguna Hills	100	7.8%	468	9.9%
Western Medical Center - Santa Ana	42	3.3%	219	4.7%
Western Medical Center - Anaheim	112	8.7%	121	2.6%
University of California Irvine Medical Center	63	4.9%	190	4.0%
Irvine Regnl Hospital and Med Ctr	43	3.3%	250	5.3%
West Anaheim Medical Center	19	1.5%	142	3.0%
<b>Total</b>	<b>1,284</b>	<b>100%</b>	<b>4,706</b>	<b>100%</b>
Source: OSHPD Annual Utilization Reports				

## Emergency Services

The service area for AMMC's emergency services is similar to the Hospital's total service area. The emergency department captures 45% of all its discharges from the three closest ZIP Codes to the Hospital.

ANAHEIM MEMORIAL MEDICAL CENTER ED PATIENT ORIGIN EMERGENCY VISITS - CY 2008				
ZIP	City	AMMC Visits	%	Cumulative %
92801	Anaheim	7,005	20.5%	20.5%
92805	Anaheim	5,059	14.8%	35.2%
92804	Anaheim	3,162	9.2%	44.5%
92833	Fullerton	2,398	7.0%	51.5%
92806	Anaheim	1,604	4.7%	56.2%
92802	Anaheim	1,763	5.1%	61.3%
92832	Fullerton	1,343	3.9%	65.2%
90620	Buena Park	1,405	4.1%	69.3%
90621	Buena Park	1,143	3.3%	72.7%
92831	Fullerton	565	1.7%	74.3%
92870	Placentia	559	1.6%	76.0%
92840	Garden Grove	398	1.2%	77.1%
90680	Stanton	354	1.0%	78.2%
92807	Anaheim	385	1.1%	79.3%
90631	La Habra	393	1.1%	80.4%
All Other ZIPs		6,698	19.6%	100.0%
<b>Total</b>		<b>34,234</b>	<b>100%</b>	<b>100%</b>
Source: AMMC				

There are 14 other Emergency Departments (“ED”) within a 12 mile driving distance of AMMC (as indicated in the table on the following page). Thirteen of the EDs are basic, while UCI Medical Center has a comprehensive ED. Kaiser also has an ED in the area. There are a total of 293 emergency stations/beds in the area that had over 371,500 visits (including Kaiser).

AMMC operates 21 emergency stations/beds with over 33,000 visits in calendar year 2008. This was a decline from the 2007 volume of 41,600 visits. St. Jude Medical Center in Fullerton has higher emergency volumes in “Moderate” and “Severe” patients than any of the other hospitals in the area. St. Joseph Hospital in Orange has the largest number of emergency station/beds (53).

EMERGENCY SERVICES VISITS BY CATEGORY 2008												
Facility	ER Level	Stations	Visits							Admitted	Hours on Diversion	Miles from AMMC
			Total	Non Urgent	Urgent	Moderate	Severe	Critical				
Anaheim Memorial Medical Center	Basic	21	33,005	458	9,910	20,107	2,473	57	8,703	632	-	
Western Medical Center Hospital - Anaheim	Basic	11	16,236	2,242	5,870	3,091	2,249	2,784	2,391	1,194	3.6	
St. Jude Medical Center - Fullerton	Basic	30	41,834	745	1,544	19,598	17,428	2,519	8,817	148	3.9	
West Anaheim Medical Center	Basic	23	22,828	277	3,882	16,411	1,539	719	6,224	6	5.3	
University of California Irvine Medical Center	Comprehensive	33	22,528	2,751	6,986	7,825	3,513	1,453	7,613	912	6.2	
Garden Grove Hospital and Medical Center	Basic	12	23,397	600	7,513	8,153	4,836	2,295	3,826	436	6.4	
Anaheim General Hospital*	Basic	6	10,830	2,002	3,823	2,421	2,316	268	1,632	102	6.5	
La Palma Intercommunity Hospital	Basic	10	11,590	570	3,607	6,463	728	222	3,115	5	7.4	
Placentia Linda Hospital*	Basic	7	21,257	677	7,028	6,023	4,944	2,585	3,010	62	8.0	
St. Joseph Hospital - Orange	Basic	53	52,123	324	9,414	21,997	13,230	7,158	8,339	29	8.0	
Western Medical Center Hospital - Santa Ana	Basic	20	16,383	922	9,299	5,003	1,159	0	4,294	454	10.7	
Los Alamitos Medical Center	Basic	12	23,014	1,310	5,375	7,386	5,402	3,541	5,559	668	11.1	
Fountain Valley Rgnl Hosp and Med Ctr. - Euclid	Basic	20	24,700	336	8,122	6,942	6,165	3,135	8,125	509	11.6	
Orange Coast Memorial Medical Center	Basic	14	17,460	151	5,518	8,831	2,645	315	6,678	364	11.9	
<b>SUB-TOTAL</b>		<b>272</b>	<b>337,185</b>	<b>13,365</b>	<b>87,891</b>	<b>140,251</b>	<b>68,627</b>	<b>27,051</b>	<b>78,326</b>			
<b>OTHER HOSPITALS:</b>												
Kaiser Fnd Hospital - Anaheim	Basic	21	34,369	1,128	14,173	18,055	970	43	6,399	1,095	7.6	
<b>TOTAL</b>		<b>293</b>	<b>371,554</b>	<b>14,493</b>	<b>102,064</b>	<b>158,306</b>	<b>69,597</b>	<b>27,094</b>	<b>84,725</b>			

Sources: OSHPD Annual Utilization Reports  
\* Indicates CY 2007 Data

The American College of Emergency Physicians (“ACEP”), representing 22,000 members nationally, has used a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of emergency departments. The California Department of Public Health also uses a general use rate of 2,000 visits per station as an identifier of total capacity. The following table identifies which hospitals are over or under that threshold.

LOCAL EMERGENCY ROOM CAPACITY 2008						
Hospital	Total Visits	Level	Stations	Approximate Capacity Visits (1)	Remaining Capacity Visits	Miles from AMMC
Anaheim Memorial Medical Center	33,005	Basic	21	42,000	8,995	-
Western Medical Center Hospital - Anaheim*	16,236	Basic	11	22,000	5,764	3.6
St. Jude Medical Center - Fullerton	41,834	Basic	30	60,000	18,166	3.9
West Anaheim Medical Center	22,828	Basic	23	46,000	23,172	5.3
University of California Irvine Medical Center	22,528	Comprehensive	33	66,000	43,472	6.2
Garden Grove Hospital and Medical Center	23,397	Basic	12	24,000	603	6.4
Anaheim General Hospital*	10,830	Basic	6	12,000	1,170	6.5
La Palma Intercommunity Hospital	11,590	Basic	10	20,000	8,410	7.4
Placentia Linda Hospital*	21,257	Basic	7	14,000	-7,257	8.0
St. Joseph Hospital - Orange	52,123	Basic	53	106,000	53,877	8.0
Western Medical Center Hospital - Santa Ana	16,383	Basic	20	40,000	23,617	10.7
Los Alamitos Medical Center	23,014	Basic	12	24,000	986	11.1
Fountain Valley Rgnl Hosp and Med Ctr. - Euclid	24,700	Basic	20	40,000	15,300	11.6
Orange Coast Memorial Medical Center	17,460	Basic	14	28,000	10,540	11.9
<b>SUB-TOTAL</b>	<b>337,185</b>		<b>272</b>	<b>544,000</b>	<b>206,815</b>	
<b>Other Hospitals:</b>						
Kaiser Fnd Hospital - Anaheim	34,369	Basic	21	42,000	7,631	7.6
<b>TOTAL</b>	<b>371,554</b>		<b>293</b>	<b>586,000</b>	<b>214,446</b>	
(1) Estimated at 2,000 per station						
Sources: ALIRTS CY 20078						
* Indicates CY 2007 Data						

Based upon this benchmark and 2008 visit volumes, the AMMC ED has extra capacity.

Most area hospitals report visits per bed per year significantly below the ACEP benchmark, except for Garden Grove Hospital, Placentia Linda Hospital and Los Alamitos Medical Center. On an aggregated basis, the 13 area hospitals collectively have a significant amount of available capacity. However, the hospitals closest to AMMC’s service area would not be able to absorb its volume if AMMC’s ED closed.

## **SUMMARY OF COMMUNITY INTERVIEWS**

Community interviews were initially conducted in April and May of 2007 when MHS sought to sell AMMC to Prime Healthcare Services, as well as May and June, 2008, when Pacific Healthcare was a prospective buyer. As appropriate, the results from those interviews have been retained in this report. The results of new interviews conducted in March and April of 2009 at AMMC and by telephone with numerous physicians, community members, representatives from the Hospital, AHMC and MHS, have been added or revised. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding potential impacts on healthcare availability or accessibility as a result of the proposed Hospital transaction. The major findings from the interviews are summarized on the following pages.

### ***Reasons for the Sale of AMMC***

Many of those interviewed expressed disappointment that MHS was selling the Hospital, especially to a for-profit entity. While understanding the reasons MHS stated for pursuing the sale, many, including some AMMC Board members, did not agree with the original decision to sell and were concerned about the Hospital being operated differently by a new owner. All interviewed expressed their support to move forward with the sale at this time and were no longer in favor of remaining with MHS.

### ***Acquisition by AHMC***

The majority of those interviewed believed that AHMC was the most qualified purchaser of AMMC. Reasons frequently stated include the following:

- AHMC's business and operational model is compatible with the current operations at AMMC:
  - AHMC has extensive experience operating general acute care hospitals
  - A large proportion of patients at AHMC hospitals are Medicare and Medi-Cal
  - AHMC negotiates contracts with managed care companies
  - AHMC is unlikely to change the culture and operating style of AMMC
  - AHMC has experience operating specialty services such as cardiovascular and NICU
- AHMC has apparent financial capabilities and is making a commitment to invest \$45 million in new capital improvements; and
- AHMC has made some written and verbal commitments to invest and expand services at AMMC.

## ***Importance of AMMC to the Community***

AMMC is viewed as very important to the community for its provision of emergency, obstetrical, general acute care, cardiovascular, cancer, and surgical services. It is viewed as a community hospital with a significant depth of medical, surgical, and support services. Other services frequently mentioned as important for healthcare access and availability include:

- The neonatal intensive care unit;
- The breast center;
- The sexual assault response center;
- Surgical services (operating rooms); and
- Access to perinatologist services for high risk obstetrical deliveries.

The Orange County Emergency Medical Services emphasized the importance to the community of the AMMC emergency department and its disaster preparedness programs.

The cancer program is accredited by the American College of Surgeons and has been an important community program for many years.

AMMC is also viewed as an important employer and contributor to overall community economic development.

## ***Key Services and Programs***

Many of the physicians and others interviewed expressed concern that key services be maintained at AMMC. Frequently mentioned were the following:

- **Cancer Program**

It is believed that it is important to maintain the cancer program at its current level, with continued accreditation. AMMC is the market share leader in its service area, with an inpatient market share of 16%.

The Breast Center was viewed as highly important for patient access and early diagnosis.

- **Obstetrics and NICU**

AMMC is second in its service area for the provision of obstetric deliveries and high risk newborn care. AMMC had a contract for perinatology services that was cancelled last year. Many obstetricians are uncomfortable bringing high risk patients to AMMC without the support of perinatologists. Thus, many patients are referred to other facilities that do have perinatologists that results in patient and family inconvenience.

- **Cardiac Services**

AMMC is one of Orange County's largest providers of cardiac services, with a full range of services and a market share of 24% in medical services and 25% in surgical services.

- **Emergency Services**

In addition to being mentioned as being very important for access to emergency services, the County EMS program director stressed the importance of maintaining the emergency department as a designated base station. While, technically, AMMC's emergency department is a paramedic resource center, it functions as a base station except for relying on UCI for radio operation and nurse availability for paramedic field instruction. The Safe Place is the only sexual response center in Orange County and is viewed as essential to maintain. AMMC also functions as a cardiac receiving center. County EMS believes it is important to maintain current levels of operation, but also believes it would be desirable to upgrade to full radio operation with the requisite nurse staffing.

### ***Potential Closure of the Hospital***

Many interviewed have been concerned that the costs associated with seismic retrofit related to SB 1953 requirements could eventually cause the closure of the hospital. AMMC is underway with structural engineering studies and many are now hopeful that any seismic remediation required will be at a much lower cost (estimated at \$10 million).

### ***Opposition to the Sale***

While many interviewed were in disagreement with MHS' decision to sell AMMC, everyone was supportive of the selection of AHMC as the purchaser. None expressed opposition to the sale of AMMC to AHMC.

### ***Use of Sale Proceeds***

Over the course of these applications to the Attorney General, a few people interviewed have expressed strongly held beliefs that the proceeds from the sale should stay in the Anaheim community and be used for community benefit uses. They questioned MHS' representation of losses and investments of \$85 million in the development of AMMC and believed that the losses at AMMC may have resulted from corporate overhead allocations.

### ***Change of Name***

A few people interviewed represented that there was concern about the change in the name of the Hospital and believed that to avoid patient and community confusion, the Hospital name should remain the same.

## ASSESSMENT OF POTENTIAL ISSUES ASSOCIATED WITH THE ACCESSIBILITY AND AVAILABILITY OF HEALTHCARE SERVICES

### ***Continuation of AMMC as a General Acute Care Hospital***

AHMC has committed to operate the Hospital at current types and levels of services for at least five years. AHMC has made no specific commitments with regard to seismic improvements that currently require retrofit by 2013, but AHMC has committed to invest \$45 million over five years for capital improvements. AMMC is optimistic that seismic retrofits can be accomplished for much less than originally estimated.

### ***Medical/Surgical, Intensive Care/Coronary Care Services***

An analysis of the current supply and demand of area hospital beds shows there is a sufficient and growing number of beds in the service area. St. Joseph Hospital opened a new tower with 100 additional beds in 2007. Kaiser has recently opened a new hospital in Irvine and has plans to add additional beds in Anaheim in 2011. St. Jude in Fullerton is in the process of expanding. UCI Medical Center is also opening a new facility in 2009.

### ***Obstetrical Services***

AMMC provides over 1,800 deliveries per year, with the majority of patients covered by Commercial Managed Care and Medi-Cal. It is important to maintain current levels of access to obstetrical services at AMMC. Other area hospitals may have difficulty absorbing AMMC's delivery volume if the obstetrical service was closed.

Many physicians felt that it was important to have perinatology coverage at AMMC (the contract to provide this service was terminated last year by AMMC). While it is viewed as important, perinatology coverage is available at UCI, about 6 miles away, which is also expanding its NICU for complicated deliveries in 2009 by 15 beds.

### ***Emergency Services***

With 21 emergency beds, over 41,600 visits in 2007 and 33,000 in 2008, AMMC has a busy emergency department. While some other area emergency departments have capacity, they could not absorb the volume of patients from AMMC without creating problems for accessibility and availability. Many area hospitals are intermittently on diversion for ambulance transports. As previously discussed, AMMC's emergency department is needed for patient access and is considered very important by the Orange County Director of Emergency Medical Services. AHMC has committed to operate the emergency department for at least five years.

**Sexual Assault Response Center**

AMMC operates the only Sexual Assault Response Center in the area. It is staffed by forensic nurse specialists and other professionals. It averages treatment of 30 victims per month, 17% of which are pediatric patients. It is viewed as an important service.

**Breast Center and Cancer Services**

AMMC provided 7,933 screening and 4,880 diagnostic mammograms for community residents in 2008. AMMC’s cancer program is certified by the American College of Surgeons as a cancer center.

<b>Breast Center Statistics 2008</b>	
	<b>Number</b>
Screening Mammograms	7,933
Diagnostic Mammograms	4,880
Stereotactic Biopsies	230
Wire Localizations	189
Ultrasound Breast Exams	2,505
Ultrasound Core Biopsies	366
Ultrasound Cyst Aspirations	49
Source: AMMC 2008	

**Neonatal Intensive Care Unit**

The average daily census for the NICU is approximately eight patients. These services are frequently provided by larger tertiary hospitals on a regional basis. While patients in the AMMC service area could be accommodated at other area facilities, it is viewed by physicians as an important service for community access to and support for obstetrical deliveries.

**Reproductive Health Services**

Tubal ligations and other reproductive health services are not prohibited at AMMC, and the sale is not expected to change or reduce the availability or accessibility of these services.

**Effects on Services to Medi-Cal, Medicare, County Indigent and Other Classes of Patients**

AMMC serves a large proportion of Medicare, Medi-Cal and County Indigent patients. Approximately 48% of patients are under Medicare, 11% are under Medi-Cal, 33% are Third Party Managed Care and 4% are County Indigent. AHMC has committed to provide services to charity care patients. While AHMC may not renew all contracts with health plans or capitated providers, it is experienced with managed care and all of its hospitals provide services to Medicare, Medicaid, and commercial HMO patients.

### ***Effects on the Level and Type of Charity Care Historically Provided***

AMMC has a similar overall percentage of uncompensated care costs (charity care and bad debt) as compared to other hospitals in the state of California. The recent percentages for AMMC on a cost-to-charge basis are between 3.7% to 4.0%.

AHMC has stated its willingness to provide historical levels of charity care.

### ***Effects on Community Benefit Programs***

AMMC has historically provided a significant amount of community benefit services with a four year average of approximately \$900,000 in services between 2004 and 2007 to support community education and prevention, senior health initiatives, and health professionals training, etc.

### ***Effects on Staffing and Employee Rights***

AMMC employees are not represented by unions. AHMC has agreed to continue the employment of all employees with benefits comparable to employees of other AHMC facilities.

### ***Effects on the Medical Staff***

AHMC has committed to maintain the medical staff privileges of physicians in good standing.

### ***Effects on Patient Access***

AHMC's business model, similar to AMMC's, involves negotiating with managed care organizations to provide services; therefore no impact on access is expected.

### ***Alternatives***

If the proposed transaction is not approved, AMMC could be sold to other interested buyers on terms similar to AHMC. It is possible that the policies and business practices of buyers other than AHMC could limit managed care patients' and physicians' access to AMMC. MHS has stated that if the sale to AHMC is not completed, it would evaluate the closure of some or all services at AMMC.

## CONCLUSIONS

Overall, the purchase of AMMC by AHMC is likely to ensure the continued availability of emergency and acute care services in the community for at least five years. In general, it could be expected that the access for Medicare, commercial insurance, Medi-Cal and medically indigent patients should remain unchanged.

AHMC's intended capital contributions of at least \$45 million over five years could lead to seismic improvements and an expansion and improvement of certain services at AMMC. New seismic evaluations that may result in lower costs for mitigation measures mean a higher probability for long-term operation of AMMC.

### ***Asset Purchase Agreement Mitigation Measures***

In the Asset Purchase Agreement, AHMC has agreed to certain measures to mitigate or eliminate any potentially significant adverse impacts on the availability or accessibility of healthcare services to the affected community, as described below:

- 1) AHMC will invest at least \$45 million for capital improvements, equipment and/or working capital during the five years of operation following the closing date with at least \$7 million expected in the first year;
- 2) AHMC will offer employment to all current employees of AMMC at their current salaries, wages and terms, and with benefits consistent with those at other AHMC facilities;
- 3) AHMC agrees to provide charity care consistent with the Hospital's existing policies in an amount no less than the average amount of charity and indigent care provided at AMMC during the three fiscal years prior to closing and increased annually by the rate of inflation as measured by the Consumer Price Index for Orange County;
- 4) AHMC agrees to appoint a Hospital Community Board in accordance with their existing policies;
- 5) AHMC agrees to operate the hospital as a general acute care hospital and offer an emergency room for not less than five years following the closing, subject to various conditions that include physician availability, market demand and financial viability; and
- 6) AHMC agrees to retain all physicians currently on the medical staff of AMMC, subject to compliance with applicable rules and bylaws.

The Asset Purchase Agreement does not specifically address the continued operation of other services.

## ***Additional Potential Conditions to Transaction Approval by the Attorney General***

As a result of the above analysis, MDS recommends the following additional conditions to mitigate any potential negative impacts:

1. AHMC should continue to operate AMMC as a general acute care hospital and maintain the emergency services with at least current licensure, designations, and types and levels of service for at least five years, regardless of market demand or financial viability.
  - AHMC should maintain AMMC’s designation as a base hospital and, in conjunction with the County EMS, consider the addition of the radio and nurse response capabilities.
  
2. AHMC should maintain the following types of services for at least five years:
  - Cancer services with current certifications (American College of Surgeons Accredited Program) and levels of service;
  - Obstetrics at current licensure and levels of service. AHMC should work with AMMC obstetricians and neonatologists to evaluate the reinstatement of perinatologist services;
  - The neonatal intensive care unit at current licensure and levels of service;
  - Adult intensive care and coronary care units at current licensure and levels of service;
  - Cardiac and medical cardiology programs, including cardiac rehabilitation, at current levels of services;
  - Cardiovascular receiving center; and
  - The sexual assault response center (The Safe Place).
  
3. AHMC should maintain certification to participate in the Medi-Cal program for as long as AHMC operates AMMC and provides emergency services.
  
4. AHMC should maintain CalOptima contracts for Medi-Cal, Healthy Families, Healthy Kids, and OneCare, CalOptima’s Medicare Advantage Special Needs Plan at Anaheim Memorial Medical Center to provide the same types and levels of emergency and non-emergency services as required in these conditions, for at least five years from the date of the transaction closing.
  
5. AHMC should maintain a Medicare Provider Number to provide the same types and levels of emergency and non-emergency services to Medicare beneficiaries (both Traditional

Medicare and Medicare Managed Care) as required in these conditions, for at least five years from the date of the transaction closing.

6. AHMC should continue to operate The MemorialCare Breast Center at AMMC with the current type and levels of service for at least five years. There should be no closure of or change in current licensure and types and levels of services at the Breast Center.
7. AHMC should continue to expend at least \$1.6 million in annual charity costs (not charges) for at least five years. This amount should be increased annually based on the Orange County Consumer Price Index. The amount of any annual shortfall in charity care should be contributed to a nonprofit public benefit corporation that provides medical patient care to residents in the service area.
8. AHMC should continue to expend an average of at least \$899,800 annually in community benefit services for at least five years, to include continued support for free health education classes in English and Spanish, professional nurse and pharmacy training programs and senior services. Community benefit commitments shall be decided upon in conjunction with input from the Hospital Community Board.
9. AHMC should, on a continuing basis, participate in the County contracts as listed below:
  - Medical Services for the Indigents Program;
  - Designated Emergency Services;
  - Emergency Preparedness and Response to Disasters and Bioterrorism Services; and
  - Provision of tobacco cessation services.
10. Purchaser shall consult with the Hospital Community Board prior to initiating any changes to hospital services, community benefit programs, or charity care policies.

### ***Recommended Action***

If the Attorney General approves the proposed transaction, MDS recommends that the preceding conditions be required in order to minimize any potential negative health impact which might result from the transaction.

## Appendix

Interviews were conducted with the following people:

<b>Name</b>	<b>Title</b>
Barry Arbuckle	MHS President
Dr. Jagminder Bhalla	Chair, Medical Services
Dr. Rakesh Bhola	Governing Board Member
Dr. Todd Biegler	Dept Chair, Cardiology
Greg Boswell	Program Director, Emergency Medical Services, AMMC
Gale Gascho	Senior VP AHMC
Bob Hernandez	Chair, Governing Board
Dr. John Lee	Medical Director, Radiology
Dr. Helen Luong	Vice Chair, Women's & Children's
Dr. Jaklyn McClendon	Foundation Board
Steve McNamara	CFO
Dr. Mark Miller	Incoming Chief of Staff
Dr. Joseph Mule	Medical Staff
Irv Pickler	Former Foundation Board Member – Community Activist
Byron Schweigert	CEO
Dr. Sandy Shaw	Med Dir, Neonatology
Donna Sheridan	CNO
Dr. Neil Siegel	Governing Board Member
Michael Thomas	Dir., Imaging Srvs. & Breast Center
Melissa Tober	Division Manager, Health Care Agency
Eric Tuckman	AHMC
Dr. Miguel Velez	Chief of Staff
Dr. Robert Woodhouse	Sec/Treasurer of Medical Staff
Dr. Ignacio Zarate	ED Medical Director

A copy of AMMC's hospital license is below:

License: 060000080  
Effective: 12/03/2008  
Expires: 12/02/2009  
Licensed Capacity: 223

**State of California**  
**Department of Public Health**

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

*this License to*

**Anaheim Memorial Medical Center**

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

**ANAHEIM MEMORIAL MEDICAL CENTER**

1111 WEST LA PALMA AVENUE  
ANAHEIM, CA 92801

**Bed Classifications/Services**

- 223 General Acute Care
- 27 Perinatal Services
- 22 Intensive Care
- 11 Intensive Care Newborn Nursery
- 10 Coronary Care
- 153 Unspecified General Acute Care

**Other Approved Services**

- Basic Emergency
- Cardiovascular Surgery
- Mobile Unit - PET
- Occupational Therapy
- Outpatient Services
- Outpatient Services at 1211 W. La Palma Av. #104 ,  
Anaheim
- Physical Therapy
- Radiation Therapy
- Respiratory Care Services
- Social Services
- Speech Pathology

This LICENSE is not transferable and is granted solely upon the following conditions, limitations and comments:

None

Mark B. Horton, MD, MSPH

DIRECTOR



JACQUELINE A. LINCER, District Manager

(AUTHORIZED REP.)

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification,  
Orange County District Office, 2150 Towne Centre Place, Suite 210, Anaheim, CA 92806, (714)456-0630

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