

Effect of the Affiliation of Torrance Health Association, Inc. with Cedars-Sinai Health System on the Availability and Accessibility of Healthcare Services

Prepared for the Office of the California Attorney General

October 31, 2017

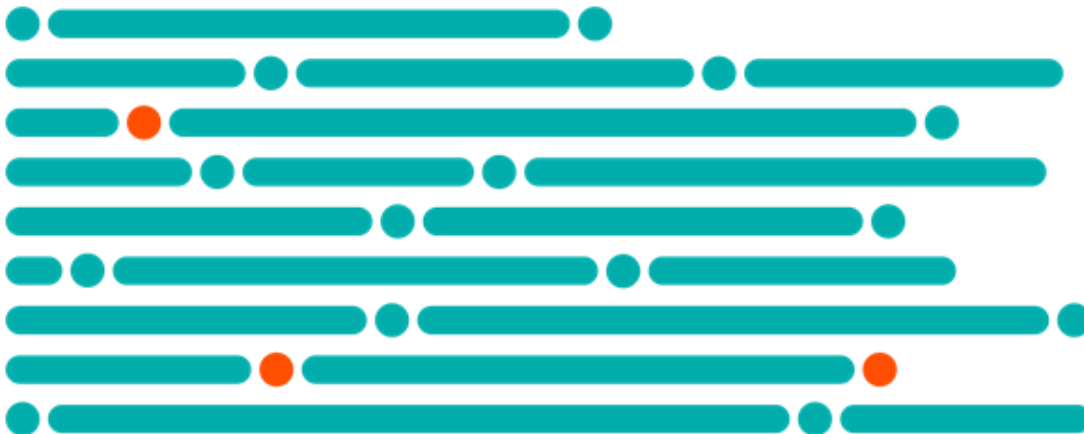


Table of Contents

Introduction & Purpose	5
Background & Description of the Transaction	7
Torrance Health Association	7
History of Torrance Memorial Medical Center	9
Transaction Process & Timing	9
Summary of the Affiliation Agreement	11
Use of Net Sale Proceeds	14
Profile of Torrance Memorial Medical Center	15
Overview	15
Key Statistics	15
Programs & Services	17
Accreditations, Certifications & Awards	19
Quality Measures	20
Seismic Issues	22
Patient Utilization Trends	23
Payer Mix	24
Medi-Cal Managed Care	25
Medical Staff	26
Financial Profile	27
Cost of Hospital Services	28
Charity Care	28
Community Benefit Services	30
Profile of Cedars-Sinai Health System	35
Overview	35
Cedars-Sinai Medical Center	36
Marina Del Rey Hospital	39
Analysis of Torrance Memorial Medical Center’s Service Area	42
Service Area Definition	42
Service Area Map	43
Medically Underserved Areas & Medically Underserved Populations	45

Demographic Profile	46
Medi-Cal Eligibility	48
Selected Health Indicators	48
2016 Community Health Needs Assessment	50
Hospital Supply, Demand & Market Share	52
Hospital Market Share	53
Market Share by Payer Type	54
Market Share by Service Line	55
Market Share by ZIP Code	56
Service Availability by Bed Type	57
Medical/Surgical Capacity Analysis	57
Intensive Care/Coronary Care Capacity Analysis	58
Obstetrics Capacity Analysis	59
Pediatric Capacity Analysis	60
Neonatal Intensive Care Unit Capacity Analysis	61
Burn Care Capacity Analysis	62
Skilled Nursing/Transitional Care Capacity Analysis	63
Emergency Department Volume at Hospitals in the Service Area	64
Emergency Department Capacity	65
Summary of Interviews	66
Reasons for the Proposed Transaction	66
Importance of Torrance Memorial Medical Center to the Community	66
Selection of Cedars-Sinai Health System for the Proposed Transaction	67
Impact on the Availability & Accessibility of Healthcare Services	68
Assessment of Potential Issues Associated with the Availability or Accessibility of Healthcare Services	69
Continuation as a General Acute Care Hospital	69
Emergency Services	69
Medical/Surgical Services	69
Intensive Care/Coronary Care Services	69
Obstetrics Services	70

Neonatal Intensive Care Services	70
Pediatric Services	70
Burn Care Services	70
Skilled Nursing/Transitional Care Services	71
Reproductive Health Services	71
Effects on Services to Medi-Cal & Other Classes of Patients	71
Effects on the Level & Type of Charity Care Historically Provided	72
Effects on Community Benefit Programs	72
Effects on Staffing & Employee Rights	72
Effects on Medical Staff	72
Alternatives	72
Conclusions	73
Potential Conditions for Transaction Approval by the California Attorney General	73
Appendix	76
List of Interviewees	76
Hospital License	77

Introduction & Purpose

Vizient, Inc. and JD Healthcare, Inc. were retained by the Office of the California Attorney General to prepare this healthcare impact statement to assess the potential impact of the proposed Affiliation Agreement between Cedars-Sinai Health System, a California nonprofit public benefit corporation, and Torrance Health Association, Inc., a California nonprofit public benefit corporation, on the availability and accessibility of healthcare services to the communities served by Torrance Memorial Medical Center. Torrance Health Association, Inc. (Torrance Health Association) is the sole corporate member of Torrance Memorial Medical Center, a California nonprofit public benefit corporation, that owns and operates a general acute care hospital located in Torrance, California. Cedars-Sinai Health System is the sole corporate member of Cedars-Sinai Medical Center, a California nonprofit public benefit corporation, that owns and operates two general acute care hospitals: (1) Cedars Sinai Medical Center, located in Los Angeles, California, and (2) Marina Del Rey Hospital¹, located in Marina Del Rey, California.

Torrance Health Association has requested the California Attorney General's consent to affiliate with Cedars-Sinai Health System and to establish joint system-level governance over their operations.

This healthcare impact statement describes the possible effects that the proposed transaction may have on the availability and accessibility of healthcare services to the residents served by Torrance Memorial Medical Center.

In its preparation of this report, Vizient, Inc. and JD Healthcare, Inc. performed the following:

- A review of the written notice submitted to the California Attorney General on June 14, 2017 and supplemental information subsequently provided by Torrance Health Association;
- A review of press releases and articles related to this and other hospital transactions;
- Interviews with community representatives, representatives of Torrance Memorial Medical Center's medical staff, management, and employees, members of Torrance Health Association's and Torrance Memorial Medical Center's shared Board of Trustees (the Board of Trustees), Cedars-Sinai Health System representatives, and others as listed in the Appendix;
- An analysis of financial, utilization, and service information provided by Torrance Health Association and the California Office of Statewide Health Planning and Development (OSHPD); and

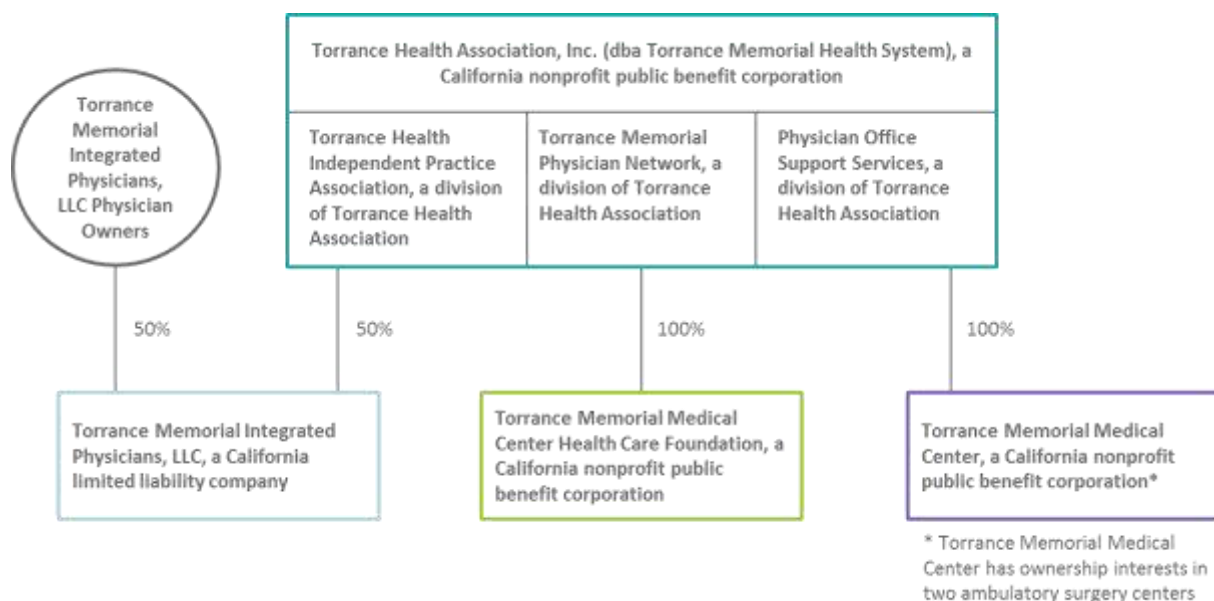
¹ Cedars-Sinai Medical Center is the sole corporate member of CFHS Holdings Inc., a California nonprofit public benefit corporation that is doing business as Marina Del Rey Hospital.

- An analysis of publicly available data regarding Torrance Memorial Medical Center's service area including:
 - Demographic characteristics and trends;
 - Payer mix;
 - Hospital utilization rates and trends;
 - Health status indicators; and
 - Hospital market share.

Background & Description of the Transaction

Torrance Health Association

Torrance Health Association (doing business as Torrance Memorial Health System) is a California nonprofit public benefit corporation and the sole corporate member of Torrance Memorial Medical Center, a California nonprofit public benefit corporation. Torrance Memorial Medical Center owns and operates a 649 licensed-bed² general acute care hospital located in the City of Torrance within the South Bay region³ of Los Angeles County. In addition, Torrance Health Association provides outpatient services through its California Health & Safety Code Section 1206(l) medical foundation clinics, manages an independent practice association, and conducts the management and business affairs of various joint venture entities, including an accountable care organization. Torrance Health Association and Torrance Memorial Medical Center are each governed by a 12-member Board of Trustees, comprised of identical members. Below is an organizational chart for Torrance Health Association.



Torrance Health Independent Practice Association

Torrance Health Independent Practice Association is a nonprofit, multi-specialty physician network of Torrance Memorial Medical Center. It contracts for professional services with HMO

² Torrance Memorial Medical Center is currently licensed for a total of 649 beds. However, between 200 beds and 240 beds have not been in operation as a result of seismic remediation and the ongoing construction of the hospital facilities.

³ The South Bay region of Los Angeles County is located in the southwest region of the county and includes the communities of Torrance, Carson, Hawthorne, and Long Beach, Lomita, Manhattan Beach, Hermosa Beach, Redondo Beach, Palos Verdes, Gardena, Lawndale, Harbor City, Wilmington, and San Pedro.

health plans and offers its members access to a network of over 300 physicians and healthcare providers, hospital services, and urgent care centers.

Torrance Memorial Physician Network

Torrance Memorial Physician Network, established in 2012, operates as a nonprofit medical practice foundation⁴ and provides multi-specialty medical services, including primary, pediatric, endocrinology, rheumatology, obstetrics/gynecology, cardiology, and oncology care, to patients throughout the South Bay region. Torrance Memorial Physician Network includes nearly 90 primary care and specialty care providers.

Torrance Memorial Medical Center Health Care Foundation

The Torrance Memorial Medical Center Health Care Foundation is a nonprofit 501(c)(3) organization that is governed by a Board of Directors. Charitable donations and endowments help fund the acquisition of new equipment and the expansion of Torrance Memorial Medical Center's facilities, healthcare services, and community outreach programs. As of February 28, 2017, the Torrance Memorial Medical Center Health Care Foundation had approximately \$76 million in net assets and holds a \$3 million endowment established by the Karl McMillen Foundation that is restricted to support the operations of the Thelma McMillen Center, a drug and alcohol treatment program.

Torrance Memorial Integrated Physicians, LLC

Torrance Memorial Integrated Physicians, LLC, established in 2013, is an accountable care organization that is 50% owned by Torrance Health Association and 50% owned by over 300 physician investors. It is comprised of a group of physicians and healthcare providers voluntarily working together with Medicare to provide quality healthcare services to Medicare fee-for-service beneficiaries. Torrance Memorial Integrated Physicians is participating in Track 3 of the Medicare Shaved Savings Program⁵.

⁴ The Medical Foundation operates under California Health and Safety Code section 1206(l). Under section 1206(l), a clinic operated by a nonprofit corporation that conducts medical research and health education and provides healthcare to its patients through a group of 40 or more physicians and surgeons, who are independent contractors representing not less than ten board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic, is not required to be licensed.

⁵ According to the Centers for Medicare & Medicaid Services, the Shared Savings Program offers providers and suppliers an opportunity to create an accountable care organization that agrees to be held accountable for the quality, cost, and experience of care of an assigned Medicare fee-for-service beneficiary population. The Shared Savings Program has different tracks that allow accountable care organizations to select an arrangement that makes the most sense for their organization. Accountable care organizations participating in Track 3 of the Shared Savings Program may share savings or repay Medicare losses depending on performance. Track 3 accountable care organizations take on the greatest amount of risk, but they may share in the greatest portion of savings if successful.

History of Torrance Memorial Medical Center

In the early 1920s, Jared Sidney Torrance, a real estate developer and one of the founders of the City of Torrance, envisioned developing a hospital within his newly established community. After his death in 1921, his wife, Helena Childs Torrance, carried out his vision and opened the 32-bed Jared Sidney Torrance Memorial Hospital on Engracia Avenue in 1925.

As the demand for hospital services grew, the original hospital expanded and moved to its present-day location at 3330 Lomita Boulevard in 1971. The seven-story patient tower that was utilized beginning in 1971 was designed and built prior to the current seismic safety building codes. As a result, the Board of Trustees elected to build a new patient tower on adjacent land, and in 2014, Torrance Memorial Medical Center opened the new, seismically-compliant Lundquist Patient Tower. In addition, Torrance Memorial Medical Center is currently undergoing a remodel of its second existing patient tower, the North Wing, expected to be completed in 2019.

Today, Torrance Memorial Medical Center provides inpatient and outpatient healthcare services to the residents of the South Bay region, including the communities of Torrance, Lomita, Manhattan Beach, Hermosa Beach, Redondo Beach, Palos Verdes, Gardena, Hawthorne, Lawndale, Harbor City, Wilmington, Carson, and San Pedro with over 3,000 employees and more than 1,000 medical staff members.

Transaction Process & Timing

The primary objective stated by the Board of Trustees for the proposed affiliation is to provide Torrance Memorial Medical Center with the size and scale to fund and develop new population health and clinical initiatives in order to most effectively and efficiently benefit the community. In addition, while both Torrance Health Association and Torrance Memorial Medical Center are financially strong, the Board of Trustees believes that identifying an appropriate hospital or health system partner would strengthen Torrance Memorial Medical Center by providing it with new opportunities to partner in regional initiatives.

In order to accomplish these goals, an informal process was conducted beginning in 2015 to seek an affiliation with a nonprofit health system that meets that following objectives:

- Continue to meet the fundamental charitable purposes of Torrance Health Association and Torrance Memorial Medical Center;
- Participate directly as part of a viable nonprofit, tax-exempt health system with proven operating expertise, management, and support infrastructure within the Greater Los Angeles area;

- Improve the coordination and access to tertiary and quaternary level clinical services and strengthen acute care and research by sharing clinical best practices and successful implementation processes between the affiliated organizations;
- Build a system that strengthens the individual missions of both organizations through a greater combination of resources, talents, and shared systems;
- Be part of a system that includes other inpatient and outpatient facilities in the greater Los Angeles area and make broad-based clinical and care coordination and economies and efficiencies of scale feasible;
- Continue the affiliation with the Torrance Memorial Medical Center Health Care Foundation to fundraise for Torrance Memorial Medical Center and also to honor the intent, purpose, and restrictions on any gifts made, or to be made, to Torrance Memorial Medical Center; and
- Continue engagement with currently affiliated physicians and physician groups.

By mid-2016, the Board of Trustees identified Cedars-Sinai Health System as a desirable affiliation partner. The Board of Trustees believed that an affiliation with Cedars-Sinai Health System would: 1) provide new opportunities for growth and innovation through the participation in a health system focused on initiatives of common interest, 2) allow Torrance Memorial Medical Center to gain access to Cedars-Sinai Health System's depth of available clinical and research resources, and 3) be compatible based upon Cedars-Sinai Health System's governance and management structure.

The events leading up to this transaction are chronologically ordered as follows:

- November 2015 – The Board of Trustees begins discussing an affiliation at its annual retreat;
- Spring 2016 – The Board of Trustees identifies Cedars-Sinai Health System as the preferred health system for an affiliation;
- April 2016 through January 2017 – The Ad-Hoc Strategic Affiliation Committee of the Board of Trustees meets to discuss a strategic partnership with Cedars-Sinai Health System;
- March 29, 2017 – The Board of Trustees passes the Torrance Health Association resolution and the Torrance Memorial Medical Center resolution approving the affiliation with Cedars-Sinai Health System;

- March 29, 2017 – In preparation for the affiliation, the Board of Trustees approves amendments to Torrance Health Association’s Bylaws to effectuate the resignation of the members of Torrance Health Association;
- March 29, 2017 – The Board of Trustees approves an amendment to Torrance Health Association’s Articles of Incorporation and an amendment and restatement of Torrance Health Association’s Bylaws;
- March 29, 2017 – The Board of Trustees approves an amendment and restatement of Torrance Memorial Medical Center’s Bylaws;
- May 10, 2017 – Torrance Health Association and Cedars-Sinai Health System publicly announce the proposed affiliation;
- May 24, 2017 – The previous members of Torrance Health Association approve Torrance Health Association’s Amended and Restated Bylaws to effectuate their resignation;
- June 14, 2017 – “Notice of Submission and Request for Consent” is submitted to the California Attorney General by Torrance Health Association.

Summary of the Affiliation Agreement

The major provisions of the Affiliation Agreement, dated June 5, 2017, include the following:

- Cedars-Sinai Health System shall become the sole corporate member of Torrance Health Association as of the closing date of the Affiliation Agreement;
 - Torrance Health Association shall adopt an amendment to its Articles of Incorporation and shall adopt Amended and Restated Bylaws to cause Cedars-Sinai Health System to become the sole corporate member of Torrance Health Association; and
 - Torrance Health Association shall cause Torrance Memorial Medical Center to adopt the Amended and Restated Bylaws to cause Cedars-Sinai Health System to become the sole corporate member of Torrance Health Association.
- The Torrance Health Association Board of Trustees shall have reserved powers, including the following:
 - Nomination of the candidates for approval and election by Cedars-Sinai Health System to the Torrance Health Association Board of Trustees;

- Nomination of three (3) representatives to be appointed to Cedars-Sinai Health System’s Board of Directors and the right to nominate at least ten (10) percent of the total number of directors serving on Cedars-Sinai Health System’s Board of Directors;
- Approval of the following changes to Torrance Health Association’s Bylaws related to the makeup of the Board of Trustees:
 - Requiring a minimum number of women;
 - Requiring a minimum number of physicians; and
 - Setting a maximum total number of individuals authorized to serve on the Board of Trustees.
- Approval of the discontinuation of, or reduction to, any medical service provided at Torrance Memorial Medical Center that is not supported by reasonable quality or economic justifications;
- Approval of the successor to Torrance Health Association’s current Chief Executive Officer;
- Termination of Cedars-Sinai Health System’s membership in Torrance Health Association and assumption of the assets and liabilities of Torrance Health Association and its affiliates⁶; and
- Approval of a change in the control, management, administration of, or transfer to Cedars-Sinai Health System of any gifts, grants, donations, or endowments received by Torrance Health Association or its affiliates.
- Cedars-Sinai Health System and Torrance Health Association shall have joint approval powers, including the following:
 - Dissolution of Torrance Health Association;
 - Approval of any change to Cedars-Sinai Health System’s Bylaws that results in Cedars-Sinai Medical Center and Torrance Health Association together not having the right to nominate⁶ at least a majority of the total number of directors serving on Cedars-Sinai Health System’s Board of Directors;

⁶ If Cedars-Sinai Health System approves of a closure, sale, transfer, change of control, or dissolution of Torrance Memorial Medical Center, Torrance Health Association shall have the right to execute its Unwind Rights to terminate Cedars-Sinai Health System’s membership in Torrance Health Association and assume the assets and liabilities of Torrance Health Association and its affiliates.

- Approval of branding guidelines for how Torrance Health Association will identify itself as an affiliate of Cedars-Sinai Health System;
 - Modification of the name of Torrance Health Association or Torrance Memorial Medical Center;
 - Approval of the sale or transfer of all or substantially all assets owned by Torrance Health Association that are used exclusively for the operation of Torrance Memorial Physician Network or Torrance Health Independent Practice Association unless the sale or transfer is part of a restructuring by Cedars-Sinai Health System of its entire affiliated physician enterprise;
 - Modification of the mission, vision, and values of Torrance Health Association;
 - Modification of the structure of Torrance Health Association if it would affect its tax-exempt status;
 - Oversight and authority over the quality of care;
 - Approval of the community benefit plan of Torrance Health Association; and
 - Sale of real property owned by Torrance Health Association.
- Cedars-Sinai Health System and Torrance Health Association shall have joint approval of the following actions for the first five years as of the Closing Date. After the first five years, the following actions will require only the approval of Cedars-Sinai Health System, subject to Torrance Health Association's reserved powers:
 - Amendment or restatement of Torrance Health Association's Bylaws or Articles of Incorporation;
 - Amendment or restatement of Torrance Memorial Medical Center's Bylaws or Articles of Incorporation;
 - Transfer of the administration or sponsorship of a pension plan of Torrance Health Association or the merger of a pension plan of Torrance Health Association with a pension plan of Cedars-Sinai Health System if the changes are implemented uniformly across all member organizations;
 - Change of the employer of any individual that is employed by Torrance Health Association;

- Establishment of an obligated group amongst Cedars-Sinai Health System, Torrance Health Association, and the other entities of which Cedars-Sinai Health System is the sole corporate and voting member;
 - Transfer of any of the non-cash assets from Torrance Health Association to Cedars-Sinai Health System; and
 - Entrance into a settlement or consent decree by Torrance Health Association or Torrance Memorial Medical Center.
- Cedars-Sinai Health System shall have, subject to Torrance Health Association's reserved powers, exclusive power over the following actions:
 - Election of individuals nominated by Torrance Health Association to the Torrance Health Association Board of Trustees and removal of individuals from the Torrance Health Association Board of Trustees;
 - Appointment or removal of the Torrance Health Association Chief Executive Officer;
 - Ability to require Torrance Health Association to make periodic payments to Cedars-Sinai Health System to cover Cedars-Sinai Health System's budget operating expenses in proportion to the ratio of operating expenses incurred by Torrance Health Association;
 - Ability to require Torrance Health Association to make capital contributions to Cedars-Sinai Health System for any investments, capital initiatives, transaction, or growth in proportion to the number of individuals that Torrance Health Association has the right to nominate to Cedars-Sinai Health System's Board of Directors;
 - Amendment or restatement of the Torrance Health Association Bylaws, Articles of Incorporation, or other governing documents;
 - Entrance into a transaction that results in the closure, sale, transfer or change of control of Torrance Memorial Medical Center; and
 - Approval of the strategic plans, capital budgets, and operating budgets of Torrance Health Association.

Use of Net Sale Proceeds

There will be no net proceeds as a result of the proposed transaction.

Profile of Torrance Memorial Medical Center

Overview

Torrance Memorial Medical Center is located at 3330 Lomita Boulevard in Torrance, California. It has 24 surgical operating rooms, a “basic” emergency department⁷ with 33 emergency treatment stations, and provides skilled nursing services with 40 licensed skilled nursing beds. According to Torrance Memorial Medical Center’s 2017 hospital license, Torrance Memorial Medical Center is currently licensed for 649 beds as shown below.

BED DISTRIBUTION 2017		
Bed Type	Number of Beds	Suspended Beds
General Acute Care	433	144
Intensive Care	46	22
Coronary Care	20	-
Neonatal Intensive Care	25	-
Pediatric	20	-
Perinatal	53	28
Burn Care	12	-
Total Acute Care Beds	609	194
Skilled Nursing (D/P)	40	-
Total Beds	649	194

Source: Torrance Memorial Medical Center, 4/1/17-3/31/18

Note: Licensed beds that are in suspense have been temporarily taken out of service.

However, between 200 beds and 240 beds have not been in operation as a result of seismic remediation and the ongoing construction of the hospital facilities. OSHPD reported 412 beds in operation at Torrance Memorial Medical Center in Fiscal Year⁸ (FY) 2016 as shown below. Once the remodel of the North Wing patient tower is completed, Torrance Memorial Medical Center expects to maintain approximately 460 beds in operation.

FY 2016 BED DISTRIBUTION	
Bed Type	Number of Beds
Medical/Surgical	254
Intensive Care/Coronary Care	36
Obstetrics	25
Pediatric	20
Neonatal Intensive Care	25
Burn Care	12
Total Acute Care Beds	372
Skilled Nursing (D/P)	40
Total Licensed Beds	412

Source: OSHPD Disclosure Reports, FY 2016

⁷ A “basic” emergency department provides emergency medical care in a specifically designated part of a hospital that is staffed and equipped at all times to provide prompt care for any patient presenting urgent medical problems.

⁸ Torrance Memorial Medical Center’s fiscal year is January 1 to December 31.

Key Statistics

For FY 2016, Torrance Memorial Medical Center reported 26,331 inpatient discharges, 110,575 patient days, and an average daily census of 303 patients (approximately 74% occupancy).

KEY STATISTICS: FY 2014-2016			
	2014	2015	2016
Inpatient Discharges	23,964	25,238	26,331
Licensed Beds ¹	446	446	412
Patient Days	97,210	109,273	110,575
Average Daily Census	266	299	303
Occupancy	59.7%	67.1%	73.5%
Average Length of Stay	4.1	4.3	4.2
Emergency Services Visits ²	65,898	80,407	79,582
Cardiac Catheterization Procedures ²	3,433	3,327	3,503
Coronary Artery Bypass Graft (CABG) Surgeries ²	47	85	85
Total Live Births	3,153	3,111	3,039
Medical Staff ³		1,113	
Employees (Full-Time Equivalents) ³		3,082	

Source: OSHPD Disclosure Reports, 2014-2016

¹ Does not include beds in suspense

² OSHPD ALIRTS Annual Utilization Reports

³ Torrance Memorial Medical Center

- Since FY 2014, inpatient discharges have increased by nearly 10% and patient days have increased by approximately 14%;
- Between 2014 and 2016, Torrance Memorial Medical Center reported a 21% increase in emergency visits;
- Torrance Memorial Medical Center reported 3,503 cardiac catheterization procedures and 85 coronary artery bypass graft surgeries in 2016; and
- Between FY 2014 and FY 2016, total live births at Torrance Memorial Medical Center have remained relatively constant, with an average of 3,101 births annually.

Programs & Services

Torrance Memorial Medical Center offers medical services include emergency, neonatal intensive, cardiovascular, oncology, pediatric, and maternal child health services.

- Alcohol and drug treatment services include: The Thelma McMillen Center that provides outpatient, hospital-based alcohol and drug prevention, education, and treatment services for adolescents and adults;
- Bariatric services include: Weight loss program services in partnership with the Torrance-South Bay YMCA and weight loss procedures, including LAP-BAND®, gastric bypass, and gastric sleeve surgery;
- Breast diagnostic services include: Mammography, ultrasound, MRI, osteoporosis screenings, and stereotactic breast biopsy services at the Vasek and Anna Maria Polak Breast Diagnostic Center, located at 3275 Skypark Drive in Torrance;
- Burn, wound and amputation services include: The Burn, Wound and Amputation Prevention Center that provides diagnostic services, cardiac and respiratory monitoring, hydrotherapy tanks, rehabilitation, reconstructive services, wound debridement and closure, skin grafting, and treatment for non-healing wounds;
- Cardiovascular services include: The Melanie and Richard Lundquist Cardiovascular Institute that provides STEMI services, diagnostic screenings, interventional cardiology, cardiac rehabilitation, heart failure, structural heart and valve, cardiac surgery, heart rhythm, and diabetes services;
- Care coordination services include: Comprehensive, post-discharge services for high-risk patients, including discharge instructions, medication reviews, nutritional education, and transition plan services;
- Diabetes services include: Outpatient educational services to help patients prevent and self-manage diabetes, including supporting the YMCA Diabetes Prevention Program that provides diabetes classes, self-management training, medical nutrition therapy, and support group services;
- Emergency services include: The Melanie and Richard Lundquist Emergency Department that provides 24-hour “basic” emergency care, helipad, and Fast Track services. The emergency department has the following designations:
 - Certified Primary Stroke Center;
 - Emergency Department Approved for Pediatric Patients;

- Los Angeles County Paramedic Base Station; and
- STEMI Receiving Center.
- Gastrointestinal services include: Colonoscopy, endoscopy, feeding tube placement, ERCP, endoscopic ultrasound, 24-hour pH monitoring, and capsule endoscopy services;
- Home health services include: In-home assessment, medication reconciliation, primary care appointment scheduling, self-management education, functional assessment, nutritional counseling, and coaching services;
- Hospice services include: Pain and symptom management, psychosocial support, bereavement support, medical supplies and equipment, and physical, occupational and speech therapy for patients requiring end-of-life services;
- Imaging and radiology services include: Breast imaging, cardiac imaging, CT, X-ray, interventional radiology, MRI, nuclear medicine, PET, and ultrasound services;
- Maternal child health services include: Childbirth preparation classes, parenting classes, pregnancy massage, labor and delivery services, Level III neonatal intensive care unit services, breastfeeding and lactation services, postpartum care, and pediatric care;
- Nephrology services include: Treatment for acute and chronic kidney disease, electrolyte disorders, acid-base disorders, cystic kidney diseases, kidney stones, diabetic neuropathy, and end stage kidney failure;
- Oncology services include: The Hunt Cancer Institute that provides biopsy, surgery, chemotherapy, genetic testing and counseling, home health and hospice care, imaging, interventional radiology, pain management, palliative care, pathology, radiation therapy, and screening services;
- Orthopedics services include: Hip, knee, ankle and shoulder replacement and reconstructive surgery, back and spine surgery, sports medicine, and cartilage restoration services;
- Palliative care services include: Pain and symptom management, assistance with healthcare decisions, and emotional and spiritual support services for patients with self or life-threatening illnesses;
- Pediatric services include: Pediatric burn services, pediatric emergency services, and a 20-bed unit that provides general acute care pediatric services;

- Rehabilitation services include: Balance and vestibular, cancer, neurological and stroke, orthopedic, speech and swallowing, cardiac, incontinence, occupation, pediatric, pulmonary, and urinary incontinence and pelvic floor rehabilitation services;
- Sleep services include: The Torrance Memorial Sleep Disorders Center that provides diagnostic and therapeutic services to treat sleep disorders, sleep apnea, insomnia, restless leg syndrome, and narcolepsy;
- Stroke services include: Emergency treatment, interventional radiology, intensive care, rehabilitation, and telestroke services. Torrance Memorial Medical Center is certified as a Primary Stroke Center by The Joint Commission;
- Surgical services include: Bariatric surgery, burn care surgery, general surgery, gynecological surgery, cardiovascular surgery, laser surgery, neurosurgery, ophthalmological surgery, orthopedic surgery, plastic/reconstructive surgery, robotic surgery, and urological surgery services;
- Transitional care services include: Short-term, post-acute care skilled nursing services to assist patients as they transition from the hospital to home or another level of care. Services also include the Torrance Memorial Care Transitions Program that includes a network of skilled nursing and post-acute providers in the South Bay region that coordinate patient care;
- Urgent care services include: Treatment for non-life-threatening illnesses or injuries that require medical treatment, including sore throats, fevers, earaches, cuts, and sprains at the following locations:
 - Torrance Urgent Care, located at 22411 Hawthorne Boulevard in Torrance; and
 - Manhattan Beach Urgent Care, located at 855 Manhattan Beach Boulevard, Suite 101, in Manhattan Beach.

Accreditations, Certifications & Awards

Torrance Memorial Medical Center is accredited by The Joint Commission, effective March 2015 through March 2018. Over the years, Torrance Memorial Medical Center has received several awards as a provider of quality care, some of which include the following:

- Recognized as a Magnet Facility for Nursing Excellence by the American Nurses Credentialing Center;
- Certified as Primary Stroke Center by The Joint Commission, effective February 2016 through February 2018;

- Ranked as the 21st best hospital in California and the 11th best hospital in the Los Angeles/Orange County region for 2016-2017 by *U.S. News and World Report*;
- Named a 2016-2017 High Performing Hospital for abdominal aortic aneurysm repair, colon cancer surgery, COPD, heart failure, hip replacement, knee replacement, lung cancer surgery, urology, and gastroenterology and gastrointestinal surgery by *U.S. News and World Report*;
- Designated as a Blue Distinction Center+ for Knee and Hip Replacement, Spinal Surgeries, and Bariatric Surgery by Blue Shield; and
- Given a 2015 Gold Performance Achievement Award for heart attack treatment by the American College of Cardiology.

Quality Measures

The Hospital Value-Based Purchasing Program, established by the 2010 Federal Patient Protection and Affordable Care Act (ACA) in 2012, encourages hospitals to improve the quality and safety of care. The Centers for Medicare & Medicaid Services rewards and penalizes hospitals through payments and payment reductions by determining hospital performance on four domains that reflect hospital quality: the clinical process of care and outcomes domain, the patient and caregiver centered experience of care/care coordination domain, the safety domain, and the efficiency and cost reduction domain. In FY 2016, the Centers for Medicare & Medicaid Services increased Medicare payments to Torrance Memorial Medical Center by 0.17%. For FY 2017, the Centers for Medicare & Medicaid services is increasing payments to Torrance Memorial Medical Center by 0.80%.

The following table reports Torrance Memorial Medical Center’s performance compared to all hospitals across the nation for the seven categories that comprise Hospital Compare’s overall quality rating:

QUALITY MEASURES	
Category	Torrance Memorial Medical Center
Mortality	Same as the national average
Safety of Care	Below the national average
Readmission	Above the national average
Patient Experience	Above the national average
Effectiveness of Care	Same as the national average
Timeliness of Care	Below the national average
Efficient Use of Medical Imaging	Same as the national average

Source: Medicare.gov Hospital Compare, June 2017

The Hospital Readmissions Reduction Program⁹, implemented in 2012, penalizes hospitals for excess patient readmissions within 30 days of discharge for the following three applicable conditions: heart attack, heart failure, and pneumonia. The penalty is administered by reducing all of a hospital’s reimbursement payments under the Medicare program by a certain percentage for the entire year.

In FY 2016, Torrance Memorial Medical Center was penalized with a 0.25% reduction in reimbursement. In FY 2017, Torrance Memorial Medical Center will be penalized with a 0.69% reduction in reimbursement. The following graph shows Torrance Memorial Medical Center’s 30-day readmission rates for chronic obstructive pulmonary disease, heart attack, heart failure, pneumonia, stroke, hip/knee replacement, and all causes hospital-wide. The average of Torrance Memorial Medical Center’s 30-day readmission rates for all causes is lower than the national average rate.

30-DAY READMISSION RATES		
Condition/Procedure	Torrance Memorial	
	Medical Center	National Average
Chronic Obstructive Pulmonary Disease	18.6%	20.0%
Heart Attack	18.3%	16.8%
Heart Failure	21.9%	21.9%
Pneumonia	17.3%	17.1%
Stroke	13.8%	12.5%
Hip/Knee Replacement	4.9%	4.6%
Hospital-Wide (All Causes)	14.7%	15.6%

Source: Medicare.gov Hospital Compare, June 2017

⁹ The formula for determining hospital reimbursement payments under the Hospital Readmissions Reduction Program is complicated, varies by hospital and geographic location, and may not correspond directly to state and national hospital averages.

Seismic Issues

Using the HAZUS seismic criteria¹⁰, Torrance Memorial Medical Center’s structures subject to seismic compliance have been classified according to the California Senate Bill 1953 Seismic Safety Act for the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC), as seen in the table below.

As a result of opening the new seismically compliant Lundquist Patient Tower in 2014 and the remodel of the North Wing patient tower to be completed in 2019, Torrance Memorial Medical Center does not intend to upgrade or occupy the vacated floors of the SPC-2¹¹ rated original hospital building.

SEISMIC OVERVIEW		
	SPC Compliance Status	NPC Compliance Status
Original Hospital Building	2	2
Original Central Plant	2	3
East Wing	3	2
Lobby/Cath Lab Addition	3	3
Surgery Addition	5	2
Doctors' Dining/Medical Records	3	3
Admitting/Business	3	3
Linear Accelerator	5	3
Central Plant Addition	4	4
North Wing	3	2
Elevator Core (North Wing)	4	3
MRI Addition	5	4
Ambulatory Care	3	4
Gallery	3	4
Central Plant Expansion - A	5	4
Central Plant Expansion - B	5	4
Central Plant - South Wing Addition	5	4
East Wing Addition	5	4
New Hospital Building	5	4
MRI Addition Corridor	5	4
Bulk Medical Gas System	N/A	4
Emergency Generator Building	5	4
Surgery Addition West	5	4
Emergency Generators and Switchgear	N/A	-
Central Plant Elevator and Stair	5	3
Utility Tunnel	N/A	3
Central Plant Walkway Canopy	3	4
Lundquist North Wing Connector	5	4
Lundquist Tower Connector to Center Tower	5	4
Lundquist Connector Exit Corridor	5	4

Source: OSHPD, 07/28/2017

Note: The Bulk Medical Gas System, Emergency Generators and Switchgear, and Utility Tunnel are not buildings, and therefore, SPC classification does not apply

¹⁰ OSHPD uses HAZARDS U.S. (HAZUS), a methodology used to assess the seismic risk of hospital buildings.

¹¹ According to OSHPD, buildings rated as SPC-2 are in compliance with the pre-1973 California Building Standards Code or other applicable standards, but not in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act (SB 1953). These buildings do not significantly jeopardize life, but may not be repairable or functional following strong ground motion. These buildings must be brought into compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, its regulations or its retrofit provisions by January 1, 2030, or be removed from acute care service.

Patient Utilization Trends

The following table shows FY 2012-2016 volume trends at Torrance Memorial Medical Center.

SERVICE VOLUMES: FY 2012-2016						
PATIENT DAYS	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Trend
Medical/Surgical Acute	39,063	36,389	37,481	41,483	43,188	↗
Intensive Care	8,469	8,279	7,960	9,411	9,312	↗
Pediatric Acute	2,014	2,776	1,755	1,999	1,714	↘
Obstetrics	9,498	8,811	8,975	8,834	8,815	↘
Neonatal Intensive Care	4,996	4,990	4,913	5,039	4,700	↘
Definitive Observation	21,954	19,553	21,053	25,567	25,761	↗
Burn Care	2,166	2,077	2,255	3,561	3,631	↗
Skilled Nursing Care	12,722	12,509	12,818	13,379	13,454	↗
Total	100,882	95,384	97,210	109,273	110,575	↗
DISCHARGES						
Medical/Surgical Acute	11,373	10,669	11,102	11,834	12,840	↗
Intensive Care	611	597	579	748	716	↗
Pediatric Acute	798	1,143	721	814	708	↘
Obstetrics	3,253	3,169	3,280	3,216	3,093	↘
Neonatal Intensive Care	273	292	307	333	307	↗
Definitive Observation	6,609	5,613	6,336	6,831	7,180	↗
Burn Care	216	246	229	320	370	↗
Skilled Nursing Care	1,368	1,485	1,410	1,142	1,117	↘
Total	24,501	23,214	23,964	25,238	26,331	↗
AVERAGE LENGTH OF STAY						
Medical/Surgical Acute	3.4	3.4	3.4	3.5	3.4	↔
Intensive Care	13.9	13.9	13.7	12.6	13.0	↘
Pediatric Acute	2.5	2.4	2.4	2.5	2.4	↔
Obstetrics	2.9	2.8	2.7	2.7	2.8	↔
Neonatal Intensive Care	18.3	17.1	16.0	15.1	15.3	↘
Definitive Observation	3.3	3.5	3.3	3.7	3.6	↗
Burn Care	10.0	8.4	9.8	11.1	9.8	↔
Skilled Nursing Care	9.3	8.4	9.1	11.7	12.0	↗
Total	4.1	4.1	4.1	4.3	4.2	↔
AVERAGE DAILY CENSUS						
Medical/Surgical Acute	107	100	103	114	118	↗
Intensive Care	23	23	22	26	26	↗
Pediatric Acute	6	8	5	5	5	↘
Obstetrics	26	24	25	24	24	↔
Neonatal Intensive Care	14	14	13	14	13	↔
Definitive Observation	60	54	58	70	71	↗
Burn Care	6	6	6	10	10	↗
Skilled Nursing Care	35	34	35	37	37	↗
Total	276	261	266	299	303	↗
OTHER SERVICES						
Inpatient Surgeries	6,560	6,284	6,409	6,979	6,891	↗
Outpatient Surgeries	10,955	10,997	10,787	9,825	9,544	↘
Emergency Visits ¹	62,330	62,700	65,898	80,407	79,582	↗
Cardiac Catheterization Procedures ¹	3,276	3,399	3,433	3,327	3,503	↗
Coronary Artery Bypass Graft (CABG) Surgeries ¹	36	36	47	85	85	↗
Obstetric Deliveries	3,092	3,058	3,153	3,111	3,039	↔

Sources: OSHPD Disclosure Reports, 2012-2016

¹OSHPD Alerts Annual Utilization Reports

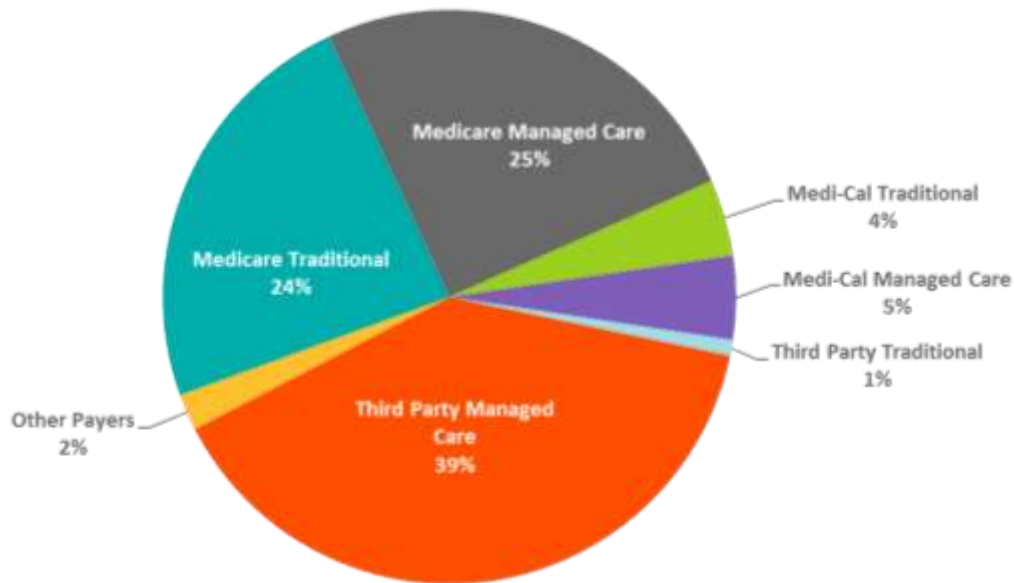
A review of historical utilization trends between FY 2012 and FY 2016 supports the following conclusions:

- Total patient days have increased by approximately 10% over the five-year period;
- Inpatient discharges have increased by nearly 8% between FY 2012 and FY 2016;
- The average daily census has fluctuated over the five-year period with a 5% decrease from 276 patients in FY 2012 to 261 patients in FY 2013 followed by 16% increase to 303 patients in FY 2016. Overall, the average daily census has increased by 10% between FY 2012 and FY 2016; and
- Emergency visits have increased significantly by nearly 28% over the five-year period.

Payer Mix

In FY 2016, Torrance Memorial Medical Center’s inpatient payer mix consisted of Third Party Managed Care (39%) patients, Medicare Managed Care patients (25%), Medicare Traditional patients (24%), Medi-Cal Managed Care patients (5%), Medi-Cal Traditional patients (4%), Other Payers¹² (2%), and Third Party Traditional patients (1%).

Torrance Memorial Medical Center Payer Mix, FY 2016



Total Discharges: 26,311

Source: OSHPD Financial Disclosure Report, FY 2016 (based on inpatient discharges)

¹² Other Payers includes self-pay, workers’ compensation, other government, and other payers.

The following table illustrates Torrance Memorial Medical Center’s FY 2016 inpatient discharge payer mix compared to FY 2015 for Los Angeles County and the State of California. The comparison shows that Torrance Memorial Medical Center has much higher percentages of Medicare Managed Care and Third Party Managed Care patients and significantly lower percentages of Medi-Cal Traditional, Medi-Cal Managed Care, and Third Party Traditional patients relative to other hospitals in Los Angeles County and statewide.

PAYER MIX COMPARISON						
	Torrance Memorial Medical Center(FY 2016)		Los Angeles County (FY 2015)		California (FY 2015)	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
Medi-Cal Traditional	1,135	4.3%	172,002	18.7%	466,222	15.5%
Medi-Cal Managed Care	1,240	4.7%	161,839	17.6%	547,195	18.2%
Medi-Cal Total	2,375	9.0%	333,841	36.2%	1,013,417	33.6%
Medicare Traditional	6,230	23.7%	239,776	26.0%	836,143	27.7%
Medicare Managed Care	6,653	25.3%	99,514	10.8%	306,848	10.2%
Medicare Total	12,883	48.9%	339,290	36.8%	1,142,991	37.9%
Third Party Traditional	235	0.9%	27,434	3.0%	110,379	3.7%
Third Party Managed Care	10,297	39.1%	185,121	20.1%	661,695	22.0%
Third-Party Total	10,532	40.0%	212,555	23.1%	772,074	25.6%
Other Payers	541	2.1%	18,672	2.0%	48,093	1.6%
Other Indigent	0	0.0%	5,741	0.6%	19,101	0.6%
County Indigent	0	0.0%	12,012	1.3%	17,987	0.6%
Other Total	541	2.1%	36,425	4.0%	85,181	2.8%
Total	26,331	100%	922,111	100%	3,013,663	100%

Source: OSHPD Disclosure Reports, 2015 & 2016

Medi-Cal Managed Care

The Medi-Cal Managed Care Program contracts for healthcare services through established networks of organized systems of care. Medi-Cal beneficiaries in all 58 counties in California receive their healthcare through six models of managed care, including: County Organized Health Systems, the Two-Plan Model, Geographic Managed Care, the Regional Model, the Imperial Model, and the San Benito Model.

Los Angeles County has a Two-Plan Model for managed care that offers Medi-Cal beneficiaries a “Local Initiative” and a “commercial plan.” In FY 2015, Los Angeles County had approximately 334,000 inpatient discharges from patients with either Medi-Cal Traditional (52%) or Medi-Cal Managed Care coverage (48%). The percentage of Los Angeles County residents with Medi-Cal Managed Care coverage increased significantly as a result of the ACA and state initiatives to expand managed care.

L.A. Care Health Plan is the Local Initiative plan for Los Angeles County. Medi-Cal beneficiaries can choose L.A. Care Health Plan or one of the contracting partners that include Anthem Blue Cross of California, Care 1st, Community Health Plan, and Kaiser Permanente. The second Medi-Cal plan in Los Angeles County is a private commercial plan provided by Health Net Community Solutions, Inc. in partnership with Molina Healthcare. Currently, Torrance Memorial Medical

Center is not contracted with either the Local Initiative or commercial Medi-Cal managed care plans.

Medical Staff

Torrance Memorial Medical Center has 1,113 medical staff members representing multiple specialties. The five largest specialties, comprising 34% of the medical staff, include: hospitalist, pediatrics, internal medicine, family practice, and orthopedics. Of the 1,113 members of the medical staff, 462 are considered “active” users of Torrance Memorial Medical Center (representing approximately 42% of the medical staff). The 651 “non-active” users of Torrance Memorial Medical Center include associate, courtesy, affiliate, provisional, and other medical staff.

MEDICAL STAFF PROFILE 2017					
Specialty	Count	% of Total	Specialty	Count	% of Total
Allergy and Immunology	10	0.9%	Pathology	5	0.4%
Anesthesiology	49	4.4%	Pediatric Allergy and Immunology	1	0.1%
Burn and Reconstructive Plastic Surgery	1	0.1%	Pediatric Cardiology	9	0.8%
Cardiology	47	4.2%	Pediatric Dentistry	5	0.4%
Cardiothoracic Surgery	10	0.9%	Pediatric Endocrinology	5	0.4%
Colon and Rectal Surgery	3	0.3%	Pediatric Gastroenterology	12	1.1%
Dentistry	2	0.2%	Pediatric Infectious Disease	4	0.4%
Dermatology	28	2.5%	Pediatric Ophthalmology	1	0.1%
Emergency Medicine	34	3.1%	Pediatric Orthopedics	2	0.2%
Endocrinology	18	1.6%	Pediatric Otolaryngology	4	0.4%
Family Practice	69	6.2%	Pediatric Pulmonary	3	0.3%
Gastroenterology	28	2.5%	Pediatric Surgery	7	0.6%
General Practice	4	0.4%	Pediatric Urology	2	0.2%
General Surgery	21	1.9%	Pediatrics	88	7.9%
Gynecological Oncology	2	0.2%	Perinatology	10	0.9%
Gynecology	12	1.1%	Physical Medicine and Rehabilitation	8	0.7%
Obstetrics and Gynecology	43	3.9%	Plastic Surgery	22	2.0%
Hospitalist	91	8.2%	Podiatry	27	2.4%
Hyperbaric Medicine	2	0.2%	Psychiatry	12	1.1%
Infectious Disease	9	0.8%	Pulmonology	12	1.1%
Internal Medicine	76	6.8%	Radiation Oncology	3	0.3%
Neonatology	10	0.9%	Radiology	33	3.0%
Nephrology	20	1.8%	Reproductive Endocrinology	7	0.6%
Neurology	13	1.2%	Rheumatology	13	1.2%
Neurosurgery	8	0.7%	Spine Surgery	2	0.2%
Oncology Hematology	25	2.2%	Teleneurology	11	1.0%
Ophthalmology	47	4.2%	Teleradiology	7	0.6%
Oral Surgery	9	0.8%	Thoracic Surgery	3	0.3%
Orthopedics	50	4.5%	Urology	17	1.5%
Otolaryngology	20	1.8%	Vascular Surgery	4	0.4%
Pain Management	13	1.2%	-	-	-
Total Medical Staff				1,113	

Source: Torrance Memorial Medical Center

Financial Profile

Over the last five fiscal years, Torrance Memorial Medical Center has maintained positive net income ranging from approximately \$513,000 to \$35.2 million. Between FY 2012 and FY 2016, net patient revenue and total operating revenue increased by nearly 32% and 35%, respectively. Over the same period, Torrance Memorial Medical Center's operating expenses increased by approximately 37% from \$448.0 million in FY 2012 to \$613.1 million in FY 2016. Other operating revenue¹³ increased significantly over the five-year period by 181% from approximately \$9.3 million to \$26.2 million. Much of the reported losses in FY 2015 can be attributed to the opening of the new Lundquist Patient Tower in November 2014.

Torrance Memorial Medical Center's current-asset-to-liability ratio¹⁴ has decreased over the last five years from 1.85 in FY 2012 to 1.54 in FY 2016 (the California average in FY 2015 was 1.69). Torrance Memorial Medical Center's percentage of bad debt is 0.2% and lower than the statewide average of 0.9%.

FINANCIAL AND RATIO ANALYSIS: FY 2012-2016						
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	-
Patient Days	100,882	95,384	97,210	109,273	110,575	-
Discharges	24,501	23,214	23,964	25,238	26,331	-
ALOS	4.1	4.1	4.1	4.3	4.2	-
Net Patient Revenue	\$450,849,973	\$460,903,041	\$494,980,629	\$549,915,282	\$594,090,125	-
Other Operating Revenue	\$9,333,448	\$9,497,036	\$14,401,748	\$28,597,861	\$26,242,124	-
Total Operating Revenue	\$460,183,421	\$470,400,077	\$509,382,377	\$578,513,143	\$620,332,249	-
Total Operating Expenses	\$447,969,390	\$466,477,353	\$491,596,015	\$570,962,580	\$613,062,778	-
Net from Operations	\$12,214,031	\$3,922,721	\$17,786,362	\$7,550,563	\$7,269,471	-
Net Non-Operating Revenue & Expense	\$22,945,961	\$17,709,895	\$8,803,786	(\$7,038,002)	\$7,644,800	-
Net Income	\$35,159,992	\$21,632,619	\$26,590,148	\$512,561	\$14,914,271	-
						2015 California Average
Current Ratio	1.85	1.91	1.28	1.38	1.54	1.69
Days in A/R	48.9	59.7	48.7	48.1	41.5	57.8
Bad Debt Rate	0.7%	0.7%	0.6%	0.3%	0.2%	0.9%
Operating Margin	2.65%	0.83%	3.49%	1.31%	1.17%	4.49%

Source: OSHPD Disclosure Reports, 2012-2016

¹³ Other operating revenue represents amounts received for services that are central to the provision of healthcare services but are not directly related to patient care.

¹⁴ The current asset-to-liability ratio compares a company's total assets to its current liabilities to measure its ability to pay short-term and long-term debt obligations. A low current ratio of less than 1.0 could indicate that a company may have difficulty meeting its current obligations. The higher the current ratio, the more capable the company is of paying its obligations as it has a larger proportion of assets relative to its liabilities.

Cost of Hospital Services

Torrance Memorial Medical Center’s operating cost of services includes both inpatient and outpatient care. In FY 2016, approximately 52% of total costs were associated with Medicare patients, 39% with Third Party patients, 8% with Medi-Cal patients, and 1% with Other Payers.

COST OF SERVICES					
BY PAYER CATEGORY: FY 2012-2016					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Operating Expenses	\$447,969,390	\$466,477,353	\$491,596,015	\$570,962,580	\$613,062,778
Cost of Services By Payer:					
Medicare	\$218,910,563	\$223,656,770	\$245,626,812	\$296,270,658	\$321,514,467
Medi-Cal	\$19,130,024	\$21,605,438	\$31,344,929	\$39,722,703	\$46,107,619
County Indigent	-	-	-	-	-
Third Party	\$196,107,572	\$208,950,152	\$210,276,437	\$231,162,492	\$239,877,372
Other Indigent	-	-	-	-	-
Other Payers	\$13,821,231	\$12,264,993	\$4,347,837	\$3,806,727	\$5,563,321

Source: OSHPD Disclosure Reports, 2012-2016

Charity Care

Based upon the Annual Financial Disclosure Reports submitted to OSHPD, Torrance Memorial Medical Center’s charity care charges have decreased from \$43.2 million in FY 2012 to approximately \$9.9 million in FY 2016. The five-year average for charity charges was approximately \$23.9 million.

CHARITY CARE	
TOTAL CHARGES: FY 2012-2016	
Year	OSHPD Disclosure Reports
FY 2016	\$9,857,974
FY 2015	\$14,451,551
FY 2014	\$17,757,997
FY 2013	\$34,290,792
FY 2012	\$43,233,703
5-Year Average	\$23,918,403

Source: OSHPD Disclosure Reports, FY 2012-2016

The following table shows a comparison of charity care and bad debt for Torrance Memorial Medical Center and all general acute care hospitals in the State of California. The five-year (FY 2012-2016) average of charity care and bad debt, as a percentage of gross patient revenue, was 1.4% and lower than the four-year statewide average of 2.9%. 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: FY 2012-2016 (Millions)										
	2012		2013		2014		2015		2016	
	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA	Hospital	CA
Gross Patient Revenue	\$2,467.58	\$303,278.6	\$2,601.78	\$317,543.8	\$2,800.86	\$330,906.4	\$3,160.06	\$364,694.4	\$3,396.52	-
Charity	\$43.23	\$6,251.0	\$34.29	\$6,209.9	\$17.76	\$4,516.6	\$14.45	\$2,966.2	\$9.86	-
Bad Debt	\$16.7	\$5,007.6	\$17.16	\$5,549.5	\$16.08	\$4,337.3	\$10.24	\$3,285.1	\$7.83	-
Total	\$59.9	\$11,258.6	\$51.5	\$11,759.4	\$33.8	\$8,853.8	\$24.7	\$6,251.3	\$17.7	-
Charity Care as a % of Gross Rev.	1.8%	2.1%	1.3%	2.0%	0.6%	1.4%	0.5%	0.8%	0.3%	-
Bad Debt as a % of Gross Rev.	0.7%	1.7%	0.7%	1.7%	0.6%	1.3%	0.3%	0.9%	0.2%	-
Total as a % of Gross Rev.	2.4%	3.7%	2.0%	3.7%	1.2%	2.7%	0.8%	1.7%	0.5%	-
Uncompensated Care										
Cost to Charge Ratio	17.8%	29.5%	17.6%	24.4%	17.0%	23.5%	17.2%	24.0%	17.2%	-
Charity	\$7.7	\$1,844.0	\$6.0	\$1,514.6	\$3.0	\$1,061.4	\$2.5	\$713.1	\$1.7	-
Bad Debt	\$3.0	\$1,477.2	\$3.0	\$1,353.5	\$2.7	\$1,019.3	\$1.8	\$789.7	\$1.3	-
Total	\$10.7	\$3,321.3	\$9.1	\$2,868.1	\$5.8	\$2,080.7	\$4.2	\$1,502.8	\$3.0	-

Source: OSHPD Disclosure Reports, FY 2012-2016

The table below shows Torrance Memorial Medical Center’s historical costs for charity care as reported to OSHPD. Torrance Memorial Medical Center’s charity care costs have decreased from approximately \$7.7 million in FY 2012 to \$1.7 million in FY 2016. The average cost of charity care for the last five-year period was approximately \$4.2 million.

COST OF CHARITY CARE				
Year	Charity Care Charges	Cost to Charge Ratio	Cost of Charity Care to the Hospital	Percent of Total Costs
				Represented by Charity Care
FY 2016	\$9,857,974	17.3%	\$1,703,458	0.3%
FY 2015	\$14,451,551	17.2%	\$2,479,886	0.4%
FY 2014	\$17,757,997	17.0%	\$3,025,963	0.6%
FY 2013	\$34,290,792	17.6%	\$6,021,463	1.3%
FY 2012	\$43,233,703	17.8%	\$7,686,952	1.7%
5-Year Average	\$23,918,403		\$4,183,544	

Source: OSHPD Disclosure Reports, FY 2012-2016

Torrance Memorial Medical Center reported the following combined distribution of charity care by inpatient, outpatient, and emergency room charges:

COST OF CHARITY CARE BY SERVICE					
		Inpatient	Outpatient	Emergency Room	Total
2016	Cost of Charity	\$735,937	\$66,137	\$871,825	\$1,673,900
	Visits/Discharges	178	565	1,281	2,024
2015	Cost of Charity	\$1,172,320	\$105,361	\$1,307,197	\$2,584,877
	Visits/Discharges	326	617	3,959	4,902
2014	Cost of Charity	\$1,459,201	\$122,282	\$1,510,184	\$3,091,667
	Visits/Discharges	252	499	3,520	4,271
2013	Cost of Charity	\$3,939,055	\$256,889	\$1,890,673	\$6,086,616
	Visits/Discharges	499	546	4,194	5,239
2012	Cost of Charity	\$5,121,360	\$197,036	\$2,456,321	\$7,774,717
	Visits/Discharges	608	536	3,795	4,939

Source: Torrance Memorial Medical Center

Community Benefit Services

In the last five years, Torrance Memorial Medical Center has consistently provided community benefit services. As shown in the table below, the average annual cost of community benefit services over the five years has been \$2,663,312. Over the five-year period, Torrance Memorial Medical Center’s combined total cost of community benefit services decreased from approximately \$2.9 million in FY 2012 to \$2.2 million in FY 2016.

COMMUNITY BENEFIT SERVICES							
Community Benefit Programs	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Average	Total
Benefits for Vulnerable Populations	\$499,681	\$399,874	\$266,989	\$517,823	\$353,629	\$407,599	\$2,037,996
Benefits for the Broader Community	\$2,377,900	\$2,350,939	\$2,187,271	\$2,322,479	\$1,755,400	\$2,198,798	\$10,993,989
Health Research, Education & Training Programs	\$26,300	\$22,740	\$114,784	\$58,617	\$62,132	\$56,915	\$284,573
Total	\$2,903,881	\$2,773,553	\$2,569,044	\$2,898,919	\$2,171,161	\$2,663,312	\$13,316,558

Source: Torrance Memorial Medical Center

Note: Community benefit programs and services excludes grants

- Torrance Memorial Medical Center’s five-year average cost of community benefit services for vulnerable populations is approximately \$408,000;
- Torrance Memorial Medical Center’s five-year average cost of community benefit services for the broader community is approximately \$2.2 million; and
- Torrance Memorial Medical Center’s five-year average cost of community benefit services for health research, education, and training programs is approximately \$57,000.

Torrance Memorial Medical Center’s community benefit services over the past five fiscal years included the following programs:

COST OF COMMUNITY BENEFIT SERVICES FY 2012-2016					
Services Over \$10,000 in Cost:	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Blood Donor Center	\$124,725	\$96,640	\$88,064	\$67,456	\$72,512
Community Health Fairs ¹	\$13,417	\$11,475	-	\$17,134	\$24,667
Continuing Medical Education ²	\$26,300	\$22,740	\$114,784	\$58,617	\$62,132
Diabetes Prevention and Education ³	-	-	\$75,000	\$75,000	\$75,000
Disaster Preparedness/Terrorism Response ⁴	\$43,050	\$10,000	-	-	-
Educational Media and Web Videos	\$200,417	\$204,542	\$211,566	\$219,191	\$207,380
Health Education and Wellness Initiatives	\$340,620	\$205,894	\$179,803	\$231,495	\$239,534
Health Resource Center	\$84,777	\$65,876	\$66,691	\$64,494	\$36,763
Medical Library	\$173,331	\$161,800	\$106,663	\$183,249	\$95,009
Prevention and Risk-Reduction for Cardiovascular Disease and Stroke	\$263,013	\$264,577	\$190,170	\$94,230	\$104,578
Speakers Bureau	\$34,250	\$28,335	\$29,177	\$29,843	\$37,961
Support for Children’s Nutrition and Exercise Initiatives	\$39,265	\$56,559	\$84,551	\$94,832	\$91,526
Support for Homeless, Low-Income and Working Poor Individuals and Families	\$40,000	\$29,200	\$22,000	\$22,000	\$22,300
Support for Patient-Centered and Family Care at End-of-Life	\$114,003	\$49,398	\$106,824	\$111,298	\$116,984
Support for Patients and Families Dealing with Cancer Diagnosis	\$388,870	\$407,930	\$400,439	\$474,605	\$241,838
Support for the Needs of Older Adults	\$252,155	\$348,938	\$400,812	\$473,735	\$306,977
Support of Local Nonprofit Agencies and South Bay School Districts ⁵	\$204,188	\$149,594	\$154,973	\$185,875	\$191,799
Van Transportation	\$187,772	\$236,373	\$157,814	\$191,706	\$183,938

Source: Torrance Memorial Medical Center

Note: Community benefit programs and services excludes grants. Programs to support access to medical, dental and mental health services are grant-funded and excluded from this table (description of program provided below in report)

¹ For FY 2014, community health fairs is included in health education and wellness initiatives

² Includes Training and Career Preparation for Nursing and Ancillary Personnel (description of program provided below in report)

³ For FY 2012-2013, diabetes prevention and education is included in prevention and risk-reduction for cardiovascular disease and stroke

⁵ Includes Support Groups program (description of program provided below in report)

Torrance Memorial Medical Center’s community benefit services have supported many programs for the community, including diabetes education, children’s nutrition and exercise, support groups, wellness initiatives and others, as described below:

- Blood Donor Center: The program organizes drives with the American Red Cross to prevent seasonal blood shortages and increase the number of units of blood collected;
- Community Health Fairs: The program provides free blood pressure, body fat, cholesterol, pulmonary function, asthma screenings, flu shots, and educational materials at local community health fairs;
- Continuing Medical Education: The program provides education, lectures, and conferences for physicians, nurses, and other healthcare professionals and offers annual symposiums to address relevant topics in oncology, cardiology, pain management, diabetes, geriatrics, pediatrics/perinatology, bioethics, chemical dependency, obstetrics/gynecology, and palliative care;
- Diabetes Prevention and Education: The program supports the Torrance-South Bay YMCA to implement and sustain the Centers for Disease Control and Prevention’s

Diabetes Prevention Program in the South Bay region. The program provides free nursing-led education via bi-monthly support groups to improve diabetes self-care and management with the goal of preventing complications that can lead to hospitalization;

- Disaster Preparedness/Terrorism Response: The program coordinates community disaster and terrorism response plans to address preparedness, response, and recovery from emergency or catastrophic events. The program develops plans that include emergency communications, resources, safety and security, training and education, utilities, management, and provisions to maintain clinical services throughout the event and in coordination with the police department, the fire department, and the Los Angeles County Emergency Medical Services Agency;
- Educational Media and Web Videos: The program provides free, public access to health education lectures and programming on relevant health topics made available on Torrance Memorial Medical Center's website as well as via on-demand viewing and live streaming;
- Health Education and Wellness Initiatives: The program provides physician referrals to Medi-Cal providers and health education classes that address safety, wellness, disease prevention and management, stress management and relaxation, nutrition, healthy eating, home gardening, pre-natal/post-natal education, and newborn care and breastfeeding;
- Health Resource Center: The program provides healthcare information and community resource packets on topics such as adult day services, driver safety, medication safety, and stroke and disaster preparedness, free baby weight checks, feedback from a certified lactation educator or consultant, and breast pump rental services;
- Medical Library: The program provides free access to a medical librarian and medical education information for students, physicians, patients and family members, and the community;
- Prevention and Risk-Reduction for Cardiovascular Disease and Stroke: The program provides a team of healthcare professionals to address the specialized needs of cardiac and stroke patients, to raise awareness on the signs and symptoms of cardiac events, and to provide family education on prevention and bystander intervention, risk factor modification, diet/exercise, treatment, and rehabilitation;
- Programs to Support Access to Medical, Dental and Mental Health Services: The grant-funded program includes the Welcome Baby program that targets outreach to pre- and post-natal mothers living in Wilmington to promote overall health during the first year of life, ensure children have health coverage, and increase breastfeeding rates. The

program also includes the Community Health and Wellness Partnership that provides a connection to medical, mental, and oral health programs for underserved residents;

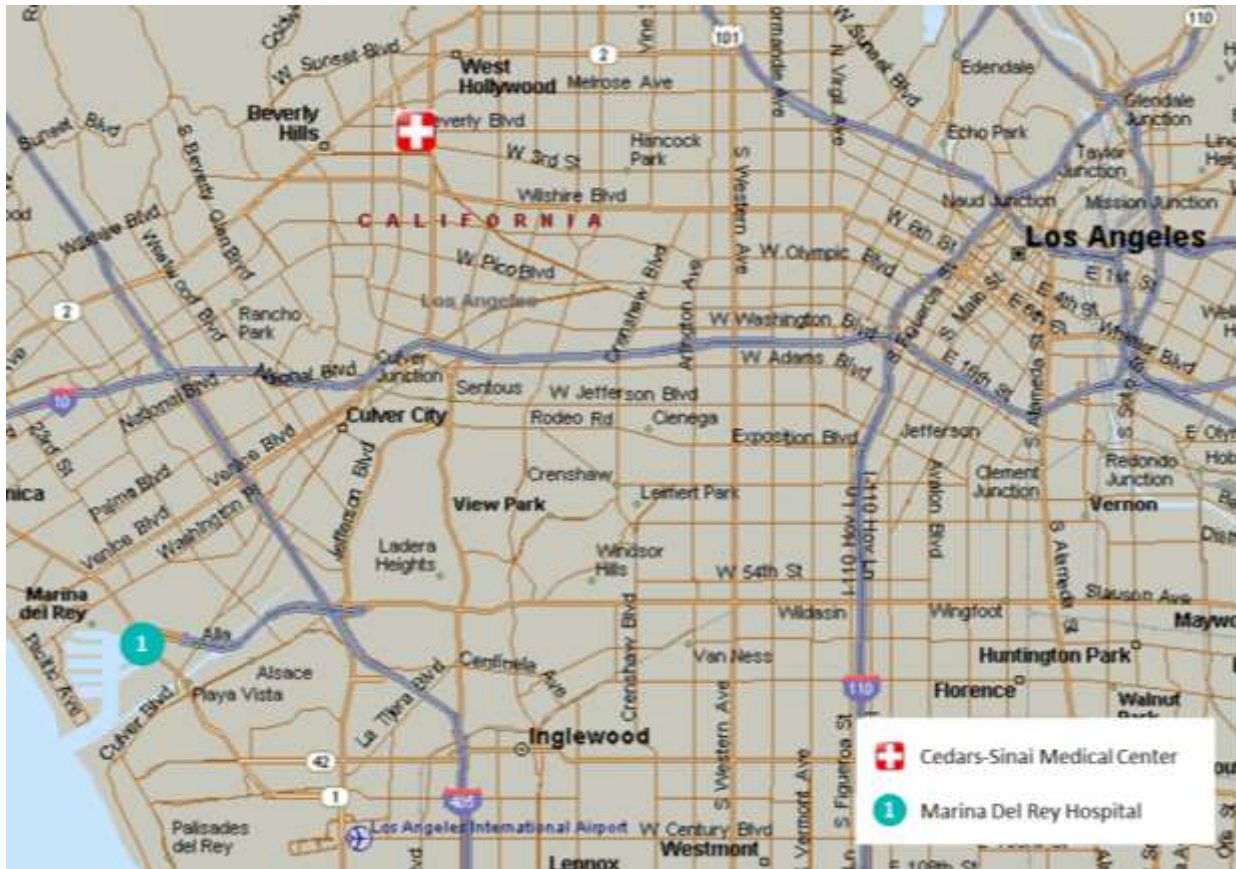
- **Speakers Bureau:** The program provides free community lectures by physicians and healthcare professionals by request for organizations, schools, and business in the South Bay region to provide health and wellness education;
- **Support for Children’s Nutrition and Exercise Initiatives:** The program supports the Torrance-South Bay YMCA’s Healthy Ever After program that offers community-based education to children and their families and emphasizes nutrition education, healthier eating habits, and increasing physical activity. The program provides body mass index measurements in schools with free follow-up metabolic lab work and consultation with a pediatric nutritionist;
- **Support for Homeless, Low-Income and Working Poor Individuals and Families:** The program provides financial support to Harbor Interfaith Services to provide homeless and working poor clients with food, shelter, transitional housing, child care, education, job placement, and counseling. The program also includes health screenings, education, referrals, and medical-follow up services;
- **Support for Patient-Centered and Family Care at End-of-Life:** The program offers counseling, education, support groups, and an information resource center for individuals who are experiencing death or grieving the loss of a loved one. The program also provides financial support to Caring House, a nonprofit, independent outpatient hospice;
- **Support for Patients and Families Dealing with Cancer Diagnosis:** The program provides oncology nurse navigators that offer free information and education about a wide variety of cancer-related subjects, including prevention, detection, and treatment. The Hunt Cancer Resource Center provides an annual oncology symposium for healthcare professionals, the Woman to Woman Image Enhancement Center, and collaborations with the American Cancer Society;
- **Support for the Needs of Older Adults:** The program maintains a network of free and low-cost programs and services for adults aged 50 years and older, including health education programs, adaptive exercise classes, free Medicare assistance, medication management tools, fall prevention training, and general wellness;
- **Support Groups:** The program hosts over 20 ongoing support groups, including amputee, caregiver, diabetes, cancer, heart disease, lymphedema, medication management, meditation, stroke, depression, ostomy, fibromyalgia, and nicotine anonymous and over 12-step programs;

- Support of Local Nonprofit Agencies and South Bay School Districts: The program provides ongoing support of local nonprofit agencies to help increase service capacity and otherwise assist partners to achieve their strategic goals. The program provides financial support to Calle Mayor Middle School to support annual student enrichment opportunities and strengthen extracurricular infrastructure;
- Training and Career Preparation for Nursing and Ancillary Personnel: The program provides ongoing, multi-disciplinary clinical educational opportunities such as preceptorships, internships, and graduate student experiences to train and prepare students for healthcare careers; and
- Van Transportation: The program provides transportation services for older adults and patients accessing Torrance Memorial Medical Center, physician offices, or the Family Medicine Center of Carson.

Profile of Cedars-Sinai Health System

Overview

Cedars-Sinai Health System is a nonprofit public benefit corporation and the sole corporate member of Cedars-Sinai Medical Center that owns and operates a general acute care hospital located in Los Angeles, California. Cedars-Sinai Health System was formed on May 1, 2017 to function as an integrated parent organization of nonprofit healthcare organizations that includes establishing, maintaining, sponsoring, and promoting activities relating to the improvement of health and wellbeing. Cedars-Sinai Medical Center is also the sole corporate member of CFHS Holdings Inc., a California nonprofit public benefit corporation, doing business as Marina Del Rey Hospital. Marina Del Rey Hospital is a general acute care hospital located in Marina Del Rey, California. As the parent organization of Cedars-Sinai Medical Center, Cedars-Sinai Health System supports the provision of hospital services and outpatient services provided at hospital-based clinics, community-based clinics, and ambulatory surgery centers.



Cedars-Sinai Medical Center

Established in 1902, Cedars-Sinai Medical Center is an 886 licensed bed, general acute care academic medical center located at 8700 Beverly Boulevard in Los Angeles. Cedars-Sinai Medical Center is one of the largest academic medical centers in the country with over 2,000 physicians, 2,800 nurses, and thousands of other healthcare providers and employees. Cedars-Sinai Medical Center services the community through its affiliated physician network that includes Cedars-Sinai Medical Group.

Service Area

As a multi-specialty academic medical center, Cedars-Sinai Medical Center attracts patients from an extended area including a large number of ZIP Codes. Cedars-Sinai Medical Center's primary service area is comprised of 62 ZIP Codes, from which approximately 61% of its inpatient discharges originated in 2016. Cedars-Sinai Medical Center's secondary service area is comprised of 52 ZIP Codes, from which approximately 13% of its discharges originated in 2016. Together, the primary and secondary service areas represent nearly 75% of Cedars-Sinai Medical Center's 2016 inpatient discharges.



Key Statistics

Key statistics for Cedars-Sinai Medical Center include the following:

- In FY 2016, Cedars-Sinai Medical Center was licensed for 886 beds with an average occupancy rate of approximately 78%;
- Between FY 2014 and FY 2016, patient days and discharges at Cedars-Sinai Medical Center increased by 7% and 6%, respectively;
- Cedars-Sinai Medical Center reported nearly 89,400 emergency visits in FY 2016; and
- Cedars-Sinai Medical Center reported net income of \$376 million in FY 2016.

KEY STATISTICS				
	Cedars-Sinai Medical Center		Marina Del Rey Hospital	
	FY 2014	FY 2015	FY 2014	FY 2015
City	Los Angeles		Marina Del Rey	
Licensed Beds	886	886	145	145
Patient Days	234,271	241,104	14,583	15,408
Discharges ¹	45,343	46,452	4,155	4,006
Average Length of Stay	5.2	5.2	3.5	3.8
Average Daily Census	642	661	40	42
Occupancy	72.4%	74.6%	27.6%	29.1%
Emergency Visits	85,082	88,422	23,828	26,188
Inpatient Surgeries	16,538	16,362	1,780	1,881
Outpatient Surgeries	6,892	7,274	2,078	2,188
Total Live Births	6,792	6,777	-	-
Payer Mix (Based on Discharges)				
Medicare Traditional	40.6%	39.7%	39.6%	38.9%
Medicare Managed Care	3.4%	3.2%	10.8%	13.3%
Medi-Cal Traditional	6.3%	7.7%	3.4%	3.7%
Medi-Cal Managed Care	3.8%	4.9%	4.7%	5.2%
County Indigent	0.0%	0.0%	0.0%	0.0%
Third-Party Traditional	2.1%	2.2%	5.0%	4.8%
Third-Party Managed Care	39.9%	40.1%	32.9%	31.0%
Other Indigent	0.0%	0.0%	0.0%	0.0%
Other Payers	3.9%	2.1%	3.7%	2.9%
Income Statement				
Gross Patient Revenue	\$11,420,594,416	\$12,609,277,685	\$412,379,762	\$423,817,652
Net Patient Revenue	\$2,503,766,313	\$2,751,199,371	\$93,575,611	\$99,353,667
Other Operating Revenue	\$238,626,955	\$294,560,228	\$881,656	\$316,797
Total Operating Revenue	\$2,742,393,268	\$3,045,759,599	\$94,457,267	\$99,670,464
Total Operating Expenses	\$2,446,080,524	\$2,661,339,655	\$94,158,109	\$97,898,871
Net From Operations	\$296,312,744	\$384,419,944	\$299,158	\$1,771,593
Net Income	\$315,801,623	\$390,947,868	\$4,483,704	\$1,297,359
Other Financial				
Charity Care Charges	\$120,822,391	\$27,848,422	\$0	\$697,812
Provision for Bad Debts ²	\$177,237,342	(\$216,111)	\$12,475,248	\$11,436,332
Total Uncompensated Care	\$298,059,733	\$27,632,311	\$12,475,248	\$12,134,144
Cost to Charge Ratio	19.3%	18.8%	22.6%	23.0%
Cost of Charity	\$23,353,410	\$5,227,189	\$0	\$160,668
Uncompensated Care as % of Charges	2.6%	0.2%	3.0%	2.9%
Fiscal Year Ending	6/30/2014	6/30/2015	12/31/2014	12/31/2015

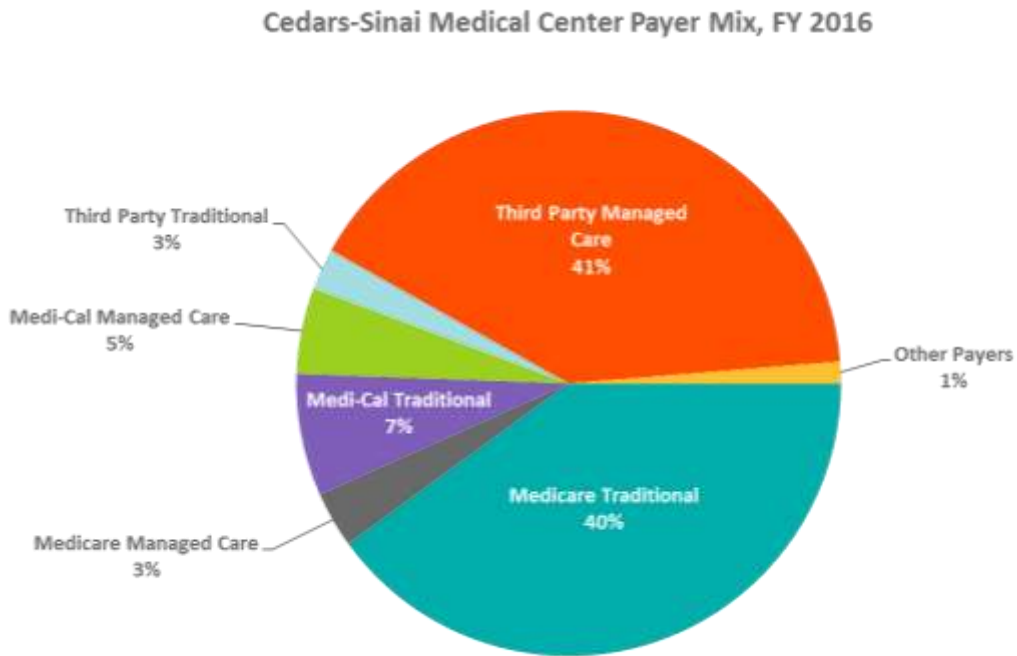
Source: OSHPD Disclosure Reports FY 2014-2015

¹ Excludes normal newborns

² As a result of the expansion of Medicaid under the ACA, payments for presumptively eligible Medi-Cal patients were delayed resulting in write-offs on June 30, 2014. In 2015, Medi-Cal approved these patients as Medi-Cal beneficiaries resulting in a reversal of the write-offs affecting the recording of bad debts for 2015. The reversal also increased the contractual allowances for Medi-Cal by a corresponding amount.

Payer Mix

In FY 2016, Cedars-Sinai Medical Center's inpatient payer mix consisted of predominantly Third Party Managed Care (41%) and Medicare Traditional (40%) patients. The remaining 19% of Cedars-Sinai Medical Center's inpatient discharges were comprised of Medi-Cal Traditional (7%), Medi-Cal Managed Care (5%), Third Party Traditional (3%), Medicare Managed Care (3%), and Other Payers (1%) patients.



Total Discharges: 48,236

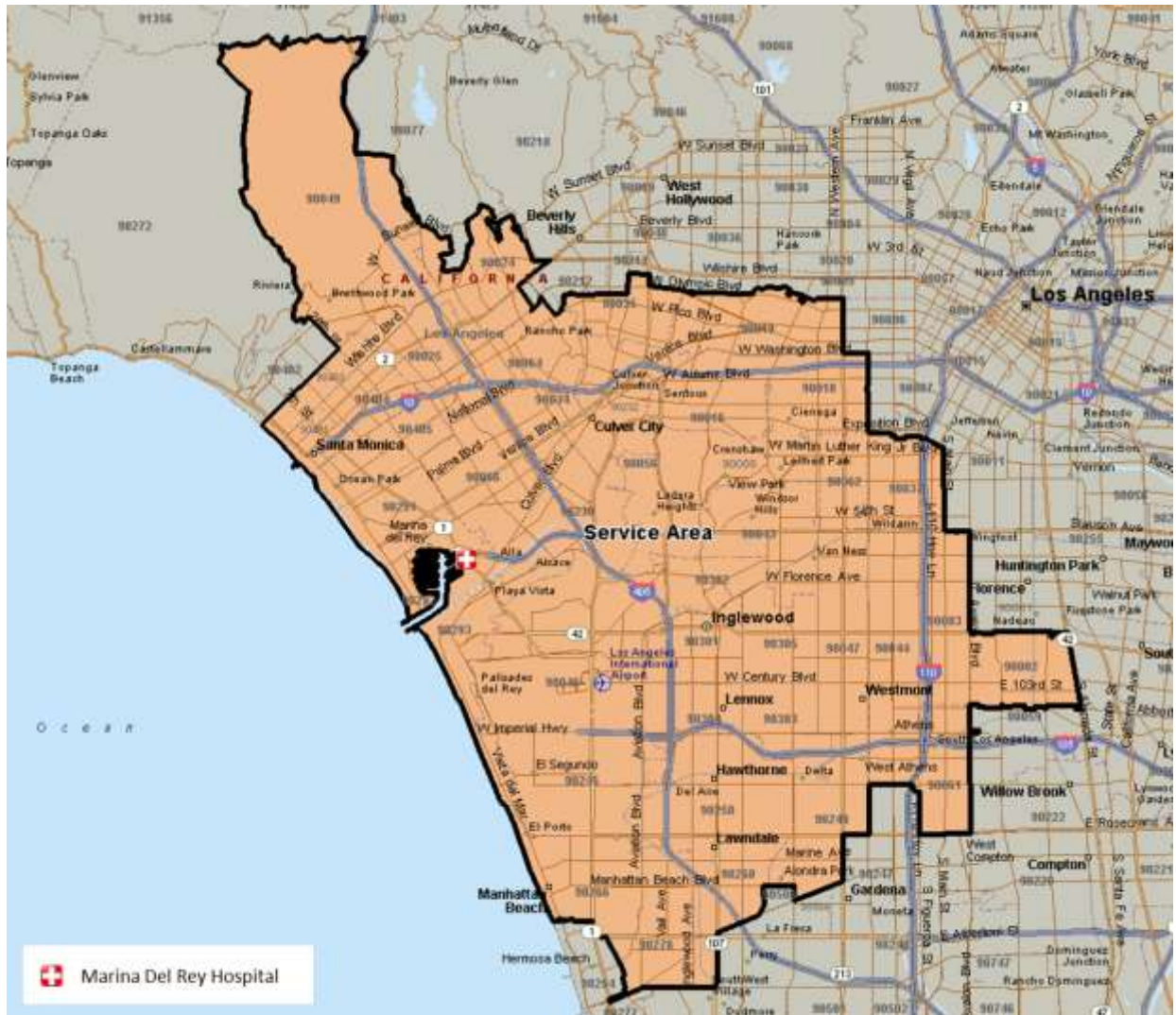
Source: OSHPD Financial Disclosure Report, FY 2016 (based on inpatient discharges)

Marina Del Rey Hospital

Marina Del Rey Hospital was acquired by Cedars-Sinai Health System in 2015. It is a general acute care hospital licensed for 133 beds located at 4650 Lincoln Boulevard in Marina Del Rey that provides general acute care medical services, emergency services, and surgical services.

Service Area

Marina Del Rey Hospital's service area is comprised of 42 ZIP Codes from which approximately 66% of its discharges originated in 2016.



Key Statistics

Key statistics for Marina Del Rey Hospital include the following:

- For FY 2016, which represents 182 days of data (January 1, 2016 through June 30, 2016), Marina Del Rey Hospital reported 133 licensed beds and an occupancy rate of 28%;
- The occupancy rate was 28% in FY 2014 and 29% in FY 2015; and
- Between FY 2014 and FY 2015, emergency visits increased by nearly 10%.

KEY STATISTICS: MARINA DEL REY HOSPITAL			
	FY 2014	FY 2015	FY 2016*
City	Marina Del Rey		
Licensed Beds	145	145	133
Patient Days	14,583	15,408	6,718
Discharges ¹	4,155	4,006	1,915
Average Length of Stay	3.5	3.8	3.5
Average Daily Census	40	42	37
Occupancy	27.6%	29.1%	27.8%
Emergency Visits	23,828	26,188	13,737
Inpatient Surgeries	1,780	1,881	849
Outpatient Surgeries	2,078	2,188	997
Total Live Births	-	-	-
Payer Mix (Based on Discharges)			
Medicare Traditional	39.6%	38.9%	39.4%
Medicare Managed Care	10.8%	13.3%	12.2%
Medi-Cal Traditional	3.4%	3.7%	5.0%
Medi-Cal Managed Care	4.7%	5.2%	6.1%
County Indigent	0.0%	0.0%	0.0%
Third-Party Traditional	5.0%	4.8%	6.7%
Third-Party Managed Care	32.9%	31.0%	29.1%
Other Indigent	0.0%	0.0%	0.1%
Other Payers	3.7%	2.9%	1.4%
Income Statement			
Gross Patient Revenue	\$412,379,762	\$423,817,652	\$213,636,648
Net Patient Revenue	\$93,575,611	\$99,353,667	\$44,066,877
Other Operating Revenue	\$881,656	\$316,797	\$154,465
Total Operating Revenue	\$94,457,267	\$99,670,464	\$44,221,342
Total Operating Expenses	\$94,158,109	\$97,898,871	\$53,249,776
Net From Operations	\$299,158	\$1,771,593	(\$9,028,434)
Net Income	\$4,483,704	\$1,297,359	(\$8,258,348)
Other Financial			
Charity Care Charges	\$0	\$697,812	\$665,314
Provision for Bad Debts	\$12,475,248	\$11,436,332	\$4,671,159
Total Uncompensated Care	\$12,475,248	\$12,134,144	\$5,336,473
Cost to Charge Ratio	22.6%	23.0%	24.9%
Cost of Charity	\$0	\$160,668	\$165,331
Uncompensated Care as % of Charges	3.0%	2.9%	2.5%
Fiscal Year Ending	12/31/2014	12/31/2015	6/30/2016

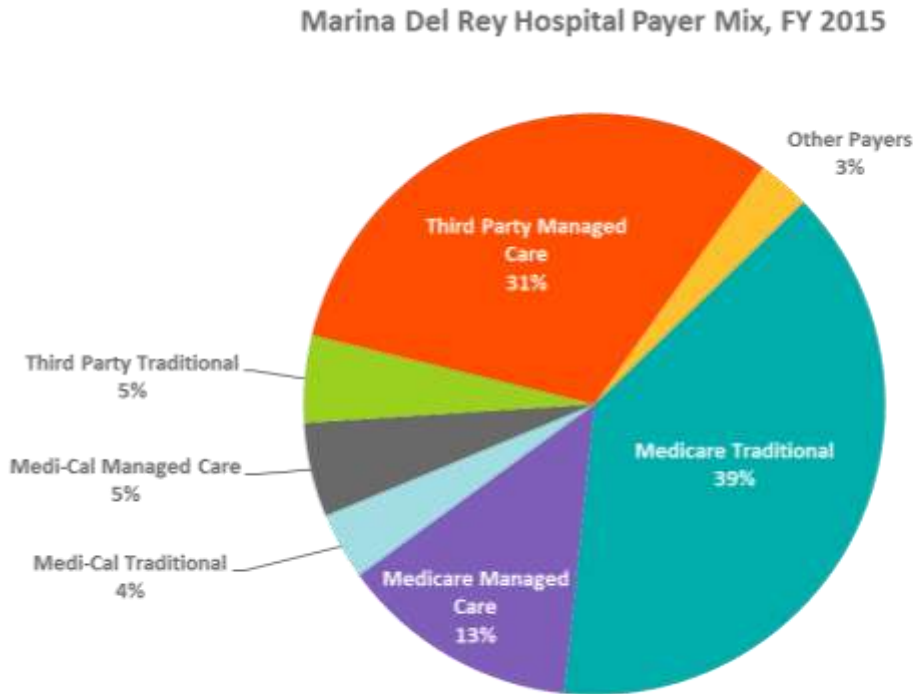
¹ Excludes normal newborns

* FY 2016 is from 1/1/2016 through 6/30/2016 and represents 182 days of data

Source: OSHPD Disclosure Reports, FY 2014-2016

Payer Mix

In FY 2015, Marina Del Rey Hospital's inpatient payer mix consisted of predominantly Medicare Traditional (39%), Third Party Managed Care (31%) patients, and Medicare Managed Care (13%) patients. The remaining 17% of Marina Del Rey Hospital's inpatient discharges were comprised of Third Party Traditional (5%), Medi-Cal Managed Care (5%), Medi-Cal Traditional (4%), and Other Payers (3%) patients.



Total Discharges: 4,006

Source: OSHPD Financial Disclosure Report, FY 2015 (based on inpatient discharges)

Analysis of Torrance Memorial Medical Center's Service Area

Service Area Definition

Torrance Memorial Medical Center's service area is comprised of 23 ZIP Codes from which approximately 82% of its discharges originated in 2016. Approximately 51% of Torrance Memorial Medical Center's discharges originated from the top 10 ZIP Codes, located in Torrance, Rancho Palos Verdes, Carson, Lomita, Hawthorne, Redondo Beach, and Wilmington. In 2016, Torrance Memorial Medical Center's market share in the service area was 26%.

SERVICE AREA PATIENT ORIGIN MARKET SHARE BY ZIP CODE: 2016						
ZIP Codes	Community	Total Discharges	% of Discharges	Cumulative % of Discharges	Total Area Discharges	Market Share
90505	Torrance	1,795	6.8%	6.8%	3,613	49.7%
90275	Rancho Palos Verdes	1,758	6.6%	13.4%	3,509	50.1%
90745	Carson	1,703	6.4%	19.9%	6,080	28.0%
90501	Torrance	1,345	5.1%	24.9%	3,991	33.7%
90503	Torrance	1,327	5.0%	29.9%	4,336	30.6%
90717	Lomita	1,164	4.4%	34.3%	2,277	51.1%
90250	Hawthorne	1,150	4.3%	38.7%	9,463	12.2%
90277	Redondo Beach	1,140	4.3%	43.0%	2,940	38.8%
90274	Palos Verdes Peninsula	1,123	4.2%	47.2%	2,140	52.5%
90744	Wilmington	1,002	3.8%	51.0%	5,188	19.3%
90278	Redondo Beach	989	3.7%	54.8%	3,360	29.4%
90504	Torrance	975	3.7%	58.4%	3,015	32.3%
90731	San Pedro	837	3.2%	61.6%	6,743	12.4%
90710	Harbor City	815	3.1%	64.7%	2,390	34.1%
90247	Gardena	765	2.9%	67.6%	5,429	14.1%
90502	Torrance	595	2.2%	69.8%	2,080	28.6%
90266	Manhattan Beach	595	2.2%	72.1%	2,400	24.8%
90260	Lawndale	559	2.1%	74.2%	3,265	17.1%
90746	Carson	519	2.0%	76.1%	2,894	17.9%
90249	Gardena	452	1.7%	77.9%	2,992	15.1%
90732	San Pedro	419	1.6%	79.4%	2,167	19.3%
90254	Hermosa Beach	370	1.4%	80.8%	1,251	29.6%
90248	Gardena	212	0.8%	81.6%	1,069	19.8%
Sub-Total		21,609	81.6%	81.6%	82,592	26.2%
All Other		4,862	18.4%	100%		
Total		26,471	100%			

Source: OSHPD Patient Discharge Database, 2016

Service Area Map

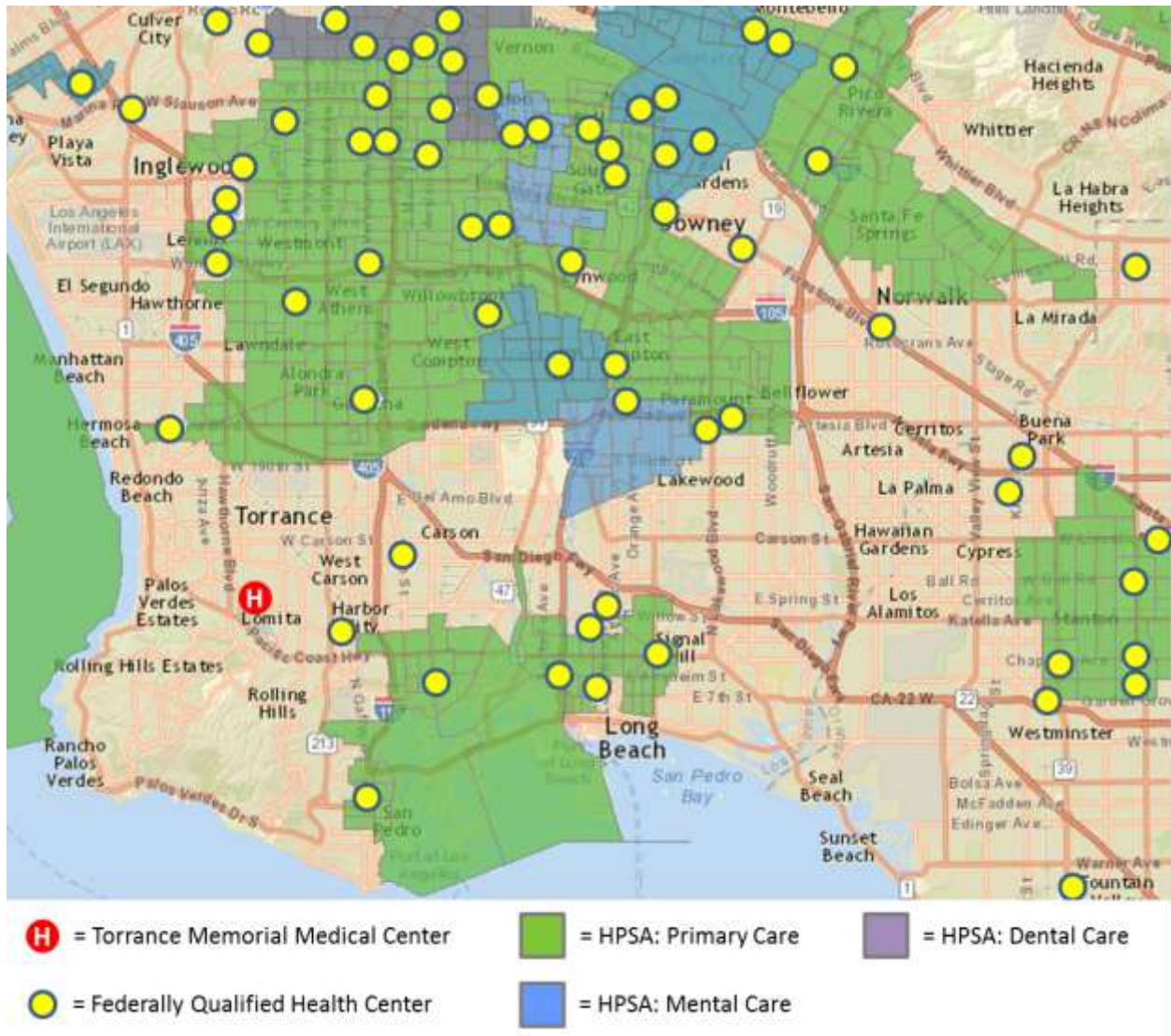
Torrance Memorial Medical Center’s service area has approximately 883,000 residents. There are five other hospitals located within Torrance Memorial Medical Center’s service area, including Providence Little Company of Mary Medical Center – Torrance, Kaiser Foundation Hospital – South Bay, LAC/Harbor-UCLA Medical Center, Providence Little Company of Mary Medical Center – San Pedro, and Memorial Hospital of Gardena. There are 14 other hospitals¹⁵ located within approximately 15 miles from Torrance Memorial Medical Center. Torrance Memorial Medical Center is the inpatient market share leader in the service area.



¹⁵ Southern California Hospital at Culver City, located 15.0 miles from Torrance Memorial Medical Center, is excluded from the hospital bed capacity by service line tables on the following pages because it shares a hospital license with Southern California Hospital at Hollywood. In addition, Martin Luther King, Jr. Community Hospital, located 9.6 miles from Torrance Memorial Medical Center, is excluded due to a reporting error on its FY 2016 OSHPD Disclosure Report.

Health Professional Shortage Areas


The Federal Health Resources and Services Administration designates Health Professional Shortage Areas as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population), or institutions (i.e., comprehensive health centers). Although Torrance Memorial Medical Center is not located in a shortage area, portions of the service area to the north, northeast, and southeast of Torrance Memorial Medical Center are designated as shortage areas. The map below depicts these shortage areas relative to Torrance Memorial Medical Center's location.




Medically Underserved Areas & Medically Underserved Populations

Medically Underserved Areas and Medically Underserved Populations are defined by the Federal Government to include areas or population groups that demonstrate a shortage of healthcare services. This designation process was originally established to assist the government in allocating community health center grant funds to the areas of greatest need. Medically Underserved Areas are identified by calculating a composite index of need indicators compiled and compared with national averages to determine an area's level of medical "under service." Medically Underserved Populations are identified based on documentation of unusual local conditions that result in access barriers to medical services. Medically Underserved Areas and Medically Underserved Populations are permanently set and no renewal process is necessary. The map below depicts the Medically Underserved Areas/Medically Underserved Populations relative to Torrance Memorial Medical Center's location.



 = Torrance Memorial Medical Center

 = MUA/MUP Designation

 = Federally Qualified Health Center

The census tract in which Torrance Memorial Medical Center is located is not designated as a Medically Underserved Area or as a Medically Underserved Population. However, a portion of the surrounding areas to the north, northeast, and southeast of Torrance Memorial Medical Center are designated as Medically Underserved Area/Medically Underserved Population areas.

There are also over 40 Federally Qualified Health Centers within a 10-mile radius of Torrance Memorial Medical Center. Federally Qualified Health Centers are health clinics that qualify for enhanced reimbursement from Medicare and Medicaid. They must provide primary care services to an underserved area or population, offer a sliding fee scale, have an ongoing quality assurance program, and have a governing board of directors. The ACA included provisions that increased federal funding to Federally Qualified Health Centers to help meet the anticipated demand for healthcare services by those individuals who gained healthcare coverage through the various health exchanges.

Demographic Profile

Torrance Memorial Medical Center’s service area population is projected to grow by nearly 3.0% over the next five years. This is lower than both the expected growth rate for Los Angeles County (3.2%) and the State of California (4.3%).

SERVICE AREA POPULATION STATISTICS			
	2017 Estimate	2022 Estimate	% Change
Total Population	882,566	908,662	3.0%
Total Households	308,818	316,434	2.5%
Percentage Female	50.9%	50.8%	-

Source: Esri

The median age of the population in Torrance Memorial Medical Center’s service area is 38.7 years and higher than the statewide median age of 36.0 years. The percentage of adults over the age of 65 is the fastest growing age cohort, increasing by approximately 15% between 2017 and 2022. The number of women of child-bearing age is expected to increase slightly over the next five years.

SERVICE AREA POPULATION AGE DISTRIBUTION				
	2017 Estimate		2022 Projection	
	Population	% of Total	Population	% of Total
Age 0-14	161,849	18.3%	159,991	17.6%
Age 15-44	351,817	39.9%	359,996	39.6%
Age 45-64	235,846	26.7%	235,462	25.9%
Age 65+	133,054	15.1%	153,213	16.9%
Total	882,566	100%	908,662	100%
Female 15-44	175,044	19.8%	177,645	19.6%
Median Age	38.7	-	39.6	-

Source: Esri

The largest population cohorts in Torrance Memorial Medical Center’s service area are White (47%), Asian or Pacific Islander (20%), and Some Other Race (16%). Approximately 63% of the service area population is of non-Hispanic origin. This is higher than Los Angeles County (51%) and higher than the California non-Hispanic population of 61%.

SERVICE AREA POPULATION RACE/ETHNICITY		
	2017 Estimate	2022 Projection
White	47.2%	46.3%
Black	9.9%	9.5%
American Indian or Alaska Native	0.6%	0.6%
Asian or Pacific Islander	19.6%	20.7%
Some Other Race	16.3%	0.8%
Two or More Races	5.6%	16.4%
Total	99%	94%
Hispanic Origin	36.7%	37.7%
Non-Hispanic or Latino	63.3%	62.3%
Total	100%	100%

Source: Esri

Torrance Memorial Medical Center’s service area households have an average household income of \$107,533. This is 19% higher than the Los Angeles County average of \$90,439 and 12% higher than the State of California average of \$95,805. The percentage of higher-income households (\$150,000+) in Torrance Memorial Medical Center’s service area is projected to grow at a slower rate (16%) than the Los Angeles County rate of 22% and the State of California rate of approximately 21%.

SERVICE AREA POPULATION HOUSEHOLD INCOME DISTRIBUTION						
	2017 Estimate			2022 Projection		
	Service Area	Los Angeles County	California	Service Area	Los Angeles County	California
\$0 - \$15,000	8.5%	11.4%	10.0%	8.5%	11.3%	10.0%
\$15 - \$24,999	8.0%	9.8%	8.8%	7.5%	9.3%	8.4%
\$25 - \$34,999	7.6%	9.0%	8.4%	6.8%	8.0%	7.6%
\$35 - \$49,999	10.3%	11.9%	11.5%	8.8%	10.2%	10.0%
\$50 - \$74,999	16.2%	16.6%	16.4%	14.3%	14.8%	14.3%
\$75 - \$99,999	12.8%	11.8%	12.4%	13.3%	12.6%	12.7%
\$100 - \$149,999	16.2%	14.1%	15.3%	17.7%	15.7%	16.9%
\$150,000+	20.3%	15.3%	17.2%	23.0%	18.1%	20.1%
Total	100%	100%	100%	100%	100%	100%
Average Household Income	\$107,533	\$90,439	\$95,805	\$120,472	\$102,729	\$108,476

Source: Esri

Medi-Cal Eligibility

As of 2011, the California Department of Health Care Services reported that approximately 17% of the population in Torrance Memorial Medical Center’s service area was eligible for Medi-Cal coverage (the State of California average was 21%). With the implementation of the ACA and the statewide expansion of Medi-Cal, the percentage of the State of California’s population that is eligible for Medi-Cal has greatly increased, reporting a historic increase of more than 13.5 million total enrollees in the Medi-Cal program in 2017. According to the California Department of Health Care Services, an estimated 3,985,428 people were eligible for Medi-Cal in Los Angeles County as of January 2017 (39% of Los Angeles County’s population) and 13,490,409 people were eligible for Medi-Cal statewide (35% of California’s population). Based on Torrance Memorial Medical Center’s service area income demographics and payer mix consisting of 9% Medi-Cal patients, a lower percentage of service area residents qualify for Medi-Cal coverage under the ACA and California’s participation in Medicaid. Medi-Cal eligibility could be significantly affected in the coming years by the potential change or repeal of the ACA.

Selected Health Indicators

A review of health indicators for Los Angeles County (deaths, diseases, and births) supports the following conclusions:

- The rates for first trimester prenatal care and adequate/adequate plus care in Los Angeles County are superior to the rates statewide. However, Los Angeles County has a slightly higher rate of low birth weight infants than the State of California rate. Measures for all three indicators meet the national goals;

NATALITY STATISTICS: 2017			
Health Status Indicator	Los Angeles County	California	National Goal
Low Birth Weight Infants	7.1%	6.8%	7.8%
First Trimester Prenatal Care	84.8%	83.3%	77.9%
Adequate/Adequate Plus Care	80.1%	78.3%	77.6%

Source: California Department of Public Health

- Los Angeles County has higher morbidity rates for each of the five health status indicators than the State of California;

2017 MORBIDITY STATISTICS: RATE PER 100,000 POPULATION			
Health Status Indicator	Los Angeles County	California	National Goal
AIDS	9.8	6.5	N/A
Chlamydia	537.0	460.2	N/A
Gonorrhea Female 15-44	197.1	192.2	251.9
Gonorrhea Male 15-44	423.3	307.3	194.8
Tuberculosis	6.5	5.6	1.0

Source: California Department of Public Health

- The overall age-adjusted mortality rate for Los Angeles County is lower than that of the State of California. Los Angeles County’s rates for ten out of the 18 reported causes are lower than the statewide rate; and
- Los Angeles County reported lower age-adjusted mortality on 11 of the 14 reported national goals based on underlying and contributing cause of death.

2017 MORTALITY STATISTICS: RATE PER 100,000 POPULATION				
Selected Cause	Los Angeles County		(Age Adjusted)	
	Crude Death Rate	Age Adjusted Death Rate	California	National Goal
All Causes	595.3	581.3	616.2	N/A
- All Cancers	140.5	138.1	143.8	161.4
- Colorectal Cancer	14.0	13.7	13.2	14.5
- Lung Cancer	26.9	26.8	30.6	45.5
- Female Breast Cancer	22.3	19.9	19.8	20.7
- Prostate Cancer	15.4	18.7	19.3	21.8
- Diabetes	22.6	22.2	20.6	N/A
- Alzheimer's Disease	30.6	29.5	32.1	N/A
- Coronary Heart Disease	113.2	109.7	93.2	103.4
- Cerebrovascular Disease (Stroke)	33.6	33.1	34.7	34.8
- Influenza/Pneumonia	21.3	20.9	15.2	N/A
- Chronic Lower Respiratory Disease	28.9	28.8	33.3	N/A
- Chronic Liver Disease And Cirrhosis	13.8	13.0	12.1	8.2
- Accidents (Unintentional Injuries)	21.8	21.2	29.1	36.4
- Motor Vehicle Traffic Crashes	7.0	6.8	8.3	12.4
- Suicide	7.9	7.7	10.3	10.2
- Homicide	5.8	5.6	4.8	5.5
- Firearm-Related Deaths	7.1	6.9	7.6	9.3
- Drug-Induced Deaths	7.6	7.3	11.8	11.3

Source: California Department of Public Health

2016 Community Health Needs Assessment

In an effort to identify the most critical healthcare needs in Torrance Memorial Medical Center's service and to determine how Torrance Memorial Medical Center will address these unmet health needs, Torrance Memorial Medical Center is required by state and federal law to conduct a Community Health Needs Assessment every three years.

Torrance Memorial Medical Center defined its service area for the purposes of the 2016 assessment to include the following six geographic regions:

- Torrance and Lomita;
- Beach Cities of El Segundo, Hermosa Beach, Manhattan Beach, and Redondo Beach;
- Palos Verdes;
- Gardena, Hawthorne, and Lawndale;
- Harbor City, Wilmington, Carson, and Los Angeles County ZIP Code 90502; and
- San Pedro.

The study provided the following demographic summary of the service area as compared to Los Angeles County and the State of California:

- Age: The service area is older with a higher median age, average age, and percent of population age 65+ years;
- Race: The service area is more diverse with a higher percentage of Asian, Black, and Hawaiian/Pacific Islander residents;
- Ethnicity: The service area has less Hispanic residents and has approximately three times the percent population of Japanese residents. The largest ethnic population is Filipino;
- Language Spoken: The service area has a higher percent of residents who speak an Asian/Pacific Islander language at home;
- Education: The service area is more educated, with the lowest percent of less than high school education and having more college to advanced degrees; and
- Households: The service area households grew at a slower comparative rate since the 2010 census and have a smaller average household size.

- Income: The service area has a higher average income and median household income

The study also provided the following summary of population health indicators in the service area as compared to Los Angeles County:

- Health outcomes in the service area show a higher rate of adult opioid use and opioid-related hospitalizations, Alzheimer’s disease, chronic obstructive pulmonary disease, teen pregnancy, infant death and homicide, and a lower rate of Pap smears and mammograms; and
- Related to social determinants of health, the service area shows a higher rate of smoking, adult binge drinking, and children with special healthcare needs, and a lower rate of access to dental care for children and adult exercise.

In addition to the analysis of demographic data, the assessment incorporated a survey of school nurses, school health aides, and school counselors working in the service area, a focus group of senior-level representatives from local nonprofit organizations, and interviews with key stakeholders.

Based on the results of the assessment, the following health needs were identified:

- Access to primary care;
- Mental health;
- Substance abuse/opioid abuse;
- Homelessness;
- Food insecurity/poor nutrition;
- Dental health;
- Health and wellness education; and
- Insufficient knowledge of community resources.

Hospital Supply, Demand & Market Share

There are six general acute care hospitals within Torrance Memorial Medical Center’s service area: Torrance Memorial Medical Center, Providence Little Company of Mary Medical Center – Torrance, Kaiser Foundation Hospital – South Bay, LAC/Harbor-UCLA Medical Center, Providence Little Company of Mary Medical Center – San Pedro, and Memorial Hospital of Gardena. Together, the hospitals reported a combined total of 2,128 licensed beds with an overall occupancy rate of approximately 60%. As a result of additional construction, Torrance Memorial Medical Center’s 2017 hospital license reports 649 total beds compared to 412 licensed beds in FY 2016. OSHPD reported that the 412 licensed beds ran at an occupancy rate of approximately 73% and represented approximately 19% of the service area’s beds in FY 2016. While Torrance Memorial Medical Center currently reports 649 licensed beds, the hospital has had between 200 and 240 beds in suspense¹⁶ at various times during construction. As a result of continuing campus construction and remodels, the eventual licensed bed count at Torrance Memorial Medical Center is expected to be 460 beds upon completion of the construction.

An analysis of the services offered by Torrance Memorial Medical Center in comparison to services offered by other providers is shown on the following pages. The hospitals shown in the table below were analyzed to determine area hospital available bed capacity by service.

AREA HOSPITAL DATA: FY 2016								
Hospital	Ownership/Affiliation	City	Within Service Area	Licensed Beds	Discharges	Patient Days	Occupancy	Miles from Hospital
Torrance Memorial Medical Center	Torrance Hospital Association	Torrance	X	412	26,331	110,575	73.3%	-
Providence Little Company of Mary Medical Center - Torrance	Providence Health & Services	Torrance	X	442	20,685	91,338	56.6%	2.0
Kaiser Foundation Hospital - South Bay	Kaiser Foundation Hospitals	Harbor	X	293	11,112	36,809	34.4%	3.2
LAC/Harbor UCLA Medical Center	LAC Department of Health Services	Torrance	X	453	16,909	109,801	66.4%	3.3
Providence Little Company of Mary Medical Center - San Pedro	Providence Health & Services	San Pedro	X	356	7,917	72,987	56.2%	5.5
Memorial Hospital of Gardena	Avanti Hospitals, LLC	Gardena	X	172	6,515	46,209	73.6%	6.0
Sub-Total				2,128	89,469	467,719	60.2%	-
Centinela Hospital Medical Center	Prime Healthcare Services	Inglewood		369	15,994	66,499	49.4%	9.6
College Medical Center	CHLB, LLC	Long Beach		221	8,250	53,864	66.8%	8.7
Earl and Lorraine Miller Children's Hospital	Memorial Health Services	Long Beach		355	15,599	72,202	55.7%	9.0
Long Beach Memorial Medical Center	Memorial Health Services	Long Beach		458	20,401	103,809	62.1%	9.0
St. Mary Medical Center Long Beach	Dignity Health	Long Beach		302	11,153	54,433	49.4%	9.3
St. Francis Medical Center	Verity Health System	Lynwood		384	20,063	92,158	65.8%	11.5
Community Hospital of Long Beach	Memorial Health Services	Long Beach		158	5,584	23,905	41.5%	11.5
Lakewood Regional Medical Center	Tenet Healthcare Corporation	Lakewood		172	8,260	39,822	63.3%	11.7
Marina Del Rey Hospital*	Cedars-Sinai Health System	Marina Del Rey		145	4,006	15,408	29.0%	13.0
Community Hospital of Huntington Park	Avanti Hospitals, LLC	Huntington Park		81	3,273	13,729	46.3%	14.1
Kaiser Foundation Hospital - Downey	Kaiser Foundation Hospitals	Downey		352	17,386	65,831	51.1%	14.4
PIH Health Hospital - Downey	PIH Health Hospital	Downey		199	7,937	28,388	39.0%	14.8
Total				5,324	227,375	1,097,767	56.5%	-

Source: OSHPD Disclosure Reports, FY 2016

* FY 2015

¹⁶ Licensed beds that are in suspense are beds that have been temporarily taken out of service.

Hospital Market Share

The table below illustrates market share discharges by individual hospital within Torrance Memorial Medical Center's service area from 2012 to 2016.

PRIMARY SERVICE AREA MARKET SHARE BY HOSPITAL: 2012-2016						
Hospital	2012	2013	2014	2015	2016	Trend
Torrance Memorial Medical Center	23.8%	23.5%	24.5%	24.9%	26.2%	↗
Providence Little Company of Mary Medical Center - Torrance	18.1%	18.5%	18.1%	18.9%	18.1%	↔
Kaiser Foundation Hospital - South Bay	9.0%	8.5%	8.5%	8.5%	7.8%	↘
LAC/Harbor-UCLA Medical Center	7.1%	7.7%	7.7%	6.9%	7.5%	↗
Providence Little Company of Mary Medical Center - San Pedro	7.4%	6.9%	6.9%	7.1%	6.5%	↘
Memorial Hospital of Gardena	3.8%	3.8%	3.5%	3.2%	3.7%	↔
Earl and Lorraine Miller Children's Hospital	2.2%	2.4%	2.2%	2.2%	2.3%	↔
Cedars-Sinai Medical Center	2.2%	2.2%	2.2%	2.2%	2.1%	↔
Centinela Hospital Medical Center	2.1%	2.1%	2.1%	1.8%	1.8%	↘
All Others	24.0%	24.4%	24.0%	24.3%	24.1%	↗
Total Percentage	100%	100%	100%	100%	100%	
Total Discharges	86,655	81,618	81,337	83,503	82,592	↘

Note: Excludes normal newborns

Source: OSHPD Inpatient Discharge Database, 2012-2016

- The number of discharges (82,592) in Torrance Memorial Medical Center's service area has decreased by approximately 5% between 2012 and 2016;
- From 2012 to 2016, Torrance Memorial Medical Center has consistently ranked first in terms of overall market share for its service area based on discharges (26.2% in 2016); and
- Providence Little Company of Mary Medical Center – Torrance has the next largest market share (18.1% in 2016). Together with Providence Little Company of Mary Medical Center – San Pedro (6.5% in 2016), the combined market shares of 24.6% are close to that of Torrance Memorial Medical Center.

Market Share by Payer Type

The following table illustrates the service area's hospital market share by payer type as reported by OSHPD for 2016.

SERVICE AREA MARKET SHARE BY PAYER TYPE, 2016												
Payer Type	Total Discharges	Torrance Memorial Medical Center	Providence Little Company of Mary Medical Center - Torrance	Kaiser Foundation Hospital - South Bay	Providence Little Company of Mary Medical Center - San Pedro	LAC/Harbor-UCLA Medical Center	Memorial Hospital of Gardena	Cedars-Sinai Medical Center	Earl and Lorraine Miller Children's Hospital	All Others	Total	
Medicare	32,179	33.7%	22.8%	8.1%	7.8%	3.4%	3.3%	1.4%	0.01%	19.4%	100.0%	
Private Coverage	25,803	32.7%	16.9%	12.5%	3.5%	1.6%	0.6%	4.4%	2.4%	25.5%	100.0%	
Medi-Cal	21,187	9.4%	12.1%	2.4%	7.4%	19.0%	8.1%	0.6%	5.7%	35.2%	100.0%	
Self-Pay	2,015	8.7%	25.5%	3.7%	16.0%	18.6%	2.4%	0.3%	0.9%	23.9%	100.0%	
All Other	1,408	10.9%	13.1%	0.1%	5.0%	17.5%	1.2%	1.9%	3.7%	46.5%	100.0%	
		26.2%	18.1%	7.8%	6.5%	7.5%	3.7%	2.3%	2.1%	25.9%	100.0%	
Grand Total	82,592	21,609	14,948	6,431	5,381	6,176	3,020	1,744	1,886	21,397		

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- For 2016, based on approximately 82,600 inpatient discharges, the largest payer types are Medicare at 39% and Private Coverage at 31%;
- Torrance Memorial Medical Center is the market share leader for Medicare (34%) and Private Coverage (33%);
- Providence Little Company of Mary Medical Center – Torrance is the market share leader for Self-Pay (26%); and
- LAC/Harbor-UCLA Medical Center is the market share leader for Medi-Cal (19%) and All Other payers (18%).

Market Share by Service Line

The following table illustrates the service area's hospital market share by service line for 2016.

SERVICE AREA MARKET SHARE BY SERVICE LINE, 2016											
Service Line	Total Discharges	Torrance Memorial Medical Center	Providence Little Company of Mary Medical Center - Torrance	Kaiser Foundation Hospital - South Bay	LAC/Harbor-UCLA Medical Center	Providence Little Company of Mary Medical Center - San Pedro	Memorial Hospital of Gardena	Earl and Lorraine Miller Children's Hospital	Cedars-Sinai Medical Center	All Others	Total
General Medicine	26,471	27.5%	20.6%	7.6%	6.7%	8.2%	5.9%	2.2%	1.1%	20.3%	100.0%
Obstetrics	10,191	24.4%	17.9%	13.5%	4.7%	5.6%	4.0%	5.7%	4.6%	19.6%	100.0%
Cardiac Services	8,891	33.7%	21.8%	5.5%	7.0%	4.4%	3.9%	0.2%	1.3%	22.2%	100.0%
General Surgery	7,122	29.7%	16.3%	10.3%	12.2%	4.1%	2.4%	1.2%	2.6%	21.2%	100.0%
Orthopedics	5,904	31.5%	19.0%	9.1%	7.4%	5.9%	1.4%	1.0%	2.2%	22.4%	100.0%
Behavioral Health	5,486	2.8%	3.0%	0.8%	3.5%	10.4%	0.5%	0.1%	0.1%	78.9%	100.0%
Neurology	4,301	24.8%	22.1%	4.1%	6.3%	10.7%	3.9%	1.9%	1.2%	24.8%	100.0%
Neonatology	3,469	22.8%	18.4%	15.2%	8.1%	2.7%	0.8%	7.0%	6.1%	18.8%	100.0%
Oncology/Hematology (Medical)	2,731	22.6%	16.4%	7.3%	11.4%	5.5%	3.0%	4.0%	2.0%	28.0%	100.0%
Spine	1,436	32.2%	17.9%	0.7%	4.3%	4.5%	0.7%	0.3%	5.6%	33.7%	100.0%
Gynecology	1,353	36.2%	17.2%	4.1%	9.5%	4.1%	3.6%	0.5%	1.8%	22.9%	100.0%
Other	1,225	26.4%	12.4%	3.9%	20.7%	3.2%	1.1%	2.1%	1.8%	28.2%	100.0%
ENT	1,117	25.3%	15.6%	4.5%	16.2%	2.6%	2.1%	5.1%	1.5%	27.1%	100.0%
Urology	1,043	29.3%	15.1%	3.7%	9.0%	6.5%	1.2%	1.0%	3.5%	30.7%	100.0%
Vascular Services	876	26.4%	13.7%	12.4%	11.6%	3.0%	3.0%	0.2%	1.1%	28.5%	100.0%
Neurosurgery	530	17.4%	7.9%	1.5%	10.4%	2.1%	0.0%	2.8%	7.0%	50.9%	100.0%
Rehabilitation	151	18.5%	47.7%	0.0%	0.0%	17.2%	0.0%	0.7%	0.0%	15.9%	100.0%
All Others	295	14.9%	13.2%	3.4%	17.6%	4.1%	3.7%	1.7%	2.7%	38.6%	100.0%
		26.2%	18.1%	7.8%	7.5%	6.5%	3.7%	2.3%	2.1%	25.9%	100.0%
Grand Total	82,592	21,609	14,948	6,431	6,176	5,381	3,020	1,886	1,744	21,397	

Source: OSHPD Patient Discharge Database

Note: Includes normal newborns

- Torrance Memorial Medical Center is the service line leader in 15 of 16 service lines: general medicine (28%), obstetrics (24%), cardiac services (34%), general surgery (30%), orthopedics (32%), neurology (25%), neonatology (23%), oncology/hematology (23%), spine (32%), gynecology (36%), other (26%), ear, nose and throat (25%), urology (29%), vascular services (26%), and neurosurgery (17%);
- Providence Little Company of Mary Medical Center – Torrance is the service area market share leader for rehabilitation (48%) and Providence Little Company of Mary Medical Center – San Pedro is the service area market share leader for behavioral health (10%); and
- LAC/Harbor-UCLA Medical Center is the service area market share leader for all other service lines (18%).

Market Share by ZIP Code

The following table illustrates the service area's hospital market share by ZIP Code for 2016.

SERVICE AREA MARKET SHARE BY ZIP CODE, 2016												
ZIP Code	Community	Total Discharges	Torrance Memorial Medical Center	Providence Little Company of Mary Medical Center - Torrance	Kaiser Foundation Hospital - South Bay	LAC/Harbor-UCLA Medical Center	Providence Little Company Of Mary Medical Center - San Pedro	Memorial Hospital of Gardena	Earl and Loraine Miller Childrens Hospital	Cedar's Sinai Medical Center	All Others	Total
90250	Hawthorne	9,463	12.2%	22.7%	5.4%	6.4%	0.5%	6.7%	2.2%	2.7%	41.2%	100.0%
90731	San Pedro	6,743	12.4%	5.2%	8.2%	7.7%	36.6%	0.3%	4.3%	0.9%	24.4%	100.0%
90745	Carson	6,080	28.0%	11.4%	10.8%	16.1%	3.3%	0.9%	2.4%	0.8%	26.2%	100.0%
90247	Gardena	5,429	14.1%	15.0%	6.1%	9.9%	1.0%	22.8%	2.3%	1.1%	27.8%	100.0%
90744	Wilmington	5,188	19.3%	4.9%	11.3%	12.6%	11.6%	0.6%	5.7%	0.5%	33.4%	100.0%
90503	Torrance	4,336	30.6%	36.0%	5.4%	2.5%	1.4%	0.9%	1.2%	1.2%	20.9%	100.0%
90501	Torrance	3,991	33.7%	18.8%	8.1%	12.6%	2.9%	0.9%	2.1%	1.4%	19.5%	100.0%
90505	Torrance	3,613	49.7%	17.4%	6.1%	2.7%	1.4%	0.2%	1.2%	1.5%	19.8%	100.0%
90275	Rancho Palos Verdes	3,509	50.1%	10.9%	5.8%	1.9%	9.6%	0.0%	1.2%	3.1%	17.4%	100.0%
90278	Redondo Beach	3,360	29.4%	32.6%	5.6%	2.5%	1.8%	0.4%	1.0%	4.8%	21.9%	100.0%
90260	Lawndale	3,265	17.1%	35.0%	5.8%	6.9%	0.6%	6.0%	2.4%	1.6%	24.6%	100.0%
90504	Torrance	3,015	32.3%	33.3%	6.9%	4.1%	1.0%	1.2%	1.4%	1.1%	18.6%	100.0%
90249	Gardena	2,992	15.1%	17.7%	10.3%	6.6%	0.7%	14.7%	2.1%	2.1%	30.6%	100.0%
90277	Redondo Beach	2,940	38.8%	29.5%	5.9%	1.9%	1.3%	0.2%	0.9%	3.6%	18.0%	100.0%
90746	Carson	2,894	17.9%	11.2%	17.0%	12.3%	1.1%	2.2%	3.1%	1.7%	33.7%	100.0%
90266	Manhattan Beach	2,400	24.8%	27.1%	3.2%	0.9%	1.3%	0.1%	0.8%	11.5%	30.3%	100.0%
90710	Harbor City	2,390	34.1%	8.4%	13.9%	9.5%	7.2%	0.5%	2.9%	1.0%	22.3%	100.0%
90717	Lomita	2,277	51.1%	10.2%	9.8%	6.1%	3.6%	0.6%	1.8%	0.7%	16.0%	100.0%
90732	San Pedro	2,167	19.3%	6.6%	10.4%	2.6%	37.0%	0.2%	2.5%	1.5%	19.9%	100.0%
90274	Palos Verdes Peninsula	2,140	52.5%	14.3%	3.8%	1.8%	3.4%	0.0%	0.5%	3.2%	20.6%	100.0%
90502	Torrance	2,080	28.6%	13.4%	8.3%	21.2%	2.7%	3.1%	1.2%	0.9%	20.6%	100.0%
90254	Hermosa Beach	1,251	29.6%	30.9%	3.4%	2.0%	1.6%	0.1%	1.5%	8.7%	22.1%	100.0%
90248	Gardena	1,069	19.8%	19.7%	9.6%	10.3%	0.8%	9.1%	2.2%	1.5%	26.8%	100.0%
			26.2%	18.1%	7.8%	7.5%	6.5%	3.7%	2.3%	2.1%	25.9%	100.0%
Grand Total		82,592	21,609	14,948	6,341	6,176	5,381	3,020	1,886	1,744	21,397	

Note: Excludes normal newborns

Source: OSHPD Patient Discharge Database

- Torrance Memorial Medical Center is the market share leader in 12 of the 23 ZIP Codes located in the following cities: Torrance, Carson, Wilmington, Rancho Palos Verdes, Redondo Beach, Harbor City, Palos Verdes Peninsula, Lomita, and Gardena; and
- Providence Little Company of Mary Medical Center – Torrance is the market share leader in eight of the ZIP Codes located in the following cities: Hawthorne, Torrance, Redondo Beach, Lawndale, Gardena, Manhattan Beach, and Hermosa Beach.

Service Availability by Bed Type

The tables on the following pages illustrate Torrance Memorial Medical Center's existing hospital bed capacity, occupancy, and availability for medical/surgical, intensive/coronary care, obstetrics, pediatrics, neonatal intensive care, burn care, and skilled nursing services for FY 2016.

Medical/Surgical Capacity Analysis

There are 1,157 medical/surgical beds within Torrance Memorial Medical Center's service area that have an overall occupancy rate of 58%. In 2016, Torrance Memorial Medical Center reported 254 medical/surgical beds that represented 22% of the beds in this category for the service area. Torrance Memorial Medical Center reports 433 licensed medical/surgical beds on its 2017 hospital license, including approximately 180 beds that are not in use as a result of construction.

MEDICAL/SURGICAL ACUTE BEDS: FY 2016							
Hospital	Miles from		Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
	Hospital	Area					
Torrance Memorial Medical Center	-	X	254	20,020	68,949	188.4	74.2%
Providence Little Company of Mary Medical Center - Torrance	2.0	X	230	14,499	48,021	131.6	57.2%
Kaiser Foundation Hospital - South Bay	3.2	X	229	7,916	28,577	78.3	34.2%
LAC/Harbor UCLA Medical Center	3.3	X	270	11,661	67,762	185.6	68.8%
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	104	4,230	15,236	41.7	40.1%
Memorial Hospital of Gardena	6.0	X	70	5,096	17,176	47.1	67.2%
Sub-Total			1,157	63,422	245,721	672.7	58.2%
Centinela Hospital Medical Center	9.6		244	14,587	52,849	144.4	59.2%
College Medical Center	8.7		55	2,164	8,158	22.3	40.5%
Earl and Lorraine Miller Children's Hospital	9.0		35	2,376	9,531	26.0	74.4%
Long Beach Memorial Medical Center	9.0		314	19,093	80,818	220.8	70.3%
St. Mary Medical Center Long Beach	9.3		143	7,019	31,340	85.6	59.9%
St. Francis Medical Center	11.5		185	10,619	43,979	120.2	65.0%
Community Hospital of Long Beach	11.5		100	3,254	12,786	35.0	35.0%
Lakewood Regional Medical Center	11.7		140	7,377	30,479	83.3	59.5%
Marina Del Rey Hospital*	13.0		133	3,831	12,625	34.5	25.9%
Community Hospital of Huntington Park	14.1		77	3,131	11,956	32.7	42.4%
Kaiser Foundation Hospital - Downey	14.4		182	11,280	40,790	111.4	61.2%
PIH Health Hospital - Downey	14.8		147	6,379	21,790	59.5	40.5%
Total			2,912	154,532	602,822	1,588.9	56.7%

Source: OSHPD Disclosure Reports, FY 2016

* FY 2015

Note: Includes definitive observation beds

- Torrance Memorial Medical Center reported 20,020 inpatient hospital discharges and 68,949 patient days resulting in an occupancy rate of 74% and an average daily census of 188 patients for FY 2016.

Intensive Care/Coronary Care Capacity Analysis

There are 148 intensive care/coronary care beds within the service area with an overall occupancy rate of approximately 45%. In FY 2016, Torrance Memorial Medical Center reported 36 intensive care/coronary care beds with a 71% average occupancy rate in FY 2016 (average daily census of approximately 25 patients). Torrance Memorial Medical Center now reports 46 intensive care beds and 20 coronary care beds on its 2017 hospital license; however, 22 beds in the old intensive care unit are in suspense and will not be used resulting in a total current bed availability of 44 intensive care/coronary care beds.

INTENSIVE CARE/CORONARY CARE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Torrance Memorial Medical Center	-	X	36	716	9,312	25.4	70.7%
Providence Little Company of Mary Medical Center - Torrance	2.0	X	28	502	6,597	18.1	64.5%
Kaiser Foundation Hospital - South Bay	3.2	X	20	160	2,208	6.0	30.2%
LAC/Harbor UCLA Medical Center	3.3	X	42	774	12,897	35.3	84.1%
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	12	193	2,168	5.9	49.5%
Memorial Hospital of Gardena	6.0	X	10	246	2,811	7.7	77.0%
Sub-Total			148	2,591	35,993	98.5	45.0%
Centinela Hospital Medical Center	9.6		31	512	7,204	19.7	63.5%
College Medical Center	8.7		16	110	1,270	3.5	21.7%
Earl and Lorraine Miller Children's Hospital	9.0		-	-	-	-	-
Long Beach Memorial Medical Center	9.0		60	828	16,506	45.1	75.2%
St. Mary Medical Center Long Beach	9.3		47	490	6,635	18.1	38.6%
St. Francis Medical Center	11.5		36	842	8,569	23.4	65.0%
Community Hospital of Long Beach	11.5		30	312	2,782	7.6	25.4%
Lakewood Regional Medical Center	11.7		32	883	9,343	25.5	79.8%
Marina Del Rey Hospital*	13.0		12	175	2,783	7.6	63.4%
Community Hospital of Huntington Park	14.1		4	142	1,773	4.8	121.1%
Kaiser Foundation Hospital - Downey	14.4		30	214	4,496	12.3	40.9%
PIH Health Hospital - Downey	14.8		18	299	3,591	9.8	54.5%
Total			464	7,398	100,945	276.0	59.6%

Source: OSHPD Disclosure Reports, FY 2016

* FY 2015

- For FY 2016, the average daily census for all service area hospitals was 99 patients based on 35,993 patient days; and
- In FY 2016, Torrance Memorial Medical Center provided 24% of the service area's intensive care/coronary care beds.

Obstetrics Capacity Analysis

In FY 2016, there were 155 obstetrics beds located in the service area with an aggregate occupancy rate of 53%. In FY 2016, Torrance Memorial Medical Center reported 25 licensed obstetric beds with a high occupancy rate of 96%. Torrance Memorial Medical Center now reports 53 licensed obstetric beds on its 2017 hospital license; however, the 28 beds from the old obstetric unit are in suspense and no longer used.

OBSTETRICS ACUTE BEDS: FY 2016							
Hospital	Miles from	Within Service	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
	Hospital	Area					
Torrance Memorial Medical Center	-	X	25	3,093	8,815	24.1	96.3%
Providence Little Company of Mary Medical Center - Torrance	2.0	X	22	2,704	7,460	20.4	92.9%
Kaiser Foundation Hospital - South Bay	3.2	X	34	2,814	4,549	12.5	36.7%
LAC/Harbor UCLA Medical Center	3.3	X	29	1,752	5,135	14.1	48.5%
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	22	600	1,411	3.9	17.6%
Memorial Hospital of Gardena	6.0	X	23	1,086	2,745	7.5	32.7%
Sub-Total			155	12,049	30,115	82.4	53.2%
Centinela Hospital Medical Center	9.6		29	515	1,401	3.8	13.2%
College Medical Center	8.7		13	42	105	0.3	2.2%
Earl and Lorraine Miller Children's Hospital	9.0		59	5,290	16,572	45.3	76.7%
Long Beach Memorial Medical Center	9.0		-	-	-	-	-
St. Mary Medical Center Long Beach	9.3		25	2,574	6,989	19.1	76.4%
St. Francis Medical Center	11.5		50	5,282	12,182	33.3	66.6%
Community Hospital of Long Beach	11.5		-	-	-	-	-
Lakewood Regional Medical Center	11.7		-	-	-	-	-
Marina Del Rey Hospital*	13.0		-	-	-	-	-
Community Hospital of Huntington Park	14.1		-	-	-	-	-
Kaiser Foundation Hospital - Downey	14.4		66	4,613	7,999	21.9	33.1%
PIH Health Hospital - Downey	14.8		20	1,095	2,321	6.3	31.7%
Total			417	31,460	77,684	206.1	51.0%

Source: OSHPD Disclosure Reports, FY2016

Note: Kaiser Foundation Hospital - South Bay, Kaiser Foundation Hospital - Downey and PIH Health Hospital - Downey have Alternate Birthing Centers

*FY 2015

- In 2016, Torrance Memorial Medical Center provided 16% of licensed obstetrics beds within its service area and reported approximately 26% of the service area's 12,049 discharges.

Pediatric Capacity Analysis

In FY 2016, there were 58 pediatric beds located within the service area with an aggregate occupancy rate of approximately 36%. Torrance Memorial Medical Center reported 20 licensed pediatric beds with an occupancy rate of 23%.

PEDIATRIC ACUTE BEDS: FY 2016							
Hospital	Miles from		Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
	Hospital	Within Service Area					
Torrance Memorial Medical Center	-	X	20	708	1,714	4.7	23.4%
Providence Little Company of Mary Medical Center - Torrance	2.0	X	13	662	1,438	3.9	30.3%
Kaiser Foundation Hospital - South Bay	3.2	X	-	-	-	-	-
LAC/Harbor UCLA Medical Center	3.3	X	25	1,404	4,403	12.1	48.3%
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	-	-	-	-	-
Memorial Hospital of Gardena	6.0	X	-	-	-	-	-
Sub-Total			58	2,774	7,555	20.7	35.7%
Centinela Hospital Medical Center	9.6		-	-	-	-	-
College Medical Center	8.7		-	-	-	-	-
Earl and Lorraine Miller Children's Hospital	9.0		138	6,410	21,306	58.2	42.2%
Long Beach Memorial Medical Center	9.0		-	-	-	-	-
St. Mary Medical Center Long Beach	9.3		16	424	1,215	3.3	20.7%
St. Francis Medical Center	11.5		14	413	1,190	3.3	23.2%
Community Hospital of Long Beach	11.5		-	-	-	-	-
Lakewood Regional Medical Center	11.7		-	-	-	-	-
Marina Del Rey Hospital*	13.0		-	-	-	-	-
Community Hospital of Huntington Park	14.1		-	-	-	-	-
Kaiser Foundation Hospital - Downey	14.4		17	618	2,031	5.5	32.6%
PIH Health Hospital - Downey	14.8		7	-	-	-	-
Total			250	10,639	33,297	91.0	36.5%

Source: OSHPD Disclosure Reports, FY 2016

*FY 2015

- Torrance Memorial Medical Center provides 34% of the pediatric beds within the service area. Providence Little Company of Mary Medical Center – Torrance, located only two miles away, has 13 licensed pediatric beds that are only 30% occupied;
- According to Torrance Memorial Medical Center representatives, approximately 20% of the emergency department patient visits are from pediatric patients. However, pediatric patients are infrequently admitted and severe cases are often transferred to children's hospitals; and
- Earl and Lorraine Miller Children's Hospital, a children's hospital located 9.0 miles from Torrance Memorial Medical Center, is licensed for 138 pediatric beds and has an occupancy rate of approximately 42%. Additionally, Children's Hospital of Los Angeles, located 20 miles from Torrance Memorial Medical Center, is licensed for 324 licensed pediatrics beds and has an occupancy rate of 59%.

Neonatal Intensive Care Unit Capacity Analysis

As shown below, the occupancy rate for neonatal intensive care services at the service area hospitals is approximately 41% based on 96 licensed neonatal intensive care beds.

NEONATAL INTENSIVE CARE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Torrance Memorial Medical Center	-	X	25	307	4,700	12.8	51.4%
Providence Little Company of Mary Medical Center - Torrance	2.0	X	34	211	4,049	11.1	32.6%
Kaiser Foundation Hospital - South Bay	3.2	X	10	222	1,475	4.0	40.4%
LAC/Harbor UCLA Medical Center	3.3	X	27	241	3,963	10.9	40.2%
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	-	-	-	-	-
Memorial Hospital of Gardena	6.0	X	-	-	-	-	-
Sub-Total			96	981	14,187	38.8	40.5%
Centinela Hospital Medical Center	9.6		9	64	1,565	4.3	47.5%
College Medical Center	8.7		-	-	-	-	-
Earl and Lorraine Miller Children's Hospital	9.0		95	1,133	20,437	55.8	58.8%
Long Beach Memorial Medical Center	9.0		-	-	-	-	-
St. Mary Medical Center Long Beach	9.3		25	199	2,741	7.5	30.0%
St. Francis Medical Center	11.5		29	571	6,793	18.6	64.0%
Community Hospital of Long Beach	11.5		-	-	-	-	-
Lakewood Regional Medical Center	11.7		-	-	-	-	-
Marina Del Rey Hospital*	13.0		-	-	-	-	-
Community Hospital of Huntington Park	14.1		-	-	-	-	-
Kaiser Foundation Hospital - Downey	14.4		49	550	9,643	26.3	53.8%
PIH Health Hospital - Downey	14.8		7	164	686	1.9	26.8%
Total			310	3,662	56,052	151.3	49.5%

Source: OSHPD Disclosure Reports, FY 2016

*FY 2015

- Torrance Memorial Medical Center has 25 licensed neonatal intensive care beds, comprising approximately 26% of the service area neonatal intensive care beds, with a reported occupancy rate of approximately 51%; and
- Torrance Memorial Medical Center reported 307 inpatient hospital discharges and 4,700 patient days in FY 2016, resulting in an average daily census of approximately 13 patients.

Burn Care Capacity Analysis

Torrance Memorial Medical Center is the only provider of licensed burn care beds within the service area with an overall occupancy rate of nearly 83% (average daily census of approximately 10 patients).

BURN CARE BEDS: FY 2016							
Hospital	Miles from		Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
	Hospital	Within Service Area					
Torrance Memorial Medical Center	-	X	12	370	3,631	9.9	82.7%
LAC+USC Medical Center	18.7	-	20	382	4,298	11.8	58.9%
West Hills Hospital and Medical Center	31.7	-	8	13	618	1.7	21.2%
Total			40	765	8,547	23.4	58.5%

Source: OSHPD Disclosure Reports, FY 2016

- Torrance Memorial Medical Center is one of only three burn care providers in Los Angeles County; and
- LAC+USC Medical Center reported an occupancy rate of 59% on its 20 licensed burn care beds and West Hills Hospital and Medical Center reported an occupancy rate of 21% on its eight licensed burn care beds. Together, the three hospitals reported an occupancy rate of 59% on 40 licensed burn care beds.

Skilled Nursing/Transitional Care Capacity Analysis

Torrance Memorial Medical Center is one of only two general acute care hospital providers of licensed skilled nursing beds within the service area. Torrance Memorial Medical Center's skilled nursing beds operate as a hospital-based transitional care unit for patients requiring short-term skilled nursing and rehabilitation care in preparation for leaving the hospital. Most hospitals do not operate skilled nursing facilities on their license and prefer to transfer patients to freestanding community-based facilities.

SKILLED NURSING CARE BEDS: FY 2016							
Hospital	Miles from Hospital	Within Service Area	Licensed Beds	Discharges	Patient Days	Average Daily Census	Occupancy
Torrance Memorial Medical Center	-	X	40	1,117	13,454	36.8	91.9%
Providence Little Company of Mary Medical Center - Torrance	2.0	X	115	2,107	23,773	65.1	56.6%
Kaiser Foundation Hospital - South Bay	3.2	X	-	-	-	-	-
LAC/Harbor UCLA Medical Center	3.3	X	-	-	-	-	-
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	-	-	-	-	-
Memorial Hospital of Gardena	6.0	X	-	-	-	-	-
Total			155	3,224	37,227	101.9	65.8%

Source: OSHPD Disclosure Reports, FY 2016

- In FY 2016, Torrance Memorial Medical Center reported an occupancy rate of 92% on its 40 licensed skilled nursing beds (average daily census of approximately 37 patients);
- As part of Torrance Memorial Care Transitions Program's post-acute care network, Torrance Memorial Medical Center coordinates with the following independent skilled nursing providers: Bay Crest Care Center, Del Amo Gardens Care Center, Driftwood Healthcare Center, The Earlwood Care Center, Lomita Care Center, Royalwood Care Center, and Sunnyside Nursing Center. Together, these seven skilled nursing facilities reported an occupancy rate of 81% on their combined 840 licensed skilled nursing beds in FY 2016; and
- The community has numerous other skilled nursing facilities with available capacity.

Emergency Department Volume at Hospitals in the Service Area

In 2016, Torrance Memorial Medical Center had 33 emergency treatment stations. In total, there are currently 206 treatment stations among all service area hospitals. The table below shows the visits by severity category for area emergency departments as reported by OSHPD's Automated Licensing Information and Report Tracking System.¹⁷

EMERGENCY DEPARTMENT VISITS BY CATEGORY: 2016												
Hospital	Miles from Hospital	Within the Service Area	ER Level	Stations	Total Visits	Minor	Low/Moderate	Moderate	Severe w/o Threat	Severe w/ Threat	Percentage Admitted	Hours of Diversion
Torrance Memorial Medical Center	-	X	Basic	33	79,582	158	8,339	27,778	22,062	21,245	20.7%	246
Providence Little Company of Mary Medical Center - Torrance	2.0	X	Basic	29	76,076	956	4,022	21,346	24,581	25,171	19.0%	106
Kaiser Foundation Hospital - South Bay	3.2	X	Basic	43	65,002	3,258	3,208	43,291	12,937	2,308	8.8%	0
LAC/Harbor UCLA Medical Center	3.3	X	Basic	75	88,481	4,692	24,598	44,006	13,755	1,430	16.1%	1,338
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	Basic	16	41,517	483	4,394	15,930	11,674	9,036	8.6%	136
Memorial Hospital of Gardena	6.0	X	Basic	10	33,611	94	4,923	13,253	10,690	4,651	8.5%	449
Sub-Total				206	384,269	9,641	49,484	165,604	95,699	63,841	14.9%	2,275
Centinela Hospital Medical Center	9.6		Basic	46	56,933	1,721	1,022	11,925	12,987	29,278	20.0%	34
College Medical Center	8.7		Basic	7	14,948	1,229	1,486	4,434	4,094	3,705	33.1%	1,164
Earl and Lorraine Miller Children's Hospital	9.0			-	-	-	-	-	-	-	-	-
Long Beach Memorial Medical Center	9.0		Basic	64	102,435	3,044	26,734	39,528	21,535	11,594	14.7%	2,005
St. Mary Medical Center Long Beach	9.3		Basic	26	54,279	1,341	8,619	20,350	14,783	9,186	11.6%	872
Martin Luther King, Jr. Community Hospital*	9.6		Basic	30	20,139	288	1,799	6,213	6,587	5,252	7.4%	306
St. Francis Medical Center	11.5		Basic	36	67,627	3,865	8,576	10,702	23,846	20,638	9.2%	614
Community Hospital of Long Beach	11.5		Basic	21	27,206	541	6,948	10,111	6,867	2,739	17.0%	467
Lakewood Regional Medical Center	11.7		Basic	14	48,847	2,953	3,480	14,685	14,689	13,040	12.8%	1,423
Marina Del Rey Hospital	13.0		Basic	18	27,940	571	8,607	9,434	9,173	155	7.5%	548
Community Hospital of Huntington Park	14.1		Basic	14	38,697	216	3,267	16,581	13,568	5,065	6.4%	519
Kaiser Foundation Hospital - Downey	14.4		Basic	63	98,025	5,419	4,017	64,642	19,656	4,291	9.0%	2,354
PIH Health Hospital - Downey	14.8		Basic	22	54,724	692	6,945	16,302	22,117	8,668	10.3%	531
Total				567	996,069	31,521	130,984	390,511	265,601	177,452	13.3%	13,112

Source: OSHPD Airits Annual Utilization Reports, 2016 and Torrance Memorial Medical Center

* 2015

- Torrance Memorial Medical Center's emergency department went on diversion¹⁸ for 246 hours in 2016;
- Torrance Memorial Medical Center's 33 emergency treatment stations accounted for 16% of all emergency treatment stations. In addition, Torrance Memorial Medical Center's 79,582 emergency service visits accounted for 21% of all emergency department visits within the service area;
- Nearly 21% of Torrance Memorial Medical Center's emergency department visits resulted in admission; and
- Approximately 15% of the service area's emergency department visits resulted in admission to the hospital.

¹⁷ The OSHPD Automated Licensing Information and Report Tracking System contains license and utilization data information of healthcare facilities in California.

¹⁸ A hospital goes on diversion when there are not enough beds or staff available in the emergency room or the hospital itself to adequately care for patients. When a hospital goes on diversion, it notifies the area Emergency Medical Services Agency so that patients can be transported to other area hospitals with sufficient capacity.

Emergency Department Capacity

Industry sources, including the American College of Emergency Physicians, have used a benchmark of 2,000 visits per emergency station/bed to estimate the capacity of an emergency department. Based upon this benchmark, in 2016, Torrance Memorial Medical Center’s emergency department was operating at 121% of its 33-bed capacity.

EMERGENCY DEPARTMENT CAPACITY: 2016							
Hospital	Miles from Hospital	Within Service Area	ER Level	Stations	Total Visits	Capacity	Remaining Capacity
Torrance Memorial Medical Center	-	X	Basic	33	79,582	66,000	(13,582)
Providence Little Company of Mary Medical Center - Torrance	2.0	X	Basic	29	76,076	58,000	(18,076)
Kaiser Foundation Hospital - South Bay	3.2	X	Basic	43	65,002	86,000	20,998
LAC/Harbor UCLA Medical Center	3.3	X	Basic	75	88,481	150,000	61,519
Providence Little Company of Mary Medical Center - San Pedro	5.5	X	Basic	16	41,517	32,000	(9,517)
Memorial Hospital of Gardena	6.0	X	Basic	10	33,611	20,000	(13,611)
Sub-Total				206	384,269	412,000	27,731
Centinela Hospital Medical Center	9.6		Basic	46	56,933	92,000	35,067
College Medical Center	8.7		Basic	7	14,948	14,000	(948)
Earl and Lorraine Miller Children's Hospital	9.0		-	-	-	-	-
Long Beach Memorial Medical Center	9.0		Basic	64	102,435	128,000	25,565
St. Mary Medical Center Long Beach	9.3		Basic	26	54,279	52,000	(2,279)
Martin Luther King, Jr. Community Hospital*	9.6		Basic	30	20,139	60,000	39,861
St. Francis Medical Center	11.5		Basic	36	67,627	72,000	4,373
Community Hospital of Long Beach	11.5		Basic	21	27,206	42,000	14,794
Lakewood Regional Medical Center	11.7		Basic	14	48,847	28,000	(20,847)
Marina Del Rey Hospital	13.0		Basic	18	27,940	36,000	8,060
Community Hospital of Huntington Park	14.1		Basic	14	38,697	28,000	(10,697)
Kaiser Foundation Hospital - Downey	14.4		Basic	63	98,025	126,000	27,975
PIH Health Hospital - Downey	14.8		Basic	22	54,724	44,000	(10,724)
Total				567	996,069	1,134,000	137,931

Source: OSHPD A1irts Annual Utilization Reports, 2016 and Torrance Memorial Medical Center

* 2015

- The emergency departments at Providence Little Company of Mary Medical Center – Torrance, Providence Little Company of Mary Medical Center – San Pedro, and Memorial Hospital of Gardena are over capacity, operating at 131%, 130%, and 168%, respectively; and
- Overall, the service area hospitals’ emergency departments are at approximately 93% of their capacity.

Summary of Interviews

In June and July of 2017, both in-person and telephone interviews were conducted with representatives of Torrance Health Association and Cedars-Sinai Health System, as well as physicians and other community representatives. The purpose of the interviews was to gather information from area healthcare professionals and community members regarding any potential impact on healthcare availability and accessibility as a result of the proposed transaction. The list of individuals who were interviewed is located in the Appendix of this report. The major findings of these interviews are summarized below.

Reasons for the Proposed Transaction

Those interviewed cited a number of reasons for the transaction, including the following:

- As a result of healthcare reform and marketplace changes, hospitals across the region have formed partnerships and integrated delivery systems to develop the resources and expertise to encourage better patient care coordination, higher quality, and lower cost. Torrance Memorial Medical Center could be at a competitive disadvantage if it were to remain an independent, standalone hospital provider;
- Healthcare providers in the South Bay region are increasingly represented by larger and more integrated healthcare systems, including Kaiser Permanente, Providence St. Joseph Health System, and UCLA Health;
- Torrance Memorial Medical Center lacks the size and scale to fund new population health and clinical initiatives to most effectively and efficiently benefit the community; and
- An affiliation with Cedars-Sinai Health system will ensure the viability of Torrance Health Association and will provide patients with access to increased clinical expertise, innovations in healthcare, and sub-specialty care.

Importance of Torrance Memorial Medical Center to the Community

According to all who were interviewed, Torrance Memorial Medical Center is a critically important provider of healthcare services to the local community. Torrance Memorial Medical Center holds the largest market share of hospital inpatient discharges in its service area. Some of the programs and services that were mentioned in the interviews as especially important include the following:

- Cardiovascular services, including designation as a STEMI Receiving Center;
- Emergency services;

- Intensive care services;
- Neurology services, including certification as a Primary Stroke Center;
- Obstetric and Level III neonatal intensive care services;
- Oncology services;
- Orthopedic services;
- Outpatient chemical dependency services; and
- Pediatric services, including designation as an Emergency Department Approved for Pediatrics.

If Torrance Memorial Medical Center does not maintain its current level of healthcare services, significant availability and accessibility issues would be created for residents of the communities served by Torrance Memorial Medical Center.

Selection of Cedars-Sinai Health System for the Proposed Transaction

The Board of Trustees concluded that as a result of the growing needs of the South Bay community and the changing healthcare market, Torrance Memorial Medical Center needed to become formally affiliated with a health system that has the clinical expertise and supportive infrastructure necessary to continue and enhance the services it provides to the local community and remain competitive in the long-term. The members of Torrance Memorial Medical Center’s management team and board members interviewed indicated that a number of factors were considered in selecting Cedars-Sinai Health System for the transaction, including the following:

- Compatibility of mission, vision, and culture;
- Academic status and strength of clinical programs;
- Expectation of continuing local hospital decision-making with participation and influence in a new larger health system;
- Enhanced access to tertiary and quaternary level services;
- Access to new or additional clinical expertise and certain sub-specialties;
- Collaboration among physicians and sharing of clinical best practices;

- Expectation of service expansion and increased innovation;
- Economies of scale and the ability of attain efficiencies due to scale and size;
- Improved purchasing and negotiating positions;
- Population health and care management initiatives;
- Strong brand and reputation; and
- Ability to recruit and retain physicians and employees.

Representatives from Cedars-Sinai Health System explained that affiliating with Torrance Health Association will provide the opportunity for two like-minded organizations to become part of a larger integrated delivery system that will be better equipped to meet their respective missions and improve the health of the population of the greater Los Angeles area through strengthened clinical capabilities, efficiencies, research, manpower, resources, and scale.

All of those interviewed expressed support for the selection of Cedars-Sinai Health System and were not aware of any opposition from physicians, employees or the community.

Impact on the Availability & Accessibility of Healthcare Services

All interviewed believed that the affiliation would not have a negative impact on the availability or accessibility of healthcare services. In fact, it was believed that the affiliation with Cedars-Sinai Health System would enhance Torrance Memorial Medical Center's services and operations and therefore, enhance access. Additionally, while no specific commitments were cited from Cedars-Sinai Health System, it was believed that Cedars-Sinai Health System would expand some of Torrance Memorial Medical Center' services, increase the number of physicians on the medical staff, and bring continued quality of care to the community.

Assessment of Potential Issues Associated with the Availability or Accessibility of Healthcare Services

Continuation as a General Acute Care Hospital

None of the parties to the transaction expect that there will be any reductions in the availability or accessibility of healthcare services. It is expected that as a result of the transaction, Torrance Memorial Medical Center will continue to operate as a nonprofit hospital in a similar manner as in the past, however, with access to significant additional expertise, services, and resources. It is very important for the delivery of healthcare services to the community that Torrance Memorial Medical Center continue to operate with its current complement of services.

Emergency Services

Torrance Memorial Medical Center is an important provider of emergency services to the residents of its surrounding communities. In 2016, Torrance Memorial Medical Center reported nearly 79,600 visits to its 33 emergency treatment stations, operating at 121% capacity (based on a standard of 2,000 visits per station, per year).

Other area emergency departments are overburdened and functioning beyond desirable capacity, including Providence Little Company of Mary Medical Center – Torrance (131%), Providence Little Company of Mary Medical Center – San Pedro (130%), and Memorial Hospital of Gardena (168%). As a result of healthcare reform, aging demographics, and the growing shortage of primary care physicians, emergency department utilization is expected to continue to increase within the service area. Keeping Torrance Memorial Medical Center's emergency department open with at least its current number of emergency department beds is critical to providing emergency services within the service area.

Medical/Surgical Services

With an average daily census of approximately 118 patients, Torrance Memorial Medical Center is an important provider of medical/surgical services.

Intensive Care/Coronary Care Services

Torrance Memorial Medical Center provided 24% of the service area's intensive care/coronary care beds in FY 2016 with an occupancy rate of 71%. These services are an important resource for supporting the emergency department and other surgical and medical services. Providence Little Company of Mary Medical Center – Torrance, the closest service area hospital, is running at 65% occupancy and has an average daily census of 18 patients. LAC/Harbor-UCLA Medical Center, located approximately three miles away, is running at a high occupancy of 84%.

Without the intensive care/coronary care beds at Torrance Memorial Medical Center, area availability of intensive car/coronary care services may be negatively impacted.

Obstetrics/Perinatal Services

Torrance Memorial Medical Center reported an occupancy rate of 96% on its 25 licensed obstetrical beds in FY 2016, with an average daily census of 24 patients. With over 3,000 deliveries in FY 2016, Torrance Memorial Medical Center is an important provider of obstetrics services for service area residents. Torrance Memorial Medical Center is the largest provider of obstetrical services within the service area with approximately 25% market share. While Torrance Memorial Medical Center reports 53 perinatal beds on its current hospital license, 28 beds are in suspense and will not be used for obstetric services. A further reduction in the number of obstetrics beds could have an adverse effect on the availability and accessibility of these healthcare services in the community.

Neonatal Intensive Care Services

Torrance Memorial Medical Center operates 25 licensed neonatal intensive care beds (26% of the combined service area neonatal intensive care beds) and maintains an occupancy rate of approximately 51%. Three of the five other service area hospitals provide neonatal intensive care services and run at occupancy rates of between 33% and 40%. Because Torrance Memorial Medical Center had approximately 3,000 deliveries in FY 2016, some of which are high risk, it is important to continue operations of the Level III neonatal intensive care unit.

Pediatric Services

Torrance Memorial Medical Center is licensed for 20 pediatric beds (34% of the total service area beds) with a relatively low occupancy rate (23%) and average daily census (approximately 5 patients per day). Two other hospitals, Providence Little Company of Mary Medical Center – Torrance and LAC/Harbor-UCLA Medical Center, offered pediatric services in the service area and had a combined occupancy rate of 42% in FY 2016. While Torrance Memorial Medical Center's average daily census of 5 pediatric patients per day is relatively low, approximately 20% of emergency services visits are pediatric patients, making Torrance Memorial Medical Center's pediatric services important to the residents of the surrounding communities. However, the pediatric census at Torrance Memorial Medical Center has remained consistently at an average of five patients, thus many of the 20 licensed beds are not utilized.

Burn Care Services

Torrance Memorial Medical Center is an important provider of burn care services for service area residents and residents throughout Los Angeles County. Torrance Memorial Medical Center provides 12 burn care beds, reporting an occupancy rate of 83% in FY 2016. As one of only three burn treatment centers in Los Angeles County, Torrance Memorial Medical Center is

an essential provider of burn care services. LAC+USC Medical Center, located nearly 19 miles from Torrance Memorial Medical Center, and West Hills Hospital and Medical Center, located approximately 32 miles from Torrance Memorial Medical Center, are the only other providers of these services with a combined 28 burn care beds and an aggregate occupancy rate of nearly 50%. Any reduction in the number of licensed burn care beds available at Torrance Memorial Medical Center could negatively affect the provision of these services for the community.

Skilled Nursing/Transitional Care Services

Torrance Memorial Medical Center and Providence Little Company of Mary Medical Center – Torrance are the only two hospital-based providers of skilled nursing services within the service area. Torrance Memorial Medical Center is licensed for 40 skilled nursing beds and runs at an occupancy rate of 91%, while Providence Little Company of Mary Medical Center – Torrance ran an occupancy rate of 56% for FY 2016. There are many other skilled nursing facilities in the service area with available capacity.

Reproductive Health Services

Torrance Memorial Medical Center is an important provider of a range of healthcare services for women, including approximately 3,100 obstetrical deliveries per year. Neither Torrance Memorial Medical Center nor Cedars-Sinai Health System has restrictions on the provision of any reproductive healthcare services. The table below shows inpatient reproductive-related healthcare procedures that Torrance Memorial Medical Center provided in 2016:

REPRODUCTIVE SERVICES BY DIAGNOSTIC RELATED GROUP, 2016	
	Discharges
770 Abortion w/ D&C, Aspiration Curettage or Hysterectomy	15
778 Threatened Abortion	31
779 Abortion w/o D&C	5
777 Ectopic Pregnancy	27
767 Vaginal Delivery w/ Sterilization &/or D&C	22

Source: OSHPD Patient Discharge Database

The proposed affiliation is not anticipated to have any impact on the availability and accessibility of reproductive healthcare services provided at Torrance Memorial Medical Center.

Effects on Services to Medi-Cal & Other Classes of Patients

Approximately 58% of Torrance Memorial Medical Center’s inpatients are reimbursed through Medicare (49%) and Medi-Cal (9%). Torrance Memorial Medical Center currently participates in the Medicare program, but does not contract with Medi-Cal managed care plans. If Torrance Memorial Medical Center did not participate in the Medicare program, this class of patients would be denied access to certain non-emergency healthcare services. A denial of access would

negatively impact the availability or accessibility of healthcare services for this patient population.

Effects on the Level & Type of Charity Care Historically Provided

Torrance Memorial Medical Center has historically provided a significant amount of charity care, averaging nearly \$4.2 million per year over the last five years (on a cost basis). While Torrance Memorial Medical Center is likely to continue providing similar levels of charity care as the most recent year, no commitments to charity care have been made in the Affiliation Agreement.

Effects on Community Benefit Programs

Torrance Memorial Medical Center has historically provided a significant amount of community benefit services, averaging approximately \$2.7 million per year over the last five years. While Torrance Memorial Medical Center is likely to continue providing similar community benefit services, no commitments have been made in the Affiliation Agreement.

Effects on Staffing & Employee Rights

None of Torrance Memorial Medical Center's employees are covered by collective bargaining agreements. As a result of the affiliation, no changes to the employment status of Torrance Memorial Medical Center's employees are expected.

Effects on Medical Staff

As a result of the affiliation, no changes to Torrance Memorial Medical Center's medical staff are expected. If services are expanded at Torrance Memorial Medical Center, physicians from Cedars-Sinai Medical Center may be added to Torrance Memorial Medical Center's medical staff.

Alternatives

The Board of Trustees determined that this affiliation was necessary in order to allow for the continuation of Torrance Health Association as a progressive, innovative healthcare provider under the current climate of healthcare. The affiliation is not being driven out of a near-term financial or strategic necessity. As such, if this transaction were not approved, it is likely that Torrance Health Association would continue to operate in its current structure and reevaluate other alternatives for health system development or affiliations. However, based upon the interviews with Torrance Health Association's Board of Trustees and Torrance Memorial Medical Center's management, other affiliation alternatives were not believed to offer the same advantages as the affiliation with Cedars-Sinai Health System.

Conclusions

Torrance Health Association contends the proposed affiliation with Cedars-Sinai Health System will create an integrated healthcare delivery system that will improve the availability and accessibility of quality healthcare services and further their charitable missions and purposes.

Potential Conditions for Transaction Approval by the California Attorney General

If the California Attorney General approves the proposed transaction, Vizient, Inc. and JD Healthcare, Inc. recommend the following conditions be required in order to minimize any potential negative healthcare impact that might result from the transaction:

1. For at least ten years from the Closing Date of the transaction, Torrance Memorial Medical Center shall continue to operate as a general acute care hospital;
2. For at least ten years from the Closing Date of the transaction, Torrance Memorial Medical Center shall maintain 24-hour emergency medical services at no less than current licensure and designation with the same types and/or levels of services, including the following:
 - a. At a minimum, 33 emergency treatment stations;
 - b. Designation as a Paramedic Base Station; and
 - c. Designation as an Emergency Department Approved for Pediatrics.
3. For at least five years from the Closing Date of the transaction, Torrance Memorial Medical Center shall maintain the following services at the current licensure, types, and/or levels of services:
 - a. Cardiovascular services, including at a minimum, the designation as a STEMI Receiving Center;
 - b. Certification as a Primary Stroke Center;
 - c. Critical care services, including a minimum of 44 intensive care/coronary care beds;
 - d. Neonatal intensive care services, including a minimum of 25 neonatal intensive care beds, and, at minimum, maintaining a Level III NICU;
 - e. Obstetric services, including a minimum of 25 perinatal beds;
 - f. Oncology services, including radiation oncology;
 - g. Orthopedic and rehabilitation services;
 - h. Outpatient chemical dependency services;
 - i. Pediatric services, including a minimum of 10 pediatric beds; and
 - j. Women's health services, including women's reproductive services and women's imaging services (mammography, ultrasound, MRI, osteoporosis screenings,

stereotactic breast biopsy services, and other diagnostic services) at the Vasek and Anna Maria Polak Breast Diagnostic Center.

4. For at least ten years from the Closing Date of the transaction, Torrance Memorial Medical Center shall maintain its burn care services including diagnostic services, cardiac and respiratory monitoring, hydrotherapy tanks, rehabilitation, reconstructive services, wound debridement and closure, skin grafting, and treatment for non-healing wounds at the current licensure, types, and/or levels of services, including a minimum of 12 burn care beds;
5. For at least five years from the Closing Date of the transaction, Torrance Memorial Medical Center shall maintain a charity care policy that is no less favorable than its current charity care policy and in compliance with California and Federal law, and Torrance Memorial Medical Center shall provide an annual amount of Charity Care equal to or greater than \$4,183,544 (the "Minimum Charity Care Amount"). For purposes herein, the term "Charity Care" shall mean the amount of charity care costs (not charges) incurred by Torrance Memorial Medical Center in connection with the operations and provision of services at Torrance Memorial Medical Center. The definition and methodology for calculating "charity care" and the methodology for calculating "cost" shall be the same as that used by OSHPD for annual hospital reporting purposes. The Minimum Charity Care Amount will be increased on an annual basis by the rate of inflation as measured by the Consumer Price Index for Los Angeles-Riverside-Orange County, California.

Alternatively, because of the impact of Medi-Cal expansion and the ACA, the California Attorney General could consider adjusting the required commitment to charity care based on available data from time periods after implementation of the ACA. Because of the uncertainty regarding future healthcare reform and its effect on charity care, an example would be to require a commitment based on a three-year rolling average of the most available data. Here, the average of the three most recent charity care years (FY 2014-2016) is \$2,403,102;

6. For at least five years from the Closing Date of the transaction, Torrance Memorial Medical Center shall continue to expend an average of no less than \$2,663,312 annually in community benefit services. This amount should be increased annually based on the Consumer Price Index for Los Angeles-Riverside-Orange County, California. The following community benefit programs and services shall continue to be offered:
 - a. Support for Children's Nutrition and Exercise Initiatives;
 - b. Support for Homeless, Low-Income and Working Poor Individuals and Families;
and
 - c. Support for Patient-Centered and Family Care at End-of-Life.

7. For at least five years from the Closing Date of the transaction, Torrance Memorial Medical Center shall maintain its participation in the Medicare program, providing the same types and/or levels of emergency and non-emergency services to Medicare beneficiaries, on the same terms and conditions as other similarly situated hospitals, by maintaining a Medicare Provider Number;
8. For at least five years from closing, Torrance Memorial Medical Center shall be certified to participate in the Medi-Cal program, providing the same types and/or levels of emergency and non-emergency services to Medi-Cal beneficiaries;
9. For at least five years from the Closing Date of the transaction, Torrance Memorial Medical Center shall maintain its current contracts and designations, subject to the request of the County of Los Angeles, for services, including the following:
 - a. Paramedic Base Hospital Services Agreement, Agreement No. H-705648, dated January 1, 2013, and all amendments;
 - b. Participation in the Hospital Preparedness Program Agreement, Agreement No. H-705619, dated January 1, 2013 and all amendments;
 - c. Designation as an Emergency Department Approved for Pediatrics Confirmation Agreement; and
 - d. Designation as a STEMI Receiving Center/ST-Elevation Myocardial Infarction Receiving Center (SRC) Confirmation Agreement.

Appendix

List of Interviewees

Last Name	First Name	Position	Affiliation
Assigal	Heidi	Vice President, Business & Operations, Torrance Memorial Physician Network	Torrance Health Association, Inc./Torrance Memorial Medical Center
Berz	Derek	Senior Vice President & Chief Administrative Officer	Torrance Health Association, Inc./Torrance Memorial Medical Center
Cam, MD	Vihn	Chief of Staff & Vice Chairman, Board of Trustees	Torrance Health Association, Inc./Torrance Memorial Medical Center
Camrin	Robin	Vice President, Medical Staff Services & Performance Improvement	Torrance Health Association, Inc./Torrance Memorial Medical Center
Chidester	Cathy	Director	Los Angeles County Emergency Medical Services Agency
Coignard	Claire	Director, Health Education	Torrance Health Association, Inc./Torrance Memorial Medical Center
Collier	Bill	Treasurer, Board of Trustees	Torrance Health Association, Inc./Torrance Memorial Medical Center
Eberhard	Sally	Senior Vice President, Planning & Development	Torrance Health Association, Inc./Torrance Memorial Medical Center
Geiger	Greg	Chairman, Board of Trustees & Member, Foundation Board	Torrance Health Association, Inc./Torrance Memorial Medical Center
Hall	Shanna	Vice President, Nursing	Torrance Health Association, Inc./Torrance Memorial Medical Center
Hamilton Lee	Jann	President and Chief Executive Officer	South Bay Family Healthcare Center
Jacobs	Richard	Executive Vice President & Chief Strategy Officer	Cedars-Sinai Health System
Kaviani, MD	Amir	Member, Board of Trustees	Torrance Health Association, Inc./Torrance Memorial Medical Center
Kelley	Debby	Vice President, Ancillary & Support Services	Torrance Health Association, Inc./Torrance Memorial Medical Center
Larson	Bill	Vice President, Finance & Chief Financial Officer	Torrance Health Association, Inc./Torrance Memorial Medical Center
Leach	Craig	President and Chief Executive Officer	Torrance Health Association, Inc./Torrance Memorial Medical Center
LeQuire	Barbara	Senior Vice President, Patient Services & Chief Nursing Officer	Torrance Health Association, Inc./Torrance Memorial Medical Center
Lurie, MD	Mark	Medical Director, Cardiology & President, Foundation	Torrance Health Association, Inc./Torrance Memorial Medical Center
MacAller	Steve	Executive Director	Torrance-South Bay YMCA
McNamara, MD	John	Senior Vice President & Chief Medical Officer	Torrance Health Association, Inc./Torrance Memorial Medical Center
Nakkim, MD	Eric	Director, Emergency Department & Member, Foundation Board	Torrance Health Association, Inc./Torrance Memorial Medical Center
Priselac	Thomas	President and Chief Executive Officer	Cedars-Sinai Health System
Rogers	Chris	Senior Vice President, Torrance Health Independent Practice Association	Torrance Health Association, Inc./Torrance Memorial Medical Center
Schenasi	Laura	Executive Vice President, Foundation	Torrance Health Association, Inc./Torrance Memorial Medical Center
Schwartz, MD	Jerry	Medical Director, Neonatal Intensive Care	Torrance Health Association, Inc./Torrance Memorial Medical Center
Senner	Connie	Director, Design & Construction	Torrance Health Association, Inc./Torrance Memorial Medical Center
Simko, MD	Tom	Oncologist & Member, Board of Trustees	Torrance Health Association, Inc./Torrance Memorial Medical Center
Singh, MD	Deepjot	Chief, Obstetrics/Gynecology	Torrance Health Association, Inc./Torrance Memorial Medical Center
Tadeo	Richard	Assistant Director	Los Angeles County Emergency Medical Services Agency
Wright	Mary	Vice President, Nursing	Torrance Health Association, Inc./Torrance Memorial Medical Center

Hospital License

License: 93000076
Effective: 04/01/2017
Expires: 03/31/2018
Licensed Capacity: 649

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

Torrance Memorial Medical Center

to operate and maintain the following General Acute Care Hospital

Torrance Memorial Medical Center

3330 Lomita Blvd
Torrance, CA 90505-5002

Bed Classifications/Services

- 609 General Acute Care
- 53 Perinatal
- 46 Intensive Care
- 25 Intensive Care Newborn Nursery
- 20 Coronary Care
- 20 Pediatric
- 12 Burn
- 433 Unspecified General Acute Care
- 40 Skilled Nursing (D/P)

Other Approved Services

- Basic Emergency Medical
- Cardiovascular Surgery
- Mobile Unit - CAT Scan
- Nuclear Medicine
- Occupational Therapy
- Outpatient Services at Cardiac Rehab, 2841 Lomita Blvd., Suite 335, Torrance
- Outpatient Services at Cardio-Thoracic Clinic, 2841 Lomita Blvd., Suite 310, Torrance
- Outpatient Services at COR Cardiology Clinic, 2841 Lomita Blvd., Suite 100, Torrance
- Outpatient Services at COR Cardiology Clinic, 520 NORTH PROSPECT, #300, REDONDO BEACH
- Outpatient Services at Infusion Center, 2841 Lomita Blvd., Suite 315, Torrance
- Outpatient Services at South Bay Orthopaedic Rehab, 23560 Crenshaw Boulevard, Suite 103, Torrance
- Outpatient Services - Cancer or Oncology Center - Radiation Oncology
- Outpatient Services - Chemical Dependency at 3333 SKYPARK DR, # 200, TORRANCE
- Outpatient Services - Imaging at 3275 SKYPARK DRIVE, TORRANCE
- Outpatient Services - Laboratory/Radiology
- Outpatient Services - Mammogram Center at 65 PENINSULA CENTER., ROLLING HILLS ESTATE

(Additional Information Listed on License Addendum)

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, L.A. County Acute & Ancillary Unit, 3400 Aerojet Avenue, Suite 323, El Monte, CA 91731, (626)312-1104

POST IN A PROMINENT PLACE

State of California
Department of Public Health
License Addendum

License: 93000076
Effective: 04/01/2017
Expires: 03/31/2018
Licensed Capacity: 649

Torrance Memorial Medical Center (Continued)
3330 Lomita Blvd
Torrance, CA 90505-5001

Other Approved Services (cont'd)

Outpatient Services - Mammogram Center at
824 E. CARSON, #208, CARSON
Outpatient Services - Mammogram Center at
855 MANHATTAN BEACH BLVD., #208,
MANHATTAN BEACH
Outpatient Services - Rehabilitation at 3325
SKYPARK, TORRANCE
Outpatient Services - Sleep Lab at 3333
SKYPARK DRIVE, #120, TORRANCE
Physical Therapy
Radiation Therapy
Respiratory Care Services
Speech Pathology



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

- 22 General Acute Care beds suspended from 05/18/2016 to 05/17/2017. 22 Intensive Care bed suspension extended for an additional year from 7/27/2015 to 3/31/2016
- 28 General Acute Care beds suspended from 10/25/2016 to 10/26/2017. Suspended 28 beds in old perinatal unit.
- 119 General Acute Care beds suspended from 10/25/2016 to 05/17/2017. Suspended beds to 119
- Mobile CT Scanner Unit- California Vehicle License Plate # 4JP3770
- 144 Medical/Surgical beds and 22 Intensive Care Unit beds in suspense from 5/16/2016 to 5/17/2017

Karon L. Smith, MD, MPH

Director and State Public Health Officer

Eric Stone, Program Manager

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, L.A. County Acute & Ancillary Unit, 2400 Aerojet Avenue, Suite 323, El Monte, CA 91731, (626)312-1104

POST IN A PROMINENT PLACE