



Eric Hernandez
Executive Director (Acting)
Certificate of Need Program
Department of Health
P. O. Box 47852
Olympia, WA 98504-7852

May 19, 2025

Dear Mr. Hernandez:

Enclosed please find the certificate of need application from PeaceHealth United General Medical Center proposing to reallocate 10 additional acute care beds to swing bed use. When approved, PeaceHealth United General Medical Center would have 25 CAH licensed beds, all 25 of which would be approved for swing bed use.

Also submitted separately was the review and processing fee of \$40,470.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

Chris Johnston, PharmD, FACHE
Chief Administrative Officer

360-856-6021
peacehealth.org

2000 Hospital Drive
Sedro-Woolley, WA
98284

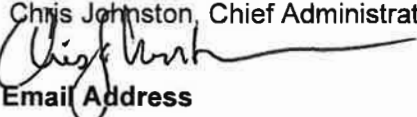


Certificate of Need Application Hospital Projects

Exclude hospital projects for sale, purchase, or lease of a hospital, or skilled nursing beds. Use service-specific addendum, if applicable.

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code [\(WAC\) 246-310-990](#).

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington [\(RCW\) 70.38](#) and [WAC 246-310](#), rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer Chris Johnston, Chief Administrative Officer  Email Address CJohnston@peacehealth.org	Date April 3, 2025 Telephone Number 360-856-7563
Legal Name of Applicant PeaceHealth United General Medical Center Address of Applicant 2000 Hospital Drive Sedro-Woolley, WA 98284	<input type="checkbox"/> New hospital X Expansion of existing hospital (identify facility name and license number) PeaceHealth United General Medical Center License # HAC.FS.60417818 Provide a brief project description, including the number of beds and the location. Reallocation of 10 acute care beds to swing bed use, increasing the total # of swing beds to 25. Estimated capital expenditure: \$ 0

Identify the Hospital Planning Area <u>Skagit County</u>											
Identify if this project proposes the addition or expansion of one of the following services: <table border="0"><tr><td><input type="checkbox"/> NICU Level II</td><td><input type="checkbox"/> NICU Level III</td><td><input type="checkbox"/> NICU Level IV</td><td><input type="checkbox"/> Specialized Pediatric (PICU)</td><td><input type="checkbox"/> Psychiatric (within acute care hospital)</td></tr><tr><td><input type="checkbox"/> Organ Transplant (identify)</td><td><input type="checkbox"/> Open Heart Surgery</td><td><input type="checkbox"/> Elective PCI</td><td><input type="checkbox"/> PPS-Exempt Rehab (indicate level)</td><td><input type="checkbox"/> Specialty Burn Services</td></tr></table>		<input type="checkbox"/> NICU Level II	<input type="checkbox"/> NICU Level III	<input type="checkbox"/> NICU Level IV	<input type="checkbox"/> Specialized Pediatric (PICU)	<input type="checkbox"/> Psychiatric (within acute care hospital)	<input type="checkbox"/> Organ Transplant (identify)	<input type="checkbox"/> Open Heart Surgery	<input type="checkbox"/> Elective PCI	<input type="checkbox"/> PPS-Exempt Rehab (indicate level)	<input type="checkbox"/> Specialty Burn Services
<input type="checkbox"/> NICU Level II	<input type="checkbox"/> NICU Level III	<input type="checkbox"/> NICU Level IV	<input type="checkbox"/> Specialized Pediatric (PICU)	<input type="checkbox"/> Psychiatric (within acute care hospital)							
<input type="checkbox"/> Organ Transplant (identify)	<input type="checkbox"/> Open Heart Surgery	<input type="checkbox"/> Elective PCI	<input type="checkbox"/> PPS-Exempt Rehab (indicate level)	<input type="checkbox"/> Specialty Burn Services							



PeaceHealth
United General
Medical Center

**CERTIFICATE OF NEED APPLICATION
TO
ADD 10 SWING BEDS**

May 2025

SECTION 1
Applicant Description

- 1. Provide the legal name and address of the applicant(s) as defined in [WAC 246-310-010](#)(6).**

The applicant is PeaceHealth United General Medical Center (PHUGMC)¹.

- 2. Identify the legal structure of the applicant (LLC, PLLC, etc.) and provide the unified business identifier (UBI).**

Skagit County Public Hospital District No. 304 owns the real plant and property and leases it to PHUGMC, a non-profit corporation, UBI #600-521-489.

- 3. Provide the name, title, address, telephone number, and email address of the contact person for this application.**

Chris Johnston
Chief Administrative Officer
PeaceHealth United General Medical Center
2000 Hospital Drive, Sedro-Woolley, WA 98284
360-856-7563
cjohnston@peacehealth.org

- 4. Provide the name, title, address, telephone number, and email address of the consultant authorized to speak on your behalf related to the screening of this application (if any).**

Lisa Hoffmann Grundl, Project Manager
Health Facilities Planning & Development
120 1st Avenue West, Suite 100, Seattle, WA 98119
206-441-0971
healthfac@healthfacilitiesplanning.com

- 5. Provide an organizational chart that clearly identifies the business structure of the applicant(s).**

An organizational chart is provided in Exhibit 1.

¹ In 2013, PeaceHealth received certificate of need (CN) approval to lease and operate the Hospital which is owned by Skagit County Public Hospital District #304.

SECTION 2
Facility Description

1. Provide the name and address of the existing facility.

The address of PHUGMC is:

2000 Hospital Drive
Sedro-Woolley WA 98284

2. Provide the name and address of the proposed facility. If an address is not yet assigned, provide the county parcel number and the approximate timeline for assignment of the address.

PHUGMC is an existing facility. As such, this question is not applicable.

3. Confirm that the facility will be licensed and certified by Medicare and Medicaid. If this application proposes the expansion of an existing facility, provide the existing identification numbers.

License #: HAC.FS.60417818

Medicare #: 50-1329; Swing Bed: 50-Z1329

Medicaid #: 2035332

4. Identify the accreditation status of the facility before and after the project.

PHUGMC is accredited by DNV GL.

5. Is the facility operated under a management agreement?

Yes ☐

No ☒

If yes, provide a copy of the management agreement.

Not applicable.

6. Provide the following scope of service information:

Service	Currently Offered?	Offered Following Project Completion?
Alcohol and Chemical Dependency		
Anesthesia and Recovery	X	X
Cardiac Care	X	X
Cardiac Care – Adult Open Heart Surgery		
Cardiac Care – Pediatric Open Heart Surgery		
Cardiac Care – Adult Elective PCI		
Cardiac Care – Pediatric Elective PCI		
Diagnostic Services	X	X
Dialysis – Inpatient		
Emergency Services	X	X
Food and Nutrition	X	X
Imaging/Radiology	X	X
Infant Care/Nursery		
Intensive/Critical Care	X	X
Laboratory	X	X
Medical Unit(s)	X	X
Neonatal – Level II		
Neonatal – Level III		
Neonatal – Level IV		
Obstetrics		
Oncology	X	X
Organ Transplant - Adult (list types, if applicable)		
Organ Transplant - Pediatric (list types, if applicable)		
Outpatient Services	X	X
Pediatrics		
Pharmaceutical	X	X
Psychiatric		
Skilled Nursing/Long Term Care		
Rehabilitation (indicate level, if applicable)	X	X
Respiratory Care		
Social Services	X	X
Surgical Services	X	X

SECTION 3 Project Description

- 1. Provide a detailed description of the proposed project. If it is a phased project, describe each phase separately. For existing facilities, this should include a discussion of existing services and how these would or would not change as a result of the project.**

PHUGMC is a rural, 97-bed licensed hospital, but certified as a Critical Access Hospital (CAH). The Centers for Medicare & Medicaid Services' (CMS) Conditions of Participation limit CAHs to 25 inpatient beds. In addition, CAHs are allowed up to two distinct part units (acute rehabilitation and psychiatric) of up to 10 beds each). PHUGMC also operates a 10-bed inpatient rehab unit in addition to its 25 acute care beds, for a total of 35 beds.

CMS rules also allow CAHs to enter into a swing bed agreement, under which the hospital can use its 25 beds, as needed, to provide either acute or skilled/post-acute nursing care. The intent is to provide CAH's flexibility to meet unpredictable demands in the communities they serve. In Washington State, RCW 70.38.105 (4) requires that if there is a nursing home licensed under chapter 18.51 within twenty-seven miles of a CAH, the CAH needs prior certificate of need review approval for swing beds, except for:

- (i) Critical access hospitals which had designated beds to provide nursing home care, in excess of five swing beds, prior to December 31, 2003;*
- (ii) Up to five swing beds; or*
- (iii) Up to twenty-five swing beds for critical access hospitals which do not have a nursing home licensed under chapter 18.51 RCW within the same city or town limits. Up to one-half of the additional beds designated for swing bed services under this subsection (4)(e)(iii) may be so designated before July 1, 2010, with the balance designated on or after July 1, 2010.*

There is a nursing home located both within Sedro Wooley and within 27 miles of the hospital. Until 2018, PHUGMC operated a 5-bed swing bed program. After experiencing a significant increase in swing bed patient days over several years, and on many days operating at or near capacity with a waiting list, in 2018 PHUGMC applied for a CN to expand its number of swing beds from 5 to 15. CN #1783 was granted in 2019.

With this application, PHUGMC is now requesting CN approval for an additional 10 swing beds, bringing our total swing beds to the maximum allowed and providing the greatest flexibility for service delivery for both our swing and acute care services.

The capital expenditure associated with the program is \$0.

- 2. If your project involves the addition or expansion of a tertiary service, confirm you included the applicable addendum for that service. Tertiary services are outlined under [WAC 246-310-020\(1\)\(d\)\(i\)](#).**

This question is not applicable.

- 3. Provide a breakdown of the beds, by type, before and after the project. If the project will be phased, include columns detailing each phase.**

	Current	Proposed (no phasing)
General Acute Care	25	25
PPS Exempt Psych		
PPS Exempt Rehab	10	10
NICU Level II		
NICU Level III		
NICU Level IV		
Specialized Pediatric		
Skilled Nursing		
Swing Beds (included in General Acute Care)	15	25
Total	35	35

- 4. Indicate if any of the beds listed above are not currently set-up, as well as the reason the beds are not set up.**

All the above listed beds are currently set up.

- 5. With the understanding that the review of a Certificate of Need application typically takes six to nine months, provide an estimated timeline for project implementation, below. For phased projects, adjust the table to include each phase.**

PHUGMC is already operating a swing bed program and staffing for acute and swing at 25 beds. This application is simply allowing all 25 (versus the current 15) to operate as swing beds. This change will provide PHUGMC with maximum flexibility within our acute care/swing bed programs to manage fluctuations in census and patient acuity/eligibility. The additional swing beds will be operational immediately upon CN approval.

Event	Anticipated Month/Year
Anticipated CN Approval	December, 2025
Design Complete	NA
Construction Commenced	NA
Construction Completed	NA
Facility Prepared for Survey	NA
Facility Licensed - Project Complete WAC 246-310-010 (47)	January, 2026

6. Provide a general description of the types of patients to be served as a result of this project.

PHUGMC’s swing bed program is designed and staffed to serve a range of patient needs, not just “traditional” skilled nursing/post acute/swing patients. Patients cared for in the swing bed program include:

1. Those eligible for a traditional Medicare stay. These patients require daily skilled nursing or rehabilitation services that, for Medicare patients, can only be provided in a swing bed or skilled nursing facility.
2. Difficult to discharge patients in need of long-term care services, frequently with complex co-morbidities and faced with complicated social determinants of health. Typical patient conditions for these patients are endocarditis due to IVDU (IV drug use), septicemia, septic emboli, deconditioning requiring extensive OT/PT (homelessness/placement issues), abscesses secondary to IVDU, end of life care, and osteomyelitis. For these patients, typically the only available options are to remain in an acute care hospital bed even when no longer medically necessary, admittance to PHUGMC’s swing bed program, or an unsafe discharge home. These patients are often younger and either Medicaid or dual-eligible.

As noted in **Table 1** below, due to our commitment to serving all patients in need of a swing bed stay, PHUGMC has a significantly younger patient population than other Washington swing bed programs.

Table 1
PHUGMC Swing Bed Program Compared to Other Washington Swing Bed Programs
by Age, 2024 Annualized

		PHUGMC				Other Washington			
	Patient Age	Total Days	% Total	Discharges	% Total	Total Days	% Total	Discharges	% Total
Total	0-64	2,249	58.8%	101	50.0%	3,560	13.5%	200	12.3%
Total	65+	1,579	41.2%	101	50.0%	22,877	86.5%	1,428	87.7%
Grand Total		3,828	100.0	202	100.0%	26,437	100.0%	1,628	100.0%

Source: CHARS Inpatient Data

7. Provide a copy of the letter of intent that was already submitted according to [WAC 246-310-080](#).

The letter of intent is included in Exhibit 2.

- 8. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion. For additions or changes to existing hospitals, only provide drawings of those floor(s) affected by this project.**

A copy of the single line drawings for PHUGMC are included in Exhibit 3.

- 9. Provide the gross square footage of the hospital, with and without the project.**

PHUGMC includes approximately 135,000 square feet, with approximately 13,000 square feet in the inpatient bed (acute care/swing bed) portion of the campus.

- 10. If this project involves construction of 12,000 square feet or more, or construction associated with parking for 40 or more vehicles, submit a copy of either an Environmental Impact Statement or a Declaration of Non-Significance from the appropriate governmental authority. [[WAC 246-03-030](#)(4)]**

This project does not include construction. As such, this question is not applicable.

- 11. If your project includes construction, indicate if you've consulted with Construction Review Services (CRS) and provide your CRS project number.**

This project does not include construction. As such, this question is not applicable.

**SECTION 4
PROJECT RATIONALE
NEED (WAC 246-310-2100)**

- 1. List all other acute care hospitals currently licensed under [RCW 70.41](#) and operating in the hospital planning area affected by this project. If a new hospital is approved, but is not yet licensed, identify the facility.**

The Planning Area for this Project is the State's East Skagit Hospital Planning Area. The only other hospital located in the Planning Area is Skagit Regional Health/Skagit Valley Hospital.

Over time, about 40% of PHUGMC's have been admitted directly from another hospital, and the majority are from outside the East Skagit Planning Area. These hospitals include PeaceHealth St. Joseph – Bellingham, Skagit Valley Hospital – Mt. Vernon, and Providence Everett Regional Medical Center – Everett.

- 2. For projects proposing to add acute care beds, provide a numeric need methodology that demonstrates need in this planning area. The numeric need methodology steps can be found in the Washington State Health Plan (sunset in 1989).**

This project does not propose any addition of beds; rather it requests approval to swing an additional 10 existing acute care beds to post acute/SNF status when needed to meet community/patient need.

- 3. For existing facilities proposing to expand, identify the type of beds that will expand with this project.**

As a CAH, PHUGMC is limited to 25 acute care beds. Today, PHUGMC operates all 25, of which 15 are also certified as swing beds. This application simply seeks to swing the remaining 10 beds, such that all 25 beds can be used as either acute or post-acute.

- 4. For existing facilities, provide the facility's historical utilization for the last three full calendar years. The first table should only include the type(s) of beds that will increase with the project, the second table should include the entire hospital.**

The requested information is in the tables provided below. More detail on PHUGMC historical utilization is included in Table 3.

Project-Specific Only (Swing Beds)	2022	2023	2024
Licensed beds	15	15	15
Available beds	15	15	15
Discharges	214	219	203
Patient days	4,550	4,646	3,828

Entire Hospital (Swing Bed and Acute Care)	2022	2023	2024
Licensed beds	25	25	25
Available beds	25	25	25
Discharges	823	845	900
Patient days	6,669	6,754	6,193

- 5. Provide projected utilization of the proposed facility for the first seven full years of operation if this project proposes an expansion to an existing hospital. Provide projected utilization for the first ten full years if this project proposes new facility. For existing facilities, also provide the information for intervening years between historical and projected. The first table should only include the type(s) of beds that will increase with the project, the second table should include the entire hospital. Include all assumptions used to make these projections.**

This application proposes redistribution of existing beds and does not expand the current 25 beds. Accordingly, the information below is only for the current year and the first three full years of operating all beds as swing beds. Assumptions are included with the proforma financials in Exhibit 4.

Project- Specific Only	Current Year (2025)	2026	2027	2028
Licensed beds	15	25	25	25
Available beds	15	25	25	25
Discharges	262	278	323	345
Patient days	4,253	4,514	5,244	5,609

Entire Hospital	Current Year (2025)	2026	2027	2028
Licensed beds	25	25	25	25
Available beds	25	25	25	25
Discharges	1,204	1,221	1,266	1,288
Patient days	9,288	9,551	10,281	10,646

- 6. For existing facilities, provide patient origin zip code data for the most recent full calendar year of operation.**

2024 patient origin for PHUGMC's current swing bed program is included in **Table 2**. This data confirms the primary service area as Skagit and Whatcom Counties.

Table 2: PHUGMC Swing Bed Patient Origin, 2024 Annualized

Patient County	Patient Zip Code	Patient City	Discharges	% of Total
Skagit	98284	Sedro Woolley	29	19.86%
	98233	Burlington	13	8.90%
	98273	Mount Vernon	5	3.42%
	98274	Mount Vernon	3	2.05%
	98263	Lyman	3	2.05%
	98237	Concrete	3	2.05%
	98267	Marblemount	1	0.68%
	98255	Hamilton	1	0.68%
	98235	Clearlake	1	0.68%
	98232	Bow	1	0.68%
	98221	Anacortes	1	0.68%
	Sub-Total		61	41.78%
Whatcom	98226	Bellingham	15	10.27%
	98225	Bellingham	13	8.90%
	98248	Ferndale	11	7.53%
	98230	Blaine	8	5.48%
	98264	Lynden	4	2.74%
	98229	Bellingham	4	2.74%
	98266	Maple Falls	3	2.05%
	98227	Bellingham	3	2.05%
	98295	Sumas	1	0.68%
	98276	Nooksack	1	0.68%
	Sub-Total		63	43.15%
Skagit and Whatcom Combined			124	84.93%
Snohomish	98270	Marysville	1	0.68%
	98223	Arlington	1	0.68%
	98026	Edmonds	1	0.68%
San Juan	98245	Eastsound	5	3.42%
	98250	Friday Harbor	4	2.74%
	98261	Lopez Island	1	0.68%
Island	98236	Clinton	1	0.68%
King	98057	Renton	1	0.68%
Ketchikan Gateway (AK)	99901	Ketchikan	1	0.68%
Clackamas (OR)	97222	Portland	1	0.68%
Grand Total	Total	Total	146	100.00%

Source: CHARS Inpatient Database, 2024. Please note that the data above includes only those discharges in which patient zip codes were provided.

7. Identify any factors in the planning area that currently restrict patient access to the proposed services.

Four factors can and do restrict access; these include demand for care at PHUGMC and the resultant high overall occupancy; the loss of nursing home beds in Skagit and Whatcom County (where 85% of our patients reside); the relatively high rate of younger and Medicaid admissions seeking admission to our swing beds; and the continued high census and discharge pressures at regional hospitals that regularly look to transfer to our swing beds. Each factor is discussed separately:

High Demand for, and Occupancy of PHUGMC:

The high occupancy of PHUGMC and the demand for our 25 beds by acute, swing/post-acute and observation patients awaiting admission is real. As identified in **Table 3**, PHUGMC census, discharges and days increased significantly between 2020 and 2024 for all our inpatient services.

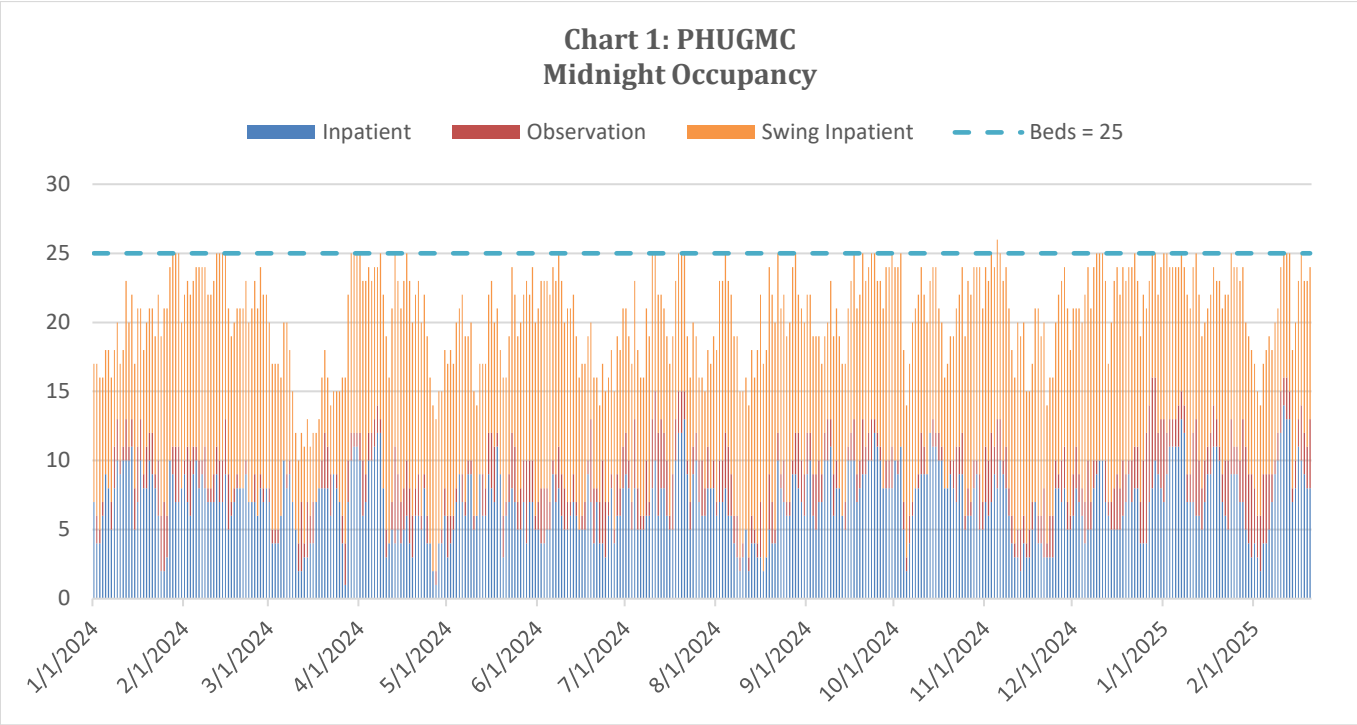
**Table 3
PHUGMC Patient Volumes
2020-2024 Annualized**

	Acute Care			Acute Rehabilitation			Swing			Total		
Year	Disch	Days	ADC	Disch	Days	ADC	Disch	Days	ADC	Disch	Days	ADC
2020	519	1,685	4.6	220	2,571	7.0	177	3,028	8.3	916	7,284	20.0
2021	513	1,813	5.0	224	2,562	7.0	140	2,692	7.4	877	7,067	19.4
2022	609	2,119	5.8	230	2,819	7.7	214	4,550	12.5	1,053	9,488	26.0
2023	626	2,108	5.8	255	2,841	7.8	219	4,646	12.7	1,100	9,595	26.3
2024 Annualized	697	2,365	6.5	263	2,827	7.7	203	3,828	10.5	1,163	9,020	24.7
% Chg. 2020-2024A	34%	40%	41%	20%	10%	10%	15%	26%	27%	27%	24%	24%
% Chg. 2021-2024A	36%	30%	30%	17%	10%	10%	45%	42%	42%	33%	28%	27%

Source: CHARS Inpatient Database, 2020-2024 Annualized

The daily census history identified in Chart 1 below identifies how and why access can be compromised and provides the rationale and need for all 25 beds to “swing”. The chart depicts that between 1/1/2024 and 2/1/2025 the hospital’s acute, swing, and observation patients awaiting admission census) was 25 at midnight (or 100%) on 12% of all days. It also shows that the Hospital operated at or above a census of 20 (or 80% occupancy) on 65% of days. Importantly on nearly 40% of the days when the swing bed census was 12 or above, PHUGMC’s acute care census was 8-12 and we averaged 2-3 patients in observation status awaiting admission. Very few CAHs in the State operate at this level of occupancy (the average census of Washington’s 39 CAHs is about 5); and stresses the organization when flexibility is needed to support presenting patients.

The ability to seamlessly swing patients between acute and post-acute care benefits patients and their families because they can avoid a transfer and change in care team. The patient benefits are increasingly paramount in our CN request at this time, as two nursing homes in the region closed in the past few years making it more challenging to transfer a patient to a local SNF. PHUGMC’s goal, with the conversion of all 25 acute beds to swing status, is to ensure our ability to provide the right level of care, at the right time, in a local setting where families can best support their family member.



The additional 10 swing beds requested with this application will be made available immediately after certificate of need approval. Since the rooms to be used for the swing bed program are already certified acute care beds, and used for the swing bed program, existing family spaces and other specific facility requirements are already in place in the existing space.

Loss of Nursing Home Beds:

Historically, Skagit County had six nursing homes, with a total of 484 beds. One closed in 2017 (26 beds) and most recently, another in 2021 (49 beds). In neighboring Whatcom County there were historically nine nursing homes, with a total of 778 beds. In 2022, one facility (84 beds) closed. Beyond COVID, the challenge for many nursing homes has been staffing and inadequate reimbursement. PHUGMC enjoys good working relationships with area nursing homes and will continue our current referral patterns to them; the loss of beds simply means increased delays in referrals and less choice for residents.

Demand From Younger and Higher Medicaid Patients:

Our response to Q6 in Section 3 above, demonstrates the demand from younger, and often Medicaid-eligible residents for our swing bed program. These patients are often referred to as difficult-to-discharge patients and they are typically in need of long-term care services and as noted earlier, they frequently have complex co-morbidities and are faced with complicated social determinants of health. For these patients, typically the only available options are to remain in an acute care hospital bed even when no longer medically necessary, admittance to PHUGMC’s swing bed program, or an unsafe discharge home. These patients are often younger and either Medicaid or dual-eligible. Table 1 above shows how much younger (50% versus 12%) the swing bed population at PHUGMC is compared to other Washington swing bed programs. Our data also suggests that we have significantly higher Medicaid (27% versus 6-8%) compared to other Washington swing bed programs.

Continued Pressure on Regional Hospitals' Census:

The Program is well aware of the census pressures on hospitals during COVID, and while we are several years post-COVID, hospital census pressures continue. Numerous studies have attributed the continued pressure to the impact of delayed care, but as **Table 4** shows, the hospitals that are the highest utilizers of our swing beds continue to have high occupancy and their need for timely discharge has not abated.

Table 4
High Hospital Utilizers of PHUGMC Swing Bed Program
Days, Discharges, and ADC, 2021-2024 Annualized

Hospital Name	2021			2022			2023			2024A		
	Disch	Days	ADC	Disch	Days	ADC	Disch	Days	ADC	Disch	Days	ADC
PeaceHealth Saint Joseph Hospital	13,413	64,788	178	13,437	65,115	178	14,808	62,674	172	15,416	66,269	182
Providence Regional Medical Center – Everett	27,713	158,111	433	25,928	164,001	449	25,224	161,108	441	26,797	163,456	447
Skagit Valley Hospital	6,562	32,657	89	6,851	44,152	121	7,340	43,105	118	7,713	44,236	121

Source: CHARS Inpatient Database, 2021-2024 (excludes newborns)

Data available for this same group of hospitals shows that ED visits have also continued to increase.

8. Identify how this project will be available and accessible to underserved groups.

The PeaceHealth vision, “To provide safe, evidence-based, compassionate care every time, every touch,” guides what we do. Access to essential health care is a fundamental right. PeaceHealth champions the well-being of all persons without regard to age, gender, health status, creed, sexual orientation, culture, race, ethnicity, or economic, immigration, or employment status. This is part of our statement of common values. PHUGMC’s Non-Discrimination Policy is provided in Exhibit 5.

In addition, PeaceHealth provides health care to the sick and afflicted regardless of ability to pay. In support of this, PHUGMC has adopted a charity care policy also included in Exhibit 5.

For hospital charity care reporting purposes, the Department of Health (Department) divides Washington State into five regions. PHUGMC is in the Puget Sound region. According to 2023 charity care data produced by the Department (the latest data currently available), the charity care average for the Puget Sound region was 1.15% of total revenue and 3.54% of adjusted revenue. As identified in the financials in Exhibit 4, PHUGMC provides charity care far above the Puget Sound region averages.

9. If this project proposes either a partial or full relocation of an existing facility, provide a detailed discussion of the limitations of the current location.

This question is not applicable.

10. If this project proposes either a partial or full relocation of an existing facility, provide a detailed discussion of the benefits associated with relocation,

This question is not applicable.

11. Provide a copy of the following policies:

- **Admissions policy**
- **Charity care or financial assistance policy**
- **Patient rights and responsibilities policy**
- **Non-discrimination policy**
- **End of life policy**
- **Reproductive health policy**
- **Any other policies directly associated with patient access**

The requested policies are included in Exhibit 5.

**SECTION 4
PROJECT RATIONALE
FINANCIAL FEASIBILITY**

- 1. Provide documentation that demonstrates the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:**
 - **Utilization projections.** These should be consistent with the projections provided under the Need section. Include all assumptions.
 - **A current balance sheet at the facility level.**
 - **Pro forma balance sheets at the facility level throughout the projection period.**
 - **Pro forma revenue and expense projections for at least the first three full calendar years following completion of the project. Include all assumptions.**
 - **For existing facilities, provide historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.**

The requested financial documentation is included as Exhibit 4.

- 2. Identify the hospital's fiscal year.**

PHUGMC's fiscal year is June 30.

- 3. Provide the following agreements/contracts:**

- **Management agreement**
- **Operating agreement**
- **Development agreement**
- **Joint Venture agreement**

Note, all agreements above must be valid through at least the first three full years following project completion or have a clause with automatic renewals.

Any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

There are no agreements; this question is not applicable.

- 4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years with options to renew for a total of 20 years.**

In 2013, PeaceHealth received CN approval (CN #1504) to lease and manage United General Hospital from Skagit County Public Hospital District #304. That CN approved the lease, which continues to meet the documentation requirements for control noted in this question.

- 5. Provide county assessor information and zoning information for the site. If zoning information for the site is unclear, provide documentation or letter from the municipal authorities showing the proposed project is allowable at the identified site. If the site must undergo rezoning or other review prior to being appropriate for the proposed project, identify the current status of the process.**

PHUGMC already operates as a hospital and has for decades at the current site. Exhibit 6 from the Skagit County Assessor's Office confirms the site is properly zoned for its current use.

- 6. Complete the table on the following page with the estimated capital expenditure associated with this project. If you include other line items not listed below, include the definition of the line item. Include all assumptions used to create the capital expenditure estimate.**

There is no capital expenditure associated with this project. As such, this question is not applicable.

- 7. Identify the entity responsible for the estimated capital costs . If more than one entity is responsible, provide breakdown of percentages and amounts for all.**

There is no capital expenditure associated with this project. As such, this question is not applicable.

- 8. Identify the start-up costs for this project. Include the assumptions used to develop these costs. Start-up costs should include any non-capital expenditure expenses incurred prior to the facility opening or initiating the proposed service.**

There are no start-up costs associated with this project. As such, this question is not applicable.

- 9. Identify the entity responsible for the start-up costs. If more than one entity is responsible, provide a breakdown of percentages and amounts for all.**

This question is not applicable.

- 10. Provide a non-binding contractor's estimate for the construction costs for the project.**

There are no construction costs associated with this project. As such, this question is not applicable.

- 11. Provide a detailed narrative supporting that the costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services in the planning area.**

This application simply increases the number of existing beds that can swing between acute care and post-acute/long term care. The project does not involve any construction, increases in staffing, or other additional expenses, other than those tied to an increase in census (supplies, etc.). Instead, it provides enhanced flexibility to address the unpredictability of patient needs and maximizes staff efficiencies.

- 12. Provide the projected payer mix for the hospital by revenue and by patients using the example table below. Medicare and Medicaid managed care plans should be included within the Medicare and Medicaid lines, respectively. If "other" is a category, define what is included in "other."**

The existing sources of patient revenue for the total hospital and the swing bed program are detailed in **Table 5**. The Other category includes uninsured, self-pay, and other governmental payers such as Tricare patients.

Table 5
PeaceHealth United General Medical Center
Current and Proposed Payer Mix

Payer	By Patients	By Revenue
Medicare	65.2%	64.3%
Medicaid	25.6%	27.1%
Commercial/Other	9.3%	8.6%
Grand Total	100.0%	100.0%

Source: CHARS Inpatient Data

- 13. If this project proposes the addition of beds to an existing facility, provide the historical payer mix by revenue and patients for the existing facility. The table format should be consistent with the table shown above.**

This project does not propose the addition of beds to an existing facility. The 10 additional swing beds simply allows for flexibility of all 25 existing, currently set up, and operational CAH beds at PHUGMC.

- 14. Provide a listing of all new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.**

No new equipment is proposed for this project.

- 15. Identify the source(s) of financing and start-up costs (loan, grant, gifts, etc.) and provide supporting documentation from the source. Examples of supporting documentation include: a letter from the applicant's CFO committing to pay for the project or draft terms from a financial institution.**

If this project will be debt financed through a financial institution, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized.

No financing is required for this project. As such, this question is not applicable.

- 16. Provide the most recent audited financial statements for:**

- **The applicant, and**
- **Any parent entity.**

PeaceHealth's audited financials are included in Exhibit 7.

SECTION 4 PROJECT RATIONALE STRUCTURE AND PROCESS OF CARE

1. **Identify all licensed healthcare facilities owned, operated, or managed by the applicant. This should include all facilities in Washington State as well as any out-of-state facilities. Include applicable license and certification numbers.**

Facilities owned and managed by PeaceHealth are included in Exhibit 8.

2. **Provide a table that shows full time equivalents (FTEs) by type (e.g. physicians, management, technicians, RNs, nursing assistants, etc.) for the facility. If the facility is currently in operation, include at least the most recent full year of operation, the current year, and projections through the first three full years of operation following project completion. There should be no gaps. All FTE types should be defined.**

Table 6 details the current and proposed FTEs for PHUGMC's acute care and swing bed programs. The FTEs projected (type and number) for this project are based on current staffing and assumes current staffing can accommodate a census of up to 25 acute and swing patients.

**Table 6
Current and Proposed FTEs by Year**

	FY2025	FY2026	FY2027	FY2028
Manager	1.0	1.0	1.0	1.0
RN	25.0	25.0	25.0	25.0
CAN	15.0	15.0	15.0	15.0
Medical Social Worker	0.6	0.6	0.6	0.6
Utilization Review	0.8	0.8	0.8	0.8
Physical Therapy	1.0	1.0	1.0	1.0
Total	41	41	41	41

Source: Applicant

3. **Provide the basis for the assumptions used to project the number and types of FTEs identified for this project.**

The FTEs projected (type and number) for this project are based on current staffing and assumes current staffing can accommodate a census of up to 25 acute and swing patients.

4. Identify key staff (e.g. chief of medicine, nurse manager, clinical director, etc.) by name and professional license number, if known.

Table 7
PeaceHealth United General Medical Center
Key Clinical Staff

Name	Title	License #
Lorna Gober	Chief Medical Officer, NWN	MD00039064
Marco Brito	Director of Clinical Services	RN61029545
Angela Kok	Nurse Manager, ACU & ARC	RN60635248
Mark McGahan	Nurse Manager, ED	RN00106106
Tami Gilbert	Nurse Manager, Oncology	RN00127550
Shrene Clement	Nurse Manager, Surgical Services	RN00142082

5. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project.

As noted in **Table 6**, the addition of 10 swing beds will not result in any incremental FTEs. With that said, PHUGMC is confident that it will continue to be able to adequately staff the beds.

Systemwide, PeaceHealth currently employs more than 15,870 employees, including 660 employed physicians and providers across three states. PeaceHealth's vision is to provide safe, evidence-based, compassionate care, every time, every touch. Historically our strength and mission have served us well in both recruiting and retention through:

- Competitive wages and benefits.
- Ongoing continuing education.
- Employee referral program for employees for referring friends and family.
- Nationwide recruitment through website posting and local community online postings.
- Attending local job fairs to be able to reach out to potential candidates in the local area.

While recruitment of skilled staff is increasingly challenging, PHUGMC has traditionally not experienced many problems because our location in the Skagit Valley and our proximity to population centers, including Mount Vernon and Bellingham, is attractive to many. The largest number of incremental FTEs are in nursing. Systemwide, PeaceHealth offers a 12-month Nurse Residency Program that supports newly graduated nurses in all clinical areas and focuses on:

- **Quality outcomes:** Understand safety and quality initiatives to improve patient experience and positively impact nurse-sensitive indicators.
- **Leadership:** Learn and practice strategies to communicate and work within an inter-professional team.
- **Professional Role:** Develop an evidence-based practice project, explore ethical decision making and create a professional development plan.

This Program has been a good recruitment tool.

6. For new facilities, provide a listing of ancillary and support services that will be established.

This project does not propose a new facility. As such, this question is not applicable.

7. For existing facilities, provide a listing of ancillary and support services already in place.

PHUGMC currently has the following home infusion, durable medical equipment, and respiratory home equipment providers in place:

Home Infusion Providers:

- Apria (Kaiser Permanente Enteral), Bellingham
- Infusion Solutions, Bellingham
- Option Care, Bellingham

Durable Medical Equipment Providers:

- Apria Healthcare (Kaiser Permanente), Bellingham
- Bellevue Healthcare, Bellingham
- Norco Medical, Bellingham

Respiratory Home Equipment Providers:

- Apria Healthcare, Bellingham
- Bellevue Healthcare, Bellingham
- Lincare, Arlington
- Norco Medical, Bellingham
- Performance Home Medical, Bellingham

8. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project.

Since PHUGMC already operates a swing bed program, no changes in existing relationships are contemplated.

9. If the facility is currently operating, provide a listing of healthcare facilities with which the facility has working relationships.

PHUGMC has working relationships with the following acute care hospitals, skilled nursing facilities, home health and hospice agencies, and inpatient rehabilitation facilities:

Acute Care Hospitals:

- St Joseph Medical Center, Bellingham
- Skagit Regional Health, Mount Vernon
- Peace Island Medical Center, Friday Harbor
- Island Health, Anacortes
- Providence Regional Medical Center - Everett

Skilled Nursing Facilities:

- Alderwood Park Health & Rehab, Bellingham
- Avalon Healthcare, Bellingham
- Christian Health Care Center, Lynden
- Highland Health & Rehab, Bellingham
- Mt. Baker Care Center, Bellingham
- North Cascades Health & Rehab Center, Bellingham
- Shuksan Healthcare Center, Bellingham
- Stafholt Health & Rehab, Blaine
- Life Care Center of Mount Vernon, Mount Vernon
- Life Care Center of Skagit Valley, Sedro Woolley
- Mira Vista Care Center, Mount Vernon
- Soundview Rehab & Healthcare, Anacortes
- Regency Coupeville Rehab & Nursing, Coupeville
- Arlington Health & Rehab, Arlington
- Josephine Caring Community, Stanwood

Home Health Agencies:

- PeaceHealth Home Health of Whatcom County, Bellingham
- Alpha Home Health, Everett
- Eden Home Health, Bellingham
- Signature Healthcare at Home, Bellingham

Hospice Agencies:

- Whatcom Hospice, Bellingham
- Alpha Hospice, Everett
- Eden Hospice, Bellingham
- Hospice of the Northwest, Mount Vernon

Inpatient Rehabilitation Facilities:

- Evergreen Healthcare, Kirkland
- Providence Swedish Rehab, Lynnwood

10. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project.

Since PHUGMC already operates a swing bed program, no changes in existing working relationships are expected.

11. For a new facility, provide a listing of healthcare facilities with which the facility would establish working relationships.

This question is not applicable.

12. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services.

The additional swing beds will greatly assist PHUGMC, and other regional providers in continuity of care and timely discharge and being able to timely accept and admit incoming patients. As discussed in the need section, PHUGMC needs the ability to have all 25 beds swing to continue to support regional continuity.

13. Provide an explanation of how the proposed project will have an appropriate relationship to the service area's existing health care system as required in [WAC 246-310-230\(4\)](#).

PHUGMC's existing swing bed program collaborates with regional hospitals, nursing homes, and community-based long-term care providers to ensure appropriate placements for patients, even those with complex co-morbidities and complicated social determinants of health. Many of the patients admitted to the swing bed program are actually direct discharges from regional hospitals in the North Sound, including PeaceHealth St. Joseph – Bellingham, Skagit Valley Hospital – Mt. Vernon, and Providence Regional Medical Center- Everett. We have received significant support from regional providers who recognize our swing bed program's ability to both relieve their acute care census pressure and ensure appropriate placement.

- 14. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements.**
- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or**
 - b. A revocation of a license to operate a healthcare facility; or**
 - c. A revocation of a license to practice as a health profession; or**
 - d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.**

Neither PHUGMC nor its practitioners have any history with respect to the actions noted in the referenced regulations.

**SECTION 4
PROJECT RATIONALE
COST CONTAINMENT**

- 1. Identify all alternatives considered prior to submitting this project. At a minimum include a brief discussion of this project versus no project.**

The only alternatives considered were to either maintain status quo or move forward with this project.

- 2. Provide a comparison of this project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to: patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost or operation efficiency.**

PHUGMC's current swing bed program has been successful in meeting the need for additional long-term care and post-acute services in the community. However, there continue to be factors that can and do restrict access in our community, including the demand for care at PHUGMC and the resultant high overall occupancy; the loss of nursing home beds in Skagit and Whatcom County (where 85% of our patients reside); the relatively high rate of younger and Medicaid admissions seeking admission to our swing beds for difficult to discharge patients; and the continued high census and discharge pressures at regional hospitals that regularly look to transfer to our swing beds. Each of these factors can be better addressed through the flexibility and efficiency that having all 25 of PHUGMC's acute care beds available for acute or swing bed care would provide.

The increase in swing beds and increase in flexibility does not require additional staffing, will allow for increased operational efficiencies and will support PHUGMC's ability to provide the right level of care, at the right time, in a local setting. A local setting provides the best opportunity for families to support their family member. It also relieves the census pressure at other regional hospitals through timely admissions.

- 3. If the project involves construction, provide information that supports conformance with WAC 246-310-240(2):**
 - The costs, scope, and methods of construction and energy conservation are reasonable; and**
 - The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.**

There is no construction associated with this project. As such, this question is not applicable.

4. Identify any aspects of the project that will involve appropriate improvements or innovations in the financing and delivery of health services which foster cost containment and which promote quality assurance and cost effectiveness.

As noted throughout this application, the additional 10 swing beds at PHUGMC will result in increased flexibility and staff efficiencies. Having all PHUGMC's beds available to swing between acute and long-term care/post-acute care allows PHUGMC to better respond to patient needs. In addition, approval of this request is expected to assist North Sound regional providers in "freeing up" additional bed capacity by providing a discharge option for patients who no longer require acute care services but are unable to discharge to a community-based setting.

Exhibit 1
Organizational Chart

Dale Zender
Executive
Chief Executive, Hospital Services Northwest
PeaceHealth St. Joseph Medical Center

Chris Johnston
Executive
Chief Administrative Officer
PeaceHealth United General Medical Center

Shari Mattson Cooper
Executive Assistant

Anne Rasmussen (SL)
Chief Development
Officer

(SL) Denotes a matrixed reporting relationship with
PeaceHealth System Office Sr VP or VP

(HL) Denotes a matrixed reporting relationship with
PeaceHealth Hospital or other locations Office Sr VP
or VP

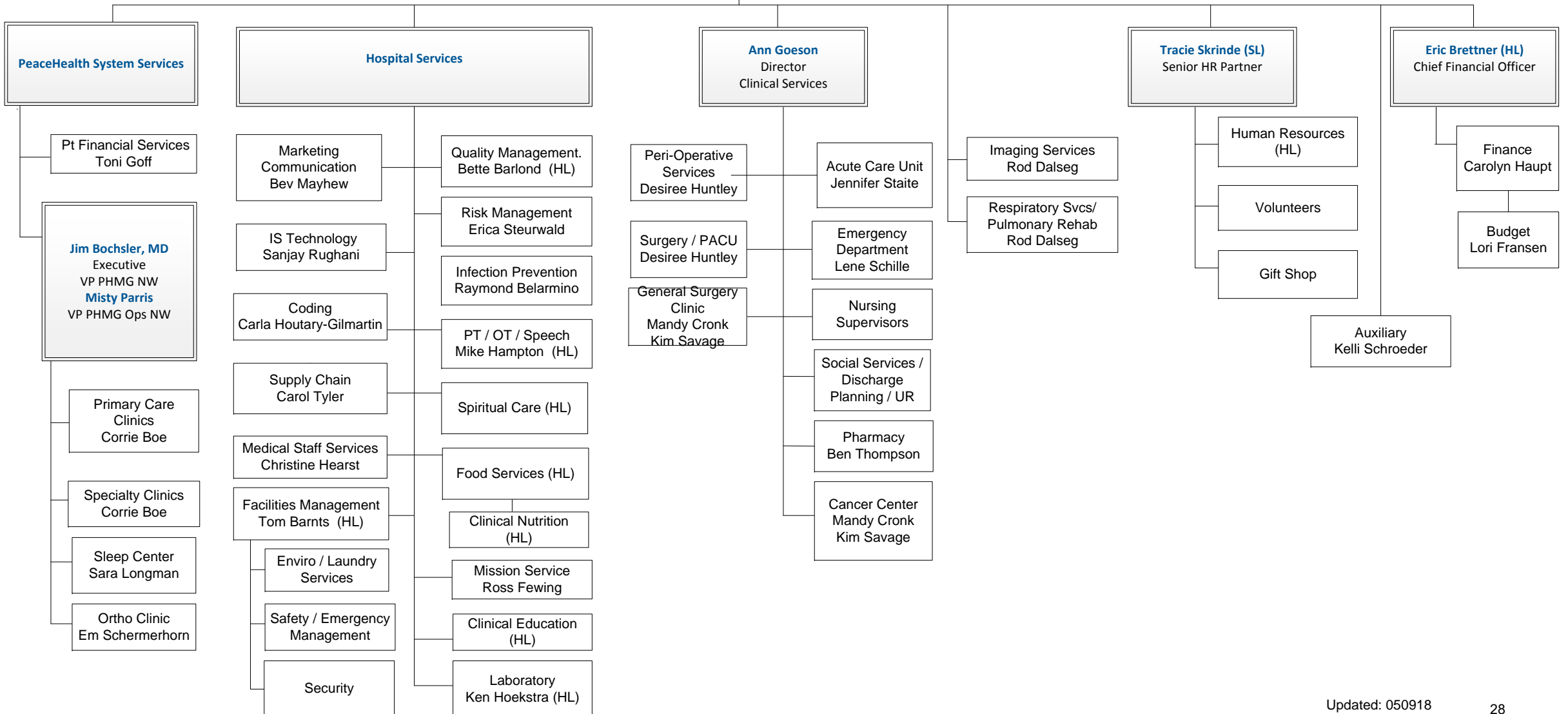


Exhibit 2
Letter of Intent



February 7, 2025

RECEIVED

By Certificate of Need at 8:11 am, Feb 10, 2025

Eric Hernandez, Executive Director (Acting)
Certificate of Need Program
P.O. Box 47852
Olympia, WA 98504-7852

Dear Mr. Hernandez:

In accordance with WAC 246-310-080, PeaceHealth United General Medical Center (PHUGMC) hereby submits this Letter of Intent to add 10 additional swing beds to its existing swing bed program.

In conformance with WAC, the following information is provided:

1. A Description of the Extent of Services Proposed:

PHUGMC is a 25 bed Critical Access Hospital (CAH). With this application, PHUGMC requests certificate of need approval to add 10 additional swing beds to its existing program, bringing the total number of swing beds to 25.

2. Estimated Cost of the Proposed Project:

The estimated capital expenditure is \$0.

3. Description of the Service Area:

PHUGMC is located in Sedro-Woolley and serves the communities comprising Public Hospital District #304, including Burlington, Sedro-Woolley, Bayview, Samish Island, Concrete, Marblemount, Clear Lake and areas of Mount Vernon—more than 2,000 square miles in Skagit and Whatcom counties. For purposes of this proposed service, the service area is Skagit and Whatcom Counties.

Thank you for your interest in this matter. Please contact me directly with any questions.

Sincerely,

Chris Johnston, PharmD, FACHE
Chief Administrative Officer

360-729-1000
peacehealth.org

2000 Hospital Drive
Sedro-Woolley, WA
98284

Exhibit 3
Single Line Drawings

Exhibit 4
Financials

HOSPITAL INFORMATION
COMPARISON STATEMENT OF REVENUE & EXPENSE-UNRESTRICTED
FUNDS-HOSPITAL WITH PROJECT

	CURRENT BUDGET YEAR (2025)	PROJECTED YR 2026	PROJECTED YR 2027	PROJECTED YR 2028
OPERATING REVENUE:				
Inpatient Revenue	44,553,248	45,818,857	49,320,693	51,071,611
Outpatient Revenue	201,428,847	201,428,847	201,428,847	201,428,847
TOTAL PATIENT SERVICES REVENUE	245,982,095	247,247,704	250,749,540	252,500,458
DEDUCTIONS FROM REVENUE:				
Provision for Bad Debt	231,503	222,175	196,366	183,462
Contractual Adjustments	142,423,171	143,114,655	145,024,021	145,978,704
Charity and Uncompensated Care	7,848,616	7,855,500	7,874,545	7,884,067
Other Adjustments and Allowances	149,238	150,269	153,121	154,548
TOTAL DEDUCTIONS FROM REVENUE	150,652,529	151,342,599	153,248,053	154,200,780
NET PATIENT SERVICE REVENUE	95,329,566	95,905,105	97,501,487	98,299,678
	61%	61%	61%	61%
OTHER OPERATING REVENUE				
Other Operating Revenue	1,458,314	1,458,314	1,458,314	1,458,314
Tax Revenues	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,458,314	1,458,314	1,458,314	1,458,314
TOTAL OPERATING REVENUE	96,787,880	97,363,419	98,959,801	99,757,991
OPERATING EXPENSES				
Salaries and Wages	38,023,320	38,633,616	39,278,699	39,960,551
Employee Benefits	9,945,066	10,104,690	10,273,413	10,451,752
Professional Fees	2,799,225	2,799,225	2,799,225	2,799,225
Supplies	12,588,748	12,617,629	12,697,540	12,737,496
Purchased Services - Utilities	1,135,301	1,135,301	1,135,301	1,135,301
Purchased Services - Other	2,425,941	2,425,941	2,425,941	2,425,941
Depreciation	6,072,866	6,072,866	6,072,866	6,072,866
Rentals and Leases	1,721,785	1,721,785	1,721,785	1,721,785
Insurance	551,162	551,162	551,162	551,162
License and Taxes	1,739,834	1,739,834	1,739,834	1,739,834
Interest	18,902	18,902	18,902	18,902
Other Direct Expenses	16,076,479	16,076,479	16,076,479	16,076,479
TOTAL OPERATING EXPENSES	93,098,629	93,897,430	94,791,147	95,691,294
NET OPERATING REVENUE	3,689,250	3,465,989	4,168,654	4,066,697
NON-OPERATING REVENUE-NET OF EXPENSES	(122,592)	(122,592)	(122,592)	(122,592)
NET REVENUE BEFORE ITEMS LISTED BELOW	3,566,658	3,343,397	4,046,061	3,944,104

HOSPITAL INFORMATION
COMPARISON STATEMENT OF REVENUE & EXPENSE-UNRESTRICTED
FUNDS-HOSPITAL WITHOUT PROJECT

	CURRENT BUDGET YEAR (2025)	PROJECTED YR 2026	PROJECTED YR 2027	PROJECTED YR 2028
OPERATING REVENUE:				
Inpatient Revenue	44,553,248	44,553,248	44,553,248	44,553,248
Outpatient Revenue	201,428,847	201,428,847	201,428,847	201,428,847
TOTAL PATIENT SERVICES REVENUE	245,982,095	245,982,095	245,982,095	245,982,095
DEDUCTIONS FROM REVENUE:				
Provision for Bad Debt	231,503	231,503	231,503	231,503
Contractual Adjustments	142,423,171	142,423,171	142,423,171	142,423,171
Charity and Uncompensated Care	7,848,616	7,848,616	7,848,616	7,848,616
Other Adjustments and Allowances	149,238.11	149,238	149,238	149,238
TOTAL DEDUCTIONS FROM REVENUE	150,652,529	150,652,529	150,652,529	150,652,529
NET PATIENT SERVICE REVENUE	95,329,566	95,329,566	95,329,566	95,329,566
OTHER OPERATING REVENUE				
Other Operating Revenue	1,458,314	1,458,314	1,458,314	1,458,314
Tax Revenues	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,458,314	1,458,314	1,458,314	1,458,314
TOTAL OPERATING REVENUE	96,787,880	96,787,880	96,787,880	96,787,880
OPERATING EXPENSES				
Salaries and Wages	38,023,320	38,633,616	39,253,707	39,883,751
Employee Benefits	9,945,066	9,945,066	9,945,066	9,945,066
Professional Fees	2,799,225	2,799,225	2,799,225	2,799,225
Supplies	12,588,748	12,588,748	12,588,748	12,588,748
Purchased Services - Utilities	1,135,301	1,135,301	1,135,301	1,135,301
Purchased Services - Other	2,425,941	2,425,941	2,425,941	2,425,941
Depreciation	6,072,866	6,072,866	6,072,866	6,072,866
Rentals and Leases	1,721,785	1,721,785	1,721,785	1,721,785
Insurance	551,162	551,162	551,162	551,162
License and Taxes	1,739,834	1,739,834	1,739,834	1,739,834
Interest	18,902	18,902	18,902	18,902
Other Direct Expenses	16,076,479	16,076,479	16,076,479	16,076,479
TOTAL OPERATING EXPENSES	93,098,629	93,708,925	94,329,017	94,959,061
NET OPERATING REVENUE				
NON-OPERATING REVENUE-NET OF EXPENSES	(122,592)	(122,592)	(122,592)	(122,592)
NET REVENUE BEFORE ITEMS LISTED BELOW	3,566,658	2,956,362	2,336,271	1,706,227

HOSPITAL INFORMATION				
BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL WITH PROJECT				
	CURRENT BUDGET YEAR (FY2025)	PROJECTED FY 2026	PROJECTED FY 2027	PROJECTED FY 2028
ASSETS				
CURRENT ASSETS:				
Cash	9,688,437	19,104,700	29,223,627	39,240,598
Marketable Securities	-	-	-	-
Accounts Receivable	39,497,286	39,497,286	39,497,286	39,497,286
Less-Estimated Uncollectable & Allowances	26,396,680	26,396,680	26,396,680	26,396,680
Receivables From Third Party Payors	1,001,116	1,001,116	1,001,116	1,001,116
Pledges And Other Receivables	-	-	-	-
Due From Restricted Funds	-	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	-	-	-	-
Current Portion Of Funds Held In Trust	-	-	-	-
TOTAL CURRENT ASSETS	23,790,159	33,206,422	43,325,349	53,342,320
BOARD DESIGNATED ASSETS:				
Cash	-	-	-	-
Marketable Securities	-	-	-	-
Other Assets	-	-	-	-
TOTAL BOARD DESIGNATED ASSETS	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT:				
Land	-	-	-	-
Land Improvements	123,783	123,783	123,783	123,783
Buildings	16,972,955	16,972,955	16,972,955	16,972,955
Fixed Equipment - Building Service	-	-	-	-
Fixed Equipment - Other	2,608,212	2,608,212	2,608,212	2,608,212
Equipment	15,796,557	15,796,557	15,796,557	15,796,557
Leasehold Improvements	8,599,487	8,599,487	8,599,487	8,599,487
Construction In Progress	6,447,142	6,447,142	6,447,142	6,447,142
TOTAL	50,548,136	50,548,136	50,548,136	50,548,136
Less Accumulated Depreciation	23,747,849	29,820,715	35,893,581	41,966,447
NET PROPERTY, PLANT & EQUIPMENT	26,800,287	20,727,421	14,654,555	8,581,689
INVESTMENTS AND OTHER ASSETS:				
Investments In Property, Plant & Equipment	-	-	-	-
Less - Accumulated Depreciation	-	-	-	-
Other Investments	-	-	-	-
Other Assets	-	-	-	-
TOTAL INVESTMENTS & OTHER ASSETS	-	-	-	-
INTANGIBLES ASSETS:				
Goodwill	-	-	-	-
Unamortized Loan Costs	-	-	-	-
Preopening And Other Organization Costs	-	-	-	-
Other Intangible Assets	-	-	-	-
TOTAL INTANGIBLE ASSETS	-	-	-	-
TOTAL ASSETS	50,590,446	53,933,843	57,979,904	61,924,009

HOSPITAL INFORMATION				
BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL WITHOUT PROJECT				
	CURRENT BUDGET YEAR (FY2025)	PROJECTED FY 2026	PROJECTED FY 2027	PROJECTED FY 2028
ASSETS				
CURRENT ASSETS:				
Cash	9,688,437	15,761,303	21,834,169	27,907,036
Marketable Securities	-	-	-	-
Accounts Receivable	39,497,286	39,497,286	39,497,286	39,497,286
Less-Estimated Uncollectable & Allowances	26,396,680	26,396,680	26,396,680	26,396,680
Receivables From Third Party Payors	1,001,116	1,001,116	1,001,116	1,001,116
Pledges And Other Receivables	-	-	-	-
Due From Restricted Funds	-	-	-	-
Inventory	-	-	-	-
Prepaid Expenses	-	-	-	-
Current Portion Of Funds Held In Trust	-	-	-	-
TOTAL CURRENT ASSETS	23,790,159	29,863,025	35,935,891	42,008,758
BOARD DESIGNATED ASSETS:				
Cash	-	-	-	-
Marketable Securities	-	-	-	-
Other Assets	-	-	-	-
TOTAL BOARD DESIGNATED ASSETS	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT:				
Land	-	-	-	-
Land Improvements	123,783	123,783	123,783	123,783
Buildings	16,972,955	16,972,955	16,972,955	16,972,955
Fixed Equipment - Building Service	-	-	-	-
Fixed Equipment - Other	2,608,212	2,608,212	2,608,212	2,608,212
Equipment	15,796,557	15,796,557	15,796,557	15,796,557
Leasehold Improvements	8,599,487	8,599,487	8,599,487	8,599,487
Construction In Progress	6,447,142	6,447,142	6,447,142	6,447,142
TOTAL	50,548,136	50,548,136	50,548,136	50,548,136
Less Accumulated Depreciation	23,747,849	29,820,715	35,893,581	41,966,447
NET PROPERTY, PLANT & EQUIPMENT	26,800,287	20,727,421	14,654,555	8,581,689
INVESTMENTS AND OTHER ASSETS:				
Investments In Property, Plant & Equipment	-	-	-	-
Less - Accumulated Depreciation	-	-	-	-
Other Investments	-	-	-	-
Other Assets	-	-	-	-
TOTAL INVESTMENTS & OTHER ASSETS	-	-	-	-
INTANGIBLES ASSETS:				
Goodwill	-	-	-	-
Unamortized Loan Costs	-	-	-	-
Preopening And Other Organization Costs	-	-	-	-
Other Intangible Assets	-	-	-	-
TOTAL INTANGIBLE ASSETS	-	-	-	-
TOTAL ASSETS	50,590,446	50,590,446	50,590,446	50,590,446

HOSPITAL INFORMATION
BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL WITH PROJECT

	CURRENT BUDGET YEAR (FY2025)	PROJECTED FY 2026	PROJECTED FY 2027	PROJECTED FY 2028
LIABILITIES AND FUND BALANCES-UNRESTRICTED				
CURRENT LIABILITIES:				
Notes and Loans Payable	-	-	-	-
Accounts Payable	-	-	-	-
Accrued Compensation and Related Liabilities	-	-	-	-
Other Accrued Expenses	-	-	-	-
Advances from Third Party Payors	1,895,483	1,895,483	1,895,483	1,895,483
Payables to Third Party Payors	-	-	-	-
Due to Restricted Funds	-	-	-	-
Income Taxes Payable	-	-	-	-
Other Current Liabilities	-	-	-	-
Current Maturities of Long Term Debt	35,325	35,325	35,325	35,325
TOTAL CURRENT LIABILITIES	1,930,808	1,930,808	1,930,808	1,930,808
DEFERRED CREDITS:				
Deferred Income Taxes	-	-	-	-
Deferred Third Party Revenue	-	-	-	-
Other Deferred Credits	-	-	-	-
TOTAL DEFERRED CREDITS	-	-	-	-
LONG TERM DEBT:				
Mortgage Payable	-	-	-	-
Construction Loans - Interim Financing	-	-	-	-
Notes Payable	-	-	-	-
Capitalized Lease Obligations	-	-	-	-
Bonds Payable	-	-	-	-
Notes and Loans Payable to Parent	-	-	-	-
Noncurrent Liabilities	-	-	-	-
TOTAL	-	-	-	-
Less Current Maturities of Long Term Debt	-	-	-	-
TOTAL LONG TERM DEBT	-	-	-	-
UNRESTRICTED FUND BALANCE	1,930,808	1,930,808	1,930,808	1,930,808
EQUITY (INVESTOR OWNED)				
Preferred Stock	-	-	-	-
Common Stock	-	-	-	-
Additional Paid In Capital	-	-	-	-
Retained Earnings (Capital Account for Partnership or Sole Proprietorship)	-	-	-	-
Less Treasury Stock	-	-	-	-
TOTAL EQUITY	48,659,638	52,003,035	56,049,096	59,993,201
TOTAL LIABILITIES AND FUND BALANCE OR EQUITY	50,590,446	53,933,843	57,979,904	61,924,009

HOSPITAL INFORMATION
BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL WITHOUT PROJECT

	CURRENT BUDGET YEAR (FY2025)	PROJECTED FY 2026	PROJECTED FY 2027	PROJECTED FY 2028
LIABILITIES AND FUND BALANCES-UNRESTRICTED				
CURRENT LIABILITIES:				
Notes and Loans Payable	-	-	-	-
Accounts Payable	-	-	-	-
Accrued Compensation and Related Liabilities	-	-	-	-
Other Accrued Expenses	-	-	-	-
Advances from Third Party Payors	1,895,483	1,895,483	1,895,483	1,895,483
Payables to Third Party Payors	-	-	-	-
Due to Restricted Funds	-	-	-	-
Income Taxes Payable	-	-	-	-
Other Current Liabilities	-	-	-	-
Current Maturities of Long Term Debt	35,325	35,325	35,325	35,325
TOTAL CURRENT LIABILITIES	1,930,808	1,930,808	1,930,808	1,930,808
DEFERRED CREDITS:				
Deferred Income Taxes	-	-	-	-
Deferred Third Party Revenue	-	-	-	-
Other Deferred Credits	-	-	-	-
TOTAL DEFERRED CREDITS	-	-	-	-
LONG TERM DEBT:				
Mortgage Payable	-	-	-	-
Construction Loans - Interim Financing	-	-	-	-
Notes Payable	-	-	-	-
Capitalized Lease Obligations	-	-	-	-
Bonds Payable	-	-	-	-
Notes and Loans Payable to Parent	-	-	-	-
Noncurrent Liabilities	-	-	-	-
TOTAL	-	-	-	-
Less Current Maturities of Long Term Debt	-	-	-	-
TOTAL LONG TERM DEBT	-	-	-	-
UNRESTRICTED FUND BALANCE	1,930,808	1,930,808	1,930,808	1,930,808
EQUITY (INVESTOR OWNED)				
Preferred Stock	-	-	-	-
Common Stock	-	-	-	-
Additional Paid In Capital	-	-	-	-
Retained Earnings (Capital Account for Partnership or Sole Proprietorship)	-	-	-	-
Less Treasury Stock	-	-	-	-
TOTAL EQUITY	48,610,725	48,610,725	48,610,725	48,610,725
TOTAL LIABILITIES AND FUND BALANCE OR EQUITY	50,541,533	50,541,533	50,541,533	50,541,533

Exhibit 5
Policies



Status **Active** PolicyStat ID **14974848**



Origination 1/28/2015
Last 1/2/2024
Approved
Effective 1/2/2024

Owner Sharon
Rutherford: Dir
Clinical Services
Area Nursing
Applicability PeaceHealth
United General
Medical Center
Tags Policy

Admission to United General Medical Center Policy

SCOPE

PeaceHealth United General Medical Center (UGMC)

PURPOSE

The purpose of this policy is to establish a process for admitting or registering a patient for services, and to ensure that any individual seeking care, treatment or participation in programs, services and activities at United General Medical Center (UGMC), or other entities within the Northwest Network, is not discriminated against.

DEFINITIONS

- **Patient:** An individual receiving care at UGMC.

POLICY

As a recipient of Federal financial assistance, PeaceHealth does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of race, color, creed, national origin, religion, gender, age, sexual orientation, marital status, or disability, in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by PeaceHealth directly or through a contractor or any other entity with which PeaceHealth arranges to carry out its programs and activities.

Additionally, PeaceHealth receives the patient and family into the system in such a manner that he/she feels welcome and secure, and that their comfort, safety, bio-psychosocial, cultural, financial, and

spiritual needs are addressed.

A. Admitting Privileges :

1. A patient may be admitted to the medical centers by order of a Medical Staff member who has specifically been granted admitting privileges or by an Allied Health Professional who has specifically been granted admitting privileges as per Medical Staff Bylaws.

B. Length of Stay:

1. Patients admitted to United General Medical Center's 25 beds as critical access should have an average length of stay of less than 96 hours and demonstrate a low likelihood of emergent surgery or complex intensive care needs.

C. Pediatric Patients :

1. Admission for observation of children under age 18 is considered on a case-by-case basis with input from the Nursing Supervisor and the Nurse Team Lead (considering diagnosis and symptoms). No direct admit of patients under the age of 18 will take place at UGMC.

D. Inpatient Admission:

1. Admission as an inpatient is guided by established admission criteria of medical diagnosis, severity of illness, availability of beds, preference of the attending physician and level of nursing care required.

E. Direct Admit and Transfers :

1. All direct admissions and transfers to UGMC will be handled by calling the nursing supervisor. No direct admissions will be accepted for Step down level care. These patients must be evaluated in the ED first.

F. Observation:

1. Patients requiring short-term care, where admission as an inpatient is not required, may be admitted to observation status under the 25-bed limit.
2. Criteria for observation are patients whose condition warrants a period of observation to determine if hospitalization is needed.
3. InterQual criteria, used by the Care Management Department, is the official reference for determining patient status.
4. Observation should not normally exceed 48 hours.

G. Swing:

1. Swing Bed patient admissions are specifically outlined in the **Swing Beds Scope of Service** (see the Related Material section).

2. Swing Bed patients must meet criteria for admission and may stay longer than 96 hours based on the criteria for care.

H. Inpatient Rehab:

1. Inpatient Rehab admissions are specifically outlined in policy **Inpatient Rehab Admission Criteria Policy** and **ARC Admission Procedure** (see Related Material section).
 - a. Admission Criteria Inpatient Rehab.
 - b. Inpatient Rehab patients must meet criteria for admission and may stay longer than 96 hours based on the criteria for care.

I. Patient Identification:

1. Admitting staff identifies patient per the **Patient Identification Policy**, places identification band on patient, and processes valuables per the **Patient Belongings Policy**. (See the Related Materials section for all policy links).

J. Need for Hospitalization:

1. The attending practitioner (hospitalist or rehab physician) is required to document the need for continued hospitalization as required based on patient status. This documentation is outlined in the **Medical Records Policy** (see Related Material section).
2. An adequate written record of the patient's need for care, treatment, and services for continued hospitalization. A simple reconfirmation of the patient's diagnosis is not sufficient.
3. The estimated period of time the patient will need to remain hospitalized.
4. Plans for post-hospital care.
5. The hospitalist or rehab physician may be contacted by the Medical Executive Committee Chair if information is needed. It is expected that the attending practitioner respond promptly to requests for information or to discuss the case.
6. Failure to comply will be brought to the attention of the Chairman of the Medical Executive Committee (MEC) for decision, if necessary.

K. All Patients :

1. Should have an appropriate medical record initiated;
2. Should receive Conditions of Treatment Form;
3. Who have Medicare or a Managed Medicare as any insurance, primary, secondary, or tertiary, regardless of age, will receive "An Important Message from Medicare" form.
4. Who have Medicare or a Managed Medicare as any insurance, primary, secondary, or tertiary, regardless of age, should receive "Medicare Outpatient Observation Notice"
5. Are assessed to determine whether any type of interpreter services are requested or required;
6. Are asked if they have an Advance Directive and be offered information about formulating an Advance Directive if they do not have one (Note: there is NO requirement for a patient to have

- an advance directive).
7. Receive notification of their patient rights.
 8. Receive information about HIPPA upon initial visit to the facility.

HELP

Further information may be obtained by contacting your Manager or the House Supervisor.

RELATED MATERIAL

Forms :

- An Important Message from Medicare Form
- Medicare Outpatient Observation Notice Form
- Conditions of Testing/Treatment/ Admission Consent Form

Policies & Procedures :

- [ARC Admission Procedure](#)
- [Patient Identification Policy](#)
- [Inpatient Rehab Admission Criteria Policy](#)
- [Medical Records Policy](#)
- [Patient Belongings Policy](#)
- [Swing Beds Scope of Services](#)

Formerly known as document number 250.2.129



Origination 4/3/2014

Last 2/7/2025

Approved

Effective 2/7/2025

Owner Jodi Bibler: Sys
Dir Clinical Risk
Mgmt

Area Risk
Management

Applicability PeaceHealth
Systemwide

Tags Policy

Non-Discrimination Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

Ambulatory Surgery Center	PeaceHealth Medical Group
Cottage Grove Medical Center	Sacred Heart RiverBend
Ketchikan Medical Center	Southwest Medical Center
Ketchikan Long Term Care	St. John Medical Center
Peace Harbor Medical Center	St. Joseph Medical Center
Peace Island Medical Center	System Services Center
PeaceHealth Home &Community	United General Medical Center
PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to ensure that all PeaceHealth Patients and visitors are treated in a welcoming, equitable and nondiscriminatory manner, consistent with applicable federal and state laws.

DEFINITIONS

- **Bias:** Attitudes, behaviors and actions that are prejudiced in favor of or against one person or a group compared to another.
- **Implicit Bias:** A form of bias that occurs automatically and unintentionally, that affects

judgments, decisions and behaviors.

- **Coordinator:** The PH Caregiver who serves as the Section 504 and Section 1557 point person.
- **Equitable:** All individuals have access to high quality, culturally and linguistically appropriate care in a timely manner. Protected class is not a predictor for access and clinical outcomes.
- **Harassment:** Includes unwelcomed offensive conduct directed at someone because of the person's sex, gender, gender identity or expression, race, color, religion, age, disability, marital status, sexual orientation, national origin, military status or other legally protected class or because that person complained about other discrimination. Harassment refers to circumstances when:
 - Submission to such conduct is made a term or condition of an individual's employment, either explicitly or implicitly;
 - Submission to or rejection of such conduct is used as the basis for employment decisions; or
 - Such conduct has the purpose or effect of unreasonable interference with work performance or by creating an intimidating, hostile or offensive work environment.
- **Micro-aggression:** A statement, action or incident regarded as an instance of indirect or subtle discrimination against members of a protected class. Some examples of unacceptable behaviors include but are not limited to the following:
 - commenting a caregiver's choice of color is "so articulate"
 - Referring to a marginalized group such as a caregiver of color or caregiver that identifies as LGBTQ as "you people"
 - Intentionally calling a caregiver another name based on a cultural stereotype
 - Intentionally misgendering a caregiver
 - Touching a caregiver's hair without permission
- **Patient:** For the purpose of this policy, patient means an individual receiving care at a PeaceHealth facility or their health care representative.
- **Protected classes:** Age, color, creed, disability, ethnicity, gender, gender identity or expression, marital status, national origin, race, religion, sex, sexual orientation, veteran or military status or any other class prohibited by federal or state law.

POLICY

It is the policy of PeaceHealth, a recipient of federal financial assistance, that Patients are provided with equitable services in a manner that respects, protects, and promotes Patient rights. PeaceHealth does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of age, color, creed, disability, ethnicity, gender, gender identity or expression, marital status, national origin, race, religion, sex, sexual orientation, veteran or military status, inability to pay, payment for services made under Medicare, Medicaid or the Children's Health Insurance Program (CHIP), or any other basis prohibited by federal or state law. This applies in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by PeaceHealth directly or through a contractor or any other entity with which PeaceHealth arranges to carry out its programs and activities.

This statement is in accordance with the provisions of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Section 1557 of the Patient Protection and Affordable Care Act of 2010, and Regulations of the U.S. Department of Health and Human Services issued pursuant to these statutes at Title 45 Code of Federal Regulations Parts 80, 84, 91, and 92.

- Any Patient or visitor who believes they have been subjected to unlawful discrimination may file a complaint using PeaceHealth's Patient Complaint and Grievance Procedure.
- PeaceHealth does not retaliate against any person who in good faith reports discrimination, files a complaint, or cooperates in an investigation of discrimination.
- PeaceHealth's System Director of Risk Management or their designee, in conjunction with Organizational Integrity, Mission Services, Learning & Development and/or other appropriate departments, is responsible for coordinating compliance with this Policy, including providing appropriate notice of and training to this Policy. The System Director of Risk Management serves as the Section 504 and Section 1557 Coordinator.
- PeaceHealth determines eligibility for and provides services, financial aid, and other benefits to all Patients in a similar manner, without subjecting any individual to Unlawful Discrimination.
- Patients are informed of their right to receive services and visitors whom the Patient designates free from Unlawful Discrimination.
 - PeaceHealth also notifies Patients of their right to withdraw or deny consent for visitors at any time.
 - PeaceHealth affords such visitors visitation privileges consistent with the Patient's preferences and according to PeaceHealth visitor policies and procedures.
- PeaceHealth Caregivers address Patient and/or visitor discrimination complaints by:
 - Advising the complainant that they may report the problem to the facility's System Director of Risk Management/Designee and do so without fear of reprisal.
 - Following PeaceHealth's Patient Complaint and Grievance Policy.
- PeaceHealth makes appropriate arrangements to ensure that persons with disabilities are provided reasonable accommodations if needed to participate in this complaint process.
 - The Section 504/1557 Coordinator is responsible for arranging necessary accommodations.
- The availability and use of PeaceHealth's complaint process does not prevent a person from filing a complaint of discrimination with the U.S. Department of Health and Human Services Office for Civil Rights.
- Any person filing a Section 1557 grievance may appeal the decision(s) of the Section 1557 Coordinator by writing to the Chief Executive (CE) of the facility within 15 days of receiving the Section 1557 Coordinator's decision. The CE issues a written decision in response to the appeal no later than 30 days after its filing.
- Contact Person/Section 504 Coordinator/Section 1557 Compliance Coordinator:
 - PeaceHealth System Director of Risk Management
 - Telephone number: 360-729-1000

- TDD or State Relay number: 9-711 (TTY)

HELP

Further guidance may be obtained by contacting your Community Risk Manager.

RELATED MATERIAL

Policies & Procedures:

- [Patient Complaint and Grievance Policy & Procedure](#)

Formerly known as document number 900.1.399



Origination	5/31/2007	Owner	Jason Friend: Dir Revenue Cycle (Pat Access)
Last Approved	N/A	Area	Revenue Cycle
Effective	Upon Approval	Applicability	PeaceHealth Systemwide
Next Review	3 years after approval	Tags	Policy

Financial Assistance Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

✓ Ambulatory Surgery Center	✓ PeaceHealth Medical Group
✓ Cottage Grove Medical Center	✓ Sacred Heart RiverBend
✓ Ketchikan Medical Center	✓ Southwest Medical Center
✓ Ketchikan Long Term Care	✓ St. John Medical Center
✓ Peace Harbor Medical Center	✓ St. Joseph Medical Center
✓ Peace Island Medical Center	✓ System Services Center
✓ PeaceHealth Home & Community	✓ United General Medical Center
✓ PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to provide information about Financial Assistance programs offered by PeaceHealth that assist guarantors, provide patients with medical management, and support the financial stability of PeaceHealth

DEFINITIONS

- **Extenuating Circumstances/Catastrophic:** Consideration of additional factors in determining the patient portion of an account qualifying for less than 100% coverage under the Financial Assistance Policy. Factors include: remaining balance after all reductions, household income,

and medical status of patient/family.

- **Extraordinary Collection Actions (ECA):** (i) actions requiring a legal or judicial process, including but not limited to placing a lien on property, attaching bank accounts, filing civil action under contract law, or garnishing wages; and (ii) reporting adverse information to a credit agency/bureau. PeaceHealth or its contracted collection agencies may take the listed actions for unpaid accounts subject to any court-required approvals.
- **Financial Assistance:** A PeaceHealth program through which emergent, medically necessary, and some preventative services are provided by PeaceHealth at a reduced cost or without charge when it has been determined that payment for those services cannot be obtained through insurance, outside agencies, or private means.
- **Financial Counseling:** A process of working with our patients in a compassionate and caring manner to identify options for resolving their PeaceHealth financial obligations.
- **Guarantor:** A person age 18 or over, regardless of marital status, who has legal financial responsibility for services provided.
- **Household:** Persons related by birth, marriage, or adoption residing in the home.
 - A household does not include any of the following people:
 - Roommates
 - Guarantor's unmarried partner, unless they have a child together and the child is the patient
- **Income:** Total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, strike benefits, unemployment or disability benefits, child support, alimony, and net earnings from business and investment activities paid to members of the household.
- **Indigent Persons:** Patients or their guarantors who qualify for charity care pursuant to the PeaceHealth Financial Assistance policy, and who have exhausted any third-party coverage.
- **Medically Necessary Care:** Care that, in accordance with clinically accepted parameters, is reasonably calculated to:
 - Prevent the onset or worsening of an illness, condition, or disability;
 - Establish a diagnosis;
 - Provide palliative, curative, or restorative treatment for physical, behavioral, and/or mental health conditions; and/or
 - Assist the individual to achieve or maintain functional capacity in performing daily activities, taking into account both the functional capacity of the individual and those functional capacities that are appropriate for individuals of the same age.
 - Each service is performed in accordance with national standards of medical practice generally accepted at the time the services are rendered, and must be sufficient in amount, duration, and scope to reasonably achieve its purpose. Course of treatment may include observation only, or when appropriate, no treatment at all.
- **Patient:** An individual receiving care at PeaceHealth.
- **Service Area:** The state in which the PeaceHealth entity/provider is located.

POLICY

It is the policy of PeaceHealth to ensure a socially just practice for providing emergency or other medically necessary care and comply with federal and state laws and regulations relating to emergency medical services and patient Financial Assistance, including but not limited to Section 1867 of the Social Security Act, Section 501(r) of the Internal Revenue Code, RCW 70.170.060, and WAC Ch. 246-453.

1. Financial Assistance Overview

- a. Signage and brochures informing patients and/or guarantors of PeaceHealth's financial counseling programs and Financial Assistance are available at appropriate access areas, including registration, and are also available in electronic format on peacehealth.org.
- b. Financial assistance information is provided at least annually to community agencies such as local health departments, Medicaid offices, social service agencies, and physician practices.
- c. Guarantors may apply for Financial Assistance at any time. If applicable, extraordinary collection actions (ECAs) will be suspended while an application is being reviewed.
- d. In accordance with PeaceHealth policy, federal law, and RCW 70.170.060(2), emergent care (including care for people in active labor) is never delayed or denied due to an assistance determination or requests for financial information regarding ability to pay. (Emergency Medical Treatment and Labor Act [EMTALA] Compliance Policy #ADM-0733)
- e. Financial Assistance is secondary to all available sources of payment including, but not limited to:
 - i. Insurance
 - ii. Third party liability payers
 - iii. Government programs
 - iv. Outside agency programs
 - v. Health savings accounts
- f. Financial Assistance is granted to applicants receiving emergent or medically necessary care.
- g. For emergent or medically necessary care furnished in Oregon or Alaska, Financial Assistance is granted to all eligible patients that reside in the states of Washington, Oregon and Alaska.
- h. Information regarding PeaceHealth's billing and collections practices, including the description of actions PeaceHealth hospitals may take in the event of nonpayment, can be found in the separate Patient Billing and Collections Policy and Procedure which is available free of charge on peacehealth.org or a free mailed copy can be requested by calling Customer Service at 877-202-3597.

2. Limit on Charges for Guarantors Eligible for Financial Assistance

- a. Guarantors eligible for Financial Assistance under the Financial Assistance Policy will not be personally responsible for more than the amounts generally billed (AGB), as defined in

Treasury Regulation Section 1.501(r)-1(b)(1), by the applicable PeaceHealth hospital for the emergency or medically necessary services received.

- b. PeaceHealth calculates each hospital facility's amounts generally billed (AGB) by using the "look-back" method which uses claims for emergency and other medically necessary care from Medicare and all commercial insurers over a 12-month period.
- c. A free copy of the AGB calculation description and percentages will be provided via mail upon request. Requests may be made in person at any Patient Registration department or by calling Customer Service at 877-202-3597.

3. Financial Assistance Application Process

- a. Financial Assistance applications are included with each patient statement, or can be obtained by request at all Registration areas, via MyPeaceHealth, by downloading an application from peacehealth.org, or by contacting Customer Service at 877-202-3597.
- b. Consideration for Financial Assistance occurs once a complete application has been submitted to PeaceHealth.
- c. Information required for a complete application:
 - i. List of family members in household
 - ii. Household gross monthly income (income before taxes and deductions)
 - iii. Signature and date
 - iv. Acceptable documentation of income attached
- d. Acceptable documentation of income must include one of the following:
 - i. A "W-2" withholding statement
 - ii. Pay stubs
 - iii. An income tax return from the most recently filed calendar year
 - iv. Forms approving or denying state funded programs (Optional)
 - v. Forms approving or denying unemployment compensation
 - vi. Written statements from employers or welfare agencies
 - vii. In the absence of the above forms of income documentation, a written and signed statement from the Guarantor will be accepted as proof of income
- e. Assets are not considered as part of the PeaceHealth process for approving or denying Financial Assistance
- f. Completed applications can be sent to PeaceHealth Patient Financial Services:
 - i. By Mail: P.O. Box 748632 Los Angeles, CA 90065
 - ii. By Fax: 360-729-3047
- g. If an incomplete application is received, a letter is sent explaining what is required to complete the application.
 - i. If requested information is not returned within 30 days, the application is denied.

- ii. Additional time to secure required documentation may be granted upon request.
- h. Financial Assistance is granted in accordance with the following table based on income and family size:

Federal Poverty Percentages		Financial Assistance Allowance
From	To	
0	300%	100%
301	350%	85%
351	400%	70%

- i. Complete applications are processed within 14 calendar days of receipt.
- j. If approved, a letter is sent including the amount of assistance applied to outstanding guarantor balances and the dates of service for which eligible services will be covered.
- k. If denied, a letter is sent including the reason for denial and instructions for appealing.
- l. The Vice President of Revenue Cycle or designee has the authority to make final determination and exceptions.

4. Financial Assistance Appeals

- a. Responsible parties may appeal the determination of eligibility for Financial Assistance by submitting additional written information, such as income verification or explanations of extenuating circumstances, to PeaceHealth Patient Financial Services within 30 days of the denial notification.
- b. Collection activities for accounts under appeal are pended until a determination is made.
- c. Appeal determination will be made, and notification sent, within 30 days.
- d. The Vice President of Revenue Cycle or designee has the authority to make the final determination for all appeals.
- e. For PeaceHealth facilities located in the state of Washington, when a Financial Assistance application is denied and the appeal upheld, a copy of the paperwork is provided to the Washington State Department of Health.

5. Financial Assistance Presumptive Eligibility

- a. Other sources of information, such as estimated income and family size provided by a predictive model, may be used to make an individual assessment of financial need.
 - i. This information will enable PeaceHealth to proactively assist patients with financial obligations by utilizing the best estimates available in the absence of information provided directly by the patient.
 - ii. Presumptive screening provides benefit to the community by enabling PeaceHealth to systematically identify financially needy patients who may not have been able to complete a traditional application or provide appropriate documentation.

- b. For the purpose of helping financially needy patients, PeaceHealth may utilize a third-party to review the patient's information to assess financial need.
 - i. This review utilizes a healthcare industry-recognized, predictive model that is based on public record databases.
 - 1. The model incorporates public record data to calculate a socio-economic and financial capacity score that includes estimates for income, resources, and liquidity.
 - 2. The model's rule set is designed to assess each patient to the same standards and is calibrated against historical Financial Assistance approvals for PeaceHealth.
 - 3. The predictive model enables PeaceHealth to assess whether a patient is characteristic of other patients who have historically qualified for Financial Assistance under the traditional application process.
 - 4. Information from the predictive model may be used by PeaceHealth to grant presumptive eligibility in cases where there is an absence of information provided directly by the patient. Where efforts to confirm coverage availability have been unsuccessful, the predictive model provides a systematic method to grant presumptive eligibility to financially needy patients.
- c. In the event a patient does not qualify for the highest level of Financial Assistance under the presumptive rule set, the patient may still provide the requisite information and be considered under the traditional Financial Assistance application process.
- d. In addition to the use of the predictive model outlined above, presumptive Financial Assistance will also be provided at the 100% charity care level in the following situations:
 - i. Deceased patients where PeaceHealth has verified there is no estate and no surviving spouse.
 - ii. Patients who are eligible for Medicaid from another state in which PeaceHealth is not a participating provider and does not intend to become a participating provider.
 - iii. Patients who qualify for other government assistance programs, such as food stamps, subsidized housing, or Women Infants and Children Program (WIC).
 - iv. Patients who are confirmed to be homeless with no available source of payment.
- e. If a patient is deemed unable to pay through any of the above described means, PeaceHealth will cease and desist collection efforts that are underway and adjust the account balance to zero through either bad debt (Medicare) or presumptive charity (all other coverages or lack thereof).
- f. See Section 6 for Oregon Hospital pre-screening and presumptive eligibility criteria.

6. Oregon Hospital Pre-screening Process for Presumptive Eligibility

- a. Oregon Hospitals pre-screen for presumptive eligibility of Financial Assistance and make any

resulting adjustments to patient cost prior to sending a billing statement.

- b. Prior to taking any other pre-screening actions, the hospital will determine if during the previous nine (9) month period, the patient has applied for Financial Assistance, if yes the appropriate adjustment will be applied.
- c. Financial Assistance is presumptively determined based on estimated patient family size and household income provided by Experian Health.
- d. Patients are not required to present documentation or other verification related to any eligibility criteria as a condition of pre-screening or a requirement for adjustment to the patient costs. Patients may voluntarily submit information or documentation that would assist in the pre-screening process.
- e. If initial pre-screening method fails to return information, a good faith effort to determine the patient's presumptive eligibility will be made using other information available to the hospital.
- f. The hospital will notify patients in writing of all pre-screening results. The pre-screening process and presumptive eligibility determination is not considered an application for Financial Assistance and does not disqualify patients from seeking Financial Assistance.

7. Additional Assistance Provided

- a. Uninsured Discount
 - i. Patients without insurance, or insured patients receiving services not covered by insurance, are awarded an uninsured discount.
 - ii. In accordance with PeaceHealth Uninsured Discount Policy, uninsured discounts are granted only for emergent or medically necessary care.
- b. PeaceHealth will assist patients or their guarantors in identifying and applying for available assistance programs including Medicaid and coverage available on the Washington Health Benefit Exchange

8. Providers Subject to PeaceHealth's Financial Assistance Policy

- a. PeaceHealth's decision to provide Financial Assistance in no way affects the guarantor's financial obligations to physicians or other healthcare providers, unless such physicians or other healthcare providers are providing care to patients pursuant to a contract with PeaceHealth that requires accepting Financial Assistance decisions made by PeaceHealth.
- b. A list of non-PeaceHealth physicians or other healthcare providers who have agreed to comply with the Financial Assistance Policy and Procedure can be found by visiting peacehealth.org or by calling Customer Service at 877-202-3597 and requesting a copy.

HELP

Further information may be obtained by contacting Patient Financial Services.

RELATED MATERIAL

Forms:

- Financial Assistance Application
- Plain Language Summary

Policies & Procedures:

- [Patient Billing and Collections Policy](#)
- [Emergency Medical Treatment and Labor Act Compliance Policy](#)
- [Emergency Medical Treatment and Labor Act Compliance Procedure](#)

Formerly known as document number 900.1.262.

All Revision Dates

7/24/2024, 1/27/2023, 8/23/2022, 7/1/2019, 7/1/2016, 10/17/2014, 6/18/2014, 2/1/2014, 11/13/2009

Approval Signatures

Step Description	Approver	Date
WA DOH	Jason Friend: Dir Revenue Cycle (Pat Access)	Pending
SVP Chief Revenue Officer	Kimberly Sullivan: SVP Chief Revenue Officer	6/18/2024
Sr Dir Patient Access	Cheryl Mallory: Sr Dir Patient Access	6/18/2024
	Jason Friend: Dir Revenue Cycle (Pat Access)	6/18/2024

Applicability

PeaceHealth Cottage Grove Community Medical Center, PeaceHealth Home and Community, PeaceHealth Ketchikan Medical Center, PeaceHealth Medical Group, PeaceHealth Peace Harbor Medical Center, PeaceHealth Peace Island Medical Center, PeaceHealth SHMC at RiverBend, PeaceHealth Southwest Medical Center, PeaceHealth St John Medical Center, PeaceHealth St Joseph Medical Center, PeaceHealth System Services, PeaceHealth United General Medical Center

Standards

No standards are associated with this document

COPY



Origination 10/14/2015
 Last 8/1/2024
 Approved
 Effective 8/14/2024

Owner Hilary Walker:
 Mgr Advance
 Care Planning
 Area Administration
 Applicability PeaceHealth
 Systemwide
 Tags Policy

Advance Directives Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

Ambulatory Surgery Center	PeaceHealth Medical Group
Cottage Grove Medical Center	Sacred Heart RiverBend
Ketchikan Medical Center	Southwest Medical Center
Ketchikan Long Term Care	St. John Medical Center
Peace Harbor Medical Center	St. Joseph Medical Center
Peace Island Medical Center	System Services Center
PeaceHealth Home &Community	United General Medical Center
PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to:

- Provide care consistent with the mission and values of PeaceHealth, in recognition of the intrinsic worth and inherent dignity of those for whom we provide care.
- Ensure our patients are able to provide guidance to their loved ones, physicians, and Caregivers, regarding their wishes for healthcare treatments in the future, should they be unable to make these decisions for themselves.
- Ensure the implementation of the Federal Patient Self-Determination Act (PSDA) of 1991, affirming a competent patient's right to make decisions about their healthcare, to accept or

refuse medical treatment, and to complete an advance healthcare directive.

- Offer education and assistance to patients and the public in the documentation of their preferences for medical treatment; including their right to accept or refuse treatment; and
- Ensure PeaceHealth is in compliance with state laws and regulatory body standards regarding formulation, documentation, and implementation of advance directives.

DEFINITIONS

- **Advance Directives:** A voluntary formal document written in advance which provides direction to the health care team regarding preferences for care and can be used to guide care and when an adult Patient loses decisional capacity. Living Wills, Directives to Physicians, Durable Power of Attorney for Healthcare, Mental Health AD (MHAD) are all forms of advance directives.
- **Caregiver:** An employee of PeaceHealth.
- **Directive to Physicians:** A Living Will or Health Directive used in Alaska, Washington and Oregon.
- **Health Care Agent (HCA)/Health Care Representative HCR) :** A person appointed by the patient in a Durable Power of Attorney document to make decisions for the patient when they lose decisional capacity ("Springing") or may be effective immediately. (AK and WA use HCA, OR uses HCR language)
- **Patient:** Both the patient and/or the patient's legal personal representative.
- **Surrogate Decision-Maker:** A patient's legal decision-maker according to the laws of the State where the patient is receiving medical care. Generally, the order is as follows: (varies by state. please see state specific hierarchy on ACP team crossroads page)
 - Legal Guardian appointed by the Courts
 - Health Care Agent/Representative named in a Durable Power of Attorney for Health Care (DPOAH)
 - Legal Spouse
 - Adult children over the age of 18
 - Parents
 - Adult siblings over the age of 18
 - Please see your state laws for specifics, i.e. majority vs. unanimous consent within groups where there is more than one member, etc.

POLICY

It is the policy of PeaceHealth, that in keeping with our mission and values, PeaceHealth supports patients and their surrogates right to participate in healthcare decision making and advance care planning. PeaceHealth offers assistance in formulating and documenting advance directives per Patient's wishes and ensures those wishes and directives are followed in accordance with standard medical practice and state and federal law.

- In the event a caregiver is unable to comply with a Patient's advance directives for legal,

religious or cultural reasons, they must inform the patient (or surrogate) and arrange for transfer of care as per federal and state law.

- Formulation of advance directives is entirely voluntary, and a Patient with decisional capacity may change or revoke an advance directive at any time, verbally or in writing. All PeaceHealth medical centers and clinics have procedures for the implementation of this policy within their facilities.
- Note: Alaska, Washington and Oregon state law requires Advanced Directives to be witnessed by two people or an acknowledgment by a notary public. See PeaceHealth Witness/Notary Policy.
- In the event a patient has not completed advance directives naming a healthcare representative/agent; state law designating the order of legal decision-makers will be followed. See State Hierarchies on ACP crossroads page.
- In the event the patient has completed an Advanced Directive but does not have it with them, there is a process for follow up reflected in the procedure.

HELP

Further guidance may be obtained by contacting the Advance Care Planning team

RELATED MATERIAL

Policies & Procedures:

- [Advance Directives for Patient Access in CareConnect](#)
- [Witnessing and Notarizing Medical Advance Directives Policy](#)

Laws & Regulations:

- Patient Self-Determination Act of 1991
- RCW 70.122 Natural Death Act
- RCW 70.122.030 Directive to Withhold or Withdraw Life Sustaining Treatment
- RCW 11.94 Power of Attorney
- ORS 127
- Alaska:
 - AS 13.52.010 et seq.
 - AS 12.65.007
 - 7 ACC 16.010
- 42 U.S.C. § 300a-7 (d)



Origination 12/1/1992
 Last 7/16/2024
 Approved
 Effective 7/16/2024

Owner Erica Torres: Sys
 VP Mission
 Integration
 Area Mission Services
 Applicability PeaceHealth
 Systemwide
 Tags Policy and
 Procedure

Physician Assisted Suicide Policy

SCOPE

This policy and procedure applies to all PeaceHealth settings and services in the location(s) checked below:

Ambulatory Surgery Center	PeaceHealth Medical Group
Cottage Grove Medical Center	Sacred Heart RiverBend
Ketchikan Medical Center	Southwest Medical Center
Ketchikan Long Term Care	St. John Medical Center
Peace Harbor Medical Center	St. Joseph Medical Center
Peace Island Medical Center	System Services Center
PeaceHealth Home & Community	United General Medical Center
PeaceHealth Laboratories	

PURPOSE

The purpose of this policy and procedure is to provide the requirements for appropriate support of dying persons and families while respecting PeaceHealth's position as set forth in its policy.

DEFINITIONS

- **Death with Dignity:** Defined under Oregon and Washington State laws, as when a terminally ill, informed adult voluntarily chooses to obtain a physician prescription for drugs to end his or her life and *self-administers* the drugs, thereby hastening his or her death following

confirmation of a prognosis of dying in less than six (6) months. Prior to receiving this prescription, a patient must have a second physician's opinion regarding their terminal diagnosis, make an oral and a written request, and reiterate the oral request to his or her attending physician no less than seven (7) days after making the initial oral request. The patient must also have counseling if either physician believes the patient has a mental disorder, or impaired judgment from depression, and be cleared of these by the person providing the counseling. Patients also have the choice whether to notify next of kin or not. Health care providers are immune from civil and criminal liability for good faith compliance.

- **PeaceHealth's Statement of Common Values:** A document curated by PeaceHealth's Board of Directors which identifies PeaceHealth as a Catholic health system and offers ethical guidance to be followed by any and all who conduct patient care and/or business on behalf of PeaceHealth.
- **Physician Assisted Suicide:** A volitional choice – deemed wrong according to the moral teachings of the Roman Catholic Church – to hasten one's death via the self-administration of lethal medication obtained from a physician which directly causes one's death.

POLICY

As a Catholic health system, PeaceHealth does not promote or participate in physician assisted suicide (PAS, known by some as Death with Dignity or DWD). (See PeaceHealth's Statement of Common Values) Patients wanting information on PAS should consult their provider.

OVERVIEW

According to PeaceHealth's Statement of Common Values, "Any act done with the explicit intent of ending a patient's life may not be performed in PeaceHealth owned or leased facilities. A patient's decision to refrain from aggressive or curative treatment will be respected, even when such a decision may result in the person's death. Medicines capable of relieving pain and suffering may be given to a person even if such therapy may indirectly shorten the person's life."

PROCEDURE

1. Make an initial determination that a patient has a terminal disease and inform the patient of the medical prognosis.
Providers, pharmacists, and other Caregivers may not provide drugs that allow patients to end their own lives in PeaceHealth facilities or as an employee of or an independent contractor with PeaceHealth.
2. Patients voicing an interest in pursuing PAS should be asked about the reasons for their interest to determine if modalities offered by PeaceHealth may help, and receive a palliative care consult, a spiritual care consult, a hospice eligibility intake assessment, and/or information from their provider about relevant community resources as appropriate.
3. Patients pursuing PAS independently who are also hospice eligible may be admitted to a PeaceHealth hospice program with the intent of receiving hospice care consistent with PeaceHealth's mission and values.
4. Patients in the hospital voicing an interest in pursuing PAS who are not hospice eligible should

- receive a palliative care consult, a referral for spiritual care, and/or information from their provider about relevant community resources as appropriate.
5. Provide the patient with information about appropriate and allowable end-of-life resources as well as the link to the Washington Death with Dignity Act website or similar websites in other states with DWD or similar laws upon the request of the patient.
 6. Providers should enter a chart note with the smartphrase, .firstoralrequest, which states: “@name@ has made a first oral request today to pursue the option of obtaining life-ending medications for self-administration under applicable state Death with Dignity statutes. I provided resources for end-of-life support (palliative care, hospice, online resources for Death with Dignity) excluding medication prescribed with the intention of helping patient end their own life.”
 7. While PeaceHealth does not restrict freedom of provider speech, providers may not use facilities or medical records to aid in DWD requests.
 8. In home hospice settings, Caregivers may not provide life ending medications or be in the patient’s room when they ingest life-ending medications. However, after ingestion, Caregivers may provide nursing, spiritual, social, and other supports as needed.
 9. All normal support services for the family, including bereavement coordination should be provided to the family when and where applicable.
 10. PeaceHealth caregivers or providers with conscience objections should follow the process outlined in the [Objections of Conscience Policy](#).

HELP

Further guidance may be obtained by contacting Mission Services.

REFERENCES

- Oregon Health Authority, <https://www.oregon.gov/oha/ph/providerpartnerresources/evaluationresearch/deathwithdignityact/pages/index.aspx>
- Washington State Department of Health, <https://www.doh.wa.gov/youandyourfamily/illnessanddisease/deathwithdignityact>
- Ethical and Religious Directives for Catholic Health Care Services (ERDs), 6th Edition, United States Conference of Catholic Bishops. 2018.



PeaceHealth

Origination 6/8/2020
Last 12/12/2022
Approved
Effective 12/15/2023

Owner Erica Torres: Sys
VP Mission
Integration
Area Mission Services
Applicability PeaceHealth
Systemwide
Tags Policy and
Procedure

Voluntarily Stopping Eating and Drinking Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

Ambulatory Surgery Center	PeaceHealth Medical Group
Cottage Grove Medical Center	Sacred Heart RiverBend
Ketchikan Medical Center	Southwest Medical Center
Ketchikan Long Term Care	St. John Medical Center
Peace Harbor Medical Center	St. Joseph Medical Center
Peace Island Medical Center	System Services Center
PeaceHealth Home & Community	United General Medical Center
PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to clarify the PeaceHealth position on "voluntarily stopping eating and drinking" (aka VSED).

DEFINITIONS

- **Ethical and Religious Directives for Catholic Health Care Services (ERDs):** A document published by the United States Conference of Catholic Bishops that provides ethical and religious guidance to be followed by any and all Catholic healthcare systems wishing to maintain a Catholic identity.

- **Voluntarily Stopping Eating and Drinking:** A volitional choice – deemed wrong according to the moral teachings of the Roman Catholic Church – to refuse oral food and fluids for the purpose of hastening death via the process of terminal dehydration.

POLICY

As a Catholic health system, PeaceHealth does not promote or participate in voluntarily stopping eating and drinking (VSED) to hasten death. (See ERDs 58 and 60.) Patients wanting information on VSED should consult their provider.

OVERVIEW

VSED is a volitional choice – deemed wrong according to the moral teachings of the Roman Catholic Church – to refuse oral food and fluids for the purpose of hastening death via the process of terminal dehydration. VSED is distinct from the withdrawal of burdensome medical treatment (such as a feeding tube) or deciding to stop eating and drinking due to an inability to receive oral food and fluids because of burdens related to a medical condition. Individuals who successfully complete VSED die from dehydration brought on by the voluntary choice to refuse to take oral food and fluids. Individuals deciding to pursue VSED may or may not have a terminal medical condition. As a Catholic health system, PeaceHealth understands the intake of oral food and fluids under normal circumstances to be ordinary or proportionate means of preserving human life. (See ERD 56.) Exceptions to this may occur when in the judgment of the patient (or their health care representative) the intake of oral food and fluid themselves become excessively burdensome *due to an underlying medical condition*. (See ERDs 57 and 58.)

PROCEDURE

1. Patients voicing an interest in pursuing VSED should be asked about the reasons for their interest in VSED to determine if modalities offered by PeaceHealth may help, and receive a palliative care consult, a spiritual care consult, a hospice eligibility intake assessment, and/or information from their provider about relevant community resources as appropriate.
2. Patients pursuing VSED independently who are also hospice eligible may be admitted to a PeaceHealth hospice program with the intent of receiving hospice care consistent with PeaceHealth's mission and values.
3. Patients in the hospital voicing an interest in pursuing VSED who are not hospice eligible should receive a palliative care consult, a referral for spiritual care, and/or information from their provider about relevant community resources as appropriate.
4. PeaceHealth caregivers or providers with conscience objections should follow the process outlined in the [Objections of Conscience Policy](#).

HELP

Further information may be obtained by contacting Mission Services by phone at (360) 729-1295, or the System Director of Hospice and Palliative Care at (360) 729-1681.

REFERENCES

- United States Conference of Catholic Bishops, [Ethical and Religious Directives for Catholic Health Care Services](#).
- Jansen, I.A., & Sulmasy, D.P. (2002). "Sedation, alimentation, hydration, and equivocation: Careful conversation about care at end of life." *Annals of Internal Medicine*, 136, 845-849.



Origination 12/1/1992
 Last 12/12/2022
 Approved
 Effective 12/15/2023

Owner Erica Torres: Sys
 VP Mission
 Integration
 Area Mission Services
 Applicability PeaceHealth
 Systemwide
 Tags Policy

Abortion Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

Ambulatory Surgery Center	PeaceHealth Medical Group
Cottage Grove Medical Center	Sacred Heart RiverBend
Ketchikan Medical Center	Southwest Medical Center
Ketchikan Long Term Care	St. John Medical Center
Peace Harbor Medical Center	St. Joseph Medical Center
Peace Island Medical Center	System Services Center
PeaceHealth Home & Community	United General Medical Center
PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to provide PeaceHealth's position on abortion.

POLICY

PeaceHealth does not participate in direct abortions. PeaceHealth allows the indirect termination of a pregnancy resulting from a direct intervention to cure a serious pathological condition that puts the mother's life at risk or puts the mother at risk of irreversible complications or impairment of a bodily function, organ, or part. (See ERDs 45, 47, and 49)

HELP

Further information may be obtained by contacting Mission Service by phone at (360) 729-1295.

REFERENCES

- Ethical and Religious Directives for Catholic Health Care Services, United State Conference of Catholic Bishops, Sixth Edition, issued Jun 2018. [\[Link\]](#)

Formerly known as document number 900.1.237



Origination 5/13/1994
 Last 12/12/2022
 Approved
 Effective 12/15/2023

Owner Erica Torres: Sys
 VP Mission
 Integration
 Area Mission Services
 Applicability PeaceHealth
 Systemwide
 Tags Policy

Contraception Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

Ambulatory Surgery Center	PeaceHealth Medical Group
Cottage Grove Medical Center	Sacred Heart RiverBend
Ketchikan Medical Center	Southwest Medical Center
Ketchikan Long Term Care	St. John Medical Center
Peace Harbor Medical Center	St. Joseph Medical Center
Peace Island Medical Center	System Services Center
PeaceHealth Home & Community	United General Medical Center
PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to provide PeaceHealth's position on contraception.

POLICY

PeaceHealth does not promote contraception, permanent or temporary. Medically indicated exceptions may be necessary for the well-being of persons and to enable PeaceHealth to contribute to the health of the communities served.

PeaceHealth makes natural family planning information available to persons who inquire about contraceptive services. (See weblinks in Resources below.) PeaceHealth values informed consent,

freedom of conscience, and the privacy of the provider-patient relationship. (See ERD 52)

HELP

Further information may be obtained by contacting Mission Service by phone at (360) 729-1295.

RELATED MATERIAL

Resources:

Washington State:

- <https://archseattle.org/>

Oregon:

- <https://archdpx.org/>

Alaska:

- <https://aoaj.org/>

REFERENCES

- Ethical and Religious Directives for Catholic Health Care Services, United State Conference of Catholic Bishops, Sixth Edition, issued Jun 2018. [\[Link\]](#)

Formerly known as document number 900.1.238

Hospital Reproductive Health Services

In accordance with 2SSB 5602 (Laws of 2019), the purpose of this form is to provide the public with specific information about which reproductive health services are and are not generally available at each hospital.

Please contact the hospital directly if you have questions about services that are available.

Hospital name: PeaceHealth United General Medical Center

Physical address: 2000 Hospital Drive

City: Sedro-Woolley

State: WA

ZIP Code: 98284

Hospital contact: Ron Saxton

Contact phone #: 360-729-1343

An acute care hospital may not be the appropriate setting for all reproductive health services listed below.

Some reproductive services are most appropriately available in outpatient settings such as a physician office or clinic, depending on the specific patient circumstances.

The following reproductive health services are generally available at the above listed hospital:

Abortion services

- ☐ Medication abortion
- ☐ Referrals for abortion
- ☐ Surgical abortion

Contraception services

- ☐ Birth control: provision of the full range of Food and Drug Administration-approved methods including intrauterine devices, pills, rings, patches, implants, etc.
- ☐ Contraceptive counseling
- ☒ Hospital pharmacy dispenses contraception
- ☐ Removal of contraceptive devices
- ☐ Tubal ligations
- ☐ Vasectomies

Emergency contraception services

- ☒ Emergency contraception - sexual assault
- ☐ Emergency contraception - no sexual assault

Infertility services

- ☐ Counseling
- ☐ Infertility testing and diagnosis
- ☐ Infertility treatments including but not limited to in vitro fertilization

Other related services

- ☒ Human immunodeficiency virus (HIV) testing
- ☒ Human immunodeficiency virus (HIV) treatment
- ☒ Pre-exposure prophylaxis (PrEP), post-exposure prophylaxis (PEP), prescriptions, and related counseling
- ☒ Sexually transmitted disease testing and treatment
- ☒ Treatment of miscarriages and ectopic pregnancies

Pregnancy-related services

- ☐ Counseling
- ☐ Genetic testing
- ☐ Labor and delivery
- ☐ Neonatal intensive care unit
- ☐ Prenatal care
- ☐ Postnatal care
- ☒ Ultrasound

Comments; limitations on services; other services

Please see next page for comments.

☒ Additional comments on next page



Signed by:

Ron Saxton, EVP General Counsel

09/05/2019

Date (mm/dd/yyyy)



Hospital Reproductive Health Services

Hospital name: PeaceHealth United General Medical Center

Additional comments; limitations on services; other services (*continued*)

Operations, treatments, and medications that have as their direct purpose the cure of a proportionately serious pathological condition of a pregnant woman (patient) are permitted when they cannot be safely postponed until the unborn child is viable, even if they will result in the death of the unborn child.

Some services listed on this form may be provided when medically indicated.

Procedures that induce sterility are permitted when their direct effect is the cure or alleviation of a present and serious pathology and a simpler treatment is not available.

The caregiver/patient relationship requires compassionate presence, trust, honesty and confidentiality. The caregiver and patient share responsibility for collaborating to achieve the goals of care.

A handwritten signature in blue ink, appearing to read "Ron Saxton".

Signed by: Ron Saxton, EVP General Counsel

09/05/2019

Date (mm/dd/yyyy)

Exhibit 6
Skagit County Assessor's Information

Details for Parcel: P37834



Jurisdiction: SEDRO-WOOLLEY

Zoning Designation: Please contact the city of **SEDRO-WOOLLEY** for SEDRO-WOOLLEY zoning information.

[Recorded Documents](#) Documents scanned and recorded by the Auditor's office

Parcel Number P37834	XrefID 350427-1-013-0015	Quarter NE	Section 27	Township 35	Range 04
Owner Information HOSPITAL DISTRICT NO 304 2031 C HOSPITAL DR SEDRO-WOOLLEY, WA 98284	Site Address(es) 2000 HOSPITAL DRIVE Sedro Woolley, WA (<i>Jurisdiction, State</i>) Zip Code Lookup Site Address Information	Map Links Open in iMap Assessor's Parcel Map: PDF DWF DWG			

Current Legal Description [Abbreviation Definitions](#)

(8.1600 ac) (DK12) PARCELA OF SURVEY [AF#200504290057](#) AKA THE NORTH 500 FEET OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 35 NORTH, RANGE 4 EAST, W.M.

2024 Values for 2025 Taxes* [Exemption](#)

Building Market Value	\$22,182,200.00
Land Market Value	+\$1,776,000.00
Total Market Value	\$23,958,200.00
Assessed Value	\$23,958,200.00
Taxable Value	\$.00

Sale Information

Deed Type	
Sale Date	
Taxable Selling Price	\$.00
Sale requires NRL disclosure	(more info)

2025 Property Tax Summary

2025 Taxable Value	\$.00
General Taxes	\$.00
Special Assessments/Fees	+\$18,225.38
Total Taxes	\$18,225.38
Pay Property Taxes Online	

* Effective date of value is January 1 of the assessment year (2024)

[Legal Description at time of Assessment](#)

*Assessment Use Code	(650) PROFESSIONAL SERVICES	WAC 458-53-030
Neighborhood	(6E1PBLDG) ALL COUNTY EXEMPT PUBLIC BUILDING	
Levy Code	0935	Fire District
School District	SD101	Exemptions
Utilities	*SEW, WTR-P	Acres
		0.00

Improvement 1 Attributes Summary

Building Style	COMMERCIAL REAL PROPERTY		
Year Built	1960	Foundation	
Above Grade Living Area	134,783 Square Feet	Exterior Walls	
Finished Basement		Roof Covering	
*Total Living Area	134,783 Square Feet	Heat/Air Conditioning	
Unfinished Basement		Fireplace	
*Total Garage Area		Bedrooms	
Bathrooms			

For additional information on individual segments see Improvements tab

* Assessment Use Code is for assessment administration purposes and has no relation to zoning or allowable land use.

* Total living area includes above grade living area and finished basement area.

* Garage square footage includes all garage areas; basement garages, attached garages, detached garages, etc.

Assessment data for improvements is based on exterior inspections. Please contact the Assessor's office if the information does not accurately reflect the interior characteristics.

Exhibit 7
Audited Financials



PEACEHEALTH NETWORKS

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

PEACEHEALTH NETWORKS

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Consolidated Statements of Cash Flows	7
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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Directors
PeaceHealth Networks:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PeaceHealth Networks and its subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Portland, Oregon
October 2, 2024

PEACEHEALTH NETWORKS

Consolidated Balance Sheets

June 30, 2024 and 2023

(In thousands)

Assets	2024	2023
Current assets:		
Cash and cash equivalents	\$ 144,002	112,225
Short-term investments	687,576	731,791
Accounts receivable	469,377	396,871
Other receivables	124,673	74,797
Pending trades receivable	22,921	33,483
Inventory of supplies	84,618	91,744
Prepaid expenses and other	48,922	44,900
Assets whose use is limited that are required for current liabilities	1,063	41,277
Total current assets	<u>1,583,152</u>	<u>1,527,088</u>
Assets whose use is limited:		
Investments	1,371,503	1,457,598
Investments in joint ventures and other	86,563	83,452
Total assets whose use is limited	<u>1,458,066</u>	<u>1,541,050</u>
Less current portion	<u>(1,063)</u>	<u>(41,277)</u>
Net assets whose use is limited	<u>1,457,003</u>	<u>1,499,773</u>
Property, plant, and equipment:		
Land and improvements	160,813	159,899
Buildings, fixed equipment, and other	1,911,812	1,894,287
Moveable equipment	1,206,836	1,188,810
Construction in progress	300,221	214,698
Total property, plant, and equipment	<u>3,579,682</u>	<u>3,457,694</u>
Less accumulated depreciation	<u>(2,257,986)</u>	<u>(2,138,514)</u>
Net property, plant, and equipment	<u>1,321,696</u>	<u>1,319,180</u>
Interest in net assets of related foundations	157,020	145,520
Operating lease right-of-use assets	103,456	95,009
Other assets	97,567	101,549
Total assets	<u>\$ 4,719,894</u>	<u>4,688,119</u>

(Continued)

PEACEHEALTH NETWORKS

Consolidated Balance Sheets

June 30, 2024 and 2023

(In thousands)

Liabilities and Net Assets	2024	2023
Current liabilities:		
Accounts payable	\$ 165,015	181,617
Accrued payroll, payroll taxes, and employee benefits	249,280	214,200
Accrued interest payable	5,843	5,984
Current portion of operating lease liabilities	13,874	11,834
Other current liabilities	29,630	63,936
Pending trades payable	23,507	35,667
Current portion of long-term debt	6,344	8,073
Total current liabilities	493,493	521,311
Other long-term liabilities	259,398	256,046
Long-term operating lease liabilities, net of current portion	94,389	87,781
Long-term debt, net of current portion	1,650,846	1,656,660
Net assets:		
Without donor restrictions, controlling interest	2,020,305	1,979,618
Without donor restrictions, noncontrolling interest	3,445	2,372
With donor restrictions	198,018	184,331
Total net assets	2,221,768	2,166,321
Total liabilities and net assets	\$ 4,719,894	4,688,119

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS

Consolidated Statements of Operations and Changes in Net Assets Without Donor Restrictions

Years ended June 30, 2024 and 2023

(In thousands)

	2024	2023
Revenues:		
Patient service revenue	\$ 3,531,736	3,297,352
Other operating revenue	101,157	90,729
Total revenues	3,632,893	3,388,081
Expenses:		
Salaries and wages	1,851,468	1,841,411
Payroll taxes and benefits	363,845	353,556
Supplies	603,473	580,085
Purchased services	491,555	475,491
Other	239,258	216,214
Depreciation and amortization	137,130	138,976
Interest and amortization of deferred financing costs	62,396	51,831
Total expenses	3,749,125	3,657,564
Loss from operations before nonrecurring expenses	(116,232)	(269,483)
Nonrecurring operating expenses	(41,862)	(19,122)
Loss from operations	(158,094)	(288,605)
Other income (expense):		
Investment return, net	188,163	134,485
Net change in interest rate swaps	13,194	14,133
Other	(13,926)	(15,155)
Total other income, net	187,431	133,463
Excess (deficit) of revenues over expenses	29,337	(155,142)
Net assets released from restrictions for property, plant, and equipment	9,148	9,828
Change in pension liability	—	126
Other	3,275	(1,904)
Increase (decrease) in net assets without donor restrictions	\$ 41,760	(147,092)

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2024 and 2023

(In thousands)

	Without donor restrictions		With donor restrictions	Total
	Controlling interest	Noncontrolling interest		
Net assets at June 30, 2022	\$ 2,126,685	2,397	174,953	2,304,035
Deficit of revenues over expenses	(155,117)	(25)	—	(155,142)
Restricted contributions	—	—	9,828	9,828
Net assets released from restrictions	9,828	—	(9,828)	—
Change in interest in net assets of related foundations	—	—	13,552	13,552
Change in pension liability	126	—	—	126
Other	(1,904)	—	(4,174)	(6,078)
Change in net assets	(147,067)	(25)	9,378	(137,714)
Net assets at June 30, 2023	1,979,618	2,372	184,331	2,166,321
Excess of revenues over expenses	28,264	1,073	—	29,337
Restricted contributions	—	—	9,148	9,148
Net assets released from restrictions	9,148	—	(9,148)	—
Change in interest in net assets of related foundations	—	—	11,488	11,488
Other	3,275	—	2,199	5,474
Change in net assets	40,687	1,073	13,687	55,447
Net assets at June 30, 2024	\$ 2,020,305	3,445	198,018	2,221,768

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS
Consolidated Statements of Cash Flows
Years ended June 30, 2024 and 2023
(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 55,447	(137,714)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	137,130	138,976
Loss on sale of property, plant, and equipment	54	189
Change in pension liability	—	(126)
Restricted contributions	(9,148)	(9,828)
Net change in realized and unrealized gains on investments	(130,671)	(104,621)
Valuation adjustments on swap arrangements	(14,108)	(18,648)
Change in interest in net assets of related foundations	(11,486)	(13,552)
Equity earnings on investments, net of distributions	6,175	8,574
Gain on sale of joint venture	—	(2,590)
Loss on long-lived asset impairment	19,664	—
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(72,506)	(16,206)
Other assets	(32,228)	76,361
Increase (decrease) in:		
Accounts payable	(16,602)	2,590
Medicare advanced funding	—	(89,419)
Accrued payroll, payroll taxes, and employee benefits	35,080	(8,489)
Other liabilities	(28,960)	41,806
Net cash used in operating activities	<u>(62,159)</u>	<u>(132,697)</u>
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(159,526)	(239,061)
Proceeds from sale of joint venture	—	7,300
Proceeds from sale of land held for sale and property, plant, and equipment	162	519
Purchase of alternative investments	(129,072)	(188,061)
Sales of alternative investments	186,645	210,432
Sales of investments, net	194,122	199,276
Net cash provided by (used in) investing activities	<u>92,331</u>	<u>(9,595)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(7,543)	(14,010)
Proceeds from new financing	—	215,000
Proceeds from restricted contributions	9,148	9,828
Net cash provided by financing activities	<u>1,605</u>	<u>210,818</u>
Net increase in cash and cash equivalents	31,777	68,526
Cash and cash equivalents at beginning of year	112,225	43,699
Cash and cash equivalents at end of year	<u>\$ 144,002</u>	<u>112,225</u>
Supplemental disclosure of cash flow information:		
Change in capital expenditures included in accounts payable	\$ (11,844)	8,302

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(1) Organization

(a) Corporate Structure

PeaceHealth Networks is a Washington not-for-profit corporation, recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, which is the sole corporate member of PeaceHealth, which is also a Washington not-for-profit corporation, recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, with its corporate office located in Vancouver, Washington. PeaceHealth Networks is not affiliated with the Roman Catholic Church, currently has no operations, and currently holds no financial assets in its own name; however, it is the member corporation of PeaceHealth, which is a Private Pontifical Juridic Person according to the canon law of the Roman Catholic Church, and does have extensive healthcare operations and holds substantial financial assets. PeaceHealth Networks and its associated entities are collectively referred to herein as "the Corporation." PeaceHealth Networks and PeaceHealth are the only members of the Corporation's obligated group. At June 30, 2024, the following regional healthcare delivery systems and operating divisions are components of PeaceHealth:

Northwest Network:

- PeaceHealth Ketchikan Medical Center
- PeaceHealth St. Joseph Medical Center
- Peace Island Medical Center
- PeaceHealth United General Medical Center

Columbia Network:

- PeaceHealth St. John Medical Center
- PeaceHealth Southwest Medical Center

Oregon West Network:

- PeaceHealth Sacred Heart Medical Center at University District (closed December 2023)
- PeaceHealth Sacred Heart Medical Center at RiverBend
- PeaceHealth Cottage Grove Community Medical Center
- PeaceHealth Peace Harbor Medical Center

Systemwide Organizations:

- PeaceHealth Medical Group

These regional healthcare delivery systems and operating divisions provide inpatient, outpatient, primary, and specialty care and home care services in Alaska, Washington, and Oregon. These divisions primarily operate in Ketchikan, Alaska; Bellingham, Friday Harbor, Sedro Woolley, Longview, and Vancouver, Washington; and Springfield, Eugene, Florence, and Cottage Grove, Oregon.

PEACEHEALTH NETWORKS
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(In thousands)

PeaceHealth Networks included the following controlled affiliates at June 30, 2024:

PeaceHealth
Health Ventures
Pooled Income Funds (including Charitable Life Income Funds)
PeaceHealth Southwest Medical Center Foundation
PeaceHealth Networks On Demand
PeaceHealth Ambulatory LLC
PeaceHealth Clinically Integrated Network, LLC
PeaceHealth Direct Contracting, LLC
PeaceHealth ASC Bellingham, LLC
Clare Reassurance, Ltd.

The consolidated financial statements include the accounts of the Corporation. All significant intercompany transactions and balances have been eliminated.

(2) Summary of Significant Accounting Policies

(a) Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, cash in demand bank accounts, and all highly liquid debt instruments purchased with an original maturity of three months or less other than those amounts included in assets whose use is limited.

The Corporation maintains cash and cash equivalents on deposit at various institutions, which, at times, exceed the insured limits of the Federal Deposit Insurance Corporation. This exposes the Corporation to potential risk of loss in the event the institution becomes insolvent. Changes in cash equivalents held by investment managers are presented as investing activity on the consolidated statements of cash flows.

(c) Short-Term Investments

Short-term investments consist primarily of certificates of deposit, U.S. government, and other investment-grade securities. The maturities of these related securities can exceed one year. Management anticipates the securities will be liquidated within one year. Investment income or loss (including realized and unrealized gains and losses and interest and dividends) is included in the excess (deficit) of revenues over expenses.

(d) Inventory of Supplies

Inventory is valued on weighted average cost.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(e) Other Receivables

Other receivables primarily consist of amounts receivable from the Oregon Hospital Assessment Program and the Washington State Safety Net Assessment Program, amounts receivable from excess insurance carriers, and other miscellaneous amounts due.

(f) Assets Whose Use is Limited

Certain assets have been set aside by management of the Corporation for future capital improvements, self-insured liabilities, and payment of future debt payments. Amounts required to meet current liabilities of the Corporation have been classified as current in the consolidated balance sheets at June 30, 2024 and 2023. These items consist primarily of investments in marketable equity, fixed-income securities and funds held by a third party trustee for current debt payments. Investment income or loss (including realized and unrealized gains and losses and interest and dividends) is included in the excess (deficit) of revenues over expenses.

The Corporation accounts for its investments on a trade-date basis. Investment sales and purchases initiated prior to the consolidated balance sheet date and settled subsequent to the consolidated balance sheet date result in amounts due from and to brokers. These are classified as pending trades receivable and pending trades payable on the consolidated balance sheet. Changes in these assets and liabilities represent noncash investing activities excluded from the consolidated statements of cash flows.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(g) Liquidity

Cash and cash equivalents, accounts receivable, and short-term investments are the primary liquid resources used by the Corporation to meet expected expenditure needs within the next year. Additionally, certain assets whose use is limited may also be made available for liquidity as needed. The Corporation has credit facility programs, as described in note 7, available to meet unanticipated liquidity needs. Total financial assets available to meet general expenditures within one year are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 144,002	112,225
Short term Investments	687,576	731,791
Accounts receivable	469,377	396,871
Other receivables	124,673	74,797
Assets whose use is limited	<u>1,281,010</u>	<u>1,384,260</u>
Total financial assets	<u>2,706,638</u>	<u>2,699,944</u>
Less amounts not available to be used within one year:		
Alternative investments with redemption periods greater than 7 days	<u>662,654</u>	<u>634,803</u>
Financial assets not available to be used within one year	<u>662,654</u>	<u>634,803</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,043,984</u>	<u>2,065,141</u>

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or fair value at the date of donation. Improvements and replacements of plant and equipment are capitalized. Maintenance and repairs are expensed as they are incurred. When property, plant, and equipment are sold or retired, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded.

The Corporation assesses potential impairment of its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the asset's carrying value unlikely. An impairment loss is indicated when the sum of expected undiscounted future net cash flows is less than the carrying amount. The loss recognized is the difference between the fair value and the carrying amount. During the year ended June 30, 2024, PeaceHealth closed the hospital at PeaceHealth Sacred Health Medical Center, University District, in Eugene, Oregon. The medical center had limited services and volumes had declined, resulting in an unsustainable loss. The impairment loss associated with this closure was \$15,835. PeaceHealth also closed the Memorial Hospital building in Vancouver, Washington, during the year ended June 30, 2024, for an impairment loss of \$3,829. These impairments have been presented as nonrecurring operating losses in the operating section of the consolidated statements of operations and changes in net assets without donor restriction. No

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

impairment losses related to property, plant, and equipment were recognized during the year ended June 30, 2023.

(i) Depreciation and Amortization

Depreciation and amortization on property, plant, and equipment are computed using the straight-line method over the following estimated useful lives:

Land improvements	5–25 Years
Buildings and improvements	5–80 Years
Fixed equipment	10–75 Years
Leasehold improvements	Shorter of remaining length of the lease or useful life
Moveable equipment	3–30 Years

(j) Other Assets

Other assets include intangible assets, primarily trade names, and goodwill. Intangible assets with indefinite lives are evaluated annually for impairment. Impairment reviews are performed on the purchased intangible assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. There were no impairment losses recognized during the years ended June 30, 2024 or 2023.

(k) Other Long-Term Liabilities

Other long-term liabilities consist primarily of the estimated fair value associated with the Corporation's interest rate swaps of \$40,318 and \$54,426 at June 30, 2024 and 2023, respectively; the liability for the PeaceHealth's 457(b) and 457(f) postretirement savings plans of \$107,039 and \$90,223 at June 30, 2024 and 2023, respectively; and the long-term portion of the liability for the self-insurance programs of \$55,623 and \$52,386 at June 30, 2024 and 2023, respectively. The remaining balance of other long-term liabilities includes environmental liabilities, gift annuities, and the deferred compensation plan liability.

Accounting for asset retirement and environmental obligations requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value when incurred and capitalized as part of the related long-lived asset. In the absence of quoted market prices, the Corporation estimates the fair value of its asset retirement obligations using present value techniques, in which estimates of future cash flows associated with retirement activities are discounted using a credit-adjusted risk-free rate.

The Corporation has created several pooled income funds. Donors make a contribution and receive annuity payments based on the associated investment income. Upon the annuity termination, the remaining interest is transferred to the Corporation. At June 30, 2024 and 2023, the Corporation has recorded the present value of the annuity payment obligations of \$6,105 and \$10,737, respectively, as part of other long-term liabilities. The discount rate ranged from 6.6% to 7.6% at June 30, 2024 and 6.6% to 7.4% at June 30, 2023.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(l) Net Assets

Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Net assets with donor restrictions are those whose use by the Corporation have been limited by donor-imposed restrictions to a specific time period, in perpetuity, and/or purpose.

Net assets with donor restrictions represent resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by the donor for a particular purpose and that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When specific donor restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and the consolidated statements of changes in net assets as net assets released from restrictions.

(m) Contributions and Grants

Contributions and grants are recognized as revenue upon receipt of the donor's pledge to contribute unless subject to unmet donor conditions. Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts pledged that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when an unconditional promise with an implied time restriction is collected or when the purpose for the restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions at the time restrictions are met.

(n) Interest in Net Assets of Related Foundations

The Corporation recognizes its interest in its unconsolidated related foundations representing certain net assets that will ultimately benefit the Corporation. The Corporation records an asset on the consolidated balance sheets for its beneficial interest in net assets of related foundations. The Corporation recognizes changes in this beneficial interest in the consolidated statements of changes in net assets.

(o) Other Operating Revenue

Other operating revenue includes revenue from nonpatient care services, clinical space rental revenue, and other miscellaneous revenue. Such revenue is generally recognized at point of service for these transactions in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Other operating revenue also includes contributions both unrestricted in nature and those released from restriction to support operating activities.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(p) Nonrecurring Operating Expenses

The Corporation recorded nonrecurring operating expenses in the amount of \$41,862 and \$19,122 in the years ended June 30, 2024 and 2023, respectively. These settlements and impairments have been presented as nonrecurring in the operating section of the consolidated statements of operations and changes in net assets without donor restriction and represent different transactions between 2024 and 2023.

(q) Loss from Operations

Loss from operations excludes certain items that the Corporation deems outside the scope of its primary business, such as investment return, change in valuation of interest rate swaps and other items.

(r) Excess (Deficit) of Revenues over Expenses

Excess (deficit) of revenues over expenses includes results from the Corporation's operating and nonoperating investing activities. Investment return includes interest income, dividends, and realized and unrealized investment gains and losses. Changes in net assets without donor restrictions not included in excess (deficit) of revenues over expenses include net assets released from restriction for the purchase of property and changes in the Corporation's interest in the net assets of noncontrolled foundations.

(s) Federal and State Income Taxes

PeaceHealth and PeaceHealth Networks have received determination letters from the Internal Revenue Service stating that they are exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income. The Corporation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that exceeds a 50% probability of being realized. Changes in recognition or measurement are reflected in the period in which the change in estimate occurs.

Certain affiliated entities included in the consolidated financial statements may be subject to taxation. The tax expense and related provision for these entities are not material to the consolidated financial statements.

(t) Reclassifications

The Corporation has reclassified certain amounts relating to its prior period results to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.

(3) Revenue Recognition

(a) Patient Service Revenue

Patient service revenue relates to contracts with patients involving third-party payors where the Corporation has an obligation to perform healthcare services. This revenue is recorded at the amount

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

due from patients, third-party payors, and others when the performance obligations are satisfied. The Corporation bases the implicit price concessions on historical collectibility data by payor using a portfolio approach to recognize the deductions netted against revenue when it is recognized.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per unit of service and discounts from established charges, as well as risk-sharing arrangements. Most arrangements provide for payment or reimbursement to the Corporation at amounts different than established rates. Explicit price concessions represent the difference between established rates for services and amounts paid or reimbursed by these third-party payors. Risk-sharing arrangements include incentive payments for specific quality outcomes, effective management of costs, and other measures, and in some cases may result in a penalty.

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not recognized as revenue.

The Corporation maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies under its charity care policy. Estimated costs (based on the proportion of overall costs to charges foregone for charity care) for services and supplies furnished under the charity care policy for the years ended June 30, 2024 and 2023 were approximately \$72,320 and \$54,021, respectively.

(b) Disaggregation of Revenue

The Corporation earns the majority of its revenues from contracts with customers. Revenues and adjustments not related to contracts with customers are included in other revenue.

Total revenues from contracts with customers by payor are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Medicare	\$ 1,511,550	1,407,101
Medicaid	384,967	408,566
Commercial and other	1,607,238	1,464,109
Private pay	<u>27,981</u>	<u>17,576</u>
Patient service revenue	3,531,736	3,297,352
Other revenue	<u>101,157</u>	<u>90,729</u>
Total revenue	<u>\$ 3,632,893</u>	<u>3,388,081</u>

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(c) *Variable Consideration*

Reimbursement for inpatient and outpatient services rendered to Medicare recipients has been made principally under a prospective pricing system. Services to Medicaid patients are also reimbursed based on a combination of prospectively determined rates and cost reimbursement methodology. Continuation of these reimbursement programs at the present level, and on the present basis, is dependent upon future policies of federal and state governmental agencies. The Corporation operates five critical access hospitals that are reimbursed based on costs for inpatient and outpatient services rendered to Medicare and Medicaid program beneficiaries. Interim reimbursement to critical access hospitals is based upon tentative rates and retroactive adjustment is made to actual cost during final settlement by either the Medicare fiscal intermediary or the applicable state's Medicaid agency.

Patient service revenue is recognized at the time services are provided to patients. Revenue is recorded in the amount which the Corporation expects to collect, which may include variable components. Variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with variable consideration is subsequently resolved. The Corporation has estimated payments for services rendered to Medicare and Medicaid patients during the year by applying the payment principles of the applicable governmental agencies and believes that an adequate provision has been made in the accompanying consolidated financial statements for final settlement. Estimates of final settlements due to and due from Medicare, Medicaid, and other third-party payors are included in other current liabilities in the accompanying consolidated balance sheets. Differences between the net amounts accrued and subsequent settlements are recorded in operations at the time of settlement. The net amount of adjustments from finalization and adjustment of prior years' cost reports and other third-party settlements resulted in a increase in patient service revenue of approximately \$21,933 and a decrease of approximately \$375 in 2024 and 2023, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs will change by a material amount in the near term.

(d) *Concentration of Credit Risk*

There is a corresponding significant concentration of credit risk in net accounts receivable balances at June 30:

	2024	2023
Medicare	36 %	35 %
Medicaid	10	10
Commercial and other	48	47
Private pay	6	8
	100 %	100 %

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(4) Fair Value of Financial Instruments

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. Investments valued utilizing net asset value (NAV) as a practical expedient are excluded from the hierarchy.

The fair value of investments, other than those measured using NAV as a practical expedient for fair value, is estimated using quoted market prices multiplied by shares held or other observable inputs when quoted market prices are unavailable.

Registered mutual funds and money market funds are classified in Level 1 of the fair value hierarchy as defined above because their fair values are based on quoted prices for identical securities.

The common/collective trusts have been determined to trade daily at NAV at the trading price and are classified in Level 2 of the fair value hierarchy, as defined above.

The Corporation uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by the Corporation is the NAV per share or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Investments in hedge funds, real estate funds, and private equity investments are carried at estimated fair value using NAV as a practical expedient as determined by the external investment manager. Valuations provided by fund administrators consider variables, such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. Management reviews the valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. The initial valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as transactions of similar securities; completed or pending third-party transactions in the underlying security or comparable entities; offerings in the capital markets; and changes in financial results, data, or cash flows. For positions that are not traded in active markets or are subject to notice provisions, valuations are adjusted to reflect such provisions, and such adjustments are generally based on available market evidence.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

(5) Investments

The composition of short-term investments and assets whose use is limited carried at fair value on a recurring basis at June 30, 2024 is set forth in the following table:

	June 30, 2024	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 72,820	72,820	—	—
Fixed income:				
Government, municipal, foreign, and other	210,179	80,171	130,008	—
Corporate obligations	190,241	—	190,241	—
Mutual funds:				
Fixed income	137,434	137,434	—	—
Domestic equities	536,705	536,705	—	—
International equities	128,114	128,114	—	—
Other	107,576	107,576	—	—
Other long-term equity investments	13,356	12,646	710	—
Total assets at fair value	1,396,425	1,075,466	320,959	—
Investments measured at NAV:				
Hedge funds	193,670			
Private equity	374,296			
Real estate limited partnerships	94,688			
Total assets	\$ 2,059,079	1,075,466	320,959	—
Liabilities:				
Interest rate swaps	\$ 40,318	—	40,318	—
Total liabilities	\$ 40,318	—	40,318	—

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

The composition of short-term investments and assets whose use is limited carried at fair value on a recurring basis at June 30, 2023 is set forth in the following table:

	June 30, 2023	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 165,470	165,470	—	—
Fixed income:				
Government, municipal, foreign, and other	212,652	100,572	112,080	—
Corporate obligations	176,751	—	176,751	—
Mutual funds:				
Fixed income	72,105	72,105	—	—
Domestic equities	526,153	526,153	—	—
International equities	251,966	251,966	—	—
Other	90,693	90,693	—	—
Other long-term equity investments	20,509	20,509	—	—
Total assets at fair value	1,516,299	1,227,468	288,831	—
Investments measured at NAV:				
Hedge funds	191,511			
Private equity	379,683			
Real estate limited partnerships	101,896			
Total assets	\$ 2,189,389	1,227,468	288,831	—
Liabilities:				
Interest rate swaps	\$ 54,426	—	54,426	—
Total liabilities	\$ 54,426	—	54,426	—

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

The Corporation holds investments in private equity and distressed debt limited partnerships where NAV is used as a practical expedient to measure fair value at June 30, 2024 and 2023. These partnerships do not allow for periodic redemptions but rather liquidate upon the termination date as stated in the partnership agreement. Therefore, the private equity investments are considered illiquid investments. At June 30, 2024 and 2023, the Corporation held \$374,296 and \$379,683, respectively, of private equity and distressed debt limited partnerships that had termination dates that ranged from 2024 to 2034.

	<u>2024</u>	<u>2023</u>	<u>Unfunded commitments</u>
Distressed debt	\$ 6,720	3,021	14,112
Private equity	367,576	376,662	128,788
Total	<u>\$ 374,296</u>	<u>379,683</u>	<u>142,900</u>

The following table summarizes investments measured at fair value based on NAV per share as of June 30, 2024 and 2023 and their redemption restrictions:

	<u>Fair value at June 30, 2024</u>	<u>Fair value at June 30, 2023</u>	<u>Lockup terms or redemption restrictions</u>	<u>Redemption frequency</u>	<u>Redemption frequency</u>
Hedge funds	\$ 17,050	26,052	None	Monthly	10 Days
Hedge funds	—	11,568	None	Monthly	15 Days
Hedge funds	15,638	14,135	None	Monthly	30 Days
Hedge funds	30,132	14,806	None	Monthly	60 Days
Hedge funds	15,035	13,078	Gate at 20% of total fund net assets	Monthly	60 Days
Hedge funds	14,511	10,426	None	Semimonthly	30 Days
Hedge funds	25,892	23,540	Gate at 50% of total fund net assets	Quarterly	60 Days
Hedge funds	25,312	32,667	None	Quarterly	60 Days
Hedge funds	16,492	15,180	Gate at 10%	Quarterly	65 Days
Hedge funds	20,371	18,288	Withdrawal limits across four successive withdrawal dates	Quarterly	90 Days
Hedge funds	13,237	11,771	None	Quarterly	30 Days
Real estate	60,060	69,825	First business day of the calendar quarter with 45 days notice	Quarterly	45 Days
Real estate	25,832	25,137	Two-year lockup period	N/A	N/A
Real estate	8,796	6,934	None	Illiquid	Illiquid
	<u>\$ 288,358</u>	<u>293,407</u>			

Other Investments

Health Ventures is a not-for-profit corporation that has entered into joint ventures to provide radiology, oncology, dialysis, and surgery services. PeaceHealth is the sole member of Health Ventures. Health Ventures is included in the consolidated financial statements but is not part of the obligated group. The

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(In thousands)

majority of these joint ventures are accounted for under the equity method. Health Venture's ownership interest in the joint ventures ranged from approximately 24.2% to 50% at June 30, 2024 and 2023.

At June 30, 2024, Health Ventures had a controlling ownership of 51.16% in Riverbend Ambulatory Surgery Center, which is consolidated within Health Ventures. PeaceHealth invested in Ardon Health, a pharmacy company, and Emerging Health, an infusion services company. PeaceHealth purchased 35% ownership interest in Ardon Health Holdings, which owns 100% of Ardon Health and Emerging Health. Ardon Health is held directly by PeaceHealth and is not part of Health Ventures.

As of June 30, 2024 and 2023, the carrying value of the joint ventures was approximately \$62,688 and \$61,513, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Equity earnings from the joint ventures of \$11,940 and \$17,209 for the years ended June 30, 2024 and 2023, respectively, are included in other operating revenue. The assets, liabilities, and equity of these joint ventures accounted for under the equity method were \$188,145, \$46,620, and \$141,525, respectively, at June 30, 2024 and \$189,519, \$50,890, and \$138,629, respectively, at June 30, 2023.

(6) Leases

The Corporation leases office space and clinic facilities under various noncancelable operating leases. The Corporation determines if an arrangement is a lease at inception of the contract. For leases with terms greater than 12 months, the Corporation records the related right-of-use (ROU) asset and lease liability at the present value of the lease payments over the contract term using the Corporation's incremental borrowing rate. Right-of-use assets represent the Corporation's right to use the leased assets over the life of the lease and are derived from the lease liability, adjusted by any lease payments made prior to lease commencement, initial direct costs, and/or lease incentives. Building lease agreements generally require the Corporation to pay maintenance, repairs, and property taxes, which are variable based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Variable lease costs also include escalating rent payments that are not fixed at lease commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measures of cost inflation. Most leases include one or more options to renew the lease at end of the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. The exercise of lease renewal options is at the Corporation's sole discretion and are only included in the ROU asset and liability if reasonably certain to be exercised at commencement of the lease.

Rent expense for the leases was \$44,387 and \$43,052 for the fiscal years ended June 30, 2024 and 2023, respectively and is included in purchased services on the consolidated statements of operations and changes in net assets without restrictions.

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Notes to Consolidated Financial Statements
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(In thousands)

The following table presents the components of the lease assets and lease liabilities related to their classification in the accompanying consolidated balance sheets as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Operating lease right-of-use assets	\$ 103,456	95,009
Current lease liabilities	\$ 13,874	11,834
Long-term lease liabilities	<u>94,389</u>	<u>87,781</u>
Total lease liabilities	<u>\$ 108,263</u>	<u>99,615</u>
Weighted average lease term – operating leases	8.72 years	8.31 years
Weighted average discount rate – operating leases	4.50 %	3.81 %

Supplemental cash flow and other information related to leases as of and for the year ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 28,340	27,375
Right-of-use assets obtained in exchange for operating lease obligations	\$ 19,770	23,783

The future minimum lease payments that are required under the above operating leases as of June 30, 2024 were as follows:

2025	\$ 21,274
2026	20,038
2027	18,818
2028	14,563
2029	10,942
Thereafter	<u>43,375</u>
	129,010
Less amount of lease payments representing interest	<u>(20,747)</u>
Present value of minimum future lease payments	108,263
Less current lease obligation	<u>(13,874)</u>
Long-term lease obligation	<u>\$ 94,389</u>

PEACEHEALTH NETWORKS
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(In thousands)

(7) Long-Term Debt

Long-term debt at June 30 consisted of the following:

	Maturing through	Coupon or current variable rates		Unpaid principal	
		2024	2023	2024	2023
Master trust debt:					
Fixed rate:					
2013 Direct Note Obligation to Bank of America	2023	3.23 %	3.23 %	\$ —	1,937
Series 2014 Oregon Bonds, Series A	2032	4.125%–5.00%	4.125%–5.00%	48,750	51,845
Series 2018 Taxable Bonds	2048	4.79 %	4.79 %	355,144	355,144
Series 2020 Taxable Bonds	2050	1.375%–3.218%	1.375%–3.218%	741,305	741,305
Total fixed rate				\$ 1,145,199	1,150,231
Variable:					
Series 2013 Washington Bonds, Series A, variable interest rate (68%*1ml+ 70 bps),	2034	4.45 %	3.39 %	\$ 38,765	40,365
Series 2018 Oregon Bonds, Series A variable interest rate (prevailing market rates),	2034	3.31 %	2.28 %	45,975	45,975
Series 2018 Oregon Bonds, Series B variable interest rate (prevailing market rates),	2034	3.28 %	2.22 %	100,000	100,000
Series 2018 Oregon Bonds, Series C variable interest rate (80% 1ml+ 62 bps),	2047	5.10 %	3.74 %	75,000	75,000
Total variable rate				\$ 259,740	261,340
Unpaid principal, master trust debt				\$ 1,404,939	1,411,571
Premium and other on long-term debt				(3,111)	(3,365)
Master trust debt, including premiums and discounts, net				1,401,828	1,408,206
Lines of credit				243,445	243,476
Other long-term debt				11,917	13,051
Total long-term debt				1,657,190	1,664,733
Less amounts due within one year				(6,344)	(8,073)
Total long-term debt due after one year				\$ 1,650,846	1,656,660

* ML as used in the table above is defined as monthly LIBOR.

The assets of the obligated group are available for the satisfaction of debts of PeaceHealth and PeaceHealth Networks under the terms of its master trust indenture.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

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(In thousands)

The Washington 2013(A) Direct Placement Bonds, 2018 Oregon Series A-B Variable Rate Demand Bonds and the 2018 Oregon Series C Direct Placement Bonds have variable interest rates that may bear interest at a daily, weekly, 28 day, monthly, semiannual, or annual rates. The rate determination mode may be changed upon request of PeaceHealth and PeaceHealth Networks. The bonds are subject to optional redemption by PeaceHealth and PeaceHealth Networks, in whole or in part, at 100% of the principal amount plus accrued interest. The Washington 2013(A) bonds can be converted to publicly held variable rate demand bonds if PeaceHealth and PeaceHealth Networks choose. The continuing covenant agreement for the Washington 2013(A) bonds requires a minimum two-year notice period prior to any anniversary of the date of issue occurring on or after February 27, 2016 to be given from the bank to PeaceHealth if the bank chooses to no longer hold the debt, provided that PeaceHealth is in compliance with financial covenants. Letters of credit supporting the 2018 Oregon Series A-B Bonds expire October 31, 2024 and are extendable by the banks upon request from PeaceHealth and PeaceHealth Networks. Subsequent to June 30, 2024, the letter of credit supporting the 2018 Series A bonds was extended to a new expiration date of October 29, 2027. The Washington 2013 A Direct Placement Bonds, the 2018 Oregon Series A-B Variable Rate Demand Bonds and the 2018 Oregon Series C Direct Placement Bonds are matched to fixed payor swaps ranging between 3.60% and 4.10% for approximately their par value, with the notional amounts of swaps amortizing proportionately to the bonds.

Scheduled principal payments of long-term debt, excluding the premium on bonds, as due according to their original long-term amortization schedule and other debt according to its original maturity schedule for the next five years and thereafter are as follows:

	Long-term debt	Finance leases and other	Line of credit	Total
Year ending June 30:				
2025	\$ 4,880	1,963	—	6,843
2026	343,369	1,750	243,445	345,119
2027	5,560	644	—	6,204
2028	5,850	512	—	6,362
2029	6,235	512	—	6,747
Thereafter	1,039,045	16,936	—	1,055,981
Total	\$ 1,404,939	22,317	243,445	1,427,256
Less amounts representing interest		\$ (10,400)		(10,400)
Present value of net minimum finance lease payments		\$ 11,917		
Total long-term debt				\$ 1,416,856

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Notes to Consolidated Financial Statements

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(In thousands)

The PeaceHealth Master Trust Indenture, the loan agreements, and other contractual documents under which bonds were issued include covenants, which, among others, obligate PeaceHealth and PeaceHealth Networks to maintain patient service revenue at levels sufficient to achieve specified debt service coverage ratios, meet certain financial tests before additional debt can be incurred, and meet certain financial tests before there can be any significant disposition of property.

During the year ended June 30, 2023, the Corporation increased the revolving line of credit with Bank of America to \$125,000. The line of credit bears interest at BSBY Daily Floating Rate expiring in December 2025. At June 30, 2024 and 2023, \$115,871 and \$115,809 was drawn on the line of credit, respectively.

During the year ended June 30, 2023, the Corporation increased the revolving line of credit with U.S. Bank to \$175,000. The line of credit bears interest at SOFR expiring in December 2025. At June 30, 2024 and 2023, \$127,574 and \$127,667 was drawn on the line of credit, respectively.

Cash paid for interest totaled approximately \$61,859 and \$50,759 for the years ended June 30, 2024 and 2023, respectively.

Deferred financing costs are amortized over the lives of the related debt issuances using the effective-interest method.

(8) Accounting for Derivative Instruments and Hedging Activities

In accordance with the policy adopted by the board of directors, the Corporation may use interest rate swap contracts to manage its net exposure to interest rate changes in attempting to reduce its overall cost of borrowing over time. Interest rate swap contracts generally involve the exchange of fixed and floating interest rate payments without the exchange of underlying principal (the swap of fixed or floating rates are on a notional amount). The Corporation accounts for its interest rate hedging transactions in accordance with Financial Accounting Standards Board (FASB) ASC Topic 815, *Derivatives and Hedging*. That standard requires that every derivative instrument be recorded on the balance sheet as either an asset or a liability measured at its estimated fair value. The interest rate swaps do not meet the criteria for hedge accounting and all changes in the valuation of the interest rate swaps are included in net change in interest rate swaps on the consolidated statements of operations and changes in net assets without donor restrictions.

The Corporation has interest rate swap contracts outstanding as of June 30, 2024 and 2023, respectively, with a total current notional amount of approximately \$332,450 and \$334,075. The fixed payor interest rate swaps are associated with the variable rate bonds but have not been integrated to any of the underlying debt for the purpose of hedge accounting.

Change in valuation of interest rate swaps consists of the noncash change in the liability primarily due to changes in market bond yields, as well as the cash payments and receipts associated with the swaps, and the amortization of the accumulated hedge effectiveness included in net assets. The noncash change in the fair value of the interest rate swaps was a decrease of \$14,108 and \$18,648 in the liability for the years ended June 30, 2024 and 2023, respectively. Net cash settlement cost for the interest rate swaps was \$914 and \$4,515, for the years ended June 30, 2024 and 2023, respectively. The amortization of the

PEACEHEALTH NETWORKS

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(In thousands)

accumulated hedge effectiveness included in net assets was \$79 for both years ended June 30, 2024 and 2023.

Derivative instruments are recorded at fair value taking into consideration the Corporation's nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. The impact of taking into account the nonperformance risk on the estimated fair value of the interest rate swaps was a benefit of approximately \$656 and \$3,244, as of June 30, 2024 and 2023, respectively. The inputs used to determine the impact of the counterparty nonperformance risk are Level 2 inputs; as such, derivative liabilities have been recorded as Level 2 in the Corporation's disclosure of fair value instruments (note 6).

The Corporation currently has five swap counterparties, which minimize counterparty risk and collateral posting requirements. These swap agreements contain various credit thresholds that, if breached by the Corporation, would constitute an additional termination event whereby the swap counterparties could terminate the swap by either making a payment to, or receiving a payment from the Corporation, depending upon the termination value of the swaps as of the date of termination. The Corporation retains the right to terminate the swaps at any point, which would also require either making or receiving a payment depending on the termination value of the swap as of the termination date.

The following is a summary of the derivative instruments in place as of June 30, 2024 and 2023:

Maturity date	Current notional amounts at June 30, 2024	Current notional amounts at June 30, 2023	Counterparty	Credit value adjustment at June 30, 2024	Liability fair value at June 30, 2024	Credit value adjustment at June 30, 2023	Liability fair value at June 30, 2023
August 31, 2034	\$ 45,000	45,000	U.S. Bank N.A.	\$ 26	(3,594)	59	(4,815)
May 24, 2047	75,000	75,000	Barclay Bank PLC	262	(13,142)	1,294	(16,543)
May 22, 2047	75,000	75,000	Mizuho Capital Markets LLC	294	(13,259)	1,722	(19,237)
August 01, 2034	50,000	50,000	U.S. Bank N.A.	32	(4,381)	70	(5,780)
August 01, 2034	50,000	50,000	U.S. Bank N.A.	32	(4,374)	70	(5,772)
September 01, 2034	37,450	39,075	Morgan Stanley Capital Services LLC	10	(1,568)	29	(2,279)
	<u>\$ 332,450</u>	<u>334,075</u>		<u>\$ 656</u>	<u>(40,318)</u>	<u>3,244</u>	<u>(54,426)</u>

(9) Defined-Contribution Retirement Plans

PeaceHealth sponsors two defined-contribution retirement plans, the Southwest Washington Health System Retirement Plan and the PeaceHealth Plan. These plans cover substantially all employees of PeaceHealth meeting certain age and length of service requirements. Total defined-contribution retirement plan costs charged to operations were approximately \$101,120 and \$97,825 for the years ended June 30, 2024 and 2023, respectively, which are included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets without donor restrictions.

PEACEHEALTH NETWORKS

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(In thousands)

PeaceHealth Deferred Compensation Plans

The estimated fair value associated with the plan assets of PeaceHealth's 457(b) and 457(f) postretirement savings plans, in the amount of approximately \$107,039 and \$90,223 at June 30, 2024 and 2023, respectively, is included in assets whose use is limited, cash equivalents and investments, with a corresponding amount included in other long-term liabilities. Contributions associated with these funds in 2024 and 2023 were \$13,808 and \$12,717, respectively, and are included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets without donor restrictions.

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Purchase of property, plant, and equipment	\$ 93,113	91,562
Hospice and indigent care	18,055	15,980
Patient care	1,150	10,812
Children's Services	5,365	3,755
Training and education	10,906	3,410
Other	69,429	58,812
	<u>\$ 198,018</u>	<u>184,331</u>

Approximately \$9,148 and \$9,828 was released from restriction for capital expenditures made during 2024 and 2023, respectively.

Charitable Gift Annuities

PeaceHealth has been granted a license by the state of Washington, Office of Insurance Commissioner, to issue Charitable Gift Annuities in support of its charitable activities. The Corporation has delegated all its charitable fundraising activities to several fundraising foundations whose net assets held for the beneficial interest of PeaceHealth are shown on the consolidated balance sheets of the Corporation. The liability for annuity contracts issued under the PeaceHealth license and the separately maintained reserve accounts are recorded on the books of PeaceHealth. As of June 30, 2024 and 2023, the following liabilities for annuity contracts issued under the PeaceHealth license and reserve account investments were recorded:

	<u>2024</u>	<u>2023</u>
State of Washington gift annuity liabilities (other long-term liabilities)	\$ 1,453	1,493
Gift annuity reserve accounts (other assets whose use is limited, cash, and investments)	1,902	1,870

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(11) Commitments and Contingent Liabilities

(a) Litigation

Various laws and regulations of federal, state, and local governments govern the healthcare industry. These laws and regulations are subject to ongoing government review and interpretation, as well as regulatory actions unknown or unasserted at this time. The Corporation is also involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

(b) Collective Bargaining Agreements

Approximately 55% of the Corporation's employees are covered under collective bargaining agreements, including nurses, professional employees, and service employees as of June 30, 2024 and 2023. The Corporation is currently negotiating certain expired and expiring collective bargaining agreements. Approximately 39% of the Corporation's various collective bargaining agreements expire before June 30, 2025. The remaining agreements expire between September 2025 and March 2028.

(12) Insurance Coverages

In connection with the self-insurance program, the Corporation has accrued estimates for asserted and incurred but not reported claims, including both the expected liability under each claim and the cost to administer the claim. Self-insured professional and general liability retention was \$10,000 and \$7,000 per occurrence for 2024 and 2023, respectively, and \$40,000 in aggregate for 2024 and 2023. Individual general and professional liability claims in excess of the above self-insured retention levels are insured through claims-made excess insurance policy.

The Corporation also self-insures all or a portion of liabilities for medical and dental benefit plans, unemployment, and workers' compensation claims. Funding levels and liabilities are determined based on actuarial studies.

Based on actuarial studies, the Corporation has recorded an undiscounted liability for all of the self-insurance programs of approximately \$68,620 and \$72,369 at June 30, 2024 and 2023, respectively. The liabilities are classified within other current liabilities and other long-term liabilities based on the historical amounts paid within one year. Total current amounts included in other current liabilities were approximately \$15,155 and \$19,983 at June 30, 2024 and 2023, respectively. Management has recorded amounts receivable from excess insurance carriers totaling approximately \$1,933 and \$5,273 as of June 30, 2024 and 2023, respectively, which is included in other receivables in the accompanying consolidated balance sheets.

The Corporation is a minority investor in American Excess Insurance Exchange (AEIX). AEIX is a risk retention group owned by a group of healthcare providers and provides them with excess professional liability insurance coverage. The Corporation accounts for its interest in AEIX on the equity method of accounting less mandatory withdrawal penalties and an estimated discount to present value. As of June 30, 2024 and 2023, the carrying value of AEIX was approximately \$3,883 and \$1,641, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Investment income

PEACEHEALTH NETWORKS

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(In thousands)

from AEIX is recorded as an adjustment to supplies and other operating expenses in the accompanying consolidated statements of operations and change in net assets without donor restrictions.

(13) Functional Expenses

General and administrative services include costs that benefit the entire organization and are not related to delivery of patient care. Costs that are related to patient care departments are directly assigned to the respective patient care activities. Benefits and other shared costs are allocated based on relative direct costs. Operating expenses related to providing these services classified by their natural classification on the consolidated statements of operations and changes in net assets without donor restrictions are presented by their functional classifications as follows for the year ended June 30:

2024			
	Patient care	General and administrative	Total expenses
Salaries and wages	\$ 1,601,012	250,456	1,851,468
Payroll taxes and benefits	286,638	77,207	363,845
Supplies	602,782	691	603,473
Purchased services	373,819	117,736	491,555
Other	233,793	5,465	239,258
Depreciation and amortization	121,156	15,974	137,130
Interest and amortization of deferred financing costs	901	61,495	62,396
Nonrecurring operating expenses	—	41,862	41,862
Total	\$ 3,220,101	570,886	3,790,987

2023			
	Patient care	General and administrative	Total expenses
Salaries and wages	\$ 1,581,363	260,048	1,841,411
Payroll taxes and benefits	281,359	72,197	353,556
Supplies	574,113	5,972	580,085
Purchased services	355,619	119,872	475,491
Other	195,812	20,402	216,214
Depreciation and amortization	122,829	16,147	138,976
Interest and amortization of deferred financing costs	925	50,906	51,831
Nonrecurring operating expenses	—	19,122	19,122
Total	\$ 3,112,020	564,666	3,676,686

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(14) Subsequent Events

In July 2024, the Corporation placed a term loan of \$200,000 with US Bank acting as agent for a group of lenders. The term loan bears interest at SOFR and matures in July 2025.

In connection with the preparation of the consolidated financial statements in accordance with FASB ASC Topic 855, *Subsequent Events*, the Corporation has evaluated subsequent events through October 2, 2024 which is the date the consolidated financial statements were issued.

Exhibit 8
List of Facilities

**PeaceHealth Hospital Facility
Information**

Name	Address	Medicare Provider Number	Medicaid Provider Number	Owned or Managed
PeaceHealth Ketchikan Medical Center	3100 Tongass Avenue Ketchikan, AK 99901	021311	HS041IP HS04OP	Lease Agreement
PeaceHealth St. John Medical Center	1615 Delaware Street Longview, WA 98632	50-0041	3304508	Owned
PeaceHealth St. Joseph Medical Center	2901 Squalicum Parkway Bellingham, WA 98225-1898	50-0030	3308905	Owned
PeaceHealth Peace Island Medical Center	1049 San Juan Valley Road Friday Harbor, WA 98250	NA	NA	Owned
PeaceHealth Southwest Medical Center	400 N.E. Mother Joseph Place Vancouver, WA 98664	50-0050	3200292	Owned
PeaceHealth Cottage Grove Community Hospital	1515 Village Drive Cottage Grove, OR 97424	38-1301	237519	Owned
PeaceHealth Peace Harbor Hospital	400 Ninth Street Florence, OR 97439	38-1316	000195	Owned
PeaceHealth Sacred Heart Medical Center at Riverbend	3333 Riverbend Drive Springfield, OR 97477	38-0033	276221	Owned
PeaceHealth United Medical Center	2000 Hospital Drive Sedro-Woolley, WA 98284	50-1329 Swing Bed 50- Z329	501329	Lease Agreement