

**PROPOSED ACQUISITION TRANSACTION INVOLVING  
FRISBIE MEMORIAL HOSPITAL AND  
FMH HEALTH SERVICES, LLC**

**REPORT OF THE DIRECTOR OF CHARITABLE TRUSTS**

February 3, 2020

## I. INTRODUCTION

### Background

Frisbie Memorial Hospital (Frisbie) has been providing health care services to the Rochester community since 1916. What began as a ten-bed, one-physician hospital under the name Eagle Hospital currently is an 88-bed acute care community hospital that provides inpatient and outpatient services to over 100,000 people in the seacoast area. Frisbie provides facilities, supplies, and support staff for the performance of acute care and diagnostic medical services, including, but not limited to, cancer care and hematology, cardiology, emergency services, geriatric psychiatry, internal medicine, obstetrics and gynecology, and outpatient diagnostics. Its main campus underwent a major renovation and expansion in 2008.

Frisbie is a significant employer in the area. Residents of Rochester and the surrounding communities, particularly those to the north of the City where public transportation is unavailable, rely on Frisbie for their health care needs. The Frisbie Foundation is a supporting organization of Frisbie. Its mission is to coordinate, invest, distribute and receive funds for the benefit and support of Frisbie.

In 2016 and 2017, Frisbie incurred substantial operating losses in part due to a medical records system conversion that disrupted billing processes. Frisbie's financial condition has continued to deteriorate since then as a result of ongoing operating losses.

In early 2018, Frisbie retained Prism Healthcare Partners (Prism) to review its operations and to consider alternatives. Prism made a presentation to the Frisbie board of trustees on April 26, 2018. At the time, Prism predicted that Frisbie would be unable to sustain its capital needs and that its baseline cash would be completely depleted by the end of that fiscal year. It recommended cost cutting measures, some of which the board adopted. It also provided a template for the board to consider partnerships with other entities. In the summer of 2018, Frisbie began a formal outreach to find a partner health care organization. Prism issued a request for proposals to ten health care entities, but only three entities responded. The board ultimately selected a proposal submitted by HCA Healthcare, Inc. (HCA) because it offered an immediate infusion of capital into the facility, a greater upfront cash payment, and the ability to expand existing New Hampshire referral relationships.

HCA is comprised of 185 hospitals and approximately 2,000 sites of care in 21 states and the United Kingdom. Founded in 1968, HCA is incorporated in Nashville, Tennessee and is the largest non-governmental healthcare provider in the nation. HCA owns two hospitals in New Hampshire: Parkland Medical Center in Derry and Portsmouth Regional Hospital in Portsmouth.

In January 2019, Frisbie and HCA entered into a letter of intent for HCA to purchase Frisbie. Frisbie retained Stroudwater Associates to assist the Board with the due diligence process and the development of a final asset purchase agreement, and HCA established FMH Health Services, LLC (FMH), a Delaware limited liability company, as part of its plan to purchase Frisbie. After lengthy negotiations, the parties finalized the asset purchase agreement (APA). On September 18, 2019, the Frisbie board of trustees voted to approve the APA, and on

September 26, the board of directors of the Frisbie Foundation voted to approve the APA. FMH and Frisbie entered into the APA on October 18, 2019.

### The Asset Purchase Agreement

The APA describes a transaction in which Frisbie will sell substantially all of its assets, but only some of its liabilities, to FMH, and FMH will continue the operation of a hospital at Frisbie's facilities. Excluded from the sale are the donor restricted funds held by Frisbie, valued at \$3,358,494.51 as of January 10, 2020, and certain other assets.

The APA sets a purchase price of \$67 million, subject to some adjustments for net working capital and some assumed indebtedness for certain capital leases. From the final purchase price, Frisbie must pay off its current liabilities, including approximately \$30 million in outstanding loan and insurance obligations. The net sales proceeds payable to Frisbie are estimated to be less than \$20 million. From the net sales proceeds, \$8 million will be placed in escrow for a period of two years to satisfy certain indemnification obligations of Frisbie under the APA. Two years after the closing of the transaction between Frisbie and FMH, any funds remaining in the escrow account will be released to the Frisbie Foundation.

The APA contemplates payment of Frisbie's net sales proceeds to a charitable organization to support health care initiatives in the Rochester area. The charitable organization initially will be the Frisbie Foundation, but subsequently could be replaced by another charitable organization, subject to FMH approval and court review. For a ten-year period after the closing date,<sup>1</sup> the charitable organization will be permitted to use the earnings of the funds to make grants and provide financial assistance, but will not be permitted to use the principal.

Under the APA, FMH will commit for a five-year period to continue certain health care operations of the hospital, including emergency department services, behavioral health services, and labor and delivery services. There are, however, certain exceptions, including the occurrence of a "contingency" which is defined in the agreement to include a situation when those lines of service are no longer considered to be financially viable for a period of at least 12 consecutive months after the first anniversary of the closing date. The APA includes a process for the Frisbie Foundation or its successor to challenge the determination of financial viability.

The APA requires FMH to make certain capital investments in the hospital, including constructing a psych pod in the hospital's emergency department, purchasing a new MRI machine, and constructing a pharmacy clean room. In addition, the APA requires that for a five-year period after the closing date, FMH will implement and maintain particular uninsured and charity care policies that are more generous than the policies implemented by Frisbie. FMH will be required to develop annual reports, summarizing its compliance with its obligations under the APA, until FMH has fulfilled its all of obligations under the APA.

As is common in such transactions, the APA includes mutual indemnification provisions. For example, each party is obligated to indemnify the other for any breach of representations or

---

<sup>1</sup> The closing date is the date of the final consummation of the transaction contemplated in the APA.

warranties they made in the APA, any breach or noncompliance of provisions in the APA by the other, and any fraud, intentional misrepresentation, or willful misconduct by the other.

Other key provisions in the APA include:

- (1) FMH must offer employment to all Frisbie employees, except senior management;
- (2) For a five-year period after the closing date, Frisbie will be prohibited from developing, managing, or participating in any health care facility, business or service that might now or thereafter compete with FMH facilities;
- (3) For a period of 10 years after the closing date, Frisbie Foundation or its successor will have the right to appoint 3 voting members to the FMH board of trustees;
- (4) The parties will establish an Advisory Board, consisting of 3 members appointed by FMH and three members appointed by Frisbie Foundation or its successor, which will receive annual reports prepared by FMH and approve any changes to the hospital services, capital commitment projects, and uninsured and charity care policies.

### The Charitable Trusts Unit

State law, RSA 7:19-b, charges the Director of Charitable Trusts of the Attorney General's office with reviewing acquisition transactions involving health care charitable trusts, including non-profit hospitals, and determining compliance with the statute's provisions. The statute requires that the Director of Charitable Trusts make his or her determination within a reasonable time, not to exceed 120 days after receipt of a notice of a proposed acquisition transaction.<sup>2</sup> RSA 7:19-b, IV. The Director is required to accept public comment and may conduct public hearings. RSA 7:19-b, IV. When the acquisition transaction involves assets valued at over \$5 million, the Director is authorized to engage experts to provide consultation and advice in connection with the Director's duties. RSA 7:19-b, IV.

On October 23, 2019, the Attorney General's Charitable Trusts Unit received a notice and submission, pursuant to RSA 7:19-b, regarding the proposed sale of the assets to FMH of Frisbie, the Frisbie Foundation, Granite State Lab, LLC and Seacoast Business and Health Clinic, Inc. (collectively referred to as Frisbie where the context contemplates the entire enterprise) in accordance with the APA. The Charitable Trusts Unit requested that the parties provide additional information and documentation, and the Charitable Trusts Unit received from Frisbie, FMH, and HCA responses dated December 6, 2019 and January 3, 2020. The documentation submitted will be referred to collectively as the "Notice." The Charitable Trusts Unit posted to its website the documents pertaining to the Notice.<sup>3</sup>

In conducting its review, the Charitable Trusts Unit has taken into consideration the outreach conducted by the parties leading up to the submission of the Notice. In addition, as part of the review, on January 6, 2020, the Director of Charitable Trusts hosted a public hearing at Spaulding High School in Rochester at which the hospitals and an independent expert made

---

<sup>2</sup> RSA 7:19-b was amended by the Legislature in 2019, effective January 1, 2020. This transaction was filed before the effective date of the amendments.

<sup>3</sup> The Notice is posted to the Attorney General website: <https://www.doj.nh.gov/charitable-trusts/frisbie-hospital.htm>.

presentations, and members of the public had the opportunity to ask questions and make comments about the transaction. The Charitable Trusts Unit also met in person or by telephone with representatives of the City of Rochester, Greater Seacoast Community Health, Community Partners of Strafford County, Community Action Partnership of Strafford County, Integrated Delivery Network Region 6, the Endowment for Health, the National Alliance on Mental Illness, and the UNH Franklin Pierce School of Law Health Law and Policy Program. The Attorney General's office issued two media releases and posted a notice on its website, requesting comments from the public, and the Charitable Trusts Unit received over 30 written comments regarding the proposed transaction. The Charitable Trusts Unit retained two experts to render opinions about the proposed transaction: (1) Katharine London, principal of health law & policy at the University of Massachusetts Medical School Commonwealth Medicine, who assessed the effect of the proposed transaction on community benefits, as well as cost, quality and access; and (2) Stout Risius Ross, LLC (Stout) which rendered a "fairness" opinion with respect to the \$67 million purchase price that FMH proposed to pay for the assets of Frisbie.

After considering all of the evidence, the Charitable Trusts Unit has determined that the Notice complies with RSA 7:19-b and will take no action to oppose the transaction contemplated in the APA, subject to the conditions set forth in this report.

## **II. JURISDICTION OVER FMH AND HCA**

FMH and HCA are for-profit entities and not charitable organizations and therefore do not register and report to the Charitable Trusts Unit. *See* RSA 7:28, I and II. However, as the proposed "acquirer" of a health care charitable trust, they are "parties" to the transaction, and they submitted a Statement of Fulfillment of Charitable Objects as part of the Notice. RSA 7:19-b, I(b) and III. Accordingly, the Charitable Trusts Unit asserts its jurisdiction over FMH and HCA with respect to its statutory review of the proposed transaction. RSA 7:19-b, IV.

## **III. APPLICATION OF REQUIRED TRANSACTION REVIEW STANDARDS**

The transaction contemplated in the Notice meets the definition of an "acquisition transaction" under RSA 7:19-b, I(a) because it involves a transfer of control of 25 percent or more of the assets of Frisbie. RSA 7:19-b, II prohibits a governing body of a hospital from approving an acquisition transaction unless it complies with the following seven minimum standards:

- (a) The proposed transaction is permitted by applicable law, including, but not limited to, RSA 7:19-32, RSA 292, and other applicable statutes and common law;
- b) Due diligence has been exercised in selecting the acquirer, in engaging and considering the advice of expert assistance, in negotiating the terms and conditions of the proposed transaction, and in determining that the transaction is in the best interest of the health care charitable trust and the community which it serves;
- (c) Any conflict of interest, or any pecuniary benefit transaction as defined in this chapter, has been disclosed and has not affected the decision to engage in the transaction;

- (d) The proceeds to be received on account of the transaction constitute fair value therefor;
- (e) The assets of the health care charitable trust and any proceeds to be received on account of the transaction shall continue to be devoted to charitable purposes consistent with the charitable objects of the health care charitable trust and the needs of the community which it serves;
- (f) If the acquirer is other than another New Hampshire health care charitable trust, control of the proceeds shall be independent of the acquirer; and
- (g) Reasonable public notice of the proposed transaction and its terms has been provided to the community served by the health care charitable trust, along with reasonable and timely opportunity for such community, through public hearing or other similar methods, to inform the deliberations of the governing body of the health care charitable trust regarding the proposed transaction.

RSA 7:19-b, II.

The Charitable Trusts Unit carefully considered each standard. The following sets forth the Charitable Trust Unit's analysis and conclusions with respect to each of the standards.

RSA 7:19-b, II (a): Permitted by Law

RSA 7:19-b, II (a) requires that the proposed transaction be permitted by applicable law. This particular transaction implicates consumer protection and antitrust laws and the doctrine of *cy pres*.

(i) Consumer Protection and Antitrust Laws

The Consumer Protection and Antitrust Bureau of the New Hampshire Attorney General's Office examined what effect the proposed transaction may have on competition for health care services in the region. On the date of this report, the Bureau issued a no action letter with respect to its authority under New Hampshire's antitrust law, RSA chapters 356 and 358-A, as well as related federal law. Accordingly, the Charitable Trusts Unit does not have a basis to conclude that the transaction as proposed will give rise to a violation of consumer protection and antitrust laws.

(ii) Change in Use of Charitable Assets and Requirement to Apply *Cy Pres* Doctrine

The record of this Notice demonstrates the financial difficulties Frisbie has faced and the factors that led its board of trustees to decide that a sale to a for-profit entity is a prudent course of action. New Hampshire law does not prohibit the sale of a nonprofit hospital to a for-profit entity. In fact, HCA purchased two nonprofit hospitals in Portsmouth and Derry after obtaining favorable court orders applying the *cy pres* doctrine. See *Portsmouth Hospital v. Director of Charitable Trusts* (Rockingham Superior No. E-426-84) and *Hospital Corporation of America et*

*al. v. Town of Derry et al.* (Rockingham Superior No. E-286-82). RSA 7:19-b was subsequently enacted to require review of all hospital transactions by the Charitable Trusts Unit, but not to stop sales to for-profit entities.

The sale of Frisbie's assets to FMH means that Frisbie will no longer operate a hospital, its core purpose since the adoption of its legislative charter in 1919. Chapter 305, Laws 1919. Its assets will be converted into cash proceeds to be held initially by the Frisbie Foundation, and the hospital will be owned and operated by FMH, a for-profit entity.

The Charitable Trusts Unit's review under RSA 7:19-b does not supplant the requirement of judicial review under the doctrine of *cy pres* prior to the redirection of the assets of a charitable organization. RSA 7:19-b, VI(b). Thus, in order for the transaction to proceed, a court must find that the continued operation of Frisbie as a nonprofit hospital is "impossible or impracticable or obsolete or ineffective" and exercise its authority under the doctrine of *cy pres* to approve the transaction. RSA 547:3-d and 498:4-a.

In addition to approving the sale of Frisbie to FMH, a court also must apply the *cy pres* doctrine to approve the new charitable purpose for the use of both the proceeds from the sale and Frisbie's current donor-restricted assets. Exhibit 9 to the Notice document outlines the proposal that the proceeds of the sale and donor-restricted assets be used to support health-related projects in the Rochester area.<sup>4</sup> APA Section 7.21 contemplates that this new charitable purpose may be carried out by the Frisbie Foundation or another charitable organization. Therefore, the court will need to review and approve the new charitable purpose, the entity that holds the assets, and the entity's structure. Should the proposed entity be other than the Frisbie Foundation, the court may entertain that part of its review as a request for deviation, a determination whether another charitable organization could best carry out the new purpose. RSA 547:3-c and 498:4.

The Charitable Trusts Unit believes that under the circumstances, *cy pres* relief with respect to the transaction would be appropriate, subject to the conditions set forth in this report. While it believes that the proposed purpose for the use of Frisbie's assets also would be appropriate, Frisbie has not reached a conclusion as to what entity would hold the assets, and that matter will be the subject of a separate *cy pres* petition.

#### RSA 7:19-b, II (b) Due Diligence in Selection of Acquirer, Best Interest of Hospital

RSA 7:19-b, II (b) requires that the board of trustees of a health care charitable trust exercise due diligence in determining that the transaction is in the best interests of the healthcare charitable trust.

Exhibit 8 to the Notice includes a summary of the "due diligence" exercised by the board of trustees of Frisbie. The "Summary of Board Due Diligence" begins with a recap of Frisbie's operating loss in fiscal years 2017 and 2018 of approximately \$23 million and \$20 million. Frisbie's actual audited operating loss for those two years was \$24.2 million and \$20.2 million. Frisbie's unaudited operating loss for fiscal year 2019 was \$15.7 million. While some of those

---

<sup>4</sup> For a five-year period following the closing date, the Frisbie Foundation would be prohibited from using the funds to compete with FMH within a defined geographic area. APA Section 7.3.

losses can be attributed to problems with adequate payment for services and competition from other hospitals, other losses are directly attributable to lost billings during the 2017 implementation of a new electronic health records system. The recurring losses have depleted Frisbie's board-restricted endowment and have led to the deferral of capital expenditures and an inability to compete with other hospitals in the recruitment and retention of staff.

As discussed above, in early 2018, Frisbie retained Prism to review its operations and to consider alternatives. As a result of Prism's recommendations, Frisbie began a process to identify a health care organization with which to partner, and after consideration of the three proposals submitted, Frisbie selected HCA's proposal.

Frisbie hired Ketchum Valuation Consulting (Ketchum) to determine the fair value of the assets to be sold to HCA. Ketchum's Summary Appraisal Report dated October 31, 2018 concluded that the fair value of the assets ranged between \$56 and \$71 million. Frisbie thereafter negotiated a letter of intent with HCA and retained Stroudwater Associates to assist it in the negotiation of a definitive asset purchase agreement. As part of the process, Frisbie board members met with their counterparts at the two other HCA hospitals in New Hampshire: Portsmouth Regional Hospital and Parkland Medical Center.

The Notice demonstrates that Frisbie's board of trustees retained experts to consider alternatives to address its financial difficulties, to consider proposals from health care systems, and to negotiate an agreement with FMH. The board of trustees considered potential affiliations with both nonprofit and for-profit organizations. It reached an agreement with FMH at a price within the range supported by Frisbie's valuation expert, and it obtained commitments for FMH to continue certain hospital services in Rochester. Frisbie's financial situation is serious and continues to decline, and if the sale to FMH does not close, Frisbie likely will not be viable.

As discussed in this report, the Charitable Trusts Unit has concerns about some of the terms of the APA. However, after considering the entire record, and subject to the conditions in this report, the Charitable Trusts Unit concludes that the board of trustees exercised due diligence in determining that the transaction is in the best interest of the hospital.

#### RSA 7:19-b, II (b) Due Diligence – Best Interest of Community

Before approving the transaction, the board of trustees of Frisbie was required to determine whether the transaction is in the best interest of the community. RSA 7:19-b, II (b). While the term "best interest" is not defined in the statute, due diligence should include consideration of the community's health needs. The review also should evaluate the three outcomes that are evaluated in any health care system: cost, quality, and access. *See Community Benefit and Market Changes in New Hampshire, New Hampshire Center for Public Policy Studies (2017).*

##### (i) Community Needs and Benefits

RSA 7:32-c – 32-l requires that health care charitable organizations assess and report on the health care needs of their communities. The purpose of the requirements set forth in the statutes is to ensure that health care charities provide the communities they serve with benefits



consistent with their charitable purposes and devote their charitable resources to the health care needs of their communities. RSA 7:32-c.

Frisbie last completed a community health needs assessment in January 2019.<sup>5</sup> It identified the three largest priority needs to be: mental health prevention and treatment, substance use disorder prevention and treatment, and access to affordable health care. The report did not include an implementation plan. It recommended general strategies to address several of the priorities, including to “[c]ontinue and (where helpful) consider enhancements to programs targeting the needs of community members facing mental health and/or substance use disorder needs.”

In its December 6, 2019, response to the first information request made by the Charitable Trusts Unit, Frisbie discussed its implementation of several components of the 2019 needs assessment. With respect to mental illness prevention and treatment, Frisbie said that it continues to offer inpatient and outpatient geropsychiatry services, to provide social workers in its ambulatory practices, and to provide behavioral health services in the emergency department, but it has not increased these services from past years as a result of the 2019 assessment. With respect to substance use prevention and treatment, Frisbie has not offered medication-assisted treatment to new patients in the past year because of the lack of providers and provider leadership. Finally, it has not been able to address the burden of the high cost of prescription medication for the community.

Frisbie’s annual community benefits reports do not reflect prioritization of spending in accordance with its identified community health needs. It calculated a \$605,556 financial subsidy in 2018 for the provision of emergency medical (ambulance) services in Rochester. The bulk of its community benefits were Frisbie’s costs incurred to treat patients with Medicaid insurance not reimbursed by Medicaid, which was \$8,236,996 in 2018.

In terms of support for community health centers, in the past, Frisbie has provided financial support to Greater Seacoast Community Health. In addition, Frisbie has also provided financial support to Community Partners, which operates an office in a building owned by Frisbie in Rochester.

As to overall community benefits spending, there is a lack of consistency in reporting between Frisbie and other health care charitable trusts in New Hampshire. Therefore, it is difficult to compare the level of financial effort that Frisbie makes with respect to community benefits. It does appear from review of the community benefits reports of other hospitals that Frisbie’s spending on community benefits lags that of other comparable hospitals in recent years. As for profit entities, HCA and FMH are not required to produce reports with respect to community benefits.

Under the APA and the conditions in this report, FMH will be required, among other things, to continue the 911 Responder and Ambulance Dispatch Services Agreements with the City of Rochester, conduct community health needs assessments, continue medication-assisted treatment to Frisbie patients currently receiving such treatment, and offer behavioral health

---

<sup>5</sup> Frisbie’s community health needs assessment and community benefits report are posted on its website.

services for a specified period of time. In addition, the proceeds of the sale and the donor-restricted funds may be used to support health-related projects in the Strafford County area. If the sale with FMH does not close, Frisbie likely will not be able to continue to operate as a hospital, and the community will not realize these benefits. The Charitable Trusts Unit therefore concludes that the board of trustees exercised due diligence in determining that the transaction is in the best interest of the community.

(ii) Quality

In considering whether the quality of care will improve at the hospital as a result of the transaction, the Charitable Trusts Unit considered public comment, research, hospital quality scores, and commitments made by FMH.

With respect to hospital quality scores, Frisbie shows excellent results. Attached as **Exhibit 1** is a Fact Sheet prepared by the University of Massachusetts Medical School Commonwealth Medicine. It shows quality-of-care scores for Frisbie, as well as HCA-owned Portsmouth Regional Hospital and Parkland Medical Center, as reported by New Hampshire HealthCost and the U.S. Centers for Medicare and Medicaid Services Hospital Compare. While the HCA hospitals do not rate as highly as Frisbie on those reports, HCA has identified other quality scores, including Leapfrog Hospital Grades, on which its hospitals rate highly. HCA hospital scores indicate that while their patient experience scores may not rate as highly as Frisbie, their infection prevention, survival, and readmission rates are excellent.

The best indicator of the future should be the experience of past hospital affiliations. The available literature offers limited positive guidance. For instance, it does not show that hospital consolidations have improved quality. *See Community Benefit and Market Changes in New Hampshire*, New Hampshire Center for Public Policy Studies, at 20; *see also* N. Beaulieu, L. Dafny, B. Landon, J. Dalton, I. Kuye, J. McWilliams, *Changes in Quality of Care after Hospital Mergers and Acquisitions*, N. Engl. J. Med 2020; 382:51-51 (January 2, 2020).

The Charitable Trusts Unit does not have sufficient information or research to be able to make a determination as to whether quality will improve at the hospital as a result of the transaction. However, at the public hearing, FMH expressed a commitment to improve quality at the hospital, and HCA-owned Portsmouth Regional Hospital and Parkland Medical Center have generally succeeded in maintaining quality. In order to assist the Charitable Trusts Unit in evaluating quality of care by FMH in the future, as a condition to this report, for a five-year period, FMH must supply the Charitable Trusts Unit information concerning quality metrics at the hospital.

(iii) Access

In Exhibit 9 of the Notice document, FMH makes three access-related commitments to continue Frisbie's charitable objects, essentially restating commitments found in APA Section 7.11, 7.12, and 7.13.

FMH commits for five years to maintain a charity care and uninsured discount policy that is more generous than the policy currently offered by Frisbie.<sup>6</sup> APA Section 7.13. For example, while Frisbie's charity care policy applies only to those individuals with annual household incomes of no greater than 200% of the Federal Poverty Guidelines (FPG), FMH's policy would provide 100% write-off for individuals with annual household incomes of up to 250% of FPG, discounted rates for those with annual household incomes of up to 400% of FPG, and financial assistance for those with annual household incomes in excess of 400% of FPG.

FMH also makes commitments to make certain needed capital improvements which increase the service populations' ability to access needed healthcare services at the hospital. FMH commits to construct a psychiatric emergency pod, replace the hospital's MRI machine, and construct a hospital pharmacy clean room. APA Section 7.12.

FMH commits for five years to operate certain healthcare services at the hospital, including an emergency department, labor and delivery, inpatient medical and surgical services, and behavioral health services. That commitment, however, is subject to a number of conditions that could lead to the closure of one or more services. APA Section 7.11. For example, the APA provides that FMH may discontinue these services in the event of a "contingency," defined in the APA to include, among other things, a determination that the service no longer is financially viable, meaning that it has suffered a financial loss for 12 consecutive months following the first anniversary of the closing date. APA Sections 7.11 and 1.1 (definition of "Contingency").

FMH's commitments to make needed capital improvements and implement its charity care policy may improve the community's access to health-related services. Nonetheless, the Charitable Trusts Unit has concerns that FMH could attempt to discontinue certain health care services at the hospital within 24 months after closing the transaction. However, the conditions set forth in this report ensure that the Frisbie Foundation or its successor will have the means to challenge such a decision if warranted, and the Director of Charitable Trusts will be notified.

(iv) Cost

In evaluating whether the transaction would increase costs of care at the hospital, the Charitable Trusts Unit reviewed research, data, information provided by experts and the public and gathered in its interviews.

The costs of outpatient tests and procedures at Frisbie for uninsured and privately insured patients are both lower than the statewide median prices for the same services. The costs for the same procedures at HCA-owned Portsmouth Regional Hospital and Parkland Medical Center, on the other hand, are higher than the state median. **Exhibit 1** (attached) compares the prices of

---

<sup>6</sup> Frisbie provides charity care services and participates in the Medicaid program. But according to its Community Benefits Report, Frisbie's charity care in 2018 amounted only to \$179,606, and unreimbursed Medicaid costs amounted to \$8,236,996. That Medicaid expense is about equal to 5% of Frisbie's operating costs, which is on the lower end as compared with other hospitals in New Hampshire. In recent years, the volume of charity care has declined as Medicaid expansion has taken root, and in turn, the amount of unreimbursed Medicaid costs has increased.

certain outpatient services at Frisbie, Portsmouth, and Parkland with the state median prices for the same services.

FMH's plan for the future with respect to costs for commercially insured patients is not clear. Although Medicare and Medicaid costs are based on set government rates, hospitals negotiate prices with commercial insurers, and the costs to commercial payers for services at the hospital after the acquisition may vary from the current rates. If FMH acquires Frisbie, the hospital will join two existing HCA hospitals in New Hampshire, and 185 worldwide. As discussed above, state antitrust regulators have decided not to take action to oppose this transaction.

There is considerable insurer and employer overlap between Strafford and Eastern Rockingham counties. *See* New Hampshire Insurance Department, Final Report of the 2016 Health Care Premium and Claim Cost Drivers (2017); New Hampshire Department of Employment Security, Community Profiles by County (2018). There is a risk that FMH, with Portsmouth Regional Hospital 28 miles away, and with HCA's economic clout, may seek to raise prices for commercial payers. Indeed, at the public hearing, a representative of HCA indicated that one reason Frisbie is suffering financially is because of its too low commercial payer rate.

While the cost of care at the hospital may increase after FMH assumes control, cost is only one of the factors considered in determining whether the transaction is in the best interest of the community. The other factors discussed in this report, along with the conditions set forth herein, support the conclusion by the Frisbie board of trustees that the transaction is in the best interest of the community.

#### RSA 7:19-b, II (c) Conflicts of Interest

In Exhibit 8 of the Notice document, each director of Frisbie certified that "there were no disclosed or known conflicts of interest or pecuniary benefits that affected the Board's decision to enter into the Proposed Transaction." Pecuniary benefits are financial conflict of interest transactions involving charitable organization directors, their family members, their employer or their business. RSA 7:19-a.<sup>7</sup>

The Notice does not contain a conflict of interest certification from either FMH or HCA, but such certification from for-profit entities is not required. RSA 7:19-b, II(c) applies only to the boards of directors of charitable organizations involved in acquisition transactions.

#### RSA 7:19-b, II (d) Fair Value of Proceeds

As discussed above, Frisbie retained Stroudwater Associates and legal counsel to assist it in negotiating the transaction reflected in the APA. APA Section 2.5 sets the base purchase price at \$67 million for most of Frisbie's assets, subject to increase or decrease depending upon the value of the working capital at the closing date, and less certain indebtedness and liabilities to be assumed by FMH.

---

<sup>7</sup> RSA 7:19-a, X, provides an exception to the prohibition on "pecuniary benefit transactions" where members of the hospital's paid professional, medical or nursing staff also serve as members of the governing board of the hospital.

Also as discussed above, Frisbie hired Ketchum to determine the fair value of the assets to be sold. Ketchum's Summary Appraisal Report dated October 31, 2018 states that the fair value of the assets ranges from \$56 to \$71 million. Ketchum's Report, included in Exhibit 8 to the Notice document, applied the three traditional approaches to value: asset (replacement cost), market (comparable transactions), and income (capitalized earnings). Ketchum derived a fair value using the market approach at \$56 million and the income approach at \$71 million. It did not apply the asset approach because it is more commonly used in asset-heavy, financially distressed entities that are worth more in liquidation than as a going concern.

The Charitable Trusts Unit conducted its own independent review of the fair value of the purchase price. It retained Stout Risius Ross, LLC, a firm that provides valuation advisory and consulting services in the health care industry and has experience providing fair value opinions in acquisition transactions similar to the transaction involved in this report. For example, Stout was retained by the Michigan and North Carolina Attorneys General to provide opinions as to the fairness of the purchase price for sales of nonprofit hospitals to for-profit entities. Stout's fairness opinion of the transaction involved in this report is attached as **Exhibit 2**.

Like Ketchum, Stout considered the three traditional approaches to value. However, unlike Ketchum, Stout declined to use the income approach, given Frisbie's declining operating revenue through 2019 and management's projection for no real improvement in net earnings in the coming years. Ketchum's income approach assumed that Frisbie's net earnings would improve over the five year period after 2018, but that assumption is inconsistent with Frisbie management's current negative expectations. Stout then considered 50 hospital transactions in the United States to come up with a comparable sales value range. Its comparison was based upon a variety of financial performance metrics. Stout also considered the value of Frisbie's assets, applying an adjusted book value analysis. Stout did not include in its asset calculation the value of Frisbie's assets and liabilities excluded from the transaction. In the end, Stout considered the \$67 million purchase price to be fair. *See Exhibit 2*.

Based upon the Ketchum and Stout valuation reports, and Frisbie's use of expert assistance in negotiating the transaction with FMH, the base purchase price of Frisbie's assets pursuant to the APA meets the statutory requirement that the proceeds constitute fair value.

#### RSA 7:19-b, II (e) and (f) Use and Control of Proceeds

At the closing, FMH is required to pay to the Frisbie Foundation the purchase price, less the payoff of debts to third parties, other adjustments, and less the \$8 million escrow distribution. APA Section 2.7. Based upon the January 15, 2020 estimate, the net amount to be transferred to the Frisbie Foundation at the closing would be less than \$12,000,000.

The Frisbie Foundation is a supporting organization of Frisbie Memorial Hospital, a New Hampshire voluntary corporation, an Internal Revenue Code Section 501(c)(3) public charity, and a charitable organization registered and reporting to the Charitable Trusts Unit. According to the IRS Form 990 filed by the Frisbie Foundation, the mission of the organization is to coordinate, invest, distribute, and receive funds raised for the benefit and support of Frisbie. It currently holds property (land and buildings) but does not yet hold Frisbie's donor-restricted endowment.

Section 7.21 of the APA describes how the Frisbie Foundation is to accept, invest, and distribute the proceeds. It requires the Frisbie Foundation to invest the funds pursuant to investment guidelines agreeable to both parties (APA Section 8.16); to make distributions only from traditional earnings and prevent the funds from falling below their closing-date value for a ten year period (APA Section 7.21(a) and (c)); to execute written grant agreements with funding recipients (APA Section 7.21(d)); to make grants only that are consistent with the “terms and conditions” of the APA (APA Section 7.21(d)); and to report annually to FMH the amount of funds held by the Frisbie Foundation, its earnings, and the grants it has made (APA Section 7.21(f)).

The APA contemplates that the Frisbie Foundation may decide to distribute all of its funds to another charitable organization, subject to FMH’s consent and the continuity of the requirements placed on Frisbie Foundation. APA Section 7.21(h). In addition, FMH may place certain additional obligations on that organization “in [FMH’s] sole and absolute discretion.” *Id.*

The APA prohibits distributions from the proceeds for use of anything other than traditional income. It also prohibits invasion of principal for the first ten years. The APA further provides that proceeds may not be used to compete with FMH in the provision of hospital and medical services within a particular geographic area for five years after the closing date. The APA does not delineate what charitable purposes are proposed for use of the proceeds by Frisbie Foundation or its successor, or how the use of the proceeds will be “consistent with the charitable objects of the health care charitable trust and the needs of the community which it serves.” RSA 7:19-b, II(e).

FMH represents in its Statement Regarding Fulfillment of Frisbie Charitable Objects, Notice Exhibit 9, that the sale proceeds will be used “for the benefit of the residents of the Greater Rochester community, specifically for the improvement of the health and well-being of persons residing in Strafford County, New Hampshire and surrounding communities by awarding grants, making program-related investments, and providing other financial assistance to health and social service related programs, organizations, and projects benefitting the residents of Strafford County, New Hampshire and immediately surrounding communities.” This statement was not included in the APA.

RSA 7:19-b, II(f) requires that “control of the proceeds shall be independent of the acquirer” where the buyer is not a New Hampshire charitable trust. Under the APA, FMH (a Delaware for-profit organization), would retain considerable control over the proceeds to be held by Frisbie Foundation or its successor. It would dictate its investment and spending policies, limit the breadth of its possible grant-making activities, require annual reports, and hold a veto over the Frisbie Foundation’s decision to distribute its assets to another charitable organization to fulfill its mission.

The Charitable Trust Unit has considerable concerns about the level of control granted to FMH over the proceeds to the transaction, particularly in light of the oversight responsibilities of the Charitable Trusts Unit and the *cy pres* authority of the circuit court. The lack of a commitment in the APA to use the proceeds for charitable purposes can be resolved in connection with the *cy pres* petition that Frisbie intends to file pertaining to the future use of the proceeds. In order to address the Charitable Trusts Unit’s concerns about the level of FMH’s

contractual control over those proceeds, the Charitable Trusts Unit has set forth certain conditions in this report, which will also be reflected in amendments to the APA.

Finally, while it may not have been the intent of the parties, APA Section 7.21 is written broadly to include all funds in the hands of Frisbie, including its pre-existing donor-restricted funds. Those donor-restricted funds are valued at \$3,358,494.51 as of January 10, 2020. FMH has no claim to those funds and may not seek to restrict their investment, spending, or use, as the funds are subject to the investment and spending requirements set forth in New Hampshire's version of the Uniform Prudent Management of Institutional Funds Act. *See* RSA 292-B. This issue is addressed in condition number 16 in this report.

RSA 7:19-b, II (e) Use of Assets for Charitable Objects; RSA 7:19-b, III

RSA 7:19-b, II (e) requires that the assets of the health care charitable trust and any proceeds as a result of the transaction "continue to be devoted to charitable purposes consistent with the charitable objects of the health care charitable trust and the needs of the community it serves." RSA 7:19-b, III requires that a notice of an acquisition transaction involving a health care charitable trust include a statement from the buyer "specifying the manner in which it proposes to continue to fulfill the charitable objects of the health care charitable trust." RSA 7:19-b, III.

Exhibit 9 of the Notice contains FMH's statement regarding how it will continue to fulfill Frisbie's charitable objects, in accordance with RSA 7:19-b, II (e) and RSA 7:19-b, III. Its first and foremost object is the "creation of a healthcare foundation," using the value of the assets of Frisbie converted into the proceeds from Frisbie's sale of its assets. Specifically, the assets of Frisbie are to be sold, and the cash proceeds from that sale are to be used by the Frisbie Foundation or its successor "for the improvement of the health and well-being of persons residing in Strafford County, New Hampshire and surrounding communities...." In the context of the sale of a nonprofit hospital to a for-profit entity, the funding of a health care foundation is an appropriate avenue for the continuation of Frisbie's charitable objects.

In addition, FMH makes three promises in Exhibit 9 to continue Frisbie's charitable objects, restating commitments found in the APA. Specifically, FMH commits for five years to operate the hospital, including an emergency department, labor and delivery, inpatient medical and surgical services, and behavioral health services. As discussed above, however, that commitment is subject to a number of conditions that could lead to the closure of one or more services. APA Section 7.11.

FMH also commits in Exhibit 9 to make certain needed capital improvements at the hospital, including the construction of a psychiatric emergency pod, the replacement of the hospital's MRI machine, and the construction of a hospital pharmacy clean room. APA Section 7.12. Finally, FMH commits for five years to maintain a charity care and uninsured discount policy more generous than that currently offered by Frisbie. APA Section 7.13.

These statements in Exhibit 9 reflect FMH's plans with respect to Frisbie's charitable objects, and satisfy RSA 7:19-b, II(e). The statute does not require more than a disclosure. Whether those commitments are sufficient is evaluated as part of the due diligence requirement

that the transaction be in the best interest of the community, discussed above. *See* RSA 7:19-b, II (b).

#### RSA 7:19-b, II (e) and (f) Structure of Future Foundation

As discussed above, RSA 7:19-b, II (e) requires that in an acquisition transaction, the assets of the health care charitable trust continue to be devoted to charitable purposes. RSA 7:19-b, II (f) provides that if the acquirer is not a New Hampshire health care charitable trust, “control of the proceeds shall be independent of the acquirer.”

As stated above, the proceeds from the sale will be paid initially to the Frisbie Foundation, APA Section 7.21(a), and the Frisbie Foundation will thereafter make distributions, APA Section 7.21(c), but the APA fails to mention the charitable purposes that are proposed for use of the proceeds by the Frisbie Foundation. FMH includes in its Statement Regarding Fulfillment of Frisbie Charitable Objects, Notice Exhibit 9, that the sale proceeds will be used to improve the health and well-being of residents of Strafford County. And Frisbie’s counsel confirmed on January 15, 2020 that Frisbie’s board of trustees has committed to those charitable objects, subject to court review.

Also as stated above, with the consent of FMH, Frisbie Foundation may be replaced by another charitable organization to serve as the grant making entity. APA Section 7.21(h). The Charitable Trusts Unit has discussed with the parties possible alternatives, including the distribution of Frisbie Foundation’s assets to a larger pre-existing charitable organization. There may be economies of scale and greater expertise available from such a transfer. However, there must be appropriate controls to see that distributions are made thoughtfully to support health-related projects in the Rochester area and to successfully obtain the benefits that may derive from enhanced scale and shared expertise.

While RSA 7:19-b gives the Charitable Trusts Unit considerable authority to review transactions involving nonprofit hospitals, it does not supplant judicial authority to approve the sale of the assets of a charitable organization to a for-profit and the redirection of the proceeds. RSA 7:19-b, VI(b). As a result, the Charitable Trusts Unit has included in this report as conditions the requirements that Frisbie seek court approval under the doctrine of *cy pres*.

#### RSA 7:19-b, II (g) Notice and Hearing

RSA 7:19-b, II (g) requires that “reasonable public notice” of a proposed acquisition transaction involving a health care charitable trust be provided to the community served by the healthcare charitable trust. The statute also requires that there be “reasonable and timely opportunity for such community, through public hearing or other similar methods, to inform the deliberations of the governing body of the health care charitable trust regarding the proposed transaction.”

Exhibit 4 of the Notice describes Frisbie’s outreach to the communities affected by the proposed transaction. It includes a press release and letters to the community and to Frisbie staff dated January 23, 2019 upon the signing of a letter of intent with HCA. It includes meetings and outreach to Frisbie staff and to business and political leaders between January and July, 2019.



Frisbie conducted no meetings to receive input from the general public or outside providers of health and social services. Neither Frisbie nor HCA nor FMH offered a formal method for the public to provide written input on the proposed transaction before Frisbie entered into the APA on October 18, 2019.

As mentioned above, the Director of Charitable Trusts issued two media releases in November 2019 and January 2020, notifying the public about the transaction and soliciting public comment, and hosted a public hearing in Rochester on January 6, 2020. Approximately 200 members of the public attended the public hearing. A majority of the members of the board of trustees of Frisbie attended. The Charitable Trusts Unit retained outside assistance to increase public engagement in the review process. Katharine London of University of Massachusetts Medical School/Commonwealth Medicine presented information at the public hearing about cost, access and quality metrics at Frisbie and at HCA-owned hospitals in New Hampshire, Portsmouth Regional Hospital and Parkside Medical Center.

The Charitable Trusts Unit posted the Notice documents on its website and an email address for making public comment. It has received over 30 written comments from Rochester area residents. Most of the comments indicated that the authors were not opposed to the merger, but they were concerned about the impact on quality and cost of care. Community leaders appear to be supportive of, or at least not opposed to, the proposed transaction, although many expressed some concerns about increased costs and the possibility for closure of lines of service.

While Frisbie posted information regarding the transaction and the public hearing on its website, and some of its executives met with some business leaders, the parties did not provide “reasonable and timely opportunity for [the Rochester area] community, through public hearing or other similar methods, to inform the deliberations of the governing body of the health care charitable trust regarding the proposed transaction.” RSA 7:19-b, II(g). The Frisbie trustees did not engage in listening sessions or forums to hear from the general public or others involved in health care in the Rochester area before they voted to enter into the agreement with FMH on October 18, 2019. Frisbie’s board of trustees attributed its limited outreach to a concern that broadly sharing information about Frisbie’s poor financial and operational status would further harm the hospital. To remedy this deficiency, the board of trustees voted on January 20, 2020 to ratify its earlier vote to enter into the APA, citing the comments it heard at the public hearing. Ratification is not a substitute for robust outreach to the community before Frisbie entered into the APA.

#### **IV. CONCLUSIONS AND DETERMINATION**

The Notice, the meetings, the outreach, and the research indicate that with the exception of the public notice requirement set forth in RSA 7:19-b, II (g), Frisbie and FMH have substantially complied with the minimum standards for an acquisition transaction set forth in RSA 7:19-b, II. The deficiencies, described above, are addressed by the representations and conditions set forth below.

Frisbie enjoys significant support from residents of Rochester and its surrounding communities, and many members of the public have expressed to the Charitable Trusts Unit the need for the hospital to continue to operate in Rochester. The information presented by Frisbie

described the financial struggles that Frisbie has faced over the past few years that have prevented needed capital investments and that now threaten Frisbie's ability to operate in the future. The board of trustees of Frisbie ultimately chose to sell Frisbie's assets to FMH not only because of the price FMH offered, its commitment to make immediate capital improvements, and the existing clinical relationships that Frisbie has with Portsmouth Regional Hospital, but because it would allow the hospital to continue to operate in the community.

The board of trustees faced a difficult challenge due to Frisbie's mounting losses and declining competitive position. However, the board of trustees should have acted in a more timely and aggressive manner to address declining reimbursements, electronic health records conversion, and loss of competitive position. Whether the board members made a sufficient effort to save Frisbie as an operating nonprofit hospital may be questioned. Indeed, one member of the public commented that rather than "investing in solving the problem, [the board of trustees] invested in disposing of it." Regardless, Frisbie's financial situation is serious and continues to decline, and if the sale to FMH does not close, Frisbie likely will not be viable.

In light of Frisbie's current financial condition and operational challenges, the Charitable Trusts Unit determines that there is a sufficient basis for the conclusions reached by the Frisbie board of trustees in their due diligence: that the pending transaction is in the best interest of their hospital and the greater Rochester community.

As discussed above, this review has identified some concerns with the Notice and some matters that require further clarification and oversight. Accordingly, the Director of Charitable Trusts will take **no further action** with respect to the transaction, subject to the following representations and conditions:

### **Representations**

1. Completeness of Notice and the APA: Both Frisbie Memorial and FMH represent that the following will be true and correct with respect to such party as of the closing: the APA, as amended (referred to as the "APA" in these Representations and Conditions), and the ancillary agreements and other documents referenced therein, constitute the entire agreement of the parties relating to the transaction. The statements and documents made or provided in the Notice are true and correct.
2. Conflicts of Interest: Frisbie represents that the following will be true and correct with respect to such party as of the closing: there are no conflicts of interest or pecuniary benefit transactions involving trustees or officers of Frisbie or their affiliates contemplated as part of the transaction.
3. Anthem Participation: FMH represents that the following will be true and correct as of the closing: FMH will participate in the Anthem/Blue Cross network subject to the terms and conditions of HCA's existing agreement with Anthem regarding new affiliates.

## Conditions

### Cost of Services/Insurance

1. Uninsured and Charity Care Policies: For a period of 10 years following the closing, FMH shall implement, maintain, and comply with uninsured and charity care policies that are no less generous than those set forth in APA Schedule 1D, or otherwise are necessary to comply with applicable law.
2. Medicare and Medicaid Enrollment: For a period of ten 10 years from the closing, FMH shall (a) continue to be certified to participate in conventional Medicare (excluding Medicare Part D, managed Medicare, Medicare Advantage, or other alternative payment models), subject to any change in law that materially adversely changes the manner or amount of reimbursement paid to providers of healthcare services of the type provided by the hospital, including (i) Medicare for all, (ii) a Medicare buy in option that allows a significant expansion of Medicare coverage beyond current Law, (iii) a public option that allows individuals or groups to purchase healthcare coverage through a Governmental Authority, or (iv) any other change in Law that based on reasonable projections prepared by FMH would have, once fully implemented, reduced the annual net revenues of the hospital for the 12 month period ending on May 31, 2019 by more than ten percent, and (b) continue to participate in managed Medicaid in the State of New Hampshire, provided, however, that such participation will be subject to agreement to terms that are mutually acceptable to FMH and one or more of the managed care organizations responsible for administering Medicaid in New Hampshire.

### Continuity of Services

3. Continued Healthcare Services: FMH's commitment to continue hospital services for a five-year period is contained in APA Section 7.11.
4. Emergency Medical Services: FMH shall assume through December 31, 2020 the 911 Responder Agreement dated July 1, 1998 and the Ambulance Dispatching Services Agreement dated June 2016, each with the City of Rochester.
5. Community Partners: Frisbie will continue to comply with its obligations under its Professional Service Agreement with Community Partners of Strafford County dated June 28, 2019, including the use of space, through June 30, 2021.
6. Notice to Director of Charitable Trusts: For a period of ten years from the closing, the parties will notify the Director of Charitable Trusts should FMH give notice of the discontinuation of a Frisbie Hospital Service under APA Section 7.11, or a dispute arises that requires arbitration under APA Section 13.3 relating to FMH's continuing obligations under APA Section 7.11, 7.12, and 7.13.

7. Advisors: If (i) FMH seeks the approval of the Advisory Board for a modification to any of its obligations under APA Sections 7.11, 7.12. or 7.13; or (ii) FMH provides Frisbie Foundation or its successor with a notice under Section 7.11(b), FMH shall reimburse the Advisory Board, Frisbie Foundation or its successor, as applicable, up to an aggregate amount equal to \$15,000 for consultants, attorneys, accountants, or such other professional advisors to review such modification of notice.
8. MAT Program: FMH will continue Frisbie's Medication-Assisted Treatment program with respect to patients currently in such program for a period of one year from the closing date.
9. Behavioral Health: FMH will conduct an internal assessment regarding behavioral health needs in its service area, and the potential for FMH to expand behavioral health services to address those needs, and will present its findings to the Director of Charitable Trusts within one year from the closing date.

#### Governance/Monitoring/Reporting

10. First *Cy Pres* Petition: Prior to closing, the parties shall file a pleading with the circuit court, probate division to apply the doctrine of *cy pres* to permit the sale of Frisbie's assets to FMH.
11. Appointment of Board of Trustees of FMH: For a period of ten years from the closing, Frisbie Foundation shall have the right to nominate the same number of trustees as HCA to the board of trustees of FMH, with a minimum of three directors nominated by each entity. The remaining trustees shall consist of members of FMH's medical staff, nominated by the FMH trustees. The members of the FMH board of trustees appointed by the Frisbie Foundation will be subject to HCA approval, which shall not be unreasonably withheld. *See* APA Section 7.10(b).
12. Community Health Needs Assessment: Six months after the closing, and six months after the third anniversary of the closing, FMH shall (a) prepare a community health needs assessment that is substantially similar in format to the community health needs assessment prepared on behalf of Frisbie in January 2019; and (b) provide the Director of Charitable Trusts with, and make publicly available through the FMH website, a copy of such community health needs assessments.
13. Reporting on Quality: On or before June 1 of each of the five calendar years following the closing (including 2020), FMH shall provide the Director of Charitable Trusts with (a) the hospital compare preview report for the Hospital that is received in such calendar year by FMH from CMS, and (b) a report with internal HCA preliminary data for the twelve (12) months ending the first quarter of the year in which the report is provided for the following areas: (i) healthcare-associated infections from CLABSI, CAUTI, SSI-Colon, SSI-Hysterectomy, MRSA, and CDIFF; and (ii) core measures for PC-01 (early elective deliveries), SEP-1 (sepsis bundle compliance), OP-3b (median time to transfer to another facility for acute coronary intervention), OP-29 (appropriate follow-up colonoscopy), OP-

23 (head CT or MRI scan interpretation within 45 minutes of emergency department arrival), and OP-18b (median time from emergency department arrival to emergency department departure for discharged emergency department patients).

14. Notice of Closing: The parties will give notice to the Director of Charitable Trusts of the completion of the closing of the transaction.

#### Proceeds and Foundation

15. Purpose of Foundation: Subject to court approval, the purpose of the Frisbie Foundation or its successor will be to improve the health and well-being and reduce the burden of illness of persons residing in Strafford County, New Hampshire and immediately surrounding communities primarily by awarding grants, making program related investments, and providing other financial assistance to health and social service related programs, organizations and projects benefitting the residents of Strafford County, New Hampshire and immediately surrounding communities in a charitable manner within the meaning of Section 501(c)(3) of the Internal Revenue Code. Frisbie Foundation or its successor will also comply with its obligations and commitments set forth in the APA.
16. Frisbie Donor-Restricted Assets: Subject to a confirmatory court order, Frisbie's donor-restricted funds were valued at \$3,358,494.51 as of January 10, 2020, and are not included in the assets purchased by FMH.
17. Second *Cy Pres* Petition: Within 120 days following the closing, Frisbie and Frisbie Foundation shall file a *cy pres* petition to address the charitable purpose and management of (a) the proceeds from the asset sale; (b) the current endowment funds held by Frisbie; and (c) the proceeds from the sale of any remaining assets of Frisbie. During that period of time, and in accordance with the terms of the APA, Frisbie and Frisbie Foundation will consider proposals for distribution of their assets to another charitable organization to carry out the charitable purpose and management of Frisbie Foundation, subject to the Director of Charitable Trusts review and court approval. Except for enforcement of its rights as to the Seller Representative and as to the Funds pursuant to the APA, neither FMH nor HCA shall be involved with the activities of Frisbie Foundation. Except for enforcement of its rights pursuant to the written agreements contemplated by Section 7.21(h) of the APA, neither FMH nor HCA shall be involved with the activities of any successor to Frisbie Foundation or another successor. *See* APA Section 7.21; RSA 7:19-b, II(f).
18. Frisbie Foundation Directors: If Frisbie Foundation has not entered into an agreement with another charitable organization within 90 days from the closing date, it shall conduct an election of officers and directors. No more than one-third of the directors elected may be current directors of either Frisbie or Frisbie Foundation, and no director may be an employee or have a material business relationship with FMH or HCA. The composition of

the board shall be fairly representative of Strafford County's population, including with respect to ethnicity, gender and geography.

19. UPMIFA and Investments: Frisbie Foundation or its successor may invest and spend the proceeds as an institutional fund subject to the Uniform Prudent Management of Institutional Funds Act, RSA 292-B, except that for ten years from the closing, the balance of such fund (plus any amounts held in escrow pursuant to the APA, if any) may not decline below the balance of such fund (plus the amounts held in escrow pursuant to the APA) immediately following the closing date. APA Section 7.21(c). Frisbie and Frisbie Foundation may continue to apply their current investment policy to their assets. If the Frisbie Foundation is replaced by another charitable organization, in accordance with the APA, after the review by the Director of Charitable Trusts and approval of the probate or superior court, the successor organization may invest the proceeds in accordance with its generally applicable investment policy, subject to UPMIFA and the original dollar value limitation of APA Section 7.21(c).
20. Restriction on Competition: The restriction in APA Section 7.3 against competition shall not apply to a) behavioral health service that is discontinued at the hospital during the first five years after the closing so long as the services are not provided by another acute care hospital or an affiliate thereof nor to b) labor and delivery services if labor and delivery services are discontinued at the hospital.
21. Applicable Law: Notwithstanding APA Section 13.2, New Hampshire and not Delaware law shall apply to Section 7.21 of the APA, which deals with the use of the proceeds.

This no further action report concerns the review of the Charitable Trusts Unit pursuant to RSA 7:19-b and does not implicate the jurisdiction of any other bureau of the New Hampshire Department of Justice which may also have a role in reviewing this proposed transaction.



# Commonwealth Medicine

University of Massachusetts Medical School

Report to

Director of Charitable Trusts, New Hampshire Department of Justice

Analysis of Proposed Transaction Between Frisbie Memorial Hospital and HCA

Prepared for:



Prepared by:

**Katharine London, MS**

Principal for Health Law and Policy

**Kelly Anthoula Love, JD**

Associate for Health Law and Policy

**Jeremy Tourish, MPH**

Policy Analyst for Health Law and Policy

**Commonwealth Medicine**

Public and Private Health Solutions

University of Massachusetts

Medical School

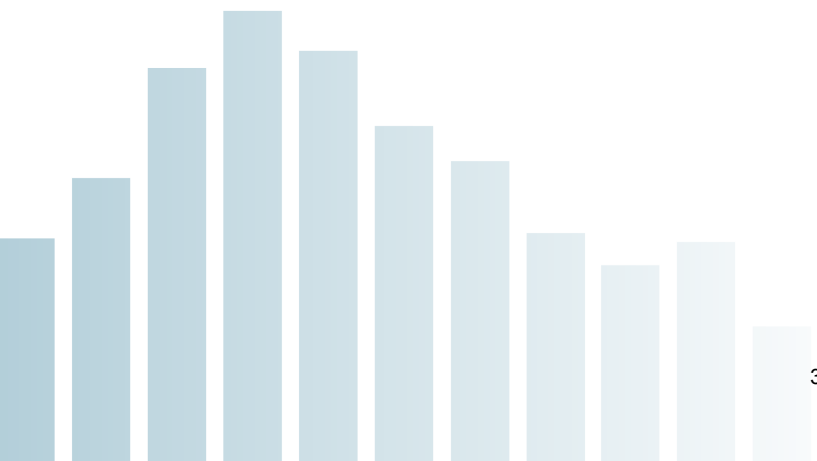
January 2020

# Report Sections

<b>Frisbie Memorial Hospital Profile .....</b>	<b>3</b>
<b>HCA Healthcare Profile.....</b>	<b>23</b>
<b>Parkland Medical Center Profile .....</b>	<b>37</b>
<b>Portsmouth Regional Hospital Profile .....</b>	<b>45</b>



# Frisbie Memorial Hospital Profile



## **Summary**

**Overview:** Frisbie Memorial Hospital (FMH) is an 88 bed, acute care facility located in Rochester, New Hampshire (NH). The hospital provides emergency care along with clinical specialties, including cardiovascular services, oncology services and pain management services, among others. FMH's care network includes six family and internal medicine practices, 10 specialty care practices, two walk-in care facilities, and one occupational health medical office. It also provides more than \$1.3 million in other community benefits and more than \$175,000 in charity care.

This report profiles FMH on several dimensions as summarized below and detailed in this report.

**Quality:** FMH scores near or above the state average on 12 out of 15 NH HealthCost quality measures, but scores below the average on 3 quality measures. Medicare's Hospital Compare website gives the hospital five out of five stars for its overall rating, and four out of five stars for its patient survey score. In addition, out of the 10 Medicare Hospital Compare patient experience measures, FMH scores better than the state and national averages on seven measures, and slightly above or below state and national averages on three measures.

**Cost:** Generally, the payments FMH receives from private insurers for the services it provides are lower than the state median price. However, the payments FMH received from Harvard Pilgrim for office visits and for radiology services were generally higher than the state median payment. The price FMH charged to uninsured patients was lower than the state median for all services provided.

**Financial Status:** From 2014 through 2017, FMH's service volume grew while hospital volume statewide declined. FMH's expenses increased by more than double the state median growth rate during this time period; however, its revenue grew at a rate slower than the state median. FMH's average operating and total margins for 2014-2017 were much lower than the state hospital industry average and dropped precipitously in 2017 and 2018.

**Population Health:** In its 2018 Community Health Needs Assessment, FMH identified the following priority health needs for the community it serves:

1. Mental illness prevention and treatment
2. Substance misuse prevention and treatment services – especially for alcohol, opioid, and tobacco
3. Access to affordable health care and prescription medications
4. Senior services
5. Chronic disease education, treatment, and coordination of care for conditions such as diabetes, heart disease, cancer and obesity
6. Health screenings (mammograms, cancer, diabetes)
7. Community engagement and support for lifestyle-related activities that positively impact obesity, access to nutritious foods, physical activity, and risky behaviors
8. Access to dental health care
9. Teen pregnancy

## 10. Access to prenatal services

Regarding numerous population health measures, Strafford County performed similar to, or better than the state average. However, the county does have some ongoing health challenges to address, which include the following:

- Higher occurrence of emergency department visits due to asthma, diabetes, or drug use
- Higher occurrence of deaths among residents under the age of 75
- Higher occurrence of newly diagnosed cases of chlamydia
- Lack of primary care physicians, dentists, and mental health providers
- Higher number of hospital stays for ambulatory-care sensitive conditions for Medicare enrollees
- Higher percentage of residents who are in poverty

***Contents of This Report:*** This report provides the following information about FMH:

- Service profile that includes general information statistics, services offered, cost of charity care and community benefits, and summary of quality
- Multi-year profile of financial and utilization comparison statistics
- Pricing comparison of the average payment FMH receives for the outpatient services it provides, compared to the state median payment for the same sets of services
- Outline of performance on health care quality and safety measures compiled by NH HealthCost
- Patient experience survey ratings questions from U.S. Centers for Medicare and Medicaid Services (CMS) Hospital Compare
- Comparison profile of population health measures for the city of Rochester, Strafford County, the State of New Hampshire, and the United States
- Map of the communities identified by FMH as the communities it serves

## Frisbie Memorial Hospital Service Profile

<b>General Hospital Information</b> <sup>1,2</sup>		
Type of Facility	Acute Care	
Total Staffed Beds	88	
The Joint Commission	No	
Annual Hospital Discharges	3,057	
<b>Hospital Services Offered</b> <sup>3</sup>		
<ul style="list-style-type: none"> <li>• Emergency services</li> <li>• Cardiology services</li> <li>• Cancer care and hematology</li> <li>• Diabetes and endocrine center</li> <li>• Joint replacement</li> </ul>	<ul style="list-style-type: none"> <li>• Pain management</li> <li>• Rehabilitation</li> <li>• Surgery</li> <li>• Pediatric and women’s health services</li> <li>• Wound care and hyperbaric medicine</li> </ul>	
<b>Charity Care and Other Community Benefits</b> <sup>4</sup>		
The table below offers a snapshot of the charity care and other community benefits provided to the greater Rochester community by FMH. All information derives from FMH’s FY 2018 Community Benefit Report.		
Unreimbursed Costs 2018	Benefits Provided	Financial Benefit
	(1) Community Health Services	\$521,311
	(2) Health Professions Education	\$69,000
	(3) Subsidized Health Services	\$605,556
	(4) Research	\$0
	(5) Financial Contributions	\$238,242
	(6) Community Building Activities	\$0
	(7) Community Benefit Operations	\$2,400
	(8) Charity Care	\$179,305.66
	<b>Total Community Benefits</b>	<b>\$1,615,814.66</b>
<b>Quality Statistics Summary</b>		
The table below offers a view of FMH’s performance on quality of care scores from two different sources: NH HealthCost and CMS Hospital Compare.		
Source	Measure*	Score
NH HealthCost Quality of Care Scores <sup>5</sup>	Quality of Care Measures Better Than Average	6 out of 15
	Quality of Care Measures Near Average	6 out of 15
	Quality of Care Measures Worse Than Average	3 out of 15
CMS Hospital Compare <sup>6</sup>	<b>Overall Rating**</b>	<b>5 out of 5 stars</b>
	<b>Patient Survey Rating***</b>	<b>4 out of 5 stars</b>
	Unplanned readmission rating****	No different than national rate

\*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.

\*\*This measure summarizes more than 100 measures of mortality, safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.

\*\*\*This measure summarizes how patients recently discharged from the hospital responded to a survey about their hospital experience. The survey asked questions like how well a hospital’s doctors and nurses communicated with the patient.

\*\*\*\*Rate of patients readmitted to the hospital within 30 days of discharge.

## Frisbie Memorial Hospital Financial and Utilization Statistics <sup>7</sup>

The two tables below offer a multi-year financial comparison profile based on an analysis of CMS Hospital Form 2552-10 data for FMH for fiscal years 2014-2018, and for all NH acute care hospitals for fiscal years 2014-2017 (2018 data is not yet available for all NH hospitals). From 2014 through 2017, FMH's service volume grew while hospital volume statewide declined. FMH's expenses and increased by more than double the state median growth rate during this time period, however, its revenue grew at a rate slower than the state median. FMH's average operating and total margins for 2014-2017 were much lower than the state hospital industry average and dropped precipitously in 2017 and 2018.

	2014	2015	2016	2017	2018	Average '14-'17 Annual Change	Statewide '14-'17 Median Annual Change
<b>Reported Data</b>							
Total Expenses	\$101,476,999	\$105,486,143	\$113,416,361	\$124,831,199	\$131,125,040	7.7%	2.9%
Total Hospital Discharges	3,025	3,062	3,100	3,874	3,057	9.4%	-0.4%
Hospital Sub provider/Other Discharges (IPF)	201	222	277	240	230	6.5%	3.8%
Total Hospital Days	12,135	12,832	12,187	13,129	12,733	2.7%	-1.4%
Hospital Sub provider and Other Days	3,190	3,609	5,151	4,625	4,176	15.0%	7.9%
Charity Care Costs (Uninsured Patients)	\$1,113,031	\$454,935	\$244,623	\$112,125	\$1,061,745	-0.0%	-12.9%
Charity Care Costs (Insured Patients)	.	.	.	.	.	.	38.1%
Total Unreimbursed and Uncompensated Care	\$9,483,719	\$4,089,790	\$9,004,662	\$5,074,569	\$4,722,935	-5.5%	-9.9%
Total Inpatient Charges	\$82,204,790	\$83,218,712	\$90,658,219	\$87,084,183	\$87,778,672	2.0%	4.1%
Total Outpatient Charges	\$189,308,849	\$202,747,488	\$225,203,208	\$225,820,783	\$240,584,581	6.4%	6.2%
Net Patient Service Revenue	\$120,518,075	\$138,236,430	\$135,756,284	\$122,156,294	\$136,604,850	0.5%	4.1%
Total Revenue	\$127,756,530	\$143,260,636	\$141,699,051	\$136,722,725	\$150,675,001	2.3%	4.9%
<b>Calculated Trends</b>							
Adjusted Hospital Days (Inpt. Days + Inpt. Days*(Outpt Charges / Inpt Charges))	40,081	44,095	42,461	47,174	47,632	5.9%	-0.3%
Total Expense per Adjusted Day (Total Expenses/Adj. Hospital Days)	\$2,532	\$2,392	\$2,671	\$2,646	\$2,753	1.5%	3.3%
Net Patient Service Revenue per Adjusted Day (NPSR/Adj. Hospital Days)	\$3,007	\$3,135	\$3,197	\$2,589	\$2,868	-4.6%	4.4%

Margin	2014	2015	2016	2017	2018	FMH Average Margin 2014 - 2017	Statewide Average Margin 2014-2017
Frisbie Memorial Hospital Operating Margin	-5.4%	7.3%	-2.0%	-28.6%	-18.3%	-7.18%	
NH Statewide Industry Average*	1.1%	0.3%	2.3%	2.9%	3.0%		1.65%
Frisbie Memorial Hospital Total Margin	0.5%	-2.2%	2.2%	-15.5%	-7.3%	-3.75%	
NH Statewide Industry Average*	5.6%	3.2%	7.4%	8.2%	6.6%		6.1%

\* The authors calculated a combined margin for all New Hampshire acute care hospitals using data reported on the CMS Hospital Form 2552-10 Cost Reports for New Hampshire acute care hospitals.

## Frisbie Memorial Hospital - Estimated Outpatient Visit Pricing <sup>8</sup>

The following chart shows the average payment FMH receives for the services it provides, compared to the state median payment for the same sets of services. Generally, payments FMH receives from private insurers for the services it provides are lower than the state median price. However, payments FMH received from Harvard Pilgrim for office visits and for radiology services were generally higher than the state median payment. The price FMH charged to uninsured patients was lower than the state median for all services provided. Amounts highlighted in green are lower than the state median and amounts highlighted in red are higher than the state median.

Event Type	Frisbie Memorial Hospital and Seacoast Business & Health Clinic			
	State Number of Events	FMH & Affiliates Number of Events	Payments to FMH (weighted median)	Payments to FMH if FMH received the statewide median payment for its services
<b>Emergency Visits</b>				
Anthem - NH	11,409	74	\$ 169.73	\$ 193.84
CIGNA	4,620	468	\$ 148.24	\$ 382.37
Harvard Pilgrim HC	10,517	667	\$ 243.09	\$ 300.38
Other Medical Insurance	2,077	66	\$ 381.62	\$ 407.60
Uninsured*	28,629	1,275	\$ 213.73	\$ 262.36
<b>Office Visits</b>				
Anthem - NH	361,788	4,591	\$ 146.33	\$ 155.31
CIGNA	86,270	2,272	\$ 126.39	\$ 137.80
Harvard Pilgrim HC	214,045	4,713	\$ 179.32	\$ 143.47
Other Medical Insurance	45,927	491	\$ 122.62	\$ 155.59
Uninsured*	708,036	12,067	\$ 112.03	\$ 209.88
<b>Outpatient Tests and Procedures</b>				
Anthem - NH	18,787	-	-	-
CIGNA	5,358	50	\$ 3,182.00	\$ 3,731.71
Harvard Pilgrim HC	10,703	99	\$ 2,263.59	\$ 2,282.67
Other Medical Insurance	2,181	5	\$ 2,135.00	\$ 2,345.00
Uninsured*	38,600	192	\$ 2,329.76	\$ 3,435.79
<b>Radiology Services</b>				
Anthem - NH	56,561	9	\$ 223.67	\$ 267.89
CIGNA	16,411	244	\$ 544.14	\$ 559.83
Harvard Pilgrim HC	36,898	346	\$ 806.86	\$ 577.46
Other Medical Insurance	6,713	26	\$ 515.62	\$ 413.00
Uninsured*	120,409	743	\$ 623.38	\$ 751.05

\*NH HealthCost estimates the price to uninsured individuals based on the service mix for insured patients, and the hospital's charges less the discount the hospital offers to uninsured patients.

Source: Authors' analysis of NH Comprehensive Health Care Information System (CHIS) Group Medical Plans and Uninsured Claims only, FY2018 Q3. Authors calculated the median payment by insurer by service for each hospital and median payment by insurer by service for the state as a whole. The chart shows the average of the median payment the hospital received for each service category, weighted by the hospital's service mix. The chart compares this amount to the average state median payment amount for each service weighted by the hospital's service mix.

## Quality





The tables below show FMH’s scores on multiple sets of patient experience and quality of care scores from CMS Hospital Compare (first table) and NH HealthCost (next three tables).<sup>6,9</sup> Of the 10 CMS Hospital Compare patient experience measures, FMH scores better than the state and national averages on seven measures and slightly above or below state and national averages on three measures. Of the 15 NH HealthCost measures, FMH scores better than average on 6 of the 15 measures, near average on 6 measures, and worse than average on 3 measures.<sup>i</sup>

Measure Description	Frisbie Memorial Hospital*	NH Average	National Average
Patients who reported that their nurses "Always" communicated well	84%	82%	81%
Patients who reported that their doctors "Always" communicated well	85%	81%	81%
Patients who reported that they "Always" received help as soon as they wanted	74%	71%	70%
Patients who reported that staff "Always" explained about medicines before giving it to them	64%	66%	66%
Patients who reported that their room and bathroom were "Always" clean	81%	78%	75%
Patients who reported that the area around their room was "Always" quiet at night	70%	55%	62%
Patients who reported that YES, they were given information about what to do during their recovery at home	91%	89%	87%
Patients who "Strongly Agree" they understood their care when they left the hospital	59%	54%	53%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	78%	72%	73%
Patients who reported YES, they would definitely recommend the hospital	78%	74%	72%



*\*Measures highlighted in shades of green are scores higher than the state or national average and shades of yellow are scores at or near the state or national average.*

<sup>i</sup> NH Healthcost “Patient Centered Care” measures, and scores, are not included here because they report CMS Hospital Compare patient experience scores, which the authors reported on in the first table.


## Timely Care

<a href="#">Time Spent in the Emergency Department Before Being Admitted</a>	 NEAR AVERAGE	290 min state average 290 min
<a href="#">Time Spent in the Emergency Department After Being Admitted Before Getting to Room</a>	 BELOW AVERAGE	162 min state average 102 min
<a href="#">Time Spent in the Emergency Department Before Being Discharged</a>	 ABOVE AVERAGE	120 min state average 142 min
<a href="#">Time Spent Before Receiving Electrocardiography (ECG)</a>	 BELOW AVERAGE	10 min state average 9 min

## Effective Care

<a href="#">Patients with Normal Colonoscopy Who Received Appropriate Recommendation for Follow-Up</a>	 ABOVE AVERAGE	100% state average 85%
<a href="#">MRI Lumbar Spine for Low Back Pain</a>	 ABOVE AVERAGE	30% state average 37%

## Safe Care

<a href="#">Patients Infected with C.diff While at Hospital</a>	 BELOW AVERAGE	2.08 state average 1.00
---	---	----------------------------



## Profile Comparison of City, County, State and Country Population Health Data <sup>10,11</sup>

The table below offers a community health measure needs comparison profile based on analysis of data from multiple sources. Numbers in the Source column refer to citations in the endnotes. “NA” indicates that the measure was not available for the geographic area. “X” indicates that the Census Bureau deemed the item to be not applicable in the geographic area. “Z” indicates that the value of the unit is greater than zero, but less than half a unit of measure shown. Yellow highlighting indicates that the local area scores worse on the measure than the state or the country as a whole.

Measure	Rochester City	Strafford County	New Hampshire	United States	Source
<b>Population</b>					
Population estimates, July 1, 2018, (V2018)	31,366 <sup>11</sup>	130,090 <sup>11</sup>	1,356,458 <sup>11</sup>	327,167,434 <sup>11</sup>	11
Population estimates base, April 1, 2010, (V2018)	29,776 <sup>11</sup>	123,149 <sup>11</sup>	1,316,464 <sup>11</sup>	308,758,105 <sup>11</sup>	11
Population, percent change - April 1, 2010 (estimates base) to July 1, 2018, (V2018)	5.3% <sup>11</sup>	5.6% <sup>11</sup>	3.0% <sup>11</sup>	6.0% <sup>11</sup>	11
Population, Census, April 1, 2010	29,752 <sup>11</sup>	123,143 <sup>11</sup>	1,316,470 <sup>11</sup>	308,745,538 <sup>11</sup>	11
<b>Age and Sex</b>					
Persons under 5 years, percent	4.9% <sup>11</sup>	4.8% <sup>11</sup>	4.7% <sup>11</sup>	6.1% <sup>11</sup>	11
Persons under 18 years, percent	19.9% <sup>11</sup>	18.6% <sup>11</sup>	19.0% <sup>11</sup>	22.4% <sup>11</sup>	11
Persons 65 years and over, percent	17.3% <sup>11</sup>	15.0% <sup>11</sup>	18.1% <sup>11</sup>	16.0% <sup>11</sup>	11
Female persons, percent	49.7% <sup>11</sup>	51% <sup>11</sup>	50.4% <sup>11</sup>	50.8% <sup>11</sup>	11
<b>Race and Hispanic Origin</b>					
White alone, percent	95.1% <sup>11</sup>	92.6% <sup>11</sup>	93.2% <sup>11</sup>	76.5% <sup>11</sup>	11
Black or African American alone, percent	0.8% <sup>11</sup>	1.3% <sup>11</sup>	1.7% <sup>11</sup>	13.4% <sup>11</sup>	11
American Indian and Alaska Native alone, percent	0.1% <sup>11</sup>	0.3% <sup>11</sup>	0.3% <sup>11</sup>	1.3% <sup>11</sup>	11
Asian alone, percent	1.4% <sup>11</sup>	3.7% <sup>11</sup>	3.0% <sup>11</sup>	5.9% <sup>11</sup>	11
Native Hawaiian and Other Pacific Islander alone, percent	0.0% <sup>11</sup>	Z <sup>11</sup>	Z <sup>11</sup>	0.2% <sup>11</sup>	11
Two or More Races, percent	2.5% <sup>11</sup>	2.0% <sup>11</sup>	1.8% <sup>11</sup>	2.7% <sup>11</sup>	11
Hispanic or Latino, percent	1.9% <sup>11</sup>	2.6% <sup>11</sup>	3.9% <sup>11</sup>	18.3% <sup>11</sup>	11
White alone, not Hispanic or Latino, percent	93.7% <sup>11</sup>	90.5% <sup>11</sup>	90.0% <sup>11</sup>	60.4% <sup>11</sup>	11

Measure	Rochester City	Strafford County	New Hampshire	United States	Source
<b>Families &amp; Living Arrangements</b>					
Households, 2013-2017	12,837 <sup>11</sup>	48,543 <sup>11</sup>	526,710 <sup>11</sup>	118,825,921 <sup>11</sup>	11
Persons per household, 2013-2017	2.34 <sup>11</sup>	2.43 <sup>11</sup>	2.45 <sup>11</sup>	2.63 <sup>11</sup>	11
Living in same house 1 year ago, percent of persons age 1 year+, 2013-2017	84.7% <sup>11</sup>	80.4% <sup>11</sup>	85.8% <sup>11</sup>	85.4% <sup>11</sup>	11
Language other than English spoken at home, percent of persons age 5 years+, 2013-2017	4.9% <sup>11</sup>	7.0% <sup>11</sup>	7.8% <sup>11</sup>	21.3% <sup>11</sup>	11
<b>Education</b>					
High school graduate or higher, percent of persons age 25 years+, 2013-2017	89.2% <sup>11</sup>	92.4% <sup>11</sup>	92.8% <sup>11</sup>	87.3% <sup>11</sup>	11
Bachelor's degree or higher, percent of persons age 25 years+, 2013-2017	21.6% <sup>11</sup>	35.7% <sup>11</sup>	36.0% <sup>11</sup>	30.9% <sup>11</sup>	11
<b>Health</b>					
Persons with a disability, under age 65 years, percent, 2013-2017	12.6% <sup>11</sup>	9.2% <sup>11</sup>	8.8% <sup>11</sup>	8.7% <sup>11</sup>	11
Persons without health insurance, under age 65 years, percent	11.9% <sup>11</sup>	7.4% <sup>11</sup>	6.9% <sup>11</sup>	10.2% <sup>11</sup>	11
Percent of adults who currently have asthma, ages 18 and older	NA	13.0% <sup>12</sup>	13.2% <sup>13</sup>	7.7% <sup>14</sup>	12,13,14
Percent of adults with asthma with persistent severity	NA	NA	61.6% <sup>15</sup>	64.8% <sup>16</sup>	15,16
Number of ED visits due to asthma per 100,000 adults	NA	536 <sup>17</sup>	337 <sup>18</sup>	503 <sup>19</sup>	17,18,19
Percent of adults who have diabetes, ages 18 and older	NA	9.7% <sup>20</sup>	9.2% <sup>21</sup>	9.3% <sup>22</sup>	20,21,22
Number of diabetes related hospitalizations per 100,000 adults	NA	1,916 <sup>23</sup>	1,419 <sup>24</sup>	5,150 <sup>25</sup>	23,24,25
Number of drug related deaths per 100,000 people	NA	29.2 <sup>26</sup>	33.5 <sup>27</sup> (projected)	21.7 <sup>28</sup>	26,27,28
Number of drug related ED visits per 100,000 people	NA	675.1 <sup>29</sup>	412.6 <sup>30</sup>	243.5 <sup>31</sup>	29,30,31

Measure	Rochester City	Strafford County	New Hampshire	United States	Source
Number of deaths among residents under age 75 per 100,000 (age-adjusted)	NA	326.3 <sup>32</sup>	299.4 <sup>33</sup>	354.9 <sup>34</sup>	32,33,34
Number of deaths among children under age 18 per 100,000	NA	40.3 <sup>35</sup>	38.0 <sup>36</sup>	57.5 <sup>37</sup>	35,36,37
Number of all infant deaths (within 1 year), per 100,000 live births	NA	400 <sup>10</sup>	420 <sup>38</sup>	580 <sup>39</sup>	10,38,39
Percentage of adults reporting 14 or more days of poor physical health per month	NA	11% <sup>10</sup>	11% <sup>10</sup>	NA	10
Percentage of adults reporting 14 or more days of poor mental health per month	NA	12% <sup>10</sup>	14% <sup>10</sup>	NA	10
Number of persons living with a diagnosis of human immunodeficiency virus (HIV) infection per 100,000 people	NA	107.0 <sup>10</sup>	108.0 <sup>10</sup>	308.3 <sup>40</sup>	10,40
<b>Health Behaviors</b>					
Percentage of adults who are current smokers	NA	16% <sup>10</sup>	18% <sup>10</sup>	14% <sup>41</sup>	10,41
Percentage of adults that report a BMI of 30 or more	NA	29.0% <sup>10</sup>	28.0% <sup>10</sup>	37.7% <sup>42</sup>	10,42
Food environment index [0 (worst) to 10 (best)]	NA	8.5 <sup>10</sup>	9.2 <sup>10</sup>	NA	10
Percentage of adults age 20 and over reporting no leisure-time physical activity	NA	21% <sup>10</sup>	20% <sup>10</sup>	NA	10
Percentage of population with adequate access to locations for physical activity	NA	88% <sup>10</sup>	87% <sup>10</sup>	NA	10
Percentage of adults reporting binge or heavy drinking	NA	20.0% <sup>10</sup>	20.0% <sup>10</sup>	26.2% <sup>43</sup>	10,43
Percentage of driving deaths with alcohol involvement	NA	30.0% <sup>10</sup>	31.0% <sup>10</sup>	34.0% <sup>44</sup>	10,44

Measure	Rochester City	Strafford County	New Hampshire	United States	Source
Number of newly diagnosed chlamydia cases per 100,000 people	NA	377.9 <sup>45</sup>	271.0 <sup>46</sup>	528.8 <sup>47</sup>	45,46,47
Number of births per 100,000 female population ages 15-19	NA	900 <sup>10</sup>	1,100 <sup>10</sup>	2,030 <sup>48</sup>	10,48
Percentage of population who lack adequate access to food	NA	10.0% <sup>10</sup>	9.0% <sup>10</sup>	11.8% <sup>49</sup>	10,49
Percentage of population who are low-income and do not live close to a grocery store	NA	5.0% <sup>10</sup>	5.0% <sup>10</sup>	6.2% <sup>50</sup>	10,50
Number of motor vehicle crash deaths per 100,000 population	NA	8.0 <sup>10</sup>	8.0 <sup>10</sup>	11.4 <sup>51</sup>	10,51
Percentage of adults who report fewer than 7 hours of sleep on average	NA	33.0% <sup>10</sup>	33.0% <sup>10</sup>	35.2% <sup>52</sup>	10,52
<b>Clinical Care</b>					
Ratio of population to primary care physicians	NA	1,400:1 <sup>10</sup>	1,100:1 <sup>10</sup>	1,448:1 <sup>53</sup>	10,53
Ratio of population to dentists	NA	1,430:1 <sup>10</sup>	1,370:1 <sup>10</sup>	1,548:1 <sup>54</sup>	10,54
Ratio of population to mental health providers	NA	440:1 <sup>10</sup>	350:1 <sup>10</sup>	426:1 <sup>55</sup>	10,55
Number of hospital stays for ambulatory-care sensitive conditions per 100,000 Medicare enrollees	NA	4,761 <sup>10</sup>	3,947 <sup>10</sup>	4,940 <sup>56</sup>	10,56
Percentage of female Medicare enrollees ages 65-74 that receive mammography screening	NA	43% <sup>10</sup>	49% <sup>10</sup>	63.1% <sup>57</sup>	10,57
<b>Quality of Life</b>					
Years of potential life lost before age 75 per 100,000 population (age-adjusted)	NA	7,000.0 <sup>10</sup>	6,500.0 <sup>10</sup>	6,968.6 <sup>58</sup>	10,58
Percentage of adults reporting fair or poor health (age-adjusted)	NA	15.0% <sup>10</sup>	14.0% <sup>10</sup>	18.4% <sup>59</sup>	10,59
Percentage of live births with low birth weight (< 2500 grams)	NA	7.0% <sup>10</sup>	7.0% <sup>10</sup>	8.28% <sup>60</sup>	10,60

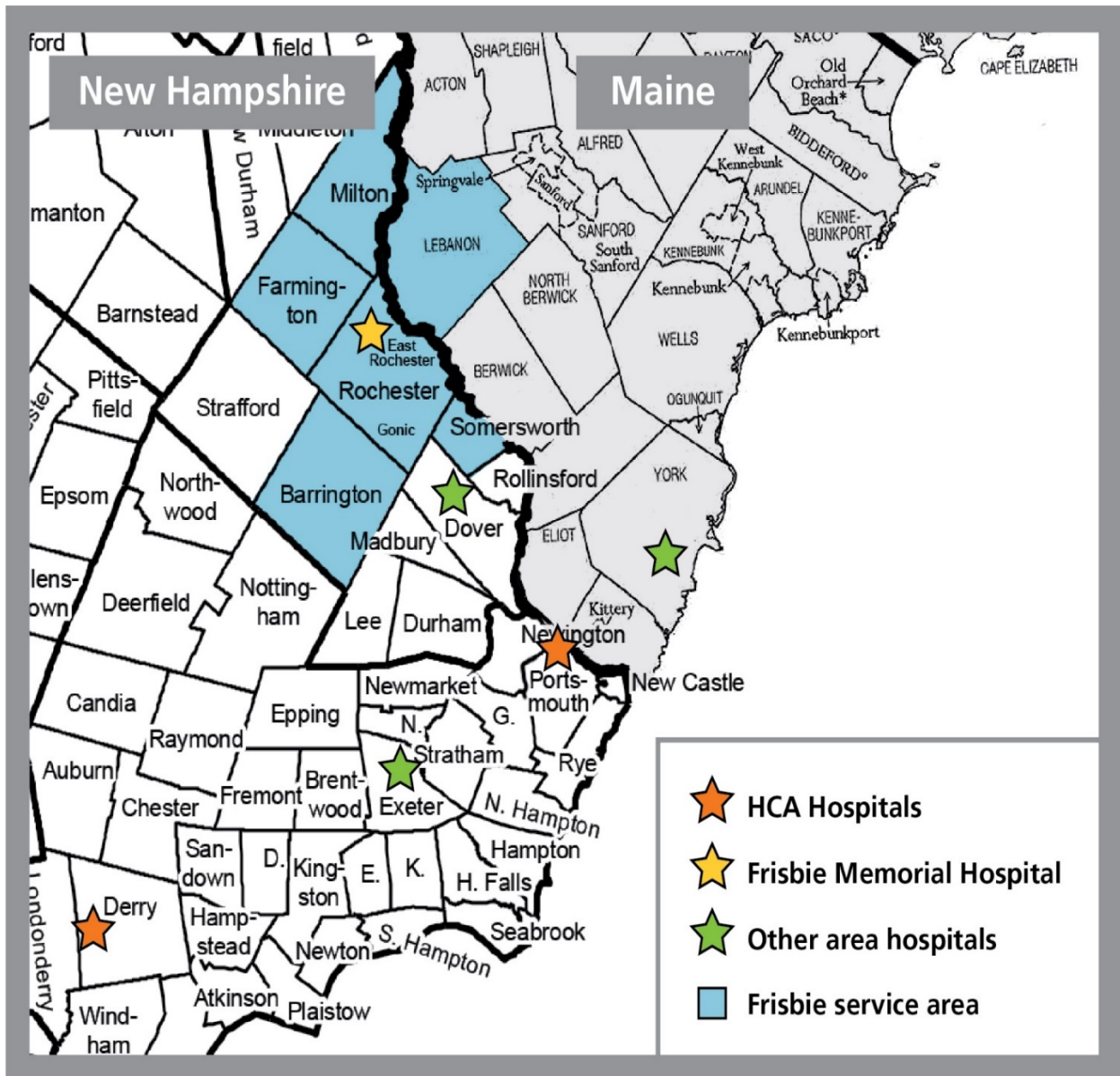
Measure	Rochester City	Strafford County	New Hampshire	United States	Source
<b>Income &amp; Poverty</b>					
Median household income (in 2017 dollars), 2013-2017	\$55,767 <sup>11</sup>	\$67,805 <sup>11</sup>	\$71,305 <sup>11</sup>	\$57,652 <sup>11</sup>	11
Per capita income in past 12 months (in 2017 dollars), 2013-2017	\$29,702 <sup>11</sup>	\$32,540 <sup>11</sup>	\$36,914 <sup>11</sup>	\$31,177 <sup>11</sup>	11
Persons in poverty, percent	10.8% <sup>11</sup>	9.4% <sup>11</sup>	7.7% <sup>11</sup>	12.3% <sup>11</sup>	11
<b>Geography</b>					
Population per square mile, 2010	655.3 <sup>11</sup>	333.7 <sup>11</sup>	147.0 <sup>11</sup>	87.4 <sup>11</sup>	11
Land area in square miles, 2010	45.4 <sup>11</sup>	369.0 <sup>11</sup>	8,953.7 <sup>11</sup>	3,531,905.4 <sup>11</sup>	11
<b>Physical Environment</b>					
Average daily density of fine particulate matter in micrograms per cubic meter (PM2.5)	NA	7.4 <sup>10</sup>	7.5 <sup>10</sup>	12.0 <sup>61</sup>	10,61

## Communities Served by Frisbie Memorial Hospital <sup>62</sup>

The following map shows the communities FMH identifies as the ones it serves, as listed in its 2018 Community Benefit Report. Several of these communities are in Strafford County. FMH conducted a needs assessment for these communities. Communities identified by FMH are shaded in blue.

In addition, the map identifies the location of other hospitals in the area, some of which are owned by HCA.

Note that this map is based on communities reported by the hospital; it is not based on an anti-trust analysis.



## Medicaid Enrollment

The following table provides a view of Medicaid enrollment statistics in the towns that make up FMH’s primary and secondary service areas (PSA and SSA, respectively), as defined in its 2018 Community Benefits Report, as well as statistics for Strafford County, the state of New Hampshire, and the United States. Rochester, Farmington, and Somersworth have a high rate of Medicaid enrollment, similar to the United States average. Milton and Middleton have a medium rate of Medicaid enrollment, similar to the New Hampshire and Strafford County average. New Durham, Barrington, and the town of Strafford have a lower rate of Medicaid enrollment.

City/Town	PSA/SSA	County	Total Population	Medicaid Enrollment	% of Population Enrolled in Medicaid*
Barrington	PSA	Strafford	9,060 <sup>63</sup>	873 <sup>64</sup>	9.64%
Farmington	PSA	Strafford	6,902 <sup>63</sup>	1,319 <sup>64</sup>	19.11%
Milton	PSA	Strafford	4,620 <sup>63</sup>	690 <sup>64</sup>	14.94%
Rochester	PSA	Strafford	30,809 <sup>63</sup>	6,742 <sup>64</sup>	21.88%
Somersworth	PSA	Strafford	11,848 <sup>63</sup>	2,190 <sup>64</sup>	18.48%
Middleton	SSA	Strafford	1,807 <sup>63</sup>	270 <sup>64</sup>	14.94%
New Durham	SSA	Strafford	2,636 <sup>63</sup>	271 <sup>64</sup>	10.28%
Strafford	SSA	Strafford	4,142 <sup>63</sup>	375 <sup>64</sup>	9.05%
Strafford County			127,922 <sup>63</sup>	17,481 <sup>64</sup>	13.67%
New Hampshire			1,356,458 <sup>63</sup>	178,342 <sup>64</sup>	13.15%
United States			329,181,409 <sup>65</sup>	71,395,465 <sup>66</sup>	21.69%

\*Author’s calculation of Medicaid enrollment by Total Population.

## Hospital Distance and Travel Time Analysis

The following table offers a view of the distances and travel times between the towns that makeup FMH’s service area,\* FMH, and the other two closest hospitals. In addition, the table highlights whether these distances and times meet the “Standards for Geographic Accessibility”\*\* as laid out in New Hampshire regulation.

Cells highlighted in yellow are those times and distances that would exceed the New Hampshire Insurance Division (NHID) network adequacy rules for common services,\*\*\* if those services were not available at FMH or the next nearest hospital. As an example, to obtain common services not available at FMH, residents of the town of Strafford would be required to travel distances that exceed the NHID standards, as highlighted in orange. Residents of all towns could obtain specialized services\*\*\* not available at FMH from another hospital within the NHID time and distance standards.

Town	County	PSA/SSA	Frisbie Memorial Hospital		Wentworth-Douglass Hospital		Huggins Hospital	
			Miles****	Time (min)****	Miles****	Time (min)****	Miles****	Time (min)****
Barrington	Strafford	PSA	9.8	18	11.1	21	46	47
Farmington	Strafford	PSA	9.2	18	16.8	24	16.8	27
Milton	Strafford	PSA	11.4	22	20.4	28	16.4	30
Rochester	Strafford	PSA	1.2	5	9.2	17	24.9	40
Somersworth	Strafford	PSA	6	11	4.8	12	30.9	48
Middleton	Strafford	SSA	17.4	25	23.3	31	10.4	18
New Durham	Strafford	SSA	15.4	25	23	31	13.5	20
Strafford	Strafford	SSA	15.7	28	23.4	36	22.4	37
Alton	Belknap	SSA	18	27	25.6	34	10.7	16
Brookfield	Carroll	SSA	23.5	28	29.4	34	11	17
Wakefield	Carroll	SSA	22.5	27	28.4	33	13.3	22

\*Towns included are those listed by Frisbie Memorial Hospital, in its 2018 Community Benefit Report and 2018 Community Health Needs Assessment, as ones that make up its PSA and SSA.

\*\*NHID established “Standards for Geographic Accessibility” for health plans. These standards include the following requirements:

“(e) Geographic access standards are based on the following county groupings: “Rural”, “Middle”, and “Urban”. Maximum travel distances or times are based on the service type, county, and specific zip code within the county as follows: <sup>67</sup>

- (1) For urban counties, including Strafford, Hillsborough, and Rockingham counties:
  - a. Ten miles or 15 minutes driving time for core services;
  - b. Twenty miles or 30 minutes driving time for common services; and
  - c. Forty miles or one hour driving time for specialized services;
- (2) For middle counties, including Merrimack, Belknap, Cheshire, Grafton, Carroll, and Sullivan counties:
  - a. Twenty miles or 40 minutes driving time for core services;
  - b. Forty miles or 80 minutes driving time for common services; and
  - c. Seventy miles or 2 hours driving time for specialized services; and
- (3) For rural counties, including Coos county:
  - a. Thirty miles or one hour driving time for core services;
  - b. Eighty miles or 2 hours driving time for common services; and
  - c. One hundred twenty-five miles or 2½ hours driving time for specialized services.”

\*\*\*Common services include services often provided in a hospital outpatient department, such as echocardiography, imaging, and allergen immune therapy. Specialized services include those more often provided in an inpatient facility, such as hip replacement and newborn delivery.

\*\*\*\*Author’s analysis of time and distance between each hospital and each listed town based on shortest Google Maps calculated route (1/13/20).



## Citations

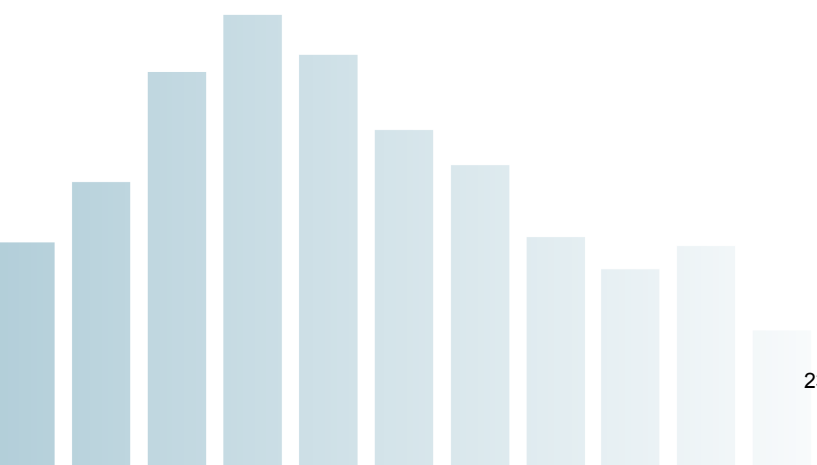
- <sup>1</sup> Frisbie Memorial Hospital Community Health Needs Assessment, 2018. Available at <https://www.frisbiehospital.com/about-us/community-benefits-report/>. Accessed on November 6, 2019.
- <sup>2</sup> Data retrieved from CMS Hospital Form 2552-10 Cost Reports for Frisbie Memorial Hospital for FY2014 - FY2018.
- <sup>3</sup> Frisbie Memorial Hospital: Hospital Services. Available at <https://www.frisbiehospital.com/hospital-services/>. Accessed on November 6, 2019.
- <sup>4</sup> Frisbie Memorial Hospital Community Benefit Report, 2018. Available at <https://www.frisbiehospital.com/about-us/community-benefits-report/>. Accessed on November 6, 2019.
- <sup>5</sup> NH HealthCost: Frisbie Memorial Hospital. <https://nhhealthcost.nh.gov/provider/frisbie-memorial-hospital#quality>. Accessed on November 7, 2019.
- <sup>6</sup> Medicare Hospital Compare: Frisbie Memorial Hospital. <https://www.medicare.gov/hospitalcompare/profile.html#profTab=1&ID=300014&loc=ROCHESTER%2C%20NH&lat=43.304526&lng=-70.9756186&name=FRISBIE%20MEMORIAL%20HOSPITAL&Distn=1.0>. Accessed on November 7, 2019.
- <sup>7</sup> Data retrieved from CMS Hospital Form 2552-10 Cost Reports for Frisbie Memorial Hospital for FY2014 - FY2018.
- <sup>8</sup> New Hampshire Comprehensive Health Care Information System (NH CHIS). NH CHIS Group Medical Plans and Uninsured Claims only, FY2018 Q3. Weighted average of median payment amounts compiled by the authors and staff of the New Hampshire Insurance Division.
- <sup>9</sup> NH HealthCost: Frisbie Memorial Hospital. <https://nhhealthcost.nh.gov/provider/frisbie-memorial-hospital#quality>. Accessed on November 11, 2019.
- <sup>10</sup> Robert Wood Johnson Foundation: County Health Rankings & Roadmaps – Strafford County, NH Profile. <https://www.countyhealthrankings.org/app/new-hampshire/2019/rankings/strafford/county/outcomes/overall/snapshot>. Accessed on November 8, 2019.
- <sup>11</sup> United States Census Bureau: Quick Facts. <https://www.census.gov/quickfacts/fact/table/rochestercitynewhampshire,straftfordcountynewhampshire,NH,US/PST045218>. Accessed on November 7, 2019.
- <sup>12</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: Asthma Burden Report, Update (2019). <https://www.dhhs.nh.gov/dphs/cdpc/asthma/documents/asthma-burden-2019.pdf>. Accessed on November 8, 2019.
- <sup>13</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: Asthma Burden Report, Update (2019). <https://www.dhhs.nh.gov/dphs/cdpc/asthma/documents/asthma-burden-2019.pdf>. Accessed on November 8, 2019.
- <sup>14</sup> Centers for Disease Control and Prevention, National Center for Health Statistics: Asthma. Available at <https://www.cdc.gov/nchs/fastats/asthma.htm>. Accessed on November 8, 2019.
- <sup>15</sup> Centers for Disease Control and Prevention: Asthma Severity among Adults with Current Asthma. Available at [https://www.cdc.gov/asthma/asthma\\_stats/severity\\_adult.htm](https://www.cdc.gov/asthma/asthma_stats/severity_adult.htm). Accessed on November 8, 2019.
- <sup>16</sup> Centers for Disease Control and Prevention: Asthma Severity among Adults with Current Asthma. Available at [https://www.cdc.gov/asthma/asthma\\_stats/severity\\_adult.htm](https://www.cdc.gov/asthma/asthma_stats/severity_adult.htm). Accessed on November 8, 2019.
- <sup>17</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: Asthma Burden Report, Update (2014). <https://www.dhhs.nh.gov/dphs/cdpc/asthma/documents/asthma-burden-2014.pdf>. Accessed on November 8, 2019.
- <sup>18</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: Asthma Burden Report, Update (2019). <https://www.dhhs.nh.gov/dphs/cdpc/asthma/documents/asthma-burden-2019.pdf>. Accessed on November 8, 2019.
- <sup>19</sup> Centers for Disease Control and Prevention: Most Recent National Asthma Data. Available at [https://www.cdc.gov/asthma/most\\_recent\\_national\\_asthma\\_data.htm](https://www.cdc.gov/asthma/most_recent_national_asthma_data.htm). Accessed on November 8, 2019.
- <sup>20</sup> Wentworth-Douglass Hospital Community Health Needs Assessment. Available at <https://www.doj.nh.gov/charitable-trusts/documents/36-exhibit-24.pdf>. Accessed on November 8, 2019.
- <sup>21</sup> New Hampshire Department of Health and Human Services: Diabetes. Available at <https://www.dhhs.nh.gov/dphs/cdpc/diabetes/index.htm>. Accessed on November 8, 2019.

- <sup>22</sup> Centers for Disease Control and Prevention: Prevalence of Both Diagnosed and Undiagnosed Diabetes. Available at <https://www.cdc.gov/diabetes/pdfs/data/statistics/national-diabetes-statistics-report.pdf>. November 8, 2019.
- <sup>23</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: NH Health Wisdom Database, Diabetes community profile. Available at [https://wisdom.dhhs.nh.gov/wisdom/#CommunityProf\\_0F445A18E89649B0BED6B50CA7F86382\\_Anon](https://wisdom.dhhs.nh.gov/wisdom/#CommunityProf_0F445A18E89649B0BED6B50CA7F86382_Anon). Accessed on November 8, 2019.
- <sup>24</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: NH Health Wisdom Database, Diabetes community profile. Available at [https://wisdom.dhhs.nh.gov/wisdom/#CommunityProf\\_0F445A18E89649B0BED6B50CA7F86382\\_Anon](https://wisdom.dhhs.nh.gov/wisdom/#CommunityProf_0F445A18E89649B0BED6B50CA7F86382_Anon). Accessed on November 8, 2019.
- <sup>25</sup> Agency for Healthcare Research and Quality, Healthcare Cost and Utilization Project (HCUP): Emergency Department Visits for Adults with Diabetes (2010). Available at <https://www.hcup-us.ahrq.gov/reports/statbriefs/sb167.jsp>. Accessed on November 8, 2019.
- <sup>26</sup> New Hampshire Information and Analysis Center: New Hampshire Drug Monitoring Report, 2018 Overview Report. Available at <https://www.dhhs.nh.gov/dcbcs/bdas/documents/dmi-2018-overview.pdf>. Accessed on November 8, 2019.
- <sup>27</sup> New Hampshire Information and Analysis Center: New Hampshire Drug Monitoring Report, 2018 Overview Report. Available at <https://www.dhhs.nh.gov/dcbcs/bdas/documents/dmi-2018-overview.pdf>. Accessed on November 8, 2019.
- <sup>28</sup> Centers for Disease Control and Prevention: Drug Overdose Mortality by State. Available at [https://www.cdc.gov/nchs/pressroom/sosmap/drug\\_poisoning\\_mortality/drug\\_poisoning.htm](https://www.cdc.gov/nchs/pressroom/sosmap/drug_poisoning_mortality/drug_poisoning.htm). Accessed on November 8, 2019.
- <sup>29</sup> New Hampshire Information and Analysis Center: New Hampshire Drug Monitoring Report, 2018 Overview Report. Available at <https://www.dhhs.nh.gov/dcbcs/bdas/documents/dmi-2018-overview.pdf>. Accessed on November 8, 2019.
- <sup>30</sup> New Hampshire Information and Analysis Center: New Hampshire Drug Monitoring Report, 2018 Overview Report. Available at <https://www.dhhs.nh.gov/dcbcs/bdas/documents/dmi-2018-overview.pdf>. Accessed on November 8, 2019.
- <sup>31</sup> Agency for Healthcare Research and Quality: HCUP Fast Stats - Opioid Hospital Use Map. Available at <https://www.hcup-us.ahrq.gov/faststats/OpioidUseMap?setting=ED>. Accessed on November 8, 2019.
- <sup>32</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>33</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>34</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>35</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>36</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>37</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>38</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>39</sup> Centers for Disease Control and Prevention, WONDER database, Underlying Cause of Death, 1999-2017. Available at <https://wonder.cdc.gov/controller/datarequest/D76>, Accessed on November 8, 2019.
- <sup>40</sup> Centers for Disease Control and Prevention: HIV in the United States by Geography. Available at <https://www.cdc.gov/hiv/statistics/overview/geographicdistribution.html>. Accessed on November 8, 2019.
- <sup>41</sup> Centers for Disease Control and Prevention: Tobacco Product Use Among Adults — United States, 2017. Available at <https://www.cdc.gov/mmwr/volumes/67/wr/mm6744a2.htm>. Accessed on November 8, 2019.
- <sup>42</sup> U.S. Department of Health and Human Services, National Institutes of Health, National Institute of Diabetes, Diabetes, and Kidney Diseases: Overweight & Obesity Statistics. Available at <https://www.niddk.nih.gov/health-information/health-statistics/overweight-obesity>. Accessed on November 8, 2019.

- <sup>43</sup> Substance Abuse and Mental Health Services Administration (SAMHSA). 2015 National Survey on Drug Use and Health (NSDUH). Table 2.41B—Alcohol Use in Lifetime, Past Year, and Past Month among Persons Aged 12 or Older, by Demographic Characteristics: Percentages, 2014 and 2015. Available at: <https://www.samhsa.gov/data/sites/default/files/NSDUH-DetTabs-2015/NSDUH-DetTabs-2015/NSDUH-DetTabs-2015.htm#tab2-41b>. Accessed on November 8, 2019.
- <sup>44</sup> Department of Transportation (US), National Highway Traffic Safety Administration (NHTSA). Traffic Safety Facts 2017 data: Motor Vehicle Traffic Fatalities. Washington, DC: NHTSA; 2018. Available at URL: <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/812630>. Accessed on November 8, 2019.
- <sup>45</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: New Hampshire STD/HIV Surveillance Program 5 Year Data Summary Report 2014-2018. Available at <https://www.dhhs.nh.gov/data/documents/std-hiv-recent.pdf>. Accessed on November 8, 2019.
- <sup>46</sup> New Hampshire Department of Health and Human Services, Division of Public Health Services: New Hampshire STD/HIV Surveillance Program 5 Year Data Summary Report 2014-2018. Available at <https://www.dhhs.nh.gov/data/documents/std-hiv-recent.pdf>. Accessed on November 8, 2019.
- <sup>47</sup> Centers for Disease Control and Prevention: 2017 Sexually Transmitted Diseases Surveillance Report, Chlamydia. Available at [https://www.cdc.gov/std/stats17/2017-STD-Surveillance-Report\\_CDC-clearance-9.10.18.pdf](https://www.cdc.gov/std/stats17/2017-STD-Surveillance-Report_CDC-clearance-9.10.18.pdf). Accessed on November 8, 2019.
- <sup>48</sup> Centers for Disease Control and Prevention (CDC), National Vital Statistics Reports (NVSr), Vol. 66, No. 1: Births: Final Data for 2016, January 31, 2018. Available at [https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67\\_01.pdf](https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67_01.pdf). Accessed on November 8, 2019.
- <sup>49</sup> United States Department of Agriculture, Economic Research Service: Food Security Status of U.S. Households in 2017. Available at <https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics.aspx>. Accessed on November 8, 2019.
- <sup>50</sup> United States Department of Agriculture, Economic Research Service: Food Access Research Atlas. Available at <https://www.ers.usda.gov/data-products/food-access-research-atlas/documentation/>. Accessed on November 8, 2019.
- <sup>51</sup> Insurance Institute for Highway Safety, Highway Loss Data Institute: General Statistics (2017). Available at <http://www.iihs.org/iihs/topics/t/general-statistics/fatalityfacts/state-by-state-overview>. Accessed on November 8, 2019.
- <sup>52</sup> Centers for Disease Control and Prevention: Data and Statistics, Short Sleep Duration Among US Adults. Available at [https://www.cdc.gov/sleep/data\\_statistics.html](https://www.cdc.gov/sleep/data_statistics.html). Accessed on November 8, 2019.
- <sup>53</sup> Robert Graham Center: The State of Primary Care in the United States, A Chartbook of Facts and Statistics. Available at <https://www.graham-center.org/content/dam/rgc/documents/publications-reports/reports/PrimaryCareChartbook.pdf>. Accessed on November 8, 2019.
- <sup>54</sup> American Dental Association, Health Policy Institute: Dental Workforce Statistics. Available at <https://www.ada.org/en/science-research/health-policy-institute/dental-statistics/workforce>. Accessed on November 8, 2019.
- <sup>55</sup> United Health Foundation, America's Health Rankings: Mental Health Providers. Available at <https://www.americashealthrankings.org/explore/annual/measure/MHP/state/ALL>. Accessed on November 8, 2019.
- <sup>56</sup> United Health Foundation, America's Health Rankings: Preventable Hospitalizations. Available at <https://www.americashealthrankings.org/explore/annual/measure/preventable/state/ALL>. Accessed on November 8, 2019.
- <sup>57</sup> The Dartmouth Institute for Health Policy and Clinical Practice, Dartmouth Atlas of Health Care: Percent of Female Medicare Enrollees Age 67-69 Having At Least One Mammogram Every Two Years, by Race. Available at <http://archive.dartmouthatlas.org/data/table.aspx?ind=345>. Accessed on November 8, 2019.
- <sup>58</sup> Centers for Disease Control and Prevention: Health, United States, 2017 (Table 18). Available at <https://www.cdc.gov/nchs/data/hus/2017/018.pdf>. Accessed on November 8, 2019.
- <sup>59</sup> Kaiser Family Foundation, State Health Facts: Percent of Adults Reporting Fair or Poor Health Status. Available at <https://www.kff.org/other/state-indicator/percent-of-adults-reporting-fair-or-poor-health-status/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>. Accessed on July November 8, 2019.

- <sup>60</sup> Centers for Disease Control and Prevention, National Center for Health Statistics: Birthweight and Gestation. Available at <https://www.cdc.gov/nchs/fastats/birthweight.htm>. Accessed on November 8, 2019.
- <sup>61</sup> Centers for Disease Control and Prevention, National Environmental Public Health Tracking Network: Air Quality. Available at <https://ephtracking.cdc.gov/DataExplorer/#/>. Accessed on November 8, 2019.
- <sup>62</sup> Frisbie Memorial Hospital Community Benefit Report, 2018. Available at <https://www.frisbiehospital.com/about-us/community-benefits-report/>. Accessed on November 8, 2019.
- <sup>63</sup> New Hampshire Office of Strategic Initiatives: 2018 Population Estimates for New Hampshire Cities and Towns. Available at <https://www.nh.gov/osi/data-center/population-estimates.htm>. Accessed on January 16, 2020.
- <sup>64</sup> New Hampshire Department of Health and Human Services: New Hampshire Medicaid Enrollment Demographic Trends and Geography, December 2019. Available at <https://www.dhhs.nh.gov/ombp/medicaid/documents/medicaid-enrollment-12312019.pdf>. Accessed on January 16, 2020.
- <sup>65</sup> United States Census Bureau: U.S. and World Population Clock. Available at <https://www.census.gov/popclock/>. Accessed on January 16, 2020.
- <sup>66</sup> Centers for Medicare and Medicaid Services: October 2019 Medicaid & CHIP Enrollment Data Highlights. Available at <https://www.medicare.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>. Accessed on January 16, 2020.
- <sup>67</sup> N.H. Code Admin. R. Ins. 2701.06-2701.07

# HCA Healthcare Profile



## **Summary**

### ***Overview***

On October 23, 2019, Frisbie Memorial Hospital (FMH) filed a notice of proposed acquisition transaction with FMH Health Services, LLC, an affiliate of HCA Healthcare, Inc. (HCA), whereby FMH Health Services would purchase substantially all of the assets of FMH.<sup>1</sup>

FMH Health Services LLC is an affiliate of Hospital Corporation of America (HCA Healthcare), incorporated in July 2019 for the purchase of FMH.<sup>2</sup> HCA Healthcare is comprised of 185 hospitals and approximately 2,000 sites of care in 21 states and the UK.<sup>3</sup> Founded in 1968, HCA Healthcare is incorporated in Nashville Tennessee, and is the largest health system by net patient revenue (approximately \$40 million in 2019) and by number of member hospitals.<sup>4</sup> HCA Healthcare is also the largest non-governmental healthcare provider in the nation.<sup>5</sup>

***Corporate History:*** Ownership of HCA has alternated between privately owned and publicly traded. (Initial public offering–1969; buy out and became private–1988; re-emergence as a public corporation–1992; became a private company–2006; publicly traded again–2011<sup>6</sup>)

***Quality:*** Parkland Medical Center (PMC), Portsmouth Regional Hospital (PRH), both owned by HCA, and the HCA Capitol Division facilities generally receive lower scores on multiple sets of quality measures from NH HealthCost and CMS Hospital Compare when compared with FMH.

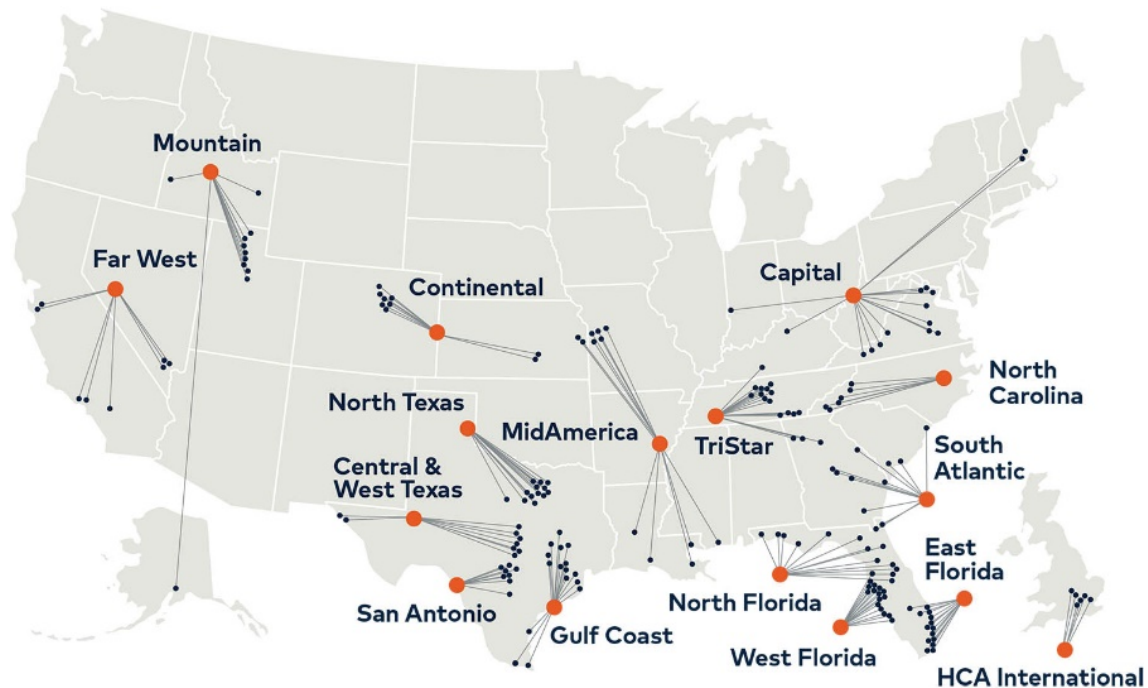
***Cost:*** Generally, the payments PMC and PRH receive from private insurers are higher than the state median payment; whereas, the payments FMH receives from private insurers are generally lower than the state median payment. PMC and PRH give greater discounts to uninsured patients than FMH.

***Contents of This Report:*** This report provides the following information about the Hospital Corporation of America:

- At-a-glance profile of HCA care that includes general information about the size and volume of HCA Healthcare and the HCA Capital Division
- Quality snapshot that compares quality performance of FMH to the HCA Hospitals in New Hampshire (PMC and PRH) and the average performance of the HCA Capital Division
- Comparison of hospital payment levels across FMH, PMC, and PRH
- Notable articles about HCA, PMC, and PRH
- List of sites owned by HCA in New Hampshire, and the list of hospitals owned by HCA by state

## HCA Healthcare at a Glance Profile

**HCA Divisions:** This map shows HCA's 16 divisions operating in the US and UK.<sup>7</sup>



**HCA Capital Division:** Hospitals in New Hampshire are part of HCA's Capital Division, which includes 17 regional hospitals, 7 free-standing emergency centers, and 14 Behavioral Health Centers in 4 states.<sup>8</sup>

**HCA Total Volume:**<sup>9</sup>

- 28 million patient encounters per year
- 8.6 million ED visits annually

**HCA Total Employment:**<sup>10</sup>

- 249,000 Employees
- 38,000 Active physicians
- 87,000 Nurses

**HCA Total Community Benefits:**<sup>11</sup>

- \$3 billion-invested last year in capital spending to expand or bring new services to the communities we serve
- \$3 billion-estimated yearly cost for the delivery of charity care, uninsured discounts, and other uncompensated care
- \$32 million-in cash donations to charitable organizations in 2017

## Quality

HCA reports that 106 HCA Hospitals are on the Joint Commission’s list of Top Performers on Key Quality Measures. <sup>12</sup> Parkland Medical Center (PMC), Portsmouth Regional Hospital (PRH), both owned by HCA, and the HCA Capitol Division facilities, generally receive lower scores on multiple sets of quality measures from NH HealthCost and CMS Hospital Compare when compared with FMH.

<i>Source</i>	<i>Measure*</i>	<i>Frisbie Memorial Hospital</i>	<i>Parkland Medical Center</i>	<i>Portsmouth Regional Hospital</i>	<i>HCA Capital Division Acute Care Facilities**</i>
New Hampshire HealthCost Quality of Care Scores <sup>13</sup>	Quality of Care Measures Better Than Average	6 out of 15	4 out of 14	6 out of 15	N/A
	Quality of Care Measures Near Average	6 out of 15	4 out of 14	4 out of 15	N/A
	Quality of Care Measures Worse Than Average	3 out of 15	6 out of 14	5 out of 15	N/A
U.S. Centers for Medicare and Medicaid Services (CMS) Hospital Compare <sup>14</sup>	<b>Overall Rating***</b>	<b>5 out of 5 stars</b>	<b>2 out of 5</b>	<b>3 out of 5</b>	<b>2.7 out of 5</b>
	<b>Patient Experience Summary Star Rating****</b>	<b>4 out of 5 stars</b>	<b>3 out of 5</b>	<b>3 out of 5</b>	<b>3.1 out of 5</b>
	Unplanned Readmission Rating *****	No different than national rate	Worse than national rate	No different than national rate	<ul style="list-style-type: none"> <li>• 16 out of 17 facilities no different than the national average</li> <li>• 1 facility (PMC) below the national average</li> </ul>

*\*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.*

*\*\*The authors calculated average CMS Hospital Compare scores for the 17 HCA Capital Division acute care facilities.*

*\*\*\*This measure summarizes more than 100 measures of mortality, safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.*

*\*\*\*\*This measure summarizes how patients recently discharged from the hospital responded to a survey about their hospital experience. The survey asked questions like how well a hospital’s doctors and nurses communicated with the patient.*

*\*\*\*\*\* Share of patients readmitted to the hospital within 30 days of discharge.*



## Patient Experience Survey Ratings from CMS Hospital Compare

The table below offers a view of average performance at FMH, PMC, and PRH across the Capital Division on patient experience survey measures from CMS Hospital Compare as compared to the NH and the National Average.<sup>15</sup>

Measure Description	Frisbie Memorial Hospital*	Parkland Medical Center	Portsmouth Regional Hospital	NH Average	HCA Capital Division Average	National Average
Patients who reported that their nurses "Always" communicated well	84%	78%	76%	82%	78%	81%
Patients who reported that their doctors "Always" communicated well	85%	74%	75%	81%	77%	81%
Patients who reported that they "Always" received help as soon as they wanted	74%	75%	61%	71%	66%	70%
Patients who reported that staff "Always" explained about medicines before giving it to them	64%	62%	63%	66%	65%	66%
Patients who reported that their room and bathroom were "Always" clean	81%	79%	73%	78%	72%	75%
Patients who reported that the area around their room was "Always" quiet at night	70%	48%	53%	55%	55%	62%
Patients who reported that YES, they were given information about what to do during their recovery at home	91%	89%	88%	89%	87%	87%
Patients who "Strongly Agree" they understood their care when they left the hospital	59%	51%	53%	54%	52%	53%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	78%	65%	67%	72%	70%	73%
Patients who reported YES, they would definitely recommend the hospital	78%	66%	70%	74%	71%	72%

*\*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.*

## Hospital Payment Levels

The table below shows the average payments FMH, PMC, and PRH receive for outpatient services each hospital provides, compared to the state median payment for the same sets of services. The payments FMH receives from private payers for emergency department (ED) visits and outpatient tests and procedures are lower than the state median, while the payments it receives for office visits and radiology services are higher than the state median. The payments PMC receives from private payers are higher than the state median in 3 of 4 categories. The payments PRH receives from private payers are higher than the state median in all 4 categories. PMC and PRH give greater discounts to uninsured patients than FMH.<sup>16</sup> Amounts highlighted in green are lower than the state median and amounts highlighted in red are higher than the state median.

	Frisbie Memorial Hospital		Parkland Medical Center		Portsmouth Regional Hospital	
	Hospital Prices	State Median	Hospital Prices	State Median	Hospital Prices	State Median
<b>Private Insurance Prices</b>						
ED Visits	\$211	\$330	\$873	\$304	\$951	\$338
Office Visits	\$154	\$147	\$181	\$170	\$162	\$155
Outpatient Tests & Procedures	\$2,558	\$2,755	\$2,795	\$2,690	\$3,703	\$2,592
Radiology Services	\$684	\$559	\$453	\$464	\$607	\$544
<b>Uninsured Prices*</b>						
ED Visits	\$214	\$262	\$258	\$291	\$224	\$328
Office Visits	\$112	\$210	\$24	\$235	\$190	\$220
Outpatient Tests & Procedures	\$2,330	\$3,436	\$771	\$3,722	\$912	\$3,290
Radiology Services	\$623	\$751	\$147	\$707	\$154	\$789

*\*NH HealthCost estimates the price to uninsured individuals based on the service mix for insured patients, and the hospital's charges less the discount the hospital offers to uninsured patients.*

## **Notable Articles about HCA Healthcare, Parkland Medical Center and Portsmouth Regional Hospital**

### **HCA Revenues and Profits 2019:<sup>17</sup>**

HCA's revenue increased year-over-year in Q3 2019, but the company's profits declined in Q3 2019:

1. HCA's revenues increased 10.9 percent year over year to \$12.7 billion in Q3 2019.
2. The company's operating expenses totaled \$10.4 billion in Q3 2019, up from \$9.4 billion in Q3 2018. Labor and supplies costs climbed 11 percent and 10.6 percent, respectively, year-over-year.
3. HCA ended Q3 2019 with net income of \$612 million, down 19 percent from \$759 million in Q3 2018.

HCA has a focus on volume-based growth. "We had the broadest-based volume performance as far as positive metrics that I've seen in almost three years," CEO Sam Hazen said on an earnings call reported in Modern Healthcare.<sup>18</sup>

According to Modern Healthcare, in Q3 2019:<sup>19</sup>

- HCA same day hospital admissions increased 3.2 percent year-over-year
- HCA patient days grew 5.8 percent in the third quarter year-over-year
- HCA emergency room visits grew 6.1 percent in the third quarter year-over-year
- Outpatient surgery cases climbed 5.2 percent, compared with a 4.4 percent increase in inpatient surgery cases over the same period

According to the HCA CEO, in 2019 the company has added more beds than in 2018, and that will continue into 2020.<sup>20</sup>

### **Recruiting**

- Portsmouth Student loan repayment program: In January 2019, PRH (through HCA) began offering student loan repayment to full-time and part-time employees, based on a private formula. They also offer tuition reimbursement for job-related continuing education.<sup>21</sup>

### **Recent HCA Investments in New Hampshire Hospitals:**

According to HCA, they regularly devote funds to increase physician recruiting and hiring, as well as capital projects, investing in new machines, buildings and increased capacity.<sup>22</sup>

Notable investments in PMC and PRH include:

- August 2008: PRH opens Center for Rehabilitation and Wellness<sup>23</sup>
- March 2012: PMC opens Center for Wound Healing and Hyperbaric Medicine<sup>24</sup>
- March 2013: PMC opens an urgent care facility in Salem, NH<sup>25</sup>
- March 2015: PMC opened add a 14 bed BH wing to the hospital<sup>26</sup>
- June 2017: PRH opens freestanding ED in Seabrook, NH<sup>27</sup>
- October 2017: 4 additional beds added to PMC behavioral health wing<sup>28</sup>
- May 2019: PRH opens freestanding ED in Dover, NH<sup>29</sup>

**Challenges negotiating for competitive provider rates:**

Not for profit insurer dropped HCA hospitals from its network in 2011, claiming that PMC and PRH rates were higher than those of other New Hampshire hospitals.<sup>301</sup>

**Conflict with nonprofit foundation formed by sale of Portsmouth Regional Hospital:<sup>31</sup>**

In 2011 the Foundation for Seacoast Health filed a lawsuit attempting to repurchase PRH from HCA because, according to the Foundation for Seacoast Health, the relationship between the foundation and HCA became adversarial. Foundation for Seacoast Health Chairman Dan Hoefle stated, “I don’t think (that relationship) is capable of being restored. The trust has been broken.” The 2011 suit was triggered by a 1999 transfer of hospital ownership—at the time called a “corporate reorganization—from HCA to an associate company called Healthtrust (a group purchasing organization (GPO) and healthcare performance improvement company affiliated with HCA<sup>32</sup>). The transfer was eventually undone, but the Foundation for Seacoast Health argued that the transfer was a breach of the 1983 contract selling the hospital to HCA, claiming that the remedy for the breach was to repurchase the hospital.

**Fraud Investigations:<sup>33,34,35</sup>**

From 1993 through 1999 the FBI, the Internal Revenue Service, and the Department of Health and Human Services conducted investigations of Columbia/HCA with regards to their Medicaid, Medicare and other insurance billing practices. The subjects of these investigations included inflating the seriousness of diagnoses, kickbacks to providers for referrals, and inaccurate cost reporting. Settlements were reached in 2000 and 2002 with Columbia/HCA pleading guilty to 14 felonies and payment to the government of over \$2 billion in criminal fines and civil penalties for systematically defrauding federal health care programs.

**Insider Trading Allegations:<sup>36</sup>**

In August 2007, HCA settled a lawsuit with shareholders over the allegation that in July 2005 HCA made false claims about its profits to drive up the price, which then fell when the company reported disappointed results. At the time of these alleged actions, at least 11 HCA senior officers sold their stock leading to the lawsuit which alleged accounting fraud and insider trading. The eventual settlement resulted in HCA paying \$20 million to its shareholders.

<sup>1</sup> Note: This insurer left the market in NH 2 years later, citing charge variations and difficulty getting contracts with competitive provider rates as reasons. <https://www.nhbr.com/mvp-to-pull-out-of-n-h-health-insurance-market/>

## **Sites Owned by HCA Healthcare in New Hampshire<sup>37</sup>**

### **New Hampshire**

#### Hospital Campuses

[Parkland Medical Center](#)

[Portsmouth Regional Hospital](#)

#### Freestanding ER

[Dover ER](#)

[Seabrook ER](#)

#### Urgent Care Centers

[Parkland Urgent Care at Salem](#)

#### Behavioral Health

[Behavioral Health Services at Portsmouth Regional Hospital](#)

[Parkland Center for Emotional Wellness](#)

[Parkland Center for Emotional Wellness Outpatient Services](#)

[Partial Hospitalization Program at Portsmouth Regional Hospital](#)

#### Physician Practices

[Appledore Medical Group](#)

## **Hospitals Owned by HCA Healthcare**<sup>38</sup>

### **Hospital Locations by State**

#### **Alaska**

Anchorage  
[Alaska Regional Hospital](#)

#### **California**

San Jose  
[Good Samaritan Hospital](#)  
[Regional Medical Center of San Jose](#)  
Southern California  
[Los Robles Hospital & Medical Center](#)  
[Riverside Community Hospital](#)  
[Thousand Oaks Surgical Hospital](#)  
[West Hills Hospital & Medical Center](#)

#### **Colorado**

Denver  
[North Suburban Medical Center](#)  
[Presbyterian/St. Luke's Medical Center](#)  
[Rose Medical Center](#)  
[Sky Ridge Medical Center](#)  
[Spalding Rehabilitation Hospital](#)  
[Swedish Medical Center](#)  
[The Medical Center of Aurora](#)

#### **Florida**

Fort Lauderdale  
[Northwest Medical Center](#)  
[Plantation General Hospital](#)  
[University Hospital and Medical Center](#)  
[Westside Regional Medical Center](#)

Jacksonville  
[Memorial Hospital](#)  
[Orange Park Medical Center](#)  
Miami-Dade  
[Aventura Hospital and Medical Center](#)  
[Kendall Regional Medical Center](#)  
[Mercy Hospital](#)  
Nature Coast  
[Citrus Memorial Hospital](#)  
[Medical Center of Trinity](#)  
[Oak Hill Hospital](#)  
[Regional Medical Center Bayonet Point](#)  
North Central Florida  
[Lake City Medical Center](#)  
[North Florida Regional Medical Center](#)  
[Ocala Regional Medical Center](#)  
[Putnam Community Medical Center](#)  
[West Marion Community Hospital](#)  
Orlando  
[Central Florida Regional Hospital](#)  
[Osceola Regional Medical Center](#)  
[Oviedo Medical Center](#)  
[Poinciana Medical Center](#)  
Palm Beach  
[JFK Medical Center](#)  
[JFK Medical Center North Campus](#)  
[Palms West Hospital](#)  
Panhandle

[Capital Regional Medical Center](#)  
[Fort Walton Beach Medical Center](#)  
[Gulf Coast Regional Medical Center](#)  
[Twin Cities Hospital](#)  
[West Florida Hospital](#)  
Southwest Florida  
[Blake Medical Center](#)  
[Doctors Hospital of Sarasota](#)  
[Englewood Community Hospital](#)  
[Fawcett Memorial Hospital](#)  
St. Petersburg  
[Largo Medical Center](#)  
[Northside Hospital](#)  
[Palms of Pasadena Hospital](#)  
[St. Petersburg General Hospital](#)  
Tampa  
[Brandon Regional Hospital](#)  
[Memorial Hospital of Tampa](#)  
[South Bay Hospital](#)  
[Tampa Community Hospital](#)  
Treasure Coast  
[Highlands Regional Medical Center](#)  
[Lawnwood Regional Medical Center & Heart Institute](#)  
[Raulerson Hospital](#)  
[St. Lucie Medical Center](#)  
**Georgia**  
Atlanta  
[Eastside Medical Center](#)  
Augusta  
[Doctors Hospital](#)

Middle Georgia

[Coliseum Center for Behavioral Health](#)

[Coliseum Medical Center](#)

[Coliseum Northside Hospital](#)

[Fairview Park Hospital](#)

Northwest Georgia

[Cartersville Medical Center](#)

[Redmond Regional Medical Center](#)

Savannah

[Memorial Health University Medical Center](#)

Waycross

[Memorial Satilla Health](#)

### **Idaho**

Caldwell

[West Valley Medical Center](#)

Idaho Falls

[Eastern Idaho Regional Medical Center](#)

### **Indiana**

Terre Haute

[Terre Haute Regional Hospital](#)

### **Kansas**

Kansas City

[Menorah Medical Center](#)

[Overland Park Regional Medical Center](#)

Wichita

[Wesley Medical Center](#)

[Wesley Woodlawn Hospital & ER](#)

### **Kentucky**

Bowling Green

[TriStar Greenview Regional Hospital](#)

Frankfort

[Frankfort Regional Medical Center](#)

### **Louisiana**

Central Louisiana

[Rapides Regional Medical Center](#)

New Orleans

[Lakeview Regional Medical Center](#)

[Tulane Lakeside Hospital](#)

[Tulane Medical Center](#)

### **Mississippi**

Gulfport

[Garden Park Medical Center](#)

### **Missouri**

Kansas City

[Belton Regional Medical Center](#)

[Centerpoint Medical Center](#)

[Lafayette Regional Health Center](#)

[Lee's Summit Medical Center](#)

[Research Medical Center](#)

[Research Psychiatric Center](#)

### **Nevada**

Las Vegas

[MountainView Hospital](#)

[Southern Hills Hospital & Medical Center](#)

[Sunrise Hospital & Medical Center](#)

### **New Hampshire**

Portsmouth

[Parkland Medical Center](#)

[Portsmouth Regional Hospital](#)

### **North Carolina**

Western North Carolina

[Angel Medical Center](#)

[Blue Ridge Regional Hospital](#)

[Highlands-Cashiers Hospital](#)

[Mission Hospital](#)

[Mission Hospital McDowell](#)

[Transylvania Regional Hospital](#)

### **South Carolina**

Charleston

[Colleton Medical Center](#)

[Summerville Medical Center](#)

[Trident Medical Center](#)

Myrtle Beach

[Grand Strand Health](#)

### **Tennessee**

Chattanooga

[Parkridge East Hospital](#)

[Parkridge Medical Center](#)

[Parkridge Valley Hospital](#)

[Parkridge West Hospital](#)

Nashville

[The Children's Hospital at TriStar Centennial](#)

[TriStar Ashland City Medical Center](#)

[TriStar Centennial Medical Center](#)

[TriStar Centennial Parthenon Pavilion](#)

[TriStar Hendersonville Medical Center](#)

[TriStar Horizon Medical Center](#)

[TriStar Skyline Madison Campus](#)

[TriStar Skyline Medical Center](#)

[TriStar Southern Hills Medical Center](#)

[TriStar StoneCrest Medical Center](#)

[TriStar Summit Medical Center](#)

[Pinewood Springs](#)

**Texas**

Austin

[Heart Hospital of Austin](#)  
[St. David's Georgetown Hospital](#)[St. David's Medical Center](#)[St. David's North Austin Medical Center](#)[St. David's Round Rock Medical Center](#)[St. David's South Austin Medical Center](#)[St. David's Surgical Hospital](#)

Corpus Christi

[Corpus Christi Medical Center](#)

Dallas/Ft. Worth

[Medical City Alliance](#)[Medical City Arlington](#)[Medical City Dallas](#)[Medical City Denton](#)[Medical City Fort Worth](#)[Medical City Frisco](#)[Medical City Green Oaks Hospital](#)[Medical City Heart & Spine Hospitals](#)[Medical City Las Colinas](#)[Medical City Lewisville](#)[Medical City McKinney](#)[Medical City North Hills](#)[Medical City Plano](#)[Medical City Weatherford](#)

El Paso

[Del Sol Medical Center](#)[Las Palmas Medical Center](#)

Houston

[HCA Houston Healthcare Clear Lake](#)[HCA Houston Healthcare Conroe](#)[HCA Houston Healthcare Cypress Fairbanks](#)[HCA Houston Healthcare Kingwood](#)[HCA Houston Healthcare Mainland](#)[HCA Houston Healthcare Medical Center](#)[HCA Houston Healthcare North Cypress](#)[HCA Houston Healthcare Northwest](#)[HCA Houston Healthcare Pearland](#)[HCA Houston Healthcare Specialty Hospital Medical Center](#)[HCA Houston Healthcare Southeast](#)[HCA Houston Healthcare Tomball](#)[HCA Houston Healthcare West](#)[Texas Orthopedic Hospital](#)[The Woman's Hospital of Texas](#)

Rio Grande Valley

[Rio Grande Regional Hospital](#)[Valley Regional Medical Center](#)

San Antonio

[Methodist Hospital](#)[Methodist Hospital](#)[Metropolitan](#)[Methodist Hospital](#)[Northeast](#)[Methodist Hospital South](#)[Methodist Hospital Specialty and Transplant](#)[Methodist Hospital Stone Oak](#)[Methodist Hospital Texsan](#)**Utah**

Wasatch Front

[Brigham City Community Hospital](#)[Cache Valley Hospital](#)[Lakeview Hospital](#)[Lone Peak Hospital](#)[Mountain View Hospital](#)[Ogden Regional Medical Center](#)[St. Mark's Hospital](#)[Timpanogos Regional Hospital](#)**Virginia**

Northern Virginia

[Dominion Hospital](#)[Reston Hospital Center](#)[StoneSprings Hospital Center](#)

Richmond

[Chippenham Hospital](#)[Henrico Doctors' Hospital](#)[John Randolph Medical Center](#)[Johnston-Willis Hospital](#)[Parham Doctors' Hospital](#)[Retreat Doctors' Hospital](#)[Spotsylvania Regional Medical Center](#)

Southwest Virginia

[LewisGale Hospital Alleghany](#)[LewisGale Hospital](#)[Montgomery](#)[LewisGale Hospital Pulaski](#)[LewisGale Medical Center](#)

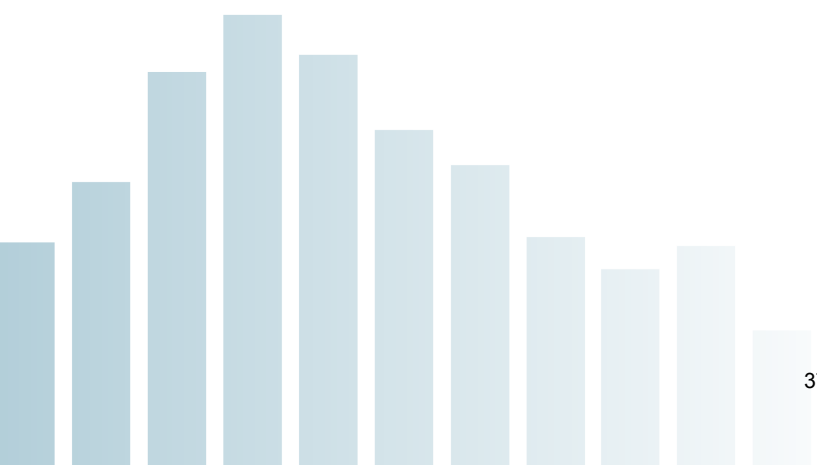


## Citations

- <sup>1</sup> NH Department of Justice, Office of the Attorney General, Charitable Trusts Unit: Pending Hospital Transactions. Available at <https://www.doi.nh.gov/charitable-trusts/hospitals.htm>. Accessed on December 6, 2019.
- <sup>2</sup> Seacoast Online. Public can comment on Frisbie Memorial Hospital sale to HCA. November 2019. Retrieved from <https://www.seacoastonline.com/news/20191120/public-can-comment-on-frisbie-memorial-hospital-sale-to-hca> Last accessed November 25, 2019; and Delaware Division of Corporations. FMH Health Services LLC, file number 7522468. Retrieved from <https://icis.corp.delaware.gov/Ecorp/EntitySearch/NameSearch.aspx> Last accessed November 25, 2019.
- <sup>3</sup> HCA Healthcare at a Glance. Available at <https://hcahealthcare.com/about/hca-at-a-glance.dot> Last accessed November 19, 2019; and HCA Healthcare Fact Sheet. Available at <https://hcahealthcare.com/util/forms/press-kit/HCA-presskit-fact-sheet.pdf> Accessed November 19, 2019.
- <sup>4</sup> Definitive Healthcare. TOP 10 LARGEST HEALTH SYSTEMS IN THE U.S. July 2019. Retrieved from <https://blog.definitivehc.com/top-10-largest-health-systems> Last accessed November 11, 2019; and NPR. Can a Community Hospital Stick to its Mission When It Goes For-Profit? July 2018. Retrieved from <https://www.npr.org/sections/health-shots/2018/07/19/629675648/can-a-community-hospital-stick-to-its-mission-when-it-goes-for-profit> Last accessed November 19, 2019.
- <sup>5</sup> HCA Healthcare. Analysis of HCA Data Relevant to Aspects of the Affordable Care Act. April 2019. Retrieved from <https://hcahealthcare.com/util/documents/2019/2019-Analysis-of-HCA-Data-Relevant-to-Affordable-Care-Act.pdf> Last accessed November 19, 2019.
- <sup>6</sup> Healthcare Corporation of America. Press Kit: HCA History. Retrieved from <https://hcahealthcare.com/util/forms/press-kit/hca-history.pdf> Last accessed November 20, 2019.
- <sup>7</sup> HCA Healthcare. HCA Healthcare Divisions Map. Retrieved from <https://hcahealthcare.com/locations/division-map.dot> Last accessed November 25, 2019.
- <sup>8</sup> HCA Healthcare. HCA Capital Division. Retrieved from <https://hccapitaldivision.com/> Last accessed November 20, 2019.
- <sup>9</sup> HCA Healthcare. HCA at a Glance. Retrieved from <https://hcahealthcare.com/about/hca-at-a-glance.dot> Last accessed November 19, 2019.
- <sup>10</sup> HCA Healthcare. HCA at a Glance. Retrieved from <https://hcahealthcare.com/about/hca-at-a-glance.dot> Last accessed November 19, 2019.
- <sup>11</sup> HCA Healthcare. HCA at a Glance. Retrieved from <https://hcahealthcare.com/about/hca-at-a-glance.dot> Last accessed November 19, 2019.
- <sup>12</sup> HCA Healthcare. HCA at a Glance. Retrieved from <https://hcahealthcare.com/about/hca-at-a-glance.dot> Last accessed November 19, 2019.
- <sup>13</sup> NH HealthCost: Quality of Care Scores for Frisbie Memorial Hospital, Parkland Medical Center, and Portsmouth Regional Hospital. Available at <https://nhhealthcost.nh.gov/quality/select>. Accessed on November 22, 2019.
- <sup>14</sup> Medicare Hospital Compare: Frisbie Memorial Hospital, Parkland Medical Center, and Portsmouth Regional Hospital. Available at <https://www.medicare.gov/hospitalcompare/search.html>. Accessed on November 22, 2019.
- <sup>15</sup> Medicare Hospital Compare Tool. Retrieved from <https://www.medicare.gov/hospitalcompare/search.html?> Last accessed November 25, 2019.
- <sup>16</sup> New Hampshire Comprehensive Health Care Information System (NH CHIS). NH CHIS Group Medical Plans and Uninsured Claims only, FY2018 Q3. Weighted average of median payment amounts compiled by the authors and staff of the New Hampshire Insurance Division.
- <sup>17</sup> Becker's Hospital Review. HCA's Profit Dips to \$612M in Q3. October 2019. Retrieved from <https://www.beckershospitalreview.com/finance/hca-s-profit-dips-to-612m-in-q3.html> Last accessed November 19, 2019.
- <sup>18</sup> Becker's Hospital Review. HCA's Profit Dips to \$612M in Q3. October 2019. Retrieved from <https://www.beckershospitalreview.com/finance/hca-s-profit-dips-to-612m-in-q3.html> Last accessed November 19, 2019.
- <sup>19</sup> Modern Healthcare. HCA's Q3 Volumes Rise and Markets and Capital Grow. October 2019. Retrieved from <https://www.modernhealthcare.com/hospital-systems/hcas-q3-volumes-rise-markets-and-capital-investments-grow> Last accessed November 20, 2019.
- <sup>20</sup> Modern Healthcare. HCA's Q3 Volumes Rise and Markets and Capital Grow. October 2019. Retrieved from <https://www.modernhealthcare.com/hospital-systems/hcas-q3-volumes-rise-markets-and-capital-investments-grow> Last accessed November 20, 2019.
- <sup>21</sup> Seacoast Online. <https://www.seacoastonline.com/news/20190714/hospital-offers-help-with-student-loans-to-attract-workers>
- <sup>22</sup> Modern Healthcare. HCA's Q3 Volumes Rise as Markets and Capital Investments Grow. October 29, 2019. Retrieved from <https://www.modernhealthcare.com/hospital-systems/hcas-q3-volumes-rise-markets-and-capital-investments-grow> Last accessed November 25, 2019.
- <sup>23</sup> Seacoast Online. Portsmouth Regional Hospital opens new wellness/rehab center. August 2008. Retrieved from <https://www.seacoastonline.com/article/20080806/BIZ/808060345> Last accessed November 25, 2019.
- <sup>24</sup> <https://parklandmedicalcenter.com/about/newsroom/parkland-medical-center-announces-opening-of-the-new>
- <sup>25</sup> Derry News. Parkland opens urgent care facility. March 2013. Retrieved from [https://www.derrynews.com/archives/parkland-opens-urgent-care-facility/article\\_7ab476b9-9da5-5310-9346-5d2fdcfb5063.html](https://www.derrynews.com/archives/parkland-opens-urgent-care-facility/article_7ab476b9-9da5-5310-9346-5d2fdcfb5063.html) Last accessed November 25, 2019.
- <sup>26</sup> Derry News. Parkland Medical Center opens behavioral health center. March 2015. Retrieved from [https://www.derrynews.com/news/parkland-opens-behavioral-health-center/article\\_6ce88a0a-f6eb-56ca-b216-c4a5422a7fcd.html](https://www.derrynews.com/news/parkland-opens-behavioral-health-center/article_6ce88a0a-f6eb-56ca-b216-c4a5422a7fcd.html) Last accessed November 25, 2019.
- <sup>27</sup> Seacoast Online. New ER set to open June 1 in Seabrook. May 2017. Retrieved from <https://www.seacoastonline.com/news/20170518/new-er-set-to-open-june-1-in-seabrook> Last accessed November 25, 2019.
- <sup>28</sup> Derry News. Parkland adds beds in behavioral unit. October 2017. Retrieved from [https://www.derrynews.com/news/parkland-adds-beds-in-behavioral-unit/article\\_3815fb68-c56a-5342-9673-967925280e80.html](https://www.derrynews.com/news/parkland-adds-beds-in-behavioral-unit/article_3815fb68-c56a-5342-9673-967925280e80.html) Last accessed November 25, 2019.

- <sup>29</sup> Seacoast Online. Portsmouth Regional Hospital Opens Dover Emergency Room. May 2019. Retrieved from <https://www.seacoastonline.com/news/20190502/portsmouth-regional-hospital-opens-dover-emergency-room> Last accessed November 25, 2019.
- <sup>30</sup> NH Business Review. MVP drops Portsmouth, Parkland hospitals. January 2011. Retrieved from <https://www.nhbr.com/mvp-drops-portsmouth-parkland-hospitals-2/> Last accessed November 25, 2019.
- <sup>31</sup> Seacoast Online. HCA wins Portsmouth Regional Hospital ownership battle. July 2013. Retrieved from <https://www.seacoastonline.com/article/20130717/NEWS/1011379> Last accessed November 25, 2019.
- <sup>32</sup> HCA Healthcare. Doing Business with HCA Healthcare. Retrieved from <https://hcahealthcare.com/about/doing-business-with-hca.dot> Last accessed November 25, 2019.
- <sup>33</sup> US Department of Justice. The Accomplishments of the U.S. Department of Justice: 2001-2009. Retrieved from <https://www.justice.gov/sites/default/files/opa/legacy/2010/03/08/doj-accomplishments.pdf> Last accessed November 25, 2019.
- <sup>34</sup> USA Today. HCA to settle more allegations for \$631M. December 2002. Retrieved from <https://usatoday30.usatoday.com/money/industries/health/2002-12-18-hca-settlement- x.htm> Last accessed November 25, 2019.
- <sup>35</sup> Forbes. Disaster of the Day: HCA. December 2000. Retrieved from <https://www.forbes.com/2000/12/15/1215disaster.html#39efc4132b66> Last accessed November 25, 2019.
- <sup>36</sup> Law.com. HCA settles insider trading lawsuit for \$20 million. August 2007. Retrieved from <https://www.law.com/dailyreportonline/almID/1202552197956/?slreturn=20191025160654> Last accessed November 25, 2019.
- <sup>37</sup> HCA Capital Division: New Hampshire. Retrieved from <https://hcapitaldivision.com/#newhampshire> Last accessed November 19, 2019.
- <sup>38</sup> HCA Healthcare Careers: Locations by State. Retrieved from <https://careers.hcahealthcare.com/pages/locations> Last accessed November 19, 2019.

# Parkland Medical Center Profile



## **Summary**

**Overview:** Parkland Medical Center (PMC) is an 86 bed, acute care facility located in Derry, New Hampshire (NH). The hospital provides emergency care along with clinical specialties including cardiovascular services, oncology services and pain management services, among others.

This report profiles PMC on several dimensions as summarized below and detailed in this report.

**Quality:** PMC scores near or above the state average on 8 out of 14 NH HealthCost quality measures, but scores below the average on 6 quality measures. Medicare's Hospital Compare website gives the hospital two out of five stars for its overall rating, and three out of five stars for its patient survey score. In addition, out of the 10 Medicare Hospital Compare patient experience measures, PMC scores below the state and national averages on 6 out of 10 measures, at or near the state or national average on 3 measures, and better than the state or national averages on 1 measure.

**Cost:** Generally, the payments PMC receives from private insurers for the services it provides are higher than the state median price. However, the payments PMC received from Harvard Pilgrim for office visits and for radiology services were lower than the state median payment. The price PMC charged to uninsured patients was lower than the state median for all services provided.

**Financial Status:** From 2014 through 2017, PMC's service volume grew while hospital volume statewide declined. PMC's expenses increased at a much faster rate than the statewide median growth rate, with significant jumps in 2016 and 2018. Its revenues grew at a much faster rate than the state median as well, which helped PMC to achieve significantly higher positive margins than the statewide hospital industry average.

**Contents of This Report:** This report provides the following information about PMC:

- Service profile that includes general information statistics, services offered, cost of charity care and community benefits, and summary of quality
- Multi-year profile of financial and utilization comparison statistics
- Pricing comparison of the average payment PMC receives for the outpatient services it provides, compared to the state median payment for the same sets of services
- Outline of performance on health care quality and safety measures compiled by NH HealthCost
- Patient experience survey ratings questions from U.S. Centers for Medicare and Medicaid Services (CMS) Hospital Compare

## Parkland Medical Center Service Profile

<b>General Hospital Information</b> <sup>1,2,3</sup>		
Type of Facility		Acute Care
Total Licensed Beds		86
The Joint Commission		Yes
Annual Hospital Discharges		3,717
<b>Hospital Services Offered</b> <sup>4</sup>		
<ul style="list-style-type: none"> <li>• Emergency services</li> <li>• Cardiology services</li> <li>• Cancer care</li> <li>• Diabetes services</li> <li>• Joint care</li> </ul>	<ul style="list-style-type: none"> <li>• Pain management</li> <li>• Physical therapy and rehabilitation</li> <li>• Spinal care</li> <li>• Pediatric and women’s health services</li> <li>• Wound care</li> </ul>	
<b>Quality Statistics Summary</b>		
The table below offers a view of PMC’s performance on quality of care scores from two different sources: NH HealthCost and CMS Hospital Compare.		
<i>Source</i>	<i>Measure*</i>	<i>Score</i>
NH HealthCost Quality of Care Scores <sup>5</sup>	Quality of Care Measures Better Than Average	4 out of 14
	Quality of Care Measures Near Average	4 out of 14
	Quality of Care Measures Worse Than Average	6 out of 14
CMS Hospital Compare <sup>6</sup>	<b>Overall rating**</b>	<b>2 out of 5</b>
	<b>Patient survey rating***</b>	<b>3 out of 5</b>
	Unplanned readmission rating****	Worse than the national rate

*\*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.*

*\*\*This measure summarizes more than 100 measures of mortality, safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.*

*\*\*\*This measure summarizes how patients recently discharged from the hospital responded to a survey about their hospital experience. The survey asked questions like how well a hospital’s doctors and nurses communicated with the patient.*

*\*\*\*\*Rate of patients readmitted to the hospital within 30 days of discharge.*

## Parkland Medical Center Financial and Utilization Statistics <sup>7</sup>

The two tables below offer a multi-year financial comparison profile based on an analysis of CMS Hospital Form 2552-10 data for PMC for fiscal years 2014-2017, and for all NH acute care hospitals for fiscal years 2014-2017 (2018 data is not yet available for all NH hospitals). From 2014 through 2017, PMC's service volume grew while hospital volume statewide declined. PMC's expenses increased at a much faster rate than the statewide median growth rate, with significant jumps in 2016 and 2018. Its revenues grew at a much faster rate than the state median as well, which helped PMC to achieve significantly higher positive margins than the statewide hospital industry average.

	2014	2015	2016	2017	2018*	Average '14-'17 Annual Change	Statewide '14-'17 Median Annual Change
<b>Reported Data</b>							
Total Expenses	\$78,697,949	\$80,267,261	\$88,527,908	\$98,597,914	N/A	8.4%	2.9%
Total Hospital Discharges	3,307	3,184	3,209	3,717	N/A	4.1%	-0.4%
Hospital Sub provider/Other Discharges (IPF)	.	570	691	736	N/A	.	3.8%
Total Hospital Days	12,323	10,468	11,215	14,398	N/A	5.6%	-1.4%
Hospital Sub provider and Other Days	.	3,841	3,864	4,275	N/A	.	7.9%
Charity Care Costs (Uninsured Patients)	\$253,299	\$1,947,046	\$1,719,628	\$1,973,103	N/A	226.3%	-12.9%
Charity Care Costs (Insured Patients)	\$14,021	\$126,801	\$85,868	\$86,953	N/A	173.4%	38.1%
Total Unreimbursed and Uncompensated Care	\$4,972,945	\$5,805,376	\$5,302,597	\$7,661,501	N/A	18.0%	-9.9%
Total Inpatient Charges	\$116,358,571	\$143,632,463	\$173,728,221	\$213,342,030	N/A	27.8%	4.1%
Total Outpatient Charges	\$244,637,954	\$280,391,590	\$320,411,959	\$364,414,219	N/A	16.3%	6.2%
Net Patient Service Revenue	\$108,512,556	\$117,933,059	\$132,505,480	\$143,255,265	N/A	10.7%	4.1%
Total Revenue	\$109,171,815	\$118,210,267	\$132,871,507	\$143,614,912	N/A	10.5%	4.9%
<b>Calculated Trends</b>							
Adjusted Hospital Days (Inpt. Days + Inpt. Days*(Outpt Charges / Inpt Charges))	38,231	30,903	31,899	38,992	N/A	0.7%	-0.3%
Total Expense per Adjusted Day (Total Expenses/Adj. Hospital Days)	\$2,058	\$2,597	\$2,775	\$2,529	N/A	7.6%	3.3%
Net Patient Service Revenue per Adjusted Day (NPSR/Adj. Hospital Days)	\$2,838	\$3,816	\$4,154	\$3,674	N/A	9.8%	4.4%

Margin	2014	2015	2016	2017	2018*	PMC Average Margin 2014 - 2017	Statewide Average Margin 2014 - 2017
Parkland Medical Center Operating Margin	23.7%	28.6%	31.7%	31.3%	N/A	28.8%	
NH Statewide Industry Average**	1.1%	0.3%	2.3%	2.9%	3.0%		1.65%
Parkland Medical Center Total Margin	15.3%	18.2%	20.2%	22.6%	N/A	19.1%	
NH Statewide Industry Average**	5.6%	3.2%	7.4%	8.2%	6.6%		6.1%

\*As of the writing of this report, PMC had yet to file a CMS Hospital Form 2552-10 Cost Report for 2018.

\*\* The authors calculated a combined margin for all New Hampshire acute care hospitals using data reported on the CMS Hospital Form 2552-10 Cost Reports for New Hampshire acute care hospitals.

## Parkland Medical Center - Estimated Outpatient Visit Pricing <sup>8</sup>

The following chart shows the average payment PMC receives for the services it provides, compared to the state median payment for the same sets of services. Generally, the payments PMC receives from private insurers for the services it provides are higher than the state median price. However, payments PMC received from Harvard Pilgrim for office visits and for radiology services were lower than the state median payment. The price PMC charged to uninsured patients was lower than the state median for all services provided. Amounts highlighted in green are lower than the state median and amounts highlighted in red are higher than the state median.

Event Type	Parkland Medical Center			
	State Number of Events	PMC Number of Events	Payments to PMC (weighted median)	Payments to PMC if PMC received the statewide median payment for its services
<b>Emergency Visits</b>				
Anthem - NH	11,409	376	\$ 950.55	\$ 226.74
CIGNA	4,620	64	\$ 1,535.05	\$ 397.53
Harvard Pilgrim HC	10,517	225	\$ 664.84	\$ 347.76
Other Medical Insurance	2,077	91	\$ 598.25	\$ 451.74
Uninsured*	28,629	756	\$ 258.34	\$ 291.04
<b>Office Visits</b>				
Anthem - NH	361,788	222	\$ 173.21	\$ 172.20
CIGNA	86,270	67	\$ 183.78	\$ 159.28
Harvard Pilgrim HC	214,045	162	\$ 186.49	\$ 164.33
Other Medical Insurance	45,927	66	\$ 191.08	\$ 184.11
Uninsured*	708,036	517	\$ 24.06	\$ 235.40
<b>Outpatient Tests and Procedures</b>				
Anthem - NH	18,787	156	\$ 3,481.01	\$ 2,730.92
CIGNA	5,358	34	\$ 3,694.24	\$ 3,533.74
Harvard Pilgrim HC	10,703	138	\$ 1,608.10	\$ 2,321.42
Other Medical Insurance	2,181	47	\$ 3,351.64	\$ 3,026.97
Uninsured*	38,600	405	\$ 771.30	\$ 3,721.69
<b>Radiology Services</b>				
Anthem - NH	56,561	513	\$ 445.09	\$ 418.48
CIGNA	16,411	114	\$ 708.74	\$ 549.02
Harvard Pilgrim HC	36,898	565	\$ 364.16	\$ 484.53
Other Medical Insurance	6,713	255	\$ 550.04	\$ 474.17
Uninsured*	120,409	1,541	\$ 147.43	\$ 707.27

\*NH HealthCost estimates the price to uninsured individuals based on the service mix for insured patients, and the hospital's charges less the discount the hospital offers to uninsured patients.

Source: Authors' analysis of NH Comprehensive Health Care Information System (CHIS) Group Medical Plans and Uninsured Claims only, FY2018 Q3. Authors calculated the median payment by insurer by service for each hospital and median payment by insurer by service for the state as a whole. The chart shows the average of the median payment the hospital received for each service category, weighted by the hospital's service mix. The chart compares this amount to the average state median payment amount for each service weighted by the hospital's service mix.

## Quality

The tables below show PMC’s scores on multiple sets of patient experience and quality of care scores from CMS Hospital Compare (first table) and NH HealthCost (next three tables).<sup>6,9</sup> Of the 10 CMS Hospital Compare patient experience measures, PMC scores below the state and national averages on 6 out of 10 measures, at or near the state or national average on 3 measures, and better than the state or national averages on 1 measure. Of the 15 NH HealthCost measures, PMC scores better than average on 4 of the 14 measures, near average on 4 measures, and worse than average on 6 measures.<sup>1</sup>





Measure Description	Parkland Medical Center*	NH Average	National Average
Patients who reported that their nurses "Always" communicated well	78%	82%	81%
Patients who reported that their doctors "Always" communicated well	74%	81%	81%
Patients who reported that they "Always" received help as soon as they wanted	75%	71%	70%
Patients who reported that staff "Always" explained about medicines before giving it to them	62%	66%	66%
Patients who reported that their room and bathroom were "Always" clean	79%	78%	75%
Patients who reported that the area around their room was "Always" quiet at night	48%	55%	62%
Patients who reported that YES, they were given information about what to do during their recovery at home	89%	89%	87%
Patients who "Strongly Agree" they understood their care when they left the hospital	51%	54%	53%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	65%	72%	73%
Patients who reported YES, they would definitely recommend the hospital	66%	74%	72%

*\*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.*


<sup>i</sup> NH Healthcost “Patient Centered Care” measures, and scores, are not included here because they report CMS Hospital Compare patient experience scores, which the authors reported on in the first table.



## Timely Care

<a href="#">Time Spent in the Emergency Department Before Being Admitted</a>	 ABOVE AVERAGE	264 min state average 290 min
<a href="#">Time Spent in the Emergency Department After Being Admitted Before Getting to Room</a>	 NEAR AVERAGE	104 min state average 102 min
<a href="#">Time Spent in the Emergency Department Before Being Discharged</a>	 BELOW AVERAGE	158 min state average 142 min
<a href="#">Patients with Stroke Symptoms Who Received Head CT Scan at Arrival</a>	 ABOVE AVERAGE	95% state average 66%

## Effective Care

<a href="#">Patients with Normal Colonoscopy Who Received Appropriate Recommendation for Follow-Up</a>	 ABOVE AVERAGE	100% state average 85%
--	---	---------------------------

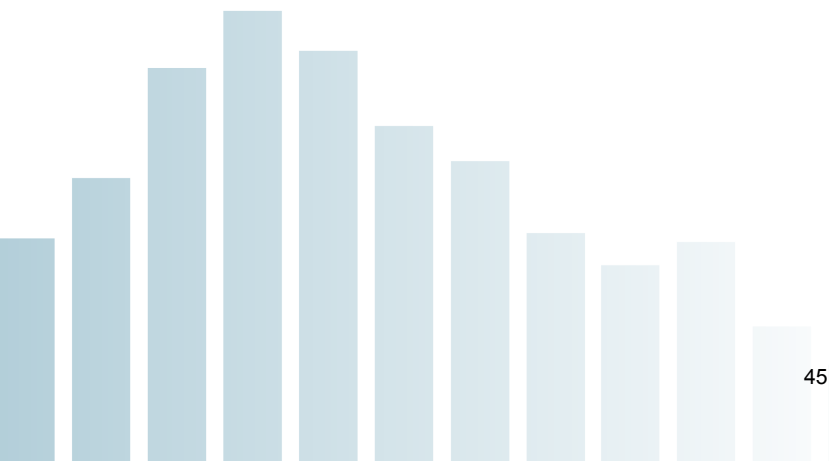
## Safe Care

<a href="#">Patients Infected with C.diff While at Hospital</a>	 ABOVE AVERAGE	0.78 state average 1.00
---	---	----------------------------

## Citations

- <sup>1</sup> Parkland Medical Center: About Parkland Medical Center. Available at <https://parklandmedicalcenter.com/about/>. Accessed on November 14, 2019.
- <sup>2</sup> NH Health Facilities Licensed Under RSA 151. Available at <https://www.dhhs.nh.gov/oos/bhfa/documents/licensedfacilities.pdf>. Accessed on November 14, 2019.
- <sup>3</sup> Data retrieved from CMS Hospital Form 2552-10 Cost Reports for Parkland Medical Center for FY2014 - FY2016.
- <sup>4</sup> Parkland Medical Center: Specialties. Available at <https://parklandmedicalcenter.com/specialties/>. Accessed on November 14, 2019.
- <sup>5</sup> NH HealthCost: Parkland Medical Center. Available at <https://nhhealthcost.nh.gov/provider/parkland-medical-center#quality>. Accessed on November 14, 2019.
- <sup>6</sup> Medicare Hospital Compare: Parkland Medical Center. <https://www.medicare.gov/hospitalcompare/profile.html#profTab=1&ID=300017&loc=DERRY%2C%20NH&lat=42.8806437&lng=-71.3273346&name=PARKLAND%20MEDICAL%20CENTER&Distn=0.7>. Accessed on November 14, 2019.
- <sup>7</sup> Data retrieved from CMS Hospital Form 2552-10 Cost Reports for Parkland Medical Center for FY2014 - FY2017.
- <sup>8</sup> New Hampshire Comprehensive Health Care Information System (NH CHIS). NH CHIS Group Medical Plans and Uninsured Claims only, FY2018 Q3. Weighted average of median payment amounts compiled by the authors and staff of the New Hampshire Insurance Division.
- <sup>9</sup> NH HealthCost: Parkland Medical Center. Available at <https://nhhealthcost.nh.gov/provider/parkland-medical-center#quality>. Accessed on November 14, 2019.

# Portsmouth Regional Hospital Profile



## **Summary**

**Overview:** Portsmouth Regional Hospital (PRH) is a 220 bed, acute care facility located in Portsmouth, New Hampshire (NH). The hospital provides emergency care along with clinical specialties including cardiovascular services, oncology services and pain management services, among others.

This report profiles PRH on several dimensions as summarized below and detailed in this report.

**Quality:** PRH scores better than average on 6 of the 15 NH HealthCost measures, near average on 4 measures, and worse than average on 5 measures. Medicare's Hospital Compare website gives the hospital three out of five stars for its overall rating, and three out of five stars for its patient survey score. In addition, out of the 10 Medicare Hospital Compare patient experience measures, PRH scores worse than the state and national averages on five measures, and at or near the state and national average on five others.

**Cost:** Generally, the payments PRH receives from private insurers for the services it provides are higher than the state median price. However, the payments PRH received from Anthem for office visits and Harvard Pilgrim for radiology services were lower than the state median payment. The price PMC charged to uninsured patients was lower than the state median for all services provided.

**Financial Status:** From 2014 through 2017, PRH's service volume grew while hospital volume statewide declined. PRH's expenses increased at a much faster rate than the statewide median growth rate, with significant jumps in expenses in 2015, 2017, and 2018, and a steep decrease in expenses in 2016. Its revenues grew at a much faster rate than the state median as well, which helped PRH to achieve significantly higher positive margins than the statewide hospital industry average.

**Contents of This Report:** This report provides the following information about PRH:

- Service profile that includes general information statistics, services offered, cost of charity care and community benefits, and summary of quality
- Multi-year profile of financial and utilization comparison statistics
- Pricing comparison of the average payment PRH receives for the outpatient services it provides, compared to the state median payment for the same sets of services
- Outline of performance on health care quality and safety measures compiled by NH HealthCost
- Patient experience survey ratings questions from U.S. Centers for Medicare and Medicaid Services (CMS) Hospital Compare

## Portsmouth Regional Hospital Service Profile

<b>General Hospital Information</b> <sup>1,2</sup>		
Type of Facility	Acute Care	
Total Licensed Beds	220	
The Joint Commission	Yes	
Annual Hospital Discharges	8,601	
<b>Hospital Services Offered</b> <sup>3</sup>		
<ul style="list-style-type: none"> <li>• Emergency services</li> <li>• Cardiology services</li> <li>• Cancer care</li> <li>• Diabetes services</li> <li>• Joint care</li> </ul>	<ul style="list-style-type: none"> <li>• Pain management</li> <li>• Physical therapy and rehabilitation</li> <li>• Spinal care</li> <li>• Pediatric and women’s health services</li> <li>• Wound care</li> </ul>	
<b>Quality Statistics Summary</b>		
The table below offers a view of PRH’s performance on quality of care scores from two different sources: NH HealthCost and CMS Hospital Compare.		
<i>Source</i>	<i>Measure*</i>	<i>Score</i>
NH HealthCost Quality of Care Scores <sup>4</sup>	Quality of Care Measures Better Than Average	6 out of 15
	Quality of Care Measures Near Average	4 out of 15
	Quality of Care Measures Worse Than Average	5 out of 15
CMS Hospital Compare <sup>5</sup>	<b>Overall rating**</b>	<b>3 out of 5</b>
	<b>Patient survey rating***</b>	<b>3 out of 5</b>
	Unplanned readmission rating****	No different than national rate

*\*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.*

*\*\*This measure summarizes more than 100 measures of mortality, safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.*

*\*\*\*This measure summarizes how patients recently discharged from the hospital responded to a survey about their hospital experience. The survey asked questions like how well a hospital’s doctors and nurses communicated with the patient.*

*\*\*\*\*Rate of patients readmitted to the hospital within 30 days of discharge.*

## Portsmouth Regional Hospital Financial and Utilization Statistics <sup>6</sup>

The two tables below offer a multi-year financial comparison profile based on an analysis of CMS Hospital Form 2552-10 data for PRH for fiscal years 2014-2017, and for all NH acute care hospitals for fiscal years 2014-2017 (2018 data is not yet available for all NH hospitals). From 2014 through 2017, PRH's service volume grew while hospital volume statewide declined. PRH's expenses increased at a much faster rate than the statewide median growth rate, with significant jumps in expenses in 2015, 2017, and 2018, and a steep decrease in expenses in 2016. Its revenues grew at a much faster rate than the state median as well, which helped PRH to achieve significantly higher positive margins than the statewide hospital industry average.

	2014	2015	2016	2017	2018	Average '14-'17 Annual Change	Statewide '14-'17 Median Annual Change
Total Expenses	\$152,688,382	\$190,895,330	\$175,613,309	\$190,527,622	\$204,671,969	8.3%	2.9%
Total Hospital Discharges	6,926	7,087	7,615	8,729	8,601	8.7%	-0.4%
Hospital Sub provider/Other Discharges (IPF)	1,145	1,371	1,355	1,390	1,383	7.1%	3.8%
Total Hospital Days	32,796	34,533	36,180	40,726	43,994	8.1%	-1.4%
Hospital Sub provider and Other Days	5,483	7,326	7,865	9,172	9,380	22.4%	7.9%
Charity Care Costs (Uninsured Patients)	\$1,263,649	\$3,429,792	\$2,487,796	\$3,077,328	\$4,577,620	47.8%	-12.9%
Charity Care Costs (Insured Patients)	\$88,237	\$167,376	\$262,777	\$138,151	\$101,344	18.9%	38.1%
Total Unreimbursed and Uncompensated Care	\$6,527,212	\$12,250,961	\$5,342,215	\$7,437,072	\$10,651,112	4.6%	-9.9%
Total Inpatient Charges	\$420,291,374	\$503,676,027	\$579,251,426	\$705,996,070	\$783,911,447	22.7%	4.1%
Total Outpatient Charges	\$349,937,242	\$381,556,744	\$434,706,053	\$499,153,337	\$591,346,702	14.2%	6.2%
Net Patient Service Revenue	\$220,884,383	\$233,698,711	\$260,844,603	\$289,059,771	\$302,820,259	10.3%	4.1%
Total Revenue	\$221,831,232	\$234,136,675	\$261,114,513	\$289,493,945	\$303,811,967	10.2%	4.9%
<b>Calculated Trends</b>							
Adjusted Hospital Days (Inpt. Days + Inpt. Days*(Outpt Charges / Inpt Charges))	60,102	60,693	63,332	69,520	77,181	5.2%	-0.3%
Total Expense per Adjusted Day (Total Expenses/Adj. Hospital Days)	\$2,540	\$3,145	\$2,773	\$2,741	\$2,652	2.6%	3.3%
Net Patient Service Revenue per Adjusted Day (NPSR/Adj. Hospital Days)	\$3,675	\$3,850	\$4,119	\$4,158	\$3,924	4.4%	4.4%

Margin	2014	2015	2016	2017	2018	PRH Average Margin 2014 - 2017	Statewide Average Margin 2014 - 2017
Portsmouth Regional Hospital Operating Margin	30.1%	31.9%	35.2%	38.2%	39.4%	33.85%	
NH Statewide Industry Average*	1.1%	0.3%	2.3%	1.9%	3.0%		1.65%
Portsmouth Regional Hospital Total Margin	19.3%	20.2%	22.3%	25.0%	30.5%	21.7%	
NH Statewide Industry Average*	5.6%	3.2%	7.4%	8.2%	6.6%		6.10%

\* The authors calculated a combined margin for all New Hampshire acute care hospitals using data reported on the CMS Hospital Form 2552-10 Cost Reports for New Hampshire acute care hospitals.

## Portsmouth Regional Hospital - Estimated Outpatient Visit Pricing <sup>7</sup>

The following chart shows the average payment PRH receives for the services it provides, compared to the state median payment for the same sets of services. Generally, the payments PRH receives from private insurers for the services it provides are higher than the state median price. However, payments PRH received from Anthem for office visits and Harvard Pilgrim for radiology services were lower than the state median payment. The price PRH charged to uninsured patients was lower than the state median for all services provided. Amounts highlighted in green are lower than the state median and amounts highlighted in red are higher than the state median.

Event Type		Portsmouth Regional Hospital and Appledore Medical Group		
		State Number of Events	PRH Number of Events	Payments to PRH (weighted median)
<b>Emergency Visits</b>				
Anthem - NH	11,409	1,004	\$ 983.69	\$ 257.73
CIGNA	4,620	250	\$ 1,086.34	\$ 441.63
Harvard Pilgrim HC	10,517	570	\$ 838.36	\$ 375.80
Other Medical Insurance	2,077	188	\$ 936.05	\$ 513.26
Uninsured	28,629	2,012	\$ 224.12	\$ 328.19
<b>Office Visits</b>				
Anthem - NH	361,788	8,101	\$ 150.29	\$ 156.42
CIGNA	86,270	3,510	\$ 170.98	\$ 148.14
Harvard Pilgrim HC	214,045	4,745	\$ 171.95	\$ 154.12
Other Medical Insurance	45,927	1,655	\$ 176.55	\$ 166.43
Uninsured	708,036	18,011	\$ 189.56	\$ 219.80
<b>Outpatient Tests and Procedures</b>				
Anthem - NH	18,787	143	\$ 3,677.54	\$ 2,371.22
CIGNA	5,358	92	\$ 4,412.08	\$ 3,346.37
Harvard Pilgrim HC	10,703	119	\$ 2,803.66	\$ 2,074.08
Other Medical Insurance	2,181	28	\$ 5,323.68	\$ 3,446.55
Uninsured	38,600	443	\$ 912.43	\$ 3,289.76
<b>Radiology Services</b>				
Anthem - NH	56,561	1,245	\$ 511.91	\$ 476.53
CIGNA	16,411	748	\$ 762.70	\$ 617.41
Harvard Pilgrim HC	36,898	845	\$ 560.78	\$ 548.93
Other Medical Insurance	6,713	176	\$ 837.96	\$ 681.10
Uninsured	120,409	3,130	\$ 154.01	\$ 788.61

\*NH HealthCost estimates the price to uninsured individuals based on the service mix for insured patients, and the hospital's charges less the discount the hospital offers to uninsured patients.

Source: Authors' analysis of NH Comprehensive Health Care Information System (CHIS) Group Medical Plans and Uninsured Claims only, FY2018 Q3. Authors calculated the median payment by insurer by service for each hospital and median payment by insurer by service for the state as a whole. The chart shows the average of the median payment the hospital received for each service category, weighted by the hospital's service mix. The chart compares this amount to the average state median payment amount for each service weighted by the hospital's service mix.

## Quality

The tables below show PRH's scores on multiple sets of patient experience and quality of care scores from CMS Hospital Compare (first table) and NH HealthCost (next three tables).<sup>5,8</sup> Of the 10 CMS Hospital Compare patient experience measures, PRH scores worse than the state and national averages on five measures and at or near the state and national average on five others. Of the 15 NH HealthCost measures, PRH scores better than average on 6 of the 15 measures, near average on 4 measures, and worse than average on 5 measures.<sup>i</sup>

Measure Description	Portsmouth Regional Hospital*	NH Average	National Average
Patients who reported that their nurses "Always" communicated well	76%	82%	81%
Patients who reported that their doctors "Always" communicated well	75%	81%	81%
Patients who reported that they "Always" received help as soon as they wanted	61%	71%	70%
Patients who reported that staff "Always" explained about medicines before giving it to them	63%	66%	66%
Patients who reported that their room and bathroom were "Always" clean	73%	78%	75%
Patients who reported that the area around their room was "Always" quiet at night	53%	55%	62%
Patients who reported that YES, they were given information about what to do during their recovery at home	88%	89%	87%
Patients who "Strongly Agree" they understood their care when they left the hospital	53%	54%	53%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	67%	72%	73%
Patients who reported YES, they would definitely recommend the hospital	70%	74%	72%

*\*Measures highlighted in shades of yellow are scores at or near the state or national average and shades of red are scores lower than the state or national average.*


<sup>i</sup> NH Healthcost "Patient Centered Care" measures, and scores, are not included here because they report CMS Hospital Compare patient experience scores, which the authors reported on in the first table.





## Timely Care

<a href="#">Time Spent in the Emergency Department Before Being Admitted</a>	 ABOVE AVERAGE	230 min state average 290 min
<a href="#">Time Spent in the Emergency Department After Being Admitted Before Getting to Room</a>	 ABOVE AVERAGE	79 min state average 102 min
<a href="#">Time Spent in the Emergency Department Before Being Discharged</a>	 ABOVE AVERAGE	115 min state average 142 min

## Effective Care

<a href="#">Patients with Normal Colonoscopy Who Received Appropriate Recommendation for Follow-Up</a>	 ABOVE AVERAGE	100% state average 85%
<a href="#">MRI Lumbar Spine for Low Back Pain</a>	 ABOVE AVERAGE	34% state average 37%

## Safe Care

<a href="#">Patients Infected with MRSA While at Hospital</a>	 ABOVE AVERAGE	0.48 state average 1.00
<a href="#">Patients Infected with C.diff While at Hospital</a>	 NEAR AVERAGE	1.00 state average 1.00

## Citations

- <sup>1</sup> Portsmouth Regional Hospital: About Portsmouth Regional Hospital. Available at <https://portsmouthhospital.com/about/>. Accessed on November 14, 2019.
- <sup>2</sup> Data retrieved from CMS Hospital Form 2552-10 Cost Reports for Portsmouth Regional Hospital for FY2014 - FY2017.
- <sup>3</sup> Portsmouth Regional Hospital: Specialties. Available at <https://portsmouthhospital.com/specialties/>. Accessed on November 14, 2019.
- <sup>4</sup> NH HealthCost: Portsmouth Regional Hospital. Available at <https://nhhealthcost.nh.gov/provider/portsmouth-regional-hospital#quality>. Accessed on November 14, 2019.
- <sup>5</sup> Medicare Hospital Compare: Portsmouth Regional Hospital. <https://www.medicare.gov/hospitalcompare/profile.html#profTab=0&ID=300029&loc=PORTSMOUTH%2C%20NH&lat=43.0717552&lng=-70.7625532&name=PORTSMOUTH%20REGIONAL%20HOSPITAL&Distn=1.8>. Accessed on November 14, 2019.
- <sup>6</sup> Data retrieved from CMS Hospital Form 2552-10 Cost Reports for Portsmouth Regional Hospital for FY2014 - FY2018.
- <sup>7</sup> New Hampshire Comprehensive Health Care Information System (NH CHIS). NH CHIS Group Medical Plans and Uninsured Claims only, FY2018 Q3. Weighted average of median payment amounts compiled by the authors and staff of the New Hampshire Insurance Division.
- <sup>8</sup> NH HealthCost: Portsmouth Regional Hospital. Available at <https://nhhealthcost.nh.gov/provider/portsmouth-regional-hospital#quality>. Accessed on November 14, 2019.



December 27, 2019

State of New Hampshire, Attorney General's Office  
% Mr. Thomas Donovan  
Director, Charitable Trusts Unit  
33 Capitol Street  
Concord, NH 03301-6397

Dear Mr. Donovan:

We understand that Frisbie Memorial Hospital and Subsidiaries ("Frisbie," the "Company," or the "Seller") has entered into an Asset Purchase Agreement dated October 18, 2019 (the "Agreement") with FMH Health Services, LLC, an affiliate of HCA Healthcare, Inc. ("HCA" or the "Buyer"), pursuant to which HCA will acquire substantially all of the assets of Frisbie (other than certain excluded assets and entities as outlined in the Agreement). The purchase consideration, pursuant to Section 2.5 of the Agreement, is \$67.0 million subject to certain adjustments outlined in the Agreement (the "Consideration"). The foregoing transaction is referred to hereinafter as the "Transaction".

The New Hampshire Attorney General's Office ("NHAG") has requested that Stout Risius Ross, LLC ("Stout") render an opinion (the "Opinion") with respect to the fairness, from a financial point of view, of the Consideration to be received by Frisbie pursuant to the Transaction.

Our Opinion is only to be utilized by the NHAG as one input to consider in the process of analyzing the contemplated Transaction. No opinion, counsel or interpretation is intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. We have not been requested to opine as to, and our Opinion does not in any manner address the following: (i) the underlying business decision of the entities involved in the proposed Transaction, their stakeholders or any other party, including the NHAG to proceed with or effect the Transaction; (ii) the merits of the Transaction relative to any alternative business strategies that may exist for the stakeholders, the NHAG, or other parties, nor the effect of any other transactions in which the stakeholders, the NHAG, or other parties might have engaged; (iii) the terms of any arrangements, understandings, agreements or documents related to, or the form or any other portion or aspect of, the Transaction or otherwise, except as expressly addressed in the Opinion; (iv) the fairness of any portion or aspect of the Transaction to the holders of any class of securities, creditors, or other constituencies of the stakeholders, the NHAG, or other parties not specifically addressed in the Opinion; (v) the solvency, creditworthiness or fair value of any transacting entities or any other participant in the Transaction under any applicable laws relating to bankruptcy, insolvency or similar matters; or (vi) how the transacting entities, stakeholders, NHAG, or any other person should act with respect to the Transaction.

Further, if the Transaction is subject to NHAG approval, Stout's Opinion is not intended to and does not constitute a recommendation to the NHAG or stakeholders as to how each should vote in regard to the Transaction. The NHAG acknowledges that Stout has not been engaged to (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the Transaction, the assets, businesses or operations of the transacting entities or any other party, or any alternatives to the Transaction, or (b) negotiate the terms of the Transaction. The NHAG acknowledges that Stout has no obligation to conduct any appraisal of any specific assets or liabilities of the transacting entities or any other party.



State of New Hampshire, Attorney General's Office  
December 27, 2019  
Page 2

In connection with our analysis, we have made such reviews, analyses, and inquiries as we have deemed necessary and appropriate under the circumstances. The principal sources of information used in performing our analysis included, but were not limited to:

- Reviewed the Asset Purchase Agreement, including certain associated exhibits and disclosure schedules, between Frisbie Memorial Hospital, The Frisbie Foundation, Granite State Lab, LLC, Seacoast Business and Health Clinic, Inc. d/b/a Seacoast Redicare (as Sellers), and FMH Health Services, LLC (as Buyer) dated October 18, 2019 (previously defined as the "Agreement");
- Reviewed the Letter of Intent prepared by HCA, dated January 10, 2019;
- Reviewed Frisbie's internally prepared schedule detailing status of non-disclosure agreements ("NDA") and requests for proposal ("RFP") amongst potential buyers;
- Reviewed Frisbie's internally prepared *Affiliation with HCA Healthcare Timeline*, dated July 15, 2019;
- Reviewed an appraisal of Frisbie, as presented in a report prepared by Ketchum Valuation Consulting ("Ketchum") dated January 17, 2019, as of October 31, 2018 (the "Ketchum Valuation Report");
- Reviewed certain publicly available business and financial information relating to Frisbie that we deemed to be relevant;
- Reviewed certain information relating to the historical, current and future operations, financial condition and prospects of Frisbie made available to us by Frisbie, including:
  - certain information from Frisbie's audited financial statements for the fiscal years ended September 30, 2014 through 2018 and internally prepared financial statements for the fiscal year ended September 30, 2019;
  - income statement projections relating to Frisbie as prepared by Frisbie management for the fiscal year ending September 30, 2020 (the "Budget").
  - capital expenditure projections relating to Frisbie as prepared by Frisbie management for the fiscal years ending September 30, 2020 through 2022;
- Reviewed Frisbie's summary and listing of current facilities, including description, function, age, use, square footage, rental terms, and owned vs. leased;
- Reviewed the Company's internally prepared seller rent roll schedule;
- Reviewed the Company's fixed asset listings for the Subject Personal Property as of May 31, 2019;
- Reviewed the Company's fixed asset acquisitions and disposals from June 1, 2019 through September 30, 2019;



State of New Hampshire, Attorney General's Office  
December 27, 2019  
Page 3

- Reviewed construction in progress schedules as of May 31, 2019;
- Reviewed personal property retirement data;
- Reviewed other pertinent information related to the Company's personal property;
- Reviewed the Frisbie Memorial Hospital Financial Action Task Force Presentation, dated April 18, 2018;
- Reviewed the Frisbie Memorial Hospital Partnership Planning Meeting #4 Presentation, dated September 27, 2018;
- Reviewed the *Branding Follow-up Research Presentation*, prepared by Portland Research Group, dated March 2017;
- Reviewed Frisbie's internally prepared *Marketing Initiatives Presentation*, dated April 2017;
- Reviewed Frisbie's internally prepared *Strategic Plan Update Presentation*, dated June 2016;
- Reviewed Frisbie's internally prepared *Strategic Plan Update Presentation*, dated January 2017;
- Reviewed Frisbie's federal income tax returns for the fiscal years ended September 30, 2012, 2016, and 2017;
- Reviewed publicly available financial data of certain companies with publicly traded equity securities that we deemed relevant;
- Reviewed publicly available information regarding certain merger and acquisition transactions that we deemed relevant;
- Held discussions with Frisbie's management and certain of its representatives concerning the business, industry, history, and prospects of Frisbie, the Transaction and related matters;
- A site visit to Frisbie's main hospital campus located in Rochester, New Hampshire on August 19, 2019;
- Reviewed a certificate from senior management of Frisbie containing, among other things, representations regarding the accuracy of the information, data, and other material (financial or otherwise) provided to Stout by or on behalf of Frisbie; and
- Conducted such other analyses and considered such other facts and data as we deemed appropriate.

Our Opinion is premised on the assumption that the assets, liabilities, financial condition, and prospects of Frisbie as of the date of this letter have not changed materially since September 30, 2019, the date of the most recent financial statements made available to us. In rendering our Opinion, we have assumed and relied upon the accuracy and completeness of all financial and other information that was publicly available, furnished by Frisbie and its advisors, the NHAG, or otherwise reviewed by or discussed with us without



State of New Hampshire, Attorney General's Office  
December 27, 2019  
Page 4

independent verification of such information and we have assumed and relied upon the representations and warranties contained in the Agreement we reviewed. We have assumed, without independent verification, that the financial forecasts and projections provided to us have been prepared in good faith and reflect the best currently available estimate of the future financial results of the Company, and we have relied upon such projections in arriving at our Opinion. We have not been engaged to assess the reasonableness or achievability of such forecasts and projections or the assumptions upon which they were based, and we express no view as to the forecasts, projections, or assumptions. We have assumed that the Transaction will be consummated on the terms described in the Agreement, without any waiver of any material terms or conditions by the parties to the Agreement.

We have not conducted a physical inspection of Frisbie's facilities or assets. We have assumed, with your consent, that the conditions to the Transaction as set forth in the Agreement will be satisfied, and that the Transaction will be consummated on a timely basis in the manner contemplated by the Agreement. Our Opinion is necessarily based on business, economic, market, and other conditions as they exist and can be evaluated by us at the date of this letter. It should be noted that although subsequent developments may affect this Opinion, we do not have any obligation to update, revise, or reaffirm our Opinion. We reserve the right, however, to withdraw, revise, or modify our Opinion based upon additional information that may be provided to or obtained by us after the issuance of the Opinion that suggests, in our judgment, a material change in the assumptions upon which our Opinion is based.

Stout conducted its analyses at the request of the NHAG to provide a particular perspective of the Transaction. In so doing, Stout did not form a conclusion as to whether any individual analysis, when considered independently of the other analyses conducted by Stout, supported or failed to support our Opinion as to the fairness of the Transaction from a financial point of view. Stout does not specifically rely on or place any specific weight on any individual analysis. Rather, Stout deems that the analyses, taken as a whole, support our conclusion and Opinion. Accordingly, Stout believes that the analyses must be considered in their entirety, and that selecting portions of the analyses or the factors they considered, without considering all analyses and factors together, could create an imperfect view of the processes underlying the analyses performed by Stout in connection with the preparation of the Opinion.

Our opinion is furnished solely for the use and benefit of the NHAG in connection with the Transaction, and is not intended to, and does not, confer any rights or remedies upon any other person, and is not intended to be used, and may not be used, for any other purpose, without our express, prior written consent. We will receive a fee for our services, however our compensation for providing financial advisory services to the NHAG is neither based upon nor contingent on the results of our engagement or the consummation of the proposed Transaction. Further, none of our employees who worked on this engagement has any known financial interest in the assets or equity of Frisbie or HCA or the outcome of our engagement. We have not previously provided financial advisory services to the NHAG.

It is understood that this Opinion was prepared at the request of the NHAG for its confidential use and may not be reproduced, disseminated, quoted, or referred to at any time in any manner or for any purpose without our prior written consent, except as required by applicable securities laws.



State of New Hampshire, Attorney General's Office  
December 27, 2019  
Page 5

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be received by the Company, pursuant to the Transaction, is fair, from a financial point of view.

Yours very truly,

A handwritten signature in black ink that reads "Stout Risius Ross, LLC". The signature is written in a cursive, flowing style.

**STOUT RISIUS ROSS, LLC**