

St. Rose Hospital Conditions

I.

The transaction between Hayward Sisters Hospital, Inc. doing business as St. Rose Hospital (St. Rose) and Via Christi Health System of Wichita, Kansas (Via Christi) approved by the Attorney General consists of the draft Membership Substitution and Asset Transfer Agreement filed with the Attorney General on May 16, 2005. St. Rose and Via Christi shall fulfill the terms and conditions of the transaction. St. Rose and Via Christi shall notify the Attorney General in writing of any proposed material modifications of the transaction. Such notification shall be provided at least 30 days prior to such modification taking effect to allow the Attorney General to consider whether the proposed modification affects the factors set forth in Corporations Code section 5923.

II.

For at least five years from the transaction closing date, St. Rose shall maintain emergency medical services at the hospital at current licensure levels and current levels of service.

III.

For at least five years from the transaction closing date, St. Rose shall maintain obstetrical services at the hospital.

IV.

For at least five years from the transaction closing date, St. Rose shall continue to operate the Silva Pediatric Medical and Dental Clinic at current levels of service, or arrange for ownership or operation of the clinic by an organization or entity that is committed to carrying out the current mission and services of the clinic during the five year period.

V.

For at least five years from the transaction closing date, St. Rose shall expend an average of at least \$1.5 million in annual charity care costs (not charges) at the hospital. Compliance shall be determined based on a rolling average calculated at the end of each year from the date of closing. The definition and methodology for calculating charity care costs shall be consistent with the definitions and methodology established by the Office of Statewide Health Planning and Development.

VI.

The conditions set forth herein may be amended using the procedure set forth in section 999.5, subdivision (h) of title 11 of the California Code of Regulations. For purposes of subdivision (h)(1), the incurring by St. Rose of a net operating loss during a fiscal year may be considered "a change in circumstance that could not be reasonably foreseen at the time of the Attorney General's action."

VII.

Within 120 days after the end of each year for five years from the transaction closing date, St. Rose shall submit to the Attorney General a report describing in detail its compliance with each condition set forth herein that is applicable to St. Rose. An officer of St. Rose shall certify that the report is true and correct.

VIII.

At the request of the Attorney General, St. Rose and Via Christi shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these terms and conditions of the transaction as set forth herein. The Attorney General shall, at the request of a party and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret, or is privileged under state or federal law, or if the public interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

IX.

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