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Prime Healthcare Refutes SEIU's Absurd Accusations on RICO Lawsuit

Ontario, Calif., Aug. 27, 2014 – Prime Healthcare Services, an award-winning hospital system, refutes SEIU-UHW's false claims and remains committed to its federal RICO (Racketeering Influenced and Corrupt Organizations Act) lawsuit exposing the SEIU, SEIU President Mary Kay Henry, UHW, and UHW President Dave Regan. The RICO suit was filed Monday, August 26, 2014.

In a press release from the SEIU, Regan absurdly claims that the lawsuit was filed "accidentally." This and many other completely false claims were meant to deflect the serious allegations detailed in the case against the SEIU-UHW.

Prime Healthcare remains committed to the lawsuit, exposing SEIU's illegal conduct and defending the rights of hospitals across California. The SEIU's self-serving actions are designed to force unionization of hospital workers with no regard for the future of the Daughters of Charity hospitals and the best interests of its employees, patients and communities.

SEIU-UHW is willing to sacrifice hospitals and patient care to promote themselves and any entity that could increase their revenue and membership. SEIU-UHW supports the sale of the Daughters of Charity Health System, ("DCHS") to a small New York based private equity firm, Blue Wolf Capital Partner, which uses labor funds and has no experience at all in owning or managing any hospitals. DCHS is a six-hospital system with current annual losses of over \$150 million and SEIU's support of a propose buyer with no experience in healthcare could be disastrous.

Desperate to promote a buyer that will yield to its demands, Regan induced the Blue Wolf Capital Partner firm to place a bid by offering the firm a 15 percent across the board reduction in labor contract costs. This was despite knowing that the firm will be incapable of running a hospital system and potentially jeopardizing the entire system.

In addition, Regan fails to address that labor costs driven by the SEIU is the fundamental reason for the economic crisis the DCHS is facing thereby putting the healthcare safety net and the quality of patient care in several communities at risk. According to publically available data, the labor costs at DCHS are at 70 percent of net revenue, compared to the industry standard of 50 percent. These unsustainable costs have to be addressed if DCHS is to survive.

Regan has threatened to use any means possible to derail the transaction if Prime Healthcare were to be chosen by DCHS as the best and most successful bidder. To illustrate his ability to disrupt transactions, Regan takes credit for the Attorney General's prior refusal of a transaction between Prime Healthcare Foundation, a 501(c)3 public charity and Victor Valley Community Hospital, a non-profit hospital in

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Victorville, California. Following the Attorney General’s unfortunate decision, the hospital went into the hands of a for-profit company with a poor history in the healthcare field in California and is now poised to receive approximately \$82 million in hospital provider fees attributable to the hospital for past services with no requirement to utilize the funds in the community. Regan threatened a similar outcome in DCHS transaction if Prime Healthcare did not capitulate to his demands of signing a system wide “neutrality agreement” that would force all employees of Prime Healthcare into SEIU-UHW union, depriving the employees of their choice. He stated that there will be “only one winner,” either him or Prime Healthcare when it comes to Attorney General Kamala Harris’ approval.

Contrary to Regan’s baseless assertions, Prime Healthcare is an award winning healthcare system that is committed to quality patient care and preserving access to healthcare. Prime has never forced a hospital into bankruptcy and has never filed for a bankruptcy protection but rather just the opposite. Prime has saved numerous hospitals from bankruptcy and closure and turned them into valuable community assets serving the healthcare needs of their communities. Prime Healthcare has never closed a single hospital and has invested hundreds of millions of dollars in improving the infrastructure of these hospitals (\$800 million in the past 4 years).

Prime is committed to serving all patients and provides more charitable care than any other hospital in California. The charity and uncompensated care at Prime Healthcare’s hospitals has substantially increased as it’s grown with over \$2 billion since 2010. Prime provides more charity care per adjusted patient day compared to any other hospital in California. It is commendable that Prime is able to transform and improve hospitals, despite many being in financial distress. The financially distressed hospitals that were acquired by Prime Healthcare are now ranked as Top 100 Hospitals in the Nation, 27 times. Prime Healthcare has been ranked as the Top 15 Health System in the Nation, three times in the past six years and in the Top Quintile the rest of the years for quality patient care and patient satisfaction. Prime healthcare is committed to continue its dedication to providing quality patient care, serving communities and preserving access to healthcare.

Prime Healthcare Services

Ontario, CA-based Prime Healthcare Services (www.primehealthcare.com), with a motto of “Saving Hospitals, Saving Jobs and Saving Lives,” is one of the largest hospital companies in the nation.

Prime Healthcare was recognized as one of the “Top 15 Health Systems” in the nation in 2013, based on quality of healthcare and patient satisfaction, the third time in six years it has earned the honor. In 2014, eight Prime Healthcare hospitals were ranked among the “100 Top Hospitals” in the nation by Truven Health Analytics (formerly Thomson Reuters). Prime Healthcare hospitals have earned the award 27 times since 2003. In addition, 11 Prime Healthcare hospitals earned national recognition as “Top Performer on Key Quality Measures” in 2013 from The Joint Commission, the leading Medicare accreditation organization in the country.

Through their subsidiaries, Prime Healthcare Services and the non-profit Prime Healthcare Foundation have more than 30,000 employees and own and/or operate 29 hospitals: Alvarado Hospital Medical Center, Centinela Hospital Medical Center, Chino Valley Medical Center, Desert Valley Hospital, Encino Hospital Medical Center, Garden Grove Hospital Medical Center, Glendora Community Hospital, Huntington Beach Hospital, La Palma Intercommunity Hospital, Montclair Hospital Medical Center, Paradise Valley Hospital, San Dimas Community Hospital, Shasta Regional Medical Center, Sherman Oaks Hospital and West Anaheim Medical Center – in California; Monroe Hospital – Indiana; Providence Medical Center and Saint John Hospital – in Kansas; Garden City Hospital – in Michigan; St. Mary’s Hospital – in New Jersey;

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Saint Mary's Regional Medical Center – in Nevada; Lower Bucks Hospital and Roxborough Memorial Hospital – in Pennsylvania; Landmark Medical Center and Rehabilitation Hospital of Rhode Island – in Rhode Island; Dallas Medical Center, Harlingen Medical Center, Knapp Medical Center and Pampa Regional Medical Center – in Texas.

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