

For Immediate Release:

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Stevens Hospital One Step Closer to Affiliation with Swedish

- Affiliation with Swedish will help Stevens Hospital expand, improve quality of care and offer more services

EDMONDS, WA – Feb. 24, 2010 – The Board of Commissioners for Public Hospital District #2 of Snohomish County today approved an agreement for Swedish to lease and assume management of Stevens Hospital. The last phase before transition involves regulatory approvals which could be completed by early fall.

A hospital affiliation supports the priorities of a strategic plan developed in 2008 with input from the community. The strategic plan focuses on expanded services and programs, quality of care and safety, recruitment of additional high-quality physicians and clinical staff, financial performance and stability, community relationships, and the enhancement of Stevens Hospital's status as a preferred healthcare provider. When compared to other hospitals, Swedish stood out as the best choice.

"This affiliation is a win for the community and for everyone involved," said Fred Langer, board of commissioners president for the district. "It really helps us meet the mission of the district to improve the health and well being of the community."

As part of the definitive written agreement, Swedish has committed to Stevens between \$90 and \$150 million in general investments, building improvements and expansion of services including implementation of an electronic medical records system. The hospital district will continue to exist to provide additional health services to the community. It will have initial cash reserves of \$16 million and will receive monthly lease payments of at least \$600,000. The district will undergo a strategic planning process to determine priority focus areas, but some ideas discussed include supporting and/or operating community clinics, supporting health awareness and improvement programs, and/or developing a collaborative mental-health provider network.

"The financial commitment Swedish is prepared to make will allow the hospital district to provide healthcare services not previously possible," said Langer

The two healthcare providers are financially strong. In fact, Stevens ended 2009 with a total operating income of \$11 million—money that will be reinvested into the hospital's services and programs.

"We were able to negotiate terms from a position of strength," explained Michael Carter, Stevens Hospital CEO and president. "Unlike a number of local hospitals, we had good years financially in 2008 and 2009."

Even though Stevens Hospital is financially strong, it needed to seek a strong partner to ensure it continues to improve and grow the services of the hospital to meet the growing needs of the community.

In Snohomish County, the population grew from 172,199 in 1960 to 704,300 residents in 2009 as estimated by the Washington State Office of Financial Management. The Emergency Department at

Stevens was originally designed for 25,000 patients a year and now the hospital treats more than 40,000.

“We are excited about what this partnership will bring to residents of South Snohomish County,” said Cal Knight, president and chief operating officer of Swedish. “Stevens and Swedish have worked together for 19 years to make specialty healthcare more accessible and convenient, so it makes sense to collaborate more closely. Through a new affiliation, we will be better positioned to achieve our shared goals of increasing access to health care in the local community, enhancing the quality of care and reducing costs, all of which are critical in an era of healthcare reform.”

For example, Swedish will be installing a new Epic electronic medical record system at Stevens at a cost of \$15 million. Stevens could not gain access to the Epic system without becoming part of a larger healthcare organization.

During the first 10 years of the lease, Swedish is committed to making significant investments in medical technology as well as evaluating various facility improvements or expansion possibilities.

“In addition, as a nonprofit institution, Swedish expects to increase its level of commitment to the community through more uncompensated care and other community-benefit activities in South Snohomish County,” said Knight, adding that last year Swedish provided more than \$71 million in community benefits, including \$60 million in charity care and Medicaid subsidies and \$11 million in health screenings, education, research and other community services.

“Together, we are creating an innovative regional healthcare delivery network that will allow Stevens to provide more health care in the local community while giving residents greater access to the tertiary and comprehensive services of the Swedish system when a higher level of care is needed,” added Knight.

About Swedish

Swedish is the largest, most comprehensive nonprofit health provider in the Greater Seattle area. It is comprised of three hospital campuses – First Hill, Cherry Hill and Ballard – a freestanding emergency department and ambulatory care center in Issaquah, Swedish Visiting Nurse Services, and the Swedish Physician Division – a network of more than 40 primary-care and specialty clinics located throughout the Puget Sound area. This fall, Swedish broke ground on a new medical office building and hospital in the Issaquah Highlands, as well as a medical office building and ambulatory center in Ballard. In addition to general medical and surgical care, Swedish is known as a regional referral center, providing specialized treatment in areas such as cardiovascular care, cancer care, neuroscience, orthopedics, high-risk obstetrics, pediatric specialties, organ transplantation and clinical research. For more information, visit www.swedish.org

About Stevens Hospital

Since 1964, Stevens Hospital has been committed to improving the health and well-being of the community through local, high-quality and compassionate healthcare services. Stevens Hospital offers a range of hospital services including cardiac and cancer care, obstetrics, mental health services, emergency services and state-of-the-art diagnostic imaging. In 2010, the community hospital received a five-star rating for the treatment of stroke (two years in a row), pneumonia (two years in a row) and chronic obstructive pulmonary disease from HealthGrades, the independent healthcare ratings company. Stevens Hospital, licensed for 217 beds with a professional staff of 1,200-plus, serves patients from South Snohomish and North King Counties. More than 400 physicians have privileges. The Board of Commissioners for Public Hospital District #2 of Snohomish County, Washington, is responsible for oversight of the hospital and its facilities. For more information, visit www.stevenshospital.org

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