

NEWS RELEASE

Prime Healthcare Announces Preliminary Agreement with UC San Diego Health for the Sale of Alvarado Hospital Medical Center

10/10/2023

ONTARIO, Calif.--(BUSINESS WIRE)-- Prime Healthcare announced today that it has signed an Asset Purchase Agreement (APA) with UC San Diego Health for the sale of Alvarado Hospital Medical Center in San Diego, California, marking a new chapter of service excellence and award-winning healthcare for this 50-year-old community institution. The acquisition is expected to be completed December 2023.

Prime Healthcare, one of the nation's premier health systems with 45 hospitals in 14 states, acquired Alvarado Hospital Medical Center in 2010 when the facility was failing financially and at risk of closure. Since then, Prime has invested more than \$90 million into the hospital, transforming it into the thriving and award-winning community asset that it is today. The facility has since been recognized by Healthgrades for the last nine years with its Patient Safety Excellence Award and ranks among the top 10 percent of hospitals in the country for Critical Care for the last two years. It was also recently recognized by the Lown Institute for outstanding social responsibility, receiving an "A" grade on the 2023-24 Lown Institute Hospitals Index.

"With significant investments and dedicated service to our patients over the past 13 years, Alvarado Hospital Medical Center has now reached the point where divestiture to a world-class academic institution like UC San Diego Health, will lead to a new era for this award-winning community hospital," said Kavitha Bhatia, MD, chief medical officer of strategy for Prime Healthcare. "We are proud of the care that has been provided and the legacy that will continue as UC San Diego Health expands access to specialized care, while preserving and building on Alvarado's 50-year history."

"UC San Diego Health continues to grow its network of clinics and hospitals to better care for the community within new neighborhoods across the region," said Patty Maysent, CEO of UC San Diego Health. "We are grateful for Prime Healthcare's commitment to successfully completing this transaction to allow us to care for this important part of our community. UC San Diego Health looks forward to collaborating with the extraordinary physicians, nurses and staff of Alvarado Hospital and inviting them to be part of our team."

UC San Diego Health has pledged to maintain existing services at Alvarado Hospital and hire substantially all employees. Employees transferring from Alvarado Hospital to UC San Diego Health will have the option to join unions currently representing their respective positions in the health system.

Among the investments that Prime Healthcare has made into Alvarado Hospital Medical Center during its 13-year tenure include a new emergency department, expansion of critical mental health services and facilities including gero-psych, remodeling of the ICU department, and new equipment including electronic medical record systems, state-of-the-art imaging technology, and much more. Prime Healthcare has also preserved and invested in the nationally recognized Advanced Spine and Joint Institute.

"Thanks to Prime Healthcare and its physician led model of clinical excellence, Alvarado and the community it serves can be confident in a bright future," said Kenn McFarland, Alvarado Hospital CEO. "UC San Diego Health's interest in acquiring Alvarado Hospital is a testament to the hard work and dedication of our employees, physicians and leadership throughout Prime's tenure."

Prime Healthcare has been a leader in expanding critical behavioral health services to its communities across the country. UC San Diego Health has also committed to continuing the work begun with Prime Healthcare leadership to address the behavioral health needs of San Diego County. In addition, Prime Healthcare is working with the County to further expand behavioral health services at Paradise Valley Hospital.

Established in 1972, Alvarado Hospital is a 302-bed acute care hospital with a vision to provide outstanding medical care and leading-edge technology with highly personalized service to the San Diego community and beyond. Services include a new emergency department accredited for geriatric care, cardiac services, neuroscience, general surgical services, and vascular services, among others. The hospital's current staff includes more than 600 registered nurses, technicians, and support staff, and 300 affiliated physicians.

This strategic divestiture also supports Prime's acquisition development activities that furthers its mission of rescuing and transforming community hospitals across the country.

Prime Healthcare is nationally recognized for its success in saving financially distressed hospitals and is one of the

nation's premier health systems recognized for quality and patient safety initiatives and performance. In July 2023, Prime Healthcare and its hospitals earned the distinction of "most socially responsible" by the Lown Institute. Prime Healthcare was recognized as a **Top 10 Health System** in the Nation for Social Responsibility and 25 Prime hospitals, including Alvarado Hospital, were recognized for outstanding social responsibility, receiving an "A" grade on the 2023-24 Lown Institute Hospitals Index. Prime's hospitals have also been recognized among the **"100 Top Hospitals"** in the nation 66 times by Fortune/Merative, and named among US News and World Report's Best Hospitals in many disease specific areas.

Under state law, the sale transaction will require pre-closing approval from the California Department of Public Health. The sale is expected to be finalized in December of 2023.

About Prime Healthcare and Prime Healthcare Foundation

As an award-winning health system headquartered in Ontario, California, operating 45 hospitals and more than 300 outpatient locations in 14 states, Prime Healthcare provides more than 2.6 million patient visits annually. It is one of the nation's leading health systems, with nearly 50,000 employees and physicians. Fourteen of the Prime Healthcare hospitals are members of the Prime Healthcare Foundation, a 501(c)(3) not-for-profit public charity. Prime Healthcare is nationally recognized for award-winning quality care and has been named a Top 10 and Top 15 Health System.

To learn more, please visit <https://www.primehealthcare.com/> .

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