

For Immediate Release

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Stevens Hospital to Affiliate with Swedish

*– Proposed 30-year lease agreement will help Stevens Hospital expand,
improve quality of care and offer more services*

EDMONDS, WA – Dec. 17, 2009 – The Board of Commissioners for Public Hospital District #2 of Snohomish County today approved non-binding terms for Swedish to lease and assume management of Stevens Hospital to be effective this summer, pending regulatory approvals and final agreements. The public is invited to a hearing mid-January to learn more about the affiliation (details to be announced later). A final and binding written agreement is expected in early 2010.

The hospital affiliation supports the priorities of a strategic plan developed earlier this year 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 health-care provider. The affiliation with a regional system was seen as a major component of improving the strategic position of Stevens.

“Stevens Hospital approached potential hospital affiliates during its most successful period since the hospital opened in 1964,” explained Michael Carter, Stevens Hospital CEO and president. “We were able to negotiate terms from a position of strength. Unlike a number of local hospitals, we had a good year financially in 2008 with \$5 million in bottom-line earnings. And, we have continued this performance in 2009 year to date with \$13 million in bottom-line earnings.”

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.

“We are excited about this partnership,” said Cal Knight, president and chief operating officer of Swedish. “Stevens and Swedish have worked together for 18 years to make specialty health care more accessible and convenient for the residents of South Snohomish County, 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 health-care reform.”

“The affiliation with Swedish will provide a long-term commitment to quality health care for the communities served by the hospital district,” said Chuck Day, board of commissioners president for the district. “Without question, I think this announcement is the most important accomplishment achieved during the time I’ve been a commissioner.”

During the first 10 years of the lease Swedish is committed to making significant investments in advances in medical technology, adding an electronic health record system and implementing facility upgrades. Swedish also is committed to making additional capital investments that could be used for facility expansion. The details of this expansion will be developed in 2010 and early 2011. These investments are in addition to fair-market value monthly lease payments, which the public hospital district will use to improve the health of residents in the district.

“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.

Since 1991, Stevens Hospital and Swedish have had a history of working together. The organizations partner to offer cardiology and oncology services. These service-line partnerships have allowed the organizations to get to know each other and deliver an excellent local service to the community.

“Together, we are creating an innovative regional health-care 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.

To ensure the hospital continues to meet growing community needs and provide high-quality services, a Strategic Collaboration Committee will be formed between Swedish and the district. The hospital district will employ a Superintendent to lead development of health services in the community and to provide a routine liaison to Swedish.

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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 health-care 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 health-care 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.