

## Client Screening Request

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### - Client Screening Report

Request Date: 8/7/2017

Additional CC:

Discipline \*: Health

Company Name:

Providence Health and Services



Requestor: David Pedersen;

Moody's Rating:

Aa3 (Obligations are judged to be of high quality)  
Outlook: Stable  
Assigned 2 June 2017

A.M. Best Rating: N/A

D & B Credit Score Class:

72 (Low to moderate risk of severe payment de-

On High Risk Client List?  Yes  No

D & B Financial Stress Class:

8 (Moderate to high risk of severe financial stress over 12 months)

WorldCheck Rating:

- N/A
- Criminal
- Money Laundering
- Terrorism
- Corruption
- [Redacted]

### Ownership:

PHS is a not-for-profit Catholic health care ministry that includes 27 hospitals, more than 35 non-acute facilities and numerous other health, housing and educational services in AK, WA, MT, OR, and CA. Our client was founded in 1859 and is based in Renton, WA. The Washington Secretary of State's business registration files show that Providence Health & Services was registered as a Corporation on March 19, 1992.

### Officers:

A screening of the officers named below through LexisNexis State and Federal Court Dockets, Criminal Records, and several internet search engines found no evidence of any litigation or misconduct involving the individuals. The following were screened:

- **Voting Member and Chair, Chief Executive Officer, ACO:** Laura Butcher - Ms. Butcher's *LinkedIn* biography can be accessed here: <https://www.linkedin.com/in/laura-butcher-b55a2513/>
- **President and CEO:** Rod Hochman, M.D - Dr. Hochman's *LinkedIn* biography can be accessed here: <https://www.linkedin.com/in/rodhochman/>
- **President of Operations:** Mike Butler - Mr. Butler's *LinkedIn* biography can be accessed here: <https://www.linkedin.com/in/mike-butler-b57a6274/>

Prior Health Risk Assessment:  Yes  No

### Noteworthy News:

Ascan of online-accessible news resources produces coverage of PHS indicating that our client is experiencing some financial weakness after experiencing substantial operating losses last year. Otherwise, I found no other news that would adversely affect PHS' suitability as our client.

- **August 2017:** Providence Health & Services began eliminating jobs last week as part of a system-wide cost cutting plan, according to The Oregonian. The system cut 210 jobs, which represent less than 1 percent of the system's workforce of more than 111,000. The system is looking to reduce costs to improve its financial picture. Providence ended 2016 with an operating loss of \$255 million on \$22 billion in revenue. (Source: *Becker's Hospital Review*, 24 August 2017)
- **October 2011:** PHS announced a strategic partnership with Swedish Health Services, under which PHS' hospitals will retain their Catholic mission while those of Swedish will remain non-religious. The organizations will share information on the Epic electronic health records platform, which will allow them to "join forces on population health management and drive the standardization of best practices." (Source: *Becker's Hospital Review*, 21 November 2011, accessible here: <http://www.beckershospitalreview.com/hospital-transactions-and-valuation/not-a-merger-not-an-acquisition-when-and-why-strategic-partnerships-make-sense.html>)
- **July 2008:** PHS reached a resolution agreement with the Department of Health and Human Services over potential HIPAA privacy and security rule violations that occurred in 2005 and 2006. Under the agreement, our client agreed to pay \$100,000 and to implement a "robust" corrective action plan to help ensure the future protection of electronic PHI from theft or loss. (Source: *Health Leaders Media*, 18 July 2008, accessible here: <http://www.healthleadersmedia.com/content/TEC-215412/HHS-Providence-Health-Services-Reach-Resolution-Agreement.html>)

The PHS online news page is accessible here: <http://www2.providence.org/phs/media/Pages/default.aspx>

#### Litigation History:

Screening for litigation in news sources, Internet search engines, and LexisNexis State and Federal Court Dockets found only a moderate number of lawsuits involving PHS, all of which appear to be fairly standard for an entity of this type. I found no evidence that our client has ever initiated any suits against professional advisors.

#### Comments:

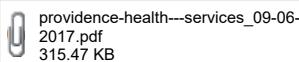
Please note that PHS was last screened on November 8, 2011 by Grant Huling for Craig Reynolds.

Our client continues to screen acceptably in most areas. My research found no worrisome litigation or news coverage involving PHS, and D&B has upgraded its Delinquency Score (formerly Credit Score Class) to indicate a low to moderate risk of slow vendor payments, rather than the moderate risk assignment as last reported. With that said, PHS' Failure Score (formerly Financial Stress Class) has been downgraded, indicating moderate to high risk for severe financial stress. These scores are supported by 287 payment experiences, 81% of which have been paid within terms.

In conclusion, it does not appear that continuing to do business with PHS would pose an undue risk to Milliman. Please let me know if there is anything else that I can do to be of help.

Chelo

[c-chelo.gable@milliman.com](mailto:c-chelo.gable@milliman.com)



Add attachment

#### - Screening Details

**Screener \*:**

i:0#.w|root\_milliman\chelo.gable;



**Completed Date:**

9/6/2017

No exact match was found. Click the item(s) that did not resolve for more options.

**Report Status:**

New  Pending  Secondary-Review  
 Secondary-Screen  Sent/Complete  
 Cancel

**Due Date:**

**Health Risk Assessment Form Returned:**

Yes  No

**Client Risk Assessment Statement:**

Conditional Acceptance  
 Non-Acceptance  
 Standard Acceptance

#### - Data from Consultant

**Date \*:**

8/7/2017

**Client \*:**

Providence Health and Services

**Discipline(s) Involved \*:**

<input type="checkbox"/> Casualty
<input type="checkbox"/> Employee Benefits
<input checked="" type="checkbox"/> Health
<input type="checkbox"/> Life

**Client Status \*:**

- New Client  Existing Client  
 RMAP Referral

**Client Website URL (if known):**

<http://www.providence.org>

**Casualty consultants: please indicate if this is an 'existing client' being screened to comply with discipline periodic screening requirements.**

**Type of Client \*:**

- Public sector/government  
 Publicly traded company  
 Private company  
 New Entity (less than 1 year old)  
 Captive Insurance Company

**Client Location \*:**

- US  International

**For international screens, please select 'INTL'**

**State \*:**

WA ▾

**HQ Address:**

Health Connect Partners  
800 Fifth Ave. Suite 1200  
Seattle, WA, USA 98104

**Consultant \*:**

David Pedersen;  

**Names/Titles of Officers (if known):**

ACO Governing Body  
Laura Butcher, Voting Member and Chair, Chief Executive Officer Head  
Dr. Rick Ludwig, Voting Member, Chief Medical Officer Health Connec  
Dr. Jon Younger, Voting Member, VP MD Primary Care Physician Serv  
Dr. Meena Mital, Voting Member, Medical Director of Patient-Centered

**Do you know of any litigation or other issues of which we should be made aware \*:**  Yes  No

**Additional Comments to Aid the Screening:**

The current work we do is for the ACO portion of Providence Health and Service

 Click here to attach a file

 Add Attachment

\* -indicates required field