

FINAL

EXHIBIT “B”

POTTSTOWN AREA HEALTH & WELLNESS FOUNDATION

HEALTH STATUS ASSESSMENT AND COMMUNITY PLAN

JUNE 2004

Pottstown Area Health & Wellness Foundation
Health Status Assessment and Community Plan
June 2004

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Background

On July 1, 2003, the sale of substantially all of the business and operating assets of Pottstown Memorial Medical Center and certain of its affiliates to Pottstown Hospital Company, LLC and other subsidiaries of CHS/Community Health Systems, Inc. (“CHS”) was completed (the “Sale”).

Pottstown Memorial Medical Center was the primary operating entity in an integrated health care delivery system (the “IDS”) providing health care services to the residents of Berks, Chester and Montgomery Counties. Pottstown Healthcare Corporation (the name of which was changed to Pottstown Area Health & Wellness Foundation after the Sale) was the strategic corporate parent entity in the IDS and served as a fundraising and supporting organization for the community health care mission that had been conducted by Pottstown Memorial Medical Center and its other operating affiliates.

Prior to the Sale, both Pottstown Memorial Medical Center and Pottstown Healthcare Corporation held a number of “restricted funds” that had been contributed by donors under the terms of documents imposing limitations on the charitable purposes for which the contributed funds were to be used. Also prior to the Sale, it was decided that Pottstown Healthcare Corporation should be the principal corporate entity surviving the Sale, that the net assets of Pottstown Memorial Medical Center, including any net proceeds from the Sale and all of its restricted funds, should be transferred to Pottstown Healthcare Corporation (as the parent organization of Pottstown Memorial Medical Center) in the complete liquidation of Pottstown Memorial Medical Center; and that the net assets remaining from the sale or other disposition of the assets of all of the other affiliates within the IDS should similarly be transferred to Pottstown Healthcare Corporation after the Sale.

Significantly, as a part of the Asset Purchase Agreement, CHS expressly assumed a number of specific obligations relating to the provision of important charitable and other community benefit health care services to be provided for the benefit of the residents of the communities that had been served by the IDS. These commitments included the adoption and maintenance by CHS of the policies that had been adopted and followed by Pottstown Memorial Medical Center concerning charity care and indigent care, the commitment to continue to provide emergency care at Pottstown Memorial Medical Center, the commitment for a period of at least 10 years to operate Pottstown Memorial Medical Center as an acute care hospital with JCAHO or other comparable accreditation and to continue to serve the same community historically served by Pottstown Memorial Medical Center, and the commitment to spend from CHS’s corporate funds during the first 5 years after the

Sale \$46 million for capital expenditures and improvements to the Pottstown Memorial Medical Center facility for certain specified projects (whether or not the financial results of the operations of Pottstown Memorial Medical Center are sufficient for this purpose).

As a part of the “Joint Petition to Approve Sale of Assets” filed with the Orphans’ Court by Pottstown Memorial Medical Center, Pottstown Healthcare Corporation and certain other affiliates in the IDS, the Petitioners represented to the Orphans’ Court that, although no specific plans or programs for the charitable use of the remaining proceeds of the Sale (and the restricted funds) had yet been developed by Pottstown Healthcare Corporation, the general objective of the Board of Directors of Pottstown Healthcare Corporation would be to develop a community plan that would address significant health issues facing the residents of the Pottstown Area (with activities expected to include community wellness outreach programs involving health promotion and disease prevention, health and wellness educational programs for residents of the Pottstown Area, the development of funding sources and plans for the health care needs of the uninsured and underinsured, and other community-based health care related activities). It was further specifically represented that there was no plan, and no agreement, to engage in any activity that would benefit CHS, or relieve CHS from any of the community obligations it had agreed to fulfill, including those specifically described above.

In response to the Joint Petition, the Orphans’ Court ordered that “all remaining net proceeds from the sale, after discharge of all obligations of the Sellers, and all remaining assets held by the Sellers, net of other necessary and reasonable expenses of the Sellers, shall be distributed to Pottstown Healthcare Corporation for certain charitable uses and purposes as subsequently approved by this Court.”

The Court further authorized the Petitioners, in addition to satisfaction of their remaining liabilities and obligations and the payment of costs and expenses of ongoing operations and those associated with the liquidation and dissolution of Pottstown Memorial Medical Center and various other affiliated entities within the IDS, to “pay for the costs and expenses of attorneys, consultants and staff, as appropriate, for the purpose of completing Pottstown Healthcare Corporation’s plan (the ‘Plan’) with respect to the utilization of the net proceeds of the sale of the Assets, the restricted funds and the remaining net assets of the Petitioners,” and the Court retained jurisdiction over the Petitioners (and specifically Pottstown Healthcare Corporation) for the purpose of reviewing and approving the Plan.

With this background, and the mandate of the Orphans’ Court, the Pottstown Area Health & Wellness Foundation (formerly Pottstown Healthcare Corporation) embarked upon the process of assessing the Pottstown Area’s needs for health care services and of developing a strategic, comprehensive and financially feasible plan

for addressing those needs (the “Community Plan”). Copies of the following relevant documents are attached for ease of reference:

- The Asset Purchase Agreement providing for the sale of the assets of Pottstown Memorial Medical Center and its affiliates is attached as **Appendix 1**
- The Joint Petition to Approve Sale of Assets (with Supplement to Joint Petition and Second Supplement to Joint Petition) is attached as **Appendix 2**
- The Articles of Incorporation and Bylaws of Pottstown Area Health & Wellness Foundation is attached as **Appendix 3**
- A list of “Restricted Funds” with respect to which the Court’s approval is being sought for removal of the restrictions is attached as **Appendix 4**

Community Health Status Assessment

The highlights of the Assessment are presented below. The complete Assessment is attached as **Appendix 5** of this document. In addition, the results of the household survey of 1000 households are attached as part of **Appendix 5** at pages 41 to 52.

Purpose

The Pottstown Area Health & Wellness Foundation engaged a consulting team to assist in carrying out an essential task in the first year of its existence: preparing an independent health status assessment for the Pottstown Area. This assessment has provided the Foundation with an empirical foundation for setting its priorities and goals based on a solid understanding of the health needs of the Pottstown Area. The assessment will also serve as a resource to all individuals and organizations concerned about the health and wellness of the Pottstown Area. The results of the assessment will be available on the Internet via the Foundation's website, and organizations will be able to analyze the results of the household survey online as well.

The consulting team consisted of David Barton Smith, Ph.D., Professor of Risk and Insurance at the Fox School of Business and Management, Temple University; DGA Partners, a health care strategy, finance and data consulting firm based in Bala Cynwyd; and Professional Research Consultants, Inc., a leading firm in household surveys for health assessments.

Design

The Pottstown Area consists of 26 minor civil divisions in Berks, Chester and Montgomery Counties encompassing an approximate ten mile radius surrounding Pottstown Memorial Medical Center and has a population of about 150,000. **Appendix 6** contains a listing of the minor civil divisions in the Pottstown Area. Often statistics in this report compare the Borough of Pottstown with the remaining parts of the Pottstown Area.

The Pottstown Area including the Borough of Pottstown and the Surrounding Area



The statistics describing the health and wellness of the Pottstown Area are drawn from five sources: (1) the U.S. Census, (2) the vital statistics system, (3) hospital discharge statistics, (4) state school and crime reporting systems and (5) a stratified random sample telephone survey of 1,000 households in the Pottstown Area.

This information was supplemented with open-ended interviews with more than 70 key community leaders who were selected to be representative of the agencies and organizations providing health and related services in the Pottstown Area. These included primary and specialty physicians, religious leaders, the leadership of Pottstown Memorial Medical Center, school superintendents, public officials from the Borough of Pottstown and managers from the agencies providing services to seniors, children, and the poor. The interviews also included individuals

responsible for behavioral health services and various types of regional planning in the Pottstown Area.

Results

➤ ***The future health of the Pottstown Area is tied to the contradictory forces shaping its economic development.***

- The Borough of Pottstown has yet to recover economically and psychologically from the devastating trauma of the closing of its major industrial plants that began in the 1970s. A sense of betrayal and suspicion continues to pervade discussions of current environmental concerns and the relatively large number of social service recipients seeking affordable housing in the Borough.
- Despite no change in population in the Borough of Pottstown in the last decade, population of the Pottstown Area grew by almost 18%, five times the rate of growth in Pennsylvania as a whole. The opening of the 422 corridor to development has taken a region that used to be insulated, and tied it into the Greater Philadelphia Metropolitan area with all of the attendant advantages and problems.
- Residents expressed much concern and uncertainty about the environment, its possible link to cancer and other illnesses, and its impact on the long term development of the region.
- The strengths and opportunities of the region far outweigh its weaknesses and threats. Yet, most of the community members we interviewed felt it will take vision, leadership, and sustained persistence to combine these contradictory forces into a regional strategy that will improve the health and wellness and reduce health and wellness disparities within the region.

➤ ***Differences in education, income, poverty and crime between the townships and boroughs in the Pottstown Area shape differences in the health of their residents.***

- The percent of adults with at least a BA degree ranges from 12.4% in the Pottstown Borough to almost 60% in West Pikeland and median family incomes are closely related to these differences.
- Unemployment rates, poverty rates, the percent of renter occupied housing, crime rates, and school test scores are closely related.
- These measures of social and economic distress appear to be reflected in the 1999-2001 age adjusted death rates for the Pottstown Borough that are 25% higher while in the remaining Pottstown Area 4% lower than the national

rate. Pottstown Borough is a small town with big city problems and its age adjusted death rates are comparable to those of large cities such as Philadelphia and Baltimore. Years of life lost under 65 per 1,000 population in the Borough of Pottstown are twice that of the rest of the Pottstown Area. Years of life lost under 65 to cancer and accidents in the Pottstown Borough are twice the national rate.

➤ ***Family and neighborhood support and services help buffer individuals from health risks.***

- Strong family ties and the support of a variety of agencies appear to be related to fewer infant deaths and low birth weight infants in the Pottstown Area than the state as a whole.
- Social services agencies appear markedly adept at doing a lot with few resources and inventing ways to extend those resources through collaboration with other agencies.

➤ ***Access to care poses an additional barrier for many low and moderate income persons but they are generally more likely to report having received basic preventive and screening services.***

- Individuals with household incomes below 200% of the poverty level are more likely than others to report choosing not to see a physician, a dentist or fill a prescription because of the cost.
- Those below 200% of poverty are more likely to report meeting Healthy People 2010 guidelines in terms of mammography, PSA [?] and digital rectal exams, sigmoidoscopy/colonoscopy exams, flu shots and pneumonia vaccine. Efforts to assure these basic screening and preventive services for low and moderate income families would appear to be better organized and more accessible than for upper income families.

➤ ***The behavior of individuals results in many preventable risks.***

- The rates of smoking and alcohol abuse are significantly higher in the Pottstown Area than in the nation as a whole.
- Pottstown Borough residents are more likely to be obese, less likely to engage in vigorous exercise and their school age children are twice as likely to be overweight than in the remaining Pottstown Area.
- 89% of adult residents of the Pottstown Area have at least one cardiovascular risk, roughly the same as the national rate (90%).

➤ ***The health of the Pottstown Area could be substantially improved.***

- Given its income and educational levels, the Pottstown Area should be doing substantially better than national rates both in terms of self ratings of health status and mortality statistics.
- Furthermore, the Pottstown Area should not be satisfied with simply matching the averages of the nation as a whole, since most experts believe that the United States could do significantly better on such measures of health and wellness.

Conclusions

These results of the Pottstown Area health status assessment and what we know about what produces improved health and wellness in a population suggests where to look in developing a broadly embraced vision and an action agenda for this community. The key lies in strengthening four protective layers that reduce the risk of illness and enhance wellness.

- The outer layer is the physical, social and economic environment. A healthy environment, one that protects the health of residents, fosters the trust and ability to solve regional problems together and assures individuals the opportunity for employment and to make a comfortable living, contributes to the health and wellness of the population of an area.
- The second layer, the social support layer, includes the informal family and neighborhood supports and formal community organizations that help individuals through crises and in coping with the pressures of daily living. Such supports help prevent more serious acute health problems and do much to assure a higher quality of life to those with serious chronic medical conditions.
- The third layer assures access to appropriate health care. Delays in seeking care or obtaining appropriate screenings increase the morbidity and mortality of a population. Better access to services will improve health outcomes.
- The fourth layer involves what the individual can do to reduce risks and improve health by making better choices. Individuals, with the proper support, education, and encouragement, can improve health and wellness by reducing behavioral risks, such as lack of exercise, smoking and an unhealthy diet, and taking the initiative to get the important screening and preventive services.

Success will require a broadly based community effort and judicious selection of a balanced health and wellness investment portfolio. The magnitude of the task, of course, dwarfs the resources of any single organization. The Pottstown Area Health and Wellness Foundation will need to partner with other community resources to support programs and initiatives. In addition, what we know about improving health suggests that focusing only on one of these layers and ignoring the others will be ineffective. The remarkable resilience of this community, its organizations and individuals, promises that a combined effort will significantly improve the health and wellness, and therefore, quality of life in the Pottstown Area.

The Community Plan

This plan first states the Mission, Vision, Core Principles, and Core Policies of the Foundation as previously submitted to the Montgomery County Orphans Court at the time the sale of Pottstown Memorial Medical Center to Community Health Systems, Inc. It then describes the Foundation's Priorities and Goals based on the findings of the Community Health Status Assessment.

Mission

The Foundation exists to enhance the health and wellness of residents in the Pottstown Area.

Vision

The Foundation will be the leading catalyst for continuous improvement of health and wellness in the Pottstown Area.

Core Principles

- To hold as paramount the health and wellness of the residents of the Pottstown Area.
- To ensure a diversity of views is solicited, represented and considered.
- To maximize resources through community partnerships.
- To regularly assess the Foundation's effectiveness in meeting its mission.

Core Policies

- The Foundation will identify, select and provide grants to non-profit Section 501(c)(3) organizations that provide health and wellness related services in the Pottstown Area.
- The Foundation will identify, select and invest in and conduct, as appropriate, programs that will improve the health and wellness in the Pottstown Area.
- The Foundation will actively promote, support and conduct educational programs that enable Pottstown area residents to improve their health and wellness.
- The Foundation will engage in fund raising activities for the support of the Foundation and that assist in achieving the goals of community health and wellness.

- The Foundation will monitor the agreements made between Community Health Services, Inc. and the former Pottstown Healthcare Corporation (the former parent of Pottstown Memorial Medical Center).

Long Term Goals

Over the next several years, the Foundation will work cooperatively with other community organizations to address four major goals: Reduce Behavioral Risks; Improve Access to Medical Services; Enhance Formal and Informal Supports; and Improve the Physical and Social Environment. These four major goals are described in more detail below.

➤ Reduce Behavioral Risks

- Empower individuals to make healthier lifestyle choices by providing information, programs, and support in several areas, potentially including: diet and exercise; drug and alcohol; smoking; safety; mental health, and stress management.
- Reduce behavioral risks beginning at an early age by sponsoring school age health and wellness education programs.

➤ Improve Access to Medical Services

- Improve access to health services by providing information and advice to support seamless access to care. Determine the feasibility of forming a public/private partnership to create a federally qualified health center.
- Strengthen existing agencies involved in distributing health care information.
- Improve access to preventive services including screenings and vaccines.
- Improve access to health services by enhancing transportation or convenience of the services.
- Improve access to medical services for the uninsured and underinsured.
- Support the development of a systematic assessment, referral and support process for children and their families to improve their health and school readiness, including children with learning and behavior problems.

Enhance Formal and Informal Supports

- Support the infrastructure needs of key community not-for-profit organizations that address health and wellness issues.
- Support the informal caregivers of the chronically ill and homebound.
- Reinforce the social strength and mutual support of family units to address issues such as distressed teens, care for the elderly, domestic violence, and similar issues.
- Support religious and other communal organizations in their outreach programs to those needing health services.

➤ Improve the Physical and Social Environment

- Support the regional celebration of health and wellness by strengthening the community's recreational infrastructure.
- Leverage resources to improve the physical environment in the community.
- Support activities to further train and develop the leadership of not-for-profit organizations that focus on the improvement of health and wellness in the community.
- Support programs that encourage an atmosphere of individual safety and non-violence in the community.

Grantmaking Policies

Through its grantmaking the Foundation will focus on long-term solutions to the region's health and wellness needs. This includes the understanding that multiyear commitments are needed to effectively improve and solve the region's health issues.

The Foundation has agreed to move beyond a passive grantmaker role, and will convene key stakeholders to assess, address, and jointly solve current and future health care needs in the Pottstown Area.

Strategies

- The foundation will leverage community and Foundation resources by providing matching grants for health and wellness purposes.
- The Foundation will partner with schools, human service organizations and organizations that serve the non-profit community.
- The Foundation will use technology and its web-site to efficiently and quickly disseminate information, resources and contacts in the health and wellness arena.
- The Foundation will define health broadly – body ,mind, and spirit.
- The Foundation will broaden and improve the health and wellness non-profit and physical infrastructure of the communities that we serve.
- The Foundation will build upon and continue to develop the intellectual and volunteer capital of the region's residents, in conjunction with its own grantmaking capital.
- The Foundation will support in conjunction with other funders the creation of a health clinic to focus on basic preventative services, dental health and the coordination of services.
- The Foundation will monitor the level of health insurance in its service area as well as the ongoing charitable care of the hospital.
- The Foundation will encourage providers, agencies and schools to develop initiatives to bridge the cultural barriers evident in our population where disparities prevent access to heal care services.

- The Foundation will provide opportunities for learning about health and wellness issues through forums, lectures and the availability of outside experts and consultants.

Conclusion

In the process to develop the community plan, the Foundation has sought out the input and thoughts of both community leaders and health consumers within our ten mile service radius. We have concluded that the best way to provide for the long-term need of the region is to ensure that the Foundation remains an endowment in perpetuity.

Therefore, we will focus on the long-term health and wellness needs of the communities that we serve.

The ability to improve these health and wellness outcomes is best served by an active focus on healthy living. Health and wellness practices, when followed consistently, can remarkably reduce the incidence of disease not only later in life, but throughout an individual's lifespan. This requires education, personal initiative, and the opportunities and facilities to act on that health knowledge.

The Foundation is looking forward to partnering with non-profits, educational institutions and all levels of government to improve the lives and health of citizens in our region. The success of our mutually funded programs and our grantmaking will only occur if we can together improve the health of individuals – body, mind, spirit.