

EASTLAKE BEHAVIORAL HEALTH HOSPITAL
9/26/19 Informational Open House
Summary and Responses to Comments
2/12/20 Update

EVENT SUMMARY

On Thursday, September 26, 2019, Scripps Health and Acadia Healthcare hosted an informational open house for interested members of the public to learn more about their plans to develop a 120-bed inpatient behavioral health hospital on a vacant 10.5-acre parcel in the commercial district of Eastlake. The event was held in the Multi-Purpose Room at Monteville Recreation Center from 6:00-8:00 p.m. Approximately 85 people signed in at the check-in station. However, not all attendees elected to sign in. Based on visual estimates, approximately 200 people attended the workshop.

The open house format provided the opportunity for Scripps and Acadia to share far more information about the project than would have been possible in a single presentation. It also allowed for members of the public to speak directly with subject matter experts on a variety of focused topics related to the project. Information was provided at the following information stations:

- Project Overview and Project Review Process
- Traffic and Transportation
- Architecture and Design
- Operations and Security
- Patient Care
- Scripps/Acadia Partnership
- Prevention and Outreach

Copies of the informational displays at each station are attached for reference.

Executives and subject matter experts from Scripps, Acadia and their consultant teams staffed these information stations and were available to interact directly with open house attendees. The following staff were present at the workshop:

Scripps Health

Tom Gammieri, FACHE, Corporate Senior Vice President, Regional Chief Executive - South

Jerry Gold, Ph.D., Administrator, Scripps Behavioral Health

Debra McQuillen, RN, MAS, Vice President, Chief Operations Executive, Scripps Mercy Hospital

Amy Roark, RN, MSN, Manager, Patient Care, Psychiatric Acute

Melvin Lumagui, RN, Supervisor, Patient Care, Psychiatric Liaison Team

Melody Thomas, Manager, Case Management and Social Services

David King, Manager, Security, Scripps Mercy Hospital

Pam Gholson, Supervisor, Scripps Behavioral Health Unit Access/Discharge
 Monica Montañó, Director, Community Relations
 Nallely Valdivia, Executive Assistant (Spanish translation)

Acadia Healthcare

Michael Genovese, M.D., J.D., Chief Medical Officer
 Andy Hanner, Chief Strategy Officer
 Anne Kelly, BSN, Ed.D., Chief Compliance Officer
 Richard Clark, FACHE, President, Western Group
 Dwight Lacy, President, Western Division
 Debbie Strzlecki, Senior Vice President, Business Development
 Saad Niazi, CEO, Pacific Grove Hospital (an Acadia facility)
 Whitney Chavez, RN, Chief Nursing Officer, Pacific Grove Hospital (an Acadia facility)
 Randall Goldberg, Military Support Services

Technical Consultants

John Boarman, PE, Linscott, Law & Greenspan Engineers (Traffic Consultant)
 Stephen Wen, AIA, SWA Architects (Project Architect)
 Tina Go, AIA, SWA Architects (Project Architect)
 Chip Hill, AIA, LEED AP, Stengel Hill Architects (Program Architect)
 Brad Lenahan, ASLA, Ground Level San Diego (Landscape Architect)
 Robin Madaffer, San Diego Land Lawyers (Land Use Counsel)
 Farah Mahzari, San Diego Land Lawyers (Project Manager)
 Kristen Byrne, Byrne Communications (Community Outreach)

Workshop attendees were given the opportunity to submit written comments on the project. A total of 130 comment cards from 110 individuals were received. Responses to comments received are provided below. Because many duplicate comments were received, the responses are provided to comment topics rather than each individual comment.

COMMENTS AND RESPONSES

| | Issue | Response |
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| 1. | Residents are concerned that the facility will be a danger to them because it is located in close proximity to homes, schools, family-friendly businesses, etc. | The Eastlake behavioral health hospital is proposed for a 10.5-acre site within a commercial district in Eastlake. The site’s zoning allows for a hospital use with a Conditional Use Permit. While there is a residential neighborhood nearby, it is separated from the property by both topography and infrastructure, and there is no legal direct access between the property and the adjacent neighborhood. The closest residences are approximately |

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| | | <p>140 feet away from the building and approximately 90 feet from the property line. In addition, the property is at a significantly higher elevation than the homes. The proposed project also includes a perimeter wall and significant landscaping that will provide an additional buffer between the facility and the nearby neighborhood.</p> <p>It is common for behavioral health facilities to be located in close proximity to homes, schools, houses of worship, and businesses, including Acadia facilities in other parts of California. In San Diego County, Aurora Behavioral Health in Rancho Bernardo, Bayview Behavioral Health Hospital in Chula Vista, and Sharp Mesa Vista in Kearny Mesa are located in commercial areas in close proximity to residences, schools, parks, etc. Please see attached exhibits for locations of other similar facilities.</p> <p>Because hospital policy will ensure that discharge plans include secure transportation for patients to their home or next care site, loitering and trespassing in close proximity to the hospital is not anticipated to be an issue. In addition, a number of security measures will be incorporated, including controlled access to the facility and between units, one public entry and exit, 24-hour monitoring of common areas, minimum 15-minute patient checks, and design features to encourage safety. Security personnel will be on site 24-hours a day to monitor the hospital and the surrounding area.</p> <p>It's worth noting that Pacific Grove Behavioral Health Hospital and San Jose Behavioral Health Hospital, Acadia facilities</p> |

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| | | <p>in Riverside and San Jose respectively, are both located in commercial areas in close proximity to residences, schools, family-friendly business, childcare centers, houses of worship and more, and they both enjoy positive relationships with their neighbors (see attached exhibits highlighting locations). In fact, the Riverside Planning Commission recently approved a new Conditional Use Permit for Pacific Grove to expand and they removed the requirement for on-site security because they felt it was not needed.</p> |
| 2. | <p>Residents suggested that the facility be relocated to a more remote location, away from residents, schools, etc. Suggestions included a location south of Main Street or near the prison in Otay Mesa.</p> | <p>Hospitals are best located in areas where they are proximate to the populations served, so locating this facility in a remote, hard to access area is not in the best interests of patients. The Eastlake behavioral health hospital will not be a forensic hospital treating patients in the criminal justice system, so locating it near a prison is not appropriate.</p> |
| 3. | <p>Residents suggested that the facility be relocated to a site in western Chula Vista or to downtown San Diego, closer to the population it will serve.</p> | <p>The need for behavioral health services crosses all socio-economic and geographic boundaries, and all communities include residents with behavioral health needs. Based on national estimates of the incidence of mental illness in the adult population, nearly 90,000 people in South County will have a mental health need. And there are not nearly enough beds – countywide or in South County – to meet current needs. Based on recommendations from the California Hospital Association that there be 50 inpatient behavioral health beds for every 100,000 population, South County should have 246 inpatient beds, but only 103 beds are available (the City of Chula Vista should have 134 beds, but currently has only 64 beds available). The Eastlake behavioral health hospital will significantly expand behavioral health treatment capacity and will be an important step towards addressing</p> |

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| | | the mental health epidemic and significant unmet behavioral health treatment needs in the community. |
| 4. | Residents asked how this site was determined to be the best location and what other sites were considered. | <p>Scripps and Acadia considered a number of potential sites throughout the county. The Eastlake site best met the criteria that the healthcare organizations were seeking including:</p> <ul style="list-style-type: none"> • Location in an area underserved by inpatient beds (based on recommendations from the California Hospital Association that there be 50 inpatient behavioral health beds for every 100,000 population, the city of Chula Vista should have 134 inpatient beds, but only 64 beds are available. Proximity to major road network) • Appropriate size (10+ undeveloped acres) to construct a one-story facility • Zoning that allows for a hospital use |
| 5. | Residents were concerned that there was no input from the community in the selection of the site. | It is not customary, nor is it required by the City of Chula Vista Public Participation Policy, for a project applicant to seek public input before selecting a property for a proposed project. There are, however, a number of opportunities to provide public input throughout the project review process including the open house, the public review period for the CEQA environmental review, and public hearings. All plans and information submitted to the City of Chula Vista are publicly available and members of the public are free at any time to submit comments to city staff that will be included in the public record for review and consideration by decision makers before they vote on the project. Additionally, a thorough public review and approval process was conducted when the plans for the |

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| | | Eastlake Commercial District were approved. This plan included the zoning that includes a hospital as an allowable use on the site. |
| 6. | Residents felt that locating this facility in South Bay was discriminatory and that South Bay gets undesirable facilities because they have a higher proportion of lower income and minority communities than other areas of the county. | <p>The Eastlake behavioral health hospital will be a new, state-of-the-art facility providing an important public health service for the community. Contrary to this being a burden on the community, it is addressing an urgent unmet need in the community and will provide behavioral health treatment to members of the community that are in need of care. Just like an acute care hospital, emergency services, law enforcement, and utilities, facilities of this type are an important part of a community's infrastructure. While the number of available beds in San Diego County is not nearly enough to meet the existing need, inpatient behavioral health facilities are located throughout the county including in Rancho Bernardo, Escondido, Kearny Mesa, La Mesa, and Hillcrest.</p> <p>There have been questions asked about whether this will be a facility like the County Mental Health hospital on Rosecrans in San Diego. Both the Eastlake Hospital and the County Mental Hospital (CMH) will be/are free standing LPS-designated hospitals allowing for involuntary detention of patients. Both hospitals will be or are accredited by The Joint Commission and certified by the Center for Medicare and Medicaid Services (CMS). Both are or will be licensed by the California Department of Public Health as an acute psychiatric inpatient facility. The Eastlake Hospital will serve the adolescent, adult, and senior populations. It will be able to accept all payors - commercial and government funded - while CMH focuses on the underfunded or unfunded population. CMH also only serves the adult population.</p> |

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| | | <p>While the Eastlake Hospital will have an intake department and allow for some walk-in patients, walk-ins will be less significant than at CMH. Patients admitted to the Eastlake hospital will primarily be brought in after medical clearance at other facilities or after they have been seen and cleared by a medical professional or, in some cases, by an EMT. CMH has an Emergency Screening Unit to triage patients that either walk in or are brought in by law enforcement. CMH also operates a Crisis Stabilization Unit (CSU) that allows for patients to stay for up to, but not to exceed, 24 hours. Once stabilized they are referred to another level of care. The Eastlake hospital does not plan to have a CSU attached to their facility. CMH provides psychiatric clearance for the incarcerated population that are released from the jail and tends to receive many forensic patients. The Eastlake Hospital will not include a forensic unit.</p> <p>The Eastlake hospital will also have robust outpatient mental health offerings such as intensive outpatient and partial hospitalization programs while CMH has limited outpatient offerings and uses community resources to complete the continuum of care.</p> |
| 7. | Residents expressed concern that there was no public transit available for patients, employees, or visitors. | SDMTS Route 707 serves the Eastlake area and the closest bus stop to the site is at Boswell Road and Lane Avenue. However, patients (both inpatient and outpatient) will arrive and depart by coordinated, secure private transportation so access to public transportation will not affect patient access. A draft traffic impact analysis is being conducted to assess the potential traffic impacts of the project, taking into account trips generated by patients, employees, visitors, and others. |

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| 8. | Residents expressed concern that there was already traffic in Eastlake and that this project will make it worse. | <p>All intersections and road segments within the traffic study area, with one exception, currently operate at acceptable levels of service (between LOS A and D). The exception is the intersection at Harold Place and Fenton Street, which currently operates at LOS F during the p.m. peak period. A draft traffic impact analysis is being conducted to assess the potential traffic impacts of the project on all road segments and intersections within the traffic study area.</p> <p>It is important to note that other allowed uses for the property could result in significantly higher traffic impacts than a behavioral health hospital. A general medical/surgical hospital has a trip generation rate of 20 trips per bed, while similar behavioral health hospitals have shown a trip generation rate of less than five trips per bed. A manufacturing use (allowed by right under the zone) would generate four trips per 1,000 square feet and would have significantly greater peak period impacts than the proposed use. The attached trip generation table provides more details about anticipated trip generation rates.</p> |
| 9. | Residents commented that this is not an appropriate location because it is not near an acute care hospital or other support services. | <p>Because patients will be admitted to the Eastlake hospital to receive inpatient and intensive outpatient treatment for behavioral health conditions not requiring intensive, simultaneous medical treatment of the type undertaken at integrated medical/surgical (i.e. acute care) facilities, it is not necessary for it to be located adjacent to an acute care medical hospital. Like all licensed hospitals, the Eastlake hospital's clinical staff will have the full ability to safely provide for the needs of its behavioral health patients (including in-house pharmacy and medication dispensing), who in some cases may also be living with chronic but stable medical conditions such as diabetes, heart</p> |

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| | | <p>disease, hypertension and those affecting mobility. Therefore, the lack of co-location with or immediate proximity to a medical/surgical hospital or related acute care treatment sites will not negatively impact the hospital’s ability to provide high level, quality care to its patients.</p> <p>Support services such as daily medical visits by an internist, nutrition support, and physical therapy will be provided at the hospital. Outpatient services will also be provided for inpatients ready for step down care.</p> <p>Social workers will also be employed by the hospital to facilitate referrals and transfers to follow-on care facilities and housing for those that need it.</p> |
| 10. | Residents are concerned that emergency response is already slow in Chula Vista due to a shortage of police officers and that this facility will result in increased calls to police. | Inpatient behavioral health hospitals are secure, locked facilities with highly trained staff who are specifically equipped to deal with the unique needs of behavioral health patients. Because of this, emergency calls from these facilities, including those for police assistance, are uncommon. At Acadia inpatient hospitals for the period between January 2016 and December 2018 there were a total of 1,079 calls for service that occurred. During this time there were nearly 456,000 patient admissions, meaning that emergency service calls occurred at a rate of about one-quarter of one percent of all patient admissions. Given these facts, potential emergency service calls, whether to police, fire or EMS, are not expected to produce any appreciable affect nor “drain” on these public resources. |
| 11. | Residents asked what happens when patients are released from the facility. They are concerned that patients released from the hospital will wander in their neighborhood, loiter, increase | In the overwhelmingly majority of cases, behavioral health inpatients continue to receive care until the attending psychiatrist in consultation with the other members of the clinical team determines that safe |

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| | <p>homelessness and public drunkenness, and commit crimes in the neighborhood. They also wondered what happens if patients don't have a ride when they leave the facility or refuse transportation. They also asked if patients who haven't completed treatment could check themselves out and be a danger to the community.</p> | <p>discharge is clinically indicated based on the patient's treatment progression and individual circumstances. Prior to discharge, patients must have a detailed discharge plan that outlines the specifics of the transition to and location of their next stage of care (e.g. nursing home, residential treatment center, long term rehabilitation, transitional or temporary housing, personal residence). It is Acadia's policy to include arranged transportation to the specific post treatment care location for all patients upon discharge, either by hospital personnel or in some cases by the patient's family, legal guardians, or other authorized individuals such as military base commanding officers or their designees. The lack of such a post discharge plan (including the arranged transportation component) will likely comprise an important determining factor on whether discharge is clinically appropriate. Therefore, the fear of patients loitering in the neighborhood is unlikely to be an issue.</p> <p>It is rare for a voluntary status patient to request discharge before treatment is complete. The vast majority of patients admitted proceed through their clinically recommended course of treatment, including full discharge and post care planning. In the unlikely event that a voluntary patient was admitted but wished to be discharged before treatment is completed, California law allows for patients that request discharge against medical advice (AMA) to be reassessed to determine if, in the clinical opinion of the psychiatrist, they pose a danger to themselves or others. If they are deemed to pose a danger to themselves or others, they will not be discharged. If they are deemed not to be a risk, then they can be discharged per their</p> |

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| | | <p>request and will be provided secure transportation to their next destination.</p> <p>With respect to whether patients could be a danger to the community, contrary to sensationalized, often outdated and largely debunked stereotypes and misconceptions, most patients experiencing behavioral health conditions are neither dangerous nor inherently prone to violence, particularly when receiving professional, compassionate treatment in structured and therapeutic inpatient or outpatient settings.</p> |
| 12. | <p>Residents are concerned that patient elopement will be a common occurrence and that patients who elope will be a threat to public safety. They wanted to know if residents will be notified of elopements and what happens when an elopement occurs.</p> | <p>Elopement is a commonly used behavioral health industry term to indicate that a patient receiving inpatient care has departed the hospital (for any length of time) without the consent or knowledge of the facility's clinical staff and in the absence of a formal discharge determination and plan. Elopements can encompass a wide range of scenarios ranging from largely innocuous (e.g. voluntary patient electing to end treatment but not signing formal AMA discharge paperwork, short duration elopements with immediate return) to more serious (e.g. involving minors, involuntary patients, longer duration incidents). Acadia adheres to strict protocols and policies to limit the number and severity of elopements. These include detailed assessment and screening for such behaviors at admission, seen and unseen security features at all facilities (physical barriers, video surveillance of exterior and common areas, boundary and verbal de-escalation techniques, minimum of 15 minute patient welfare checks, secured units for involuntary patients, etc.), and immediate response in the uncommon instances when they do occur.</p> |

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| | | <p>Overall, elopements at Acadia facilities are exceedingly rare. Over the period from January 2016 through December 2018, there were a total of 643 elopements that occurred at Acadia inpatient hospitals. Over this same period there were nearly 456,000 patient admissions, meaning that elopement occurred at a rate of about 1/10 of one percent of all patient admissions. More than 99% of these incidents were of a short duration (less than 24 hours) and did not involve any injuries to patients or staff, criminal activity, property damage, nor disturbances to any surrounding business or residential communities.</p> <p>Acadia consistently endeavors to adopt and refine its policies and procedures to further reduce the prevalence of elopements. The Eastlake hospital will utilize the latest design features, including those intended to diminish the frequency and severity of elopements. We also believe it is very important to place the issue of elopements in an appropriate and objective context, including balancing these highly isolated, rarely detrimental events with the overall positive public health value and benefit that the Eastlake hospital will provide to thousands of patients in need and their families.</p> |
| 13. | Residents are concerned that their home values will be reduced because of the proximity of the facility. | Residential property values are dynamic and influenced by a large number of factors, including supply and demand, economic outlook, location, proximity to and quality of schools, unemployment rates, and mortgage interest rates, among many others. It is therefore very difficult if not impossible to attribute one specific factor (including nearby commercial property development) to an increase or decrease in property values. |

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| | | <p>A variety of studies have been conducted about how various community facilities may affect property values. Some have identified small negative correlations, while others have not identified any statistically valid negative correlations. For example, a 2019 study published by the National Bureau for Economic Research conducted by researchers at the University of New Mexico and Temple University and covering a period of 13 years, found no negative property value changes as a result of substance abuse treatment facilities located within residential neighborhoods (See MarketWatch article and Barron's article on the study findings).</p> |
| 14. | <p>The project drawings do not show a 12-foot fence.</p> | <p>There are two different types of fence proposed for this project. One is the 12'-0" security fence around the outdoor activity yards adjacent to four of the six-patient wings. The other two patient wings' outdoor activity yards are completely enclosed by the building structure in the center of the facility hence no fence is required.</p> <p>The other fence is the campus perimeter fence on the east, north and south borders of the property. The city zoning regulation stipulates that all property perimeter fences shall be limited to 6'-0" in height. However, if the city permits, the project is willing to consider increasing the perimeter fence height from 6'-0" up to 8'-0". The 8'-0" fence around the perimeter of the property is shown on the site section rendering as well as the birds eye view color rendering looking south at the back side of the facility.</p> |
| 15. | <p>A resident stated that there was an inaccuracy on one of the informational displays that showed that the closest school was 1,013 feet from the proposed site, when there is a school on Showroom</p> | <p>The distance from the proposed hospital site to the closest school on one of the informational displays cited an estimated distance to the closest public school (Eastlake Middle School). The commenter is correct that there is a private school and</p> |

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| | Place along with businesses that cater to children. | businesses that cater to children located on Showroom Place, approximately 850 feet from the property line . |
| 16. | Is this a temporary facility until the reconstruction of Scripps Mercy Hospital San Diego is complete? | The Eastlake behavioral health hospital would be a permanent facility that would provide more than three times the number of inpatient behavioral health beds than Scripps Mercy San Diego currently has available. |
| 17. | A concern was expressed that technical studies would be biased because they were funded by the project applicant. | All technical studies requested by the City to analyze the potential impacts of a private project are paid for by the applicant. City of Chula Vista staff and third party technical experts review all studies prepared and must sign off on them before they are accepted by the city. |
| 18. | Some residents expressed support for the facility due to the unmet need in the community. | Behavioral health is one of the most significantly underfunded and under addressed issues we have nationally and in the state of California. Nearly 1 in 4 California adults has a mental health need (equating to about 10 million people) yet half of them do not get the treatment they need. The California Hospital Association recommends that 50 inpatient behavioral health beds be available for every 100,000 population. Based on this information South County should have the City of Chuls Vista should have 246 beds to meet its behavioral health care needs but presently only has 103 beds available. The Eastlake behavioral health hospital will be an important step towards addressing these unmet behavioral health needs in the community. |
| 19. | Some residents did not favor the open house meeting format and were disappointed that city officials were not there to hear their comments. | According to the City of Chula Vista Public Participation Policy, a Community Meeting is required for projects that result in a significant response to the Notice of Application. This meeting is required to be held early in the process, after the project application has been deemed complete and the first internal review of the project |

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| | | <p>has been completed. The meeting is required to be held early enough in the process to allow for public comments to be considered by the applicant and staff and appropriate changes made to the project. The policy states that while staff will help facilitate the Community Meeting, the Applicant will have the primary role since this is their opportunity to dialogue with potential future neighbors. The policy states that City staff's role is to help set meeting locations and be available to answer questions about the process, policies and regulations affecting the project. The policy further states that "An 'Open House' format will be used at the Community Meeting."</p> <p>The purpose of the open house meeting was to provide detailed information about the project and seek comments from the public. It was held early in the process, after the first set of comments on the project had been received on the first project submittal. The open house format allowed Scripps and Acadia to present far more information about the various aspects of the project than would have been possible in a single presentation. Members of the public had the opportunity to speak directly with the nearly 30 subject matter experts in attendance from both Scripps and Acadia to ask questions and discuss concerns. Participants were also given the opportunity to submit their comments in writing, and 130 comment cards from 110 individuals were received. These comments have been shared with the City of Chula Vista. Several staff members from the City of Chula Vista were in attendance and available to speak with attendees.</p> |
| 20. | Some residents expressed concern about a recent civil investigation regarding | In May of 2019, Acadia fully resolved a civil investigation by the West Virginia U.S. |

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| | <p>Medicare billing fraud in West Virginia that resulted in a \$17 million settlement.</p> | <p>Attorney’s office involving technical and complex state and federal billing and coding procedures governing reimbursement for lab testing services. The settlement, which did not include any formal findings on the merits nor admissions of liability by Acadia, related to alleged practices originating years prior to Acadia’s acquisition and operational control of a small number of medication-assisted treatment clinics formerly operated by CRC Health Group. Importantly, there were zero allegations or issues identified with the level of quality of care provided to patients or the medical necessity of such care. To provide context on settlements of this type, in 2018 aggregate U.S. Department of Justice healthcare industry legal settlements (including False Claims Act) totaled more than \$8 billion, involving hundreds of medical/surgical, specialty and behavioral health hospital operators, including non-profit, for-profit, academic medical centers, and government-owned operators.</p> <p>Acadia and its subsidiaries cooperated fully with all involved parties during the entire course of the investigation and was pleased to have reached this resolution and continue to dedicate attention and resources towards serving the needs of patients and their families.</p> |
| 21. | <p>Residents submitted a number of questions about specific incidents and allegations involving Acadia facilities.</p> | <p>The individual incidents cited on comment cards appear to fall into three categories: 1) allegations of abuse/negative patient incidents, 2) elopement, and 3) allegations of corporate/civil fraud and litigation. Rather than responding to each individual incident which may implicate privacy, litigation and/or subject to factual debate as they are likely pulled from media reports, our responses below focus on the performance of Acadia and its facilities in the aggregate,</p> |

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| | | <p>rather than individual incidents. The information below provides important context to the overall quality of care Acadia provides to millions of patients each year.</p> <p><u>ALLEGATIONS OF ABUSE/NEGATIVE PATIENT INCIDENTS</u></p> <p>No large health or hospital system providing treatment to millions of patients across hundreds of facilities, whether behavioral health or medical-surgical, will ever be completely immune from isolated incidents or sporadic undesirable patient experiences. By its nature, the healthcare industry carries inherent risk as its “customers” – the patients – seek services because they are sick. Notwithstanding the large numbers of patients treated across hundreds of care sites, the rate of grave and serious incidents at Acadia’s inpatient hospitals is small. Over the period from January 2016 through December 2018, there were a total of 2,496 incidents that occurred over nearly 456,000 patient admissions, a rate of about one half of one percent of all patient admissions. (Serious incidents include major injuries or impairments, patient death, and allegations or occurrences of abuse, negligence, error, or omission that affects rendering of professional services). While the comments submitted highlight individual incidents in an effort to question Acadia’s quality of care, the fact is that nearly 99.5% of Acadia’s inpatient admissions do not result in negative incidents and Acadia provides desperately needed care to patients suffering from behavioral health illnesses.</p> <p>In the rare instance where an outcome or event at an Acadia treatment facility deviates from our high standards and expectations, we fully investigate the situation to determine lessons learned and</p> |

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| | | <p>whether updates to procedures and policies are warranted, including holding employees fully accountable for any improper actions that depart from employee training and Acadia’s values. Acadia’s overall focus during these uncommon situations is to provide support to anyone negatively impacted and to work expeditiously to diminish the possibility of similar matters re-occurring. Ensuring that we can maintain a consistently safe, therapeutic and compassionate care environment for all patients is and will always remain a top priority of Acadia.</p> <p>Acadia facilities strictly adhere to all reporting requirements and maintain strong track records on multiple independently administered, evidence-based clinical quality performance tracking and measurement programs. These include The Joint Commission’s HBIPS (Hospital Based Inpatient Psychiatric Services) Core Measures and CMS’ Inpatient Psychiatric Facility Quality Reporting Program (IPFQR) used by over 1,600 psychiatric hospitals to measure clinical accountability metrics linked to improved patient outcomes. In aggregate, Acadia’s behavioral health facilities meet and often surpass the national and state average in the majority of measured categories, including those related to patient safety. Acadia consistently endeavors to improve its aggregate scores as part of its overall quality assurance initiatives and clinician training programs.</p> <p><u>ELOPEMENT</u> Elopement is a commonly used behavioral health industry term to indicate that a patient receiving inpatient care has departed the hospital (for any length of time) without the consent or knowledge of the facility’s clinical staff and in the absence of a formal</p> |

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| | | <p>discharge determination and plan. Elopements can encompass a wide range of scenarios ranging from largely innocuous (e.g. voluntary patient electing to end treatment but not signing formal discharge paperwork, short duration elopements with immediate return) to more serious (e.g. involving minors, involuntary patients, longer duration incidents).</p> <p>While the incidents cited in comments make it seem as though elopement is a frequent occurrence, elopements at Aadia’s inpatient hospitals are rare. Over the period from January 2016 through December 2018, there were a total of 643 elopements that occurred at Acadia inpatient hospitals. Over this same period there were nearly 456,000 patient admissions, meaning that elopement occurred at a rate of about 1/10 of one percent of all patient admissions. More than 99% of these incidents were of a short duration (less than 24 hours) and did not involve any injuries to patients or staff, criminal activity, property damage, nor disturbances to any surrounding business or residential communities..</p> <p>Acadia adheres to strict protocols and policies to limit the number and severity of elopements. These include detailed assessment and screening for such behaviors at admission, seen and unseen security features at all facilities (physical barriers, video surveillance of exterior and common areas, boundary and verbal de-escalation techniques, minimum of 15 minute patient welfare checks, secured units for involuntary patients, etc.), and immediate response in the uncommon instances when they do occur.</p> |

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| | | <p>Acadia consistently endeavors to adopt and refine its policies and procedures to further reduce the prevalence of elopements. The Eastlake hospital will utilize the latest design features, including those intended to diminish the frequency and severity of elopements. We also believe it is very important to place the issue of elopements in an appropriate and objective context, including balancing these highly isolated, rarely detrimental events with the overall positive public health value and benefit that the Eastlake hospital will provide to thousands of patients in need and their families.</p> <p><u>ALLEGATIONS OF CORPORATE/CIVIL FRAUD AND LITIGATION</u></p> <p>Acadia Healthcare disputes any allegation or contention that it or its subsidiary hospitals have knowingly engaged in civil fraud. Nevertheless, in light of the large amount of federal and state reimbursements providers receive from government payor programs coupled with the increasing complexity of billing and coding protocols, government-initiated inquiries, information requests, audits and recoupment actions, investigations are common occurrences across the industry and in no way unique to Acadia. In 2018, aggregate U.S. Department of Justice healthcare industry legal settlements (including False Claims Act) totaled over \$8 billion, involving hundreds of medical/surgical, specialty, nursing home and behavioral health hospital operators including non-profit, for-profit academic medical centers and government owned operators. None involved Acadia or any of its subsidiary facilities.</p> <p>Acadia cooperates fully with all government inquiries, even when we strongly disagree</p> |

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| | | <p>and dispute the factual basis and legal merits of the allegations being investigated. Upon learning of any allegation of fraud, we work transparently and collaboratively with all interested parties, including providing verifiable evidence, internal clinical documentation, medical records and supporting data that refutes and disproves potential claims of fraudulent conduct. We continuously work with our clinicians to improve our documentation evidencing the critically important care that we provide to our patients. It is also important to note that none of the currently disclosed, pending inquiries have resulted in any formal demands for payment, government-initiated lawsuits, or charges of any kind against Acadia Healthcare or any of its subsidiary facilities. Contrary to nearly all of our similarly-sized hospital provider peers, Acadia’s historical False Claim Act-related lawsuit settlements are extremely small, comprising a single resolution in our entire 14-year history.</p> <p>While we are unable to offer detailed comment on any specific pending litigation, we hope some important context and clarifications are helpful. Lawsuits against Acadia inpatient behavioral health facilities by patients, their families, former staff and others are very rare but, as with all large hospital systems and operators, they do invariably occur. Nevertheless, Acadia’s aggregate litigation claims rate is far lower than the national average, equating to less than one tenth of one percent of all admissions between 2016 and 2019 YTD. Importantly, many of these matters were ultimately dismissed due to lack of merit and/or were resolved for de minimis, nuisance values far less than the likely cost of defense.</p> |

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| | | <p>The mere filing of, and even settlement of, a lawsuit typically does not constitute any formal findings of fact or admissions of liability or even reflect the overall merit of a case. Nearly all companies (including Acadia) routinely choose to settle defensible cases due to the high cost of litigation, unpredictability of juries and a desire to remain focused on their core mission.</p> <p>Similarly, like many large publicly traded companies, Acadia, its board and executives may occasionally be named in securities lawsuits filed by opportunistic trial attorneys alleging potential improper conduct. These filings often occur surrounding any significant downward movement in a company's stock price (which can and often does occur for a multitude of uncontrollable and innocuous factors not involving any wrongdoing) and may be accompanied by settlement demands even prior to the filing of a formal lawsuit and discovery. Acadia strongly disputes any contention that it, its subsidiaries or any of its directors or officers have engaged in any civil or criminal fraud (including related to securities matters) and we will continue to vigorously defend the company from any such claims.</p> <p>It is important to reiterate that the mere filing of lawsuits and unsubstantiated, uncorroborated and often false allegations absolutely do not and should not be conflated with actual, substantiated improper or illegal actions on the part of Acadia.</p> |