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Hoag Seeks to Reclaim Its Independence from Providence Health

Hoag Founders File Suit to Regain Control of Hoag

NEWPORT BEACH, Calif., May 4, 2020 --- Hoag Founders, the Association of Presbyterian Members and the George Hoag Family Foundation, filed litigation against Providence Health seeking to dissolve the affiliation with Providence. The legal action comes after nearly a year of trying to work with Providence to re-align the parties in a way that guarantees Hoag's independence and its ability to focus exclusively on Orange County's needs.

Hoag executives said that restored independence will allow Hoag to maintain and strengthen its local identity as Orange County's most trusted health care network—a reputation it has enjoyed for nearly 70 years, and one that is central to its mission.

“Hoag must be able to keep local resources and decision making in Orange County to address all the health needs of community members for years to come,” said Robert T. Braithwaite, president and chief executive officer of Hoag. “The current structure of our relationship with Providence, we believe, is not in the best interest of our patients, the community, our physicians and team members. While Hoag has consistently emphasized our desire to collaborate with Providence on specific initiatives going forward, we made no progress on realigning the relationship after almost a year of attempted negotiations. As a result, Hoag's Founders took legal action, we had hoped to avoid, to dissolve the affiliation, which all parties have agreed did not fulfill the measure of its creation.”

In 2012, Hoag and St. Joseph Health entered an affiliation with the hope of fundamentally transforming the way health care is delivered in Orange County. However, those plans did not materialize and St. Joseph has since been acquired by Providence Health, a large national health system based in Seattle.

Braithwaite continued: “Under the existing affiliation, Hoag's mission and legacy are at risk of being diluted within a large national hospital system. We must be able to maintain Hoag's



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unique character and role as Orange County’s most trusted health care network, as well as keep local control of community assets.”

This decision was made only after careful consideration by Hoag’s fiduciary board, in extensive consultation with Hoag’s Founders, the physician leadership of Hoag, and Hoag’s executive leadership team. Hoag’s desire is to restore local control of health care decisions in Orange County and free them of the current constraints on care arising out of the affiliation with Providence.

This has never been more apparent than in the last few months as Hoag has played a critical role in care for our community during the pandemic.

“While we have tried to negotiate a realignment of our affiliation with Providence Health for more than a year, the COVID-19 pandemic underscored our need for independence,” said George Wood, Hoag board of directors chair. “We are deeply grateful to Hoag’s physicians and staff for their work over the last few months as they have been on the frontlines. Our community has counted on them during this time and we need to make sure we can fulfill our promise to Orange County.”

“My grandmother, Grace Hoag, and my father, George Hoag II, had a vision, in collaboration with local Presbyterian leaders, for creating outstanding local health care in Orange County,” said Melinda Hoag Smith, president and chief executive officer of George Hoag Family Foundation. “Our family has carried that legacy of meeting the needs of this amazing community over the last 70 years. It is time to ensure we continue that work as Orange County grows and residents’ health care needs continue to evolve. Full independence is the best path toward a sustainable and thriving Hoag.”

Beryl Smith, moderator of the Association of Presbyterian Members, echoed these sentiments. “This is about honoring the past and securing the future of Hoag.”

There will be no impact to patients. The community can continue to access care at Hoag the same way they always have.



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ABOUT HOAG MEMORIAL HOSPITAL PRESBYTERIAN

Hoag is a nonprofit, regional health care delivery network in Orange County, California, that treats more than 30,000 inpatients and 480,000 outpatients annually. Hoag consists of two acute-care hospitals – Hoag Hospital Newport Beach, which opened in 1952, and Hoag Hospital Irvine, which opened in 2010 – in addition to nine health centers and 13 urgent care centers. Hoag has invested \$261 million in programs and services to support the underserved community within the past five years, including areas like mental health, homelessness, transportation for seniors, education, and support for single mothers. Hoag is a designated Magnet® hospital by the American Nurses Credentialing Center (ANCC). Hoag offers a comprehensive blend of health care services that includes five institutes providing specialized services in the following areas: [cancer](#), [heart and vascular](#), [neurosciences](#), [women's health](#), and orthopedics through Hoag's affiliate, [Hoag Orthopedic Institute](#), which consists of an orthopedic hospital and two ambulatory surgical centers. Hoag has been named one of the Best Regional Hospitals in the 2019 - 2020 *U.S. News & World Report*. For an unprecedented 23 years, residents of Orange County have chosen Hoag as one of the county's best hospitals in a local newspaper survey. Visit www.hoag.org for more information.