Catholic Health Initiatives Becomes Equity Partner in Providence Health & Services Reference Laboratory

Denver – Oct. 27, 2009 — Catholic Health Initiatives and Providence Health & Services announced today that they have signed a definitive agreement in which CHI will assume a 25% equity position in Pathology Associates Medical Laboratories (PAML), a full-service medical reference laboratory owned by Providence and headquartered in Spokane, Washington.

Denver-based CHI, the second-largest Catholic health care system in the nation, includes 78 hospitals in 20 states. Providence, a nonprofit health system with 27 hospitals and more than 35 nonacute care facilities in the western United States, is the largest health care provider in the Northwest and is headquartered in Seattle. PAML is ranked among the top reference laboratories in the United States and is considered an industry leader in joint venture partnerships with community-based hospitals.

Through PAML, CHI and Providence plan to develop a national network of regional laboratories at select CHI hospitals, using PAML’s successful hospital-based laboratory outreach program. The partnership will create one of the nation’s largest medical reference laboratories, taking advantage of economies of scale to create efficiencies, reduce costs and improve services.

CHI’s investment will help accelerate PAML’s joint venture growth with CHI facilities and other hospital systems throughout the country.

“This is a sound investment in the future of CHI and its health care ministry,” said Kevin Lofton, president and CEO of CHI. “CHI is joining with a partner whose mission complements ours, and we share faith-based values of compassion and excellence. This is a partnership that will provide for the current and future laboratory needs of our medical facilities, affiliated physicians and, most important, our patients. The partnership affords both CHI and PAML the opportunity to leverage laboratory expertise and best practices to gain significant economies of scale and new efficiencies across the business line.”

“This partnership with CHI is an important milestone for PAML as we continue to expand our laboratory joint ventures with leading hospital systems across the country,” said Thomas Tiffany, PhD, PAML’s CEO/President.
“We are confident our partner health systems will realize the benefits of working in collaboration to expand the outreach lab business and provide an opportunity for CHI and Providence to grow the esoteric reference laboratory to better support the hospital systems’ service lines.”

“Providence was looking for a partner that brought more than just capital to the table, one whose mission, core values and goals complimented ours,” said Greg Van Pelt, Executive Vice President of Operations for Providence Health & Services. “We believe CHI is a perfect match. We are very pleased about the potential of this partnership for both organizations and we look forward to working closely with the CHI team in bringing critical lab services to the communities we all serve.”

From a business standpoint, PAML provides the lab-centric financial infrastructure, innovative connectivity solutions, and esoteric testing menu essential for CHI to develop its national laboratory strategy. PAML’s laboratory outreach capabilities, combined with the premium, community-based healthcare services of CHI will result in better choices for local physicians.

**About Catholic Health Initiatives**
CHI is a national nonprofit health organization with headquarters in Denver. The faith-based system operates in 20 states and includes 78 hospitals; 40 long-term care, assisted-living and residential-living facilities; and two community health-services organizations. Together, those facilities provided $553 million during the 2009 fiscal year in charity care and community benefit, including services for the poor, free clinics, education and research. With annual revenues of $8.6 billion, CHI ranks as the nation’s second-largest Catholic health care system. For more information, visit [www.CatholicHealthInitiatives.org](http://www.CatholicHealthInitiatives.org).

**About Pathology Associates Medical Laboratories (PAML)**
Founded in 1957, Pathology Associates Medical Laboratories (PAML) is headquartered in Spokane, Washington and is a subsidiary of Providence Health & Services (PH&S). PAML operates a state-of-the-art, full-service clinical reference laboratory and maintains other laboratory operations throughout the western United States. PAML is ranked among the top reference laboratories in the United States and is considered an industry leader in joint venture partnerships with community-based hospitals.

PAML currently partners with 22 hospitals in five hospital-based laboratory joint ventures throughout the northwest, including Alpha Laboratory in northern Idaho, PACLAB Network Laboratories in western Washington, Tri-Cities Laboratory in central Washington, Treasure Valley Laboratory in southern Idaho, and MountainStar Clinical Laboratories in central Utah. For more information, visit [www.paml.com](http://www.paml.com).

**About Providence Health & Services**
Providence Health & Services is a nonprofit, faith-based organization with health care and other services extending across five states: Alaska, Washington, Montana, Oregon and California. Working in service to their communities, Providence’s more than 45,000 employees work in 26 acute care medical centers and hospitals, more than 40 nonacute facilities, physician clinics, a health plan, a
liberal arts university, a high school and numerous other health, housing and educational services. In total, Providence provided $509 million in charity care and other community benefits in 2008 and the organization generated net operating revenues of $7 billion.