

PEER COMMUNITY REVIEW

INTRODUCTION

As with the previous health needs assessments conducted for the East Hampton Healthcare Foundation, within its study, Arrow Consultants has performed a review and analysis of peer communities. The peer communities were selected given several attributes that make them comparable to the East Hampton Community, or they have developed community health programs that serve as benchmarks for the East Hampton Healthcare Foundation.

The attributes that Arrow used to select the peer communities were:

- Generally non-urban;
- Swings in population based on seasonality or resort community;
- Variability in the population based on income; and,
- Generally a higher than average cost of living.

Other communities were selected not necessarily based on the attributes listed above, but because of community-based healthcare programs worthy of benchmarking by the East Hampton Healthcare Foundation.

The following represent the benchmark communities:

- Cape Cod, Massachusetts;
- Santa Barbara, California; and,
- Palo Alto, California.

This review and analysis will demographically characterize the communities and describe their community healthcare programs. The data from the communities, in most cases, uses county-level data, because the communities are isolated from other centers of population. That is true of all except Palo Alto. In this case, city-level data was used. It should be noted that through its analysis, Arrow Consultants was hard pressed to uncover a community that exactly mirrored that of East Hampton. However, those selected may have several elements similar to East Hampton.

EAST HAMPTON

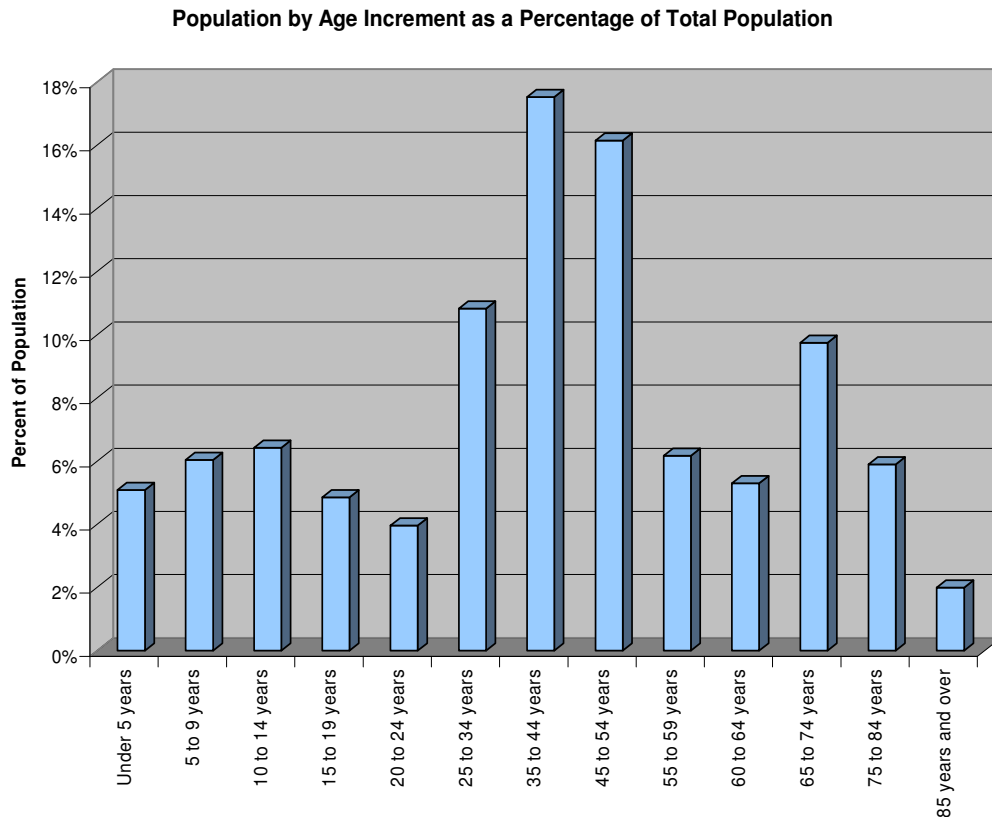
The peer community review begins with a basis for comparison, for which Arrow Consultants used a five-zip code area that constitutes East Hampton. Suffolk County data could not be used because it includes areas of significant population that are not included in the study region. Since Arrow needed to isolate the community and therefore could not use county-level data, it used information from the 2000 Census. The most recent data available on the county level was from 2005.

The zip codes used to identify East Hampton were:

- Amagansett (11930);
- East Hampton (11937);
- Montauk (11954);
- Sag Harbor (11963); and,
- Wainscott (11975).

The total population within this area in 2000 was 25,369, of which 50.41% were female and 49.59% were male.

The graph below shows the dispersion of population by age increments as a percentage of the total population.



The graph shows that the highest percentage of the population was in the 35-55 year old age group with the second highest category being the 45-54 year old one. The 75-84 year old segment was also sizeable and represented a larger segment than either the 55-59 year old or 60-64 year old categories.

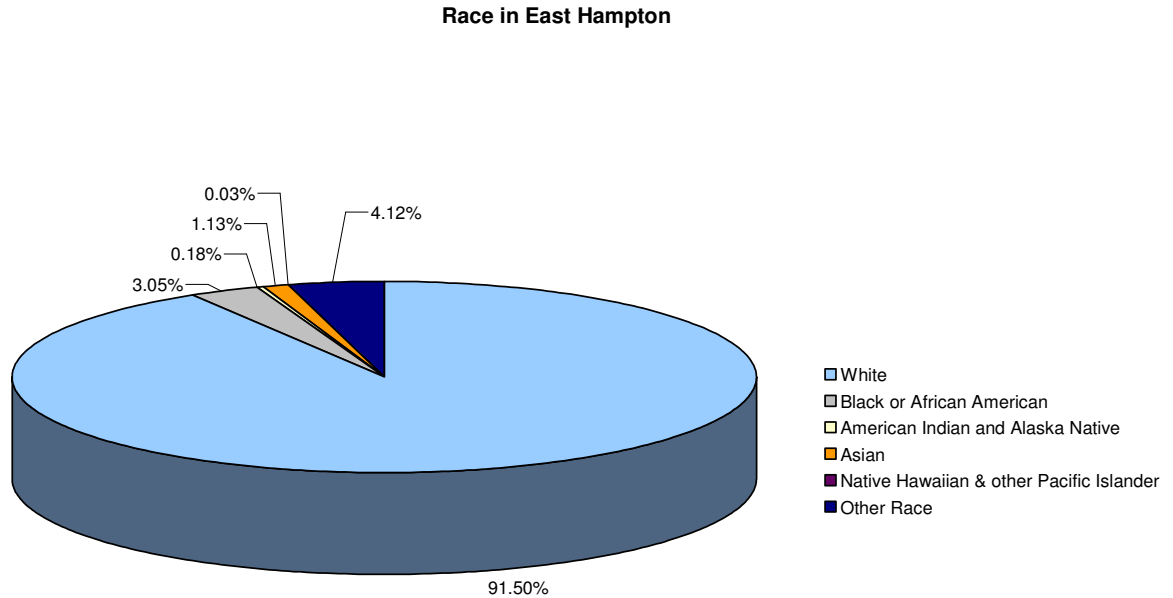
The median age of the entire five-zip code community was not discernable; however, the chart below shows the median ages of each of the five zip codes.

Population	Median Age
Amagansett	49.3
East Hampton	41.4
Montauk	39.3
Sag Harbor	44.8
Wainscott	48.7
NY State	35.9
US	35.3

When we consider that the median age in New York State was 35.9 years, and in the U.S. it was 35.3 years, we see that all the communities of East Hampton were older than those averages.

An objective of the research is to identify and recommend services and targets for underserved segments of the population. Arrow Consultants is hesitant to over generalize; however, from its experience, it is aware that minority and lower income populations of communities are usually those that are underserved. For that reason, Arrow Consultants spends a significant amount of this Peer Community Review identifying the potential sizes of these underserved communities. It does this initially by looking at the racial profile of each community and then by investigating educational attainment and the average wages earned by members of the community.

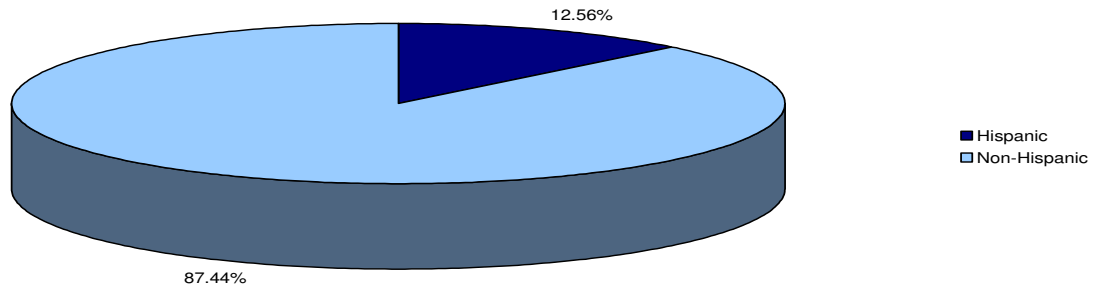
The race of the population in East Hampton is overwhelmingly Caucasian, as the graph below depicts.



Over 90% of the population of one race consisted of Caucasian individuals, just over three percent African American and just over one percent Asian. This, of course, is not reflective of generalized figures of the U.S., as one would expect. The U.S. population consists of 12.3% African Americans and 3.5% Asians. This is somewhat expected since African American populations are pocketed in geographically-specific areas, such as the South, and in urban areas. Asian populations are similarly dispersed, along the West Coast and in urban areas throughout the U.S.

What the graph above does not show is the number of Hispanic residents counted in the 2000 Census. The graph below indicates that 12.56% of the population was Hispanic, of any race.

Hispanic vs. Non-Hispanic Population in East Hampton



Interestingly, the percentage of Hispanics in East Hampton was equal to the rate of Hispanics in the U.S. population, 12.5%. The rate in New York State was higher at 15.1%

The educational attainment of all five zip codes in the community was higher than that of the U.S. average, where 15.5% of Americans aged 25 years and over had at least a bachelor's degree in 2000. The chart below shows the percentage of the population in each zip code that had attained a bachelor's degree or more.

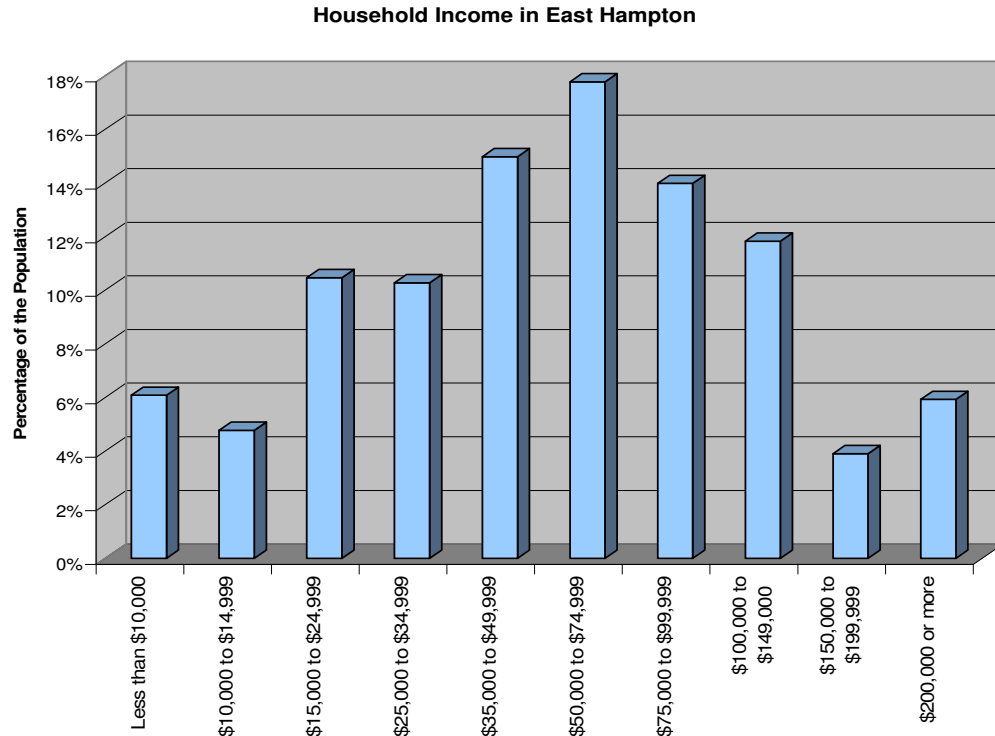
Zip Code	Percent with at least a Bachelor's Degree
Amagansett	39.8
East Hampton	37.7
Montauk	24.8
Sag Harbor	39.9
Wainscott	40.2

Looking at income, the annual median household income in the study area of East Hampton is reflected in the chart below.

Zip Code	Annual Median Household Income
Amagansett	\$49,167
East Hampton	\$55,414
Montauk	\$42,329
Sag Harbor	\$54,966
Wainscott	\$60,417

Considering that the annual median household income for the U.S. in 2000 was \$41,994, one can see that all of the towns in the study area were above the U.S. figure, some significantly so. That was particularly true of Wainscott.

Looking at the data as ranges, Arrow Consultants was able to total the five separate communities of the study area. The graph below depicts the annual median household income for the entire study area in ranges from under \$10,000 to \$200,000 or more.



The graph shows a fairly normal curve; however, the class with the largest percentage of the population represents those who make between \$50,000 to \$74,999. That is significantly higher than the annual median household income of both the U.S. and New York State, which was \$43,393. The graph also shows an aberration from a standard curve with outliers on either end, at about the same rate, 6%. This speaks well to two things. One, it shows the high income levels seen in the community. Two, it shows that despite the high income levels, there is an element of the population at quite a low income level. In the study area, 4.7% of the families were below the poverty level. That was compared to 15% for the U.S. population, and yet it identifies what could amount to an under-served segment of the population.

Another picture of the community and the income generated by its citizenry is mean earnings. This gives us a different look at the community because unlike the median value, the mean earnings will be pulled in the direction of the weight of the most significant outliers.

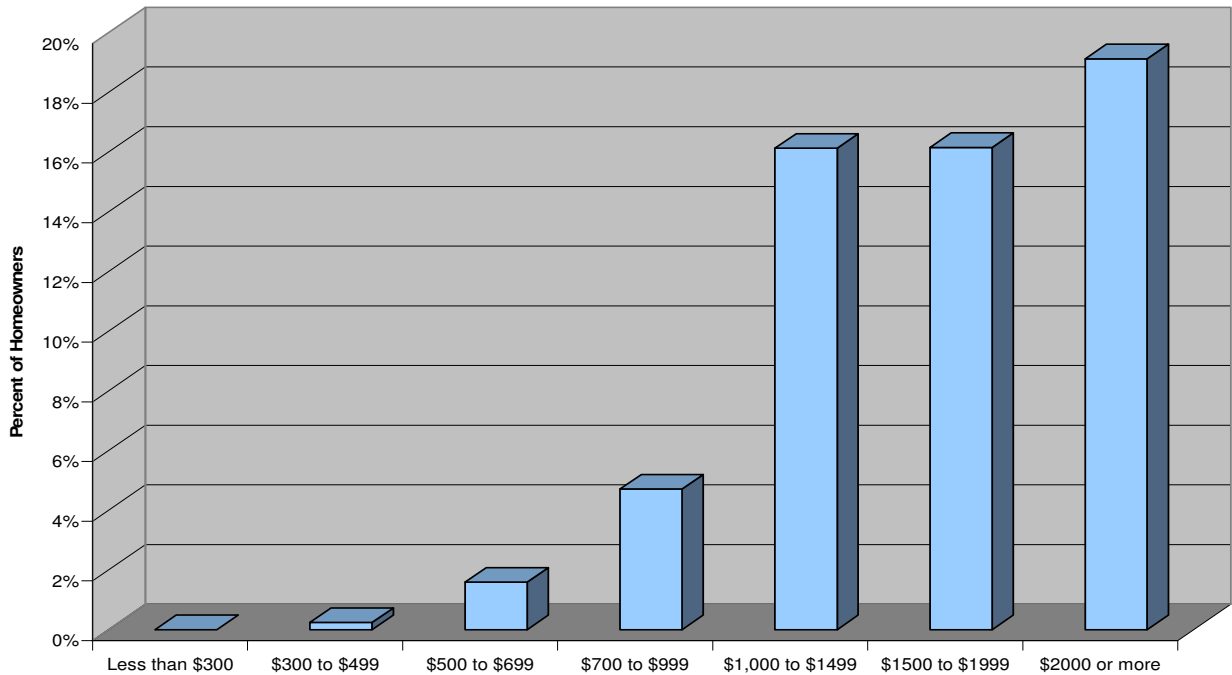
The mean earnings of each of the towns in the study are can be seen in the chart below.

Zip Code	Annual Mean Earnings
Amagansett	\$92,122
East Hampton	\$73,785
Montauk	\$56,660
Sag Harbor	\$73,715
Wainscott	\$84,167

Mean family earnings for the U.S. in 2000, were \$56,604. With that in mind, one can see that the mean earnings in East Hampton were above that of the U.S. in all but one community, Montauk.

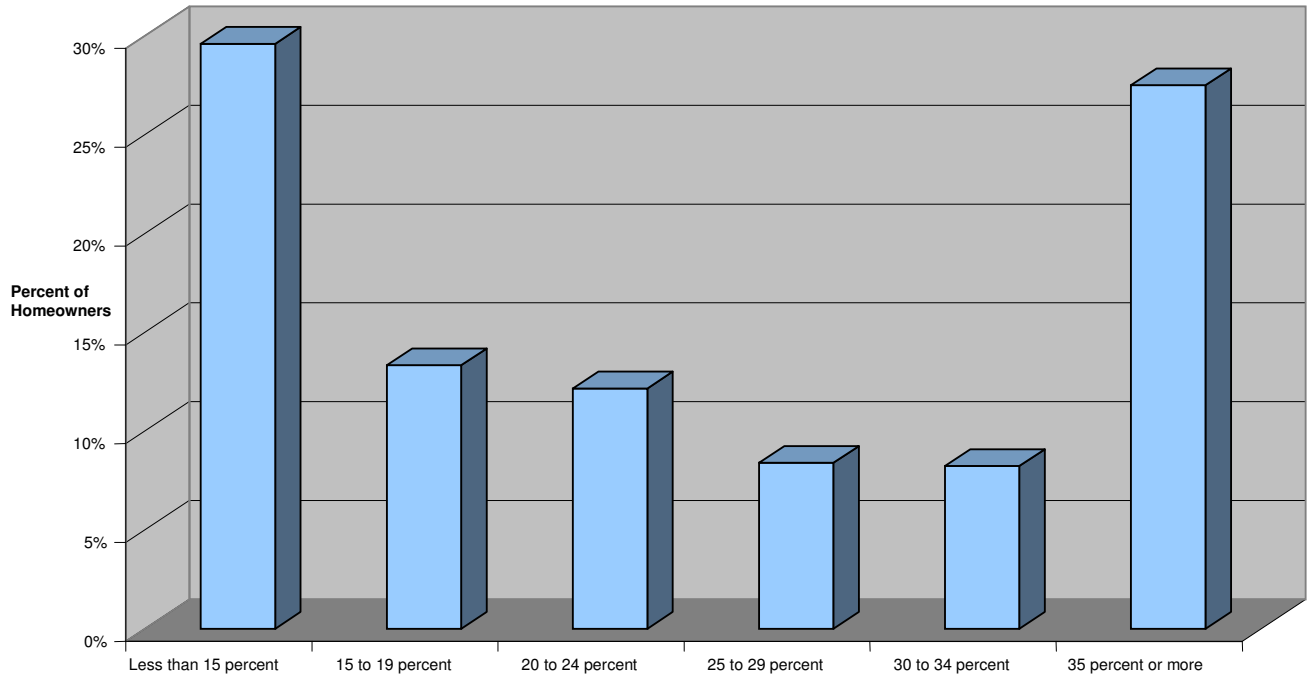
Closely related to income is the cost of living. The best measures for the cost of living in any region are housing costs. There are a couple ways of looking at housing costs. One of them is monthly costs for mortgages paid by homeowners, who make up 58% of the population in East Hampton.

Costs of Montly Morthage in East Hampton



Of all households in the community, over 51% pay \$1,000 or more a month for a mortgage.

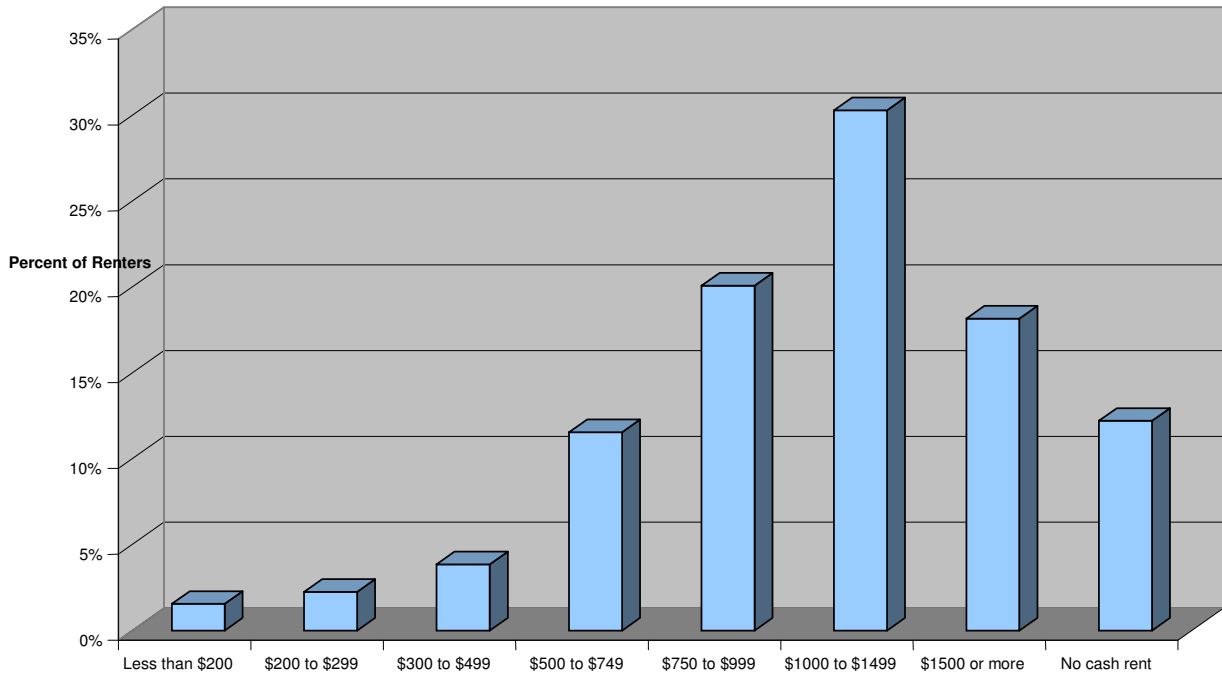
Monthly Owner Costs as a Percentage of Household Income in East Hampton



Another way of looking at the impact of housing costs is the effect it has on a family's income. The graph above shows this by depicting monthly owner costs as a percentage of household income. We see in this graph that despite the high cost of monthly mortgages, nearly 30% of the homeowners paid less than 15% of their household income on owner costs. However, just over 25% paid 35% or more of their household income on owner costs.

Of course analyzing mortgages and their effect on a family's budget only tells part of the story. In East Hampton, it misses 42% of the population, who do not own the housing in which they live. Therefore, Arrow Consultants has also analyzed the cost of rent and the effect that rent has on the families paying it, in terms of how much of their budget it constitutes.

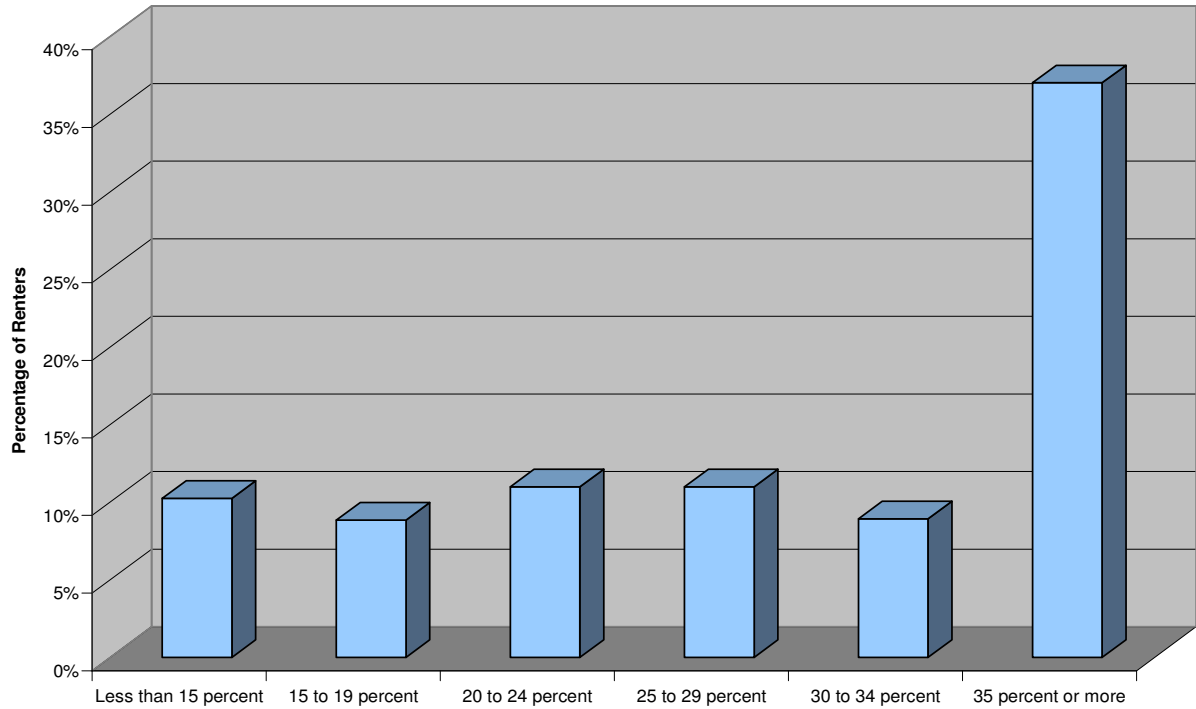
Renter-Occupied Units Gross Rent in East Hampton



The graph above shows rent in increments, and the class with the largest percentage of renters paid between \$1,000 and \$1,499 a month for housing. That is quite different than what we saw in the U.S., as a whole. In 2000, the largest class in the U.S. was represented by those who paid between \$500 and \$749 a month for rent. Median rent in the U.S. at that time was \$602.

As with the percentage of the population that paid mortgages for their housing expenses, Arrow Consultants also analyzed the effect that rent had on the budgets of families in East Hampton.

Gross Rent as a Percentage of Household Income in East Hampton



The graph above shows that just over 35% of renters paid 35% or more of their monthly household income on rent. That compares to 33% of renters in New York State who did so, and 29.5% of renters in the U.S.

The income data shows that the average income in East Hampton is relatively high, with pockets of lower-income residents. It also shows that housing costs are high not only in dollar terms but also in reference to the affect it has on the families paying those costs, both in terms of mortgages and rent.

In order to make a meaningful comparison of peer communities, Arrow Consultants also analyzed significant healthcare-related data.

The chart below shows the number of physicians in Suffolk County and their areas of practice.

SUFFOLK COUNTY	Number of Physicians	Percent of Total
FM/GP	231	4.85%
Medical Specialties	1,151	24.19%
Surgical Specialties	664	13.96%
Other Specialties	747	15.70%
Hospital Based Practice	957	20.11%
Other Professional Activity	208	4.37%
Inactive	507	10.66%
Not Classified	293	6.16%
Total Physicians	4,758	100.00%

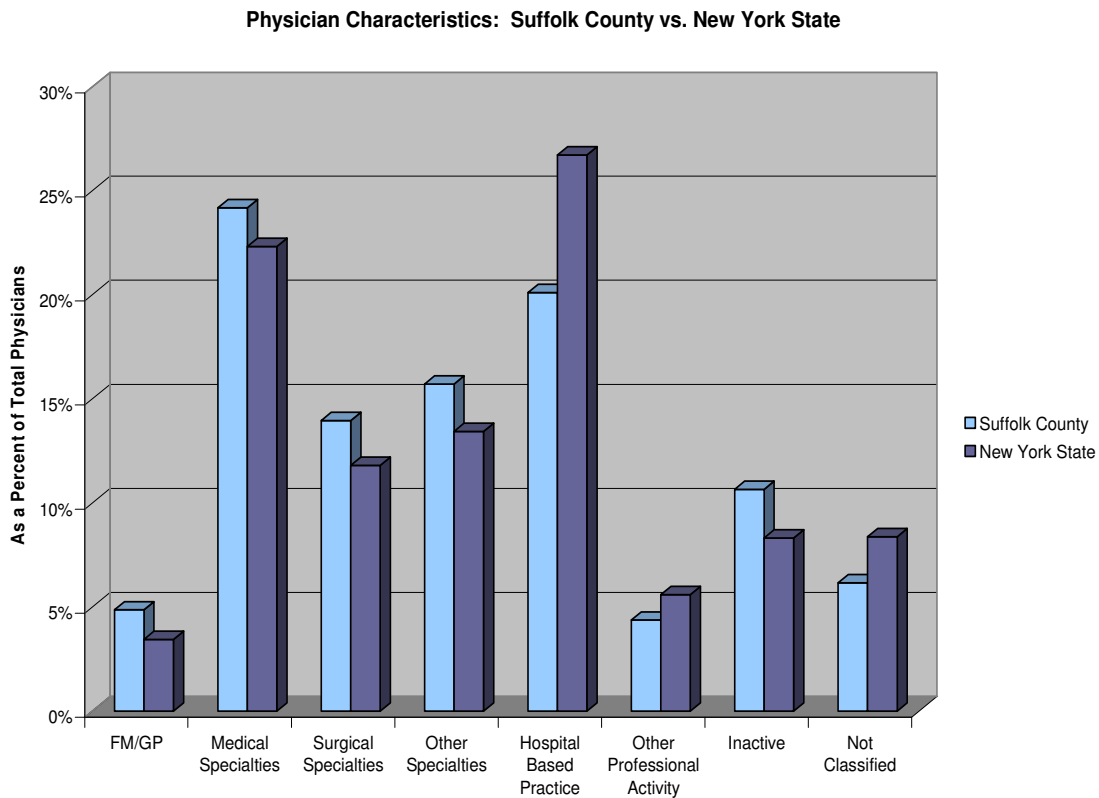
Source: Physician Characteristics and Distribution in the U.S., 2006

The chart below shows the same data for New York State.

NEW YORK STATE	Number of Physicians	Percent of Total
FM/GP	2,804	3.43%
Medical Specialties	18,243	22.32%
Surgical Specialties	9,645	11.80%
Other Specialties	10,985	13.44%
Hospital Based Practice	21,840	26.73%
Other Professional Activity	4,569	5.59%
Inactive	6,792	8.31%
Not Classified	6,838	8.37%
Total Physicians	81,716	100.00%

Source: Physician Characteristics and Distribution in the US, 2006

The graph below offers a pictorial view of the comparison between Suffolk County physicians by area of practice and that of New York State.



The graph makes it fairly easy to see that the area where Suffolk County is out of step with the rest of New York comes particularly in hospital-based practices. While Suffolk County has over 10% fewer physicians in this area, as a percentage of its total physician base, it actually has slightly more in medical specialties. The other area where Suffolk County has more physicians as a percentage of its total is in the “Inactive” category.

In subsequent sections of this peer-community analysis, Arrow Consultants will profile the structure of the delivery of community-based healthcare in the peer communities.

CAPE COD, MASSACHUSETTS

Cape Cod is generally considered to consist of the 70-mile cape of Massachusetts and the islands of Martha's Vineyard and Nantucket. Cape Cod lies approximately 70 miles southeast of Boston. The Cape is frequently broken into four sections Upper-Cape, Mid-Cape, Lower-Cape and Outer-Cape. Cape Cod consists of 15 distinctive towns. Most of The Cape is located in Barnstable County, except for the islands of Martha's Vineyard and Nantucket, which are in Dukes and Nantucket Counties respectively.

The total population of Cape Cod, Massachusetts was 246,737 in 2000, 47.3% of which was male and 52.7% of which was female. The population can be delineated by county as depicted in the chart below.

County	Population-2000
Barnstable	222,230
Nantucket	9,520
Dukes	14,987
Total	246,737

The chart shows that 90% of the population lived in Barnstable County. Dukes and Nantucket had 6% and 3.9% of the population respectively.

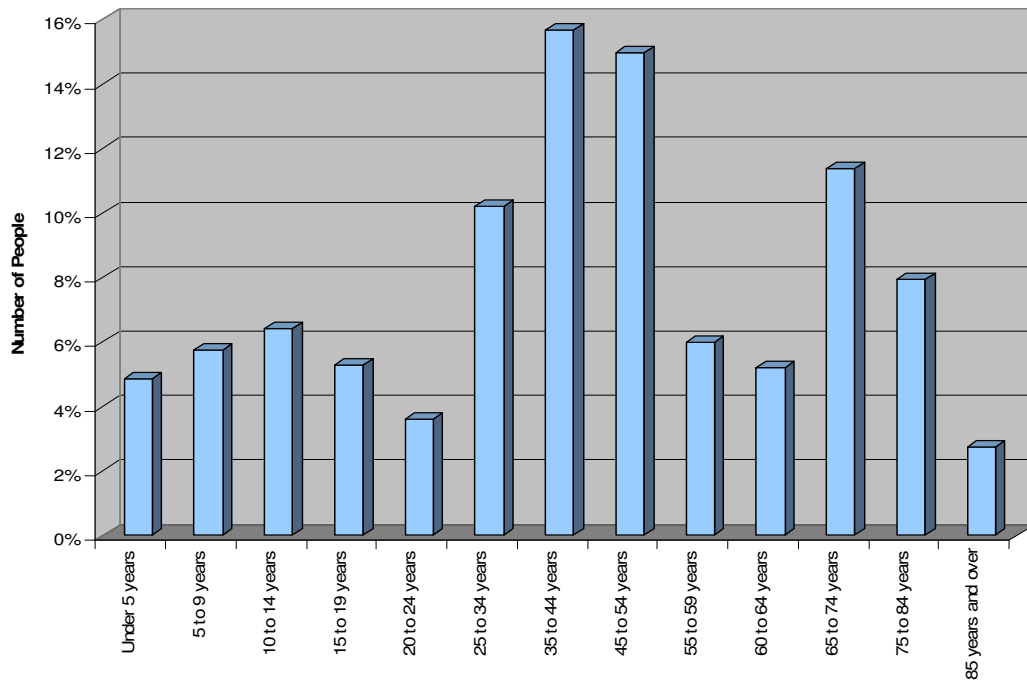
The summer population of The Cape is over 500,000, over 2.5 times the year-round population. This compares well with East Hampton, which also has a large seasonal swing in population in the summer.

The median age of the counties of The Cape are portrayed in the chart below.

County	Median Age
Barnstable	44.6
Nantucket	36.7
Dukes	40.7
U.S.	35.3

As with the communities in East Hampton, all the counties of The Cape are also older than the U.S. average, which had a median age of 35.3 years. Barnstable County, which makes up the largest segment of the population of The Cape, had the oldest population with a median age of 44.6 years.

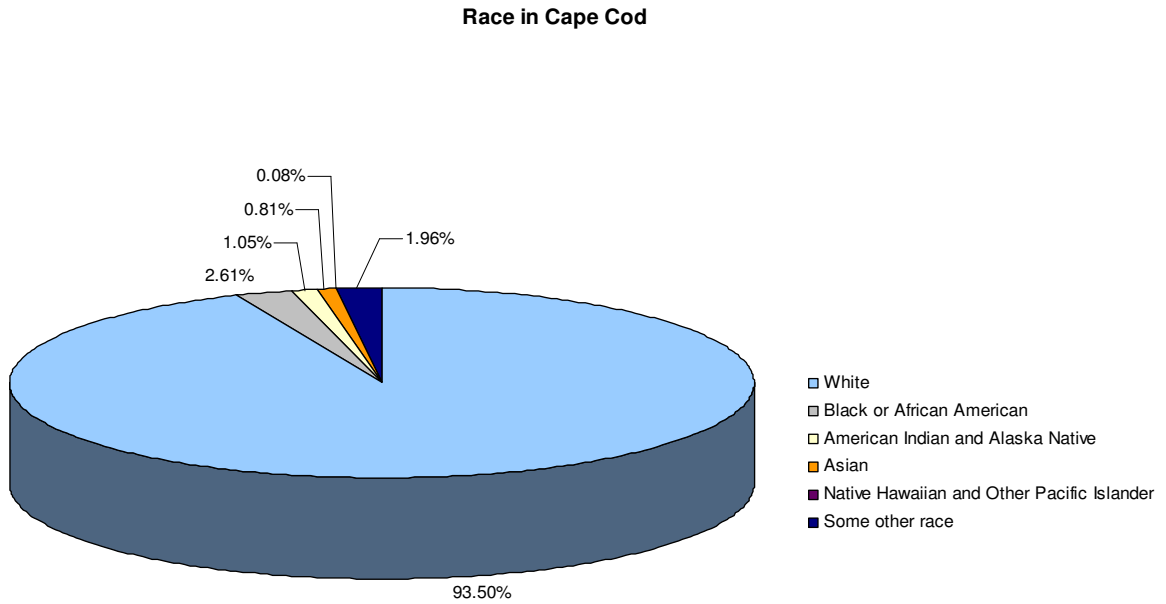
Cape Cod Population by Age Increments



The graph above looks quite similar to the population output by age of the five- zip code area of East Hampton. Here again, as with the population of East Hampton, the population classes with the highest percentage of the population were those between 35 to 55 years of age. The population decreased substantially between the ages of 55 to 64 and then increased again, the same as it did in East Hampton. The chart below compares the percent of each age category in the populations of both East Hampton and Cape Cod. From this we can see the striking similarities of the populations.

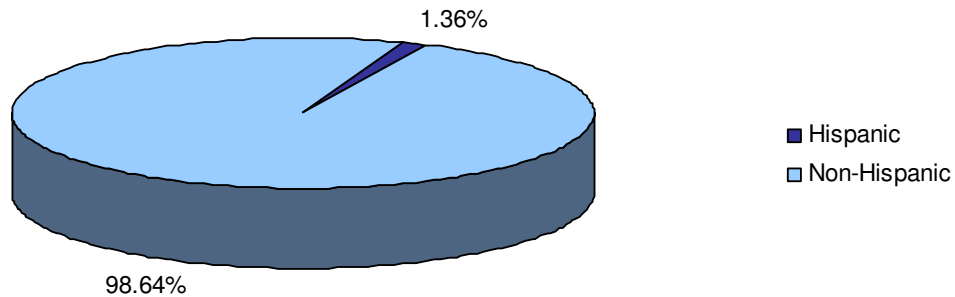
Age Category	Percent of the East Hampton Population	Percent of the Cape Cod Population
Under 5 years	5.08%	4.84%
5 to 9 years	6.04%	5.76%
10 to 14 years	6.43%	6.40%
15 to 19 years	4.85%	5.28%
20 to 24 years	3.97%	3.59%
25 to 34 years	10.84%	10.21%
35 to 44 years	17.53%	15.67%
45 to 54 years	16.15%	14.97%
55 to 59 years	6.17%	6.00%
60 to 64 years	5.30%	5.22%
65 to 74 years	9.75%	11.36%
75 to 84 years	5.90%	7.94%
85 years and over	2.00%	2.76%

The race of the population in Cape Cod is overwhelmingly Caucasian, as can be seen in the graph below. The percentage of Caucasians in the population was exactly two percent higher than it is in East Hampton.



The rate of Non-Hispanic to Hispanic residents in Cape Cod is overwhelming, with over 98% of the population identifying itself as Non-Hispanic, as can be seen in the graph below.

Hispanic vs. Non-Hispanic Population in Cape Cod



This is dissimilar from East Hampton, where over 12% of the population identified itself as Hispanic. Even on county-level data, the highest rate of Hispanic population on the Cape is on Nantucket, where it is just over two percent.

The educational attainment of the residents of The Cape shows that Barnstable County has the lowest rate of the population with at least a bachelor's degree with 33.6% of the population. The highest rate is in both Nantucket and Dukes Counties, both of which have 38.4% of their populations with at least a bachelor's degree.

County	Percent with at least a Bachelor's Degree
Barnstable	33.60%
Nantucket	38.40%
Dukes	38.40%

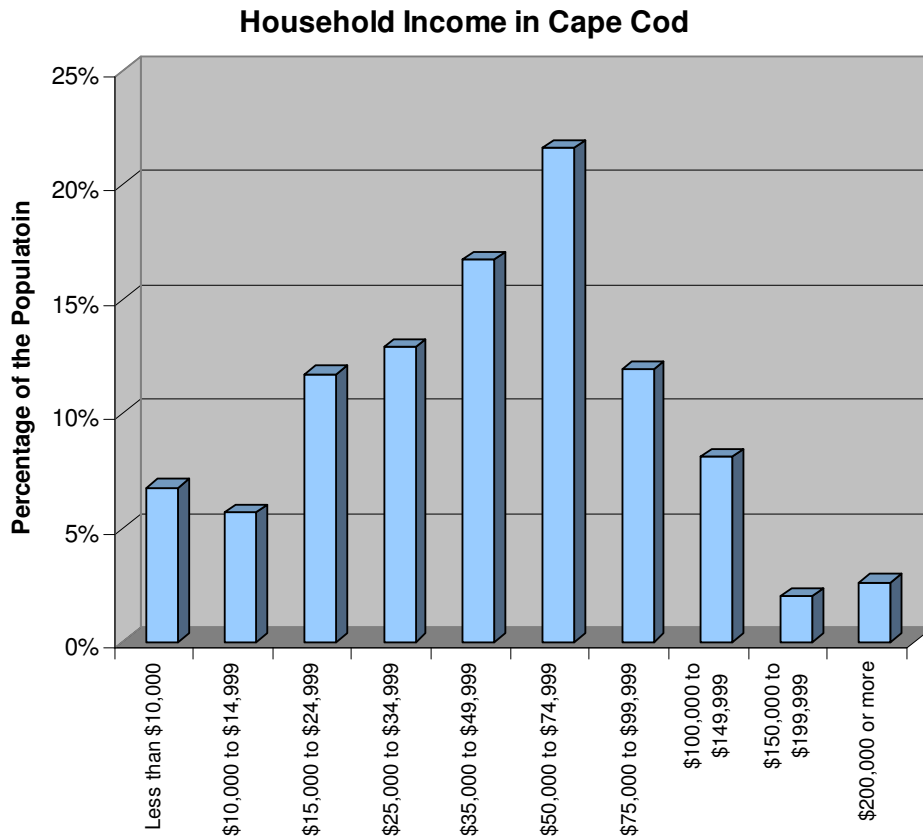
In East Hampton, the percentage ranges from a low of 24.8% in Montauk to a high of 40.2% in Wainscott. In either case of Cape Cod or East Hampton, the rate of educational attainment at a bachelor's degree or more is substantially higher than that in the U.S., which was at 24.4% in 2000.

The annual median household income in the three counties of The Cape can be seen in the chart below.

County	Annual Median Household Income
Barnstable	45,933
Nantucket	66,786
Dukes	45,559

The annual median household income in the U.S. was \$41,994; therefore, one can see that all the counties of The Cape were above the national median. In fact, Nantucket had an income about \$6,000 above Wainscott, the East Hampton community with the highest median income.

Arrow Consultants also analyzed the county-level data by various income classes, for which the results can be seen in the graph below.



In the graph, one can see that the class with the most responses was in the \$50,000 to \$74,999 category. With over 20% of the population indicating they belonged in that class. That is also the largest class in East Hampton, but at a slightly lower rate (17%). The two communities also had the same level of their populations in the next class,

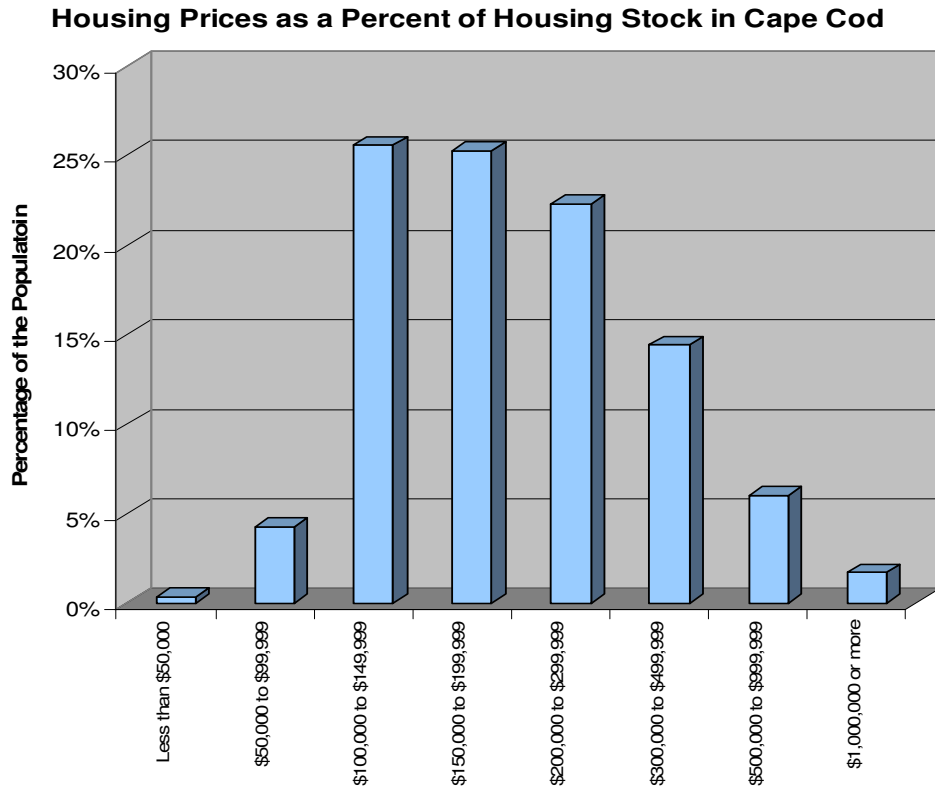
\$75,000 to \$99,999. East Hampton had significantly higher rates of its population in the two categories above the \$150,000 level.

County	Annual Mean Earnings
Barnstable	56,673
Nantucket	69,441
Dukes	56,368

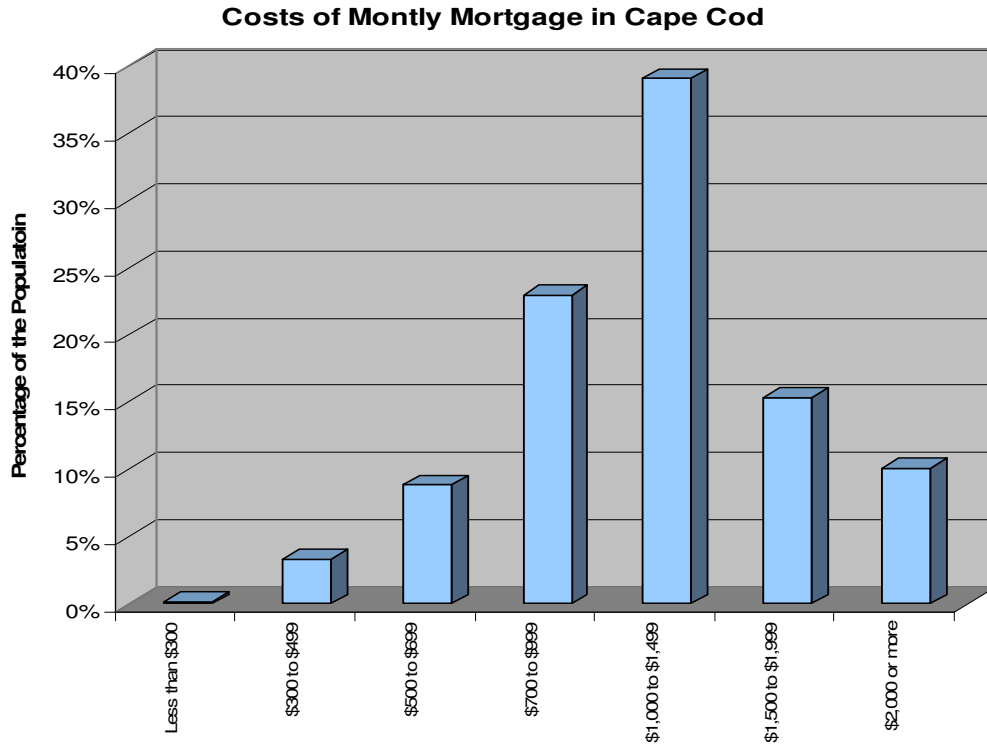
In comparison with the communities in East Hampton, the counties of The Cape had lower mean earnings. In fact, the highest mean-earning rate in Cape Cod, Nantucket County, was lower than all of the communities of East Hampton, except for Montauk.

The opposite of the higher income scenario of East Hampton versus The Cape, is also true. Cape Cod had a higher rate of families living below the poverty rate, with a high of just over nine percent in Barnstable County, compared to 4.7% in East Hampton.

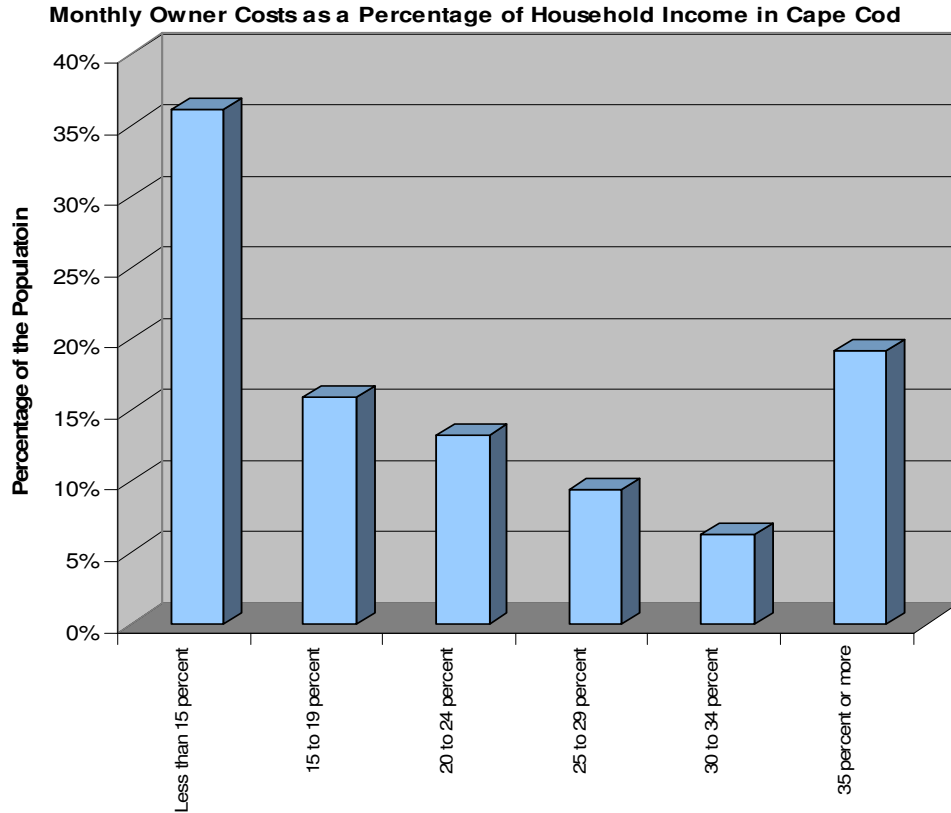
Housing costs are a significant measure of the local economy. The graph below depicts the costs of housing in the three counties of The Cape. It shows that half of all housing in the three-county region was between \$100,000 and \$200,000. About two percent of the housing was at the highest class, \$1,000,000 or more.



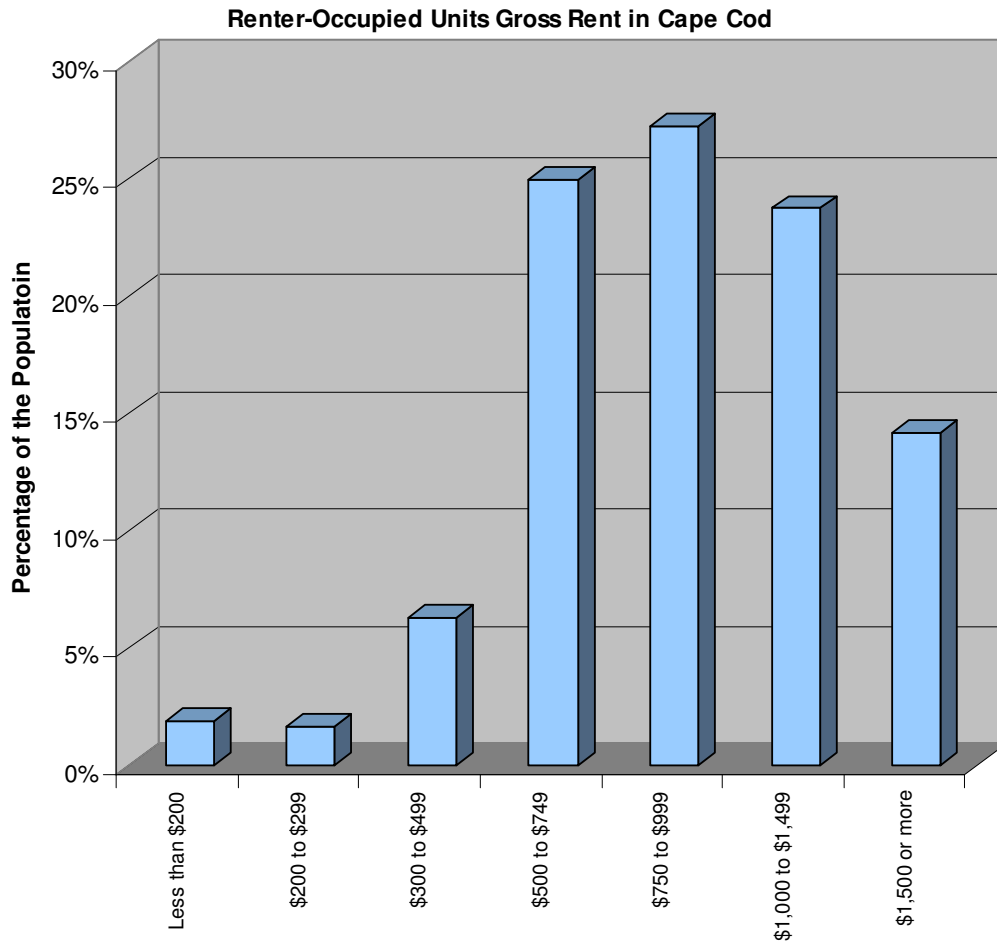
Looking at housing costs on a family and individual basis, we find the percentage distribution as depicted in the graph below. This shows the amount paid by homeowners on their monthly mortgage costs. It depicts a different scenario than what was seen in the comparable graph for East Hampton. In Cape Cod, we see that 40% of the population paid between \$1,000 and \$1,499 a month. That is the largest class within the population. In East Hampton the largest class contained those who paid \$2,000 a month or more. That same group makes up less than 10% of the population in Cape Cod. This is further evidence, along with the graph above, that housing on The Cape is more affordable than in East Hampton.



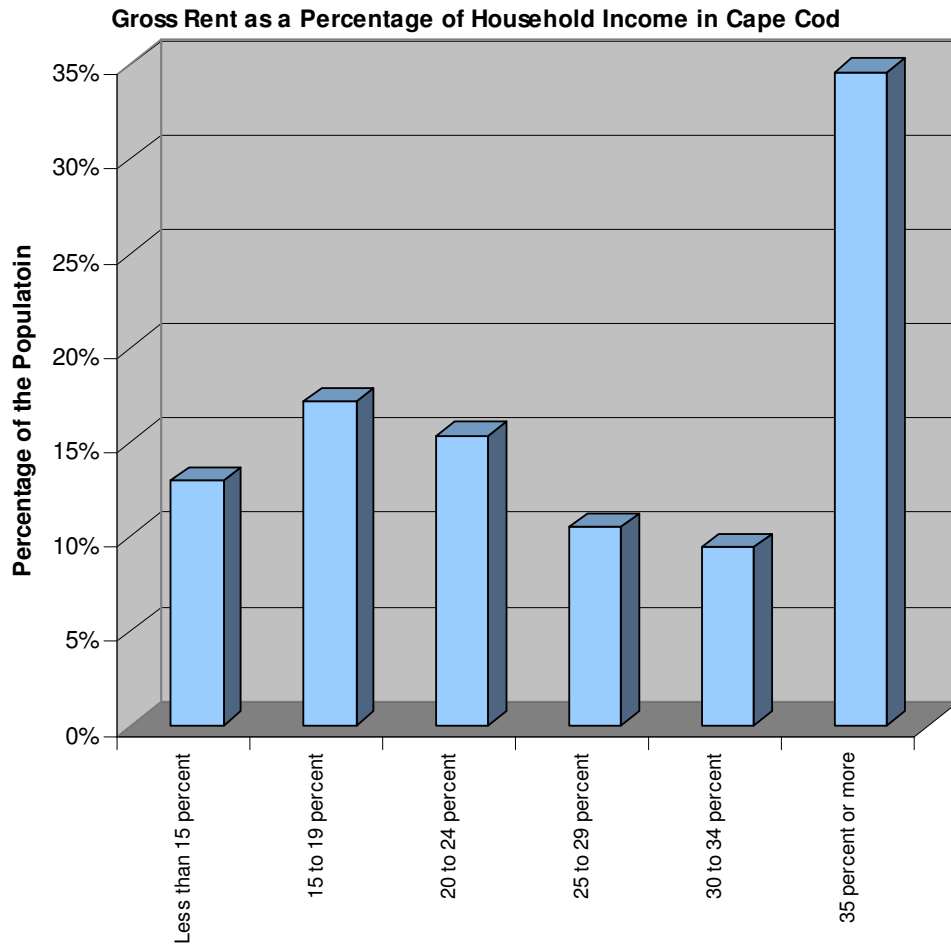
When one examines monthly homeowner costs as a percentage of household income in Cape Cod, the graph below, he will see a similar picture to what was seen in the same graph for East Hampton. There are fairly large segments of the population on either side, at less than 15% and 35% or more. There, however, is a larger percentage of the population at the highest end in East Hampton (\$2,000 or more) as compared to Cape Cod.



When investigating gross rent for renter-occupied units in The Cape, we discover that rents are generally higher in East Hampton, with the largest percentage of the distribution, 30%, paid \$1,000 to \$1,499 a month. In comparison, in Cape Cod, the largest class, just over 25%, paid between \$759 and \$999.



Even though rents are lower in Cape Cod than they are in East Hampton, the following graph shows that approximately 35% of renters paid 35% of their income on rent. That is the same rate as seen in East Hampton.



In this section that pertains specifically to Cape Cod, one will find a profile of the community-based healthcare structure on The Cape.

The initial analysis focuses on the characteristics of the providers in the three counties of The Cape.

The chart below depicts the area of practice for medical professionals on Cape Cod in comparison with the same data for Suffolk County, New York, which was already presented.

	Barnstable County Number of Physicians	Dukes County Number of Physicians	Nantucket County Number of Physicians	Total Cape Cod Number of Physicians	Suffolk County (NY) Number of Physicians
FM/GP	50	5	4	59	231
Medical Specialties	200	9	1	210	1,151
Surgical Specialties	123	6	2	131	664
Other Specialties	132	9	3	144	747
Hospital Based Practice	51	10	1	62	957
Other Professional Activity	38	6	3	47	208
Inactive	214	18	8	240	507
Not classified	21	1	0	22	293
Total Physicians	829	64	22	915	4,758

Source: Physician Characteristics and Distribution in the U.S., 2006

The chart delineates the data into the three counties of The Cape and then cumulates the data and makes a comparison, all based on the number of physicians in each locale. One can easily see that the counties of The Cape typify a rural area, despite its proximity to Boston. This is especially true of Dukes and Nantucket Counties.

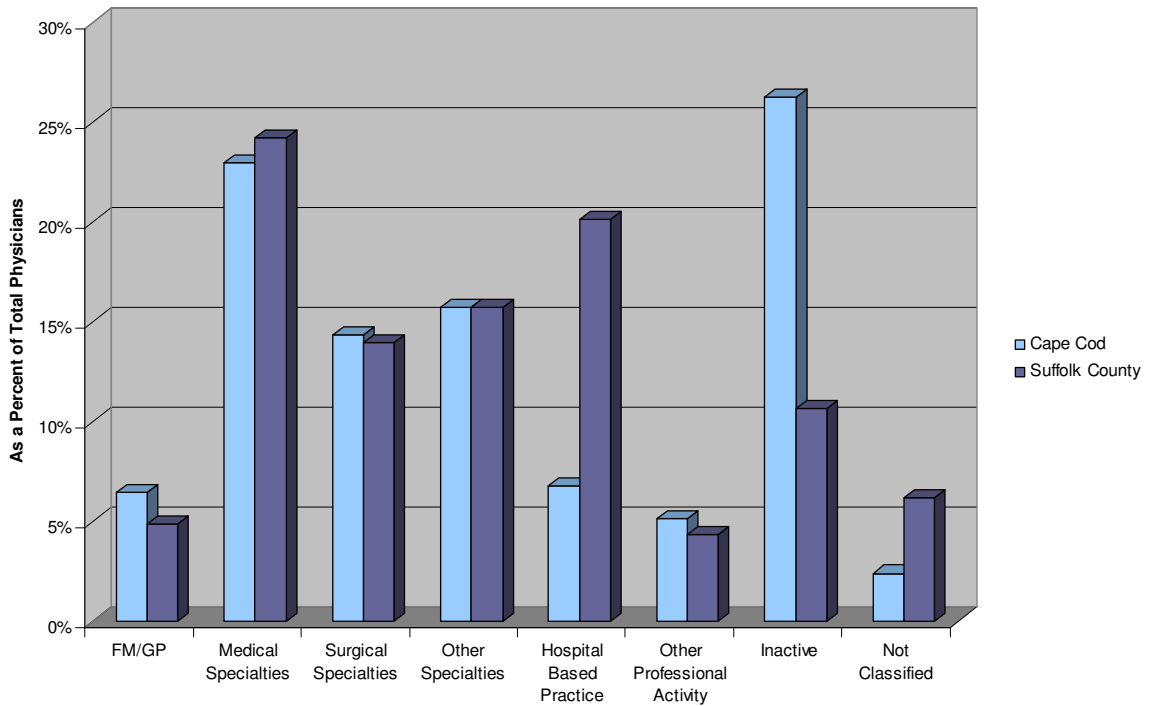
The chart below uses the same data but compares each area of specialty against the total physician population.

	Barnstable County Percent of Total Physicians	Dukes County Percent of Total Physicians	Nantucket County Percent of Total Physicians	Total Cape Cod Percent of Total Physicians	Suffolk County (NY) Percent of Total Physicians
FM/GP	6.03%	7.81%	18.18%	6.45%	4.85%
Medical Specialties	24.13%	14.06%	4.55%	22.95%	24.19%
Surgical Specialties	14.84%	9.38%	9.09%	14.32%	13.96%
Other Specialties	15.92%	14.06%	13.64%	15.74%	15.70%
Hospital Based Practice	6.15%	15.63%	4.55%	6.78%	20.11%
Other Professional Act	4.58%	9.38%	13.64%	5.14%	4.37%
Inactive	25.81%	28.13%	36.36%	26.23%	10.66%
Not Classified	2.53%	1.56%	0%	2.40%	6.16%

Source: Physician Characteristics and Distribution in the U.S., 2006

Again, some of the data for Cape Cod reflects what one would find in a rural community. Over 18% of the physician population in Nantucket County consists of GPs, and in the same county, hospital-based practices are less than five percent. The graph on the following page displays the same data with physicians cumulated for Cape Cod rather than delineated by county.

Physician Characteristics: Cape Cod vs. Suffolk County



Looking at the total for all Cape Cod counties, though, the data is not terribly different from what is seen in Suffolk County, except for a wide difference in hospital-based practices, where the rate is only 6.78% in Cape Cod and 20.11% in Suffolk County. This of course is reflective of the number of hospitals in each community, with the number in the former being small, with only one sizeable hospital. The graph below identifies the hospitals and the sizes of those hospitals.

Hospital	Location	Size-Number of Beds
Cape Cod Hospital	Hyannis, MA	258
Falmouth Hospital	Falmouth, MA	84
Nantucket Cottage Hospital	Nantucket, MA	19

As the chart above indicates, of the three hospitals on The Cape, Cape Cod Hospital is the largest, with over 70% of the total hospital beds in the region. Nantucket Cottage Hospital is only used for short stays.

Both Cape Cod Hospital and Falmouth Hospital are part of the Cape Cod Healthcare Foundation, along with the Visiting Nurses Association. As a parent organization the foundation operates the following:

- The two critical care hospitals;
- The Visiting Nurses Association of The Cape;
- A skilled nursing and rehabilitation facility;
- An assisted living facility;
- Seven ambulatory care centers;
- 450 associated physicians;
- 4,500 employees; and,
- Outreach programs.

Simply reading the list of services, one understands that the scope of the Cape Cod Healthcare Foundation is more sizeable than that of the East Hampton Healthcare Foundation. The Cape Cod Healthcare Foundation has operational responsibility for two critical care hospitals and seven ambulatory care centers. This gives the foundation significant differentiation from EEHF because of the number of physicians on staff.

The following page presents the financial data for The Cape Cod Healthcare Foundation. As one can see, the foundation has somewhat significant operating funds.

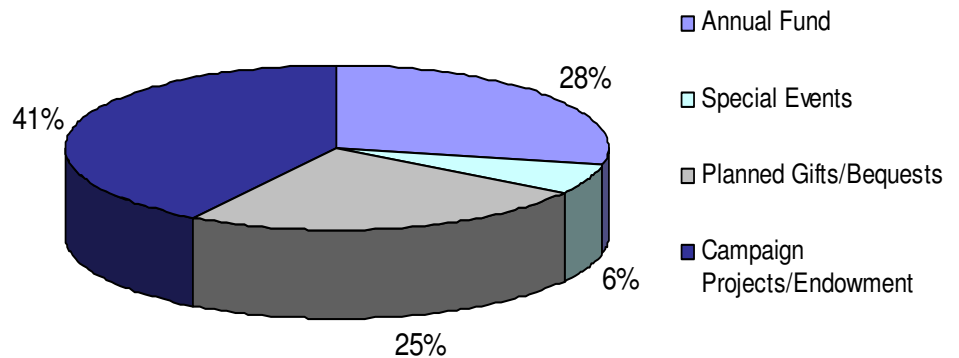
The figures also disclose the foundation's revenue base by source. The largest source of revenue comes from campaign projects or endowments, and about 50% of its revenue comes from the annual fund and planned gifts/bequeaths. As is typical of many service-oriented foundations, a small portion of its revenue base comes from special events, only six percent in this case.

The Cape Cod Community has many parallels to that of East Hampton, including; an older demographic population, high seasonal residency, a fairly high income and rural character. While each also has a healthcare foundation, the scope of services between the two varies. The Cape Cod Healthcare Foundation was developed through a merger between hospitals and the Visiting Nurse's Association, and of course its budget and revenues reflect that development.

As the operating figures below show, The Cape Cod Healthcare Foundation has a budget of over \$8 million and expenses of \$3.5 million.

FY 05 Operating Summary	Actual	Budget
Unrestricted Revenue Raised	\$3,861,715	\$4,000,000
Restricted Revenue Raised	\$6,196,776	\$8,000,000
Total Funds Raised	\$10,058,491	\$12,000,000
Total Expenses	\$3,497,945	\$3,680,211
New Surplus/Deficit	\$6,560,546	\$8,319,789
Expense Ratio	\$0	\$0

Cape Cod Healthcare Foundation Revenue Distribution



Released Funds for FY05	
Cape Cod Hospital	
Amulatory Care Complex at Hadaway Rd	\$416,653
Cardiac Care & Open heart	\$3,281,995
ER Expansion	\$92,500
Fontaine Medical Center	\$347,860
Free Care	\$2,145
Mugar Building Bed Expansion	\$3,378,536
Other	\$19,680
Cape Cod Hospital Total	\$7,539,369
Falmouth Hospital	
Bed Expansion	\$1,545,588
CAT Scan	\$448,081
Cath Lab	\$275,329
Echocardiogram	\$30,000
ER Expansion	\$409,100
Equipment	\$39,847
OR	\$869,147
Other	\$9,839
Falmouth Hospital Total	\$3,626,931
Cape Cod Healthcare (System)	
Clinica Decision & Data Analysis	\$150,000
System Total	\$150,000
Total Released Funds	\$12,190,004

SANTA BARBARA

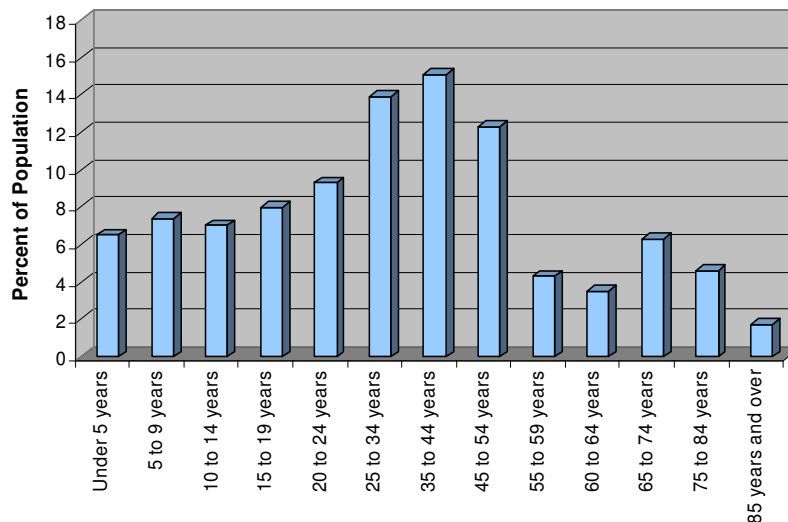
Santa Barbara is located on the Pacific Coast 92 miles north of Los Angeles and 332 miles south of San Francisco. It is the largest city in Santa Barbara County, which is a large county covering 2,774 square miles. The San Ynez Mountains separate the north county region from the south county. Most of the population lives along the coast or in the nearby mountains. The Los Padres National Forest, which encompasses nearly two million square miles, lays north and east of Santa Barbara.

Santa Barbara gained popularity in the early 20th Century when a new industry began to spring up in California, the motion picture industry. Although the industry subsequently moved south to Los Angeles, many of the industry's well-known stars of the time decided to call Santa Barbara home, and that drew interest from other members of high-society. To a large extent, Santa Barbara became an exclusive community.

The population of Santa Barbara County in 2000 was 399,347. The population was divided evenly, 50% male and 50% female.

The graph below shows the dispersion of the population by age increments as a percentage of the total population.

Population by Age Increment as a Percentage of Total Population in Santa Barbara

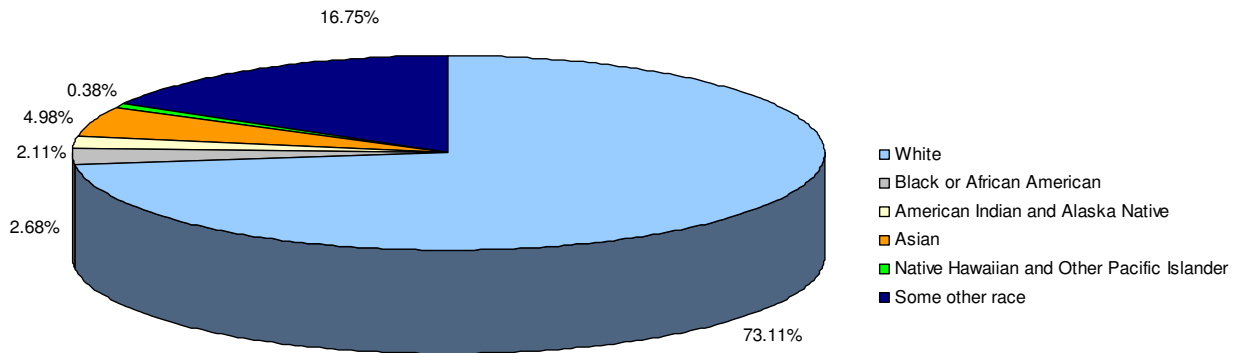


When comparing the above graph with the same distribution in East Hampton, one can immediately see that the population is younger. The median age in Santa Barbara was 33.4 years, which is younger than any of the communities in East Hampton. It was also younger than the median age in the U.S.

Ana Drucker, Vice President, Marketing & Development for the Sansum Santa Barbara Healthcare Foundation (Sansum Clinic) explained to Arrow Consultants that the native population tends to skew older but the University of California Santa Barbara attracts a

younger population to the community, one which is effected by swings in population because of the smaller size of the community.

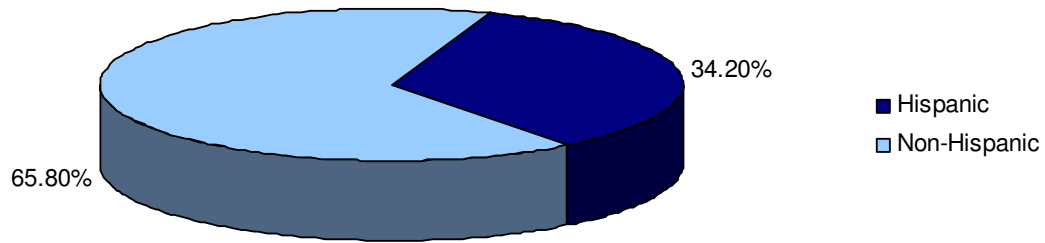
Race in Santa Barbara



The percentage of the population that identified themselves as Caucasian was smaller in Santa Barbara than it was in East Hampton. The rates of other segments are small, as they are in East Hampton, except for “Some other race.”

The number of Hispanics in the community as a percentage compared to the non-Hispanic community can be seen in the graph below.

Hispanic vs. Non-Hispanic Population in Santa Barbara



The percentage of Hispanics in the population in Santa Barbara, not unexpectedly, was nearly three times what it was in East Hampton. Much of the Hispanic population is part of a service class of residents, as Ms. Drucker confirmed. This creates a dual-population community, one which has substantial income and healthcare insurance and one that has neither.

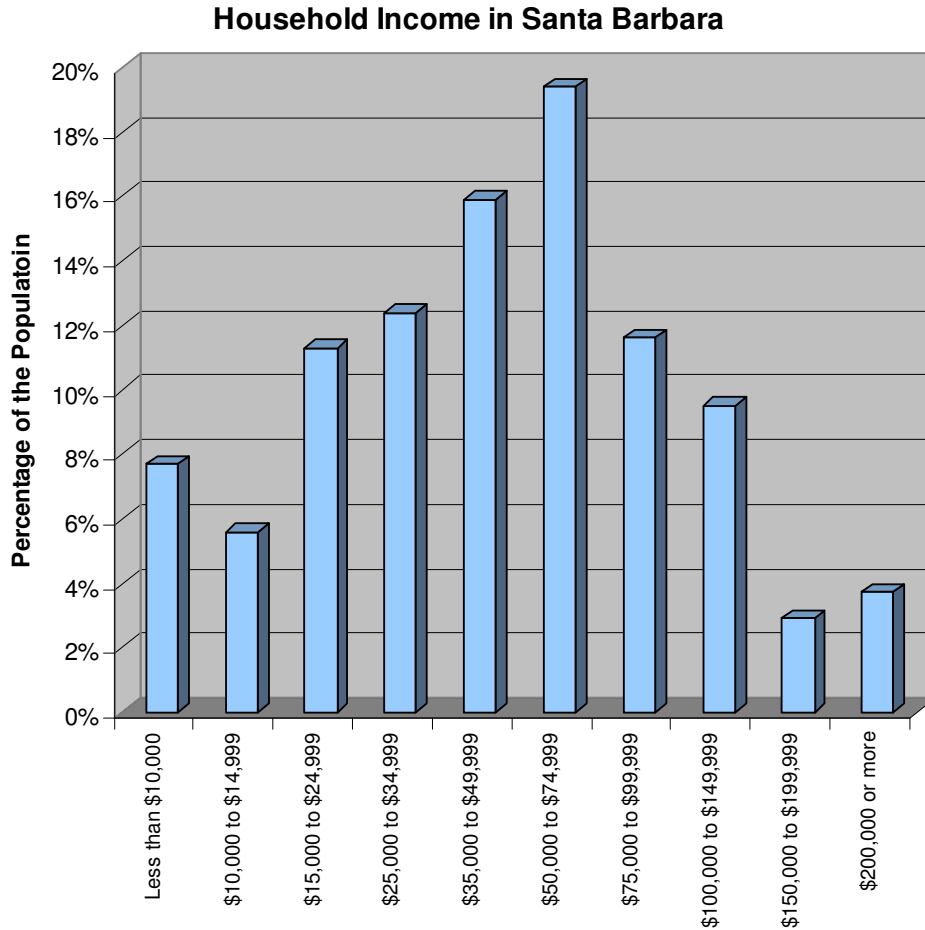
County	Percent with at least a Bachelor's Degree
Santa Barbara	29.4%

The figures for educational attainment in Santa Barbara show that 29.4% of the population had attained at least a bachelor's degree. That was lower than all the communities of East Hampton, except for Montauk. It was however, higher than the national rate of 24.4%

County	Annual Median Household Income
Santa Barbara	\$46,677

As with educational attainment, the median household income in Santa Barbara was lower than all of the communities in the study area, except for Montauk.

Below is a graph that shows the percentage distribution of household income in Santa Barbara County by salary range.



The graph is fairly similar to what is seen in East Hampton, except there were higher percentages of the population in the “Less than \$10,000” and “\$50,000-\$74,000” classes.

Most other classes are very similar, except for those in the “\$75,000-\$99,999” and the “\$200,000 or more” classes.

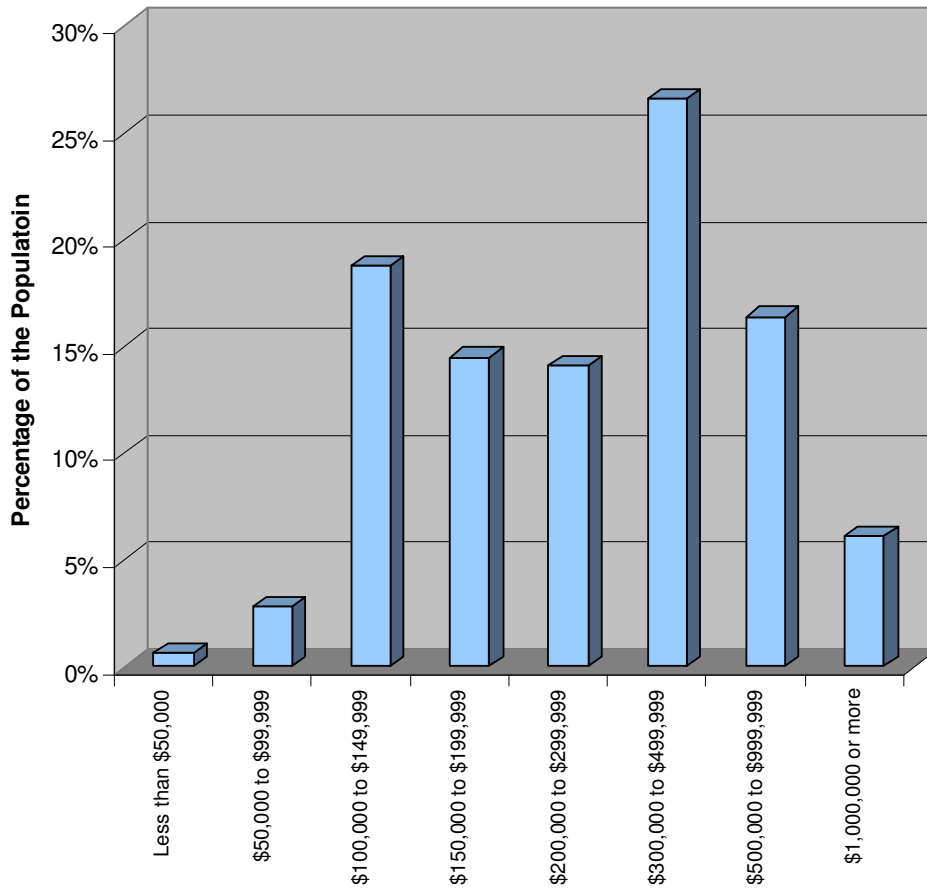
As with the other income data, the chart below shows the annual mean earnings for residents of Santa Barbara County was below all of the communities of East Hampton except for Montauk.

County	Annual Mean Earnings
Santa Barbara	\$60,589

The rate of poverty in Santa Barbara County was nearly twice that of East Hampton, with 8.5% of the families of Santa Barbara County living below the poverty level.

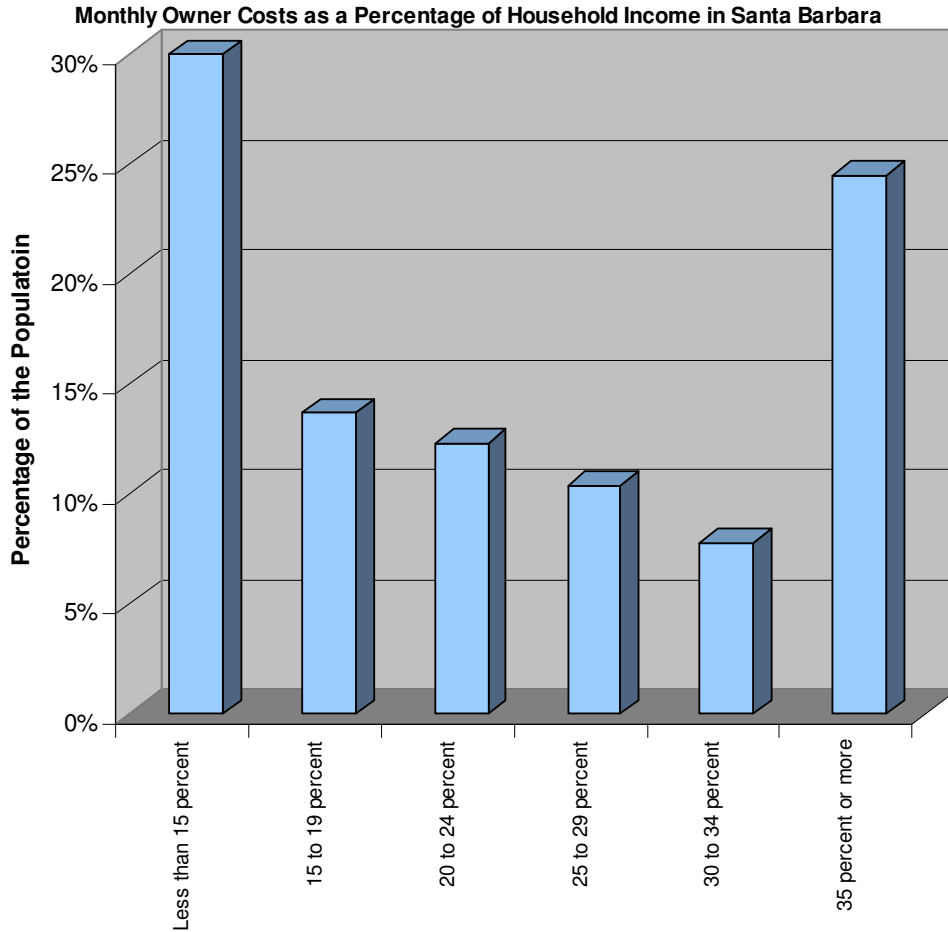
Next, we will consider the cost of living in Santa Barbara County by looking at housing costs. The graph below shows the costs of monthly mortgage for homeowners in the county.

Housing Prices as a Percent of Housing Stock in Santa Barbara

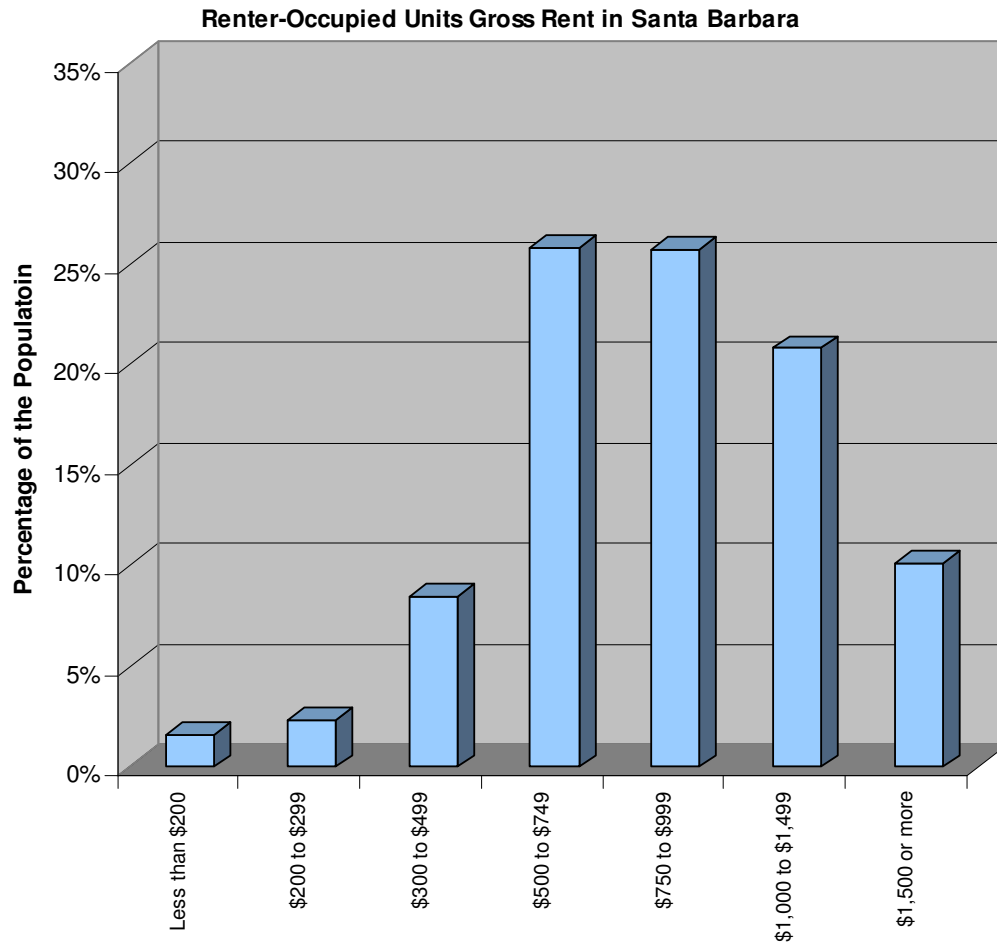


The graph shows some dissimilarity when compared with the same graph of the communities of East Hampton. The percentages are much more evenly distributed, following the “\$50,000 to \$99,999” category. The data from East Hampton shows increasing rates from class to class with the highest percentage in the “\$1,000, 000 or more” category.

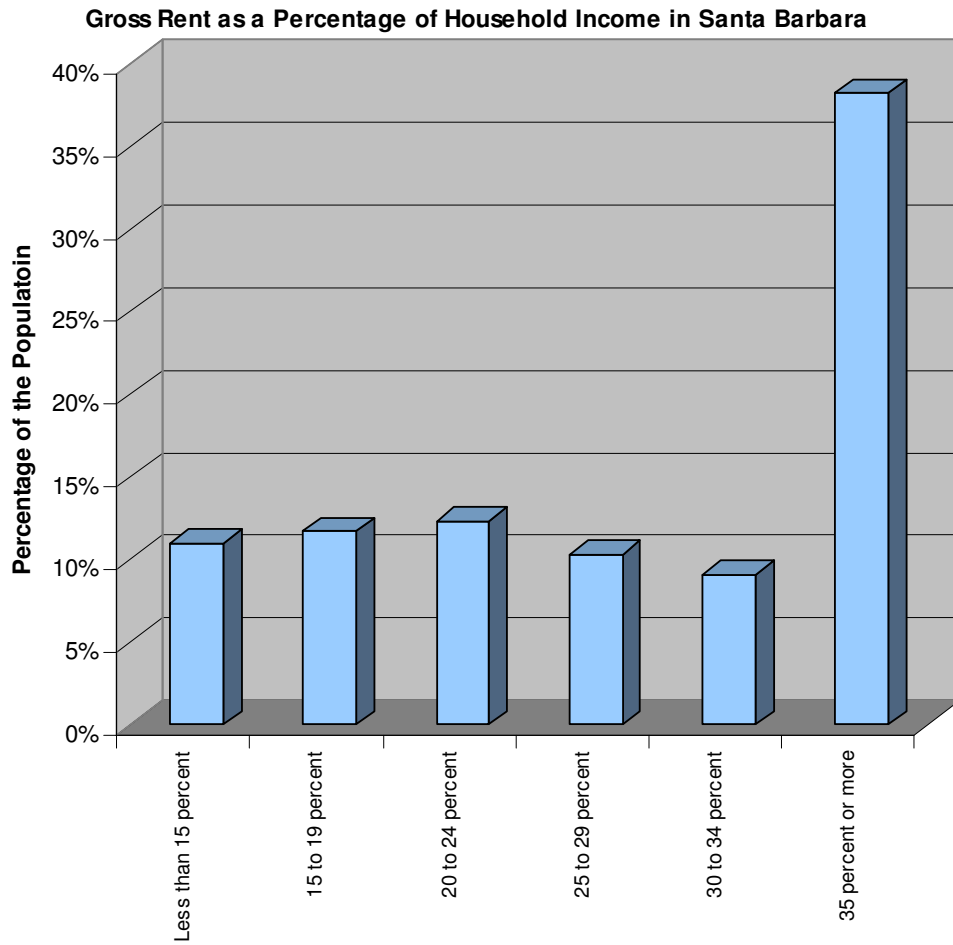
The graph below describes the percentage of household income used on monthly mortgages.



Despite the fact that housing costs are lower in Santa Barbara than they are in East Hampton, the amount of income used on monthly mortgages looks quite similar in both areas. Each had nearly 30% of its population at less than 15% and about 25% at the 35% or more level.



The graph above shows gross rents in Santa Barbara County. Half of the renters in the county reported that their rents were between \$500 and \$999 a month. Another 20% said they rent is between \$1,000 and \$1,499. This shows that rent for most of the population was lower in Santa Barbara than it was in East Hampton, because in East Hampton, about 30% of the renters said their rent was between \$1,000 and \$1,499.



The graph above shows how much rent those in Santa Barbara County paid in terms of monthly income. It is similar to the data for East Hampton, which also had over 35% of renters paying 35% or more of their monthly income in rent.

Of course the comparison between Santa Barbara and East Hampton would not be complete without a comparison of their community-based healthcare systems. This begins with characterizing the physician population, as shown in the chart below.

	Santa Barbara County	Suffolk County
FM/GP	133	231
Medical Specialties	302	1,151
Surgical Specialties	203	664
Other Specialties	261	747
Hospital Based Practice	102	957
Other Professional Activity	39	208
Inactive	274	507
Not Classified	24	293
Total Physicians	1,338	4,758

Source: Physician Characteristics and Distribution in the U.S., 2006

The chart shows that Suffolk County has about three times the physicians as Santa Barbara County, which should not be surprising, given the population and geographic characteristics of each.

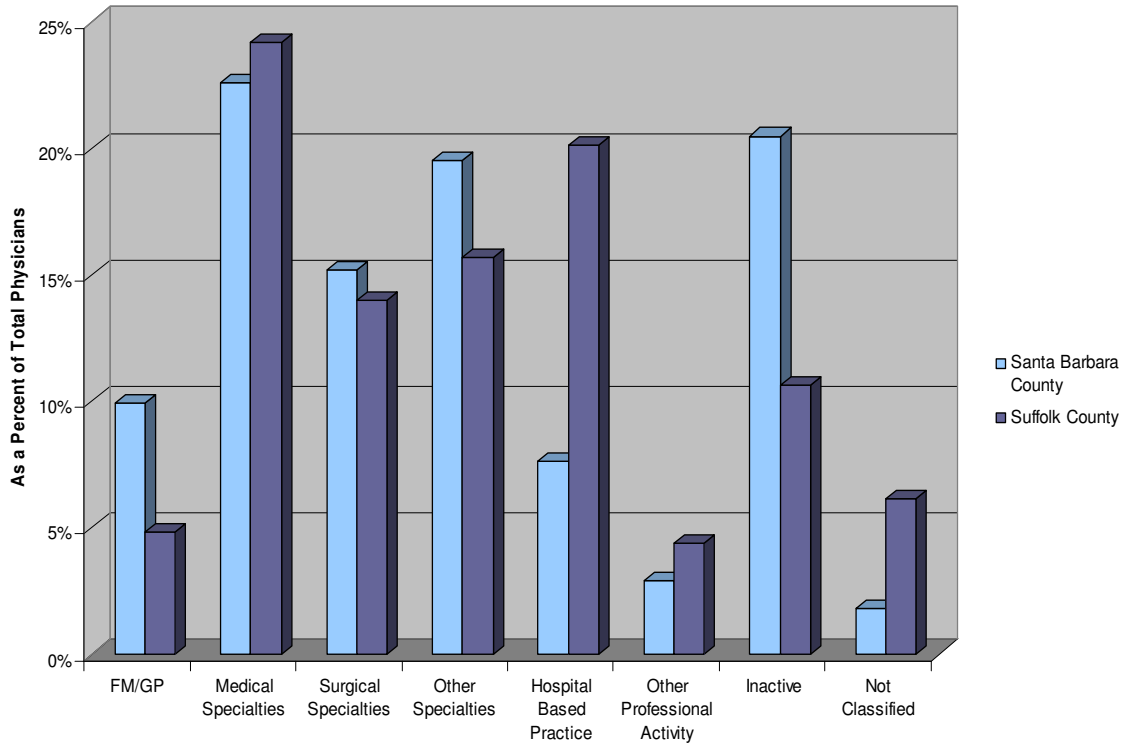
The chart below, and the graph that follows it, show the percentage of each area of practice as a percentage of the total for each community.

	Santa Barbara County	Suffolk County
FM/GP	9.94%	4.85%
Medical Specialties	22.57%	24.19%
Surgical Specialties	15.17%	13.96%
Other Specialties	19.51%	15.70%
Hospital Based Practice	7.62%	20.11%
Other Professional Activity	2.91%	4.37%
Inactive	20.48%	10.66%
Not Classified	1.79%	6.16%

Source: Physician Characteristics and Distribution in the U.S., 2006

The characteristics of the physician population are quite similar. The only significant differences come in the area of "Hospital-Based Practice," where Suffolk County has a higher rate, and in "Inactive," where Santa Barbara County has more physicians.

Physician Characteristics: Santa Barbara vs. Suffolk County



The Sansum-Santa Barbara Clinic began as two distinct organizations, The Sansum Medical Clinic, founded in 1928 and the Santa Barbara Medical Foundation Clinic, which preceded its sister organization by being founded in 1929. The two organizations merged in 1998 to become The Sansum-Santa Barbara Medical Foundation Clinic. The Foundation went through another identity change in 2006. In September, it changed its name to The Sansum Clinic.

The word “clinic” may be a misnomer, because The Sansum Clinic is a non-profit medical foundation and includes the following:

- 140 contracted physicians;
- Physicians represent 30 specialties;
- Five multi-specialty clinics;
- Ten specialty clinics;
- Affiliation with Santa Barbara Cottage Hospital; an acute care teaching hospital;
- Affiliation with Lomoc Hospital District;
- Four urgent care centers; and,
- 15 practitioners assigned to urgent care centers.

The chart below lists the hospitals in the Santa Barbara area and their sizes, by bed. While the Sansum clinic does not operate an acute-care facility, it does maintain relationships with the hospitals in the area. While publicly available information touts the relationships with the hospitals, some of those within the Clinic intimate that the relationships have not always been amicable. However, they do affirm that those relationships are improving. All of the hospitals listed below are part of the Cottage Health System including; Santa Barbara Cottage Hospital, Goleta Valley Hospital, San Ynez Valley Hospital and Cottage Children's Hospital.

Hospital	Location	Size-Number of Beds
Santa Barbara Cottage Hospital	Santa Barbara	488
Goleta Valley Cottage Hospital	Santa Barbara	122
San Ynez Valley Hospital	Santa Barbara	20
Lompoc Healthcare District	Lompoc	60
Cottage Children's Hospital	Santa Barbara	

In Santa Barbara, less than 10% of physicians are hospital-based, a much lower rate than what is seen in Suffolk County. This, again, is a result of the size of the hospitals in the area.

Another method of determining the size and reach of the Sansum Clinic is through analysis of its finances. The charts below do just this, for 2004, the latest date for which such data was available.

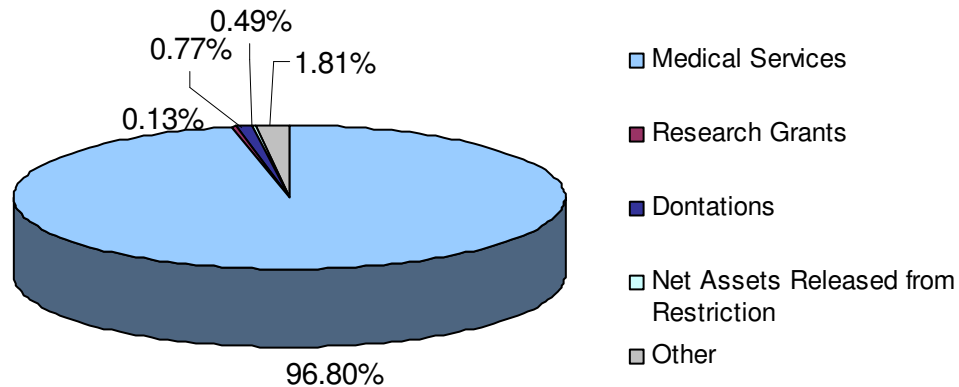
Operating Summary	2004
Assets	
Current Assets	\$20,130
Property Plant & Equipment	\$35,345
Other Long Term Assets	\$7,791
Total Assets	\$63,266
Liabilities	
Current Liabilities	\$10,031
Long Term Liabilities	\$31,432
Total Liabilities	\$41,463
Net Assets	
Unrestricted Net Assets	\$20,739
Temporarily Restricted Net Assets	\$1,023
Permanently Restricted Net Assets	\$40
Total Liabilities & Net Assets	\$63,265

The chart above shows a balance sheet for the organization, and the chart below depicts the Sansum Clinic's budget for 2004.

Statements of Activities	2004
Revenues	
Medical Services	\$112,469
Research Grants	\$154
Dontations	\$889
Net Assets Released from Restriction	\$570
Other	\$2,103
Total Revenues	\$116,185
Expenses	
Medical Service Providers	\$37,465
Salaries and Employee Benefits	\$37,978
Supplies & Services	\$24,670
Occupancy	\$4,613
Administrative & General	\$3,076
Other	\$6,185
Total Expenses	\$113,987

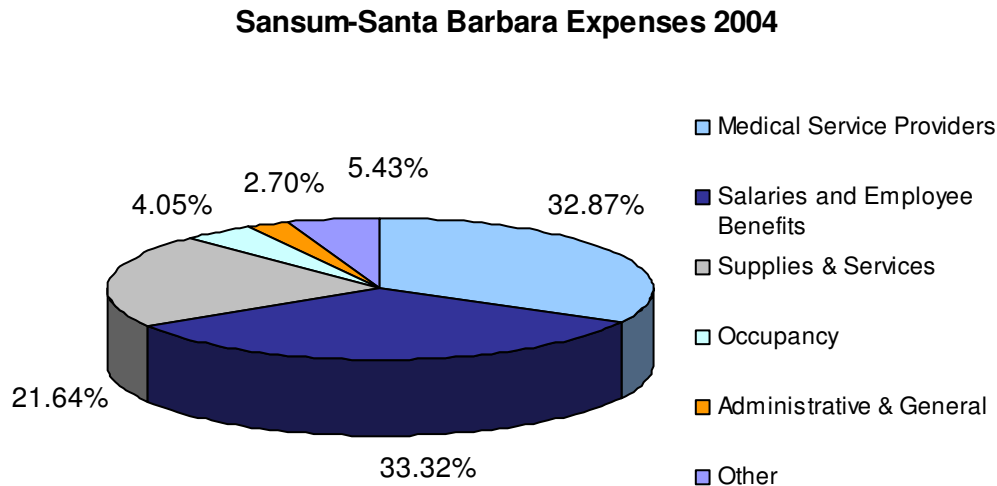
The graphs below show the same data pictorially. The first graph shows the source of revenues as a percent of total revenue.

Sansum-Santa Barbara Revenues 2004



It is clear by looking at the graph above that nearly all of the foundation's revenue is derived from medical services. All other sources combined account for under four percent of the organization's revenue.

The graph below shows the expenses of the Sansum-Santa Barbara Foundation. The two largest categories are represented by medical service providers and salaries and employee benefits.



Sansum Clinic has many challenges that are similar to those seen in East Hampton. Each has a population that skews older, a diverse population with high income and yet an underserved segment. Each community could be considered rural, but Santa Barbara is much more isolated. Both of the communities have fairly high costs of living. These factors create many challenges. One of which is recruitment of qualified and talented physicians. The Sansum Clinic prefers to recruit young physicians who have been in professional positions for about two years. But it is difficult to recruit them to a rather remote and yet expensive area. To overcome that challenge, Sansum offers physicians staff positions, including those in the urgent care facilities. The clinic also offers assistance with housing by offering an equity partnership with incoming physicians. The foundation provides some financing for housing, which is then repaid by the physicians.

One of the other challenges of the community is service to an under-served population. To that end, The Clinic staffs urgent care facilities; however, Ann Drucker admits that it also takes a great deal of community education to enforce the use of the urgent care centers rather than hospital emergency rooms.

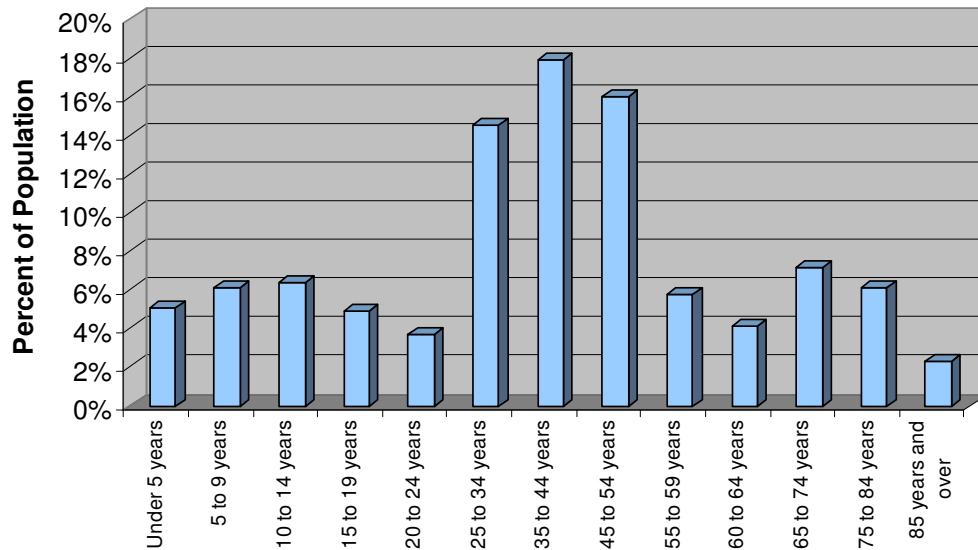
Ms. Drucker also claims that community-based health screenings and other education programs are a large portion of The Clinic's mission. It supports such programs on a regular basis, and she admits it takes a great deal of effort to educate the community.

PALO ALTO

The city of Palo Alto is situated between two large cities, as it is located 35 miles south of San Francisco and 14 miles north of San Jose. It is located in what is the middle of the Silicon Valley. The population of the city in 2000 was 58,598. In 2005, the population was estimated at 61,200. That was 51.1% female and 49.9% male. That is a four percent increase in population in five years. Because an entire data set is not available on the city level for 2005, Arrow Consultants will use the 2000 census data.

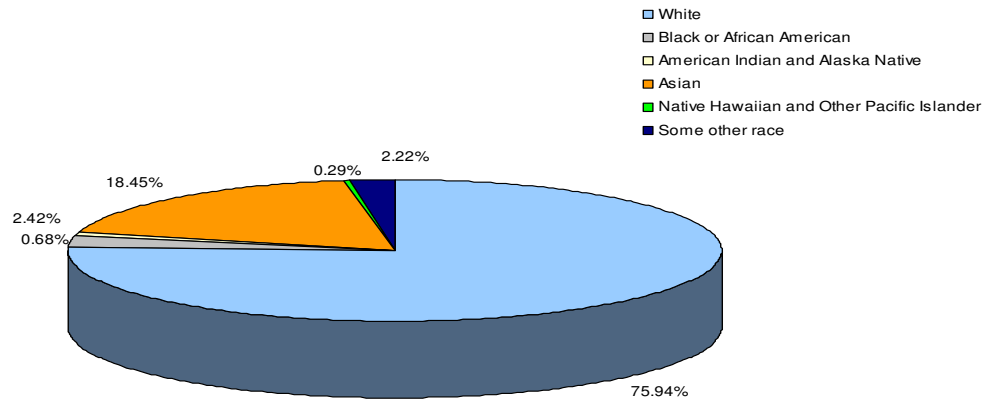
The graph below shows the distribution of the population by age increment as a percentage of the total population.

Population by Age Increment as a Percentage of Total Population in Palo Alto



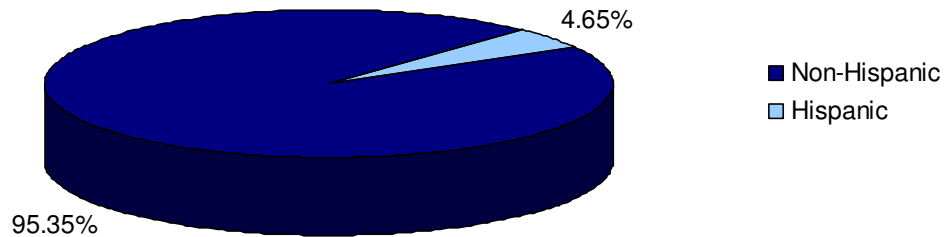
The median age in Palo Alto was 40.2 years. That was younger than most of the communities in East Hampton, except Montauk; however, that was significantly older than the median U.S. age of 35.3 years and that of New York State, which was 35.9.

Race in Palo Alto



The number of Hispanics in the population in Palo Alto was 2,722, which the graph below depicts. It represented 4.65% of the population. That is substantially less than the Hispanic population in East Hampton.

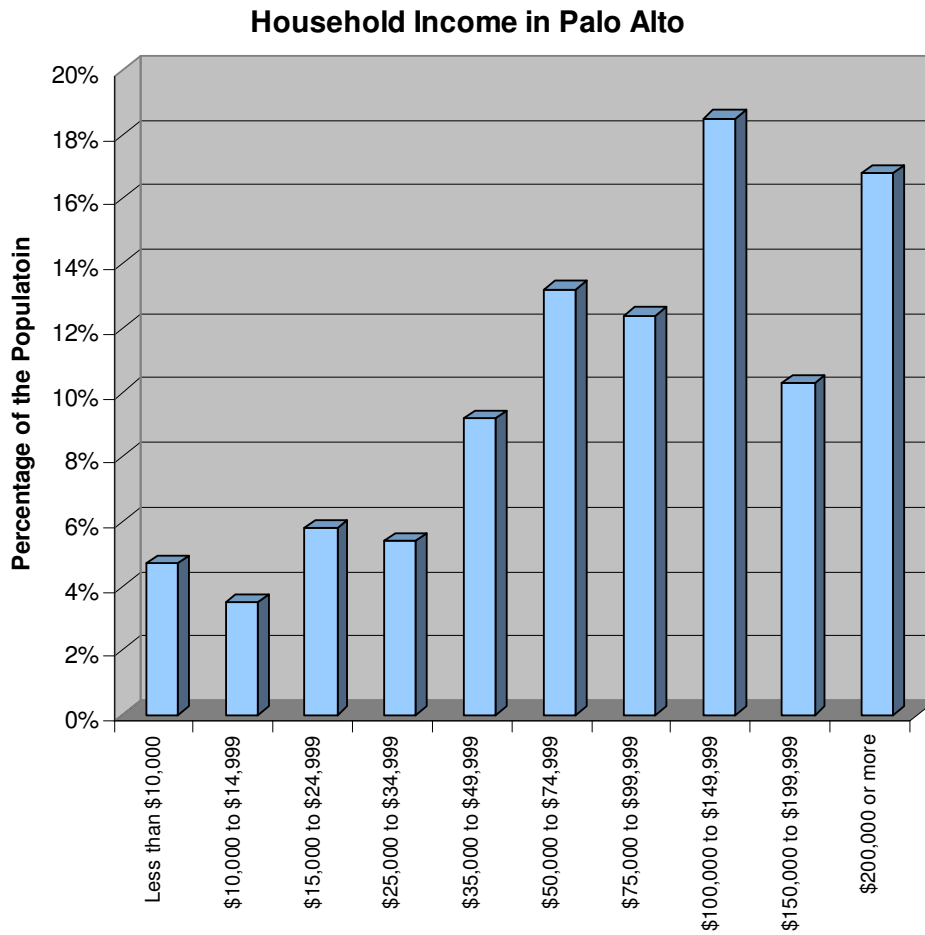
Hispanic vs. Non-Hispanic Population in Palo Alto



The population of Palo Alto is unusual because of its high rate of educational attainment. As one can witness in the chart below, over 70% of the population had at least a bachelor's degree, of those 25 years of age and over.

Degree	Percent of the Population
Bachelor's	31.40%
Graduate or Professional	43%

The educational attainment level was much higher than that in the U.S., overall (24.4% of at least a bachelor's degree), and higher than any of the other benchmark communities, or that of East Hampton. This, of course, is the result of Palo Alto's location as a neighbor to Stanford University.

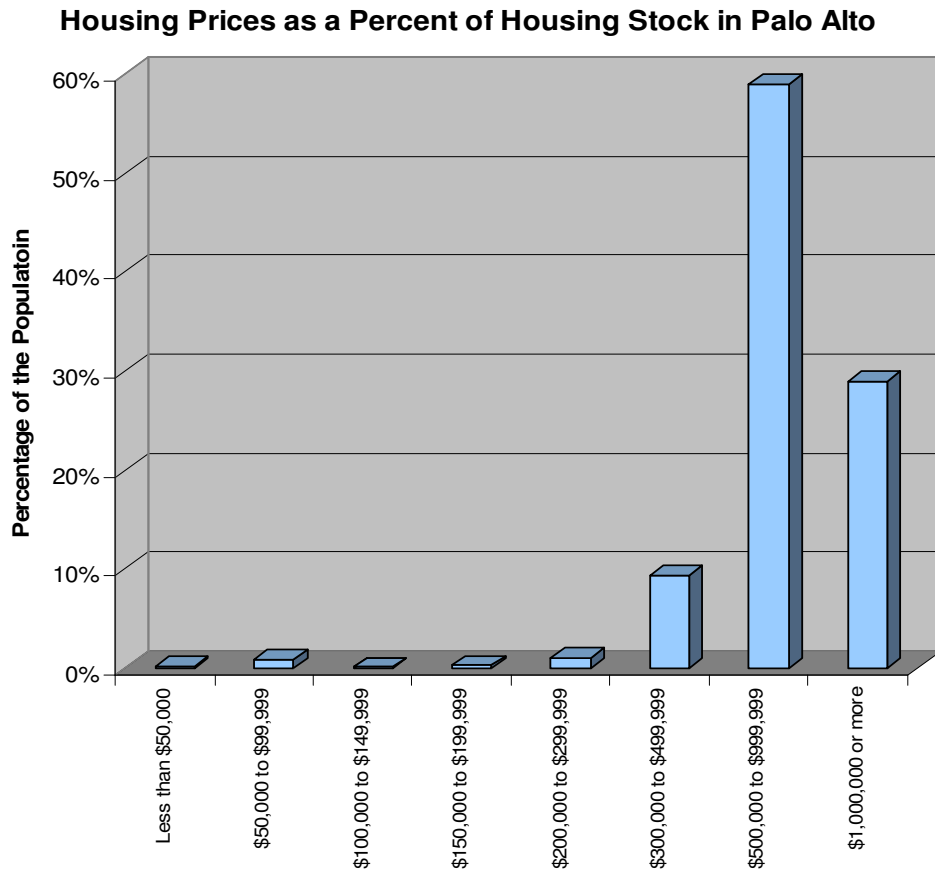


The graph above shows the distribution of annual household income in the City of Palo Alto. As with the other benchmark communities, the data is skewed toward upper income brackets. The class with the highest percentage was those making between \$100,000 and \$149,999. The second largest class is those who made \$200,000 or more. The population in Palo Alto was actually skewed more to higher incomes than it was in East Hampton. The median household income in Palo Alto was \$90,377. That is substantially higher than the communities in East Hampton, where the highest median income, \$60,417, was in Wainscott.

City	Mean Earnings
Palo Alto	\$125,045

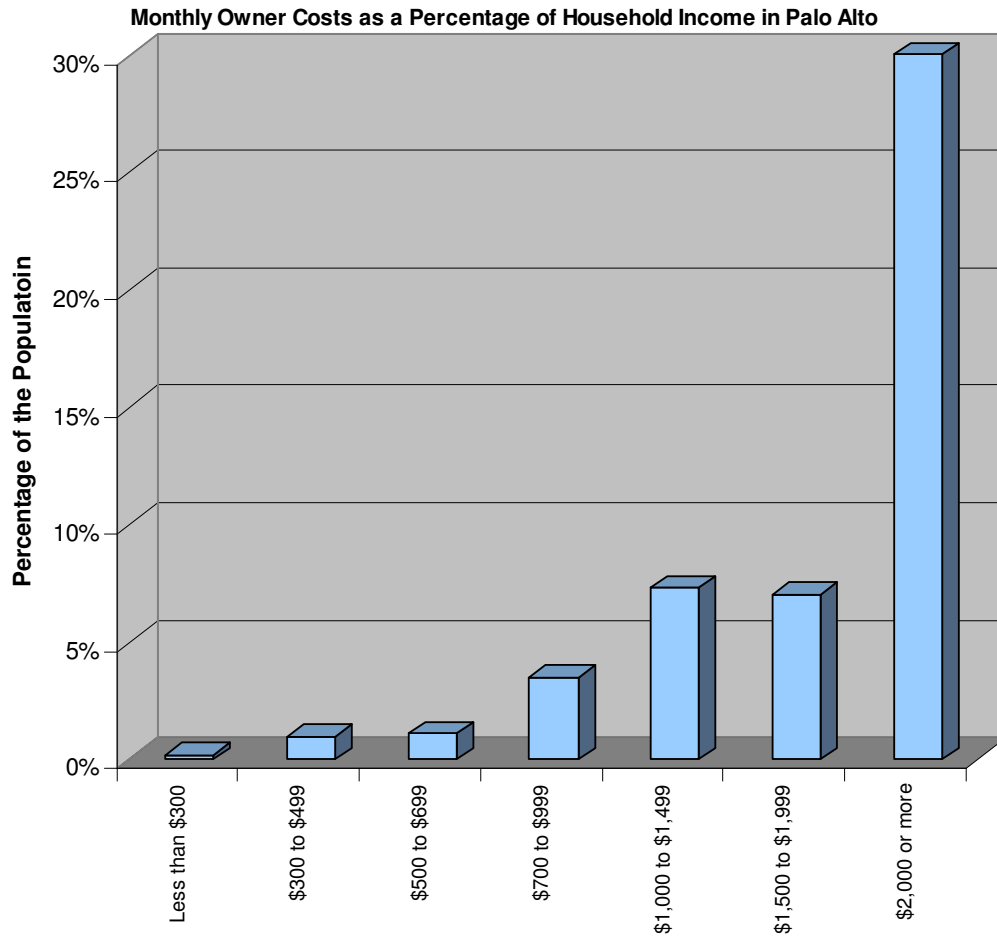
As the chart above depicts, the mean earnings in Palo Alto was \$125,045. That is compared to the highest mean earnings rate in East Hampton, which was in Amagansett at \$92,122. Only 3.2% of families in Palo Alto are below the poverty level.

A high income rate does not tell the whole story, unless you include the cost of living, and one good metric for measuring the cost of living is housing costs.



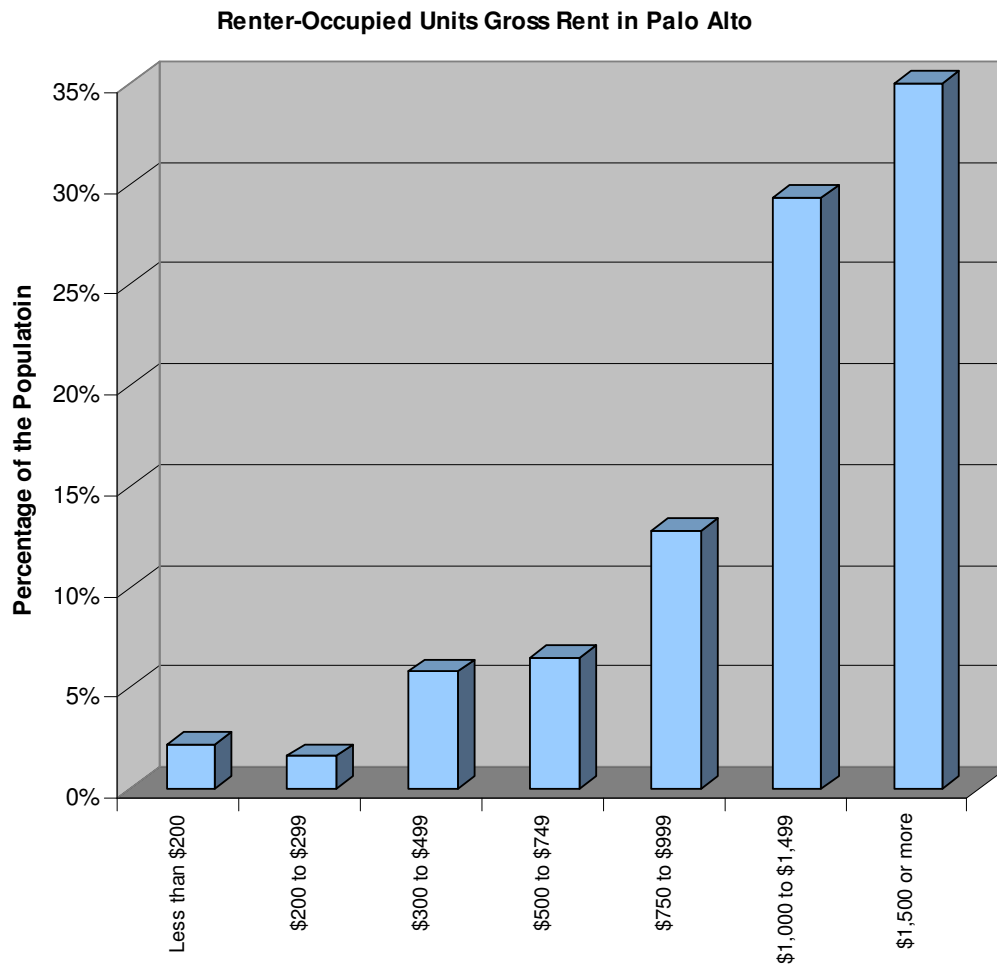
The housing stock in Palo Alto peaked at between \$500,000 and \$999,999 with nearly 60% of the housing stock.

Another good metric for housing costs is monthly mortgage rates. The graph below shows a distribution quite different from what is seen in the same graph from East Hampton.



In Palo Alto, the highest class for monthly mortgages came in those who pay \$2,000 or more. The median monthly cost for mortgages in Palo Alto was \$2,684.

Investigating mortgages is only one part of a two-part story when it comes to housing costs. The cost of rent is also important, and the graph below shows the distribution of the cost of rent in Palo Alto. It shows that nearly one third of all rental properties cost \$1,500 or more per month. That compares to only 15% at the same price in East Hampton.



The largest class by frequency in East Hampton is that of “\$1,000 to \$1,499” with approximately 30% of the rental property; therefore, one can see that rental property in Palo Alto is higher than that of East Hampton.

When analyzing the healthcare community in Palo Alto, it was necessary for Arrow Consultants to consider county-level data for Santa Clara County. While this does not isolate the Palo Alto community, it is similar to East Hampton where much of the healthcare data had to be collected on a Suffolk County level.

The chart below shows the number of physicians in Palo Alto and their areas of practice.

	Santa Clara County Number of Physicians	Suffolk County (NY) Number of Physicians
FM/GP	355	231
Medical Specialties	1,688	1,151
Surgical Specialties	921	664
Other Specialties	1,046	747
Hospital Based Practice	1,091	957
Other Professional Activity	429	208
Inactive	680	507
Not classified	480	293
Total Physicians	6,690	4,758

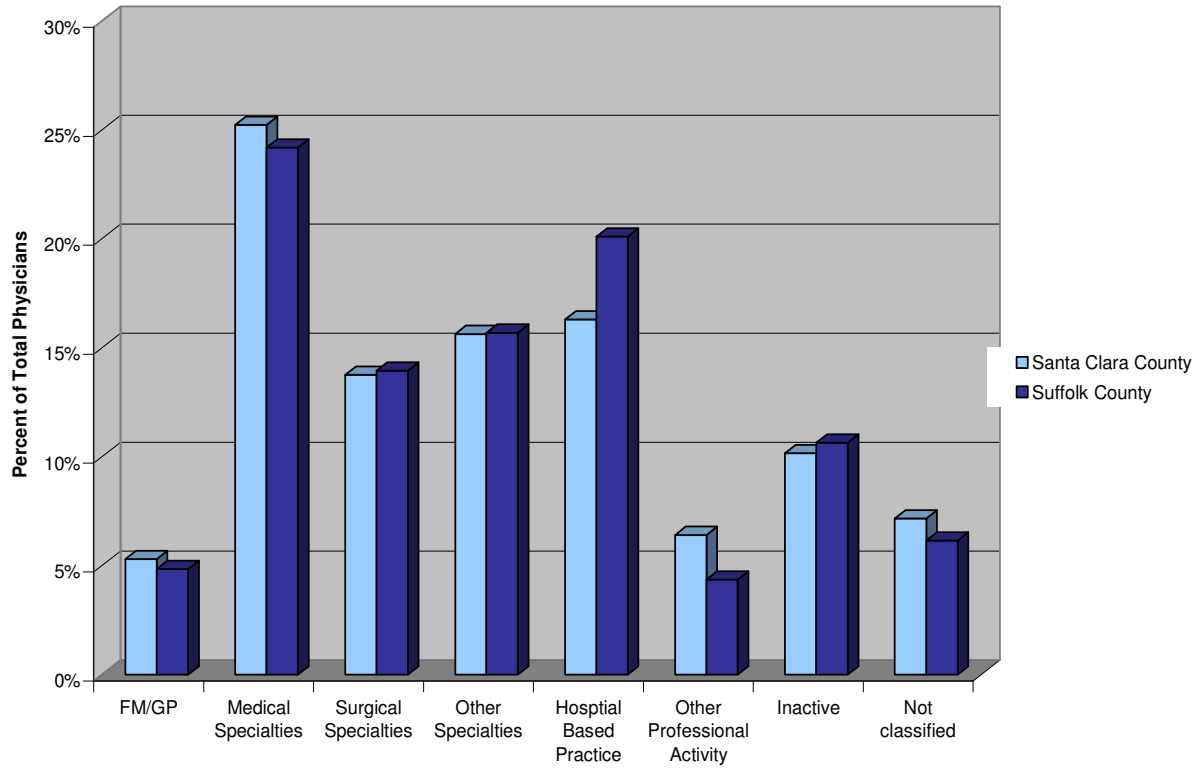
Source: Physician Characteristics and Distribution in the U.S., 2006

The following graph looks at the same data, but it considers each area of practice as a percentage of the total population of physicians in Santa Clara County.

	Santa Clara County Percent of Total Physicians	Suffolk County (NY) Number of Physicians
FM/GP	5.31%	4.85%
Medical Specialties	25.23%	24.19%
Surgical Specialties	13.77%	13.96%
Other Specialties	15.64%	15.70%
Hospital Based Practice	16.31%	20.11%
Other Professional Activity	6.41%	4.37%
Inactive	10.16%	10.66%
Not classified	7.17%	6.16%

Source: Physician Characteristics and Distribution in the U.S., 2006

Physician Characteristics Santa Clara County vs. Suffolk County



The physician characteristics of Santa Clara County are quite similar to those of Suffolk County. However, as with the other areas Arrow Consultants studied, Suffolk County has more hospital-based physicians. When comparing Santa Clara County and Suffolk County, we see that the other areas of practice are very similar as a percentage of the total physician population. That includes “Inactive”.

As with the other peer communities, Arrow Consultants has also analyzed the Palo Alto Medical Foundation (PAMF). The Foundation is acknowledged as a benchmark healthcare foundation. In fact, the Sansum Clinic told Arrow Consultants that it uses PAMF as such. Even though PAMF is acknowledged as a benchmark healthcare foundation by other foundations, the comparisons are not always fair because PAMF is operated by Sutter Health, one of the nation’s largest healthcare organizations. Sutter Health reported revenue in 2005 of over \$6 billion and assets of over \$2 billion. It operates in just over 100 communities in California. In those communities, it operates 26 hospitals and has 3,600 affiliated physicians. While it’s not quite fair to make comparisons between small medical foundations and an organization affiliated with Sutter Health, one must keep in mind that it should not be viewed as a direct comparison but rather an organization to truly benchmark. Organizations with large budgets have the opportunity to develop progressive programs. The organizations associated with Sutter Health are generally recognized as this. Recently, the Integrated Healthcare Association recognized 75 organizations run by Sutter Health as among the top performing medical groups. (Source: Integrated Healthcare Association, Sept. 06)

The Palo Alto Medical Foundation has three divisions:

- Palo Alto;
- Camino; and,
- Santa Cruz.

Because services are very wide ranging, Arrow Consultants delineates them by division.

Palo Alto:

The Palo Alto division includes 290 primary and specialty care physicians and 1,200 employees at the following locations conducting services such as:

- Castro Valley and San Leandro:
 - Family medicine
 - Internal medicine
 - Obstetrics and gynecology
 - Pediatrics
- Dublin a new facility opening in the second quarter of 2007 will provide:
 - Primary care
 - Specialty care
 - Urgent care
 - Ancillary services
- Fremont:
 - Primary care
 - Specialty care
 - Urgent services
- Los Altos:
 - Primary care
 - Lab services
- Menlo Park Surgical Hospital
 - Outpatient surgery
 - Inpatient surgery
 - Two operating rooms
- Palo Alto Medical Clinic
 - Established in 1930, one of the nation's first group medical practices
 - Primary care
 - Specialty care
 - Urgent care
 - Pediatric urgent care
 - Lab services
 - Pharmacy
 - Community health resource library

- Redwood City
 - Primary care
 - Lab services
- Redwood Shores
 - Primary care
 - Lab services
- Portola Valley Women's Health
 - Obstetrics
 - Gynecology
 - Fertility
 - Laparoscopic surgery

Key metrics for the Palo Alto Division on an annual basis:

- 750,000 patient visits
- 2,500 babies delivered
- 25,000 surgeries
- 60,000 laboratory tests
- 125,000 diagnostic x-ray procedures
- 30,000 urgent care patients

Camino:

The Camino division was established in 1954, and it joined PAMF in 2000. It currently includes 220 primary and specialty care physicians, nurse practitioners and physicians assistants.

- Urgent care in one location, Sunnyvale
- Primary and specialty care in five locations
 - West Valley/Cupertino
 - Los Altos
 - Mountain View
 - Santa Clara
 - Sunnyvale

Key metrics for the Camino Division on an annual basis:

- Nearly 600,000 patient visits
- More than 2,000 babies delivered
- More than 9,000 surgeries

Santa Cruz:

The Santa Cruz division includes 124 physicians and a staff of 815 employees carrying out the following:

- Sutter Maternity and Surgical Center:
 - Inpatient and Outpatient surgery
 - Maternity

Key metrics for the Santa Cruz Division on an annual basis:

- More than 395,000 patient visits
- 900 babies delivered
- More than 11,000 surgeries
- 240,000 laboratory tests
- More than 49,000 diagnostic X-ray procedures

PAMF also includes the Palo Alto Medical Foundation Research Facility.

- Founded in 1950 for basic and clinical research
- Health services research focusing on behavioral health
- Two clinical research laboratories
- Future focus will involve the organization, delivery and finance for better patient outcomes at lower cost.

The Palo Alto Medical Foundation, and its affiliates, provides a wide range of health screenings. They hold structured classes and they develop materials (both on line and hardcopy). They also provide healthcare-based libraries.

Because the Palo Alto Medical Foundation is part of a larger organization, Sutter Health, detailed financials for PAMF are not available. Sutter does report, however, that PAMF's finances are as follows:

- Fundraising and philanthropy support services and capital projects;
- Research grants support the Palo Alto Medical Foundation Research Facility;
- Palo Alto Division operating budget is \$250 million;
- Camino Division operating budget is \$239 million; and,
- Santa Cruz operating budget not reported.

The city of Palo Alto has some similarities to the communities of East Hampton. Income is high as is the cost of living, and in each case they are higher in Palo Alto than they are in East Hampton. The rate of educational attainment rate is also higher in Palo Alto as are wages. Rates of Hispanics and African Americans are lower in Palo Alto than they are in East Hampton.

PAMF is a large community healthcare organization employing hundreds of physicians and staff and providing a wide range of services to the community, all of that provided by a sizeable budget due to its affiliation with Sutter Health.

CONCLUSION

The peer communities for this review were chosen because they have similar characteristics as the East Hampton community. Those include:

- Generally non-urban;
- Swings in population;
- Variability in the population based on income; and,
- Generally a higher than average cost of living.

Arrow Consultants analyzed data on each of the communities selected in order to compare them to the East Hampton community. The chart below looks at specific attributes to make that comparison.

	The U.S.	New York State	East Hampton	Cape Cod	Santa Barbara	Palo Alto
Seasonal Population			Highly	Highly	Moderately	Not Seasonal
Median Age	35.3	35.9	39.3-48.7	36.7-44.6	33.4	40.2
Median Income	\$41,994	\$43,393	\$42,329-\$55,414	\$45,559-\$66,786	\$46,677	\$117,574
Mean Family Earnings	\$56,604	\$64,102	\$73,785	\$60,827	\$60,589	\$125,045
Caucasian Population	75.10%	67.90%	91.50%	93.50%	73.11%	75.94%
African American Population	12.30%	15.90%	3.05%	2.61%	2.11%	2.42%
Hispanic Population	12.50%	15.10%	12.56%	1.36%	34.20%	4.65%
Percent with bachelor's degree	15.50%	15.60%	19.9-25.9%	33.60-38.4%	29.40%	74.40%
Median Mortgage	\$1,008	\$1,357	\$1,601-\$2,125	\$1,135-\$1,771	\$1,514	\$2,684
Number of physicians per population				0.37%	0.33%	
Medical Foundation			Yes	Yes	Yes	Yes
Foundation's Hospital Affiliation			In transition	With the major hospital system	With the major hospital system, but described as tenuous	Operates hospitals
Urgent care			No	Yes	Yes	Yes
Preventative Health Screenings			Yes	Yes	Yes	Yes

The chart not only compares the selected communities, but it also shows how they compare with New York State and national figures.

Like East Hampton, other communities in the study have swings in population, namely Cape Cod, whose population doubles in the summer. And while Santa Barbara's population is not seasonal, per se, it does have a sizeable influx of residents who have second homes there, and the population is also polarized by an influx of students who attend UC-Santa Barbara. Palo Alto is the only community that does not have fluctuations in its population.

The ages of the populations in the various communities are very similar, and it is only Santa Barbara that has a population younger than that of the U.S. average.

Median income is actually higher in Cape Cod and Palo Alto than it is in East Hampton, but mean family earnings are only higher in Palo Alto. We can intimate from this that there is a skewed population with a minority of wage earners in each, pulling the data toward a higher income.

When looking at race, only Cape Cod has a higher rate of Caucasians in its population. Palo Alto and Santa Barbara are near the national average, with Santa Barbara actually having a lower rate, for single-race individuals.

The Hispanic population in East Hampton mirrors that of the nation. Cape Cod has a very small Hispanic population. Palo Alto a relatively small one, and Santa Barbara has a substantial Hispanic population.

One thing that is common in all of these communities is that the cost of living is high. It is higher than the national average in all of the communities, but East Hampton does not have the highest cost of living. Palo Alto does, and Cap Cod and Santa Barbara costs are similar to East Hampton.

All of this data was compiled to indicate that while there are differences between these communities, there are many similarities, and hence, they share some of the same challenges when attempting to administer community-based healthcare. Most have older populations, along with fluctuations in their populations. They have under-served populations. They are mostly more rural than urban in character, and they have high costs of living. All of them also have active community healthcare foundations. Yet, while the communities and challenges are similar, the healthcare foundations chosen as peer comparisons all offer a wider range of services than does The East Hampton Healthcare Foundation. All of the foundations have staff physicians, offer urgent care facilities and somewhat extensive community healthcare education programs. Each foundation is unique in the circumstances in which they were founded and how they developed, and because of that, each has a unique character. However, Arrow Consultants believes that the three analyzed in this report, represent the most applicable benchmark organizations for the East Hampton Healthcare Foundation.