

DAP Health's Acquisition of Borrego Health System
Where the Transition Stands Today
By DAP Health CEO David Brinkman

Hello, everyone.

In an effort to bring all of you up to date on where we currently stand in the transition process related to DAP Health's acquisition of Borrego Health, here is a brief history.

September 12, 2022

Borrego Health filed for bankruptcy and solicited potential acquirers to assimilate its assets, and to serve its 120,000 patients (which include people of all genders, as well as children — individuals as diverse as migrant farmworkers in rural areas to refugees and recent immigrants in urban settings).

February 5, 2023

DAP Health made public the fact that — having retained Facktor Health (a firm with expertise in FQHC mergers & acquisitions) and having formed an alliance with fellow regional FQHCs Neighborhood Healthcare and Innercare — it made a bid to acquire Borrego Health in order to advance its nearly 40-year-old mission of protecting and expanding health care access, especially for marginalized populations.

February 15, 2023

The Borrego Health board of trustees selected DAP Health to acquire the Borrego Health system based on a process conducted through Borrego Health's Bankruptcy Court proceedings. The final sale is still subject to the approval of both the Bankruptcy Court and the Health Resources Services Administration (HRSA). After a transition process that will take at least six months, DAP Health will assume control of all Borrego Health clinics, with operational and administrative support provided by alliance partner FQHCs Innercare and Neighborhood Healthcare.

March 1, 2023

The Bankruptcy Court approved DAP Health's bid to acquire all assets of Borrego Health, launching a regulatory transition process involving the California Department of Health Care Services (DHCS) and HRSA.

Since March 1, 2023

Working with the consultants at Facktor — and having created various committees devoted to human resources, communications, IT, operations, etc. — DAP Health has been working through not only its DHCS and HRSA requirements, but the logistics involved in hiring Borrego Health's 600 employees, all of whom will be offered positions at DAP Health.

Today

Onboarding planning and implementation by DAP Health People Operations, DHCS/HRSA compliance work, and other important matters such as analysis and

strategy related to the merger of both organizations under DAP Health's leadership continues.

Meanwhile, DAP Health and Borrego Health leaders — in addition to that at Innercare and Neighborhood Healthcare, plus Facktor consultants — remain focused on implementing a well-thought-out plan that will lead to the smoothest transition for all involved.

On the date of closing, all of Borrego Health's assets and employees will officially become the assets and employees of DAP Health.

That said, for the next 12 months, all individual locations will retain their original branding and operations, and as active recruitment continues, employee vacancies at DAP Health and Borrego Health centers will be filled.

Additionally, four new members representing the new communities we serve will join DAP Health's board of directors.

In the next year, further analysis will be given to rebranding for the new entity that will emerge sometime in mid- to late 2024.

A Few Other Important Facts

- A new organizational chart is being developed and will be shared with all employees as soon as it is finalized.
- There will be no layoffs or forced relocations at the DAP Health locations in Palm Springs or Indio.
- No DAP Health employee benefits will change this year.
- A very small percentage of DAP Health employees may see a change in duties and/or supervisors, and those employees are being informed of this.
- DAP Health's mission — including its commitment to LGBTQ+ health care, HIV care, and the Coachella Valley community — will expand as a result of this acquisition.
- DAP Health assumes none of Borrego Health's debts, which were cleared through the bankruptcy process.
- DAP Health assumes working liabilities such as rents and mortgages on real estate, as well as contracts for services like call centers, Borrego Health's current use of Greenway for electronic health records, etc.

In partnership and gratitude,



David Brinkman, MBA
CEO
DAP Health