



STATE OF RHODE ISLAND
OFFICE OF THE ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903
(401) 274-4400 • www.riag.ri.gov

Peter F. Neronha
Attorney General

November 20, 2020

Via Electronic Mail Only

Patricia K. Rocha, Esq.
Adler Pollock & Sheehan P.C.
One Citizens Plaza, 8th Floor
Providence, RI 02903
PRocha@apslaw.com

***Re: Hospital Conversion Initial Applications of Chamber Inc.;
Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.;
Prospect Medical Holdings, Inc.; Prospect East Holdings,
Inc.; Prospect East Hospital Advisory Services, LLC;
Prospect CharterCARE, LLC; Prospect CharterCARE
SJHSRI, LLC; Prospect CharterCARE RWMC, LLC (the
“Transacting Parties”)***

Dear Attorney Rocha:

Attached at **Exhibit A** are questions from the Office of the Attorney General resulting from the information that was provided in the Hospital Conversion Initial Applications, and supplemental materials, in the above-entitled matter. We will consider the answers to these questions as a supplement to the Initial Application. Accordingly, please provide the question and response in the same format as previously provided in the Initial Application and Supplemental Questions and identify the submission as “Supplement 4” to the Initial Application.

If the Transacting Parties would like to request that any information that is provided (including any question itself) be deemed confidential in accordance with R.I. Gen. Laws. § 23-17.14-32, please mark it preliminarily as “Confidential” and provide it in a separate packet. The Attorney General will make a determination regarding such information. Please note the information provided in response to the attached questions will become part of the public record in this matter.

Patricia K. Rocha, Esq.
Adler Pollock & Sheehan P.C.
November 20, 2020
Page Two

Please provide your responses as soon as possible, but in no event later than December 4, 2020, and let us know if you have any questions or if you would like to meet to discuss.

Sincerely,

Jessica Rider

Jessica Rider
Special Assistant Attorney General
Health Care Advocate
401-274-4400 Ext. 2314

JR/dm
Enclosure

cc: Leslie Parker, Esq., Adler Pollock & Sheehan, P.C.
Michael Dexter, Chief, Center for Health Systems Policy & Regulation, RIDOH
Fernanda Lopes, Chief, Health Systems Development, RIDOH

CONFIDENTIAL

Exhibit A

Please provide complete and accurate answers to the Fourth Set of Supplemental Questions below.

The following definitions have been used:

- Chamber Inc. (“Chamber”);
- Ivy Holdings, Inc. (“Ivy”);
- Ivy Intermediate Holdings, Inc. (“IIH”);
- Prospect Medical Holdings, Inc. (“PMH” or “Prospect”);
- Prospect East Holdings, Inc. (“PEH”);
- Prospect East Hospital Advisory Services, LLC (“PEHAS”);
- Prospect CharterCARE, LLC (“PCC”);
- Prospect CharterCARE SJHSRI, LLC (“OLF”);
- Prospect CharterCARE RWMC, LLC (“RWMC”);
- CharterCARE Community Board (“CCCB”)
- Chamber, Ivy, IIH, PMH, PEH, PEHAS, PCC, OLF, RWMC (collectively, the “Transacting Parties” or “Parties”);
- Ivy Board of Directors (“Ivy BOD”);
- Ivy Intermediate Holdings, Inc. Board of Directors (“IIH BOD”);
- Prospect Medical Holdings Board of Directors (“PMH BOD”); and
- Rhode Island Department of Health’s Change in Effective Control Application (“RIDOH CEC”).

S4-1	Governance	Provide all communications and documents exchanged between Prospect and/or any Prospect representative(s) and CCCB, any CCCB representative, and/or any former or current Category A PCC board member regarding the removal and appointment of the Category A PCC board members by the CCCB Liquidating Receiver on July 22, 2020.
S4-2	Revised Exhibit 4	a. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONFIDENTIAL

		<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
S4-3	Revised Exhibit 4	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
S4-4	Question S2-9	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
S4-5	Questions S2-9, 12, 13 and S3-15	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

CONFIDENTIAL

S4-6	Question S2-16	Please provide the Capital Commitment Reconciliation Memo that was presented and reviewed by Von Crockett at the July 10, 2019 PCC board meeting (C-CIIH16-006223).
S4-7	Question S2-16	[REDACTED]
S4-8	Question S2-16	[REDACTED]
S4-9	Question S2-20	[REDACTED]
S4-10	Question S2-23	<p>Please provide the following information regarding the PMH pension liability:</p> <ul style="list-style-type: none"> a. Are all pension contributions made by PMH? b. What is the plan with respect to paying down that liability? c. What are annual contributions needed and over what time period, to adequately fund the pension? <p>[REDACTED]</p>

CONFIDENTIAL

		<div><div></div><div>[REDACTED]</div><div>[REDACTED]</div><div>[REDACTED]</div><div>[REDACTED]</div><div>[REDACTED]</div><div>[REDACTED]</div></div>
S4-11	Question S2-25	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-12	Question S2-25	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-13	Question S2-25	Please provide a third quarter summary document of financial results similar to the second quarter document provided at C-CIIH-006306.
S4-14	Question S2-25	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-15	Question S2-25	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>

CONFIDENTIAL

S4-16	Question S2-25	Please explain Note 6 at C-CIIH-006320.
S4-17	Question S2-25	[REDACTED]
S4-18	Question S2-25	[REDACTED]
S4-19	Question S2-25	[REDACTED]
S4-20	Question S2-25	[REDACTED]
S4-21	Question S2-40	[REDACTED]
S4-22	Question S2-40	[REDACTED]

CONFIDENTIAL

S4-23	Question S2-40	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-24	Question S2-40	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-25	Question S3-11	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-26	Financials	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-27	Financials	<div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div> <div>[REDACTED]</div>
S4-28	Financials	What is the total amount of payroll tax deferral (both current/projected), if any,

CONFIDENTIAL

		including the amount allocable to each of the RI hospitals, and when is the anticipated payment date of any deferred payroll taxes?
S4-29	Financials	Please confirm or correct the statement in the ProPublica article dated September 30, 2020 that Prospect receives 80% of revenues from Medicare and Medicaid. With respect to Prospect generally, do you project Medicaid revenues will continue to increase in proportion to Medicare and managed care revenues? If so, is that in general and/or due to the impact of COVID?
S4-30	Financials	Please confirm the current percentage of Medicare and Medicaid patients at each RI hospital. With respect to the RI hospitals, do you project Medicaid revenues will continue to increase in proportion to Medicare and managed care revenues, if so, is that in general and/or due to the impact of COVID?
S4-31	Financials	Explain how the RI hospitals are recovering from the COVID-19 impacts to the hospital operations. What percentage do current operations represent the pre-COVID level operations at each RI hospital and how does this compare with PMH's other hospitals around the country?
S4-32	Financials	What longer term plans are in place to address COVID-19 financial impacts if recovery slows or shutdowns happen again and no federal/state relief is available?
S4-33	Financials	<div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 90%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 95%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 75%;"></div> <div style="background-color: black; height: 15px; width: 50%;"></div>

CONFIDENTIAL

S4-34	Financials	<p>Lynn Leahey, Eleanor Milo and Jeffrey Lieberman all referenced capital lists for the PCC hospitals in their statements under oath. Please provide:</p> <ul style="list-style-type: none">a. All budget requests made from PCC to PMH, including any and all revisions proposed by PMH, and the final approved budget for the prior three (3) fiscal years;b. The capital lists for RWMC and OLF for FY2018 through FY2021, which include the full list of all capital requests made by PCC to PMH;c. The capital budgets for FY2018 through FY2021, which include a breakdown for the allocated amounts for new projects versus replacement of aged projects; andd. An explanation of whether all projects that were budgeted for FY2018 through FY2020 were fully implemented, and if not, an explanation as to which projects, the amounts, and reasons for being put on hold.
S4-35	Miscellaneous	<p>Provide a detailed summary of any and all documents related to Leonard Green's attempt to sell its ownership interest in Prospect in October 2015, including but not limited to the "confidential information memorandum" referenced in the ProPublica article dated September 30, 2020, and all documents related to the offers of Bain Capital and CVC Capital Partners.</p>
S4-36	Miscellaneous	<p>Provide a detailed summary of any and all documents related to Leonard Green's attempt to sell its ownership in Prospect in June 2018, including but not limited to presentations to the prospective buyers and a description of the informal discussions with CVC as referenced in the ProPublica article dated September 30, 2020.</p>

CONFIDENTIAL

S4-37	Miscellaneous	Please provide a copy of the 2017 consultant's report regarding operating rooms at Fatima discussed in the ProPublica article dated September 30, 2020.
S4-38	Miscellaneous	Provide the status of the pending 1 st Circuit case, <i>NLRB v. Prospect CharterCARE</i> , Case No. 19-2289.