



Rhode Island Department of Health  
[Hospital Conversions/Mergers Program](#)  
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Rhode Island Department of Attorney General  
[Office of Health Care Advocate](#)  
150 South Main Street  
Providence, RI 02903-2907  
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**EXPEDITED REVIEW  
HOSPITAL CONVERSION INITIAL APPLICATION**

(Pursuant to R.I. Gen. Laws § 23-17.14-12.1)  
Revised August 2018

**Instructions**

**Format:**

Each and every hospital that is a Transacting Party or an affiliate of a Transacting Party shall provide complete responses to each question. Two (2) copies of the Initial Application (one (1) copy shall be in an electronic format acceptable to the Department of Attorney General and the Department of Health (“Departments”) and one copy shall be in three-ring binders with a spine label setting forth the volume number and the range of the sequential unique identifier and tab for each question) are to be submitted. For both the electronic formatted version and the hard copy of the Initial Application, each page submitted as part of the Initial Application shall be labeled with a sequential unique identifier, such as the Bates system, beginning with the first number matching the question. For example, the response to Question 13 would provide a unique identifier beginning with 13 - followed by the page number. In addition, a complete index of pages of the Initial Application, setting forth the unique identifier for each page and a description of the document shall be provided. Responses to each question shall begin on a page separate from the prior response. An additional copy of the Initial Application (electronic and binders) shall be submitted to the Rhode Island Department of Health.

References to other responses contained in the Initial Application are permitted. Attachments must be listed under an individual tab at the end of the Initial Application form. Applications should not include the instruction pages or appendices not applicable to the proposal. All appendices must be completed.

All information submitted as part of the Initial Application shall be public except for information determined to be confidential pursuant to R.I. Gen. Laws § 23-17.14-32. If the Transacting Parties seek a determination by the Attorney General that any information submitted as part of the Initial Application should be deemed confidential and/or proprietary or otherwise required by law to be maintained as confidential, the Transacting Parties shall submit such information in a separate package clearly labeled “Request for Confidentiality.” For both the electronic version and the hard copy, the Transacting Parties

shall submit the request(s) for a determination that the information is confidential including the legal citation and/or explanation for the reason that the information should be deemed confidential. One (1) copy of the information shall be clearly marked as confidential on the top and contain the redactions that the Transacting Parties seek to be deemed confidential by using a black marker to strike those words/section, and one (1) copy of the information shall be clearly marked as confidential on the top in an unredacted version of the identical document.

The Transacting Parties shall update and/or supplement responses up and until the time of closing of the proposed conversion.

**Review for acceptability:**

After review of the Initial Application, the Departments shall advise the Transacting Parties, in writing, whether the Initial Application is complete. If the Initial Application is not complete, the Departments shall specify the additional information that the Transacting Parties are required to provide to complete the Initial Application. If the additional information is not submitted by the Transacting Parties or if the Departments determine that the additional information submitted by the Transacting Parties is insufficient, the Initial Application will be rejected, without prejudice, to the Transacting Parties' right to resubmit. A rejection will be accompanied by a detailed written explanation of the reasons for rejection. If the Departments determine the additional information requested is sufficient, the Transacting Parties will be notified, in writing, of the date of acceptance of the Initial Application.

**Timeline:**

The Department of Attorney General and Department of Health shall render a decision on the proposed conversion within ninety (90) days of acceptance of the application.

**Definitions:**

Words and terms used in these instructions that are defined by the Hospital Conversions Act, R.I. Gen. Laws § 23-17.14-1, *et seq.*, shall have the same meaning contained in the Hospital Conversions Act.

The term "Affiliate" shall mean an entity that directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, the Transacting Parties.

The term "Document," as used herein, includes, but is not limited to, the following items, whether created, printed or recorded or reproduced by any other mechanical or electronic process, or written or produced by hand and/or any electronic device, and whether sent or received or neither: namely, contracts, agreements and understandings, communications, including intracompany communications, memoranda, statements, handwritten or other types of notes, correspondence, telegrams, notices, books, diaries, forecasts, financials, statistical statements, ledgers, journals, books or records of account, desk calendars and appointment books.

The term "Effective Date" shall mean the date upon which the proposed conversion will become effective.

The word "or" as used herein, means and/or.

Whenever a request asks to “describe” a fact, event, or item, or any variation thereof, please provide a detailed description of the fact, event or item requested.

Whenever a request asks to “identify” a fact, event or item, or any variation thereof, designate the fact, event or item and provide such descriptive information so as to enable the fact, etc. to be ascertained.

When appropriate in this Initial Application, the singular form shall be interpreted as plural and vice versa, and the present tense includes the past tense and vice versa, and the neuter includes the masculine and feminine.

**Reports, use of experts, costs:**

The Departments may engage experts or consultants including, but not limited to, actuaries, investment bankers, accountants, attorneys, or industry analysts. All copies of reports prepared by experts and consultants, and costs associated therewith, shall be made available to the Transacting Parties and to the public.<sup>1</sup> All costs incurred under this provision shall be the responsibility of one (1) or more of the Transacting Parties in an amount to be determined by the Departments as deemed appropriate and in accordance with R.I. Gen. Laws § 23-17.14-12.1(h), R.I. Gen. Laws § 23-17.14-13 and R.I. Gen. Laws § 23-17.14-12.1(f). No Application shall be considered complete unless an agreement has been executed for the payment of costs.

All questions concerning this application should be directed to:

Michael Dexter, Chief  
Office of Health Systems Development  
(401) 222-2788  
Michael.dexter@health.ri.gov

Jessica Rider, Health Care Advocate  
Special Assistant Attorney General  
(401) 274-4400 Ext. 2314  
jrider@riag.ri.gov

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<sup>1</sup> If any recitation in a report contains information that is confidential by law or court order, it may be redacted.

**HOSPITAL CONVERSION EXPEDITED REVIEW**  
**INITIAL APPLICATION**

Please provide the following information (please replicate as needed):

Name of Transacting Parties:
Date Application Submitted:
Date of Agreement Execution with the Departments for Payment of Costs*:

\* Please provide copies of the responsive documents.

**CERTIFICATION**

Please provide the attestation/verification for each of the Transacting Parties and licensed hospital Affiliates. (Please replicate as needed):

<p><i>I hereby certify that the information contained in this application is complete, accurate and true.</i></p>  <p style="text-align: center;">_____ Signed by the President or Chief Executive Officer</p>  <p style="text-align: center;">_____ Entity</p>  <p>Subscribed and sworn to before me on this ____ day of _____ 20 ____.</p>  <p style="text-align: right;">_____ <b>Notary Public</b> My Commission Expires:</p>
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1. Please provide a detailed summary of the proposed conversion which shall include a discussion of the date of implementation, purchase price, source of funds, debt, commitments for and development of new services and/or facilities, and reduction of existing services and/or facilities that are associated with the proposed conversion.

2. Please provide the following:

a. Contact information of President or CEO of each Transacting Party (Please replicate as needed):

Name:	Telephone:	
Address:	State:	Zip:
E-mail:	Fax	

b. Name, title, address, phone, fax and e-mail of one contact person for each Transacting Party for this application process (only if different from the President/CEO in Question 2) (Please replicate as needed):

Name:	Telephone:	
Address:	State:	Zip:
E-Mail:	Fax:	

3. For each existing Affiliate Hospital of the Transacting Parties, please provide the following information (Please replicate as needed):

Name of Hospital:	License #:	
Address:	State:	Zip:
Telephone:		
E-Mail of President or CEO:		
Relationship of Hospital to Transacting Party:		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion.		

4. Please provide the following:

- a. With regard to the officers, members of the boards of directors, trustees, executives, and senior managers of each of the Transacting Parties and their Affiliates, please provide the following for the past two (2) years: (a) name; (b) address; (c) phone number; (d) occupation; and (e) tenure.
- b. Provide the (a) name; (b) address; (c) phone number; and (d) occupation of the proposed members of the board of directors, trustees, executives and senior managers after the conversion of the Transacting Parties and their Affiliates, identifying any additional members or removal of members.
- c. A description of the governance structure of the New Hospital(s) after conversion, including a description of how members of any board of directors, trustees or similar type group will be chosen.

5. Please provide each of the following applicable documents and amendments for each of the Transacting Parties and affiliated hospital(s):

- a. Charter;
- b. Certificate and Articles of Incorporation and By-laws;
- c. Certificate of Partnership and Partnership Agreement;
- d. Certificates or Articles of Organization and Operating Agreement;
- e. Other organizational documents.

If any of the above documents are proposed to be revised or modified in any way as a result of the proposed conversion, include the proposed revisions or modifications.

6. Please provide all documents, reports, meeting minutes and presentations relevant to the Transacting Parties' board of directors' decision to propose the conversion.

7. Please provide copies of reports analyzing the proposed conversion by any of the Transacting Parties, including but not limited to, reports by appraisers, accountants, investment bankers, actuaries, other experts, and any committee investigating the proposed conversion and any and all recommendations from the committee to the board of directors for each of the Transacting Parties and each of its Affiliates.

8. Please provide the name and mailing address of all licensed facilities in which the Transacting Parties maintain an ownership interest or controlling interest or operating authority.

9. Please provide the following:

- a. Organizational charts for the existing and post-conversion Transacting Parties and each partner, Affiliate, parent, subsidiary or related legal entity in which either Transacting Party has a twenty percent (20%) or greater ownership or membership interest or control; and
- b. A detailed narrative that describes the existing and proposed post-conversion organizational structure for the Transacting Parties and each partner, Affiliate, parent, subsidiary or related legal entity in which either Transacting Party has a twenty percent (20%) or greater ownership or membership interest or control.

10. Please provide the following:
  - a. A description of criteria established by the board of directors of the Existing Hospital(s) related to pursuing a proposed conversion; and
  - b. Explain whether the board considers the proposed transaction as the only alternative or the best alternative in carrying out its mission and purposes.
11. Please provide the names, addresses and phone numbers of professional consultants engaged by the Transacting Parties in connection with the proposed conversion.
12. Please provide a copy of any agreement outlining the scope of services to be rendered by any consultant or expert engaged by the Transacting Parties in connection with the proposed transaction, including the cost thereof.
13. Please provide copies of current, signed conflict of interest forms from all incumbent or recently incumbent officers, members of the board of directors, trustees, senior level managers, including the medical directors of the Transacting Parties, and experts and consultants engaged by the Transacting Parties in connection with the proposed transaction, on a form acceptable to the Attorney General. "Incumbent" or "recently incumbent" means those individuals holding the position at the time the application is submitted and any individual who held a similar position within one year prior to the application's acceptance.
14. Please provide copies of conflict of interest statements, policies and procedures for each of the Transacting Parties.
15. Please provide the binding transaction documents, such as an asset purchase and/or transfer agreement, affiliation agreement or memorandum of understanding and all exhibits and schedules thereto (including any updates or supplements as they occur).
16. Please discuss whether this proposed transaction will require review by any relevant federal authority and, if so, please identify each such review(s) and provide its current status.
17. Please provide a list of pending, adjudicated, or threatened citations, violations, de-certifications, revocations, suspensions, terminations, or charges against the Transacting Parties and their Affiliates brought by any governmental agency or accrediting agency (including Medicaid/Medicare programs) within the past three (3) years, and the status or disposition of each.
18. Please provide a description of any current or impending litigation and/or investigations by foreign, federal, state or municipal boards or governments, and administrative agencies (including Medicaid/Medicare programs) against each Transacting Party and its Affiliates. For each claim, include the nature, an estimate of the amount, the status, and whether it is covered by any applicable insurance.
19. Please provide copies of reports analyzing affiliations, mergers, or other similar transactions by any of the Transacting Parties during the past three (3) years, including but not limited to, reports by appraisers, accountants, investment bankers, actuaries, other experts, and any committee

investigating the proposed conversion and any and all recommendations from the committee to the board of directors for each of the Transacting Parties and each of its Affiliates.

20. Please provide copies of the IRS Form 990 for each of the Transacting Parties and their Affiliates, for each of the three (3) years prior to submission of the application.
21. Please provide copies of audited income statements, balance sheets, other financial statements, and management and discussion letters for the past three (3) years, audited interim financial statements and income statements, together with a detailed description of the financing structure of the proposed conversion including equity contribution, debt restructuring, stock issuance, partnership interests, stock offerings and the like, and unaudited financial statements (where audited financial statements are unavailable).
22. Please provide copies of documents or descriptions of any proposed plan for any entity to be created for charitable assets, including but not limited to, endowments, restricted, unrestricted and specific purpose funds, the proposed articles of incorporation, by-laws, mission statement, program agenda, method of appointment of board members, qualifications of board members, duties of board members, and conflict of interest policies.
23. Please provide a Cy Pres Petition for the proposed conversion(s) of Affiliate hospitals, other Affiliate 501(c)(3) entities, and all that will be affected by the proposed conversion.
24. Please provide the following information regarding all donor-restricted gifts received by the Transacting Parties and their Affiliates and attach copies of any legal documents that created each gift:

<b>Date of Gift</b>	<b>Name of Gift/ Instrument</b>	<b>Restriction(s)</b>	<b>Value of Gift at time of Gift</b>	<b>Current Value of Gift</b>

25. Please provide copies of all documents related to:
  - a. Identification of all charitable assets;
  - b. Accounting of all charitable assets for the past three (3) years;
  - c. Distribution of the charitable assets including, but not limited to, endowments, restricted, unrestricted and specific purpose funds as each relates to the proposed transaction; and
  - d. Please list all current donations that include naming privileges relating to the donation.
26. Please complete the following chart for the previous three (3) fiscal years and year-to-date:

<b>Year</b>	<b>Total Endowment</b>	<b>Restricted</b>	<b>Unrestricted</b>
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
<b>Year-to-Date</b> / /	\$	\$	\$

27. Please provide the names of persons currently holding a position as an officer, director, board member, or senior level manager who will or will not maintain any position with the New Hospital(s) post conversion and whether any said person will receive any salary, severance, stock offering or any financial gain, current or deferred, as a result of or in relation to the proposed conversion.
28. Please provide a list with detailed descriptions of all agreements or proposed agreements reflecting any current and/or future employment or compensated relationship between the acquiror (or any related entity) and any officer, director, board member, trustee, or senior level manager of the acquiree (or any related entity).
29. Please provide any and all severance packages, contracts or any other documents relating to same, given, negotiated or renegotiated with any employee or former employee of the Transacting Parties and their Affiliates for the prior three (3) years from the date of the application through the present. Please include in your response any agreements to provide consulting services and/or covenants to not compete following completion of the proposed conversion.
30. Please provide an itemization of all loans outstanding and their current balances, given, and/or forgiven in the last three (3) years to any executive, employee or consultant of the Transacting Parties and/or their Affiliates, including the terms of such loan.
31. Please provide all documents related to the resignations of any directors, board members, senior level managers and officers of each of the Transacting Parties and/or their Affiliates within the last year.
32. Please provide the following:
  - a. A description of the plan as to how the Transacting Parties and their Affiliates will provide community benefits and charity care during the first three (3) years of operation after the proposed transaction is completed.
  - b. A description of how the Transacting Parties and their Affiliates will monitor and value charity care services and community benefits after the proposed transaction is completed.
33. Please provide copies of any opinions or memoranda addressing the state and federal tax consequences of the proposed conversion prepared for a Transacting Party by an attorney, accountant, or other expert.

34. Please provide a description of the manner in which the price was determined including which methods of valuation and what data were used, and the names and addresses of persons preparing the documents.
35. Please provide a detailed description of the real estate issues including title reports for land owned and lease agreements concerning the proposed conversion.
36. Please provide a description and quantification of the outstanding debts of acquiree and/or their Affiliates, both between and among acquiree and/or their Affiliates, and the plans for the disposition of each such debt if the proposed conversion is approved.
37. Please provide a copy of the Transacting Parties' Affiliated Hospital(s)' Credentialing Committee Guidelines, Policies and/or Procedures, including any contemplated changes thereto. Please describe any arrangements for cross-privileging of medical staff affiliated with either of the Transacting Parties and their Affiliates before and after the proposed conversion.
38. Please provide the following:
  - a. A description of staffing levels of all categories of employees, including full-time, part-time, and contract employees currently working at, or providing services to, the Existing Hospital(s) and a description of any anticipated or proposed changes in current staffing levels, including, but not limited to, copies of plans relative to staffing during the first three (3) years at the New Hospital(s).
  - b. A list including detailed descriptions of all union contracts.
39. Please provide a list of all agreements of the Existing Hospital(s) and/or their affiliated medical providers with third party payors.
40. Please provide descriptions of the plan(s) as to how the Affiliated Hospital(s) will provide consolidated health care services and administrative services during the first three (3) years following the conversion.
41. Please identify whether or not the Joint Commission accreditation is currently in good standing for each of the Transacting Parties and each of their Affiliate Hospital(s). If not, then please discuss in detail the reasons and provide copy of the Joint Commission survey.
42. Please provide detailed information and documentation sufficient to demonstrate the following:
  - a. That the character, commitment, competence, and standing in the community, or any other communities served by the proposed Transacting Parties are satisfactory;
  - b. That sufficient safeguards are included in the proposed conversion to assure the affected community continued access to affordable care;
  - c. That the New Hospital(s) will provide health care and appropriate access with respect to traditionally underserved populations, including racial and ethnic minority populations, in the affected community;

- d. That there will be procedures or safeguards in place to ensure that ownership interests in the New Hospital(s) will not be used as incentives for hospital employees or physicians to refer patients to the New Hospital(s);
  - e. That the Transacting Parties have made a commitment to ensure the continuation of collective bargaining rights, if applicable, and retention of the workforce;
  - f. That the Transacting Parties have appropriately accounted for employment needs at the facility and addressed workforce retraining needed as a consequence of any proposed restructuring;
  - g. That the public interest will be served considering the essential medical services needed to provide safe and adequate treatment, appropriate access and balanced health care delivery to the residents of the state;
  - h. That issues of market share especially as they affect quality, access, and affordability of services in the proposed conversion are satisfactory.
43. Please provide details as to how the Transacting Parties will aim to address the Rhode Island Department of Health's *Three Leading Priorities*, and give specific examples as to how the Transacting Parties will do the following:
- a. Address the socio-economic and environmental determinants of health in the affected communities of the acquiree;
  - b. Promote health equity in the affected communities of the acquiree; and
  - c. Promote and ensure access to comprehensive, high-quality health services for Rhode Islanders, including vulnerable populations.
44. The Rhode Island Department of Health defines health disparities as inequalities in health status, disease incidence, disease prevalence, morbidity, or mortality rates between populations as impacted by access to services, quality of services, and environmental triggers. Disparately affected populations may be described by race and ethnicity, age, disability status, level of education, gender, geographic location, income, or sexual orientation.
- a. Please describe all health disparities in the service area(s) of the acquiree. Provide all appropriate documentation to substantiate your response including any assessments and data that describe the health disparities.
  - b. Discuss the impact of the proposal on reducing and/or eliminating health disparities in the service area(s) of the acquiree.
45. Please provide specific details as to how the Transacting Parties will do the following:
- a. Work to provide higher quality health care:
    - i. This includes a foundation of longer term planning for an effective health system that melds payment and delivery reforms with investments in health care quality improvement and the health workforce (such as Rhode Island's inter-professional training initiatives)
    - ii. This also includes focusing on provider satisfaction and avoiding provider burn-out
  - b. Work to improve health outcomes:

- i. This includes focusing on population health outcomes and disparities across the life course, focusing on equity and the integration of behavioral health (including mental health and substance use) with physical health (including oral health)
  - ii. This also includes promoting social cohesion and connectedness to achieve active patient engagement and support recovery from addiction; and
- c. Work to spend smarter:
  - i. This includes understanding the differences between short-term and long-term cost savings, noting that long-term savings require investments that are often reflected in different areas than the initial expense.
  - ii. This also includes a focus on retaining investments that improve social services, support place-based community infrastructure to address socio-economic and environmental determinants of health, and invest in our children for long-term health improvements and returns.

46. Please confirm that the New Hospital(s) will continue to participate in the Rhode Island Cancer Registry and the Rhode Island Health Information Exchange (*CurrentCare*) after the implementation of the proposed conversion and, if not, please explain why not.
47. Please provide a list of all professional memberships/associations and community collaborations that the Existing Hospital(s) are currently members of or participants in and, of those, please identify any that will not be maintained after the implementation of the proposed conversion.
48. Please identify each individual officer, director, board member or member of senior level management who engaged legal counsel to consider their individual rights or duties in acting in their capacity as a fiduciary in connection with the proposed conversion.
49. Please provide copies of any opinions or memoranda addressing the propriety of the proposed conversion under the Rhode Island Nonprofit Corporation Act, R.I. Gen. Laws § 7-6-1 *et seq.*

All applicants must complete Appendices A through D.

**ALL APPENDICES MUST BE COMPLETED**

**APPENDIX A**

1. Please identify the total number of full time equivalents (FTEs) and the associated payroll expense (with fringe benefits) at the Existing Hospital(s) for the last full fiscal year (FY), for the current budget year and as projected at the New Hospital(s) in the first three (3) years after the implementation of the proposal. (Please replicate as needed):

	Past Three (3) Fiscal Years						Budgeted Current Year		Projected First Three (3) Operating Years (if approved)					
	FY:		FY:		FY:		FY:		FY:		FY:		FY:	
<b>PERSONNEL (by major categories)</b>	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes
Medical Director														
Physicians														
Administrator														
Director of Nursing														
RNs														
LPNs														
Nursing Aides														
PTs														
OTs														
Speech Therapists														
Clerical														
Housekeeping														
Other (_____)														
Other (_____)														
<b>Totals</b>														

**APPENDIX A (CONT.)**

2. Please complete the following table for the Existing and New Hospital(s) for each year indicated. (Please replicate as needed):

	Past Three (3) Fiscal Years			Budgeted Current Fiscal Year	Projected Three (3) Fiscal Years (if approved)		
	FY:	FY:	FY:	FY:	FY:	FY:	FY:
<b>REVENUES</b>							
Net Patient Revenue							
Other: (_____)							
<b>Total Revenue</b>							
<b>EXPENSES</b>							
Payroll w/Fringes							
Bad Debt							
Supplies							
Office Expenses							
Utilities							
Insurance							
Interest							
Depreciation/Amortization							
Leasehold Expenses							
Other: (_____)							
Other: (_____)							
<b>Total Expenses</b>							
<b>OPERATING PROFIT/LOSS</b>							
<b># of Admissions</b>							
<b># of ED Visits</b>							

**APPENDIX A (CONT.)**

3. Please complete the table below for the Existing and New Hospital(s) for each year indicated. (Please replicate as needed):

	Past Three (3) Fiscal Years (Actual)						Budgeted Current Year		Projected First Three (3) Operating Years (if approved)					
	FY:		FY:		FY:		FY:		FY:		FY:		FY:	
<b>PAYOR SOURCE:</b>	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Medicare														
Medicaid														
Blue Cross														
Commercial														
HMO's														
Self-Pay														
Other:														
<b>TOTAL</b>														
Charity Care*														

\*Charity Care does not include bad debt, and is based on costs (not charges).

4. Please complete the table below for the New Hospital(s)' substantial capital needs. (Please replicate as needed):

Capital Needs	Source of Funding for Capital Needs	Cost of Satisfying Capital Needs	Date of Projected Completion

**APPENDIX B**

Please provide the total cost necessary to implement this proposal and allocate this amount to the sources of funds categories listed below:

TOTAL PROJECT COST:	\$ _____ *
<u>SOURCE OF FUNDS</u>	<u>AMOUNT</u>
a. Funded depreciation	\$ _____
b. Other restricted funds (specify)	_____
c. Unrestricted funds (specify)	_____
d. Owner's equity	_____
e. Cash (if different from owner's equity)	_____
f. Unrestricted donations or gifts	_____
g. Restricted donations or gifts	_____
h. Other non-debt funds (specify)	_____
<b>i. Sub-Total Equity Funds</b>	_____
j. Subsidized loan (e.g., FHA etc.)	_____
k. Tax-exempt bonds (specify)	_____
l. Conventional mortgage	_____
m. Lease or rental	_____
n. Other debt funds	_____
<b>o. Sub-Total Debt Funds</b>	_____
<b>p. Total Source of Funds</b>	_____

\* Should equal the response for line "p"

\*\* Equity means non-debt funds contributed towards the capital cost related to a conversion of a hospital, which funds are free and clear of any repayment or liens against the assets of the proposed owner and/or licensee and that result in a like reduction in the portion of the capital cost that is required to be financed or mortgaged.

\*\*\*If debt financing is indicated, please complete Appendix C.

## APPENDIX C

### **Debt Financing**

Name of Acquiror: \_\_\_\_\_

1. Describe the proposed debt by completing the following:
  - a. Type of debt contemplated;
  - b. Term (month or years);
  - c. Principal amount borrowed;
  - d. Probable interest rate;
  - e. Points, discounts, origination fees;
  - f. Likely security;
  - g. Disposition of property (if a lease is revoked);
  - h. Prepayment penalties or call features;
  - i. Front-end costs (e.g. underwriting spread);
  - j. Feasibility study, legal and printing expense;
  - k. Points, etc.; and
  - l. Debt service reserve fund.
  
2. If this proposal involves refinancing of existing debt of the existing hospital(s), please indicate the original principal, the current balance, the interest rate, the years remaining on the debt and a justification for the refinancing contemplated.
  
3. Please present a debt service schedule for the chosen method of financing, which clearly indicates the total amount borrowed and the total amount to be repaid per year. Of the amount to be repaid per year, the total dollars applied to principal and total dollars applied to interest must be shown.
  
4. Please provide an annual cash flow statement for the New Hospital(s) for the period between approval of the application and through the third full FY year after implementation of the proposed conversion.

## **APPENDIX D**

### **Elimination or Reduction in Services**

Please provide responses to the following for each health service that will be eliminated, or significantly reduced at the New Hospital(s) during the first three (3) years at the New Hospital(s) following the implementation of the proposed conversion. (Please replicate as needed.)

1. Description of the services to be reduced or eliminated;
2. The proposed change(s) in hours of operation, if any;
3. The proposed change(s) in staffing, if any;
4. The documented length of time the services to be reduced or eliminated have been available at the facility;
5. The number of patients utilizing those services that are to be reduced or eliminated annually during the most recent three (3) years;
6. Data describing the insurance status of those individuals utilizing those services that are to be reduced or eliminated annually during the most recent three (3) years;
7. The geographical area for which the facility provides services; and
8. Identification and description, including supporting data and statistical analyses, of the impact of the proposed elimination or reduction on:
  - a. Access to health care services for traditionally underserved populations, including but not limited to, Medicaid, uninsured and underinsured patients, and racial and ethnic minority populations;
  - b. The delivery of such services on the affected community in the cities and towns whose residents are regularly served by the hospital (the “affected” cities and towns);
  - c. Other licensed hospitals or health care providers in the affected community or cities and towns; and
  - d. Other licensed hospitals or health care providers in Rhode Island.