

1 STATE OF RHODE ISLAND

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4 RE: Hospital Conversions Act Initial Application
5 of The Centurion Foundation, Inc.,
6 CharterCARE Health of Rhode Island, Inc.,
7 CharterCARE Roger Williams Medical Center,
8 Inc., CharterCARE Our Lady of Fatima
9 Hospital, Inc., Chamber, Inc., Ivy Holdings,
10 Inc., Ivy Intermediate Holdings, Inc.,
11 Prospect Medical Holdings, Inc.,
12 Prospect East Holdings, Inc.,
13 Prospect CharterCARE, LLC,
14 Prospect CharterCARE SJHSRI, LLC, and
15 Prospect CharterCARE RWMC, LLC
16 (collectively, the "Transacting Parties")
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VIDECONFERENCING INTERVIEW UNDER OATH OF
CECILIA ARRIERA
CONFIDENTIAL

May 8, 2024

9:00 a.m. EST

Casey A. Bernacchio, CSR

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Reporter's Note:

- Exhibit F, Change in Control Application CNT-PMH-013042-CNT-PMH-014737(21200869.1), was not discussed during interview under oath.

1 INTERVIEW OF CECILIA ARRIERA

2 May 8, 2024

3
4 MR. OSTROWSKI: Good morning,
5 Ms. Arriera. We haven't met before. My name is
6 Mark Ostrowski. I practice law with the law firm
7 of Shipman & Goodwin, and I'm going to ask you
8 some questions today on behalf of the Office of
9 the Rhode Island Attorney General.

10 Can you just state your full name for
11 the record for us?

12 THE WITNESS: Cecilia Arriera.

13 MR. OSTROWSKI: Okay. And you
14 understand that you're here today to give a
15 statement under oath as part of the Rhode Island
16 Attorney General's review of a hospital
17 conversion application submitted in connection
18 with the proposed sale of Roger Williams Medical
19 Center and Our Lady of Fatima Hospital?

20 THE WITNESS: Yes.

21 MR. OSTROWSKI: Okay. This statement is
22 being conducted pursuant to the Hospital
23 Conversion Act, Rhode Island General Law
24 Section 23-17.17 -- 17.14-14 and is being
25 transcribed by a stenographer today, who's going

1 to put you under oath shortly.

2 At this time, before we start, I would
3 like to ask everyone who is present, either in
4 person or virtually, to introduce themselves.

5 With me here today is Chris Cahill, and
6 virtually attending from Shipman & Goodwin is
7 Joan Feldman and Mark Lombardi.

8 I'd ask the Rhode Island Attorney
9 General's Office to start, and then we'll move to
10 the Department of Health and then to the parties.

11 MS. HARVEY: Good morning. My name is
12 Julia Harvey. I'm a Special Assistant Attorney
13 general with the Rhode Island Office of the
14 Attorney General. And here with me are my
15 colleagues, Dorothea Lindquist and
16 Jordan Broadbent.

17 MS. RIDER: Good morning. My name is
18 Jessica Rider. I'm an attorney representing the
19 Rhode Island Department of Health in this matter.

20 Here with me from the Department of
21 Health is Michael Dexter, as well as consultants
22 Michael Ramey and Jessica Scouten.

23 MS. ROCHA: Pat Rocha with
24 Leslie Parker, representing the transacting
25 parties and Ms. Arriera.

1 MR. OSTROWSKI: Anybody else online that
2 needs introduction?

3 MS. BANGS: My name's Danielle Bangs.
4 I'm with Veralon, representing the Rhode Island
5 Attorney General.

6 MR. OSTROWSKI: Okay. Why don't we get
7 started.

8 I am going to start the interview this
9 morning on behalf of the Office of the Attorney
10 General. Only agency counsels or representatives
11 will be asking questions as well.

12 As part of this proceeding, we'd like
13 the agreement that there will be no audio or
14 video recording of this interview under oath by
15 or on behalf of the transacting parties, the
16 interviewee, or any of the attendees; and that if
17 such unauthorized audio or video recording
18 occurs, such unauthorized audio or video will not
19 be used for any public purpose.

20 Please speak up if you disagree with
21 that statement.

22 Hearing none, I've heard a few other
23 people join. If the most recent attendees can
24 identify themselves for the record, we'd
25 appreciate it.

1 MS. LOPES: This is Fernanda Lopes. I'm
2 the Chief of the Office of Health Systems
3 Development at the Rhode Island Department of
4 Health. Thank you.

5 MR. OSTROWSKI: And, Brianna, if you
6 could swear the witness.

7 THE REPORTER: Oh, that's me, Casey.

8 CECILIA ARRIERA, having been first duly
9 sworn, testified as follows:

10 EXAMINATION BY MR. OSTROWSKI:

11 Q. Good morning, Ms. Arriera. I want to
12 just share my screen briefly and show you what
13 we've marked as Exhibit A.

14 Exhibit A, Centurion Prospect HCA SUO
15 Notice C. Arriera, was received in evidence for
16 identification.

17 BY MR. OSTROWSKI:

18 Q. And if you could tell me if you
19 recognize this document.

20 A. Yes.

21 Q. Okay. And that's the notice to attend
22 today's statement under oath; is that correct?

23 A. That's correct.

24 Q. And you're here pursuant to that
25 statement?

1 A. I am.

2 Q. Okay. The focus of our interview today
3 is going to be on the sale of Roger Williams
4 Medical Center and Our Lady of Fatima Hospital as
5 set out in the party's hospital conversion
6 application.

7 Are you familiar with those two
8 hospitals?

9 A. I am.

10 Q. Okay. And are you familiar with the
11 hospital conversion application that was
12 submitted?

13 A. I know that an application was
14 submitted.

15 Q. Okay. I just want to set a few general
16 ground rules before we start that will make
17 things go a lot easier.

18 Today you're going to be under oath, so
19 everything you say needs to be truthful,
20 accurate, and honest.

21 If you don't know the answer to a
22 question, please just let me know that you don't
23 know the answer rather than guess or surmise.

24 I want to remind you that the reporter
25 can only record our voices, what we say. She

1 won't record nods or gestures. And it will be
2 easy for us to slip in to some other types of
3 communication. So please remember to answer
4 verbally. And if you don't, I'll try and remind
5 you, but I may miss it as well. So if the two of
6 us can be alert to that.

7 Does that make sense?

8 A. Yes, it does.

9 Q. The other thing is it will be only
10 natural for you to anticipate some of my
11 questions and want to start to answer it and move
12 this thing along. I'd ask that you let me finish
13 my question before you start to answer so that we
14 have a clean record, because the reporter can
15 only record one of us talking at a time.

16 I, of course, will show you the same
17 courtesy. And if I don't, please stop me and
18 tell me you haven't finished your answer, because
19 what we really want here is a complete record?

20 Is that fair?

21 A. Yes, it is.

22 Q. Okay. And are you with anyone today?
23 Is there anyone present with you in the room?

24 A. There's no one present.

25 Q. And do you have any materials that

1 you're planning on relying on today during this
2 interview?

3 A. I do. I have financial statements up on
4 my computer and just some notes.

5 Q. Okay.

6 A. And also a hard copy of the same
7 financials that are on my computer.

8 Q. Okay. And what are the financials that
9 are on your computer that you might refer to?

10 A. These are internal financials as of
11 March.

12 Q. Okay. So they're --

13 A. So the --

14 Q. -- current through the end of March?

15 A. Yes.

16 I'm sorry. I was just going to add that
17 we are still in the process of closing the month
18 of April. So these are the most current.

19 Q. And in particular, is it an income
20 statement? Is it a balance statement? What do
21 you have?

22 A. I have both the balance statement and
23 the income statement.

24 Q. And you also indicated you have some
25 notes.

1 What notes do you have in front of you?

2 A. Really, as I walked through the -- the
3 financial statements, just kind of some, you
4 know, thoughts if questions were asked, so that I
5 would remember what I was looking at.

6 Q. All right. Why don't we start a little
7 bit with your background.

8 I understand you're the CFO for Prospect
9 CharterCARE, LLC; is that right -- or the interim
10 CFO?

11 A. I am the interim CFO, that is correct.

12 Q. And Prospect CharterCARE, LLC, is the
13 umbrella entity over the two hospitals; is that
14 right?

15 A. Yes.

16 Q. And how long have you been in the role
17 as interim CFO?

18 A. Since June of '23.

19 Q. And can you tell me, how is it that you
20 came about becoming the interim CFO?

21 A. I work for Alvarez & Marsal, which is
22 a -- basically a consulting firm, and it
23 was -- it's one of their clients, and it was a
24 project. It's a role that was needed to be
25 filled. And I was available for the role.

1 Q. Okay. When you say it was one of their
2 clients, are you referring to Prospect
3 CharterCARE, LLC, or are you referring to
4 Prospect Medical Holdings?

5 A. I would be guessing if I answered that
6 question.

7 Q. All right. So does Alvarez & Marsal
8 have a current consulting engagement with
9 Prospect CharterCARE?

10 A. Again, I'm not 100 percent sure if the
11 engagement letter is with Prospect CharterCARE or
12 if it's with Prospect Medical Holdings.

13 Q. Okay. All right. Well, why don't we
14 start with describing your duties and
15 responsibilities as the interim CFO.

16 A. Sure.

17 It's really your basic CFO functions.
18 So, for instance, I manage the finance and
19 accounting team. I'm responsible for making sure
20 that our financial statements are accurate,
21 estimates are good, that we're recording our
22 entries and transactions in accordance to GAAP.

23 You know, I'm involved on the accounts
24 payable side, even though it's a little more
25 limited than in other situations. I mean, I

1 think those are the big ones.

2 I'm very involved with revenue cycle as
3 well, especially when it comes to our revenue
4 recognition and making sure that our estimates
5 are good. That type of thing.

6 Q. What do you mean by "revenue
7 recognition"?

8 A. So, you know, for -- for hospitals, you
9 have -- you know, we have a patient in the
10 hospital; right? A bill is -- let's say a claim
11 goes out to the payer, if there is a payer.
12 There should be; right? It's an insurance
13 company. Those bills or those claims are sent at
14 100 percent; right? We know we're not going to
15 get paid 100 percent of what that charge is.

16 So it's -- you know, it's a matter of
17 estimating what do you truly think your charges
18 are worth and your AR is worth. So that's kind
19 of revenue recognition.

20 Q. Thank you.

21 You said that on the accounts -- you're
22 involved with accounts payable -- the accounts
23 payable side, but it's more limited there than in
24 other situations.

25 What do you mean by -- what do you mean

1 But under normal circumstances, we
2 would -- or have in the past; right? -- manage
3 cash locally. Well, since our -- our cash is
4 really managed by Prospect. [REDACTED]

[REDACTED]

17 That's why -- that's why I say that the
18 function is more limited.

19 Q. Okay. Now, who do you -- who do you
20 report to?

21 A. Jeff Liebman, the CEO. That's
22 internally who I report to.

23 Q. And do you report to anybody externally?

24 A. Yes, at Alvarez & Marsal.

25 Q. And do you report financial information

1 to Alvarez & Marsal about the hospital's
2 performance each day?

3 A. We have meetings where we are constantly
4 discussing whatever is going on.

5 Q. All right. What's Alvarez & Marsal's
6 role, then, in the operation and management --
7 the current operation and management of Prospect
8 CharterCARE?

9 A. So I would say current operation --
10 there's a couple of teams -- or there have been
11 different teams working at Prospect CharterCARE.

12 Currently, I'm in the interim CFO role,
13 and then there was a -- a team responsible for
14 performance improvement. From that, there was
15 also -- as part of the performance improvement,
16 there were two more specialized teams. One was
17 with workforce management and the other one with
18 revenue cycle.

19 Q. [REDACTED]

[REDACTED] Alvarez & Marsal, [REDACTED]
[REDACTED]

22 A. [REDACTED]
[REDACTED]

24 Q. And how many people are on that team?

25 A. The team has evolved.

1 Q. Is it currently working there?

2 A. Well, they have been mostly remote.
3 They have come and gone as necessary. But I
4 would say, at this time, there really is just one
5 senior director on the project, and he'll have
6 help from lower -- you know, mainly one lower
7 staff.

8 Q. And in -- and that performance
9 improvement team is working on workforce
10 management and revenue cycle; is that right, or
11 are there subteams doing that?

12 A. So those were subteams doing that.

13 Q. Okay. And is there a subteam still
14 working on workforce management?

15 A. Not really, no.

16 Q. And when did they stop working?

17 A. It's been a few months, but I don't know
18 exactly the date.

19 Q. And how about is there a subteam working
20 on revenue cycle?

21 A. No.

22 Q. And when did they stop their engagement?

23 A. Same answer. I'm not 100 percent
24 certain of the date, but it's been several
25 months.

1 Q. Okay. And who was paying Alvarez &
2 Marsal for these services? Was it Prospect
3 CharterCARE, or was it Prospect Medical Holdings?

4 A. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

10 Q. Do you know how much that expense was
11 for those performance improvement teams?

12 A. No, not in total. I know everybody had
13 different budgets, but -- I may have seen them at
14 some point, but honestly, I don't want to guess.

15 Q. Did the performance improvement
16 teams -- were they working on any particular
17 initiatives that you're aware of?

18 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7

I do want to add that I have not been

8

involved -- you know, fully involved in

9

performance improvement. I'm aware of them.

10

But, you know, it's really not what I was doing.

11

[REDACTED]

1 Q. Okay. Thank you.

2 And just so I -- just so I wrap this up,
3 currently, there's just one senior director and
4 perhaps someone helping that senior director
5 working on the performance improvement team right
6 now?

7 A. Yes. And that -- that staff would be
8 just as needed.

9 Q. Okay. Do you know if there are any
10 Alvarez & Marsal initiatives going on right now
11 at Prospect CharterCARE?

12 A. So initiatives had been -- have been
13 implemented. So if that's the question, then I
14 would say yes.

15 Q. And what are those initiatives?

16 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23 Q. Is there a particular focus of the
24 performance improvement program?

25 A. Can you rephrase?

1

Q. Yeah.

2

[REDACTED]

1

[REDACTED]

13

So I -- you know, that -- that's

14

something that if you need the details, I can

15

share with you later on, but I don't have it in

16

front of me.

17

[REDACTED]

[REDACTED]

[REDACTED]

20

A. So the A&M senior director worked very

21

closely with the CEO of -- of CharterCARE.

22

Q. Was anybody from Prospect Medical

23

Holdings involved?

24

[REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. And the CEO is Jeff Liebman; is that
10 right?

11 A. Yes, yes.

12 Q. Okay. I noticed in some of my review of
13 some of the information that there's -- with
14 respect to revenue cycle, there's something
15 called a doubtful account.

16 What is a doubtful account?

17 A. So a doubtful account in accounting
18 terms is just basically you know you're not going
19 to receive 100 percent of what you bill out;
20 right?

21 So unfortunately, there's always going
22 to be bad debt. So that's another way of saying
23 bad debt. So the reserve for doubtful account is
24 a terminology on -- normally on the balance
25 sheet.

1 Q. And when you were talking about revenue
2 recognition, is that part of the exercise
3 identifying doubtful accounts?

4 A. That is part of the exercise, and it's
5 usually estimates based on, you know, your trends
6 and what you've -- you know, your historical
7 trends.

8 Q. Do you work with George Pillari at all?

9 A. I do not work directly with him. I
10 think I've had one conversation with him. I know
11 who he is. And he is part of the meetings that
12 A&M has with him -- with Prospect.

13 Q. And do you have any operational
14 responsibilities at Prospect CharterCARE, other
15 than the basic CFO duties that you outlined for
16 us?

17 A. No.

18 Q. And are you -- are you employed by
19 Prospect CharterCARE, or are you employed by
20 Alvarez & Marsal working for Prospect CharterCARE
21 on assignment?

22 A. I'm employed by Alvarez & Marsal working
23 at CharterCARE on assignment.

24

1

[REDACTED]

15 Q. And how do you spell his name? Do you
16 know?

17 A. I believe the last name is [REDACTED]
18 [sic].

19 Q. And do you know why he left Prospect
20 CharterCARE?

21 A. No. I don't even know him personally.
22 That was before my time.

23 Q. Now, the anticipated transaction that
24 we're here talking about today, do you know if
25 A&M is going to play any role in facilitating

1 that transaction? And when I say "A&M," I mean
2 Alvarez & Marsal?

3 A. Not that I'm aware of.

4 Q. Do you know if A&M will be retained to
5 work on any post-transaction initiatives?

6 A. Not that I'm aware of.

7 Q. I just want to spend a couple of minutes
8 asking you what you did to prepare for today's
9 statement under oath.

10 I know that you've got some financials
11 that you looked at, and you've made some notes.

12 Can you tell me what else you did to
13 prepare for this? And I don't want to know about
14 your conversations with your lawyers. I just
15 want to know about the things that you looked at
16 and the things you did to get ready for today.

17 A. So since I haven't been involved with
18 the performance improvement plan, not really, I
19 didn't -- I didn't spend a lot of time looking at
20 that. So what I said was from memory.

21 So really, I spent more time looking at
22 what I normally do, which is financial
23 statements, AP, kind of getting a refresher on
24 our payer mix. That type of thing.

25 Q. Okay. Well, why don't we -- why don't

1 we start big picture. And if you could, just as
2 the CFO -- or the interim CFO, can you give me a
3 general understanding of how Prospect CharterCARE
4 is doing financially?

5 A. So it's a -- it's a challenging
6 situation. It's -- the system is definitely
7 struggling. [REDACTED]

[REDACTED]

[REDACTED]

10 [REDACTED] So
11 that's for six months so far.

12 So it is -- it is challenging. And
13 there's also the cash flow issue, the way that
14 Prospect is managing the cash, that makes it even
15 more challenging.

16 Q. Now, you did briefly describe for us how
17 Prospect managed the cash. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

14

Q. No. Go ahead.

15

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7

Q. For example, I understand that there was

8

a CMS citation back in November 2023 for

9

cancelling procedures because there were

10

insufficient supplies.

11

Do you recall any of that?

12

A. [REDACTED]

1

[REDACTED]

14

Q. Do you know why it took a CMS citation

15

to get Prospect CharterCARE to the point where it

16

had the system that you just described in place?

17

[REDACTED]

[REDACTED]

1

3 Q. Who was involved in the process that you
4 just described before the CMS citation?

5 A. Probably the same. Mostly the same
6 team. There may have been a couple of people
7 added once we had the citation.

8 Q. All right. And was the -- who was --
9 was the CFO on the team?

10 A. I'm the interim CFO. Yes, I was on
11 those calls.

12 Q. And how about the CEO?

13 A. Yes. I would say Jeff was mostly on the
14 calls unless he had some kind of a conflict.

15 Q. Okay. So prior to the CMS citation,
16 this informal group that -- there was an informal
17 group that would get together and address these
18 vendor issues; is that right?

19 A. That's correct.

20 Q. And Mr. Liebman was, in large part, part
21 of that informal -- part of that informal group?

22 A. That is correct.

23 Q. Okay. And at the end of the day, prior
24 to the CMS citation, who in that group would make
25 the decision as to which vendors were going to be

1

[REDACTED]

21 Q. In the fall of 2023, who was the AP
22 manager?

23 A. Steve Salisbury. It's still him.

24 [REDACTED]

[REDACTED]

1

[REDACTED]

22 Q. So who --

23 A. So, like, if a vend- --

24 Q. Go ahead.

25 [REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7

Q. Do you know --

8

A. -- our discussion.

9

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

14

Q. Now, I know, for example, one of the CMS

15

citations talks about product not being delivered

16

by Boston Scientific.

17

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

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10

[REDACTED]

Q. I guess that's really -- that's kind of what I'm getting at, and maybe I didn't ask it the right way.

But because you're negative EBITDA, does that mean that Prospect, to some degree, is propping up the financials of Prospect CharterCARE with a cash infusion from time to time?

A. [REDACTED]

[REDACTED]

1

[REDACTED]

7

Q. And can I ask you -- let's -- from using
8 your -- when did you start, fall of -- June of
9 2023?

10

A. Yes. Correct.

11

Q. Okay. Have you noticed any trends in ED
12 visits during that time period?

13

A. Again, I wish I had opened them up.

14

So I know that ED visits have been
15 strong for the past several months. The -- but
16 the -- we are very -- volume here is very
17 seasonal. So, you know, we're starting to head
18 into that slow season again. But -- yeah.

19

Q. And how about the conversion rate on
20 those ED visits?

21

A. It's been pretty flat, pretty stable.

22

Q. And how about admissions to the -- to
23 hospitals? Are they -- is there any trend that
24 you can point to with respect to admissions?

25

A. Again, it's pretty seasonal. They've

1 been pretty good for the last several months or
2 the last quarter of this year.

3 I know we saw a drop -- we're still
4 looking at it, so maybe I shouldn't speak to
5 April because we're still looking at it. But the
6 first quarter -- the first quarter of the
7 calendar year, second quarter of the fiscal year
8 was a -- was a good quarter when it comes to our
9 volumes, if I recall that correctly.

10 Q. And do you know what's driving -- what
11 drove that to be a good quarter?

12 A. Not really. Not off the top of my head
13 right now.

14 Q. How about trends with respect to
15 inpatient surgery?

16 A. So inpatient -- inpatient surgeries, for
17 the most part, we have seen, I would say, over
18 the past -- probably compared to the prior year,
19 we do -- we have seen a decline in volume, but I
20 will -- instead of saying a decline in volume,
21 it's really a shift or a flip to outpatient
22 surgeries. You know, a lot more surgeries are
23 being reimbursed and, you know -- and procedures
24 being done as outpatient.

25 Q. So can you quantify the decline in

1 inpatient surgeries for me?

2 A. You mean you want a number now?

3 Q. If you -- if you know.

4 A. No. I'm sorry. I -- I don't want to
5 take a guess.

6 Q. Okay. And I don't -- and I certainly
7 don't want you to guess.

8 But it's fair to say that you've seen a
9 trend in decline in inpatient? And I'm going to
10 ask you a second about outpatient.

11 So --

12 A. In inpatient -- I'm sorry. We were
13 speaking specifically about inpatient surgeries?

14 Q. Right.

15 A. Yeah.

16 Q. Okay. So tell me, have you seen trends
17 with respect to outpatient surgery?

18 A. We have seen a shift from inpatient to
19 outpatient surgeries. So as inpatient surgeries
20 decline, outpatient surgeries have improved.

21 Q. Has the improvement correlated with the
22 decline, or has it exceeded the decline, or is it
23 less than the decline?

24

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5

Q. And where is the outpatient surgery
being performed?

7

A. At the hospitals.

8

Q. Okay. I know there's something called

9

[REDACTED]

10

Are you familiar with that?

11

A. I am not.

12

Q. Or Prospect Blackstone Valley Surgery

13

Center?

14

A. [REDACTED]

1

A. [REDACTED]

[REDACTED]

13

Q. Is that --

14

A. That is one of the initiatives

15

that -- that was looked at for cutting cost.

16

[REDACTED]

22

Q. Okay. Have you been asked to render an opinion from a CFO perspective on which way they should go?

23

24

25

A. No. I've just been in a lot of meetings

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8

Q. Yeah, if you could explain that for me.

9

[REDACTED]

[REDACTED]

11

Q. Sure.

12

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. Okay. The -- I just want to close the
10 loop on kind of the current financial system
11 status.

12 Are revenues increasing or decreasing as
13 a trend? Do you know?

14 A. Year over year -- when I did March, they
15 were increasing, I'm pretty sure.

16 Q. In -- do you know why?

17 A. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

10 A. Oh, yes, for sure. So the increase in
11 census will drive our growth revenue, which
12 eventually drives net patient revenue; right?

13 Q. I understand.

14 Has census caused the revenue increase?
15 That's really my question. Or is it just really
16 payer rate increases?

17 A. So payer rate increases would be at the
18 level of net patient revenue; right? So we're
19 getting paid higher on our claims, certain
20 claims.

21 The growth revenue will increase based
22 on -- it will be driven by, you know, different
23 metrics. One of them is census, admissions,
24 length of stay, surgeries.

25 So I don't have the stats in front of me

1 to tell you specifically which one drove it, or
2 which ones.

3 Q. Now, I asked you earlier about doubtful
4 accounts. The revenue increase that we're
5 talking about, how much of that is attributable
6 to doubtful accounts, if you know?

7 A. Well, revenue would decrease by doubtful
8 accounts; right? So you've got your growth
9 revenue, which is driven by volume. Let's just
10 say generally. And then you've got your -- we've
11 got our contracts with our payers; right? So the
12 contractual amounts that we're going to get --

13 (Zoom technical difficulties.)

14 A. -- we're not going to get paid gets
15 discounted out.

[REDACTED]

1 Q. Okay. Now, do you have any issues --
2 are there any delays in collections with payers
3 that are causing revenue cycle issues?

4 A. There's always delays with payers. And
5 I know that we've got a rev cycle team that works
6 on that regularly.

7 Q. So what -- is the rev cycle team
8 employed by Prospect Medical -- Prospect
9 CharterCARE, or is it Alvarez & Marsal, or is it
10 someone else?

11 A. No, it's a CharterCARE team -- Prospect
12 CharterCARE. They also -- and I -- I can't speak
13 to it 100 percent. But I do know that they also
14 have a team that is not local helping them
15 with -- you know, with the rev cycle functions.

16 Q. I talked a little bit about daily census
17 at the hospital.

18 Do you know if there's an average daily
19 census year to date?

20 A. Yes, there is.

21 Q. And can you tell me what that is?

22 A. I don't have it open, no.

23 Q. Would that be easy enough for you to
24 open?

25 A. Sure.

1 Q. And how --

2 A. I would say --

3 Q. Go ahead.

4 A. Go ahead.

5 Q. How many --

6 A. I would say it's pretty much where we
7 thought it would be.

8 Q. How many beds does -- how many -- what's
9 the total number of beds?

10 A. I don't know that off the top of my
11 head. Sorry.

12 Q. Do you know what the percentage of beds
13 occupied is?

14 A. No.

15 Q. No? Okay.

16 How many ambulatory service lines does
17 Prospect CharterCARE operate? Do you know?

18 A. No, I don't.

19

[REDACTED]

24 Q. Do you know -- do you know which ones
25 are the most profitable and which ones would be

1 the least profitable off the top of your head?

2 A. I mean, if -- as a business line, I can
3 tell you -- and I'm not sure if this is your --
4 your question -- but I can say that the [REDACTED]

[REDACTED] --

6 Q. And do you know --

7 A. -- as a service line.

8 Q. And do you know why that is?

9 [REDACTED]

[REDACTED]

13 Q. Have you ever worked for a facility with
14 a 340B designation?

15 A. I did.

16 Q. Or have you always worked with --

17 A. I did. Yes, I did.

18 Q. And have you ever -- have you ever
19 worked in a -- setting up a 340B program?

20 A. I have not.

21 [REDACTED]

1

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

1

[REDACTED]

[REDACTED] Now, we need to remember that there was
13 a cyber attack that significantly impacted FY23.

14 Q. How did the cyber attack fiscal year
15 '23?

16 A. So we did not have systems for -- I'm
17 not sure how long, but it was -- it was a while.
18 Systems were coming up slowly; right? And then
19 it was a long process to recover missing data and
20 to be able to submit those claims to payers.

21 There's about a week's worth of data
22 that has not been fully recovered. And as a
23 result, we had -- so, you know, we had worked
24 with the payers. And, you know, the payers
25 were -- they were notified, right, of the cyber

1 incident and the situation. And even so, by the
2 time we were able to get these claims processed
3 and all of that, there were a lot of denials for
4 late filing or for, you know, missing
5 documentation, which were all a result of the
6 cyber attack.

7 So it took -- it took a while to get --
8 you know, get those claims billed. Probably -- I
9 think in December we were still billing for, you
10 know, what we call downtime charges.

11 And we're still, you know, working
12 through those denials and those appeals.

13 Q. So can you quantify the impact on EBITDA
14 that you believe the cyber attack had?

15 A. You want me to take a guess, or you want
16 a good number? Because it's changed, right, and
17 it's continually --

18 Q. Yeah, I don't want you to guess.

19 A. Okay.

20 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

4

A. No, not really.

5

6

Q. Okay. But if we were to ask for that,
that's something you could get --

7

A. Yes.

8

Q. -- relatively easily?

9

A. Yes. We can definitely provide that.

10

Q. Great. Thank you.

11

12

13

14

We talked a little bit about the CMS
citation back in the fall of 2023, because
procedures were canceled because of the lack of
adequate supplies.

15

16

Do you know if procedures have been
canceled since then --

17

A. No.

18

Q. -- due to lack of inadequate --

19

A. I'm --

20

Q. They haven't been --

21

A. I'm sorry. I --

22

Q. Let me ask the question again.

23

24

Have procedures been canceled since then
because of inadequate supplies?

25

A. No, not that I'm aware of. Procedures

1 have not been canceled.

2

[REDACTED]

1

[REDACTED]

17 Q. Now, does Prospect CharterCARE have any
18 pension plans that it has obligations to?

19 A. They have a 401(k), if that's -- if
20 that's the question.

21 Q. Well, no. I'm asking traditional
22 defined benefit -- you know, a traditional
23 pension plan.

24 A. Not that I'm aware of, no.

25

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

1

[REDACTED]

20 Q. Are there things that you can think of
21 as you sit here today that can be done to improve
22 the financial well-being of Prospect CharterCARE
23 that aren't being done?

24 A. I mean, I think there's always room for
25 operational improvement.

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8 Q. Do you know who did that analysis?

9 A. I'm not 100 percent certain. I'm sorry.

10 That was done before my time.

11 Q. Okay. I want to --

12 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

17 A. I believe --

18 Q. -- as far as you know?

19 A. As far as I know.

20 Q. I want to take a break just in the next
21 minute or two, but I just want to circle back.

22 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

3

Do you remember that conversation that we had?

5

A. Yes. And I also specified that it was -- it happened once.

7

Q. Right.

8

A. Yeah.

9

Q. And it was -- and you had one meeting that you talked about it --

10

11

A. Yes.

12

Q. -- that you recall talking about it; is that right?

13

14

A. That I recall talking about it, that is correct, yes.

15

16

Q. And I just want to confirm that in addition to your presence, the -- was the COO present?

18

19

A. Did you say the CEO or the COO?

20

Q. COO.

21

A. COO? I think she was present. And -- I would have to guess that she was present because she's always present in the meetings, unless there was a conflict.

24

25

Q. And how about the CEO, Mr. Liebman?

1 A. I can't recall specifically if he was
2 present. He would always try to be present in
3 the meetings. And, again, unless, obviously, he
4 had a conflict, because CEO, he had a lot of
5 meetings.

6 [REDACTED]

17 MR. OSTROWSKI all right. Why don't we
18 do this. We've been going for an hour and
19 33 minutes. Why don't we take a break. And if
20 it's good with everyone, I'm going to suggest we
21 come back around quarter of 11:00, so 10:45.

22 Does that work for you, Ms. Arriera?

23 THE WITNESS: Yeah, appreciate it.

24 MR. OSTROWSKI and by the way, any
25 time -- I don't think I said this. Any time you

1 need a break, just speak up and let me know. I
2 don't mean this to be a marathon. We've covered
3 a lot of ground already, and I appreciate that.

4 THE WITNESS: Okay. All right. I'll
5 keep that in mind for the next session.

6 MR. OSTROWSKI okay. Super. Thank you.

7 THE WITNESS: Thank you.

8 (Recess called at 10:34 a.m. The
9 proceeding reconvened at 10:49 a.m.)

10 BY MR. OSTROWSKI

11 Q. All right. Ms. Arriera -- and I just
12 want to remind you. We went a long time. You
13 answered a lot of questions. So feel free to
14 speak up if you need a break as we continue.
15 Okay?

16 A. Okay. Thank you.

17 Q. All right. Super.

18 I want to circle back, because I'm
19 trying to understand the [REDACTED]

[REDACTED].

21 Do you remember that?

22 A. Yes, I do.

23 [REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

13

Q. Okay.

14

A. -- of this year.

15

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9

Q. So --

10

[REDACTED]

11

to find initiatives, but, you know, in order to

12

be able to financially sustain themselves,

13

CharterCARE will need to, at a minimum, break

14

even.

15

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20

A. I don't have an answer to that because I

21

haven't done an exercise to analyze it.

22

Q. Is that something that you could do?

23

A. Could.

24

Q. Has anybody asked you to do that?

25

A. No.

1

[REDACTED]

13 Q. Okay. Are you familiar with the entity
14 CharterCARE Medical Associates, or CCMA?

15 A. Yes.

16 Q. And what is it?

17 A. So that is basically the physician
18 group. [REDACTED]

[REDACTED]

[REDACTED]

21 Q. And do you have any responsibility for
22 CCMA?

23 A. [REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

15 Q. Who -- who manages CCMA?

16 A. Her name is Lizete Soares -- she has a
17 compound last name, but I can't think of her...

18 Q. Okay. Has the management structure or
19 the management practices changed at all at CCMA
20 in the last year --

21 A. Yes.

22 Q. -- or since you joined?
23 How have they changed?

24 A. [REDACTED]

[REDACTED]

1

[REDACTED]

4

5

6

7

Q. And how -- what involvement does Prospect Medical Holdings have in the operation of CCMA, or the management of it? Do you know?

[REDACTED]

20

21

22

23

24

25

Q. Have they -- have they had to approve those initiatives?

A. I wouldn't say that there's a formal approval process. They've probably given the go-ahead.

[REDACTED]

1

[REDACTED]

15 Q. I'm going to now share my screen with
16 you so you can see a document that we've marked
17 as Exhibit B. It's an Excel spreadsheet titled
18 "Initiative Summary," and it's labeled
19 C-CNT-PMH-012885. Bear with me for a second as I
20 share.

21 There we go.

22 Exhibit B, Initiatives Summary and EBITDA
23 Bridge C-CNT-PMH-012885(21212089.1), was received
24 in evidence for identification.

25 ///

1 BY MR. OSTROWSKI:

2 Q. Ms. Arriera, can you see the document
3 that I'm sharing with you?

4 A. Yes, I can, but it would help if you
5 could make it bigger.

6 Q. That, I can do.

7 A. Okay.

8 Q. That any better?

9 A. Much better. Thank you.

10 Q. All right. Are you familiar with this
11 document?

12 A. I think I've seen this before. I
13 believe this is not an A&M document. It's not an
14 A&M document. Okay.

15 I believe that this is a Centurion
16 document of their pro forma post-transaction.

17 So you see how they've got, like, the
18 very first Centurion total there. That's their
19 not-for-profit and whatever initiatives they are
20 coming up with.

21 Q. Okay. So you believe this is a document
22 created by Centurion; is that right?

23 A. I'm not sure if they created it
24 themselves, if they had some -- if they worked
25 with someone on it. This is not an A&M document.

1 We -- they did -- it was shared with us. That's
2 why I've seen it. But we did not create it.

3 Q. How do you know it's not an A&M
4 document?

5 A. Because I know that A&M did not create
6 it.

7 Q. And do you know why it was shared with
8 you? What was the purpose of sharing it with
9 you?

10 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

15 Q. Okay. So --

16 A. Kind of like, is there anything they --
17 I'm sorry -- anything that they thought of that
18 A&M hadn't thought of.

19 Q. Did you play any role in creating this
20 document?

21 A. No.

22 Q. Okay. When it was shared with A&M, who
23 amongst the A&M group was it shared with, other
24 than yourself?

25 A. The senior director that I've mentioned

1 before.

2 Q. And who was that?

3 A. Phil Criscione -- Philip Criscione.

4 Q. Can you spell that?

5 A. C-R-I-S-C-I-O-N-E.

6 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13 A. I don't really want to speak to what his
14 thoughts were.

15 Can you scroll down? Can I see the rest
16 of the document?

17 Q. Sure thing.

18 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

15

Q. Okay.

16

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6

Q. Are there any others that are in the run

7

rate?

[REDACTED]

1

[REDACTED]

2 A. Because you can't increase volume, for
3 the most part, without increasing your expenses.

4 If not, it would have probably been done
5 already.

6 So if these -- you know, anything here
7 that is related to growth, there has to be a plan
8 behind it to support that growth.

9 [REDACTED]

1

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

4

A. I'm sorry. I cut in early.

5

[REDACTED]

6

Q.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13

Q. Okay. Would there be anyone within

14

Prospect CharterCARE that would know what next

15

year looks like, or is that just something you

16

have to wait and see?

17

A. I don't think anybody knows exactly what

18

next year looks like. Dan Ison from -- which I

19

know you'll be speaking to him next week -- is

20

very involved with communications with the State.

21

Q. Just so the record's clear, who is Dan

22

Ison?

23

A. VP of finance operations.

24

Q. Now, are any of the -- let's go back for

25

a second.

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8

Q. Well, are there any that you don't think

9

can be achieved, other than the ones we've

10

already discussed?

11

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

4

Q. Okay. I don't make you go through the
5 exhaustive list.

6

[REDACTED]

18

Q. Okay. Now, if we were to -- if we were
19 to go through these initiatives, what would
20 prevent Prospect CharterCARE -- is there anything
21 that would prevent Prospect CharterCARE from
22 implementing these initiatives now?

23

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

4

5

6

7

8

9

A. So I think a lot of these would require investment, whether it's capital or expense; right? And at this point, it's difficult for CharterCARE to do either one, to commit to additional capital or any of these growth initiatives because of additional expense.

10

Q.

[REDACTED]

1

[REDACTED]

[REDACTED]

3

Q. And when was that done?

4

A. The A&M team was last year, several months ago. So it's been a few months now.

6

Q. [REDACTED]

1 whether the providers at Prospect CharterCARE
2 need to undergo some CDI coding training in order
3 to capture more dollars?

4 A. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

12 Q. And what is -- do you know what RCSSC
13 productivity collection performance stands for?

14 A. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23 Q. And are there any current initiatives
24 underway relating to that type of coding and
25 production and collection?

1

[REDACTED]

1

[REDACTED]

23 Q. Okay. Thank you.

24 A. Uh-huh.

25

[REDACTED]

1

[REDACTED]

[REDACTED]

18 Do you see that?

19 A. Yep, I see that.

20 Q. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

25 Q. And I'm going to ask you to take a look

1 at this tab.

2 Do you see anything in here that
3 accounts for the other staff other than the
4 hiring of two admissions coordinators?

5 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. Okay.

10 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

14 Q. It's not clear to me what they're
15 saying, actually. Okay.

16 I think we've talked about most of the
17 others.

18 You indicated that the dental clinic has
19 been closed.

20 A. Uh-huh.

21 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5 A. So these are -- I -- so here's my guess,
6 because this is not my document, that this is
7 additional growth.

8 Q. Okay. And -- and I think you said
9 earlier, in order to achieve additional volume
10 growth, there has to be additional expense; is
11 that right?

12 A. For the most part, yes. That's the way
13 it works. You know, you probably need staff.
14 You may need some capital, depending on what the
15 initiative is.

[REDACTED]

19 A. Well, because if we're looking at
20 cutting cost, we really can't look at growth. So
21 it's like if we're going to look at growth, it's
22 a different type of analysis. Which -- you know,
23 what do we want to grow? What's our investment;
24 right? What are we willing to do?

25 And when we're -- you know, the A&M

[REDACTED]

7 Now, as a long-term projection, I
8 understand having a -- having growth initiatives.
9 That makes total sense to me; right? A buyer
10 comes in, and they want to grow the business.
11 That makes total sense.

12 Q. Uh-huh.

13 So you would anticipate -- would you
14 anticipate -- you used a month.

15 Would it be fair to say that it takes
16 more than a month for a volume initiative to take
17 hold?

18 A. Yes, definitely.

19 Q. [REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 Q. So in order to grow volume, I think
11 I'm -- tell me if I'm putting this together too
12 simply.

13 But in order to grow volume, you believe
14 you have to be prepared to make an up front cash
15 investment?

16 A. I would say yes, for the most part,
17 because you will need additional staffing, and
18 you will need -- at -- you know, depends on the
19 initiative, but there may be a requirement for
20 capital investment.

21 Q. And so not only do you need the cash to
22 make that initial capital investment if the
23 capital investment's required, you need to be
24 able to sustain a period of time in which you're
25 actually losing money on the initiative; is that

1 right? Whether it be a month, a year, two years,
2 whatever it is, if you're hiring new people, you
3 have to be able to pay for them before the volume
4 increases?

5 A. So that's the way I would see it, but,
6 obviously, everything would have to be
7 quantified, pro formas done. But if we're going
8 to put it simplistically, yes. You're going to
9 hire me to do a job that is going to kick off in
10 two -- you know, in two weeks; right? But you
11 need me on-site first for training or whatever.
12 That's an expense.

13 Q. Okay. All right. I'm going to -- I'm
14 going to move on. I may come back to this.

15 But for now I want to move on to what
16 we've marked as Exhibit C. It's CharterCARE
17 Health System Transition Plan. It is updated
18 March 24 -- March 14, 2024, and labeled
19 CNT-PMH-013278 to 01331 [sic].

20 Exhibit C, CharterCARE Health System
21 Transition Plan, updated March 14, 2024, labeled
22 CNT-PMH-013278 to 013331, was received in evidence
23 for identification.

24 BY MR. OSTROWSKI:

25 Q. Have you ever had an opportunity to see

1 this document?

2 Sorry about that.

3 There we go.

4 A. No, I have not seen this, at least not
5 this slide.

6 Q. And I'm going to move to our next
7 exhibit, then.

8 There we go. Let me just make it a
9 little bit bigger.

10 Can you see that? By the way, you were
11 almost very lucky. I almost clicked the "leave"
12 button inside of the "share" button, and you all
13 would've lost me.

14 What I'm showing you is marked
15 Exhibit D. It's labeled "EBITDA Bridge." And
16 it's labeled 01-R-C-CNT-PMH-003159.

17 Exhibit D, EBITDA Bridge, labeled
18 01-R-C-CNT-PMH-003159, was received in evidence for
19 identification.

20 BY MR. OSTROWSKI:

21 Q. Have you ever seen this?

22 A. No, I don't think I've seen this, but it
23 looks like it's basically the other document that
24 we were looking at.

25 Q. Okay. And when you say "the other

1 document that we were looking at," what are you
2 referring to?

3 A. The one -- the one we were just looking
4 at, the -- the initiatives -- the Centurion
5 initiatives.

6 Q. Okay. All right. But you don't believe
7 you've seen this version?

8 A. No, I don't think so.

9 Q. All right. I'm going to close out of
10 that.

11 Now, we talked a little bit about
12 certain contracts that PMH has on a nationwide
13 basis.

14 Can you tell me, what administrative
15 services does PMH currently provide for Prospect
16 CharterCARE, if any?

17 A. Can you rephrase your question?

18 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

[REDACTED]

4 I'm trying to think.

5 So I know -- yeah, so those two. But
6 there is still a lot of support that we -- that
7 we receive from Prospect.

8 [REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7 And I'm sorry. I missed your question.

8 Can you repeat it?

9 Q. You said already taking place -- I'm
10 sorry.

11 MR. OSTROWSKI: Why don't we ask the
12 reporter to read back my question, if she could.

13 Casey?

14 (Requested portion of the record read by
15 the reporter.)

16 [REDACTED]

1

[REDACTED]

8

Are we going to continue to use their systems for the time being, which I would think the answer is yes, because it's impossible to just, you know, shut down a system, you know, overnight; right? You need to be able to continue to see patients, bill insurance companies, process your payments, process -- you know, all of that.

16

[REDACTED]

1

[REDACTED]

17 Q. Okay.

18 A. Yeah. We're still working through it.

19 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2 A. Well, I can't -- I don't know of any
3 right now, no.

4 [REDACTED]

[REDACTED]

7 A. No. That number has changed with time.

8 [REDACTED]

18 Q. No. Go ahead.

19 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

15 Q. Okay. I want to now move on to
16 Exhibit E, if we can.

17 I'm showing you what we've marked as
18 Exhibit E. It's a Forecasted Income Statement
19 and Balance Sheet. It's labeled
20 C-CNT-PMH-012884. It's an Excel spreadsheet.

21 Exhibit E, Forecasted Income Statement and
22 Balance Sheet, labeled C-CNT-PMH-012884, was
23 received in evidence for identification.

24 BY MR. OSTROWSKI

25 Q. Do you recognize this document at all?

1 A. Nope.

2 Q. Do you know if -- so you don't know who
3 created this?

4 A. Nope, I do not know who created it. It
5 looks like it's -- my assumption is that this is
6 another Centurion document.

7 Q. So you wouldn't know how assumptions
8 were validated within this document?

9 A. Not at all.

10 Q. Okay. I'm going to go down to the
11 BS -- [REDACTED]

[REDACTED]

[REDACTED]

14 Do you see that?

15 A. Yes, I do.

16 [REDACTED]

[REDACTED]

18 Do you know what that's for?

19 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2 A. I need a minute --

3 Q. Okay.

4 A. -- please.

5 And actually, that's not -- I don't know
6 where that balance even comes from.

7 [REDACTED]

23 MR. OSTROWSKI: Okay. I see we're

24 closing in on noon. So why don't we -- why don't

25 we take a short break and come back about 10

1 after 12:00.

2 Does that work?

3 THE WITNESS: Sure.

4 MR. OSTROWSKI: All right.

5 (Recess called at 11:54 a.m. The
6 proceeding reconvened at 12:12 p.m.)

7 MR. OSTROWSKI: We're in the home
8 stretch, at least as it relates to my questions.
9 When I'm done, we're going to pass the baton to
10 Jessica Rider, representing the Rhode Island
11 Department of Health. Our goal is to finish up
12 by 1:00, because I understand the witness has a
13 flight that she has to catch. And we have --
14 we're going to try and push Mr. Pillari to start
15 about 1:20 or 1:30.

16 Does that all make sense?

17 MS. ROCHA: Yes.

18 BY MR. OSTROWSKI:

19 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 A. No, I cannot.

10 Q. And --

11 A. Again, this is -- this is not my
12 document, so I don't know what went into these
13 numbers.

14 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

21 Q. All right. I --

22 MR. OSTROWSKI: At this time, I don't
23 have any further questions for the witness. I
24 thank you very much for your time and wish you
25 safe travels.

1 THE WITNESS: Thank you.

2 MR. OSTROWSKI: Jessica, I'll turn it
3 over to you.

4 MS. RIDER: Thanks, Mark.

5 And as Mark said, my name is Jessica
6 Rider. I'm an attorney representing the Rhode
7 Island Department of Health in this proceeding,
8 and I will finish up the questioning here.

9 EXAMINATION BY MS. RIDER:

10 Q. At the beginning of this statement under
11 oath, you were asked if you understood that you
12 were here to give testimony related to the RIAG's
13 review of this hospital conversion application.
14 And I just want to clarify for the record and
15 make sure you understand that you're also here to
16 provide testimony related to the Rhode Island
17 Department of Health's review of this HCA
18 application.

19 Is that your understanding?

20 A. Yes.

21 Q. And I want to talk a little bit about
22 your -- your role as interim CFO for PCC.

23 And are you currently working on any
24 other matters outside of acting as interim CRO
25 for PCC?

1 A. No. But can you clarify what PCC is?

2 Q. Sorry. Prospect CharterCARE.

3 So you're -- you work for -- you are
4 actually employed by A&M, and right now, you are
5 acting as a consultant as interim CFO for
6 Prospect CharterCARE; is that correct?

7 A. That is correct.

8 Q. And so outside of what you're doing for
9 Prospect CharterCARE, are you -- do you currently
10 have any other projects within your employment
11 for A&M?

12 A. No.

13 Q. So would you say that your role at
14 Prospect CharterCARE is a full-time role?

15 A. Yes.

16 Q. And do you perform your role remotely,
17 or do you come on-site often?

18 A. Both.

19 Q. What would you say is the percentage
20 breakdown?

21 A. I don't know. Maybe 60/40. 60 on-site,
22 40 at home.

23 Q. And do you have support from any other
24 A&M employees in performing your duties as CFO?

25 A. Not currently.

1 Q. Did you used to?

2 A. Yes. There was a junior-level staff
3 person that would help me with, like, the
4 reporting or my monthly operating reviews or
5 departmental meetings. So he would kind of help
6 me gather the data and put it into, you know,
7 presentations and, you know, my PowerPoints and,
8 you know, take meeting notes. That type of
9 thing.

10 Q. And do you not have the need for that
11 person anymore?

12 A. No. Months ago, we transitioned that to
13 someone locally; right? Because the idea is that
14 anything that I have implemented should continue
15 as part of, you know, the function of the CFO
16 once I leave.

17 Q. And we've talked a lot today about
18 Prospect's model of the -- I'll call it the cash
19 sweep, where the -- at the end of the night, the
20 cash gets swept, and then they give money back
21 locally to pay the bills.

22 And you have experience with other
23 health care facilities; is that correct, and
24 hospitals?

25 A. Yes.

1 Q. Is Prospect's model of cash sweeping
2 something that you've seen before?

3 A. Yeah.

4 Q. Do you find it unusual or pretty
5 standard?

6 A. Standard.

7 Q. Now, I'm going to share my screen. And
8 just give me a moment here.

9 MS. RIDER: And I'm going to have this
10 marked as Exhibit G.

11 Exhibit G, A&M Engagement Agreement dated
12 May 16 2023, was received in evidence for
13 identification.

14 BY MS. RIDER:

15 Q. Have you seen this document before? And
16 I can -- it's 12 pages long, and I'm happy to
17 show you the entire document. You just tell me
18 if you'd like me to scroll down.

19 A. Maybe. Maybe I've seen it. If you can
20 scroll down.

21 Q. Sure.

22 A. I probably saw pieces of this document
23 when the engagement letter was being, you know,
24 put together.

25 Q. So you understand this as the engagement

1 letter between Prospect Medical Holdings and
2 CharterCARE Health Partners with A&M related to
3 the services you're providing?

4 A. Yes.

5 Q. And I'm going to, just for the sake of a
6 complete record here, I'm going to share one
7 other document.

8 MS. RIDER: And I'm going to have this
9 marked as Exhibit G-1.

10 Exhibit G-1, A&M Engagement Agreement
11 Amendment dated August 21, 2023, was received in
12 evidence for identification.

13 BY MS. RIDER:

14 Q. And this document's dated August 21,
15 2023, and I'll represent to you that this was an
16 amendment to that statement of work engagement
17 agreement that we just saw.

18 Have you seen this document before?

19 A. I'm not sure.

20 Q. Let's go back to the initial document
21 and just go through it a little bit.

22 A. Sure.

23 So these documents are normally put
24 together by whoever the managing director is
25 on -- on the project. So he'll ask us for input

1 and things like that, but -- that's why I'm
2 saying, you know, potentially I saw them, or I
3 saw bits and pieces.

4 Q. Okay. So you see here that you are
5 identified as the person to serve as interim CFO
6 of CCHP.

7 And that's what you're doing; correct?

8 A. Yes.

9 Q. And under this second section here, it
10 says that: [REDACTED]

[REDACTED]

[REDACTED]

13 And would you say that was -- what's
14 been provided was that junior-level staff person
15 that you just talked about a moment ago?

16 A. So that junior-level staff person -- and
17 I'm not sure how much I talked about the A&M
18 teams. But he was really part of the performance
19 improvement team, where he did -- he was doing
20 work on performance improvement, and he was also
21 helping me in the CFO role. So it's not that I
22 had someone exclusively for me.

23 And then there was another junior person
24 that was here for a short period of time --
25 because that happens sometimes with, you know,

1 the junior-staff level. They get moved around
2 from project to project. So there was somebody
3 else who helped me also probably for a couple of
4 months. [REDACTED]

[REDACTED]

7 Q. And the performance improvement team, is
8 that a team that reported to you?

9 A. No.

10 Q. And who did that team report to?

11 A. So Phil Criscione was a senior director
12 and really the one actively doing the, you
13 know -- driving the performance improvement work.
14 So in the A&M world, if anything, I would have
15 reported to him.

16 Q. [REDACTED]

[REDACTED]

19 A. Still actively doing some work. And
20 then there is one junior person who is still
21 doing some work, but not just -- he's like a
22 shared employee. He's not just on CharterCARE.

23 Q. Sorry. I think you cut out.

24 [REDACTED]

1

A. [REDACTED]

[REDACTED]

17

Q. I'm going to stop sharing.

18

And I think you said -- testified

19

earlier that A&M has regular meetings with

20

Prospect to talk through the performance

21

initiatives.

22

And you are part of those meetings?

23

A. I am.

24

Q. And how often are those meetings held?

25

A. So the cadence of those meetings have

1 this first page is just a disclaimer page. So
2 let me go to a page that you might recognize.

3 Exhibit H, CCHP - A&M Presentation dated
4 July 20, 2023, was received in evidence for
5 identification.

6 BY MS. RIDER:

7 Q. Have you seen this document before?

8 A. Maybe. Can you keep going?

9 Q. Sure.

10 A. Is this just CharterCARE?

11 Q. It is titled "CharterCARE Health
12 Partners," yes.

13 A. I would say yes, I've seen it.

14 Q. Did you have any role in drafting this
15 document?

16 A. I did not put the slides together. I'm
17 not sure if I would've given any kind of
18 information needed to complete the slides.

19 Q. Let's go down a couple of pages and look
20 at the agenda, and maybe that will help jog your
21 memory.

22

1

[REDACTED]

13

Q. I'm just going to go down a couple of

14

pages here.

15

[REDACTED]

1

[REDACTED]

15 Q. Is there someone else that would be a

16 better person to ask about that?

17 A. The CEO.

18 Q. And I'm just going to go down one more

19 page here.

20 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

1

[REDACTED]

14 A. I'm sure there are. Like I said,
15 it's -- it's constantly evolving; right? They're
16 constantly thinking of better -- you know, how
17 else can we improve the bottom line. And a lot
18 of these things are, you know, thoughts that are
19 considered.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

11 Q. Are you -- are you familiar with the
12 hospital conversion application and the change in
13 effective control application process?

14 A. No. I've never seen the application,
15 and I was not involved with it. Obviously, I
16 know there's an application.

17 Q. Okay. I want to talk a little bit about
18 moving to Prospect CharterCARE's current
19 financials. And just to be clear, I think we
20 established it, but I might call it Prospect
21 CharterCARE or PCC. I know you probably call it
22 CCHP. But we're all talking about the same
23 thing. So understand that I might use those
24 terms interchangeably, if that's okay.

25 A. Sure.

1

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

13 A. I do not know the answer to that,
14 honestly.

15 Q. That's fine.

16 Are you familiar with the PACE loans
17 that the hospitals both have?

18 A. Yes, I'm familiar with them to a point.

19 Q. Do you know the current balance that's
20 outstanding on each of those loans?

21 A. No, but I could probably look for it.

22 Q. Okay.

23 [REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

21
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25

Q. When you say "it's been challenging,"
what -- what are the challenges, just that
they're asking for more information? Or are
there any other challenges that you're dealing
with?

1

[REDACTED]

11 Q. So is that --

12 (Simultaneous speaking.)

13 [REDACTED]

[REDACTED]

15 BY MS. RIDER:

16 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20 Q. Is that something that you could
21 provide -- not right now -- but after?

22 A. Yes.

23 [REDACTED]

[REDACTED]

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

1

[Redacted text block containing approximately 25 lines of blacked-out content]

1

[REDACTED]

19 Q. And I just want to ask you briefly about
20 the Centurion-proposed transaction.

21 Do you have any familiarity with the
22 terms of the transaction or anything like that?

23 A. No. I haven't been involved in it.

24 Q. Have you met with anybody from
25 Centurion?

1 Exhibit I. And this is -- it looks like it is
2 the unaudited financials as of February 2024 for
3 Prospect CharterCARE.

4 Exhibit I, PCC Financial Statement as of
5 February 2024, C-CNT-PMH-012915, was received in
6 evidence for identification.

7 BY MS. RIDER:

8 Q. Is that correct?

9 A. This is the balance sheet, yes.

10 Q. Okay. And I understand that earlier
11 today it sounds like you were looking at the end
12 of March.

13 So we are maybe looking a month behind,
14 but I think my questions will still be relevant
15 to kind of reviewing the -- the other financial
16 statements.

17 A. Sure.

18 Q. So I just want to draw your attention
19 here to line 12, which is the cash and cash
20 equivalents.

21 Can you explain what this is?

22 A. Sure.

23

1

[Redacted text block containing approximately 25 lines of blacked-out content]

[REDACTED]

19 Q. And I want to draw your attention now to
20 line 35, which is titled "Accumulated
21 Depreciation."

22 [REDACTED]

[REDACTED]

6 Q. You mean the proposed sale to Centurion?

7 A. Yes.

8 Q. And then on -- I'm going to go down a
9 little bit more here.

[REDACTED]

[REDACTED]

10 A. Okay. Can you point to it on the screen
11 so I can see it?

12 Q. Sure.

13 [REDACTED]

25 A. Oh, September. I'm sorry. I

1 wasn't -- I wasn't realizing.

[REDACTED]

[REDACTED]

[REDACTED]

12 Q. All right. Just a few more documents.

13 Now, I'm going to show you what is
14 marked as Exhibit J. And this is medical
15 executive committee meetings for Fatima Hospital
16 as of March 7, 2024.

17 Exhibit J, RWMC Board Meeting Minutes as
18 of March 7, 2024, was received in evidence for
19 identification.

20 BY MS. RIDER:

21 Q. And this isn't -- and you can correct me
22 if I'm wrong -- this isn't a meeting you would've
23 been in attendance for; correct?

24 A. Correct.

25 Q. I just want to draw your attention to

1 one thing here on page 4.

[REDACTED]

10 Q. Well, in your opinion, were the
11 hospitals profitable in January?

12 A. I need to go back to my statements and
13 look at them.

14 Q. Just give me one second. I will share
15 my screen again.

16 MS. RIDER: And I will have this marked
17 as Exhibit K. And this appears to be the
18 Prospect CharterCARE board minutes for March 6,
19 2024.

20 Exhibit K, PCC Board Meeting Minutes as of
21 March 6, 2024, was received in evidence for
22 identification.

23 BY MS. RIDER:

24 Q. And it looks like you were in
25 attendance, at least for part of the meeting, if

1 not for the entire meeting; is that correct?

[REDACTED]

9 Q. Okay. Let me just -- I'm going to jump
10 down to page 7 and see -- just ask a couple of
11 questions.

12 [REDACTED]

16 A. Yes. This is the meeting that came
17 about that we were talking to earlier.

18 Q. Okay. And can you tell me -- because I
19 don't think it's in here.

20 Can you tell me who sits on that
21 committee or that task force?

22 A. Okay. So -- can I actually just look at
23 my calendar?

24 Q. Sure.

25 A. That way I know I won't miss anyone.

1 Okay. So you want names -- first and
2 last name of everybody?

3 Q. That would be great. Thanks.

4 [REDACTED]

15 Q. And I recognize a lot of those names.
16 But are any of those from Prospect
17 corporate?

18 [REDACTED]

[REDACTED]

[REDACTED]

21 Q. And are these meetings recorded in some
22 way, whether by note taking or minutes?

23 A. Donna keeps minutes. Actually, I'm
24 sorry. Debra Singleton keeps the minutes.

25 MS. RIDER: I think I might be close to

1 done. Out of the interest of time, I just want
2 to take a couple-minute break to just circle up,
3 and then maybe we can come back, and then I think
4 we will be very close to done, if not done.

5 So we can go off the record, Casey.

6 (Recess called at 1:09 p.m. The
7 proceeding reconvened at 1:16 p.m.)

8 MS. RIDER: So, Ms. Arriera, I don't
9 have any more questions for you on behalf of the
10 Rhode Island Department of Health.

11 Mark, do you have any more questions for
12 today?

13 MR. OSTROWSKI: No. We're all set for
14 today. Thank you.

15 MS. RIDER: So I think we will mark
16 this as -- the statement under oath as suspended,
17 with the understanding, Pat -- and we've talked
18 about this before -- we don't -- we're suspending
19 it so if we need to bring her back, we can. We
20 don't have any plans to at this point.

21 MS. ROCHA: Okay.

22 (Discussion off the record.)

23 THE REPORTER: Am I marking the
24 transcript confidential along with the exhibits
25 or no need?

1 MR. PARKER: Yes.

2 MS. ROCHA: Yes.

3 MS. PARKER: And Jessica and Julia will
4 touch base on, you know, redactions and the like.
5 But we -- you know, we're requesting
6 confidentiality, and then we can deal with
7 redactions from there.

8 THE REPORTER: Sure.

9 And then who am I sending copies of the
10 transcript to?

11 MS. HARVEY: The original transcript
12 goes to the attorney general's office, so you can
13 send that to me, Casey.

14 And then copies should also go to
15 Jessica Rider and to either Pat Rocha or Leslie
16 Parker.

17 MS. PARKER: And could we have a rough
18 as well?

19 THE REPORTER: Sure.

20 MS. PARKER: Casey, what's your usual
21 turnaround time for the rough?

22 THE REPORTER: Oh, the turnaround time
23 will be by end of day.

24 And then I have the transcript as being
25 a three-day expedite for all parties? Is that

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confirmed?
MS. HARVEY: Yeah, that's correct,
Casey. Thanks.
MS. RIDER: That's correct.
(Time noted at 1:18 p.m.)

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C E R T I F I C A T E

I, CASEY A. BERNACCHIO, Shorthand Reporter and Commissioner, hereby certify that the foregoing is a true, accurate, and complete transcription of my stenographic notes taken at the time of the aforementioned interview.

This proceeding was done remotely via web conference and may result in some inaccuracies and/or dropped words created by audio conflicts that may arise during any web-based event.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of May 2024.



CASEY A. BERNACCHIO
SHORTHAND REPORTER

MY COMMISSION EXPIRES:
DECEMBER 31, 2028