



# Second Amended Decision

## CharterCARE Hospitals

### Key Events

- On **December 14, 2023**, Attorney General Neronha and RIDOH deemed complete an application to transfer Roger Williams and Fatima Hospitals from Prospect Medical Holdings (for profit) to The Centurion Foundation (non-profit).
- On **June 20, 2024**, the AG and RIDOH conditionally approved the transaction after careful consideration and strong scrutiny.
- On **November 14, 2024**, the Office issued an amended decision with no substantive changes.
- On **January 11, 2025**, Prospect filed for Chapter 11 bankruptcy.
- In **February 2025**, Prospect entered into an Amended Asset Purchase Agreement (Amended APA) with Centurion for the sale of the CharterCARE System to Centurion.
- The Bankruptcy Court, on **February 12, 2025**, approved the sale of the CharterCARE System to Centurion pursuant to the Amended APA.
- Today, **July 31, 2025**, the Office issues its Second Amended Decision.

### Key Elements of the Initial Decision Remain Unchanged

- **Hospital Fund** of \$66.8 million, including \$50 million held by the Office from its 2021 HCA Decision (Condition 13).
- Retention of **Turnaround Consultant** to support the financial and operational rehabilitation of the hospitals (Condition 17).
- **Continuity of Care** of all service lines, unless otherwise approved by the Attorney General and Department of Health (Condition 19).
- **Repairs to the Hospitals**, including deferred roof repairs (Condition 6).
- Restrictions on the Centurion Foundation's **Corporate Services Fee** in the event that Centurion or the New CharterCARE System fall out of compliance with the terms of the Decision (Condition 16).
- **Governance Requirements** to support community-based leadership of the hospitals, including the implementation of a **Patient and Family Advisor Board** and a requirement that 40% of board members be **independent Community Directors** (Conditions 22-28).
- Robust **Monitoring, Reporting, and Notice** requirements, including requirements empowering the Attorney General to monitor compliance with all conditions for five years and annual and quarterly financial reporting (Conditions 32-36).

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## Key Elements of the Second Amended Decision

- Provides **more robust authority** for the Attorney General and **strengthened protections** for the state.
- Reduces the cash on hand requirement at closing from \$80 million to \$45 million.
- Centurion and the new CharterCARE System will secure up to an additional \$35 million within 90 days of the transaction so that **funds will still total \$80 million**.
- **Capital Expenditures** of \$50 million in the first three years (Condition 41).
- **Enhanced Oversight** for the Attorney General to ensure compliance with the conditions, including through an optional representative on the New CharterCARE System boards and additional access to outside experts, in the event that the hospitals are in financial distress (Condition 43).
- **Pathways for a Rhode Island-controlled insolvency proceeding**, in the event of financial failure of the system (Conditions 42 and 44).
- **Additional Governance, Reporting, and Notice Requirements**, including:
  - Advance notice of non-capital expenditures from the Hospital Fund and an optional representative seat on the Hospital Governance Committee (Conditions 13);
  - Implementation of the **Turnaround Consultant** prior to closing (Condition 17);
  - Enhanced conditions to promote **community leadership** and reduce risk of conflicts of interest among CharterCARE leadership (Conditions 22 and 25); and
  - Enhanced financial reporting and notice requirements (Conditions 34-36).
- CharterCARE will not contest the Attorney General's right to file a **petition for a receiver** in the event of insolvency or other circumstances.

**Additionally**, pursuant to Prospect Medical Holdings' bankruptcy proceedings, the Attorney General secured the remaining **\$50 million** from the escrow, which was established in 2021 following private equity investor Leonard Green's exit as an owner of the CharterCARE System. Pursuant to court order, these funds are fully within the control of the Attorney General and designated for the CharterCARE System as part of this transaction and will be used to support the creation of the Hospital Fund.

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