



July 14, 2020

Attorney Victoria M. Almeida, Chair  
Robert Mancini, CPA, Vice Chair  
Raymond C. Coia, Esquire, Secretary  
Health Services Council  
c/o Office of Health Systems Development  
3 Capitol Hill  
Providence, RI 02908

***Re: Change in Effective Control Applications of Prospect CharterCARE, et al. (the “Licensees”) and Hospital Conversion Initial Applications of Chamber, Inc., Ivy Holdings, Inc. and Prospect CharterCARE, et al. (collectively, the “Transacting Parties”)***

Dear Chair Almeida, Vice Chair Mancini, Secretary Coia and Members of the Council,

As you are likely aware, the Change in Effective Control (CEC) applications submitted on behalf of Prospect CharterCARE, et al., and currently pending before the Rhode Island Department of Health (“RIDOH”) and to be presented to the Health Services Council, are related to separate applications submitted by the same entities under the Hospital Conversions Act (HCA), currently pending before the Rhode Island Attorney General (“RIAG”) and RIDOH. Both the CEC applications and the HCA applications are seeking approval “to effectuate a buy-out of the private equity investors.”

On July 3, 2020, RIAG and RIDOH notified counsel for the Licensees and Transacting Parties of a ninety-day extension of the deadline for a decision from RIAG and RIDOH on the Hospital Conversion Applications, setting November 5, 2020 as the date for their respective decisions. A copy of that notification letter is attached.

Given the related nature of these applications, the Attorney General and RIDOH considered it appropriate and necessary to advise you of this extension.

Sincerely,

*Jessica Rider*

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

Fernanda Lopes, MPH, Chief  
Office of Health Systems Development  
(401) 222-1628

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Enclosure

cc: Patricia K. Rocha, Esq., Adler Pollock & Sheehan, P.C.  
Leslie Parker, Esq., Adler Pollock & Sheehan, P.C.  
Maria R. Lenz, Assistant Attorney General, RIAG  
Michael Dexter, Chief, Center for Health Systems Policy & Regulation, RIDOH  
Jacqueline Kelley, Esq., Legal Counsel, RIDOH



July 3, 2020

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

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

Dear Attorney Rocha:

The Office of the Attorney General and the Department of Health (the “Reviewing Authorities”) write to inform you that, while attempting to complete the statutorily mandated review of the pending Hospital Conversion Initial Application (“Proposed Transaction”), we have come to the conclusion that under current circumstances the deadline for the public informational meeting, completion of review, and the decision on the conversion must be extended.

It is clear to both the Department of Health and to the Attorney General that additional time, in order to ensure a full vetting of the matter, is necessary to fulfill all of the State’s statutory responsibilities and satisfy the purposes of the Hospital Conversions Act, including, *inter alia*, “to assure the viability of a safe, accessible and affordable healthcare system that is available to all of the citizens of the state” and “to review whether for-profit hospitals will maintain, enhance, or disrupt the delivery of healthcare in the state.” RIGL § 23-17.14-3 (1 and 2).

There are multiple factors that have led us to this conclusion, each of which stands on its own as a basis for extending these deadlines. In summary, key factors include the following:

- The COVID-19 pandemic has drastically changed the landscape of healthcare in Rhode Island and nationally. With respect to this Proposed Transaction, the Reviewing Authorities must review financial information that will reflect the impact of the COVID-19 pandemic on hospitals operated by Prospect Medical Holdings (*see* RIGL §§ 23-17.14-6(11), (12), (16), (27) and (41), *inter alia*);

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- The delay of two months, from April 22, 2020 to June 19, 2020, in receiving documents related to the MPT transaction, including the “TRS Note,” has impacted the Department of Health’s expert consultant’s ongoing analysis and confidentiality determinations by the Attorney General;
- The implications of the MPT transaction, including the “TRS Note,” on the Rhode Island hospitals still remains unknown and must be resolved prior to any decision by the Reviewing Authorities; and
- Overall, questions still remain about the purchase price for the Proposed Transaction and payments of dividends in recent years. The Reviewing Authorities anticipate the need to pose additional supplemental questions and conduct multiple interviews of senior management and key individuals to address these questions.

In order for the Reviewing Authorities to fulfill their statutory obligations, we must extend the deadline for completing the review of the Initial Application under the Hospital Conversions Act. We anticipate the extension to be for ninety (90) days, that is, **November 5, 2020**. Please note that continued cooperation in the timely response to requests for supplemental information and documents and the availability of the aforesaid individuals for interview could shorten the completion of the review, accordingly.

Sincerely,

*Jessica Rider*

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



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