

HOSPITAL CONVERSION APPLICATION
Revised 2023

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

Name of Transacting Parties: Chamber, Inc.; Ivy Holdings, Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC; The Centurion Foundation, Inc.; CharterCARE Health of Rhode Island, Inc.; CharterCARE Roger Williams Medical Center, Inc.; CharterCARE Our Lady of Fatima Hospital, Inc.
Date Application Submitted/Resubmitted: June 30, 2023/July 11, 2023/November 14, 2023
Date of Agreement Execution with the Director for Payment of Costs*: May 26, 2023
Date of Agreement Execution with the Attorney General for Payment of Costs*: May 26, 2023

* Please provide copies of the responsive documents.

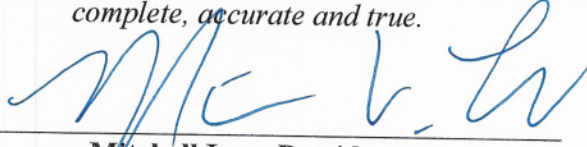
All questions concerning this application should be directed to:

**Office of Health Care Advocate (401) 274-4400
and
Office of Health Systems Development (401) 222-2788**

CERTIFICATION

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

I hereby certify under penalty of perjury that the information contained in this application is complete, accurate and true.



Mitchell Lew, President

Signed by the President or Chief Executive Officer

Chamber, Inc.

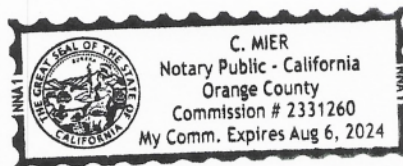
Entity

Subscribed and sworn to before me on this 11th day of November 2023.



Notary Public

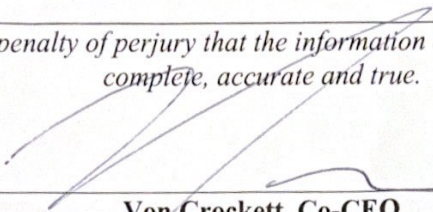
My Commission Expires: 8/6/2024



CERTIFICATION

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

I hereby certify under penalty of perjury that the information contained in this application is complete, accurate and true.


Von Crockett, Co-CEO
Signed by the President or Chief Executive Officer

Ivy Holdings, Inc.
Entity

Subscribed and sworn to before me on this 10 day of November 2023


Notary Public

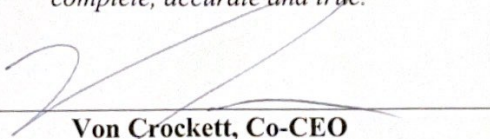
Commonwealth of Pennsylvania - Notary Seal
Gerald J. Morrison, Notary Public
Delaware County
My commission expires May 2, 2026
Commission number 1115989
Member, Pennsylvania Association of Notaries

My Commission Expires: 5/2/2026

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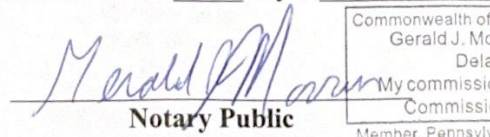
Von Crockett, Co-CEO

Signed by the President or Chief Executive Officer

Ivy Intermediate Holdings, Inc.

Entity

Subscribed and sworn to before me on this 10 day of November 2023.



Notary Public

My Commission Expires: 5/2/2026

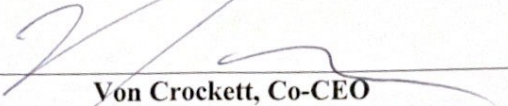
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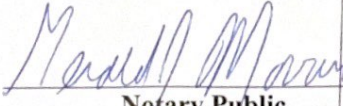
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Von Crockett, Co-CEO
Signed by the President or Chief Executive Officer

Prospect Medical Holdings, Inc.
Entity

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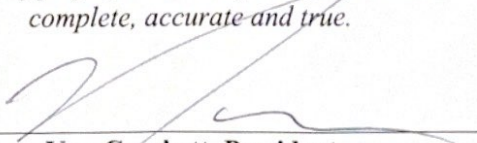
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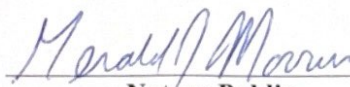
Von Crockett, President

Signed by the President or Chief Executive Officer

Prospect East Holdings, Inc.

Entity

Subscribed and sworn to before me on this 10 day of November 2022.



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My Commission Expires: 5/2/2026

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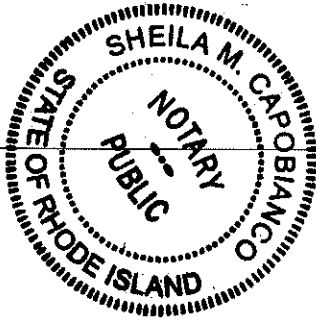

Jeffrey Liebman, CEO

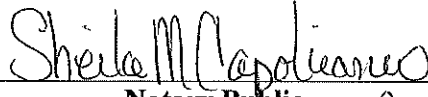
Signed by the President or Chief Executive Officer

Prospect CharterCARE, LLC

Entity

Subscribed and sworn to before me on this 7th day of NOVEMBER 2023.




Sheila M. Capobianco

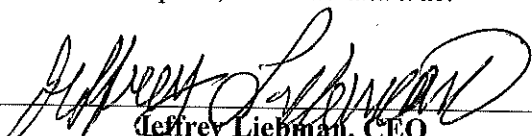
Notary Public

My Commission Expires: AUGUST 17, 2026

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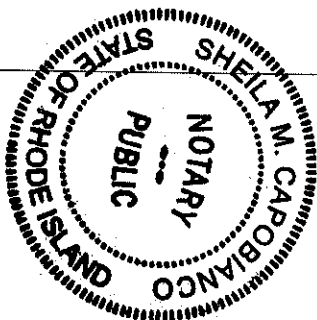

Jeffrey Liebman, CEO
Signed by the President or Chief Executive Officer

Prospect CharterCARE SJHSRI, LLC
Entity

Subscribed and sworn to before me on this 7th day of NOVEMBER 2023.



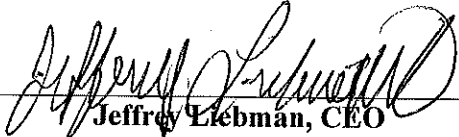
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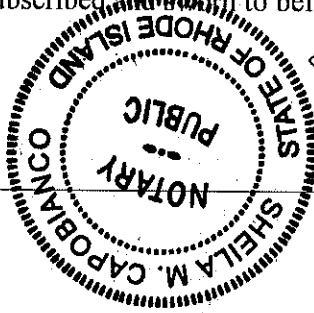
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Jeffrey Liebman, CEO
Signed by the President or Chief Executive Officer

Prospect CharterCARE RWMC, LLC
Entity

Subscribed and sworn to before me on this 7th day of NOVEMBER 2023.





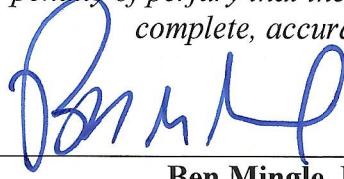
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Ben Mingle, President

Signed by the President or Chief Executive Officer

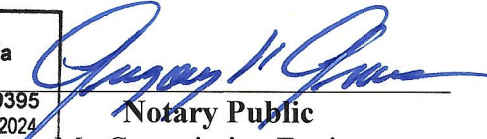
The Centurion Foundation, Inc.

Entity

Subscribed and sworn to before me on this 15TH day of NOVEMBER 2023



Gregory K. Grove
Fulton County, Georgia
Notary Public
Commission No. W-00439395
My Commission Expires 01/16/2024



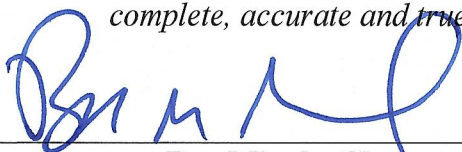
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Ben Mingle, Chair

Signed by the President or Chief Executive Officer

CharterCARE Health of Rhode Island, Inc.

Entity

Subscribed and sworn to before me on this 15TH day of NOVEMBER 2023



Gregory K. Grove
Fulton County, Georgia
Notary Public
Commission No. W-06439395
My Commission Expires 01/16/2024



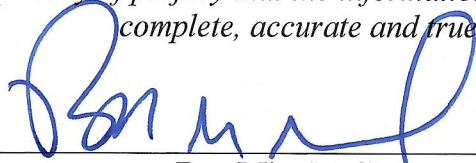
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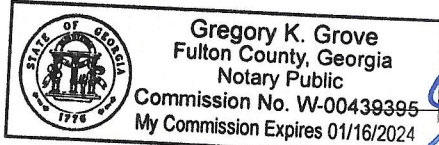
Ben Mingle, Chair

Signed by the President or Chief Executive Officer

CharterCARE Roger Williams Medical Center

Entity

Subscribed and sworn to before me on this 15TH day of NOVEMBER 2023

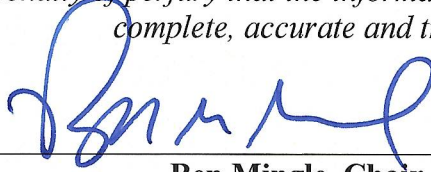


Notary Public
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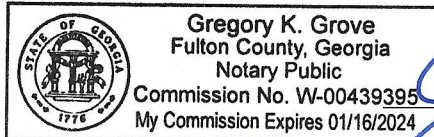
Ben Mingle, Chair

Signed by the President or Chief Executive Officer

CharterCARE Our Lady of Fatima

Entity

Subscribed and sworn to before me on this 15TH day of NOVEMBER 2023



Notary Public

My Commission Expires:

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1. Please provide an executive 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.

As outlined below, the proposed transaction detailed in this Application will return two long-standing Providence and North Providence community hospitals to non-profit status and ensure that they are able to continue providing quality care to their surrounding communities, including to traditionally underserved populations.

Overview of the Proposed Transaction

Prospect CharterCARE RWMC, LLC d/b/a Roger Williams Medical Center (“RWMC”) is currently a for-profit licensed acute care hospital (license number HOSP00133) located in Providence, Rhode Island. Prospect CharterCARE SJHSRI, LLC d/b/a Our Lady of Fatima Hospital (“OLF”) is currently a for-profit licensed acute care hospital (license number HOSP00132) located in North Providence, Rhode Island. (RWMC and OLF are collectively referred to as the “Existing Hospitals”). The Existing Hospitals together with their affiliates, provide a wide array of services to their patients, including emergency department services, ambulatory care services, and inpatient and outpatient services including cancer care, elder care, gastroenterology, psychiatric, mental health, and addiction medicine services. RWMC is an academic medical center affiliated with Boston University School of Medicine. In response to Deficiency 19, please see Confidential Exhibit 1 for all documents and any updates that are related to the affiliation and/or any arrangements between RWMC and Boston University School of Medicine. There are no additional responsive documents regarding that arrangement. The Existing Hospitals are accredited by The Joint Commission. Since 2014, RWMC, OLF and their affiliates have been owned and operated by affiliates of Prospect Medical Holdings, Inc. (“Prospect”), a California-based for-profit healthcare company.

Pursuant to an Asset Purchase Agreement by and between The Centurion Foundation, Inc. (“Centurion”), Prospect and each of the Selling Entities, dated as of November 18, 2022, as amended by an Amendment to Asset Purchase Agreement among the parties dated as of April 18, 2023, and a Second Amendment to Asset Purchase Agreement dated as of November 7, 2023 (collectively, the “APA” attached at Exhibit 16), Centurion, a Georgia non-profit corporation, by and through one or more non-profit affiliates, proposes to purchase substantially all of the assets of the Selling Entities, including the Existing Hospitals. The Selling Entities include Prospect CharterCARE, LLC (“Prospect CharterCARE”); RWMC; OLF; Prospect RI Home Health and Hospice, LLC; Prospect CharterCARE Home Health and Hospice, LLC (“HH&H”); Prospect Blackstone Valley Surgicare, LLC (“BVS”); New University Medical Group; Prospect CharterCARE Physicians, LLC d/b/a CharterCARE Medical Associates (“CCMA”); and Prospect CharterCARE Ancillary Services, LLC. Prospect is party to the APA for the purpose of providing certain representations, warranties, and indemnities (collectively, the transaction is referred to as the “Proposed Transaction”). In the APA, the term “Prospect” refers to Prospect Medical Holdings, Inc. and affiliates. Even though Prospect may not directly hold certain assets or be directly responsible for certain day-to-day activities, as the parent entity, Prospect agrees to stand behind the representations and warranties made in the APA and guarantee the representations, warranties, and indemnification covenants made by a subsidiary.

To facilitate the acquisition and continued operations of the Existing Hospitals and the related affiliates (the post-closing entities are collectively referred to as the “New CharterCARE System”), Centurion has formed multiple Rhode Island non-profit corporations and limited liability companies including CharterCARE Health of Rhode Island, Inc. (“CharterCARE Health of Rhode Island”) which will serve as the parent of the New CharterCARE System. See Exhibit 9. As a result of the Proposed Transaction, specifically, the Existing Hospitals will be owned and operated by CharterCARE Roger Williams Medical Center, Inc. (“CharterCARE RWMC”) and CharterCARE Our Lady of Fatima, Inc. (“CharterCARE OLF”), respectively (collectively, the “New Hospitals”) – both Rhode Island non-profit corporations. Centurion is the sole member of CharterCARE Health of Rhode Island, which is in turn the sole member of the New Hospitals and the ultimate parent entity of other affiliates. All of CharterCARE Health of Rhode Island’s activities and those of the New CharterCARE System will be focused on serving their local Rhode Island communities.

Working in concert, Centurion and the New CharterCARE System will leverage their respective experience and strengths to re-establish the New Hospitals’ non-profit status, ensuring the Rhode Island community is provided with quality care. The details of each entity are outlined below.

The Centurion Foundation

Centurion is an Atlanta-based non-profit corporation formed in 1996 whose mission is centered upon increasing access to and lowering the cost of healthcare. In many instances, Centurion achieves its mission by assisting other non-profit health systems in the development, acquisition, and financing of healthcare facilities. For close to three decades, Centurion has provided expertise in the area of developing, acquiring, and financing non-profit healthcare projects. Its approach is at the cutting edge of hospital financing and has proven beneficial to other non-profits time and time again.

This history is driven by a strong sense of purpose: to equip non-profits with the financial and technical resources needed to fulfill their missions. Through the financing, development, and ownership of facilities, Centurion works in partnership, closely consulting and collaborating with charitable institutions to advance their charitable purposes.

A nimble, private-sector 501(c)(3) organization, Centurion has supported organizations with real estate transaction expertise and strategic leadership. To date, Centurion has completed more than 20 transactions, financing 31 facilities nationwide. These transactions in total approximately \$1,000,000,000.

The real value, however, is measured in the benefits realized by the organizations, and arguably most importantly, the patients, the stakeholders, the constituents, and the communities served.

Specific to non-profit health systems and healthcare facilities, the goal of each transaction is to keep those end recipients in sharp focus. While Centurion leverages its financial, real estate, and accounting acumen and deep non-profit experience to create value in each transaction, each transaction is always driven by a singular question: “How will the people, the patients, and the

places be served by this transaction?” With this question in mind, Centurion’s leadership approaches each client relationship with a same-side-of-the-table mentality.

The following are select engagements from Centurion’s history of successful projects.¹

Ascension Seton (“Seton”)

This non-profit healthcare system sought ownership of the 4-story, 156,000-square-foot facility that it uses as its Texas headquarters, but did not want to allocate the capital for administration space. Its existing landlord was primarily focused on stakeholder returns and did not align with Seton’s charitable mission. Centurion created a new leasing strategy that provided savings and established a structure granting Seton long-term control of the property. With Seton’s mission-driven goals in mind, Centurion crafted a new lease that met the operational, accounting classification, and ownership objectives that Seton desired.

The new lease terms resulted in:

- 10-year lease
- Annual rent savings in excess of \$1.4 million
- Rental savings during the initial term in excess of \$15 million
- Anticipated annual property tax exemption savings of an additional \$1.4 million
- Favorable purchase option for Seton at the end of the initial 10-year term

This organization’s CEO had this to say about working with Centurion: “Our partnership with Centurion in the acquisition and leaseback of HQ has been a tremendous success. We’ve secured a significant annual cost savings over our previous for-profit arrangement, enabling us to increase the charity care provided to our local markets.”

The “significant...savings” compared to the “previous for-profit model,” which enabled the non-profit to “increase...care” for the “local markets” are strong parallels with the proposed CharterCARE transaction.

MultiCare

With a century of care to its name, this large non-profit healthcare provider had initiated the development of four micro-hospital facilities. With two complete, one under construction, and another to be built, the organization elected to pursue a sale leaseback transaction so it could re-deploy capital elsewhere in the system.

Centurion structured a four-building sale-leaseback. This included a 20-year self-amortizing lease which offered the lowest rent compared to for-profit alternatives as well as a reversion of the facilities at the end of the term to MultiCare.

The transaction resulted in the following terms:

¹ This information is already public information on Centurion’s website, and proper consent was obtained for these publications.

- Significant annual rent savings
- \$800,000 annual savings through property tax exemption
- 20-year self-amortizing lease terms
- Ownership of the facilities by MultiCare at the end of the lease term

Infirmiry Health System (“Infirmiry”)

This prominent regional hospital in the Southeast wanted to develop a new comprehensive outpatient care center. By creating the 4-story, 79,000-square-foot facility, Infirmiry would not only increase its capacity to serve patients, but also deliver further on its mission. Centurion partnered with Infirmiry, financing the project after taking over ownership from the previous for-profit developer. This resulted in tremendous annual rental savings when compared to traditional for-profit terms. Infirmiry retained additional annual capital via an available property tax exemption. Moreover, the foundation, as a non-profit, was able to finance the project through a local governmental issuer, thereby obtaining a sales tax exemption on materials.

Infirmiry benefited through:

- 25-year lease
- Estimated \$300,000 annual rent savings
- Construction materials’ sales tax exemption
- \$150,000 annual real estate tax exemption
- Defined flat annual rental cost, with no increases over lease term
- Option for Infirmiry to purchase facility for \$100 at end of lease term, with early buyout option

The above illustrations highlight Centurion’s experience in healthcare finance and real estate-based activities, which will afford the New CharterCARE System tremendous benefits.

Centurion is active in the healthcare real estate space nationwide, working with hospitals big and small. The real value of Centurion’s vast experience in successful real estate comes into focus through understanding the *transaction platform* in the context of how it positions the New CharterCARE System’s *local leadership* for success, both of which are detailed below.

Strategic Transactional Orchestration

The transaction platform as orchestrated by Centurion includes all elements of the transaction itself: research, planning, underwriting, contract negotiations, and finance structuring as well as establishing a treasury, insurance programs, and more. Part of this involves identifying untapped cost-saving and revenue-generating opportunities as well as mitigating risks inherent in the Existing Hospitals’ operations.

The experience that Centurion brings to this proposed transaction is built upon decades of successful real estate transactions throughout the healthcare industry — from build-to-suit

medical office construction and financing to institution development and restructuring to sale/leasebacks and more. This has honed Centurion's ability to apply the correct strategy for success, based on each transaction's and each stakeholder's unique circumstances.

Viewing the transaction platform by itself is not seeing the whole picture. That is because all of Centurion's financial acumen is calibrated around a second key element: retaining and empowering local leadership.

Localized Operational Excellence

Despite the proliferation of increasingly larger healthcare systems, healthcare is at its core a hyper-localized profession. It is focused on improving individual health, which is done best by those that understand individuals best: their local physicians and nurses. The quality of care that staff can provide is inextricably connected to the quality of hospital operations and the capacity of its local leadership.

For both physicians and hospital leadership alike, their perspective of what is needed is second to none: the physician understands what patients need to get better just as local leadership understands what a hospital — its patients, its employees, and its community — needs to thrive.

To take that control away from either is to diminish the efficacy of patient care and hospital operations proportionately.

Especially with hospital operations, being empowered and entrusted with decision-making is vital. Accordingly, Centurion is committed to this: working to empower local leadership to make the best decisions possible, those that only they can make, enterprise-wide throughout the New CharterCARE System.

Centurion is steadfastly dedicated to retaining the leadership and senior management of the Existing Hospitals for the New CharterCARE System in order to bolster operations. Jeffrey H. Liebman is the current CEO of the Existing Hospitals and will lead the New CharterCARE System as its CEO. A significant responsibility of that role — especially at this pivotal moment of the New CharterCARE System's inception — will be to lead efforts in establishing a strong leadership team.

This leadership team's most pressing charge is to mitigate risk and stabilize the new Existing Hospitals' operations in the near-term following the Proposed Transaction while positioning and guiding the New CharterCARE System to future success as measured in patient, employee, and community well-being.

Centurion understands the importance of localization when it comes to leadership and decision-making. Further, Centurion leverages its resources to ensure localization by empowering and enabling local leadership. It's been a guiding principle in all Centurion engagements for over 30 years.

Mr. Liebman shares this perspective and is committed to establishing a leadership team comprising the most experienced, respected local leaders. Accordingly, Mr. Liebman, with full support of Centurion, has secured agreements with all of the current targeted Existing Hospital leadership team.

When it comes to leadership, Centurion’s principals also have experience in owning and operating healthcare operations. Their experience is detailed below.

Gregory K. Grove

Mr. Grove is the Founder, CEO, and a Director of Centurion, which he organized in 1996 to acquire, own, and operate a variety of healthcare facilities including nursing homes and related healthcare operations, as well as to acquire and lease tangible property to other 501(c)(3) organizations for use primarily in furtherance of their exempt purpose.

Previously in 1989, Mr. Grove founded The Guardian Foundation, Inc. (“Guardian”), a non-profit organization, and served as a Director and its President and Chief Executive Officer until January 17, 2020. Thereafter, he remained on its Board of Directors until November of 2021 when he resigned from the Board of Directors and has not been affiliated with this organization or any of its affiliates since that time.

During his thirty-year tenure with Guardian, Mr. Grove spearheaded its growth and that of its affiliates to operate more than thirty long-term care and senior housing facilities which provided services to the elderly and developmentally disabled individuals. Its operations were located in seven states, comprised a total of over 2,100 beds, and employed more than 3,200 nursing, administrative, and support staff.

As CEO, Mr. Grove was responsible for the overall growth, management, success, and image of the organization. A particular objective was to bring into a financially secure organization various long-term care facilities which were experiencing financial and/or operational challenges. Such facilities could typically be acquired at a lower cost and returned to operating profitability by engaging specialized management teams and working with them to restructure operations, training and supporting staff, and engaging outside services to support the organization’s initiatives. Over the course of his tenure, he was primarily responsible for locating new opportunities, negotiating contracts and agreements to develop and/or acquire selected opportunities, negotiating the financing and funding for acquisitions and operations, locating and hiring qualified and experienced staff, and managing the organization’s legal and non-profit status.

His prior experience as an investment banker and municipal bond underwriter of healthcare issues facilitated his securing lower-cost financing for the organization. During his career he financed approximately 100 healthcare facilities in various roles as either an investment banker or borrower. Additional professional experience included his being a member of the Board of Directors and the Executive Committee of GA/Assisted Living Federation of America, Inc., from its founding in 1998 through mid-2016.

Benjamin M. Mingle

Mr. Mingle is the President and Director of Centurion. An expert in health system finance and having worked in and around the healthcare industry for the last 20 years, Mr. Mingle led the expansion of Centurion's mission into the non-profit healthcare space, and since that time Centurion has financed approximately \$1 billion of transactions benefiting 11 different non-profit health systems across the country. The transactions Mr. Mingle executed on behalf of Centurion have financed projects that allowed Centurion's non-profit healthcare clients to expand access and services to communities across the country, serving thousands of patients annually.

Mr. Mingle gained his initial healthcare expertise while working for both KPMG and Ernst & Young as a financial auditor and advisor to non-profit healthcare organizations. During Mr. Mingle's tenure at both KPMG and Ernst & Young, he advised hospitals across their entire business, including governance, operational considerations, finance, accounting, and financial reporting, as well as risk assessment and mitigation.

Mr. Mingle's prior expertise is not limited to that of consultant or advisor. He has served as CFO and Director of Accounting and Finance at various organizations. In those capacities, his direct responsibilities included:

- Execution of the organization's strategic financial plan, annual budget, monthly cash flow forecasting and reporting
- That of Executive Committee member responsible for department-level goal setting and employee performance management
- Reorganization and oversight of the accounting and finance department consisting of teams of 20+ professionals
- Leading the reimplementation of the company's ERP system and establishment of internal controls framework
- Income taxes, including managing external tax accountants, tax structuring of all deals to minimize income tax exposure, and forecasting annual tax liabilities
- Overseeing all of the organizations' lender relationships and closing of all acquisition financings
- Aligning various departments with organizational goals
- Increasing stakeholder reporting
- Joint-venture oversight
- Negotiating agreements and working out non-performing partnerships
- All aspects of capital raises including debt, equity, preferred stock, and initial public offerings

Steve Lovoy

Mr. Lovoy is the Vice President of Operations of Centurion. He has over 19 years of experience providing finance, transactional, audit, forensic accounting, litigation, restructuring, and financial due diligence services to clients in a variety of high-stakes matters primarily in the banking, healthcare, construction/contracting, and real estate

industries. Throughout that time, he has advised non-profit directors, corporate directors, management teams, court-appointed trustees, litigators, and in-house counsel on some of the most complex problems they faced. He is an expert in dissecting, distilling, and communicating complex financial matters, as well as developing, implementing, and evaluating solutions and financial controls and processes. Mr. Lovoy has been recognized as a financial expert by federal, state, and international courts. He is experienced in the assessment of corporate governance, risk management, complex transactions, contracts, ownership interests, and economic analyses.

Mr. Lovoy left private practice in order to leverage the expertise he has developed toward the singular purpose of helping individuals and communities by increasing non-profit health systems' ability to provide care. As Centurion's Vice President of Operations, he works daily pursuing new charitable opportunities, closing new financings, and ensuring compliance with all third-party obligations.

Before joining Centurion, Mr. Lovoy was a director and office leader with a global investment bank and advisory firm specialized in corporate finance, accounting and transaction advisory, valuation, financial disputes, claims, and investigations. Prior to that, he managed the Atlanta office of a boutique forensic accounting firm with offices across the Southeast. He began his career working for KPMG, LLP's audit and transaction services practices where he served clients in the financial services, healthcare, and real estate industries. He assisted government, non-profit, financial and strategic clients with audits, acquisitions, carve-outs, restructurings, disputes, investigations, and remediations. His clients included numerous hospitals, payors, physician practices, skilled nursing facilities, and the United States Department of Justice.

With its proven leadership and the organization's comprehensive operational and strategic background, Centurion is positioned as an integral part of the Proposed Transaction. The value that it brings to this Proposed Transaction, as with every Centurion engagement to date, is measured by the success of an altogether separate entity: the New CharterCARE System.

The New CharterCARE System

Built on the foundation of the Existing Hospitals, the New CharterCARE System is elevated by virtue of the move to a non-profit framework as well as an intentional recalibration of the operating model that shifts operational focus back to patients and local needs. Centurion's support in this is essential, but the perspective and position of local leadership is requisite.

Centurion is steadfastly dedicated to retaining the leadership and senior management of the Existing Hospitals for the New CharterCARE System in order to bolster operations.

The New CharterCARE System will be led by Mr. Liebman, the current CEO of the Existing Hospitals, and 100% of the targeted positions of the current experienced management team have agreed to join Mr. Liebman to lead the New CharterCARE System. (See Confidential Exhibit 33). The following are necessary, anticipated roles that will be filled to support the New CharterCARE System's leadership:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Chief Nursing Officer
- Vice President of Financial Services
- Vice President of Human Resources
- Vice President of Marketing and Government Relations
- Vice President of Quality and Behavioral Health Services
- Executive Physician of Clinical Integration
- Vice President of Revenue Cycle
- Vice President of Accounts Payable and Payroll
- Vice President of Compliance
- Vice President of Hospital and Managed Care Contracting

All of these roles are reflected in the current leadership structure of the Existing Hospitals.

CharterCARE Health of Rhode Island will be managed by a Board of Directors comprised of local community members, as well as representatives of Centurion. See Response to Question 4; Exhibit 4. Each of the New Hospitals, as part of the New CharterCARE System, will be managed by Advisory Boards of Directors comprised of local community members and stakeholders. Centurion will effectively serve as the New CharterCARE System’s “sponsor,” providing guidance and expertise where necessary to ensure the New CharterCARE System is successful. Additionally, it is anticipated that certain functions currently provided to the Existing Hospitals (e.g., billing, IT, human resources support and other administrative functions) will be returned to Rhode Island and self-performed by the New CharterCARE System. The return of these functions in-house at the New CharterCARE System may, subject to availability of qualified personnel, result in the addition of staff and jobs in Rhode Island.

Operational Assessment and Improvement Initiatives

Together with Centurion, Mr. Liebman and other advisors, CharterCARE Health of Rhode Island has identified multiple opportunities for improvement to be realized by the New CharterCARE System (the “Improvement Initiatives”). See Financial Plan (Confidential Exhibit 1); Board Approved Integration Plan (Confidential Exhibit 48). CharterCARE Health of Rhode Island believes these Improvement Initiatives, together with a return to non-profit status, will propel the New CharterCARE System to a higher and more sustainable level of performance. The New CharterCARE System will produce operating results that will allow it to invest and reinvest in its communities thereby enhancing the health and well-being of Rhode Islanders.

There are currently numerous significant initiatives planned to position the New CharterCARE System for ongoing success post-transaction. See Confidential Exhibit 48. Of those initiatives, 15 are focused on enhancing financial performance:

- 1) \$6 million — Centurion conversion to non-profit status, certain tax initiatives

- 2) \$3 million — Non-profit impact on sales tax
- 3) \$4.3 million — Access to 340B drug pricing
- 4) \$1.4 million — CharterCARE local management of CCMA
- 5) \$300,000 — Improved Emergency Room performance
- 6) \$500,000 — Increased behavioral health census
- 7) \$1.5 million — Dental Clinic merger
- 8) \$500,000 — Surgery Center changes
- 9) \$100,000 — Home Health changes
- 10) \$300,000 — Vascular Surgery changes
- 11) \$8.9 million — Medicaid rate increases
- 12) \$2.5 million — Payer rate increases
- 13) \$500,000 — Supply chain savings GPO conversion
- 14) \$1.5 million — Network benefit of physician network expansion
- 15) \$250,000 — Physician billing changes

In order to have the necessary working capital, the Proposed Transaction and change in effective control creates more than \$70 million in the local market to help implement these initiatives and sustain the local CharterCARE System. Please see the EBIDTA Bridge attached at Confidential Exhibit 1.

CharterCARE Health of Rhode Island is confident that Mr. Liebman and his management team, bolstered and supported by Centurion will achieve success in supporting the New CharterCARE System's performance and providing high-quality care to the surrounding community.

Centurion's Role and Integration Plan

Centurion's role as the sole member of CharterCARE Health of Rhode Island is that of enabling the success of the New CharterCARE System (i.e., a sponsor). This is done primarily through transaction strategy and execution of all aspects of the transaction (e.g., structuring, underwriting, acquiring financing, etc.), conducted in such a way that it enables the local leadership team.

A significant part of this sponsorship is facilitating a return to non-profit status. Under the current for-profit model, resources have left Rhode Island. In addition, expenses were born locally, despite being sourced outside of the state.

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Certain functions currently provided to the Existing Hospitals (e.g., billing, IT, HR, etc.) will be returned to Rhode Island and provided in-house by the New CharterCARE System. This is anticipated to result in additional jobs in Rhode Island.

In addition, Centurion will provide ongoing support and guidance, leveraging its financial acumen, decades of experience, and an unwavering focus on empowering local leadership. Part of this is a comprehensive, board-approved transition and integration plan that ensures the success of the Proposed Transaction and prepares for post-acquisition integration of the Existing Hospitals.

The goal of the integration plan is to identify, address, and eliminate/mitigate business risks that either exist today or will exist as a result of the Proposed Transaction. The integration plan will ensure the success of the Proposed Transaction and facilitate the Existing Hospitals' enduring success. This goal aligns with Centurion's experience in helping non-profit community-focused organizations thrive.

To identify, address, and mitigate/eliminate business risks and ensure transaction success, Centurion, in collaboration with Mr. Liebman, has completed a comprehensive risk assessment as part of the integration plan. The findings are captured in 12 risk areas:

- 1) Human Resources
- 2) Information Technology
- 3) Supply Chain Management
- 4) Clinical Operations
- 5) Workforce Adjustments
- 6) Ambulatory and Outpatient Centers
- 7) Strategic Market Adjustments
- 8) Physician Services
- 9) Revenue Cycle Management
- 10) Finance
- 11) Managed Care Operational Changes
- 12) Compliance

Please refer to Question 48 and Confidential Exhibit 48 for additional detail on not only steps already taken, but plans of action for each risk area.

Centurion has structured the Proposed Transaction such that upon closing, the New CharterCARE System will be a stand-alone self-sustaining health system which requires no financial commitments from Centurion with respect to capital projects or operational losses. Centurion will support the new system as described throughout these responses and consistent with the organizational documents of CharterCARE Health of Rhode Island.

Purchase Price and Financing

Pursuant to the APA, the Purchase Price was agreed to be the fair market value of the Purchased Assets (and Assumed Liabilities) determined by the Appraiser (VMG). As described in its Final Report, VMG determined a fair market value as of February 14, 2023, in the range of \$139.0 million to \$161.0 million. Subsequent to VMG's Final Report issuance on April 26, 2023, the parties agreed upon a Purchase Price of \$160.0 million, subject to certain deductions as specified in the APA.

Centurion's strategy is to finance the transaction in such a manner that CharterCARE can be operated on a stand-alone basis as a self-sufficient 501(c)(3) health system. In order to accomplish this financing strategy, Centurion was able to negotiate an approximately \$80 million purchase price reduction, thereby resulting in a net purchase price of \$80 million (\$160 million minus \$80 million equals \$80 million). Centurion intends to finance the \$160 million value, plus closing

costs, and place \$80 million of cash on CharterCARE Health of Rhode Island's balance sheet at closing. This cash will provide CharterCARE with liquidity to operate as a stand-alone health system.

These mechanics are specifically laid out in Section 2.5(a)(ii) of the APA, which states that Centurion will pay to the Seller the Purchase Price less "...an amount equal to eighty (80) Days' Cash on Hand as of the Closing Date." During the negotiations, the parties estimated the amount of required Days Cash on Hand to equal approximately \$80 million resulting in a net purchase price of \$80 million which was the amount referenced in the initial application submission.

With respect to financing, Centurion has engaged Barclays Capital, Inc. to serve as underwriter. It is expected that the New CharterCARE System will, through a to-be-determined issuer, issue one or more series of taxable and tax-exempt bonds to finance (i) the payment of the net purchase price after all relevant adjustments, (ii) an amount equal to 80 days' cash on hand (approximately \$80,000,000) to be retained as working capital by the New CharterCARE System and (iii) certain costs of the financing. See Updated Financial Plan at Confidential Exhibit 1. The APA also provides for the issuance of a subordinated seller note should market conditions produce bond proceeds insufficient to fund the entire financing plan.

In response to Deficiency 16, at closing, Centurion intends to issue a combination of taxable and tax-exempt bonds to finance the purchase price and transaction costs. Approximately 80 days cash on hand will be placed on CharterCARE Health of Rhode Island's balance sheet.

In summary, CharterCARE Health of Rhode Island will:

- Issue total net debt of approximately \$193 million, comprised of taxable debt totaling approximately \$100 million and tax-exempt debt totaling approximately \$93 million.
- Centurion will evaluate whether, at the time of closing, assuming Prospect CharterCARE's existing PACE Loan is accretive to the transaction and if so will assume that obligation and associated escrowed funds. If not, that loan will be satisfied by newly issued debt. Assuming the PACE Loan is accretive, the debt associated with the transaction is anticipated to be as reflected below:

Sources:	PACE Loan	Centurion RI Series 2023A - Taxable	Centurion RI Series 2023B - Tax Exempt	Total
Bond Proceeds:				
Par Amount	60,165,000	39,815,000	93,235,000	193,215,000
Net OID			(2,324,799)	(2,324,799)
PACE Escrow Balance	(15,000,000)			(15,000,000)
	45,165,000	39,815,000	90,910,201	175,890,201

Uses:	PACE Loan	Centurion RI Series 2023A - Taxable	Centurion RI Series 2023B - Tax Exempt	Total
Project Fund Deposits:				
Purchase Price Debt Allocation	60,165,000	34,835,000	80,000,000	175,000,000
Other Fund Deposits:				
DSRF		3,981,500	9,091,020	13,072,520
PACE Escrows	(15,000,000)			(15,000,000)
Delivery Date Expenses:				
Cost of Issuance		995,375	1,818,204	2,813,579
Other Uses of Funds:				
Additional Proceeds		3,125	976	4,101
	45,165,000	39,815,000	90,910,201	175,890,201

See **Confidential Exhibit 1** (including sources and uses table).

Implementation

Immediately following the receipt of all necessary regulatory and governmental approvals, the New CharterCARE System will initiate the Bond issuance process and proceed to a timely closing of the Proposed Transaction. There is no anticipated change, reduction, or elimination of services resulting from the Proposed Transaction. The New CharterCARE System plans to continue providing high quality services to the community. The New Hospitals plan to continue to hold accreditation from The Joint Commission.

The Centurion Transacting Parties do not have plans for the development of new services and/or facilities. The plans include expansion and improvement of existing services (e.g., home health behavioral health, surgery center, and emergency department) that will increase the use of those existing services. The Centurion Transacting Parties have no plans for any reduction of existing services and/or facilities associated with the Proposed Transaction.

The Parties

As noted at the beginning of this Application and in response to Deficiency 4, the Transacting Parties are: Chamber, Inc. (“Chamber”); Ivy Holdings, Inc. (“IH”); Ivy Intermediate Holdings, Inc. (“IIH”); Prospect; Prospect East Holdings, Inc. (“PEH”); Prospect CharterCARE; OLF; RWMC; Centurion; CharterCARE Health of Rhode Island; CharterCARE RWMC; and CharterCARE OLF.

Details of these Transacting Parties and related pertinent information is outlined below:

Prospect Transacting Parties

- Chamber
- IH
- IIH
- Prospect
- PEH
- Prospect CharterCARE
- RWMC
- OLF

Collectively, these are referred to herein as the “Prospect Transacting Parties.”

Chamber is a Delaware corporation with Sam Lee and the David Topper Family Trust each holding 50% interests. Chamber is the sole owner of IH, which is the sole owner of IIH. IIH is the sole owner of Prospect. Prospect is the sole owner of PEH. Chamber, IH, IIH, and PEH are each holding companies that do not provide services. Other than acquiring Prospect CharterCARE and its assets, the Centurion Transacting Parties will not hold any of Chamber’s, IH’s, IIH’s, and PEH’s assets or membership interests following the Proposed Transaction. There is no current plan to dissolve Chamber, IH, IIH, and/or PEH, which will continue to serve their existing functions following the Proposed Transaction.

Prospect is a California-based healthcare company that owns and operates hospitals and affiliated medical groups in California, Connecticut, Pennsylvania, and California through its subsidiaries (see organizational chart at Confidential Exhibit 9). Other than acquiring Prospect CharterCARE and its assets, the Centurion Transacting Parties will not hold any of Prospect’s assets or membership interests following the Proposed Transaction. There is no plan to dissolve Prospect as a result of the Proposed Transaction. Prospect will continue to serve its existing functions following the Proposed Transaction, except that it will no longer provide support for the Existing Hospitals.

Prospect CharterCARE is a Rhode Island limited liability company offering a wide array of inpatient and outpatient services. It is the sole member of both:

- RWMC, a Rhode Island limited liability company and licensed acute-care hospital; and
- OLF, a Rhode Island limited liability company and licensed acute-care hospital.

Prospect CharterCARE's network also includes BVS and HH&H, as well as affiliated medical practices.

Please see below for information regarding how Centurion will hold the assets of Prospect CharterCARE, RWMC, and OLF after closing. Following closing of the Proposed Transaction:

- Prospect plans to dissolve Prospect CharterCARE, RWMC, and OLF in accordance with all applicable laws and regulations at the appropriate time.
- Prospect CharterCARE, RWMC, and OLF will no longer play any role or have any function.

Centurion Transacting Parties

- Centurion
- CharterCARE Health of Rhode Island
- CharterCARE RWMC
- CharterCARE OLF

Collectively, these are referred to herein as the "Centurion Transacting Parties."

Centurion is a non-profit corporation that provides services, programs, and activities that center on charitable foundation leases to further the mission of other non-profits. The purpose of such transactions is to further the missions of other non-profits through:

- Minimizing rent, property taxes, and lease liability
- Maximizing the lessee's economic and operational control
- Providing better than market terms and below market costs
- Delivering long-term value

Centurion closely consults and cooperates with other non-profits to perform all of the following, as appropriate, during initial transaction structuring, negotiation, financing, and closing, as well as across transaction lifecycles:

Initial Transaction Execution and Financing Services

- Determination of the ideal transaction structure to meet the client's goals.
- Assembly of the transaction team with input from the client.
- Due diligence coordination and review include necessary financial/credit underwriting and real estate due diligence.
- Solicitation, negotiation, and ultimate selection (with input from the client) of the best financing solution for the given project.
- Negotiation of all documentation relating to the asset purchase/development, leasing and financing.
- Execution and closing of the initial transaction.

Asset Development

- Preparation and submittal of project financing application to the qualified conduit bond issuer selected by the project team.
- Establish borrower organizational structure and prepare related documents.
- Participation in negotiation and preparation of financing and development documents.
- Assisting with information distributed to rating agencies (if applicable) and potential bond investors during the pricing, including participation in investor outreach.
- Contracting with project developer under terms of a Project Development Agreement or the design/builder under a turnkey Design/Build Construction Contract.
- Overseeing activities of the developer, design/builder and third-party consultants.
- Review and approval of all construction draw requests and submission of same to bond trustee for payment in accordance with the project financing documents.
- Monitoring compliance with all financing and development documents.
- Maintaining appropriate books and records relating to project development.

Asset Management

- Monitoring compliance with tax and financial covenants.
- Ensuring appropriate financing and operational books and records are maintained.
- Provide project operating committee support and participating in regular meetings.
- Contracting with third-party operator for day-to-day onsite operations and ensuring compliance with IRS Rev. Proc. 2017-13 related to Qualified Management Agreements.
- Evaluating performance of independent operators and consultants.
- Ongoing communication with rating agencies (if applicable) and investors regarding project performance and market conditions.
- Review and oversight of the preparation of the annual budgets and operating plans.
- Monitoring compliance with annual budgets and operating plans.
- Review and approval of third-party contracts, as necessary.
- Review operational reports and evaluation of compliance with applicable documents.
- Engage independent auditor to prepare annual financial audit(s).
- Oversee activities of insurance consultant to maintain required coverage(s).
- Arranging for the calculation and payment of all required arbitrage rebate payments.
- Disseminating all required continuing disclosure and certifications.
- Satisfy all federal tax reporting requirements
- Review and comment on leases with any sub-tenants, if applicable.

CharterCARE Health of Rhode Island is a newly formed non-profit corporation, whose sole member is Centurion. The New Hospitals, also both non-profit corporations, will be focused on providing the local community, including the underserved populations, with access to high quality care.

Regarding how Prospect CharterCARE and the Existing Hospitals' assets or membership interests will be held by the Centurion Transacting Parties:

- Centurion will be the sole corporate member of CharterCARE Health of Rhode Island.
- CharterCARE Health of Rhode Island will be the sole corporate member of both New Hospital entities.
- CharterCARE Health of Rhode Island, the New Hospitals Hospital and/or their affiliates, as appropriate, will acquire the assets of Prospect CharterCARE and the Existing Hospitals.

The Centurion Transacting Parties will not be dissolved following closing of the Proposed Transaction. Regarding each of the Centurion Transacting Parties' role/function post-conversion:

- The two hospital entities will be responsible for the operation of their respective hospital operations.
- CharterCARE Health of Rhode Island will be responsible for operation of the system as a whole.
- Centurion will continue to provide its current services, as well as providing services pursuant to the Corporate Services Agreement (Confidential Exhibit 20(f)) to support the New CharterCARE System.

Affiliated Entities

In response to Deficiency 5, the Prospect Affiliates² that currently provide healthcare services within the State of Rhode Island are:

- BVS
- Prospect CharterCARE Physicians, LLC d/b/a CharterCARE Medical Associates
- Associates in Primary Care Medicine, LLC
- New University Medical Group, LLC
- HH&H
- Prospect Provider Group RI, LLC
- Prospect Health Services RI, Inc.
- Rhode Island PET Services, LLC
- Roger Williams Radiation Therapy, LLC
- Southern New England Radiation Cancer Center, LLC
- Prospect CharterCARE RWMC, LLC d/b/a CharterCARE Sleep Disorders Center
- Prospect Ancillary Services, LLC
- Prospect Provider Group RI, LLC
- Prospect Health Services RI, Inc.

² All references herein to the Prospect Affiliates refer to the listed Affiliates in the August 11, 2023 correspondence from the Rhode Island Department of Health ("RIDOH") and the Rhode Island Office of the Attorney General ("RIAG").

The Existing Hospitals and Prospect CharterCARE provide all administrative services and support to the Existing Hospitals. To the extent that any of the above listed Prospect Affiliates provide healthcare services to patients of the Existing Hospitals, those respective Prospect Affiliates provide administrative services related to those services.

Cash is swept daily from Prospect CharterCARE to Prospect. As a result, Prospect does not track whether the Prospect Affiliates directly or indirectly receive any portion of any revenue or margin generated by the Existing Hospitals. However, given that the Existing Hospitals operate at a loss, the Prospect Affiliates do not directly or indirectly receive a portion of any revenue or margin generated by the Existing Hospitals.

Finally, the following entities, defined as Affiliates by RIAG and RIDOH, are not affiliated with Prospect or Prospect CharterCARE: CharterCARE Blackstone Surgery Center, LLC, CharterCARE Physicians, LLC, CharterCARE Health of Rhode Island Foundation, Inc., CharterCARE Home Health and Hospice, LLC, CharterCARE Associates in Primary Care Medicine, LLC. As a result, Prospect and Prospect CharterCARE do not have any information regarding their services.

In response to Deficiency 6, as a result of the Proposed Transaction:

- PMH has not yet determined its plans with respect to PEH but does not have current plans to dissolve that entity.**
- Healthcare Staffing on Demand RI, LLC was dissolved in June 2023.**
- Centurion will acquire all assets and operations of Associates in Primary Care Medicine, Inc. as it is a subsidiary of CCMA, which is a selling entity as defined in the APA at Exhibit 16. As a result, following the Proposed Transaction and transfer of all assets and operations, Prospect currently plans to dissolve Associates in Primary Care Medicine, Inc. in accordance with all applicable laws following closing of the Proposed Transaction.**
- Following the Proposed Transaction, as indicated in Schedule 3.8(a) of the APA, CharterCARE Health of Rhode Island will assume Prospect CharterCARE's, RWMC's and CCMA's membership interests (as applicable) in the following joint ventures: Rhode Island PET Services, LLC, Roger Williams Radiation Therapy, LLC, and Southern New England Radiation Cancer Center, LLC. Chemosynergy, LLC is a dormant entity as of February 2022.**

In response to Deficiency 8, the Centurion Foundation, Inc. is the sole corporate member of:

- CharterCARE Health of Rhode Island and its subsidiaries – as described in the application**
- Centurion Foundation of Massachusetts, Inc. – a supporting organization which facilitates the provision of a facility in Massachusetts to Boston Medical Center on a below-market basis.**
- Centurion Holdings 1, Inc. – a supporting organization which facilitates the provision of facilities in Connecticut, North Carolina, and Tennessee to Hartford Healthcare Corporation, WakeMed, and Ascension St. Thomas, respectively, on below-market bases.**

- **Centurion BioSquare, Inc.** – a supporting organization which facilitates the provision of a facility in Massachusetts to Boston Medical Center on a below-market basis.

Centurion is also the sole corporate member of 17 Sole Member LLCs:

- 1. Centurion Malbis 1, LLC**
- 2. Centurion Nebraska, LLC**
- 3. 1345 Philomena, LLC**
- 4. CF Bonney Lake, LLC**
- 5. CF Federal Way, LLC**
- 6. CF Puyallup, LLC**
- 7. CF Tacoma, LLC**
- 8. Centurion Washington 5, LLC**
- 9. Centurion Nebraska 2, LLC**
- 10. CF Woodlands, LLC**
- 11. CF Katy, LLC**
- 12. CF Cypress, LLC**
- 13. CF Sugar Land, LLC**
- 14. Springhill Power, LLC**
- 15. NPPF Intermediate Funding 1, LLC**
- 16. Centurion Hospital Foundation of Kentucky I, LLC**
- 17. Centurion Foundation North Graham Street, LLC**

Each of the Sole Member LLCs are special-purpose vehicles to facilitate the financing of real estate (or central plant assets in the case of Springhill Power, LLC) for other, unrelated non-profit entities at below-market costs.

None of the above Centurion Affiliates, other than CharterCARE Health of Rhode Island, Inc. and its subsidiaries, are anticipated to have any role, pre- or post-conversion, with respect to the New CharterCARE System.

2. Please provide the following:

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

Name: Mitchell Lew, President of Chamber, Inc.	Telephone: (310) 943-4500	
Address: 3415 South Sepulveda Blvd., 9th Floor, Los Angeles	State: CA	Zip: 90034
E-mail: Mitchell.Lew@prospectmedical.com	Fax (310) 943-4504	

Name: Von Crockett, Co-CEO of Ivy Holdings, Inc.	Telephone: (310) 943-4500	
Address: 3415 South Sepulveda Blvd., 9th Floor, Los Angeles	State: CA	Zip: 90034
E-mail: von.crockett@prospectmedical.com	Fax (310) 943-4504	

Name: Von Crockett, Co-CEO of Ivy Intermediate Holding, Inc.	Telephone: (310) 943-4500	
Address: 3415 South Sepulveda Blvd., 9th Floor, Los Angeles	State: CA	Zip: 90034
E-mail: von.crockett@prospectmedical.com	Fax (310) 943-4504	

Name: Von Crockett, Co-CEO of Prospect Medical Holdings, Inc.	Telephone: (310) 943-4500	
Address: 3415 South Sepulveda Blvd., 9th Floor, Los Angeles	State: CA	Zip: 90034
E-mail: von.crockett@prospectmedical.com	Fax: (310) 943-4504	

Name: Von Crockett, President of Prospect East Holdings, Inc.	Telephone: (310) 943-4500	
Address: 3415 South Sepulveda Blvd., 9th Floor, Los Angeles	State: CA	Zip: 90034
E-mail: von.crockett@prospectmedical.com	Fax: (310) 943-4504	

Name: Jeffrey Liebman, CEO of Prospect CharterCARE, LLC	Telephone: (401) 456-2084	
Address: 825 Chalkstone Avenue, Providence	State: RI	Zip: 02908
E-mail: Jeffrey.liebman@chartercare.org	Fax: (401) 456-2029	

Name: Jeffrey Liebman, CEO of Prospect CharterCARE SJHSRI, LLC	Telephone: (401) 456-2084	
Address: 825 Chalkstone Avenue, Providence	State: RI	Zip: 02908
E-mail: Jeffrey.liebman@chartercare.org	Fax: (401) 456-2029	

Name: Jeffrey Liebman, CEO of Prospect CharterCARE RWMC, LLC	Telephone: (401) 456-2084	
Address: 825 Chalkstone Avenue, Providence	State: RI	Zip: 02908
E-mail: Jeffrey.liebman@chartercare.org	Fax: (401) 456-2029	

Name: Ben Mingle, President of The Centurion Foundation, Inc.	Telephone: (404) 233-9000	
Address: One Buckhead Plz., 3060 Peachtree Rd. NW, Suite 1030, Atlanta	State: GA	Zip: 30305
E-mail: ben@centurionmail.org	Fax: (404) 233-4128	

Name: Ben Mingle, Chair of CharterCARE Health of Rhode Island, Inc.	Telephone: (404) 233-9000	
Address: One Buckhead Plz., 3060 Peachtree Rd. NW, Suite 1030, Atlanta	State: GA	Zip: 30305
E-mail: ben@centurionmail.org	Fax: (404) 233-4128	

Name: Ben Mingle, Chair of CharterCARE Roger Williams Medical Center	Telephone: (404) 233-9000	
Address: One Buckhead Plz., 3060 Peachtree Rd. NW, Suite 1030, Atlanta	State: GA	Zip: 30305
E-mail: ben@centurionmail.org	Fax: (404) 233-4128	

Name: Ben Mingle, Chair of CharterCARE Our Lady of Fatima	Telephone: (404) 233-9000	
Address: One Buckhead Plz., 3060 Peachtree Rd. NW, Suite 1030, Atlanta	State: GA	Zip: 30305
E-mail: ben@centurionmail.org	Fax: (404) 233-4128	

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: Patricia K. Rocha, Esq., Counsel for all Transacting Parties.	Telephone: (401) 274-7200	
Address: One Citizens Plaza, 8th Floor, Providence	State: RI	Zip: 02903
E-Mail: procha@apslaw.com	Fax: (401) 351-4607	

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

Name of Facility: Our Lady of Fatima Hospital	License #: HOS00132	
Address: 200 High Service Avenue, North Providence	State: RI	Zip: 02904
Telephone: (401) 456-3000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. Following the proposed conversion, CharterCARE OLF will operate as a non-profit corporation. The new name will be CharterCARE Our Lady of Fatima Hospital. There will be no changes to the nature or quality of services provided.		

Name of Facility: Roger Williams Medical Center	License #: HOS00133	
Address: 825 Chalkstone Avenue, Providence	State: RI	Zip: 02908
Telephone: (401) 456-2000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. Following the proposed conversion, CharterCARE RWMC will operate as a non-profit corporation. The new name will be CharterCARE Roger Williams Medical Center,. There will be no changes to the nature or quality of services provided.		

In response to Deficiency 21, the Prospect affiliated hospitals outside Rhode Island are listed below:

Name of Facility: Southern California Hospital at Hollywood	License #: 930000066	
Address: 6245 De Longpre Ave., Los Angeles	State: CA	Zip: 90028
Telephone: (323) 462-2271		
Type of Ownership: ___Individual ___Partnership <u>X</u> Corporation ___LLC		
Tax Status: <u>X</u> For-profit ___Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Southern California Hospital at Culver City	License #: 930000066	
Address: 3828 Delmas Terr., Culver City	State: CA	Zip: 90232
Telephone: (310) 836-7000		
Type of Ownership: ___Individual ___Partnership <u>X</u> Corporation ___LLC		
Tax Status: <u>X</u> For-profit ___Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Southern California Hospital at Van Nuys	License #: 930000066	
Address: 14433 Emelita St., Van Nuys	State: CA	Zip: 91401
Telephone: (818) 787-1511		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Los Angeles Community Hospital at Bellflower	License #: 930000039	
Address: 9542 Artesia Blvd., Bellflower	State: CA	Zip: 90706
Telephone: (562) 273-1800		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Los Angeles Community Hospital	License #: 93000039	
Address: 4081 E Olympic Blvd., Los Angeles	State: CA	Zip: 90023
Telephone: (323) 267-0477		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Los Angeles Community Hospital at Norwalk d/b/a Norwalk Community Hospital	License #: 93000039	
Address: 13222 Bloomfield Ave., Norwalk	State: CA	Zip: 90650
Telephone: (562) 863-4763		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Foothill Regional Medical Center		License #: 060000178
Address: 14662 Newport Ave., Tustin	State: CA	Zip: 92780
Telephone: (714) 619-7700		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: The Manchester Memorial Hospital		License #: GH.0000073
Address: 71 Haynes St., Manchester	State: CT	Zip: 06040
Telephone: (860) 646-1222		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: The Rockville General Hospital	License #: GH.0000074	
Address: 31 Union St., Vernon	State: CT	Zip: 06066
Telephone: (860) 872-0501		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Waterbury Hospital	License #: GH.0000075	
Address: 64 Robbins St., Waterbury	State: CT	Zip: 06708
Telephone: (203) 573-6000		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Crozer-Chester Medical Center	License #: 037201	
Address: 1 Medical Center Blvd., Upland	State: PA	Zip: 19013
Telephone: (610) 447-2000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Taylor Hospital	License #: 037201	
Address: 175 E. Chester Pike, Ridley Park	State: PA	Zip: 19078
Telephone: (610) 595-6000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Delaware County Memorial Hospital	License #: 041801	
Address: 501 Lansdowne Ave, Drexel Hill	State: PA	Zip: 19026
Telephone: (610) 284-8100		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

Name of Facility: Springfield Hospital	License #: 037201	
Address: 190 W. Sproul Rd, Springfield	State: PA	Zip: 19064
Telephone: (610) 328-8700		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		
Please identify any changes that will occur in the information provided above as a result of the implementation of the conversion. There will be no changes to the information provided above as a result of the implementation of the Proposed Transaction.		

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 2 years: (a) name; (b) address; (c) phone number; (d) occupation; and (e) tenure.

RESPONSE:

See Exhibit 4 for the requested information on the Transacting Parties and their Affiliates. Exhibit 4A includes all officers, members of the Boards of Directors, trustees, executives, and senior managers for both the Transacting Parties and their Affiliates (within the past 2 years), including their occupations.

The following entities are joint ventures, and no Prospect Transacting Party holds operational or ownership control: Partners in Clinical Research, LLC; Chemosynergy, LLC (a currently dormant entity); Rhode Island PET Services, LLC; Roger Williams Radiation Therapy, LLC; and Southern New England Radiation Cancer Center, LLC. As such, the Transacting Parties are not in possession, custody, or control of the requested information for these entities.

The legal entity for CharterCARE Sleep Disorders Center is Prospect CharterCARE RWMC, LLC. As a result, please see the information regarding RWMC in Exhibit 4A.

The following entities are not affiliated with the Transacting Parties and, therefore, the Transacting Parties do not have possession, custody, or control of any information regarding these entities: CharterCARE Blackstone Surgery Center, LLC, CharterCARE Physicians, LLC, CharterCARE Health of Rhode Island Foundation, Inc., CharterCARE Home Health and Hospice, LLC, CharterCARE Associates in Primary Care Medicine, LLC. Those entities appear to have been affiliated with CharterCARE Health Partners (prior to Prospect's acquisition).

Please see Exhibit 4C, D, E, and F for responsive information on CharterCARE Health of Rhode Island, the New Hospitals, and the CharterCARE Health Foundation.

- b. 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.

RESPONSE:

See Exhibit 4C, D, E, and F for responsive information on CharterCARE Health of Rhode Island, the New Hospitals, and the CharterCARE Health Foundation, including the individuals' occupations. This exhibit states if the member of the Boards of Directors, trustees, executives, and senior managers are current or proposed. There is no plan to remove any current member of the Boards of Directors of the New CharterCARE System entities as a result of the Proposed Transaction.

The New CharterCARE System is in the process of identifying community members and stakeholders to serve as Board Members on the advisory Boards of Directors for each of the New Hospitals. Additionally, the New CharterCARE System has offered Prospect CharterCARE's senior managers employment letters. Those senior managers are reflected in the chart at Exhibit 4A. In response to Deficiency 29(e), this response for CharterCARE Health of Rhode Island, the New Hospitals, and the CharterCARE Health Foundation is current as of the date of filing.

There will be no change to Chamber, IH, IIH, PMH, or PEH as a result of the Proposed Transaction. As a result, please see Exhibit 4A for responsive information on those entities. As all of the assets of Prospect CharterCARE and the Existing Hospitals will be transferred to the New Hospitals, PMH anticipates that it will dissolve Prospect CharterCARE and the Existing Hospitals in accordance with all laws and regulations at the appropriate time as a result of the Proposed Transaction.

With respect to the Prospect Affiliates, Healthcare Staffing on Demand RI, LLC was dissolved in June 2023. PMH currently plans to dissolve the following Affiliates in accordance with all applicable laws following the transfer of the assets and operations to Centurion:

- BVS
- CCMA
- Associates in Primary Care Medicine, LLC
- New University Medical Group, LLC
- Prospect RI Home Health and Hospice, LLC
- HH&H
- Prospect CharterCARE Ancillary Services, LLC

As a result, there will be no proposed members of the Board of Directors, trustees, executives, or senior managers after the Proposed Transaction for those Affiliates.

As to the joint venture Prospect Affiliates (Partners in Clinical Research, LLC, Chemosynergy, LLC – a currently a dormant entity – Rhode Island PET Services, LLC, Roger Williams Radiation Therapy, LLC, and Southern New England Radiation Cancer Center, LLC), the Transacting Parties do not have and will not have operational control or ownership over those entities and, therefore, the Transacting Parties are not aware of any change to the members of the Board of Directors, trustees, executives, and senior managers after the Proposed Transaction.

The CharterCARE Sleep Disorder Center is a fictitious business name of Prospect CharterCARE RWMC, LLC. Accordingly, Prospect anticipates dissolving that entity in accordance with all applicable laws.

Please see Exhibit 4A for responsive information regarding Prospect Provider Group RI, LLC and Prospect Health Services RI, Inc. as there will be no change in their Board of

Directors, trustees, executives, and/or senior managers as a result of the Proposed Transaction.

Finally, the following entities, defined as Affiliates by RIAG and RIDOH, are not affiliated with any Transacting Party: CharterCARE Blackstone Surgery Center, LLC; CharterCARE Physicians, LLC; CharterCARE Health of Rhode Island Foundation, Inc.; CharterCARE Home Health and Hospice, LLC; and CharterCARE Associates in Primary Care Medicine, LLC. As a result, the Transacting Parties do not have any information regarding their Board of Directors, trustees, executives, or senior managers either before or after the Proposed Transaction.

With respect to Centurion and its Affiliates, there will be no change in any of the members of the Board of Directors, trustees, executives and senior managers as a result of the Proposed Transaction. As a result, please see Exhibit 4B for information on Centurion and its Affiliates.

In response to Deficiency 29(b), the Transacting Parties confirm that all current and former officers, members of the Board of Directors, trustees, and senior managers of the Transacting Parties have been listed in Exhibit 4.

In response to Deficiency 29(c), while CharterCARE Health of Rhode, Island, Inc. is a newly formed entity, it has actively worked to identify and has identified Board members, as well as officers and senior managers, as set forth in Exhibit 4 and is in the process of identifying further individuals to serve in other roles responsive to this request. As CharterCARE Health of Rhode Island has now identified officers, members of the Board of Directors, and senior managers, the Transacting Parties have included those individuals in Exhibit 4.

In response to Deficiency Question 29(e), the response at Exhibit 4 regarding the New Hospitals and the CharterCARE Health of Rhode Island Foundation is updated as of the date of filing the resubmitted application. Please see Exhibit 4 for additional responses to deficiency questions.

- 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.

RESPONSE:

Following closing of the Proposed Transaction, CharterCARE Health of Rhode Island will be managed by a Board of Directors comprised of local community members, as well as representatives of Centurion. As set forth in Exhibit 4, the Board of Directors will include Ben Mingle, Gregory Grove, Jeff Liebman, Edwin Santos, Sue Painter, and Maria Leonard. The CharterCARE Health of Rhode Island Board of Directors has no plan to include members other than local community members and Centurion representatives. If there is a Board-level need that Centurion is unable to fill with its own representatives or local community members, Centurion may consider looking outside the local community to fulfill

the specific needs of the Board. In any case, that will be carried out under full oversight and direction from the Board.

Each of the New Hospitals will be managed by Advisory Boards of Directors comprised of local community members and stakeholders (people inclusive of local community members with interests or concerns in the well-being of the New Hospitals). The New Hospitals' Boards of Directors will primarily focus on issues affecting patient quality, local operations, and fundraising. The New CharterCARE System is in the process of identifying community members and stakeholders to serve as Board members on the advisory Boards of Directors for each of the New Hospitals.

The Bylaws for CharterCARE Health of Rhode Island and the New Hospitals state that each of the organizations shall have between 3 and 9 board members, as determined by the member. The number of members for each category of director has not yet been determined.

The Bylaws for CharterCARE Health of Rhode Island and the New Hospitals (Exhibit 7) provide direction on how the members of the Board of Directors will be chosen. Outside of what is currently written in the Bylaws, no written qualifications exist for board member selection. The existing Board of Directors will choose Board members by evaluating individuals' qualifications and making selections based their alignment with specific organizational needs at the time.

For CharterCARE Health of Rhode Island, the Bylaws' guidance spells out that CharterCARE Health of Rhode Island will replace, appoint, or reappoint the Directors as needed. This does not apply to Ex-Officio Directors (if there are any). Ex-Officio Directors will serve as on the Board as long as they continue to fulfill the capacity for which they were admitted to the Board.

Directors will remain on the Board until their passing, resignation, or removal, or until their successor is appointed/qualified, whichever comes first.

Directors are divided into three groups of approximately equal size. Each group serves a 3-year term, with terms expiring at successive 1-year intervals. Board appointments/reappointments for full 3-year terms commence on July 1 after appointment/reappointment and conclude three years later on June 30.

Similarly, the New Hospitals' Bylaws offer guidance on Board membership, indicating that the initial Board of Directors will consist of individuals identified in the Articles of Incorporation. Thereafter, the Board will provide Director recommendations after consulting with the President for Directors to the Member. CharterCARE Health of Rhode Island, in its sole discretion, will determine replacement, election, or reelection of all Directors. CharterCARE Health of Rhode Island may take into account the recommendations of the Board, but recommendations are not prerequisites to Director appointments.

5. Please provide a list of all current committees, subcommittees, task forces, or similar entities of the board of directors or trustees. With regard to each please include:
- a short description of the purpose of each committee; and
 - the name, address, phone number, occupation, and tenure of each current committee member.

RESPONSE:

There are no committees, subcommittees, task forces or similar entities of the Board of Directors for Prospect CharterCARE, OLF, or RWMC.

With respect to the New CharterCARE System, while the committee charters and members have not yet been created and populated, respectively, it is anticipated that the New CharterCARE System will have a number of board committees at either the CharterCARE Health of Rhode Island or New Hospitals level including:

- **Executive Committee**
- **Finance Committee**
- **Audit Committee**
- **Quality/Patient Safety Committee**
- **Compensation Committees**
- **Compliance Committee**
- **Governance and Nominating Committee**

In addition, the Boards of Directors for the New Hospitals will have credentialing committees that handle credentialing matters for each of the respective hospitals.

In response to Deficiency 34, the Transacting Parties confirm that no such committees for the New CharterCARE System exist as of the date of this response.

6. Please provide agenda and minutes of all meetings of the board of directors or trustees and any of its committees, subcommittees, task forces related to the conversion, or similar entities (excluding those focused on peer review and confidential medical matters) that occurred within the two (2) year period (24 months) prior to submission of the application to the present in identifiable format. Please note, meeting packages may also be requested in order to complete the Initial Application. Included in this response, please provide a detailed index of all minutes and organize according to entity and committee (i.e., all minutes for an entity or committee for the relevant time period should be together, along with all applicable attachments), using the following format:

Bates Number	Date	Committee	Title of Document	Attachments Included

RESPONSE:

See **Confidential Exhibit 6.**

7. 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; and
- 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.

RESPONSE:

See Exhibit 7 for current corporate documents for:

- Chamber, Inc.
- Ivy Holdings, Inc.
- Ivy Intermediate Holdings, Inc.
- Prospect Medical Holdings, Inc.
- Prospect East Holdings, Inc.
- Prospect CharterCARE, LLC
- Prospect CharterCARE RWMC, LLC
- Prospect CharterCARE SJHSRI, LLC
- The Centurion Foundation, Inc.
- CharterCARE Health of Rhode Island, Inc.
- CharterCARE Roger Williams Medical Center, Inc.
- CharterCARE Our Lady of Fatima Hospital, Inc.
- CharterCARE Health of Rhode Island Foundation, Inc.

There are no additional responsive documents to this question.

The substantive differences between the CharterCARE Health of Rhode Island Bylaws, as well as the New Hospitals' Bylaws, and the Prospect CharterCARE LLC Operating Agreement, as well as the Existing Hospitals' Operating Agreements, are attributable to the fact that CharterCARE Health of Rhode Island and the New Hospitals will be non-profit entities in compliance with IRS guidelines and whose mission will be focused on serving their local, Rhode Island communities. Prospect CharterCARE and the Existing Hospitals are for-profit entities.

Centurion did not use CharterCARE's existing Bylaws when drafting the New Hospitals' Bylaws. Instead, Centurion used Bylaws that are more common for a non-profit health system. Therefore,

the Bylaws are completely different than what is currently in place, mostly because the system is changing from a for-profit corporation to a non-profit corporation.

The Centurion Transacting Parties have no plans to revise or modify any of their organizational documents as a result of the Proposed Transaction. The Prospect Transacting Parties plan to dissolve Prospect CharterCARE, RWMC, and OLF in accordance with all applicable laws and regulations at the appropriate time following the Proposed Transaction. The Prospect Transacting Parties have no plans to revise or modify the organizational documents of Chamber, IH, IIH, Prospect, or PEH as a result of the Proposed Transaction.

All pages and documents of the corporate documents in the possession, custody and control of the Transacting Parties have been produced, specifically:

In response to Deficiency 41, all pages of the Prospect Medical Holdings Amended and Restated Bylaws beginning at original Bates Number 07-CNT-PMH-000063 (resubmitted Bates Number 07-R-CNT-PMH-000258) have been produced. The Transacting Parties are not in possession, custody, or control of any further pages of that document.

In response to Deficiency 42, please see revised Exhibit 7 including the Prospect CharterCARE Articles of Amendment that were filed with the Rhode Island Secretary of State on May 19, 2023.

In response to Deficiency 43, the Prospect Transacting Parties are not in possession, custody, or control of a signed version of page original Bates Number 07-CNT-PMH-00176 (resubmitted Bates Number 07-R-CNT-PMH-000371).

In response to Deficiency 44, the referenced Resolutions Adopted by Unanimous Consent of the Board of Directors of the Centurion Foundation, Inc. Authorizing, Approving, and Adopting Amended and Restated Articles of Incorporation and Bylaws are attached at Exhibit 7.

In response to Deficiency 45, Exhibits C-G for CharterCARE Health of Rhode Island, the New Hospitals, and the CharterCARE Health of Rhode Island Foundation are attached at Exhibit 7.

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.

RESPONSE:

For the Prospect Transacting Parties, please see Exhibit 8.

While Centurion owns certain real property for various licensed facilities across the country, it does not operate facilities or have any ownership interest in licensed operators.

In response to Deficiency 47, Prospect RI Home Health and Hospice, LLC is a holding entity that is not licensed and does not offer healthcare services. Prospect CharterCARE Home Health and Hospice, LLC is a licensed home health agency operating under RIDOH license number HNC02226. There are not affiliated entities of the Transacting Parties with the names Prospect RI Home Health and Hospital, LLC or Prospect CharterCARE Home Health and Hospital, LLC.

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.

RESPONSE:

- a. See Exhibit 9 for the Existing Hospitals organizational chart and post-conversion New Hospital organizational charts. Please also see Confidential Exhibit 9 for existing nationwide organizational charts for the Transacting Parties.

In response to Deficiency 50, the revision date of the Organizational Structure of Prospect Medical Holdings, Inc. included in the Initial Submission is May 23, 2023. Please see revised Confidential Exhibit 9 with a revision date of October 13, 2023, reflecting changes since the submission of the Initial Application.

In response to Deficiency 51, RWMC holds the OACF license for the CharterCARE Sleep Disorders Center. As a result, the CharterCARE Sleep Disorders Center is reflected as Prospect CharterCARE RWMC, LLC on the organizational chart.

OLF holds the license for and operates, with respect to the health clinic, as the St. Joseph Health & Dental Clinic. As a result, the St. Joseph Health & Dental Clinic is reflected on the organizational chart as Prospect CharterCARE SJHSRI, LLC.

Prospect CharterCARE Ancillary Services, LLC is reflected in Confidential Exhibit 9 as a subsidiary of Prospect CharterCARE, and Waterbury Hospital is reflected as Prospect Waterbury, Inc., a subsidiary of Prospect CT, Inc.

- b. Presently, Prospect owns PEH. PEH is the sole member of Prospect CharterCARE. Prospect CharterCARE is the sole member of OLF and RWMC, among other subsidiaries.

Following closing, CharterCARE RWMC and CharterCARE OLF – both Rhode Island non-profit corporations – will be direct subsidiaries of CharterCARE Health of Rhode Island, also a Rhode Island Non-profit Corporation. CharterCARE Health of Rhode Island will be a direct subsidiary of Centurion, a Georgia non-profit.

In response Deficiency 49, following closing of the Proposed Transaction, Centurion will acquire all assets and operations of the assets of Prospect CharterCARE,

RWMC, Prospect RI Home Health and Hospice, LLC, HH&H, New University Medical Group, LLC d/b/a University Medical Group, OLF, CCMA, Prospect CharterCARE Ancillary Services, LLC, and BVS. As a result, PMH currently anticipates dissolving those entities and any subsidiaries (not including the joint ventures described below) in accordance with all applicable laws at the appropriate time following closing of the Proposed Transaction. PMH has not yet determined its plans with respect to PEH and has no current plans to dissolve it as a result of the Proposed Transaction. Healthcare Staffing on Demand RI, LLC was dissolved in June 2023.

Following the Proposed Transaction, as indicated in Schedule 3.8(a) of the APA, CharterCARE Health of Rhode Island will assume Prospect CharterCARE's, RWMC's, and Prospect CharterCARE Physicians LLC's membership interests (as applicable) in the following joint ventures: Chemosynergy, LLC – a currently dormant entity – Rhode Island PET Services, LLC, Roger Williams Radiation Therapy, LLC, and Southern New England Radiation Cancer Center, LLC.

The following entities, defined as Affiliates by RIAG and RIDOH, are not affiliated with any Transacting Party: CharterCARE Blackstone Surgery Center, LLC; CharterCARE Physicians, LLC; CharterCARE Health of Rhode Island Foundation, Inc.; CharterCARE Home Health and Hospice, LLC; and CharterCARE Associates in Primary Care Medicine, LLC. As a result, the Transacting Parties do not have any information regarding these entities following closing of the Proposed Transaction.

As to Centurion, besides for CharterCARE Health of Rhode Island, CharterCARE RWMC, and CharterCARE OLF, CharterCARE Health of Rhode Island will be the sole member of CharterCARE Home Health and Hospice, LLC and CharterCARE Blackstone Surgery Center, LLC. Centurion also anticipates that it will create additional entities for the operation and assets of other Prospect CharterCARE affiliates. It has not created any additional entities at this time.

In response to Deficiency 52, following closing, Centurion will acquire all assets and operations of the assets of Prospect RI Home Health and Hospice, LLC, HH&H, BVS, New University Medical Group, Prospect CCMA, and Prospect CharterCARE Ancillary Services. As a result, Prospect currently anticipates dissolving those entities and any subsidiaries (not including the joint ventures described below) in accordance with all applicable laws following closing of the Proposed Transaction.

Following the closing of the Proposed Transaction, CharterCARE Health of Rhode Island will be the sole member of CharterCARE Home Health and Hospice, LLC and CharterCARE Blackstone Surgery Center, LLC. Centurion anticipates that it will create entities for the operation and assets of New University Medical Group, Prospect CharterCARE Physicians, LLC d/b/a CharterCARE Medical Associates, and Prospect CharterCARE Ancillary Services, LLC. It has not created those entities at this time. Centurion does not anticipate creating a separate entity for Prospect RI Home Health and Hospice, LLC (a holding company for HH&H).

10. Please provide the following:

- a. A description of criteria established by the board of directors of the Transacting Parties for pursuing a proposed conversion with one or more health care providers; 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.

RESPONSE:

- a. **In evaluating a proposed conversion, the Prospect CharterCARE Board reviewed whether the proposed conversion ensured Prospect CharterCARE's mission – i.e., to provide the highest quality of care to the community, including the underserved population – could continue successfully and whether the acquiror would return the hospitals to non-profit status. The Board also reviewed whether the acquiror was dedicated to serving the surrounding community and whether such a conversion could strengthen the financial status of the Existing Hospitals to ensure their future.**

With respect to Centurion, please see the response to Question 29 in Appendix F and Confidential Exhibit 6.

- b. **The Prospect CharterCARE Board considers the Proposed Transaction as the only alternative in carrying out its mission. Specifically, Prospect has decided that it is ready to sell the Existing Hospitals and the current fiscal status quo is not sustainable. The Proposed Transaction involving Centurion, as the only interested acquiror, is the only alternative in carrying out Prospect CharterCARE's mission, will return the hospitals to non-profit status, and is dedicated to ensuring the Existing Hospitals' future. For further information, please see the Prospect CharterCARE Board minutes at Confidential Exhibit 6. Specifically, please see the meeting minutes for the November 7, 2022 Special Meeting of the Board of Directors of Prospect CharterCARE, LLC at pages 2 and 3 for consideration by the Prospect CharterCARE Board of Directors regarding the Proposed Transaction being the only alternative.**

11. Please provide a description of request(s) for proposals issued by the Transacting Parties relating to pursuing a proposed conversion.

RESPONSE:

Please see Confidential Exhibit 11 as to the Prospect Transacting Parties. Please also see attachments 4d-1 to the Centurion HSR and Prospect HSR materials (Confidential Exhibit 62) for further documentation issued by H2C. The Centurion Transacting Parties did not issue any requests for proposals related to the Proposed Transaction.

12. Please provide the names, addresses and phone numbers of all professional consultants engaged by the Transacting Parties in connection with the proposed conversion.

RESPONSE:

The Transacting Parties engaged the following professional consultants in connection with the proposed transaction:

Joint Consultants

Adler Pollock & Sheehan P.C. – Patricia K. Rocha, Esq., 401-274-7200, One Citizens Plaza, Providence, Rhode Island 02903 – law firm

Principle Valuation, LLC – Patrick J. Simers, Managing Partner, (312) 422-1010, 311 South Wacker Drive, Suite 3350, Chicago, IL 60606 –valuation firm

Prospect Medical Holdings/Prospect CharterCARE

H2C Securities, Inc – William B. Hanlon, (858) 242-4801, 4655 Executive Drive, Suite 280, San Diego, California 92121 – investment banking services

Sheppard Mullin – Eric A. Klein, Esq., (310) 228-3728, 1901 Avenue of the Stars, Suite 1600, Los Angeles, CA 90067 – law firm

Alvarez & Marsal Healthcare Industry Group, LLC – Aaron Eichorn, (646)-912-2607, 600 Madison Avenue, 8th Floor, New York, NY 10022 – consulting services

Centurion

Hall, Render, Killian, Heath & Lyman, P.C. – Chad Sukurs, Esq., (317) 977-1452, 500 N. Meridian St., Suite 400, Indianapolis, IN 46204 – law firm

VMG Health – Colin McDermott, CFA, CPA/ABV, (972) 616-7808, 2515 McKinney Avenue, Suite 1500, Dallas, Texas 75201- valuation firm

Chace Ruttenberg & Freedman, LLP – Richard J. Land, Esq., (401) 453-6400, One Park Row, Suite 300, Providence, RI 02903 – law firm

Sunstone Consulting – Gregory S. St. Clair, Sr., Managing Principal, (717) 329-2140, 1645 Whitley Drive, Harrisburg, PA 17111 – consulting services

Barclays Capital Inc. – Joseph Hegner, Managing Director, (312) 609-8508, 190 S. LaSalle, 22nd Floor, Chicago, IL 60603 – investment banking services

QHR Health, LLC d/b/a Ovation Healthcare – Dwayne Gunter, CEO, (615) 317-7979, 1573 Mallory Ln, # 200, Brentwood, TN 37027 – due diligence (please note Ovation will have no involvement with the Proposed Transaction)

USI Insurance Services, LLC – Lawrence W. Jones, (704)-604-3444, 6100 Fairview Road, Charlotte, NC 28210 – insurance broker

Barnes & Thornburg LLP – Jerimi Ullom, Esq., (317) 236-1313, 11 South Meridian Street, Indianapolis, IN 46204 – law firm

13. Please provide a copy of any agreement(s) 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.

RESPONSE:

See Confidential Exhibit 13.

Please note that there is no engagement letter for USI Insurance Services, LLC or Barnes & Thornburg LLP. Centurion anticipates that there will be an engagement letter with Barnes & Thornburg LLP and will supplement this application upon receipt.

14. Please provide copies of current conflict of interest forms from all incumbent or recently incumbent officers, directors, members of the board of directors or trustees, and senior management, 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).

RESPONSE:

See **Confidential Exhibit 14.**

15. Please provide conflict of interest statements, policies and procedures for each of the Transacting Parties.

RESPONSE:

See Confidential Exhibit 15.

The Prospect conflict of interest policy applies to all of the Prospect Transacting Parties.

16. Please provide the binding transaction documents, such as an asset purchase and/or transfer agreement, affiliation agreement and/or memorandum of understanding and all exhibits and schedules thereto (including any updates or supplements as they occur).

RESPONSE:

Please see Exhibit 16 and Confidential Exhibit 16.

In response to Deficiency 80, other than the Amendment dated November 7, 2023 Second Amendment to Asset Purchase Agreement attached as Exhibit 16, no updates to the APA or exhibits or schedules thereto have occurred since submission of the Initial HCA Application.

In response to Deficiency 81, the attached Schedule 4.7 is the responsive schedule for Schedule 4.6, but it was mislabeled. The responsive information and correct numbering will be updated when the schedules are updated closer to the closing of the Proposed Transaction.

In response to Deficiency 82, the empty schedules have not been populated and will not be populated until a closing date is set. Given how much time would lapse between signing and closing, the Transacting Parties did not expend resources to have all of the schedules completed knowing they would change or be updated at closing. Once a closing date is set, the schedules will be updated as close to the closing date as possible.

In response to Deficiency 83, no updates have been made to Schedule 3.1(b)(ii). Any updates to this schedule will be made with the rest of the schedules closer to closing.

17. Please identify and describe all government (including local, state, or federal) permits, licenses, or other approvals necessary to implement the proposed conversion and the status thereof.

RESPONSE:

In addition to Hospital Conversions Act approval, first, the Proposed Transaction requires approval of change in effective control applications from RIDOH for RWMC (including the CharterCARE Sleep Disorders Center), OLF, BVS and HH&H. Such applications are being contemporaneously filed with this Application.

Second, the parties will file all necessary change in operator applications and notifications for all state and federal licenses and permits that are currently held by Prospect CharterCARE entities. The Transacting Parties will file such applications and notices in accordance with the applicable statutory and regulatory authority.

Finally, the Transacting Parties will file all necessary applications and notifications with federal and state agencies related to payment agreements with the Centers for Medicare and Medicaid Services and Rhode Island Medicaid.

Please see Schedule 3.1(b)(ii) of the APA at Exhibit 16 for lists of required governmental and third-party consents and approvals. Schedule 3.1(b)(ii) includes both the buyer and seller governmental and third-party consents that will be populated in Schedules 4.1(b)(ii) and 6.2(a), subject to any updates closer to closing of the Proposed Transaction. In response to Deficiency 84, Schedules 4.1(b)(ii) and 6.2(a) have not yet been populated and will not be populated until a closing date is set. Once a closing date is set, the schedules will be updated as close to the closing date as possible.

In response to Deficiency 85, the Transacting Parties are not required to send notice to or require approval from the U.S. Nuclear Regulatory Commission because the Rhode Island Department of Health Office of Radiation Control is the agent for the U.S. Nuclear Regulatory Commission.

18. 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.

RESPONSE:

With respect to the Prospect CharterCARE facilities, please see Confidential Exhibit 18, which includes the information for all Prospect CharterCARE Affiliates and has been updated for any responsive information after the last entry of March 14, 2023. In response to Deficiency 89, all responsive information, including “day to day regulatory surveys” have been provided for all Prospect CharterCARE Affiliates in Confidential Exhibit 18.

For the Centurion Transacting Parties there is no responsive information. There is also no responsive information for any affiliate of Centurion.

19. 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.

RESPONSE:

Please see Confidential Exhibit 19. In response to Deficiency 92, 93, and 94, this Exhibit contains all responsive information for all Transacting Parties and all Affiliates of the Transacting Parties.

The following entities are not affiliated with Prospect, Prospect CharterCARE, or any other Transacting Party: CharterCARE Blackstone Surgery Center, LLC; CharterCARE Physicians, LLC; CharterCARE Health of Rhode Island Foundation, Inc.; CharterCARE Home Health and Hospice, LLC; and CharterCARE Associates in Primary Care Medicine, LLC. As a result, the Prospect Transacting Parties do not have any information regarding responsive information for those entities.

The following entities are joint ventures and no Prospect Transacting Party holds operational or ownership control: Partners in Clinical Research, LLC, Chemosynergy, LLC (a currently dormant entity), Rhode Island PET Services, LLC, Roger Williams Radiation Therapy, LLC, Southern New England Radiation Cancer Center, LLC. As such, the Transacting Parties are not in possession, custody, or control of the requested information for these entities.

20. Please provide a list with detailed descriptions of all agreements executed or anticipated to be executed by any of the Transacting Parties in connection with the proposed conversion.

RESPONSE:

Please see Confidential Exhibit 20 for the requested documents and/or descriptions, as applicable. Please also see Exhibit 16 for the Asset Purchase Agreement and all amendments thereto.

21. Please provide copies of reports of any due diligence review performed by each Transacting Party in relation to the proposed conversion. These reports are to be held by the Attorney General and Department of Health as confidential and not released to the public regardless of any determination made pursuant to R.I. Gen. Laws § 23-17.14-32 and notwithstanding any other provision of the general laws. Please include a description of the plans for ongoing due diligence efforts by the Transacting Parties and their Affiliates throughout the proposed conversion review and other regulatory reviews, up to and including the Effective Date.

RESPONSE:

Please see Confidential Exhibit 21.

In response to Deficiency 96, while Centurion stays informed with the current operations of the Existing Hospitals, there has not been any ongoing due diligence since the APA was initially signed. The parties expect to renew the due diligence review in connection with the financing and closing of the Proposed Transaction once approved by the State.

In response to Deficiency 100, the Transacting Parties confirm that each and every due diligence review and corresponding report related to the Proposed Transaction are those set forth and referenced in Confidential Exhibit 21.

22. Please provide copies of any report(s) analyzing any affiliation, merger, or other similar transaction considered by any of the Transacting Parties during the past three (3) years, including the proposed transaction, including but not limited to, any report by any appraiser, accountant, consultant, investment banker, actuary, other expert, or 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.

RESPONSE:

Please see Confidential Exhibit 22 and the documents produced in response to Confidential Exhibit 21, as well as the Prospect CharterCARE Board presentation at Confidential Exhibit 6.

For information regarding the Prospect CT, Inc. transaction with Yale New Haven Health Services Corporation, please see <https://dphconwebportal.ct.gov/Report> (Docket number 32594) for up to date filings.

With respect to Centurion, Centurion does not have any additional responsive information to this request for any of the Centurion Transacting Parties or their Affiliates.

23. Please provide copies of IRS Form 990 for any Transacting Party and its Affiliates required by federal law to file such a form, for each of the three (3) years prior to the submission of the application.

RESPONSE:

Please see Exhibit 23 for the IRS Form 990s for Centurion, Centurion Holdings 1, Inc., and Centurion Foundation of Massachusetts, Inc. as well as Confidential Exhibit F37. Centurion BioSquare, Inc. does not have an IRS Form 990 because it is a newly formed entity. All other Affiliates are single member LLCs which are reported on a consolidated basis as part of Centurion's 990. The 2023 990's have not yet been filed. Centurion Holdings 1, Inc. and Centurion Foundation of Massachusetts, Inc. did not exist in 2020 and, therefore, have no responsive documents for that year. As a result, there is no other responsive information for Centurion's Affiliates.

The remainder of the Centurion Transacting Parties (the New CharterCARE System entities) do not have IRS Form 990s because they are newly formed entities.

The Prospect Transacting Parties do not have any IRS Form 990s because, as for-profit entities, they are not required by law to file such a form.

24. 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), including all financial reports showing all employment costs and expenses.

RESPONSE:

For the Prospect Transacting Parties, please see Exhibit 24 for FY20, FY21, and FY22 audited financial statements.

In response to Deficiency 103, there is no responsive information for Chamber, IH, and IIH because there has been no financial activity in those entities.

In response to Deficiency 108, PEH does not have any audited financial statements and, therefore, has no documents responsive to this question.

Centurion does not have audited financial statements. Please see Confidential Exhibit 24 for the FY20, FY21, and FY22 unaudited financials for Centurion. The other Centurion Transacting Parties do not have any financial statements as they are newly formed entities.

In response to Deficiency 104, please see Confidential Exhibit 24 for the unaudited financial statements for Prospect Health Services RI, Inc. and Prospect Provider Group RI, LLC. BVS's, CCMA's, Associates in Primary Medicine, Inc.'s, and Prospect CharterCARE Ancillary Services, LLC's financials are included in those for Prospect CharterCARE. HH&H and New University Medical Group, LLC are included in those for Prospect RWMC. As CharterCARE Sleep Disorders Center is part of Prospect RWMC, all financial activity for that clinic is included within Prospect RWMC financial statements. Any revenue or costs associated with Rhode Island PET Services, LLC, Roger Williams Radiation Therapy, LLC, Partners in Clinical Research, LLC, and Southern New England Regional Cancer Center, LLC is included in the Prospect CharterCARE financial statements. There are no financial statements for Prospect RI Home Health and Hospice, LLC, Healthcare Staffing on Demand RI, LLC, and Chemosynergy, LLC as there has been no financial activity in those entities.

CharterCARE Blackstone Surgery Center, LLC, CharterCARE Physicians, LLC, CharterCARE Health of Rhode Island Foundation, Inc., CharterCARE Home Health and Hospice, LLC, and CharterCARE Associates in Primary Care Medicine, LLC are not associated with any of the Transacting Parties and, therefore, they are not in possession, custody, or control of any financial statements for those entities.

The financials of the Centurion Affiliates are rolled up into Centurion. As a result, Centurion does not maintain separate financial statements for its Affiliates.

In response to Deficiency 106, please see Confidential Exhibit 24 for the Prospect Transacting Parties' management letters. As to the Centurion Transacting Parties and Affiliates, there are no management letters.

Also in response to Deficiency 106, Centurion intends to finance the transaction with 100% debt as set forth in detail in the Executive Summary and in response to Deficiency 16. No equity contributions, stock issuances, partnership interests, or stock offerings are contemplated. All ownership interests are anticipated to be as described in the Executive Summary: Centurion will be the sole corporate member of CharterCARE Health of Rhode Island which will be the sole corporate member of the New Hospitals, the CharterCARE Foundation, and the new affiliated LLCs.

In response to Deficiency 107, please see Confidential Exhibit 24 for monthly financial statements for Prospect, Prospect CharterCARE, and the Existing Hospitals for January 2023 through June 2023. Prior to January 2023, the Prospect Transacting Parties did not prepare monthly financial statements. As a result, please see Confidential Exhibit 24 for the quarterly financials from October 1, 2022 through January 1, 2023 for PMH, Prospect CharterCARE, and the Existing Hospitals. The monthly financials for Prospect for the time period following July 2023 are not yet finalized. The monthly financials for Prospect CharterCARE and the Existing Hospitals for the time period following August 2023 are not yet finalized. Chamber, IH, IIH, and PEH do not have any monthly financials. Accordingly, the Prospect Transacting Parties have produced all documents in their possession, custody, or control in response to this question.

Please see Confidential Exhibit 24 for monthly financial statements for Centurion from April 2023 through September 2023.

25. Please provide any and all assessments, reports or evaluations, financial or otherwise, of the Transacting Parties and/or their Affiliates performed in anticipation of any proposed affiliation, purchase, merger, or other such transaction for the prior three (3) fiscal years, by whomever prepared (internal or external experts or consultants, or in combination), including, but not limited to, analyses of financial strengths, weaknesses and/or viability.

RESPONSE:

Please see the documents in Confidential Exhibit 21. The Transacting Parties do not have any additional responsive documents to this question.

For information regarding the Prospect CT, Inc. transaction with Yale New Haven Health Services Corporation, please see <https://dphconwebportal.ct.gov/Report> (Docket number 32594) for up to date filings.

With respect to Centurion, Centurion does not have any additional responsive information to this request for any of the Centurion Transacting Parties or their Affiliates.

26. Please provide a list of insurance contracts in full force and effect for each Transacting Party and their Affiliates, including professional, directors and officers and comprehensive general liability, including coverage limits, purpose of insurance, and duty of coverage, both currently and post conversion. Please provide detailed information concerning any and all coverage provided by self-insured funds and/or captive insurance companies to provide coverage for risks, including but not limited to the amount of the self-insurance fund, claims paid, or claims pending.

RESPONSE:

Please see Confidential Exhibit 26 for insurance information for the Prospect Transacting Parties that are currently in full force and effect. Please note that the corporate policies listed therein include coverage of all Prospect CharterCARE affiliates unless otherwise noted. The Prospect Transacting Parties do not use captives for self-insured coverage limit obligations. In response to Deficiency 114, the Prospect Transacting Parties do not have any coverage provided by self-insured funds and/or captive insurance funds. As a result, the Prospect Transacting Parties do not have any responsive information as to claims paid or pending for self-insured funds and/or captive insurance funds.

In response to Deficiency 115, the Prospect Transacting Parties confirm that all insurance contracts listed for Prospect cover the Prospect CharterCARE Affiliates, unless otherwise noted. There are no other responsive documents or information for the Prospect CharterCARE Affiliates.

Please see Confidential Exhibit 26 for insurance information for Centurion and the Centurion Affiliates. There are no other responsive documents for Centurion or its Affiliates. The renewal for the attached policies for the same coverage has been processed and confirmed, but Centurion has not yet received the policies. In response to Deficiency 114, as to the Centurion Transacting Parties, there is no responsive information regarding claims paid or pending.

The New CharterCARE System is in the process of securing appropriate insurance to provide coverage following closing of the Proposed Transaction. It will maintain all standard insurance coverage for a healthcare system, including professional liability, workers' compensation, general liability, cybersecurity, and directors' and officers' insurance. It is working with USI Insurance Services (Scott C. Anderson and Lawrence W. Jones) as its broker to secure such coverage.

In response to Deficiency 112, the Transacting Parties confirm that no insurance coverage for the New CharterCARE System (including a supplemental listing of policies) has been procured to date and that such policies will be provided when available.

27. 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.

RESPONSE:

Centurion created the CharterCARE Health of Rhode Island Foundation, Inc. (“CharterCARE Foundation”) to raise funds and provide assistance specifically to, and for the benefit of, the New Hospitals and other affiliates of the New CharterCARE System, that are described under Internal Revenue Code Section 501(c)(3) and are classified as public charities under Code Sections 509(a)(1) or 509(a)(2). On that basis, the CharterCARE Foundation will be a supporting organization to such organizations within the meaning of Code Section 509(a)(3).

CharterCARE Health of Rhode Island anticipates that the primary funding for the New CharterCARE System will come from the provision of charitable healthcare services in the Community. Philanthropic fundraising endeavors, however, are a significant source of support for Code Section 501(c)(3) healthcare organizations. The CharterCARE Foundation anticipates that it will undertake such endeavors on behalf the New Hospitals and the New CharterCARE System’s other Code Section 501(c)(3) organizations by conducting fundraising programs and receiving donations (including lifetime gifts and bequests), grants, and investment income for the New CharterCARE System, including the New Hospitals. All monies generated from the CharterCARE Foundation’s fundraising activities will be paid directly by the donor to either the CharterCARE Foundation or the New Hospitals. Upon recognition of the Foundation’s tax-exempt status, the CharterCARE Foundation will begin to solicit funds and make distributions to the New Hospitals in accordance with its governing documents.

In response to Deficiency 117, CharterCARE Foundation Board members will consist of members of the local community who are dedicated to community service and have backgrounds that will add value to the CharterCARE Foundation. They will be selected based on their demonstrated commitment to the well-being of the local community and ability to further the aims of the New CharterCARE System.

Please see the response to Question 1 regarding the qualifications of the current Board members of the CharterCARE Foundation, Ben Mingle, Greg Grove, and Jeff Liebman.

Please see Exhibit 7 for the articles of incorporation and Bylaws for the CharterCARE Foundation. Please see Confidential Exhibit 15 for the CharterCARE Foundation’s conflict of interest policies.

In response to Deficiency 118, following closing of the Proposed Transaction, the Centurion Transacting Parties are dedicated to their charitable mission in providing high quality and needed services to the New Hospitals’ communities while ensuring their stability for the future and reinvesting in the local community.

Currently, there is no separate mission statement nor program agenda outside of the purposes of the CharterCARE Foundation. Related, however, are the purposes of the CharterCARE Foundation: to manage, raise, and disburse funds and donations for the benefit of the charitable, tax-exempt purposes of the CharterCARE Foundation's Member (i.e., CharterCARE Health of Rhode Island) and affiliates, as part of the integrated healthcare delivery system. No other missions or program agenda have been established at this point since it is a brand-new entity.

As conveyed in the response to Question 4, the Bylaws provide direction on the method of appointment and qualifications of members of the Board of Directors. See Exhibit 7 for Bylaws. Outside of what is currently written in the Bylaws, no written qualifications exist for board member selection. The existing Board of Directors will choose Board members by evaluating individuals' qualifications and making selections based their alignment with specific organizational needs at the time. See Question 4 for further details.

The duties of members of the Board of Directors will be to manage the activities, business, property, and affairs of the CharterCARE Foundation, as stated in the Bylaws, including:

1. Generally responsible for the overall direction and operation of the CharterCARE Foundation in accordance with law and the governing documents, subject to the powers of the Member
2. Implement policies established by the Member
3. Consult with the CEO of the Member on the appointment, review, and removal of the CharterCARE Foundation's executive director
4. Oversee development of the organizational culture and management organization of the CharterCARE Foundation
5. Evaluate performance of the CharterCARE Foundation in relation to established policies, goals and expectations of the CharterCARE Foundation

28. 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.

RESPONSE:

As the Existing Hospitals are for-profit entities and do not have any charitable funds, no *cy pres* petition is necessary.

In response to Deficiency 119, neither RWMC nor OLF controls any of the charitable assets that were subject to the proceedings of *In re: CharterCARE Health Partners Foundation, et al.*, KM-2015-0035.

29. 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:

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

RESPONSE:

As the Existing Hospitals are for-profit entities, there are no responsive documents or information to this question.

In response to Deficiency 120, neither RWMC nor OLF controls any of the charitable assets that were subject to the proceedings of *In re: CharterCARE Health Partners Foundation, et al.*, KM-2015-0035.

30. 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.

RESPONSE:

As the Existing Hospitals are for-profit entities, there are no charitable assets or donations.

31. Please complete the following chart for the previous three (3) fiscal years and year to date:

Year	Total Endowment	Restricted	Unrestricted
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
Year to Date __ / __ / __	\$	\$	\$

RESPONSE:

As the Existing Hospitals are for-profit entities, there are no endowments.

32. Please provide the names of persons currently holding a position as an officer, director, board member, or senior 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.

RESPONSE:

There are no anticipated changes in staff or employees at this time, including senior managers, as a result of the Proposed Transaction. Please see Confidential Exhibit 32 for further information as well as responses to Deficiencies 121, 122, 123, 124, and 125.

As set forth in the Executive Summary, the New Hospitals and CharterCARE Health of Rhode Island will have new Boards of Directors consisting of community members and stakeholders, as well as Centurion representatives on the CharterCARE Health of Rhode Island Board. The current Boards of Directors of Prospect CharterCARE and the Existing Hospitals will be dissolved. Except for nominal compensation to the new CharterCARE Health of Rhode Island Board members for their service on that Board, the members of the Prospect CharterCARE and Existing Hospitals Boards of Directors will not receive any financial gain current or deferred as a result of the Proposed Transaction.

33. 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 manager of the acquiree (or any related entity).

RESPONSE:

See Confidential Exhibit 33. The Centurion Transacting Parties do not have any additional responsive information.

In response to Deficiency 126, there will no amendments to current agreements between the Transacting Parties and any of their respective executives or senior leadership in connection with the Proposed Transaction.

In response to Deficiency 127, the New CharterCARE System will retain current staff and senior leadership in addition to Mr. Liebman's restructuring portions of the management group as a result of several management activities that will be returning to local control.

This restructuring will require hiring additional management team members and restructuring the exiting management's functions to create an integrated health system, including support for:

- 1) The home health agency**
- 2) The free-standing surgery center**
- 3) The employed physician group CCMA**

Mr. Liebman has secured 100% retention of targeted leadership by entering into employment agreements, contingent upon the Proposed Transaction's closing, with existing employees for the positions as listed in response to Question 1 and in Confidential Exhibit 32.

In response to Deficiency 128, the Centurion Transacting Parties do not anticipate staffing reductions as part of implementing the plan to reduce expenses over the next two years.

34. 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.

RESPONSE:

See Confidential Exhibit 34 for documents and responses to Deficiencies 129, 130, and 131.

35. Please provide a copy of proposed contracts or description of proposed arrangements with senior managers, board members, officers, or directors of the Transacting Parties for severance, consulting services or covenants not to compete following completion of the proposed conversion.

RESPONSE:

There are no responsive documents because there are no proposed contracts or proposed arrangements related to severance, consulting services, or covenants not to compete following completion of the Proposed Transaction. As a result of Deficiency Question 132, the documents originally included in response to Question 35 have been included in the Resubmitted Application in Confidential Exhibit 34. Please see Confidential Exhibits 33 and 34 for existing agreements.

36. 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, board member, employee or consultant of the Transacting Parties and/or their Affiliates, including the terms of such loan.

RESPONSE:

Neither the Prospect Transacting Parties nor the Centurion Transacting Parties have any responsive outstanding loans to any executive, board member, employee, or consultant of the Transacting Parties and/or their Affiliates to report.

37. Please provide all documents related to the resignations of any directors, board members, senior managers and officers of each of the Transacting Parties and/or their Affiliates within the prior year.

RESPONSE:

Please see Confidential Exhibit 37. There are no additional responsive documents and there are no responsive documents for the Transacting Parties' Affiliates.

38. Please provide a detailed description of the real estate issues including title reports for land owned and lease agreements concerning the proposed conversion.

RESPONSE:

Please see Exhibit 38 for responsive materials. In addition, the Centurion Transacting Parties plan to order all necessary title reports and environmental surveys closer to the closing date to ensure all information is accurate and timely. The Centurion Transacting Parties will supplement this Application with such information once available.

In response to Deficiency 135, the Transacting Parties confirm that no environmental surveys or reports have been ordered and that responsive surveys or reports will be provided once available. Additionally, in response to Deficiency 136, Centurion plans on ordering and obtaining all necessary title reports and environmental surveys once a closing date for the Proposed Transaction is set. In response to Deficiency 137, the Transacting Parties are not aware of any real estate issue concerning the Proposed Transaction at this time.

39. Please provide a detailed description as each relates to the proposed transaction for equipment leases, insurance, regulatory compliance, tax status, pending litigation or pending regulatory citations, pension plan descriptions and employee benefits, environmental reports, assessments, and organizational goals.

RESPONSE:

Equipment Leases

The New CharterCARE System will assume all leases for the operation of necessary equipment as set forth in Section 2.1(a)(xii) and listed or described on Schedule 2.1(a)(xii) of the APA.

Insurance

Following the Proposed Transaction, the New CharterCARE System will maintain all standard insurance coverage for a health care system, including professional liability, workers' compensation general liability, cyber security, and directors' and officers' insurance. The New CharterCARE System is working with USI Insurance Services, specifically Scott C. Anderson and Lawrence W. Jones, to secure such coverage.

Rather than tail coverage, the Prospect Transacting Parties have determined that they will maintain their current insurance coverage at the current levels for five years without changes following the Proposed Transaction.

Regulatory Compliance

The Transacting Parties will seek and obtain all necessary regulatory approvals and consents, in addition to providing required notifications, from all third-parties and governmental agencies as required to effectuate the Proposed Transaction. Such consents are detailed in Schedules 3.1(b)(ii), 4.1(b)(ii), and 6.2(a) of the APA at Exhibit 16.

Following the Proposed Transaction, the New CharterCARE System will continue to operate the facilities in compliance with all laws and regulations. For example, the New CharterCARE System will enact its own Quality Assurance Program (Exhibit 39) and will provide for the Conflict of Interest Policy, Document Retention and Destruction Policy, Intermediate Sanctions Policy, Ethics/Whistleblower Policy, and Joint Venture Policy as adopted by the New CharterCARE System (Exhibit 7). In addition, please see Confidential Exhibit 39 for the draft compliance policies that the New CharterCARE System will implement in a substantially similar form following closing of the Proposed Transaction.

The New Hospitals will adopt and implement a robust, comprehensive, and proactive compliance program, led by an appropriate level executive, who will have the authority to provide regular reports to the Board of Directors, in addition to reporting to the Chief Executive Officer.

The compliance program will reflect industry-leading practices, as well as guidance from the Centers for Medicare & Medicaid Services, the Office of the Inspector General, and other applicable authorities (e.g., Rhode Island Department of Health) regarding compliance activities. The program will be:

- Memorialized in written policies, procedures, and standards of conduct for all employees
- The subject of regular educational training for the New Hospitals' staff and providers
- Well publicized within the organization to promote a culture of compliance

Components of the program will also include periodic internal auditing and monitoring of identified areas of concern, a responsiveness to investigating areas of potential concern identified in agency workplans and other guidance, and a "hotline" or other mechanism for employees and providers to report compliance concerns to the New Hospitals' compliance officer.

The compliance plan will be reviewed and evaluated periodically by the leadership team and Board of Directors to ensure its effectiveness and evolution meeting the evolving needs of the CharterCARE System's patients, employees, and organization.

Specifically, the compliance team will be led by the Vice President of Compliance. See Confidential Exhibit 33. She will have responsibility for the development, implementation and daily operation of the Compliance Program as well as all related laws and regulations pertaining to the New CharterCARE System. The position also has responsibility for overseeing compliance with all privacy and confidentiality laws including the Health Insurance Portability & Accountability Act (HIPAA).

CharterCARE Health of Rhode Island may also recruit and employ a compliance associate with the following duties:

1. Compliance Monitoring and Documentation:
 - Assist in acquiring data and documents to assist with compliance audits and assessments to identify potential areas of non-compliance and deviations from established policies and regulations.
 - Compile and organize documents of audit findings, documentation, and reports for review by the Compliance Officer.
 - Maintain accurate and up-to-date records of compliance activities, ensuring proper documentation for future reference and reporting.
2. Policy and Procedure Support:
 - Collaborate with the compliance team to help update and distribute hospital-wide compliance policies, procedures, and guidelines.
 - Assist in communicating policy changes to relevant departments and ensure proper training and implementation.
3. Training and Education:

- Participate in the planning and coordination of compliance training programs for new hires and existing staff.
 - Help organize and facilitate compliance training sessions and workshops and track attendance.
4. **Incident Reporting and Resolution:**
- Support the investigation and documentation of compliance-related incidents, breaches, or concerns, working closely with the Compliance Officer and department heads.
 - Help track completed corrective actions to complete incident documentation and closure.
5. **Regulatory Knowledge and Compliance:**
- Assist in disseminating Compliance and Privacy updates to relevant stakeholders.
6. **Data Analysis and Reporting:**
- Assist in analyzing compliance data and metrics to identify trends, potential risks, and opportunities for process improvement.
 - Contribute to the preparation of compliance reports and presentations for hospital leadership and regulatory agencies.

In response to Deficiencies 140 and 141, the Transacting Parties confirm that the Quality Assurance documents provided within Exhibit 39 are the current quality assurance plans in effect at each of the Existing Hospitals. While the New Hospitals anticipate continuing to use the existing quality assurance plans following closing, there are hundreds of existing quality policies for each hospital, in addition to proposed compliance policies that the New Hospitals will implement following closing. The proposed compliance policies are attached at Exhibit 7 and Confidential Exhibit 39.

Tax Status

As part of the Proposed Transaction, the New Hospitals will be non-profit corporations exempt from taxation pursuant to 501(c)(3) of the Internal Revenue Code.

Pending Litigation or Pending Regulatory Citations

Following closing of the Proposed Transaction, pursuant to Section 2.4 of the APA, the Prospect Transacting Parties will remain responsible for any pending litigation against them and will continue to defend such litigation. Also upon closing of the Proposed Transaction, pursuant to Section 2.4 of the APA, the Prospect Transacting Parties will remain responsible for any liabilities stemming from pending regulatory citations.

Following closing, the Centurion Transacting Parties will ensure that the New Hospitals operate in substantial compliance with all regulatory requirements.

Pension Plan Descriptions and Employee Benefits

As set forth in Section 8.3(b) of the APA, for every transferred employee, the existing seniority or periods of service with the Prospect Transacting Parties shall be recognized for the employee benefit plans of the Centurion Transacting Parties. Furthermore, that section requires that Centurion cause each of its benefit plans in which any transferred employee becomes eligible to participate to waive limitations as to pre-existing conditions and waiting periods for participation and coverage requirements for any transferred employees and eligible dependents and credit each transferred employee with all deductible payments, co-payments, and co-insurance paid by the transferred employee and covered dependent under the group health plans of the Prospect Transacting Parties prior to the closing during the year in which the closing occurs for the purpose of determining the extent to which any such employee and his or her dependents have satisfied their deductible/ reached the out-of-pocket maximum. Also pursuant to Section 8.3(b), Centurion will accept direct rollovers of any transferred employees from the Prospect Transacting Parties' retirement savings plan and will cause the account balances of any electing Transferred Employees to be rolled over in cash (or notes evidencing any outstanding participant loans) to the Centurion Transacting Parties' defined contribution plan which satisfies the requirements of Code Section 401(k).

Pursuant to Section 8.3(d), Centurion will adopt and assume the Prospect Transacting Parties' collective bargaining agreements and abide by and comply with all of their terms.

Centurion views the provision of health insurance and other employee benefits as a means of supporting employees in a way that not only meets the needs of the employees and their families, but also positively sets the organization apart from other employers. This thereby meets employees' needs, increases retention, and creates long-term value.

While insurance and benefit packages have not yet been negotiated or secured as it is currently too far ahead of closing to do so, Centurion intends to establish plans which materially match or exceed Prospect CharterCARE's existing health plans and other benefits. To ensure that such plans are at or above current offerings, Centurion has enlisted USI to evaluate the existing health insurance and employee benefits, their costs, and their competitive position within the market. USI has underwritten the existing plans and determined that the new organization will be able to secure comparable insurance at a cost which the new organization can sustainably bear.

USI prepared an analysis of the cost of the existing plans to Prospect CharterCARE as compared to the costs anticipated going forward. Please see Confidential Exhibit 39 for that analysis.

Additionally, once the New CharterCARE System is stabilized, Centurion intends to develop and implement a long-term incentive plan(s) for the benefit of management and employees.

Environmental Reports/Assessments

The Transacting Parties are not aware of any environmental issues regarding any real estate subject to the Proposed Transaction.

In response to Deficiency 144, the lack of the necessary environmental surveys is intentional. This is because the surveys would have expired before closing of the Proposed Transaction had the surveys been ordered at the time due diligence was performed.

Following approval of the transaction, the Transacting Parties will proceed with finalizing due diligence and ordering the necessary environmental surveys.

Organizational Goals

Following closing of the Proposed Transaction, the Centurion Transacting Parties are dedicated to their charitable mission in providing high quality and needed services to the New Hospitals' communities while ensuring their stability for the future and reinvesting in the local community.

40. 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.

RESPONSE:

See Confidential Exhibit 40 for information regarding the debts of the acquiree and its Affiliates. Please see Section 8.15 of the APA (Exhibit 16) regarding the disposition of the PACE debt. CharterCARE Health of Rhode Island will assume the capital leases of Prospect CharterCARE and its Affiliates. See Section 3.8(a)(i) of the APA (Exhibit 16).

The following entities, defined as Affiliates by RIAG and RIDOH, are not affiliated with Prospect or Prospect CharterCARE: CharterCARE Blackstone Surgery Center, LLC; CharterCARE Physicians, LLC; CharterCARE Health of Rhode Island Foundation, Inc.; CharterCARE Home Health and Hospice, LLC; CharterCARE Associates in Primary Care Medicine, LLC. As a result, the Prospect Transacting Parties do not have any information about the debts of these entities and Centurion will not be acquiring such debts.

In response to Deficiency 146, at the time of this Application, Centurion plans on assuming the PACE loans assuming it is accretive to the Proposed Transaction – *i.e.*, the interest rate is below market).

41. 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.

RESPONSE:

There are no opinions or memoranda addressing the state and federal tax consequences of the Proposed Transaction prepared for a Transacting Party by an attorney, accountant, or other expert.

In response to Deficiency 147, since the inception of this Proposed Transaction, outside legal counsel has been, and continues to be, closely involved on this transaction in an advisory capacity. The advice from counsel has not warranted any formal opinions or memoranda concerning taxes.

42. 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.

RESPONSE:

The price was determined in an arms-length negotiation between Centurion and Prospect taking into account the enterprise value of the operations together with the ongoing obligations and liabilities to be assumed by the New CharterCARE System with the goal of ensuring that the Centurion Transacting Parties will be able to successfully operate the facilities in the future. Please see the Amended APA (Exhibit 16) for a description of the purchase price and purchase price adjustments.

VMG Health served as the valuation firm for evaluating the business enterprise value. Its fair market value analysis and methodology is set forth in its report at Confidential Exhibit 21.

In response to Deficiency 148, the Transacting Parties confirm that the Amendment to Asset Purchase Agreement, dated as of April 18, 2023, constitutes the mutually agreed upon update to Exhibit A within sixty (60) days after the completion of the valuation by the Appraiser, as required by the original Asset Purchase Agreement dated as of November 18, 2022.

In response to Deficiency 149, pursuant to the APA dated November 18, 2022, the Purchase Price was agreed to be the fair market value of the Purchased Assets (and Assumed Liabilities) determined by the Appraiser (VMG). As described in its Final Report, VMG determined a fair market value as of February 14, 2023, in the range of \$139.0 million to \$161.0 million. Subsequent to VMG's Final Report issuance on April 26, 2023, the parties agreed upon a Purchase Price of \$160.0 million, subject to certain deductions as specified in the APA.

Centurion's strategy is to finance the transaction in such a manner that the New CharterCARE System can be operated on a stand-alone basis as a self-sufficient 501(c)(3) health system. In order to accomplish this financing strategy, Centurion was able to negotiate an approximately \$80 million purchase price reduction, thereby resulting in a net purchase price of \$80 million (\$160 million minus \$80 million equals \$80 million). Centurion intends to finance the \$160 million value, plus closing costs, and place \$80 million of cash on CharterCARE Health of Rhode Island's balance sheet at closing. This cash will allow the New CharterCARE System to operate as an evergreen health system.

These mechanics are specifically laid out in Section 2.5(a)(ii) of the APA, which states that Centurion will pay to the Seller the Purchase Price less "...an amount equal to eighty (80) Days' Cash on Hand as of the Closing Date." During the negotiations, the parties estimated the amount of required Days Cash on Hand to equal approximately \$80 million resulting in a net purchase price of \$80 million which was the amount referenced in the initial application submission.

43. 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.

RESPONSE:

Please see Confidential Exhibit 43. There are no arrangements for cross-privileging of medical staff affiliated with any of the Transacting Parties and their Affiliates before and after the Proposed Transaction.

In response to Deficiency 150, there are no separate guidelines, policies, or procedures as to credentialing committees for the Existing Hospitals. Article IV of the RWMC Medical Staff Bylaws and Rules and Regulations provides guidelines, policies, and procedures for appointment and granting of clinical privileges, and Articles V and VI provide policies, guidelines, and procedures for corrective action and hearing and appellate review. Similarly, Article IV of the OLF Bylaws of the Medical Staff and Rules and Regulations of the Medical Staff provides guidelines, policies, and procedures for appointment and granting of clinical privileges, and Articles V and VI provide policies, guidelines, and procedures for corrective action and hearing and appellate review. The Existing Hospitals do not have any additional responsive documents to this question.

In response to Deficiency 151, the Transacting Parties confirm that the New Hospitals currently plan to adopt the respective Bylaws, Rules & Regulations as they are provided and set forth within Confidential Exhibit 43.

44. Please provide the following information:

- a. A list of the amounts of uncompensated care provided over the past three (3) years by each Hospital and a description as to how that amount was calculated;
- b. A description of charity care and uncompensated care provided by the Hospital(s) for the previous three (3) year period to the present, including a dollar amount and a description of services provided to patients;
- c. A description of bad debt incurred by the Hospital(s) for the previous three (3) years for which payment was anticipated but not received; and
- d. Identify the reasons for any discrepancies between responses to sections (a) through (c) above, if any.

RESPONSE:

- a) **The total amount of uncompensated care (charity care costs plus bad debt expense) for the past three years is the following for Prospect CharterCARE:**
 - a. **FY20: \$ 18,185,132**
 - i. **OLF: \$7,383,201**
 - ii. **RWMC: \$10,382,143**
 - iii. **Other Prospect CharterCARE Affiliates: \$419,788**
 - b. **FY21: \$ 14,778,248**
 - i. **OLF: \$7,646,943**
 - ii. **RWMC: \$6,927,760**
 - iii. **Other Prospect CharterCARE Affiliates: \$203,545**
 - c. **FY22: \$22,527,406**
 - i. **OLF: \$11,507,991**
 - ii. **RWMC: \$10,286,692**
 - iii. **Other Prospect CharterCARE Affiliates: \$732,723**

The amount of uncompensated care is calculated by adding together the amount of charity care and bad debt provided in a fiscal year. Bad debt means services that have been provided and billed, but reported to be uncollectible. Charity care is free care that is provided to patients in accordance with the charity care policies provided in Confidential Exhibit 44. Charity care services are services that were provided but not recognized as either a receivable or revenue in the entity's financial statements. Prospect CharterCARE records charity care on a cost basis.

- b) Prospect CharterCARE provides charity care to patients who lack financial resources and are deemed to be medically indigent based on criteria established under Prospect CharterCARE and the Existing Hospitals' charity care policies. This care is provided without charge or at amounts less than Prospect CharterCARE's established rates. Direct and indirect costs for providing charity care are estimated by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients. The charity care costs for Prospect CharterCARE for the past three years is the following:

- a. FY20: \$1,094,000
- b. FY21: \$949,000
- c. FY22: \$1,244,000

Please see Exhibit 44 for the current charity care policies of the Existing Hospitals. The Existing Hospitals provide charity care when warranted to patients requiring emergency medical services – *i.e.*, services provided to stabilize and treat a condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in placing the individual's health (or the health of an unborn child) in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of bodily organs – and medically necessary services – *i.e.*, a service required for the care or well-being of the patient and provided in accordance with generally accepted standards of medical or professional practice.

- c) The total bad debt expense for the past three years for Prospect CharterCARE is the following:
- a. FY20: \$17,091,132
 - b. FY21: \$13,829,248
 - c. FY22: \$21,283,406

Please see Confidential Exhibit 44 for the current bad debt and account assignment policies for the Existing Hospitals.

- d) There are no discrepancies between sections a) through c). Please see section a) and b) for an explanation on calculation.

45. Please provide the following:

- a. A description of the plan as to how the Transacting Parties and their Affiliates will provide community benefit and charity care during the first three (3) years of operation after the proposed transaction is completed.

RESPONSE:

Following the Proposed Transaction, the New Hospitals will continue to provide robust charity care and community benefits. Specifically, as to charity care, the Centurion Transacting Parties are committed to providing medically necessary and emergency medical services to eligible patients who are unable to sustain the extraordinary burden of medical expenses due to limited income and resources. Accordingly, the Centurion Transacting Parties are adopting new financial assistance policies that comply with Section 501(r) of the Internal Revenue Code of 1986 and the Rhode Island Hospital Conversions Act Regulations (216-RICR-40-10-23.14). Such financial assistance policies are attached at Exhibit 45. This charity care policy will apply throughout the New CharterCARE System, including to affiliated entities. The New CharterCARE System will also extend its Financial Assistance Policies to professional fees for those physicians employed by the hospital.

Pursuant to those financial assistance policies, individuals or families whose annual household income is at or below 200% of the current Federal Poverty Income Guidelines (“FPIG”) will be eligible for full financial assistance, provided that they have no other sources for payment, such as health insurance, Medicaid eligibility, or liability claims. For those ineligible for full financial assistance, the New Hospitals will grant partial financial assistance for individuals and families with an annual household income of between 201% and 300% of the FPIG. Partial financial assistance is available for individuals regardless of their having other sources for payment (e.g., health insurance, Medicaid eligibility, or liability claims).

The New CharterCARE System will be using fair and equitable financial assistance and discounted practices for eligible patients who are unable to afford medical expenses due to their limited income and resources. The driver for this policy is that, as a non-profit entity, the New CharterCARE System believes that it has an obligation to help the socio-economically challenged population in Rhode Island. Through the sliding scale/partial assistance thresholds and discount amounts, the New CharterCARE System will be able provide assistance to a larger portion of the population. In compliance with 216-RICR-40-10-23.14(A)(6), the New CharterCARE System has evaluated its service area needs and financial resources of the New Hospitals to develop its sliding scale. This policy applies to charges for emergency medical services and medically necessary hospital care.

The New CharterCARE System will continue to provide emergency medical services to all individuals regardless of their ability to pay without discrimination as outlined in section 1867 of the Social Security Act.

With respect to community benefits, the Centurion Transacting Parties are committed to continuing to provide community benefits to the surrounding communities of the New Hospitals. Specifically, the Existing Hospitals issued a Community Health Needs Assessment (“CHNA”) in 2022 regarding the unmet health needs in the local community (see Exhibit 45). As part of that CHNA, Prospect CharterCARE developed a three-year Community Health Improvement Plan (“CHIP”) to guide community benefit and population health improvement. The priority areas identified were: (i) behavioral health; (ii) chronic disease; and (iii) maternal and child health. The Centurion Transacting Parties will continue to further Prospect CharterCARE’s efforts in the CHIP priority areas and take into account the CHNA findings when developing further community benefits through both the New Hospitals and Affiliates. Following the Proposed Transaction, the annual strategic objectives for development of community benefits will link to the specific recommendations set forth in the CHNA to reduce health disparities and increase access to quality care.

In response to Deficiency 162, also following the Proposed Transaction, the New CharterCARE System plans to form a community advisory board to advise leadership on issues related to the CHNA, including management of community benefits and charity care. It will manage community benefits and charity care through its CHNA process and in accordance with RIDOH’s Hospital Conversions Regulations.

In response to Deficiency 160, the following is a status update with respect to the Existing Hospitals’ 2022 CHNA and describes in detail CHIP elements that have been completed and those remaining outstanding:

Behavioral Health

Goal- Strengthen and support community initiatives and healthcare services that increase behavioral health resources and address underlying barriers to equitable treatment access.

Prospect CharterCARE is dedicated to providing the needed behavioral health services to the community and increasing all community members’ access to such services. With respect to behavioral health awareness efforts, the Existing Hospitals’ emergency departments provide comprehensive education and referrals to patients related to behavioral health services. While Prospect CharterCARE has not yet hosted community outreach or worked with specific community groups on behavioral health, the New CharterCARE System will work closely with community organizations to provide awareness regarding behavioral health. As a non-profit, the New CharterCARE System will also be able to seek grants to support community behavioral health awareness.

With respect to assessment of behavioral health needs, referrals, and coordination of care, Prospect CharterCARE has made significant progress towards achieving its goal to increase access to services. For example, Prospect CharterCARE primary care offices have mental health coordinators to work with patients as warranted. Furthermore, Prospect CharterCARE has partnerships with local non-profit community service providers – Family Service of Rhode Island, Gateway Healthcare, and Newport Mental Health – to ensure warm handoffs and care coordination.

These agreements provide for collaboration to conduct screening, assessments, and care coordination to ensure that among other things:

- Patient care information is timely communicated to the right people.
- Medical records and information are appropriately shared to further care.
- Psychiatric treatment services are provided at the clinically appropriate levels.
- Sufficient education is provided to the patient.
- Patients' social determinants of health are addressed.
- Local community providers make efforts to contact their patients on discharge from OLF and RWMC.

The Existing Hospitals also conduct a standardized screening for substance use disorder among their patients in the emergency departments and behavioral health units. Furthermore, the Existing Hospitals work with Anchor ED, a program of The Providence Center, which connects emergency department patients who have presented with a substance abuse issue to recovery specialists. A peer recovery specialist from Anchor ED meets with the patient at the hospital to introduce them to recovery supports. Additionally, within the primary care offices and the health clinic, practitioners receive behavioral health education in addition to all staff receiving Narcan awareness training.

Prospect CharterCARE has yet to implement two areas of behavioral health:

- Community training to empower residents to seek services and reduce associated stigma and fear.
- Investments in workforce recruitment among middle and high school students.

As a non-profit, the New CharterCARE system will aim to conduct such training and recruitment efforts, including seeking grant opportunities and funding for such efforts.

Chronic Disease

Goal – Strengthen and support community initiatives and healthcare services that address underlying inequities in access to care and improve health outcomes.

Prospect CharterCARE has developed systems and programs to address chronic disease in the community and address underlying inequities. The St. Joseph's Health Clinic ("Health Clinic"), now located on the RWMC campus, serves a broad population and provides comprehensive adult and pediatric care, which also includes bilingual and multicultural staffing, as well as sliding scale fees pursuant to the Existing Hospitals' charity care policies. The Health Clinic includes mental health and social workers who can assist in social service connections and other referrals. To the extent that patients are homebound, Prospect CharterCARE's physicians frequently offer telehealth services, in addition to the Prospect CharterCARE HH&H, which provides nursing care to individuals in their home. Prospect CharterCARE also regularly provides rideshare transportation services to patients to address transportation barriers.

Prospect CharterCARE has also successfully implemented culturally relevant patient education and care practices. Its patient education materials are bilingual. In addition, Prospect CharterCARE's physicians are dedicated to removing cultural barriers to care. For example, Dr. Abdul Saied Calvino has earned national and local recognitions from the American Cancer Society, Centers for Disease Control and Prevention, and RIDOH for his design and coordination of a comprehensive community based education and outreach program, which, over a period of 18 months, dramatically increased colorectal screening participation by Hispanics in the metropolitan Providence area. Dr. Calvino and his colleagues are continuing such work to address barriers to care related to chronic illness.

With respect to addressing the long-term impacts of COVID-19, including delayed preventive care and management during the pandemic, Prospect CharterCARE has worked to implement various tools throughout the pandemic. For example, Prospect CharterCARE had offered specialty infusion therapy clinics for COVID patients as long as the need persisted. Furthermore, RWMC provides a primary care referral to all emergency department patients who do not have a primary care physician upon discharge. Prospect CharterCARE is in the process of expanding that program to OLF.

Prospect CharterCARE is also providing comprehensive cancer care services that address the physical, mental, and social needs of patients through the RWMC Cancer Center. The Cancer Center is designated as an Academic Comprehensive Cancer Center – a title awarded to only 13% of cancer centers in the United States. It is also dedicated to removing barriers to care as demonstrated by Dr. Calvino's extensive work with the Hispanic population. The Cancer Center also offers dedicated mammography programs to encourage early detection. It also makes available clinical trials, support groups, nutritional support, and clinical oncology social worker services. The New CharterCARE System will continue this work following closing of the Proposed Transaction and will continue to seek funding and invest in supporting comprehensive cancer care services.

Finally, with respect to workforce recruitment and retention of primary and specialty care providers, Prospect CharterCARE is continuously recruiting talented physicians, most specifically primary care physicians. As set forth in the response to Question 51, Prospect CharterCARE is aware of the shortage of primary care physicians in Rhode Island and, as a result, has and will continue to add to its network of physicians. The New CharterCARE System will continue those recruitment efforts following the closing of the Proposed Transaction.

Maternal and Child Health

Goal – Continue to provide resources for women and families through community education and partnership

Prospect CharterCARE has been unable to meet its specific strategies for this goal because the Women & Infants (W&I) provider who previously had partnered with the Health Clinic is no longer providing services for W&I. Despite this, the Health Clinic continues to maintain a high-quality and busy pediatric clinic with one provider. Prospect CharterCARE (or the New CharterCARE System) will work to identify a new W&I

provider to provide the maternal and child health services and, if such a provider is identified, will continue to provide such services going forward.

- b. A description of how the Transacting Parties and their Affiliates will monitor and value charity care services and community benefit after the proposed transaction is completed.

RESPONSE:

Following the closing of the Proposed Transaction, the New CharterCARE System will monitor its charity care by recording and tracking the services and value provided pursuant to their charity care policies. The New CharterCARE System will calculate and report its charity care services in accordance with the Hospital Conversions Act Regulations. See 216-RICR-40-10-23.14.3.

Similarly, with respect to community benefits, the New CharterCARE System will track the community benefits provided and report information demonstrating compliance with the Hospital Conversions Act Regulations as required. In response to Deficiency 163, the New CharterCARE System will monitor charity care by tracking and recording it at each entity and provide periodic updates to the New CharterCARE System's finance committee and board. Charity care will be recorded within the financial systems following the submission of a charity care application and its approval. The New CharterCARE System will value charity care at the usual and customary level of the Existing Hospitals. As set forth in response to Question 44(a), the Existing Hospitals value charity care on a cost basis.

46. Please provide a list of all agreements of the Transacting Parties and/or their affiliated medical providers with third party payors and the annual commercial and non-commercial revenue generated by each agreement for each of the last three (3) years.

RESPONSE:

Please see **Confidential Exhibit 46.**

In response to Deficiency 164, Centurion confirms that it has no responsive information because the Centurion Transacting Parties have no agreements with third-party payors and it has no affiliated medical providers.

47. Please provide patient statistics for the past three (3) years and patient projections for the next year including patient visits, admissions, emergency room visits, clinical visits, and visits to each department of the hospital, admissions to nursing care or visits by affiliated home health entities.

RESPONSE:

See Confidential Exhibit 47 and Appendix A.

In response to Deficiency 167, the line item named “home health visits” in Confidential Exhibit 47 shows the admissions to home nursing care. Otherwise, Prospect CharterCARE and the Existing Hospitals do not have admissions to nursing care.

48. Please provide a board approved Integration Plan for the proposed conversion (if any).

- a. Please provide both draft and final copies of any report or presentation prepared by any consultant or expert engaged by the Transacting Parties in connection with the proposed transaction, including but not limited to any Integration Plan regardless of whether such Integration Plan has been approved by the boards of the respective Transacting Parties.

RESPONSE:

There is a comprehensive, board-approved transition and integration plan. The core elements of this plan are outlined below, and the plan is attached at Confidential Exhibit 48. Please see the October 10, 2023, CharterCARE Health of Rhode Island Board of Directors minutes at Confidential Exhibit 6 for board approval.

Executive summary

In order to ensure the success of the Proposed Transaction and prepare for post-acquisition integration of the Existing Hospitals, management has prepared a comprehensive integration plan.

The goal of the integration plan is to identify, address, and eliminate/mitigate business risks that either exist today or will exist as a result of the Proposed Transaction. The integration plan will ensure the success of the Proposed Transaction and facilitate the Existing Hospitals' enduring success. This goal aligns with Centurion's experience in helping non-profit community-focused organizations thrive.

To identify, address, and mitigate/eliminate business risks and ensure transaction success, Centurion, in collaboration with Mr. Liebman, has completed a comprehensive risk assessment as part of the integration plan. The findings are captured in the 12 risk areas below and include not only steps already taken, but also risk area-specific functions for post-transaction action.

The Existing Hospitals' success under the New CharterCARE System demands a convergence of skills.

- **On one side is strategy, which Centurion contributes through its deep knowledge and broad experience with healthcare finances and accounting, financial operations, transactions, governance, healthcare operations, and an unwavering focus on empowering local leadership.**
- **On the other side is operational excellence, which will be led by local, experienced professionals, who can make effective decisions and take appropriate actions informed by an irreplaceable on-the-ground perspective. Namely, this will be Jeff Lieberman, the current CEO of the Existing Hospitals, along with existing hospital leadership and the CharterCARE Health of Rhode Island Board of Directors comprised of local community members with some Centurion representation.**

By combining Centurion’s strategic acumen and Mr. Liebman’s leadership and perspective, the integration plan will empower CharterCARE System leadership to succeed as measured by risk mitigation/elimination as well as the well-being and health of the Rhode Island community.

Background

This transition and integration plan is based on minimizing risk and maximizing the unique benefits Centurion brings to the local area coupled with the current identified opportunities to help improve the CharterCARE System.

To do so, a decoupling of the Hospitals must occur: local organizations will spin out as part of the New CharterCARE System, releasing them from higher-cost national and regional systems. In addition, this transition offers access to capital necessary to fund the financial turnaround and stability of the Existing Hospitals.

The Existing Hospitals have proven resilient and performed relatively well despite a for-profit ownership model. Conversion to a non-profit model through the execution of this integration plan will enable them to elevate their performance. Despite challenges brought about by the for-profit model over the past decade, the Existing Hospitals have:

- Maintained all essential services for the community**
- Expanded services to primary care, emergency room services, behavioral health, graduate medical education, and surgical services**
- Avoided layoffs and large-scale terminations in the last five years**
- Invested more than \$100 million in improvements**

With Prospect Medical Holding’s exit from the East Coast, the Existing Hospitals must gain access to new capital. This challenge carries with it financial risk that results in risk to the well-being of the Rhode Island community. The Proposed Transaction addresses this risk effectively, addressing both short-term needs as well positioning the CharterCARE System for long-term success.

However, to achieve their full potential, the Existing Hospitals need a more effective, decentralized model of care to meet the needs of the community and make further investments in the State of Rhode Island. The Proposed Transaction refocuses the decision-making and acquiring (and allocation) of resources to the local market, while empowering local leadership to direct care in the manner and to the degree that most meet the needs of the local community. In this way, a decentralized, locally focused model positions the New Hospitals and the New CharterCARE System for success.

Centurion has expertise that will help the Existing Hospitals move into that new model. Specifically, Centurion brings deep experience in board governance, strategic real estate development, non-profit profit design, treasury activities, fund raising, and financial and accounting systems. In addition, they have partnerships with the New England healthcare

community and many other markets. Some of these are previously untapped benefits that will be realized as a result of the Proposed Transaction.

Returning to non-profit status, returning to Rhode Island

It is clear that under the current for-profit approach, the Existing Hospitals could not serve the community as much as possible within a non-profit framework.

The transition plan is a tangible recalibration of the operating model, one which will shift refocus the Existing Hospitals' operations back to their patients and local needs. This will effectively reposition them — and broadly the New CharterCARE System — as a stakeholder in and advocate for the Rhode Island community.

Returning to non-profit status offers tremendous health, financial, and local benefits:

- An undivided focus on improving the capacity to meet the needs of local communities and more broadly Rhode Island citizens
- Proper oversight for the New Hospitals' up to \$80 million dollars in reserves that the hospitals will use as their financial backstop
- Proper oversight for the New Hospitals' \$350 million in annual cash collections
- Identifying worthwhile local entities for investments from fundraising activities
- Partnering with key organizations to improve healthcare and the quality of life in Rhode Island

Centurion has already taken many of the steps necessary to accomplish this by establishing non-profit entities under the new CharterCARE System, engaging consultants in health care benefits and information systems, partnering with local management and physicians on key strategic issues, and investing time to meet and embrace important community leaders.

In anticipation of a successful application process, we are:

- Decoupling from Prospect Medical Holdings to improve operations and lower overhead
- Returning the locus of control to leadership through moving all operational decision-making, resource control, and important systems and functions from Connecticut, Pennsylvania, and California back to Rhode Island
- Instituting a decentralized management system to allow the local entities to react faster and execute a local community-oriented system of care
- Improving the financial performance by reducing corporate overhead
- Upgrading certain information systems to make them more reliable

In addition to the strategic workflow plans submitted to the State, Management has worked with Alvarez & Marsal — a consultancy with experience in non-profits and the public sector — to prepare detailed work plans. These work plans outline changes that will

yield significant improvements post-transaction as the New CharterCARE System moves away from the national and regional systems.

These workplans provide guidance for the necessary, granular change in the following areas:

1. Human Resources
2. Information Technology
3. Supply Chain Management
4. Clinical Operations
5. Workforce Adjustments
6. Ambulatory and Outpatient Centers
7. Strategic Market Adjustments
8. Physician Services
9. Revenue Cycle Management
10. Finance
11. Managed Care Operational Changes
12. Compliance

Each of these areas is addressed in detail below. This plan is a roadmap based on extensive research and enables the execution of additional, more-detailed work plans in each area. The result will be improved operational stability as well as a firm foundation for future advancements in quality healthcare under the New CharterCARE System.

Human Resources

For the last 10 years, the Prospect human resources (HR) department and functions were managed out outside of Rhode Island in Waterbury, Connecticut. Accordingly, the Vice President in charge of HR functions, union negotiations, and recruitment activities was on site only one day per week.

This drastically limited HR's efficiency and inhibited its ability to meet the needs of the management, employees, and the community. These detriments severely outweighed the limited economies of scale and cost-savings associated with this remote leadership model.

In anticipation of the New CharterCARE System framework, the following operational changes will focus HR on providing for community and the Existing Hospitals' well-being:

- 1) Hiring a new Human Resource leader with more than 20 years of experience who is dedicated solely to the Rhode Island market.
- 2) Reviewing technology-based HR systems to transition to local contracts and new programs where appropriate. This includes online training programs and payroll systems.
- 3) Basing all recruitment processes at all levels in Rhode Island, reversing the lack of local control over the recruitment process, including onboarding, physician recruitment, job placement activities, and other talent acquisition matters.

- 4) Hiring and onboarding a new director of talent acquisition dedicated exclusively to the Rhode Island area.
- 5) Making the selection of staffing agencies a local decision rather than a regional, committee-based process.
- 6) Restructuring resource allocation toward personnel dedicated to the local Rhode Island market recruitment and retention challenges and away from corporate activities (e.g., increasing the departmental resources dedicated to talent acquisition from 10% to 35%).
- 7) Redesigning performance-management programs to reflect the needs of the local market.
- 8) Approaching union relationships locally instead of regionally or nationally as has been done for almost a decade. This includes the selection of legal counsel for representation negotiations.
- 9) Creating and offering employee medical plans that meet or exceed the existing plans by working with national consultants and applying industry-leading practices.
- 10) Developing a comprehensive succession plan to ensure continuity of key physician and senior management roles (including C suite) while establishing a more sustainable long-term operating model.
- 11) Development of compensation benefit retirement plans in addition to competitive healthcare benefits that will attract and retain top talent.

Information Technology

Under Prospect Medical Holdings, the Information Technology department was centralized into a national model, leaving just a repair-only service department with minimal local supervision at each Existing Hospital. All decision-making and resource allocation was done at the national level, including hardware and software purchasing, and strategic direction.

In addition, most local IT employees were relocated to other companies throughout the Prospect Medical Holdings organization located out of state or out of country. Due to those changes, there was no significant coordination of input from the local operating managers or the medical staff regarding how to leverage IT to improve and enhance patient care.

The new CharterCARE System addresses this shortcoming by integrating the operating and clinical needs of the hospital with the managerial experience and expertise of the Centurion management team.

Centurion offers significant corporate office experience and will take the lead in selecting a proven consulting firm best positioned to assist the Existing Hospitals' needs. This will entail a multi-year journey to upgrade all systems prefaced by the following:

- 1) Returning the department to local control and management with the advice and counsel of consulting organizations with expertise in these areas. Part of this effort includes hiring 20+ former Providence-based employees in core areas, plus reviewing additional hiring needs for help desk, computer desktop support, and

other critical functions. This will be funded by a reduction in the utilization of outsourced staffing agencies.

- 2) Hiring a Chief Information Officer to lead the department.
- 3) Renegotiating approximately 65 information system contracts making them specific to and aligning with the needs of the local CharterCARE System. Identifying these system contracts is a collaborative effort between Centurion and Prospect Medical Holdings.
- 4) Developing a new cyber-security model that meets the needs of the Existing Hospitals through partnering with a specialized consulting firm.
- 5) Establishing a multi-year hardware- and software-replacement program, which will address extensive modernization needs, including upgrading the current Meditech system to ensure continued long-term support.
- 6) Enhancing the medical staff advisory groups to provide support in refining the clinical medical records systems.

Supply Chain Management

Changes to the Existing Hospitals' supply chains presents significant potential savings opportunities in two ways:

- 1) Moving to a new national group purchasing organization, executed in conjunction with the transition to an on-site, locally focused information technology department.
- 2) Focusing on select locally negotiated supply chain discount incentives rather than national incentives especially in the areas of implants.

Certain currently burdensome administrative procedures within supply chain management will improve by focusing on the following:

- 1) Our outside consultants with the Centurion main office will provide support to a Rhode Island-based group purchasing department that will be located in Providence within 12 months of the transaction closing.
- 2) Developing the IT plans necessary to facilitate a move to a new national group purchasing organization, yielding potential savings of more than \$5 million.
- 3) Identifying, improving, and altering (where necessary) contracts with approximately 100 key vendors so as to enhance relationships and change the incentives to better match clinical needs and operations.
- 4) Centralizing vendor relationships (including outside staffing agencies) under the local supply chain leadership team.
- 5) Conducting all contract negotiations from out of state back to the local hospitals in Rhode Island.

Clinical Operations

Core to the care provided by the Existing Hospitals is clinical operations. Moving to the localized delivery model of the CharterCARE System will elevate this, due to both capital and human resource investments currently in process.

Some of the larger, more comprehensive issues include the following:

- 1) Upgrading the Meditech computer platform.
- 2) Improving inpatient bedside delivery by:
 - a. Enhancing the nurse call system
 - b. Increasing and upgrading the computers on wheels program
 - c. Improving patient monitors
 - d. Modernizing patient-identification scanners
 - e. Upgrading communication devices
- 3) Hiring an Executive Physician of Clinical Integration to focus on clinical integration activities across all entities.
- 4) Improving performance and increasing access to care by moving certain clinical programs (e.g., dental) and primary care offices to more appropriate outpatient locations.
- 5) Modernizing the emergency room at OLF on par with RWMC.
- 6) Expanding inpatient behavioral health services at the Existing Hospitals to meet community needs.
- 7) Expanding outpatient behavioral health services as relates to partial-hospitalization patient care.
- 8) Increasing access to our critical care patients by workflow and patient-flow redesign.
- 9) Creating clinical-integration activities coordinating the procedures between primary care physicians and specialists. With a primary focus on reducing referrals to high-cost institutions, this will increase community access and lower the cost of care.
- 10) Enhancing our commitment to use our Graduate Medical Education training programs to retain physicians for the local Rhode Island market. This includes moving the physician recruitment activities back to Rhode Island from Connecticut.
- 11) Moving to a patient-focused quality assurance program, including routine review at the boards and new design of the quality and risk management departments.
- 12) Refocusing quality assurance activities to focus more on patient outcomes in conjunction with workforce retraining.

Workforce Adjustments

Effective oversight is a must, and that comes from a clear line of sight into daily operations. Over time, an increasing number of key management positions, general workforce functions, and reporting responsibilities were moved out of Rhode Island, leaving little supervision at the local level, while encumbering the Hospitals with these costs despite out-of-state sourcing.

Examples of these items include but are not limited to:

- Human Resources — Connecticut Management and Oversight

- CharterCARE Medical Physician Associates — Pennsylvania and Connecticut Oversight
- Hospital contracting — Florida Management and Oversight
- Managed Care contracting — Florida Management and Oversight
- Physician recruitment — Connecticut Management and Oversight
- Physician billing services — Connecticut Management and Oversight
- Information systems — California Management and Oversight
- Union negotiations — California Management and Oversight
- Home Health Care — Connecticut Management and Oversight
- Surgery Center — Florida Management and Oversight

While there was some economic value to this model, it was offset by other issues such as difficulty to execute, lack of understanding of the local markets, poor performance in talent acquisition, and an inability to make decisions in a timely manner.

Improving these circumstances are these planned workforce adjustments:

- 1) Bringing key management and other job functions back to the Rhode Island market starting with the list identified above. This will create many new well-paying jobs as well as inform a common strategic culture with the management team focusing on the needs of the Rhode Island area.
- 2) Transforming union relationships to allow for collaborative improvement initiatives.
- 3) Maintaining staffing level ratios across all clinical areas.
- 4) Designing competitive wage and benefit programs by reviewing and benchmarking the local market.
- 5) Improving the working conditions for employees in many clinical areas (e.g., the emergency room at OLF), relocating and expanding the dental services and upgrading the endoscopy suites.
- 6) Integrating the home health workforce fully, starting with management and billing services back to RWMC.
- 7) Integrating important services for the employed physician group fully, including management functions, billing services, case managers, and community outreach activities.
- 8) Returning the Surgery Center to local reporting and management control with joint venture type collaborations with our medical staff.
- 9) Ending physician group contracting on a national basis, and establishing new requirements for physician recruitment, selection, and oversight for those services (e.g., ER doctors).

Ambulatory and Outpatient Centers

A significant part of improving care *for* the community is bringing services *to* the community, especially in high acuity services such as outpatient surgery, oncology, and complex imaging.

In order to accomplish, the surgery center will be repositioned in the following ways:

- 1) Investing in the development of outpatient care facilities in Johnston, Rhode Island, a key market for the Hospitals' patients.**
- 2) Expanding the ambulatory services at the surgery center in Johnston, Rhode Island.**
- 3) Expanding anesthesia services at the surgery center to allow for additional outpatient growth.**
- 4) Expanding strategic service lines (e.g., orthopedics, gastroenterology) to provide greater access to these services for the community.**

Strategic Market Changes

We have identified important strategic initiatives for the transition. Executing on these will position the New CharterCARE System for success and facilitate future strategic opportunities to increase operational efficiencies, which will elevate the quality of healthcare for the local community.

Strategic initiatives include:

- 1) Continuing to invest in and maintain all essential clinical services as defined by the state.**
- 2) Maintaining and enhancing our position in the marketplace as a high-quality/low-cost healthcare system dedicated to improving the experience for all patients. This includes greater oversight of employed medical staff.**
- 3) Enhancing our leading marketplace position in cancer care by investing more in our clinic office locations.**
- 4) Strategically expanding our clinical services in cancer, orthopedics, bone marrow treatments, primary care, emergency services, and behavioral health.**
- 5) Working with physician and community leadership to develop, refine, and execute a three-year strategic plan with board oversight of the plan's progress.**

Physician Services

The physician strategy and network development activities have been run primarily with oversight from outside the region. This includes strategic development through physician-recruitment activities.

Transition of these services back to the local market will take several months following the Proposed Transaction with important changes in the following ways:

- 1) Strategic recruiting for key office-based medicine locations — already underway — including 10 newly recruited physicians to the Rhode Island market.**
- 2) Redesigning the scheduling and referral process to encourage use of lowest-cost health care services.**
- 3) Returning all administrative services back to Rhode Island supervision and control.**

- 4) Changing the leadership and direction of physician recruitment efforts back to local control.
- 5) Creating and executing a physician-recruitment succession plan.
- 6) Returning several key physician services functions to Rhode Island:
 - a. The physician billing management service center
 - b. Marketing and onboarding activities for new physicians
 - c. Management of office leases and other business activities
 - d. Physician contract negotiations and approval
 - e. Patient satisfaction and quality review

Revenue Cycle Management

All revenue cycle functions will be returned to local control as it was prior to the management of Prospect. This will include those activities that have been outsourced to other states and countries.

Some of these areas include:

- 1) Point of service collections
- 2) Registration
- 3) Scheduling
- 4) Training and Education
- 5) Complaint resolution

Finance

In order to improve operations and enhance strategic decision-making, the finance functions will now be more clearly integrated into the operating areas of the hospital.

Areas of improvement include the conversion to non-profit status, improved supply chain expenses, reductions in corporate/administrative overhead expenses, developing a reliable and accurate contractual financial collections model, reducing non-labor expenses, and growing key patient care activities.

Following the transaction:

- 1) The financial functions will be redesigned and financial leadership will be bolstered through a system-wide Chief Financial Officer familiar with the Rhode Island market.
- 2) Hospital contracting with third-party payers will no longer be done by the Independent Physician Organization. An experienced contracting executive will be hired to represent the Hospitals and negotiate with third-party payers.
- 3) All cash collections will be kept locally using local banking institutions.
- 4) A comprehensive financial plan has been developed and reviewed by Alvarez & Marsal that shows a sustainable business model with financial improvements up to \$35 million. The financial plan is attached at Confidential Exhibit 1.

- 5) Financial operations for the revenue cycle, home health agency, the surgery center, the employed physician group, and managed care contracting will report to the new system-wide Chief Financial Officer.
- 6) Formation of a local finance committee to review the financial results of the CharterCARE System.
- 7) The finance division will be tasked with monitoring the ongoing performance of the initiatives identified in the business plan for the financial turnaround.
- 8) Productivity management and oversight with specific targets will be managed at the local level in the finance division.

Managed Care

For the last 10 years, negotiating with third-party payers for the Existing Hospitals has been done by the leadership of Coordinated Regional Care, leading to an increase in referrals to other systems at higher costs. At the same time, this arrangement hasn't produced a system of coordinated community services.

Going forward, the New CharterCARE System will perform those necessary activities to increase the degree of coordination within the network.

The following steps will accelerate this:

- 1) Hiring an executive to handle third-party payer negotiations.
- 2) Developing in-house systems to monitor performance for value-based managed care agreements.
- 3) Contracting with outside consultants to assist in analytics and assessment of future managed care opportunities.
- 4) Development of a joint operating committee with the current leadership of the Coordinated Regional Care organization to ensure alignment of incentives.
- 5) Review and possibly rewrite certain managed care agreements.
- 6) Managing physician office operations to re-focus on community needs and sending patients to the lowest, most appropriate care rather than the higher-care referrals currently made.

Compliance

Prospect Medical Holdings had an extremely centralized approach to compliance activities. These functions will be transitioned to the local board of directors.

To facilitate that, the following actions have been either completed or planned:

- 1) Reviewed and reorganized the compliance policies.
- 2) Reviewed the current local compliance committee and will be keeping that structure intact.
- 3) Reviewed and will slightly modify the training programs for compliance with the intent of finding new vendors to assist with computerized employee education.

- 4) Identified which corporate agreements should be terminated and changed to new contracts.
- 5) The compliance committee chair will provide regular updates to the board of directors.
- 6) A new hotline for reporting incidents will be instituted, and all complaints will be reviewed locally.

In addition to the board approved integration plan included at Exhibit 48, the prior transition plan is attached at Confidential Exhibit 48, and the consultant reports are included at Confidential Exhibits 21 and 22. In response to Deficiency 170, the transition plan included in the original application will not be approved by the Board. The integration plan described herein and included at Exhibit 48 has been approved by the CharterCARE Health of Rhode Island Board of Directors on October 10, 2023. In response to Deficiency 171, the most recent integration plan described herein and attached at Exhibit 48 is the entire integration plan. The parties have not engaged and do not plan to engage a consultant to prepare the integration plan. It was prepared by Centurion and hospital leadership.

In response to Deficiency 169, the Transacting Parties have not yet drafted the Transition Services Agreement and do not have a form of the Transition Services Agreement. Please see Confidential Exhibit 20 for a description of the Transition Services Agreement.

49. Please identify (using Bates stamp coordinates) where in the minutes previously provided in response to Question 6 above, there is discussion of all studies, reports, analyses, and plans regarding: (a) integration or coordination of clinical programs and related administrative functions post conversion; and (b) the extent to which the clinical and administrative services provided by the Transacting Parties and their affiliate entities do and/or do not overlap and/or are complementary of one another.

RESPONSE:

The Prospect CharterCARE LLC Board of Directors discussed integration of administrative services during the following meetings: June 15, 2022 (06-R-C-CNT-PMH-003416-18); November 7, 2022 (06-R-C-CNT-PMH-003435-36); and May 17, 2023 (06-R-C-CNT-PMH-003510).

The CharterCARE Health of Rhode Island Board of Directors discussed integration of clinical and administrative services, as well as the extent to which such services do and/or do not overlap, at its October 10, 2023 meeting (06-R-C-CNT-PMH-003898).

50. Please provide all summary reports concerning patient satisfaction surveys for the Transacting Parties and/or its Affiliates for the last three (3) years.

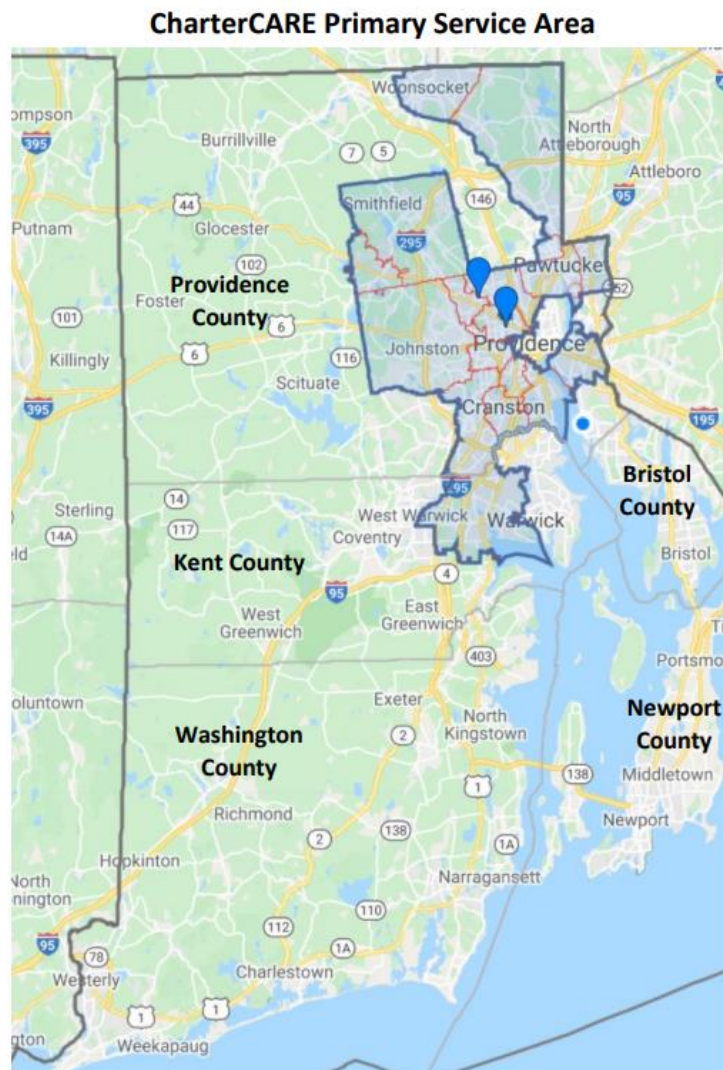
RESPONSE:

Please see Confidential Exhibit 50, which includes all summary reports for the Existing Hospitals and HH&H. There are no other responsive documents for the Transacting Parties and/or their Affiliates.

51. Please describe how the Transacting Parties will make investments to support primary care within the geographical area for which the facility or facilities provide(s) services.

RESPONSE:

The New CharterCARE System intends to maintain the significant primary care presence in the communities supporting the geographical area for which the Existing Hospitals are providing services. There are currently 28 primary care physicians serving the Rhode Island community, as well as 16 advanced practice providers (e.g., nurse practitioners and physician assistants). A map of the primary care services is below:



In addition, the New CharterCARE System is committed to expanding access to primary care, which includes increasing the number of doctors employed by the New CharterCARE System. While this is a long-term commitment, progress is already being made in the recruiting of six new primary care doctors into the CharterCARE System:

1. Dr. Martin
2. Dr. D'Allessandro
3. Dr. Ali
4. Dr. Lopez La Rosa
5. Dr. Kataria
6. Dr. Thakar

These new physicians include three female physicians and one bi-lingual Spanish-speaking physician. Adding these physicians will increase access for women's healthcare, a priority area identified in Prospect CharterCARE's 2022 CHIP. Adding a bi-lingual Spanish-speaking primary care physician, will help the New CharterCARE System to increase access to primary care to the surrounding communities where nearly one third of the residents speak a primary language other than English See CHNA (Exhibit 45) at 20.

These practitioners will be placed in locations that support the expansion of access to primary care to patients regardless of payer type, and will be focused on various communities most in need of care.

Employed primary care doctors account for the early detection of many health issues and the overall increased health of a community, which directly addresses the New CharterCARE System's goal of increasing quality of care and access for the local community. In short, the New CharterCARE System is committed to expanding access to quality primary care through continued investments in physicians and advanced practice providers and other investments, all funded through operations as set forth herein.

52. Please provide the following:

- a. A description of staffing levels for the first five (5) years 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 and copy of any plans of any anticipated or proposed changes in current staffing levels, including, any reduction in staffing, relocation of staffing, or additional staffing affecting the new hospital(s) and the existing hospital(s).

RESPONSE:

Please see Appendix A, which includes each of the Existing Hospital and New Hospital's past, present, and projected full-time equivalent ("FTE") employee information. In response to Deficiency 176, employee positions incorporated in the "Other" category of Appendix A are provided in Confidential Exhibit 52.

The Centurion Transacting Parties have no plans to reduce staffing levels. Any additional staffing affecting the New Hospitals will be those reflected in the integration plan. (Exhibit 48). As set forth therein, for example, as part of the effort to return the IT department to local control and management, the New CharterCARE System anticipates hiring 20+ former Providence-based employees in core areas, plus reviewing additional hiring needs for help desk computer desktop support and other critical functions.

- b. A list of all union contracts, including detailed descriptions.

RESPONSE:

See Confidential Exhibit 52.

- c. A list of all medical services, departments and clinical services, and administrative services which will be maintained at the new hospital(s), including staffing levels.

RESPONSE:

See Confidential Exhibit 52.

- d. A description of retirement plan(s) for all employees, full-time or part-time, including any supplemental executive retirement plans.

RESPONSE:

Prospect CharterCARE uses one provider, Principle Financial. Through that provider, there are two plans: (i) one union 401(k) retirement savings plan (Plan B) and (ii) one non-union 401(k) retirement savings plan (Plan A). Please see Confidential Exhibit 52 for the plan documents.

In response to Deficiency 179, Centurion has not finalized a retirement plan for the New CharterCARE System. Any plan developed will be substantially similar to or better than the plans that currently exist for employees.

- e. Copies of retirement plans accounting, management letters, and reports, including unfunded liabilities for retirement plans for the last five (5) years.

RESPONSE:

See Confidential Exhibit 52 for the plan documents. Prospect and Prospect CharterCARE do not create any other reporting regarding these plans other than what is reflected in Prospect and Prospect CharterCARE's financial statements.

In response to Deficiency 180, Centurion has a 401(k) plan for which it files a Form 5500. Centurion has no other retirement plans or unfunded liabilities. Please see Confidential Exhibit 52 for the Form 5500-SF.

- f. Copies of plans to fund unfunded liabilities for pension and retirement plans.

RESPONSE:

There are no unfunded liabilities for Prospect CharterCARE or for the Centurion Transacting Parties.

- g. Copies of any impact analysis for the affected communities both before conversion and after proposed conversion, including benefits to the community, economic impact, and staffing.

RESPONSE:

While there is no formal impact analysis for the affected communities both before conversion and after the Proposed Transaction, the Centurion Transacting Parties anticipate that the Proposed Transaction will have a significant positive benefit on the community. Not only will the Proposed Transaction create self-sustaining high-quality healthcare in the community, but it will also return previously outsourced services to the local New CharterCARE System, thereby creating new jobs and stimulating the local economy. The New CharterCARE System will also promote local leadership and reinvest in the New Hospitals.

Specifically, there are significant benefits for the local community that will develop post-transaction as a result of job creation and locally retained capital.

The Proposed Transaction will return economic resources to Rhode Island. The current for-profit model specifically outsources a significant number of jobs and has actively recruited human resources from outside of Rhode Island instead of focusing on local talent. The Proposed Transaction reverses this trend and focuses on recruiting new and additional

clinical positions from within the state. These include highly compensated positions in several areas: information systems, revenue cycle operations, management, nursing administration, and finance.

The Proposed Transaction will add an estimated 200 positions to the Rhode Island market. By filling these positions locally, the New CharterCARE System will create approximately \$19.5 million in additional salary income within the state.

In addition, the Proposed Transaction enables continued reinvestment in critical services and infrastructure due to the access to \$80 million in capital that will remain in Rhode Island for use in the New CharterCARE System's service area only. This capital will fund already identified needs:

- **Overhaul of the emergency room physical plant at OLF**
- **Upgrades to various areas of the Existing Hospitals**
- **New imaging equipment and robotic surgery equipment**
- **Improvements to parking lots**
- **Hiring an additional 200 clinical and support employees**

The return to non-profit status will provide an economic benefit of up to \$20 million in reduced expenses as well as increased capital in the form of access to grants and research funding. All savings and additional capital will remain and be used in the Rhode Island market.

In response to Deficiency 182, there was no need for an impact analysis study due to the nature of the transaction, because the Proposed Transaction has no immediate adverse material effect on affected communities.

Specifically, the New CharterCARE System will retain all assets, goods, and services currently a part of the Existing Hospitals' operations. There will not be any reduction in services, employees, or assets due to this transaction.

Going forward, the New CharterCARE System will continue to look for the best possible arrangements to improve its operations in order to deliver the best care possible to the community.

53. 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 five (5) years following the conversion.

RESPONSE:

The Existing Hospitals are not merging with any existing facilities and have benefited from a shared parent entity since 2009. As a result, the entities will continue to provide healthcare services and administrative services through both the individual hospitals and parent entities, as it has done over the last nearly fourteen years.

54. 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.

RESPONSE:

Each of the Prospect Transacting Parties and their affiliated hospitals is in good standing with the Joint Commission. The Centurion Transacting Parties do not currently own or operate any hospitals and, as a result, do not have any responsive information in response to this question.

55. 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 new hospital;

RESPONSE:

As referenced in Prospect CharterCARE's 2022 CHNA report (Exhibit 45), the Existing Hospitals are located in the Providence metropolitan area. These are densely populated neighborhoods, the majority of which are ethnically diverse and economically challenged. Not surprisingly, significant population cohorts in these neighborhoods have higher than normal health risk factors.

The Rhode Island Department of Health has identified five key areas of critical priority that bear on community health in the Prospect CharterCARE service area: 1) economic stability; 2) access to quality education; 3) access to quality health services; 4) housing and neighborhood environment; and 5) social and community context. The New CharterCARE System will address these critical priorities through continuing Prospect CharterCARE's programs and services as described, in part, below:

- The New CharterCARE System will continue to recruit minority physicians and other providers that include primary care and specialty care, behavioral health and addiction medicine experts.
- The New CharterCARE System will continue to strive to create workforce diversity that reflects the ethnic makeup of our patients and the communities it serves.
- The New CharterCARE System will continue to operate primary care locations and graduate medical education and training, which provides underserved populations with easily accessed, affordable primary health care services for children and adults, as well as sub-specialty services and emergency room access.
- The New CharterCARE System plans to continue hospital-based specialty services such as weight loss, surgery, community-based cancer care (including breast and lung), geriatric medicine, and digestive disease wound care programs to provide the community with easy access to hard-to-find services.
- The New CharterCARE System will enact its financial assistance policies and ensure that financial resource counselors work with uninsured patients on applying for available assistance to eliminate financial barriers to care.
- Like Prospect CharterCARE, the New CharterCARE System will support area social service agencies like RI Food Bank, Smith Hill Development Center, Tri-

County Community Action Agency, Crossroads RI, Family Service of RI, Sojourner House and the RI Free Clinic.

In response to Deficiency 186, the New CharterCARE System will also assist in efforts to improve environmental determinants of health in the community by supporting key initiatives and partnering with other organizations who will have experience and expertise in certain specific areas of the state.

The New CharterCARE System will specifically work with identified individuals in need of assistance with transportation (providing transportation through rideshare services as Prospect CharterCARE currently does) and referral information on local providers. The New CharterCARE System will also endeavor to provide drug screening and testing not only in the emergency departments of the New Hospitals, but also in community locations in partnership with local community outreach centers, providers, and clinics. The New CharterCARE System will also seek out opportunities for funding through grants to support community-based programs such as reducing lead paint poisoning in the community.

- b. **Promote health equity in the affected communities of the new hospital; and**

RESPONSE:

Prospect CharterCARE's extensive outreach to the traditionally underserved communities, as described in our answer above, is evidence of its commitment to promote health equity within its community of service. The New CharterCARE System is dedicated to continuing that outreach and those services. Achieving health equity cannot end with public health education. Meaningful efforts to increase access to primary and specialty health services, as well as working to remove financial barriers to care, as described in the answer above, is a solid sign of the New CharterCARE System's commitment to work with all sectors of the health community to achieve health equity to the residents of the New Hospitals' service area.

- c. **Promote and ensure access to comprehensive, high-quality health services for Rhode Islanders, including vulnerable populations.**

RESPONSE:

The New CharterCARE System plans to invest in services and programs to improve access to care for Rhode Islanders, especially for primary care, behavioral health, home health, and emergency services. As part of that commitment, the New CharterCARE system plans:

- The New CharterCARE System plans to grow its network of primary care providers in new and existing locations, such as Greenville, Smithfield, and Cranston, Rhode Island.**
- As to behavioral health, the New CharterCARE System plans to enhance access by expanding its medical staff at the New Hospitals with additional physicians and nurses, thereby enhancing both the inpatient and outpatient services.**

- **The New CharterCARE System also anticipates adding physicians in urology, general surgery, emergency room services, bone marrow therapy, and surgical oncology to ensure that Rhode Islanders have sufficient access to quality care in those areas.**
- **With respect to home health, the New CharterCARE System has planned significant outreach to the community in its first year to promote access to home health services.**
- **The New CharterCARE System also intends to increase its partnerships with community-based groups, including federally qualified health centers, to work collaboratively as appropriate to expand such services and/or support new clinical programs.**

56. 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 new hospital. Please provide all appropriate documentation to substantiate your response including any assessments and data that describe the health disparities.

RESPONSE:

The 2022 CHNA describes the public health disparities in the Prospect CharterCARE service area. See Exhibit 45. Therein, the CHIP identifies three priority areas:

- 1) *Behavioral Health:* State health data reveals gaps in key service lines for behavioral health. Moderate and significant service shortages exist across the care continuum for adults and children. The growth of existing mental health providers in Rhode Island reflects an increase in demand for services. Consistent with the nation, more than 1 in 10 adults across Rhode Island report frequent mental distress. Providence County reports the highest proportion of adults with frequent mental distress in the state. Rhode Island youth also have greater demand for mental health services. See CHNA (Exhibit 45 at 7); see also generally Centers for Disease Control and Prevention, BRFSS Prevalence & Trends Data (2022) (providing Providence County statistics on chronic health indicators such as depression); Rhode Island Department of Health, Behavioral Health Data.**
- 2) *Chronic Disease:* Residents of Providence County have increased risk factors for chronic disease, including lack of physical activity and tobacco use, and higher prevalence and/or death rates due to chronic disease, including obesity, diabetes, heart disease, cancer, and respiratory disease. The county has the highest cancer incidence and death rates in the state and exceeds national rates. In Providence County, approximately three-quarters of older adult Medicare beneficiaries manage two or more chronic conditions. See CHNA (Exhibit 45 at 8); Centers for Disease Control and Prevention, BRFSS Prevalence & Trends Data (2022) (providing statistics on chronic diseases and health status in Providence County)**
- 3) *Maternal and Child Health:* Providence County and the core Rhode Island cities experience more negative birth outcomes compared to other areas of the state. Notably, 79.5% of pregnant people in the core cities receive first trimester prenatal care and 77% report breastfeeding compared to 87% and 77% respectively in other areas of the state. Across Rhode Island, in both core cities and the remainder of the state, the percentage of pregnant people receiving first trimester prenatal care and/or breastfeeding declined in recent years; breastfeeding declined nearly 10 percentage points in the core cities from 2012-2016 to 2015-2019. See CHNA (Exhibit 45 at 9); see also generally Rhode Island KIDS COUNT, Issue Brief, *Racial and Ethnic Disparities in***

Maternal, Infant, and Young Children’s Health in Rhode Island (January 2023)
(outlining the disparities within maternal, infant, and child health outcomes by race and ethnicity that disproportionately impact Black, Indigenous, People of Color women and children).

In response to Deficiency 187, the CHNA extensively describes the health disparities in the service areas of the New Hospitals throughout the report. Specifically, it describes inequalities in health status via various specific factors such as health outcomes (pages 6, 52-53), obesity rates (pages 7, 53-57, 85-88), heart disease (pages 8, 53, 57-58), cancer, (pages 8, 59-62), respiratory disease (pages 8, 62-63), and substance abuse information (pages 69-72, 76-93). Similarly, the CHNA discusses disease incidence and prevalence through its discussion on page 8 and pages through 57-68. The CHNA also discusses morbidity and mortality rates at pages 8, 9 and 60 through 64. It also describes the population using the factors set forth in Question 56 on pages 4 and 15 through 39. On pages 113 and 114, the CHNA cites to the sources that Prospect CharterCARE, along with the Hospital Association of Rhode Island (“HARI”) and its research partner, Community Research Consulting, used to formulate the report.

The Transacting Parties have not performed other studies or analyses with respect to health disparities, other than Prospect CharterCARE’s membership in HARI, which performs work on health disparities.

In response to Deficiency 188, the CHNA is the most recent assessment of past CHNAs that started in 2011 and was conducted by the hospital members of HARI, along with HARI’s research consultant. This track record of collaboration every three years on statewide level has proved to sufficiently identify common and unique challenges across Rhode Island, thus informing community health initiatives and ultimately advancing health equity for all residents.

The current CHNA findings guide the CharterCARE System as they do for healthcare services and health improvement efforts, as well as serve as a community resource for grant making, advocacy, and to support the many programs provided by health and social service partners.

The CHNA adequately covers all health disparities in the New Hospital’s service areas. Please reference pages 108 through 111 of the CHNA report for details. While there is no need for additional documentation, the Transacting Parties have also included additional citations within this response.

- b. Please discuss the impact of the proposal on reducing and/or eliminating health disparities in the service area(s) of the new hospital.

To reduce and/or eliminate health disparities, the New CharterCARE System will focus on:
(i) behavioral health; (ii) chronic diseases, and (iii) women’s and maternal health:

(I) Behavioral Health: Following closing of the Proposed Transaction, the New CharterCARE System will continue Prospect CharterCARE’s goal to strengthen and support community initiatives and healthcare services that increase behavioral health resources and address underlying barriers to equitable treatment access. Current strategies and tactics to achieve this goal are:

- **Support, promote, and participate in community behavioral health awareness efforts.**
- **Support The Providence Mayor’s Substance Abuse Prevention Council mission to implement evidence-based programs; build awareness; provide effective education; support comprehensive environmental strategies; and promote health and wellness activities that protect youth and prevent substance use.**
- **Support the Southern Providence County Regional Coalition to advocate for the prevention of youth substance use and promote good mental health through planning, development, and implementation of effective strategies.**
- **Host and participate in community education and outreach initiatives to increase awareness of substance use disorders and distribution of Narcan 2.**
- **Collaborate with community-based providers to assess behavioral health needs, facilitate service referrals, and coordinate care.**
- **Conduct High Intensity Case Management for coordinated behavioral health and primary care within Prospect CharterCARE and in partnership with external community providers.**
- **Partner with The Providence Center, The Inner You Counseling Center, and Thundermist Health Center to facilitate complimentary warm handoff referrals.**
- **Conduct standardized screening for substance use disorder among patients. Explore opportunities to provide behavioral health education within Prospect CharterCARE’s primary care practices and hospitals (e.g., fentanyl and Narcan awareness, Mental Health First Aid).**
- **Conduct community training for behavioral health to empower residents to seek services and reduce associated stigma and fear.**
- **Conduct Mental Health First Aid (MHFA) training, targeting schools, employers, and first responders, among others.**
- **Train Prospect CharterCARE behavioral health providers in motivational interviewing techniques for patient-centered care for individuals with substance use disorder.**

- **Invest in workforce recruitment and retention of behavioral healthcare professionals.**
- **Promote awareness of health and human services careers among middle school and high school students.**
- **Provide job shadowing, mentoring, training opportunities, targeting workforce development that reflects the multicultural and racial makeup of the community.**
- **Operate critical behavioral health services, including the state’s sole Inpatient Level IV Addiction Medicine unit and its only designated Behavioral Health Emergency Department**

(II) Chronic Disease: Following closing of the Proposed Transaction, the New CharterCARE System will continue Prospect CharterCARE’s goal to strengthen and support community initiatives and healthcare services that address underlying inequities in access to care and improve health outcomes as it relates to chronic disease.

Strategies and tactics to achieve the goal include:

- **Invest in healthcare services that enhance access to care for historically underserved populations and promote whole-patient care.**
- **Provide comprehensive adult and pediatric care at St. Joseph Health Center, including sliding scale fees and bilingual and multicultural staffing.**
- **Conduct social determinants of health screenings at St. Joseph Health Center and provide Community Health Workers to assist in social service connections.**
- **Continue telehealth and digital device monitoring to enhance care for patients who are homebound and/or experiencing access barriers.**
- **Explore partnership opportunities with Uber, Lyft, and other rideshare programs to address transportation barriers.**
- **Explore opportunities to provide high-demand essentials (e.g., food pantry, diapers) for real-time response to identified patient needs.**
- **Explore opportunities for systemwide social determinants of health screening. Promote culturally relevant patient education and care practices.**
- **Assess existing patient education materials for literacy levels and availability in multiple languages.**

- **Conduct community cancer education and outreach, targeting the Latino community, to promote screenings and facilitate linkages to care.**
- **Explore opportunities to provide group health education sessions, including family cooking classes and behavioral health support groups.**
- **Address the long-term impacts of COVID-19, including long-COVID and delayed preventive care and management during the pandemic.**
- **Assess the need for post-COVID recovery to coordinate care for patients experiencing lingering side effects of COVID-19 infection.**
- **Collaborate with primary care practices to identify and schedule patients who have not seen their provider in the last 12 months and to respond to higher service demand due to delayed care practices.**
- **Support comprehensive cancer care services that address the physical, mental, and social needs of patients.**
- **Partner with community organizations and taskforces to promote cancer prevention and care access, including the Latino Control Cancer Taskforce, Partnership to Reduce Cancer in Rhode Island, and Comprehensive Cancer Control Program**
- **Conduct formal Distress Screenings for cancer patients and provide oncology social work services to respond to identified needs while working with community organizations.**
- **Partner with Gloria Gemma Breast Cancer Resource Foundation and similar organizations to bring wellness activities to cancer patients and their support systems.**
- **Establish and maintain social supports for cancer patients, including support groups, nutrition assistance, and programming, such as Look Good Feel Better.**
- **Provide the geriatric oncology and nurse navigator programs to assist older adult patients better manage care and treatment through tailored plans.**
- **Invest in workforce recruitment and retention of primary and specialty care providers.**

(III) Child and Maternal Health: As it relates to child and maternal health, the New CharterCARE System will continue Prospect CharterCARE's work to provide resources for women and families through community education and partnership. Strategies and tactics include:

- Continue to support child and maternal health programs through Saint Joseph Health Center and its partnership with Women & Infants Hospital.
- Conduct pregnancy testing and coordinate with Women & Infants Hospital for timely access to prenatal care services.
- Provide newborn and postpartum care for infants and new parents.
- Conduct culturally and linguistically relevant maternal health education programs.
- Partner with community organizations and statewide initiatives (e.g., Alliance for Innovation in Maternal Health (AIM)) to promote equitable birth outcomes for Black women and babies Next Steps.
- Maintain and support maternal and child health clinics in the market through exploration and growth in partnerships, including current contract with Nurse Practitioner to provide care for underserved pregnant women.

Through these efforts, the Proposed Transaction will bring about impactful changes that address health disparities. This includes additional capital which will be invested by the New CharterCARE System post-transaction. This capital will provide funding to execute new activities that meet the needs of underserved populations of the community.

Specifically, the Proposed Transaction will result in an economic benefit of up to \$20 million in reduced expenses as well as increased capital in the form of access to grants and research funding, currently unavailable due to the Existing Hospital's for-profit status. All savings and additional capital will remain and be used in the Rhode Island market.

Through the non-profit status of the New CharterCARE System, it will seek grants and a portion of fundraising for community outreach. Community outreach will include health fairs, educational programs, and supporting other non-profit programs also focused on reducing and/or eliminating health disparities. These efforts will include federally qualified health centers and affiliated physicians. Through such community outreach programs, the New CharterCARE System will endeavor to increase access to the underserved population.

Examples of past Prospect CharterCARE activities include:

- Creating a food pantry in partnership with West End Community Center
- Creating an urgent care fund for accountable entity members who have a gap in Medicaid coverage
- Partnering with the East Bay Recovery Center to establish improved patient access
- Supporting the development of clinical and community participation in the Unite Us social determinants of health (SDOH) referral platform

The New CharterCARE System will aim to build on these prior efforts for further collaboration.

In addition, the Proposed Transaction will foster a closer working relationship with local community health centers as part of the transition to non-profit status, including opportunities to provide clinical support to such locations.

57. Please provide specific details as to how the Transacting Parties will do the following:

- a. Commit to providing and achieving higher quality health care including:
 - i. 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. Focusing on provider satisfaction and avoiding provider burn-out.

RESPONSE:

With respect to payment and delivery reforms, Prospect CharterCARE currently takes part in Prospect’s Coordinated Regional Care (“CRC”), a value-based care network. This innovative payment and delivery network allows for improved efficiencies and quality outcomes driven by high-intensity care management and integration. Similarly, Prospect CharterCARE also takes part in the Prospect Medical ACO. Specifically, Prospect Provider Group RI, LLC d/b/a CharterCARE Provider Group RI, LLC (“CPGRI”) is a group of primary care and specialty physicians affiliated with Prospect CharterCARE. CPGRI physicians form a critical part of the CRC model. Its doctors and other providers collaborate with Prospect CharterCARE’s hospitals, cancer center, rehabilitation center, urgent care provider and home health services to, with the assistance of sophisticated case management processes, link patients to the most appropriate level of quality care at the right time and place. CPGRI staff leverage the case management tools, resources and experience of Prospect to provide timely and individualized guidance to all parties, especially those who are dealing with chronic disease. Likewise, Prospect Health Services RI, Inc. (“Prospect Health”) is part of the CRC Model participating in Medicare’s Accountable Care Organization (ACOs) and contracting with Blue Cross Blue Shield of Rhode Island and other unaffiliated health plans and payors. At the closing of the Proposed Transaction, the New CharterCARE System will enter into agreements with Prospect to continue to access the local ACO and CRC programs.

To increase provider satisfaction and avoid burn-out, the New CharterCARE System will continue Prospect’s CharterCARE’s programs and benefits for providers. These programs include continuing education programs, such as Quality Oncology Practice Initiative for the Cancer Center, collaboration with the state nursing school programs and CNA programs for training opportunities, and interprofessional education through Rhode Island College, Brown University and its School of Medicine, Community College of Rhode Island, and University of Rhode Island (medical, pharmacy, physical therapy, social work, and nursing). The New CharterCARE System will also continue the tuition reimbursement programs for employees and loan forgiveness program for registered nurses currently offered by Prospect CharterCARE. Likewise, the New CharterCARE System will continue to offer an employee travel assistance program, Perkspot (discount programs for employees), and a Calm membership for all employees.

Additionally, to avoid provider burn-out, the New CharterCARE System will continue to provide surveys to providers regarding burn-out (e.g., survey on work-life balance) and create action plans to address any identified opportunities. The New CharterCARE System will also continue to offer continuing medical education to providers on burn-out through Brown University.

b. Commit to providing and achieving improved health outcomes including:

- i. 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. Promoting social cohesion and connectedness to achieve active patient engagement and support recovery from addiction.**

Prospect CharterCARE's population health efforts are focused on its integrated behavioral health program that addresses at-risk patients of CCMA. Working with the CCMA primary care practices around the state, a Prospect CharterCARE behavioral health clinician evaluates at risk patients at those practices and also reviews possible access issues to specialty care. The New CharterCARE System will continue these efforts.

This primary care intervention model is duplicated at the St. Joseph Health Center, which provides underserved populations with easily accessed, affordable primary health care services for children and adults and orthopedic and podiatry clinics. Similarly, at the Existing Hospitals, as an example, the integrated behavioral health team works with the Anchor Recovery Center and their Peer Recovery coaches in the emergency departments to match patients with access to suitable post-discharge services for mental health and addiction. For outpatient services, Prospect CharterCARE offers medication assistance-treatment for substance use patients, offer overdose education, hoping to restart partial hospitalization services as post-pandemic staffing improves, as well as support groups and counseling.

In response to Deficiency 191, to reach and engage patients facing addiction, the new CharterCARE System will expand the number of physicians and nurses addiction-recovery programs. For example, two new physicians (Dr. Martin and Dr. Ugubaji) are being recruited to provide additional coverage for the Existing Hospitals' level 4 inpatient addiction program, which is the only such program of its kind in the State.

This and future increases in staffing represents a departure from the current approach of minimizing physician-patient interaction and almost exclusive reliance on social work providers and telemedicine services.

Future-state engagement and support expansion includes the reduction of the reliance on off-site patient coverage activities in conjunction with enhancing the on-site presence of providers.

Prospect CharterCARE is also launching a “Meds to Beds” program, which aims to improve medication adherence through provision of prescription medications prior to patient discharge from the hospital. This is accomplished through patient education from pharmacy and hospital staff focused on managing health conditions as patients transition between hospital and home. Benefits of such a program include improved health outcomes for patients and reductions in readmissions.

In response to Deficiency 190, Prospect CharterCARE is currently under agreement with Tri-County Community Action Agency (“Tri-County”) to transfer the St. Joseph Health Services Dental Clinic to Tri-County for the expansion and continuation of high-quality dental services in a state of the art setting. Tri-County and Prospect CharterCARE have agreed that Tri-County will continue to have access to the dental surgical suite at OLF. The New CharterCARE System is committed to continuing such access and supporting the Tri-County expansion and continuation of the Dental Clinic to allow for improved health outcomes and reduced disparities.

c. Commit to smarter spending including:

- i. Addressing 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. Focusing on retaining investments that improve social services, supporting place-based community infrastructure to address socio-economic and environmental determinants of health, and investing in our children for long-term health improvements and returns.**

The Proposed Transaction will enable the hospitals to “spend smarter” through Centurion and Prospect CharterCARE leadership’s review and identification of over numerous opportunities and initiatives that will drive cost savings, revenue enhancements, or otherwise improve the system’s performance. The financial plan, attached at Confidential Exhibit 1 and described in detail in response to Question 1 includes both short-term and long-term cost savings. For example, many of the long-term cost savings will require investment in the short term (such as investment in physician network expansion and in improvement of existing services such as the emergency departments). The initiatives therein total approximately \$60 million in cost savings and revenue enhancements across three years and include the following categories:

- Medicare and other rate increases**
- Non-profit savings, including pharmaceuticals and taxes**
- Revenue cycle and collections improvements**
- Service line reboot and expansions, including behavioral health, orthopedics, and primary care**
- Restart operations at Blackstone Valley Surgical Center**
- Supply purchasing savings**

- Productivity improvements
- Physician recruitment

Please see the responses to Question 1, Question 48, and as well as the materials provided in response to Confidential Exhibit F-29 for additional detail.

With respect to improving social services, supporting place-based community infrastructure, and investing in children, please see the responses to Questions 56 and 57.

In response to Deficiency 193, the CharterCARE System is committed to supporting place-based community infrastructure that addresses socio-economic and environmental determinants of health, and to investing in local youth for long-term health improvements. To address these needs, current and potential collaborative partnerships include working with:

- Tri-County Health Center
- Mental Health Association of Rhode Island
- Crossroads Rhode Island
- Children's Friend, Rhode Island
- NAMI Rhode Island
- Amos House
- American Cancer Society in Rhode Island
- Rally4Recovery
- Sojourner House Rhode Island
- The Partnership to Reduce Cancer in Rhode Island
- Rhode Island Kids Count

58. Please confirm that the New Hospital(s) will continue to participate in the Rhode Island Cancer Registry and the Rhode Island Health Information Organization after the implementation of the proposed conversion and, if not, please explain why not.

RESPONSE:

Yes, the Existing Hospitals currently participate in the Rhode Island Cancer Registry, as well as the Rhode Island Health Information Exchange (CurrentCare). This is done via a contractual relationship with what was originally a company called NThrive, now known as Savista based on their recent acquisition. This contract has been in place since 2016. The New CharterCARE System plans to continue this relationship pursuant to the Rhode Island Department of Health requirements and R.I. Gen. Laws § 23-12-4.

59. 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.

RESPONSE:

The current professional memberships/associations and community collaborations of the Existing Hospitals are listed below. There are no existing plans to not maintain any of these memberships/associations or community partnerships.

- **HARI (Hospital Association of Rhode Island)**
- **AAGP (American Association for Geriatric Psychiatrist)**
- **NEI (Neuroscience Educational Institute)**
- **American Osteopathic Association**
- **National Association of Social Workers with RI membership**
- **Community Collaborations:**
 - **Mayors Coalition on Behavioral Health (City of Providence)**
 - **Southern Providence County Regional Coalition**
 - **Governor's Overdose Prevention and Intervention Task Force (Racial Equity Workgroup subgroup)**
 - **The Department of Behavioral Healthcare, Developmental Disabilities & Hospitals (BHDDH) Weekly Surveillance call (detoxes, community programs, MAT programs, DOH data on overdoses, EMS runs, state police and DEA)**
- **BHDDH Daily Hospital Huddle**
- **CTC (Care Transformation Collaborative)**
- **HICM (High Intensity Case Management) meetings with Prospect/CharterCARE Medical Associates practices and other outside parties**
- **EOHHS Workforce Development**
- **RIDOH Drug Overdose Prevention Program**
- **Interprofessional Education (IPE) through Rhode Island College, Brown University/School of Medicine, CCRI, URI – students from medical, pharmacy, PT, Social Work, Nursing – simulation trainings**
- **Aware Recovery**
- **Genoa Pharmacy Meds to Beds Program (in process)**
- **EMS Referral project with RI IAFF for Cranston and North Providence, Rhode Island College School of Social Work**
- **MSW training program (outpatient, inpatient and IBH)**
- **Yearly Community Food, Coat and Toy Drive participation**
- **COPE (Comprehensive Oncology Program for Elders)**

- **RW Community Outreach and Navigation Program**
- **New England Donor Services collaboration for organ donation**
- **RIBC collaboration with Blood Drives**

60. 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.

RESPONSE:

Upon inquiry, the Transacting Parties are not aware of any 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 Transaction.

61. 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.*

RESPONSE:

The Transacting Parties do not have any responsive documents to this request.

In response to Deficiency 194, since the inception of this Proposed Transaction, outside legal counsel has been, and continues to be, closely involved on this transaction in an advisory capacity. The advice from counsel has not warranted any formal opinions or memoranda addressing the propriety of the Proposed Transaction under Rhode Island Nonprofit Corporation Act, R.I. Gen. Laws §7-6-1 *et seq.*

62. Provide a copy of FTC Form C4 and any attachments to that Form filed with the FTC in connection with this transaction OR provide or identify information sufficient to satisfy the requests or answer the questions contained in FTC Form C4 (rev. 01/02/2017) Items 1 through 8.

RESPONSE:

The Transacting Parties did not file the FTC Form C4 because the Proposed Transaction does not require review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 as it does not meet the threshold for such review.

Please see Confidential Exhibit 62 for the unfiled FTC Forms C4 and attachments.

63. Please provide a detailed summary as to why the Proposed Conversion is proper under the Rhode Island Antitrust Act, R.I. Gen. Laws § 6-36 *et seq.*

RESPONSE:

Please see Confidential Exhibit 63.

64. If the acquiror is a for profit corporation that has previously acquired a non-profit hospital under the provisions of the Hospital Conversion Act, the application shall also include a complete statement of performance during the preceding one year with regard to the terms and conditions of approval of conversion and each projection, plan, or description submitted as part of the application for any conversion completed under an application submitted pursuant to the Hospital Conversion Act and made a part of an approval for the conversion pursuant to R.I. Gen. Law §§ 23-17.14-7 or 23-17.14-8, or 23-17.14-19.

RESPONSE:

The acquiror is not a for-profit corporation that has previously acquired a non-profit hospital under the provisions of the Hospital Conversions Act.

65. Please provide a copy of the Change in Effective Control Application(s) filed with the Rhode Island Department of Health pursuant to R.I. Gen. Law § 23-17 *et al.* All Change in Effective Control Applications must be filed simultaneously with this HCA Application.

RESPONSE:

Please see Exhibit 65.

66. Please answer the additional questions attached hereto as Appendix F to the Initial Application.

Please see Confidential Appendix F.

PLEASE COMPLETE ALL APPENDICES

APPENDIX A

***Please see the attached Appendix A for CharterCARE RWMC and CharterCARE OLF. Appendix A for each New Hospital includes the allocated physician practices for each facility.**

In response to Deficiency 285, Centurion obtains financing from taxable or tax-exempt bod issuances. The bond investors are typically life insurance companies or bond funds.

1. Please identify the total number of FTEs (full time equivalents) and the associated payroll expense (with fringe benefits) for each Existing and New Hospital.

	Past Three Fiscal Years						Budgeted Current Year		Projected First Three Fiscal Years (if approved)					
	FY: 2020		FY: 2021		FY: 2022		FY: 2023		FY: 2024		FY: 2025		FY: 2026	
PERSONNEL (by major categories)	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 ()														
Totals														

APPENDIX A (CONT.)

2. Please complete the following table for each Existing and New Hospital for each year indicated.

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

APPENDIX A (CONT.)

3. Please complete the table below for each Existing and New Hospital for each year indicated.

	Past Three Fiscal Years (Actual)						Budgeted Current Year		Projected First Three Operating Years (if approved)					
	FY:		FY:		FY:		FY:		FY:		FY:		FY:	
PAYOR SOURCE:	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Medicare														
Medicaid														
Blue Cross														
Commercial														
HMO's														
Self Pay														
Other:														
TOTAL														
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.

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: \$193,215,000 (estimated)*

<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)	
i. Sub-Total Equity Funds	
j. Subsidized loan (e.g. FHA etc.)	
k. Tax-exempt bonds (specify)	\$133,050,000 in tax-exempt and taxable bonds to be issued by a to-be determined issuer
l. Conventional mortgage	
m. Lease or rental	
n. Other debt funds	\$60,165,000 in assumed outstanding PACE loans.
o. Sub-Total Debt Funds	\$193,215,000
p. Total Source of Funds	\$193,215,000¹

Note 1- \$80,000,000 of cash will be retained by the New CharterCARE System to provide sufficient liquidity at closing.

* 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(s): **CharterCARE Health of Rhode Island, Inc., together with its affiliates CharterCARE Roger Williams Medical Center and CharterCARE Our Lady of Fatima Hospital.**

1. Describe the proposed debt by completing the following:

- | | |
|---------------------------------------|--|
| a. Type of Debt Contemplated: | One or more series of tax-exempt and taxable bonds to be issued by a to-be-determined issuer. In addition, it is anticipated as part of the transaction that the Acquiror will assume two PACE loans presently outstanding. The principal and interest remaining on the PACE loans is reflected in Exhibit A attached hereto. The remainder of the terms described in this Appendix apply to the proposed tax-exempt and taxable bonds. |
| b. Term (months or years): | The taxable bonds are expected to be amortized over a 10-year period and the tax-exempt bonds are expected to be amortized over a 30 year period. |
| c. Principal Amount Borrowed: | To be determined upon calculation of final Purchase Price. Current estimate is \$133,050,000. |
| d. Probable Interest Rate: | 6.03% per annum for the tax-exempt bonds.

7.28% per annum for the taxable bonds. |
| e. Point, Discounts, Origination Fees | Subject to market conditions at the time of the bond sale it anticipated the bonds will be sold at par for the taxable bonds and at a premium for the tax exempt bonds. |

f. Likely Security	It is anticipated the Borrower and its affiliates (to minimally include CharterCARE Roger Williams Medical Center and CharterCARE Our Lady of Fatima Hospital) will form an Obligated Group, enter into a Master Trust Indenture and secure the debt with a pledge of Revenues. Subject to market conditions, mortgages may also be required on certain facilities of the Obligated Group.
g. Disposition of Property (if a lease is revoked)	N/A
h. Prepayment Penalties or Call Features	It is anticipated the tax-exempt bonds will be callable at par at 10 years. It is anticipated the taxable bonds will be callable at any time subject to payment of a make-whole premium.
i. Front-end costs (e.g. underwriting spread)	Underwriter's discount based on the ultimate credit rating equal to (a) BB+ or higher: 0.85% of the transaction (par) amount for bonds (b) BB: 1.00% of the transaction (par) amount for bonds (c) BB- or lower (or non-rated): 1.25% of the transaction (par) amount for bonds
j. Feasibility Study, Legal and printing expense	It is expected that a feasibility study will cost \$100,000, legal fees will be approximately \$750,000 - \$1 million and printing costs will be approximately \$15,000.
k. Points, etc.; and	N/A

1. Debt Service Reserve Fund

It is anticipated a debt service reserve fund will be funded in an amount equal to one year's maximum annual debt service on the bonds.

2. If this proposal involves refinancing of existing debt 1, please indicate the original principal, the current balance, the interest rate, the years remaining on the debt and a justification for the refinancing contemplated.

The proposal does not involve the refinancing of any existing debt.

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.

See Exhibit C-1.

4. Please provide an annual cash flow statement for the period between approval of the application and through the third full FY year after implementation of the proposed conversion.

See Exhibit C-2.

In response to Deficiency 186, no statement of cashflow has been prepared. Please see page 1 of the Financial Plan at Confidential Exhibit 1 (01-R-C-CNT-PMH-003156) for an analysis of debt service coverage ratio as well as free cash flow for years 1-3 following implementation.

APPENDIX D

CHANGE, ELIMINATION OR REDUCTION IN SERVICES

There is no anticipated change, reduction, or elimination of services resulting from the Proposed Transaction. Accordingly, there is no responsive written plan.

Please provide a written plan describing the proposed change, reduction or elimination that shall include, at a minimum, the following information:

1. A list of all medical services, departments, clinical services, and administrative services;
2. A description of all departments, clinical, social, or other services or medical services (including emergency and primary care) that will be changed, eliminated, or significantly reduced at the New Hospital(s) or the Existing Hospital(s);
3. The proposed change(s) in hours of operation, if any;
4. The proposed change(s) in staffing, if any;
5. The documented length of time the services to be changed, reduced or eliminated have been available at the Existing Hospital(s);
6. The number of patients utilizing those services that are to be changed, reduced or eliminated annually during the most recent 3 years;
7. Aggregate data delineating the insurance status of the individuals served by the Existing Hospital(s) during the most recent 3 years;
8. Data describing the insurance status of those individuals utilizing those services that are to be changed, reduced or eliminated annually during the most recent 3 years;
9. The geographical area for which the Existing Hospital(s) provides services; and
10. Identification and description, including supporting data and statistical analyses, of the impact of the proposed change, 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 Existing Hospital(s) (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 the state.

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Chamber, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Ivy Holdings, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Ivy Intermediate Holdings, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Prospect Medical Holdings, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Prospect East Holdings, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Prospect CharterCARE, LLC

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Prospect CharterCARE RWMC, LLC

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

Prospect CharterCARE SJHSRI, LLC

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

The Centurion Foundation, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

CharterCARE Health of Rhode Island, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

CharterCARE Roger Williams Medical Center, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

1. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

2. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

3. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

4. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

5. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

6. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

7. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

8. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

CharterCARE Our Lady of Fatima, Inc.

All Transacting Parties must complete this Appendix.

Please answer the following questions by checking either “Yes” or “No.” If any of the questions are answered “Yes,” please list the names and addresses of individuals or corporations on an attached sheet (identify each answer with the appropriate number of the question). If yes, please provide details.

9. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Title XVIII, XIX of the Social Security Act?

Yes___ No **X**

10. If the proposed conversion is approved, will there be any directors, officers, agents, or managers of the acquiror or acquiree who have ever been convicted of a felony offense or any other offenses related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act?

Yes___ No **X**

11. Are there (or will there be) any individuals employed by the acquiror or acquiree in a managerial, accounting, auditing, or similar capacity who were employed by the applicant’s fiscal intermediary within the past 12 months (Title XVIII providers only)?

Yes___ No **X**

12. If the proposed conversion is approved, will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquiror? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant.)

Yes **X** No ___ (Note, if the applicant is a subsidiary of a “parent” corporation, the response is “Yes”)

The question was answered “yes” because CharterCARE Health of Rhode Island’s member is Centurion. See Exhibit 9 for the post-transaction organizational chart. No individual or organization has a direct or indirect ownership interest in Centurion, a non-profit corporation.

13. If the proposed conversion is approved, will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of any facility's assets) in a mortgage or other obligation secured by any facility?

Yes___ No **X**

14. If the proposed conversion is approved, will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the acquiror or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes___ No **X**

15. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquiror or acquiree, who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency?

Yes___ No **X**

16. If the proposed conversion is approved, will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the acquirer or acquiree, that have been convicted of a felony or any crime arising out of the delivery of any health care item or service?

Yes___ No **X**

APPENDIX F

See **Confidential Appendix F.**