

December 6, 2023

**VIA ELECTRONIC TRANSMISSION**

Mr. Jonathan Sokoloff  
Mr. John Dankahl  
Managing Partners  
Leonard Green & Partners, L.P.

Mr. Von Crockett  
Mr. David Topper  
Co-Chief Executive Officers  
Prospect Medical Holdings, Inc.

Mr. Edward K. Aldag, Jr.  
Chairman, President, and Chief Executive Officer  
Medical Properties Trust, Inc.

Dear Mr. Sokoloff, Mr. Dankahl, Mr. Crockett, Mr. Topper, and Mr. Aldag, Jr.:

We write to request information and documents concerning the impact of private equity (PE) ownership, and related party transactions, on the administration of health care throughout the United States. The American people deserve to understand the role that PE firms play—and any potential resulting negative financial or patient care impacts—in the delivery of their health care.

*Background*

According to several recent studies of the health care industry, PE firms have significantly increased their participation in the health care system, including by acquiring controlling stakes in health care services organizations that operate hospitals, especially over the last two decades. In many cases, these acquisitions have resulted in negative outcomes for both frontline medical providers and patients ranging from staffing reductions to wholesale facility closures to substandard medical care. These studies as well as news articles have sounded the alarm regarding PE investment in health systems, suggesting a business model that places profits before provider retention and patient safety.<sup>1</sup> They have shown that PE-acquired facilities saw personnel to patient ratios decrease, quality-of-care ratings decrease, and patient safety issues

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<sup>1</sup> Eileen O'Grady *et al.*, "Private Equity Descends on Rural Health care," *Private Equity Stakeholder Project* at 12 (Jan. 2023), [https://pestakeholder.org/wp-content/uploads/2023/01/PE\\_Rural\\_Health\\_Jan2023\\_-\\_compressed.pdf](https://pestakeholder.org/wp-content/uploads/2023/01/PE_Rural_Health_Jan2023_-_compressed.pdf).

increase.<sup>2</sup> At the same time, however, PE-backed health care transactions were valued at an enormous \$151 billion in 2021.<sup>3</sup>

It was these concerns, among other things, that led Ranking Member Grassley to launch an investigation focused on concerns at a PE-owned hospital in Iowa earlier this year. Since Senator Grassley sent the initial letter in this matter, he and Chairman Whitehouse have agreed to pursue this investigation in a joint, bipartisan manner. On March 17, 2023, Ranking Member Grassley wrote to Apollo Global Management, LifePoint Health, Medical Properties Trust (MPT), and other related parties to express serious concerns regarding horrific events that had occurred at Ottumwa Regional Health Center in Ottumwa, Iowa, in 2021 and 2022, where at least nine female patients were sexually assaulted while sedated by a now deceased nurse practitioner who overdosed and died at the facility.<sup>4</sup> As he wrote then, “[t]hese facilities fulfill a critical role for our nation’s local communities, and they need predictable and stable resources to ensure that they can continue to thrive and provide high-quality health care.”<sup>5</sup> His letter outlined how “the hospital had been part of a series of opaque and questionable acquisitions, mergers, and other related party transactions.”<sup>6</sup> The letter also asked questions about a 2019 “sale-leaseback” real estate transaction involving Ottumwa Regional and MPT. That inquiry remains ongoing.

Leonard Green & Partners, L.P. (“Leonard Green”) and its affiliates are not immune to the concerns about the role of private equity in health care. Leonard Green, a private equity firm, acquired Prospect Medical Holdings (“PMH”), a safety net hospital operator, in 2010 for \$205

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<sup>2</sup> Anaeze Offodile II *et al.*, “Private Equity Investments in Health Care: An Overview of Hospital and Health System Leveraged Buyouts, 2003-17,” *HealthAffairs* (May 2021), <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.01535>; Private Equity Hospital Tracker, *Private Equity Hospital Tracker*, <https://pestakeholder.org/private-equity-hospital-tracker/>.

<sup>3</sup> *Id.*

<sup>4</sup> Letter from Senator Charles E. Grassley, Ranking Member, Senate Committee on the Budget, to Mr. Edward K. Aldag, Jr., Chairman, President and Chief Executive Officer, Medical Properties Trust; Mr. David M. Dill, Chairman and Chief Executive Officer, Lifepoint Health; Mr. Eric Carlson, Chair, Ottumwa Regional Health Center Board of Trustees; Mr. Charles R. Kaye, Chairman and Chief Executive Officer, Warburg Pincus; and Mr. Marc Rowan, Chief Executive Officer, Apollo Global Management, LLC, (March 17, 2023), available at [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_private\\_equity\\_reit\\_-\\_ottumwa\\_regional\\_health.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_private_equity_reit_-_ottumwa_regional_health.pdf).

<sup>5</sup> *Id.* at 2.

<sup>6</sup> *Id.* at 2, 3 (“In November of 2015, Apollo Global Management acquired RegionalCare, Ottumwa’s parent company, from Warburg in a deal valued at \$800 million. The new entity was renamed RCCH Health care Partners. In 2016, Apollo bought out Capella Health care from Medical Properties Trust (MPT) and merged it with RCCH Health care for a combined company worth \$1.7 billion. Then, in 2018, Apollo purchased Lifepoint Health for \$5.6 billion and merged it with RCCH, branding the merged entity as Lifepoint Health. Of particular concern is a 2019 transaction where MPT reentered the picture and acquired the real estate of 10 LifePoint Hospitals for \$700 million in what is known as a sale-leaseback transaction.”); Rosemary Batt et al., “The Role of Public REITs In Financialization and Industry Restructuring, Working Paper No. 189,” at 45, *Institute for New Economic Thinking* (July 9, 2022), <https://www.ineteconomics.org/uploads/papers/WP189-Batt-Appelbaum-Public-REITS-2.pdf>; Marc Newman, “Hospital sale finalized,” *Ottumwa Courier* (May 10, 2010), [https://www.ottumwacourier.com/news/local\\_news/hospital-sale-finalized/article\\_00c03d50-9272-5bd4-b2dc-c2d2d6868b83html](https://www.ottumwacourier.com/news/local_news/hospital-sale-finalized/article_00c03d50-9272-5bd4-b2dc-c2d2d6868b83html).

million.<sup>7</sup> At the time, PMH operated five community-based hospitals in the greater Los Angeles area.<sup>8</sup> During the decade that Leonard Green had an ownership stake in PMH, the latter expanded from 5 hospitals in California to 17 hospitals across the country.<sup>9</sup> In the course of acquiring these additional hospitals, PMH converted most of them from not-for-profit to for-profit entities.<sup>10</sup> While the deal brought investors millions in profits, investigative reports found the opposite outcome for the patient population, many of whom were low income.<sup>11</sup> Of the 17 hospitals, several of them closed under Leonard Green’s ownership and PMH’s management.<sup>12</sup> PMH’s flagship Los Angeles hospital reportedly suffered from persistent elevator breakdowns, requiring nurses to wheel patients across busy streets, delaying urgent patient transport.<sup>13</sup> A Pennsylvania hospital controlled by PMH reportedly lacked sufficient funds to fuel ambulances.<sup>14</sup> Nurses at another Pennsylvania-based PMH hospital reportedly complained of a lack of basic supplies for dressings and IV fluids.<sup>15</sup> Beginning in 2010, government inspectors deemed that PMH facilities posed “immediate jeopardy” to patients on 14 separate occasions.<sup>16</sup>

In 2016, backed by Leonard Green, PMH acquired Crozer Health, a four-hospital non-profit Pennsylvania health system, that was on the verge of financial failure.<sup>17</sup> PMH’s involvement in the situation reportedly only made things worse. Reports suggest that its hospitals were plagued by insufficient staffing, conversions to outpatient facilities, and/or complete

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<sup>7</sup> *Reuters* “PE Firm Prospect Medical mgmt. to buy co for \$205 mln” (August 16, 2010), <https://www.reuters.com/article/prospectmedical-leonardgreen-idUKSGE67F0JU20100816/>.

<sup>8</sup> Alicia Caramenico, “Prospect Medical Holdings, Inc. to Be Acquired by Leonard Green & Partners, L.P. and Management for \$8.50 Per Share,” *FIERCE Healthcare* (Aug. 18, 2010), <https://www.fiercehealthcare.com/healthcare/prospect-medical-holdings-inc-to-be-acquired-by-leonard-green-partners-l-p-and>.

<sup>9</sup> *Id.*

<sup>10</sup> Eileen O’Grady, “How Private Equity Raided Safety Net Hospitals and Left Communities Holding the Bag,” *Private Equity Stakeholder Project* (Nov. 2022) [https://pestakeholder.org/wp-content/uploads/2022/11/Prospect\\_Primer\\_Nov-2022.pdf](https://pestakeholder.org/wp-content/uploads/2022/11/Prospect_Primer_Nov-2022.pdf).

<sup>11</sup> Lauren Coleman-Lochner and Steven Church, “Private Equity Is No Longer a Reliable Last Resort for Troubled Hospitals,” *Bloomberg* (Sept. 12, 2023), <https://www.bloomberg.com/news/articles/2023-09-12/troubled-pennsylvania-hospital-reveals-failure-of-private-equity-deals>.

<sup>12</sup> Jon Lapook and Michael Kaplan, “‘What they’ve done is extremely evil’: Pennsylvania hospital shutdown spurs questions about private equity in health care,” *CBS News* (Dec. 6, 2022), <https://www.cbsnews.com/news/pennsylvania-delaware-county-memorial-hospital-shutdown-private-equity-health-care/>.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> Jon Lapook and Michael Kaplan, “‘What they’ve done is extremely evil’: Pennsylvania hospital shutdown spurs questions about private equity in health care,” *CBS News* (Dec. 6, 2022), <https://www.cbsnews.com/news/pennsylvania-delaware-county-memorial-hospital-shutdown-private-equity-health-care/>.

closure.<sup>18</sup> Delaware County (Pa.) Memorial hospital, part of the Crozer Health system in suburban Philadelphia, had been providing essential medical services to the local community's 85,000 residents for nearly a century.<sup>19</sup> In 2022, PMH suspended all services at the hospital, including the sole emergency room in the community.<sup>20</sup> PMH contended that it wanted to transition the hospital to a 100-patient behavioral facility.<sup>21</sup> In March 2023, Crozer Health laid off 215 workers after reporting revealed that PMH and Crozer Health had been unable to pay vendors providing essential patient services at a Crozer Health facility in a timely fashion.<sup>22</sup> And just last month, as a result of a lawsuit brought by the Pennsylvania Attorney General against PMH related to these events, PMH agreed to sell its stake in Crozer Health.<sup>23</sup> Although Leonard Green exited its position in PMH in 2021, the continued deterioration of the four-hospital Crozer Health system in Pennsylvania raises questions about whether private equity ownership may have contributed to PMH's apparent failure to manage its facilities.

A similar story almost played out in Rhode Island. There, in October 2019, Leonard Green attempted to sell its controlling stake in PMH back to PMH for \$12 million and the assumption of \$1.3 billion in lease obligations.<sup>24</sup> The sale attempt followed years of mismanagement at various facilities within the PMH network while under Leonard Green's ownership that led to a series of allegations related to patient-care violations—including some that posed "immediate jeopardy" to patients, according to multiple government findings—along with complaints about deteriorating facilities, broken financial commitments and allegations of Medicare fraud surrounding the company.<sup>25</sup> At one Rhode Island facility, poor COVID-19

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<sup>18</sup> Dave Muoio, "Prospect Medical Holdings agrees to sell Crozer Health in 9 months," *Fierce Health care* (Oct. 23, 2023), <https://www.fiercehealthcare.com/providers/prospect-medical-holdings-agrees-sell-crozer-health-9-months>.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> Kenny Cooper, "Crozer Health lays off 215 people as part of 'operational restructuring plan,'" *WHYY PBS* (Mar. 16, 2023), <https://whyy.org/articles/crozer-health-hospitals-layoffs-restructuring/>; Kenny Cooper, "Unpaid bills: Prospect, Crozer Health struggling to pay vendors for vital health services," *WHYY PBS* (Mar. 14, 2023), <https://whyy.org/articles/pa-delaware-county-prospect-crozer-health-unpaid-bills/>.

<sup>23</sup> "AG Henry Agrees to Suspend Lawsuit Against Prospect Medical Holdings as Company Pursues Sale of Crozer Health in Delaware County," Office of the Pennsylvania Attorney General, Press Release (Oct. 19, 2023), <https://www.attorneygeneral.gov/taking-action/ag-henry-agrees-to-suspend-lawsuit-against-prospect-medical-holdings-as-company-pursues-sale-of-crozerhealth-in-delaware-county/>.

<sup>24</sup> "Broken Promises: Regulators Question Leonard Green's Investment In Prospect Medical Holdings," *Private Equity Stakeholder Project News and Blog* (July 31, 2020), [https://pestakeholder.org/news/broken-promises-rhode-island-regulators-question-leonard-greens-investment-in-prospect-medical-holdings-2/#\\_edn2](https://pestakeholder.org/news/broken-promises-rhode-island-regulators-question-leonard-greens-investment-in-prospect-medical-holdings-2/#_edn2); Rhode Island Att'y Gen. Op. at 19, "Initial Application of Chamber Inc.; Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC" (June 1, 2021), [https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect\\_Chamber\\_Ivy\\_AG\\_HCA\\_Decision.pdf](https://riag.ri.gov/sites/g/files/xkgbur496/files/documents/Prospect_Chamber_Ivy_AG_HCA_Decision.pdf).

<sup>25</sup> Eileen O'Grady, "Raiding The Safety Net: Leonard Green & Partners Seeks to Walk Away From Prospect Medical Holdings After Collecting \$570 Million In Fees And Dividends," *Private Equity Stakeholder Project* (Jan. 2020), <https://pestakeholder.org/wp-content/uploads/2020/02/Raiding-the-Safety-Net-Leonard-Green-PESP-012920.pdf>; Complaint for Damages, *Christina Demauro v. Prospect Medical Systems Inc.*, Case Number SC

infection control in a ward for elderly psychiatric patients reportedly led to 6 deaths among the 21 patients.<sup>26</sup> A Rhode Island law requires the state attorney general to review any transactions involving hospitals. Accordingly, Leonard Green’s exit from PMH-operated facilities in Rhode Island was approved only under strict conditions requiring that Leonard Green contribute \$34.8 million toward an escrow fund protecting the hospitals’ financial standing, including \$10 million that the firm would have obtained from this transaction.<sup>27</sup> Negotiations about the hospital system’s ownership continue to this day—uncertainty from Leonard Green’s departure.<sup>28</sup>

Leonard Green and PMH were also deeply intertwined with Medical Properties Trust, a real estate investment trust (“REIT”) that is involved with several different PE firms—including another firm that is part of this Committee’s investigation—in the health care field due to the debt restructuring that is commonly associated with these types of partnerships. During the more than 10 years that Leonard Green owned PMH, over a billion dollars in debt was added to PMH’s balance sheet—a financial tactic that firms often use to extract dividends for their shareholders.<sup>29</sup> In 2018, PMH paid a \$457 million dividend to investors, even though PMH produced a net loss of \$244 million that year.<sup>30</sup> Along with Leonard Green, PMH profited off this transaction, with its chief executive pocketing about \$90 million from the incurred debt.<sup>31</sup> By early 2019, however, PMH had run out of cash.<sup>32</sup> PMH was only able to pay off this mounting debt, used in part to pay for dividends, by selling off a large part of its real estate—14 acute care

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129061, at 2, 8 (Sup. Ct. Cal. Apr. 2, 2018), <https://trellis.law/doc/167184870/complaint-filed-by-christina-demauro-plaintiff>.

<sup>26</sup> Eileen O’Grady, “How Private Equity Raided Safety Net Hospitals and Left Communities Holding the Bag,” *Private Equity Stakeholder Project* (Nov. 2022) [https://pestakeholder.org/wp-content/uploads/2022/11/Prospect\\_Primer\\_Nov-2022.pdf](https://pestakeholder.org/wp-content/uploads/2022/11/Prospect_Primer_Nov-2022.pdf).

<sup>27</sup> “Attorney General imposes unprecedented conditions on hospital ownership change to ensure future operations,” State of Rhode Island Attorney General Peter F. Neronha, Press Release (June 1, 2021), <https://riag.ri.gov/press-releases/attorney-general-imposes-unprecedented-conditions-hospital-ownership-change-ensure>.

<sup>28</sup> “Statement from Attorney General Peter F. Neronha On The Proposed Sale of Roger Williams and Fatima Hospitals,” State of Rhode Island Attorney General Peter F. Neronha, Press Release (Nov. 23, 2022), <https://riag.ri.gov/press-releases/statement-attorney-general-peter-f-neronha-proposed-sale-roger-williams-and-fatima>; Statement from RIAG and RIDOH regarding status of The Centurion Foundation HCA application,” State of Rhode Island Attorney General Peter F. Neronha, Press Release (May 31, 2023), <https://riag.ri.gov/press-releases/statement-riag-and-ridoh-regarding-status-centurion-foundation-hca-application>; RIAG and RIDOH deem The Centurion Foundation HCA application incomplete, citing deficiencies,” Rhode Island Attorney General Peter F. Neronha, Press Release (Aug. 11, 2023), <https://riag.ri.gov/press-releases/riag-and-ridoh-deem-centurion-foundation-hca-application-incomplete-citing>.

<sup>29</sup> Eileen O’Grady, “How Private Equity Raided Safety Net Hospitals and Left Communities Holding the Bag,” *Private Equity Stakeholder Project* (Nov. 2022) [https://pestakeholder.org/wp-content/uploads/2022/11/Prospect\\_Primer\\_Nov-2022.pdf](https://pestakeholder.org/wp-content/uploads/2022/11/Prospect_Primer_Nov-2022.pdf).

<sup>30</sup> *Id.*

<sup>31</sup> Jonathan Lapook, Michael Kaplan, and Sheena Samu, “‘This really hit hard’: Pennsylvania hospital shutdown strains health care delivery, first responders say,” *CBS News* (Apr. 24, 2023), <https://www.cbsnews.com/news/pennsylvania-hospital-shutdown-strains-health-care-delivery-first-responders-say/>.

<sup>32</sup> *Id.*

hospitals and 2 behavioral health hospitals—to MPT in a sale-leaseback transaction.<sup>33</sup> This left hospitals subject to the sale-leasebacks saddled with rent payments. For example, Delaware County Memorial in Pennsylvania had to pay \$35 million per year in rent alone.<sup>34</sup> A few years later, the Pennsylvania Health Department shuttered the hospital after it learned that it was inadequately staffed by PMH.<sup>35</sup> Rhode Island was able to avoid the same result because Rhode Island’s attorney general prohibited two hospitals in the state from entering into transactions with MPT after a state probe had revealed questionable out-of-state transactions between PMH and MPT.<sup>36</sup> In 2021, Leonard Green exited from PMH completely.<sup>37</sup> Despite the string of nationwide failures, including hospital closures and subpar patient care, over its approximately decade-long ownership of PMH, Leonard Green and other owners were able to extract \$658 million in fees and dividends.<sup>38</sup>

### *Request for Information and Documents*

Access to quality health care is not a partisan issue. And so today, we further this bipartisan inquiry.

To assist the Committee in performing an objective and independent review of the impacts that PE ownership has had on quality of care and hospital operations, please respond to the following requests for information and documents by December 20, 2023:

#### Requests for Leonard Green and PMH

1. Describe the historical (both current and former) financial and operational relationship between Leonard Green and PMH from January 1, 2010, through the time of Leonard Green’s divestment. Provide identifying information about all hospitals that were part of the PMH system while controlled by Leonard Green,

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<sup>33</sup> Business Wire, “Medical Properties Trust Announces \$1.75 Billion Investment in 24 Hospital Facilities,” (Jul. 15, 2019), <https://www.businesswire.com/news/home/20190715005775/en/Medical-Properties-Trust-Announces-1.75-Billion-Investment-in-24-Hospital-Facilities>.

<sup>34</sup> Lauren Coleman-Lochner and Steven Church, “Private Equity Is No Longer a Reliable Last Resort for Troubled Hospitals,” *Bloomberg News* (Sept. 12, 2023), <https://www.bnnbloomberg.ca/private-equity-is-no-longer-a-reliable-last-resort-for-troubled-hospitals-1.1970169>.

<sup>35</sup> Jonathan Lapook, Michael Kaplan, and Sheena Samu, “‘This really hit hard’: Pennsylvania hospital shutdown strains health care delivery, first responders say,” *CBS News* (Apr. 24, 2023), <https://www.cbsnews.com/news/pennsylvania-hospital-shutdown-strains-health-care-delivery-first-responders-say/>.

<sup>36</sup> Brian Spegele, “How a Small Alabama Company Fueled Private Equity’s Push Into Hospitals” *WSJ* (Feb. 14, 2022), [https://www.wsj.com/articles/pe-backed-chain-threatens-to-shut-two-hospitals-over-financial-dispute-with-rhode-island-11619964001?mod=article\\_inline](https://www.wsj.com/articles/pe-backed-chain-threatens-to-shut-two-hospitals-over-financial-dispute-with-rhode-island-11619964001?mod=article_inline).

<sup>37</sup> Private Equity Stakeholder Project, “Broken Promises: Regulators Question Leonard Green’s Investment in Prospect Medical Holdings,” (July 31, 2020), [https://pestakeholder.org/news/broken-promises-rhode-island-regulators-question-leonard-greens-investment-in-prospect-medical-holdings-2/#\\_edn1](https://pestakeholder.org/news/broken-promises-rhode-island-regulators-question-leonard-greens-investment-in-prospect-medical-holdings-2/#_edn1).

<sup>38</sup> *Id.*

- including name of hospital, geographical location (city, state, and whether urban, rural, or other), primary areas of care offered, and number of beds or patients served.
2. From 2015 through the date of its divestment from PMH, provide the exact dollar amount that Leonard Green invested in PMH and in each individual hospital under PMH's umbrella, whether made directly in the hospital or indirectly through PMH. Produce any documents demonstrating this relationship—including, but not limited to, contracts or written agreements, memoranda of understanding, proofs of investment, investment thesis documents describing or setting out evidence-based rationales for Leonard Green's investments in PMH, any memoranda setting out the reason for Leonard Green's acquisition of or investment in PMH, and operational or administrative procedure manuals.
  3. Provide the following information, from January 1, 2010 through the time of Leonard Green's divestment of its interest in PMH, about each hospital within PMH's network: (a) number of licensed health care professionals providing care; (b) any available staff-to-patient ratios; (c) any available data from patient experience surveys collected by Leonard Green, PMH, individual hospitals, or third parties; and (d) any data regarding the ratio of outpatient-to-inpatient charges. Produce documents sufficient to demonstrate this information.
  4. From January 1, 2010, through Leonard Green's divestment from PMH, describe—and produce documents sufficient to demonstrate—Leonard Green's and PMH's authorities, both individually and collectively, to:
    - a. Manage PMH's or an individual hospital's care delivery;
    - b. Manage PMH's or an individual hospital's billing practices;
    - c. Manage PMH's or an individual hospital's chargemaster;
    - d. Determine PMH's or an individual hospital's annual net income goals;
    - e. Determine PMH's or an individual hospital's charge per patient goals;
    - f. Determine PMH's or an individual hospital's staff-to-patient ratios;
    - g. Determine PMH's or an individual hospital's charge-to-cost ratios;
    - h. Enter into contracts for staffing at PMH's or any individual hospital; and
    - i. Enter into any contracts on behalf of PMH or any individual hospital.
  5. What provisions related to liability for activities that occurred at PMH-operated facilities did Leonard Green include in any or all of its written agreements with PMH? Provide examples of contracts or similar documents sufficient to demonstrate all types of such provisions.

6. Explain Leonard Green's role in the decision-making process for hiring executives and medical directors at PMH. If Leonard Green was not involved in executive or medical director hiring, explain both why it was not and identify the individual(s) or entities who were responsible. Produce documents sufficient to demonstrate Leonard Green's role in this decision-making process.
7. Describe the role of Leonard Green and of PMH in the hiring of non-director level medical and non-medical staff at each hospital within PMH's networks, including policies and procedures for vetting candidates. If an entity played no role in such hiring processes, please explain. Produce documents sufficient to demonstrate both Leonard Green's and PMH's respective roles.
8. Did Leonard Green, PMH, and/or any of the individual hospitals within PMH's network use third-party contractors to fill staffing roles of those hospitals? If yes, for what roles? Explain the vetting process that Leonard Green, PMH, and/or any of the individual hospitals within PMH's network used when selecting third-party contractors. Produce documents sufficient to demonstrate this vetting policy.
9. From January 1, 2010, through the time that Leonard Green divested its interest in PMH, provide all documents that Leonard Green and/or PMH used to rate, rank, or otherwise measure the quality of medical care provided by PMH and/or the individual hospitals within its network.
10. Identify and provide a brief description of any and all lawsuits, arbitrations, or other similar legal proceedings alleging claims related to patient care and/or staff conduct initiated against Leonard Green, PMH, and/or any of the individual hospitals within PMH's network, from the time that Leonard Green acquired its ownership stake in PMH through the present.
11. Provide all documentation prepared and provided in connection with any applications for Change of Effective Control (or similar administrative procedures undertaken during changes of ownership) that your organization has submitted to state health authorities (or equivalent state agencies) related to hospital ownership from January 1, 2010, to the present.
12. How much money did Leonard Green, PMH, and/or any individual hospital under PMH's umbrella receive in COVID-19 stimulus aid, including, but not limited to, PPP and CARES Act dollars and grants? Provide an explanation as to why your company and/or hospitals needed federal stimulus aid. Describe in detail how the funds were allocated and spent.
13. Initial inquiries into the proposed sale of PMH hospitals by the Rhode Island Attorney General revealed that the hospitals had "financial dependency" on PMH and that PMH was in a "significantly less secure financial position . . . than it was when it purchased" Our Lady of Fatima Hospital and Roger Williams Hospital. Please provide documentation sufficient to demonstrate PMH's financial positions at the end of each fiscal year from January 1, 2010, through the present. Please also provide



documentation sufficient to demonstrate PMH's awareness of concerns among health care workers at either hospital regarding staffing shortages or other inadequacies affecting the provision of medical care.

14. Please list all third-party contractors that Leonard Green and/or PMH used for staffing at its PMH-operated hospitals from to the time of Leonard Green's acquisition of an ownership interest in PMH through the time of its divestment of PMH. For each contractor, list the name, address, type of staffing for which the contractor is used, years in which the contractor is/was used, and the hospitals or medical centers at which the contractor is/was used.
15. Produce all documents between and among PMH and Leonard Green regarding the 2019 sale-leaseback transaction.

#### Requests for Leonard Green

16. Confirm whether Leonard Green currently holds a controlling ownership stake in any hospital operators (not including PMH) and, if it does, provide the names of those hospital operators as well as all identifying information about each hospital, including hospital name, geographical location (city, state, and whether urban, rural, or other), primary areas of care offered, and number of beds or patients served.
17. Explain why Leonard Green divested its ownership stake in PMH. Provide documents sufficient to support that explanation, including, but not limited to, financial documentation, presentations to Leonard Green's management team and/or Board of Directors, and the like.
18. Provide, broken down by fiscal year, the exact dollar amount of profits that Leonard Green collected as a result of its ownership stake in PMH, from the time Leonard Green first acquired its interest in PMH to the time of its divestment.
19. Provide, broken down by fiscal year, the exact dollar amount of any annual dividends that Leonard Green paid out to shareholders or investors as a result of its ownership stake in PMH, from the time Leonard Green acquired its interest in PMH to the time of its divestment.
20. Produce all documents between and among MPT and Leonard Green regarding the 2019 sale-leaseback transaction.

#### Requests for PMH

21. Explain the reasons for Leonard Green's divestment of its ownership stake in your company, as you understand it. Provide documents sufficient to support that explanation, including, but not limited to, financial documentation, presentations prepared for or on behalf of PMH's management team and/or Board of Directors, and the like.

22. Provide, broken down by fiscal year, the exact dollar amount of any annual dividends that PMH paid out to shareholders or investors from the time Leonard Green acquired its interest in PMH to the time of its divestment.
23. How were you able to pay out \$457 million in dividends to Leonard Green and other investors in 2018, despite having a \$244 million net loss that same year and accruing over \$1 billion in debt by 2019? Produce all documents sufficient to support your answer.
24. Produce all documents between and among MPT and PMH regarding the 2019 sale-leaseback transaction.

#### Requests for MPT

25. Produce all documents between and among MPT and Leonard Green regarding the 2019 sale-leaseback transaction.
26. Produce all documents between and among MPT and PMH (including individual PMH executives, its board, and individual member of its board) regarding the 2019 sale-leaseback transaction.
27. Produce all documents between and among MPT and any board of trustees and foundation boards—or any of their individual members—of hospitals subject to the 2019 sale-leaseback transaction that PMH owned or operated.
28. Are there—or have there ever been—any current or past MPT employees on PMH’s board? If yes, please provide their name, title, committee assignment, and board tenure. Produce all documents that support your answer.
29. For the 2019 sale-leaseback transaction, describe in detail how MPT arrived at the \$1.55 billion valuation for the 14 acute care hospitals and 2 behavioral health hospitals that were subject to the transaction. Produce all documents that support your answer, including, but not limited to, the names and titles of all individuals involved in the valuation.

Thank you for your attention to this important issue. We look forward to your responses and welcome further engagement with you on this topic.

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The Senate Committee on the Budget has jurisdiction over Budget Act and budget process legislation, including concurrent resolutions on the budget and legislation changing the content or consideration of budget resolutions. In fulfilling its responsibilities, the Committee has broad authority to investigate the budgetary effects of existing and proposed legislation, as well as matters that affect the content or determination of amounts included in or excluded from the congressional budget or the calculation of such amounts, among other things. An attachment to

this letter provides additional instructions for responding to the Committee's request. If you have any questions regarding this request, please contact joint staff at (202) 224-0642.

Sincerely,



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Sheldon Whitehouse  
Chairman  
Senate Committee on the Budget



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Charles E. Grassley  
Ranking Member  
Senate Committee on the Budget