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United States Senate

COMMITTEE ON THE BUDGET
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December 6, 2023

VIA ELECTRONIC TRANSMISSION

Mr. David M. Dill
Chairman and Chief Executive Officer
Lifepoint Health, Inc.

Dear Mr. Dill:

On March 17, 2023, Senator Grassley wrote to Lifepoint Health (“Lifepoint”) with serious concerns about the horrific events that occurred at the 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.¹ Senator Grassley’s letter described a series of opaque and questionable acquisitions, mergers, and other related party transactions at the direction of and involving your company² and sought additional information about Ottumwa Regional’s financial stability and to what extent the related-party transactions contributed to the shocking events detailed in news reporting.³

¹ 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, Inc., (March 17, 2023), available at https://www.grassley.senate.gov/imo/media/doc/grassley_to_private_equity_reit_-_ottumwa_regional_health.pdf.

² *Id.* at 2 (Senator Grassley wrote, “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 Healthcare Partners. In 2016, Apollo bought out Capella Healthcare from Medical Properties Trust (MPT) and merged it with RCCH Healthcare 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), available at <https://www.ineteconomics.org/uploads/papers/WP189-Batt-Appelbaum-Public-REITS-2.pdf>; Marc Newman, *Hospital sale finalized*, OTTUMWA COURIER (May 10, 2010), available at https://www.ottumwacourier.com/news/local_news/hospital-sale-finalized/article_00c03d50-9272-5bd4-b2dc-c2d2d6868b83.html.

³ *Id.* at 4 (Senator Grassley wrote “to better understand the facts and circumstances of your relationship with Ottumwa Regional Health Center and to perform an objective and independent review of the financial impact of the aforementioned financial transactions, please answer the following questions no later than March 31, 2023); Kyle Ocker, *Police: Multiple patients sexually assaulted at ORHC while sedated*, OTTUMWA COURIER (Jan. 11,

Lifepoint provided responses on March 31, 2023,⁴ April 21, 2023,⁵ May 5, 2023,⁶ May 10, 2023,⁷ May 12, 2023,⁸ and June 30, 2023.⁹ Although Lifepoint's Board and Lifepoint executives have committed to fully cooperate with Senator Grassley and the investigation,¹⁰ and have provided limited documents, Lifepoint has failed to provide full and complete answers, including supporting documents, in response to his March 17 letter.¹¹ By way of example, your company has failed to provide full and complete responses related to the 2019 sale-leaseback transaction.¹² Lifepoint has also failed to provide full and complete responses to questions about the company's use of COVID-19 taxpayer money, including repeated failures to answer the following question: "Describe in detail how these funds were allocated."¹³

Since Senator Grassley sent the initial letters in this matter, he and Chairman Whitehouse have agreed to pursue a joint, bipartisan investigation into the impact of private equity (PE) ownership and related party transactions on the administration of health care throughout the United States. Reports suggest that such ownership may result in negative outcomes for both frontline medical providers and patients ranging from staffing reductions to wholesale facility closures to substandard medical care. The American people deserve to understand the potential impact of PE firms in the delivery of their health care. That is why, among other reasons, we are seeking the information and documents set out in Senator Grassley's prior letters and the additional information and documents we now seek below.

Indeed, the limited information and documents that Lifepoint and related companies have provided to date have given rise to additional questions and concerns about financial transactions impacting Ottumwa Regional Health Center and the people of Iowa. We therefore reiterate the unanswered questions and expand upon the questions in Senator Grassley's March 17 letter. To assist the Committee in its objective and independent review of the role that Apollo and Lifepoint play in the management and operations of Ottumwa Regional Health Center, including

2023), available at <https://www.ottumwacourier.com/news/police-multiple-patients-sexually-assaulted-at-orhc-while-sedated/article7b6b0726-912f-11ed-a7e7-f7148db05ebf.html>; Francesca Block, *Ottumwa hospital discovers late hospital worker sexually assaulted nine female patients*, DES MOINES REGISTER (Jan. 10, 2023), available at <https://www.desmoinesregister.com/story/news/crime-and-courts/2023/01/11/ottumwa-police-discover-abuse-evidence-after-hospital-worker-death/69797017007/>.

⁴ Letter from Lifepoint to Senator Charles E. Grassley, (March 31, 2023), on file with the Committee.

⁵ Letter from Lifepoint to Senator Charles E. Grassley, (April 21, 2023), on file with the Committee.

⁶ Letter from Lifepoint to Senator Charles E. Grassley, (May 5, 2023), on file with the Committee.

⁷ Letter from Wilmer Hale to Senator Charles E. Grassley, (May 10, 2023), on file with the Committee.

⁸ Letter from Lifepoint to Senator Charles E. Grassley, (May 12, 2023), on file with the Committee.

⁹ Letter from Lifepoint to Senator Charles E. Grassley, (June 30, 2023), on file with the Committee.

¹⁰ Meeting between Senator Grassley and Lifepoint (June 13, 2023).

¹¹ Phone call between Senator Grassley's staff and Wilmer Hale (March 24, 2023).

¹² Letter from Lifepoint to Senator Charles E. Grassley, (March 31, 2023), on file with Committee; Letter from Lifepoint to Senator Charles E. Grassley, (May 12, 2023), on file with Committee.

¹³ Letter from Senator Charles E. Grassley, (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%20to%20private%20equity%20reit%20-%20ottumwa%20regional%20health.pdf).

the aforementioned financial transactions and their effect on the administration of health care, please answer the following questions and produce documents that support your answers, no later than December 20, 2023:

1. Describe Lifepoint's financial and operational relationship with Ottumwa Regional. Produce all documents that support your answer, including those related to RCHP-Ottumwa, LLC.¹⁴
2. Provide the exact dollar amount of Lifepoint's own capital that Lifepoint has invested in Ottumwa Regional. Please answer in timeline form and provide all documents that support your answer, including but not limited to, all agreements or contracts between your company and Ottumwa Regional.
3. Please produce all documents that obligate Lifepoint to reinvest at least 5 percent of Ottumwa Regional's annual net patient revenue in the hospital.¹⁵
 - a. From 2018 to the present, broken down by year, provide the exact dollar amount and percentage of Ottumwa Regional's revenue that has been reinvested in the hospital. Produce all documents that support your answer.
 - b. For each investment, describe how the money was allocated, and provide an explanation. Produce all documents that support your answer.
4. While invested in Ottumwa Regional or any related entity that has an interest in Ottumwa Regional, please describe—and produce all documents that support your answer with respect to—Lifepoint's authority to:
 - a. Manage its care delivery;
 - b. Manage its billing practices;
 - c. Determine its annual net income goals;
 - d. Determine its charge per patient goals;
 - e. Determine its staff-to-patient ratios;
 - f. Determine its charge-to-cost ratios;
 - g. Enter into contracts for staffing; and
 - h. Enter into any contracts on behalf of Ottumwa Regional.
5. Does Lifepoint have current or future plans to invest its own capital in Ottumwa Regional? If so, please describe them. If not, why not? Produce all documents that support your answer.

¹⁴ Letter from Lifepoint to Senator Charles E. Grassley, (March 31, 2023), answer to question number 1 for Lifepoint, on file with the Committee.

¹⁵ Letter from Lifepoint to Senator Charles E. Grassley, (March 31, 2023), answer to question number 4 for Lifepoint, on file with the Committee; Letter from Lifepoint to Senator Charles E. Grassley, (May 12, 2023), answer to question number 2 for Ottumwa, on file with the Committee.

6. Describe how Lifepoint was involved in the 2019 sale-leaseback transaction. In your answer, provide the names and titles of all Lifepoint employees involved in the 2019 sale-leaseback transaction, including a description of their role in the transaction. Produce all documents that support your answer.
7. Describe in detail how Lifepoint's Board was involved in the 2019 sale-leaseback transaction, including the names of any Board members involved, as referenced in your May 12, 2023 letter.¹⁶ Produce all documents that support your answer, including but not limited to all relevant Board meeting minutes.
8. Explain in detail the reasons for the 2019 sale-leaseback transaction involving Ottumwa Regional. What were the terms of the 2019 sale-leaseback contract? Produce all documents that support your answer.
9. How did Lifepoint describe, publicize, or otherwise explain the sale-leaseback transaction to local communities, hospitals, and hospital staff? If it did not do so, why not? Produce all documents that support your answer.
10. From 2018 to the present, provide the name, title, Board tenure, and committee assignments of all individuals on Lifepoint's Board. Produce all documents that support your answer.
11. Explain how Lifepoint contractually shields itself from liability of any kind for activities that occur at the hospitals the company invests in, operates, or manages. Produce all documents that support your answer, including any provisions related to liability of any kind in any of your written agreements.
12. What happens if one of the medical facilities that is subject to a sale-leaseback transaction is unable to pay rent? What happens if Lifepoint is unable to pay rent on any of the facilities that are subject to a sale-leaseback transaction? Produce all documents that support your answer.
13. How much money, broken down by year, did Lifepoint receive in COVID-19 stimulus aid, including CARES Act dollars and grants? Produce all documents that support your answer.
 - a. Provide an explanation as to why Lifepoint needed COVID-19 stimulus aid, including CARES Act dollars and grants. Produce all documents that support your answer.
 - b. Describe in detail how COVID-19 stimulus aid and CARES Act funds were allocated, including but not limited to, their allocation among or between

¹⁶ Letter from Lifepoint to Senator Charles E. Grassley, (May 12, 2023), answer to question number 1 for Ottumwa Regional, on file with the Committee.

Lifepoint owned or operated facilities. Produce all documents that support your answer.

- c. Did Lifepoint use any COVID-19 stimulus aid or CARES Act dollars or grants for acquisitions or mergers? If so, please explain. Produce all documents that support your answer.
14. From 2018 to the present, please produce all documents related to the authority of Lifepoint's Board of Directors to:
 - a. Monitor and evaluate Lifepoint hospitals' quality of care metrics and patient safety programs;
 - b. Review and discuss those metrics with Lifepoint senior management; and
 - c. Receive reports from Lifepoint senior management on the hospital network's safety standards and preventative actions.
 - i. For each of these requests, please produce all documents, including all internal or external communications, for all instances where the Board exercised its authority in these areas.
 - ii. Please also describe, with supporting documents, what officials the Board considers to be "Lifepoint senior management."
 15. Explain Lifepoint's role in the decision to hire William Kiefer as CEO of Ottumwa Regional. Produce all documents that support your answer, including but not limited to, his personnel file and any background checks.
 16. Does Lifepoint have plans to bring Scion Health or any Lifepoint-related entity to Ottumwa Regional or to any other hospitals or health facilities in Iowa? If yes, please explain. Produce all documents that support your answer.
 17. From 2015 to the present, identify and provide a brief description of all lawsuits, arbitrations, or other similar legal proceedings related to patient care that have been initiated against Lifepoint and/or Ottumwa Regional.
 18. Describe in detail Lifepoint's financial and operational relationship with TeamHealth. Produce all documents that support your answer.
 19. From 2015 to the present, produce all third-party staffing contracts, including but not limited to, all contracts between and among Lifepoint, any of its subsidiaries or related entities, and TeamHealth.

20. In 2021, Apollo sold Lifepoint back to itself, from Apollo Fund VIII to Fund IX, for a \$1.6 billion gain.¹⁷ Explain in detail any involvement in, including but not limited to knowledge or approval of, this transaction by Lifepoint executives or Lifepoint's Board. Produce all documents that support your answer.
21. Produce the March 7, 2023, power point document prepared by WilmerHale at the request of the Special Committee convened by Lifepoint's Board to assess the facts and circumstances, including any deficiencies and need for improvements, that may have contributed to the shocking events against patients at Ottumwa outlined in Senator Grassley's March 17 letter.¹⁸

* * *

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,



Sheldon Whitehouse
Chairman
Senate Committee on the Budget



Charles E. Grassley
Ranking Member
Senate Committee on the Budget

¹⁷ Alia Paavola, *PE firm made \$1.6B by selling LifePoint to fund it owns*, BECKER'S HEALTHCARE (July 29, 2021), available at <https://www.beckershospitalreview.com/finance/pe-firm-made-1-6b-by-selling-lifepoint-to-fund-it-owns.html>. See also Sam Sutton, *Apollo fee revenue to spike with fund IX launch*, PE HUB (Nov. 1, 2017), available at <https://www.pehub.com/apollo-fee-revenue-to-spike-with-fund-ix-launch/> (stating that "Apollo Global Management is about to turn on the spigot for hundreds of millions in dollars in management fees. Apollo will likely activate its latest private equity fund, the \$24.7 billion Apollo Investment Fund IX, in the first quarter. When that happens, the firm expects its fee-related earnings to increase by \$200 million.").

¹⁸ This 15-slide power point document is relevant and directly related to the investigation into the events outlined in Senator Grassley's March 17, 2023 letter. On a September 19, 2023, call between staff for Sens. Whitehouse and Grassley and WilmerHale, Christopher Davies, a partner with WilmerHale, stated [with respect to the March 7, 2023, document his firm prepared], "of course it's relevant."

Mr. David Dill (Lifepoint Health)

December 6, 2023

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cc: Ms. Jennifer Peters, Executive Vice President and General Counsel, Lifepoint Health
Mr. Tom Strickland, WilmerHale
Mr. Christopher Davies, WilmerHale