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United States Senate

COMMITTEE ON THE BUDGET
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December 6, 2023

VIA ELECTRONIC TRANSMISSION

Mr. William Kiefer
Chief Executive Officer
Ottumwa Regional Health Center

Dear Mr. Kiefer:

On March 17, 2023, Senator Grassley wrote to Ottumwa Regional Health Center with serious concerns about the horrific events that occurred at the hospital 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 Apollo Global, Lifepoint Health, and Medical Properties Trust² 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

Lifepoint, on behalf of Ottumwa Regional, 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 Those responses failed to provide full and complete answers, including supporting documents, in response to his March 17 letter.¹⁰

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 the hospital 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 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. Identify the individual(s) employed by or affiliated with Ottumwa Regional who oversaw and authorized the 2019 sale-leaseback transaction. In your response, please include the following: (i) the names and titles of all individuals involved in the 2019 sale-leaseback

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

and describe their role in the transaction; and (ii) an explanation why Ottumwa Regional and its related boards believed the 2019 sale-leaseback was in the best interest of the hospital. Produce all documents that support your answer.

2. Describe how the 2019 sale-leaseback transaction impacted the operations and finances of Ottumwa Regional. In your response, please include the following: (i) list staffing ratios per patient before and after the sale-leaseback transaction, from 2019 to the present, in timeline form; and (ii) identify any cost-cutting measures following the sale-leaseback. Produce all documents that support your answer.
3. Describe, broken down by year, how Ottumwa Regional [not Lifepoint] utilized the funds it received from the 2019 sale-leaseback. If Ottumwa Regional did not receive any of these funds, why not? Produce all documents that support your answer.
4. Describe in detail Ottumwa Regional's relationship with Lifepoint. Explain how the hospital relies on Lifepoint for any management or operational services. Please produce all documents that support your answers, including all contracts and agreements between Lifepoint and Ottumwa Regional. Please also produce all documents related to Lifepoint Corporate Services, General Partnership, referenced in your April 21, 2023 letter.¹¹
5. From 2015 to the present, describe in detail Ottumwa Regional's emergency medical services vehicle fleet, including but not limited to, the current service area, any reduction in services and any reliance on other hospitals or facilities to transport patients. Please answer in timeline form and produce all documents that support your answer.
 - a. Have any of Ottumwa Regional's ambulances failed an inspection? If yes, please explain the reasons for these failure(s). Produce all documents that support your answer.
 - b. Has Lifepoint ever transferred any EMS vehicles from other hospitals the company owns or operates in other states to Ottumwa Regional? If yes, please explain why your company transferred vehicles from other institutions. Produce all documents that support your answer.
6. Please describe and produce all documents that support your answer with respect to how Lifepoint's involvement impacted Ottumwa Regional'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;

¹¹ Letter from Lifepoint to Senator Charles E. Grassley, (April 21, 2023), answer to question number 4 for Ottumwa Regional, on file with the Committee.

- e. Determine its staff-to-patient ratios;
 - f. Determine its charge-to-cost ratios; and
 - g. Enter into contracts for staffing.
7. From 2015 to the present, broken down by year, produce all documents demonstrating that the policies and procedures for vetting staff, including drug testing, were implemented at Ottumwa Regional.¹² Produce also all documents demonstrating that the procedures for vetting staff, including drug testing, were implemented with respect to Devon M. Carracio.¹³
8. From 2015 to the present, broken down by year, produce all documents demonstrating that the policies and procedures for controlled substances, including medication safety, facility security, and staff training, were implemented at Ottumwa Regional, including but not limited to, the dates of each training, attendee sign-in sheets, and the names of the individual(s) responsible for such training.¹⁴ Produce also all documents demonstrating that Devon M. Caraccio participated in staff training related to the policies and procedures in the above question.
9. From 2015 to the present, broken down by year, identify and produce all documents for all third-party contracts associated with Ottumwa Regional.
10. Please produce all third-party staffing contracts for Devon M. Caraccio.
11. Please produce Devon M. Caraccio's personnel file.
12. Describe both historical and current operational challenges that pose a threat to quality care and access to medical services at Ottumwa Regional. Produce all documents that support your answer.
13. From 2015 to the present, broken down by year, explain in detail the clinical operations of Ottumwa Regional's operating rooms, including but not limited to, the number of operating rooms the hospital is licensed for, the hours of operation (on and off hours), and all doctor-to-patient and nurse-to-patient staffing ratios. Produce all documents that support your answer.

¹² Letter from Lifepoint to Senator Charles E. Grassley, (April 21, 2023), answer to question number 6 for Ottumwa Regional, on file with the Committee.

¹³ *Id.*

¹⁴ Letter from Lifepoint to Senator Charles E. Grassley, (April 21, 2023), answer to question number 7 for Ottumwa Regional, on file with the Committee.

- a. Have there been any reductions in hours or closures of Ottumwa Regional's operating rooms? If yes, explain the reasons for any reductions or closures, including but not limited to, the hospital's ability—for financial, personnel, or other reasons—to perform emergency surgery cases. Produce all documents that support your answer.
 - b. Identify any sentinel events, any operational, staffing, and/or regulatory issues that caused reductions in the day-to-day clinical operations or closures of Ottumwa Regional's operating rooms. Describe any staffing concerns or shortages. Produce all documents that support your answer.
14. From 2015 to the present, broken down by year, explain in detail the clinical operations of Ottumwa Regional's intensive care unit (ICU), including but not limited to, the number of ICU beds for which the hospital is licensed and all doctor-to-patient and nurse-to-patient staffing ratios. Were there any sentinel events, any operational, staffing, and/or regulatory issues that caused Ottumwa Regional to reduce the day-to-day clinical operations, reduce capacity, or close the ICU? If so, explain. Produce all documents that support your answer.
15. From 2015 to the present, broken down by year, explain in detail the clinical operations of Ottumwa Regional's medical-surgical floor, including but not limited to, the number of medical-surgical beds for which the hospital is licensed and all doctor-to-patient and nurse-to-patient staffing ratios. Were there any sentinel events, any operational, staffing, and/or regulatory issues that caused Ottumwa Regional to reduce capacity or close the med-surge floor? If so, explain. Produce all documents that support your answer.
16. From 2015 to the present, broken down by year, provide the exact number of Ottumwa Regional staff who have resigned, been terminated, been laid off, been furloughed, or otherwise left employment for any reason (including any mutual settlement agreement), including any staff primarily employed by a third-party staffing agency. Provide all documents that support your answer.

* * *

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

cc: Mr. David M. Dill, Chairman and Chief Executive Officer, Lifepoint Health
Ms. Jennifer Peters, Executive Vice President and General Counsel, Lifepoint Health
Mr. Eric Carlson, Chair, Ottumwa Regional Health Center Board of Trustees
Mr. Tom Strickland, WilmerHale
Mr. Christopher Davies, WilmerHale