

HOSPITAL CONVERSION APPLICATION

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

Name of Transacting Parties:	Prime Healthcare Services – Landmark, LLC Prime Healthcare Services, Inc. Landmark Medical Center, Inc. Northern Rhode Island Rehab Management Associates, L.P. d/b/a Rehabilitation Hospital of Rhode Island Prime Healthcare Holdings, Inc. Prime Healthcare Management, Inc.
Date Application Submitted:	January 2, 2013
Additional Information Filed:	March 14, 2013
Additional Information Filed:	April 18, 2013
Additional Information Filed:	May 21, 2013
Additional Information Filed:	June 14, 2013
Final Initial Application Filed:	July 8, 2013
Date of Agreement Execution with the Director for Payment of Costs*:	March 12, 2013
Date of Agreement Execution with the Attorney General for Payment of Costs*:	March 12, 2013

* Please provide copies of the responsive documents.

*See **Exhibit 74**

CERTIFICATION

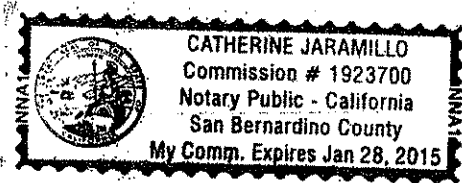
Please provide the attestation/verification for each of the Transacting Parties and licensed hospital affiliates. (Please replicate as needed).

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

Przem Kozak
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Landmark, LLC
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

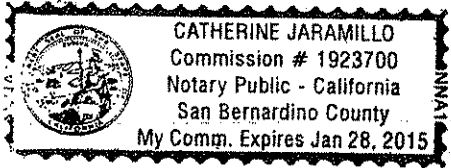
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I hereby certify that the information contained in this application is complete, accurate and true.

Noem Redon
Signature by the President or Chief Executive Officer

Prime Healthcare Services, Inc.
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.




Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

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

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




Signature by the President or Chief Executive Officer

Prime Healthcare Holdings, Inc.
Entity

Subscribed and sworn to before me on this 11th day of June, 2013.





Notary Public
My Commission Expires: 8/13/14

See April 19, 2013 filing for certification pages for other Transacting Parties and licensed hospital affiliates.

CERTIFICATION

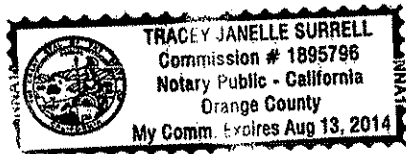
Please provide the attestation/verification for each of the Transacting Parties and licensed hospital affiliates. (Please replicate as needed).

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

Steve Sorell
Signature by the President or Chief Executive Officer

Prime Healthcare Management, Inc.
Entity

Subscribed and sworn to before me on this 11th day of June, 2013.

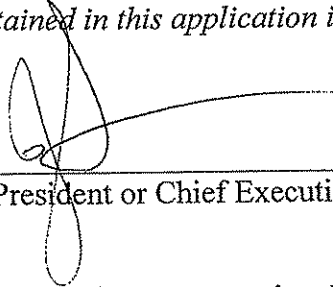


Tracey J. Surell
Notary Public
My Commission Expires: 8/13/14

CERTIFICATION

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

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



Signature by the President or Chief Executive Officer

Jonathan N. Savage, Esq., in his capacity as the court-appointed Special Master for Landmark Health Systems, Inc., Landmark Medical Center and Northern Rhode Island Rehab Management Associates, L.P. d/b/a Rehabilitation Hospital of Rhode Island
Entity

Subscribed and sworn to before me on this 4th day of April, 2013.

Julie A. Zaccagnini
Notary Public
My Commission Expires: 4/2/14

CERTIFICATION

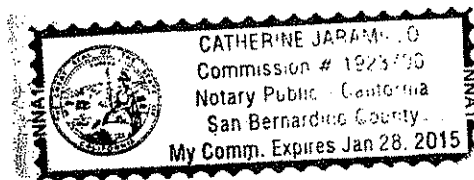
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I hereby certify that the information contained in this application is complete, accurate and true.

Artem Reolou
Signature by the President or Chief Executive Officer

Alvarado Hospital LLC dba Alvarado Hospital Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan 28, 2015

CERTIFICATION

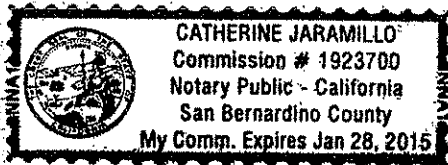
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I hereby certify that the information contained in this application is complete, accurate and true.

Norm Redon
Signature by the President or Chief Executive Officer

Prime Healthcare Centinela, LLC dba Centinela Hospital Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

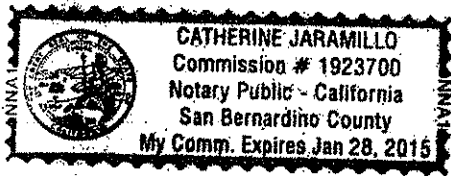
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I hereby certify that the information contained in this application is complete, accurate and true.

Arum Redon
Signature by the President or Chief Executive Officer

Veritas Health Services, Inc., dba Chino Valley Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

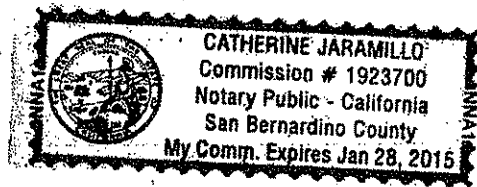
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I hereby certify that the information contained in this application is complete, accurate and true.

Luem Seow
Signature by the President or Chief Executive Officer

Dallas Medical Center, LLC dba Dallas Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo
Notary Public
My Commission Expires: Jan-28, 2015

CERTIFICATION

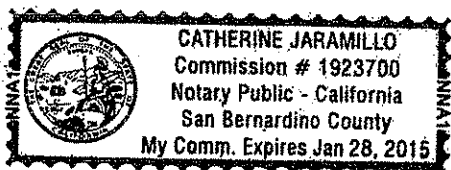
Please provide the attestation/verification for each of the Transacting Parties and licensed hospital affiliates. (Please replicate as needed).

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

Norm Reed
Signature by the President or Chief Executive Officer

Desert Valley Hospital, Inc. dba Desert Valley Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan-28, 2015

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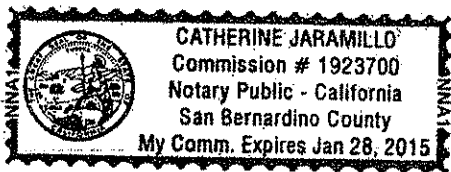
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I hereby certify that the information contained in this application is complete, accurate and true.

Mervin Redon
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Encino, LLC dba Encino Hospital Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

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

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

Mrem Leadu
Signature by the President or Chief Executive Officer

Prime Healthcare Services -- Garden Grove, LLC dba Garden Grove Hospital Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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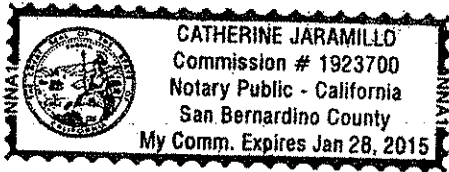
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I hereby certify that the information contained in this application is complete, accurate and true.

Artem Leada
Signature by the President or Chief Executive Officer

Harlingen Medical Center, Limited Partnership dba Harlingen Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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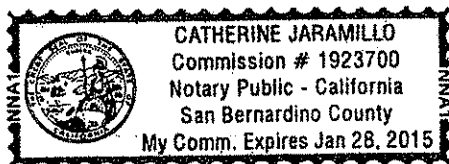
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Norm Leadon
Signature by the President or Chief Executive Officer

Prime Healthcare Huntington Beach, LLC dba Huntington Beach Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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Steve Redon
Signature by the President or Chief Executive Officer

Knapp Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan-28, 2015

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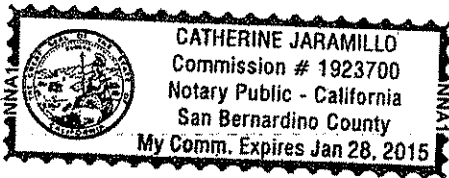
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I hereby certify that the information contained in this application is complete, accurate and true.

Noem Sedov
Signature by the President or Chief Executive Officer

Prime Healthcare La Palma, LLC dba La Palma Intercommunity Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

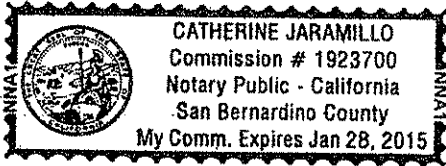
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Kevin Reed
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Lower Bucks, LLC dba Lower Bucks Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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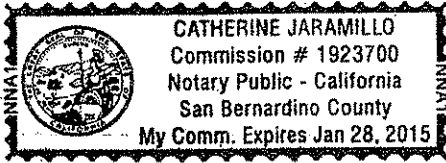
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I hereby certify that the information contained in this application is complete, accurate and true.

Sam Seda
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Montclair, LLC dba Montclair Hospital Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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

Mrem Sedov
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Pampa, LLC dba Pampa Regional Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 26, 2015

CERTIFICATION

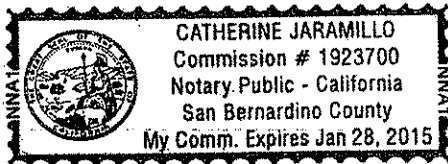
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Wynn Pedlow
Signature by the President or Chief Executive Officer

Prime Healthcare Paradise Valley, LLC dba Paradise Valley Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
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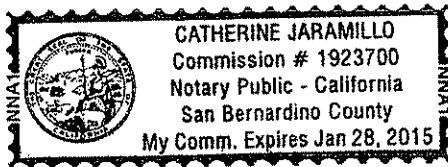
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Steven Ledes
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Providence, LLC dba Providence Medical Center
Entity

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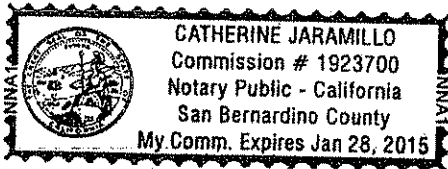
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I hereby certify that the information contained in this application is complete, accurate and true.

Przem Szwed
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Roxborough, LLC dba Roxborough Memorial Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28. 2015

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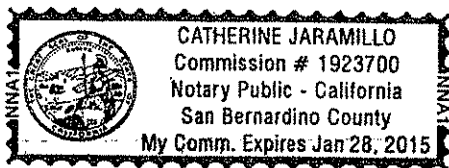
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Przem Radwan
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Saint John Leavenworth, LLC dba Saint John Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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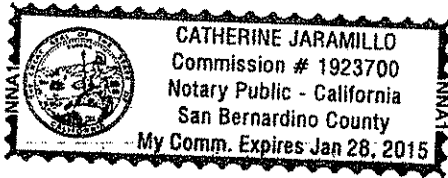
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I hereby certify that the information contained in this application is complete, accurate and true.

Norm Padon
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Reno, LLC dba Saint Mary’s Regional Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo Notary Public
Notary Public
My Commission Expires: Jan 28, 2015

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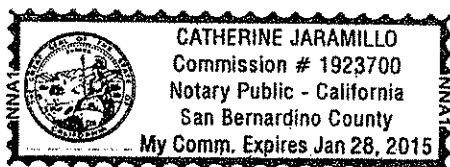
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I hereby certify that the information contained in this application is complete, accurate and true.

prem Lopez
Signature by the President or Chief Executive Officer

Prime Healthcare Services – San Dimas, LLC dba San Dimas Community Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan 28, 2015

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

Arem Ledo
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Shasta, LLC dba Shasta Regional Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo Notary Public
Notary Public
My Commission Expires: Jan 28, 2015

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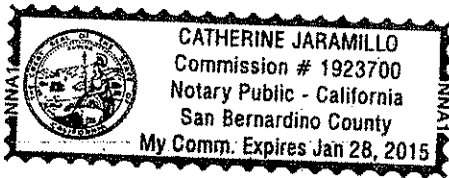
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I hereby certify that the information contained in this application is complete, accurate and true.

Mem Lead
Signature by the President or Chief Executive Officer

Prime Healthcare Services – Sherman Oaks, LLC dba Sherman Oaks Hospital
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

CERTIFICATION

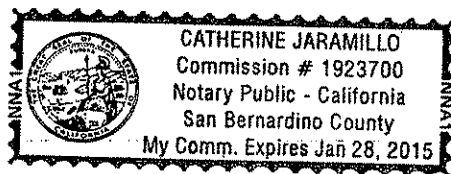
Please provide the attestation/verification for each of the Transacting Parties and licensed hospital affiliates. (Please replicate as needed).

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

Merv Sedon
Signature by the President or Chief Executive Officer

Prime Healthcare Anaheim, LLC dba West Anaheim Medical Center
Entity

Subscribed and sworn to before me on this 12th day of April, 2013.



Catherine Jaramillo, Notary Public
Notary Public
My Commission Expires: Jan. 28, 2015

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APPENDIX A
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EXHIBITS

<u>Exhibit #</u>	<u>Description/Category/Title</u>	<u>Page #</u>
1(a)	Landmark Entities	LPHCA/F 000001
1(b)	Order Regarding Bid Process	LPHCA/F 000002
1(c)	PwC Report	LPHCA/F 000009
1(d)	Vector Group Report	LPHCA/F 000043
1(e)	Prime Holdings Stock Certificate	LPHCA/F 000068
1(f)	May 8, 2013 Memorandum	LPHCA/F 000069
1(g)	KASP Trust Stock Certificate	LPHCA/F 000082
1(h)	Prem Reddy Family Trust Stock Certificate	LPHCA/F 000083
7(c)	Sample Bylaws	LPHCA/F 000084
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18	Asset Purchase Agreement, as amended; Management Advisory Agreement; Working Capital Loan Agreement	LPHCA/F 001536
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23	Press Release	LPHCA/F 002399
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54	Taxes	LPHCA/F	003997
56	Patient Statistics	LPHCA/F	004010
61(b)	Nixon Peabody Engagement Letter	LPHCA/F	004011
70(a)	Steward Spreadsheet	LPHCA/F	004015
70(b)	Supporting Documentation	LPHCA/F	004018
71	LMC/RHRI Staffing Levels	LPHCA/F	004021
73(a)	Medical Services	LPHCA/F	004023
74	Reimbursement Agreements	LPHCA/F	004025
75	Application Versions	LPHCA/F	004042
	- Redline comparison of integrated Application (combining 1/2/13 and 3/14/13 filings)		
	- Application (combining 1/2/13 and 3/14/13 filings)		
	- Redline comparison of above combined Application with April 18, 2013 filing		

CONFIDENTIAL EXHIBITS

<u>Exhibit #</u>	<u>Description/Category/Title</u>	<u>Page #</u>	
9	PHSI Minutes/Agendas	LPHCA/F-C	000001
10	Prem Reddy Family Trust	LPHCA/F-C	000068
12	Prime Healthcare Management Agreement	LPHCA/F-C	000131
16(a)	LMC/RHRI Conflict of Interest Policies	LPHCA/F-C	000171
18	Asset Purchase Agreement Schedules	LPHCA/F-C	000177
19(b)	LMC Medical Staff Bylaws (with Credentialing Procedures)	LPHCA/F-C	000770
19(c)	RHRI Medical Staff Bylaws (with Credentialing Procedures)	LPHCA/F-C	000836
22(a)	LMC DOH Notices	LPHCA/F-C	000915
22(b)	LMC DEM Notices	LPHCA/F-C	000936
22(c)	Prime – CMS 2567 Forms	LPHCA/F-C	000943
23(a)	Prime Investigations	LPHCA/F-C	002985

23(b)	LMC Investigations	LPHCA/F-C	002988
26(a)	Prime Due Diligence	LPHCA/F-C	003132
26(b)	Offering Package	LPHCA/F-C	003133
27	Prime Acquisitions Considered	LPHCA/F-C	003182
38	Prime Severance Agreements	LPHCA/F-C	003183
43(a)	Prime Financials	LPHCA/F-C	003209
43(b)	Prime Summaries	LPHCA/F-C	003369
43(c)	PHMI Tax Returns	LPHCA/F-C	003385
43(d)	Prime Holdings Tax Returns	LPHCA/F-C	003993
45	LMC/RHRI Litigation	LPHCA/F-C	004570
59(a)	Prime Business Plan	LPHCA/F-C	004593
61(a)	Prime's Consultant Contracts	LPHCA/F-C	004595
61(b)	Landmark Entities Consultant Contracts	LPHCA/F-C	004617
63(a)	PHSI/PHMI Compliance Manual	LPHCA/F-C	004650
63(b)	LMC Compliance Policy	LPHCA/F-C	004744
63(c)	RHRI Compliance Policy	LPHCA/F-C	004745
63(d)	Landmark/RHRI Compliance Handbook	LPHCA/F-C	004746
65(a)	Prime Patient Satisfaction	LPHCA/F-C	004756
65(b)	LMC/RHRI Patient Satisfaction	LPHCA/F-C	004761
72	Union Contracts	LPHCA/F-C	005066

A. OVERVIEW

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, and commitments for and development of new services and/or facilities that are associated with the proposed conversion.**

This application will outline the proposed acquisition of Landmark Health Systems, Inc. (“LHS”), Landmark Medical Center (“LMC”), and Northern Rhode Island Rehab Management Associates, L.P. d/b/a Rehabilitation Hospital of Rhode Island (“RHRI”) by Prime Healthcare Services–Landmark, LLC (“Prime-Landmark”), a wholly-owned subsidiary of Prime Healthcare Services, Inc., a Delaware corporation (“PHSI”). LHS, LMC, RHRI, Prime-Landmark, and PHSI are all the “Transacting Parties” as that term is defined in the Hospital Conversion Act. The acquisitions are pursuant to an Asset Purchase Agreement entered into by order of the Superior Court for the County of Providence on October 11, 2012 between Jonathan N. Savage, solely in his capacity as the Court-Appointed Special Master (the “Special Master”) for LHS, LMC, RHRI, Landmark Physician Office Services (“LPOS”) and Prime-Landmark. LHS, LMC, RHRI, and LPOS shall be collectively referred to herein as the Landmark Entities. Please note that when information is provided in this application for LMC and RHRI for the period post-closing, it is understood that at that time the facility will be licensed under Prime-Landmark.

Prime Healthcare Services – Landmark, LLC

Organization

Prime-Landmark, a wholly-owned subsidiary of PHSI, is a Delaware limited liability company formed on September 19, 2012. Prime-Landmark and PHSI shall be collectively referred to herein as “Prime.” PHSI, by and through its subsidiaries, owns and operates eighteen (18) acute care hospitals in California, Nevada, Texas, Pennsylvania and Kansas with more than 3,000 licensed beds. See Response to Question No. 4. PHSI is also affiliated with the Prime Healthcare Services Foundation, Inc., a 501(c)(3) public charity, which owns and operates five (5) acute care hospitals in California. PHSI has been recognized by Thomson Reuters as a Top 15 Health System in the United States based on quality measures.

Prime Healthcare Services, Inc.

Organization

PHSI is a Delaware corporation which, by and through its subsidiaries, owns and operates eighteen (18) acute care hospitals in California, Kansas, Nevada, Texas, and Pennsylvania with more than 3,000 licensed beds. PHSI was originally formed as K Reddy Corp., on March 27, 2000 and changed its name to DVH Acquisition, Inc., on May 11, 2000. DVH Acquisition, Inc., changed its name to Desert Valley Health System, Inc., on January 11, 2001 and Desert Valley Health System, Inc., changed its name to Prime Healthcare Services, Inc., on August 24, 2005. PHSI’s Articles and related Amendments are set forth at **Exhibit 10(bb)**.

Relationship of Prime Healthcare Services, Inc. to Prime Healthcare Holdings, Inc.

Prime Healthcare Holdings, Inc. is the sole shareholder of PHSI, and acts as the holding company which owns the stock of PHSI. Prime Healthcare Holdings, Inc. was created as part of certain financing arrangements so that the stock of PHSI was owned by a corporation rather than Dr. Prem Reddy's family trusts.

Ownership of Prime Healthcare Holdings, Inc.

As of December 26, 2012, the KASP Trust is the sole shareholder of and owns 100% of Prime Healthcare Holdings, Inc. Prior to December 26, 2012, the KASP Trust owned 90% of Prime Healthcare Holdings, Inc., and the Dr. Prem Reddy Family Trust owned 10% of Prime Healthcare Holdings, Inc. The KASP Trust is an irrevocable trust created for the benefit of the children of Drs. Prem and Venkamma Reddy.

The KASP Trust

The KASP Trust is an irrevocable trust which was created by Dr. Prem Reddy and Dr. Venkamma Reddy for the benefit of their three children. KASP Trust serves as the sole shareholder of Prime Healthcare Holdings, Inc., and makes those decisions required to be made by the shareholder of Prime Healthcare Holdings, Inc., under the bylaws of Prime Healthcare Holdings, Inc. The decisions include the following:

- Appointment of the Board of Directors;
- Amendments to Bylaws; and
- Amendments to Articles of Incorporation.

The KASP Trust and its trustee are not involved in the day-to-day operations of any hospitals and will not be involved in the day to day operations of Prime-Landmark.

Madan Reddy, the brother of Prem Reddy, M.D., serves as the trustee of the KASP Trust and, in such capacity, has the authority, on behalf of The KASP Trust, to make the decisions set forth above.

Landmark Health System

Organization

Woonsocket Hospital ("WH") was established as a non-profit charity in 1873. It continued to operate in this form, as amended from time to time, until the late 1980s. In 1987, WH was reorganized under a newly created parent corporation known as Woonsocket Community Health ("WCH") for the purpose of advancing the hospital's mission. Shortly thereafter WH merged and consolidated with John Fogarty Memorial Hospital ("Fogarty Hospital"), a similar facility located in North Smithfield, Rhode Island. The newly combined entity was known as Woonsocket Hospital Corporation ("WHC"), which changed its name to Landmark Medical Center on September 8, 1988. Currently, LMC is licensed as a 214-bed general acute care hospital located in Woonsocket, Rhode Island.

At the same time that WH and FH merged, WH's parent corporation, WHC, merged and consolidated with the parent of Fogarty Hospital, Fogarty Health Systems, Inc. The consolidated entity, Fogarty-Woonsocket Health Care Corporation, changed its name to Landmark Health Systems on September 8, 1988. LHS is a tax-exempt organization and sole corporate member of LMC. LHS was formed to own, manage, and operate both hospital facilities, merge their operations and otherwise advance their missions. With LHS as the sole operator of both hospitals, the two facilities improved the integration and efficiency of their operations, and continued to serve communities in northern Rhode Island and southeastern Massachusetts with the same high quality health care that these facilities had traditionally provided.

LHS subsequently formed a joint venture with Braintree Rehabilitation Hospital in Braintree, Massachusetts for the purposes of converting and operating the facilities of the former Fogarty Hospital as a specially licensed rehabilitation hospital. This facility is RHRI, which is a for-profit rehabilitation hospital located in North Smithfield, Rhode Island.

In 2003, LHS subsequently formed a Joint Venture with LMC known as Northern Rhode Island Rehab Management Associates (NRIRMA). NRIRMA is a Delaware Corporation formed for the purposes of acquiring full ownership of and operating RHRI and its facilities.

In 2008, NRIRMA sold certain properties and facilities of RHRI to Medistar Rhode Island, LLC, a Texas limited liability company. NRIRMA leased back these properties from Medistar and continues to operate and manage RHRI.

LHS, LMC, NRIRMA and their organizational predecessors have created various subsidiary and/or affiliated entities which relate or related to serving the respective missions of each organization. Most of such affiliated entities no longer exist, or are no longer active. **Exhibit 1(a)** identifies all Landmark-related corporations and the current status of each. An organizational diagram of the Landmark Entities is provided at **Exhibit 12(b)**. Corporate documents and certificates for all active entities are provided among the documents in this submission.

Court Supervision and Governance

On June 26, 2008, the Superior Court for the County of Providence appointed the Special Master to oversee the operations of LMC. LHS and RHRI followed on September 12, 2008 and November 13, 2008, respectively. The Special Master, under the supervision of the Court and in his capacity as Special Master, is the sole governing and operational authority for LMC, LHS, and NRIRMA. The Landmark Entities presently have no governing body, trustees, or other executives empowered to direct the Special Master or to undertake actions not delegated or approved by the Special Master.

The body of senior managers involved in the daily operations of the Landmark Entities, all of whom report to the Special Master, has been extensively reduced and consolidated since 2008, and is described and detailed in various documents included in this submission.

Bid Process

Throughout the mastership proceeding, the Special Master, with the oversight of the Court-designated health care expert Pricewaterhouse Coopers, LLP (“PwC”), diligently searched for a strategic partner for the acquisition of the assets and business of the Landmark Entities. Despite receiving a significant amount of interest from numerous parties between 2008 and 2010, none of those interested parties completed a transaction for the purchase of the assets and business of the Landmark Entities.

In or about January 2011, in an effort to identify prospective purchasers for the Landmark Entities, with the recommendation of PwC, the Special Master retained Joshua Nemzoff of Nemzoff & Company, LLC to act as a Hospital Acquisition Advisor. Following Mr. Nemzoff’s retention by the Special Master, he identified approximately fifteen (15) entities interested in bidding on the assets and business of the Landmark Entities. In response to the growing interest in the acquisition of the assets and business of the Landmark Entities, the Superior Court for the State of Rhode Island sitting in Providence County entered an Order (attached as **Exhibit 1(b)**) outlining a process pursuant to which (i) those entities interested in purchasing the assets and business of the Landmark Entities could submit bids for the same, (ii) the Special Master and the Court could consider those bids submitted, and (iii) the Court could eventually make a decision relative to the bids submitted (the “Bid Process”). Throughout the Bid Process, the Special Master made available a December 2009 report, Landmark Medical Center Community Benefit Analysis, prepared by PwC (**Exhibit 1(c)**) and the March 2010 report, The Economic Impact of Landmark Health Systems on the Rhode Island Economy, prepared by Vector Group, LLC (**Exhibit 1(d)**).

As a result of the Bid Process, five (5) entities submitted bids for the assets and business of the Landmark Entities and the Court held several lengthy hearings relative to those bids submitted. Subsequent to those hearings, the Court on at least two (2) occasions directed the bidders to improve their respective bids and/or provide greater detail with regard to certain issues presented in their bids. Prior to a scheduled bid selection hearing, in or about late May 2011/early June 2011, Steward Medical Holdings, LLC (“Steward”) presented the Special Master with a bid which the Special Master deemed superior to all other bids that had been submitted to the Court. The Special Master presented the bid to the Court requesting authorization to accept the Steward bid. At the conclusion of a lengthy hearing, the Court determined that none of the previously submitted bids were acceptable or viable, that the Steward bid was acceptable and viable and that the Special Master was authorized to execute the Asset Purchase Agreement and Agreement for Advisory Services with Steward.

In September 2012, Steward informed the Special Master that it had no objection to the Special Master speaking with other potential bidders and exploring the interest of such bidders in acquiring the assets of the Landmark Entities. Thereafter, the Special Master contacted several parties, including Prime, to determine their interest in acquiring the assets of the Landmark Entities.

PHSI expressed an interest in acquiring the Landmark Entities and on September 19, 2012, the Special Master and the Landmark Entities reached an agreement on the terms under which

Prime-Landmark would be willing to acquire the assets. Thereafter, Prime deposited \$1 Million with the Special Master.

On October 9, 2012, the Court conditionally approved the Prime-Landmark Asset Purchase Agreement and authorized the Special Master to execute the Prime-Landmark Asset Purchase Agreement. The Court's approval was conditional as the schedules to the Prime Asset Purchase Agreement and the Working Capital Loan and the Advisory Agreement had not been finalized. Thereafter, the schedules, the Working Capital Loan and the Advisory Agreement were distributed to all parties.

On October 31, 2012, the Court, after hearing from all interested parties, approved the Prime-Landmark Asset Purchase Agreement, the Working Capital Loan, and the Advisory Agreement.

Proposed Conversion

Under the Asset Purchase Agreement, the sellers propose to sell all right, title and interest in all assets, both real and personal, and both tangible and intangible, associated with owning, leasing, managing and operating LMC and RHRI, free and clear of all claims, liens and encumbrances. The assets include the business operations and any other assets located at the following addresses:

- (a) 115 Cass Avenue, Woonsocket, Rhode Island (the "Main Campus");
- (b) 116 Eddie Dowling Highway, North Smithfield, Rhode Island ("RHRI Campus");
- (c) 196 Cass Avenue, Woonsocket, Rhode Island (the "Business Office");
- (d) 186 Cass Avenue, Woonsocket, Rhode Island (the "Heart Center");
- (e) 206 Cass Avenue, Woonsocket, Rhode Island (the "Physician Office");
- (f) 219 Cass Avenue, Woonsocket, Rhode Island (the "Medical Office Bldg");
- (g) 20 Cumberland Hill Road, Woonsocket, Rhode Island (the "Drawing Station");
- (h) 115 Cass Avenue, Woonsocket, Rhode Island, Suite 2 (the "Oncology Practice");
- (i) 355 Cass Avenue, Woonsocket, Rhode Island ("Parking");
- (j) 63 Eddie Dowling Highway, North Smithfield, Rhode Island ("OB Practice");
- (k) 501 Great Road, North Smithfield, Rhode Island ("General Surgery"); and
- (l) 6 Blackstone Valley Place, Suite 501, Lincoln, Rhode Island.

Under the Asset Purchase Agreement, Prime-Landmark will pay a total purchase price of Forty Three Million Two Hundred Fifty Thousand Dollars (\$43,250,000). The Purchase Price will be payable as follows:

(a) Thirty Million Dollars (\$30,000,000) shall be paid for capital expenditures during the first five (5) years following the Closing;

(b) Two Million Dollars (\$2,000,000) shall be paid in satisfaction of the Sellers' indebtedness, including any accrued but unpaid interest, to Steward, as successor-in-interest to Caritas Christi;

(c) One Million Six Hundred Thousand Dollars (\$1,600,000) shall be paid in satisfaction of the Sellers' indebtedness, including any accrued but unpaid interest, to Northborough Capital Partners, LLC;

(d) Four Million Four Hundred Thousand Dollars (\$4,400,000) shall be paid in satisfaction of the Sellers' indebtedness, including any accrued but unpaid interest calculated with an interest rate of no more than six percent (6%), to Blackstone Medical Center, Inc., f/k/a Steward Medical Holdings Subsidiary Four, Inc. under that certain Working Capital Loan Agreement;

(e) Three Million Five Hundred Thousand Dollars (\$3,500,000) shall be payable at Closing by payment of the premium for the "tail" insurance;

(f) One Million Dollars (\$1,000,000.00) due to Buyer under the Working Capital Loan Agreement between Buyer and Seller shall be forgiven; and

(g) Seven Hundred Fifty Thousand Dollars (\$750,000.00) shall be available to pay expenses of the Mastership Case on and after the Closing.

The transaction shall be funded entirely through equity and Prime-Landmark will not take on any new debt commitments. The \$30,000,000 investment in capital is intended to be used in connection with the operation of the facilities as well as needed updates to the facilities, such as investments in technology or expansion of services.

Commitments for and Development of New Services and Facilities

Prime-Landmark will invest no less than \$30 Million during the five (5) years following the Closing to improve the facilities, the quality of care being provided, and the expansion of service lines at LMC. Prime-Landmark anticipates that the initial investments will be focused on upgrading the physical plant at LMC and purchasing new equipment and information technology systems used to deliver patient care. Prime-Landmark will also invest \$4,500,000 in physician recruitment during the first five years, and in the development of collaborative relationships with local physicians and community health centers which are, among other things, designed to deliver primary care in a more efficient and accessible manner and to identify services needed in the community. Prime-Landmark will also work with other area hospitals to develop centers of excellence at area hospitals.

Role of Prime Healthcare Management, Inc.

Prime Healthcare Management provides management, consulting, and support services to hospitals owned and operated by PHSI and Prime Healthcare Foundation. Prime Healthcare

Management's services include consulting services in the area of legal matters, risk management, clinical operations, finance and accounting.

Prime Healthcare Management will not manage the operations of LMC or RHRI as the operations will be managed by the Chief Executive Officer, Chief Financial Officer, and Chief Nursing Officer for the facilities and who will be employed by Prime-Landmark. Prime Healthcare Management's Vice-Presidents and Directors/Managers will provide advice and support to Prime-Landmark's employees in an effort to improve clinical quality and efficiencies as these individuals have developed subject matter expertise and have developed best practices.

The response to this Question 1 was updated in response to the April 3, 2013 request from the Rhode Island Attorney General and Rhode Island Department of Health for supplementary information regarding this Application ("April AG/DOH Request"), specifically concerning Deficiency 1. That deficiency requested confirmation that responses concerning PHSI have been incorporated into all questions of this Application. To the extent applicable, PHSI has been incorporated into all questions of this Application.

Deficiency 5 of the February AG/DOH Request asked:

Please identify and provide any applicable documents that were not filed with this Initial Application that were filed with the previous Initial Application regarding the transaction with Landmark and Steward Healthcare.

Response:

The Special Master thoroughly reviewed the previously filed Hospital Conversion Application in connection with the Steward HealthCare conversion (the "Steward Filing") during his preparation of the initial application associated with the proposed transaction (the "Prime Filing"). The Special Master included all information provided in connection with the Steward Filing that he identified as relevant and responsive to the questions asked in the application associated with the Prime Filing. To the extent that information or documents were provided with the Steward Filing and not provided with the Prime Filing, the exclusion of that information and those documents is the result of a determination that such information and/or documents were not relevant or responsive to the Prime Filing and the questions posed in the Prime application.

May 21, 2013 Filing

14. Please explain the relationship between the KASP Trust and Prime Healthcare Services, Inc., including, how decisions are made to disburse funds to the KASP Trust from Prime Healthcare Services, Inc. Please provide any documents that effectuate this relationship.

Response:

The KASP Trust is the sole shareholder of Prime Healthcare Holdings, Inc. ("Prime Holdings") and the KASP Trust, through its trustee, Madan Reddy (Dr. Prem Reddy's brother), elects the director of Prime Holdings. Dr. Prem Reddy is the sole director of Prime Holdings. Prime

Holdings, as the sole shareholder of PHSI, elects PHSI's directors and has elected Dr. Prem Reddy, Robert Diener, Ted Dutton, Greg Hafif, and Hon. Jack Hunt (Ret.) to serve as directors of PHSI.

PHSI's Board of Directors, acting as the Board of Directors of the subsidiary hospitals, decides whether to disburse funds from the subsidiary hospitals to PHSI, Prime Holdings and ultimately to the KASP Trust. Distributions occur only if there is net income remaining at the hospitals after the payment of operating expenses, making technological and other improvements, creating reserves and repaying any outstanding loans.

Exhibit 1(e) includes Stock Certificate #203, evidencing Prime Holdings ownership of PHSI. As noted in the May 8, 2013 Memorandum, appended at **Exhibit 1(f)** (see below), in 2010, Prime Holdings was formed as part of a financing undertaking, resulting in Prime Holdings, rather than KASP Trust, being the sole shareholder of PHSI. Also attached at **Exhibit 1(g)** is Stock Certificate #2, evidencing the KASP Trust's ownership in Prime Holdings.

- 15. Please explain the relationship between the [Dr.] Prem Reddy Family Trust and Prime Healthcare Management, Inc., including, how decisions are made to disburse funds to the [Dr.] Prem Reddy Family Trust from Prime Healthcare Management, Inc. Please provide any documents that effectuate this relationship.**

Response:

Prem Reddy Family Trust is the sole shareholder of Prime Healthcare Management, Inc. Prem Reddy Family Trust, through its trustee, Dr. Prem Reddy, elects the Board of Directors of Prime Healthcare Management, Inc. The Board of Directors of Prime Healthcare Management, Inc. (consisting of Dr. Prem Reddy) determines when to disburse distributions to Prem Reddy Family Trust. Disbursements would occur only after all operating expenses were paid and sufficient reserves were set aside.

Stock Certificate #2 is appended at **Exhibit 1(h)**, evidencing ownership of Prime Healthcare Management, Inc. by Prem Reddy Family Trust.

- 20. Please provide the current status of the creation of "the three (3) new trusts to replace the KASP Trusts", as noted in the February 18, 2013 letter from Michael J. Sarrao to Prem Reddy, MD (re: resignation as co-trustee).**

Response:

As part of efforts to update the estate planning of Drs. Prem and Venkamma Reddy, a plan has been developed to create three new trusts to replace the KASP Trust with a separate trust for each of the children. There will be one (1) trust that benefits Kavitha Bhatia, one trust that benefits Ashok Reddy, and one trust that benefits Sunitha Reddy. It is anticipated that the new trusts will be created within the next few months. This will mean that Prime Healthcare Holdings, Inc. will have three (3) shareholders rather than one.

June 14, 2013 Filing

Prime Healthcare Holdings, Inc. (“Prime Holdings”)

Prime Holdings is a Delaware corporation and the sole shareholder of Prime Healthcare Services, Inc. (“PHSI”). Prime Holdings was formed in 2010 as a result of certain financing arrangements so that PHSI stock would be held by a corporation rather than Prem Reddy’s family trusts. The holding of PHSI stock is Prime Holdings’ sole function.

Prime Holdings is a holding company that has no employees and will play no role in the management and operations of Landmark Medical Center (“LMC”) and Rehabilitation Hospital of Rhode Island (“RHRI”) post-conversion.

See the organizational chart at May Filing, **Exhibit 1(a) (now Exhibit 12(a))**, LPHCA/M-00001, which shows Prime Holdings’ organizational position just below KASP Trust which is Prime Holdings’ sole shareholder.

Prime Healthcare Management, Inc. (“PHMI”)

PHMI is a California corporation that is wholly-owned by Prem Reddy Family Trust. See the organizational chart at May Filing, **Exhibit 1(b) (now Exhibit 12(a))**, LPHCA/M-00003, showing this organizational relationship.

The role of PHMI is described at April Filing, I-1-6 to I-1-7 and I-12-4, as well as in the May 8, 2013 Memorandum at May Filing, **Exhibit 16 (now Exhibit 1(f))**, LPHCA/M-00109-00121.

See April Filing, I-1-1 through I-1-7 and the Exhibits referenced therein, for a complete response to this question.

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

Prime Healthcare Services – Landmark, LLC

Name: Prem Reddy, M.D., FACC, FCCP	Telephone: (909) 235-4400	
Address: 3300 East Guasti Road, 3 rd Floor, Ontario	State: CA	Zip: 91761
E-mail: premreddy@primehealthcare.com	Fax (909) 235-4419	

Prime Healthcare Services, Inc.

Name: Prem Reddy, M.D., FACC, FCCP	Telephone: (909) 235-4400	
Address: 3300 East Guasti Road, 3 rd Floor, Ontario	State: CA	Zip: 91761
E-mail: premreddy@primehealthcare.com	Fax (909) 235-4419	

Prime Healthcare Holdings, Inc.

Name: Prem Reddy, M.D., FACC, FCCP	Telephone: (909) 235-4400	
Address: 3300 East Guasti Road, 3 rd Floor, Ontario	State: CA	Zip: 91761
E-mail: premreddy@primehealthcare.com	Fax (909) 235-4419	

Prime Healthcare Management, Inc.

Name: Prem Reddy, M.D., FACC, FCCP	Telephone: (909) 235-4400	
Address: 3300 East Guasti Road, 3 rd Floor, Ontario	State: CA	Zip: 91761
E-mail: premreddy@primehealthcare.com	Fax (909) 235-4419	

Landmark Entities

Name: Richard Charest, R.Ph., MBA	Telephone: (401) 769-4100 x 2000	
Address: 115 Cass Avenue, Woonsocket	State: RI	Zip: 02895
E-mail: rcharrest@landmarkmedical.org	Fax (401) 766-5488	

3. 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):

Prime Healthcare Services – Landmark, LLC

Name: Cynthia Warren, Esq.	Telephone: (401) 331-5700	
Address: 301 Promenade Street, Providence	State: RI	Zip: 02908
E-Mail: cwarren@cm-law.com	Fax: (401) 454-4526	

Prime Healthcare Services, Inc.

Name: Cynthia Warren, Esq.	Telephone: (401) 331-5700	
Address: 301 Promenade Street, Providence	State: RI	Zip: 02908
E-Mail: cwarren@cm-law.com	Fax: (401) 454-4526	

Prime Healthcare Holdings, Inc.

Name: Cynthia Warren, Esq.	Telephone: (401) 331-5700	
Address: 301 Promenade Street, Providence	State: RI	Zip: 02908
E-Mail: cwarren@cm-law.com	Fax: (401) 454-4526	

Prime Healthcare Management, Inc.

Name: Cynthia Warren, Esq.	Telephone: (401) 331-5700	
Address: 301 Promenade Street, Providence	State: RI	Zip: 02908
E-Mail: cwarren@cm-law.com	Fax: (401) 454-4526	

Landmark Entities

Name: Stephen D. Zubiago, Esq.	Telephone: (401) 454-1017	
Address: One Citizens Plaza, Providence	State: RI	Zip: 02903
E-Mail: SZubiago@nixonpeabody.com	Fax: (401) 454-1030	

B. EXISTING AFFILIATE HOSPITALS OF THE TRANSACTING PARTIES:

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

Name of Facility: Alvarado Hospital LLC		License #: 090000013	
Address: 6655 Alvarado Road, San Diego		State: CA	Zip: 92120
Telephone: (619) 287-3720			
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC			
Tax Status: <u>X</u> For-profit ___ Non-Profit			

Name of Facility: Prime Healthcare Centinela, LLC dba Centinela Hospital Medical Center		License #: 930000027	
Address: 555 E. Hardy Street, Inglewood		State: CA	Zip: 90301
Telephone: (310) 673-4660			
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC			
Tax Status: <u>X</u> For-profit ___ Non-Profit			

Name of Facility: Veritas Health Services, Inc. dba Chino Valley Medical Center		License #: 240000125	
Address: 5451 Walnut Avenue, Chino		State: CA	Zip: 91710
Telephone: (909) 464-8600			
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC			
Tax Status: <u>X</u> For-profit ___ Non-Profit			

Name of Facility: Dallas Medical Center, LLC dba Dallas Medical Center	License #: 008564	
Address: 7 Medical Parkway, Dallas	State: TX	Zip: 75234
Telephone: (972) 247-1000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Desert Valley Hospital, Inc. dba Desert Valley Hospital	License #: 240000562	
Address: 16850 Bear Valley Rd., Victorville	State: CA	Zip: 92395
Telephone: (760) 241-8000		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Encino, LLC dba Encino Hospital Medical Center	License #: 930000051	
Address: 16237 Ventura Boulevard, Encino	State: CA	Zip: 91436
Telephone: (818) 995-5000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: ___ For-profit <u>X</u> Non-Profit		

Garden Grove, LLC dba Garden Grove Hospital Medical Center	License #: 060000152	
Address: 12601 Garden Grove Boulevard, Garden Grove	State: CA	Zip: 92843
Telephone: (714) 537-5160		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Harlingen Medical Center, Limited Partnership	License #: 007880	
Address: 5501 South Expressway 77, Harlingen	State: TX	Zip: 78550
Telephone: (956) 365-1000		
Type of Ownership: ___ Individual <u>X</u> Partnership ___ Corporation ___ LLC [SEE NOTE 1]		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

NOTE 1 – Subsidiaries of PHSI own 68% of Harlingen Medical Center, Limited Partnership.

Name of Facility: Prime Healthcare Huntington Beach, LLC dba Huntington Beach Hospital	License #: 060000124	
Address: 17772 Beach Boulevard, Huntington Beach	State: CA	Zip: 92647
Telephone: (714) 843-5000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: ___ For-profit <u>X</u> Non-Profit (as of January 1, 2013)		

Name of Facility: Knapp Medical Center	License #: 000480	
Address: 1401 E. Eighth Street, Weslaco	State: TX	Zip: 78596
Telephone: (956) 968-8567		
Type of Ownership: ___ Individual ___ Partnership <u>X</u> Corporation ___ LLC		
Tax Status: ___ For-profit <u>X</u> Non-Profit		

Name of Facility: Prime Healthcare La Palma, LLC dba La Palma Intercommunity Hospital	License #: 060000136	
Address: 7901 Walker Street, La Palma	State: CA	Zip: 90623
Telephone: (714) 670-7400		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Lower Bucks, LLC dba Lower Bucks Hospital	License #: 123101	
Address: 501 Bath Road, Bristol	State: PA	Zip: 19007
Telephone: (215) 785-9200		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Montclair, LLC dba Montclair Hospital Medical Center	License #: 240000141	
Address: 5000 San Bernardino Street, Montclair	State: CA	Zip: 91763
Telephone: (909) 625-5411		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: ___ For-profit <u>X</u> Non-Profit		

Name of Facility: Prime Healthcare Services – Pampa, LLC dba Pampa Regional Medical Center	License #: 100151	
Address: One Medical Plaza, Pampa	State: TX	Zip: 79065
Telephone: (806) 665-3721		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Paradise Valley, LLC dba Paradise Valley Hospital	License #: 090000086	
Address: 2400 East Fourth Street, National City	State: CA	Zip: 91950
Telephone: (619) 470-4321		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Providence, LLC dba Providence Medical Center	License #: H-105-003	
Address: 8929 Parallel Parkway, Kansas City	State: KS	Zip: 66112
Telephone: (913) 596-4000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Roxborough, LLC dba Roxborough Memorial Hospital	License #: 910401	
Address: 5800 Ridge Avenue, Philadelphia	State: PA	Zip: 19128
Telephone: (215) 487-4245		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Saint John Leavenworth, LLC dba Saint John Hospital	License #: H-052-002	
Address: 3500 S. Fourth Street, Leavenworth	State: KS	Zip: 66048
Telephone: (913)-680-6000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Reno, LLC dba Saint Mary’s Regional Medical Center		License #: Not Applicable	
Address: 235 W. 6 th Street, Reno		State: NV	Zip: 89503
Telephone: (775) 770-3000			
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC			
Tax Status: <u>X</u> For-profit ___ Non-Profit			

Name of Facility: Prime Healthcare Services – San Dimas, LLC dba San Dimas Community Hospital		License #: 930000139	
Address: 1350 West Covina Boulevard, San Dimas		State: CA	Zip: 91773
Telephone: (909) 599-6811			
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC			
Tax Status: <u>X</u> For-profit ___ Non-Profit			

Name of Facility: Prime Healthcare Services – Shasta, LLC dba Shasta Regional Medical Center		License #: 230000023	
Address: 1100 Butte Street, Redding		State: CA	Zip: 96049
Telephone: (530) 244-5400			
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC			
Tax Status: <u>X</u> For-profit ___ Non-Profit			

Name of Facility: Prime Healthcare Services – Sherman Oaks, LLC dba Sherman Oaks Hospital	License #: 930000149	
Address: 4929 Van Nuys Boulevard, Sherman Oaks	State: CA	Zip: 91403
Telephone: (818) 981-7111		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: ___ For-profit <u>X</u> Non-Profit		

Name of Facility: Prime Healthcare Anaheim, LLC dba West Anaheim Medical Center	License #: 060000182	
Address: 3033 West Orange Avenue, Anaheim	State: CA	Zip: 92804
Telephone: (714) 827-3000		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Landmark Medical Center	License #: HOS00117	
Address: 115 Cass Avenue, Woonsocket	State: RI	Zip: 02895
Telephone: (401) 769-4100		
Type of Ownership: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> LLC		
Tax Status: <input type="checkbox"/> For-profit <input checked="" type="checkbox"/> Non-Profit		

Name of Facility: Rehabilitation Hospital of Rhode Island	License #: RHC02102	
Address: 116 Eddie Dowling Highway, North Smithfield	State: RI	Zip: 02896
Telephone: (401) 766-0800		
Type of Ownership: <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC		
Tax Status: <input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Non-Profit		

5. Please identify any changes that will occur in the information provided in response to Question 4 as a result of the implementation of the conversion.

Name of Facility: Prime Healthcare Services – Landmark, LLC dba Landmark Medical Center		License #: TBD
Address: 115 Cass Avenue, Woonsocket	State: RI	Zip: 02895
Telephone: (401) 769-4100		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

Name of Facility: Prime Healthcare Services – Landmark, LLC dba Rehabilitation Hospital of Rhode Island		License #: TBD
Address: 116 Eddie Dowling Highway, North Smithfield	State: RI	Zip: 02895
Telephone: (401) 769-4100		
Type of Ownership: ___ Individual ___ Partnership ___ Corporation <u>X</u> LLC		
Tax Status: <u>X</u> For-profit ___ Non-Profit		

**6. Estimate the date for the implementation of the proposed conversion, if approved:
Month/Year:**

In accordance with Section 2.1 of the Asset Purchase Agreement, as amended, the estimated date for the implementation of the proposed conversion, if approved, shall be within thirty (30) days after the Transacting Parties' receipt of the approvals from the Rhode Island Attorney General and the Rhode Island Department of Health pursuant to Chapter 23-17 (Licensing of Health Care Facilities) and Chapter 23-17.14 (The Hospital Conversions Act) of the Rhode Island General Laws, or such other date after the receipt of such approvals as the parties may agree in writing and, if required, as approved by the Court. This response was replaced pursuant to Deficiency 6 of the February AG/DOH Request.

See Third Amendment to Asset Purchase Agreement attached at **Exhibit 18**.

June 14, 2013 Filing

Prime Holdings

See response to this question at April Filing, I-6-1. The addition of Prime Holdings as a Transacting Party does not change that response.

PHMI

See response to this question at April Filing, I-6-1. The addition of PHMI as a Transacting Party does not change that response.

C. CORPORATE

7. (a) With regard to the officers, members of the boards of directors, trustees, executives, and senior level 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.

(b) Provide 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 or removal of members.

(c) Please describe the governance structure of the new hospital after conversion, including a description of how members of any board of directors, trustees or similar type group will be chosen.

(a) Prime Healthcare Services, Inc. (Parent Company and Manager of Prime Healthcare Services – Landmark, LLC)

Board of Directors

Name	Address	Telephone	Occupation	Tenure
Prem Reddy, M.D., FACC, FCCP	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI	2001 to Present
Robert Diener	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Attorney, Retired Healthcare Executive	6/10 to Present
Ted Dutton	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	School Facilities Construction Consultant	6/10 to Present
Greg Hafif	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Attorney, Vice-Chairman Bank Holding Company	6/10 to Present
Hon. Jack Hunt (Ret.)	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Retired Superior Court Judge	6/10 to Present
Lex Reddy	5000 E. Spring Street, Suite 400, Long Beach, CA 90815	(562) 429-0100	Former CEO	6/10 to 2/12

The Board of Directors of PHSI also serves as the Board of Directors for each of the following entities that own and operate the following hospitals:

1. Desert Valley Hospital, Inc. dba Desert Valley Hospital
2. Veritas Health Services, Inc. dba Chino Valley Medical Center
3. Prime Healthcare La Palma, LLC dba La Palma Intercommunity Hospital
4. Prime Healthcare Anaheim, LLC dba West Anaheim Medical Center
5. Prime Healthcare Paradise Valley, LLC dba Paradise Valley Hospital
6. Prime Healthcare Centinela, LLC dba Centinela Hospital Medical Center
7. Prime Healthcare Services – San Dimas, LLC dba San Dimas Community Hospital
8. Prime Healthcare Services – Garden Grove, LLC dba Garden Grove Hospital Medical Center
9. Prime Healthcare Services – Shasta, LLC dba Shasta Regional Medical Center
10. Alvarado Hospital LLC dba Alvarado Hospital Medical Center
11. Prime Healthcare Services – Roxborough, LLC dba Roxborough Memorial Hospital
12. Prime Healthcare Services – Pampa, LLC dba Pampa Regional Medical Center
13. Prime Healthcare Services – Reno, LLC dba Saint Mary’s Regional Medical Center
14. Prime Healthcare Services – Lower Bucks, LLC dba Lower Bucks Hospital
15. Dallas Medical Center, LLC dba Dallas Medical Center
16. Prime Healthcare Services - Providence, LLC dba Providence Medical Center
17. Prime Healthcare Services - Saint John Leavenworth, LLC dba Saint John Hospital

Prime Healthcare Services – Harlingen Management, LLC, which is governed by PHSI’s Board of Directors, serves as the General Partner of Harlingen Medical Center, Limited Partnership.

Senior Managers

Name	Address	Telephone	Occupation	Tenure
Prem Reddy, M.D., FACC, FCCP	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI	2001 to Present
Mike Sarian	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations I	6/2012 to Present
Luis Leon, PA-C	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations II	2/12 to present (Prior roles since 2001)
Harsha Upadhyay	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Vice-President, Clinical Operations	9/12 to present (Prior roles since 2006)
Michael Sarrao	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	General Counsel	3/06 to 12/12

Name	Address	Telephone	Occupation	Tenure
R. David Grant	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Interim General Counsel	12/12 to Present
Lex Reddy	5000 E. Spring Street, Suite 400, Long Beach, CA 90815	(562) 429-0100	Former CEO	2001 to 2/12
Roger Krissman	5000 E. Spring Street, Suite 400, Long Beach, CA 90815	(562) 429-0100	Former Chief Financial Officer	2004 to 7/12
Suzanne Richards, RN	15248 Eleventh Street, Victorville, CA 92395	(760) 245-8691	Former Chief Clinical Officer	2005 to 8/12

Prime Healthcare Services Foundation, Inc. (Parent Company of Non-Profit Hospitals)

Name	Address	Telephone	Occupation	Tenure
Prem Reddy, M.D., FACC, FCCP	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI	12/06 to Present
Kavitha Bhatia, M.D.	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Pediatrician	8/11 to Present
Gene Hernandez	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Retired Police Chief	8/11 to Present
William Ruh	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	City Council Member, Real Estate Executive	8/11 to Present
David Thorson	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Insurance Company Executive	8/11 to Present

The Board of Directors of Prime Healthcare Services Foundation also serves as the corporate board of the following entities that own and operate the following non-profit hospitals:

1. Prime Healthcare Services – Encino, LLC dba Encino Hospital Medical Center
2. Prime Healthcare Services – Montclair, LLC dba Montclair Hospital Medical Center
3. Prime Healthcare Services – Sherman Oaks, LLC dba Sherman Oaks Hospital
4. Prime Healthcare Huntington Beach, LLC dba Huntington Beach Hospital
5. Knapp Medical Center dba Knapp Medical Center

Following as provided in the response to Deficiency 8 of February AG/DOH Request:

Relationship between Dr. Prem Reddy Family Foundation and PHSI.

There is no relationship between the Dr. Prem Reddy Family Foundation (“Family Foundation”) and PHSI except for the following:

- The Family Foundation owns and operates a community medical library located adjacent to Desert Valley Hospital in Victorville, California. At times, the Family Foundation will require assistance with respect to the operation of the medical library such as a plumbing repair or information technology/computer issue. To the extent assistance is required, employees of Desert Valley Hospital will provide such assistance to the Family Foundation at no cost to the Family Foundation.
- The community medical library operated by the Family Foundation has two (2) meeting rooms that Desert Valley Hospital will sometimes use to conduct training or education programs for its employees. To the extent these meeting rooms are used by Desert Valley Hospital, the Family Foundation is paid a rental fee by Desert Valley Hospital.
- Dr. Prem Reddy serves as the President of the Family Foundation and as a member of the Board of Directors of the Family Foundation. Dr. Prem Reddy also serves as the Chairman, President & Chief Executive Officer of PHSI, and as a member of the Board of Directors of PHSI.

Relationship between Dr. Prem Reddy Family Foundation and Prime Healthcare Services Foundation.

There is no relationship between the Family Foundation and Prime Healthcare Services Foundation (“PHSF”) except for the following:

- As a private non-operating foundation, the Family Foundation is required to contribute certain amounts of money each year to public charities or, subject to expenditure responsibility being in place, to private operating foundations. The Family Foundation has made and will likely continue to make contributions to PHSF each year to support PHSF’s mission with such contributions being subject to expenditure responsibility even though PHSF has been a public charity since 2009.
- Dr. Prem Reddy serves as the President of the Family Foundation and as President of PHSF. Dr. Prem Reddy also serves on the Board of Directors of the Family Foundation and PHSF.
- Kavitha Bhatia, M.D., serves as the Treasurer of the Family Foundation, as a member of the Board of Directors of the Family Foundation, and as a member of the Board of Directors of PHSF.

Relationship between Prime Healthcare Services Foundation and PHSI.

PHSI has donated its membership interests in four of its subsidiary hospitals in 2009 (Encino Hospital Medical Center), 2010 (Montclair Hospital Medical Center), 2011 (Sherman Oaks Hospital), and 2012 (Huntington Beach Hospital) to PHSF. In addition, PHSF became the sole member of Knapp Medical Center as of January 1, 2013. As a result of these donations, Encino Hospital Medical Center (“EHMC”), Montclair Hospital Medical Center (“MHMC”), Sherman Oaks Hospital (“SOH”), and Huntington Beach Hospital (“HBH”) have the following relationships with PHSI:

- Employees of EHMC, MHMC, SOH, and HBH participate in PHSI's Self-Funded Medical Benefits Plan and each hospital pays a per participant premium/charge to PHSI each month. The premium/charge is based on actuarial reports. This relationship has been approved by the disinterested members of PHSF's Board of Directors.
- Employees of EHMC, MHMC, SOH, and HBH participate in PHSI's 401(k) program.
- EHMC, MHMC, SOH, and HBH are covered under certain master insurance policies maintained by PHSI with third party insurance carriers. EHMC, MHMC, SOH, and HBH pay their share of the applicable premiums to PHSI and PHSI passes through such payments to the third party carriers. This relationship has been approved by the disinterested members of PHSF's Board of Directors.
- Prime Healthcare Management, Inc., an affiliate of PHSI, provides certain management, consulting, and support services to EHMC, MHMC, SOH, and HBH subject to the terms of management services agreements. These relationships have been approved by the disinterested members of PHSF's Board of Directors.
- Dr. Prem Reddy serves as the President of PHSF and as the Chairman, President & Chief Executive Officer of PHSI. Dr. Prem Reddy also serves on the Board of Directors of PHSI and PHSF.
- Within the next twelve (12) months, employees of Knapp Medical Center will likely participate in PHSI's Self-Funded Medical Benefits Plan and 401(k) program and Knapp Medical Center may participate in PHSI's insurance programs.

In addition, PHSF operates community clinics in partnerships with the City of Chino and the City of Montclair which are near Chino Valley Medical Center and Montclair Hospital Medical Center.

Each hospital also has a local governing board as follows, updated in response to the February AG/DOH Request. Two additional hospitals recently acquired by PHSI: Providence Medical Center and Saint John Hospital are included. Knapp Medical Center had been added in the March 14, 2013 filing.

Alvarado Hospital Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Gerard Arcilla, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Prakash Bhatia, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Maurice Buchbinder, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Richard Butcher, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Michael Butera, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Allan Churukian, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Larry Emdur, D.O.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	CMO
Irwin Goldstein, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Frederick Howden, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Tony McElroy	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Police Captain
Lakshmi Prathipati, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Allie Pruitt	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Community Volunteer
Jerome Robinson, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician
Richard Safrin, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Physician

Name	Address	Telephone	Occupation
Brian Weeks, M.D.	6655 Alvarado Road, San Diego, CA 92120	(619) 229-4902	Physician

Additional Senior Managers

Name	Address	Telephone	Occupation
Luis Leon, PA	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	CEO
Brian Kleven	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	CFO
Peggy Bailey	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	CNO
Robin Gomez	6655 Alvarado Road, San Diego, CA 92120	(619) 287-3270	Administrator

Centinela Hospital Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Richard Sires, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Physician/Chief of Staff
Linda Bradley	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Hospital CEO
Emmanuel Mba, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Physician
Lee Weiss, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Physician
Norman Cravens	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Community Volunteer
Paryus Patel, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	CMO
Robert Chesne, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Physician
Marc Little	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	COO, Faithful Central Bible Church
Luke Clauss	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Asst. Fire Chief
Doris Lyonga, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Physician
Firooz Pak, M.D.	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Physician
Florence Guerrero- McCarthy	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	Community Volunteer
Mohammad Abdelnaser	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	CNO

Additional Senior Manager

Name	Address	Telephone	Occupation
Paul Sennett	555 East Hardy Street, Inglewood, CA 90301	(310) 680-1492	CFO

Chino Valley Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Irv Edwards, M.D.	111 N. Sepulveda #210, Manhattan Beach, CA 90266	(909) 464-8600	Physician/Chief of Staff
Matt Ballantyne	13220 Central Avenue, Chino, CA 91710	(909) 464-8600	City Manager
James Lally, D.O.	5451 Walnut Avenue, Chino, CA 91710	(909) 464-8600	CMO
Miles Pruitt	5450 Walnut Avenue, Chino, CA 91710	(909) 464-8600	Police Chief
Wayne Joseph	5130 Riverside Drive, Chino, CA 01710	(909) 464-8600	School Superintendent
Mike Sarian	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President of Hospital Operations I
Paul Segalla	14911 City Center Drive, Chino Hills, CA 91709	(909) 902-5260	Fire Chief

Additional Senior Managers

Name	Address	Telephone	Occupation
Mark Uffer	5451 Walnut Avenue, Chino, CA 91710	(909) 464-8600	Regional CEO
Martin Mansukhani	5451 Walnut Avenue, Chino, CA 91710	(909) 464-8600	CFO
Doreen Dan	5451 Walnut Avenue, Chino, CA 91710	(909) 464-8600	CNO

Dallas Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Luis Leon	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations II, PHSI
Djiraj Kotwal, M.D.	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Physician
Ephraim Keng, M.D.	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Physician
Peter Grays, M.D.	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Physician
Rufus Green, M.D.	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Physician
Don Timm, M.D.	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Physician/Chief of Staff
Charles Heath	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	President, Metrocrest Hospital Authority
Raji Kumar	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Hospital CEO
Chirag Patel, M.D.	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Chief Medical Officer
John Beall	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	CNO
Stella Fayomi	7 Medical Parkway, Dallas, TX 75234	(972) 247-1000	Controller

Senior Managers included above.

Desert Valley Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Victor Sabo, M.D.	16850 Bear Valley Road, Victorville, CA 92395	(760) 241-8000	CMO
Martin Mansukhani	16850 Bear Valley Road, Victorville, CA 92395	(760) 241-8000	CFO
Jose Luis Noronha, M.D.	16850 Bear Valley Road, Victorville, CA 92395	(760) 241-8000	Physician
Maryam Zand, D.O.	16850 Bear Valley Road, Victorville, CA 92395	(760) 241-8000	Physician
Thurston Smith	700 7 th Avenue, Hesperia, CA 92345	(760) 241-8000	City Council Member
Carl Tate	21011 Bear Valley Road, Suite 4, Apple Valley, CA 92308	(760) 241-8000	Real Estate Executive
Charbel Aoun, M.D.	14214 Main Street, Hesperia, CA 92385	(760) 217-4969	Chief of Staff
Mike Sarian	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President of Hospital Operations I
Margaret Peterson, Ph.D.	16850 Bear Valley Road, Victorville, CA 92395	(760) 241-8000	CEO
Wanda Ruben, RN	16850 Bear Valley Road, Victorville, CA 92395	(760) 241-8000	CNO

Senior Managers included above.

Encino Hospital Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Bockhi Park	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	Hospital CEO
Sundeep Bhatia, M.D.	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	CMO
J. Nathan Rubin, M.D.	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	Physician/Chief of Staff
James Cairns	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	Fire Chief
David Thorson	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	Insurance Executive
Kenneth Lehman	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	Community Volunteer
Mike Sarian	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	President, Hospital Operations I
Kanner Tillman	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	CFO
Jason Greenspan, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Physician

Additional Senior Manager

Name	Address	Telephone	Occupation
Em Garcia	16237 Ventura Boulevard, Encino, CA 91436	(818) 907-8630	Director of Nursing and Administrator

Garden Grove Hospital Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Sofia Abina, RN	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	CNO and Administrator
Hassan Alkhouli, M.D.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Regional CMO
Asaad Hakim, M.D.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Physician
Edward Hernandez, Jr.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Community Volunteer
H. Joseph Khan, M.D.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Physician/Chief of Staff
Hong S. Kim, M.D.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Physician
Kermit D. Marsh	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Community Volunteer
Virg Narbutas	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Regional CEO
Hung Nguyen, M.D.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Physician
Joseph Polisar	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Community Volunteer
Peter Wang, M.D.	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	Physician

Additional Senior Manager

Name	Address	Telephone	Occupation
Alan Smith	12601 Garden Grove Blvd., Garden Grove, CA 92843	(714) 537-5160	CFO

Harlingen Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Hugo Blake, M.D.	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Physician
Marion Lawler, M.D.	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Physician
Cecil Simmons, M.D.	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Physician
C. Michael Scott	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Community Volunteer
Michael Rinaldi	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Community Volunteer
William Torkildsen, M.D.	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Physician
Francisco Loya, M.D.	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	CMO
David Glassburn	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	CFO
Brenda Ivory	5501 South Expressway 77, Harlingen, TX 78550	(956) 365-1000	Administrator

Senior Managers included above.

Huntington Beach Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Hassan Alkhouli	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Regional CMO
M. Michael Mahdad, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Physician
Kumar Raja, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Physician
Khaled Chan, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Physician
Kenneth Small	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Police Chief
Mark Bell, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Physician
Cathy Green	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	City Council Member
Timothy Ryan	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Community Volunteer
Patrick McIntosh	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Police Chief
Virg Narbutas	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Regional CEO
Joseph Nassir, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Chief of Staff
Paul QaQundah, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Physician
Josette Taglieri, M.D.	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	Physician

Additional Senior Managers

Name	Address	Telephone	Occupation
Alan Smith	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	CFO

Name	Address	Telephone	Occupation
Sofia Abina, RN	17772 Beach Boulevard, Huntington Beach, CA 92647	(714) 843-5000	CNO and Administrator

Knapp Medical Center

Name	Address	Telephone	Occupation
Dr. Prem Reddy	3300 E. Guasti Road, Ontario, CA 91761	(909)-235-4321	Chairman, President & CEO
Luis Leon	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909)-235-4361	President Hospital Operations II
Dr. Michael DeCandia.	1401 E. Eighth Street, Weslaco, Texas 78596	(956)-696-5461	Physician
Dr. S. Gopal Krishnan	1331 East Sixth Street, Weslaco, Texas 78596	(956)-968-9502	Physician
Dr. Miguel Tello	909 So. Airport Dr., Weslaco, Texas 78596	(956)-968-0560	Physician
Mr. Brian A. Humphreys, Jr.	1000N. Westgate Dr., Weslaco, Texas 78596	(956)-878-1150	Banker
Mr. Rudy Salinas	2300 W. Pike, Ste 201, Weslaco, Texas 78596	(956)-968-2108	Lawyer

Additional Senior Managers

Name	Address	Telephone	Occupation
William Adams	1401 E. Eighth Street, Weslaco, Texas 78596	(956) 968-8567	Regional CEO
Dinah Gonzalez	1401 E. Eighth Street, Weslaco, Texas 78596	(956) 968-8567	CFO and Administrator
Marcia Patterson	1401 E. Eighth Street, Weslaco, Texas 78596	(956) 968-8567	Interim CNO

La Palma Intercommunity Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Hassan Alkhouli, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Regional CMO
Sami Shoukair, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician/Chief of Staff
Mahendra Patel, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician
H. Mark Fatemi, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician
Alan Heilpern, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician
Helene Saad, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician
Marlene Pritchard	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Bank Manager
Norman Kuo, MD, PhD	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician
Brian O'Neal	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	School Board Member
Mark Scheier, M.D.	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Physician
Virg Narbutas	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Regional CEO

Additional Senior Managers

Name	Address	Telephone	Occupation
Alan Smith	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	CFO
Curtis Thompson	7901 Walker Street, La Palma, CA 90623	(714) -670-7400	Interim CNO

Lower Bucks Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Luis Leon	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations II
Sanjay Bhatia, M.D.	501 Bath Road, Bristol, PA 19007	(215) 785-9200	CMO
Phillip Brackin, M.D.	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Physician
Martin Mersky, M.D.	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Physician
Dan Bates	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
Tina Davis	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
Bruce Harris	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
Robert Leipziger	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
Louis Quattrocchi	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
JoAnna Schneyder	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
James Sell	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
Ronald Walker	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Community Volunteer
Peter Adamo	501 Bath Road, Bristol, PA 19007	(215) 785-9200	Regional CEO

Additional Senior Managers

Name	Address	Telephone	Occupation
Courtney Coffman	501 Bath Road, Bristol, PA 19007	(215) 785-9200	CFO

Name	Address	Telephone	Occupation
Patricia Bain	501 Bath Road, Bristol, PA 19007	(215) 785-9200	CNO

Montclair Hospital Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Virginia Eaton	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	Community Volunteer
Gary Lai, M.D.	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	Physician/Chief of Staff
Bill Ruh	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	City Council Member/Real Estate Executive
James Lally, D.O.	5000 San Bernardino St., Montclair, CA 91763	(909) 464-8600	Physician
J. Frank Hsu, M.D.	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	CMO
Donald Vodvarka	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	Community Volunteer
Gregory Brentano	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	Hospital CEO
Troy Ament	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	Fire Chief
Mike Sarian	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	President of Hospital Operations I

Additional Senior Managers

Name	Address	Telephone	Occupation
Mark Uffer	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	Regional CEO
Martin Mansukhani	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	CFO
Gail Aviado	5000 San Bernardino St., Montclair, CA 91763	(909) 625-5411	CNO

Pampa Regional Medical Center

Name	Address	Telephone	Occupation
Doug Ware	Brown, Graham and Company 2225 Perryton Parkway Pampa, TX 79065	806-665-0085	Accountant
Jeff Andrews	Leverich Companies 509 N. Price Road Pampa, TX 79065	806-665-0063	Accountant
Glennette Goode	Goode Angus 808 W. Francis Pampa, TX 79065	806-665-9432	Rancher
Harold Prive	Frank's True Value 401 N. Ballard Pampa, TX 79065	806-665-4995	Owner-Hardware Store
Rene P. Grabato, M.D.	2931 Perryton Parkway Pampa, TX 79065	806-665-6511	Physician
Robert Julian, M.D.	3023 Perryton Parkway #101 Pampa, TX 79065	806-665-0801	Chief of Staff
Brad Morse	One Medical Plaza Pampa, TX 79065	806-663-5628	Chief Executive Officer
Twilla Thomas, RN	One Medical Plaza Pampa, TX 79065	806-663-5874	Director of Nursing
Dolores Czesnowski	One Medical Plaza Pampa, TX 79065	806-663-5625	Executive Assistant

Senior Managers included above.

Paradise Valley Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Prakash Bhatia, M.D.	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Physician
Donna Crowley, M.D.	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Physician
Elmer Harder, M.D.	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Physician
Paul Manos, M.D.	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Physician/Chief of Staff
Albert McClain, M.D.	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Physician
Frank Parra	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Emergency Services Director, Fire Dept.
Allie Pruitt	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Boys & Girls Club President
John Pressler	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Credit Union CEO
Janet Caceres	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	CFO
Neerav Jadeja	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Administrator
Luis Leon, PA	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	Regional CEO

Additional Senior Managers

Name	Address	Telephone	Occupation
Rosemarie Lim, M.D.	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	CMO
Gemma Rama- Banaag	2400 East Fourth Street, National City, CA 91950	(619) 470-4321	CNO

Providence Medical Center (Board of Directors in Development)

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Luis Leon, PA	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations II

Additional Senior Managers

Name	Address	Telephone	Occupation
Randy Nyp	8929 Parallel Parkway, Kansas City, KS 66112	(913) 596-4000	CEO
Dave Dulny	8929 Parallel Parkway, Kansas City, KS 66112	(913) 596-4000	CFO

Roxborough Memorial Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Joanne Knapp	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Community Volunteer
James Brown	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Community Volunteer
Patrick Lenahen, M.D.	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Physician
Lawrence Bloom, M.D.	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Physician
Pradeep Bhagat, M.D.	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Physician
Sally Lane, M.D.	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Medical Director
Kathleen Brogan	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Community Volunteer
Barbara Texter	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Community Volunteer
Peter Adamo	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Regional CEO
Natalie Glantz	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	CNO
Tom Reinboth	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Interim CFO
Michael Henrici	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	HRO
Andrea Pedano	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Medical Director
Matt Shelak	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Regional COO
Diane Schweizer	5800 Ridge Avenue, Philadelphia, PA 19128	(215) 483-9900	Fire Chief

Saint John's Hospital (Board of Directors in Development)

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Luis Leon, PA	3300 E. Guasti Road, 3rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations II

Additional Senior Managers

Name	Address	Telephone	Occupation
Randy Nyp	3500 S. Fourth Street, Leavenworth, KS 66048	(913)-680-6000	CEO
David Dulny	3500 S. Fourth Street, Leavenworth, KS 66048	(913)-680-6000	CFO
Jody Flincher	3500 S. Fourth Street, Leavenworth, KS 66048	(913)-680-6000	CNO

Saint Mary's Regional Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Barbara Campbell	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Community Volunteer
Debbie Day	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Community Volunteer
Bruce Farringer, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Physician
Helen Lidholm	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Hospital CEO
Barbara Curti	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Community Volunteer
Christian, Eby, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Physician
Frank Gallagher	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Community Volunteer
Magda Martinez- Hoffman	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Community Volunteer
Raymond Scott, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Physician/Chief of Staff
Dennis Yamamoto, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Physician
Jenny Wilson, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Physician
Richard Bryan, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	Physician

Additional Senior Managers

Name	Address	Telephone	Occupation
Jose Aguirre, M.D.	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	CMO
Dan Galles	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	CFO

Name	Address	Telephone	Occupation
Katie Grimm	235 W. 6 th Street, Reno, NV 89503	(775) 770-3000	CNO

San Dimas Community Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Martin Mansukhani	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	CFO
Gregory Brentano	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Hospital CEO
Rajnish Jandial, M.D.	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Physician
Dinesh Samant, M.D.	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Physician/Chief of Staff
Emmett Badar	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	City Council Member
Hon. Jack Hunt (Ret)	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Retired Judge
Don Slawson	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Sheriff Captain
Jeffrey Templeman	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	City Council Member
Ronald Watson	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Asst. Fire Chief
Zuhair Yahya. M.D.	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	CMO

Additional Senior Managers

Name	Address	Telephone	Occupation
Mark Uffer	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	Regional CEO
Dora Noriega	1350 W. Covina Boulevard, San Dimas, CA 91773	(909) 599-6811	CNO

Shasta Regional Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Jeff Avery	1100 Butte Street, Redding, CA 96001	(530) 244-5400	Insurance Executive
Piyush Dhanuka, M.D.	1100 Butte Street, Redding, CA 96001	(530) 244-5400	Physician/Chief of Staff
Randall Hempling	1100 Butte Street, Redding, CA 96001	(530) 244-5400	Hospital CEO
Thiruvipati Nandakumar, M.D.	1100 Butte Street, Redding, CA 96001	(530) 244-5400	Physician
Phil Watkins	1100 Butte Street, Redding, CA 96001	(530) 244-5400	Insurance Executive
Glen Hayward	1100 Butte Street, Redding, CA 96001	(530) 244-5400	Director, Tribal Health Services

Additional Senior Managers

Name	Address	Telephone	Occupation
Marcia McCampell, M.D.	1100 Butte Street, Redding, CA 96001	(530) 244-5400	CMO
Becky Levy	1100 Butte Street, Redding, CA 96001	(530) 244-5400	CFO
Cyndy Gordon	1100 Butte Street, Redding, CA 96001	(530) 244-5400	CNO

Sherman Oaks Hospital

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI
Bockhi Park	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	Hospital CEO
Muhammad Anwar, M.D.	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	CMO
J. Nathan Rubin, M.D.	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	Physician/Chief of Staff
Kenn Phillips	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	Community Volunteer
Kanner Tillman	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	CFO
Em Garcia	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	CNO and Administrator
Roland Santos	4929 Van Nuys Boulevard, Sherman Oaks, CA 91403	(818) – 981-7111	Director of Nursing

Senior Managers included above.

West Anaheim Medical Center

Name	Address	Telephone	Occupation
Prem Reddy, M.D.	3300 E. Guasti Road, 3 rd Floor, Ontario, CA 91761	(909-235-4400	Chairman, President & CEO, PHSI
Hassan Alkhouli, M.D.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Regional CMO
Fairborz Shams, D.O.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Physician/Chief of Staff
Fred Shalom, M.D.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Physician
George Baskevitch, M.D.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Physician
Ching Lee, M.D.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Physician
Jonathan Birnbaum, M.D.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Physician
Sami Shoukair, M.D.	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Physician
Darlene Fishman	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Director, RN Program at Community College
Rod Natale	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Retired Police Chief
Roger Smith	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Retired Fire Chief
Virg Narbutas	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	Regional CEO

Additional Senior Managers

Name	Address	Telephone	Occupation
Alan Smith	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	CFO
Ginger Edward	3033 W. Orange Avenue, Anaheim, CA 92804	(714) 229-4000	CNO

LHS, LMC & NRMIRA presently have no governing bodies as they are under Special Mastership. The following persons are executive officers or senior staff of LMC & RHRI during the past two years:

Name	Richard Charest
Home Address	19 Lincoln Drive, North Smithfield, RI 02896
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	President of LMC and CEO of RHRI
Position with Entity	President of LMC and CEO of RHRI
Telephone Number	401-765-1410
Tenure	7-15-85 - Present

Name	Lisa Zapatka
Home Address	20 Arbor Way, North Kingston, RI 02854
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	Chief Nursing Officer
Position with Entity	Chief Nursing Officer
Telephone Number	401-578-1920
Tenure	7-9-04 – 4-13-12

Name	Charlene Elie
Home Address	155 Bryn Mawr Avenue, Auburn MA 01501
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	Chief Nursing Officer
Position with Entity	Chief Nursing Officer
Telephone Number	(508) 468-3966
Tenure	10-1-2012 - present

Name	Matthew Cotti
Home Address	19 Clyfton Street, Apt, 1, Plymouth MA 02360
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	Chief Financial Officer
Position with Entity	Chief Financial Officer
Telephone Number	508-468-0953
Tenure	7-5-11 – 7-17-12

Name	Thomas Klessens
Home Address	4 Nottingham Road, Tyngsboro, MA
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	Chief Financial Officer
Position with Entity	Chief Financial Officer
Telephone Number	978-649-8776
Tenure	10-15-12 - Present

Name	Robert Crausman, MD
Home Address	5 Adams Circle, Rehoboth MA 02769
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	Chief Medical Officer
Position with Entity	Chief Medical Officer
Telephone Number	401-595-3327
Tenure	3-6-10 – 11-23-12

Name	Glen Fort, MD
Home Address	69 Highland Avenue, Warwick, RI 02886
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	Chief Medical Officer
Position with Entity	Chief Medical Officer
Telephone Number	401-766-3428
Tenure	2-1-13 to present

Name	Colleen Ryan
Home Address	107 South Street, Foxborough MA 02395
Business Address	115 Cass Avenue, Woonsocket, RI 02895
Occupation	CIO and VP Professional Services
Position with Entity	CIO and VP Professional Services
Telephone Number	508-453-6529
Date of Hire	4-1-00 - present

Name	Demetra Ouellette
Home Address	20 Dover Circle, Franklin, MA 02038
Business Address	116 Eddie Dowling Highway, North Smithfield, RI 02896
Occupation	Chief Operating Officer, RHRI
Position with Entity	Chief Operating Officer, RHRI
Telephone Number	508-346-3147
Tenure	6-20-11 – Present

Name	Keith Rafal, MD
Home Address	124 Fisher Street, Medway MA 02053
Business Address	116 Eddie Dowling Highway, North Smithfield, RI 02896
Occupation	Chief Medical Officer, RHRI
Position with Entity	Chief Medical Officer, RHRI
Telephone Number	508-533-6285
Date of Hire	1-22-01 – 2-28-12

Name	Jorge Mayoral, MD
Home Address	315 Old River Road, # 15, Lincoln RI 02865
Business Address	116 Eddie Dowling Highway, North Smithfield, RI 02896
Occupation	Chief Medical Officer, RHRI
Position with Entity	Chief Medical Officer, RHRI
Telephone Number	201-707-0378
Tenure	6-1-12 – 4-30-13 (later date than in resignation letter)

Name	Kathy Keeling
Home Address	131 Howard Avenue, Pascoag, RI 02859
Business Address	116 Eddie Dowling Highway, North Smithfield, RI 02896
Occupation	Director of Nursing, RHRI
Position with Entity	Director of Nursing, RHRI
Telephone Number	(401) 568-5145
Date of Hire	March 6, 2005

(b) Prime-Landmark has not yet identified those individuals who will serve on the local governing boards for Landmark Medical Center and Rehabilitation Hospital of Rhode Island. Nonetheless, the local governing boards will be comprised of local community leaders,

medical staff members, and hospital management. Prime-Landmark will seek input from all stakeholders as to the selection of the local governing board members.

(c) After the conversion, Prime-Landmark will be a wholly-owned subsidiary of PHSI, and the Board of Directors of PHSI will serve as the Board of Directors of Prime-Landmark. Prime-Landmark will form local governing boards at Landmark Medical Center and Rehabilitation Hospital of Rhode Island. Each local governing board will have five (5) to eleven (11) members including local physicians and community leaders. A proposed set of Local Governing Board bylaws are attached as **Exhibit 7(c)**.

May 21, 2013 Filing

16. If Prime Healthcare Services, Inc. has no employees, what entity employs each of the individuals identified as its leadership executives outlined on its website: <http://www.primehealthcare.com/About-Us/Leadership.aspx?>

Response:

Prime Healthcare Services, Inc. has no employees. Prime Healthcare Management, Inc. employs the leadership referenced at the Prime website.

For a complete description of the role of Prime Healthcare Management, Inc., please see the May 8, 2013 Memorandum appended at **Exhibit 16**.

17. Is Prem Reddy employed or otherwise compensated by any entity and if so, by whom?

Response:

Dr. Prem Reddy is employed and compensated by Prime Healthcare Management, Inc.

June 14, 2013 Filing

Prime Holdings

(a) Dr. Prem Reddy is the sole director and officer of Prime Holdings. There are no Senior Managers.

Name	Address	Telephone	Occupation	Tenure
Prem Reddy, M.D., FACC, FCCP	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI	2010 to Present

- (b) No change post-conversion.
- (c) Not applicable as to Prime Holdings.

PHMI

(a) Dr. Prem Reddy is the sole director and officer of PHMI. See Chart below for current and former Senior Managers.

Senior Managers

Name	Address	Telephone	Occupation	Tenure
Prem Reddy, M.D., FACC, FCCP	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Chairman, President & CEO, PHSI	2001 to Present
Mike Sarian	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations I	6/12 to Present
Luis Leon, PA-C	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	President, Hospital Operations II	2/12 to present (Prior roles since 2001)
Harsha Upadhyay	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	Vice-President, Clinical Operations	9/12 to present (Prior roles since 2006)
Michael Sarrao	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	General Counsel	3/06 to 12/12
R. David Grant	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	General Counsel	12/12 to 4/13
Sharyn Alcaez	C/O 3300 East Guasti Road, 3 rd Floor, Ontario, CA 91761	(909) 235-4400	General Counsel	4/13 to present

- (b) No change post-conversion.
- (c) Not applicable as to PHMI.

See April filing I-7-1 to I-7-36 for responses to (a) and (b) as to the Directors and Senior Managers of the other Transacting Parties and their affiliates. As to (c), see April Filing, I-7-37.

8. **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:**
- i. **a short description of the purpose of each committee; and**
 - ii. **the name, address, phone number, occupation and tenure of each current committee member.**

PHSI's Board of Directors does not have any subcommittees at this time and confirmed this fact in the response to Deficiency 10 of the February AG/DOH Request.

Below is a description of the committees that the Prime-affiliated hospitals may have. Prime anticipates that the local governing boards for LMC and RHRI will have some or all of the following committees:

EXECUTIVE COMMITTEE

A. Composition - The Chair or Vice Chair and Secretary or one other member of the Governing Board. This committee shall meet as needed.

B. Purpose and Functions: The purpose and function of the Executive Committee shall be as follows: (1) to transact all interim business that may occur between Governing Board meetings, for which approval or decision by the full Governing Board is not required; (2) to act in lieu of or in conjunction with any other committee, provided such action does not conflict with the policies and expressed wishes of the Governing Board or these bylaws. Any action so taken shall be ratified or modified, if necessary, at the next regular Governing Board meeting; (3) to serve as the Nominating Committee of the Governing Board and receive from the Board of Directors all nominees for Regular Members to the Governing Board for the Board's consideration and vote; (4) to serve as the Bylaws Committee, consider, and prepare for the Governing Board and the Board of Directors amendments to the Governing Board Bylaws; (5) to make recommendations to the Governing Board about capital acquisitions; (6) to serve as an investigational arm of the Governing Board on any Hospital or Medical Staff issue deemed appropriate by the Board.

JOINT MEDICAL STAFF REVIEW COMMITTEE

A. Composition – The Joint Medical Staff Review Committee is composed of an equal number of members of the Governing Board and of the Medical Executive Committee, but the Medical Staff members shall at least include the Chief of Staff and the Medical Director or Chairman of Performance Improvement Committee. The Administrator shall be a non-voting ex-officio member. The chair of the committee shall alternate yearly between members of the Governing Board and the Medical Staff. The committee shall meet as needed and shall transmit written reports of its activities to the Medical Executive Committee and to the Governing Board.

B. Purpose and Functions – The purpose and functions of the Joint Medical Staff Review Committee shall be as follows: (1) to constitute a forum for the discussion of matters of Hospital and Medical Staff mission, vision, performance, policy, practice and planning; (2) to serve as a forum for interaction between the Governing Board and the Medical Staff on such

matters as may be referred by the Medical Executive Committee or the Governing Board; and (3) to exercise such other responsibilities as are set forth in the Medical Staff Bylaws.

LONG RANGE AND INSTITUTIONAL PLANNING COMMITTEE

A. Composition - Two (2) Governing Board members and at least three (3) members representing Medical Staff and hospital administration. Nursing Administration and other departments and services should be included as advisors as appropriate. It shall meet as needed. This Committee shall report to the full Governing Board and to the Board of Directors.

B. Purpose and Functions – The purpose and functions of the Long Range and Institutional Planning Committee shall be as follows: (1) to identify long range objectives; (2) to monitor the progress of the strategic plan; (3) to monitor conditions of the buildings and grounds of the hospital; (4) to monitor hospital development programs; (5) to make recommendations to the Governing Board concerning new and existing services and capital building or equipment needs; and (6) to establish, maintain, review and update, on a three (3) year basis capital projects and land use plan in accordance with federal regulations,

INSTITUTIONAL REVIEW COMMITTEE

A. Composition - A Governing Board member, the Chief Executive Officer, the Administrator, the past Chief of Staff, the Medical Director, and as needed, representatives from Pathology, Pharmacy, Medical Records, clergy, other scientists, and applicable clinical specialties. This committee meets as needed.

B. Purpose and Functions – The purpose and functions of the Institutional Review Committee shall be as follows: (1) to recommend to the Governing Board policy guidelines for new procedures and for new treatment protocols; and (2) to receive and review all proposed investigational studies and protocols and make recommendations to the Governing Board.

C. Delegation to Third Party Institutional Review Board – The Governing Board may delegate the duties and responsibilities of the Institutional Review Committee to a third party Institutional Review Board.

FINANCE COMMITTEE

A. Composition - A Governing Board member, the Chief Executive Officer, the Chief Financial Officer and other staff members as assigned. This committee meets as needed.

B. Purpose and Functions – The purpose and functions of the Finance Committee shall be as follows: (1) to examine financial, statistical and other performance reports and prepare reports to the Governing Board; and (2) to conduct a review and make recommendations to the Governing Board and the Board of Directors concerning annual operating and capital budgets, all joint ventures and professional contracted services, the capital planning process, and results of the annual audit.

In the April AG/DOH Request, Deficiency 11 asked for the information requested in Section 8(ii) for all of the members of all of the sub-committees of the local governing boards of the Prime-affiliated hospitals. See below.

Chino Valley Medical Center Executive Committee

Irv Edwards, M.D.

111 North Sepulveda #210

Manhattan Beach, CA 90266

(310) 379-7916

Chief of Staff/Emergency Medicine Physician Chief of Staff term expires in December 2014

James M. Lally, D.O.

5451 Walnut Avenue

Chino, CA 91710

(909) 464-8604

Chief Medical Officer/Family Medicine

CMO Since Prime acquisition in 2004 to present

Lower Bucks Hospital Credentials Sub-Committee

Prem Reddy, M.D.

3300 E. Guasti Road

Ontario, CA 91761

(909) 235-4321

Chairman, President and CEO, Prime Healthcare Services

Tenure: December 7, 2012 – December 31, 2013

Luis Leon, PA-C

3300 E. Guasti Road

Ontario, CA 91761

(909) 235-4362

President of Operations II, Prime Healthcare Services

Tenure: December 7, 2012 – December 31, 2013

Peter Adamo

501 Bath Road

Bristol, PA 19007

(215) 785-9202

Regional CEO, Lower Bucks Hospital

Tenure: December 7, 2012 – December 31, 2013

Bruce Harris
206 Otter Street
Bristol, PA 19007
(215) 788-4596
Vice President, Harris Fuel, Inc.
Tenure: December 7, 2012 – December 31, 2013

Phillip Brackin, M.D.
501 Bath Road
Bristol, PA 19007
(215) 785-9350
Radiologist, LBH Radiology Department
Tenure: December 7, 2012 – December 31, 2013

Martin Mersky, M.D.
501 Bath Road
Suite 203
Bristol, PA 19007
(215) 785-9601
Internal Medicine Physician, Current President of the LBH Medical Staff
Tenure: December 7, 2012 – June 30, 2013

Roxborough Memorial Hospital Credentials Sub-Committee¹

Prem Reddy, M.D.
3300 E. Guasti Road
Ontario, CA 91761
(909) 235-4321
Chairman, President and CEO, Prime Healthcare Services

Peter Adamo
Regional Chief Executive Officer
5800 Ridge Avenue
Philadelphia, PA 19128
619-955-3498

Joanne Knapp (Community member - retired)
584 Fairway Terrace
Philadelphia, PA 19128
215-482-0307
Tenure: 4/24/2012 - Present

¹ The purpose of the Credentials Committee is to review and provide recommendations to the Board concerning every medical staff application both for appointment and reappointment to the Hospital, including the assessment of all privileges requested by the Practitioner.

Sally Lane, M.D.
Chief Medical Officer – Roxborough Memorial Hospital
5735 Ridge Avenue, Suite 103
Philadelphia, PA 19128
215-487-3070
Tenure: 4/24/2012 - Present

Barbara Texter
Employee - Quest Diagnostics
590 Paoli Avenue
Philadelphia, PA 19128
866-788-9024 - X 7451
215-482-5457
Tenure: 4/24/2012 - Present

Andrea Pedano, D.O.
Medical Director: Utilization Review
5438 Ridge Avenue
Philadelphia, PA 19128
215-487-1887
Tenure: 4/24/2012 - Present

San Dimas Community Hospital Executive Committee

Dinesh Samant, M.D.
625 E. Badillo Street
Covina, California 91723
(626) 915-7300
Chief of Staff/IM/Cardiologist
Term began January 2012 - expires December 2014

Zuhair Yahya, M.D.
1334 W. Covina Boulevard #202
San Dimas, California 91773
(909) 592-2023
Chief Medical Officer/IM/Endocrinologist Since Prime Acquisition in July 2008 to present

Gregory Brentano
1350 W. Covina Boulevard
San Dimas, CA 91773
(909) 394-2729
CEO
Two terms: 7/08 - 9/09
8/11 – present

June 14, 2013 Filing

Prime Holdings

Prime Holdings has no committees, task forces or similar entities.

PHMI

PHMI has no committees, task forces or similar entities.

See April Filing, I-8-1 through I-8-5, concerning Prime-affiliated hospital committees.

9. **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 2 year period prior to submission of the application (beginning with January 1) to the present in identifiable format. Please note, meeting packages may also be requested by the Attorney General to complete the Initial Application.**

As noted in response to Question No. 1, the Landmark Entities have been under Special Mastership since 2008. At the time of the appointment of the Special Master, all boards and committees of the Landmark Entities were dissolved.

Copies of the agenda, meeting package, and minutes of the meetings of the Board of Directors of PHSI, are attached as **Confidential Exhibit 9**.

In the February AG/DOH Request, Deficiency 12 asked:

Please confirm that the minutes from the October 15, 2012 Board of Directors meeting of PHSI represent the only meeting of this PHSI Board in the last two (2) years related to this conversion.

Response:

The October 15, 2012 Board of Directors meeting of PHSI was the only meeting related to the proposed conversion contemplated by the Asset Purchase Agreement approved by the Court in October, 2012. However, the Board of Directors considered and approved PHSI's prior bid to acquire LMC and RHRI at a meeting on April 18, 2011. This bid was ultimately withdrawn. Copies of the minutes for the April 18, 2011 meeting are attached as **Confidential Exhibit 9**.

In the February AG/DOH Request, Deficiency 13 requested the agenda packet for the October 15, 2012 meeting. See **Confidential Exhibit 9**.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

Prime Holdings held no meetings related to the conversion.

PHMI

PHMI held no meetings related to the conversion.

See April Filing, I-9-1 and the Exhibits referenced therein, for a discussion as to meetings held by PHSI relating to the conversion.

10. 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

(e) Other organization 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.

See attached:

- **Exhibit 10(a)** - Organizational documents for Landmark Health Systems and Landmark Medical Center
- **Exhibit 10(b)** - By-laws of Landmark Health Systems
- **Exhibit 10(c)** - By-laws of Landmark Medical Center
- **Exhibit 10(d)** - Organizational documents for Northern Rhode Island Rehab Management Associates, L.P.
- **Exhibit 10(e)** – Third Amended and Restated Partnership Agreement of Northern Rhode Island Rehab Management Associates, L.P. (updated in response to Deficiency 14 of AG/DOH Request)
- **Exhibit 10(f)** –Certificate of Formation and Operating Agreement for Prime-Landmark.
- **Exhibit 10(g)** – Articles of Incorporation and Bylaws of Desert Valley Hospital, Inc.
- **Exhibit 10(h)** - Articles of Incorporation and Bylaws of Veritas Health Services, Inc.
- **Exhibit 10(i)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Sherman Oaks, LLC
- **Exhibit 10(j)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Montclair, LLC
- **Exhibit 10(k)** – Certificate of Formation and Operating Agreement for Prime Healthcare Huntington Beach, LLC
- **Exhibit 10(l)** – Certificate of Formation and Operating Agreement for Prime Healthcare La Palma, LLC
- **Exhibit 10(m)** – Certificate of Formation and Operating Agreement for Prime Healthcare Anaheim, LLC
- **Exhibit 10(n)** – Certificate of Formation and Operating Agreement for Prime Healthcare Paradise Valley, LLC

- **Exhibit 10(o)** – Certificate of Formation and Operating Agreement for Prime Healthcare Centinela, LLC
- **Exhibit 10(p)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Encino, LLC
- **Exhibit 10(q)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – San Dimas, LLC
- **Exhibit 10(r)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Garden Grove, LLC
- **Exhibit 10(s)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Shasta, LLC
- **Exhibit 10(t)** – Certificate of Formation and Operating Agreement for Alvarado Hospital, LLC
- **Exhibit 10(u)** – Certificate of Formation and Partnership Agreement for Harlingen Medical Center, Limited Partnership
- **Exhibit 10(v)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Roxborough, LLC
- **Exhibit 10(w)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Pampa, LLC
- **Exhibit 10(x)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Reno, LLC
- **Exhibit 10(y)** – Certificate of Formation and Operating Agreement for Dallas Medical Center, LLC
- **Exhibit 10(z)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Lower Bucks, LLC
- **Exhibit 10(aa)** – Articles of Incorporation and Bylaws of Knapp Medical Center
- **Exhibit 10(bb)** – Articles of Incorporation and Bylaws of PHSI
- **Exhibit 10(cc)** – Articles of Incorporation and Bylaws of Prime Healthcare Management, Inc.
- **Exhibit 10(dd)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services – Providence, LLC
- **Exhibit 10(ee)** – Certificate of Formation and Operating Agreement for Prime Healthcare Services - Saint John Leavenworth, LLC

In the February AG/DOH Request, Deficiency 15 stated:

Please confirm that the documents provided in Exhibit 10(h) are relative to Chino Medical Center, that the documents provided in Exhibit 10(m) are relative to West Anaheim Medical Center and that the documents provided in Exhibit 10(x) are relative to St. Mary's Regional Medical Center.

Response:

The documents provided in **Exhibit 10(h)** relate to Veritas Health Services, Inc., a California corporation which does business as and is the licensed operator of Chino Valley Medical Center.

The documents provided in **Exhibit 10(m)** relate to Prime Healthcare Anaheim, LLC, a Delaware limited liability company which does business as and is the licensed operator of West Anaheim Medical Center.

The documents provided in **Exhibit 10(x)** relate to Prime Healthcare Services – Reno, LLC which does business as and is the licensed operator of Saint Mary’s Regional Medical Center.

KASP Trust

In response to Deficiency 20 of the April AG/DOH Request concerning the KASP Trust, please see response to Question 1.

May 21, 2013 Filing

2. **Deficiency 20 - Please provide a complete response to Question 10 for the KASP Trust by including the formation documents requested.**

Response:

See **Exhibit 10(ff)**.

12. **Please provide the formation documentation for the Dr. Prem Reddy Family Trust.**

Response:

See **Confidential Exhibit 10**

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

13. **Please provide the formation documentation for Prime Healthcare Holdings, Inc.**

Response:

See **Exhibit 10(gg)**.

18. **Please provide the formation documents for Prem Reddy, LLC and explain its relationship to Prime Healthcare Services, Inc., Prime Healthcare Holdings, Inc., Prime Healthcare Management, Inc., and Prime Healthcare Services — Foundation, Inc., if any.**

Response:

Prem Reddy, LLC does not exist and, to the best of Prime's knowledge, has never existed. Prime acknowledges that this entity is referenced in the KASP Trust and has checked all likely Secretary of State websites (California, Delaware and Nevada).

June 14, 2013 Filing

Prime Holdings

The Articles of Incorporation and Bylaws for Prime Holdings are included at May Filing, **Exhibit 13**, LPHCA/M 00093-00105 (now as **Exhibit 10(gg)**).

PHMI

The Articles of Incorporation and Bylaws for PHMI are included at April Filing, **Exhibit 10**, LPHCA/I 00695-00714 (now as **Exhibit 10(cc)**).

See **Exhibit 10** for June 12, 2013 letter, signed by Prem Reddy, M.D., concerning the plan to revise the Prime Landmark Bylaws (now as **Exhibit 10(c)**).

Other formation documents are referenced in the April Filing, I-10-1 to I-10-2. KASP Trust is located at May Filing, **Exhibit 2** (now as **Exhibit 10(ff)**), LPHCA/M-00004-00065. Prem Reddy Family Trust is located at May Filing, **Confidential Exhibit 12** (now **Confidential Exhibit 10**), LPHCA/M-C-00053-00115.

Note: All organizational documents are included at **Exhibit 10** of this filing.

11. Please provide the name and mailing address of all licensed facilities in which the for-profit corporation maintains an ownership interest or controlling interest or operating authority.

See attached **Exhibit 11**.

June 14, 2013 Filing

Prime Holdings

See April Filing, **Exhibit 11**, LPHCA/I 00737-00739.

PHMI

See April Filing, **Exhibit 11**, LPHCA/I 00737-00739.

12. (a) Please provide 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) Please provide a detailed narrative that describes the organizational structure of 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.

(a) See attached **Exhibit 12(a)** for the current organizational chart of PHSI. The organizational structure of PHSI will not change post-conversion. Prime-Landmark, included on **Exhibit 12(a)**, will own LMC & RHRI. See attached **Exhibit 12(b)** for the current organizational chart of the Landmark Entities.

In the February AG/DOH Request, Deficiency 17 stated:

Please confirm that there are no partners, affiliates, parents, subsidiaries or related legal entity in which the Transacting Parties have a twenty percent (20%) or greater ownership or membership interest or control (e.g., any affiliates/joint ventures of the individual hospitals). Please update information regarding Prime from November 2012, if necessary.

Response:

Prime Healthcare Services – Lower Bucks, LLC

Prime Healthcare Services – Lower Bucks, LLC is the sole member of BMC Primary Care Physicians, LLC and BMC Specialty Care Physicians, LLC.

Prime Healthcare Services – Roxborough, LLC

Prime Healthcare Services – Roxborough, LLC is the sole member of Prime Healthcare Services Roxborough Providers, LLC. This entity provides billing services for physicians employed by Prime Healthcare Services – Roxborough, LLC.

Prime Healthcare Services – Pampa, LLC

Prime Healthcare Services – Pampa, LLC is the sole member of SPMG Signature Pampa Medical Group, Inc., a Texas nonprofit corporation.

Prime Healthcare Services – Garden Grove, LLC

Prime Healthcare Services – Garden Grove, LLC is the owner of a 33% interest in Garden Grove Imaging Center, LLC which operates an outpatient MRI Center.

Prime Healthcare Services – Reno, LLC

Prime Healthcare Services – Reno, LLC is the owner of membership interests in the following entities:

- Reno Imaging Partners, LLC = 51% (PET/CT)
- Reno Cyberknife, LLC = 20%
- Surgery Center of Reno, LLC = 14.07%
- St. Mary's Outpatient Surgery Center at Galena = 46.27%

Knapp Medical Center is the owner of the following interests:

- Knapp Medical Group = 100%
- Knapp Medical Center ASC, LLC = 100% (Surgery Center)
- Mid-Valley Physician Association = 100%

PHSI is the sole member of:

Prime Healthcare Services – St. Mary's Passaic, LLC and Prime Healthcare Services – St. Michael's, LLC, which were formed in connection with PHSI's proposed acquisition of St. Mary's Hospital in Passaic, New Jersey and Saint Michael's Medical Center in Newark, New Jersey. At the present time, these entities do not own or operate any hospitals as the transactions have not yet been consummated.

In the February AG/DOH Request, Deficiency 19 stated:

Please incorporate all Prime Healthcare Services Foundation hospitals into the organizational chart.

Response:

As PHSI and Prime Healthcare Holdings, Inc., do not have any ownership interest in Prime Healthcare Services Foundation, rather than incorporate those entities which own and operate the Prime Healthcare Services Foundation hospitals into an organizational chart for PHSI, an organizational chart for Prime Healthcare Services Foundation is attached at **Exhibit 12(a)**.

In the February AG/DOH Request, Deficiency 20 asked:

Please provide a detailed narrative describing the relationship between Prime Healthcare Services - Foundation Inc. and 1/ Prime Healthcare Holdings, Inc., 2/ the KASP Trust, and 3/ the Dr. Prem Reddy Family Trust.

Response:

There is no relationship between Prime Healthcare Services Foundation, Inc. on the one hand and Prime Healthcare Holdings, Inc., the KASP Trust, and/or the Dr. Prem Reddy Trust on the other hand. Prime Healthcare Services Foundation, Inc. is a Delaware non-stock corporation which has no owners or shareholders.

Assuming this question was related to the relationship between PHSI on the one hand and Prime Healthcare Holdings, Inc., the KASP Trust, and/or the Dr. Prem Reddy Family Trust on the other hand, the relationship among these entities is described below:

- Prime Healthcare Holdings, Inc. is the sole shareholder of PHSI.
- Prior to December 21, 2012, Prime Healthcare Holdings, Inc. had 100 shares outstanding and the KASP Trust owned 90 shares of Prime Healthcare Holdings, Inc. and the Dr. Prem Reddy Family Trust owned 10 shares of Prime Healthcare Holdings, Inc.
- On December 21, 2012 and December 26, 2012, the Dr. Prem Reddy Family Trust transferred its shares of Prime Healthcare Holdings, Inc. stock to the KASP Trust. As of December 27, 2012, the KASP Trust was the sole shareholder of Prime Healthcare Holdings, Inc.
- The KASP Trust is an irrevocable trust created for the benefit of the lineal descendants (i.e., children) of Drs. Prem and Venkamma Reddy.
- The Dr. Prem Reddy Family Trust is a revocable living trust created by Dr. Prem Reddy.

In the February AG/DOH Request, Deficiency 21 asked:

Please incorporate Prime Healthcare Management and Dr. Prem Reddy Family Foundation into the organizational chart.

Response:

Prime Healthcare Management, as described in the response to Deficiencies 23 and 25 of February AG/DOH Request has no organizational link to the Prime entities. Rather, Prime Healthcare Management provides management services to the Prime entities. As noted in the response to Deficiency 8, the Dr. Prem Reddy Family Foundation has no organizational link to PHSI and/or Prime Healthcare Services Foundation. As a result, it should not be incorporated into an organizational chart for PHSI or Prime Healthcare Services Foundation. Both entities are depicted on organizational charts at **Exhibit 12(a)**.

In the February AG/DOH Request, Deficiency 22 asked:

Please describe the relationship of Prime Healthcare Services, Dallas I, LLC and Prime Healthcare Services, Dallas II, LLC to the Dallas Medical Center.

Response:

Prime Healthcare Services Dallas I, LLC acquired 100% of the membership interests in Dallas Medical Center, LLC and is now the sole member of Dallas Medical Center, LLC.

Prime Healthcare Services Dallas II, LLC acquired the rights of the lenders under certain loans made by third parties to Dallas Medical Center, LLC and is now the holder of certain promissory

notes executed by Dallas Medical Center, LLC in favor these third parties. In other words, Prime Healthcare Dallas II, LLC is a lender to Dallas Medical Center, LLC.

In the February AG/DOH Request, Deficiency 23 asked:

Please describe the role of Prime Healthcare Management in the proposed conversion.

Response:

Prime Healthcare Management, Inc. provides certain management, consulting, and support services to subsidiaries of PHSI and Prime Healthcare Services Foundation and PHSI's "corporate staff" are employees of Prime Healthcare Management, Inc. Prime Healthcare Management's role in the proposed conversion will include the following:

- Attorneys employed by Prime Healthcare Management have been involved in the negotiation, preparation, and execution of the Asset Purchase Agreement, the Advisory Services Agreement, and Working Capital Loan as well as the preparation of the necessary applications related to the conversion.
- Luis Leon, PA-C, President, Hospital Operations II, and other corporate staff members are employees of Prime Healthcare Management and have spent time advising LMC and RHRI under the terms of the Advisory Services Agreement.
- Finance staff members employed by Prime Healthcare Management have been involved in the preparation of projections submitted in connection with this application.
- If the transaction is approved and consummated, Prime-Landmark will likely execute a Management Services Agreement with Prime Healthcare Management so that Prime Healthcare Management can provide support services to LMC and RHRI.

The Articles of Incorporation and Bylaws for Prime Healthcare Management, Inc. are attached at **Exhibit 10(cc)**. As requested in Deficiency 23 of the April AG/DOH Request, the Management Services Agreement is attached **Confidential Exhibit 12**. It is noted that in cases of new acquisitions, Prime Healthcare Management typically waives and/or defers its right to be paid fees until such time as the hospital is generating a profit sufficient to support itself and make necessary improvements. Prime expects to do the same with LMC and RHRI.

In the February AG/DOH Request, Deficiency 25 asked:

Please identify the legal relationship between Prime Healthcare Management and 1/ PHSI and 2/ Prime-Landmark.

Response:

There is no legal relationship between Prime Healthcare Management, Inc., and PHSI. Prime Healthcare Management, Inc. is a party to a Management Services Agreement, dated June 28, 2012, as amended (the "Management Services Agreement"), with those subsidiaries of PHSI that own and operate acute care hospitals. Under the terms of the Management Services Agreement,

Prime Healthcare Management provides management, consulting, and support services to each of the subsidiaries.

(b) PHSI is a Delaware corporation which is the parent corporation of those corporations and limited liability companies which are the owners and licensed operators of the for-profit acute care hospitals within the Prime Healthcare system. For example, Prime Healthcare Services – Lower Bucks, LLC is the owner and licensed operator of Lower Bucks Hospital in Bristol, Pennsylvania and is a wholly owned subsidiary of PHSI.

PHSI, is a wholly-owned subsidiary of Prime Healthcare Holdings, Inc., a Delaware corporation. The shareholder of Prime Healthcare Holdings, Inc. is the KASP Trust.

In the April AG/DOH Request, Deficiency 17 asked about the ownership and purpose of Bio-Med Services, Inc.

Response:

PHSI is the sole shareholder of Bio-Med Services, Inc., a bio-medical services company. Bio-Med Services, Inc., provides asset management services to hospitals owned and operated by PHSI, and Prime Healthcare Services Foundation with respect to bio-medical/patient care equipment. Bio-Med Services' services include the maintenance and repair of bio-medical equipment.

Also in the April AG/DOH Request, Deficiencies 17 and 18 asked for additional various information on the Prime organizational charts. All charts are included at **Exhibit 12(a)** including the ownership of all entities, trusts and foundations owned by Prem Reddy.

In the April AG/DOH Request, Deficiency 18 inquired about the K Reddy Corporation which, as described in the response to Question 1, was the original name of PHSI when PHSI was formed in 2000.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

May 21 2013 Filing

- 1. Deficiency 17 - Please provide the organizational chart that clearly defines Dr. Reddy's ownership control in each of the entities requested in this Deficiency.**

Response:

This question asks for an organizational chart that depicts Dr. Reddy's "ownership control." This question cannot be answered with a chart and, instead, this response will address the ownership and control of the entities on the so-called PHSI Organizational Chart attached at **Exhibit 12(a)**. This Chart shows all of the Prime Healthcare Services, Inc. ("PHSI") entities, including those entities aligned with Prime Healthcare Services-Landmark, LLC ("Prime-Landmark"). The entities aligned with Prime-Landmark include the KASP Trust, Prime

Healthcare Holdings, Inc. and PHSI. Each of those entities has as its sole shareholder or sole member the entity directly above, not Dr. Reddy as the question seems to imply (i.e., KASP Trust owns 100% interest in Prime Healthcare Holdings, Inc.; Prime Healthcare Holdings, Inc. owns 100% interest in PHSI, etc.). The same holds true for all of the other entities on the PHSI Organizational Chart.

As to the KASP Trust, at the top of the PHSI Organizational Chart, Dr. Reddy is the Grantor (or Settlor). As the KASP Trust is an irrevocable trust, Dr. Reddy is not the owner of the KASP Trust.

Regarding control, although Dr. Reddy has no ownership interest in the entities on the PHSI Organizational Chart, he has certain control in his capacity as director and officer of Prime Healthcare Holdings, Inc., PHSI and the subsidiaries including Prime-Landmark. Also, in the case of the KASP Trust, Dr. Reddy exercises certain control through his power to appoint trustees.

On the so-called Prime Healthcare Management Organizational Chart at **Exhibit 12(a)**, the same analysis would apply with one difference. The Prem Reddy Family Trust is a revocable trust and, therefore, Dr. Prem Reddy may dissolve this trust at any time. Accordingly, Dr. Reddy is often referred to and considered the owner of Prime Healthcare Management, Inc. Notwithstanding this perception, it remains the case that Prem Reddy Family Trust, not Dr. Prem Reddy, holds a 100% ownership interest in Prime Healthcare Management, Inc.

10. Regarding Question #12, please include Harlingen Medical Center on the organization chart.

Response:

Prime Healthcare Services – Harlingen, LLC owns a 64.6% interest in Harlingen Medical Center. Prime Healthcare Services – Harlingen Management, LLC owns 3.45% interest in Harlingen Medical Center. Those ownership interests are noted on Page 1 of the PHSI Organizational Chart. Page 2 shows Harlingen Medical Center. See **Exhibit 12(a)**.

June 14, 2013 Filing

Prime Holdings

(a) See May Filing, **Exhibit 1(a)**, LPHCA/M-00001 for the organizational chart showing Prime Holdings both currently and post-conversion. See April Filing, **Exhibit 12(b)**, LPHCA/I 00744-00745 as to the organizational charts regarding LMC and RHRI.

(b) Prime Holdings owns 100% of PHSI. See April Filing, I-12-1 to I-12-2 regarding a description of those entities in which PHSI and affiliates own at least 20% of their ownership interests.

PHMI

(a) See May Filing, **Exhibit 1(b)**, LPHCA/M-00003 for the organizational chart showing PHMI both currently and post-conversion.

(b) PHMI owns 100% of Prime Healthcare Air Transportations, LLC, Hospital Business Services, Inc. and International Aircraft Investment, LLC. See April Filing, I-12-1 to I-12-2 regarding a description of those entities in which PHSI and affiliates own at least 20% of their ownership interests.

Note: All organizational charts are at Exhibit 12 of this filing.

13. Please provide a description of criteria established by the board of directors of the existing hospital for pursuing a proposed conversion with one or more health care providers.

As noted in the Executive Summary, the Landmark Entities have been under the Special Mastership since 2008. At the time of the appointment of the Special Master, all boards and committees of the Landmark Entities were dissolved. Attached at **Exhibit 13** are the summaries and other information used by the Special Master to analyze the bids made by various prospective purchasers of the Landmark Entities.

In the February AG/DOH Request, Deficiencies 26 and 27 asked:

- 1. Please provide any and all documents related to PHSI being selected as the proposed bidder.**
- 2. Please list and describe all criteria considered for selecting PHSI as the proposed bidder.**

Response:

Petition for Instructions and Court Order attached at **Exhibit 13**. Further explanation is provided below.

As represented to the Court on October 9, 2012, subsequent to the termination of the Steward Healthcare Asset Purchase Agreement (the "Steward APA"), the Special Master was again faced with a critical situation relative to the survival of the Landmark Entities. The termination of the Steward APA created an unstable and uncertain situation for employees and, most importantly, patients of LMC. Although not formally advised, the Special Master was concerned with the likely possibility of Steward's withdrawal prior to the receipt of its September 27, 2012 letter formally indicating its withdrawal. The Special Master's belief that Steward would terminate was supported by reports from people in the community who had been told directly by Steward representatives that Steward was withdrawing from this mastership process. In addition, Steward verbally encouraged the Special Master and others to investigate as to whether another deal could be made with another potential buyer. Unfortunately, based upon the circumstances and timing, the Special Master's viable, alternative options were very few.

The Special Master took that opportunity to assess who would have interest as a possible buyer. For a variety of reasons, that assessment revealed that the potential pool of viable, interested parties who could move quickly with this transaction was not large. PHSI was one of the parties immediately identified in that assessment. In addition to PHSI's proven ability to run a large, successful hospital system and its obvious financial ability, the Special Master pursued PHSI because PHSI was well known to the Special Master having previously established itself as one of the "finalists" in the prior bid process which had been a very public, open and vetted process. Although tentative to re-engage in this process, after speaking with the Special Master, PHSI ultimately expressed a willingness to renew its interest in LMC. With that renewed interest, the Special Master worked very diligently to bring them back into the process and the Special Master was very pleased and relieved when PHSI expressed a willingness to commit to come

back into the Rhode Island healthcare environment as evidenced by the submission of its present Asset Purchase Agreement (the "PHSI APA"). It is important to note that re-engaging a so-called "underbidder" after the primary bidder has failed to consummate the sale is not an uncommon process in receivership/mastership proceedings. PHSI expressed a clear desire to obtain immediate Court approval for the PHSI APA as it wanted to quickly get involved in the operations of LMC so as to stabilize it as quickly as possible. Part of the reason for this position was that PHSI recognized that LMC was at a critical point and, if not stabilized immediately, it would be difficult, if not impossible, to turn around. Although sharing PHSI's concerns, the Special Master informed PHSI that immediate approval of an agreement would be impossible because the Rhode Island mastership process requires the Special Master to solicit other interest and provide notice and a hearing on the approval of any proposed agreement. PHSI understood this restriction and agreed that any approval should happen in accordance with this Court's proper procedure. Recognizing his fiduciary obligation, the Special Master then reached out to other parties that might be a viable, interested party.

During the more than two weeks following Steward's withdrawal, the Special Master engaged in very intensive discussions with Care New England ("CNE"). Although not considered a viable acquirer during the initial bid process, CNE has come along in an extraordinary way in recent years and there was a strong feeling that CNE's acquisition of LMC would make a lot of sense for its model, particularly in light of its potential acquisition of Memorial. As a result, the Special Master, in cooperation with Governor Chafee, worked with CNE in an attempt to put together an acquisition proposal that satisfied the healthcare needs of Northern Rhode Island and similarly protected and preserved LMC. The Special Master and many others believed that such an acquisition fit the CNE model of community hospitals. Although hopeful that a workable and viable acquisition proposal could be developed with CNE, there were underlying concerns with respect to CNE's ability to provide the required capital injection that would be required to stabilize LMC. Several days prior to the hearing on the PHSI APA and despite hundreds and hundreds of hours spent by CNE conducting due diligence, CNE advised the Special Master that it could not submit a proposal for the acquisition of LMC. CNE advised that its decision was not due to an inability to conclude due diligence, but rather, because CNE reached a conclusion that risks associated with the acquisition model existed that deemed it imprudent for CNE to pursue.

Upon the withdrawal of interest from CNE, the Special Master reached out to the other potential acquirer options, specifically Lifespan and CharterCare. The Special Master personally contacted Lifespan's CEO and explained the mastership process and the Special Master's obligation to engage and facilitate due diligence for anyone that might have an interest in acquiring LMC. The Special Master also engaged the assistance of Richard Charest, President of LMC, and Christopher Callaci, Esq., counsel to the United Nurses and Allied Professionals, in an effort to engage Lifespan in this process. Members of Lifespan's executive staff participated in those initial discussions with the Special Master, Mr. Charest and Mr. Callaci, however, Lifespan did not pursue any follow-up or request any due diligence. In addition to the above, the Special Master is aware that, only 1-2 days prior to the hearing on the PHSI APA, other members of our State government engaged in discussions with Lifespan seeking that Lifespan submit a proposal similar to the model that Lifespan had initially entertained two to three years prior. It is important to note that the prior model discussed with Lifespan was rejected because it did not contemplate the survival of LMC as a full service, community hospital, and thus, was deemed not to be an appropriate commitment to the Northern Rhode Island community.

Regarding CharterCare, similarly the Special Master contacted CharterCare in an effort to solicit its interest. Similar to CNE, there were underlying concerns with respect to CharterCare's ability to provide the required capital injection that would be required to stabilize LMC. Ultimately, similar to CNE and Lifespan, CharterCare elected not to submit a proposal for the acquisition of LMC.

The above events are a summary of those that took place during the period between Steward's withdrawal and the hearing on PHSI's APA. As evidenced by the Court's approval of the PHSI APA and its entry of an Order to that effect, the Court was satisfied that appropriate and sufficient efforts had been undertaken by the Special Master to identify a new buyer after Steward's withdrawal.

In the April AG/DOH Request, Deficiency 26 requested any additional documents that could be responsive to this question. There are no additional documents responsive to this question.

In the April AG/DOH Request, Deficiency 26 also asked for identification of the document provided at LPHCA/SQE 120. That document is part of the document beginning on LPHCA/SQE 116. This page was a summary of the Prime bid from the Fall of 2012, prepared by the Special Master in the Fall of 2012, to provide a summary of the contemplated Prime transaction that could be easily compared to the summaries of earlier bids.

In the April AG/DOH Request, Deficiency 27 asks for additional information relating to the criteria concerning the choice of Prime.

Response:

In its order of February 14, 2011, the Court outlined the criteria to be used in the selection of the qualified purchaser. Those criteria included:

1. Price;
2. Experience of the Qualified Purchaser in running healthcare facilities;
3. Capitalization and/or access to capital that the Qualified Purchaser has;
4. The minimum capital the Qualified Purchaser is willing to commit to LMC/RHRI;
5. The 5 year cash flow projection of LMC/successor institution;
6. The period of time that the Qualified Purchaser is willing to commit to not selling the assets, business, and or equity of LMC or its successor; and
7. How the Qualified Purchaser intends to meet the healthcare needs of the community currently served by LMC, including without limitation, (i) any services that the Qualified Purchaser anticipates terminating, and (ii) the approximate number of employees that the Qualified Purchaser anticipates retaining.

These criteria are also mentioned in the narrative response to Question 26.

When Steward terminated its Asset Purchase Agreement, the Special Master reviewed other potential buyers, including PHSI who had previously established themselves as a finalist in the prior bid process. The Special Master also started discussions with Care New England and Lifespan and CharterCare. As noted, the Special Master was concerned that Care New England

lacked the ability to provide the required capital necessary to inject into LMC to stabilize it. The Special Master had concerns about Lifespan and CharterCare as a potential buyer as its previous proposal had indicated that it was not going to plan for LMC to continue as a full service community hospital. In addition, there were concerns that CharterCare would not have the ability to inject needed capital. Despite discussions, Care New England, Lifespan and CharterCare indicated that they would not submit a proposal for the acquisition. No documents were ever received by the Special Master from Care New England, Lifespan or CharterCare. The Special Master did not prepare any written documents regarding the discussions.

In contrast, Prime met the criteria that had been set out by the Court in 2011. Specifically, the price was comparable to the Steward transaction; Prime was experienced in running healthcare facilities as evidenced by its ranking as being in the top 15 healthcare systems nationwide and the Special Master was aware of this due to the prior discussions with Prime when it had been a finalist in the earlier process; Prime has capital to assist LMC and was willing to commit sufficient capital to LMC/RHRI; Prime has the ability to plan for a five year cash flow projection of LMC; Prime was willing to commit to not selling assets, the business or the equity in LMC for a period of time. In addition, Prime had previously been interested in Landmark and had had the opportunity to learn about LMC and become familiar with the hospital. Most importantly, unlike Steward, Care New England, Lifespan and CharterCare, Prime was and remains willing to purchase LMC where no other hospital or system has expressed a willingness to take the risk of acquiring LMC and start the process quickly.

As noted above, the termination of Steward's Asset Purchase Agreement was made known on September 27, 2012 and reported to the Court on October 9, 2012 at the time the Prime Asset Purchase Agreement was submitted to the Court. One of the most significant issues created as a result of Steward's termination was the financial ability of LMC to continue while a new purchaser was sought and the process re-commenced with a new buyer. It was imperative that the Special Master identify a potential buyer who had the ability and willingness to provide immediate financial assistance, maintain such assistance during the acquisition period as well as commit to investing after the Closing. As noted, Prime had that ability which the other potential buyers did not have.

Prime had submitted an Asset Purchase Agreement on or about September 26, 2012 expressing its interest and commitment to acquire LMC. The Special Master outlined in its Petition for Instructions dated September 28, 2012 the factors that the Special Master considered. Specifically, the petition notes that the Special Master had previously determined that Prime had the experience and financial ability to commit to the purchase, it had a nationally recognized reputation and described the Special Master's exercise of his business judgment to the proposed transaction. The Special Master reviewed the breakdown of the consideration, including the proposed expenditures within the first five years, it agreed to operate Landmark for a period of three years after closing, and funding through a line of credit until closing. The Special Master also noted that Prime's proposal was not subject to many of the contingencies that Steward had required. Finally, the Special Master recited the advantages of Prime's proposal, including the benefits to the hospital, employees, community and creditors. The Special Master stated that he believed that the approval of Prime was "commercially reasonable, based in sound business judgment and in the best interests of the respective Receivership Estates, their stakeholders, creditors and the citizens of northern part of the State of Rhode Island."

May 21, 2013 Filing

3. **Deficiency 26 - Please provide the requested information regarding LPHCA SQE 120 (now located at LPHCA/I 00823).**

Response:

The document that is currently Bates-stamped as LPHCA/I 00823 (formerly Bates stamped as LPHCA SQE 120) is a summary of the Prime Bid that was offered in the Fall of 2012 when Steward backed out of the transaction. This bid summary was prepared in the Fall of 2012 by the Special Master in accordance with the format of previous bid summaries that had been prepared in prior years for the purpose of facilitating the review and comparison of the Prime Bid with bids that had been made in the past.

A description of this document, the creator of the document and the time-frame in which the document was created is addressed in the 4th paragraph found on Page I-13-3 of the Prime-Landmark Application. It notes that the summary was prepared in the Fall of 2012 by the Special Master and there is a description of the document and its purpose.

June 14, 2013 Filing

Prime Holdings

Not Applicable.

PHMI

Not Applicable.

See April Filing, I-13-1 through I-13-4 and the Exhibits referenced therein, for a response to this question.

June 14, 2013 Filing

14. Please provide a description of request(s) for proposals issued by the existing hospital(s) relating to pursuing a proposed conversion.

See Exhibit 13

Prime Holdings

Not Applicable.

PHMI

Not Applicable.

See April Filing, **Exhibit 13**, LPHCA/I 00746-00915, for a response to this question.

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

Conflict of Interest forms for the Landmark Entities are attached at **Exhibit 15(a)**.

Replacement and additional Prime Conflict of Interest forms are at **Exhibit 15(b)**.

May 21, 2013 Filing

4. **Deficiency 28A - Please provide Conflict of Interest Statements for the following people affiliated with Prime [that] were listed in the HCA Application Response to Question 7 (Board of Trustees and Senior Level Managers):**
- (a) Lex Reddy, PHSI Board of Directors and Senior Manager
 - (b) Roger Krissman, Senior Manager
 - (c) Suzanne Richards, Senior Manager

Response:

By letter, dated April 24, 2013, those individuals were asked to complete and return Conflict of Interest forms. A second request was mailed May 8, 2013. To date, these individuals have not responded. Correspondence to these individuals is appended at **Exhibit 15(b)**.

June 14, 2013 Filing

Prime Holdings

See Conflict of Interest form for Dr. Prem Reddy, the sole director and officer of Prime Holdings, appended at **Exhibit 15(b)**.

PHMI

See Conflict of Interest form for Dr. Prem Reddy, the sole director and officer of PHMI, appended at **Exhibit 15(b)**. In addition, see Conflict of Interest forms for PHMI’s current senior managers: Dr. Prem Reddy, Mike Sarian, Luis Leon, PA-C and Harsha Upadhyay and PHMI’s former Senior Managers, Michael Sarrao and R. David Grant at **Exhibit 15(b)** of the April Filing, LPHCA/I 01309-01395. The Conflict of Interest form for Sharyn Alcaez, current General Counsel, is appended at **Exhibit 15(b)**. See discussion regarding other former PHMI Senior Managers at May Filing, M-2 and the Exhibit referenced therein.

See Conflict of Interest forms for LMC and RHRI in April Filing, **Exhibit 15(a)**, LPHCA/I
00916-01308.

16. Please provide conflict of interest statements, policies and procedures.

Attached as **Exhibit 16(a)** is the Code of Ethical Business and Professional Behavior for San Dimas Community Hospital. Each hospital affiliated with PHSI has a similar policy. The Conflict of Interest policies are included at Paragraph 11 therein.

Attached as **Confidential Exhibit 16(a)** are LMC's & RHRI's Conflict of Interest policies and procedures. There are no separate policies and procedures for LHS.

In the February AG/DOH Request at Deficiency 29, PHSI's Code of Ethical Business and Professional Behavior was requested. See **Exhibit 16(b)**.

PHSI's conflict of interest policy is contained within its Compliance Manual on pages 18-20. A replacement Compliance Manual is appended at **Confidential Exhibit 63(a)**. Prime-Landmark will be subject to same.

In response to Deficiency 30 of the April AG/DOH Request, PHSI confirms that it has no other conflict of interest policies except as set forth in the Compliance Manual and in PHSI's Code of Ethical Business and Professional Behavior.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

Prime Holdings has no conflict of interest policies and procedures.

PHMI

PHMI has no conflict of interest policies and procedures except as set forth in the PHMI Compliance Manual appended at **Confidential Exhibit 63(a)**.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

See April Filing, I-16-1 and the Exhibits referenced therein, as to Conflict of Interest policies and procedures of the other Transacting Parties.

17. Please provide the draft Closing Memorandum, including, but not limited to, certification, exhibits, and/or schedules required for the closing documents and/or other closing documents. As any changes are made, the parties are required to update this response. Within 7 calendar days of signing the Closing Memorandum, the parties are required to provide a signed copy, including, but not limited to certification, exhibits and/or schedules or other documents required for the closing.

See attached Exhibit 17.

June 14, 2013 Filing

Prime Holdings

See April Filing, Exhibit 17, LPHCA/I 001412-001414 for the Closing Memorandum.

PHMI

See April Filing, Exhibit 17, LPHCA/I 001412-001414 for the Closing Memorandum.

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

See attached **Exhibit 18**.

In response to Deficiency 32 of the February AG/DOH Request, the non-confidential Schedules to the Asset Purchase Agreement are included at **Exhibit 18**. The confidential Schedules are appended at **Confidential Exhibit 18**. In response to Deficiency 32 of the April AG/DOH Request, it is noted that the Schedules previously provided have not been updated. Any updates would occur prior to the closing of the transaction.

In the February AG/DOH Request at Deficiency 33, the following was requested:

Please identify and describe who controls Landmark's physician offices services (POS).

Response:

LMC owns 100% of Landmark Physician Office Services ("LPOS"). While LMC's ownership interest in LPOS is an asset of the LMC Mastership Estate, LPOS is not part of or subject to the LMC Mastership proceeding and is not the subject of its own mastership proceeding. Absent this Court's control of LPOS's operations through mastership or receivership, LPOS has and continues to operate independently and in accordance with its own governance protocols. Mr. Richard Charest, as permitted by LPOS governance and in his capacity as President and CEO of LPOS, possesses the authority to take action on behalf of LPOS. The Special Master for LMC is consulted regarding issues related to LPOS in the same way as would be typical and appropriate for the 100% owner of any corporate entity.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

May 21, 2013 Filing

- 6. Deficiency 32 - Have any of the asset purchase agreement schedules been updated? If so, please identify them by bates stamp number.**

Response:

The Schedules to the Asset Purchase Agreement have not changed since they were filed March 14, 2013.

June 14, 2013 Filing

Prime Holdings

See April Filing, **Exhibit 18**, LPHCA/I 01415- 02194 and **Confidential Exhibit 18** LPHCA/I-C 00114-00706.

PHMI

See April Filing, **Exhibit 18**, LPHCA/I 01415- 02194 and **Confidential Exhibit 18** LPHCA/I-C 00114-00706.

19. 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.

At each of the Prime-affiliated hospitals, credentialing is performed by each hospital's independent medical staff in accordance with the medical staff's bylaws and rules and regulations. Attached as **Exhibit 19** is a copy of the Medical Staff Bylaws in place at PHSI Healthcare's Desert Valley Hospital. Prime-Landmark will not seek to make any changes to the existing medical staff bylaws at LMC and RHRI and **Exhibit 19** is attached only for a point of reference. There are no arrangements for cross-privileging of medical staff.

See attached **Confidential Exhibit 19(b)** for credentialing committee guidelines, policies and/or procedures related to LMC.

See attached **Confidential Exhibit 19(c)** for credentialing committee guidelines, policies and/or Procedures related to RHRI.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

Not Applicable.

PHMI

Not Applicable.

See response to this question at April Filing, I-19-1 and the Exhibits referenced therein.

- 20. Please discuss whether the proposal will require the review by any relevant federal authority and, if so, please identify such review(s) and provide current status.**

The Asset Purchase Agreement contemplates that Prime-Landmark will accept assignment of the Medicare Provider Agreements/Provider Numbers of the Landmark Entities. As a result, Prime-Landmark will be required to file a CMS Form 855A related to the proposed change of ownership and the Centers for Medicare and Medicaid Services will have to approve the assignment. Such filing will be coordinated with the Closing.

The February AG/DOH Request, at Deficiency 34, inquired whether any filing was required with the Federal Trade Commission.

Response:

No filing is required with the Federal Trade Commission.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-20-1.

PHMI

See response at April Filing, I-20-1.

21. Please identify all government permits, licenses, or other approvals necessary to implement the proposed conversion and the status thereof.

Entity	Consent Required	Status
Landmark Medical Center	Rhode Island Department of Health and Attorney General for Conversion Application; Approval by RI Department of Health on Change of Effective Control	In progress
	Rhode Island Department of Health approval for transfer of following licenses: pharmacy, controlled substance, x-ray tubes, radioactive materials, food business	In progress
	DEA Registration	Will submit application for DEA Registration after receipt of Rhode Island state pharmacy license
	Division of Workforce Regulations approval for facilities license	In progress
	Medicare Certification Medicaid Certification	In progress In progress
Landmark Health Systems	Rhode Island Department of Health and Attorney General for Conversion Application; Approval by RI Department of Health on Change of Effective Control	In progress
Northern Rhode Island Rehab Management Associates, LP d/b/a Rehabilitation Hospital of Rhode Island	Rhode Island Department of Health and Attorney General for Conversion Application; Approval by RI Department of Health on Change of Effective Control	In progress
	Rhode Island Department of Health approval for transfer of following licenses: pharmacy, controlled substance, x-ray tubes, radioactive materials, food business	In progress

Entity	Consent Required	Status
	DEA Registration Division of Workforce Regulations approval for facilities license Medicare Certification Medicaid Certification	Will submit application for DEA Registration after receipt of Rhode Island state pharmacy license In progress In progress In progress
Rhode Island Specialty Hospital	Approval of RI Department of Health for the transfer of 20% of the membership interest in RISH to Prime-Landmark	In progress
Southern New England Regional Cancer Center (SNERCC)	Change order by RI Department of Health to the SNERCC Certificate of Need reflecting the transfer of 38% of the membership interest in SNERCC from LMC to Prime-Landmark	Discussions with joint venture partner in progress
The Heart Center 186 Cass Avenue Woonsocket, RI	RI Department of Health	Will transfer with main license (hospital premise)
Drawing Station 20 Cumberland Hill Road Woonsocket, RI	RI Department of Health	Will transfer with main license (hospital premise)
Northern RI Hematology/Oncology 115 Cass Avenue Woonsocket, RI	RI Department of Health	Will transfer with main license (hospital premise)

In the February AG/DOH Request, the following question at Deficiency 35 was asked:

Please provide additional details related to the discussions on the Southern New England Regional Cancer Center and the transfer of interest in the specialty long-term acute care hospital.

Response:

Section 1.2(q) of the Court-approved Asset Purchase Agreement entered into by and between the Special Master and Prime-Landmark requires the Special Master to transfer LMC's ownership interest in the SNERCC and RISH. Since the Court's approval of the APA, the Special Master and Prime-Landmark have been engaged in positive, ongoing, amicable discussions with Radiation Therapy Services, Inc. ("RTSI") regarding either the transfer of LMC's ownership interest in SNERCC or, alternatively, RTSI's acquisition of LMC's interest in SNERCC. As the direction of these discussions and negotiations become more focused and the terms become more formal, the Special Master will notify the Court with any and all pertinent updates and/or necessary revisions to the Asset Purchase Agreement and related documents.

Regarding RISH, neither the Special Master nor Prime-Landmark has engaged in discussions with Kindred Health.

Notwithstanding the above, as of this date, the terms of the Asset Purchase Agreement and the obligations of the Transacting Parties thereunder remain unchanged.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-21-1 through I-21-3.

PHMI

See response at April Filing, I-21-1 through I-21-3.

22. Please provide a list of pending or adjudicated citations, violations or charges against the Transacting Parties and their affiliates brought by any governmental agency or accrediting agency within the past 3 years and the status or disposition of each.

On April 16, 2012, Prime Healthcare Services – Shasta, LLC dba Shasta Regional Medical Center (“SRMC”) received notice from the California Department of Public Health (“CDPH”) that CDPH sought to assess a penalty of \$1,600 for failure to timely report an alleged privacy breach to the affected patient and a penalty of \$1,500 for failure to timely report an alleged privacy breach to CDPH. These proposed penalties relate to an alleged privacy breach that occurred on or about December 13, 2011 arising out of a patient’s public disclosure of her medical condition and SRMC’s limited response thereto. SRMC contends that no privacy breach occurred and has appealed the proposed penalties. No hearing has been scheduled.

On November 9, 2012, SRMC received notice from CDPH that CDPH sought to assess a penalty of \$95,000 based on alleged privacy breach on or about December 13, 2011 arising out of a patient’s public disclosure of her medical condition and SRMC’s limited response thereto. SRMC contends that no privacy breach occurred and has appealed the proposed penalty. No hearing has been scheduled.

On November 9, 2012, SRMC received notice from CDPH that CDPH sought to assess a penalty of \$25,000 based on alleged privacy breach arising out of an isolated incident of an employee improperly accessing a medical record. The subject employee was terminated and SRMC believes the proposed penalty is excessive. SRMC has appealed the proposed penalty. No hearing has been scheduled.

In the February AG/DOH Request, the following question was asked at Deficiency 36:

Please provide a copy of the appeal notice to the California Department of Health requesting a hearing related to the \$95,000 penalty assessed at the Shasta Regional Medical Center related to a privacy breach of a patient's medical records.

Response:

Attached as **Exhibit 22** is a copy of Shasta Regional Medical Center’s November 16, 2012 appeal and request for a hearing related to the \$95,000 penalty assessed by the California Department of Public Health related to an alleged privacy breach. Attached to the November 16, 2012 appeal is the letter to the California Department of Public Health which set forth the applicable law regarding a waiver by the patient.

In the February AG/DOH Request, the following question was asked at Deficiency 37:

For all transacting parties, please provide copies of any violation notices received from any licensing, regulatory, or accrediting authorities related to quality of care issues.

As to LMC, see **Confidential Exhibit 22(a)** and **Confidential Exhibit 22(b)**.

As to Prime-Landmark and PHSI, there are no such notices. See **Confidential Exhibit 22(c)** as to CMS 2567 inspection forms/related plans of correction for the Prime-affiliated hospitals, in response to Deficiency 37 of the April AG/DOH Request. The forms contain deficiencies and corrective action plans which have been implemented.

See also response to Question 23 and Exhibits.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

None as to Prime Holdings.

PHMI

PHMI was named on the subpoena described at April Filing, **Confidential Exhibit 23(a)**, LPHCA/I-C 02923-02924.

See April Filing, I-22-1 through I-22-2 and the Exhibits referenced therein, for a response to this question as to the other Transacting Parties. See also the response to Question 23 of this filing.

23. Please provide a description of any current or impending litigation and/or investigations by foreign, federal, state or municipal boards or governments, administrative agencies 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.

See **Confidential Exhibit 23(a)** for information related to Prime (which includes a response to Deficiency 38 of the February AG/DOH Request and April AG/DOH Request.

Regarding LMC:

As the documents attached to **Confidential Exhibit 23(b)** detail, a laptop, stolen from a LMC conference room, contained limited protected health information concerning some of LMC's patients. LMC notified the affected patients of the loss of the protected health information. Furthermore, LMC took action as detailed in **Confidential Exhibit 23(b)** to address this incident and took appropriate steps to prevent such an incident in the future. No patients have notified LMC of any unauthorized use of their information. The breach was reported to OCR and OCR is investigating this incident as noted and described in the attached correspondence. LMC, in compliance with the deadline as extended by agreement of the parties, prepared the attached response to OCR as part of its informal resolution process. The current status is that LMC has provided that response to OCR for its review and LMC awaits further communication on this matter from OCR.

In the February AG/DOH Response, Deficiency 40 asked for:

Please include an updated response for each Transacting Party regarding any current or impending litigation.

Response:

Question #23 refers to litigation and investigations concerning governmental authorities. An update regarding general litigation is described in the response to Deficiency 70 (Question 45).

See also response to Question 22 and Exhibits.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

None as to Prime Holdings.

PHMI

PHMI was named on the subpoena described at April Filing, **Confidential Exhibit 23(a)**, LPHCA/I-C 02923-02924.

See April Filing, I-23-1 and the Exhibits referenced therein, for a response to this question as to the other Transacting Parties. As an update to April Filing, **Confidential Exhibit 23(a)**, please note that the Office for Civil Rights of the United States Department of Health and Human Services investigation at Shasta Regional Medical Center has concluded with a settlement agreement and payment of a settlement amount as described in the June 11, 2013 Press Release appended at **Exhibit 23**.

24. 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.

See attached **Exhibit 24(a)** for information related to Prime.

See attached **Exhibit 24(b)** for information related to the Landmark Entities.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-24-1 and **Exhibit 24(a)**, LPHCA/I 02278-02281, for all insurance policies.

PHMI

See April Filing, I-24-1 and **Exhibit 24(a)**, LPHCA/I 02278-02281, for all insurance policies.

See April Filing, **Exhibit 24(b)**, LPHCA/I 02282-02285 for LMC/RHRI insurance policies.

25. Please provide a copy or description of all agreements executed or anticipated to be executed by any of the Transacting Parties in connection with the proposed conversion.

See **Exhibit 25** for drafts of the following documents: Assignment and Undertaking Agreement; Assignment and Assumption Agreement, and DEA Limited Power of Attorney.

June 14, 2013 Filing

Prime Holdings

See April Filing, **Exhibit 25**, LPHCA/I 02286-02296.

PHMI

See April Filing, **Exhibit 25**, LPHCA/I 02286-02296.

26. 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.

See attached Confidential Exhibit 26(a) for the response from Prime.

The selection of a partner for the Landmark Entities was conducted pursuant to an order issued by the Providence Superior Court in February 2011. (See Exhibit 1(b)). This order was carried out by the Court and the Special Master, with assistance of certain consultants. In the February 2011 order, the Court identified a minimum set of specific items to be contained in the bids of interested parties. These in turn constituted the criteria to be used for selection of the winning bidder.

Bid Selection Criteria in Scheduling Order 2/14/11

1	The purchase price;
2	The experience of the Qualified Purchaser in running healthcare facilities, and, if appropriate, financially-distressed healthcare facilities;
3	The capitalization or access to capital of the Qualified Purchaser;
4	The minimum amount of capital that the Qualified Purchaser is willing to contractually commit to the successor LMC and/or RHRI entity(ies) (exclusive of capital dedicated to the purchase price);
5	A five-year pro forma cash flow projection of the successor LMC and/or RHEI entity(ies);
6	The period of time that the Qualified Purchaser is willing to contractually commit not to sell the assets and business or equity interest in LMC if it becomes the successful purchaser; and
7	How the Qualified Purchaser intends to meet the healthcare needs of the community currently serviced by LMC including, without limitation, (i) any services that the Qualified Purchaser anticipates terminating, and (ii) the approximate number of employees that the Qualified Purchaser anticipates retaining.

A copy of the Offering Package sent to bidders is provided in Exhibit 26(b) and Confidential Exhibit 26(b), and a summary of the bids is provided in Exhibit 13. While the Court, the Special Master and the consultants reviewed and assessed these bids, the Landmark Entities performed

no due diligence or similar investigation, and presented no supplementary information to the Court.

In the February AG/DOH Request, Deficiency 42 requested an update to the information provided above to include the process by which the Special Master chose to execute an Asset Purchase Agreement with Prime. See the response to Question 13 concerning the process the Special Master used in choosing to execute an Asset Purchase Agreement with Prime.

In the February AG/DOH Request, the following information at Deficiency 44 was requested:

Please provide due diligence reports prepared by Prime or explain why no such documents exist and please explain how Prime conducts due diligence without generating reports or their equivalent.

Response:

PHSI did not prepare any due diligence reports. PHSI conducts due diligence by having finance, legal, and operations personnel review material available about a proposed acquisition that is available from the proposed seller and/or publicly available from state agencies, press reports, or other data sources. In this case, PHSI also had access to the Steward asset purchase agreement. After individuals have reviewed the available materials, PHSI convenes a meeting of its senior management team and any involved personnel to discuss their findings and recommendations with respect to a proposed acquisition. Based on these findings and recommendations, the terms of an offer are arrived at and prepared for the subject acquisition. Please note that there are no minutes of senior management team meetings. Please see the response to Deficiency 47 (below) concerning a written summary of the verbal due diligence reports.

PHSI is able to make decisions to acquire hospitals without written due diligence reports because, among other things: (1) PHSI is privately held and the family trusts which hold/held beneficial interests in PHSI have expressed confidence in management's ability to consummate transactions given management's successful track record; (2) PHSI does not rely on outside financing to fund closings; and (3) PHSI has successfully used this model to acquire twenty (20) hospitals during the past ten (10) years and has completed more than \$650 Million in transactions using this model. PHSI has never failed to close a transaction as a result of due diligence issues.

The hospitals acquired by PHSI are routinely ranked among the top hospitals in the United States (8 of PHSI's hospitals were ranked among the Top 100 Hospitals in 2013) and PHSI was ranked among the Top 15 Health Systems in the Nation in 2012.

In the February AG/DOH Request, Deficiency 47 requested a written summary of Prime's verbal due diligence reports.

Response:

PHSI conducts due diligence by having finance, legal, and operations personnel review material available about a proposed acquisition that is either available from the proposed seller and/or publicly available from state agencies, press reports, or other data sources. After individuals

have reviewed the available materials, PHSI convenes a meeting of its senior management team and any involved personnel to discuss their findings and recommendations with respect to a proposed acquisition. Meetings and discussions regarding the proposed acquisition of LMC involved legal counsel and involved legal advice regarding the transaction which is protected from disclosure by the attorney-client privilege and the attorney work product doctrine. As a result, PHSI is not able to provide a summary of legal counsel's findings or opinions. Nonetheless, a summary of the findings made by those other than legal counsel is as follows:

- Steward was likely to pull out of the deal because of issues related to Blue Cross, a cancer center, and a community health clinic.
- Steward had advanced approximately \$4.5 to \$5 Million to the Landmark Entities and was owed this money. Something would have to be done to address the Steward debt.
- Employees at LMC and RHRI were subject to collective bargaining agreements. As part of its prior bid, PHSI had been able to negotiate acceptable terms for a new contract and the labor union was reasonable in its expectations.
- Substantial capital would be required to upgrade the equipment and physical plant at LMC. A \$30 Million commitment was not excessive.
- LMC would require a working capital line of credit to replace the Steward loan.
- Blue Cross remained the major health plan and claimed it was owed close to \$3 Million by LMC.
- The building in which RHRI was located was not owned by LMC but instead by a third party REIT.
- LMC was in relatively close proximity to Prime Healthcare's Roxborough Memorial Hospital.
- The patient and payor mix at LMC was similar to that seen by PHSI at other hospitals.
- The Special Master would need a certain amount of money to pay mastership expenses.
- Steward's prior terms were not unreasonable.
- The revenue was sufficient to justify the total consideration.
- PHSI should make an offer to acquire the hospitals consistent with the terms set forth in the September 2012 offer.

Per Deficiency 47 of the April AG/DOH Request, Counsel did not distribute documents at the management meetings discussed above and, therefore, there are no documents to include in a privilege log.

Per Deficiency 45 of the February AG/DOH Request, updated market share information as to LMC/RHRI was provided at **Exhibit 53(a)(2)**.

Per Deficiency 46 of the February AG/DOH Request, updated volume information as to LMC/RHRI is provided at **Exhibit 53(f)(2)**.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

May 21, 2013 Filing

7. **Deficiency 47 - As it has been represented that there is no privilege log as requested in this Deficiency, please confirm that you are not withholding any information requested based upon a privilege.**

Response:

It is confirmed that counsel did not distribute documents at meetings when the acquisition of LMC and RHRI was discussed and, therefore, there are no documents to include in a privilege log. No documents are being withheld.

June 14, 2013 Filing

Prime Holdings

No due diligence review was undertaken by Prime Holdings.

PHMI

No due diligence review was undertaken by PHMI.

See responses to this question as to the other Transacting Parties in the April Filing, I-26-1 through I-26-4 and the Exhibits referenced therein.

27. Please provide copies of reports analyzing affiliations, mergers, or other similar transactions considered by any of the Transacting Parties during the past 3 years, including but not limited to, reports by appraisers, accountants, investment bankers, actuaries, other experts, and 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.

See attached at **Confidential Exhibit 27** for a report regarding PHSI's consideration of other affiliations, mergers or similar transactions. Prime-Landmark has not considered any other affiliations, mergers or similar transactions as it was created for the purposes of consummating this transaction.

As stated in the Executive Summary, the Landmark Entities have been under the Special Mastership since June 2008. During that time, the Special Master has supervised daily operations of LMC and RHRI, and has been charged with identifying appropriate options for the Landmark Entities, including potential affiliations, mergers or other similar transactions. A primary goal of the Special Mastership has been to achieve financial stability and preserve the important missions of LMC and RHRI. Initially, the Special Master entered into exploratory discussions with other, larger, health care providers in the area that had previously expressed interest in entering into some type of arrangement with the Landmark Entities. While the parties held some preliminary discussions, no offers materialized from those talks, due in part to the national economic crisis. Efforts continued during 2009 and 2010 to find potential partners, but despite discussions with several potential partners, no agreements were reached. (See **Exhibit 13** for summaries of bids received and analyses of the bids.)

Throughout the Special Mastership process, the Landmark Entities, in conjunction with the Special Master, have endeavored to review and understand all viable options, though those reviews may not have necessarily resulted in formal reports analyzing each option. Please see **Exhibits 1(c)** and **1(d)** for the reports that the Landmark Entities and the Special Master commissioned and utilized when reviewing potential transactions.

In the response to Deficiency 48 of the February AG/DOH Request, Prime explained its due diligence process, the process used with LMC, RHRI and with other possible acquisitions. Prime did not prepare any due diligence reports.

Response:

PHSI conducts due diligence by having finance, legal, and operations personnel review material available about a proposed acquisition that is available from the proposed seller and/or publicly available from state agencies, press reports, or other data sources. In this case, PHSI also had access to the Steward asset purchase agreement. After individuals have reviewed the available materials, PHSI convenes a meeting of its senior management team and any involved personnel to discuss their findings and recommendations with respect to a proposed acquisition. Based on these findings and recommendations, the terms of an offer are arrived at and prepared for the subject acquisition. Please note that there are no minutes of senior management team meetings. Please see the response to Deficiency 47 of the February AG/DOH Request (Question 26) concerning a written summary of the verbal due diligence reports.

PHSI is able to make decisions to acquire hospitals without written due diligence reports because, among other things: (1) PHSI is privately held and the family trusts which hold/held beneficial interests in PHSI have expressed confidence in management's ability to consummate transactions given management's successful track record; (2) PHSI does not rely on outside financing to fund closings; and (3) PHSI has successfully used this model to acquire twenty (20) hospitals during the past ten (10) years and has completed more than \$650 Million in transactions using this model. PHSI has never failed to close a transaction as a result of due diligence issues.

The hospitals acquired by PHSI are routinely ranked among the top hospitals in the United States (8 of PHSI's hospitals were ranked among the Top 100 Hospitals in 2013) and PHSI was ranked among the Top 15 Health Systems in the Nation in 2012.

An updated list of hospitals that Prime considered acquiring was provided at **Confidential Exhibit 27** in response to Deficiency 49 of the February AG/DOH Request. In response to Deficiency 49 of the April AG/DOH Request, this list is up-to-date.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

Prime Holdings has no reports. See April Filing, I-27-1 through I-27-2 and the Exhibit referenced therein, as to the other Transacting Parties.

PHMI

PHMI has no reports. See April Filing, I-27-1 through I-27-2 and the Exhibit referenced therein, as to the other Transacting Parties.

D. CHARITABLE ASSETS

28. Please provide copies of all documents related to:

(a) Identification of all charitable assets;

(b) Accounting of all charitable assets for the past 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.

In response to Deficiencies 50 through 54 of the February AG/DOH Request, the following responses replaced the responses previously submitted.

The February AG/DOH Request asked for updated information regarding the information provided in response to Question 28.

Response:

All information has been updated.

Prime-Landmark and its parent, PHSI, are for profit organizations and have no charitable assets.

(a) For the identification of the Landmark Entities' charitable assets, please see response to Question 50.

(b) Please see attached **Exhibit 28(b)(1)**, representing LMC's Endowment Fund that included funds from the Higgins Trust, to be used to pay balances for children whose parents were uninsured and had no other means to pay for care. This account closed in April, 2012.

Please see attached **Exhibit 28-(b)(2)**, showing LMC's restricted funds, i.e., donated funds for which the donor designates a specific use for the funds.

Please see **Exhibit 28(b)(3)**, showing LMC's unrestricted funds, i.e., funds that are given without any designation as to a specific use.

(c) Please see attached **Exhibit 28(c)**, showing LMC's "released from restricted funds." "Released from restricted" refers to all expenses associated with certain specific funds: HRSA; the Cancer Center and the Heart Center.

(d) None

June 14, 2013 Filing

Prime Holdings

Prime Holdings is a for-profit corporation and has no charitable assets.

PHMI

PHMI is a for-profit corporation and has no charitable assets.

For a response as to LMC's charitable assets, see April Filing, I-28-1 and the Exhibits referenced therein.

29. 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.

The Transacting Parties do not intend to create a tax-exempt organization for the purposes of holding charitable assets.

It is the plan and intention of LMC and RHRI to transfer any and all currently held specific purpose and restricted funds to the Rhode Island Foundation for management and utilization of those funds in accordance with the designated purpose/restriction. The Rhode Island Foundation will provide the mechanism to effectuate that transfer. Please see **Exhibit 30** for more information regarding such funds.

June 14, 2013 Filing

Prime Holdings

Prime Holdings is a for-profit corporation and has no charitable assets.

PHMI

PHMI is a for-profit corporation and has no charitable assets.

For a response as to LMC's charitable assets, see April Filing, I-29-1 and the Exhibit referenced therein.

30. 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

PHSI and Prime-Landmark are for profit entities and do not receive donor restricted gifts.

See **Exhibit 30** as to LMC.

In the February AG/DOH Request, Deficiency 55 requested copies of legal documents relating to charitable gifts. LMC has legal documentation only for the JR Higgins Residuary Trust. See **Exhibit 30** for legal documentation relating to that Trust.

Please see attached **Exhibit 30**, updated in response to Deficiency 56 of the February AG/DOH Response, showing contributions through June, 2012 after which no contributions were made.

June 14, 2013 Filing

Prime Holdings

Prime Holdings is a for-profit corporation and has no charitable assets.

PHMI

PHMI is a for-profit corporation and has no charitable assets.

For a response as to LMC's charitable assets, see April Filing, I-30-1 and the Exhibit referenced therein.

31. 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.

See Exhibit 31 for *Cy Pres* Petition. The prior *Cy Pres* Petition is also included.

June 14, 2013 Filing

Prime Holdings

Prime Holdings is a for-profit corporation and has no charitable assets.

PHMI

PHMI is a for-profit corporation and has no charitable assets.

For a response as to LMC's charitable assets, see April Filing, I-31-1 and the Exhibit referenced therein.

E. CHARITY CARE

32. Please provide the following information:

- (a) A list of uncompensated care provided over the past 3 years by each facility which the for-profit corporation maintains an interest ownership or controlling interest or operating authority and a description as to how that amount was calculated;**

See **Exhibit 32(a)** for PHSI hospitals.

- (b) A description of charity care and uncompensated care provided by the existing hospital(s) for the previous 5 year period to the present, including a dollar amount and a description of services provided to patients;**

See **Exhibit 32(b)** for LMC & RHRI.

- (c) A description of bad debt incurred by the existing hospital(s) for the previous 5 years for which payment was anticipated but not received.**

See **Exhibit 32(b)** for LMC and RHRI.

- (d) Identify the reasons for any discrepancies between responses to sections (a) through above, if any.**

Not applicable.

In the AG/DOH February Request, Deficiency 61 asked:

Also please explain how there is \$0 charity care/bad debt reflected for certain hospitals in the response to Question 32 (a).

Response:

Exhibit 32(a) of the Application represents the charity care and bad debt figures for those periods of time when the hospital was owned by subsidiaries of PHSI and/or Prime Healthcare Services Foundation, Inc. For example, the charity care and bad debt for Alvarado Hospital in 2009 was \$0 because the hospital was not acquired until 2010. The same holds true for any other \$0 amounts.

See **Exhibit 32(a)** attached hereto.

The response to Question 32 above was revised in response to Deficiencies 58-61 of the February AG/DOH Request and 58 and 59 of the April AG/DOH Request which included, for clarity, correcting Question references in the Deficiencies and the responses.

June 14, 2013 Filing

Prime Holdings

Prime Holdings does not own or control any hospital and, therefore, this question is not applicable.

PHMI

PHMI does not own or control any hospital and, therefore, this question is not applicable.

See April Filing, I-32-1 and the Exhibits referenced therein, as to LMC, RHRI and the PHSI hospitals.

33. Please provide a description of the plan as to how the Transacting Parties and their affiliates will provide community benefit and charity care during the first 5 years of operation after the proposed transaction is completed.

Prime-Landmark will develop a Community Benefits Advisory Council that will include hospital leaders and community representatives. This Council will develop a community benefits mission statement, setting forth a planned commitment to provide resources to support the implementation of its annual community benefits plan.

Prime-Landmark will conduct a comprehensive community health needs assessment for those communities within the hospitals' primary service areas. This assessment will review unmet health needs of the communities by analyzing community input, available public health data, and an inventory of existing programs. After the assessment is complete, the Council will develop a community benefits plan that identifies target populations, specific programs and activities that address the identified assessment, and measurable short-and long-term goals for each program.

Each year, a report, made available to the public, will describe the ascribed community benefit programs, including those goals, outcomes, and expenditures.

In addition, charity care will continue to play a role in the care delivered at LMC and RHRI under Prime-Landmark's ownership. Currently, LMC and RHRI have charity care policies in place, as required by Rhode Island law. Prime-Landmark will establish charity care policies in compliance with applicable Rhode Island law.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-33-1.

PHMI

See response at April Filing, I-33-1.

- 34. Please provide 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.**

The annual community benefits plan and report will be made publicly available on the LMC's websites, and will be regularly monitored by a community benefits advisory council and hospital leadership. The local governing board for LMC and RHRI will receive annual reports on the actions of the community benefits advisory council.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-34-1.

PHMI

See response at April Filing, I-34-1.

F. COMPENSATION

- 35. Please provide the names of persons currently holding a position as an officer, director, board member, or senior level manager who will or will not maintain any position with the new hospital 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, including but not limited to, the individual's job description, employment or other contract or agreement to provide services under this corporate title, and total compensation, including, but not limited to, salary, benefits, expense accounts, membership, 401K, retirement plans, contribution agreements, benefit agreements and any other financial distributions of any kind, including deferred payments or compensation.**

Jonathan N. Savage, Esq., in his capacity as the court-appointed Special Master, currently serves in place of the Board of Directors and officers of LMC and RHRI. Mr. Savage will not maintain any position with Prime or any affiliate after the proposed conversion and Mr. Savage will not receive any salary, severance, stock offering or any financial gain, current or deferred, as a result of or in relation to the proposed conversion, except what he is entitled to in his capacity as Special Master and as approved by the Court.

Prime will not pay any salary, severance, stock offering, or any other sort of financial consideration to any officer, director, board member, or senior level manager as a result of or in relation to the proposed conversion.

The list of LMC/RHRI senior level managers was included with the response to Deficiency 62 of the February AG/DOH Request:

Name	Address	Occupation	Entity
Richard Charest	19 Lincoln Drive, North Smithfield, RI 02896	President	LMC & RHRI
Charlene Elie	155 Bryn Mawr Ave, Auburn, MA 01501	Chief Nursing Officer	LMC
Glen Fort, MD	69 Highland Avenue Warwick, RI 02886	Chief Medical Officer	LMC
Thomas Klessens	4 Nottingham Road, Tynsboro, MA	Chief Financial Officer	LMC
Colleen Ryan	107 South Street, Foxborough, MA 02395	CIO and VP Professional Services	LMC
Demetra Ouellette	20 Dover Circle, Franklin, MA 02038	Chief Operating Officer	RHRI
Jorge Mayoral, MD	315 Old River Road #15, Lincoln, RI 02865	Chief Medical Officer	RHRI
Kathy Keeling	131 Howard Avenue, Pascoag, RI 02859	Director of Nursing	RHRI

Prime-Landmark will name its management team at LMC and RHRI well in advance of the effective date of the conversion. Prime has not entered into any severance or other contracts with any of the above.

The April AG/DOH Request, Deficiency No. 62 asked:

Please update this response on behalf of PHSI and/or Prime Healthcare Management, Inc. by providing names of persons currently holding positions as senior level managers who will or will not maintain positions with the new hospital.

Response:

Name	Role at PHSI/PHM	Role at New Hospital
Prem Reddy, M.D., FACC, FCCP	Chairman, President & CEO	Dr. Reddy will serve as Chairman of Prime-Landmark
Mike Sarian	President, Operations I	Mr. Sarian will not serve in any role at Prime-Landmark
Luis Leon, PA-C	President, Operations II	Mr. Leon will not serve in any role at Prime-Landmark
Harsha Upadhyay	Vice-President of Clinical Operations	Mr. Upadhyay will not serve in any role at Prime-Landmark
R. David Grant	Interim General Counsel, Secretary	Mr. Grant will serve as Secretary of Prime-Landmark

June 14, 2013 Filing

Prime Holdings

Dr. Prem Reddy, sole director and officer, will serve as Chairman of Prime Landmark and on the Governing Board of LMC and RHRI.

PHMI

Name	Role at PHSI/PHMI	Role at New Hospital
Prem Reddy, M.D., FACC, FCCP	Chairman, President & CEO	Dr. Reddy will serve as Chairman of Prime Landmark; Dr. Reddy will serve on the Governing Board of LMC and RHRI

Mike Sarian	President, Operations I	Mr. Sarian will not serve in any role at Prime Landmark
Luis Leon, PA-C	President, Operations II	Mr. Leon may serve on the Governing Board of LMC and RHRI
Harsha Upadhyay	Vice-President of Clinical Operations	Mr. Upadhyay will not serve in any role at Prime Landmark
Sharyn Alcaarez	General Counsel, Secretary	Ms. Alcaarez will serve as Secretary of Prime Landmark

(Chart as updated from the April Filing, I-35-2)

See April Filing, I-35-1 through I-35-2 regarding the other Transacting Parties.

36. Please provide a copy or description of all agreements or proposed agreements reflecting any current and/or future employment or compensated relationship between the acquired (or any related entity) and any officer, director, board member, or senior level manager of the acquiree (or any related entity). Included in this response, please also provide a schedule that clearly demonstrates the historical compensation for the prior 3 years for these individuals as well as the projected compensation extending out 2 years with and without the proposed transaction being approved and/or completed.

Prime does not maintain any agreements or proposed agreements reflecting any current and/or future employment or compensated relationship with any officer, director, board member or senior level manager of LMC or RHRI.

June 14, 2013 Filing

Prime Holdings

No Prime entity maintains any agreements or proposed agreements reflecting any current and/or future employment or compensated relationship with any officer, director, board member or senior level manager of LMC or RHRI.

PHMI

No Prime entity maintains any agreements or proposed agreements reflecting any current and/or future employment or compensated relationship with any officer, director, board member or senior level manager of LMC or RHRI.

37. Intentionally omitted.

38. 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 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 as well as the existing ERISA benefit plan and severance agreements or arrangements.

The Landmark Entities are not parties to any such agreements.

Neither Prime-Landmark nor PHSI is a party to any such agreement.

As to PHSI's affiliated hospitals and Prime Healthcare Management, Inc., see **Confidential Exhibit 38**.

The April AG/DOH Request, Deficiency 63 asked:

Please confirm that Prime Healthcare Services, Inc. has no employees.

Response:

PHSI has no employees. Officers and Senior Managers are employed by Prime Healthcare Management, Inc.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

Prime Holdings is not a party to any such agreements.

PHMI

See April Filing, I-38-1 and **Confidential Exhibit 38**, LPHCA/I-C 03120-03145.

See April Filing, I-38-1 as to the other Transacting Parties.

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

The Transacting Parties have no such proposed contracts or arrangements.

June 14, 2013 Filing

Prime Holdings

None of the Transacting Parties, including Prime Holdings, has any such proposed contracts or arrangements.

PHMI

None of the Transacting Parties, including PHMI, has any such proposed contracts or arrangements.

40. **Please provide an itemization of all loans outstanding and their current balances, given, and/or forgiven in the last 3 years to any executive, employee or consultant of the Transacting Parties and/or their affiliates, including the terms of such loan.**

The Transacting Parties and their affiliates have no outstanding loans with any executive, employee or consultant, have not entered into any such loans within the last 5 years and have not forgiven any such loans within the last 5 years.

June 14, 2013 Filing

Prime Holdings

The Transacting Parties, including Prime Holdings, and their affiliates have no such loans.

PHMI

The Transacting Parties, including PHMI, and their affiliates have no such loans.

41. Please provide a copy of the resignations of any directors, board members, senior managers, and officers of each of the Transacting Parties and/or their affiliates within one year.

LMC/RHRI

Lisa Zapatka resigned as Chief Nursing Officer of LMC on or about April 13, 2012.

Matthew Cotti resigned as Chief Financial Officer of LMC on or about July 17, 2012

Robert Crausman, MD resigned as Chief Medical Officer of LMC on or about November 23, 2012.

Keith Rafal, MD resigned as Chief Medical Officer of RHRI on or about February 28, 2012.

Jorge Mayoral, M.D. resigned as Chief Medical Officer of RHRI. Notwithstanding the date in his resignation letter, Dr. Mayoral's resignation is effective April 30, 2013.

All available correspondence regarding the resignations of Dr. Crausman, Dr. Rafal, Ms. Zapatka and Dr. Mayoral is provided at **Exhibit 41(a)**.

Prime

Lex Reddy, President, CEO, PHSI
Roger Krissman, CFO, PHSI
Suzanne Richards, RN, Chief Clinical Officer, PHSI
Michael Sarrao, General Counsel, Prime Healthcare Management
Todd Mann, CEO, Harlingen Hospital
Harvey Torres, CFO, Harlingen Hospital
Darlene Wetton, COO, Alvarado Hospital
Sandra Bowen, CFO, Shasta Hospital
Carol Austin, DNO, Desert Valley Hospital
Sylvia Ventura, CNO, Centinela Hospital

Resignation letters for Carol Austin, Darlene Wetton, Harvey Torres, Michael Sarrao, Roger Krissman and Suzanne Richards are attached at **Exhibit 41(b)**. In response to Deficiency 64, no other resignation letters or other correspondence are on file for the individuals above.

June 14, 2013 Filing

Prime Holdings

Prime Holdings has no employees and, therefore, no resignations. No director or officer resigned.

PHMI

Michael Sarrao, General Counsel, resigned from PHMI. His resignation is appended to the April Filing, **Exhibit 41(b)**, LPHCA/I 02382. R. David Grant, General Counsel, also resigned. See **Exhibit 41(b)**.

For resignations from other Transacting Parties and their affiliates, see April filing I-41-1 and the Exhibits referenced therein.

42. **Intentionally omitted.**

G. FINANCIAL

43. (a) Please provide copies of audited income statements, balance sheets, other financial statements, and management and discussion letters for the past 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); and

Audited financial statements for PHSI for the periods ending December 31, 2009, December 31, 2010, and December 31, 2011 and unaudited interim financial statements for the period ending December 31, 2012 for PHSI are attached as **Confidential Exhibit 43(a)**. Also at **Confidential Exhibit 43(a)** are the unaudited financial statements for PHSI for the period ending February 28, 2013. Although requested in Deficiency 64 of the April AG/DOH request, Prime does not have any management letters. Prime-Landmark does not yet have financial statements. The financing structure for the proposed conversion is 100% equity. PHSI will contribute equity to Prime-Landmark in an amount sufficient to fund 100% of the transaction.

See attached **Exhibit 43(a)(1)** for the audited financial statements of LMC and RHRI. Attached as **Exhibit 43(a)(2)** are the FY12 unaudited financials of LMC and RHRI. Also at **Exhibit 43(a)(2)** are the January, 2013 (most recent) internal financial statements, as requested in Deficiency 64 of the April AG/DOH Request. Management letters for LMC and RHRI are appended at **Exhibit 43(a)(3)**.

(b) In addition, please include 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 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;

As stated in the Executive Summary, the Landmark Entities have been under the Special Mastership since 2008. During that time, the Special Master has been charged with identifying appropriate options for the Landmark Entities, including potential affiliations, mergers or other similar transactions. Throughout the process, the Landmark Entities, in conjunction with the Special Master, have endeavored to review and understand all viable options, though those reviews may not have necessarily resulted in formal reports analyzing each option. Please see **Exhibits 1(c)** and **1(d)** for the reports that the Landmark Entities and the Special Master commissioned and utilized when reviewing potential transactions.

In the February AG/DOH Request, in response to Deficiency 66, Prime explained why Prime has no documents responsive to Question 43(b):

Response:

Prior to June 2010, Dr. Prem Reddy was the sole director of PHSI and no board meetings were held. After June 2010, PHSI had directors who approved transactions and were provided

summaries of each transaction for their consideration. Attached at **Confidential Exhibit 43(b)** are copies of those summaries.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

May 13, 2013 Filing

19. Please provide audited financial statements for each of the past three (3) years for Prime Healthcare Holdings, Inc., and Prime Healthcare Management, Inc.

Response:

See **Confidential Exhibit 43(c)** for Prime Healthcare Management, Inc. (“Prime Management”) tax returns for 2009, 2010 and 2011. Financials for this entity are included within Prime’s 2012 Consolidated Audited Financials at **Confidential Exhibit 43(a)** (“2012 Financials”).

Note 2 on Page 9 of the 2012 Financials explains why Prime Management is included. Note 2 explains that PHSI is the primary beneficiary of Prime Management because PHSI has the power to direct activities that most significantly impact the economic performance of Prime Management. This means that PHSI determines whether each of its subsidiaries will become a party to a management services agreement with Prime Management and, as Prime Management does not contract with entities other than the Prime hospitals, Prime Management’s economic performance depends on PHSI’s decisions.

In light of recent discussions concerning whether Prime Management should be a “Transacting Party,” the concern has always been that Prime Management somehow would control Prime-Landmark’s hospitals. Here is evidence that Prime Management does not control PHSI. As noted on Note 2 at page 10, “the consolidation of [Prime Management on the 2012 Financials] does not change any legal ownership. . .” Moreover, it remains the case, as described fully in the May 8, 2013 Memorandum (**Exhibit 1(f)**), that Prime Management exercises no control over Prime-Landmark’s hospitals, whether organizationally, contractually or otherwise.

Accordingly, Prime Management, whether by ownership or control, would not be considered an “acquiror” under the Hospital Conversion Act and, therefore, should not be deemed a “Transacting Party.”

Prime Healthcare Holdings, Inc. does not maintain financials. See **Confidential Exhibit 43(d)** for 2010 (year of formation) and 2011 tax returns.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

(a) No financials are produced for Prime Holdings. In the May Filing, tax returns were included at **Confidential Exhibit 19(c)**, LPHCA/M-C-00336-01339.

PHMI

(a) PHMI's financials are included in PHSI's consolidated statements, provided in the April Filing at **Confidential Exhibit 43(a)**, LPHCA/I-C 03146-03266. See also the May Filing **Confidential Exhibit 19(a)**, LPHCA/M-C-00116-00296, **Confidential Exhibit 19(b)**, LPHCA/M-C-00297-00335 for PHMI's tax returns and PHSI's 2012 audited financial statements (which include PHMI), respectively.

Prime Holdings

(b) Prime Holdings has no such reports.

PHMI

(b) PHMI has no such reports.

See April Filing, I-43-1 through I-43-2 and the Exhibits referenced therein, as to the other Transacting Parties.

44. Please provide a detailed description of the real estate involved in the Proposed Transaction including:

- (a) Title reports for land owned and leased agreements concerning the proposed conversion for all properties owned, leased, or used by each Transacting Party and its affiliates within the last 3 years;**
- (b) The address for each property;**
- (c) All lease agreements concerning the proposed conversion; and**
- (d) Any and all documents related to the proposed sale or development of property owned by the Transacting Parties and/or their affiliates.**

- (a) All available title reports are appended at **Exhibit 44(a)**.
- (b) The address and description of the property is as follows:

Address	Occupancy	Square Feet	Landlord	Tenants	Comments
115 Cass Avenue, Woonsocket, RI 02895	Hospital	216,000	Landmark Medical Center	None	
176-206 Cass Avenue, Woonsocket, RI 02895	Plaza Offices	24,386	See Below	See Below	
206 Cass Avenue, Woonsocket, RI	LMC Physician Offices	5,800	Wellington Retail, LLC	Landmark Medical Center	
176-196 Cass Avenue, Woonsocket, RI 02895	Finance Offices, Heart Center	18,586	Wellington Retail, LLC	Landmark Medical Center	176 Cass Avenue subleased to Tilak Verma, M.D.
219-225 Cass Avenue, Woonsocket, RI 02895	219 Cass Avenue MOB	9,670	Landmark Medical Center		
219 Cass Avenue, Suites A,B, and C	Ocean State Pain Management	2,888	Landmark Medical Center	Ocean State Pain Mgt.	
219 Cass Avenue, Suite E	Dr. Cunanan	876	Landmark Medical Center	Manuel Cunanan, D.M.D., Inc.	
219 Cass Avenue, Suite F	Vacant	1,197			

Address	Occupancy	Square Feet	Landlord	Tenants	Comments
219 Cass Avenue, Suite G		720	Landmark Medical Center		
219 Cass Avenue, Suite H	Vacant	1,109			
219 Cass Avenue, Suite J	Dr. Khan	932	Landmark Medical Center	Faridoon Khan, M.D.	
219 Cass Avenue, Suite D	LMC Purchasing	862	Landmark Medical Center	LMC Purchasing	
219 Cass Avenue, Suite K	LMC Public Relations	1,086	Landmark Medical Center	LMC Public Relations	
116 Eddie Dowling Highway, North Smithfield, RI 02896	Rehabilitation Hospital	92,944	Medistar, LLC	RHRI & LMC	
355 Cass Avenue, Woonsocket, RI 02895	Parking Lot	26 spaces	Landmark Medical Center	Dr. Paul Koch	
63 Eddie Dowling Highway, North Smithfield, RI 02896	MOB Space	1,200	William Gasbarro	OB/GYN Practice	
115 Cass Avenue, Woonsocket, RI 02895	Hematology Oncology Space- Dr. Nadeem	1,950	Southern New England Regional Cancer Center, LLC	Landmark Medical Center	
20 Cumberland Hill Road, Woonsocket, RI 02895	Landmark Drawing Station (Lab)	923	Woonsocket Medical Center	Landmark Medical Center	
501 Great Road, No. Smithfield, RI 02896	Allison McAleer (Surgeon)	1,500	Michael Luke, M.D.	Landmark Medical Center	
6 Blackstone Valley Place, Lincoln, RI 02865	Deborah Hayden, M.D. (OB-GYN)	4,000	Jan Penkala, M.D.	Landmark Medical Center	

(c) Prime-Landmark will assume all LMC and RHRI leases at the Closing. All leases are appended at **Exhibit 44(c)**.

(d) There are no current plans to sell or develop any real estate involved in the proposed conversion.

The April AG/DOH Request, Deficiency 67 asked for updated title reports:

Response:

It is anticipated that title reports will be prepared prior to closing.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-44-1 through I-44-3 and the Exhibits referenced therein, as to LMC/RHRI's real estate.

PHMI

See April Filing, I-44-1 through I-44-3 and the Exhibits referenced therein, as to LMC/RHRI's real estate.

45. 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.

Equipment Leases: Pursuant to the terms of the Prime-Landmark Asset Purchase Agreement, Prime-Landmark will evaluate all contracts that are currently in place at LMC and RHRI, including equipment leases. Prime-Landmark will obtain alternative vendors for the post-closing needs of LMC and RHRI, in the event that Prime-Landmark does not desire to continue certain equipment leases post-closing.

Insurance: PHSI will add LMC and RHRI to its current property and auto insurance policies. LMC and RHRI will be added to PHSI's general and professional liability insurance for periods on and after the effective date and a tail policy may be procured to address pre-closing events that are not reported as of the Closing.

Regulatory Compliance: Prime's initial assessment is that LMC and RHRI are in material and substantial compliance with all regulatory requirements. There are no reports regarding such assessment. Prime anticipates that when it begins capital improvements there may be a need to bring certain areas "up to code" given the age of the physical plant. Following the proposed conversion, LMC and RHRI will comply with all applicable State and Federal regulations.

Tax Status: As a part of the proposed conversion, the tax status of the facilities will change from non-profit to for-profit.

Pending Litigation or Pending Regulatory Citations: Pursuant to the terms of the Prime-Landmark Asset Purchase Agreement, Prime-Landmark is not purchasing any liabilities arising out of or relating to the conduct or operations of the business prior to the Effective Date. Any pending litigation or regulatory citations will be dealt with directly by LMC and RHRI prior to closing. As provided pursuant to the February AG/DOH Request in response to Deficiency 70, see **Confidential Exhibit 45** for LMC/RHRI insurance carrier reports from Norcal and Chartis.

Pension Plans: Per Section 5.20 of the Prime-Landmark Asset Purchase Agreement, the current pension plan will be terminated. Post-closing, Prime-Landmark will offer employees of LMC and RHRI a 401(k) plan consistent with that of other affiliate hospital employees. Those employees covered by collective bargaining agreements will receive the benefits provided for in the collective bargaining agreement.

Employee benefits: As updated in response to Deficiency 71 of the February AG/DOH Request, post-closing, Prime-Landmark will offer the employees of LMC and RHRI the same or comparable benefits, subject to employee contributions to be determined. The Memorandum of Understanding entered into with Northern Rhode Island United Nurses and Allied Professionals, Local 5067, along with the applicable collective bargaining agreements are included at **Confidential Exhibit 72**.

Environmental reports: Prime has retained third parties to perform environmental surveys and reports for the Landmark Entities. As updated in response to Deficiency 72 of the February

AG/DOH Request, no environmental reports have as yet been undertaken but it is anticipated that they shall commence within thirty (30) days.

Assessments and organizational goals: The main goal is to maintain a community hospital of vital importance to the residents of the hospitals' communities, while also improving the care provided and the overall stability of the hospitals through the knowledge and expertise of PHSI. The Landmark Entities will benefit from PHSI' expertise in providing quality patient care as evidenced by its recognition as a Top 15 Health System in the Nation.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-45-1 through I-45-2 and the Exhibits referenced therein, for a response to this question.

PHMI

See April Filing, I-45-1 through I-45-2 and the Exhibits referenced therein, for a response to this question.

46. 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 3 years prior to the submission of the application.

PHSI and Prime-Landmark are not required to file IRS Form 990.

See attached **Exhibit 46(a)** for the Landmark Entities' filings.

In response to the February AG/DOH Request, the Landmark Entities provided the August 15, 2012 extension for FY2011, along with other pertinent extensions. See **Exhibit 46(b)**. Note that several extensions have no signatures. Per the Landmark Entities' accountant, no signatures are required.

June 14, 2013 Filing

Prime Holdings

Prime Holdings is not required to file IRS Form 990.

PHMI

PHMI is not required to file IRS Form 990.

See April Filing, I-46-1 and the Exhibits referenced therein, as to LMC.

47. 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, including, but not limited to:

- (a) The plans for disposition of each such debt if the proposed conversion is approved; and
- (b) A list of any indebtedness acquirer and/or their affiliates could forgive, extinguish, or otherwise write-off for acquiree and/or their affiliates, including:
 - (i) The amount of the original debt;
 - (ii) The amount that would be forgiven, extinguished or otherwise written-off; and
 - (iii) For any such debts written off with the preceding 3 years, provide the amount forgiven, extinguished or otherwise written-off, the date of the write off, and the reason.

(a) The answers provided in response to Deficiency 74 of the February AG/DOH Request superseded the initial response and are as follows:

The Special Master is not required to and has not prepared any preliminary or other recommendations for the disposition of debt if the proposed conversion is approved. In accordance with the typical procedure and practice in Rhode Island receivership/mastership proceedings, a receiver/special master does not and would not prepare any such recommendations to the Court until after the sale/liquidation of assets² and in conjunction with the receiver/special master's final report to the Court. The receiver/special master's final report is prepared and filed at the time when the Estate is ready to be closed.

Notwithstanding the above and based upon the Special Master's preliminary review³, the pre-petition debt of the acquiree is as follows:

I. LMC

1. Pre-Mastership

- a. Priority Claims – the Special Master has received asserted priority claims totaling approximately \$21,818,842.57⁴.

² The preparation and filing of any such recommendation, preliminary or otherwise, prior to the sale/liquidation of assets would be highly speculative and inappropriate.

³ The Special Master has not fully reviewed the asserted claims filed in the LMC and/or NRIRMA Mastership Estates and nothing herein shall be interpreted or construed as the Special Master's recommendation, approval and/or rejection of any asserted claims filed. The Special Master will fully review and formally make his recommendation to the Court regarding asserted claims upon the filing of the Final Reports in the LMC and/or NRIRMA mastership proceedings.

- b. General, Unsecured Claims – accounts payable showing on the books and records of Landmark is approximately \$7,800,000.00 (to date, the amount of general, unsecured claims, as filed but not approved, total approximately \$7,300,000.00). **The satisfaction of any pre-mastership debt is subject to available cash-on-hand at the close of the Estate and Court approval of the properly claim(s) filed asserting the existence of such debt.*

2. Post-Mastership

- a. Super Administrative Priority Secured Debt

Two Million Dollars (\$2,000,000), including any accrued but unpaid interest, to Steward Healthcare, as successor-in-interest to Caritas Christi.

One Million Six Hundred Thousand Dollars (\$1,600,000), including any accrued but unpaid interest, to Northborough Capital Partners, LLC.

Four Million Four Hundred Thousand Dollars (\$4,400,000) including any accrued but unpaid interest, to Blackstone Medical Center, Inc., f/k/a Steward Medical Holdings Subsidiary Four, Inc. under that certain Working Capital Loan Agreement.

One Million Six Hundred Fifty Thousand (\$1,650,000) including accrued but unpaid interest, to Prime-⁵.

- b. Unsecured Debt

- i. Agreement for Advisory Services provided by Steward at \$35,000 per month – Steward has submitted an invoice for such services totaling approximately \$580,000.

II. NRIRMA

- 1. Pre-Mastership

- a. Priority Claims – the Special Master has received asserted priority claims totaling approximately \$21,584,795.77⁶.

⁴ This amount is inclusive of claims filed by the Pension Benefit Guarantee Corp (“PBGC”) totaling \$21,563,009. The PBGC has filed duplicate claims in the NRIRMA proceeding.

⁵ Total debt is \$2,650,000, however, the initial One Million is not owed if closing occurs.

⁶ This is inclusive of claims filed by the PBGC totaling \$21,563,009 asserted as both priority and general claims. Duplicate claims by the PBGC were filed against the LMC mastership Estate. NRIRMA did not have a pension or other benefit plan that would be subject to a PBGC claim.

- b. General, Unsecured Claims – accounts payable showing on the books and records of NRIRMA totals slightly more than \$411,000.00 (to date, the amount of general, unsecured claims, as filed but not approved, total approximately \$21,844,027.90⁷). **The satisfaction of any pre-mastership debt is subject to available cash-on-hand at the close of the Estate and Court approval of the properly claim(s) filed asserting the existence of such debt.*

2. Post-Mastership

- a. Secured Debt – None.

*Note: Although the Special Master has not made and does not here make any preliminary recommendation(s) regarding the disposition of the above debt, assuming approval of this conversion, final Court approval and a closing, it is possible that the above debts may be disposed of as follows:

- LMC post-mastership super administrative priority secured debt will be satisfied by Prime pursuant to the terms of section 1.6 of the Asset Purchase Agreement;
- LMC post-mastership unsecured debt will be satisfied by Prime pursuant to Schedules 1.4 and 1.4(a)(iii) and pursuant to the inclusion of that debt on Net Working Capital;
- LMC and NRIRMA post-petition payables will be satisfied by Prime pursuant to Schedules 1.4 and 1.4(a)(iii) and pursuant to the inclusion of that debt on Net Working Capital;
- LMC and NRIRMA Administrative Expenses as approved by the Court will be paid by Prime from the \$750,000 Escrow established pursuant to Section 1.6(g) and any amount not used from that Escrow, if any, will be returned to Prime;
- LMC and NRIRMA Pre-Mastership Debt will be paid by Prime but only to the extent that Prime expressly assumes a contract associated with such debt and payment of the pre-mastership debt is necessary to cure and assign such contract to Prime at closing; and⁸
- LMC and NRIRMA Pre-Mastership General, Unsecured and Priority Debt – Based upon the terms of section 1.6 of the APA, the Special Master does not anticipate that there will be funds available to satisfy any claims beyond proper, Court-approved administrative claims of the Estate. Thus, any pre-mastership claims not associated with a contract

⁷ This is inclusive of claims filed by the PBGC totaling \$21,563,009 asserted as both priority and general claims. Duplicate claims by the PBGC were filed against the LMC mastership Estate. NRIRMA did not have a pension or other benefit plan that would be subject to a PBGC claim.

⁸ The described disposition of this debt assumes that such debt is confirmed by the Special Master and approved by the Court or otherwise negotiated by Prime prior to closing. Otherwise, the Special Master would recommend that the Court deny the claim asserted.

assumed by Prime or otherwise expressly assumed by Prime will not receive any distribution and will be deemed uncollectible.

(b) None. Outstanding indebtedness, as appended to the February AG/DOH Request in response to Deficiency 75, is listed at **Exhibit 47(b)**.

The April AG/DOH Request, Deficiency 75 asked:

This entire response consists of 2 pages. Additional information (a 55 page exhibit) was provided regarding Landmark in a previous filing. Please provide comparable updated information for this filing. Also, the information on LPHCA/SQE 2424 is from 8/31/12. Is this currently accurate? Also, please describe the document at LPHCA/SQE 02425.

Response:

Attached at **Exhibit 47(b)**, please find the most current detail of the outstanding debt of LMC as of December 31, 2012. This information replaces the information previously provided which was accurate through August 31, 2012. The previously submitted LPHCA/SQ 02425 was a listing of LMC's current and long term liabilities and fund balances, by account for FY '07 through December 31, 2012. The attached updated schedule is a more complete, accurate and understandable compilation of the liabilities of LMC.

June 14, 2013 Filing

Prime Holdings

Not Applicable.

PHMI

Not Applicable.

See April Filing, I-47-1 through I-47-4 for a response to this question.

48. **Please provide a list of the transaction costs and expenses by appropriate accounting classification incurred to date or to be incurred by the Transacting Parties and their affiliate entities involved, with respect to the proposed conversion, including an itemization of all consulting fees incurred by the Transacting Parties and/or their affiliates in connection with the proposed transaction, including vendor, dates of service, service(s) provided and cost(s) and projected additional amounts, through closing, by category and payee.**

The following was provided in response to Deficiency 78 of the February AG/DOH Request. Previously, the Special Master had provided a copy of its October invoice (**Exhibit 48(a)**).

Substantially all of the fees, costs and expenses associated with this transaction have been incurred by the Special Master, his team and the public relations consultant, True North Communications, LLC. Other than as set forth below, the Special Master does not anticipate any change in the allocation and source of expenses. The retention, fees and costs of the Special Master and True North Communications are subject to the approval and consent of the Court. Given the nature of the work, it is virtually impossible to specifically identify that portion of time and costs of the Special Master and True North Communications that are related specifically to the contemplated transaction without a line by line review of the Special Master's invoices. Further, with regard to True North Communication, the Court authorized such fees and costs to be invoiced on a monthly, flat fee basis and as such, it is not possible to identify how much of such fee is attributable to the transaction.

Notwithstanding the foregoing, in the response to Deficiency 78 of the AG/DOH Request, the following information was provided.

Invoices Submitted since 2008

1. Since the commencement of the Landmark Entities' mastership estates through February 28, 2013, the Special Master has submitted invoices to the Court totaling as follows:

LMC - \$4,114,765.80*~

RHRI- \$267,947.25*~

LHS - \$15,868*~

*The Special Master does not consider any of the invoices submitted to the Court for fees and expenses which accrued prior to October 1, 2012, to be associated with the proposed conversion.

~The Special Master notes that all or a significant portion of all invoices submitted to the Court are not related to fees related to the proposed conversion and the Special Master is unable to make any allocation relative to fees accrued specifically in connection with the proposed conversion.

2. Since the commencement of the Landmark Entities' mastership estates through February 28, 2013, the Special Master has satisfied invoices submitted by True North Communications totaling \$416,020.14*~

*The Special Master does not consider any of the invoices submitted by True North Communications which accrued prior to October 1, 2012, to be associated with the proposed conversion.

~The Special Master notes that all or a portion of all invoices submitted by True North Communications are not related to proposed conversion and the Special Master and True North Communications are unable to make any allocation relative to amounts accrued specifically in connection with the proposed conversion.

Projected Amounts through Closing of Proposed Conversion:

1. Based upon historical review, the Special Master projects that he will submit monthly invoices to the Court for approval in a monthly amount ranging between \$50,000 to \$100,000 through the Closing of the proposed conversion.*
2. Based upon historical review, the Special Master projects that he will satisfy monthly invoices from True North Communications in a monthly amount equal to \$9,000 through the Closing of the proposed conversion.

* The Special Master notes that all or a significant portion of all invoices that are projected to be submitted to the Court will not be related to fees related to the proposed conversion. The Special Master will be unable to make any allocation relative to fees accrued specifically in connection with the proposed conversion.

In addition, the Court has approved the retention of Nixon Peabody LLP and specifically Attorney Stephen Zubiago and his team to assist the Landmark Entities in this transaction and payment of such fees, costs and expenses are subject to Court approval. The Court Order evidencing this approval is appended at **Exhibit 48(b)**. Fees to date: \$10,000. Anticipated fees: \$25,000 - \$50,000, subject to Court approval.

As to Prime, the transaction costs incurred to date include:

Cameron & Mittleman, LLP	\$69,000.00
Government Strategies	\$28,000.00
Travel Expenses (Estimate for 10 trips by Prime Executives)	\$8,000.00

Additional projected transaction costs include:

Legal Fees	\$100,000 to \$150,000
Government Strategies	\$25,000 to \$35,000
Nemzoff & Company	\$250,000, at closing ¹

Other consulting fees including title reports, environmental and other surveys \$50,000

¹ In the April AG/DOH Request, Deficiency 81 asks for additional information about Joshua Nemzoff & Company. There is no additional information. Prime Healthcare Management will pay Nemzoff & Company at closing.

May 21, 2013 Filing

9. Regarding Question #48, please include Capitol City Group's transaction costs in this response.

Response:

Prime: \$36,000 Special Master: \$495,000 (since June, 2008)

June 14, 2013 Filing

Prime Holdings

Prime Holdings has undertaken no expenses relating to the proposed conversion.

PHMI

PHMI's expenses are included within Prime's transaction costs described at the April Filing, I-48-2, and, as to Capitol City Group, the May Filing, M-3.

See April Filing, I 48-2 and the Exhibits referenced therein, as to the transaction costs of the other Transacting Parties.

49. Please provide a description by each Transacting Party and its affiliates with respect to Medicare and Medicaid programs, including but not limited to notice of de-certification, revocation, suspension or termination, or of threatened or potential re-certification, revocation, suspension or termination pending or resolved within past 3 years of submission.

The Transacting Parties and their affiliates have not received any such notices. As noted in the response to Deficiency 83 of the February AG/DOH Request, both LMC and RHRI participate in Medicare and Medicaid as do all Prime-affiliated hospitals.

June 14, 2013 Filing

Prime Holdings

Not Applicable as to Prime Holdings.

PHMI

Not Applicable as to PHMI.

See response at April Filing, I-49-1, as to the other Transacting Parties and their affiliates.

50. Please complete the following chart for the previous 3 fiscal years and year to date.

The updated Endowment Chart, included in the response to Deficiency 84 of the February AG/DOH Response, is set forth below:

Year	Total Endowment (1)	Specific Purpose (2)	Restricted (3)	Unrestricted (4)
2010	\$305,702.00	\$25,646.00	\$80,005.00	\$200,051.00
2011	\$129,410.00	\$25,671.00	\$10,011.00	\$93,728.00
2012	\$27,216.00	-	\$1,532.00	\$25,684.00
Year To Date 01/31/2013 (four months)	\$16,766.00	-	\$928.00	\$15,848.00

NOTES:

(1) – Total Endowment – Sum of all donations (excluding grants previously included)

(2) – Specific Purpose – The specific purpose account previously held funds from various donors for special projects and/or purposes such as Lifeline, Laboratory software interface, Pharmacy Education, Heart Center and Higgins Trust Fund.

(3) – Restricted – the restricted funds are donated funds in which the donor specifies a specific use for the funds. As of the date of this chart, funds have been spent in accordance with their restrictions by either the Landmark Heart Center or the Cancer Center.

(4) – Unrestricted is the total of the unrestricted donations per year. Funds are recorded as non-operating revenue on the LMC Income Statement each year and expended in the normal course of business. Cash is commingled with operating cash.

As noted in the response to Deficiency 85 of the February AG/DOH Request, LMC’s endowment funds are \$16,766 as of January 31, 2013.

June 14, 2013 Filing

Prime Holdings

Not Applicable.

PHMI

Not Applicable.

See response concerning LMC at April Filing, I-50-1.

51. Please provide a list of all agreements of the existing hospital(s) and/or their affiliated medical providers with third party payors.

See **Exhibit 51** for the updated list of LMC/RHRI third party payors, including Medicare and Medicaid, as provided in response to Deficiency 86 of the February AG/DOH Request.

June 14, 2013 Filing

Prime Holdings

Not Applicable.

PHMI

Not Applicable.

See response at April Filing, I-51-1 and the Exhibit referenced therein, as to the LMC/RHRI list of third party payors.

52. If the acquirer is a for profit corporation that has acquired a not for 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.

Neither PHSI, Prime-Landmark nor its affiliates has acquired a not for profit hospital under the provisions of the Hospital Conversion Act.

June 14, 2013 Filing

Prime Holdings

PHSI, Prime Landmark, Prime Holdings and their affiliates have not acquired a not for profit hospital under the provisions of the Hospital Conversion Act.

PHMI

PHSI, Prime Landmark, PHMI, and their affiliates have not acquired a not for profit hospital under the provisions of the Hospital Conversion Act.

H. PLANNING

53. Please address the following regarding market share to ensure a balanced health care delivery system to the residents of the state:

Tertiary or Specialty Care Services

- (a) Please identify all tertiary or specialty care services and the market share of the Transacting Parties and/or their affiliates in the state;

Please see Exhibit 53(a)(1) for a list of the tertiary and specialty care services provided by LMC and RHRI. Exhibit 26(b) includes information regarding market share for services in LMC's primary service area and Exhibit 53(a)(2) contains information about LMC's/RHRI's market share, revised pursuant to the response to Deficiency 87 of the February AG/DOH Request.

PHSI, Prime-Landmark and their affiliates do not currently operate any hospitals in Rhode Island and do not have any market share in Rhode Island.

- (b) Please discuss the plans for changes to existing or development of any new tertiary or specialty care service in the state within 5 years after implementation of the conversion;

Prime-Landmark has plans to work with providers in the service areas, including independent primary and specialty care physicians, community health centers and nursing homes, to identify opportunities to potentially improve on the care available in the community. Prime-Landmark believes in providing quality healthcare in a cost-effective and compassionate manner. This includes offering state-of-the-art facilities, clinical technology, top-notch physicians and nurses and electronic health records to support the continuum of care.

As noted in the response to Deficiency 88 of the February AG/DOH Request, Prime does not have any plans for changes to the existing services at LMC or RHRI. Prime believes that the best sources of information as to whether or not new services need to be developed are the local physicians including primary care physicians. To date, Prime has not had the opportunity to meet with these physicians in any meaningful way concerning such changes.

- (c) Please justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state with regard to the impact of the conversion on the market share of tertiary or specialty care services of the Transacting Parties and/or their affiliates;

The proposed conversion would contribute to a balanced health care delivery system in the state with regard to the market share of tertiary and specialty care services by maintaining the current level of services offered in the service areas of LMC and RHRI. If the conversion is not approved, and the Special Master is unable to find another buyer for the Landmark Entities, the Rhode Island health care delivery system would become unbalanced and the LMC and RHRI service areas would lose vital health care providers.

With regard to all services, Prime-Landmark strongly believes that the proposed transaction will contribute to a well-balanced delivery system for the residents of the state, particularly in Woonsocket, North Smithfield and the surrounding communities.

LMC is the only acute care hospital in its Rhode Island service area (see **Exhibit 53(d)(1)**) and it is essential for the residents of the community that LMC continue to serve this market. Both LMC and RHRI have been struggling financially for several years and Prime-Landmark has made a commitment to put much needed capital improvements into the facilities. Some of the key proposed investments may include emergency department renovations, upgrades to imaging equipment, and new information technology that will improve the delivery of care.

Furthermore, a third party study conducted by Vector Group, LLC in March, 2010, reported that there is a significant concern regarding the ability of patients in this community to safely receive care outside of the service area. The Vector Group Study is appended at **Exhibit 1(d)**. Nearby hospitals are already operating above 80% capacity and even more concerning is the potential domino effect the longer drive times would have for EMS services in this area.

Service Area

(d) Please identify which cities and/or town comprise the primary and secondary service area of the Transacting Parties and/or their affiliates in the state and represent that information on a map of the state. Please describe how these service areas were determined;

Please see **Exhibit 53(d)(1)** for a map of the primary and secondary service areas of LMC and RHRI.

The service areas were determined as described in the response to Deficiency 90 of the February AG/DOH Request.

Response:

In 2011, using the then most current data available (2009) from the Rhode Island Department of Health and Massachusetts hospital data, LMC/RHRI analyzed discharge activity by zip code of origin. **Exhibit 53(d)(1)** of the Application shows a map depicting primary and secondary service areas of LMC/RHRI. Market share was determined by calculating the number of discharges from LMC/RHRI for a particular city or town and comparing that number to all Rhode Island or Massachusetts hospital discharges for the particular city or town, as applicable.

PHSI, Prime-Landmark and their affiliates do not currently operate any hospitals in Rhode Island.

(e) Please justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state with regard to impact of the conversion on the market share of the service area of the Transacting Parties and/or their affiliates;

The proposed conversion would contribute to a balanced health care delivery system in the state with regard to the market share of the service areas by maintaining the current level of services

offered in the service areas of LMC and RHRI. If the conversion is not approved, and the Special Master is unable to find another buyer for the Landmark Entities, the Rhode Island health care delivery system would become unbalanced. The LMC and RHRI service areas would lose vital health care providers.

The statistics show that the Woonsocket community is economically disadvantaged. Not only is the median income significantly below the state average, but the unemployment rate, which has grown considerably since 2000, is also significantly higher than the rest of the state. In areas such as this, it is even more important to keep community care local. A study done by Vector Group LLC in 2010 (attached at **Exhibit 1(d)**) cited the fact that “Industry studies have consistently shown the close relationship between proximity and access to care – especially among lower income persons.” Keeping market share at LMC and RHRI has a positive impact on maintaining the health status of the patients in these communities. In addition, patients do not always have the means to travel for healthcare services and it becomes more costly to the patients, their families, and the overall healthcare community.

Licensed Bed and Utilization

(f) Please identify the market share in the service area and state of both licensed and staffed beds of the Transacting Parties and/or their affiliates;

LMC is the dominant provider of short term acute hospital care in northern Rhode Island, with 214 licensed beds. (See **Exhibit 53(f)(1)**, updated (as of February 6, 2013) for the response to Deficiency 91 of the February AG/DOH Request, for a list of licensed and staffed beds at LMC and RHRI, broken down by clinical service, and see **Exhibit 53(f)(2)** for the market share of licensed and staffed beds at LMC and RHRI, updated (as of December, 2012, HARI) in response to Deficiency 91 of the February AG/DOH Request. At more than 40,000 emergency visits per year, LMC operates one of the state’s busiest emergency services. More than 25% of LMC emergency room patients arrive by ambulance suffering from life-threatening conditions such as acute cardiac disease or stroke. In some instances the care they require is not uniformly available at other area facilities. LMC is one of only three hospitals in Rhode Island qualified to provide emergency interventional care to patients suffering heart attacks. LMC delivers more intensive and clinically complex care than is frequently provided at many other area hospitals. Nevertheless, LMC provides care at a lower cost than other facilities when compared on a patient-to-patient, service-to-service basis. Please see **Exhibit 53(f)(3)**, updated for the response to Deficiency 93 of the February AG/DOH Request, for more information about LMC’s provision of low-cost care, as compared to other hospitals in Rhode Island. This rare combination of complex care and low cost is important in restraining the growth of health costs in the area.

RHRI, the second of the two LHS facilities, has 82 licensed beds and provides post-acute rehabilitation services. Such services treat patients who require intensive rehabilitation care for such health problems as Traumatic Brain Injury, Stroke, Pulmonary Disease and others. While such services are available through smaller rehabilitation units at some community hospitals, RHRI, as a freestanding facility, specializes solely in such services. This enables it to maintain a broader patient base, to provide a broader range of services and expertise and to care for patients with more complex needs. As the only freestanding post-acute rehabilitation hospital in the state,

RHRI, like LMC, is a unique provider that enables many patients to achieve a more rapid and more complete recovery. Without RHRI, an important nexus of rehabilitation expertise would be lost to Rhode Island and poorer outcomes for many patients requiring intensive post-acute rehabilitation would result. The proposed conversion will allow both facilities to continue providing their much-needed services to their communities.

(g) Please justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state with regard to the impact of the conversion on the market share of the licensed and staffed beds of the Transacting Parties and/or their affiliates;

The proposed conversion would contribute to a balanced health care delivery system in the state with regard to the market share of licensed and staffed beds by maintaining the current level of services offered in the service areas of LMC and RHRI. If the conversion is not approved, and the Special Master is unable to find another buyer for the Landmark Entities, the Rhode Island health care delivery system would become unbalanced. The LMC and RHRI service areas would lose vital health care providers.

Impact on Other Providers

(h) Please discuss the anticipated impact of the proposed conversion on the future viability of other providers of health services in the Transacting Parties and/or their affiliates' service area in the state and justify how the proposed conversion would contribute to a balanced health care delivery system to the residents of the state in consideration of its impact on other providers of health care services in the state;

The acquisition of LMC and RHRI will allow those hospitals to continue to be available to provide hospital and other services to the many physicians, community health centers, community mental health centers, nursing home and other medical providers in the hospitals' service area.

(i) Discuss in detail the anticipated impact, if any, on the market share of the acquirer and its affiliates, if the proposed conversion takes place, on each of the tertiary or specialty care services identified in (a) above; and

Prime-Landmark and its affiliates do not currently operate any facilities in Rhode Island and have no market share. The proposed conversion would have no immediate impact on the market share of tertiary and specialty care services identified in (a) above because Prime-Landmark would assume the existing market share of LMC and RHRI. If the conversion is not approved, and the Special Master is unable to find another buyer for the Landmark Entities, the Rhode Island health care delivery system would become unbalanced. The LMC and RHRI service areas would lose vital health care providers.

(j) Discuss in detail the appropriateness of the conversion based on the share of tertiary or specialty care services to ensure a balanced health care delivery system to the residents of the state.

As demonstrated in the previous responses to this Question 53, the proposed conversion would contribute to a balanced health care delivery system in the state with regard to the share of tertiary and specialty care services by maintaining the current level of services offered in the service areas of LMC and RHRI. If the conversion is not approved, and the Special Master is unable to find another buyer for the Landmark Entities, the Rhode Island health care delivery system would become unbalanced. The LMC and RHRI service areas would lose vital health care providers.

June 14, 2013 Filing

Prime Holdings

See responses (a) through (j) in April Filing, I-53-1 through I-53-5 and all Exhibits referenced therein.

PHMI

See responses (a) through (j) in April Filing, I-53-1 through I-53-5 and all Exhibits referenced therein.

- 54. 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.**

Prime has not prepared or received any opinions, reports or memoranda addressing the state and federal tax consequences of the proposed conversion.

In the response to Deficiency 94 of the February AG/DOH Request, LMC provided **Exhibit 54**, explaining as to LMC, in addition to the limitations and restrictions indicated by Kahn Litwin & Renza as set forth at **Exhibit 54**, the Special Master notes that the attached documents were prepared more than 2 ½ years ago and were prepared in conjunction with a prior transaction. Based upon those limitations and restrictions and the outdated nature of the information contained therein, the Special Master has not relied on any portion of the attached documents in connection with the proposed conversion.

June 14, 2013 Filing

Prime Holdings

No Prime entity has prepared or received any opinions, reports or memoranda addressing the state and federal tax consequences of the proposed conversion.

PHMI

No Prime entity has prepared or received any opinions, reports or memoranda addressing the state and federal tax consequences of the proposed conversion.

See response at April Filing, I-54-1 and the Exhibit referenced therein, as to LMC.

55. 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.

The price offered by Prime-Landmark for the Landmark Entities was based on the history of previous bids made by bidders up to that point in the Special Mastership proceedings. Prime-Landmark examined the most recent bids considered by the Special Master and the Asset Purchase Agreement between Steward and the Special Master. Prime-Landmark arrived at its initial offer by comparing the Steward Asset Purchase Agreement to the offers previously made in the bidding process as well as the current financial condition of the Landmark Entities. The parties negotiated the final purchase price as set forth in the Asset Purchase Agreement.

In the February AG/DOH Request at Deficiency 95, the names and addresses of persons preparing the Asset Purchase Agreement were requested. See information below.

Stephen F. DelSesto, Esq.
Shechtman Halperin Savage, LLP
1080 Main Street
Pawtucket, Rhode Island 02860

Michael J. Sarrao, Esq.*
Law Offices of Michael J. Sarrao
8105 Irvine Center Drive, Suite 600
Irvine, California 92618

Joshua Nemzoff
Nemzoff & Company, LLC
P.O. Box 395
New Hope, PA 18938

* When the documents were prepared, Mr. Sarrao was General Counsel for Prime.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-55-1.

PHMI

See response at April Filing, I-55-1.

56. Please provide patient statistics for the past 3 years and patient projections for the next years 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.

See Exhibit 56.

June 14, 2013 Filing

Prime Holdings

Not Applicable. See response concerning LMC and RHRI at April Filing, **Exhibit 56**, LPHCA/I 03886.

PHMI

Not Applicable. See response concerning LMC and RHRI at April Filing, **Exhibit 56**, LPHCA/I 03886.

57. Please provide all plans to develop or change the existing services and/or develop new services and programs at the hospital(s) being converted.

Prime-Landmark believes that plans to develop or change the existing services at a hospital or to develop new services can only be determined after review of sufficient data and input from local management, local physicians and other healthcare providers, and local community leaders. Prime-Landmark has begun, but not completed, discussions with these stakeholders and as a result, has not yet developed any such plans. As set forth in the Asset Purchase Agreement, Prime-Landmark has committed to invest no less than \$30 Million during the five (5) years following the Closing to make improvements to the existing infrastructure, upgrade and/or install new state of the art information systems, and upgrade the medical equipment used to deliver patient care. Prime-Landmark will also focus on improving efficiencies in the delivery of care at LMC and RHRI including the care provided in LMC's emergency department so that patients have lower wait times.

In the response to Deficiency 96 of the February AG/DOH Request, Prime projected how the \$30 million (referenced above) would be spent. See below.

Capital Needs	Source of Funding for Capital Needs	Cost of Satisfying Capital Needs	Date of Projected Completion
Information Systems – New System	Equity from Parent	\$6,000,000	1 st Quarter 2014
Patient Care Equipment – New Equipment	Equity from Parent	\$6,000,000	Ongoing
Plumbing & Fire System – Repair & Replacement	Equity from Parent	\$2,000,000	Ongoing with full completion by 4 th Quarter 2014
HVAC Systems – Repair and Replacement	Equity from Parent	\$7,000,000	Ongoing with full completion by 4 th Quarter 2014
Electrical Systems – Repair and Replacement	Equity from Parent	\$2,900,000	Ongoing with full completion by 4 th Quarter 2014
Sitework – Repair & Replacement	Equity from Parent	\$1,100,000	Ongoing with full completion by 4 th Quarter 2014
Façade & Roof – Repair and Replacement	Equity from Parent	\$2,500,000	Ongoing with full completion by 4 th Quarter 2014
Interiors – Repair and Replacement	Equity from Parent	\$2,500,000	Ongoing with full completion by 4 th Quarter 2015

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-57-1.

PHMI

See response at April Filing, I-57-1.

58. Please provide any and all documents (including, but not limited to, letters, memoranda, reports, minutes, and the like) reflecting consideration of potential “partners” other than the Transacting Parties (including affiliations, mergers, acquisitions, purchases or the like) by the Transacting Parties for the full prior 3 calendar years up to the present, including, but not limited to, the following:
- (a) A list of potential partners and any negotiations with such party;
 - (b) Copies of reports analyzing affiliations, mergers, or other similar transactions considered by any of the Transacting Parties, including, but not limited to, reports by appraisers, accountants, investment bankers, actuaries and other experts;
 - (c) Copies of any and all proposals, bids presentations, correspondence, memoranda and/or other forms of communication to or from actual or potential strategic partners or acquirors of any interest in the Transacting Parties and/or its affiliates, including, but not limited to, preliminary, modified or superseded proposals, bids, presentations or communications relating thereto and responses to any said proposals or the like;
 - (d) Any proposals, or other presentation and discussion packet materials, both formal and informal, prepared for and/or provided by the Transacting Parties and their affiliate hospital or their consultants or advisors with respect to the proposed conversion; and
 - (e) Copies of any opinions or memoranda addressing the state and federal tax consequences of the proposed conversion prepared for a Transacting Party or its’ affiliates by an attorney, accountant, or other expert, including whether the proposed conversion is proper under applicable federal and state tax code provisions.

See **Confidential Exhibit 27** as to PHSI’s consideration of potential partners, other than the Landmark Entities. Related documents are at **Confidential Exhibit 43(b)**.

As stated in the Executive Summary, the Landmark Entities have been under the Special Mastership since June 2008. During that time, the Special Master has supervised daily operations of LMC and RHRI, and has been charged with identifying appropriate options for the Landmark Entities, including potential affiliations, mergers or other similar transactions. A primary goal of the Special Mastership has been to achieve financial stability and preserve the important missions of LMC and RHRI. Initially, the Special Master entered into exploratory discussions with other, larger, health care providers in the area that had previously expressed interest in entering into some type of arrangement with the Landmark Entities. While the parties held some preliminary discussions, no offers materialized from those talks, due in part to the national economic crisis. Efforts continued during 2009 and 2010 to find potential partners, but despite discussions with several potential partners, no agreements were reached. (See **Exhibit 13** for summaries of bids received and analyses of the bids.)

Throughout the Special Mastership process, the Landmark Entities, in conjunction with the Special Master, have endeavored to review and understand all viable options, though those reviews may not have necessarily resulted in formal reports, letters, memoranda, minutes or other documents analyzing each option. Please see **Exhibits 1(c) and 1(d)** for the reports that the Landmark Entities and the Special Master commissioned and utilized when reviewing potential transactions. In addition, please see **Exhibit 13** for summaries and analyses of potential bids.

In the February AG/DOH Request and the April AG/DOH Request, Deficiencies 98 and 99 asked for all criteria considered by the Special Master in selecting Prime as the proposed bidder, updating the information provided to account for the Prime transaction. The response is directed to review of Deficiency 26 of the February AG/DOH Request which updated Question 13 which was again updated in the response to Deficiency 27 of the April AG/DOH Request. See also the response to Question 26.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-58-1 through I-58-2 and all Exhibits referenced therein.

PHMI

See response at April Filing, I-58-1 through I-58-2 and all Exhibits referenced therein.

59. Please provide an Integration Plan for the proposed conversion. An Integration Plan should include the following key components at a minimum:
- (a) **Financial/Business Plan:** Please quantify the projected enhanced revenue versus the operational cost, capital cost and financing plan for the combined operations of the affiliated entities, including any management fees, etc. to be paid by the Transacting Parties and any of the affiliates as well as for each entity. These financial projections must include documentation of the expected operational, clinical and corporate cost reductions and efficiencies to be gained through the conversion. For example, is it anticipated that all of the current management staff will remain or will the plan require management consolidations? Projections must then be compared to the current baseline financial projection assuming the affiliation did not occur.
 - (b) **Feasibility Assessment:** Please provide justification that the underlying assumptions supporting the financial/business plan for the resulting entities post transaction are reasonable. For example, what market share, rate increases, property sale/value, new research grants, utilization increases, changes in reimbursements from payors, financing capabilities, potential new services to be provided, etc. are assumed in the proposed revenue projections?
 - (c) **Benefit to the Community:** Please demonstrate the impact of each element of the integration plan on the community, specifically considering affordability. For example, will this plan require increases in fees to offset the required investments or other changes in medical services? In addition, the application must demonstrate the impact of each element of the Integration Plan on the community in terms of quality and access including, but not limited to, the following:
 - (i) Plans to improve access and provide benefits to the community in geographic areas to be served under the proposed affiliation;
 - (ii) Commitment to a primary care-based infrastructure and its design in comparison to NCQA's Medical Home standards; and
 - (iii) Determination of unmet needs of the population in geographic areas to be served, how the proposed conversion will address such unmet needs, and the improved community/population outcomes that are anticipated as a result.
 - (d) **Balanced Health Care Delivery Assessment:** The application must demonstrate how the proposed transaction will contribute to a more efficient delivery system, rebalancing institutionally based-care and community-based care to ensure that care is delivered in the most appropriate, least restrictive setting.

- (e) **Patient Discharge:** What will be done to promote patient discharge to the least intensive setting, as well as decreased preventable hospitalizations, re-hospitalizations, non-emergent care in the Emergency Department, medical errors, etc.?
- (f) **Integration Plan Approval:** Has the Integration Plan been discussed with and approved by the boards of the hospital? Please provide evidence that the Integration Plan has been discussed with provider groups and community members. Please document your response.

(a) Prime-Landmark's financial and business plan for the integration of LMC and RHRI is detailed in **Confidential Exhibit 59(a)**. Prime-Landmark continues to refine the integration and business plan in connection with the advisory services provided to LMC and RHRI under the Management Advisory Agreement, but has not yet documented them in a manner similar to **Confidential Exhibit 59(a)**.

(b) The assumptions on which the financial and business plan are based are set forth in **Confidential Exhibit 59(a)**.

(c) Generally, as stated in other parts of this application, Prime-Landmark's integration plan manifests an acute benefit to the community by ensuring that LMC and RHRI continue to operate. LMC is the only acute care hospital in its service area and it is essential for the residents of the community that LMC continue to serve this market. The hospitals have been struggling financially for several years and Prime-Landmark has made a commitment to put much needed capital improvements into the facilities while maintaining all of the current services, including tertiary care and specialty care services, for a minimum of two years post-closing. Some of the key proposed investments include emergency department renovations, upgrades to imaging equipment, and new information technology that will improve the delivery of care.

Furthermore, third party report that there is a significant concern for patients in this community to safely receive care outside of the service area. Nearby hospitals are already operating above 80% capacity and even more concerning is the potential domino effect the longer drive times would have for EMS services in this area. As noted in the response to Deficiency 100 of the February AG/DOH Request, the third party report referenced herein is The Vector Report which is attached at **Exhibit 1(d)**.

The statistics show that the Woonsocket community is economically disadvantaged. Not only is the median income significantly below the state average, but the unemployment rate, which has grown considerably since 2000, is also significantly higher than the rest of the state. Keeping market share at LMC and RHRI has a positive impact on maintaining the health status of the patients in these communities. In addition, patients do not always have the means to travel for healthcare services and it becomes more costly to the patients, their families, and the overall healthcare community.

(d) Prime-Landmark will work locally in Woonsocket and throughout the communities served by Prime Healthcare hospitals to shift emphasis toward community-based care. Locally, Prime-Landmark hopes to coordinate a variety of activities with Thundermist, the city's primary care leader, to ensure that care is delivered in the most appropriate, least restrictive setting.

(e) At all of its hospitals, Prime Healthcare works with its staff and each patient's treating physicians to promote patient discharges from the inpatient setting to the least intensive, most cost effective alternative. Through partnering with local long term care, home care, hospice, and, Prime-Landmark will put in place a network of post-acute discharge resources.

(f) As part of the advisory services provided to LMC and RHRI under the Advisory Services Agreement, Prime-Landmark has worked closely with LMC's and RHRI's staff to better understand the local healthcare delivery system and means by which the delivery of healthcare can be improved. The financial and business plan detailed in **Confidential Exhibit 59(a)** is the result of these efforts. Prime-Landmark will work closely with local providers and community leaders in the coming weeks to seek their input on these plans.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

See response to April Filing, I-59-1 through I-59-3 and the Exhibits referenced therein.

PHMI

See response to April Filing, I-59-1 through I-59-3 and the Exhibits referenced therein.

- 60. Please provide the names, addresses and phone numbers of professional consultants engaged in connection with the proposed conversion.**

The response to Deficiency 101 of the February AG/DOH Request replaced the information originally provided. See charts on the following pages.

Please note that Capitol City Group and True North Communications are now under contract with Prime. Although Prime will pay for their services, relieving the Mastership estate of the costs, nonetheless, Capitol City Group and True North Communications will be available to assist the Special Master whenever necessary.

June 14, 2013 Filing

Prime Holdings

See response to April Filing, I-60-1 through I-60-2 as to Prime.

PHMI

See response to April Filing, I-60-1 through I-60-2 as to Prime.

As to LMC/RHRI, see April Filing, I-60-3.

CONSULTANTS USED BY PRIME

Name	Company	Address	Telephone	Description/ Business Type
Cynthia J. Warren, Esq.	Cameron & Mittleman LLP	301 Promenade Street, Providence, RI 02908	(401) 331-5700	Attorney
Joseph Walsh	Government Strategies, Inc.	335 Centerville Road, Warwick, Rhode Island 02886	(401) 864-1665	Government Relations/Lobbying
Bill Fischer	True North Communications, LLC	260 West Exchange Street, Suite 305 Providence, RI 02903	(401) 228-8016	Marketing/Public Relations/Media
Joshua A. Nemzoff	Nemzoff & Company, LLC	360 Covered Bridge Road, New Hope, PA 18938	(215) 862-4404	Consultant
Christopher P. Vitale Gerald T. Harrington	Capitol City Group, Ltd.	260 West Exchange Street, Suite 305, Providence, RI 02903	(401) 453-1786	Lobbying

**CONSULTANTS USED IN CONNECTION WITH
PRIME/LMC/RHRI ACQUISITION
By LMC/RHRI**

Name	Company	Address	Telephone	Description/ Business Type
Lubiner, Joseph	Vector HMG	35 Chestnut Drive East Greenwich, RI 02818	(401) 529-3022	Healthcare Consultant
Vitale, Christopher	Capitol City Group, Ltd	260 West Exchange Street Suite 305 Providence, RI 02903	(401) 453-1786	Government Relations/Lobbying
Harrington, Gerald	Capitol City Group, Ltd.	260 West Exchange Street Suite 305 Providence, RI 02903	(401) 453-1786	Government Relations/Lobbying
Fischer, Bill	True North Communications, LLC	260 West Exchange Street, Suite 105 Providence, RI 02903	(401) 228-8016	Marketing/Public Relations/Media
Cavallero, Anthony	JACA Architects	211 Larchmont Lane Hanover, MA 02339	(781) 682-9888	Architect
Surette, Jr. John	Kahn, Litwin, Renza & Co., Ltd.	951 North Main Street Providence, RI 02904	(401) 274-2001	Auditor/CPA

61. Please provide a copy of any agreement 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.

The responses to Deficiencies 102, 103 and 104 of the February AG/DOH Request replace the information originally provided.

See **Confidential Exhibit 61(a)** for Prime's contracts with the consultants referenced in the Chart following Question 60.

See **Confidential Exhibit 61(b)** for contracts relating to the Landmark Entities. Please note that with regard to William Fischer of True North Communications, there is no agreement with the Landmark Entities. True North Communications is engaged on a month-to-month basis, as acknowledged by the Providence Superior Court in a June 20, 2011 Order, approving True North's invoices and subsequent orders of the Court which have approved True North's subsequent monthly invoices.

See the Court Order at **Exhibit 48(b)** and Engagement Letter at **Exhibit 61(b)** from Stephen Zubiago, Esq. of Nixon Peabody.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

May 21, 2013 Filing

8. Please provide a signed contract between Prime Healthcare Services, Inc. and True North Communications, LLC that appears at Bates number LPHCA/I-C 03310 to 03315.

Response:

See **Confidential Exhibit 61(a)**.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-61-1 and **Confidential Exhibit 61(a)** at LPHCA/I-C 03308-03329. See also May filing M-3 as to the True North Communications Contract, included at **Exhibit 8**, LPHCA/M-00087-00092 (now at **Confidential Exhibit 61(a)**).

PHMI

See April Filing, I-61-1 and **Confidential Exhibit 61(a)** at LPHCA/I-C 03308-03329. See also May filing M-3 as to the True North Communications Contract, included at **Exhibit 8**, LPHCA/M-00087-00092 (now at **Confidential Exhibit 61(a)**).

See LMC/RHRI at April Filing, I-61-1 and the Exhibits referenced therein.

62. Please provide 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.

Prime-Landmark has not prepared any such studies or reports at the present time. Service areas of Prime's hospitals do not overlap with LMC or RHRI.

June 14, 2013 Filing

Prime Holdings

No Prime entity has prepared any such studies or reports at the present time. Service areas of Prime's hospitals do not overlap with LMC or RHRI.

PHMI

No Prime entity has prepared any such studies or reports at the present time. Service areas of Prime's hospitals do not overlap with LMC or RHRI.

I. QUALITY AND EFFICIENCY

63. Please provide the Corporate Compliance Program for each of the Transacting Parties.

See the PHSI Compliance Manual, to be adopted by Prime-Landmark, at **Confidential Exhibit 63(a)**, as provided in the response to Deficiency 105 in the February AG/DOH Request and as updated pursuant to Deficiency 30 of the April AG/DOH Request.

See attached **Confidential Exhibits 63(b), 63(c) and 63(d)** for LMC and RHRI.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

Prime Holdings has no employees and does not maintain a Corporate Compliance Program.

PHMI

See **Confidential Exhibit 63(a)**.

See response at April Filing, I-63-1 and the Exhibits referenced therein, as to compliance programs for PHSI (to be adopted by Prime Landmark) and LMC/RHRI. See May Filing, M-2 and **Confidential Exhibit 5** at LPHCA/M-C-00001-00047 for PHSI Compliance Manual, updated to include the new General Counsel's name.

Note: All Compliance Manuals are at Exhibit 63 of this filing.

64. Please identify for each of the Transacting Parties and their affiliates whether or not their JCAHO accreditation is currently in good standing. If not, then please discuss in detail the reasons and provide copy of the JCAHO survey.

As updated in the response to Deficiency 106 of the February AG/DOH Response:

Hospital	Accrediting Body	Status
Landmark Medical Center	Joint Commission	Good Standing
Rehabilitation Hospital of Rhode Island	Joint Commission	Good Standing
Desert Valley Hospital	Healthcare Facilities Accreditation Program of American Osteopathic Association	Good Standing
Chino Valley Medical Center	Healthcare Facilities Accreditation Program of American Osteopathic Association	Good Standing
Sherman Oaks Hospital	Healthcare Facilities Accreditation Program of American Osteopathic Association	Good Standing
Montclair Hospital Medical Center	Joint Commission	Good Standing
Huntington Beach Hospital	Joint Commission	Good Standing
La Palma Intercommunity Hospital	Joint Commission	Good Standing
West Anaheim Medical Center	Joint Commission	Good Standing
Paradise Valley Hospital	Joint Commission	Good Standing
Centinela Hospital Medical Center	Joint Commission	Good Standing
Encino Hospital Medical Center	Joint Commission	Good Standing
San Dimas Community Hospital	Joint Commission	Good Standing
Garden Grove Hospital Medical Center	Joint Commission	Good Standing
Shasta Regional Medical Center	Joint Commission	Good Standing
Alvarado Hospital Medical Center	Joint Commission	Good Standing

(continued)

Hospital	Accrediting Body	Status
Harlingen Medical Center	Joint Commission	Good Standing
Roxborough Memorial Hospital	Joint Commission	Good Standing
Pampa Regional Medical Center	Joint Commission	Good Standing
Saint Mary's Regional Medical Center	Joint Commission	Good Standing
Dallas Medical Center	Joint Commission	Good Standing
Lower Bucks Hospital	Joint Commission	Good Standing
Knapp Medical Center	Joint Commission	Good Standing
Providence Medical Center	Joint Commission	Good Standing
Saint John Hospital	Joint Commission	Good Standing

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-64-1 through I-64-2.

PHMI

See response at April Filing, I-64-1 through I-64-2.

65. Please provide all summary reports concerning patient satisfaction surveys for the Transacting Parties and/or its affiliates for the last 3 years.

See attached **Confidential Exhibit 65(a)** for summary reports related to Prime hospitals.

See attached **Confidential Exhibit 65(b)** for summary reports related to LMC and RHRI, it being noted that the RHRI reports were provided in response to Deficiency 108 of the February AG/DOH Request.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

May 21, 2013 Filing

11. Please provide legible copies of the pages at Bates LPHCA/I-C 03436 to 03442.

Response:

See **Confidential Exhibit 65(a)**. Please note that updated information, through 2012, has been provided.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

See May Filing at M-4 and **Confidential Exhibit 11** at LPHCA/M-C-00048-00052.

PHMI

See May Filing at M-4 and **Confidential Exhibit 11** at LPHCA/M-C-00048-00052.

For patient satisfaction as to LMC/RHRI see April Filing, I-65-1 and **Confidential Exhibit 65(b)**, LPHCA/I-C 03443-03747.

66. Please describe how the Transacting Parties will make investments to expand supportive primary care in Rhode Island.

Prime-Landmark recognizes that primary care providers are essential to the efficient delivery of quality healthcare for the residents of Rhode Island and in particular for the residents of the communities served by LMC and RHRI. Subject to additional input from local physicians, healthcare providers, and community leaders, Prime-Landmark plans to make investments to support primary care in Rhode Island by investing in the recruitment of primary care physicians, developing collaborative relationships with providers such as Thundermist Health Center to more effectively deliver primary care, and developing methods to develop primary care services to the indigent and/or uninsured patients in the community by way of support for existing free or low-cost community health centers and/or the development with other providers of free or low-cost community health centers and clinics.

As for their explanation in the response for deficiency 109 of the February AG/DOH Request:

Response:

Prime-Landmark contemplates providing the following support to develop primary care services for the indigent and uninsured members of the community:

- Providing financial support to nonprofit community health centers/clinics that provide primary care services to the indigent and uninsured members of the community; and
- Developing a method by which to exchange medical information regarding patients seen at LMC with primary care physicians who provide care in the community to uninsured and indigent members of the community so conditions are not left untreated.

In the February AG/DOH Request, Deficiency 110 asked for the following information:

2. Please provide an itemization of the \$4.5 million dollar commitment for physician recruitment and what percentage of this amount will be allocated for primary care physician recruitment.

Response:

PHSI has not yet developed a budget with respect to the commitment for physician recruitment. This being said, PHSI anticipates that at least 50% of the commitment would be allocated for primary care physician recruitment.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-66-1.

PHMI

See April Filing, I-66-1.

67. Please describe how the Transacting Parties will use capitalization, collaboration and partnerships with community health centers and private primary care practices to reduce inappropriate Emergency Department use.

PHSI has a history of working with community partners to reduce inappropriate emergency department use by making primary care available in the community. For example, Chino Valley Medical Center has worked collaboratively with two of the cities it serves to establish two (2) free community clinics that are designed to meet the primary care needs of the indigent and/or uninsured in the community and avoid the need for these patients to seek care in the emergency department for primary care needs. Likewise, Shasta Regional Medical Center assisted a local community health center in the acquisition of a mobile health clinic that serves the needs of the community by travelling to areas where patients need access to primary care so as to avoid and/or reduce inappropriate emergency department use. Prime Healthcare hospitals have also entered into agreements with local pharmacies to ensure that indigent and/or uninsured patients have access to medications upon discharge so as to avoid repeat visits to the emergency department as a result of a failure to take prescribe medications. Prime-Landmark anticipates developing similar programs in Woonsocket and other communities as well as meeting with local community leaders to identify other methods to reduce inappropriate emergency department.

In the response to Deficiency 111 of the February AG/DOH Request, Prime explained its anticipated relationship with Thundermist and how Prime has supported community health centers and centers and clinics elsewhere.

Response:

Prime believes that in order to reduce inappropriate emergency department usage, patients must have access to primary care services so as to prevent unnecessary usage of the emergency department at the onset of a medical condition and after discharge from a hospital so as to avoid readmission. Prime-Landmark will endeavor to work with Thundermist Health Center to assess market needs and to increase access to primary care physicians for preventive care and non-emergency care by, among other things, providing financial support for Thundermist Health Center and sponsoring community outreach programs. Prime-Landmark will also seek to develop a program with Thundermist which would allow for the exchange of medical information and discharge planning so that patients receive adequate follow-up care in an outpatient setting.

Prime has a track record of supporting the delivery of primary care services:

- Through PHSF, Prime has supported two non-profit community clinics which provide primary care services to indigent patients in the City of Chino and the City of Montclair. In addition, PHSF and Shasta Regional Medical Center provided major funding to Shasta Community Health Center to support the purchase of a mobile health clinic. Shasta Regional Medical Center and PHSF also provided the funding necessary to allow Shasta County to upgrade its 911 system.

- Desert Valley Medical Group is a multi-specialty physician group which operates in affiliation with Desert Valley Hospital. Desert Valley Medical Group operates a number of primary care clinics/offices and urgent care clinics in an effort to avoid emergency department usage for primary care services.
- Saint Mary's Medical Group which operates in affiliation with Saint Mary's Regional Medical Center in Reno, Nevada operates primary care clinics and urgent care clinics including urgent care clinics in Wal-Mart locations.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-67-1 through I-67-2.

PHMI

See April Filing, I-67-1 through I-67-2.

68. Intentionally omitted.

69. Please provide any documents that indicate the efficiencies that are planned and/or projected from the proposed conversion of each of the Transacting Parties and/or their affiliates for a period starting with the Effective Date, running 3 years forward.

As indicated in prior responses, Prime-Landmark and its affiliates do not own or operate any other hospitals in Rhode Island. Nonetheless, Prime-Landmark believes that the proposed conversion will lead to a number of efficiencies for LMC and RHRI as they will become part of Prime Healthcare's award winning health system. Most importantly, LMC and RHRI will have immediate access to best practices that have been developed by Prime Healthcare over the past ten (10) years and implemented at its hospitals to improve the quality of care provided at each hospital acquired by Prime Healthcare which ultimately resulted in Prime Healthcare being recognized as a Top 15 Health System. LMC and RHRI will also have access to Prime Healthcare's buying power in terms of medical equipment and information systems which will allow LMC and RHRI to not only purchase these items at a lower cost but expedite the delivery and installation of these items so that they will be available for the delivery of patient care much sooner than usual. LMC and RHRI will also receive support from Prime Healthcare's corporate and regional staff in all areas so that the staff at LMC and RHRI can focus on delivering patient care.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-69-1.

PHMI

See April Filing, I-69-1.

70. Please provide any and all documents referring or relating to determination of hospital efficiency for the Transacting Parties and their affiliates for the past 3 years that were provided to the board or senior management.

None of the Transacting Parties have produced such reports. LMC, pursuant to advice received under the Management Advisory Agreement, since October, 2012, has implemented changes that have resulted in the following efficiencies:

- Annual savings of \$64,000 due to new BioMedical Engineering Services Agreement;
- Annual savings of \$215,000 due to implant cost caps for Orthopedics and Cardiology; and
- Annual savings of \$50,373 due to changes in pharmacy aerosol/MDI treatments.

As noted in the Response to Deficiency 112 of the February AG/DOH Request, there are no documents responsive to this question.

In the response to Deficiency 113 of the February AG/DOH Request, the spreadsheet showing the efficiencies attained at LMC/RHRI under Steward management was provided. See **Exhibit 70(a)**. As explained in that response to Deficiency 113, the attached spreadsheet represents the result of efforts by Steward under the management advisory agreement to provide LMC access to its purchasing contacts, including the Greater New York Hospital Association (GNYHA) Group Purchasing Organization contract. The spreadsheet shows LMC's annual purchase volume for selected products/contracts before access to Steward's contracts (column C), the projected savings for a full 12 month period (column E), and the savings for the remainder of the fiscal 2012 year (Column I). There were a couple of products whose price was higher for LMC through the Steward contract, however, for all aggregate purchases, there was an overall projected savings. Total projected annual savings was \$601,061, with F/Y 12 projected savings of \$478,263.

Deficiencies 114 and 115 of the February AG/DOH Request asked for an explanation as to "implant cost caps" and "Pharmacy aerosol/MDI treatments" See responses below.

Response:

Implants are devices that are surgically implanted inside the human body. For example, a pacemaker would be a cardiology implant. A replacement hip or knee would be an orthopedic implant. The "cost cap" is the maximum LMC is willing to pay for the implant from the vendor.

Response:

LMC currently utilizes Metered Dose Inhalers (MDIs) for the administration of inhalation medication. These are the devices you would typically see when someone is self-administering medication for asthma, by way of example. LMC will be converting to small hand-held nebulizers that will deliver the medication using a wall oxygen source.

Supportive documentation as to Question 70, as requested in Deficiency 116 of the February AG/DOH Response is attached at **Exhibit 70(b)**.

June 14, 2013 Filing

Prime Holdings

See response at April Filing, I-70-1 and Exhibits referenced therein, as to Prime, LMC and RHRI.

PHMI

See response at April Filing, I-70-1 and Exhibits referenced therein, as to Prime, LMC and RHRI.

J. STAFF

- 71. Please provide a description of staffing levels 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 any anticipated or proposed changes in current staffing levels, including, but not limited to, copies of plans relative to staffing during the first 3 years at the new hospital(s).**

See **Exhibit 71**.

As noted in the response to Deficiency 117 of the February AG/DOH Request, the only documents relating to LMC/RHRI staffing levels are **Exhibit 71** and **Appendix A-1**. In response to Deficiency 118 of the February AG/DOH Request, **Exhibit 71** reflects data collected on November 24, 2012. As pointed out in the response to Deficiency 119 of the February AG/DOH Request, the figures on **Exhibit 71** refer to hours paid as recorded in payroll records for the week ending November 24, 2012 and **Appendix A-1** refers to scheduled hours (not hours actually worked).

June 14, 2013 Filing

Prime Holdings

See April Filing, I-71-1 and the Exhibits referenced therein.

PHMI

See April Filing, I-71-1 and the Exhibits referenced therein.

72. Please provide a copy of all union contracts and any written comments from any of the unions regarding the proposed conversion.

See attached **Confidential Exhibit 72**.

Any supporting documents provided in response to this question that are labeled Confidential Exhibits are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws § 23-17.14-32.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-72-1 and **Confidential Exhibit 72** at LPHCA/I-C 03748-03895.

PHMI

See April Filing, I-72-1 and **Confidential Exhibit 72** at LPHCA/I-C 03748-03895.

K. SERVICES

73. Please provide: (a) a list of all medical services, departments, clinical services, and administrative services that shall be maintained at the new hospital; and (b) 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.

(a) See attached Exhibit 73(a).

(b) Prime-Landmark is currently reviewing all departments, as well as medical, clinical, social and administrative services provided by LMC and RHRI, but has not yet made any final determinations regarding whether such departments and/or services may need to be changed, by eliminating, significantly reducing or enhancing such departments and/or services in the interest of operational efficiency following the proposed conversion.

Radiation Therapy Services, Inc., ("RTS") has asserted a right to purchase LMC's minority interest in Southern New England Regional Cancer Center ("SNERCC") as a result of the proposed conversion. Prime-Landmark has had preliminary discussions with RTS about its assertion and whether certain services currently provided at LMC could be provided more efficiently by SNERCC and whether certain services currently provided at SNERCC could be provided more efficiently by LMC.

In the response to Deficiencies 120 and 121 of the February AG/DOH Request, the following update was provided as to any preliminary determinations regarding any anticipated changes to medical, clinical or administrative services post conversion.

Response:

With the exception of the certain services that could be provided more efficiently by SNERCC discussed below, Prime has made a preliminary determination that the services currently offered at LMC will be maintained.

As discussed in the response to Question 21, Prime has had discussions with respect to Radiation Therapy Services' acquiring LMC's interest in SNERCC. If such a transaction were to occur, Prime believes it may make sense for certain cancer treatments to be provided at SNERCC rather than at LMC but still in the local community as SNERCC may be able to achieve certain efficiencies.

Prime further indicated in the Response to Deficiency 122 of the February AG/DOH Request that Prime does not expect to make any final determinations as to medical services, departments, clinical services, and administrative services until after it has had the opportunity to own and operate the hospitals. Certain preliminary determinations may be made within the next 30 to 60 days.

June 14, 2013 Filing

Prime Holdings

See April Filing, I-73-1 and **Exhibit 73(a)** at LPHCA/I 03899-03900.

PHMI

See April Filing, I-73-1 and **Exhibit 73(a)** at LPHCA/I 03899-03900.

APPENDIX A

1. Please identify the total number of FTEs (full time equivalents) and the associated payroll expense (fringe benefits) at the existing hospital for the last full FY year, for the current budget year and as projected at the new hospital in the first three years after implementation of the proposal.

On the following two pages, see A(1)(LMC) for data related to LMC and A(1)(RHRI) for data related to RHRI.

June 14, 2013 Filing

Prime Holdings

No change to April Filing for A(1) through A(4).

PHMI

No change to April Filing for A(1) through A(4).

A(1)(LMC)

Exhibit A(1) - LMC
LMC

Personnel (by major categories)	East Three Fiscal Years						Projected First Three Operating Years (if approved)							
	FY: 2010		FY: 2011		FY: 2012		FY: 2013		FY: 2014		FY: 2015		FY: 2016	
	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes
Clinical	141.06	13,862,572	142.93	14,481,978	136.54	12,840,364	123.92	11,642,113	122.68	12,688,322	123.91	13,135,586	125.15	13,598,615
Finance	38.35	2,615,770	38.32	2,796,995	36.27	2,605,473	36.54	2,507,069	36.17	2,525,632	36.54	2,614,660	36.90	2,706,827
Nursing	377.64	30,262,921	328.1	31,990,623	311.5	29,871,261	301.97	28,297,449	298.95	29,523,763	301.94	29,943,325	304.96	30,998,827
Other	12.85	3,905,474	14.47	4,854,536	13.18	4,525,717	16.77	5,272,891	16.60	4,457,524	16.77	4,614,652	16.94	4,777,318
Support Services	225.52	13,141,731	241.23	15,140,271	226.72	13,922,373	235.73	13,983,313	223.47	13,495,507	225.71	13,971,223	227.96	14,463,709
Totals	745.42	63,788,468	766.05	69,254,403	724.21	63,765,188	704.93	61,702,835	697.88	62,090,747	704.86	64,279,446	711.91	66,546,297

A(1)LMC

A(1)(RHRI)

EXHIBIT A(1) - RHRI
RHRI

Personnel (by major categories)	Past Three Fiscal Years				Budgeted Current Year				Projected First Three Operating Years (if approved)			
	FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY: 2015	FY: 2016	FY: 2015	FY: 2016	FY: 2015	FY: 2016	
	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes	Number of FTEs	Payroll with Fringes
Clinical	37.89	3,607,549	30.38	2,999,730	31.10	2,750,116	31.10	2,822,264	31.41	2,878,463	31.73	2,557,524
Finance	0	0	0	0	0	0	0	0	0	0	0	0
Nursing	39.93	1,988,609	30.6	2,510,890	32.40	2,539,330	32.40	2,122,315	32.72	2,165,188	33.05	2,224,658
Other	2.52	401,354	2.07	518,347	2.00	565,216	2.00	447,863	2.02	455,781	2.04	469,327
Support Services	21.35	1,097,886	17.2	1,211,318	13.70	950,349	13.70	995,171	13.84	1,014,988	13.98	1,042,866
Totals	95.69	7,095,398	80.25	7,240,085	79.2	6,845,041	79.20	6,886,212	79.99	6,515,420	80.79	6,694,374

Notes:

1. CY 2010 is unavailable due to a crash to database. For RHRI data recaptured back to 2011
2. CY 2012 is projected using 42 weeks of actual

A(1)(RHRI)

2. Please complete the following table for the existing and new hospital for each year indicated.

On the following three pages, see A(2)(LMC) for data related to LMC and A(2)(RHRI) for data related to RHRI.

June 14, 2013 Filing

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.

A(2)(LMC)

Exhibit A(2) - LMC
LANDMARK MEDICAL CENTER

	Past Three Fiscal Years			Budgeted Current	Projected Three Fiscal Years (if approved)		
	FY: 2010	FY: 2011	FY: 2012	Fiscal Year	FY: 2014	FY: 2015	FY: 2016
REVENUES							
Net Patient Revenue	113,539,816	113,881,489	115,821,796	118,987,652	121,367,405	123,794,753	126,270,648 [a]
Disproportionate Share Rev	6,502,704	5,422,347	4,940,999	4,468,560	4,587,688	4,696,154	4,807,124
	6.6%	5.5%	5.0%	4.5%	4.5%	4.5%	4.5%
Other Operating Rev	3,124,796	2,955,909	2,639,731	2,512,429	2,487,305	2,462,432	2,437,807
Net Assets Released from Restricted Operations	116,232	108,919	54,632	-	-	-	-
Total Revenue	123,283,548	122,368,664	123,457,158	125,968,641	128,442,398	130,953,339	133,515,579
NPR (after Bad Debt)	97,815,788	99,014,422	98,215,134	99,526,340	101,948,620	104,358,977	106,824,968
EXPENSES							
Salaries & Wages	48,473,711	50,140,662	48,927,538	48,712,914	49,431,429	51,173,887	52,977,767 [b]
Employee Benefits	16,020,840	19,632,027	14,938,903	12,475,307	12,659,318	13,105,559	13,567,530 [c]
	33.1%	39.2%	30.5%	25.6%	25.6%	25.6%	25.6%
Medical & Surgical Supplies	9,563,949	10,628,831	9,536,515	9,401,661	8,098,730	7,802,548	7,487,739 [d]
Other Supplies	1,011,855	1,000,362	889,605	885,851	763,085	735,178	705,516 [d]
Drugs	8,954,303	9,631,242	10,127,516	9,832,023	8,469,450	8,159,710	7,830,491 [d]
	20.0%	21.5%	20.9%	20.2%	17.0%	16.0%	15.0%
Utilities	1,625,726	1,710,095	1,645,402	1,583,997	1,631,517	1,680,462	1,730,876
Purchased Services	18,927,803	17,330,344	16,310,616	15,144,871	14,272,807	12,523,077	11,750,747 [e]
	19.4%	17.5%	16.6%	15.2%	14.0%	12.0%	11.0%
Professional Fees	1,064,914	821,921	835,097	900,888	855,844	813,051	772,399
	1.1%	0.8%	0.9%	0.9%	0.8%	0.8%	0.7%
Insurance	3,963,954	2,611,731	2,663,530	2,875,896	2,038,972	2,087,180	2,136,499 [f]
	4.1%	2.6%	2.7%	2.9%	2.0%	2.0%	2.0%
Depreciation	2,230,934	1,901,223	1,697,917	1,771,043	2,199,614	2,413,900	2,486,317 [g]
Interest	530,784	422,129	893,400	952,376	1,143,400	1,131,966	1,120,646
Bad Debts Net of Recovery	15,724,028	14,867,067	17,606,662	19,461,312	19,418,785	19,485,776	19,445,680 [h]
	13.8%	13.1%	15.2%	16.4%	16.0%	15.7%	15.4%
Other	(5,493,472)	813,736	784,200	731,614	716,982	702,642	688,589
Hospital License Fee	5,503,872	5,568,864	5,585,023	5,517,498	5,572,673	5,628,400	5,684,684
	5.6%	5.6%	5.7%	5.5%	5.5%	5.4%	5.3%
Total Expenses	128,103,202	137,080,235	132,441,925	130,247,251	127,272,607	127,393,337	128,385,479
OPERATING INCOME BEFORE MINORITY INTEREST	(4,819,654)	(14,711,571)	(8,984,767)	(4,278,610)	1,169,791	3,560,001	5,130,100
Minority Interest	-	-	-	-	-	-	-
NET OPERATING INCOME	(4,819,654)	(14,711,571)	(8,984,767)	(4,278,610)	1,169,791	3,560,001	5,130,100
OPERATING MARGIN							
# of Admissions	7,289	7,363	6,796	6,728	6,896	7,069	7,245
# of ED Visits	43,102	40,690	40,326	40,729	41,137	41,548	41,963

[a] Prime Landmark expects a modest increase in Net Patient Revenue of 2.0% year over year from FY2014 to FY2016; this is from improved collection efforts, effort to increase efficiencies in ED and manage the LOS. Overall volume is projected to remain consistent as all existing contracts remain unchanged.

[b] Prime Landmark expects no additional reduction in force in the projected years; Prime Landmark anticipates a 2.5% pay rate increase consistent to the new Union contract set in place. The slight drop in FTEs for 2014 is more in line in a reallocation of the existing FTEs and we expect the FTE's to increase in 2015 & 2016.

[c] The drop in Employee Benefit is the result of terminating defined benefit plan currently in place; instead, Prime Landmark will offer defined contribution plan will be in place starting FY2014 with employer match for qualified employees. In addition, employee health will be rolled into Prime's self funded EPO plan at lower employee cost due to Prime's bargaining power.

[d] Prime Landmark expects significant drop in supplies & drug cost after switching to Prime Healthcare's materials management supplies system with more competitive

A(2)(LMC) - Continued

purchase cost as well as increased efficiencies in supplies & drug usage management. The supplies cost in % to NPR is projected to be more in line with Prime's average of

[e] Prime Landmark expects termination of non-essential contracts and bringing more services in-house for more efficient cost management. The cost is expected to reduce year over year to be in line with Prime's average of approx. 7% of NPR.

[f] Once the Hospital is included in Prime Healthcare's insurance coverages, insurance cost is expected to drop significantly due to Prime Healthcare's purchasing power and its utilization of captive insurance.

[g] Depreciation expense is expected to increase in conjunction with the capital expenditure commitment Prime Landmark has dedicated to invest into the Hospital. The projection includes \$2M capital expenditure in FY2013 calendar year and \$3M in FY2014.

[h] Bad debt expense is expected to improve marginally year over year from FY2014 through FY2016 as Prime continues improve the collection effort.

A(2)(RHRI)

**Exhibit A(2) - RHRI
RHRI**

	Past Three Fiscal Years			Budgeted Current	Projected Three Fiscal Years (if approved)		
	FY: 2010	FY: 2011	FY: 2012	Fiscal Year FY: 2013	FY: 2014	FY: 2015	FY: 2016
REVENUES							
Net Patient Revenue	13,158,259	11,832,670	8,679,533	9,179,000	9,352,580	9,549,832	9,740,828 [a]
Other Operating Rev	676,938	778,843	524,297	482,159	486,981	491,850	496,769
Total Revenue	13,835,197	12,611,513	9,203,830	9,661,159	9,849,561	10,041,682	10,237,597
NPR (after Bad Debt)	13,027,261	11,705,613	8,440,701	8,907,492	9,081,703	9,263,337	9,448,603
EXPENSES							
Salaries & Wages	6,446,664	6,009,128	4,283,343	4,616,594	4,732,009	4,898,812	5,071,495 [b]
Employee Benefits	2,394,735	2,549,753	1,856,315	2,231,723	1,656,203	1,616,608	1,622,878 [c]
	37.1%	42.4%	43.3%	48.3%	35.0%	33.0%	32.0%
Medical & Surgical Supplies	169,631	130,868	78,191	79,230	80,780	82,395	84,043 [d]
Other Supplies	81,156	84,722	62,598	75,176	76,646	78,179	79,743 [d]
	1.9%	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%
Utilities	228,857	225,607	217,390	229,926	236,824	243,928	251,246
Purchased Services	4,150,170	3,887,270	2,684,837	2,801,766	2,452,060	2,315,834	2,173,179 [e]
	31.9%	33.2%	31.8%	31.5%	27.0%	25.0%	23.0%
Professional Fees	64,491	170,218	138,548	156,425	148,604	141,174	134,115
	0.5%	1.5%	1.6%	1.8%	1.6%	1.5%	1.4%
Insurance	259,738	255,545	212,591	255,466	181,694	185,267	188,972 [f]
	2.0%	2.2%	2.5%	2.9%	2.0%	2.0%	2.0%
Depreciation	18,391	18,479	15,598	18,813	19,377	19,959	20,557
Interest	3,297	8,684	2,437	2,932	2,639	2,375	2,137
Bad Debts Net of Recovery	130,998	127,057	238,832	271,508	280,877	286,495	292,225
	1.0%	1.1%	2.8%	3.0%	3.0%	3.0%	3.0%
Other	218,082	260,635	216,688	226,642	222,109	217,667	213,314
Total Expenses	14,166,211	13,727,967	10,007,369	10,966,202	10,089,763	10,088,694	10,133,906
OPERATING INCOME BEFORE MINORITY INTEREST	(331,014)	(1,116,454)	(803,539)	(1,305,043)	(240,202)	(47,012)	103,691
Minority Interest	-	-	-	-	-	-	-
NET OPERATING INCOME	(331,014)	(1,116,454)	(803,539)	(1,305,043)	(240,202)	(47,012)	103,691
OPERATING MARGIN							
# of Admissions	638	533	444	440	448	457	466
# of ED Visits	-	-	-	-	-	-	-

[a] Prime Landmark expects a modest increase in Net Patient Revenue of 2.0% year over year from FY2014 to FY2016; this is from improved collection effort and effort to increase efficiencies. Overall volume is projected to remain consistent as all existing contracts remain unchanged.

[b] Prime Landmark expects no additional reduction in force in the projected years; Prime Landmark anticipates a 2.5% pay rate increase consistent to the new Union contract

[c] Prime Landmark will offer defined contribution plan will be in place starting FY2014 with employer match for qualified employees. In addition, employee health will be rolled into Prime's self funded EPO plan at lower employee cost due to Prime's bargaining power.

[d] Prime Landmark expects a drop in supplies cost after switching to Prime Healthcare's materials management supplies system with more competitive purchase cost as well as increased efficiencies in supplies usage management. The \$ increases Y o Y are due to inflation in the cost of supplies estimated at 2% per year.

[e] Prime Landmark expects termination of non-essential contracts and bringing more services in-house for more efficient cost management. The cost is expected to reduce year over year to be in line with Prime's average. There isn't a significant decrease here b/c much of the purchased srvc's come from LMC.

[f] Once the Hospital is included in Prime Healthcare's insurance coverages, insurance cost is expected to drop significantly due to Prime Healthcare's purchasing power and its utilization of captive insurance.

3. Please complete the table below for the existing and new hospital for each year indicated.

On the following two pages, see A(3)(LMC) for data related to LMC and A(3)(RHRI) for data related to RHRI.

As requested in Deficiency 123 of the February AG/DOH Request, **Appendix A-3** was modified to include data for net patient revenue. In response to the April AG /DOH Request for Deficiency 123, please see the second chart of **Appendix A-3**.

June 14, 2013 Filing

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.

A(3)(RHRI)

Exhibit A(3) - RHRI
RHRI

PAYOR SOURCE	Past Three Fiscal Years						Budgeted Current Fiscal Year						Projected Three Fiscal Years (if approved)					
	FY: 2010		FY: 2011		FY: 2012		FY: 2013		FY: 2014		FY: 2015		FY: 2016					
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%				
Medicare	11,467,264	39.44%	10,941,362	39.41%	8,509,565	44.02%	9,820,037	44.25%	10,125,000	45.00%	10,695,000	46.50%	11,162,500	47.50%				
Medicaid	1,155,202	3.97%	1,067,088	3.84%	577,197	2.99%	887,687	4.00%	1,125,000	5.00%	1,265,000	5.50%	1,410,000	6.00%				
Blue Cross	8,380,878	28.82%	6,863,109	24.72%	4,308,146	22.29%	5,104,200	23.00%	5,062,500	22.50%	5,002,500	21.75%	5,052,500	21.50%				
Commercial	979,584	3.37%	1,495,503	5.35%	908,074	4.70%	998,648	4.50%	956,250	4.25%	920,000	4.00%	822,500	3.50%				
HMO's	5,727,738	19.70%	5,806,429	20.92%	3,872,294	20.03%	4,549,396	20.50%	4,556,250	20.25%	4,542,500	19.75%	4,582,500	19.50%				
Self Pay	150,063	0.52%	122,729	0.44%	309,313	1.60%	277,402	1.25%	225,000	1.00%	230,000	1.00%	235,000	1.00%				
Other	1,215,976	4.18%	1,464,859	5.28%	846,950	4.38%	554,804	2.50%	450,000	2.00%	345,000	1.50%	235,000	1.00%				
Total	29,076,705		27,761,279		19,331,539		22,192,175		22,500,000		23,000,000		23,500,000					
Charity Care	36,291		46,919		24,201		55,480		56,250		80,500		117,500					
Net Revenue																		
PAYOR SOURCE																		
Medicare	5,737,225	43.6%	5,101,105	43.1%	4,709,571	50.8%	4,054,101	44.2%	4,213,161	45.0%	4,440,672	46.5%	4,626,893	47.5%				
Medicaid	958,736	7.3%	812,924	6.8%	240,261	2.8%	400,777	4.4%	468,129	5.0%	525,241	5.5%	584,450	6.0%				
Blue Cross	3,502,536	26.6%	2,838,526	24.0%	1,816,449	19.5%	1,935,190	21.1%	2,106,581	22.5%	2,077,088	21.8%	2,094,278	21.5%				
Commercial	519,806	4.0%	997,726	8.4%	729,941	7.8%	714,646	7.8%	397,910	4.3%	381,993	4.0%	340,929	3.5%				
HMO's	2,147,500	16.3%	1,772,466	15.0%	1,452,376	15.6%	1,517,673	16.5%	1,895,922	20.3%	1,886,092	19.8%	1,899,461	19.5%				
Self Pay	71,510	0.5%	40,755	0.3%	266,486	2.9%	176,117	1.9%	93,626	1.0%	95,498	1.0%	97,408	1.0%				
Other	220,946	1.7%	269,164	2.3%	116,039	1.2%	380,496	4.1%	187,252	2.0%	143,247	1.5%	97,408	1.0%				
Total	13,158,259		11,832,666		9,331,123		9,179,000		9,362,580		9,549,832		9,740,828					
Charity Care (cost)	36,291		46,919		24,201		55,480		56,250		80,500		117,500					

A(3)(RHRI)

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
Plumbing & Fire System – Repair & Replacement	Equity from Parent	\$2,000,000	Ongoing with full completion by 4 th Quarter 2014
HVAC Systems – Repair and Replacement	Equity from Parent	\$7,000,000	Ongoing with full completion by 4 th Quarter 2014
Electrical Systems – Repair and Replacement	Equity from Parent	\$3,500,000	Ongoing with full completion by 4 th Quarter 2014
Sitework – Repair & Replacement	Equity from Parent	\$1,100,000	Ongoing with full completion by 4 th Quarter 2014
Façade & Roof – Repair and Replacement	Equity from Parent	\$2,500,000	Ongoing with full completion by 4 th Quarter 2014
Interiors – Repair and Replacement	Equity from Parent	\$2,500,000	Ongoing with full completion by 4 th Quarter 2015
Information Systems – New System	Equity from Parent	\$6,000,000	1 st Quarter 2014
Patient Care Equipment – New Equipment	Equity from Parent	\$6,000,000	Ongoing

June 14, 2013 Filing

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.

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	\$43,250,000.00*
SOURCE OF FUNDS	AMOUNT
a. Funded Depreciation	\$ _____
b. Other restricted funds (specify)	\$ _____
c. Unrestricted funds (specify)	\$ _____
d. Owner's equity	\$43,250,000.00
e. Cash (if different from owner's equity)	\$ _____
f. Unrestricted donations or gifts	\$ _____
g. Restricted donations or gifts	\$ _____
h. Other non-debt funds	\$ _____
i. Sub-Total Equity Funds	\$43,250,000.00
j. Subsidized loan (e.g., FHA etc)	\$ _____
k. Tax-exempt bonds (specify)	\$ _____
l. Conventional mortgage	\$ _____
m. Lease or rental	\$ _____
n. Other debt funds	\$ _____
o. Sub-Total Debt Funds	\$0
p. Total Source of Funds	\$43,250,000.00

* 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.

June 14, 2013 Filing.

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.

APPENDIX C

Debt Financing

Name of Acquiror: Prime-Landmark. No debt financing is contemplated.

Not applicable. No debt financing.

June 14, 2013 Filing

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.

APPENDIX D

CHANGE, ELIMINATION OR REDUCTION IN SERVICES

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

1. Description of the services to be changed, reduced, or eliminated;

Prime-Landmark anticipates that certain non-clinical services such as finance and accounting services as well as other support services such as billing and collection, at LMC and RHRI may be consolidated on a regional or corporate level such that the services provided on-site at LMC or RHRI may be reduced, but not eliminated altogether.

2. The proposed change(s) in hours of operation, if any;

None.

3. The proposed change(s) in staffing, if any;

If the changes described in response to Item 1 above are implemented, Prime-Landmark anticipates a minimal impact on staffing levels at LMC and RHRI as the consolidation will still require a local presence in each service area.

4. The documented length of time the services to be changed, reduced, or eliminated have been available at the facility;

Certain finance, accounting, and other non-clinical services have always been provided at LMC and RHRI and will continue to be available.

5. The number of patients utilizing those services that are to be changed, reduced, or eliminated annually during the most recent 3 years;

Not applicable.

6. Aggregate data delineating the insurance status of the individuals served by the facility during the most recent 3 years;

Not applicable.

7. 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;

Not applicable.

8. The geographical area for which the facility provides services; and

Northern Rhode Island.

9. 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;**

Not applicable.

- (b) The delivery of such services on the affected community in the cities and towns whose residents are regularly served by the hospital (the “affected” cities and towns);**

Not applicable.

- (c) Other licensed hospitals or health care providers in the affected communities or cities and towns; and**

Not applicable.

- (d) Other licensed hospitals or health care providers in the state.**

Not applicable.

June 14, 2013 Filing

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.

APPENDIX E

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

All applicants 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. 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 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. Will there be any directors, officers, agents, or managers of the acquirer 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 acquirer 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. Will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquirer? (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")

5. Will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of the facility's assets) in a mortgage or other obligation secured by the facility?

Yes ____ No X

6. 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 acquirer or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes _____ No X

7. 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, 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. 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

Deficiency 124 of the February AG/DOH Request asked whether Question E-7 above should be revised in light of the privacy breach at Shasta Regional Medical Center, as described in the response to Question 22.

Prime continues to believe that the response to Question #E-7 is correct as the penalty imposed by the California Department of Public Health is not a sanction and is the subject of an appeal. Payment has not been demanded and payment has not been made in light of pending appeal.

Information Re: Question 4

Prime-Landmark is a wholly owned subsidiary of PHSI, 3300 East Guasti Road, 3rd Floor, Ontario, California 91761.

The sole shareholder of PHSI, is Prime Healthcare Holdings, Inc., 3300 East Guasti Road, 3rd Floor, Ontario, California 91761.

June 14, 2013 Filing

APPENDIX E
(Prime Holdings)

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

All applicants 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. 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 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. Will there be any directors, officers, agents, or managers of the acquirer 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 acquirer 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. Will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquirer? (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")

5. Will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of the facility's assets) in a mortgage or other obligation secured by the facility?

Yes ____ No X

6. 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 acquirer or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes ____ No X

7. 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, 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. 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

See also April Filing, Appendix E, as to PHSI and Prime Landmark.

Information Re: Question 4

Prime Landmark is a wholly owned subsidiary of PHSI, 3300 East Guasti Road, 3rd Floor, Ontario, California 91761. The sole shareholder of PHSI is Prime Holdings, 3300 East Guasti Road, 3rd Floor, Ontario, California 91761. The sole shareholder of Prime Holdings is KASP Trust, 3300 East Guasti Road, 3rd Floor, Ontario, California 91761.

June 14, 2013 Filing

APPENDIX E
(PHMI)

DISCLOSURE OF OWNERSHIP AND CONTROL INTEREST

All applicants 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. 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 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. Will there be any directors, officers, agents, or managers of the acquirer 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 acquirer 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. Will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately or in combination, of 5 percent or more in the acquirer? (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")

5. Will there be individuals (or organizations) that have an ownership interest (equal to at least 5 percent of the facility's assets) in a mortgage or other obligation secured by the facility?

Yes _____ No

6. 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 acquirer or acquiree has a direct or indirect ownership interest of 5 percent or more (please also identify those subcontractors)?

Yes _____ No

7. 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, 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

8. 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

See also April Filing, Appendix E, as to PHSI and Prime Landmark.

Information Re: Question 4

Prem Reddy Family Trust, 3300 East Guasti Road, 3rd Floor, Ontario, California 91761, is the sole shareholder of PHMI.

APPENDIX F

DEBT FINANCING

Acquirors contemplating the incurrence of a financial obligation for full or partial funding must complete and submit this appendix.

Not applicable. No debt financing contemplated.

Prime Holdings

No change to April Filing.

PHMI

No change to April Filing.