

IN THE MATTER OF: BELL MEMORIAL HOSP.  
PROPOSED SALE TO DUKE LIFEPOINT HEALTHCARE

BELL MEMORIAL HOSP. PROPOSED SALE PUBLIC  
FORUM

September 24, 2013

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STATE OF MICHIGAN

DEPARTMENT OF ATTORNEY GENERAL

OFFICE OF HEALTH, EDUCATION & FAMILY SERVICES

In the matter of:

BELL MEMORIAL HOSPITAL

PROPOSED SALE TO

DUKE LIFEPOINT HEALTHCARE

/

PUBLIC FORUM

1011 North Road, Ishpeming, Michigan - 5:00 p.m.  
Tuesday, September 24, 2013

APPEARANCES:

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Consumer Protection Division

MR. WILLIAM BLOOMFIELD (P68515)  
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Charitable Trust Section

MR. JOSEPH KYLMAN, Auditor

For Bell Memorial  
Hospital:

MR. FLOYD BOUNDS, CEO  
ROBERT DELLANGELO, M.D.

For Duke  
Lifepoint:

MR. WILLIAM CARPENTER, CEO

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1 Ishpeming, Michigan  
2 Tuesday, September 24, 2013 - 5:04 p.m.  
3 MS. BARRON: Welcome. And thank you for taking  
4 time out of your busy day to discuss the future of Bell  
5 Memorial Hospital. Attorney General Bill Schuette's office  
6 is hosting this forum today to gather your input about the  
7 proposed sale of Bell Memorial to Lifepoint Hospitals.  
8 We've asked representatives from Bell and Lifepoint to  
9 attend today's forum so they can listen and respond to your  
10 concerns. You should all have an agenda. We are going to  
11 follow that agenda pretty closely. There's also a handout,  
12 and, if you're so inclined, frequently asked questions. The  
13 frequently asked questions document is available on our  
14 website as well. First of all, I'm going to introduce  
15 Attorney General Bill Schutte's team. My name is Katharyn  
16 Barron. I'm the Division Chief of the Consumer Protection  
17 Division. To my right here is Will Bloomfield, our  
18 Charitable Trust Attorney. Joe Kylman is our Charitable  
19 Trust Auditor, and Joy Yearout, our Director of  
20 Communications, is in the back of the room there. We're all  
21 delighted to be up here in the beautiful U.P. Representing  
22 Bell are Dr. Robert DellAngelo, who is the Hospital Board  
23 Chair. If you could raise your hand there. Great. Also  
24 representing Bell at the table over there is Chief Executive  
25 Officer Floyd Bounds. Representing Lifepoint is Chairman

1 and CEO of Lifepoint Hospitals, Mr. Bill Carpenter. What  
2 we're going to do is start following the agenda. We're now  
3 at the overview of the proposed sale, so I'll turn it over  
4 to the hospital and Lifepoint and they'll make some opening  
5 comments.

6 MR. DELLANGELO: Thank you all for coming. My  
7 name is Robert DellAngelo; I am the Chairman of the Board of  
8 Bell Hospital. Thanks for coming and having enough interest  
9 to come. I want to thank the Attorney General's  
10 representatives for coming tonight to be part of this. I  
11 want to thank the Lifepoint people for coming tonight to  
12 present their side of the story. I'll talk a little bit  
13 about myself. First of all, I hopefully am a better eye  
14 surgeon than I am a public speaker. That's not my forte,  
15 but I'll do the best I can. I'm a Bell Baby; I was actually  
16 born in Bell Hospital 60 years ago. My parents are from  
17 this town, my grandparents are from this town, my aunts,  
18 uncles, my whole family is from this town. My -- I get my  
19 healthcare at Bell Hospital. My physician is an employed  
20 physician, Dr. Prevo. My children's pediatrician when my  
21 kids were little were here. My youngest child was born  
22 here. That's the only child that was born when we were back  
23 in the U.P. My whole career has been basically spent at  
24 Bell. I came here in 1984 and I started my practice. I  
25 actually rented space from the hospital in the old Medical

1 Building next to the hospital downtown. I expanded that  
2 practice over the years. I developed a practice in  
3 Marquette and brought in two partners and employed a couple  
4 of optometrists. But this is really where the heart of my  
5 practice has been, in Ishpeming. I have always spent more  
6 time in Ishpeming than I have in any of the other offices.  
7 This is actually our third office that we've been in that's  
8 owned by the hospital. We were first in the medical  
9 building downtown, then we went out to Teal Lake and now the  
10 latest office is in the new hospital. I donated -- my wife  
11 and I donated the land that the hospital sits on. So I  
12 am -- I am committed to this community. This is my -- I  
13 live here; I plan to live here for the rest of my life.  
14 There's a good chance, if I die in a hospital, I'll probably  
15 die in this hospital. So I'm committed to this hospital.

16 How did we get to this point where we are looking at an  
17 affiliation with Lifepoint? It's no surprise to people in  
18 this community that we have had significant financial  
19 problems over the last several years. Part of it is we went  
20 from an old hospital that basically had no debt to a new  
21 hospital with a lot of debt. And our challenges as a small  
22 community hospital, as a critical access hospital, are not  
23 unique to the hospital industry. A lot of small hospitals  
24 are struggling. In fact, yesterday we had the auditors  
25 present the audit of the hospital's last year's finances,



1           and they compared critical access hospitals in the state, in  
2           the country and they're all struggling. What I have  
3           noticed -- I've been on the Board for a long, long time.  
4           The industry of healthcare has gotten to be extremely  
5           complex. It's gotten to the point where small hospitals  
6           just don't have the human resources and capital to really  
7           operate as efficiently as they really need to to be  
8           successful. You have healthcare reform coming down the  
9           pike, which is going to make things even more difficult,  
10          it's going to be more of a challenge. There's going to be  
11          less dollars, and you're going to have to perform more with  
12          less dollars. The demands of the electronic medical records  
13          and the support that requires with capital and with human  
14          resources is huge. Billing, you know, you're dealing with  
15          probably 40 different payers. They all pay differently.  
16          You're billing probably 20, 25 different specialties. They  
17          all have their uniqueness. It's an extremely complex  
18          business. And, last of all, we had been -- we had been non-  
19          compliant with a couple of our bond covenants which then put  
20          us into a forbearance situation with the bank, and the bank  
21          basically told us they did not want this credit anymore and  
22          you better figure out some other options. So at that point  
23          we realized we're going to have to do something if we're  
24          going to maintain a hospital, a viable hospital that  
25          provides quality healthcare to our community. And I think

1 the Board has always been focused on our main mission, which  
2 is to provide quality healthcare to the people in our  
3 community. So the first thing we did once we realized we  
4 had to do something is we held a strategic planning session,  
5 and that was led by Stoutwater, who helped us in that  
6 process. And we started with that. We looked at our  
7 mission statement, our vision statement and our values, and  
8 we started from there, and then we looked at what were the  
9 strategic objectives we thought were going to be the most  
10 important as we proceeded down this road in any decision we  
11 made. And we came up with ten things, and we'll get back to  
12 those later. So once we decided that, we were going to look  
13 at what our options were, we didn't engage Juniper.  
14 Actually we looked at three different organizations to help  
15 us with that process, and we selected Juniper. And when we  
16 started with Juniper, we had a totally open mind. At that  
17 point we were not -- it was not necessarily going to be an  
18 affiliation. Our first choice was to try to look for a  
19 refinancing. With our financials being what they were,  
20 realistically getting financing that we could afford was  
21 just not an option. So then we had to go down the road in  
22 looking for an affiliation or somebody to help us. We, at  
23 that point with Juniper's help, sent -- we sent a request  
24 for proposals to 13 different suitors. Actually we got back  
25 two responses. We thought both of the organizations that

1           responded were viable candidates, so we vetted them. They  
2           both came and met us and met our -- toured our facilities  
3           and got a feel for what we were. We formed a task force  
4           which was a subset of the Board. I think there were eight  
5           of us on the task force. Four of them were physicians or  
6           dentists. I thought it was very important that we had a  
7           very strong showing of physicians, because the physicians  
8           had to buy into this if this was going to work. So we did  
9           our reverse due diligence. We traveled to the institutions  
10          that had given us proposals and looked at what they had, and  
11          then they both sent us secondary proposals. which were more  
12          refined proposals. The task force and the Board actually  
13          sat down, we had a scorecard. Every person on that Board  
14          actually scored both suitors to determine what they -- who  
15          they thought would be best. At the Board meeting I went  
16          around and I had every person actually give their viewpoint  
17          of how they felt, who they thought we should go with. The  
18          task force met again and the task force looked at the input  
19          of all the Board members, and we came up at that point with  
20          a unanimous recommendation to choose Lifepoint as the person  
21          we thought would be in the best interest of this community  
22          and our hospital. We then -- Lifepoint then negotiated --  
23          we negotiated a letter of intent with Lifepoint. After  
24          that, then there was actually more details and more  
25          negotiations to try to get the best deal we could for this

1 community. One of the things we demanded was -- the initial  
2 proposal had nothing for the Foundation. We demanded that  
3 there be at least one million dollars of unencumbered funds  
4 in the Foundation. They went along with that. There was  
5 some concerns about governance and reporting, and they were  
6 very open-minded and really listened to us and agreed with  
7 that. We will report directly to the Eastern Division  
8 headed by Jeff Seraphine. We finally came up with an  
9 agreement which we thought was agreeable to all parties. We  
10 went on and negotiated the definitive agreement, which has  
11 been signed.

12 Now, why did we decide that Lifepoint is the  
13 organization we think is the best interest of this  
14 community? Again, we looked at our mission vision and  
15 values and then we looked at -- then back to our strategic  
16 objectives. We had ten objectives. Number one was enhance  
17 the long term financial viability of our local healthcare  
18 system. We look at this deal and it, to me, certainly  
19 addresses that. We have -- after this deal is done, Bell  
20 has absolutely no debt; we have no long term liabilities.  
21 The pension plan is gone; the liabilities on the pension  
22 plan is gone. At closing, basically our balance sheet  
23 liability portion is zero; we have no liabilities. What a  
24 great position to be in to try to operate a fine and quality  
25 healthcare facility.

1           Number two, we wanted to provide quality in-depth  
2           management support and systems. Well, if you look at the  
3           Lifepoint system, very impressive in their organization down  
4           in Brentwood down near Nashville. They have 400 people in  
5           their hospital resource center, which basically are at our  
6           beck and call at any time if we have any questions about how  
7           to do things. And it was interesting, when we did our  
8           reverse due diligence trips, the facilities we toured, they  
9           said they aren't just talking the talk, they actually walk  
10          the walk. Because if you have a question, you talk to  
11          somebody that will answer or they will come and help you,  
12          and they actually do deliver on what they promise.

13                 Number three, maintain and expand access to healthcare  
14          services in our service area. The big thing with a hospital  
15          is you have to have providers, and recruitment in these  
16          rural areas is a challenge. And if you look at the paper  
17          and you just see what Marquette General has been able to do  
18          in terms of recruitment since Lifepoint has taken over, it's  
19          pretty impressive. The other thing is when Marquette  
20          General gets a successful recruit, a lot of times we will  
21          ultimately benefit from that, because some of our busiest  
22          providers in our -- especially in our operating room are  
23          actually Marquette physicians that come up and share time  
24          and spend time at Bell. So a recruit for Marquette may also  
25          be a recruit for Bell. They also have the resources. It

1           was interesting when they looked at how they recruit  
2           physicians. It isn't just recruiting that physician, but  
3           it's retaining the physicians. And they have a whole system  
4           set up where they -- once they recruit a physician, they  
5           don't just forget about them. They work with them to be  
6           sure that they're happy, to be sure that they stay, to be  
7           sure the family is happy.

8                     Number four, provided enhanced integration and support  
9           for clinical quality, compliance and patient satisfaction  
10          across the system. Lifepoint is committed to quality, and  
11          their association with Duke is actually -- a lot of it has  
12          to do with the quality initiatives that come from the Duke  
13          system, and those quality initiatives are carried through  
14          the entire Lifepoint system. So I -- I think that they're  
15          committed to the quality, which was probably the Board's  
16          number one concern.

17                    Number three (sic), recruit physicians and engage them  
18          in the community; again, we kind of addressed that one.  
19          Treat our present employees in a fair and equitable way.  
20          Lifepoint has agreed to accept all of our employees as they  
21          are. I think they have to do -- have to pass a drug test.  
22          Other than that, they will all just transition over to  
23          Lifepoint with comparable salaries and benefit packages.  
24          Provide -- whatever number this is, provide for local  
25          oversight of service levels to meet community needs.

1 Lifepoint has agreed that they will maintain the service  
2 levels that we presently have, and they are actually -- in  
3 the final agreement, are actually itemized what services we  
4 feel are important to be maintained. Those -- none of those  
5 services can be cut or changed without the approval of the  
6 local advisory board. They also have committed to a ten  
7 year commitment to have inpatient beds at the hospital. The  
8 last one is continue our enhanced existing charitable care  
9 policies. They have agreed to accept our charitable care  
10 policies as they presently stand. Last, as a bonus to this  
11 community, the hospital will now pay property taxes, which  
12 is -- I think that will benefit just about everybody in this  
13 community.

14 I think that also the decision to go with Lifepoint had  
15 to -- some of it had to do with them moving into the  
16 Marquette area. I kept telling the Board, when I look at  
17 healthcare in our area, I look at probably Marquette County  
18 and maybe the U.P., I don't think we can just isolate  
19 ourselves to Ishpeming and Negaunee. I think you have to  
20 look at the whole community, because it provides a lot of  
21 jobs. Those jobs provide an excellent quality of life for  
22 the people that live in this community. And what an asset  
23 for the people on the west end. We have a great hospital to  
24 provide the services that we can on this end, but when  
25 tertiary services are required or necessary, it's great to

1           be able to just go to Marquette and not have to travel to  
2           Mayo Clinic or whatever. And having had sick parents myself  
3           in the not too distant past, it is a huge stress on a family  
4           when you have to do a lot of travel, stay out of town when  
5           you have a sick family member. So I -- it's a huge asset.  
6           And I think that we can look at a community approach to the  
7           delivery of healthcare in the future, which I think is a  
8           huge asset for everybody.

9                     Again, to sum up the deal, Bell is debt free. We start  
10           off with a balance on the liability side as zero. They  
11           assume the long term liabilities, including the swap and the  
12           pension plan. They have contributed 5 million dollars to  
13           the capital commitment for recruitment. We don't have to  
14           spend a lot on facilities at this point, but it costs a lot  
15           of money to successfully recruit. And, again, they seem to  
16           be able to satisfy our vision, our mission and our strategic  
17           plan. And we thank them for their offer.

18                    MR. CARPENTER: General Barron, thank you for  
19           having us here today and for hosting this forum on behalf of  
20           Attorney General Schuette. I'm -- can you hear me?

21                    MS. BARRON: That's better. Move closer, yeah.

22                    MR. CARPENTER: I think many in the room would  
23           agree with me that Dr. DellAngelo is quite articulate, and I  
24           thank him and the Board for the work that they have done in  
25           order to preserve this hospital and to put it in a position



1 to be successful in the future. My name is Bill Carpenter.  
2 I'm the Chairman and Chief Executive Officer of Lifepoint  
3 Hospitals, and I am so pleased to be here. Thank you for  
4 the warm welcome that we have received. I thoroughly  
5 enjoyed meeting a number of you in the room today, and look  
6 forward to meeting many of you in the years to come. We are  
7 excited at Lifepoint about the prospect of becoming a part  
8 of the Ishpeming community. Lifepoint Hospitals operates 57  
9 hospitals today in 20 states across the country. Each one  
10 of those hospitals is unique. Each one of those hospitals  
11 has unique healthcare needs, and we understand, because we  
12 operate hospitals in small communities that look a lot like  
13 Ishpeming, that those hospitals are a very, very important  
14 part of their community. I think that we have been  
15 successful at Lifepoint over the course of the last almost  
16 fifteen years because our approach is to listen first to the  
17 needs of the local community and then to help respond to  
18 those needs. In most of our communities, Lifepoint's  
19 hospital is the only hospital in town, so we truly  
20 understand the issues that you face. Our company is  
21 financially strong. We generate over three and a half  
22 billion dollars of annual net revenues. We have over 29,000  
23 employees across the country and more than 3200 physicians.  
24 We are committed to keeping healthcare local and providing  
25 quality care close to home. Bell Hospital is exactly the

1 type of hospital that Lifepoint has successfully operated  
2 since our founding. We specialize in community hospitals  
3 like Bell, in communities like Ishpeming. Our commitment to  
4 you is that Lifepoint will build on the strengths of Bell  
5 Hospital and make it even stronger to face the challenges  
6 that Dr. DellAngelo talked about. We understand that your  
7 community has a vested interest in this hospital. We want  
8 to be here because you have a vested interest in this  
9 hospital. If the community didn't support the hospital, it  
10 wouldn't be a place where we think we can be successful, but  
11 because you are so passionate about your hospital, we  
12 understand that we can be successful here. When the  
13 transaction is completed, we will begin a strategic planning  
14 process, and that process will involve the Bell Hospital  
15 Board and the leadership team and the physicians and the  
16 staff, as well as the broader community, and that process  
17 will help us prioritize the investments that we'll make  
18 here. We believe that there is an opportunity to grow  
19 services here, and we have agreed in the purchase agreement  
20 to maintain the services that are provided, the core  
21 services that are provided at the hospital. But I expect  
22 that we'll be in a position to expand services here, and we  
23 look forward to doing that. With the relationships that we  
24 have with Duke and Marquette, we can further the  
25 collaboration that is already taking place through the

1 leadership at both hospitals. It's just a great opportunity  
2 to strengthen care across the full continuum of care in the  
3 Upper Peninsula.

4 We've made several commitments. Bob has mentioned a  
5 number of them. We do believe in strong local governance,  
6 and we will look for the input of the Board in this  
7 transaction. Bell Hospital will continue to have a local  
8 Board of Trustees, and they will be involved in the  
9 governance of the hospital. As has been stated, I want to  
10 reassure employees of the hospital who are here today -- and  
11 I know this is a time of anxiety, and change creates  
12 anxiety. We will hire all of the employees of the hospital,  
13 and the benefits that they have may not be exactly the same,  
14 but they will be substantially the same and they will be  
15 good benefits. We want this to be a good place to work. We  
16 will continue and we will adopt the charity care policy of  
17 the hospital; no questions asked. We do that across the  
18 country every single day. Physicians will have access to  
19 clinical resources and expertise through Lifepoint. Our  
20 commitment is to the community, and to meet the healthcare  
21 needs of this community and to maintain Bell Hospital as a  
22 strong community hospital on its own. Bell Hospital must  
23 stand on its own. I agree, we can work together with  
24 Marquette, but our commitment is that Bell Hospital,  
25 standing on its own, will be a great community hospital for

1           many, many years to come. Thank you very much.

2                       MS. BARRON: Thank you Dr. DellAngelo and Mr.  
3           Carpenter. Before we get to the public comment portion of  
4           our forum, I want to outline or -- I'm actually going to  
5           turn it over to Assistant Attorney General Will Bloomfield  
6           to outline the Attorney General's role in reviewing this  
7           transaction.

8                       MR. BLOOMFIELD: I'm Assistant Attorney Will  
9           Bloomfield. I'm the Charitable Trust Section attorney for  
10          Attorney General Bill Schuette. Under Michigan law, the  
11          Attorney General protects the interests of indefinite and  
12          uncertain beneficiaries of charity; that is the public. Any  
13          asset held for a charitable purpose, such as a hospital, is  
14          a charitable asset. The Attorney General oversees and  
15          protects charitable assets in a number of ways. Registering  
16          charitable trusts, registering charitable solicitors and  
17          reviewing dissolutions, mergers and charitable asset sales  
18          such as this one. Some basic rules for governing charitable  
19          trusts are these: Assets held by a charity must be used for  
20          charitable purposes. Charitable property may be sold for  
21          fair market value, but it may not be diverted for private  
22          benefit. Gifts donated with a specific or restricted  
23          purpose must be used consistent with that purpose.  
24          Trustees, directors, officers and others who exercise  
25          control over charitable assets are fiduciaries and owe their

1 organizations and beneficiaries high standards of loyalty  
2 and care. Charitable trustees break these rules when they  
3 ignore donor intent, divert assets for private benefit or  
4 sell assets below fair market value. Michigan law  
5 authorizes the Attorney General to redress the wrongs of  
6 charitable trustees by investigating wrongs and representing  
7 charitable interests in Court. Recognizing the Attorney  
8 General's authority, Bell and Lifepoint have conditioned the  
9 sale on receipt of the Attorney General's approval.

10 What is the Attorney General's review process in a  
11 hospital sale such as this one? The Attorney General will  
12 only approve the sale following a thorough and independent  
13 review. Overall, the Attorney General's review considers  
14 the fairness of the transaction to the public. This  
15 includes insuring that the bidding process was fair, that  
16 Bell receives at least fair market value for its charitable  
17 assets, that charitable assets do, in fact, remain  
18 charitable, that charitable care and core services continue,  
19 and that adequate enforcement exists to hold Lifepoint to  
20 its promises.

21 MS. BARRON: Thank you, Will. Now, the Attorney  
22 General has assembled a team to review these matters. The  
23 core of the team is here today, and most were part of the  
24 review team three years ago that reviewed the sale of the  
25 Detroit Medical Center and last year's sale of the Marquette

1           General Hospital to Duke Lifepoint. The current review team  
2           includes a former physician, a former registered nurse --  
3           that's our Chief Deputy Attorney General Carol Isaacs -- and  
4           other experienced attorneys. As part of the review, the  
5           Attorney General has already requested and received many  
6           underlying transaction documents. Earlier today the team  
7           also interviewed Bell Board members, executives, Foundation  
8           members and others related to the transaction to get their  
9           views on the proposed sale. These interviews also help us  
10          to insure that Bell's Board and executives fulfill their  
11          duties of loyalty and care. This public forum is an  
12          important part of our review. It's important for us to know  
13          what the public thinks of the sale and to properly inform  
14          the public regarding the same. Now, in addition to our  
15          internal Attorney General staff, we've also contracted with  
16          a valuation expert, Cain Brothers, to do its own independent  
17          review. They are currently performing an independent  
18          valuation of Bell's assets and liabilities that are subject  
19          to the sale. Cain is also examining the bidding process to  
20          ensure that the market process was fair. And let me stress  
21          here that Lifepoint, not the taxpayers, is the entity paying  
22          for this independent review. Now, you may ask yourself,  
23          will the results of the Attorney General's review be  
24          available to the public. Absolutely. Because our review is  
25          conducted on behalf of the public, the Attorney General is

1 committed to transparency, public disclosure and, of course,  
2 public input. The Attorney General's office has already  
3 posted many of the underlying documents regarding the  
4 proposed sale, and that's at [www.michigan.gov/bell](http://www.michigan.gov/bell). So  
5 [www.michigan.gov/bell](http://www.michigan.gov/bell). As more documents become available,  
6 including the transcript from today's public forum, our  
7 expert's report and our final report will also be posted to  
8 this website.

9 Now, in addition to the comments at today's public  
10 forum, the public remains welcome to contact us through the  
11 end of September, through September 30th, by mail or by  
12 emailing us at [agbell@michigan.gov](mailto:agbell@michigan.gov). That's  
13 [agbell@michigan.gov](mailto:agbell@michigan.gov). I also want to emphasize that the  
14 Attorney General's office is conducting an independent  
15 review. We will objectively consider all the findings of  
16 our review, including input from you tonight and ongoing,  
17 and reach appropriate conclusions based on these findings.

18 Now, I'm going to serve as your moderator tonight, and  
19 here's the procedure we're going to follow for the comments  
20 or questions portion of the agenda. So we've moving into  
21 number 4 on your agenda. They're going to be -- your  
22 comments or questions will be made in an order consistent  
23 with the numbers that you received tonight when you signed  
24 in, and when you turned in your comment or question card.  
25 Now, as I mentioned, a transcript of the forum is going to

1 be posted on the Attorney General's website. So to help  
2 those who weren't able to attend tonight but are reading the  
3 transcript, it's really important to clearly state your name  
4 before you make your comments, and if you are affiliated  
5 with Bell or Lifepoint, please also briefly state the nature  
6 of that affiliation. So the comments will be made at this  
7 podium to your right, and we'll start with the individual  
8 who filled out the first comment card and then we'll move  
9 along. So to keep it moving, if you're kind of on deck, be  
10 ready to approach the podium. You'll have three minutes to  
11 make the comments. Our timer is here (indicating). So if  
12 the person with the comment card number 1 could approach the  
13 podium.

14

15 Good evening. My name is Floyd Bounds. I'm the CEO of  
16 Bell Hospital. I've been on board a year this month;  
17 however, I'm not new to healthcare. I've been in the  
18 business for 26 years, 25 years in a board room working with  
19 small community hospital boards. When I came on board last  
20 September, it was very obvious to me that Bell had some  
21 significant operational issues. Three years of operational  
22 losses totaling over 10 million dollars, an unfunded pension  
23 plan of over 4 million dollars, a broken revenue cycle.  
24 Building debt of over 30 million dollars, and our account  
25 had been turned over to an asset restructuring banker, so we



1           were in some pretty significant trouble. The Board was very  
2           proactive in its addressing these issues. They did hire an  
3           advisory group that specialized in acquisitions and mergers,  
4           and that was Juniper. And also an experienced legal team,  
5           Locke Lord. I found both organizations very professional in  
6           their approach, and I found the Board's leadership  
7           exceptional, based on my 25 years working with small rural  
8           hospital boards. Juniper developed a very detailed outline  
9           and plan, educated the Board of Directors of what the  
10          process would be, and, again, as Dr. DellAngelo noted, they  
11          went to the market and came back with 13 potential partners  
12          for Bell. That was narrowed down to two, and then we  
13          received the proposals from those two. Now, to show the  
14          dedication of the Board, the task force put their hands --  
15          their lives in my hands to drive them to Wisconsin on icy  
16          roads, a Floridian driving seven Yoopers to Wisconsin. So  
17          that's -- that's dedication. But, anyhow, we did the  
18          reverse due diligence trips. We spoke to both parties and  
19          investigated the hospitals that they were in, continued the  
20          negotiations on the contracts. Each Board member was able  
21          to score the proposals, the trip that we went on they  
22          scored. Each Board member had a voice in this process.  
23          Again, the leadership from Dr. DellAngelo was exceptional in  
24          the fact that he went around the table, asked for  
25          everybody's opinion and we had a good -- a good turnout

1           there.

2                   Lifepoint's deal, why did it come to the surface? It  
3           was very obvious; the debt comes off the balance sheet. In  
4           the other deal, the debt was not going to come off of our  
5           balance sheet. It was just going to be underwritten,  
6           cosigned, and it would stay on the balance sheet. Lifepoint  
7           is going to cover the pension plan. That was important to  
8           us. Commitment to capital, quality care. Lifepoint has  
9           committed to quality care, and that's what Bell obviously is  
10          working on. The support center, over 400 staffers in a  
11          support center that can help my staff operate the hospital.  
12          Hospital business has gotten so complex nowadays that a  
13          single CEO with a Board is just nearly impossible to manage  
14          it all.

15                   So the essential theme in this entire process,  
16          consistently the Board has focused on doing what's right for  
17          the patient. The Board has consistently focused on the  
18          preservation of Bell Hospital in providing healthcare  
19          services for the western end. I'm very excited about the  
20          opportunity to participate in this whole process going  
21          forward, and very excited about the opportunities that  
22          Lifepoint is going to bring forward. I'm anxious to get  
23          started, and I appreciate you all coming out tonight. Thank  
24          you.

25                   MS. BARRON: Thank you, Mr. Bounds. Number 2,

1           please. And you have to get real close to the microphone.  
2           So if anybody in the back can't hear as somebody is talking,  
3           if you just maybe raise your hand, then that will be a sign,  
4           because I know it's going to get real close.

5  
6           Okay. My name is Tom Fleury. I've been on the Bell  
7           Hospital Board for 21 months. I'm a practicing CPA in  
8           Ishpeming. I'm currently the Board Treasurer and also the  
9           chairman of the finance committee. So my comment today will  
10          basically refer to the financial portion of our deal with  
11          Lifepoint. During 2011, prior to my being on the Board,  
12          Bell reported a 7 million dollar loss. That loss started a  
13          snowball effect of consultants, problems with the bank  
14          financing, the letters of credit, the interest rates  
15          tripled. We had a revolving door of consultants and  
16          facilitators. The additional cost in just the 21 months  
17          that I've been on the board is in excess of 3 million  
18          dollars. So we had a loss, and then we had to spend an  
19          additional 3 million dollars, which created more problems.  
20          The biggest issues with the finances were in billings and  
21          collections. That's been addressed twice now. While  
22          improvements have been made in both of those areas,  
23          especially in collections, there's still work that needs to  
24          be done. It became evident to me early on that Bell and  
25          other stand-alone hospitals would have a difficult time

1 providing quality healthcare in the future without some kind  
2 of an affiliation with an upstream partner. Physician  
3 recruitment, capital requirements and shrinking revenues are  
4 just a few of the issues that small hospitals face today.  
5 The entire Board, as it's been mentioned, was involved in  
6 the process of finding an upstream partner. As part of the  
7 task force, I was privileged to visit with both Lifepoint  
8 and Bellin Aspirus, both very impressive organizations, both  
9 very committed to quality healthcare that was important to  
10 Bell as an entity. Both offers, although structured  
11 differently, were comparable in value assigned to Bell's  
12 assets. The major difference was Bellin Aspirus had agreed  
13 to a million dollar contribution to the endowment fund,  
14 which Lifepoint had not. During negotiations they agreed to  
15 match this contribution. After a lengthy discussion by all  
16 of the Board members, on a unanimous vote it was voted to  
17 affiliate with Lifepoint. My personal reasons for voting  
18 for Lifepoint are as follows. I've been a resident here in  
19 Ishpeming for 41 years. Almost every time someone has a  
20 non-routine medical condition, the first thing they say is  
21 "Well, we're going to go to Mayo's" or "We're going to go to  
22 Marshfield" or "We're going to go to Madison." My own  
23 mother-in-law ended up at Mayo's. My vision for the future  
24 is probably at this table over here (indicating). I'm -- I  
25 would like to see Marquette General become the Mayo's of the

1 Upper Peninsula. Now, it will never match in reputation  
2 because Mayo has been there for a hundred plus years, but I  
3 think we have the potential to provide the same quality  
4 healthcare in Marquette that people are now driving  
5 elsewhere to visit. In a recent announcement which Bill  
6 didn't mention today, is the expansion in Marquette, they've  
7 committed two hundred million dollars to a new facility. I  
8 think that's a major step in a direction for improved  
9 healthcare. Thank you.

10 MS. BARRON: Thank you. 3?  
11

12 My name is JoAnn Betts. I'm a retired R.N., the OB  
13 nurse manager for Bell Hospital. I'm also currently, and  
14 have been for over 30 plus years, on the Board of the Bell  
15 Hospital Auxiliary Volunteer Services, and I'm still very  
16 active in that service. I, too, was born at Bell Hospital,  
17 so I am also a Bell Baby, and that was in 1943. So -- and  
18 I've been here all of my life, in this community all of my  
19 life. My family, as Dr. DellAngelo's, has been in this  
20 community all of my life. I was present at the birth of my  
21 three grandchildren and my great-granddaughter, so I have  
22 four generations of Bell Babies right now. In fact, my  
23 niece was born at Bell, worked at Marquette General and so  
24 as a nurse at Marquette General, during that time frame she  
25 was not -- they were not able to be -- employees there could

1 not come into Bell, because through their nursing plan or  
2 their care plan. So, as a result, she said "Auntie Jo,  
3 you're coming with me down to OB, and there's not going to  
4 be any choice in the matter." So I did, and I was there for  
5 her two children that were born, also. I was the OB nurse  
6 manager at Bell Hospital for over 26 years, having retired  
7 from service at Bell after 36 years. I was at the old  
8 hospital; I never got to be into the new hospital, only as a  
9 volunteer. I am now a volunteer at the new hospital. Did I  
10 love my hospital? I loved it dearly. Bell was my first  
11 career job and I never left; I've been nursing there all of  
12 my life. I have experienced the ups and the downs at Bell,  
13 the good and the bad, but we survived. But, as always, you  
14 know, when we built our new hospital in 2008, it was like,  
15 oh, people in the community just thought this was -- we were  
16 so ecstatic. We had halos this big (indicating) outside out  
17 of our head, because we now had a new hospital after all the  
18 years with the old hospital. But, as always, you know, with  
19 healthcare reforms and with changes in economies, this type  
20 of thing, change was inevitable, so we knew that it would  
21 come. But that's not bad; that's not bad. With the  
22 acquisition by Bell (sic) Lifepoint, our community hospital  
23 will still be able to sustain its viability. We will still  
24 be here, and the people in this community want this hospital  
25 here, so thy will patronize it, because as long as we can

1           sustain our viability, we will be here. I -- I think it's a  
2           good point by Lifepoint. I think they will be able to give  
3           us that needed boost that we need for our community. They  
4           are dedicated to the care, and that we have our local care,  
5           our local people, our local hospital. And the community  
6           looks for that. If we don't have the hospital here, you  
7           will see a lot of people vacating, but not to Marquette.  
8           Not to Marquette. They will vacate out of here, because  
9           they want this community hospital. So I thank you,  
10          Lifepoint, for playing this role. Our volunteers certainly  
11          will be very much involved. They're from the community and  
12          they're willing to put forth what they need to do to help  
13          you out.

14   MS. BARRON: Thank you.

15

16   My name is Mike Prusi. Next month it will be 64 years  
17          since I was born at the old Bell Hospital downtown, so  
18          you're probably going to hear a lot of Bell Baby stories  
19          here tonight, but there are a lot of other things that are  
20          involved with this transaction. You know, it's been over a  
21          hundred years that the community owned their own hospital  
22          here, and to turn around and to watch a Fortune 500 company  
23          from out of state come in and take over, for whatever  
24          reasons that the Board felt were necessary -- and I  
25          understand that, having served on the Bell Hospital Board in

1           2001 and 2002 before I went to the State Senate. I  
2           understand the difficulties. But I'm here as a  
3           representative of the Western Marquette County Health  
4           Foundation, which, at one time, was the Bell Hospital  
5           Foundation. And I was privileged to be at the  
6           groundbreaking when they put the shovel in the ground for  
7           the new hospital. As a State Senator, I spoke at the ribbon  
8           cutting when they opened the new hospital. And it was -- it  
9           was truly an exciting moment. And the bricks and the mortar  
10          up on the hill there, it's a beautiful, top notch, state of  
11          the art facility. But it's not a great hospital because  
12          it's beautiful; it's a great hospital because of the  
13          employees that are inside that hospital, the physicians, the  
14          nurses, the staff, the people that clean up, the people that  
15          drive the ambulance. And the other people that make that  
16          hospital what it is are the community and the people that  
17          donated over 7 million dollars to build that facility  
18          through the Foundation to help get that hospital off the  
19          ground. And I may be off on the numbers a little bit, but I  
20          was told it was a 35 million dollar building, so the 7  
21          million dollars that this community came up with is 20  
22          percent of the cost of building that hospital. To be told  
23          that a million dollars is sufficient for the Foundation to  
24          become the compliance organization that is going to have to  
25          monitor for ten years Lifepoint's compliance with the



1 contract they've signed with the Bell Hospital Board, when  
2 the attorney fees will eat up 60 to 70 percent of that  
3 money, what does that leave the Foundation to gift out and  
4 to grant out to help the healthcare here on the western end  
5 of Marquette County. I think you'll agree with me that the  
6 percentage that's left over after we pay the compliance  
7 costs isn't really going to allow a Foundation to exist and  
8 allow a Foundation to do the work that we believe we're  
9 capable of doing. So my -- my role here tonight is to make  
10 a pitch and a plea to the Attorney General to adjust that  
11 number upward as the Board was told in the early stages of  
12 the negotiation, that a million was a starting point. That  
13 starting point is not sufficient for a Foundation to  
14 function. Thank you.

15 MS. BARRON: Number 5 now.

16

17 Thank you. My name is Doug LeBelle. I'm an employed  
18 physician here at Bell Hospital. And to continue the theme,  
19 although I've been employed here for six years, my time here  
20 at Bell Hospital goes back to 1964 when I was born at Bell  
21 Hospital. As an emergency department physician, you know,  
22 I've had the privilege of caring for my friends, my  
23 neighbors and their families, all the people that I grew up  
24 with and the privilege of working with those same people.  
25 Again, my mother receives her care, some of which we had to

1 travel to Green Bay to obtain in the past. It's much better  
2 to be literally a three minute drive rather than a three  
3 hour drive after painful treatments. And I know very full  
4 well our strengths; you know, the high quality personal care  
5 that we deliver here. More recently I became the Chief  
6 Medical Officer, so I got more involved with the  
7 administration and more aware of the challenges that we're  
8 facing. Three big areas are, you know, recruitment. This  
9 has been a longstanding issue for us. We still have open  
10 recruits for primary care, our primary core services that we  
11 provide, pediatrics, family practice, internal medicine.  
12 Eventually that's going to impact the access to care that we  
13 have, and if you look at the market share data, perhaps it  
14 already has. Information technology, you've heard that  
15 again today, the requirements of the electronic health  
16 records system that's being increasingly mandated by the  
17 federal government and insurance providers. With few  
18 exceptions, these computer systems really haven't made our  
19 jobs easier. Imagine that, hey. You know, we have yet to  
20 integrate and maximize the potential of our systems, though,  
21 and I know, face it, little Bell Hospital really is not high  
22 on the priority list of these companies that provide our IT  
23 software. And the financial issues others have spoken  
24 before me, despite employee concessions and improvements, we  
25 continue to post losses, and it's been said before, if



1 looking at where we saw Bell as being and where we wanted it  
2 to go and what it would take to get there. And then through  
3 the task force process of evaluating suitors and people we  
4 could align with, sell to, call it what you may. I fully  
5 support where Bell is going. I mean I've seen where we've  
6 been. I've been privy to a lot of the situations and the  
7 numbers that we've had to deal with as far as our finances.  
8 I do a lot of volunteer work here in town, and I plan on  
9 retiring from Bell someday. That's my hope, that it stays  
10 thriving and vital in this community. I have no desire to  
11 be Marquette General, Junior, although, at the same time, I  
12 plan on -- and I do send probably 99 percent of my patients  
13 that need specialty care that we can't offer here in  
14 Ishpeming, I send them to Marquette. That's where I want  
15 them to be able to go. I don't want them to have to go  
16 hours or states away to get their specialty care. That's  
17 not good for them, it's not good for me. I don't really  
18 have a whole lot more to say. Bob and Doug and everyone  
19 have said all I have to say. Thank you.

20 MS. BARRON: We're at number 7, so 8, you're on  
21 deck.

22  
23 Hi. My name is Doug Anderson. I am the pharmacy  
24 director at Bell Hospital. I was born in St. Mary's  
25 Hospital in Marquette. Do I still get to talk? Anyway,

1 I've been at Bell for about five years, and I'm not going to  
2 berate the challenges that face our information technology  
3 area, but I've been an integral part in building the current  
4 information system that we use, kind of integrating the  
5 various clinical areas and what-not, and I can speak to that  
6 firsthand, that we really don't have the resources to  
7 complete the job that we started, you know, four years when  
8 we started working with MetaTech. I can also speak to  
9 something that is probably a little unusual for hospital  
10 employees, is I've already started to work fairly closely  
11 with Lifepoint corporate pharmacy department and I've been  
12 in three conference calls with the rest of the Lifepoint  
13 Hospital pharmacy directors, and I know when I came to Bell  
14 and I wanted to start making the pharmacy services a little  
15 more clinically oriented, I really had the patients in mind.  
16 So when I went on this first conference call, they have  
17 what's called a clinical dashboard, and they go through  
18 hospital by hospital and they measure everything. And they  
19 compare, you know, line by line, they're doing this, they're  
20 doing this, they're doing this, and I'm comparing their  
21 clinical initiatives to the ones that we have implemented at  
22 Bell, and they're virtually identical. There was very, very  
23 little difference in where their -- you know, where their  
24 focus as far as providing clinical services was compared to  
25 where ours is. And, to me, that says volumes about what

1           they care about, and what they care about is the patients.  
2           And that's really how I've always practiced. I did work at  
3           Bell in 1992, and I was here when Bell was -- we were down,  
4           down. I mean there were days where we had no surgeries and  
5           no patients. The hospital was completely empty. And I was  
6           so excited when I first came to work, and I'm still excited  
7           to work at Bell, to see how much has changed since then.  
8           But I still think we have a long ways to go. And before we  
9           can really catch up clinically and as far as pharmaceutical  
10          care goes, we need capital and we need the support system,  
11          because one person, a half a dozen people, the clinical  
12          managers, we can't manage the IT side of things, the  
13          information system side of things. We really need the  
14          support that a bigger organization offers. And with my  
15          experience so far with Lifepoint, I really think that they  
16          are on the same track that we are. Thank you.

17

18                   My name is Ron Katers. I've been on the Board here for  
19                   20 of the last 23 years. And during that time we've gone  
20                   through five CEOs. And I will tell you that one thing has  
21                   remained consistent through all those years. I am in  
22                   business at a number of various locations and places, and  
23                   every building you're in has a culture, and I'll tell you,  
24                   the culture in this place is something Lifepoint would like  
25                   to kill for. I'm telling you, if they could get culture

1           like this in every one of their locations, they'd be a  
2           superstar. And the hospital business is made of two parts,  
3           the patient care business and the business end of business.  
4           And the patient care business here is wonderful. All of --  
5           all of the speakers have attested to either being born here  
6           or getting worked on, and I'm the same. I've got parts all  
7           over me right now that were put in up the road here. I  
8           didn't want that to happen, but it all went down pretty  
9           well. And you get to see it from the inside that way, too,  
10          as a patient. And they're getting a terrific asset here  
11          from that standpoint. The buildings aren't old. But I'll  
12          tell you, just as Bob -- I'm not going to get into a lot of  
13          detail here, but Bob has pretty well outlined the financial  
14          situation and the complexity of the business. And, quite  
15          frankly, it's overwhelming rural hospitals. I mean you look  
16          at your own numbers on critical access hospitals here in  
17          Michigan, and a lot of them are in worse shape than we are.  
18          And we need support, like Doug Anderson said, and we're  
19          going to get it. This is a first class world hospital  
20          organization. We -- as a Board we unanimously approved this  
21          deal because they're in that business. The other thing is  
22          we don't want to get in a medical conflict here. We're in  
23          the same market here as Marquette General, and we thought it  
24          was a great fit, and that's why we're doing it. And the  
25          reason is, terrific patient care. We want it to continue

1 right here, and it will. We're confident it will. I don't  
2 think there's been one, I guess, second thought or second  
3 guessing about what we've decided here. So that's my two  
4 cents.

5 MS. BARRON: Thank you.

6  
7 I'm a little shorter than Ron. My name is Ron Meyer.  
8 I am -- I was the chairperson for the Bell Foundation for  
9 the last four years, and for the last year and eight months  
10 I've been a sitting Board member of the Bell Hospital. As a  
11 chairperson now for the Western Marquette County Health  
12 Foundation, formerly the Bell Foundation, my concern is for  
13 question number 5 on the frequently asked questions, if you  
14 happen to read that. In this sale, one million dollars is  
15 not enough to fund the Foundation. That would be locally  
16 governed as written in statement 5. The west end community  
17 generated 7 million in kind donations to the hospital just a  
18 decade ago, and we are asking that that seven million  
19 dollars be given back to the community or at least be  
20 considered to start a Foundation locally in the western  
21 Marquette County that would be locally governed. I'm not  
22 against the sale of the hospital. As a sitting Board  
23 member, I can tell you that this hospital needs some help  
24 and we're going to get it. There's no question. I know the  
25 difficulty of running the hospital. I know I could not do



1           it. But I'm here to implore Lifepoint and the Attorney  
2           General's office to reconsider the million that they are  
3           giving to the Foundation to something more compatible to the  
4           money that was raised locally in the last decade. In  
5           closing, a locally governed charitable Foundation cannot be  
6           run on one million dollars. And that one million dollars is  
7           not unencumbered. That one million dollars comes with a  
8           \$600,000 legal price tag to oversee the deal between  
9           Lifepoint and Bell Hospital. So really we're getting  
10          \$400,000 to our Foundation to be run locally. And I  
11          don't -- it's impossible. So I, once again, implore both  
12          the Attorney General and Lifepoint to reconsider that one  
13          million dollars that's going to the locally governed  
14          Foundation. Thank you.

15   MS. BARRON: Number 10?

16

17   My name is Michael Lovelace, Marquette County Sheriff.  
18          I'm not affiliated with Bell Memorial Hospital nor Duke  
19          Lifepoint; however, I was a patient here recently, a couple  
20          of weeks ago. I had a cataract removed, and the reason I  
21          came here, you would not believe the incredibly low  
22          infection rate this hospital has. Tremendous. I couldn't  
23          believe it. It's a minuscule number. I can't remember what  
24          it is now, but I think it's less than 1 percent, so -- and  
25          you probably already know that. My purpose here tonight is,

1 of course, I support the acquisition and I spoke to support  
2 the acquisition of Marquette General Hospital. The Attorney  
3 General's office has my comments regarding that, and I'm  
4 duplicating and repeating them here again tonight in theory.  
5 I am not going to revisit that entire statement that I gave  
6 in Marquette. But I am here to remind you that the U.P.  
7 still severely needs a secure psych unit for the violently  
8 mentally ill. We do not have any facility of that nature in  
9 the Upper Peninsula. We have to transport violently  
10 mentally ill people to Ypsilanti, to Caro over by Saginaw  
11 and sometimes Traverse City. Expensive. We're the agencies  
12 in the Upper Peninsula with the smallest budgets, yet we  
13 have to travel 500 miles in two days, two deputies in a car,  
14 meals, gas, all that stuff. I said it before. But that's  
15 the reason why -- that need is still here. And when you  
16 talked about continuing and maybe expanding programs, that's  
17 one that I'm going to encourage the Duke Lifepoint and all  
18 of us -- I'm including myself as a partner here, offering  
19 myself to hopefully provide a facility. We have two  
20 locations that I'm looking at right now that I would offer  
21 up. I'm thinking that Duke Lifepoint may be able to provide  
22 some psychiatric nursing or some doctors, obviously. I'm  
23 looking to the governor for the same, so I'll be seeing you  
24 people again. I'm also looking for Pathways and -- Pathways  
25 and our other friends Great Lakes to help with some programs

1           and maybe some funding. So I've got a plan for a private/  
2           public partnership that I still want you to include me in  
3           your strategic planning for expansion of programs, and it  
4           will help the entire Upper Peninsula, not just Marquette  
5           County. We have one other program that we have locally, and  
6           that is Life Tracker Alzheimer Recovery system. We  
7           definitely want some help with that. Bell Hospital  
8           continued with that, helped us out in fund raising in the  
9           very beginning, so that's another program that I do want to  
10          talk to you about. So, finally, I just want to let  
11          everybody know that, you know, as I get older and we all  
12          regress as human beings, obviously I'm bald already, fastly  
13          (sic) approaching, you know, old age and maybe Alzheimers,  
14          and, you know, I plan on being here in diapers and I'll  
15          finally be a Bell Baby just like everybody else in here.  
16          Thank you.

17                                   MS. BARRON: Now we're at number 11.

18

19                           I'm Bryan DeAugustine. I am the superintendent of NICE  
20          Community Schools, just a few minutes down the road. I am  
21          not a Bell Baby, either, and will trump the gentleman from  
22          St. Mary's. I was born downstate, but I've been here 20  
23          years, so I'm closing in on my Yooper Card. I think I've  
24          got five years to go, if I'm not mistaken. I'm pretty new  
25          to the Ishpeming area; I've only been here a couple of

1           years. But from the school's perspective, a viable hospital  
2           and good healthcare is something that's really important to  
3           us, because it keeps our young families here with their  
4           children and it draws people in from other areas who will  
5           make our community their home. So I -- from what I  
6           understand and from what I've read and seen, the comments  
7           tonight about the million dollar fund that's in place  
8           notwithstanding, this is something that I think is good for  
9           Bell Hospital and it will definitely be good for the  
10          community schools around the area, because we need a happy,  
11          healthy community to run happy, healthy schools. So from my  
12          perspective as the superintendent, I'm behind this and I  
13          think that it's going to be good for everybody. So I just  
14          wanted to share that with you. Thank you. I'll be very  
15          brief.

16                           MS. BARRON: And we're at number 12 now. And I  
17          see 12 passing, so that quickly takes us to 13.

18  
19                           My name is Scott Patrick. I'm here wearing a couple of  
20          hats this evening. One of them is the president of our  
21          local Chamber of Commerce, and I can tell you that we are in  
22          support of this acquisition. I can tell you that we want  
23          and need this hospital viable. I can tell you that this  
24          hospital has been in trouble, and we are happy that we will  
25          get out of trouble, which is a good thing. I will remind

1           everybody, like everybody else has here tonight, that we did  
2           raise 7 million dollars of private funds, so I personally,  
3           from my perspective, agree that the one million dollars  
4           should be revisited, to see what we can do about that.  
5           Other than that, I just want everybody to know that this  
6           community needs this hospital and we are fully in support of  
7           it. Thank you.

8                           MS. BARRON: That takes us to number 14.

9

10                   I guess this is the blue jeans and t-shirt portion of  
11           the presentation. I'm Jon Kangas; I'm the interim City  
12           Manager for the City of Ishpeming. Our concerns are the  
13           same that you've heard from some of the other community  
14           members. Having access to quality healthcare is probably  
15           the largest concern that the city residents, taxpayers have  
16           with this acquisition, and we hope that this acquisition  
17           will continue to provide quality healthcare here. I'm not a  
18           Bell Baby. My children are first generation Bell Babies. I  
19           had one born in the old hospital downtown. I don't know  
20           where the middle one was born. I kind of fogged out on that  
21           one. It was five years ago; you tell me, was it downtown or  
22           up the hill. The youngest was born up the hill. And I'm  
23           sorry, that -- I just blanked out on that one, but I have  
24           three children that are all Bell Babies. I'm a Bell  
25           patient, as recently as this last -- past Friday. And this

1 kind of ties my whole comments together. I can't really  
2 tell you that the City Council sent me here, because we  
3 didn't have a chance to talk about it. I wanted to come  
4 with a resolution of some sort supporting it, but we ran out  
5 of time. I was here last Friday as a patient, got some x-  
6 rays on my chest. I wanted to race on Saturday in the  
7 inaugural Red Earth Classic Mountain Bike Race. And just so  
8 everyone knows, it's not just the community supporting the  
9 hospital; it's also the hospital supporting the community.  
10 Bell was a sponsor of that event, actually made it happen, I  
11 think as safely as possible. Gave me x-rays that said,  
12 yeah, I didn't have any broken bones, I was probably safe as  
13 long as I didn't take too many risks. We're the first  
14 responders very quickly to the one incident I'm aware of  
15 that occurred. Glenn, I hope you're doing fine. They were  
16 there within three minutes, I would say, if not less. And  
17 really this ties the whole community together. And I know  
18 that's not why I came here, but I wanted to just share that  
19 with you. It is a community here. I don't live here. It  
20 sometimes makes me want to, but I still have to get away at  
21 the end of the day. And I know that I will continue using  
22 Bell for my healthcare.

23 MS. BARRON: Thank you. We're at number 15 now.

24

25 My name is Tom Edmark. I'm here on behalf of the --

1           what is now the Western Marquette County Community Health  
2           Foundation. I've been on the Foundation ever since the  
3           Foundation was activated for the purpose of conducting the  
4           capital campaign for the building of the new hospital. And,  
5           in addition to the monetary support throughout the  
6           community, there was a lot of sweat equity that went into  
7           that capital campaign. And I'm going to sound like a  
8           broken record, but with regards to the sale or the pending  
9           sale of the hospital to Lifepoint, in terms of what the  
10          Foundation will be receiving in terms of funding, one  
11          million dollars, that simply is not enough. When you look  
12          at compliance costs alone, it's 600,000 over a ten year  
13          period, basically that leaves \$400,000. And in order for us  
14          to be able to conduct the health and wellness activities we  
15          would like to promote in the western part of Marquette  
16          County, in order for the Foundation to function, we need  
17          more money than that. So I will wish and hope and plead  
18          that Lifepoint and the AG's office will reconsider that  
19          amount. I appreciate it very much.

20                           MS. BARRON: Thank you. 16.

21

22                           Thank you representatives of Bell Hospital and  
23                           certainly the Attorney General's office, led by Assistant  
24                           Attorney General Will Bloomfield and other core members of  
25                           the Attorney General's office. My name is Bill Hetrick, and

1 I am a member of the Superior Health Partners. It is  
2 comprised of one regional medical center located in  
3 Marquette and seven community-based hospitals located  
4 through the Upper Peninsula. SHP was chartered in 2010 to  
5 encourage coordination of medical care in the U.P. There  
6 are quarterly meetings focusing on education, of medical  
7 care in rural areas of the United States, trends and  
8 efficiency of delivery and to keep residents of the U.P. in  
9 the U.P. serving their medical needs. Between 200,000 and  
10 \$500,000 leaves the Upper Peninsula annually. Services go  
11 to Wisconsin, to the Lower Peninsula of Michigan or  
12 Minnesota at approximately 25 percent higher direct cost.  
13 With the indirect cost averaging \$200 per day, per family,  
14 for the friends of family, out of pocket expenses for  
15 medical and related expenses is astronomical. Since 2010,  
16 there has been a concerted, however erratic, effort to  
17 direct care by SHP. There are two main components for  
18 success in this initiative. The primary care physician from  
19 the community hospital coordinating care between the  
20 hospital in the community and the regional hospital;  
21 secondly, major employers keeping their medical care in the  
22 U.P. Bell has been unwavering in its commitment for a  
23 sustainable facility staffed with competent, caring, local  
24 professionals. The effort to maintain common-sense medical  
25 care between Bell and Marquette General is at an all time



1 high. With the sale of Marquette General and Bell to Duke  
2 and Lifepoint entities, there now is a synergy. I appeal to  
3 the Attorney General's office to allow this to continue to  
4 thrive. SHP effectively promotes keeping the medical care  
5 in the community-based hospitals and supporting specialties  
6 of the regional medical center with a substantial financial  
7 assist from Blue Cross/Blue Shield of Michigan. Blue Cross  
8 contractually is providing 3 million dollars to SHP. There  
9 is an anticipated savings of millions of dollars to Blue  
10 Cross card holders, the hospitals, physicians, Blue Cross  
11 and primarily the Blue Cross insureds all stand to gain  
12 financially. Blue Cross has demonstrated support for SHP  
13 with a short term financial commitment as well as long term  
14 representation on the Board of Directors of SHP. They are  
15 accumulating data in support of an accountable care  
16 organization. The National Healthcare Reform Act will be  
17 comparing favorable results for years to come from Bell and  
18 the seven other hospitals in unparalleled cooperation.  
19 Medical care close to home decreases financial stress and  
20 emotional stress. Family members will physically be there  
21 at the most crucial time for their loved ones. The sale of  
22 Bell to Lifepoint is critical to alleviate financial stress  
23 of the community as well as emotional stress. Thank you.

24 MS. BARRON: Thank you. Number 17. Let the  
25 record reflect we've been handed a one page sheet. I'm

1           assuming you're submitting this for record purposes?

2                           MR. WALLACE: Yes.

3

4                           Good evening. I'm Dr. Harvey Wallace. I am the  
5           interim dean of the College of Professional Studies, which  
6           is known on the campus of Northern Michigan University as  
7           COPS. COPS is the administrative home for four schools,  
8           five departments and two centers. Among the schools are the  
9           School of Nursing and the School of Clinical Sciences, both  
10          of which have a long history of cooperation with all the  
11          hospitals in Marquette County and throughout the region.  
12          Bell Memorial, being one of the two hospitals in Marquette  
13          County, has had a special relationship with NMU. During the  
14          past 40 plus years, many members of your nursing and allied  
15          health staff have been trained by NMU faculty. Back in  
16          1973, our School of Nursing prepared both Baccalaureate  
17          Degree and Practical Nurses, the Allied Health programs  
18          offered only a two year Associate Degree for medical  
19          laboratory technicians, radiologic technicians and medical  
20          secretaries, and the Department of Speech Pathology and  
21          Audiology offered both undergraduate and graduate degrees in  
22          their specialty areas. Today, during the fall 2013  
23          semester, the School of Nursing has 19 full-time faculty for  
24          the 554 Baccalaureate Nursing majors and the 17 Family Nurse  
25          Practitioner graduate students. There are six faculty

1 preparing a cohort of 40 students in Practical Nursing. The  
2 School of Clinical Sciences has 150 students studying  
3 Clinical Laboratory Sciences, 67 in the Baccalaureate  
4 Speech, Hearing and Language Sciences program, and other  
5 students studying surgical technology, respiratory therapy,  
6 and radiography technology for a total enrollment in the  
7 school of 416. All these students, close to a thousand,  
8 over the course of their four to five years at NMU will need  
9 to get out of their classrooms and into the real world.  
10 They will need clinical training under the close supervision  
11 of their faculty instructors. And they will need the  
12 special mentoring offered by the Bell Memorial Hospital  
13 staff while our students finish their training during  
14 internships in your clinical labs, departments of radiology,  
15 speech and hearing clinics, surgical suites and patient care  
16 facilities. Accredited training programs in nursing and  
17 allied health are not possible without the close  
18 collaboration between Northern Michigan University and great  
19 hospitals like Bell Memorial. As Bell Memorial Hospital  
20 enters into its new relationship with Lifepoint, please know  
21 that the students, faculty and administration of Northern  
22 Michigan University look forward to continuing our  
23 affiliation and history of collaboration. Thank you for  
24 this time.

25

1 MS. BARRON: Thank you. Are there any other  
2 members of the public who would like to make a statement at  
3 this time? Seeing no hands or movements toward the podium,  
4 we'll move into our closing comments. I'll turn it back  
5 over to the hospital and Lifepoint for any final comments or  
6 responses that you want to make on the record.

7 DR. DELLANGELO: First of all, again, I want to  
8 thank everybody that came here tonight to present pro or  
9 con. I think most everybody was pro; there may be some  
10 details that people aren't totally happy with, but I think  
11 that the consensus is that this is a good thing for the  
12 community. I just want to address the Foundation issue a  
13 little bit. Yes, we would all like more. In terms of the  
14 contribution of the community to the hospital, I think we  
15 all have contributed, and I think I'm probably the largest  
16 single contributor in the land that was given of that 7  
17 million dollars. I think we all committed that money to  
18 basically have a quality hospital in our community, and I  
19 don't see where Lifepoint owning it changes that. I think  
20 we still have what we as a community donated to, which is a  
21 fine facility that will provide quality healthcare for us  
22 and our families. So I think that the idea that the  
23 community gave 7 million dollars, but they're not getting --  
24 they may be not getting their money's worth, I don't really  
25 agree with that. I think they are, because they have a

1           wonderful facility that will continue to satisfy their needs  
2           in healthcare and hopefully expand what they will deliver in  
3           terms of services. So I -- I guess I see it a little bit  
4           differently.

5                           MR. CARPENTER: Dr. DellAngelo, thank you, and  
6           members of the Attorney General, thank you for hosting this  
7           forum. Thank you all for your attendance. On behalf of  
8           Lifepoint, I guess I would like to also touch on the funding  
9           for the Foundation. We certainly understand your interest  
10          in funding for the Foundation. We recognize the vital role  
11          that the Bell Foundation, now the Western Marquette  
12          Community Health Foundation, has played in insuring the  
13          success of the hospital to this point. The Foundation will  
14          receive a million dollars as a result of this transaction,  
15          not a small amount. The Foundation going forward will be  
16          able to administer these funds, along with other funds that  
17          it is able to raise, to support the unmet needs in the  
18          community. We are pleased that the community will have the  
19          ability to realize this benefit from the acquisition. As  
20          you've heard from Dr. DellAngelo and other members of the  
21          community and the Board, their priority throughout this  
22          process has been to insure the future viability and success  
23          and the provision of quality healthcare at Bell Hospital.  
24          Lifepoint shares this commitment. That's why we've agreed  
25          to the financial terms that will provide the necessary

1 funding to pay off all the outstanding debts of the  
2 hospital, in excess of 30 million dollars. The hospital  
3 will be debt free. We'll preserve jobs, we'll hire all the  
4 employees and help fund Bell's pension obligations, which  
5 exceed 5 million dollars. We'll continue to fulfill the  
6 healthcare needs of the community by maintaining services  
7 provided at Bell, and we'll continue Bell's charity care  
8 policies and will provide 5 million dollars minimum in  
9 capital over the next few years to invest in new technology  
10 and services. These are all substantial commitments to the  
11 community. As Bob described, the Board underwent a very  
12 diligent process to address these priorities, because they  
13 believe these commitments are in the best interest of this  
14 community. Lifepoint has committed to meet all of these  
15 priorities. We understand your desire for more funding for  
16 the Foundation. We hope, however, that you can understand  
17 the limitations that exist. The agreed upon purchase price  
18 is based on maximum consideration of the value of the  
19 assets. Lifepoint has agreed to pay a very fair price for  
20 this transaction, which we believe is on the high end of  
21 what is fair market value. An independent valuation has  
22 been retained, and they will deliver their report. We  
23 firmly believe that the valuation will confirm that the  
24 amount that we have agreed to pay is consistent with fair  
25 market value. We believe that valuation information -- we

1           hope -- will be available very soon. Also, the Attorney  
2           General will review the transaction to insure that the  
3           acquisition is in the best interest of the community. So we  
4           worked very hard with Bell to make sure that the purchase  
5           price paid is allocated to the priorities that were set by  
6           the Board of Directors as they have tried -- and I think  
7           very well -- and represented the best interests of the  
8           community.

9                     Now, I want to leave on a very, very positive note. We  
10           couldn't be more excited to be here. We want to be a part  
11           of your community, and we will be a good community citizen.  
12           It is absolutely important to us and vital that for many,  
13           many years to come, you're proud of Bell Hospital, and that  
14           the services there are the services that you want your  
15           family, many of you, I hope your neighbors and your loved  
16           ones if you don't have to receive the care, but that this is  
17           where you want to come for care. And we will be there to  
18           help support the hospital and the staff and the clinicians  
19           who are there in order to make sure that Bell Hospital is a  
20           place where people want to come for care, where physicians  
21           want to practice and where employees want to work. Together  
22           we look forward to working with you to help make this  
23           community healthier, and that's really what it's all about.  
24           Thank you.

25                     MS. BARRON: Thank you, Dr. DellAngelo and Mr.

1 Carpenter. On behalf of Attorney General Bill Schuette and  
2 the entire Bell Hospital review team, thank you for taking  
3 time to join us today. Preserving and protecting the  
4 integrity of charitable assets is one of the most important  
5 responsibilities of the Attorney General's office, and it's  
6 a responsibility we take very seriously. Thank you and good  
7 evening.

8 (Public forum ended at 6:30 p.m.)

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