

Bill Schuette

Attorney General



Report on the Proposed Sale of Bell Memorial Hospital to Lifepoint

November 27, 2013

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30212
LANSING, MICHIGAN 48909

BILL SCHUETTE
ATTORNEY GENERAL

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I have reviewed the proposed sale of Bell Memorial Hospital and Bell Medical Center to Acquisition Bell Hospital, LLC, a Lifepoint subsidiary. I approve the sale.

The Attorney General has a unique responsibility over charitable assets. Recognizing this, the parties conditioned the sale on my approval. As in past hospital transactions, I convened an internal review team to consider the reasons for the sale and its fairness, and to ensure the protection of charitable assets and interests. We examined documents and interviewed relevant persons. We accepted comments or concerns from the public and from government officials. I also required Lifepoint to fund a valuation expert to work at my direction. I directed the expert to review the adequacy of the consideration, the fairness of the bidding process, and the fairness of the proceeds to the charitable foundation.

My review is now complete. Bell's board of directors had sound reasons both for the sale and for choosing Lifepoint. In 2008, Bell constructed a beautiful new hospital—and also took on over \$30 million in debt. Since that time, Bell has struggled to repay its debts and has had years with sizable losses. Moreover, federal healthcare reform is changing the healthcare industry; given Bell's struggling finances, it lacked the necessary capital to adapt to the changes.

The sale to Lifepoint allows Bell to pay-off all its construction debts and to fund its unfunded pension liabilities, which collectively total near \$40 million. Bell's Board of Directors has also obtained Lifepoint's promise to continue core medical services for the next ten years, continue charity care, and dedicate \$5 million in capital commitments. Lastly, the sale proceeds will generate nearly \$6 million to the local Western Marquette County Health Foundation (formerly Bell Foundation) for healthcare purposes.

To ensure that Lifepoint adheres to its post-closing promises, I am requiring an independent firm—chosen by me—to monitor these promises for the next ten years.

The attached report more fully explains our review process and my reasons for approving the sale.

Bill Schuette
Attorney General

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I. Introduction

Under Michigan law, the Attorney General represents the public in protecting charitable interests, which include the state's nonprofit hospitals. In June 2013, Lifepoint Hospitals agreed to purchase Bell Memorial Hospital and Bell Medical Center (collectively "Bell"). Recognizing the Attorney General's authority in this area, the parties requested the Attorney General's review and approval before closing.¹ This report discusses the general terms of the sale and the review process; it also explains the findings that support the Attorney General's approval.

A. Transaction Overview

The terms of the sale are detailed in the Asset Purchase Agreement (APA).²

Significant terms include:

1. Lifepoint will pay \$37.5 million in exchange for substantially all of Bell's assets; this payment will allow Bell to pay-off outstanding debt of \$34 million and unfunded pension obligations of \$5 million;³

¹ For the Attorney General's authority over charitable assets and interests, see Appendix A.

² The Attorney General has posted the Asset Purchase Agreement and many other important sale documents for the public's review at www.michigan.gov/bell.

³ For more details, see Exhibit 3, Cain Brother's Report p. 24.

2. Lifepoint will spend \$5 million in capital improvements over ten years; [APA § 9.10]
3. Lifepoint will offer employment to current employees; [APA § 9.1]
4. Lifepoint will continue core services for at least ten years; [APA § 9.12]
5. Lifepoint will continue Bell's charity care policy; [APA § 9.9]
6. Lifepoint will not sell the hospital for at least ten years; [APA § 9.16] and
7. At least \$1 million of the purchase price will be paid to the Bell Foundation. [APA § 2.1]

B. Review Process

In March 2013, the Attorney General assembled a team to review the proposed sale.⁴ The Attorney General also required the parties to pay for a valuation expert to work at the Attorney General's exclusive direction. The Attorney General chose Cain Brothers to value Bell's assets, to examine the sale process, and to consider the fairness of the consideration.⁵

The Attorney General's team focused on the due diligence of Bell's board of trustees and on the overall fairness of the sale to the public. More specifically, the review team considered these questions:

⁴ The Attorney General's team included Chief Deputy Attorney General Carol Isaacs, Consumer and Environmental Protection Bureau Chief Bob Ianni, and members of the Corporate Oversight Division, Consumer Protection Division, and Charitable Trust Section.

⁵ The Attorney General requested bids from multiple valuation experts and ultimately chose Cain Brothers—a nationally recognized valuation firm. For a copy of the Cain Brothers expert contract, see www.michigan.gov/bell. For Cain Brothers' valuation report and fairness opinion, see Exhibits 3 and 4.

1. Why is Bell being sold?
2. How did Bell search for a buyer?
3. Was the process fair?
4. Why did Bell select Lifepoint?
5. Did Bell obtain fair market value for its charitable assets?
6. Will Lifepoint continue charitable care and core services?
7. What does the public think of the sale?
8. How will the Foundation change as a result of the sale?
9. How will the Post-Closing Covenants be monitored?

Section II., below, answers these questions.

II. Findings

A. Why is Bell being sold?

In simplest terms, Bell Hospital is being sold because of poor fiscal health. Around 2007, Bell borrowed \$32 million to construct a new hospital. Since the new hospital opened, Bell has struggled to meet its debts and has had several years with substantial operating losses, including a single-year loss of \$7 million.

A sale will permit Bell to repay its debts and continue hospital services in Ishpeming.

1. History and financial struggles

Ishpeming's first hospital opened in 1872. A new 50-bed hospital was constructed in 1918. By the new millennium, the hospital building had become

obsolete; so the hospital planned, financed, and constructed a new facility. Construction was completed in September 2008.

In constructing the new hospital, Bell borrowed \$32 million. Shortly after the new hospital opened—and with general economic conditions deteriorating at this time—the new debt proved to be too much. By early 2012, Bell had violated certain bond covenants.

In addition to the construction debts, Bell has roughly \$5 million in unfunded pension liability. And Bell faces other challenges. Under federal health care reform, there is great uncertainty for small community hospitals such as Bell: there are regulatory changes (and accompanying compliance costs), new regulatory burdens, larger competitors, and downward pressure on reimbursements.⁶ With Bell's existing debts, it simply lacks the necessary resources to successfully adapt to the changing market.

2. Recent history

Responding to its large debts and operating losses, three years ago, Bell's board of directors began considering its options to continue providing healthcare to the community. Bell considered a joint operating agreement with Marquette General; but with Marquette's sale to Duke Lifepoint in 2012, this plan was never

⁶ Over the last year, the Department has reviewed or has been advised of several proposed hospital transactions. With each, the seller hospital has advised the Department that a key factor motivating its transaction was the uncertainty resulting from the changes to the nation's healthcare laws. The Department's discussions with its experts confirm that this is a legitimate concern throughout the industry.

achieved. In early 2012, with the violation of its bond covenants, Bell was required to develop a turn-around plan and to retain a consultant to explore a possible sale. In mid-2012, Bell's board hired Stroudwater Associates to help it assess its options at a board retreat. As a result of the assessment and retreat, Bell's board concluded that it should seek a buyer.⁷

B. How did Bell search for a buyer?

To help it seek a buyer, Bell hired Juniper Advisory.⁸ Juniper educated the board on the possibilities and solicited proposals from potential buyers. Juniper contacted thirteen possible buyers, including both nonprofit and for-profit hospitals. Three expressed interest. Two submitted proposals.

Bell reviewed, accepted revised proposals, hosted the finalists in Ishpeming, and conducted reverse due diligence trips to hospitals operated by each finalist. Ultimately, Bell chose Lifepoint.

C. Was the process fair?

A fair market process is the best way to obtain value for a hospital's assets. To test the fairness of Bell's process, the Attorney General:

⁷ In September 2012, Bell hired Floyd Bounds as chief executive officer. Bounds had significant experience as a hospital CEO and had led several other distressed hospitals through restructuring and/or sales.

⁸ Juniper is an independent investment banking firm from Chicago that specializes in nonprofit hospital mergers and acquisitions.

- interviewed Bell board members and executives;⁹
- requested and examined documents;¹⁰ and
- hired valuation expert Cain Brothers—funded by the parties and **not** the taxpayer—to review the process and evaluate the consideration received.

The Attorney General concludes that the sale process was fair.

D. Why did Bell select Lifepoint?

Bell received two comparable bids. Each bidder offered similar consideration, with each agreeing to a \$1 million contribution to the Foundation.¹¹ Despite these similarities, Bell's board viewed Lifepoint's offer as superior in several respects.

First, Lifepoint's offer allowed Bell to eliminate its entire debt; with the other offer, Bell's debts would have been co-signed by the new buyer but would have continued. Next, Bell naturally sends many patients to nearby Marquette General Hospital; with Duke Lifepoint's recent acquisition of Marquette General, it made sense to the board to continue its existing relationship with Marquette General. The board also looked favorably on Lifepoint's relationship with Duke University Health System; this assured the board of Lifepoint's commitment to preserve Bell's existing culture of quality care. And the board liked that Lifepoint had experience in running small community hospitals such as Bell, had extensive merger and

⁹ For a list of those interviewed, see Appendix B.

¹⁰ See Appendix C.

¹¹ Lifepoint's initial bid did not include any contribution to the Foundation, but added this term with its final bid.

acquisition experience, and could provide it with administrative expertise and support that it had been lacking.

Considering all these factors, following the final bids and site visits, Bell's board unanimously selected Lifepoint.

E. Did Bell obtain fair market value for its charitable assets?

The Attorney General retained valuation expert Cain Brothers to verify that Bell received fair consideration for its charitable assets. Based on a review of Cain Brothers' report and consultation with Cain Brothers, the Attorney General concludes that Bell received fair consideration.¹²

Cain Brothers used two conventional valuation methods to value Bell's assets: (1) public market valuation, and (2) comparable transactions. These methods revealed a range of fair market value between \$20 and \$25 million. Lifepoint's purchase price of \$37.5 million exceeds that range. Cain Brothers also concluded that Juniper, in guiding Bell through the sale process, completed a comprehensive auction process; such a process is generally recognized as the best way for a seller to obtain fair market value.

What of the minimum \$1 million proceeding to the Foundation? Is that amount fair? Representatives of the Bell Foundation asked the Attorney General to scrutinize this amount and consider increasing this amount. Specifically, the

¹² Cain Brothers' fairness opinion report and letter are available as Exhibits 3 and 4 at www.michigan.gov/bell.

Foundation asked the Attorney General to consider the public's contribution of roughly \$7 million toward the construction of the new hospital in recent years.¹³

The Attorney General considered this question carefully and also asked Cain Brothers to scrutinize this question. Cain Brothers ultimately concluded that, given the range of fair market value of between \$20 and \$25 million and Lifepoint's purchase price of \$37.5 million, that a minimum of \$1 million proceeding to the Foundation was fair. Fortunately, the Foundation is now estimated to receive substantially more than the minimum \$1 million that it was promised. Shortly before closing, the parties informed the Attorney General that the amount proceeding to the Foundation had been revised based on the most recent financial statements from Bell. It is now estimated that the Foundation will receive \$5.7 million from the transaction.¹⁴ The Attorney General concludes that the amount proceeding to the Foundation is fair.

During the Attorney General's review, the Foundation also expressed concern over its ability to monitor and enforce Lifepoint's post-closing covenants with its limited resources.¹⁵ Recognizing the Foundation's concern, the Attorney General

¹³ See Appendix D, Letter from Foundation President Ron Meyer.

¹⁴ This estimate is based on Bell's financial statements from September 30, 2013. The final amount proceeding to the Foundation will be based on Bell's financial statements at closing.

¹⁵ This concern was expressed before it was known that the Foundation would be receiving more than the minimum \$1 million; but even with nearly \$6 million, the monitoring and enforcement function would have placed a significant obligation on the Foundation.

will not impose the monitoring and enforcement function on the Foundation. Instead, as explained in Section I., below, the Attorney General has chosen an independent monitoring firm that will review and verify Lifepoint's compliance with the Post-Closing Covenants.

F. Will Lifepoint continue charitable care and core services?

Yes. The purchase agreement requires Lifepoint to maintain Bell's charitable care policy and to continue core services.¹⁶ This provides an important service to the public.

G. What does the public think of the sale?

The Attorney General hosted a public forum on September 24, 2013 in Ishpeming to allow the public to comment on the sale.¹⁷ Sixteen individuals commented; none opposed the sale. Several members of the Western Marquette County Health Foundation (formerly Bell Foundation) asked both Lifepoint and the Attorney General to consider increasing the \$1 million proceeding to the Foundation from the sale; they also expressed concern that any monitoring and enforcement requirements imposed on the Foundation—as has been done in past hospital transactions—would erode the \$1 million contribution and leave little for charitable

¹⁶ See Section 9.9 of the purchase agreement at www.michigan.gov/bell. For Bell's current charitable care policy, see Exhibit 9.9 of the purchase agreement at www.michigan.gov/bell. There is no end date to Buyer's promise to maintain Bell's charitable care policy, though the policy may be changed as necessary to comply with applicable legal requirements. For continuation of core services, see Section 9.12 of the purchase agreement.

¹⁷ For a full transcript of the public forum, see www.michigan.gov/bell.

purposes. These comments echoed comments made during a meeting earlier that day with members of the Attorney General's hospital review team. Both comments were addressed in Section E., above; and the new monitoring framework is addressed in Section I., below.

The Attorney General also accepted public comment by mail or email. The Attorney General received three emails from individuals. One disapproved of the way Duke Lifepoint has operated Marquette General since its purchase of Marquette General in 2012, and thus opposed any further acquisition by Lifepoint. The next questioned whether taxes generated from the newly for-profit Bell would benefit local schools and also questioned whether Lifepoint is forming a monopoly in the Upper Peninsula. The third email supported the sale but expressed concern that, with Lifepoint owning both Marquette General and Bell, if a hospital worker lost his job he would likely be unable to find work at the other hospital either.

The question regarding taxes is better answered by the local taxing authorities; and in its letter supporting the sale, the County of Marquette addressed this point: the sale to Lifepoint "will mean that the City of Ishpeming, the local schools, and Marquette County will now collect property taxes that are greatly needed." See Appendix E. Regarding the concern over Lifepoint's expanding presence in the Upper Peninsula, the Attorney General is aware of the concern and appreciates all input from the public. Thus far, in three separate transactions in the U.P., Lifepoint has successfully outbid other buyers—both for-profit and non-

profit—in a competitive bidding process. This competitive bidding process is the best way for a selling hospital to maximize the value of its charitable assets and protect the public’s interest. The Attorney General has reviewed carefully the fairness of each transaction and will review any future transactions to protect the interests of the public.

H. How will the Foundation change as a result of the sale?

Because the hospital will be for-profit after the sale, the Bell Foundation can no longer support the hospital. Thus, the Attorney General also reviewed and approved a modification of the Foundation’s articles of incorporation and by-laws. The Foundation will take a new name: Western Marquette County Health Foundation. The revised purpose of the Western Marquette County Health Foundation is to receive and administer funds “to support healthcare and related activities in the Western portion of Marquette County . . .”¹⁸

I. How will the Post-Closing Covenants be monitored?

In past hospital transactions, the Attorney General has required monitoring and enforcement of the buyer’s post-closing covenants. This transaction is no different. As detailed in the Monitoring, Compliance, and Enforcement

¹⁸ For the Western Marquette County Health Foundation’s articles of incorporation and by-laws, see www.michigan.gov/bell. For restrictions on the use of the Foundation’s charitable funds, see Exhibit 2, Protection of Charitable Assets Agreement at www.michigan.gov/bell.

Agreement,¹⁹ the Attorney General is requiring Lifepoint to annually report to the Attorney General regarding the status of its post-closing covenants. Moreover, the Monitoring Agreement requires Lifepoint to fund an independent monitor—chosen by the Attorney General—to annually review the performance of the post-closing covenants and verify compliance. The Monitoring Agreement also includes several mechanisms to encourage Lifepoint’s compliance and to fund an enforcement action by the Attorney General if necessary. This monitoring will continue for ten years.

III. Conclusion

The Attorney General and his expert, Cain Brothers, have thoroughly reviewed the proposed sale. In recent years, Bell Memorial has had regular operating losses and has struggled to meet its substantial debts resulting from the construction of its new facility. A sale to Lifepoint allows Bell to eliminate its debts and continue quality healthcare services in Ishpeming. In searching for a buyer, Bell’s board of trustees fulfilled its fiduciary duties, thereby preserving the hospital’s charitable assets and interests. Because the sale properly protects the public interest, the Attorney General consents to the proposed sale.

¹⁹ See Exhibit 1, at www.michigan.gov/bell. See also Exhibit 2, Protection of Charitable Assets Agreement.

IV. Appendix

- A. The Attorney General's Authority
- B. Individuals Interviewed
- C. Documents Reviewed
- D. Letter from Foundation President Ron Meyer
- E. Letter of Support from Marquette County

Appendix A

The Attorney General's Authority

Supervision of Trustees for Charitable Purposes Act

The Supervision of Trustees for Charitable Purposes Act¹ empowers the Attorney General to protect charitable interests on behalf of the public.

Charitable Gifts Act

The Charitable Gifts Act² authorizes the Attorney General to enforce charitable trusts on behalf of the public and all indefinite and uncertain beneficiaries of charitable gifts. Also, the law liberally protects the intentions of charitable donors.

Revised Judicature Act

The Revised Judicature Act gives the circuit court power over corporate fiduciaries, including the power to remove corporate fiduciaries for abuses of trust.³ The Attorney General may prosecute actions on behalf of the people.

Nonprofit Corporations Act

The Nonprofit Corporations Act allows the Attorney General to seek dissolution of a nonprofit organization that willfully exceeds its authority or otherwise acts fraudulently or unlawfully.⁴ The law also prevents charitable assets from being used for noncharitable purposes.⁵

Common Law

The common law also recognizes the Attorney General's authority to protect charitable assets.⁶ This authority is liberally construed.⁷ The Attorney General's authority under common law also is derived from the *parens patriae* doctrine.⁸

¹ MCL 14.251 *et seq.*

² MCL 554.351 *et seq.*

³ MCL 600.3605.

⁴ MCL 450.2821.

⁵ MCL 450.2301.

⁶ See *e.g.*, Restatement of Trusts (Third), § 94.

⁷ *Michigan State Chiropractic Ass'n v Kelley*, 79 Mich App 789, 791 (1977) (citations omitted); see also *Attorney General v Michigan Public Service Commission*, 243 Mich App 487, 497 (2000), and *State of Mich ex rel Kelley v C.R. Equipment Sales, Inc.*, 898 F Supp 509 (WD Mich, 1995); *Humphrey v Kleinhardt*, 157 FRD 404 (WD Mich, 1994).

⁸ *Kelley v Carr*, 442 F Supp 346, 356 (WD Mich, 1977), *aff'd in part, rev'd in part*, 691 F2d 800 (CA 6, 1980).

Appendix B

Individuals Interviewed

Dr. Robert DellAngelo	Chair, Bell Memorial Board of Trustees; Transaction Task Force Member; physician (retired); donor
Floyd Bounds	Chief Executive Officer; Task Force Member
Jerry Messana	Chief Financial Officer
Dr. Michael Prevost	Bell Memorial Board of Trustees; Chief of Staff, physician; Task Force Member
Dr. Doug LaBelle	Chief Medical Officer; non-voting member of Board of Trustees; Task Force Member; physician
Dr. Ronald J. Meyer	Chairman of Board of Western Marquette County Health Foundation (formerly Bell Foundation); Bell Memorial Board of Trustees
Jeffrey Nyquist, Ph.D.	Foundation Director and Vice-Chair
Janice Anderson	Foundation Director; Bell Memorial Board of Trustees
Steve Balbierz	Foundation Director
Frank Bell	Foundation Director; hospital named after father
Nancy Bell	Foundation Director; Secretary
Michael Prusi	Foundation Director; former state senator
Tom Edmark	Foundation Director
Kori Tossava	Former assistant director of Bell Foundation
William Carpenter	CEO, Lifepoint Hospitals

Appendix C

Documents Reviewed

Transaction Documents

Letter of Intent between Bell Memorial Hospital, Bell Medical Center and LifePoint Hospitals dated March 4, 2013
Asset Purchase Agreement by and among Bell Memorial Hospital and Bell Medical Center as Seller Group, and Acquisition Bell Hospital, LLC as Buyer dated June 19, 2013 with Schedules and Exhibits
Asset Purchase Agreement Disclosure Schedules

Bell Hospital¹ Structure, History, and Policies

Articles of Incorporation
Bylaws
Organization Chart and Corporate Structure
Bell Hospital, Conflicts of Interest Procedure
Bell Hospital, Financial Assistance / Charity Care Policy
Bell Hospital and Medical Center Histories
Bell Hospital Services (Capabilities)
Clinic Services (Specialties)

¹ Bell Memorial Hospital and Bell Medical Center are separate corporate entities. Superior Healthcare System is the parent organization of both entities and was also formerly the parent of Bell Foundation. For convenience, Bell Memorial Hospital, Bell Medical Center, and Superior Healthcare System are sometime referenced in this document together as Bell Hospital.

Bell Hospital – Sale Process

Narrative: Acquisition of Bell Hospital by LifePoint Hospitals; Submitted by Bell Hospital, Inc., July 23, 2013
Bell Memorial Hospital and Superior Healthcare System minutes, 2012 and 2013
Juniper Advisory presentation, Board meeting – Review of Finalists Proposals, February 13, 2013
Juniper Advisory presentation, Task Force – Review of Finalists Proposals, February 13, 2013
Timelines, various (prepared by Juniper Advisory)
Juniper Advisory, Review of Proposals, December 13, 2012
Juniper Advisory, Firm Overview, May 2, 2012
Juniper Advisory, Discussion Materials, October 31, 2012
Bell Hospital, Board Retreat PowerPoint, May 31 and June 1, 2012
Juniper Advisory, Discussion Materials, September 11, 2012
Finalists Presentations to Bell Hospital, January 7 and January 8, 2013

Bell Hospital – Financial Information

Audited financial statements, June 30, 2008 through June 30, 2012
Bell Memorial Hospital Forms 990, June 30, 2008 through June 30, 2012
Bell Medical Center Forms 990, June 30, 2008 through June 30, 2012
Superior Healthcare System Forms 990, June 30, 2008 through June 30, 2012
Bell Hospital, Capital Budget Requests by Department, FYE 2014 – 2018
Bell Hospital and Bell Medical Center Consolidated Budget, Year Ending June 30, 2014
Bell Hospital and Bell Medical Center, Consolidated Flex Budget, Year Ending June 30, 2014

Other Documents

Bell Foundation ² , Article of Incorporation, Bylaws, IRS determination letter, and minutes of board meetings from January 2011, through May 2013
Bell Foundation Brief History
Bell Foundation narrative regarding post-closing operations
Bell Foundation Forms 990, June 30, 2009 through June 30, 2012
Information about LifePoint Hospitals, Inc.

² Bell Foundation restated its articles of incorporation and changed its name to Western Marquette County Health Foundation on September 11, 2013.

Appendix D

Attachment # 10

Testimony of
Ronald J. Meyer, O.D., Chair of
Western Marquette County Health Foundation

Ronald J. Meyer, O.D., has served on the board of Bell Hospital (the "Hospital") for approximately the last two years. He has served on the board of Western Marquette County Health Foundation, f/k/a Bell Foundation (the "Foundation") for approximately the last four years.

LifePoint Hospitals, through one or more subsidiaries, is purchasing the Hospital for the cost of debt, plus one million dollars to the Foundation. Dr. Meyer has expressed concerns that the financial consideration to the Foundation and community in connection with the proposed sale of assets is inadequate and unreasonable given the potential for increased revenues that would arise from solving collection problems, as well as the fact that the community contributed in excess of \$7 million, cash and in-kind, for the building of the Hospital just five years previous.

Dr. Meyer indicated that during his time of service on the Foundation's board, prior to joining the Hospital's board, there were no indicators to the Foundation that the Hospital was suffering financial distress and nothing was ever communicated to the Foundation to suggest otherwise. Dr. Meyer first learned of the Hospital's financial "distress" when he joined the Hospital's board.

Despite the suggested financial woes, Dr. Meyer was under the impression that the Hospital had been carrying out its operations and doing enough business to meet obligations. His perception of the problems at the Hospital were that they were related to collections. Due to the changes to health care law over the years, and in particular, changes in billing requirements, according to Dr. Meyer, the Hospital had difficulty collecting payment for services provided and reconciling payment with its revenue cycle. As a doctor himself, Dr. Meyer has seen the struggles associated with revising billing procedures.

According to Dr. Meyer, the Hospital invested in hardware and software to help solve the collection problems but to no avail. At one point, when bond covenants with the bank were in violation, the bank forced the Hospital to hire consultants who came to the Hospital to run the revenue cycle. While the consultants were present, the Hospital was able to meet all of the bond covenants. The consultants were expensive and even with the added expense of the consultants, the Hospital was able to stay afloat and meet the covenants.

Dr. Meyer is hopeful that LifePoint Hospitals will be successful in operating the hospital. Given its size and expertise, it is likely that LifePoint Hospital will correct the problems with billing and revenue cycling, as well as the difficulties that the Hospital has faced with physician recruitment. Nonetheless, given the revenue potential of the Hospital, as well as the contributions made by the community, Dr. Meyer feels that the consideration to the Hospital is inadequate. The amount is not sufficient to build a sustainable foundation that will make meaningful progress to support the health care needs of the Western Marquette community and cover the costs associated with monitoring and compliance obligations. Dr. Meyer respectfully requests that the \$1 million amount be reconsidered and increased.

Respectfully Submitted

Ronald J. Meyer, O.D.

Appendix E



County of Marquette

Courthouse Complex
234 W. Baraga Avenue
Marquette, Michigan 49855
Fax: (906) 225-8155
www.co.marquette.mi.us



County Administrator
225-8151
Finance & Accounting
225-8175
Human Resources & Risk
225-8162
Information Systems
225-8170

DEPT. OF
ATTORNEY GENERAL

OCT 04 2013

CHARITABLE TRUST SECTION
RECEIVED

September 30, 2013

Michigan Attorney General's Office
Charitable Trust Section
P.O. Box 30214
Lansing, MI 48909

RE: Bell Memorial Hospital Review

Attorney General:

Bell Memorial Hospital has been a very important part of Marquette County for many decades. The hospital filled a gap by providing high quality care in a part of the County that did not have easy access to health care. Bell has also been a major employer providing quality jobs and employment opportunities for our residents. The acquisition by LifePoint will help ensure that quality healthcare and employment opportunities will continue.

Furthermore, the acquisition by LifePoint will mean that the City of Ishpeming, the local schools, and Marquette County will now collect property taxes that are greatly needed. In a time of ever shrinking revenue sources, it becomes more difficult to provide services within the community. This new property tax revenue will be of great benefit.

Feel free to contact me if you would like to discuss the County's support in more detail.

Sincerely,

Scott H. Erbisch
Marquette County Administrator

V. Exhibits

1. Monitoring, Compliance, and Enforcement Agreement
2. Protection of Charitable Assets Agreement
3. Cain Brothers Fairness Opinion Report
4. Cain Brothers Fairness Opinion Letter

Exhibits are posted at www.michigan.gov/bell.