

CharterCARE Health of Rhode Island, Inc.

Presentation to House Finance Committee

Roger Williams Medical Center



Our Lady of Fatima Hospital



Creation of new not-for-profit CharterCARE Health of Rhode Island, Inc.

Transition from current centralized for-profit Prospect Medical Holdings, Inc. ownership (currently in bankruptcy proceedings) to a **new locally focused not-for-profit CharterCARE Health System**, a Rhode Island 501(c)(3) governed by a majority local Board of Directors

Highlights

- **State oversight for monitoring period of 5 years** with a number of ongoing conditions from the Attorney General and RIDOH relating to ownership, operation, financing and other requirements – regular monitoring and reporting to the State
- **Hospital Fund will be funded with \$66.8 million – funded primarily with Prospect funds** currently held in escrow by the State with the balance coming from proceeds of the bonds
- **Hospital Fund provides for already identified upfront capital needs to buildings and equipment**
- **Chief Restructuring Officer and Chief Quality Officer for additional support**
- **Establishment of primary debt service reserve fund of approximately \$9mm funded with proceeds of the bonds**
- **Pending approval of the State, a supplemental \$18mm debt service reserve fund**
- **Centurion purchasing \$2mm in subordinate notes – Centurion would only receive payments after all other bondholders**

CharterCARE's Board of Directors



Ben Mingle
Chairman of the
Board,
CharterCARE;
CEO, Centurion



Gregory Grove
Founder &
Vice-Chairman,
Centurion



Sue Painter
Director, Centurion;
Retired System
Treasurer
at Providence St.
Joseph Health



Jeff Liebman
CEO,
CharterCARE



Maria Leonard*
EVP & CCO,
Citizens Financial
Group



Edwin Santos*
Former Healthcare
Executive



**Dr. Louis
Mariorenzi***
Healthcare
Provider



**Dr. Vijay
Sudheendra***
Healthcare
Provider



**Dr. Gerald
Marsocci***
Healthcare Provider

*Community Member

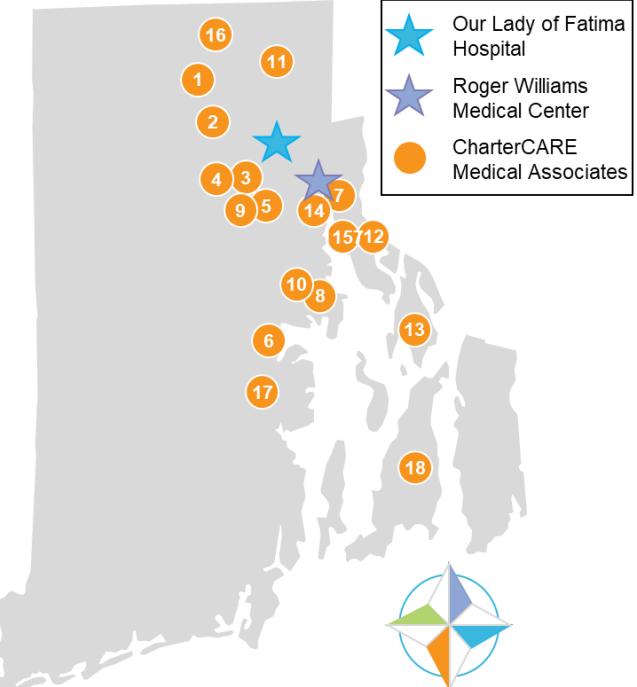
Note: Patient Family and Community / Hospital Fund Governance board committees have been established per the state conditions.

CharterCARE at a glance

Key Facts and Statistics

- Coordinated regional care network comprised of:
 - 2 acute care hospitals (Roger Williams Medical Center and Our Lady of Fatima Hospital) with 532 licensed beds
 - ~2,400 total employees (full-time and part-time)
 - Large physician group practice
 - Regional cancer center, acute rehabilitation center, Level IV addiction medicine, community primary care center
 - Newest & most modern emergency room (2019) in the state with a dedicated Behavioral Health area at Roger Williams
 - Accredited teaching hospital with affiliations with Brown Health and Boston University
- More than 700 providers part of the medical staff

System Map



Licensed Beds:
532

Total Surgical
Procedures¹:
17,070

Outpatient Visits²:
363,222

Patient Days³:
63,678

Inpatient
Admissions⁴:
9,672

ER Visits:
54,165

Data as of Fiscal Year End 2025, provided by CharterCARE Management Team.

1. Total surgeries, including colonoscopy & endoscopy.

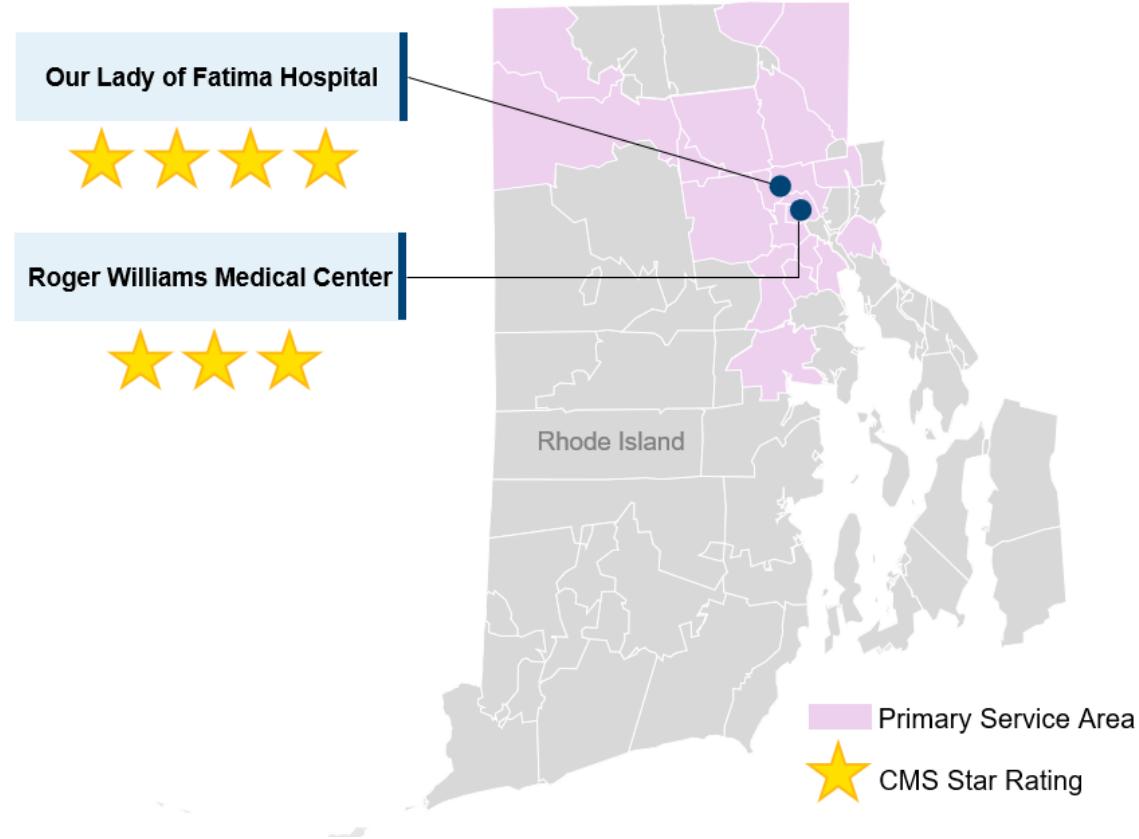
2. Per CharterCARE Management internal reporting system.

3. Patient days include psychiatric and rehab patients.

4. Admissions include psychiatric and rehab patients.

Service area, market share & payor mix

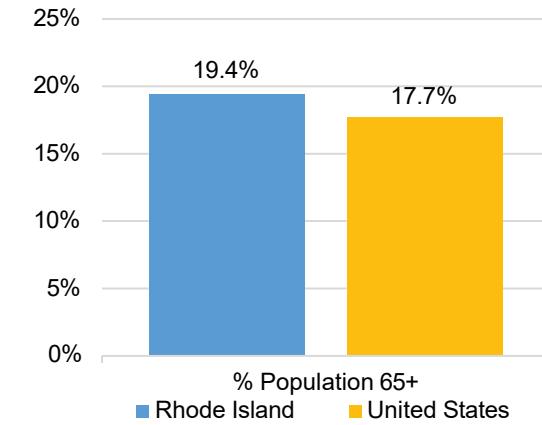
Service Area



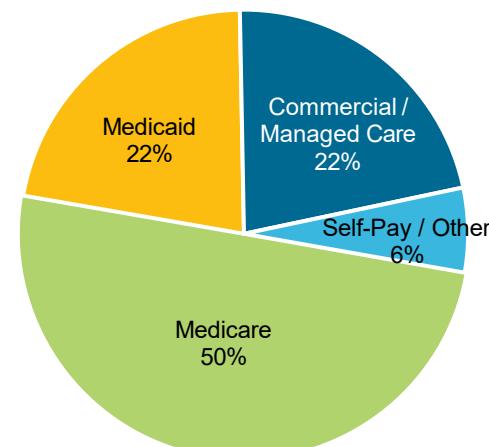
Primary Service Area

Primary service area consists of **19 Rhode Island zip-codes** with a population of approximately 519,000 – representing **over 80% of CharterCARE admissions**

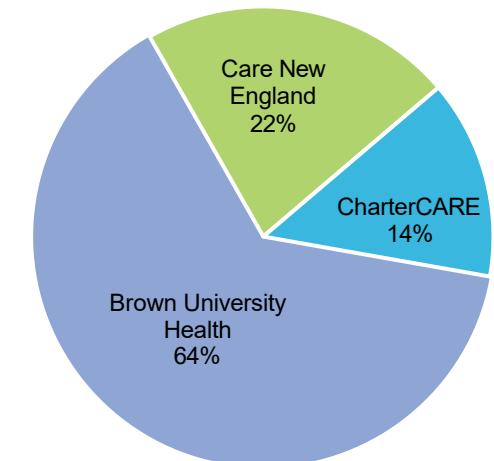
Rhode Island Census Statistics (2023)



Payor Mix (FY 2025)



Market Share (FY 2025)



CharterCARE services

Key hospital services include emergency room services, cancer services, behavioral health services, primary care, geriatrics, and urology

Notable Achievements

- Roger Williams Cancer Center was the **first to offer CAR T-cell therapies** Yescarta and Tecartus in Rhode Island
- In June 2022, Roger Williams Cancer Center became the **first in Rhode Island to offer Advanced Therapies for Blood Cancer**
- Roger Williams gastroenterologists performed the State's **first Endoscopic Full-Thickness Resection (EFTR)**
- Roger Williams Internal Medicine Residency program welcomed **55th class**
- Blood and Marrow Transplant program celebrated **30th anniversary**
- In June 2025, Roger Williams Cancer Center was recognized by **US News and World Report** as "High Performing" ratings in two clinical areas (Leukemia, Lymphoma and Myeloma, and Diabetes), placing it in the top 38% of hospitals nationally.

Services

- Addiction medicine
- Bariatric surgery
- Behavioral health
- Breast health
- Bone & marrow transplantation
- Cancer care
- Cardiology
- Critical/intensive care
- Diagnostic imaging
- Endocrinology
- Emergency care
- Gastroenterology/endoscopy
- Geriatric medicine
- General surgery
- Hematology/oncology
- Infectious disease
- Laboratory
- Nephrology
- Neurology
- Neurosurgery
- Ophthalmology
- Oral surgery
- Orthopedics
- Otolaryngology
- Plastic surgery
- Physical, occupational & speech therapy
- Podiatry
- Primary care
- Radiation oncology
- Respiratory
- Robotic surgery
- Rehabilitation
- Sleep disorders
- Surgical oncology
- Urology
- Wound Care & HBO therapy

Training tomorrow's physicians

- Sponsoring institution for the **2nd largest primary care training program in the state**
 - Fellowship programs in pulmonary medicine, surgical oncology, endocrinology, hematology/oncology and geriatrics
- Major **teaching hospital relationships** dating back 55 years with clinical and anchor affiliations:
- **70 Residents and Fellows** with rotations in:
 - Internal Medicine (BU)
 - Hematology Oncology (BU & Brown)
 - Pulmonology
 - Rheumatology (Brown)
 - Surgical Oncology
 - Podiatry
 - Geriatrics (Brown)

CCHRI Strategy and Turnaround Plan

New CharterCARE's Strategic Turnaround Plan

Empowerment of Local Management Team	Service Line Focus	Nonprofit Conversion	Operational Performance Improvement
<p>Free from Prospect, New CharterCARE's experienced local leadership team will be fully empowered to operate New CharterCARE as an independent, nonprofit organization, with decision-making authority and operational flexibility; all from Rhode Island.</p>	<p>New CharterCARE will leverage the system's strong positioning in several key service lines including oncology, inpatient and long-term behavioral health, geriatric and senior health, emergency department services, orthopedics and ambulatory surgery.</p>	<p>A return to nonprofit status will usher in immediate and recurring benefits.</p>	<p>New CharterCARE will execute on a series of targeted initiatives aimed at increasing revenues, decreasing costs and improving operational efficiencies. De-coupling from Prospect will provide opportunities to reduce costs and improve service in key operational areas such as information technology, revenue cycle and supply chain.</p>

Turnaround Strategies and Initiatives

Nonprofit Conversion

340B Savings –

- New CharterCARE system will qualify for participation in the Medicaid 340B prescription drug program beginning in FY2026.

Property / Sales Tax –

- New CharterCARE will be eligible for property tax and sales tax exemption per RI law.

Payments to Prospect removed –

- CharterCARE historically received significant intercompany charges for IT costs from Prospect.
- CharterCARE management has developed a comprehensive IT transition plan to ensure stability of the organization post closing and to budget the annual operating cost on a stand-alone basis.

Recent Legislation Impact

- New CharterCARE will need the support of the State, Medicaid, and our commercial payors to establish meaningful increases to our reimbursement rates. Even before Prospect, these hospitals have been among the lowest reimbursed hospitals across all payors for decades despite having one of the highest percentage of revenue coming from Medicare and Medicaid.

Impacts of OBBBA & State Law –

- In FY 2027, expected negative impact to begin with respect to Medicaid eligibility requirements.
- In FY 2028, CharterCARE expects to begin seeing impacts from changes to:
 - the Medicaid State Directed Payment Programs, which will be implemented over a 9-year period, and
 - the State Provider Tax Program, which will be implemented over a 5-year period, reducing the State provider tax from 6.0% to 3.5%.
- Management is focused on mitigating these changes with the overall annual impact in FY 2027 projected to be \$2.6 million, increasing to \$7.2 million by FY 2030.

Turnaround Strategies and Initiatives (cont.)

Other Strategies & Initiatives

Revenue Enhancement

- Long-term Behavioral Health
 - The State of Rhode Island's FY 2026 Budget approved an increase in long term behavioral health rates increasing New CharterCARE's per diem rates
- Inpatient Behavioral Health Census Increase
- Increase ER Coverage Rate
- Other Service Line and Volume Improvement

Workforce Optimization

- Decreased overtime and reliance on traveler services

Supply and Expense Reduction

Conclusion

1

New non-profit ownership structure will return legacy CharterCARE Hospitals to local management and profitability

2

With approval of this legislation, we will have demonstrated State Support through Funding of Capital Needs with Hospital Fund, the Long-Term Behavioral Health Program at Fatima, and the establishment of this Supplemental Debt Service Reserve Fund

3

These are critical safety net hospitals – caring for tens of thousands of your constituents every year, a majority of whom are Medicaid/Medicare patients

4

Centurion/CCHRI is the only Approved Purchaser of the hospitals by the State of Rhode Island, having gone through rigorous review by the Attorney General and Health Department

5

We have commitments from investors to purchase the bonds and close the sale transaction by the end of February subject to the approval of this legislation

6

Centurion has committed to investing \$2 million in these hospitals